



# OPEN POWER FOR A BRIGHTER FUTURE.

WE EMPOWER SUSTAINABLE PROGRESS.

ENEL CHILE ANNUAL REPORT 2019





Santiago Stock Exchange  
**ENELCHILE**

New York Stock Exchange  
**ENIC**

Enel Chile S.A. was initially incorporated as Enersis Chile S.A., on March 1, 2016. On October 18, of the same year, the company changed its name to Enel Chile S.A. As of December 31, 2019, the company's total subscribed, and paid capital amounted to Ch\$ 3,882,103,470 represented by 69,166,557,220 shares. These shares are traded on the Santiago Stock Exchange and, as American Depositary Shares (ADS) on the New York Stock Exchange.

The Company's business is to exploit, develop, operate, generate, distribute, transform and/or sell energy, in any form and nature, directly or through other companies.

Total assets as of December 31, 2019, amounted to ThCh\$ 7,857,988,164. Enel Chile controls and manages a group of companies that operate in the Chilean electricity market. In 2019, net income attributable to the controlling shareholder reached ThCh\$ 296,153,605 and operating income was ThCh\$ 526,054,835. At year-end 2019, a total 2,148 people were directly employed by its subsidiaries in Chile.



ENEL CHILE  
ANNUAL REPORT 2019

**“Year 2020 will have new challenges for the Company, that we will enthusiastically tackle, with responsibility and transparency”**



# Letter from the Chairman

Dear shareholders,

I hereby present to you the Annual Report and Financial Statements of Enel Chile for the year 2019. Here, you will find a description of what motivates us- working hard to help people and companies prosper and open the energy sector to new technologies- and the main developments made in Enel Generación Chile, Enel Green Power Chile (EGP Chile), Enel Distribución Chile, and Enel X, the companies that make up Enel Chile.

Before going into detail regarding the Company's accomplishments, I would like to share a reflection with all of you. 2019 was a particularly challenging year, not just for Chile, but also for our Company. As a country, we lived through a period of protests and social movements in which thousands of fellow citizens raised their voices to demand profound changes in the way we organize our society.

Those of us who have paid close attention to this movement, have heard the voices of adults and youngsters aiming to advance towards a more equal, fair, and dignified society. We stand before a movement to which we cannot be indifferent. On the contrary, it invites us to reflect. Over the past few months, the realities and problems of many Chileans have been exposed; problems we were unaware of, or we hadn't

been able to grasp entirely. As a country, we have a new challenge and I hope that everyone- politicians, executives, businessmen, social leaders, and citizens- will have the necessary wisdom, each according to their own realities, to dialogue and reach agreements and understandings that will allow Chile to become a better country for everyone.

Aside from the peaceful protests, there have also been episodes of unprecedented violence, unacceptable for a state of democracy. Chile does not deserve this. This violence directly affected and us put a strain on our team. On the evening of October 18, after a march that was surpassed by turmoil and chaos, hooded protesters burned the emergency staircase of our corporate building. Luckily, the people who were working there at that time were not injured.

We composed ourselves and carried on with job, with teams distributed throughout different parts of the city. We continued to work in order to ensure our service to customers. I would like to thank each and every one of our collaborators for their commitment. They have made their strongest efforts to deliver electricity to every single family in the city. We know that we provide a fundamental public service for all homes, schools, businesses and industries, which is why we have not failed to generate and distribute the energy that supplies their daily operations.

I would like to thank the members of the Board, for the trust they have placed in us to manage the Company and for their support in all the endeavors we have set forth.

In terms of our performance in 2019, financial results were positive. The Company's EBITDA increased 18.2% when compared to 2018, totaling Ch\$ 1,053,492 million, attributable to an improvement in our operating business characterized by growth in renewable and nonrenewable electricity generation, and an increase in electricity distribution, mainly to the residential sector.

For Enel Generación Chile, 2019 was a year marked by sustainability, a fundamental challenge for Enel, and a contribution to the country's development. We signed the National Decarbonization Plan that aims towards progressively reducing the coal fueled generation units. We fulfilled this year's commitment on December 31 with the early retirement of our Tarapacá Plant, which represents 25% of our total coal fueled generation capacity.

The year 2019 was also a distinct year due to the development of renewable energies. In August, Enel Green Power Chile, Enel Chile's subsidiary for renewable energies, began the construction of a new photovoltaic solar park, Campos de Sol. It is currently the largest solar power plant under construction in Chile, with an installed capacity of nearly 382 MW and is located about 60 km northeast of Copiapó, in the Atacama Region.

Additionally, Geotérmica del Norte, a joint venture undertaken by Enel Green Power and ENAP, began the construction of a third 33 MW electricity generation unit in the Cerro Pabellón geothermal facility.

The energy we generated during 2019 reached a total 21,041 GWh, representing a 5% increase when compared to the previous period. This is primarily a consequence of greater wind and solar electricity generation, combined with the greater dispatch of traditional, nonrenewable energy sources.

The market is welcoming our clean energy supply. The contracts signed with large customers to supply 7 TWh per year of 100% renewable energy in 10 to 15-year periods, to begin in 2021 is proof of such interest.

During 2019, Enel Distribución Chile moved forward in terms of improving the quality of our service, focusing on the installation of telecontrol units, reaching 2,148 units installed this far. We worked on implementing different technologies to monitor our networks, such as aerial inspections, which are focused on reducing the amount of time spent on various tasks, and more precisely detecting anomalies in higher density areas. Energy losses in 2019 decreased from 5.02% to an unprecedented 4.99%, thanks to the implementation of a predictive analysis model.

In terms of Enel X, alongside Metbus and BYD, we inaugurated the first electric corridor in Latin America, a sustainable transportation system with 285 buses that are 100%

electricity powered. This makes Chile the region's leader in electric mobility, and Santiago the city with the second greatest proportion of electric public transportation vehicles in the world.

Our solid, responsible investment practices in terms of social and environmental matters allowed us to maintain our position in the FTSE4 Good Index Series in the Emerging Markets Index and Latin America Index categories, which promote ethical investments in stock markets.

Enel Chile, Enel Generación Chile, Enel Distribución Chile, Enel Green Power Chile and its subsidiaries received the Criminal Risk Prevention Model (MPRP in its Spanish acronym) certification. Also, Enel Chile and Enel Generación Chile obtained the ISO37001 certification, an international standard that recognizes the existence of an effective antibribery management system. Both certifications reflect the ethics and transparency in our daily endeavors and engage us to move forward.

We have continued to support children through sports with the Enel Cup, promoting a healthy lifestyle, and values such as integration and self-improvement. In terms of culture, we loaned the National Library nearly 20,000 historic photographs for an unprecedented exhibition of images that capture when electricity was introduced in Santiago. We inaugurated Parque La Isla-Salto La Olla, a six hectares pristine forest park in Pilmaiquén that preserves the biodiversity of flora and fauna, and the Mapuche culture.

Additionally, we once again acknowledged women's contribution to our country by granting the Woman's Energy Award to 12 extraordinary Chilean women in diverse areas such as arts, public service and education.

The year 2020 presents new challenges, some related to the COVID-19 emergency that today reaches unknown limits, which the Company will face with enthusiasm, responsibility and transparency, prioritizing the safety and health of our people and building on our digitalization strategy.

We do not forget that our role is to satisfy the needs of our country and its population. To achieve this goal, we will continue to work on improving our service, taking electricity to new areas, digitalizing the distribution network, promoting renewable energies and taking the lead in electric mobility.

Sincerely,



Herman Chadwick Piñera  
Chairman of Enel Chile





# Enel Chile 2019

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# Enel Chile is Open Power

## Positioning

Open Power

## Purpose

Open power for  
a brighter future.  
We empower  
sustainable progress.

## Mission

- Open access to electricity for more people.
- Open the world of energy to new technology.
- Open up to new uses of energy.
- Open up to new ways of managing energy for people.
- Open up to new partnerships.

## Vision

Open power to tackle  
**some of the world's  
biggest challenges.**

## Values

- Trust
- Proactivity
- Responsibility
- Innovation

## Principles of Conduct

- Make decisions in daily activities and take responsibility for them.
- Share information, being willing to collaborate and open to the contribution of others.
- Follow through with commitments, pursuing activities with determination and passion.
- Change priorities rapidly if the situation evolves.
- Get results by aiming for excellence.
- Adopt and promote safe behavior and move pro-actively to improve conditions for health, safety and well-being.
- Work for the integration of all, recognizing and leveraging individual diversity (culture, gender, age, disabilities, personalities, etc.).
- Work focusing on satisfying customers and/or co-workers, acting effectively and rapidly.
- Propose new solutions and do not give up when faced with obstacles or failure.
- Recognize merit in co-workers and give feedback that can improve their contribution.

# 3. MILESTONES 2019

## JANUARY

### *Formula E Championship returns*

The race took place in Santiago on January 26 at Parque O'Higgins. Enel participated as the Official Power Partner.

### *Housing program for El Barco indigenous community*

The construction of 34 homes for the indigenous families of the El Barco community, relocated because of the construction of the Ralco Power Plant, began in January. The construction reached 80% progress by year-end.

## FEBRUARY

### *Fitch Ratings confirmed the rating of Enel Chile S.A. and modified its outlook*

On February 6, 2019, the risk rating agency Fitch Rating maintained the "AA" local credit rating of Enel Chile S.A. and improved the outlook from stable to positive.

### *Enel Chile and Enel Generación became the first electricity companies in the country to certify their antibribery system*

The effectiveness of the antibribery management system implemented by Enel Chile and Enel Generación Chile was recognized with the international standard ISO37001 certification. This international standard recognizes the companies that have a solid antibribery management system and strengthens the transparency commitment of Enel Chile and its subsidiaries.

### *Parque La Isla-Salto La Olla Inauguration*

It is a 6-hectare pristine forest located in Pilmaiquén that protects the biodiversity of the flora and fauna that inhabits the area and contributes to the conservation of the Mapuche culture.

## MARCH

### *Women Energy Award*

The twelfth version of the Women Energy Award took place as part of the International Women's Day celebration. Twelve outstanding Chilean women were acknowledged in arts, public service, environment, sustainability, education, innovation and entrepreneurship, community work, journalism or news hit of the year, entertainment and sports.

## APRIL

### *Green Label for AB InBev Chile brewery*

The brewery AB InBev Chile received Enel Green Power Chile's Green Label, the first beer company to receive this label. It means that AB InBev Chile will generate or inject the same amount of energy they consume to make their beer into the electricity system using only non-conventional renewable energy (NCRE) from the Diego de Almagro solar power plant.

## MAY

### *Criminal Risk Prevention Model Certification*

The criminal risk prevention model (MPRP in its Spanish acronym) implemented by Enel Chile, Enel Generación, Enel Distribución Chile, and Enel Green Power Chile and all subsidiaries, was certified for 2 years (until December 31, 2020). This certification evaluates the effectiveness of the MPRP in preventing and detecting bribery, terrorism funding, money laundering, handling stolen goods and other crimes within the company and in any interaction with third parties.

### *Let there be light!*

Enel Chile provided 20,000 historical photographs to Chile's Biblioteca Nacional library under a loan for use agreement. This historical archive that belongs to Enel Distribución, was exhibited at the Biblioteca Nacional admission free.

### *Blue Code*

Enel Chile participated in the Blue Code Plan and transforms the corporate gymnasium into a shelter to contribute to the Government's campaign to protect homeless people from the cold and rain during days with critical weather conditions in winter.

## JUNE

### *National Decarbonization Agreement*

Enel Chile, through its subsidiary Enel Generación Chile, became part of the Chilean government's National Decarbonization Agreement led by the Ministry of Energy. The Company agreed to close the three coal fueled power plants in Chile; Central Tarapacá by May 2020, Bocamina 1 by December 31, 2023, and Bocamina 2 by December 31, 2040.

### *Enel Generación Chile signs agreement with Collahuasi mining company for 100% renewable energy*

Enel Generación Chile, a subsidiary of Enel Chile, signed an energy supply agreement with Collahuasi to provide the mining company with 1 TWh per year of 100% renewable energy. This agreement is in line with the company's commitment of to be the main promotor of the transition of Chile's energy matrix from a traditional one to a renewable one.

### *Enel Chile maintains its position in the FTSE4Good Index Series*

The Company maintains its rank in the first semester review of the Emerging Market Index and the Latin American Index, which classifies companies worldwide according to their environmental, social and governance practices (ESG).

### *Feller Rate maintains Enel Chile's risk rating*

The Company was locally rated "AA" with a stable outlook by Feller Rate for the first time in 2017.

### *Moody's confirmed the international rating of Enel Chile S.A. on June 28, 2019*

The Company received a "Baa2" rating with a stable outlook.

### *Permission for early retirement of Central Tarapacá*

Enel Generación Chile formally requested the National Energy Commission (CNE in its Spanish Acronym) for permission to remove, disconnect and shutdown the operations of Central Tarapacá as of December 31, 2019. The retirement was initially scheduled to take place in May 2020.

## JULY

### *100 New electric buses*

As part of the second phase of the electric mobility project led by Enel X, Metbus and BYD Chile within the context of the public-private partnership with the Ministry of Transportation and Telecommunications, 100 new electric buses arrived in Chile to be added to the public transportation system of the Metropolitan Region.

### *The CNE authorizes the retirement of Central Tarapacá (158 MW)*

The Company is authorized to perform the final shutdown as of December 31, 2019. This milestone was initially scheduled to take place in May 2020, but the company formally requested to do it sooner.

### *Enel Generación Chile and Anglo American sign an electricity supply contract to provide the mining company with up to 3 TWh/year*

The agreement is the largest 100% renewable energy contract in Chile to be signed with an unregulated customer.

## AUGUST

### *Enel Chile and subsidiaries receive the "Generación Empresarial - Diario Financiero" Award for their commitment to ethics and transparency*

The companies that belong to the Group in Chile were recognized by the foundation Fundación Generación Empresarial and the newspaper Diario Financiero with this award for systematically promoting corporate compliance ethics and best practices, both internally and externally. The companies received one of the three highest ratings among the 49 participants.

### *Enel Chile announces changes in the Administration, Finance and Control Department*

The Board of Directors of Enel Chile appointed Giuseppe Turchiarelli as the Company's new Administration, Finance and Control Manager (CFO). Mr. Turchiarelli was the CFO of Enel SpA for Europe and Northern Africa.

### *Campos del Sol*

Enel Green Power Chile, subsidiary of Enel Chile, began the construction of Campos del Sol. It is a new photovoltaic solar power plant with nearly 382 MW installed capacity, the largest solar plant currently under construction in Chile. The project is located 60 km. northeast of Copiapó, in the Atacama Region.

### *Cerro Pabellón Expansion Project*

Geotérmina del Norte, a joint venture undertaken by Enel Green Power, the renewable energy subsidiary of Enel Chile, and ENAP, began the construction of the third 33 MW generation unit of the Cerro Pabellón geothermal power plant.

### *Enel Chile receives the "Commitment to Integrity" award*

The 3rd version of the Generación Empresarial and Diario Financiero award recognized Enel Chile for its systematic commitment to promoting ethics and corporate best practices, both internally and externally.

## SEPTEMBER

### *Potable water system improvement*

The improvement projects of the drinking water systems of the Ayin Mapu and El Barco indigenous communities reached 100% progress.

## OCTOBER

### *First electric corridor in Latin America*

Enel X, Metbus and BYD inaugurated the first electric vehicle corridor in Latin America, an integral, sustainable transportation system exclusively for buses that are 100% electric. This milestone puts Chile in the lead regarding electric mobility in the region, the first country to implement a sustainable electric corridor for 285 zero emission buses.

### *Standard & Poor's maintained Enel Chile's International Rating on October 28, 2019*

The Company was rated "BBB+" with a stable outlook, an "Investment grade" rating.

### *Enel Distribución Chile y Empresa Eléctrica Colina first distribution companies in Chile to certify their Antibribery management system*

Enel Distribución Chile y Empresa Eléctrica Colina concluded the ISO37001 standard certification process. It recognizes the effectiveness of the management system and the companies' leadership in terms of ethics and transparency. The management system was evaluated by an external examiner during the last quarter of the year and the certification of the system was obtained in October.

## NOVEMBER

### *Contract signed with mining company BHP Billiton*

Enel Chile, through its subsidiary Enel Generación Chile, signed an agreement to provide BHP Billiton 3 GWh/year of 100% renewable energy to begin supply in 2021. This agreement allows BHP to have an entirely green electricity supply matrix and is proof of the efforts of Enel Generación Chile to promote the transition from the traditional energy matrix to a renewable based matrix.

## DECEMBER

### *Copa Enel*

Enel Chile crowns the men's team from Calama and the women's team from Lo Prado as champions of the 18th version of the Enel Cup winning a trip to Italy to play against the lower division teams of Inter from Milan.

### *Retirement of Central Tarapacá*

Enel Generación Chile disconnected, and shutdown operations of Central Tarapacá on December 31, 2019 as formally requested. This milestone was initially scheduled to take place in May 2020.

### *Reforestation Plan with native species*

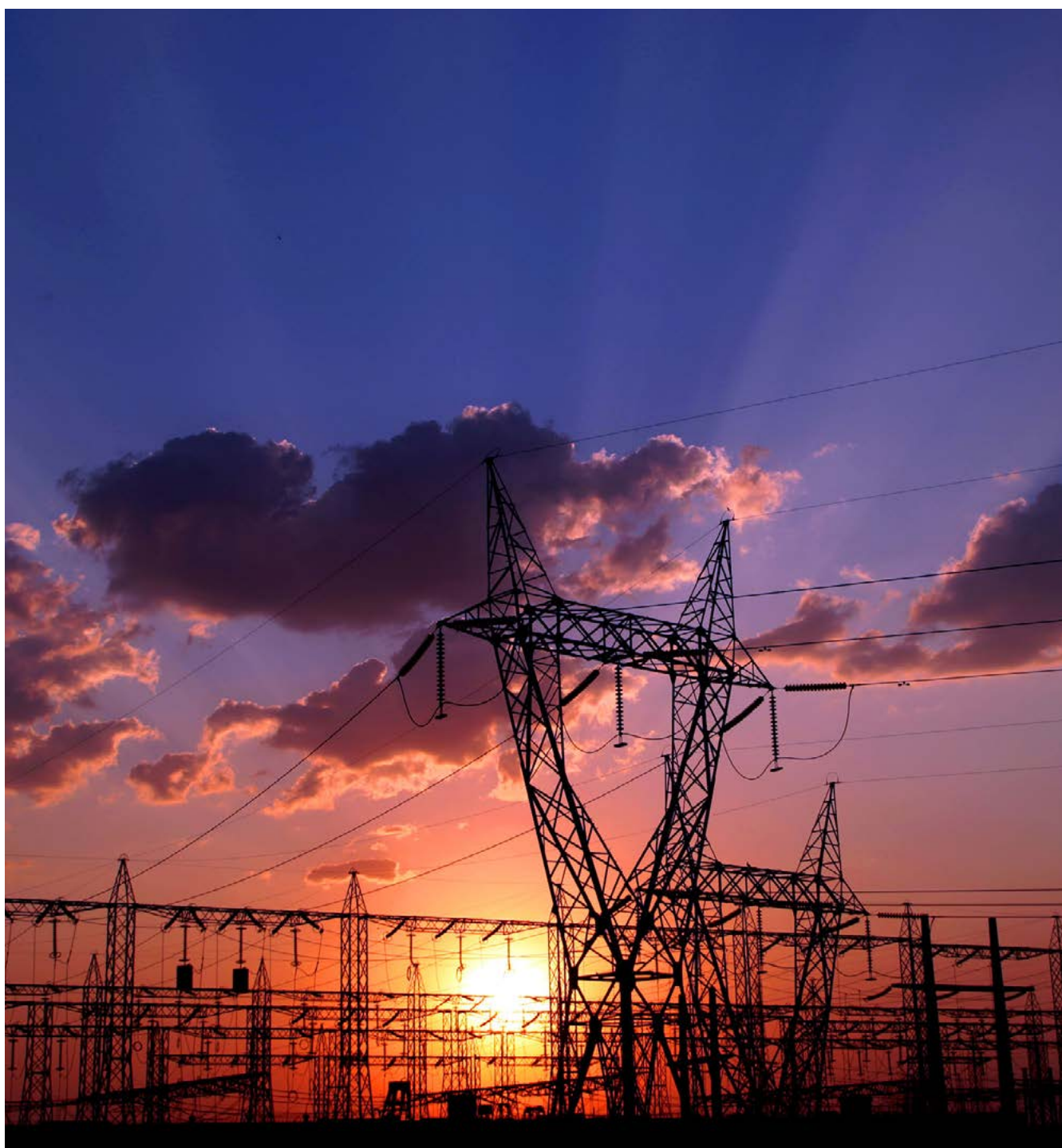
A total 515.5 hectares have been reforested since 2016 within the framework of the reforestation agreement signed with Universidad de Concepción on December 19, 2015.





## 04. MAIN FINANCIAL AND OPERATIONAL METRICS

# Main financial and operational metrics





As of December 31 of each year (figures in millions of Chilean pesos)<sup>(1)</sup>

	2013 <sup>1</sup>	2014 <sup>1</sup>	2015 <sup>1</sup>	2016 (5)	2017	2018	2019
<b>Total Assets</b>				<b>5,398,711</b>	<b>5,694,773</b>	<b>7,488,020</b>	<b>7,857,988</b>
<b>Total Liabilities</b>				<b>1,935,717</b>	<b>1,907,811</b>	<b>3,813,856</b>	<b>4,110,704</b>
Operating Revenue				2,136,041	2,522,978	2,457,161	2,770,834
<b>EBITDA</b>				<b>627,547</b>	<b>739,252</b>	<b>891,355</b>	<b>1,053,492</b>
Net Income (2)				317,561	349,383	361,709	296,154
Current Ratio				1.13	1.29	0.82	0.98
Debt Ratio (3)				0.56	0.50	1.04	1.10

As of December 31, of each year

<b>Generation Business</b>	2013	2014	2015	2016	2017	2018	2019
Number of employees	1,141	1,261	995	883	848	930	924
Number of Generation units	105	111	111	111	111	130	129
Installed capacity (MW)	5,571	6,351	6,351	6,351	6,351	7,463	7,303
Electricity generated (GWh)	19,432	18,063	18,294	17,564	17,073	20,046	21,041
Energy sales (GWh)	20,406	21,157	23,558	23,689	23,356	24,369	23,513

As of December 31, of each year

<b>Distribution Business</b>	2013	2014	2015	2016	2017	2018	2019
Energy sales (GWh) (4)	15,152	15,690	15,893	15,924	16,438	16,782	17,107
Number of customers	1,693,947	1,737,322	1,780,780	1,825,519	1,882,394	1,924,984	1,972,216
Energy losses	5.30%	5.32%	5.31%	5.33%	5.10%	5.02%	4.99%
Number of employees	745	690	686	690	669	681	743
Customers/Employees	2,274	2,518	2,596	2,653	2,814	2,827	2,654

(1) Accounting figures available since the incorporation of the Company (March 1, 2016) and as determined by the instructions and regulations issued by the SVS (currently Financial Market Commission or "CMF").

(2) Net earnings attributable to the controlling shareholder.

(3) Total Liabilities/Equity plus Minority Interest.

(4) Due to changes in the criteria, non-billable consumption (CNF in its Spanish acronym) is not included in 2014 and 2015.

(5) Only ten months since its creation (March 1, 2016).



## 05. IDENTIFICATION OF THE COMPANY

# Identification of the Company

Name	Enel Chile S.A.
Address	Santiago, although able to establish branches or agencies in other parts of the country or abroad
Company Type	Publicly held Limited Liability Stock Corporation
Taxpayer ID No	76,536,353-5
Address	76 Santa Rosa St., Santiago, Chile
Zip Code	833-0099 SANTIAGO
Telephone N°	(56) 22353 4400 - (56) 22378 4400
P.O. Box	1557, Santiago
Securities Registration N°	1,139
External Auditors	Ernst & Young
Subscribed and paid-in capital (Ch\$)	3,882,103,470,184
Website	<a href="http://www.enel.cl">www.enel.cl</a> ; <a href="http://www.enelchile.cl">www.enelchile.cl</a>
Investors web address	<a href="https://www.enel.cl/es/inversionistas/inversionistas-enel-chile.html">https://www.enel.cl/es/inversionistas/inversionistas-enel-chile.html</a>
Email	<a href="mailto:comunicacion.enelchile@enel.com">comunicacion.enelchile@enel.com</a>
Investor Relations Telephone N°	(56) 22353 4682
Ticker in Chilean stock exchanges	ENELCHILE
Ticker in New York stock exchange	ENIC
Custodial Bank-ADS's	Banco Santander Chile
Depository Bank-ADS's	Citibank N.A.
Domestic Risk Rating Agency	Feller Rate and Fitch Chile Clasiificadora de Riesgos Limitada
International Risk Rating Agency	Standard & Poor's y Moody's

## Documents of incorporation

Enel Chile S.A., formerly "Enersis Chile S.A.," was created as a consequence of the corporate reorganization that began in April 2015. Enersis S.A. controlled the generation, transmission and distribution business in Chile and four other countries in the region (Argentina, Brazil, Colombia, and Peru).

The Extraordinary Shareholders' Meeting of Enersis S.A. held on December 18, 2015, approved the first phase of the reorganization plan named "the Division," splitting Enersis S.A. and created Enersis Chile S.A. as the only vehicle to control the Group's generation and distribution assets in Chile. Enersis S.A. became Enersis Americas S.A. (currently Enel Américas S.A.), the vehicle to control all assets of the businesses in other countries in the region. The Division was recorded in a public deed issued on January 8, 2016 by the Santiago Notary

Public, Mr. Ivan Torrealba Acevedo, and its extract was registered in the Commercial Register (Registro de Comercio del Conservador de Bienes Raíces y Comercio de Santiago) on pages 4,288 No 2,570 of 2016 and published in the Official Gazette on January 20, 2016.

Later, on October 4, 2016, the shareholders of Enersis Chile S.A. approved changing the name of the Company to "Enel Chile S.A." This agreement was recorded in a public deed on October 18, 2016 by the Santiago Notary Public, Mr. Ivan Torrealba Acevedo. Its extract was registered in the Commercial Register (Registro de Comercio del Conservador de Bienes Raíces y Comercio de Santiago) on pages 79,330 No 42,809 of 2016 and published in the Official Gazette on October 28, 2016.

On December 20, 2017, the shareholders approved amending the bylaws to include the agreements regarding the merger of Enel Green Power Latin America S.A. into Enel Chile, its capital increase and other agreements adopted during said Shareholders' Meeting, replacing the articles referring to its capital, and corporate purpose to include information technology and communications, among other amendments, and agreeing to the rewritten and updated text of the bylaws, subject to the conditions approved at the Meeting. The minute of said Shareholders' Meeting was recorded as a public deed dated December 28, 2017, by the Santiago Notary Public, Mr. Ivan Torrealba Acevedo, and its extract was registered in the Commercial Register (Registro de Comercio del Conservador de Bienes Raíces y Comercio de Santiago) on pages 1154 No 629 of 2018 and published in the Official Gazette on January 5, 2018.

## Corporate purpose

The corporate purpose of the Company appears in the bylaw's amendment approved by the Extraordinary Shareholders Meeting held on December 20, 2017 and recorded as a public deed dated December 28, 2017 granted by the Santiago Notary Public Mr. Iván Torrealba Acevedo, and its extract was registered on pages 1154 No 629 of 2018 and published in the Official Gazette on January 5, 2018.

The Company's purpose is to perform the exploration, development, operation, generation, distribution, transmission, transformation and sales of energy in any of its forms and nature, directly or through other companies, and also research, development, operation, commercialization, purchase, sale, imports and maintenance of any goods related to information technology and telecommunications, such as, software, hardware, licenses, software development, and in general, any product related to the aforementioned activities; and consulting services in all subjects related to the previously mentioned subjects. It may also invest and manage its subsidiaries and associate companies, whether generators, transmitters, distributors or traders of electricity or whose business is any of the following: (i) energy, in any of its forms or nature, (ii) the supply of public utilities or whose main input is energy, (iii) telecommunications and information technology, and (iv) intermediation over the internet. In complying with its main purpose, the Company will carry out the following functions:

- a) Promote, organize, incorporate, modify, dissolve or liquidate companies of any nature that have a corporate purpose similar to the Company's corporate purpose.
- b) Propose investment, financing and business policies to subsidiary companies, as well as accounting criteria and systems that these should follow.
- c) Supervise the management of subsidiaries.
- d) Provide subsidiaries or associate companies with the necessary financing to develop their business and provide them management services; financial, technical, legal and auditing advice; and in general, any service that appears necessary to improve their performance.

In addition to its main purpose and always acting within limits established by the Investment and Financing Policy approved by the Shareholders Meeting, the Company may invest in:

**First**, the acquisition, operation, construction, rental, administration, intermediation, trading, and disposal of all kinds of movable and immovable assets, either directly or through subsidiaries or associate companies.

**Second**, all kinds of financial assets, including shares, bonds and debentures, commercial paper and in general all kinds of titles or securities and Company contributions, either directly or through subsidiaries or affiliate companies.



## 06. OWNERSHIP AND CONTROL

# Ownership structure

## Ownership structure

The total share capital of the Company was divided into 69,166,557,220 shares of a single series with no par value in which each share represents the right to one vote. No shares give the State the right to veto.

During the reorganization process known as the Elqui Project, 967,520,598 Company shares resulted from the shareholders withdrawal and exchange rights. The shares resulting from withdrawal rights were eliminated by means of a capital reduction legalized in public deed dated May 13, 2019.

As of December 31, 2019, all shares were subscribed and paid, and ownership was distributed as follows:

Shareholder	Number of shares	Ownership share
Enel SpA	42,832,058,392	61.93%
Pension Fund Administration Companies (A.F.P)	10,345,459,507	14.96%
Foreign Investment Funds	8,315,070,942	12.02%
Stockbrokers, Insurance companies and Mutual Funds	3,847,094,025	5.56%
Citibank N.A. as stated in S.V.S. Circular 1375 (ADS's) (*)	2,714,732,273	3.92%
Other 6,044 shareholders	1,112,142,080	1.61%
<b>Total Outstanding Shares</b>	<b>69,166,557,219</b>	<b>100.00%</b>
<i>Remaining shares resulting from exchange</i>	<i>1</i>	
<b>Total Shares</b>	<b>69,166,557,220</b>	

(\*) S.V.S. is currently the Financial Market Commission "CMF" (in its Spanish acronym).



# Controlling Shareholders

As defined by Title XV of Law 18,045, Enel Chile S.A. is controlled by Enel SpA., a publicly traded Italian company, that owns 61.93% of the shares issued by Enel Chile S.A.

On December 19, 2016, Enel Latinoamérica, S.A. and Enel Iberoamérica, S.R.L. agreed to merge by the latter absorbing the first and therefore dissolving Enel Latinoamérica, S.A., and Enel Iberoamérica, S.R.L. becoming the surviving entity with all legal rights, obligations, and third-party relationships. On December 20, 2016, the agreement was formalized and recorded in a public deed granted by the Madrid Notary, Mr. Andrés Domínguez Nafría. The merger was registered in the Commercial Register of Madrid and the Company's Shareholder Registry on February 13, 2016, although the registration was retroactively effective as of the date of its presentation, which took place on December 21, 2016.

The Board of Directors of Enel Iberoamérica S.R.L., in its session held on April 6, 2017, agreed to divide Enel Iberoamérica S.R.L. and incorporate, according to Italian regulation, Enel South América S.R.L. that would become the sole owner of the interests held by Enel Iberoamérica S.R.L. in Enel Chile and Enel Américas S.A. According to such agreement, the incorporation of Enel Americas S.R.L. was registered in the Company Register of Roma on June 8, 2017 and from that date on, Enel SpA controlled Enel Chile S.A. through Enel South America S.R.L.

On November 16, 2017, the merger of Enel South America S.R.L. with and into Enel S.p.A. was registered in the Company Register of Roma, Republic of Italy. As a result of the merger, Enel SpA was the surviving entity with all legal rights, and obligations of Enel South America S.R.L. Consequently, as of that date, Enel SpA directly controls Enel Chile S.A. (with a 60.62% ownership share).

The merger of Hydromac Energy S.R.L. and Enel Holding Chile S.R.L., companies that held 18.62% and 0.02% shareholding in Enel Chile S.A. respectively, with and into Enel SpA was registered in the Company Register of Roma, Republic of Italy on December 12, 2018.

As a result of the merger of Hydromac Energy S.R.L. and Enel Holding Chile S.R.L with and into Enel SpA, as the surviving entity, all legal rights and obligations of Hydromac Energy S.R.L. and Enel Holding Chile S.R.L are transferred to Enel SpA.

Consequently, as of December 12, 2018, Enel SpA increased its direct shareholding in Enel Chile S.A. to 61.93%.

Shareholders of Enel SpA at December 31, 2019	Shareholding
Ministero dell'Economia e delle Finanze de Italia	23.6%
Other Investors (Institutional and Retail)	76.4%
<b>Total</b>	<b>100.0%</b>

The shareholders of the controlling entity do not have a shareholders' agreement.

# Twelve major shareholders of the Company as of December 31, 2019:

Name	Taxpayer ID	Number of Shares	Shareholding
Enel SpA	59,243,980-8	42,832,058,392	61.93%
Citibank N.A. as stated in S.V.S. Circular 1375 (ADS's)	59,135,290-3	2,714,732,273	3.92%
Banco Itaú Corpbanca on behalf of foreign investors	97,023,000-9	2,612,670,297	3.78%
Banco Santander on behalf of foreign investors	97,036,000-K	2,398,326,103	3.47%
Banco de Chile on behalf of nonresident third parties	97,004,000-5	2,226,587,203	3.22%
AFP Habitat S.A. for Pension Fund C	98,000,100-8	1,606,075,838	2.32%
AFP Provida S.A. for Pension Fund C	76,265,736-8	1,435,599,052	2.08%
AFP Cuprum S.A. for Pension Fund C	76,240,079-0	974,696,344	1.41%
AFP Capital S.A. for Pension Fund C	98,000,000-1	876,068,794	1.27%
Banchile C de B S.A.	96,571,220-8	713,463,345	1.03%
AFP Habitat S.A. Pension Fund B	98,000,100-8	549,131,351	0.79%
AFP Habitat S.A. Pension Fund A	98,000,100-8	534,474,273	0.77%
<b>Subtotal 12 shareholders</b>		<b>59,473,883,265</b>	<b>85.99%</b>
Other 6,181 shareholders*		9,692,673,954	14.01%
<b>TOTAL 6,193 SHAREHOLDERS</b>		<b>69,166,557,219</b>	<b>100.00%</b>

\*No current shareholders belong to families of the Company's founders. The government nor any state-owned entity holds more than 5% ownership of the Company.

## Most important changes in ownership share

Name	Taxpayer ID.	N° of shares at 12/31/2018	N° of shares at 12/31/2019	Shareholding Variation in percentage points
Banco de Chile on behalf of non-resident third parties	97,004,000-5	2,938,360,307	2,226,587,203	-0.0103
Banco de Chile on behalf of Citi NA New York Clie	97,004,000-5	0	458,239,595	0.0066
Banco Santander on behalf of Foreign Investors	97,036,000-K	2,036,665,979	2,398,326,103	0.0052
AFP Habitat S.A.	98,000,100-8	2,674,373,869	3,005,808,747	0.0048
Banco Itau Corpbanca on behalf of Foreign Investors	97,023,000-9	2,412,256,213	2,612,670,297	0.0029
Banco de Chile on behalf of Citi NA London Client	97,004,000-5	0	190,308,275	0.0028
AFP Provida S.A.	76,265,736-8	2,399,448,619	2,509,406,123	0.0016
Bice Inversiones Corredores de Bolsa S.A.	79,532,990-0	260,627,799	153,652,663	-0.0015
Investment Fund MBI Arbitrage	76,023,598-9	207,262,027	111,351,674	-0.0014
Cía de Seguros de Vida Consorcio Nacional de Seguros S.A.	99,012,000-5	249,595,832	159,383,221	-0.0013
BTG Pactual Chile S.A. Stock Broker	84,177,300-4	387,425,204	297,757,112	-0.0013
Mutual Fund BTG Pactual Chile Acción	96,966,250-7	389,663,908	304,156,655	-0.0012

## Stock market transactions among related parties during 2019

There were no transactions among related parties during 2019

## Summary of comments and proposals by the Directors Committee and shareholders

Enel Chile received no comments or proposals regarding the progress of corporate businesses between January 1 and December 31, 2019, from the Directors' Committee or shareholders that own or represent 10% or more of the shares issued with voting rights, in accordance with the provisions of Article 74 of Law 18,046 and Articles 136 of the Rules and Regulations to the Chilean Corporations Law.



## 07. MANAGEMENT

C

CHAIRMAN

**Herman Chadwick Piñera**

Graduate of Legal and Social Sciences  
Pontificia Universidad Católica de Chile  
Lawyer

Taxpayer ID: 4,975,992-4

Since 04.25.2018

D

DIRECTORS

**Giulio Fazio**

Graduate of Legal and Social Sciences  
Universidad de los Estudios de Palermo  
Lawyer

Passport: YA 4656507

Since 04.25.2018

**Salvatore Bernabei**

Industrial Engineer  
Università degli Studi di Roma "Tor Vergata"  
Master's Degree in Business Administration  
Politécnica di Milano

Passport: YB 0600187

Since 04.25.2018

**Fernán Gazmuri Plaza**

Commercial Engineer  
Pontificia Universidad Católica de Chile  
Taxpayer ID: 4,461,192-9

Since 04.25.2018

**Daniele Caprini**

Graduate of Economics  
Università degli Studi di Siena  
Universidad de LUISS-Rome

Passport: YA9188092

Since 04.25.2018

**Gerardo Jofré Miranda**

Commercial Engineer  
Pontificia Universidad Católica de Chile  
Taxpayer ID: 5,672,444-3

Since 04.25.2018

**Pablo Cabrera Gaete**

Graduate of Legal and Social Sciences  
Pontificia Universidad Católica de Chile  
Diplomat

Academia Diplomática Andrés Bello

Taxpayer ID: 4,774,797-K

Since 04.25.2018

Over the past two years the following individual was also a director of Enel Chile:

**Vincenzo Ranieri**

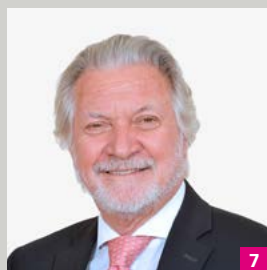
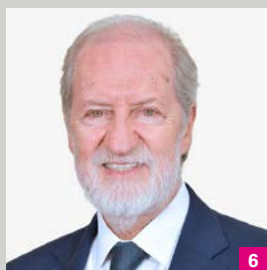
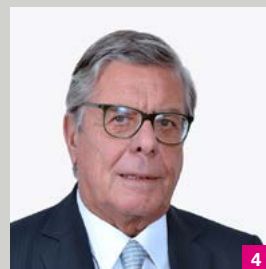
Graduate of Business Administration  
Universidad de LUISS- Rome

Passport: YA 7616919

From 04.28.2016

Until: 02.28.2018

# Board of Directors



## 1. CHAIRMAN

**Herman Chadwick Piñera**  
Graduate of Legal and Social Sciences  
Pontificia Universidad Católica de Chile  
Lawyer  
Taxpayer ID: 4,975,992-4  
Since 04.25.2018

## 2. DIRECTOR

**Giulio Fazio**  
Graduate of Legal and Social Sciences  
Universidad de los Estudios de Palermo  
Lawyer  
Passport: YA 4656507  
Since 04.25.2018

## 3. DIRECTOR

**Salvatore Bernabei**  
Industrial Engineer  
Università degli Studi di Roma "Tor Vergata"  
Master's Degree in Business Administration  
Politécnica di Milano  
Passport: YB 0600187  
Since 04.25.2018

## 4. DIRECTOR

**Fernán Gazmuri Plaza**  
Commercial Engineer  
Pontificia Universidad Católica de Chile  
Taxpayer ID: 4,461,192-9  
Since 04.25.2018

## 5. DIRECTOR

**Daniele Caprini**  
Graduate of Economics  
Università degli Studi di Siena  
Universidad de LUISS-Rome  
Passport: YA9188092  
Since 04.25.2018

## 6. DIRECTOR

**Gerardo Jofré Miranda**  
Commercial Engineer  
Pontificia Universidad Católica de Chile  
Taxpayer ID: 5,672,444-3  
Since 04.25.2018

## 7. DIRECTOR

**Pablo Cabrera Gaete**  
Graduate of Legal and Social Sciences  
Pontificia Universidad Católica de Chile  
Diplomat  
Academia Diplomática Andrés Bello  
Taxpayer ID: 4,774,797-K  
Since 04.25.2018

Enel Chile is managed by a Board of Directors comprised of seven members for a three-year term and may be reelected. The Board of Directors was elected at the Ordinary Shareholders' Meeting held on April 25, 2018. As stated by the Chilean Corporations Law, in the event of a vacancy, the Board must be totally renewed at the Company's forthcoming Ordinary Shareholders' Meeting, and the Board may appoint a substitute in the interim. The Board does not have alternate members.

During 2019, the Company began a Board of Directors Training Program to support board members in updating their skills and knowledge on several subjects, such as "Relevant Sustainability Topics: Analysis of Certification Entities and Follow Up Indices", "New Accountings Standards applicable to the Company", among others.

Before the shareholders' meeting takes place, the Company posts the resumes of the candidates to the Board on the website for shareholders to review the candidates' abilities and experience.

The Company's Risk Policy was approved by the Board in the meeting held May 31, 2017. The Board of Directors meets with the Risk Management Department at least once every three months to analyze the risk matrix, which includes sustainability risks and the respective mitigation measures.

The Company has implemented a board member induction process to contribute to the effectiveness of the integration process, which includes subjects considered to be necessary for members to perform their duties adequately. The induction process involves providing new board members with the following documents, among others: bylaws, board meeting minutes and Directors' Committee minutes to those that are also a member of such committee, shareholders' meeting minutes for the last two years, significant events, annual reports, sustainability reports, audited financial statements and quarterly financial statements, risk reports, human rights policy, and others. The content of this material also includes information regarding the Company's business, strategies and risks. This process provides new board members access to extensive, not only the most relevant, information on the Company.

The Company's contingency plans have been designed to react to material critical events or crises by forming ad-hoc committees of experts to face the specific situation.

The Board of Directors met with the Internal Audit Department periodically to analyze the annual audit plan, monitor action plans, examine the effectiveness of the Company's crime detection model, in addition to other matters detailed in the Ethics and Transparency section of this Annual Report.

The Board of Directors meets with the Sustainability Department quarterly to analyze the effectiveness of the Company's social responsibility and sustainable development policies and also the goals and performance of sustainability indexes.

The Board of Directors meets with the External Auditors quarterly to examine audit plan issues and other matters, in compliance with the voluntary business practice established by General Norm 385 issued by the Financial Market Commission.

The Board of Directors is provided with an electronic document delivery system that allows members to have safe, remote and permanent access to board meeting documentation at least 3 days before each session. The objective of the system is also paperless management of all documentation available to the members of the Board.

The Company has a whistleblowing tool titled Ethic Channel that is known by all employees. All reports received are investigated and informed to the Directors' Committee. It is available to employees, shareholders, customers, suppliers and third parties on the Company's website.

Since 2018, the Board of Directors has made at least two visits to an Enel group facility, being informed on the status and operations of such facilities and also the main activities and concerns of the individuals that work there.

The bylaws of the Company do not refer to alternate board members.

## Board of Directors' and Directors' Committee compensation

Under Article 33 of Law 18,046, the Chilean Corporations Law, the Ordinary Shareholders' Meeting held on April 25, 2018 approved the compensation of the Board of Directors and Directors' Committee for 2018.

The compensation of the Board of Directors consists of a monthly compensation paid to each director. A portion of such monthly payment is unconditional and equal to 216 Unidades de Fomento (UF in its Spanish acronym) Chilean inflation-indexed, Chilean peso-denominated monetary unit, and an additional 79.2 UF per session attended with a maximum of 16 sessions in total, either ordinary or extraordinary.

The compensation of the Directors' Committee is a monthly payment that includes an unconditional amount equal to 72 UF and an additional 26.4 UF per session attended with a maximum of 16 sessions in total, either ordinary or extraordinary within each fiscal year.

The total compensation expense during 2019 amounted to Ch\$ 616,818,797 and is detailed in the following table.



## Board of Directors' compensation in 2019

Figures in Ch\$

Board Member Name	Position	Fixed Compensation	Ordinary and Extraordinary Sessions	Committee's Fixed Compensation	Directors Committee Ordinary and Extraordinary Sessions	Variable Compensation (2)	TOTAL 2019
Herman Chadwick Piñera	Chairman	144,511,517	61,838,829	-	-	-	206,350,346
Giulio Fazio (1)	Director	-	-	-	-	-	-
Salvatore Bernabei (1)	Director	-	-	-	-	-	-
Daniele Caprini (1)	Director	-	-	-	-	-	-
Fernán Gazmuri Plaza	Director	72,255,758	30,919,415	24,085,253	9,562,391	-	136,822,817
Juan Gerardo Jofré Miranda	Director	72,255,758	30,919,415	24,085,253	9,562,391	-	136,822,817
Pablo Cabrera Gaete	Director	72,255,758	30,919,415	24,085,253	9,562,391	-	136,822,817
<b>Total General</b>		<b>361,278,792</b>	<b>154,597,073</b>	<b>72,255,758</b>	<b>28,687,173</b>	<b>-</b>	<b>616,818,797</b>

(1) Mr. Giulio Fazio, Salvatore Bernabei and Daniele Caprini waived their compensation for being executives of the Enel SpA Group.

(2) Variable compensation is no longer considered board member compensation

The total compensation expense for 2018 was Ch\$ 547,524,550 and is detailed in the following table.

## Board of Directors' compensation in 2018

Figures in Ch\$

Board Member Name	Position	Fixed Compensation	Ordinary and Extraordinary Sessions	Committee's Fixed Compensation	Directors Committee Ordinary and Extraordinary Sessions	Variable Compensation	TOTAL 2018
Herman Chadwick Piñera	Chairman	133,016,070	48,772,559	-	-	-	181,788,628
Giulio Fazio (1)	Director	-	-	-	-	-	-
Salvatore Bernabei (1)	Director	-	-	-	-	-	-
Daniele Caprini (1)	Director	-	-	-	-	-	-
Fernán Gazmuri Plaza	Director	66,508,035	24,386,279	22,175,787	8,841,872	-	121,911,974
Juan Gerardo Jofré Miranda	Director	66,508,035	24,386,279	22,175,787	8,841,872	-	121,911,974
Pablo Cabrera Gaete	Director	66,508,035	24,386,279	22,175,787	8,841,872	-	121,911,974
<b>Total General</b>		<b>332,540,174</b>	<b>121,931,397</b>	<b>66,527,362</b>	<b>26,525,616</b>	<b>-</b>	<b>547,524,550</b>

(1) Mr. Giulio Fazio, Salvatore Bernabei and Daniele Caprini waived their compensation for being executives of the Enel SpA Group.

## Incentive plan

Director's compensation for 2019 did not include an incentive plan.

## Board of Directors' consulting expenses

The Board of Directors did not spend on consulting services in 2019.

# Diversity in the Board of Directors

Number of people by gender:	
Female	0
Male	7
<b>Total</b>	<b>7</b>
Number of people by nationality:	
Chilean	4
Italian	3
<b>Total</b>	<b>7</b>
Number of people by age group:	
Between 41 and 50 years	3
Between 51 and 60 years	0
Between 61 and 70 years	0
More than 70	4
<b>Total</b>	<b>7</b>
Number of people by years of service:	
Less than 3 years	2
From 3 to 12 years	5
More than 12 years	0
<b>Total</b>	<b>7</b>

# Ownership in Enel Chile S.A.

As of December 31, 2019, according to the shareholder's register, none of the Directors in office owned shares of the Company.

# Directors' Committee

On April 25, 2018, the Ordinary Shareholders' Meeting appointed the members to the Board of Directors. On that same date, after the shareholders' meeting, the Board of Directors designated Mr. Fernán Gazmuri Plaza, Mr. Gerardo Jofré Miranda and Mr. Pablo Cabrera Gaete as members to the Directors' Committee, all independent directors as defined by Article 50 bis of the Chilean Corporations Law 18,046. Mr. Fernán Gazmuri Plaza was appointed financial expert and Chairman of the Directors' Committee during the ordinary session of the Directors' Committee held on April 25, 2018, and Mr. Domingo Valdés Prieto was appointed Secretary to the Directors' Committee.

# Annual management report

The Directors' Committee of the Company held 13 sessions during 2019, therefore fully complying with the obligations established in Article 50 bis of the Chilean Corporations Law 18,046 and additional applicable regulation.

During 2019, the Directors' Committee addressed the matters that are summarized below:

- Financial Statements:**
  - During the session held on February 28, 2019, the Directors' Committee analyzed the Consolidated Financial Statements of the Company as of December 31, 2018, including its Notes, Income Statement and Significant Events as well as the respective External Auditors' reports and Account Inspectors' reports.

- During the extraordinary session held on May 7, 2019, the Directors' Committee unanimously declared having examined the Consolidated Financial Statements of the Company as of March 31, 2018 and its Notes, Income Statement and Significant Events and the report on related party transactions.
- During the ordinary session held on July 30, 2019, the Directors' Committee unanimously declared having examined the Consolidated Financial Statements of the Company as of June 30, 2019 and its Notes, Management's Financial Statement Analysis, Income Statement and Significant Events.
- During the ordinary session held on October 30, 2019, the Directors' Committee unanimously declared having examined the Consolidated Financial Statements of the Company as of September 30, 2019 and its Notes, Management's Financial Statement Analysis, Income Statement and Significant Events, and the external auditor's report on related party transactions.

## 2. Examination of services to be rendered by External Auditors.

During the ordinary session held on July 30, the non-recurrent services to be rendered by the external auditors were examined. The Committee unanimously agreed to declare that such services do not compromise the technical competence nor the independent judgement of the respective external auditing firms, as stated in Section 202 of the Sarbanes Oxley Act, in the last paragraph of Article 242 of the Capital Markets Law 18,045 and in the Directors' Committee Regulations.

## 3. Examination of Related Party Transactions.

During the ordinary session held on March 28, 2019, the Directors' Committee unanimously declared having examined Related Party Transactions including the additional more flexible, revolving, senior, unsecured revolving bank loans obtained by Enel Chile, to replace Enel Generación Chile S.A. credit lines, provided by a group of financial institutions that include Enel Finance International (EFI), a subsidiary of Enel SpA, to finance general corporate needs for up to US\$ 200 million in dollars, or the equivalent in Chilean pesos or Unidades de Fomento (UF in its Spanish acronym), a Chilean inflation-indexed, Chilean Pesos denominated monetary unit.

During the ordinary session held on June 27, 2019, the Directors' Committee unanimously declared having examined the Related Party Transactions with Enel Green Power Chile del Sur (EGP del Sur) that consist of the guarantees and hedges granted by Enel Chile regarding (i) EGP del Sur obligations with Enel Finance International NV (EFI) for up to approximately US\$ 700 million, and (ii) EGP del Sur interest rate and/or exchange rate hedging instruments required to manage financial risk for up to US\$ 700 million, considering such guarantees may allow EGP del Sur to renegotiate its loan to obtain better financial conditions, namely, reduce the spread and consequently reduce the Company's financial cost significantly. Since EGP del Sur is an indirect subsidiary, wholly owned by Enel Chile, the substantial reduction of its financial cost also has a positive impact on Enel Chile's financial results.

The Directors' Committee declared that the Related Party Transactions contributed to the best interest of the Company and were carried out under terms and conditions currently prevailing in the market.

The above notwithstanding the previously approved external auditor's report on related party transactions.

## 4. Supervision and Evaluation of External Auditors.

During the ordinary session held February 28, 2019, the Directors' Committee unanimously agreed that the work performed in 2018 by the Company's external auditors, EY Audit SpA, was reasonable.

## 5. External Auditors' Report on Bank Transfers and Money Brokerage.

During the session held on February 28, 2019, the Directors' Committee unanimously agreed to acknowledge that they had formally and expressly noted the report on money brokerage and bank transfers prepared by EY Audit SpA the external auditors of Enel Chile S.A., dated February 28, 2019. They also stated that although the respective rule had been revoked, an entity that has not been authorized by the competent government authority to carry out activities defined as banking or money brokerage, may not legally do so.

## 6. Examination of Internal Control Letter CMF Circular 422.

The Directors' Committee examined this subject during the ordinary session held on February 28, 2019. On De-

cember 6, 2007, the Financial Market Commission issued Circular 422, which supplements Circular 980 dated December 24, 1990. This Circular offers specific instructions on internal control procedures, providing for the submission of a provisional report and a broad time frame for the external auditors to submit a final internal control report, allowing it to be delivered until the date in which the Board of Directors takes note of the financial statements at year end of each fiscal year. The Chairman of the Directors' Committee, Mr. Fernán Gazmuri Plaza, stated that the rules referred to above had been revoked, but even so, Article 246 of the Securities Market Law, among other issues, establishes that the external auditors are responsible for informing the Board of Directors and the Directors' Committee on the deficiencies regarding accounting practices, management systems and internal auditing practices detected while performing the external audit. Also, identify the discrepancies between the accounting practices used by the Company in its Financial Statements and the relevant criteria generally applied in the company's specific industry. Additionally, they must inform on the compliance with tax related obligations of the Company and its subsidiaries included in the respective external audit. Consequently, the External Auditor was still required to inform on internal control issues detected while performing the external audit. The revocation of the rules did not affect the deadline established by the Financial Market Commission (CMF in its Spanish acronym) rule NCG 30 to submit the Financial Statements and consequently it was understood that the internal control report, as part of the information to be submitted, should be provided by the external auditors during the first quarter of each year to be available for the review and approval of the annual financial statements. During this same session, the Directors' Committee agreed to state that the directors, unanimously, had formally and expressly taken note of the Internal Control Letter dated February 28, 2019, prepared by EY Audit SpA to comply with such regulation.

**7. External Auditors' Examination of subjects covered by NCG 385.**

During the ordinary session held on February 28, 2019, the Directors' Committee unanimously declared having examined the subjects voluntarily presented as good corporate governance, included in numeral 1 d) of the SVS General Norm 385 based on the presentation performed

by External Auditors and highlighted that the subjects referred to by items ii, iii and v of such numeral had not taken place.

**8. External auditors' Fees in fiscal year 2018 and estimate for 2019.**

During the ordinary session held on January 22, 2019, the Directors' Committee unanimously agreed to declare having examined the fees paid by the Company to the different auditing firms in 2018 and also having analyzed the estimate of recurrent auditing service fees for 2019.

**9. Enel Chile S.A. External Auditor contract with EY Audit SpA for 2019.**

During the extraordinary session held May 7, 2019, the Directors' Committee unanimously agreed to declare having examined and approved the contract to be subscribed between Enel Chile S.A. and external auditors EY.

**10. External Auditors Proposed.**

During the ordinary session held on March 28, 2019, the Directors' Committee unanimously agreed to propose to the Company's Board of Directors to propose to the Ordinary Shareholders' Meeting the following auditing firms, in the order of preference presented, as the external auditor firm of Enel Chile S.A. for 2019: 1-EY; 2-BDO; 3-PKF. The arguments considered relevant in proposing EY in first place as external auditor of the Company are the following: (i) it presented the most competitive proposal based on the technical and economic evaluations performed on the proposals received; (ii) it is highly qualified in terms of available resources and experience in the electricity sector; (iii) it is one of the four most important external auditing firms on the national and international level; (iv) it is the external auditing firm with greatest synergies with Enel Chile S.A. because EY is the main external auditing firm of Enel SpA, Enel Chile's controlling shareholder, and (v) the Directors' Committee has evaluated the relationship between the Company and EY and considers it to be reasonable.

**11. 20-F Form submitted to the Securities and Exchange Commission of the United States of America (SEC).**

During the ordinary session held on April 29, 2019, the Directors' Committee unanimously declared having examined the financial statements under IFRS to be included in the

20-F Form to be presented to the Securities and Exchange Commission of the United States of America in compliance with the rules and requirements of the SEC.

**12. Private Risk Rating Agencies Proposed.**

During the ordinary session held on February 28, 2019, the Directors' Committee unanimously agreed to propose to the Company's Board of Directors to suggest Feller Rate *Clasificadora de Riesgo Limitada* and Fitch Chile *Clasificadora de Riesgo Limitada* to the shareholders meeting as the local private risk rating agencies and Fitch Ratings, Moody's Investors Services and Standard & Poor's International Rating Services as the international private risk rating agencies for fiscal year 2019.

**13. Analysis of Ethics Channel complaints.**

During the ordinary session held January 22, 2019, the Directors' Committee unanimously gave its opinion on the complaints received, offering guidelines on how to proceed with each complaint and confirming what had been already resolved by the Committee. In this regard, the Chairman of the Directors' Committee is to summon an extraordinary session if he considers it necessary to resolve a certain complaint.

During the ordinary session held August 28, 2019, the Directors' Committee unanimously gave its opinion on every complaint received, as indicated in the previous paragraph.

**14. Examination of the Company's remuneration and compensation plan for senior executives, managers and employees.**

During the ordinary session held on June 27, 2019, the Directors' Committee, unanimously, declared having examined the remuneration and compensation plan for senior executives, managers and employees of the Company.

**15. Directors' Committee Budget for 2019.**

During the ordinary session held on February 28, 2019, the Directors' Committee unanimously approved the 2019 Directors' Committee Budget amounting to 10,000 Unidades de Fomento (UF in its Spanish acronym) for the Committee and its consultants' expenses and operations. The members of the Directors' Committee also unanimously decided to submit this 2019 Directors' Committee Budget proposal to the approval of the Board of Directors so that, if approved, they submit it to the Ordinary Shareholders Meeting to take place in April 2019 for final approval.

**16. Analysis of External auditors' fees for fiscal year 2018.**

During the ordinary session held on January 22, 2019, the Directors' Committee unanimously agreed to declare having examined the external auditor fees of recurrent, non-recurrent and other services paid during 2018 by Enel Chile and subsidiaries separately concluding that they had not affected the competence nor the independence of such firms.

## Enel Chile S.A. Directors' Committee expenses

The Directors' Committee did not spend its operational budget approved by the Ordinary Shareholders Meeting held April 29, 2019.



Chairman  
**Herman Chadwick Piñera**



Chief Executive Officer<sup>(\*)</sup>  
**Paolo Pallotti**



**MANAGEMENT**

Administration, Finance and Control Officer <sup>(\*)</sup>  
**Giuseppe Turchiarelli<sup>(1)</sup>**

Audit Officer<sup>(\*)</sup>  
**Raffaele Cutrignelli<sup>(2)</sup>**

Communications Chile Officer  
**Claudio Vera Acuña**

People and Organization Officer<sup>(\*)</sup>  
**Liliana Schnaidt Hagedorn**

Institutional Affairs Officer  
**Pedro Urzua Frei**

General Counsel and Corporate Affairs<sup>(\*)</sup>  
**Domingo Valdés Prieto**

Regulation Officer  
**Mónica de Martino**

Safety Officer  
**Andrés Pinto**

Services Officer  
**Alison Dunsmore**

Sustainability Officer  
**Antonella Pellegrini**

Procurement Officer  
**Raúl Puentes Barrera**

Digital Solutions Officer  
**Ángel Barrios**

(\*) Key Executive

(1) Was appointed on 11.15.2019 to replace Marcelo de Jesús

(2) Eugenio Belinchon Gueto replaced Mr. Cutrinelli on 03.01.2020

Note:

During 2019, the following positions were no longer Key Executives:

Pedro Urzúa (until 09.24.2019)

Mónica De Martino (until 09.24.2019)

Alison Dunsmore Moreira (until 09.24.2019)

Angel Barrios (until 09.24.2019)

Antonella Pellegrini (until 09.24.2019)

Andrés Pinto Bontá (until 09.24.2019)

Raúl Puentes Barrera (until 09.24.2019)

Claudia Navarrete (until 09.24.2019)

# Key executives



1



2



3



4



5

## 1. CHIEF EXECUTIVE OFFICER

**Paolo Pallotti**

Electronic Engineer  
Universidad de Ancona  
Leadership for energy executive program  
Harvard Business School  
Taxpayer ID: 26,102,661-9  
Since 10.01.2018

## 2. MANAGEMENT, FINANCE AND CONTROL OFFICER

**Giuseppe Turchiarelli**

Economist  
Universidad de Cagliari  
Executive MBA at "LUISS" Business School  
Taxpayer ID 27,101,372-8  
Since 11.15.2019

## 3. PEOPLE AND ORGANIZATION OFFICER

**Liliana Schnaidt Hagedorn**

Industrial Engineer  
Pontificia Universidad Católica de Chile  
Taxpayer ID: 13.903.626-3  
Since 02.01.2018

## 4. INTERNAL AUDIT OFFICER

**Raffaele Cutrignelli\***

International Business Degree  
Nottingham Trent University (United Kingdom).  
Master in Auditing and Internal Controls  
Universidad de Pisa (Italy)  
Diploma in Strategy. Innovation. Management and Leadership  
Massachusetts Institute of Technology (MIT)  
Taxpayer ID: 25,553,336-3  
From 10.01.2016 to 02.29.2020  
(\*) Replaced by Eugenio Belinchon Gueto on 03.01.2020

## 5. GENERAL COUNSEL AND SECRETARY TO THE BOARD

**Domingo Valdés Prieto**

Lawyer  
Universidad de Chile  
Master of Law  
University of Chicago  
Taxpayer ID: 6,973,465-0  
Since 02.29.2016



## Key executives and managers compensation

During 2019, the compensation and benefits received by the chief executive officer and key executives of the Company amounted to a fixed compensation of Ch\$ 2,357 million and Ch\$ 209 million in benefits.

During 2018, the compensation and benefits received by the chief executive officer and key executives of the Company amounted to a fixed compensation of Ch\$ 2,734 million and Ch\$ 707 million in benefits.

These amounts include remuneration and benefits of managers and key executives that held their position in the Company at year-end and also those who left the Company during the respective year.

## Benefits for key executives and managers

The Company maintains complementary health insurance and catastrophic insurance coverage for senior executives and their accredited dependents. The Company also has life insurance coverage for each senior executive. These benefits are granted according to the management level of each employee at the time executed. In 2019, the amount spent on these benefits was Ch\$ 9 million, which is included in the compensation received by key executives.

## Incentive plans and key executives

Enel Chile has an annual bonus plan for its executives based on achieving objectives and the level of individual contribution to the Company's results. This plan defines a bonus range for each management or hierarchical level. Executive bonuses are expressed as a specific number of monthly gross salaries.

## Severance payments to managers and key executives

There were no severance payments for years of service in 2019.

## Ownership of Enel Chile

Based on the shareholder's register, as of December 31, 2019, no executive owned shares of the Company.

There are no requirements regarding the ownership of Company shares by the chief executive officer or main executives. What is mandatory by the Securities Market Law and the Manual of Information of Interest to the Market, is that the CEO and main executives inform their share position and the respective transactions.





1



2



3



4

## Management of main subsidiaries

### 1. Enel Generación Chile

Michele Siciliano  
Chief Executive Officer  
Mechanical Engineer  
Università della Calabria

### 2. Enel Distribución Chile

Ramón Francisco Castañeda Ponce  
Chief Executive Officer  
Civil Industrial Engineer  
Pontificia Universidad Católica de Chile

### 3. Enel Green Power Chile

James Lee Stancampiano  
Chief Executive Officer  
Environmental Economist  
Università degli Studi di Siena

### 4. Enel X Chile

Karla Zapata  
Chief Executive Officer  
Industrial Engineer  
Universidad Ricardo Palma, Perú



## 08. PEOPLE AND ORGANIZATION



# Workforce

The employees per category of Enel Chile and its subsidiaries and jointly controlled entities as of December 31, 2019 are the following:

Company	Managers and Key Executives	Professionals and Technicians	Employees and Others	Total
Enel Chile	5	434	36	475
Enel X (1)	1	4	1	6
Enel Generación (2)	11	616	83	710
Enel Green Power (3)	1	210	3	214
Enel Distribución (4)	7	705	31	743
<b>Total</b>	<b>25</b>	<b>1,969</b>	<b>154</b>	<b>2,148</b>

**Note:**

1. Enel X: Key Executive Karla Zapata
2. Enel Generación includes: Gas Atacama Argentina and Empresa Eléctrica Pehuenche
3. Enel Green Power includes: Eléctrica Panguipulli and Geotérmica del Norte
4. Enel Distribución includes: Eléctrica de Colina and Luz Andes

# Diversity

Diversity of the Chief Executive Office and other departments that report to the CEO or Board of Directors

Gender	Enel Chile
Female	1
Male	4
<b>Total</b>	<b>5</b>

Nationality	Enel Chile
Chilean	2
Italian	3
<b>Total</b>	<b>5</b>

Age Group	Enel Chile
Less than 30	0
Between 30 and 40	2
Between 41 and 50	1
Between 51 and 60	2
Between 61 and 70	0
<b>Total</b>	<b>5</b>

Years of Service	Enel Chile
Less than 3	3
Between 3 and 6	1
More than 6 less than 9	0
Between 9 and 12 years	0
More than 12 years	1
<b>Total</b>	<b>5</b>

Diversity in the Organization	
Gender	Enel Chile
Female	196
Male	279
<b>Total</b>	<b>475</b>

Nationality	Enel Chile
Brazilian	4
Chilean	453
Argentinean	2
Italian	4
Peruvian	1
Colombian	6
Venezuelan	5
<b>Total</b>	<b>475</b>

Age Group	Enel Chile
Less than 30	19
Between 30 and 40	165
Between 41 and 50	172
Between 51 and 60	107
Between 61 and 70	12
More than 70	0
<b>Total</b>	<b>475</b>

Years of Service	Enel Chile
Less than 3 years	106
Between 3 and 6 years	38
More than 6 years less than 9 years	69
Between 9 and 12 years	37
More than 12 years	225
<b>Total</b>	<b>475</b>

Average fixed salary of women compared to men within the same professional category

Categories	
Senior Management	79%
Middle Management – Level 1	93%
Middle Management – Level 2	86%
Middle Management – Level 3	91%
Professionals – Level 1	94%
Professionals – Level 2	89%
Administrative	117%
Average	91%

# People and organizational activities

## Labor relations

The collective bargaining process was carried out with the three unions of the Company during 2019. The negotiations with the Professional Workers Union concluded in July and the two early negotiation processes with the ICT Union and the Administrative Workers' Union ended in September and November, respectively. All processes culminated to the satisfaction of all parties with collective labor contracts to be in force for the next three years.

The periodical meetings program with the Company's unions remains in place, strengthening open dialogue with employee representatives and maintaining a healthy work climate.

## Safety measures and occupational health

For Enel Chile S.A., safeguarding the Health and Safety of its workers are fundamental elements that respond to the Organization's concern for keeping people healthy and fit for the activities they perform, as well as avoiding and controlling incidents and/or illnesses arising in the workplace.

Given the above, the following preventive and informative health programs and initiatives stand out:

## Health dissemination and promotion

A set of activities such as postcards, posters, mailings, graphics, contests, among others, which aim to train, educate and improve workers' quality of life and health.

- > **March:** Anti-stress campaign: practical recommendations for dealing with stressful situations in the workplace.
- > **April:** Immunization Campaign: Massive invitation for vaccination against Influenza
- > **May:** Anti-tobacco Campaign: Tips to prevent and avoid its consumption
- > **June:** Colon Cancer and Gastric Cancer Campaign: Recommendations for the timely detection and prevention of these diseases through a Preventive Health Exam.
- > **July:** Viral and Respiratory Disease Prevention Campaign: practical recommendations to prevent possible infections.
- > **August:** Heart Care Campaign: Set of recommendations that aim to promote self-care.
- > **September:** Cervical and Prostate Cancer Campaign: Tips for its detection by taking a preventive health exam.
- > **October:** Breast Cancer Prevention Campaign: Invitation to participate in the prevention of this disease through early detection/self-examination.
- > **November:** Healthy Eating Campaign: Tips for a better diet and lifestyle.
- > **December:** Skin Cancer Campaign: Tips for skin care against ultraviolet radiation and other agents.



# Activities for Enel Chile Group employees

## Immunization program

Immunization of Enel Chile's employees is a preventive measure that focuses on preventing recurrent contagious illnesses. The Company provides seasonal Influenza vaccines to all its employees, in addition to having the Traveler's Medicine Program operational throughout the year (access to preventive vaccines for employees who must work in other countries).

- > **Seasonal Influenza vaccine:** Performed during the first quarter of the year to prevent outbreaks that begin in early June

## Preventive medical exams program

The objective is to perform periodic medical evaluations for the early detection of potential illnesses. This Initiative focuses on all Company workers and is carried out following a protocol defined according to gender and age.

## Cardiovascular risk program

It is a program that seeks to change habits and behavior through nutritional and targeted physical condition evaluations to improve medical parameters. This program is for all workers who, according to preventive examinations, display two or more Cardiovascular Risk factors.

# Human resource management

The management of workplace climate and workplace commitment are fundamental pillars of Enel Chile's strategy. The Workplace Climate and Safety Survey is carried out every two years. Its latest version, performed in 2018, had a 93% participation rate among employees in Chile.

Workplace climate is a priority due to its close relationship with the people that make up the Company's human resource. Therefore, the Company continues to work on countless initiatives related to leadership, communication, meritocracy and development, conflict resolution measures and best workplace practices to maintain workers' motivation, satisfaction and commitment.

During 2019, 82 initiatives were implemented in the various departments within Enel Group's companies in Chile. The formation of climate committees stands out as an action that aims to improve workplace climate by working with cross-sectional teams.

Enel Chile has a program that seeks to promote and reinforce the important role of leaders in creating organizational environments that foster workers' satisfaction and development. The "Leader to Coach" program was designed to encourage leadership and managers' role in the "Open Power" culture from an active and strategic standpoint, focusing on team mobilization and the ability to contribute to the learning process of others. It is a comprehensive coaching program that defines an individual itinerary for each manager including a 360° evaluation, skill training workshops, and a set of best practices in human resource management.

Enel Chile has implemented communication initiatives titled “People & Organization” to guarantee ongoing communication with workers on different matters of interest related to human resource management. Activities include updating and adding value to the website, manuals of best practices, and monthly bulletins for managers and workers, among others.

In 2019, in terms of meritocracy and reward, a new version of the Recognition program was established, named Enel’s Protagonists, which seeks to encourage a culture of recognition within the Company, and create formal instances in which, on one hand, peers recognize peers, and on the other, the Organization identifies initiatives that have proven valuable to the Company. Ceremonies attended by the entire Company to acknowledge outstanding employees, career paths, among other initiatives continue to take place.

In Enel Chile, feedback between managers and employees helps create closer bonds, increase transparency, align expectations, and support workers’ professional development. Open Feedback promotes a culture of continuous feedback throughout the Company year-round, steering workers’ development as well as the formation of high performing teams.

The Company has provided training to strengthen work flexibility practices, such as remote work and deferred income options, as well as numerous collaborative work and camaraderie activities whose main focus was to develop relational and collaborative competencies in work teams to strengthen trust and alignment in the achievement of common goals.

## Diversity and inclusion

For Enel Chile, having diverse work teams and cultivating an inclusive work environment is essential in fostering a culture of innovation, which allows opening to different points of view that enrich the workplace environment and add ongoing value.

As part of the Diversity and Inclusion Policy, the Company has developed several initiatives addressing gender, age, nationality, disability, and cross-sectional practices. This policy promotes the principles of non-discrimination, equal opportunities, inclusion and work-life balance as fundamental values.

The policy has established three main principles:

1. Reject any and all forms of arbitrary discrimination and ensure and promote diversity, inclusion, and equal opportunities.
2. Promote and maintain an environment of respect for people’s dignity, honor, and identity.
3. Ensure the highest confidentiality standards regarding any information the Company has access to about a worker’s private life.

In terms of gender, the Company aims to create a balance in the initial phase of recruitment and selection processes and generate relationships with universities and professional institutes that promote the participation and inclusion of women, especially in technical areas. Additionally, the Parental Program is geared towards balancing parental needs with career development, and includes interviews during prenatal and postnatal periods, nutritional support, and physical activities for pregnant women. Other initiatives include talks by parenting experts on subjects, such as, bullying and cyberbullying, the effects of the use of electronic devices, and alcohol and drug prevention, among others.

In terms of age, and given the Company’s ongoing digital transformation process, the On-Boarding platform allows every new Enel Chile employee to anticipate his or her contact and knowledge of the Company, facilitating the adaptation of new employees to the work and culture of the Company. This personal and professional support to new employees allows them to better understand their daily work dynamics. This platform also allows transferring knowledge from senior employees to younger employees.

Regarding nationality, expatriates are assigned a tutor to assist and support them in recognizing, respecting, and managing cultural differences among different nationalities throughout their time abroad contributing to their integration. This year, the Company began the commemoration and celebration of the national holidays of foreign employees residing in Chile with a greeting and a special luncheon in the cafeteria.

In order to recognize, respect, and manage the different skill-sets of employees, Enel Chile handles matters related to the



needs of employees with disabilities, by aiding them in obtaining the disability credentials established by law. Additionally, the Company continues to perform structural adjustments to its facilities (cafeteria, restrooms, ramps, special parking space, auditorium entrance ways, elevators with braille, among others) for employees with disabilities.

In terms of management's cross-cutting approach, the Company offers courses and workshops to raise awareness on behavior and values related to diversity, inclusion and work flexibility. Within this context, the Company celebrated the D&I week, where 4 interesting talks on "Inclusion of Persons with Disabilities", "Gender Equality", "Sexual Harassment" and "Workplace Harassment" took place.

Enel Chile also participates in a partnership with Sofofa's Inclusive Companies Network, RelIN (in its Spanish acronym), where more than 30 companies share their best practices on a monthly basis. For the second consecutive year, Enel Chile participated in the Telethon campaign, which although postponed until April 2020, received the support of a group of volunteers.

## Work-life balance measures and flexibility

Regarding work-life balance and flexibility, in 2019, the remote working program "Smart Working" has grown to become one of the Company's most appreciated programs. It provides employees with greater flexibility when it comes to the execution of their work. Today, there are 492 Enel Group workers participating in the program in Chile, 200 of them are employees of Enel Chile. Those participating may choose one day of the week (from Tuesday to Thursday) to work from home, or from wherever they please, inasmuch as they comply with the safety and health measures established by current legislation. This initiative contributes to the balance between work and family life of employees improving their quality of life.

Other initiatives to improve the quality of life of employees carried out during 2019 are the following:

Sports and Culture Extension Program: traditional sports program that takes place within the Company's facilities, offering

workshops and the practice of several sports including soccer, basketball, volleyball, among others. Other extension activities designed for employees and their families include artistic workshops, expositions, family excursions, among others.

A variety of activities, both recreational and educational, are carried out for employees' children. These include recreational summer and winter camps for children between 4 and 15 years of age that are offered in January and during the winter holidays. In addition, several events that foster work-life balance are offered throughout the year, such as "Come to my birthday party," held in the corporate stadium for kids up to age 12, and "First day of Class," where parents are allowed to join their kids during their first day of school, and arrive later to work. Also, the "Career Path Award" is an annual corporate celebration that acknowledges workers who have been with the Company for at least 20 years.

# Recruitment and selection

## Recruitment and selection

The Company's main objective is to hire the best professionals that have the competences needed to face the cultural changes related to the Company's ongoing digital transformation and also Open Power competences.

During 2019, there were 55 job openings in Enel Chile S.A., of which 24% were filled with candidates from within the Company. Of all external workers hired in 2019 (76% of all available positions in Enel Chile S.A.), 48% were women.

## Internship and young talent attraction programs

This new recruitment method is utilized to hire future young professionals from the best universities in the country as interns. They are offered the opportunity to consolidate their academic knowledge in the context of Enel Chile's business environment, which creates professionals that are familiar with the reality and the challenges the Group faces. This constitutes an important and significant source of recruitment.

This internship program is carried out permanently throughout the year. In 2019, 54 students were hired as interns, of which 53% were women.

In Enel Chile, 44% of internship positions were offered in the People & Organization Department, and 19 % in the Administration, Finance and Control Department (AFC).

# Educational action

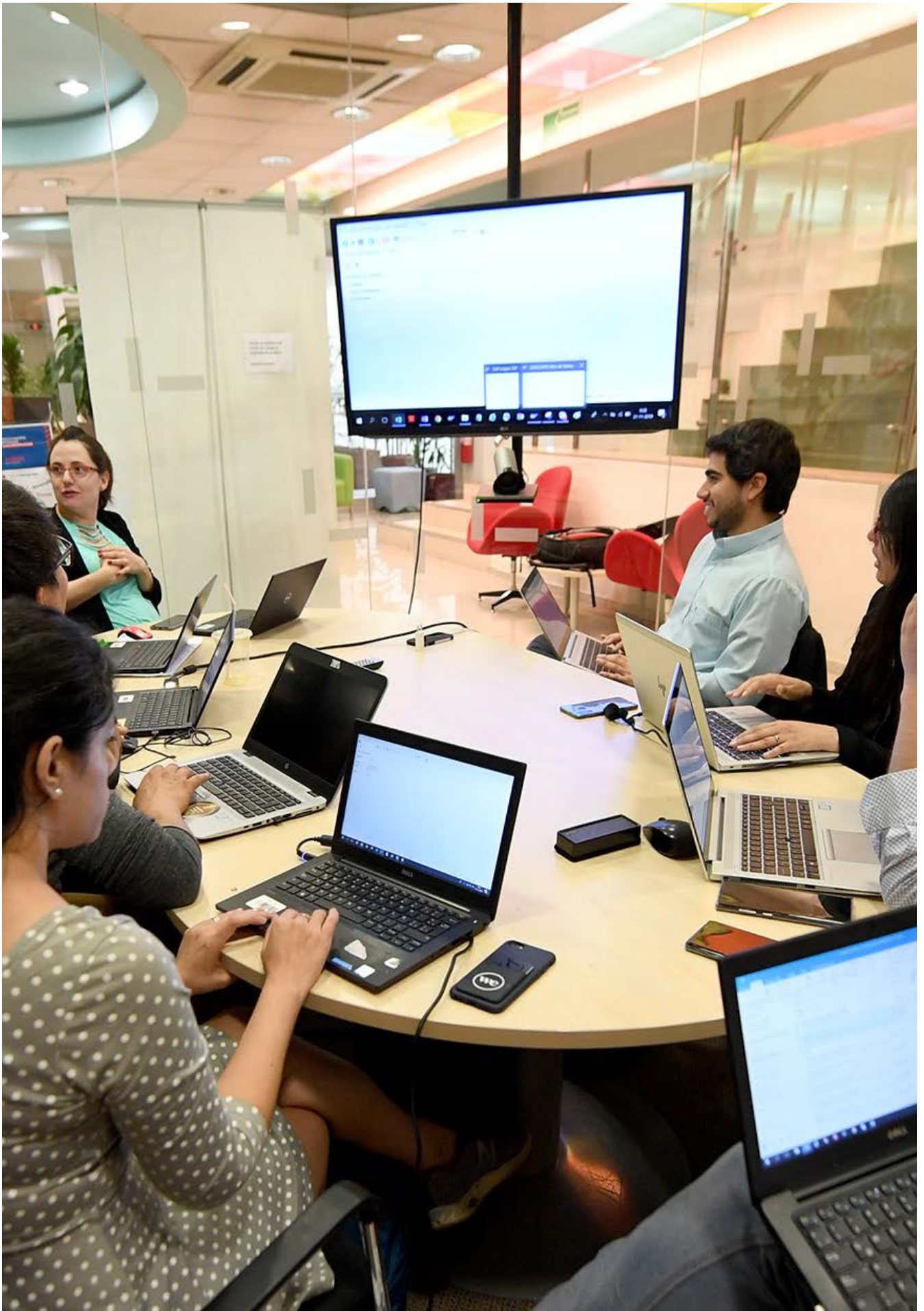
## Training

Enel Chile's 2019 training program was developed to address training needs in three fundamental areas: First, technical education; second, behavioral skills; and third, specialization. The training and development department, along with business partners, workers, and managers, jointly identify the knowledge gaps and skills that are in line with the Company's strategic plan and are necessary to improve workplace productivity.

In terms of technical education, digital transformation knowledge was the main concern and was addressed throughout the year. The training sessions taught throughout the year mainly addressed digital themes, such as scrum master and coach agile, which provided workers with skills and knowledge required to improve performance in several projects associated with digital transformation.

In addition, training programs also addressed the development of a diverse set of behavioral skills associated with the value and behaviors defined in the Company's leadership model. The "Enel Manager" leadership program is worth highlighting. Its goal is to develop leadership coaching skills among the Company's managers that are necessary to guide work teams through the new growth and strategic consolidation challenges the Company is facing today.

Finally, technical specialization had an important role in the development of knowledge in key aspects of the business this year. One highlight worth mentioning is the electricity market training program, taught by Universidad de Chile, and customized to address Enel Chile's specific needs.





## 09. STOCK MARKET TRANSACTIONS

Quarterly transactions of Enel Chile shares in Chile on the Santiago Stock Exchange, the Electronic Stock Exchange, as well as in the United States of America on the New York Stock Exchange (NYSE) during 2019 are detailed below.

# Santiago Stock Exchange

During 2019, a total 14,739 million shares were traded on the Santiago Stock Exchange, equivalent to Ch\$ 974,990 million. The closing price of the stock at year end December 2019 was Ch\$ 70.50.

Year	Units	Amount (Ch\$)	Average Price (Ch\$)
<b>2019</b>			
1 <sup>st</sup> Quarter	3,304,283,206	230,741,305,701	69.83
2 <sup>nd</sup> Quarter	3,039,741,757	197,501,843,483	64.97
3 <sup>rd</sup> Quarter	2,512,771,762	156,505,596,387	62.28
4 <sup>th</sup> Quarter	5,882,374,059	390,241,676,204	66.34
<b>Total 2019</b>	<b>14,739,170,784</b>	<b>974,990,421,775</b>	<b>66.15</b>
<b>2018</b>			
1 <sup>st</sup> Quarter	2,794,503,083	210,396,722,951	75.29
2 <sup>nd</sup> Quarter	3,773,141,818	267,278,094,175	70.84
3 <sup>rd</sup> Quarter	2,789,724,909	185,420,559,438	66.47
4 <sup>th</sup> Quarter	3,199,220,342	204,247,044,128	63.84
<b>Total 2018</b>	<b>12,556,590,152</b>	<b>867,342,420,692</b>	<b>69.07</b>
<b>2017</b>			
1 <sup>st</sup> Quarter	2,017,485,622	134,273,018,389	66.55
2 <sup>nd</sup> Quarter	1,768,333,500	130,511,829,158	73.80
3 <sup>rd</sup> Quarter	2,298,723,478	168,145,280,227	73.15
4 <sup>th</sup> Quarter	2,784,128,550	200,182,874,098	71.90
<b>Total 2017</b>	<b>8,868,671,150</b>	<b>633,113,001,872</b>	<b>71.39</b>

# Chilean Electronic Exchange

During the year, a total 1,283 million shares were traded on the Chilean Electronic Exchange, amounting to Ch\$ 85,578 million. The closing price of the stock at year-end was Ch\$ 71.87.

Year	Units	Amount (Ch\$)	Average Price (Ch\$)
<b>2019</b>			
1 <sup>st</sup> Quarter	726,016,830	48,768,642,184	67.17
2 <sup>nd</sup> Quarter	139,478,209	9,219,489,806	66.10
3 <sup>rd</sup> Quarter	149,611,975	9,411,582,124	62.91
4 <sup>th</sup> Quarter	267,690,366	18,178,585,900	67.91
<b>Total 2019</b>	<b>1,282,797,380</b>	<b>85,578,300,014</b>	<b>66.71</b>
<b>2018</b>			
1 <sup>st</sup> Quarter	202,800,877	15,284,222,289	68.56
2 <sup>nd</sup> Quarter	348,545,846	24,915,296,102	71.48
3 <sup>rd</sup> Quarter	386,484,459	25,557,620,734	66.13
4 <sup>th</sup> Quarter	318,226,600	20,357,159,504	63.97
<b>Total 2018</b>	<b>1,256,057,782</b>	<b>86,114,298,629</b>	<b>68.56</b>
<b>2017</b>			
1 <sup>st</sup> Quarter	215,330,287	14,497,362,796	67.33
2 <sup>nd</sup> Quarter	141,598,208	10,496,584,882	74.13
3 <sup>rd</sup> Quarter	131,726,440	9,494,229,275	72.08
4 <sup>th</sup> Quarter	186,156,335	13,656,791,178	73.36
<b>Total 2017</b>	<b>674,811,270</b>	<b>48,144,968,131</b>	<b>71.35</b>



# New York Stock Exchange (NYSE)

Enel Chile shares began trading on the New York Stock Exchange (NYSE) on April 27, 2016. One ADS (American Depositary Share) of Enel Chile represents 50 shares, and its ticker is ENIC. Citibank N.A. acts as the depositary bank and Banco Santander Chile as the custodian in Chile.

During 2019, 88 million ADSs were traded in the United States, amounting to US\$ 403 million. The ADS closing price at year-end was US\$ 4.75.

Year	Units	Amount (US\$)	Average Price (US\$)
<b>2019</b>			
1 <sup>st</sup> Quarter	16,131,454	84,147,249	5.22
2 <sup>nd</sup> Quarter	21,723,139	103,055,237	4.80
3 <sup>rd</sup> Quarter	17,210,522	75,180,791	4.39
4 <sup>th</sup> Quarter	33,039,833	140,634,274	4.32
<b>Total 2019</b>	<b>88,104,948</b>	<b>403,017,550</b>	<b>4.57</b>
<b>2018</b>			
1 <sup>st</sup> Quarter	25,360,378	156,830,054	6.19
2 <sup>nd</sup> Quarter	33,691,893	191,672,661	5.78
3 <sup>rd</sup> Quarter	24,888,260	123,419,121	4.97
4 <sup>th</sup> Quarter	33,532,795	153,910,355	4.67
<b>Total 2018</b>	<b>117,473,326</b>	<b>625,832,191</b>	<b>5.33</b>
<b>2017</b>			
1 <sup>st</sup> Quarter	17,848,377	89,764,079	5.03
2 <sup>nd</sup> Quarter	21,754,110	120,477,427	5.54
3 <sup>rd</sup> Quarter	14,780,786	84,238,374	5.70
4 <sup>th</sup> Quarter	18,089,148	101,069,596	5.59
<b>Total 2017</b>	<b>72,472,421</b>	<b>395,549,476</b>	<b>5.46</b>



# Market information

During 2019, the Chilean economy was influenced by internal and external factors that affected its performance. The increase in trade tensions between China and the United States deepened fears in investors worldwide, who sought refuge in assets with lower volatility, migrating from emerging economies to economies with lower levels of risk. In general terms, during the first months of 2019, the world economy was weakened due to decreased dynamism in trade. However, during the last quarter, indications of a trade truce between China and the United States led to a gradual upswing in investor optimism.

In Chile, during the month of October, the greatest social and political crisis since the country's return to democracy in 1990 was unleashed. The consequences of this social uprising included a sharp drop in the national stock market, as well as a significant devaluation of the Chilean peso, reaching all-time highs in terms of the dollar. These consequences translated into an 8.5% drop in the SPCLXIPSA, closing at 4,669.9 points in December 2019 and becoming the first year since 1990 that the Santiago Stock Exchange registered two consecutive years of negative variation.

The price Enel Chile's shares, on the other hand, increased 5.3% for the year 2019. Cumulatively, the price variation of Enel Chile shares between 2018 and 2019 decreased 3.2%, while the SPCLXIPSA (formerly known as IPSA), comparatively, took a 16.1% fall.

## Santiago Stock Exchange

The following table shows the changes in the price of the share of Enel Chile and the Selective Stock Price Index (IPSA) on the local stock market over the past two years:

Variation	2018	2019	Cumulative 2018 – 2019
ENELCHILE	-8.0%	5.3%	-3.2%
IPSA	-8.3%	-8.5%	-16.1%

## New York Stock Exchange (NYSE)

The following table shows the behavior of Enel Chile's ADS listed on the NYSE (ENIC), compared to the Dow Jones Industrial Index and the Dow Jones Utilities Index over the past two years:

Variation	2018	2019	Cumulative 2018 – 2019
ENIC	-12.9%	-4.0%	-16.4%
Dow Jones Industrial	-5.6%	22.3%	15.5%
Dow Jones Utilities	-1.4%	23.3%	21.5%





## 10. INVESTOR RELATIONS

# Investor relations



Enel Chile's Investor Relations department is responsible for providing transparent, timely, and quality information to the market regarding the Company's main financial, strategic, and operational issues. This department is the unit authorized to respond to inquiries by shareholders and investors.


The main channels of communication with the market include our website, the Investor Relations app, conference calls, e-mails, face-to-face meetings, and local and international conferences.

Available documentation for investors includes quarterly results presentations, annual reports, annual sustainability reports, 20-F reports, quarterly Management's Financial

Statement Analysis and Tables, and corporate presentations. Additionally, and since the Company's creation in 2016, the 3-year Strategic Plan, which presents the Company's main strategic guidelines and financial and business projections, has been presented on an annual basis.

In terms of meetings, Enel Chile held more than 150 meetings with investors and participated in 7 conferences and 6 roadshows, both local and international, in 2019.

Our Investor Relations department is available to answer any questions concerning the Company, whether in Spanish, English, French, or Portuguese by e-mail at [ir.enelchile@enel.com](mailto:ir.enelchile@enel.com)




**Isabela Klemes**  
Investor Relations Manager


**Investor Relations Team**  
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## 11. DIVIDENDS



# 2019 dividends distribution

During the 2019 fiscal year, and in line with the 2019 Dividend Policy set forth in the Ordinary Shareholders' Meeting held on April 26, 2019, the Board of Directors agreed to distribute an interim dividend equal to 15% of the Company's net income, as presented in the Company's Financial Statements as of September 30, 2019, which was paid in January 2020.

Concerning the final dividend distribution for the 2019 fiscal year, the Board of Directors, in its 2019 Dividend Policy, proposed to distribute a final dividend equivalent to 65% of net income, which will be determined by the Ordinary Shareholders' Meeting, to be held during the first four months of 2020. However, on February 24, 2020, the Board of Directors reevaluated its final dividend proposal reducing it from 65% to 60% of net income of the 2019 fiscal year, which will be determined by the Ordinary Shareholders' Meeting, to be held during the first four months of 2020.

## 2020 dividend policy

### Dividend policy

The Board of Directors intends to distribute an interim dividend for fiscal year 2020 of up to 15% of net income, as presented in the Financial Statements of Enel Chile S.A. as of September 30, 2020, to be paid in January 2021.

The Board of Directors intends to propose to the Ordinary Shareholders' Meeting, to be held during the first four months of 2021, to distribute a final dividend equivalent to 60% of net income for the 2020 fiscal year. The final dividend to be distributed will be defined by the Ordinary Shareholders' Meeting to be held during the first four months of 2021.

Compliance with the aforementioned dividend program is subject to the actual net income of the Company for that specific year, and also subject to the Company's periodic income projections or the existence of certain conditions, as applicable.



# Dividend payment procedure

The dividend payment methods offered by Enel Chile S.A., for interim and final dividends alike, seek to avoid wrongful claims. They are the following:

1. Deposit in a bank checking account, whose account-holder is the shareholder;
2. Deposit in a bank savings account, whose account-holder is the shareholder;
3. Mailing of a check or cashier's check via certified mail to the address of the shareholder's residence recorded in Enel Chile's Shareholder Register;
4. The collection of a check, or cashier's check from the offices of DCV Registros S.A., registrar of Enel Chile's shares, or from the bank and branches defined for this purpose and informed in the dividend payment notice published.

For this purpose, bank checking, or savings accounts may be located anywhere in the country.

It should be emphasized that the payment method chosen by each shareholder will be used by the centralized securities' depository, DCV Registros S.A., for all dividend payments, unless the shareholder communicates, in writing, his or her intention to change it and record a new option.

Shareholders who have not registered a payment method will be paid by method 4 indicated above.

If checks or cashier's checks are returned by the post office to DCV Registros S.A., they will remain in custody until collected or requested by the shareholder.

In the case of deposits in bank checking accounts, Enel Chile S.A. or DCV Registros S.A. may request, for security reasons,

that they be verified by the respective bank. If there is an objection to the account indicated by a shareholder, whether in the prior verification process or for any other reason, the dividend will be paid according to method 4 indicated above.

Moreover, the Company has adopted and will continue to adopt all the necessary security measures required by the dividend payment process to safeguard the interests of the shareholders and Enel Chile S.A.

## Distributable net income for 2019

The distributable net income for fiscal year 2019 is shown below:

	Ch\$ millions
Net Income *	296,154
Distributable Net Income	296,154

\* Attributable to the controlling shareholder

## Dividends distributed

The following chart shows the dividends per share paid since 2016:

Dividend No	Type of Dividend	Closing date	Payment date	Ch\$ per share	Fiscal year
1	Final	12-31-2015	05-24-2016	2.09338	2015
2	Interim	09-30-2016	01-27-2017	0.75884	2016
3	Final	12-31-2016	05-26-2017	2.47546	2016
4	Interim	09-30-2017	01-26-2018	0.75642	2017
5	Final	12-31-2017	05-18-2018	2.24134	2017
6	Interim	09-30-2018	01-25-2019	0.45236	2018
7	Final	12-31-2018	05-17-2019	2.68537	2018
8	Interim	09-30-2019	01-31-2020	0.44723	2019





## 12. INVESTMENT AND FINANCING POLICY

The Ordinary Shareholders' Meeting held on April 29, 2019, approved the Investment and Financing Policy described below.

# 2019 investment policy

## Investment areas

- I. Enel Chile will invest, according to its bylaws, in the following areas: creating or investing in subsidiaries and affiliate companies whose activity is aligned, related, or linked to energy in any form or type, to the supply of public utilities, or whose main input is energy;
- II. Investments related to the acquisition, exploitation, construction, lease, administration, trading and disposal of any type of real estate, whether directly or through subsidiaries;
- III. Other investments in all types of financial assets and instruments, or transferable securities.

## Maximum investment limits

The maximum investment limit for each investment area is the following:

- I. In its subsidiaries that operate in the electricity sector, investments required for the fulfillment of their respective

corporate purpose, limited to a maximum equivalent to 50% of total equity according to the consolidated balance sheet of Enel Chile as of December 31, 2018;

- II. In its other subsidiaries, investments are limited to a maximum equivalent to 50% of total equity according to the consolidated balance sheet of Enel Chile as of December 31, 2018, inasmuch as at least 50.1% of total Consolidated Assets of Enel Chile are electricity sector assets.

## Participation in the control of investment areas

Pursuant to Enel Chile S.A.'s corporate purpose, the following procedure will be applied, when possible, to control the investment areas:

- i. The appointment of the number of directors to represent, at least, the ownership share of Enel Chile S.A.'s stake in subsidiaries and affiliate companies will be proposed at the Ordinary Shareholders' Meetings of each respective subsidiary and affiliate company. The directors proposed will be chosen preferably from among directors or executives of Enel Chile or its subsidiaries, while strictly complying with Resolution 667/2002 of the H. Resolutive Commission.
- ii. Investment, financing, and commercial policies, in addition to accounting criteria and systems, will be proposed to subsidiaries and affiliate companies.
- iii. The management of the subsidiaries, affiliate, and related companies will be supervised.
- iv. The level of debt will be permanently controlled.

# Financing policy 2019

## Maximum level of debt

Enel Chile's maximum level of debt is determined by the ratio of Total Financial Debt (calculated as other current financial liabilities plus other noncurrent financial liabilities) to Equity, and must equal to or lower than 2.2 times, calculated using the figures in the consolidated balance sheet of Enel Chile as of December 31, 2018;

## Management powers to agree with lenders on restrictions related to dividend distributions

Dividend restrictions may only be agreed with creditors if such restrictions were previously approved by the Shareholders' Meeting (Ordinary or Extraordinary);

## Management powers to agree with lenders on granting guarantees

The Extraordinary Shareholders' Meeting is responsible for approving real or personal guarantees to secure third-party obligations, when referring to the essential assets identified below.

## Essential assets for Company operations

The shares that enable maintaining control of Enel Generación Chile and Enel Distribución Chile are essential assets to the operations of Enel Chile. The Company may either own the majority shareholding of these companies or control them through a shareholders' agreement.



## 13. HISTORY OF THE COMPANY

# History of the Company

Enel Chile S.A. was created as part of the corporate reorganization process of Enersis S.A that began in April 2015. Enersis S.A. controlled the generation, transmission and distribution business in Chile and four other countries in the region (Argentina, Brazil, Colombia, and Peru). The Extraordinary Shareholders' Meeting of Enersis S.A. held in December 2015 approved the first phase of the reorganization plan entitled "the Division", which created Enersis Chile as the only vehicle to control the Group's generation and distribution assets in Chile. Enersis S.A became Enersis Americas S.A., the vehicle to control all assets of the businesses in other countries in the region.

Endesa Chile S.A. and Chilectra S.A. went through a similar division process.

On September 28, 2016 the Shareholder's Meeting of Enersis Américas, Endesa Américas, and Chilectra Américas approved the second phase of the plan called "the Merger" in which Enersis Américas absorbed the businesses of Endesa Américas and Chilectra Américas. During the same meeting, shareholders agreed to change the name of Enersis Américas S.A to Enel Américas S.A.

On October 4, 2016, the shareholders of Enersis Chile, Endesa Chile and Chilectra agreed to change their names to Enel Chile, Enel Generación Chile and Enel Distribución Chile respectively.

The organizational simplification process of the Group has concluded. Enel Chile participates in the electricity generation business through its subsidiary Enel Generación Chile that has 110 generation units installed throughout the National Electricity System reaching a total aggregate installed capacity of 6,114 MW, placing it among the most important energy companies in the country.

Enel Chile participates in the distribution business through the subsidiary Enel Distribución Chile that operates a 2,105 km<sup>2</sup> concessions area, regarded as a densely populated area in terms of tariff regulation. The concession was granted by the Chilean government, for an unlimited period of time, to transmit and distribute electricity throughout 33 counties in the Metropolitan Region, including the areas serviced by Empresa Eléctrica de Colina Ltda., Luz Andes Ltda. and Empresa de Transmisión de Chena S.A., making the Company the largest electricity commercialization company in Chile.

Enel Chile has also grown by adding new uses to electricity and by developing new ways to manage electricity. Along with the Municipality of Santiago, the Company has provided the first electric bus to operate in Santiago's major avenues and completely free of charge to passengers. Enel Chile seeks to promote the efficient use of the energy it supplies through its subsidiary Enel Distribución Chile to almost 2 million Chileans and also seeks to collaborate with the environment.

As part of the plan to divest non-strategic assets, in June 2016, Enel Chile sold its 20% share in GNL Quintero S.A. to Enagás Chile S.p.A for US\$ 200 million and in February 2017 sold its shareholding in Electrogas S.A. to Aerio Chile S.p.A. for US\$ 180 million.

In August 2017, a corporate reorganization of Enel Chile was proposed. This plan was entitled "Proyecto Elqui" and involved the merger of Enel Green Power Latin America S.A. with and into Enel Chile and a Public Tender Offer (PTO) for 100% of the shares of Enel Generación Chile. In December 2017, the respective Extraordinary Shareholders' Meetings approved the terms of the reorganization.

The Elqui Project became effective on April 2, 2018 when Enel Green Power Latin America merged with and into Enel Chile and Enel Chile's shareholding in Enel Generación increased to 93.55%. This operation added 1,196 MW of non-conventional renewable energy (NCRE), mainly wind and solar technology.

In September 2018, Enel Chile announced the creation of a new subsidiary named Enel X Chile SpA. to develop, implement and sell products and services other than an electricity distribution concession and ancillary services, either regulated or not, but related to energy that involve innovation, cutting edge technology, and future trends.



In line with the Group's strategic plan and sustainability strategy, in June 2019 Enel Chile, through its subsidiary Enel Generación Chile, signed a decarbonization agreement with the Ministry of Energy to progressively retire the coal power plants Tarapacá, located in the Coquimbo county and Bocamina 1 and Bocamina 2, located in the Coronel county with 158 MW, 128MW and 350 MW installed capacity, respectively. The agreement established that Central Tarapacá was to retire no later than May 31, 2020, and Bocamina 1 no later than December 31, 2023. Enel Generación Chile is expected to retire Bocamina 2 no later than December 31, 2040.

As part of the Enel Chile Group's goal to simplify its corporate matrix, in September 2019, Enel Chile concluded the sale of its 2.63% shareholding in GasAtacama to Enel Generación Chile.

On December 31, 2019, Enel Chile disconnected and shut-down Central Tarapacá. The Company formally requested the authority's permission to anticipate the retirement of this power plant that was originally scheduled to take place in May 2020 making Central Tarapacá the first operational coal fueled power plant to disconnect from the National Electricity System.

Enel Chile is part of the Enel Group, a global energy company and one of the main integrated operators in the electricity and natural gas sectors worldwide. It is present in 33 countries and in five continents. It supplies energy to nearly 73 million people and has net installed capacity of more than 89 GW.





## 14. BUSINESS OF THE COMPANY

# Company business description

Enel Chile is the largest electric holding company in Chile. It participates in the electricity generation and distribution business segments and offers other services related to the transformation and expansion of the electricity market. The Company's operations in Chile are conducted by its subsidiaries Enel Generación Chile and Enel Green Power Chile (EGP Chile) in the generation business, by Enel Distribución Chile in the distribution business and activities in new businesses are conducted by Enel X.

The Company's 7,303 MW total gross installed capacity places us in the lead in terms of electricity generation in Chile, representing 30% of the National Electricity System's total installed capacity as of December 31, 2019. Our assets in the generation business are diversified. Renewable energies represent 65% of our total installed capacity. The Company has 3,548 MW hydroelectric capacity, 2,580 MW thermal capacity fueled by gas, coal, or fuel oil, 642 MW wind farm capacity, 492 MW solar generation capacity and 41 MW geothermal installed capacity.

Enel Distribución Chile is the largest electricity distribution utility in Chile in terms of regulated customers, distribution assets, and electricity sales. It operates a concession, granted by the Chilean government for an unlimited period of time, to transmit and distribute electricity in 33 counties of the Metropolitan Region including the areas serviced by its subsidiaries Empresa Eléctrica de Colina Ltda., Luz Andes Ltda. and Empresa de Transmisión Chena S.A. covering more than 2,105 square kilometers. During 2019, Enel Distribución Chile distributed a total 17,017 GWh of electricity, which represents 44% of the total electricity sales of distribution companies in the country.

## Electricity generation

Enel Chile and its subsidiaries operate a total 129 electricity generation units throughout the National Electricity System.

The Company's total gross installed capacity reached 7,303 MW as of December 2019, 65% renewable energy, including hydroelectric, solar, wind and geothermal power plants. Consolidated net electricity generation amounted to 21,041 GWh and energy sales reached 23,513 GWh in 2019.

The segmentation of the electricity industry into hydroelectric generation and thermoelectric generation is intrinsic to its means of production. Thermoelectric generation requires fossil fuels and hydroelectric generation requires water from rivers and reservoirs, which therefore lead to different variable production costs.

Generation power plants of Enel Generación Chile, Enel Green Power and subsidiaries are listed below:

Gross installed capacity (MW) (1)(2)				
Power plant	Company	Technology	2018	2019(3)
Los Molles	Enel Generación Chile	Hydroelectric	18	18
Rapel	Enel Generación Chile	Hydroelectric	376	376
Sauzal	Enel Generación Chile	Hydroelectric	77	77
Sauzalito	Enel Generación Chile	Hydroelectric	12	12
Cipreses	Enel Generación Chile	Hydroelectric	106	106
Isla	Enel Generación Chile	Hydroelectric	70	70
Abanico	Enel Generación Chile	Hydroelectric	136	136
El Toro	Enel Generación Chile	Hydroelectric	449	449
Antuco	Enel Generación Chile	Hydroelectric	319	319
Ralco	Enel Generación Chile	Hydroelectric	689	689
Palmucho	Enel Generación Chile	Hydroelectric	34	34
Taltal	Enel Generación Chile	Fuel/Natural Gas	240	240
Diego de Almagro	Enel Generación Chile	Fuel/Natural Gas	24	24
Huasco TG	Enel Generación Chile	Fuel/Natural Gas	64	64
Bocamina	Enel Generación Chile	Coal	478	476
San Isidro	Enel Generación Chile	Fuel/Natural Gas	379	379
San Isidro 2	Enel Generación Chile	Fuel/Natural Gas	388	388
Quintero	Enel Generación Chile	Fuel/Natural Gas	257	257
Ojos de Agua	Enel Generación Chile	Hydroelectric	9	9
Pehuenche	Pehuenche	Hydroelectric	568	568
Curillínque	Pehuenche	Hydroelectric	89	89
Loma Alta	Pehuenche	Hydroelectric	40	40
Pangue	Enel Generación Chile	Hydroelectric	466	466
Canela	Enel Generación Chile	Wind	18	18
Canela II	Enel Generación Chile	Wind	60	60
Tarapacá TG	Enel Generación Chile	Fuel/Natural Gas	20	20
Tarapacá carbón(4)	Enel Generación Chile	Coal	158	-
Atacama	Enel Generación Chile	Diesel /Natural Gas	732	732
Eólica Los Buenos Aires	Enel Green Power del Sur SpA	Wind	24	24
Eólica Talinay Oriente	Parque Eólico Talinay Oriente S.A.	Wind	90	90
Eólica Talinay Poniente	Empresa Eléctrica Paguipulli S.A.	Wind	61	61
Eólica Taltal	Parque Eólico Tal Tal S.A.	Wind	99	99
Parque Eólico Renaico	Enel Green Power del Sur SpA	Wind	88	88
Parque Eólico Sierra Gorda Este	Enel Green Power del Sur SpA	Wind	112	112
Valle de los Vientos	Parque Eólico Valle de Los Vientos S.A.	Wind	90	90
Cerro Pabellón	Geotérmica del Norte S.A.	Geothermal	41	41
Pilmaiquén	Empresa Eléctrica Paguipulli S.A.	Hydroelectric	41	41
Pullínque	Empresa Eléctrica Paguipulli S.A.	Hydroelectric	51	51
Carrera Pinto I Etapa	Enel Green Power del Sur SpA	Solar	20	20
Carrera Pinto II Etapa	Enel Green Power del Sur SpA	Solar	77	77
Chañares	Empresa Eléctrica Paguipulli S.A.	Solar	40	40
Lalackama	Empresa Eléctrica Paguipulli S.A.	Solar	60	60
Lalackama 2	Empresa Eléctrica Paguipulli S.A.	Solar	18	18
Pampa Solar Norte	Enel Green Power del Sur SpA	Solar	79	79
Parque Solar Finis Terrae	Enel Green Power del Sur SpA	Solar	160	160
Solar Diego de Almagro	Almeyda Solar SpA	Solar	36	36
Solar La Silla	Enel Green Power del Sur SpA	Solar	2	2
<b>Total</b>			<b>7,463</b>	<b>7,303</b>

- (1) These figures result from the maximum capacities determined by Enel Generación Chile's Operational Norm No 38 "Rule to define maximum capacity in the hydroelectric and thermal plants of Enel Generación Chile" as of December 31 each year. They are the maximum design capacity of the generating units, corroborated with contractual satisfaction guaranteed tests made by the manufacturer of the generating equipment, in most cases. In some cases, the figures of maximum capacity may differ from the capacity declared to the regulatory authority and customers in each country, due to criteria defined by these entities and compliance to the corresponding contractual frameworks.
- (2) Enel Chile consolidates the installed capacity of Enel Green Power since April 2, 2018.
- (3) There have been several changes in installed capacity in 2019 compared to 2018 based on results of the maximum capacity test performed as determined by Technical Regulation of the National Electricity System operator.
- (4) On December 31, 2019, coal-fired power plant central Tarapacá shutdown operations and was disconnected as agreed within the context of the national decarbonization plan signed in June 2019.

In 2019, electricity sales of Enel Chile and its subsidiaries reached 23,513 GWh, 4% less than the previous year and is mainly due to the migration of regulated customers to the unregulated electricity market and also lower regulated customer sales during the fourth quarter of the year. This figure represents 33% of the SEN's total sales, including customer sales and net spot market sales.

## Enel Chile and subsidiaries' installed capacity, generation and energy sales

Installed capacity (MW) (1)	2018	2019
Enel Generación Chile	6,274	6,114
Enel Green Power	1,189	1,189
<b>Total</b>	<b>7,463</b>	<b>7,303</b>
Generation (2)	2018	2019
Enel Generación Chile	17,373	17,548
Enel Green Power	2,673	3,943
<b>Total</b>	<b>20,046</b>	<b>21,041</b>
Purchases	2018	2019
Enel Generación Chile (3)	5,970	4,684
Enel Green Power	151	171
<b>Total</b>	<b>4,323</b>	<b>2,473</b>
Sales	2018	2019
<b>Sales to end customers</b>		
Enel Generación Chile	22,592	21,953
Enel Green Power	603	662
Ventas mercado spot	1,174	899
<b>Total</b>	<b>24,369</b>	<b>23,513</b>

- 1) These figures result from the maximum capacities determined by Enel Generación Chile's Operational Norm No 38 "Rule to define maximum capacity in the hydroelectric and thermal plants of Enel Generación Chile", as of December 31 each year. They are the maximum design capacity of the generating units, corroborated with contractual satisfaction guaranteed tests made by the manufacturer of the generating equipment, in most cases. In some cases, the figures of maximum capacity may differ from the capacity declared to the regulatory authority and customers in each country due to criteria defined by these entities and compliance to the corresponding contractual frameworks.
- 2) Refers to total generation after deducting own consumption and transmission losses.
- 3) Includes the 2,382 GWh purchased by Enel Generación Chile from EGP Chile in 2019 and 1,798 GWh purchased by Enel Generación Chile from EGP Chile in 2018.

## Operational and commercial scenario

### General view of operational and commercial scenario

The start-up of the new Pan de Azúcar - Polpaico line (2 x 500 kV) in late May 2019 completed the 500-kV integration of the National Electricity System, making the transmission of wind and photovoltaic renewable energy to the major consumption areas a reality. The integration of the SEN also allows supplementing these intermittent renewable energy sources located in northern Chile with the more flexible reservoir electricity generation sources located in southern Chile and additionally making the decarbonization process of Chile's energy matrix possible.

The contribution of renewable and thermoelectric energy located in northern Chile allowed facing the extreme drought conditions of 2019 in a better manner, particularly in the territory north of the Maule region where precipitation was similar to the level in 1998/1999, among the driest years ever recorded, which caused extensive electricity rationing.

Natural gas imports from Argentina resumed in 2019 as a consequence of new oil fields being exploited with Shale Gas technology in Argentina. Natural Gas imports had been interrupted for almost a decade and replaced by liquefied natural gas LNG. This new natural gas arrived in Chile at competitive prices, similar to the price of coal.

The beginning of the decarbonization process of the energy matrix in Chile represents another 2019 milestone. Engie withdrew its U12 and U13 generation units located in Tocopilla, with a total 170 MW capacity, in June. We shut down and disconnected the Tarapacá 158 MW Turbo gas unit located south of Iquique in December, originally scheduled to take place in May 2020. The retirement of Central Tarapacá has significant social and environmental benefits that are well-known, but it is important to highlight that it does not have an adverse impact on the Company's commercial margin because the electricity not supplied by Central Tarapacá is efficiently compensated by the renewable energy electricity

generation capacity added in northern Chile and boosted by the integration of the SEN. Additionally, Enel Generación Chile has important renewable energy purchase contracts with Enel Green Power Chile (EGP Chile), and Enel Green Power Chile built and owns the NCRE power plants, and both companies are subsidiaries of Enel Chile. It is also worth keeping in mind that the Company owns the main reservoirs in southern Chile, which as noted earlier, supplement the intermittent electricity supply of the NCRE power plants in the north.

Although there were no regulated customer electricity supply auctions in 2019 (postponed to 2020), Enel Generación played a major role in the two previous bids (2016 and 2017) being awarded nearly 8,300 GWh/yr. In 2019, the Company was successful in signing medium term and long terms contracts with unregulated customers to supply roughly 8,500GWh/yr, 85% to copper mining companies. Committing a significant amount of energy to unregulated customers under favorable terms, despite being the main regulated customer supplier in the country, increases and diversifies the Company's customer portfolio and is therefore a highlight among the Company's commercial activities in 2019.

The publication of Law 21185, "Temporary Regulated Customer Rate Stabilization Mechanism" on November 2, 2019, is also worth mentioning. This law, when compared to other alternative ones presented, may be viewed as an adequate solution to ease the demands raised during the social uprising related to the disapproval of the scheduled electricity rate increases. This Law temporarily freezes the regulated rate of current supply contracts, and establishes a maximum rate named PEC (equal to the rate in 2018 Decree 20 T). This restriction is imposed until 2021, when the contracts resulting from the latest bids at prices below the PEC become effective. It is important to note that this Law provides a compensation mechanism by means of which the lower regulated rates of the 2021-2026 period would be adjusted according to the PEC price, and recorded in a credit/debit account, so as to gradually compensate the cash flow resulting from the indexation clauses of current contracts (2019-2021) that were frozen. Although this Law has a negative economic effect on the Company, the compensation mechanism provided significantly reduces the impact within the specified time frame. The negative economic impact is also lessened by the greater level of diversification resulting from the unregulated customer contracts signed in 2019 mentioned earlier.

Electricity demand remained stable increasing 0.7% when compared to last year, partially due to the lower level of demand during October and November, which were the most critical months of the social uprising. The annual electricity consumption of regulated customers in 2019 declined 5.85% while unregulated customers increased electricity consumption 5.83% when compared to 2018. This behavior is explained by the relevant number of previously regulated customers that chose to change to the unregulated customer category and enter into electricity supply contracts with distributors, as permitted by the industry's regulation.

## Main events that affected operational and commercial performance

The Company reached high standards of commercial and operational performance in 2019, as in previous years, and maintained its solid leadership position in the Chilean electricity industry. The factors worth highlighting that substantiate this position are:

- i) Significant and technologically diversified, sustainable generation capacity mainly comprised of efficient hydro-electric and thermal plants, which allow the Company to be very competitive and generate at low average operating costs.
- ii) Production processes, maintenance and modernization policies that fully comply with technical and environmental standards established by the applicable regulation allowing the Company's generation facilities to operate with high availability and reliability levels.
- iii) The commercial policy defined to be consistent with the production characteristics of the Company's power plants and is permanently adjusted to the increasingly competitive and changing market conditions. The goal of such policy has been to combine achieving an attractive return along with a low exposure to production and market risk.
- iv) Innovation is a priority for the Company and therefore it is constantly adapting to new market challenges. For example, the reorganization of its generation business model previously mentioned (subsidiaries EGP Chile and Enel Generación Chile) allows sustaining future growth and competitiveness in the industry.



Regarding production and market risk management, the following are the most relevant factors we take into consideration:

- i) Hydrology variability, a risk that is covered by permanently analyzing and designing sales contracts that commit to an optimum level of energy sales.
- ii) Commodity variability risk, mainly the price of fuels that directly affect Enel's thermal production costs and the sales price indexation clause of some of our supply contracts.
- iii) Currency variability risk, mainly the price of the United States dollar that has an impact on the revenue of the Company.

Commodity (mainly coal, natural gas and oil) and currency (US dollar) variability risks have been managed by the Company in coordination with the parent company in Italy using hedging instruments, which had a positive impact on the Company's margin in 2019.

## Hydrologic conditions

Hydroelectricity represents a significant portion of Enel Chile's generation mix and has a significant direct impact on the Company's margin. Therefore, a detailed discussion on the hydrologic condition is relevant to the Company. Rainfall was uneven throughout the territory. Hydrology from the Maule Region north was similar to the extreme drought conditions of 1998/1999, the driest year ever recorded. Rainfall south of the Maule Region was similar to 2018, described as semi-dry, allowing to partially mitigate the situation. Overall, the exceedance probability relevant to Enel Chile was 83%, in other words, dry.

## Generation and electricity supply costs

Electricity generation in the SEN in 2019 reached 77.3 TWh, which represents a 0.9% growth rate when compared to 2018. Hydroelectricity represented 27% of total generation

(20.8 TWh), thermal electricity accounted for 56% (43.2 TWh), primarily coal 37%, followed by natural gas, 18%. A total 17% of total electricity generation came from non-conventional renewable sources (13.1 TWh); solar represented 8%, wind 6%, biomass 2% and geothermal 0.3%.

Enel Chile's power plants generated 27% of the SEN's total electricity generation amounting to 21.0 TWh, excluding the generation of the Nueva Renca power plant related to the maquila agreement, which is slightly higher than the 20.0 TWh produced in 2018. The Company's Hydroelectric generation was roughly 10.6 TWh, representing 51% of the SEN and nearly 7% less than the 11.4 TWh generated in 2018. Enel Chile's thermal generation increased 15% from 6.3 TWh in 2018 to 7.2 TWh in 2019, mainly due to greater gas and coal fueled generation. The Company's NCRE generation (wind, solar, geothermal) reached 3.2 TWh in 2019 greater than the 2.4 TWh for 2018, although the figure for 2018 represents NCRE generation from April to December, when EGP Chile power plants became part of Enel Chile's generation fleet.

The average price of fuel in 2019 decreased when compared to 2018. Coal was once again the predominant fuel used to generate electricity in the SEN. According to authority statistics, the average price of coal decreased 21.6% from an annual average 131 US\$/ton in 2018 to roughly 102 US\$/ton in 2019. Regarding the price of natural gas, although the purchase prices of Enel Chile are confidential, according to market information provided by the electricity authority, the Henry Hub dropped 19.5% on average in 2019 from 3.13 US\$/MMBTU in 2018 to 2.52 US\$/MMBTU in 2019. Liquid fuel represented a very low share of the SEN's generation in 2019. The average Brent oil price dropped 9%.

The drought that affected the SEN, the lower price of fuel, the gas imports from Argentina, and the greater supply of non-conventional renewable energy, boosted by the interconnection of the entire former SIC and SING electricity systems, allowed reducing the average annual marginal electricity costs. The average price at the 220 kV Quillota node dropped from 63.6 US\$/MMBTU in 2018 to 52.0 US\$/MMBTU in 2019 (-18%). At the Crucero node, which represents the former SING electricity system, the price fell from 53.0 US\$/MMBTU to 45.4 US\$/MMBTU (-14.3%).



## The relevance of liquefied natural gas (LNG)

Enel Chile entered the LNG market in 2009 through its subsidiary Enel Generación Chile when the GNL Quintero Regasification Terminal began operations. The regasification terminal was a project of national interest that required a significant public and private effort to ensure the country a supply of natural gas since the Argentine supply had been interrupted.

Enel Generación Chile, Metrogas, and Enap, jointly promoted the development of the GNL Quintero Terminal. This facility that has played a crucial role in the supply of energy to the central region of Chile for both residential and industrial customers and also for the electricity system as a whole.

During 2019, Enel Generación Chile consumed 441 MMm<sup>3</sup> of LNG to satisfy its commercialization and electricity generation requirements, 40% less than the amount needed in 2018, because of the abundance of Argentine natural gas at competitive prices.

The reactivation of the Argentina natural gas (NG) supply during the last quarter of 2018, a significant milestone after being interrupted for 11 years, enabled Enel Generación Chile to sign new interruptible NG supply contracts with important Argentine natural gas producers. The price of Argentine well-head NG reached nearly 3 US\$/MMBtu, affected by the competitiveness of the Chilean electricity market. Enel Chile imported 667 MMm<sup>3</sup> of NG during 2019, which represents 60% of Chile's total gas consumption (to produce electricity and supply customers), and 23% of the total amount of natural gas supplied to generators in the National Electricity System.

In 2019, the rental agreements of the thermal power plant Nueva Renca with Generadora Metropolitana allowed Nueva Renca to provide the SEN with electricity fueled with Argentine natural gas and was recorded as electricity generated by Enel Chile.

In terms of gas commercialization, Enel Chile, through Enel Generación Chile, continued to perform international trading

transactions outside Latin America to relevant international markets. The Company sold three LNG shipments to Enel Global Trading to be delivered to the United Kingdom and Brazil. The Company was also very active in negotiating more flexible conditions with the long-term LNG supplier so as to incorporate Argentine NG operations.

In 2019, the Company signed a terminal use agreement, TUA, with GNL Mejillones once again. This agreement allowed our Company to unload LNG shipments and therefore enabled renewing natural gas sales contracts with mining and industrial customers located in northern Chile making Enel Chile the main industrial gas trader in northern Chile. It also made natural gas available for the generation units of Enel Chile (Taltal and GasAtacama) connected to the northern gas pipeline network.

Regarding the commercialization of LNG in trucks, our operations increased to 60 MMm<sup>3</sup> in 2019. The Company signed agreements to deliver NG to cities, such as Temuco, which allowed Enel Chile to maintain its relevant position in this market.

Within this context, Enel Chile has continued consolidating its position as a relevant player in the gas market in Chile, innovating and expanding its activities in the commercialization of gas and LNG in the local and international market.

## In the commercial front

The commercial actions carried out by Enel Chile through its subsidiary Enel Generación Chile in 2019 were consistent with its commercial policy, which focuses on accomplishing the following goals: maintain industry leadership, adequately manage risk and return under the existing supply and competitive market conditions, implement plans to strengthen customer loyalty, add new customers, increase energy sales, and increase commercial management efficiency within the Company.

The main commercial actions carried out in 2019 are described below.

New electricity supply contracts were signed with customers for over 8,500 GWh/year, which improved the Company's contract profile making 2019 an exceptional year.

Particularly, agreements were signed with important unregulated customers in the mining industry to supply nearly 7,200 GWh/year for 7 and up to 15-year terms.

Also, worth mentioning is the positive impact in 2019 of a regulatory change in Chile that allows small customers to choose to be either regulated or unregulated. A large number of small customers decided to change to the unregulated category and sign new supply contracts directly with Enel Generación Chile.

The Company also had access to the smaller customer market indirectly through contracts signed with distribution companies to supply electricity to their unregulated customers, amounting to 700 GWh/year with 5 to 15-year terms. Back up electricity supply contracts have been signed by Enel Generación Chile with other generation companies to provide electricity to their unregulated customers, which represented 500 GWh/year with 4 to 15-year terms beginning in 2019.

Among the achievements of 2019, the three new contracts signed with Anglo American Sur are worth highlighting. Enel Generación Chile was awarded 3,000 GWh/year of electricity to begin supply in January 2021 for a 10-year period. In November 2019, the Company also signed two electricity supply contracts with BHP Billiton for 3,000 GWh/year for 15 years beginning in the second semester of 2021.

## Electricity distribution

Enel Chile participates in the distribution business through its subsidiary Enel Distribución Chile. Enel Chile's has a 99.1% direct interest in Enel Distribución Chile.

Enel Distribución Chile's concession area is considered a high-density consumption area. It concentrates a large proportion of the country's population, and also businesses parks, industrial parks, small industry and commercial activities.

Other electricity distribution Groups that participate in the electrical system are: Chilquinta Energía, CGE Distribución, Sociedad Austral de Electricidad and Empresa Eléctrica de la Frontera.

Enel Distribución Chile is the largest electricity distribution company in Chile in terms of electric energy sales. It operates in 33 counties of the Metropolitan Region and its concession area covers over 2,105 square kilometers, including the areas covered by its subsidiaries Empresa Eléctrica de Colina Ltda., Luz Andes Ltda. and Empresa de Transmisión Chena S.A.

In 2019, the Company provided electricity to 1,972,218 customers, 2.4% more than in 2018. Of total customers, 89.62% are residential customers, 7.69% are commercial customers, 2.65% are industrial customers and 0.04% corresponds to tolls. During 2019, Enel Distribución Chile sold 17,107 GWh to its final customers, which represents a 1.9% increase when compared to 2018.

Enel Distribución Chile successfully accomplished the goals of its Energy Losses Plan to keep losses at economically acceptable levels. As of December, the TAM index was 4.99%.

Distribution tariffs are set every four years based on cost studies conducted by specialized consulting firms. In late 2015, the CNE issued R.E. CNE 699 that informs, among other matters, the terms of the "Costs Study of Electricity Distribution-Related Services" as part of the 2016-2020 tariff setting process. The study identifies five new electricity distribution-related services. The most significant are "Construction and installation of temporary junctions" and "Lease of temporary junctions".

The "Final Electricity Distribution-Related Services Cost Study Report" was published on January 20, 2017. As determined by the established process, Enel Distribución Chile presented its observations on the Report.

Later, the CNE approved the Technical Report titled "Tariff Formulas of Non-Electricity Supply Services, Related to Electricity Distribution" through Exempt Resolution CNE 213 dated April 27, 2017. Enel Distribución Chile also presented its observations on this Report, as established by the rules of the process.

On September 28, 2018, Decree 5T, issued by the Ministry of Energy, became effective. This decree updates Decree 11T, 2016 issued by the same Ministry, adjusting electricity distribution tariffs until the next tariff setting process.

Resolution 15699/2019 issued by the Superintendence of Electricity and Fuel (SEC in its Spanish acronym) on July 26, 2019, presented an action plan to make the adjustment informed by the National Energy Commission (CNE in its Spanish acronym) in Resolution 490/2019, regarding Decree 5T/2018 issued by the Ministry of Energy, effective. The adjustment went into effect, retroactively, on September 28, 2018.

# Enel X Chile

Enel X was created as part of the Company's "Open Power" strategy, to open electricity to new uses, technologies, associations, services and more people. Its businesses are segmented in 4 categories: e-City, e-Home, e-Industries and e-Mobility.

## e-City

It seeks to transform cities to improve people's access to services by developing technological solutions, jointly with government bodies, related to lighting, safety and energy efficiency.

## e-Home

It seeks to transform homes by implementing innovative and efficient solutions to increase safety and efficiency focusing on the specific needs of homes and families such as, air conditioning, water heating, led lighting, among others. Its goal is also to stand out in the B2C market for its high installation and maintenance standards.

## e-Industries

It seeks to transform companies through comprehensive projects that include expert services, and the implementation and control of all services within the scope of B2B. It focuses on technologies related to energy efficiency, distributed generation, electricity projects, and demand management, among others. It also seeks to contribute to the differentiation of each company.

## e-Mobility

It seeks to transform the means of transportation by offering products and services that promote the development of electric mobility and supplement such services with private urban charging infrastructure and new technologies. It also intends to promote electric public transportation offering comprehensive solutions to transportation operators.

## e-Home – Business to Customers projects

### Efficient climatization for municipal schools

Enel X installed 430 air conditioners in 12 schools in the Peñalolen municipality and 448 in 14 schools in the Renca municipality. The installation of these 900 cutting edge air conditioners also involved the necessary adjustments to the electrical system of the educational facilities.

The project seeks to improve the quality of life and academic performance of the students while they are at school by controlling extreme temperatures in winter and summer.

The municipalities that manage the educational facilities jointly financed the implementation of this large-scale project and contributed in the design and execution of the project to reduce the impact of the works on the daily school routine.

### Electrification for isolated areas providing self-generation and energy storage devices to isolated families

With the purpose of increasing access to electricity, Enel X participated in this project that additionally gives individuals access to technology, training, and employability offering them the possibility to stay in their hometown.

This project benefitted 50 families from the Putre municipality and contributed to the country's fight against poverty.

Enel X was responsible for presenting this solution to the Social Development Division of the Ministry of Energy and then carried out the project along with local authorities and local workers.

## e-Industries – Business to Business projects

### Hybrid Energy Efficiency Solution –CumbresTerraFirme Condominium

Enel X promotes projects that add value to its customers by integrating efficient solutions that provide attractive differentiation when compared to other housing developments and also have lower operating costs.

This project involved the construction of a photovoltaic system combined with a sanitary water heating system using a heat pump in addition to an automation system for 20 homes in a condominium. These customers received an energy efficient system that improves their carbon footprint.

### Energy Efficiency Project Colegio Dunalastair, Valle Norte Chicureo, Colina

Enel X and the Dunalastair School created an efficient system to heat sanitary water, minimizing the use of electricity and allowing to reduce the emission of greenhouse gases, by adding a photovoltaic system on the roof of a thermal power plant.

Participating in this type of project, along with educational institutions, provides Enel X the opportunity to participate in the formation of future generations' views on renewable energy, which is a fundamental pillar of our Company.

The solar electricity generation will provide part of the energy needed by the heat pump to heat water for the school's locker rooms and also enable storing the excess solar energy in the buffer to be used when demand is at its peak.

This project benefits students when engaging in sports activities. The school has more than 1,500 students, from nursery school to 12th grade, in a 12.5-hectare campus that is estimated to daily consume 4,800 liters of hot sanitary water.

## Electric mobility

### Electric Mobility Operator (EMO) in alliance with Nissan Chile

The negotiations between Enel X and Nissan Chile concluded successfully in 2019. They reached an agreement, the first of its kind, making Enel X, Nissan's official supplier and installer of electric vehicle chargers.

This alliance allows our Company to directly contact the customers that have bought an electric vehicle to offer them an efficient and intelligent charging system, including its installation and support on its use and benefits to ensure quality in both installation and after-sale service.

As of the date of this report, more than 30 chargers have been installed, including those for Nissan branches and their customers.

### RED Santiago public transport fleet and infrastructure – Grecia electric corridor

One of our main goals is to be Chile's major clean energy supplier. Therefore, Enel X played a crucial role in the planification and implementation of the first public transportation electric corridor for in the Metropolitan Region. It provides the country with cleaner and more efficient public transportation.

The project is being developed in alliance with METBUS and BYD in three stages. It involves the construction of charging and servicing infrastructure in addition to providing clean energy. The last stage of the project involving the addition of 183 electric buses to the fleet, took place in late 2019 and transformed the Grecia corridor in the Metropolitan Region into a 100% electric corridor.

With the purpose of improving the travelling experience of passengers, other related infrastructure was added to the electric corridor, such as cutting-edge bus stops with LED lighting, information panels, USB chargers, in addition to bicycle parking, among others.

The Grecia electric corridor project includes 40 fully featured bus stops, similar to the above ground subway stations.

The project is expected to benefit more than 15,000,000 passengers annually without CO<sub>2</sub> emissions and annually reducing 31 tons of CO per bus.

This and other Enel X initiatives carried out in 2018, have allowed adding a total 285 electric buses to Santiago's public transportation system.

The success of this project has been acknowledged worldwide by the International Association of Public Transport, UITP (in its French acronym), and the Sustainable Energy Agency.

### ElectroRuta Enel X, 1st National electric route connecting Chile

ElectroRuta Enel X is the first national electric route to connect Chile from Arica to Punta Arenas offering 1,200 electric vehicles chargers. It will allow electric vehicles to travel 5,000 kilometers from north to south guaranteeing autonomy and no interruptions.

This project will be carried out in 5 years and will cover over 50% of the energy charging infrastructure needs of over 81,000 electric vehicles expected to exist in Chile by 2025. The goal is to provide the number of charging stations required to make travelling within the country, producing less air and acoustic contamination, a reality.

A total 68 chargers were installed in 2019, reaching a total 104 throughout the country to the date of this report.

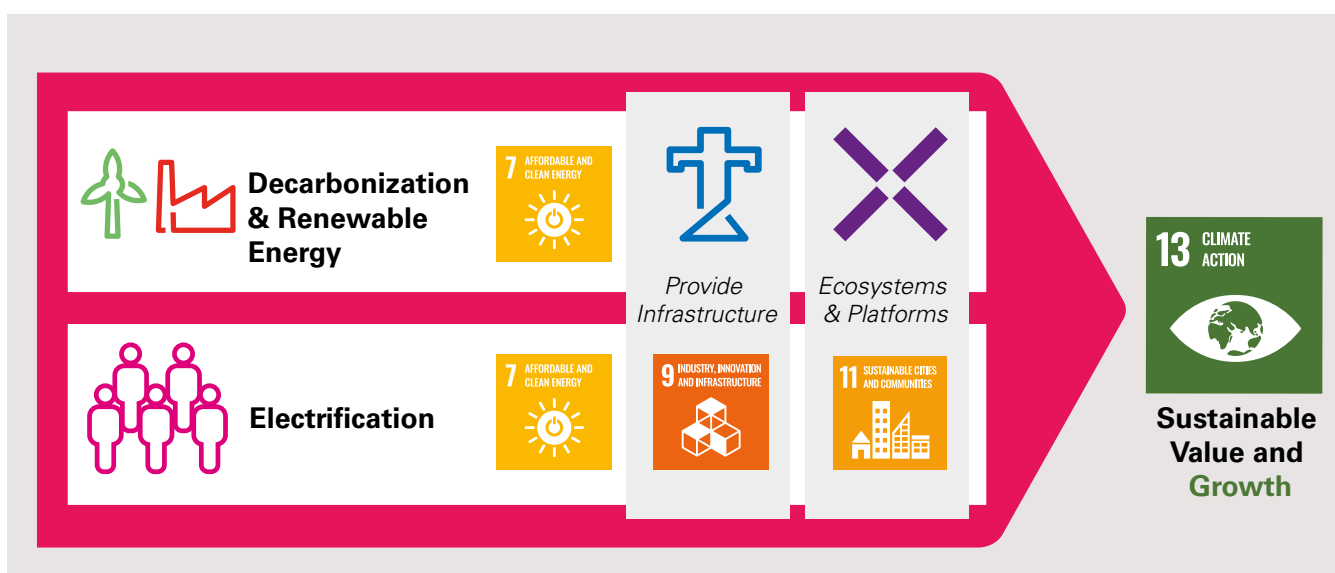


## 15. STRATEGY, INVESTMENTS AND FINANCIAL ACTIVITIES



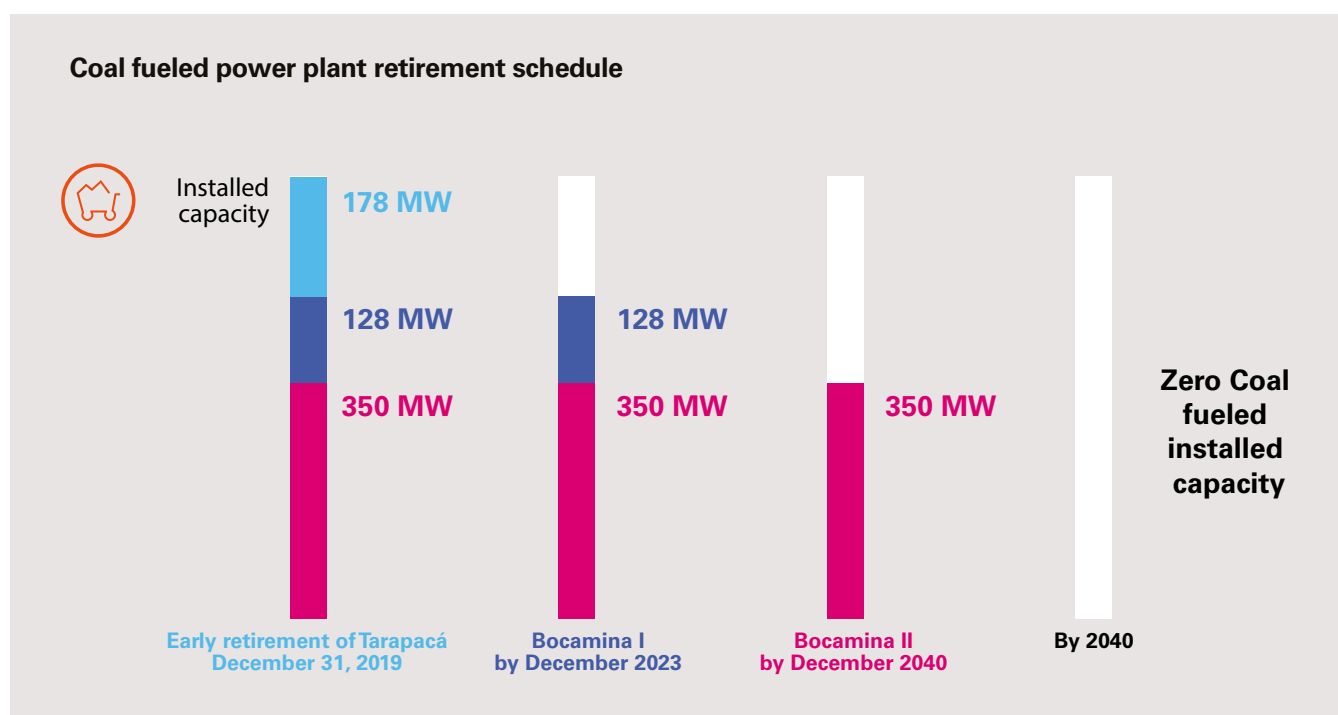
# Relevant investments related to the strategic plan of the Company

Decarbonization is one of the fundamental pillars of Enel Chile's strategy, followed by renewable energy development and expansion, electrification, and infrastructure and platform development. Within this framework, the Company's business is focused on reaching the U.N.'s Sustainable Development Goals (SDGs).



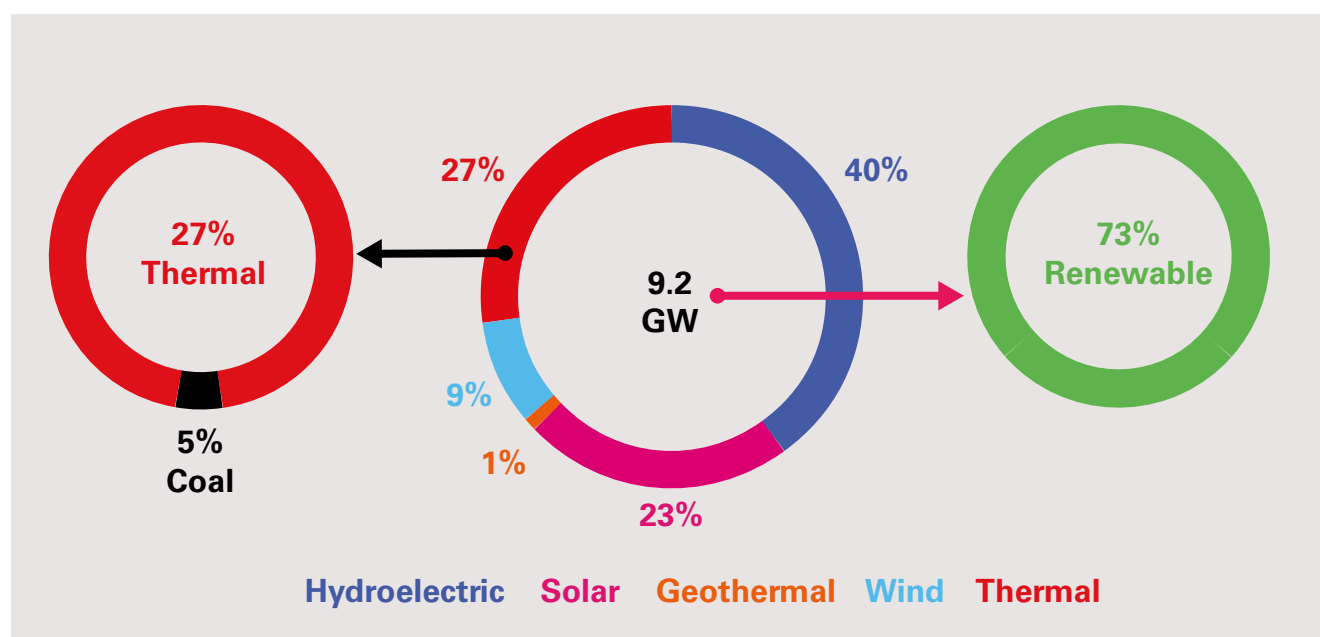


Our commitment to decarbonization and an increasingly cleaner energy matrix was reflected in the historic decarbonization agreement signed in 2019, in which we committed to retire the Tarapacá, Bocamina I and Bocamina II power plants. Reinforcing such commitment, we voluntarily requested the early retirement of the Tarapacá power plant, which was completed on December 31, 2019.



As a result of the decarbonization strategy, the Company announced a new sustainable strategic plan in December 2019, which increases renewable energy capacity by approximately 2 GW by 2022. As a result, the Company's installed capacity will increase by 24%, to a total 9.2 GW in 2022, and will consolidate the portion of renewable energy sources in its energy matrix.

### The Company's will grow nearly 24%, to a total 9.2 GW in 2022



# Electrification, ecosystems and platforms

The energy transition process is affecting all aspects of the value chain and is creating substantial value-creating opportunities for those who can operate with the required scale and flexibility.

## Enel X

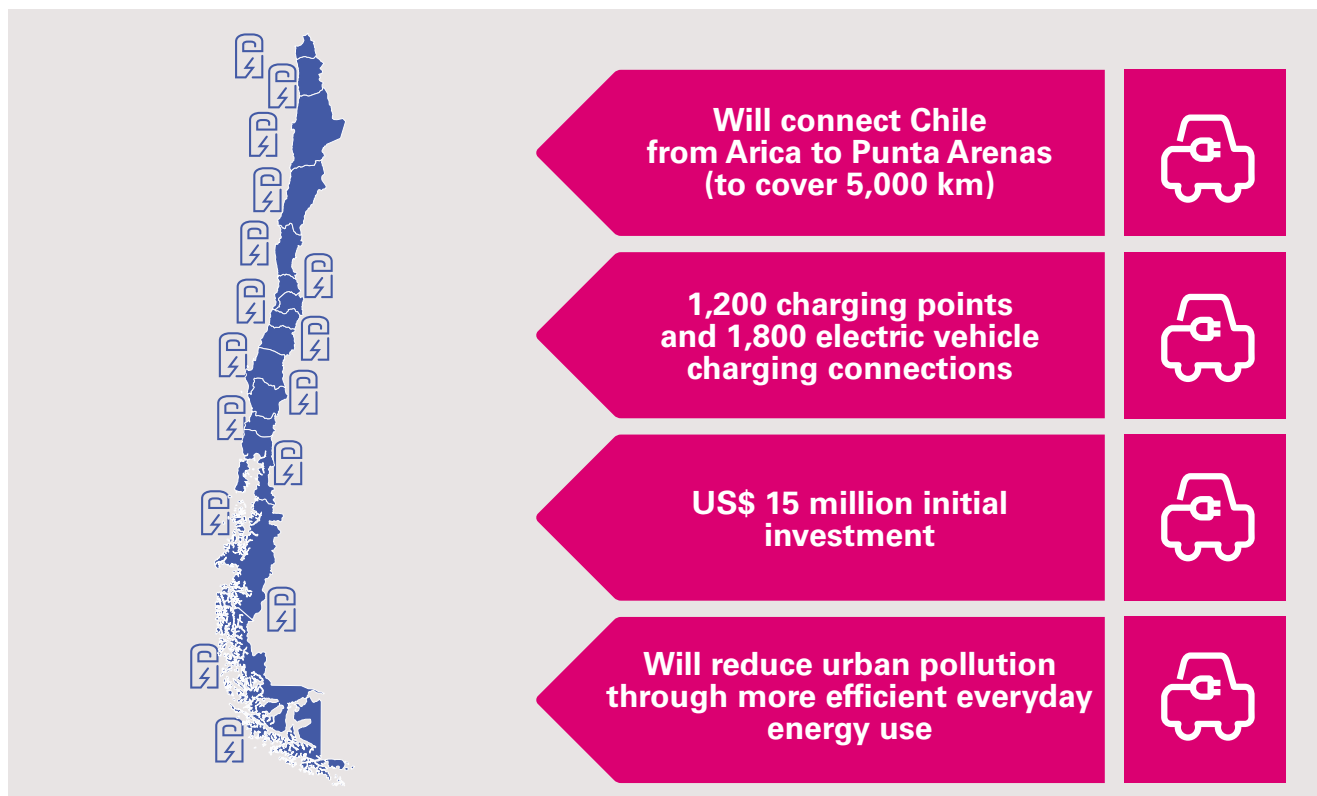
Within this new context, Enel X, Enel Chile's services subsidiary, is a fundamental figure in our clients' energy transition, for promoting more environmentally friendly sources of electric heating for example as opposed to inefficient, high-carbon thermal heating such as firewood.

In addition, and through an alliance with Metbus, Enel X introduced electric buses into Chile's public transport system in 2018 and 2019, reaching a total of 285 electric buses in Santiago. They have replaced conventional, combustion-based buses, and have therefore helped reduce these carbon emissions.

Furthermore, and as a part of this strategy, on January 17, 2020, Enel X unveiled the first national electric route, which will connect Chile from Arica to Punta Arenas by installing 1,200 public charging points, with more than 1,800 electric vehicle charging connections. As mentioned earlier, "Electro-Ruta Enel X" will allow covering over 5,000 kilometers, from north to south, guaranteeing the autonomy and continuity of electric vehicle circulation.

Enel X will benefit from greater demand for value-added services as a result of the transition towards electrification, as well as trends regarding greater concern for low-emission, highly efficient energy consumption and electromobility.

### First National ElectricRoute



# Network infrastructure

## 2020 - 2022 investment plan

Guaranteeing and accelerating the electrification process, resilience, and electrical network availability are crucial aspects of the energy distribution business. Therefore, Enel Distribución Chile's main objective is to continue improving service quality and efficiency to meet customers' needs, which will also allow for the integration of new services.

Over the last 3 years, Enel Distribución Chile has almost doubled the number of remote-controlled devices in its network. This technology, along with process improvements, has reduced the duration of service interruptions. The Company will continue its network modernization and digitalization process to further improve the service it provides and enable the connection of new clients and real estate projects.

The Company's strategic plan announced in December 2019 involves a Ch\$ 1,585 billion investment plan for the 2020 - 2022 period, aimed at maintaining our position as leaders in the Chilean electricity industry, focusing primarily on increasing renewable energy capacity by approximately 2 GW, increasing digitalization, and promoting the development of new ways to utilize clean energy.

Enel Chile's investment plan is flexible enough to adapt to changing circumstances, prioritizing each project according to its profitability and strategic objectives. Current investment priorities involve the studies of new and existing environmentally friendly, socially responsible generation projects and distribution network maintenance projects, focused on guaranteeing an adequate level of electricity supply reliability.

Enel Chile coordinates the global financing strategy of the Group's companies, optimizing the financial terms and conditions of debt at a consolidated level. Subsidiaries develop capital expenditure plans independently, financing them with internally generated funds or through intercompany financing. One of the Company's goals is to focus on investments that offer long-term economic and social benefits.

Financing these investments is considered during the Company's budget process, but no specific financing structure has been defined, and investments will depend on market conditions at the time the cash flows are needed.

The following table shows expected capital expenditures between 2020 and 2022, as well as capital expenditures incurred in 2019, 2018 and 2017.

Investment (1) (Ch\$ billion)				
	2020-2022	2019	2018	2017
Chile	1,585	300	301	266
<b>Total</b>	<b>1,585</b>	<b>300</b>	<b>301</b>	<b>266</b>

(1) CAPEX figures represent cash payments each year, except for future projections.

# Generation

The main investments developed in Chile during 2019 were focused on the construction of the Los Cóndores pass-through hydroelectric power plant (150 MW), the Campos del Sol solar power plant (382 MW), and the expansion of Cerro Pabellón III geothermal power plant (33 MW), as well as sustainability-related activities in the Bocamina thermal power plant. Current investment priorities include the development of environmentally friendly and socially responsible hydroelectric and non-conventional renewable energy projects that guarantee adequate levels of electricity supply.

## Relevant investments in 2019, 2018 and 2017

Capital expenditures carried out over the last three years were mainly related to:

1. The 350 MW Bocamina II power plant optimization project
2. The 150 MW Los Cóndores project
3. Installed capacity expansion (600 MW under construction in 2020, with projections of increasing the Company's renewable installed capacity by 2 GW by 2022).
4. Maintenance of existing installed capacity.

The capital expenditures mentioned, per project, were financed as follows:

- > **Optimization of Bocamina II power plant:** internally generated funds.
- > **Los Cóndores:** internally generated funds.

# Enel Chile projects under construction and optimization

## Los Cóndores project

The Los Cóndores hydroelectric power plant is located on the Maule river basin in the San Clemente county of the Maule region, Chile's seventh region. It is a pass-through hydroelectric power plant with an installed capacity of approximately 150 MW, equipped with 2 vertical axle Pelton units that will utilize water from the Laguna del Maule reservoir. The plant will connect to the national electricity network through an 87 km transmission line to the Ancoa substation.

The project received favorable environmental qualification resolutions for the power plant and the transmission line in 2011 and 2012, respectively. In 2014, the hydraulic works construction plans were approved.

By the end of 2019, the project had reached 82% physical progress of the current construction program, having completed the downstream tunnel and the installation of electromechanical equipment in the cavern. The pressure spike, balance chimney and the upstream tunnel will follow. The transmission line, on the other hand, had reached 93% physical progress by the end of 2019.

The total investment accrued as of December 31, 2019, was Ch\$ 510.66 billion.

## Central Sauzal smart repowering project

The Sauzal plant Smart Repowering Project considers the modernization and repowering of specific systems and equipment in the Sauzal hydroelectric power plant. The Sauzal plant is located in the Libertador Bernardo O'Higgins region of Chile, has been operational since 1948, and is equipped with three generation units with vertical axis Francis type turbines. The Smart Repowering project considers replacing two existing turbines to increase generation by an additional 13.7 GWh/ year.

The general contract was signed with VOITH HYDRO, and covers the detail engineering, manufacturing, assembling, and launching of new equipment for both turbines. During 2019, works related to the first generating unit were carried out, while the works of the second generating unit will take place in 2020. The overall progress of the VOITH contract, as of December 2019, was 87.8%, with an accumulated investment of Ch\$ 3,850 million.

## Central Antuco smart repowering project

The Antuco plant Smart Repowering Project considers the modernization and repowering of certain systems and equipment in the Antuco hydroelectric power plant. The plant is located in the Biobío region of Chile, has been operational since 1981, and is equipped with two generations units with vertical axis Francis type turbines. The Smart Repowering project considers replacing Turbine N°1 to increase generation by an additional 204 GWh/year.

The general contract was signed with ANDRITZ, and covers the detail engineering, manufacturing, assembling, and launching of new equipment in Unit N°1. The overall progress of the ANDRITZ contract, as of December 2019, was 53%, with an accumulated investment of Ch\$ 2,400 million.

## Closure of Bocamina ash landfill areas 1, 2 and wing

The Bocamina thermoelectric plant utilizes an authorized landfill to dispose of combustion residue (bottom ash and fly ash) from its electric generation process.

The landfill was evaluated through the Environmental Impact Assessment System (SEIA, in its Spanish acronym) by means of the Environmental Impact Declaration (DIA, in its Spanish acronym) "Bocamina Thermoelectric Power Plant Landfill Expansion" and duly qualified as environmentally favorable, as dictated in the Exempt Resolution (RCA, in its Spanish acronym) 017/2010 published by the Regional Environmental Commission (COREMA, in its Spanish acronym) of the Biobío region of Chile. This RCA details the procedure for the facility's closure and decommission, which mainly consists of establishing the necessary conditions for vegetation repopulation and landscape recovery.

Enel initiated the closure of areas 1,2 and wing of the landfill and intends to improve the standards set by the RCA.

The work to be done considers the following:

- Incorporate a waterproofing package, with geosynthetic material, for the final closure of the landfill. Not mandated by the RCA.
- Increase excavation material coverage to 1 meter. RCA demands 50 centimeters.
- Maintain the final vegetation coverage of 20 centimeters, as established in the RCA.
- Implement a vegetation plan with higher standards than those set in the RCA. To do so, different irrigation systems are being tested on native species in a Pilot Plan that spans over half a hectare of the landfill's site.
- Extend the closure to include the wing area of the landfill with the aforementioned standards, which is not considered in the RCA.
- Incorporate an underground water monitoring system, not included in the RCA.

In summary, waterproofing materials, which include a conductive geomembrane; the greater thickness of fillers and substrates; the selection of native species; high specimen / hectare density, and a planting design according to referential ecosystems in the area, created with direct support from the Universidad de Concepción, make this a unique project within the industry.

The project's progress in 2019 involved the following:

- On January 21, the Health SEREMI granted the project's Sanitary Permit
- On February 15, the SEA granted the Environmental Permit through resolution 022/2019.
- On July 2, the coverage contract for areas 1, 2 and wing was approved.
- On July 19, the Revegetation Pilot Plan was completed.
- As of December 31, 2019, the project's overall progress was 60%.

## Campos del Sol project

The "Campos del Sol Sur" Project considers an installed capacity of 382 MW and was one of the chosen projects of the 2016 Tender Process in Chile.

The Project is located in Chile's third region of Atacama, approximately 60 km northeast of Copiapó. Campos del Sol is a photovoltaic project that consists of 974,400 crystalline bifacial photovoltaic modules with trackers, interconnected to the "Central Interconnected System" through the Carrera Pinto substation. It will be Chile's largest photovoltaic park, with approximately 1,700 hectares of surface area.

The interconnection includes two main transformers, a 7.5 km, 220 kV transmission line and an point of interconnection (POI) in the Carrera Pinto substation, owned by Transelec.

Construction began on August 23, 2019.

## Renaico II project

Reinaco II includes two wind farms, Las Viñas (58.5 MW) and Puelche (85.5 MW), with a total installed capacity of 133 MW. It is located in Renaico, in the Araucanía region, next to the currently operational Renaico I wind farm.

The Renaico II wind project consists of 32 wind turbine generators, interconnected to the "Central Interconnected System" through the existing, 220 kV Renaico I substation, which will need a new bay with a 165 MVA main transformer.

## Cerro Pabellón expansion project

The Cerro Pabellón III Project considers the construction of a 33 MW geothermal energy power plant. It is located in lots adjacent to the Cerro Pabellón I and II power plants, in the Antofagasta region of northern Chile. The project has received environmental approval.

A new bay will be built in the existing lifting substation to connect the expansion project to the National Electric System. The evacuation process will utilize the existing high-voltage line.

Construction began in August 2019.

# Enel Chile projects under evaluation

## Quintero combined cycle closing Project

The Project is located in the Valparaíso region of Chile and consists of an energy efficiency project that uses the heat of gas generated by existing turbines (257 MW) to produce steam, by installing a steam turbine and a generator. This will allow converting the existing open circuit into a combined cycle gas power plant, for which projections consider the installation of an additional boiler and a 130 MW steam turbine. In August 2018, the project was postponed indefinitely, and all environmental impact studies were suspended.

The final investment decision regarding this project will depend, among other things, on the socio-environmental conditions in the area and the commercial opportunities foreseen for the coming years, such as the prices of future tenders to supply the electricity required by the regulated market and/or existing or new unregulated customers.

## Central Taltal battery energy storage system

Enel Generación Chile is analyzing the installation of a Battery Energy Storage System (BESS) in its Taltal thermal power plant in order to provide the auxiliary services the National Electric System (SEN, in its Spanish acronym) may require in the coming years.

The project would have an installed capacity of 12 MW and 12 MWh of energy storage capacity, connected to the 15-kV bar of one of the existing 120 MW turbines in the Taltal plant.

In May 2018, the SEA of the Antofagasta waived the Company's obligation to submit this project to an environmental evaluation prior to its construction.

Any decision related to the construction of the project will depend primarily on the commercial opportunities foreseen for the coming years, and, particularly, on the evolution of the regulatory framework regarding the provision and remuneration of complementary services, as well as the annual estimate the operator must make on the required volume of such services.

## Taltal optimization project

The project is located in the Antofagasta region of northern Chile and consists of an energy efficiency project that uses the heat of gas generated by existing turbines (240 MW) to produce steam. This is done by installing a steam turbine and a generator, which will allow converting the existing Taltal open cycle plant into a combined-cycle gas power plant, increasing production by 120 MW.

The environmental permit, requested through the Environmental Impact Declaration, was submitted to the authorities in December 2013 and was approved in January 2017.

Any decision related to the construction of this project will depend, among other things, on the business opportunities envisioned for the coming years, such as the prices of future tenders to supply the electricity needs of the regulated market and/or existing or new unregulated customers.

## Central Tarapacá battery energy storage system

Enel Generación Chile is analyzing the installation of a Battery Energy Storage System (BESS) in its Tarapacá thermal power plant in order to provide the auxiliary services the National Electric System (SEN, in its Spanish acronym) may require in the coming years.

The project involves the installation of a BESS with about 14 MW of installed capacity and 14 MWh of energy storage capacity, connected to the 11.5 kV bar of the existing 23 MW turbine installed in the Tarapacá plant.

In December 2017, the SEA of the Tarapacá region issued a resolution waiving the Company's obligation to submit the project to environmental assessment prior to construction.

Any decision related to the construction of this project will depend, among other things, on the business opportunities that may arise in the coming years, and, particularly, the evolution of the regulatory framework for the provision and remuneration of complementary services, as well as the estimate the operator must make on the required volume of such services.

## Azabache

The Azabache solar project involves the construction of a new 63 MW photovoltaic power plant to be located in Calama county, in the Antofagasta region.

The project will be built on the land where our Valle de los Vientos Wind Park is located, so it is expected to be the first industrial scale hybrid power plant in Chile. The project has received its environmental approval.

## Valle del Sol

This project, located in the Antofagasta region of Chile, consists of a 163 MW solar power plant. The land is available, and the project has received environmental approval. The project will have strong operational synergies with the Finis Terrae plant, owned by Enel Green Power Chile.

## Finis Terrae expansion

This project, located in the Antofagasta region of Chile, consists of a 126 MW solar power plant. The land is available, and the project has received environmental approval. The project will have strong operational synergies with the Finis Terrae plant, owned by Enel Green Power Chile and currently in operation, and will utilize existing infrastructure, including the substation and transmission line.



## Sol de Lila

This project, located in the Antofagasta region of Chile, consists of a 163 MW solar power plant. The land is available, and the project has received environmental approval. This project will possibly connect to the Argentine transmission system.

## Domeyko

This project, located in the Antofagasta region of Chile, consists of a 204 MW solar power plant. The land is available, and the project has received environmental approval.

## Sierra Gorda Solar

This project, located in the Antofagasta region of Chile, consists of a 375 MW solar power plant. The land is available, and the project has received environmental approval. The project will have strong operational synergies with the Sierra Gorda wind farm, owned by Enel Green Power Chile and currently in operation, and will utilize existing infrastructure, including the substation and transmission line.

## Campos del Sol II

This project, located in the Antofagasta region of Chile, consists of a 398 MW solar power plant. The land is available, and the project has been approved environmentally. The project will have strong operational synergies with the Campos del Sol solar park currently in operation, owned by Enel Green Power Chile and currently in operation, and will utilize the existing infrastructure, including the substation and transmission line.

# Land reserved for future projects

As of December 2019, Enel Chile, through its Enel Generación Chile subsidiary, held approximately 318.3 hectares in real estate or land to develop future natural gas and hydroelectric projects. These assets are located in the Antofagasta region (30.8 hectares), the Valparaíso region (245.5 hectares) and the Los Lagos region (42 hectares).

## Distribution

During 2019, Enel Distribución Chile and its subsidiaries (Colina and Luz Andes) invested Ch\$ 106 billion in projects primarily related to satisfying organic growth, service quality, safety and information systems. During 2018, a total Ch\$ 96 billion were invested, of which Ch\$ 29 billion were destined to maintenance, Ch\$ 31 billion to growth investments, and Ch\$ 36 billion to connectivity activities.

In 2019, a total Ch\$ 26 billion were invested in adapting medium voltage (MV) and low voltage networks (LV) to allow the connection of new residential and large customers, as well as real estate projects.

A total Ch\$ 23 billion were invested in increasing Enel Distribución Chile's network capacity. In high voltage (HV), investments were made in the following substations: Nueva Lampa, Chena, Pudahuel, Macul, Cerro Navia, Quilicura, A. Córdova, Chicureo, San Cristóbal, Los Dominicos, and San Joaquín. Regarding medium voltage (MV) networks, the Apoquindo substation is being restructured, and new feeders were installed in the Aeropuerto and Parque Arauco substations. To improve low voltage (LV) network quality, works in reinforcement, extension, and line relocations were executed.

In addition, Ch\$ 17 billion were invested in improving service quality. A specific group of feeders were reinforced, as determined by the Medium and Low Voltage Quality Plan. Automation improvements in the MV network included adding 414 new remote-controlled devices and adapting the networks accordingly. This allowed increasing the remote-controlled devices operated from the Network Operations Center from 1,500 to 1,720.

A total Ch\$ 3 billion were invested in relocating public network infrastructure.

To comply with regulation, Ch\$ 9 billion were invested in legal procedures to normalize lines and substations.

Nearly Ch\$ 9 billion were invested in technical and financial systems, focused on digitalizing processes.

Additionally, Ch\$ 2 billion were invested in anti-theft measures, such as shielding networks by installing Ananda boxes and turtles, technical measures and RED reinforcements.

Nearly Ch\$ 7 billion were used to finance corrective maintenance of transmission lines and substations. A series of maintenance works also focused on high-risk facilities.

# Financial position

## Liquidity

At year-end 2019, Enel Chile relied on committed credit lines available for US\$ 195 million, of which US\$ 50 million correspond to related party committed credit lines.

In addition to liquidity instruments, the total amount of cash available at year-end 2019 was US\$ 314 million.

## Indebtedness

Gross consolidated financial debt of Enel Chile reached US\$ 3,585 million, with a 7-year average life, mainly comprised of the following:

- US\$ 400 million in related company debt.
- US\$ 1,000 million in a Yankee bond outstanding since June 12, 2018, for 10 years.
- US\$ 1,020 million EGP Chile loan consolidated by the Enel Chile Group since April 2018, of which US\$ 644 thousand is related company debt.
- International and local bonds of Enel Generación Chile.

Net consolidated debt as of year-end 2019 was of US\$ 3,271 million, and the debt ratio was 2.2 times.

## Hedging policy

### Exchange rate

The Enel Chile Group manages the financial risk in its balance sheet, income statement and cash flow by reducing its exposure to exchange rate variations. The Group's exchange rate hedging policy is based on cash flows and seeks to maintain a balance between flows indexed to a foreign currency (US\$) and the cash flows assets and liabilities generate in said currency. The goal is to minimize cash flow and income statement exposure to currency-related risk.

At year-end 2019, 97% of consolidated financial debt is denominated in US dollars or has been converted to US dollars through derivatives.

### Interest rate

The Enel Chile Group interest rate hedging policy seeks to maintain a balanced debt structure to minimize financial expenses and reduce income statement volatility. Hedging instruments are purchased based on market conditions, given the Company's projections and debt structure objectives.

At year-end 2019, consolidated fixed debt to total financial debt was 98%.

## Risk rating

The main events related to risk rating in 2019 are summarized below:

Feller Rate maintained its rating of Enel Chile granted for the first time in 2017. The Company was rated “AA” on the local scale with a stable outlook. This rating was confirmed on June 20, 2019.

Moody’s confirmed the international rating of Enel Chile S.A. on June 28, 2019. The Company received a “Baa2” rating with a stable outlook.

On October 28, 2019, Standard & Poor’s maintained the Company’s “BBB+” international credit rating with a stable outlook.

On January 28, 2020, Fitch Ratings improved its local credit rating of Enel Chile S.A. from “AA(cl)” to “AA+(cl)”. Fitch also ratified its “First Class Level 1 (cl)” rating of Enel Chile stock, and modified its outlook from positive to stable.

The Company’s ratings are based on its diversified asset portfolio, strong credit parameters, adequate debt structure and high liquidity.

## International rating

Enel Chile	S&P	Moody’s
Corporate	BBB+ / Estable	Baa2 / stable

## Local rating

Enel Chile	Feller Rate	Fitch Ratings
Stocks	1° class. Level 2	1° class. Level 1
Bonds	AA / Stable	AA+ / Stable

# Insurance

Enel Chile S.A. is covered by a global insurance program centralized by its parent company, Enel SpA. The insurance covers physical damages, terrorism, business interruptions and legal liability. The insurance policies’ renewal process was carried out through an international bid, where the leading insurance companies worldwide were invited to participate. The contracts were renewed on November 1, 2019 and expire on October 31, 2020.

# Trademarks

The Company has registered the trademark “Enersis Chile” for services, products, industrial and commercial facilities.

Enel SpA has granted Enel Chile S.A. the use of the “Enel” trademark free of charge, and allows its use in the legal name, logo and in other ways.

The trademark “Enel Chile” is registered legally.

# Suppliers, customers, and relevant competitors

Enel Chile S.A. is a holding company that operates primarily in the electricity generation and distribution sectors in Chile, therefore the suppliers, customers, and competitors are those relevant to the Company’s main subsidiaries that operate in the electricity sector.


Consequently, the Company’s relevant suppliers, customers, and competitors are the following:

**Suppliers:** GNL Chile, Transelec, Total Austral, Coal Marketing Company, AES Gener, Engie Energía Chile, Hidroeléctrica La Higuera, Travel Security S.A., Ernst & Young Servicios Profesionales y Asesorías Limitada, Team work Recursos Humanos Limitada, Sodexo Chile S.A.

**Customers:** CGE Group, Saesa, Chilquinta Group, Gerdau Aza S.A., Metro S.A., Mall Plaza.

**Competitors:** AES Gener S.A., Colbún S.A., Engie S.A., Guacolda Energía.





## 16. INDUSTRY REGULATION AND ELECTRICITY SYSTEM OPERATION

# General features

## a) Regulatory framework:

Chile's electricity sector is regulated by the Chilean Electricity Law 20,018, contained in the Ministry of Mining DFL 1 issued in 1982. Its restated text was established by Ministry of Economy DFL 4, issued in 2006 (the "Electricity Law") and its respective regulations contained in D.S. 327 issued in 1998.

The main authority in the energy industry is the Ministry of Energy that is the government body responsible for proposing and delivering comprehensive public policies as a coordinate effort. It exists since February 1, 2010 as an autonomous entity after being part of the Ministry of Mining for many years.

The Ministry of Energy oversees the National Energy Commission ("CNE" in its Spanish acronym) that regulates the electricity industry and the Superintendence of Electricity and Fuel (Chilean "SEC" in its Spanish acronym) that is the supervising body. Other entities that report to this Ministry are the Chilean Nuclear Energy Commission ("CChEN" in its Spanish acronym), the Chilean Sustainable Energy Agency.

The National Energy Department is the entity in charge of proposing the regulated tariffs, approving the annual transmission expansion plans, and elaborating the indicative plan for the construction of new electricity generation facilities. The Superintendence of Electricity and Fuel inspects and oversees compliance with the law, rules regulations and technical norms applicable to electricity generation, transmission and distribution, liquid fuels and gas.

Additionally, the law provides for a Panel of Experts, comprised of professional experts, whose main responsibility is

to acts as a court, issuing enforceable resolutions in disputes related to subjects referred to by the Electricity Law and other electricity related laws.

According to the Law, the operation and coordination of the Chilean electricity system is to be carried out by a National Electricity Coordinator ("CEN" in its Spanish acronym). It is an independent entity in charge of coordinating the operation of the electricity system with the following objectives: i) maintain service security; ii) guarantee the efficient operation of the facilities connected to the system; and iii) guarantee open access to all transmission networks. The main activities of this entity include the coordination of electricity market operations, authorization of connections, supplementary services management, implementation of information systems available to the public, and monitor competition and payments, among others.

The Chilean electricity sector is physically divided into three main networks, the National Electricity Network ("SEN" in its Spanish acronym) and two smaller isolated networks; Aysén and Magallanes. The SEN is the outcome of the integration of the Central Interconnected System ("SIC" in its Spanish acronym) and the Norte Grande Interconnected System ("SING" in its Spanish acronym) that took place in November 2017. Until then the SIC was the main grid and extended 2,400 km from Taltal in the north to Quellón on the island of Chiloé to the south. The SING covered the northern part of the country, from Arica to Coloso, and extended 700 km.

The electricity industry in Chile is divided into three segments or businesses: generation, transmission, and distribution. Operations of the related facilities must be interconnected and in coordination to supply electricity at the minimum cost within the certain safety and quality standards required by electricity industry regulation.

Given the structural characteristics of the transmission and distribution segments, they are considered natural monopolies and are therefore subject to special industry regulation, the network is open access, and tariffs are regulated.

The Chilean electricity market trades two products (energy and capacity), and additionally several related services. The National Electricity Coordinator performs the calculation of market balances, determines the transfers among generation

companies and calculates the hourly marginal cost, which is the price at which energy transfers are carried out. The CNE determines the price of generation capacity.

Customers are classified according to their demand as regulated or unregulated. Regulated customers are those whose connected capacity is below 5,000 kW. Customers with connected capacity between 500 kW and 5,000 kW may choose to be regulated or unregulated, subject to the respective price regime.

## Limits to integration and concentration

In Chile, antitrust legislation along with specific regulation applicable to the electricity industry define criteria to avoid certain levels of market concentration and abusive practices.

Companies can participate in the different industry segments (generation, distribution and commercialization) in so far, an adequate level of corporate and accounting separation exists. The transmission segment is where most restrictions are imposed, mainly due to the nature of the activity and the need to guarantee adequate access to all players. The Electricity Law defines limits to the market share that generation companies and distribution companies may have of the National Transmission segment and prohibits National Transmission companies from participating in the generation and distribution segments.

### a.1 Generation segment

The operations of generation companies are conditioned by the operations plan of the System Coordinator, although they may freely decide whether to sell their energy to either regulated or unregulated customers. Any surplus or deficit between sales and production is sold to or bought from other generators at the spot market price.

A generation company may have the following types of customers:

- **Unregulated customers** are customers whose connected capacity is greater than 5,000 kW, mainly industrial and mining companies and customers whose connected capacity ranges between 500 and 5,000 kW and choose to be unregulated for a minimum of 4 years in either regime. These customers may freely negotiate their electricity supply prices with generators or distributors.
- **Distribution companies** that supply regulated and unregulated customers. Distribution companies supply their regulated customers through public tenders regulated by the CNE and supply their unregulated customers through bilateral contracts.
- **Other Generation companies.** The relationship between generation companies may be formalized through bilateral contracts or on the Spot or short-term market: The latter refers to the transactions of energy and capacity between generation companies resulting from the efficient operation of the market by the National Electricity Coordinator. The surplus (deficit) of production after supplying customer commitments are transferred by selling (buying) to (from) other generators connected to the system. Electricity transfers are priced at the marginal cost of the system. Capacity transfers are carried out at the corresponding node price, as set every semester by the authority.

In Chile, capacity payments to each generator depend on the calculation, based on current rules, performed annually by the National Electricity Coordinator that determines the firm capacity of each power plant. Firm capacity mainly depends on availability of the facilities and of the source of generation.

### Non-conventional renewable energies

Law 20,257 enacted in April 2008 creates incentives to use Non-Conventional Renewable Energies (NCRE). This rule determined that by 2014, at least 5% of energy commercialized by generators must come from renewable sources and must progressively increase 0.5% every year from 2015 until 2024 to reach 10%. This law was modified in 2013 by Law 20,698, entitled the 20/25 law, establishing that by 2025, 20% of the electricity matrix must be covered by NCRE sources. For contracts in force up to July 2013, the withdrawals established by the previous law were to be respected

## a.2 Transmission segment

Transmission systems are comprised of lines and substations that form an electric system that are not distribution installations. They are divided into five segments: National Transmission, Development Pole Transmission, Zonal Transmission, Dedicated Transmission and International Interconnection Systems.

Transmission installations are open access to any user that requests it, without discrimination. The compensation for existing transmission installations, either National or Zonal, is determined by a tariff setting process performed every four years. This process determines the Annual Transmission Value comprised of efficient operations and management costs and an investment value annuity, determined by a discount rate (minimum 7% after tax) set by the authority every four years based on a study and the useful life of assets.

The development of the National and Zonal Transmission systems is determined by a regulated and centralized process carried out by the National Electricity Coordinator, which presents an expansion plan every year that must be published by the CNE for interested parties to present their proposals. Participating parties may present their observation to the expansion plan before it is finally approved by the CNE.

The expansion of both systems is granted through an open tender process that discriminates new installations from expansions of existing installations. The tenders carried out for new installations grant the winner ownership of the installation to be built. The expansion of existing installations, on the other hand, belongs to the owner of the original installation, who must tender the construction of the required expansion. The National Electricity Coordinator is in charge of managing both new and existing installations.

The remuneration of the new facilities is determined by the outcome of the bid and represents the income for the first 20 years of operations. The remuneration of new facilities is determined by the investment amount resulting from the bid and the applicable operation and maintenance costs. In both cases, from year 21 on, the remuneration of such transmission facilities is determined as existing assets.

The regulation currently in force determines that transmission remuneration is the sum of tariff revenue and the usage charge revenue, for use of the transmission system. This usage charge is defined (Ch\$/kWh) every six months by the CNE.

## a.3 Distribution segment

The distribution segment is defined as all electricity facilities employed in supplying electricity to end customers at a voltage of up to 23kV.

Distribution companies operate under the framework of a public service concession. They have the obligation to serve all customers and provide electricity at regulated prices to regulated customers (customers with under 5,000 kW connected capacity, except customers that fall within the 500-5,000 kW category and chose the unregulated tariff). Unregulated customers may negotiate their electricity supply with any generation or distribution company but must pay a regulated toll for using the distribution network.

Regarding electricity supply to regulated customers, the law determines that distribution companies must permanently have electricity available to supply its customers and it must obtain such electricity through open, non-discriminatory and transparent public tenders. These tenders are designed by the CNE and are carried out at least five years in advance to award 20-year term contracts. If demand changes unexpectedly, the authority has the power to call a short-term tender. There is also a regulated procedure to remunerate noncontracted electricity sales.

The processes for setting distribution tariffs are carried out every four years based on a cost analysis to determine the Distribution Value Added ("VAD" in its Spanish acronym). The VAD calculation is based on an efficient model company scheme and a typical area concept.

On December 21, 2019, the Ministry of Energy issued Law 21,194 (Short Law) that reduces Distribution Companies' Rate of Return and improves the electricity distribution tariff setting process. Consequently, the 2020-2024 distribution tariff setting process considers the changes established by this Law.

To determine the VAD, the CNE classifies the companies with similar distribution costs into groups named "typical areas." For each typical area, the CNE hires independent consultants to carry out a study to determine the costs of an efficient model company, considering fixed costs, average energy and capacity losses, and standard investment, maintenance, and operations costs related to electricity distribution, including certain restrictions that distribution companies face in reality. The annual investment costs are calculated based on the Net Replacement Cost (VNR in its Spanish acronym) of facilities adjusted to demand, expected life and a discount rate calculated by the CNE every four years that may not be less than 6% nor greater than 8% a year after tax.



The CNE then determines the resulting tariffs and verifies that the after-tax economic rate of return is not more than 2 percentage points higher or 3 percentage points lower than the rate calculated by the CNE.

Additionally, every four years, when the VAD is being calculated, the Antitrust Court reviews the supplementary services considered to be related to the supply of electricity and subject to price regulation.

The Chilean distribution tariff model is a consolidated model that has carried out nine price-settings processes since the enactment of the Electricity Law in 1982.

methodology that involved weighing the results of the VAD study performed by the CNE and the VAD study performed by distribution companies with a ratio of 2:3 and 1:3, respectively, and replaces it by using only the CNE's study. The discount rate in the calculation of the annual investment cost was also modified. The previous 10% real annual pre-tax discount rate was replaced by an annual after-tax discount rate to be calculated by the CNE every four years that may not be less than 6% nor greater than 8%. This new methodology is to be applied in the following tariff setting process to begin November 4, 2020. Also, as of January 2021 electricity distribution companies may participate exclusively in the electricity distribution business.

## b) Regulatory issues 2019

### Laws enacted in 2019

The Ministry of Energy published Law 21,185 (hereafter the "Tariff Stabilization Mechanism Law") in the Official Gazette on November 2, 2019. This Law creates a Temporary Regulated Customer Tariff Stabilization Mechanism that states that the price to charge regulated customers for electricity from July 1, 2019 through December 31, 2020 is to be equal to the prices in force during the first semester of 2019 (Decree 20T/2018). This stabilized price was named the "Stabilized Regulated Customer Price" PEC (in its Spanish acronym). From January 1, 2021 until the stabilization mechanism is suspended, the prices will be those defined in the tariff setting processes carried out every six months as established in Article 158 of the Electricity Law, but not to exceed the PEC adjusted by inflation according to the Consumer Price Index as of January 1, 2021, using the same date as base. The billing differences until 2023 are to be recorded as an accounts receivable in favor of generation companies, limited to a maximum US\$ 1,350 million. The balance of these accounts is to be recovered by December 31, 2027.

On December 21, 2019, the Ministry of Energy issued Law 21,194, effective as of that date, that reduces Distribution Companies' Rate of Return and improves the electricity distribution tariff setting process. This Law eliminates the

### CNE 2019 Regulatory Plan

Pursuant to Exempt Resolution 790 dated December 10, 2018, and according to Article 72-19 of the Ley General de Servicios Eléctricos, the CNE published its 2019 Regulatory Work Plan. The document defines the general guidelines and the program priorities of the CNE's Regulatory Work Plan 2019 and the pending regulatory procedures of the 2018 Plan, the preparation of which will continue being performed during 2019.

### Regulations published in 2019

Regulation of Supplementary Services. On March 27, 2019, the Ministry of Energy approved Decree 113/2017, to become effective January 1, 2020, which is the Supplementary Services Regulation referred to in article 72-7 of the *Ley General de Servicios Eléctricos*.

### 2017 Transmission Expansion Plan

On November 8, 2018, the Chilean Ministry of Energy published Exempt Decree 293/2018 establishing the specific Expansion Works of the National and Zonal Transmission Systems to begin the tender process within the following twelve months, in accordance with the stages of the process established by Law. On August 13, 2019, the Ministry of Energy published Exempt Decree 202/2019 which modifies the prior decree regarding the Expansion Works.

On January 9, 2019, the Ministry of Energy published Exempt Decree 4/2019 establishing the specific New Works of the National and Zonal Transmission Systems that must begin their tender process within the following twelve months.

## 2018 Transmission Expansion Plan

The CNE issued the Final Technical Report through Exempt Resolution 14 on January 11, 2019, in accordance to the stages of the Transmission Expansion Plan. Subsequently, interest parties filed their discrepancies before a Panel of Experts in a public hearing. As a result, the CNE issued the Definitive Technical Report by means of Exempt Resolution 334 dated May 29, 2019.

On September 24, 2019, the Ministry of Energy published Exempt Decree 231/2019 that identifies the specific new works of the National and Zonal Transmission Systems to begin their tender process or study of the allocated capacity, as necessary, during the following twelve months, in accordance with the stages of the process by law.

On August 10, 2019, the Ministry of Energy published Exempt Decree 198/2019 establishing the specific expansion works of the 2018 Expansion Plan regarding the National and Zonal Transmission Systems to begin their tender process during the following twelve months.

## 2019 Transmission Expansion Plan

According to article 91 of Law 20,936/2016, which establishes the Transmission Planning Procedure, the CEN is responsible for sending the CNE the expansion plan proposal of the different sections of the transmission system. This proposal was presented on January 22, 2019.

The CNE summoned all interested parties to submit proposals for Transmission Expansion projects by April 22, 2019, in accordance with the provisions of article 91 of the Electricity Law.

On December 23, 2019, the CNE issued Exempt Resolution 801 updating the Citizen Participation Registry of the respective Annual Transmission Planning Process, in accordance with the provisions of article 90 of the *Ley General de Servicios Eléctricos* and included a consolidated list of participants and interested parties.

## c) Tariff reviews and supply processes

### c.1 Electricity distribution tariff setting process

The tariff setting process for the 2016-2020 period concluded with the publication of Decree 11T in the Official Gazette on August 4, 2017, that set the distribution tariff formulas to be effective, retroactively, as of November 4, 2016.

On June 27, 2018, the Ministry of Energy published the Decree 2T/2018, which sets the capacity adjustment factor of the tariff formulas applicable to supplies subject to regulated prices for the four-year period from November 2016 through November 2020.

On September 28, 2018, the Ministry of Energy Decree 5T/2018, which replaces Decree 11T, 2016, came into effect, updating electricity distribution tariffs until the following tariff setting process.

On July 26, 2019, through Resolution 15699/2019, the Superintendence of Electricity and Fuel implemented an action plan to make the adjustment indicated in CNE Resolution 490/2019, with respect to Decree 5T/2018 effective, retroactively, as of September 28, 2018.

The tariffs applicable to end customers in 2019 were determined based on the following decrees and resolutions:

- i) Decree 11T/2016 published in the Official Gazette on August 24, 2017, which set the tariff formulas applicable to the supply of electricity subject to regulated prices to be in force, retroactively, as of November 4, 2016.
- ii) Decree 2T/2018 published in the Official Gazette on June 27, 2018, which sets the capacity adjustment factor of the tariff formulas applicable to the electricity supply subject to regulated prices for the four-year period from November 2016 to November 2020.
- iii) Decree 5T/2018, published in the Official Gazette on September 28, 2018, which sets the tariff formulas applicable to the electricity supply subject to regulated prices listed in Ministry of Energy Decree 11T/2016, effective as of its publication date.
- iv) Superintendence of Electricity and Fuel Resolution 15699/2019, which provides an action plan to make the adjustment indicated in CNE Resolution 490/2019, with respect to Decree 5T/2018 effective, retroactively, from September 28, 2018 to November 3, 2020.
- v) Decree 6T/2017, published by the Ministry of Energy in the Official Gazette on October 5, 2018, which sets the Annual Value per Tranche of the Zonal and Dedicated Transmission Facilities for regulated customers, tariffs and indexing formulas for the two-year period 2018-2019, to be in force from January 1, 2018 to December 31, 2019.
- vi) Tariff Decrees:

## Average node prices:

On September 28, 2018, the Ministry of Energy published Decree 7T/2018 in the Official Gazette, which sets the regulated prices for electricity and sets the adjustments and surcharges resulting from the application of the Residential Tariff Equality Mechanism to be in force, retroactively, as of July 1, 2018.

On May 6, 2019, the Ministry of Energy published Decree 20T/2018 in the Official Gazette, which sets the regulated prices for electricity and sets the adjustments and surcharges resulting from the application of the Residential Tariff Equality Mechanism to be in force, retroactively, as of January 1, 2019.

On October 5, 2019, the Ministry of Energy published Decree 7T/2019 in the Official Gazette, which sets the regulated prices for electricity and sets the adjustments and surcharges

resulting from the application of the Residential Tariff Equality Mechanism, as of July 1, 2019. On November 2, 2019, the Ministry of Energy published Law 21,185 that creates a transitional mechanism to stabilize the price of electricity for regulated customers. Article 5 of this Law repeals Decree 7T/2019 and extends the enforcement of Decree 20T/2018 until the publication of the average regulated node price decree to come after the Law becomes effective.

## Short-term node prices:

On June 28, 2018, the Ministry of Energy published Decree 1T/2018, which set the node prices of electricity to be in force, retroactively, as of April 1, 2018.

On February 8, 2019, the Ministry of Energy published Decree 12T/2018, which sets the regulated prices of electricity to be in force, retroactively, as of October 1, 2018.

On June 5, 2019, the Ministry of Energy published Decree 1T/2019, which sets the regulated prices of electricity to be in force, retroactively, as of April 1, 2019.

On October 23, 2019, the Ministry of Energy published the Decree 9T/2019, which sets the regulated prices of electricity to be in force, retroactively, as of October 1, 2019.

## c.2 Tariff setting process of electricity distribution supplementary services

On July 24, 2018, the Ministry of Energy published Decree 13T/2018 in the Official Gazette, which sets the prices of Non-Electricity Supply Services, supplementary to electricity distribution. Such prices are applicable since the Decree was published and are currently in force.

## c.3 Tariff setting process of zonal transmission

On October 5, 2018, the Ministry of Energy published Decree 6T, which sets the annual value per tranche of the zonal and dedicated transmission system, tariffs and indexing formulas for regulated customers for the 2018-2019 period.

## c.4 Transmission tariff setting process 2020-2023

Within the framework of the Electricity Transmission Tariff Setting Process for 2020-2023, the Transmission System Facilities Qualification process, the Transmission Facilities Useful Life Setting process, and the Technical and Administrative Terms required to carry out the Valuation of Transmission System Facilities are currently in progress.

In this context, for the purposes of the Qualification Process of Transmission System Facilities for the period 2020-2023, in late 2017 the CNE issued the preliminary technical report defining which transmission facilities correspond to each transmission segment (National, Zonal and Dedicated). In compliance with the stages established by regulations, on April 9, 2019, the CNE through Exempt Resolution 244, issued the Definitive Technical Report.

Also, on June 5, 2018, by means of Exempt Resolution 412, the CNE approved the Definitive Technical Report specifying the Useful Life of Transmission Facilities.

Finally, in late 2017, the CNE published the Technical and Administrative Preliminary Terms for the Valuation of Transmission Facilities, which in general terms, identifies two studies to be commissioned: one for National facilities and another for Zonal and Dedicated facilities. The document regulates the contracting process of the tariff study and defines the rules to carry out the tariff study of the entire transmission system.

On April 26, 2019, and in compliance with the stages established by the Law, the CNE, through Exempt Resolution 272, approved the Definitive Technical and Administrative Terms for conducting the Valuation Studies of the Transmission Systems. On December 11, 2019, the CNE issued Exempt Resolution 766 that revises the previous resolution.

On April 26, 2019, through Exempt Resolution 271 and in compliance with the stages established by the Law, the CNE also formed a committee to award and supervise the valuation studies of the Transmission facilities. Additionally, through Exempt Resolution 678 dated October 24, 2019, the CNE approved the contract for the National Transmission Study.

## c.5 Electricity tenders

Three tenders have been carried out under the new law for electricity tenders: Supply Tender 2015/01, Supply Tender 2015/02 and Supply Tender 2017/01. In addition, the CNE began the fourth process named Supply Tender 2019/01.

Supply Tender 2015/02 was launched in June 2015 and finalized in October 2015. The outcome of the process resulted in three energy blocks awarded for a total of 1.2 TWh/year (100%) at a weighted average price of 79.3 US\$/MWh.

Supply Tender 2015/01 was launched in May 2015 and finalized in July 2016. The outcome of the process resulted in five energy blocks awarded for a total 12.4 TWh/year (100%) to 84 companies, including newcomers, at a weighted average price of 47.6 US\$/MWh.

Enel Generación Chile was awarded 5.9 TWh/year of the 2015/01 tender, which represents 47.6% of total energy awarded.

Supply Tender 2017/01 was launched in January 2017 and finalized in November 2017. A total 2,200 GWh/year were awarded (100%) to five companies at a weighted average price of 32.5 US\$/MWh.

Enel Generación Chile was awarded with 1.2 TWh/year, which represents 54% of the total energy awarded.

During 2019, Supply Tender 2019/01 was launched for a total amount of 5.8 TWh/year to be supplied from 2026 to 2040. The closing date for the presentation of bids is May 27, 2020, as announced by the CNE.

## c.6 Electricity industry rules applicable to Enel Distribución

Enel Distribución, as a zonal transmission company and electric utility concessionaire, is governed by the following rules and regulations:

- The *Ley General de Servicios Eléctricos* DFL 4 enacted by the Ministry of Economy, Development and Reconstruction (the restated DFL 1/ 1982) published in 2006, and its amendments.

- Supreme Decree D.S. 327/1997 Rules and Regulations of the *Ley General de Servicios Eléctricos* enacted by the Ministry of Economy, Development and Reconstruction.
- Law 18,410 that governs the Superintendence of Electricity and Fuel.
- Law 20,936 published by the Ministry of Energy in 2016, that established the regulatory framework for the new electricity transmission system in Chile and creates the independent National Electricity System Coordinator.
- Supreme Decree D.S. 11/2017 enacted by the Ministry of Energy that approved the rules and regulations applicable to dictating technical standards regarding the operations of the electricity sector, including security, coordination, quality, information and economic aspects.
- Exempt Resolution 321 published by the CNE on July 21, 2014 that dictates the technical rules and regulations regarding service quality and safety of the Northern Interconnected System and the Central Interconnected System and amendments.
- Exempt Resolution 299 published by the CNE on April 26, 2018 that approves the technical rules and regulations regarding service quality and safety in accordance to article 34 of Supreme Decree 11/2017 issued by the Ministry of Energy.
- Decree 14 published in the Official Gazette on April 9, 2014 that sets sub transmission tariffs and indexation formulas for the 4-year period from 2011 through 2015.
- Decree 7T published by the Ministry of Energy on April 22, 2015 that extends Decree 14 for a year.
- Decree 1T/2017 published by the Ministry of Energy that adjusts Ministry of Energy Supreme Decree 14 /2012.
- Decree 6T/2017, published by the Ministry of Energy in the Official Gazette on October 5, 2018, which sets the Annual Value per Tranche of the Zonal and Dedicated Transmission Facilities, tariffs and indexing formulas for regulated customers for the two-year period 2018-2019, to be in force from January 1, 2018 to December 31, 2019.

## Price decrees:

- Decree 11T published in the Official Gazette on August 24, 2017, which set the tariff formulas applicable to the supply of electricity subject to regulated prices to be in force, retroactively, as of November 4, 2016.
- Decree 2T/2018 published in the Official Gazette on June 27, 2018, which sets the capacity adjustment factor of the tariff formulas applicable to electricity subject to regulated prices for the four-year period from November 2016 to November 2020.
- Decree 5T published in the Official Gazette on September 28, 2018, which sets the tariff formulas applicable to the electricity supply subject to regulated prices listed in Ministry of Energy Decree 11T/2016 effective as of its publication date until November 3, 2020.
- Decree 4T published in the Official Gazette by the Ministry of Energy on September 8, 2018, which sets the electricity distribution tolls applicable to electric utility concessionaires.
- Decree 13T/2017 published in the Official Gazette by the Ministry of Energy on July 24, 2018 that sets the prices of services other than electricity but associated to electricity distribution.
- Node price and average node price decrees published by the Ministry of Energy.
- Set of technical rules and regulations specified by the CNE and the Superintendence of Electricity and Fuel.

The effect of this legal and regulatory framework on Enel Distribución's activities, is that the Company must adjust its performance to said regulations.



## 17. RISK FACTORS

# Risk management policy

Enel Chile follows the guidelines of the Internal Control Management System (SCGR in its Spanish acronym) defined by the Holding company (Enel SpA), which establishes a set of risk management guidelines through standards, procedures, systems, etc. to be applied at all Company levels in their risk identification, analysis, evaluation, treatment and communication processes, which the Company is constantly performing. These are approved by the Board of Directors of Enel SpA, which houses a Controls and Risk Committee that supports its evaluations and decisions regarding internal controls and risk management systems, as well as those related to the approval of periodic financial statements.

To comply with these guidelines, each company has a specific Risk Management policy, which is reviewed and approved at the beginning of each year by the respective Board of Directors, identifying and applying local requirements regarding risk.

The Enel Group's risk management system considers three defense mechanisms to effectively and efficiently manage risk. The implementation of internal controls is the first defense mechanism in risk management, which involves developing various internal control processes to guarantee optimal risk management. The supervision of the business unit's compliance with internal controls is the second defense mechanism, and the evaluation of compliance by an independent party is the third defense mechanism. Each mechanism plays a different role within the organization's broader governance structure. Those responsible for each defense mechanism must report and keep senior management and the Board of Directors updated on the Company's risk management performance. Senior management must be informed on the first and second defense mechanisms, while the Board of Directors must be informed on the second and third defense mechanisms.

The Risk Management department has ISO 31000:2018 (G31000) International Certification and manages the Company's risk according to the current guidelines of this international norm. The main objective is to preemptively identify risks (endogenous and exogenous) and analyze, evaluate, and quantify their probability of occurrence and impact, known as the risk valuation phase. In the risk treatment phase, the Risk Management department defines mitigation plans along with the different departments and the Risk Owners, as the responsible parties of the various risks. The risk treatment phase considers all necessary actions that are consistent with the Company's policies and internal procedures, and that strictly follow international norms (ISO and OSHAS), and governmental regulations, which require risk management to be carried out in a transparent and sustainable manner to guarantee best governance practices and ensure business continuity.

On a monthly basis, the Risk Management department presents each company's risk management to the Board of Directors using a Risk Landscape that clearly identifies all the companies' risks in their respective taxonomies, complying with the schedule defined by the Board every year. The schedule considers a quarterly presentation and analysis of all risks identified in the Risk Landscape, in accordance to Risk Policies, ISO 31000:2018, internal procedures, and external norms, such as General Norm 30, which governs Annual Reports of Chilean companies, and the Financial Markets Commission General Norm 385 to ensure business continuity and guarantee best governance practices. In addition to this process, the Risk Management department must continuously monitor and inform senior management about the main political, economic, social, and climate risks worldwide that may either positively or negatively affect the Company's ability to achieve its goals.



The objective of internal controls management is to guarantee that business activities allow mitigating risks related to the observation and strict application of all current procedures and norms included in the COSO (Committee of Sponsoring Organizations of the Treadway Commission) methodology. The Risk Management department complies with all the periodic monitoring requirements of the Sarbanes-Oxley Act, including the certification of these controls by the External Auditors every six months and establish actions, along with the Process Owners and Control Owners, to mitigate control deficiencies pointed out by independent external auditors, and continuously improve processes, as well as monitor the implementation of such actions and notify the Board on the status of such actions.

Governing bodies and senior management are the parties best served by the defense mechanisms and are in the best position to help guarantee that the three defense mechanism model is applied to all control and risk management processes in the Company.

The Enel Group's risk management system is subject to periodical tests and audits, accounting for the performance of corporate operations, best practices and internal and international guidelines, such as ISO 31000:2018 (G31000) and COSO (Committee of Sponsoring Organizations of the Treadway Commission), etc.

The Company has a Crisis Committee whose purpose is to guarantee clarity, speed, and efficiency in decision-making and internal and external communications on matters that may compromise people's safety, the continuity of the public service and the business, the environment, asset protection, and the Company's image and reputation, as well as minimize the impact on stakeholders and guarantee that normal operations will be rapidly restored.

The Company seeks protection from all risks that may affect its ability to accomplish its objectives, which, among others, are detailed below:

**Financial:** covers market risk (related to changes in the macroeconomic environment caused by changes in interest rates, exchange rates, and inflation expectations) and credit risk (the possibility that counterparties do not fulfill their commitments).

**Regulatory:** risks arising from changes promoted by regulatory bodies.

**Business (Market / Commodities):** covers risks related to the uncertainty of certain key variables inherent to the business, such as the characteristics of demand and the industry.

**Operational:** risks arising from inadequate internal processes or external events.

**Strategic:** risks related to innovation, investment plans, new customers, new players, cybersecurity, employee retention, and business continuity.

**Sustainability:** environmental, social, and implicit business governance risks, including:

**Environmental risk:** originated by the impact of Company operations on the environment, including biodiversity and resource exploitation, as well as climate change related risk.

**Social risk:** social conflicts or community-driven demands whose intensity may jeopardize the continuity or operations, and risk related to own employees or third-party employees.

**Governance risk:** risks that could arise from illicit behavior, such as corruption or lobbying activities by Company personnel or contractors and anticompetitive practices.

**Image/Reputation:** risks concerning a deterioration in the Company's image.

**Legal:** risks related to civil, strategic, consumption, environmental lawsuits, as well as contract terminations, labor and fiscal lawsuits.

**Cybersecurity:** risk related to information security and cyberattacks.

**Risk emerging from personal information protection:** risk arising from not complying with privacy and data protection laws, or contract breaches regarding delivered products or services.

**Risk arising from digitalization,** IT system efficacy and system continuity: risk derived from system failures or weaknesses, including cyberattacks.

According to ISO 31000:2018, risk taxonomy and management involves the entire risk evaluation process (identification, analysis, and valuation), clearly identifying the risks under evaluation and respective probabilities and impacts, quantified before and after the implementation of mitigation measures. Once the risk evaluation process is finalized, each department is responsible, along with the risk management department, of treating such risks to reduce the level of risk, probability of occurrence and impact through preemptive management, which is presented to the Board of Directors and Senior management on a monthly basis.

Risk groups and treatment are presented below:

**Financial:** The Company follows Enel Group's global Financial Risk Management policy, which establishes parameters to protect the Group from potential loss from financial operations, as well as failure in recording, monitoring and evaluation processes. The Sarbanes-Oxley Act guides internal controls and the financial information preparation and communication process. Internal controls are monitored and evaluated twice a year through the GRC corporate system. The Company relies on the South American Risk Control department to calculate the credit score of its counterparties in all South American countries (Brazil, Argentina, Peru, and Colombia) before entering into contracts, utilizing criteria that classifies the counterparty's risk level to limit the Company's exposure to each counterparty (collateral is defined case by case depending on the counterparty's liquidity level). Also, this type of exposure is measured on a daily basis through real and projected daily cash flows and allows planning for an adequate allocation of available resources. The Company also utilizes derivatives with the sole purpose of protecting its financial positions exposed to exchange rate and interest rate variations.

**Regulatory:** To manage these risks, the Company monitors the parameters that influence electricity tariffs in different scenarios, including projected hydrological conditions.

**Business (Market/Commodities):** Energy price fluctuation risk is managed by teams that specialize on energy markets, responsible for evaluating the evolution of demand and the hydrological scenario over a five-year horizon using statistical models. Based on such information, they define the Company's participation in electricity tenders. Long-term contracts include regulatory compliance assurance, minimizing penalties.

**Operational:** The most relevant risks related to operations are energy supply quality and energy losses. These risks are managed through formal commercial and operational standards and procedures. The Company has several operating systems that are also used to prevent these risks and to guarantee availability and transmission and distribution network efficiency passing through our substations to avoid regulatory sanctions due to failure in complying with limits imposed on quality and losses.

**Strategic:** Represents the risks affecting an organization's business strategy or strategic objectives. These risks are managed by Enel Chile's Risk Control department using the "Risk Matrix," which includes risks related to strategy, scenarios, operations, legal, government, regulation, cybersecurity, sustainability, and reputation.

**Sustainability:** The Enel Group and Enel Chile have committed to make specific contributions to six of the 17 Sustainable Development Goals (SDGs): quality education (SDG 4), affordable and clean energy (SDG 7), decent work and economic growth (SDG 8), industry, innovation, and infrastructure (SDG 9), sustainable cities and communities (SDG 11), and climate action (SDG 13). This commitment responded to the Company's sustainable business model, and therefore, are part of Enel Chile's strategic plan. Not fulfilling these commitments represents a risk.

The Company also contributes to achieving other sustainable development goals.

Within the sustainability category, risks related to climate change are especially relevant not only due to their environmental impacts, but social and economic ones as well. Two types are distinguishable:

- **Physical risk related to climate change:** risks related to the appearance of extreme climate conditions, or gradual but structural changes in climate conditions. Extreme weather events may expose Enel to prolonged asset and infrastructure unavailability, recovery costs, customer dissatisfaction, etc. Recurrent changes that impact the resources required to generate electricity or those that affect demand, such as droughts and increased temperature.

Geographical and technological diversity used in the generation process and proper predictive measurements of climate phenomena allow managing and mitigating changes caused by climate patterns.

Also, large investments have been made in making distribution networks resilient to inclement weather. All Group departments have ISO 14001 certification, and through the internationally known Environmental Monitoring Systems (EMS), potential sources of risk are monitored to detect any critical condition promptly.

- **Low carbon economy transition risk** may involve risk related to regulation, political, legal, technological and market changes, with short-, medium-, and long-term effects. Enel Chile's competitive advantage in risk management is belonging to a Group that operates in a more mature market, allowing to share best practices in regulation, technology, market, etc.

In terms of managing social risks, it is important to highlight:

- Social conflicts in countries where their intensity could jeopardize the continuity of operations. To face these potential impacts, Enel has created contingency management plans and processes. The Company is aware of the strategic role of energy in the country, and therefore prioritizes the continuity of electricity generation, supply of electricity to customers, and employees and contractor personnel safety.

- Conflicts originating in communities nearby generation plants. Enel is continuously communicating with local communities through regional specialized teams. The Company aims to create conditions that allow for long-term socioeconomic development by making social investments in their operating areas and co-designing common growth perspectives with communities.

- Risk caused by work-related accidents affecting employees and contractors. Enel mitigates these risks by promoting a safety culture including highlighting policy definitions and integrating safety into processes and training, among others.

- Risk related to attracting and retaining employees through the energy transition period. To face these challenges, Enel relies on diversity, management, and talent promotion policies. The Company carries out different initiatives that aim to harmonize work life and personal life and promote employee education and growth through scholarships and courses.

Regarding governance risk, it is important to highlight:

- To manage risk arising from employees or contractors' illicit behavior, including corruption, lobbying activity, and anticompetitive practices, among others, Enel relies on its Internal Control and Risk Management System based on norms and business procedures.
- Human rights violations are properly raised and addressed with action plans to solve breaches.

**Image and Reputation:** Risk of negatively impacting the Company's public image and damaging its trust relationship with shareholders.

**Legal:** Risk related to potential losses due to fines, penalties, or compensation as a result of supervision and control authorities, as well as losses stemming from unfavorable judicial or administrative (civil, strategic, consumption, contract termination, labor and fiscal) proceedings.

**Cybersecurity:** Digitalization is a fundamental aspect of growth and development in the Enel Group, which also increasingly exposes the Company to cyberspace risk and threats. As this is a transversal risk with similar forms and impacts throughout the world, the Company has a specialized department named Computer Emergency Response Team (CERT) that monitors and supports all Group companies, and is unique, centralized, and highly prepared. The CERT is part of the Cybersecurity department, composed of the Technical Office, which continuously (24x7x365) monitors and protects facilities from a wide array of attacks to which the Company is exposed, the Software Operation Center (SOC), which analyzes and studies the different problems that affect systems in its search to continuously improve the Company's protection on all fronts. The CERT is headquartered in Italy and Spain and relies on a local manager and an office in every South American country responsible for informing potential local risks and taking all measures necessary to guarantee operational continuity.

Additionally, the risk matrix includes transversal risk related to:

- **Personal data protection:** Gathering and dealing with personal data is one of the most important challenges of the market digitalization and globalization era. Enel Chile faced this challenge by accelerating its digital transformation process as the number of customers increases. This implies a natural exposure to risk related to managing personal data and broader data privacy legislation. Mishandling data may cause losses and economic, financial, and reputational damage to the Group and to individuals. To manage and mitigate this risk, Enel has adopted a framework to guarantee personal data protection of all people with whom it interacts. To do so, Enel Chile complies with current legislation in Chile, mainly Law 19,628 on Private Life Protection, and is gradually implementing the European General Data Protection Regulation (GDPR). Even though this regulation is not law in Chile, the Enel Group intends to elevate its protection standards to the requirements

of the GDPR. Therefore, it is currently in the process of appointing a Data Protection Officer (DPO) who will be responsible for making data protection a key element in the business activity of all departments.

- **Digitalization, IT efficacy and service continuity:** Enel is currently undertaking a digital transformation process of the entire management value chain, developing new business models and digitalizing its processes. Therefore, it is increasingly exposed to risk related to the operation of information technology (IT) systems throughout the Company, which may cause interruptions or data loss. To mitigate this risk, the Global Digital Solutions (GDS) unit has established an internal control system that has set controls throughout the value chain. Enel is also promoting a digital culture throughout its companies to successfully drive the digital transformation process and mitigate associated risk.

The organizational risk management structure in the Enel Group relies on a global risk management committee that has the following duties: approve the risk policy proposed by the Holding's Risk Controller, approve proposed exposure limits; authorize limit breaches; define risk strategies by identifying action plans and instruments to mitigate risk, and supervise overall risk management and control.

Within each Group company, the risk management process is decentralized. The manager responsible for the operational process where a specific risk exists is also responsible for such risk's treatment, mitigation and control measures.

To monitor compliance with internal policies, including those related to risk, the Company relies on its Internal Audit department, responsible of periodically auditing and verifying that established controls and policies are fully functional.

In complying with the global commitments regarding sustainability (ESG, Dow Jones Sustainability Index, SDG), the Risk Management department, along with the Sustainability

department, developed a methodology to identify the risks that affect the Company's compliance with these commitments, directly involving all responsible units, raising awareness on the importance of sustainability to the Company and the world in general, the sustainable risk matrix.

The Enel Group enforces an Ethics Code that contains all the ethical commitments and responsibilities to be followed while executing business activities and corporate operations by all employees of the Company, including senior management, employees, or partners related in some way to the Company.

## Interest rate risk

Interest rate fluctuations modify the fair value of assets and liabilities that accrue interest at fixed rates, as well as future flows of assets and liabilities based on a variable interest rate.

The objective of interest rate risk management is to achieve a debt structure balance that allows minimizing the cost of debt and maintaining low income statement volatility.

The comparative financial debt structure of the Enel Chile Group, regarding fixed and hedged interest rate to total debt, net of derivatives, is the following:

	12-31-2019 <sup>1</sup> %	12-31-2018 %
Fixed Interest Rate	98 %	71 %

Depending on the Group's estimates and debt structure objectives, hedging operations are performed by purchasing derivatives that mitigate these risks.

## Exchange rate risk

Exchange rate risks are primarily related to the following transactions:

- > Debt incurred by the Group's companies in currencies different from their respective operational cash flow currency.
- > Payments in currencies different from their respective operational cash flow currency, such as payments of project-related materials and corporate insurance policies, among others.
- > Revenues in the Group's subsidiaries that are directly linked to currencies different from their respective operational cash flow currency.

To mitigate exchange rate risk, the Enel Chile Group seeks to maintain a balance between flows indexed in US dollars or local currencies, should there be any, and levels of assets and liabilities in such currencies. The objective is to minimize cash flow exposure to exchange rate fluctuations.

The instruments currently used to comply with this policy are currency swaps and exchange rate forwards.

## Commodities risk

The Enel Chile Group is exposed to certain commodity price fluctuations, primarily through:

- > Fuel purchases in the electricity generation process.
- > Energy trading operations in local markets.

<sup>1</sup> On September 30, 2019, EGP del Sur and EFI agreed to modify the Credit Contract once more, on the following terms: (i) modify the interest rate, from variable to fixed, to 2.82% per annum, paying interest semiannually. Modify the semiannual amortization schedule, as of June 30, 2024, maintaining the prepaid voluntary cost of bankruptcy (modifying the cost of bankruptcy definition); and maintaining the maturity date, December 31, 2027. The balance of debt, as of December 31, 2019, amounts to US\$ 644 million, equivalent to ThCh\$ 482,466,643 (US\$ 644 million as of December 31, 2018 and 2017 equivalent to ThCh\$ 447,431,880 and ThCh\$ 395,899,000, respectively). This is a bullet loan, guaranteed by Enel Chile S.A.

To reduce risk in situations of extreme drought, the Group has designed a commercial policy, defining levels of sale commitments, in accordance to its power plants' generation capacity during a dry year, including risk-mitigation clauses in some contracts with non-regulated customers. Sales to regulated customers that are subject to long-term tender processes, include indexation clauses that reduce commodity price exposure.

Considering the operating conditions faced by the electricity generation market in Chile such as droughts and commodity price volatility in international markets, the Company is constantly evaluating the convenience of hedging to mitigate the impact of price fluctuations on profits.

As of December 31, 2019, there were swap operations outstanding for 1,412 kTon of API2 to be settled in 2020, 1,059 KBbl of Brent oil to be settled in 2020, and 4.79 of Henry Hub to be settled in 2020.

As of December 31st, 2018, there were swap operations outstanding for 432 kTon of API2 to be settled in 2019, 994 KBbl of Brent oil to be settled in 2019, and 0.2 TBtu of Henry Hub gas to be settled in 2019 (figures are net position hedged).

## Liquidity risk

The Group's liquidity is provided by sufficient committed long-term credit facilities and short-term financial investments to finance projected needs for a certain period of time, which is calculated as a function of the overall situation and expectations regarding debt and capital markets.

These projected needs referred to above include **net** financial debt maturities, in other words, after financial derivatives. For further detail regarding characteristics and conditions of financial debt and financial derivatives, see Notes 21 and 23.

As of December 31, 2019, the liquidity of the Enel Chile Group amounted to Ch\$ 235,685 million in cash and cash equivalents, and Ch\$ 146,269 million in unconditional committed long-term credit lines. As of December 31, 2018, the liquidity of the Enel Chile Group amounted to Ch\$ 245,175 million in cash and cash equivalents, and Ch\$ 416,862 million in unconditional committed long-term credit lines.

## Credit risk

The Enel Chile Group conducts a detailed credit risk follow-up.

## Trade accounts receivables

Credit risk associated to accounts receivables stemming from commercial activity has historically been limited, mainly due to short-term payment deadlines that prevent clients from accumulating significant individual amounts. This is applicable to the generation business as well as the distribution business.

In the generation business, supply disruption is a possibility in the event of non-payment in some non-regulated customer contracts, and payment defaults are included in contracts as a cause for contract termination. For this purpose, and although the risk is limited, credit risk and maximum amounts exposed to payment risk are constantly measured and monitored.

In the case of the distribution business, Group companies have the authority to disconnect supply due to contract breaches by customers. Disconnection is applied according to current regulation, which facilitates the credit risk evaluation and control process, which is also limited.

# Financial assets

Investments of cash surpluses are made in first class domestic and foreign financial institutions, within the limits established for each entity.

Banks considered for investments have investment grade qualification, considering the three major international rating agencies (Moody's, S&P and Fitch).

Investments may be backed by Chilean Treasury bonds and securities issued by first-class banks, prioritizing the latter as they offer better returns (always within existing investment policy guidelines).

## Risk measurement

The Enel Chile Group measures the Value at Risk of its debt and financial derivatives to monitor the risk taken by the Company, thus limiting income statement volatility.

The positions included in the portfolio used to calculate the present Value at Risk include:

- > Financial debt.
- > Debt-hedging derivatives.

The calculated Value at Risk represents the potential loss of value of the portfolio described above in one quarter, with 95% confidence. To this effect, the Company studied the volatility of variables at risk that affect the value of the portfolio, with respect to the Chilean peso, which includes:

- > US dollar Libor Rate
- > Exchange rates of currencies included in the calculations.

The calculation of Value at Risk is based on the extrapolation of future market value scenarios (one quarter out) of the variables at risk in scenarios based on real observations for the same period (quarter), for five years.

The Value at Risk for the next quarter, with 95% confidence, is calculated as the percentile of the most adverse 5% of possible quarterly changes.

Based on the hypotheses above, the Value at Risk for the aforementioned positions, one quarter out, is Ch\$ 237,095 million.

This amount represents the potential increase in the debt and derivatives portfolio and is therefore intrinsically linked to the value of the portfolio at the end of the quarter, among other factors.



# Other risk factors

**Economic fluctuations in Chile, as well as certain economic measures by government authorities, policies and financial events, or other crises in Chile or abroad could affect the results of operations and financial condition of the Company, as well as the value of our securities.**

All operations of Enel Chile are situated in Chile. Therefore, its revenues are affected by the performance of the Chilean economy. In addition, Chile is also vulnerable to external shocks, including financial and political events, which could cause significant economic difficulties and affect growth. If Chile's economy goes into a recession, or the growth rate is lower than expected, electricity demand will possibly decline, and some customers may face difficulties in paying their electricity bill, possibly increasing the Company's uncollectible accounts. Either one of these situations could adversely affect results of operations and the financial condition of the Company. Financial and political events in other parts of the world can adversely affect the business. For example, since 2018, the United States and China have been involved in a trade war involving protectionist measures that has increased the volatility of financial markets worldwide due to the uncertainty of political decisions. Instability in the Middle East, or in any other major oil-producing region, could also result in higher fuel prices worldwide, increasing the operating cost for our thermal generation plants, unfavorably affecting the Company's operational results and financial condition.

An international financial crisis and its disruptive effects on the financial industry could negatively affect the Company's ability to obtain new financings under the same historical terms and conditions it has secured in the past. Political and financial events, or other crises, could also diminish the Company's ability to access Chilean and international

capital markets, or increase available interest rates. Reduced liquidity, in turn, could adversely affect capital expenditures, investments, and long-term acquisitions, growth projections and dividend payout policy. Insufficient cash flows could result in the inability to meet debt covenant restrictions, increasing subsequent financings.

The Chilean government exerts its influence over several aspects of the private sector, which may result in changes in the economy or other policies. Future negative developments in Chile, including political and financial events, other crises, changes to policies regarding foreign exchange controls, regulations, and taxation may impair the Company's ability to execute its business plan, and could adversely affect its operational results and financial condition. Inflation, devaluation, social instability, and other political, economic, or diplomatic events, including the way in which governments may react to different circumstances, could also reduce profitability. Chilean financial and securities markets are influenced by economic and market conditions in other countries and may be affected by international events, which could unfavorably affect the value of the Company's securities.

The Company is exposed to economic and political volatility, as well as civil unrest in Chile. Changes in social, political, regulatory, or economic conditions, or in laws and policies that govern foreign trade, manufacturing, or development and investment in Chile, in addition to other crises and political uncertainty, could negatively affect the country's growth. In October and November 2019, Chile began to experience social turmoil in Santiago and other cities across the country, triggered by a public transportation fare increase. As a result, on October 19, the government decided to declare a state of emergency. Additionally, it launched various political, social, and economic reforms, including a guaranteed minimum wage, increase in pensions, stabilization of electricity costs, a higher tax bracket for high-income earners, a new health insurance program, pay cuts for the members of the Chilean Congress and certain civil employees, as well as the beginning of a process to create a new Constitution.



In response to the massive demonstrations and riots occurred during October and November of 2019, the government approved calling for a national referendum in April 2020 to decide whether to create a new Chilean Constitution, and if so, whether a popularly elected assembly or a combination of current legislators and a popularly elected assembly would draft the new Constitution. The existing Constitution has been in place since 1980, and any new Constitution could alter the Chilean political situation, potentially change existing rights, including rights to exploit natural resources, water rights or property rights, which could affect the Chilean economy and its business outlook as well as the Company's operational results and financial condition.

These reforms may not be enough to reduce the protests, which could increase or worsen. The continuity of massive protests and civil unrest in Chile, and the government's response to these actions, could have an adverse effect on the economic conditions of Chile and the Company's business, operational results, and financial position.

**The Company's businesses depend heavily on hydrology and are affected by droughts, flooding, and other meteorological conditions, which have become more frequent and severe due to climate conditions.**

Approximately 49% of the Company's installed capacity in 2019 was hydroelectric. Accordingly, arid hydrological conditions could negatively affect the business, operational results, and financial condition. Results have been adversely affected when hydrological conditions in Chile have been below their historical average.

The Company's subsidiary Enel Generación Chile has entered into certain agreements with the Chilean government and local irrigators regarding the use of water for hydroelectric generation purposes during periods of low water levels. However, if droughts persist, the Company may face increased pressure from the Chilean government, or third parties, to further restrict water use.

Our operating expenses also increase during drought periods when thermal power plants, which have higher operating costs relative to hydroelectric power plants, are dispatched more frequently. The Company may have to buy electricity at higher spot prices to comply with contractual supply obligations. The cost of these electricity purchases may exceed the contractual electricity sale prices, potentially producing losses in those contracts.

Droughts also affect the operation of thermal power plants, including facilities that use coal, diesel, or natural gas, in the following ways:

- Thermal power plants require water for cooling, and droughts in extreme conditions may reduce the availability of water and therefore increase its transportation costs. As a result, water had to be purchased for the San Isidro power plant from areas that are also experiencing water shortages. These water purchases may increase operating costs and may require negotiations with local communities.
- Thermal power plants generate emissions such as nitrogen monoxide (NO), carbon dioxide (CO<sub>2</sub>), carbon monoxide (CO), sulfur dioxide (SO<sub>2</sub>), and particulate matter into the atmosphere. Therefore, greater use of thermal power plants during droughts increases the risk of producing higher levels of greenhouse gas emissions, which decreases operating income due to the payment of emissions taxes.

A full recovery from the drought that has affected the regions where most of the Company's hydroelectric power plants are located may last for an extended period, and new drought periods may occur in the future. Prolonged droughts may exacerbate the risks described above and may have a further negative effect upon the business, operational results, and financial condition.

Our distribution business is also affected by inclement weather. Extreme temperatures can increase demand significantly within a very short time period, which may put a strain on the service and could result in service disruptions that could be subject to fines. Depending on weather conditions, results obtained in the distribution business may vary significantly from one year to the next. For example, during severe rainstorms in 2017, high gusts of wind brought down part of the electricity network, and 125,000 customers were left without electricity. In July 2017, a strong snowstorm hit the Santiago Metropolitan Region, causing massive damage to the region's electrical infrastructure and a blackout that affected 342,000 customers and 17% of the Company's feeders. This was the most damaging snowstorm to hit Santiago since 1970, and left parts of the city without power for more than a week. These events triggered emergency responses that increased costs significantly, including payments related to damage compensation, fines, network maintenance, and a tree trimming program.

**The Company is subject to physical, operational, and financial risks related to climate change effects, and potential business risks resulting from climate change legislation and regulation to limit greenhouse gas emissions.**

In addition to meteorological risks that affect hydrology, solar and wind generation facilities are highly dependent on suitable solar and wind conditions, which, even under normal operating circumstances, can vary greatly. Climate change may also have long-term effects on wind patterns and the amount of solar energy received at any particular solar facility, reducing the output of electricity generated there. Even though the Company bases its decisions for each renewable energy facility on solar and wind studies, actual conditions may not reflect the results of these studies, possibly affected by changes in weather patterns, including the potential impact of climate change. Additionally, severe weather may damage critical components of renewable power generation systems, including turbines, solar panels, and inverters.

If renewable energy production falls below anticipated levels, the Company would have to dispatch back-up thermal power plants to make up the shortfall in electricity generation.

Thermal power plants have higher operating costs and generate greenhouse gas emissions. Also, the Company may need to buy electricity in the spot market to fulfill contractual supply obligations of solar and wind generation facilities, which may be at prices higher than the contracted electricity sale prices. These impacts could increase costs or result in losses and have a material adverse effect on the business, operational results, and financial condition.

Future climate change legislation and regulation restricting or regulating greenhouse gas emissions could result in increased operating costs and have a material adverse effect on the Company's business, operational results, and financial condition. The adoption and implementation of any international treaty, or any legislation or regulation imposing new or additional reporting obligations on or limiting emissions of greenhouse gases in the Company's facilities, may require incurring additional costs to comply with such requirements, and possibly require reducing or limiting greenhouse gas emissions in these facilities. These higher compliance standards may involve additional costs to operate and maintain equipment and facilities, install emission controls, or pay taxes and fees related to greenhouse gas emissions, which could have a material adverse effect on the business, operational results, and financial condition.

**Governmental regulations may unfavorably affect the business, cause delays, impede the development of new projects, or increase the costs of operations and capital expenditures.**

Our businesses and the tariffs charged to its customers are subject to extensive regulation that may negatively affect profitability. For instance, governmental authorities may impose rationing policies during droughts or prolonged failures in power facilities, which may adversely affect the business, operational results, and financial condition.

Some aspects of the Chilean electricity law have been subject to significant regulatory changes, and such changes may have an impact on the Company's operations and profitability. For instance, in the context of the social crisis that began in October 2019, the government established a transitional mechanism to stabilize electricity prices for customers under

the regulated price system. Such mechanism eliminates the 9.2% price increase that had been applied to regulated customers in July 2019 and defers the price increase for the sale of electricity under contracts between generation and distribution companies that start before 2021. A price stabilization fund will be implemented by the CNE and will be financed by companies in the generation industry, which includes subsidiary Enel Generación Chile, expected to enable generation companies to recover from the consequences of lost revenues beginning December 31, 2019. The Company expects a financial loss due to revenue deferral because generation companies must bear the financial cost of the fund. Other Chilean electricity sector regulations may also affect the ability of generation companies to collect enough revenue to cover their operating costs, affecting the Company's future profitability. The Chilean Congress is currently discussing a reform in electricity distribution tariffs, which, if approved, could reduce future profitability. It is possible that recently prevailing social and political pressure may influence regulators in deferring tariff adjustments scheduled for 2020, which would accrue.

The operations of subsidiaries are also subject to environmental regulations that, among other things, requires performing environmental impact studies on future projects in order to obtain construction and operating permits from local and national regulators. Governmental authorities may withhold or delay the approval of these permits until the completion of environmental impact studies. Therefore, the processing time may be longer than expected. Environmental regulations for existing and future generation capacity have become stricter and have required increased capital investments. Any delay in meeting the required emission standards may constitute a violation of environmental regulations. Failure to certify the original implementation and ongoing emission standard requirements of such monitoring systems may result in significant penalties and sanctions or legal claims for damages. Expectations suggest that more restrictive emission limits will be established in the future. The Company is also subject to an annual "green tax" based on greenhouse gas emissions from the previous year. Such taxes may increase in the future and discourage thermal electricity generation.

Changes to the regulatory framework are often submitted to legislators and administrative authorities, and some of these changes could have a material adverse effect on the Company's business, operational results, and financial condition.

### **The Company's business faces risks from the promotion of decarbonization efforts nationally and globally.**

In June 2019, the Chilean government announced its plan to phase out coal from its energy matrix entirely by 2040 and achieve carbon neutrality by 2050. Under this plan, Enel Generación Chile and GasAtacama Chile S.A. ("GasAtacama", now merged into Enel Generación Chile) signed an agreement with the Chilean Ministry of Energy. The protocol defines the process for the progressive closure of coal-fired power plants Tarapacá (158 MW), Bocamina I (128 MW), and Bocamina II (350 MW). Under this agreement, Enel Generación Chile is irrevocably obligated to close Tarapacá, Bocamina I, and Bocamina II coal power plants. The Tarapacá plant was closed in December 2019. The deadlines for closing Bocamina I and II are December 31, 2023, and December 31, 2040, respectively.

Although the Chilean government's plan to achieve decarbonization may overlap with the Company's sustainability strategy, the actual implementation of government targets may exert considerable pressure on the Company and its ability to satisfy contractual obligations with other cleaner sources. In turn, this may increase expenses, decrease profitability, and limit the ability to fully satisfy electricity demand.

### **Regulatory authorities may impose fines on subsidiaries due to operational failures or breaches on regulation.**

Our Electricity businesses are subject to regulatory fines for any breach of current regulations, including failure to supply electricity. Generation subsidiaries are supervised by local regulatory entities and may be subject to fines in cases where the regulator determines that the company is responsible for the operational failures that affect the regular supply of electricity to the system, including coordination issues. Regulations establish end customer compensation when energy is interrupted for more than the standard permitted time due to events or failures affecting transmission facilities.

In 2017, Enel Distribución was fined by the Superintendence of Electricity and Fuel for a total amount of 160,000 UTM (Ch\$ 8 billion) due to various claims of infractions related to extreme inclement weather during June and July of 2017. Enel Distribución was also fined for a total amount of 35,611 UTM (Ch\$ 1.8 billion) in 2017 due to breaches of electricity supply quality standards. For further information on fines, please refer to Note 36.3 of the Consolidated Financial Statements.

**The Company depends on payments received from subsidiaries and affiliate companies to meet its payment obligations.**

In order to pay its obligations, the Company relies on cash from dividends, loans, interest payments, capital reductions, and other distributions from subsidiaries. These payments and distributions made to the Company are subject to legal constraints, such as dividend restrictions and fiduciary obligations.

**Contractual Constraints:** Distribution restrictions included in certain credit agreements with subsidiaries may prevent dividends and other distributions to shareholders if certain specified financial ratios are not met. Company credit agreements generally prohibit any type of distribution in case of ongoing default.

**Operating Results of Subsidiaries:** The ability of subsidiaries to pay dividends, make loan payments or other distributions is limited by their operational results. To the extent that cash requirements exceed cash availability, such subsidiary will not be able to distribute cash to the Company.

Any of the situations described above could adversely affect the Company's business, operational results, and financial condition.

**The Company is involved in litigation proceedings.**

The Company is involved in various litigation proceedings that could result in unfavorable decisions or financial penalties. It will continue to be subject to future litigation proceedings, which could cause material adverse consequences to the business. The financial condition or operational results could be unfavorably affected if the defense of lawsuits or proceedings is unsuccessful. For further information on litigation proceedings, please refer to Note 36.3 of the Consolidated Financial Statements.

**Power plant projects may encounter opposition from different groups, which could cause significant delays, stoppages, cost overruns, damaged reputation, and potentially deteriorate stakeholders' image of the Company.**

The Company's power plant projects may face delays in obtaining regulatory approvals or may face shortages and increases in the price of equipment, materials, or labor. They may be subject to construction delays, strikes, inclement weather, natural disasters, civil conflicts, accidents, and human error. Any of these events could negatively affect the Company's results and financial condition.

Market conditions may change significantly between the approval and completion of a project, which in some cases may decrease a project's profitability or feasibility. This has been the case with several past projects, which were initially planned under different market conditions when energy prices were higher and there was less competition. Deviations in market conditions, such as time and expenditure estimates, may cause cost overruns and significant delays in project completion that may adversely affect the Company's business, operational results, and financial condition.

Operating thermal power plants, especially those that are coal-fired, may affect the Company's relationship with its stakeholders due to greenhouse gas emissions that could unfavorably affect the environment and nearby residents. Furthermore, external stakeholders could influence a community's interests or perception of the Company. If we cannot address all relevant stakeholders properly, the Company may face opposition, which could negatively affect its reputation, stall operations, or lead to litigation threats or actions. Enel Chile's reputation is the foundation of relationships with stakeholders. If the Company cannot handle sensitive issues effectively, its business, operational results and financial condition could be adversely affected.

Damage to the Company's reputation may exert considerable pressure on regulators, creditors, and other stakeholders, possibly leading to the abandonment of projects and operations. This could cause the share price to drop and hinder the Company's ability to attract and retain valuable employees. Any of these outcomes could result in a deteriorated image towards stakeholders.

**Political events or financial or other crises in any region worldwide can have a significant impact on Chile, and consequently may adversely affect operations and liquidity.**

Chile is vulnerable to external shocks, including financial and political events that could cause significant economic difficulties and affect growth. If Chile experiences lower than expected economic growth or a recession, it is likely that consumer demand for electricity will decrease and some customers may have difficulties paying their electric bills, possibly increasing uncollectible accounts. Any of these situations could adversely affect the Company's operational results and financial condition.

Financial and political events in other parts of the world could also negatively affect the business. For instance, since 2018, the United States and China have been immersed in a trade war involving protectionist measures that has increased the volatility of financial markets worldwide due to the uncertainty of political decisions. Instability in the Middle East, or in any other major oil-producing region, could also result in higher fuel prices worldwide, increasing the operating cost for our thermal generation plants, adversely affecting the Company's results of operations and financial condition.

The federal government of the United States has experienced shutdowns in recent years. The 2018 – 2019 U.S. government shutdown, the longest in U.S. history, lasted 35 days and affected most federal agencies, including the Securities and Exchange Commission (SEC). Even temporary shutdowns or threats to shut down the U.S. government could have a material adverse effect on the timing, execution, and increased expenses associated to the Company's main transactions and reorganizations within the SEC's jurisdiction.

An international financial crisis and its disruptive effects on the financial industry could also negatively affect the Company's ability to obtain new financings under the same terms and conditions it has secured in the past. An international sanitary crisis, such as the one brought by the COVID-19 virus, which became a global issue in December 2019, could seriously affect the Company and its business partners. These effects could cause an increase in the price of goods, as well as a recession that would affect electricity demand.

Political and financial events, or other crises, could also diminish the Company's ability to access Chilean and international capital markets, or lead to higher interest rates. Reduced liquidity, in turn, could adversely affect capital expenditures, investments, and long-term acquisitions, growth projections and dividend payout policy.

Changes in social, political, regulatory, or economic conditions, or in laws and policies that govern foreign trade, manufacturing, or development and investment in Chile and other countries in Latin America could adversely affect the Company's business, operational results and financial condition. For example, in addition to the social unrest and riots in Chile, massive protests were also held against the governments of Colombia, Bolivia, and Ecuador, as well as an economic crisis in Argentina and a constitutional crisis in Peru. Protests, riots, and other political crises could continue or even escalate, which could adversely impact the economies of those countries and affect the Company's business, operational results, financial condition, and value of our securities.

**The Company may be unable to make suitable acquisitions or successfully integrate acquired businesses.**

On an ongoing basis, the Company reviews acquisition prospects that may increase its market share or provide synergies with existing businesses, but there can be no assurance that the Company will be able to identify and acquire such suitable companies in the future. The acquisition and integration of independent companies not under the Company's control is generally a complex, costly and time-consuming process that requires significant effort and expenditures. If the Company makes further acquisitions, it could incur in substantial debt, take on unknown responsibilities, potentially lose critical employees, be forced to amortize expenses related to tangible assets, and divert management's attention from other business concerns.

Integrating acquired businesses may be difficult, expensive, time-consuming, and a strain on the Company's resources and relationships with employees and customers. Ultimately, these acquisitions may not be successful or may not achieve the expected benefits. Any delays or difficulties encountered in connection with acquisitions and the integration of their operations may have an adverse effect on the Company's business, operational results, and financial condition.

**The Company's business and profitability could be unfavorably affected if water rights are denied or if water concessions are granted with limited duration.**

The Company owns water rights granted by the Chilean Water Authority (DGA in its Spanish acronym) for the supply of water from rivers and lakes near production facilities. Currently, these rights are (i) for an unlimited duration period, (ii) absolute and unconditional property rights, and (iii) not subject to further challenge. Chilean generation companies must pay an annual fee for unused water rights. New hydroelectric facilities are required to obtain water rights, whose conditions may affect the design, timing, or profitability of a project.

The Chilean Congress has discussed proposed amendments to the Water Code since 2014 to prioritize the use of water by defining its access as a basic human need that must be guaranteed by the state. The amendments would give precedence to water use for human consumption, domestic and sanitary subsistence, in both granting and limiting the exercise of exploitation rights. Restrictions enacted to preserve environmental flows would also reduce water availability for generation purposes. To date, no resolutions regarding these amendments have been approved by the Chilean Congress.

Any limitation to Company water rights, to the granting of additional water rights, or to the duration of water concessions could have a material adverse effect on hydroelectric development projects and profitability. To the date of this report, there have been no resolutions, and therefore, the uncertainty persists.

**Foreign exchange risks may unfavorably affect the Company's results and the U.S. dollar value of dividends payable to ADS holders.**

The Chilean peso has been subject to devaluations and appreciations against the U.S. dollar and may be subject to significant fluctuations in the future. For example, the Chilean peso depreciated 7.2% against the U.S. dollar in 2019 and reached Ch\$ 828.25 on November 28, 2019. The Chilean peso continues to devalue against the U.S. dollar in 2020, reaching an observed exchange rate value of Ch\$ 841 per U.S. dollar on March 9, 2020. Enel Chile pays dividends in Chilean pesos. Historically, a significant portion of the Company's

consolidated debt has been in U.S. dollars. Even though a substantial portion of its operating cash flows is linked to the U.S. dollar, the Company is generally, and will continue to be, exposed to fluctuations in the Chilean peso against the U.S. dollar because of time lags and other limitations to adjust electricity rates to the U.S. dollar, in addition to potential difficulties in financing debt in the same currency as operational cash flows. Due to this exposure, the value of the cash that Company subsidiaries generate can substantially decrease as the Chilean peso devaluates against the U.S. dollar. Future volatility in the exchange rate of the currency in which the Company and its subsidiaries receive revenues or incur expenditures may adversely affect the business, operational results, and financial position.

**Long-term electricity sales contracts are subject to fluctuations in the market prices of certain commodities, energy, and other factors.**

The Company's electricity generation business is exposed to fluctuations in the market price of certain commodities due to its the long-term energy sales contracts. As a selling party, the Company has important commitments stemming from long-term electricity sales contracts. The price of these contracts is indexed to the price of commodities, exchange rates, inflation, and the market price of electricity. Adverse changes to these indices would reduce the rates the Company charges under these contracts, which could adversely affect the business, operational results, and financial condition.

**Risk in the electricity distribution business increases as liberalization of the market raises.**

The Company's electricity distribution business is exposed to fluctuations in electricity prices. Since 2016, some customers who had freely chosen to be subject to regulated tariffs have switched to the unregulated tariff regime due to lower prices. These customers are tendering their electricity needs, either directly or in association with other customers, because regulated tariffs are currently higher than unregulated tariffs because the prices of latest electricity tenders are lower than prices of previous tenders. Unregulated customers are free to choose from among alternative energy providers. This could reduce our number of customers and adversely affect the Company's business, operational results, and financial condition.



**The Company's controlling shareholder may exert considerable influence and have a different strategic view on the Company's development than minority shareholders.**

Enel SpA, Enel Chile S.A.'s ultimate controlling shareholder, holds a 61.9% ownership share of the Company and has announced its intention to acquire an additional 3% by the end of 2020. If successful, its indirect shareholding in Enel Generación Chile would reach 60.7%. Under Chilean corporate law, Enel has the power to determine the outcome of substantially all material matters that require a simple majority of shareholders' votes, such as the election of the majority of the seats on the Board and the adoption of the Company's dividend policy, subject to some contractual and legal restrictions. Enel also exercises significant influence over the Company's business strategy and operations. Enel's interests could, in some cases, differ from those of minority shareholders. Any present or future conflict of interest affecting Enel could be resolved in a manner that strays from the interests of the Company and its minority shareholders.

**The electricity business is subject to risks arising from natural disasters, catastrophic accidents, and acts of terrorism, which could unfavorably affect the Company's operations, earnings, and cash flow.**

The Company's primary facilities include power plants and transmission and distribution assets that are exposed to damage from natural disasters, such as earthquakes, and risk arising from increasingly catastrophic climate events, such as fires, tornados, and floods. A catastrophic event could cause service interruptions, significant reductions in revenue due to lower demand or additional costs arising from uninsured business interruptions. There may be time lags between an accident or catastrophic event and the final reimbursement from insurance policies, which typically carry a deductible and are subject to per event policy maximum amounts.

In mid-October 2019, widespread street demonstrations and protests erupted in Santiago and quickly spread throughout the rest of the country. These actions have become commonplace, and have since then been accompanied, at times, by looting, arson, and severe vandalism. Violent

confrontations between protesters and the police and armed forces have resulted in a significant loss of human lives and severe injuries. The accumulated damage to private and public property could amount to billions of dollars. Damage to Chile's economy, growth prospects, risk perception, and immediate repercussions in unemployment and productivity has also been significant. The Company's corporate offices suffered a severe fire on October 18, 2019, resulting in the relocation of management and headquarter employees for a prolonged period of time. An electricity substation belonging to an unrelated company in the northern area of the city of Copiapó was set on fire on November 28, 2019. Chilean public authorities have expressed their concern for the country's strategic electricity infrastructure, including power stations, transmission lines, and distribution substations. It is impossible to determine the final impact on the Company's businesses or when the violence will end; however, this social crisis could have a material long term adverse effect on the Company.

Any natural or human catastrophic disruption to the Company's electricity assets in Chile could lead to significant adverse effects on its operational results and financial position.

**The Company is subject to financing risks, such as those associated with funding new projects and capital expenditures, and risks related to refinancing maturing debt, in addition to existing debt obligations, which could damage liquidity.**

As of December 31, 2019, the Company's consolidated debt totaled Ch\$ 2,661 billion, which includes a Ch\$ 781 billion loan from Enel Finance International (EFI), a related company. As of December 31, 2019, the largest debt obligation was the US\$ 1.7 billion SEC-registered bonds issued in the U.S. under the laws of the State of New York.

Some debt agreements are subject to (1) financial covenants, (2) affirmative and negative covenants, (3) events of default (4) mandatory prepayments for contractual breaches, (5) change of control clauses for material mergers and divestitures, and (6) bankruptcy and insolvency proceeding covenants, among others.

A significant portion of the Company's financial indebtedness is subject to cross-default provisions, which have varying definitions, criteria, and materiality and applicability thresholds regarding subsidiaries, which may result in a cross-default. Debt may also become immediately due and payable in cases involving bankruptcy or insolvency proceedings of any subsidiary. Similarly, some of the Company's debtholders may decide to accelerate debt in case of cross-default events with any significant subsidiary, among other potential covenant defaults.

The Company may be unable to refinance its debt or obtain such refinancing on acceptable terms. In the absence of such refinancing, the Company could be forced to liquidate assets at unfavorable prices to pay debt obligations. Even more so, it may be impossible to sell assets fast enough or for enough money to make these payments.

The Company may also be unable to raise the necessary funds required to finish projects under development or construction. Market conditions or unforeseen project costs prevailing at the time when funds are needed could compromise the Company's ability to finance these projects and expenditures.

Inability to finance new projects or capital expenditures, refinance existing debt, or comply with covenants could adversely affect the Company's operational results and financial position.

**The Company depends on third party electricity transmission facilities. If these facilities do not provide an adequate transmission service, it may be impossible to deliver energy to final customers.**

The Company depends on transmission facilities owned and operated by unrelated companies to deliver electricity sold. This dependence exposes it to several risks. If transmission is disrupted, or if transmission capacity is inadequate, the Company may be unable to sell and deliver electricity. If a region's power transmission infrastructure is inadequate, recovery of costs of goods sold and profits may be insufficient. If restrictive transmission price regulations are imposed, the transmission companies the Company relies on may not have enough incentives to invest in expanding infrastructure, which could unfavorably affect the Company's operational results and

financial condition. The construction of new transmission lines may take longer than in the past, mainly due to new social and environmental requirements that create uncertainties as to the probability of completing projects. Additionally, the Company's thermal power plants are connected to natural gas pipelines and are subject to interruptions should the pipelines be damaged. Stoppages could force purchasing energy at the spot market price, which could be higher than the contracted fixed sale price to customers. This scenario could adversely affect the business, operational results, and financial position.

**The business could face adverse consequences if the Company is unable to reach satisfactory collective bargaining agreements with unionized employees.**

A large percentage of employees are members of unions and have collective bargaining agreements that must be renewed regularly. The business, financial condition, and operational results could be adversely affected by a failure to reach a collective bargaining agreement with any labor union, or by any agreement with a labor union that contains conditions deemed unfavorable by the Company. Chilean law provides legal mechanisms for judicial authorities to impose a collective bargaining agreement if parties are unable to come to an agreement, which could increase costs past their budget.

The Company employs many highly specialized employees, and certain actions, such as strikes, walkouts, or work stoppages by these employees could adversely impact the business, operational results, and financial condition, as well as Company reputation.

The Chilean legislative branch is currently analyzing proposed bills that could increase Company's cost per employee, such as a workweek reduction from 45 hours to 40 hours, and a 4% increase in employer contributions to pension funds. If enacted, these measures could lead to reduced productivity and higher expenses.

**The relative illiquidity of the Company's ADS and common stock could negatively impact the share price, its ability to maintain a favorable fiscal position and the Company's status as a registrant in the United States Securities and Exchange Commission.**



Chilean securities markets are substantially smaller and have less liquidity than major securities markets in the United States and other developed countries. The low liquidity of the Chilean markets may impair the ability of shareholders to sell shares, or ADS holders to sell shares withdrawn from the ADS program, on Chilean stock exchanges in the amount and at the desired price and time.

**Lawsuits brought against the Company outside of Chile, or complaints based on foreign legal concepts may have unintended outcomes.**

All the Company's investments are located outside the United States. All its directors and officers reside outside the United States, and most of its assets are also located outside the United States. If any investor were to submit a lawsuit against Company directors, officers, or experts, it may be difficult for them to notify of such legal processes in the United States, or enforce sentences obtained in U.S. courts based on civil liability provisions of U.S. federal securities laws in Chilean or U.S. courts. There is also doubt as to whether legal action could be brought successfully in Chile based solely on the civil liability provisions of U.S. federal securities laws.

**Any interruption or failure in the Company's' information systems and communications systems, and any external cyberattack or cybersecurity breach of these systems could have an adverse effect on operations and results.**

The Company operates in an industry that requires the continued use of sophisticated information technology, control, and communications systems (IT systems) and network infrastructure. IT systems are used to create, collect, use, disclose, store, dispose, and process confidential information on the Company, customers, employees, contractors, and shareholders. In this business, IT systems are critical to controlling and monitoring power plants' operations, maintaining generation and network performance, generating invoices to bill customers, achieving operational efficiencies, and meeting service quality standards. Operating generation units is not only dependent on the physical interconnection of these facilities with the electrical network infrastructure, but also on communications among the various parties connected to the network. The resilience of IT systems in managing information and communication among those parties has increased significantly since the development of smart meters and intelligent grids in Chile.

The Company's generation plants, IT systems, and other types of infrastructure, as well as the information processed by IT systems, could be affected by cybersecurity incidents, including those caused by human error. This industry has begun to see an increased volume and sophistication of cybersecurity issues from international activist organizations, nation states, and individuals, and are among the emerging risks identified in the Company's planning process. Cybersecurity incidents could affect the Company's business, limit its generation capacity, delay the development and construction of new projects or capital improvement projects in existing facilities, disrupt customer operations, or expose it to liabilities.

The Company's' business requires the collection and retention of personal information on customers, employees, and shareholders, who expect that it can adequately protect the privacy of such information. Cybersecurity breaches may expose the Company to a risk of misuse of confidential information. Theft, loss, or fraudulent use of personal information may lead to potentially large costs in notifying and protecting affected persons, and could cause the Company to become a target for litigation, losses, liabilities, fines, or penalties, which could negatively affect the Company's operational results and its reputation with its customers, shareholders, and authorities, among others. The Company may also be required to incur significant costs associated to governmental actions in response to such invasion or to strengthen IT systems and electronic controls.

The cybersecurity threat is dynamic and evolving, and is increasing its sophistication, magnitude, and frequency. The Company may not be able to implement adequate preventive measures or accurately assess the likelihood of a cybersecurity incident, which is one of the emerging risks in the Company's planification process. The Company is unable to quantify the potential impact of cybersecurity incidents on its business and reputation. These potential incidents and the corresponding regulatory action could result in a significant decrease in revenues and high additional costs, including penalties, third party claims, repair costs, increased insurance expense, litigation costs, notification and remediation costs, security costs, and compliance costs.





## 18. ETHICS AND TRANSPARENCY

# Ethics and transparency

## Internal control system

The internal control and risk management system “SCIGR” (in its Spanish acronym) consists of a set of rules, procedures and organizational structure to identify, measure, manage, and monitor the Company’s main corporate risks. Particularly, these systems utilize recommendations contained in the Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”).

The system also guarantees the traceability of risk identification, evaluation, management and monitoring measures, and considers three different types of activities:

- First level of control: All control activities that the Company’s operational units carry out to ensure that operations are executed properly.
- Second level of control: Assigned to specific corporate functions that aim to manage and monitor certain types of risk.
- Third level of control: Internal audit activities that aim to verify the structure and the functionality of the SCIGR, including monitoring first and second level control activities.

## Internal Audit

The Internal Audit department is responsible for ensuring the efficiency and efficacy of the internal control and risk management system in an objective and independent manner. Given the nature of the Internal Audit department, it reports to the Board of Directors directly at least once every quarter. This includes any serious deficiency or possible irregular situation detected that must be reported to the authorities or other competent entities, as well as events that may affect the Company’s judicial standing.

This department carries out periodical audit procedures to evaluate the performance of the Company’s operations from a risk perspective, identifying areas of improvement and facilitating, along with process owners, action plans to strengthen the Internal Control System to minimize irregular or fraudulent events that may affect the Company. The outcome of each audit and the follow up on the implementation of action plans are reported regularly to the Board, which directly supervises the execution of improvement plans.

Each audit includes control activities included in the Criminal Risk Prevention Model (MPRP, in its Spanish acronym), which contains the requirements of the Crime Prevention Model of Law 20,393, which governs Enel Chile as a company based in Chile, that promotes international best practices to prevent and detect potential risks of illegal behavior, fraud, and any other action that may be in conflict with Enel Group’s ethical principles.

In 2019, the Audit and Compliance Manager had access to the Board of Directors’ Meetings held in January, February, March, July, August, and September, to report all previously described issues, as well as the management of the ethics channel.

## Ethical conduct and the Criminal Risk Prevention Model

Enel Chile is fully committed to complying with its ethical standards and conduct and with the current regulation of each sector in which it operates, regarding both internal and external relationships with other stakeholders. Transparency and ethical behavior are values that build trust and responsibility with all stakeholders.

The Company and its subsidiaries rely on a Code of Ethics, approved by the Board of Directors, to guide the behavior of directors, executives, employees, and contractors. The Code describes the ethical principles, guidelines, commitments and responsibilities to be followed in managing the business and performing entrepreneurial activities.

The Code of Ethics and other documents that provide the framework for Enel Chile's ethical culture are handed to employees, directors, suppliers, and contractors, and are also posted on the website, offering easy access to all its stakeholders.

The Company strictly abides to the Chile's Corporations Law, which establishes independence criteria to avoid conflicts of interest. Also, the Board of Directors voluntarily adopted General Norm 385. The Internal Audit department directly informs the Board on the compliance with NCG 385.

Enel Chile utilizes a Criminal Risk Prevention Model (MPRP in its Spanish acronym) against corruption, built upon the Code of Ethics and the Zero Corruption Tolerance Plan. Its objective is to control and prevent criminal activity within the organization, comply with norms, and provide transparency in the activities of all companies in which Enel Chile holds a majority stake, controls the administration, or is responsible for its management. This model covers all the requirements included in the Crime Prevention Model of Law 20,393 and its amendments.

The Board of Directors is responsible for supervising the compliance to ethical norms and criminal risk prevention measures in the Company, and delegates its follow-up and management to the Internal Audit department. The Board approves all documents involved in the compliance system, including the Criminal Risk Prevention Model, and relies on the Head of Crime Prevention for its implementation.

The Head of Crime Prevention has the autonomy, empowerment, and resources required to properly execute his or her functions. The Board regularly evaluates and monitors the implementation and improvement of the Company's procedures by meeting with the Head of Crime Prevention who reports on the subject.

Enel Chile and its subsidiaries obtained external certification for its Criminal Risk Prevention Model, awarded most recently in 2019. The external certifier accredited and objectively evaluated the

prevention system adopted and implemented by the Company, to the standards stipulated in Law 20,393. The certification lasts two years (2019 - 2020), period in which the Company and its subsidiaries are subject to constant evaluations.

In 2019, the Board of Directors approved the Criminal Risk Prevention Model update, which considered the amendments to Law 20,393 in late 2018 and early 2019, adding the liability of legal persons in corruption, disloyal administration, incompatible negotiations, improper appropriation, illegal fishing, water contamination, activities with products in closed extraction season, and fishing activities without proper legal accreditation. These crimes are added to asset laundering, financing terrorism, receiving stolen goods, and bribery, which is considered an extraterritorial crime.

In addition, the Head of Crime Prevention, with the support of experts, coordinated the update of risks and specific controls of the Criminal Risk Prevention Model involving all areas and processes of the Company.

All Enel Chile subsidiaries also maintain a compliance program aligned with their respective business practices. In companies that are not directly controlled by Enel Chile, joint ventures, related companies or suppliers and contractors, the Company promotes the implementation of independent ethics and conduct codes, aligned with local legislation and Enel Chile's standards.

In 2019, Enel Chile and its subsidiaries were acknowledged by the Fundación Fundación Generación Empresarial and the journal *Diario Financiero* with the "Entrepreneurial Generation - *Diario Financiero*" award, for its commitment to systemically promoting ethical behavior and best practices in corporate compliance, both internally and externally, obtaining one of the top 3 grades among the 49 participating companies.

Enel Chile also kept its communications plan operational in 2019, which focuses on disclosing the main aspects of the compliance program and strengthening the corporate culture among employees and suppliers. These plans consider internal and external activities, including new employee induction programs, where they receive specific training on Enel Chile's compliance system.

During 2019, 26 training programs were held for 283 individuals, and 154 communication activities were carried out, focused on corruption prevention, unethical behavior,

ethical channel use, ISO 37001 Anti-Bribery Management System, and on the Company's compliance system in general.

## ISO 37001 Anti-Bribery Management System

Under the tenth principle of the Global Pact, companies commit to fight corruption in all its forms, including extortion and bribery. Enel Chile's ISO 37001 Anti-Bribery Management System, in addition to other voluntary commitments, contribute to this commitment.

The ISO 37001 standard specifies a series of measures and best practices to aid organizations in preventing, detecting, and confronting bribery. In Enel Chile, this system is focused on identifying risks and designing, executing, and improving behavior controls and standards in operations deemed risky, such as negotiations and contract executions with third parties, public and private tender participation, financial resource management, gifts and hospitalities management, employee selection processes, management incentive mechanisms, among others.

The Anti-Bribery Management System is a part of Enel Chile's compliance program. The Board of Directors is its maximum authority, and together with the Company's Senior Management, promote bribery prevention in Company activities and operations.

The ISO 37001 certification strengthens trust between stakeholders and Enel Chile. In 2018, Enel Chile became the first company in the Chilean electricity sector listed on the New York Stock Exchange to be certified, and along with Enel Américas, became the first Latin-American companies listed on the New York Stock Exchange to be certified.

As part of Enel Chile's commitment to implementing best practices worldwide, during 2019, Enel Chile, along with its subsidiaries Enel Generación Chile and Empresa Eléctrica Pe-

huenche, maintained their Anti-Bribery Management System certification under ISO 37001: 2016 standards. Simultaneously, subsidiaries Enel Distribución Chile and Empresa Eléctrica Colina obtained their first ISO 37001 Anti-Bribery Management System certification, becoming the first electricity distribution companies in Chile to be certified.

Enel Chile has participated in numerous events sharing its experience in implementing this important certification, as well as its deployment to subsidiaries.

## Complaints Channel Management

The Complaints Channel is managed by the Internal Audit department but operated externally. It allows anonymous reports of any irregular conduct contrary to the principles of the Criminal Risk Prevention Model or the Ethics Code, as well as other complaints related to issues such as accounting, control, internal audit, or crimes such as asset laundering, financing terrorism, fraud, corruption, improper appropriation, incompatible negotiation, environmental crimes, among others.

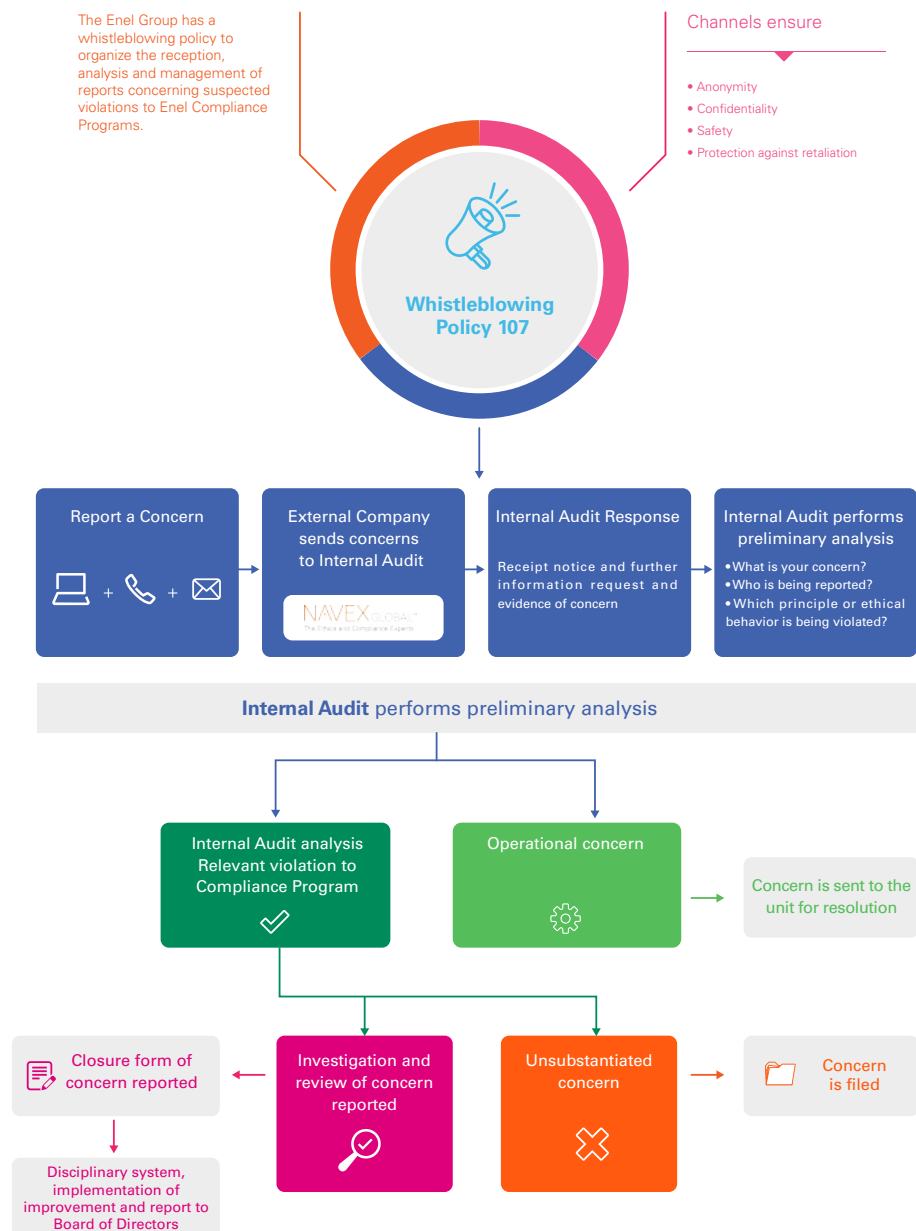
This channel is governed by the Global Policy 107 Whistleblowing, which guarantees anonymity, whistleblower protection against retaliation, and protection against complaints in bad faith.

The Complaints Channel is available for employees, contractors, suppliers, clients, communities, and other stakeholders, and is reachable through the telephone, in person, and digitally through the intranet and the Company website. The whistleblower may communicate through the channel to deliver more information related to the reported situation, as well as to receive feedback and questions from the team investigating the case.

During 2019, part of the Company's training and communications plans focused on promoting the use of the Ethical Channel through publications and training. Employees were taught how to use it and were shown its usefulness. It was also promoted during events with suppliers using promotional items and talks.

In 2019, the Ethical Channel received 15 complaints related to Enel Chile's ethics code. Of these reports, 3 were non-relevant violations of the Company's Ethics Code, regarding contract management and conflicts of interest, and were all managed accordingly.

WHERE TO REPORT CONCERN?	
<b>Corporate website</b>	
www.enelchile.cl	
www.eneldistribucion.cl	Right menu/ Ethical Channel
www.enelgeneracion.cl	
<b>Internet</b>	
Directly to Ethical Channel	<a href="https://secure.ethicspoint.eu/domain/media/es/gui/102504/index.html">https://secure.ethicspoint.eu/domain/media/es/gui/102504/index.html</a>
<b>Presencial o escrito</b>	
Enel Chile	Internal Audit Department, Santiago, 76 Santa Rosa Ave, Floor 9.







## 19. SUSTAINABILITY

# Sustainability

Today, more than ever, we are facing a world where change is constant and permanent. Demographic variables, social demands, the climate crisis and the technological revolution present global challenges that drive companies to rethink their business strategies and come up with ways of developing their activities considering the environment, society and the economy (ESG). Additionally, they must answer social demands for concrete and immediate action that integrate and consider all variables regarding sustainability. This presents several aspects that organizations must consider, bringing new opportunities that require innovation so that companies can develop their business in a long-term sustainable way. Consequently, the financial community is increasingly evaluating Company's performance in terms of ESG, taking it into account in their investment decisions.

International organizations have alerted the world about the risks related to global warming, which has significant economic, social, and environmental impacts. Another relevant trend is related to demographics that is challenging markets with increasing urbanization and the need to develop sustainable cities to improve quality of life. Particularly in Latin America, migration towards big cities has led to great segregation, inequality and contamination, which is why electricity plays a crucial role as an enabler for sustainable growth and progress. All of this has led the industry towards an energy transition. In order to lead this transition, Enel Chile has focused its investments on renewable energies, aiming towards decarbonizing its energy matrix, and developing ecosystems and platforms that can offer new applications to energy, while overcoming the energetic poverty that mainly affects the outskirts of big cities.

## Sustainable business strategy

For Enel, sustainability means value creation, which is developed by using a model that integrates economic, environmental, social, and governance goals into the business plan, creating long term value for all stakeholders.

This model is put into practice in a plan to achieve the Sustainable Development Goals (SDG) that guide management throughout the Company and its subsidiaries by means of specific indicators.

## Sustainability plan

### Sustainability in the business

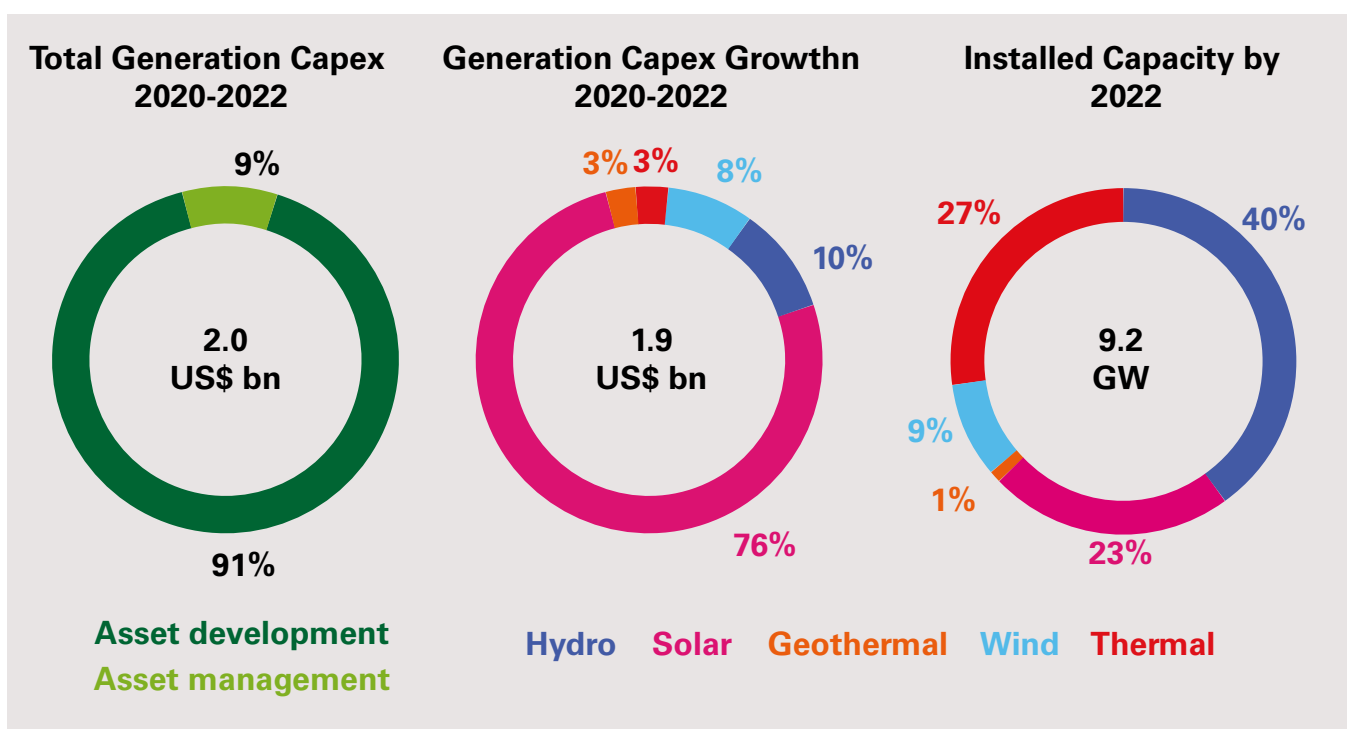
Enel plays a fundamental leadership role in Chile's energy transition, responding to the climate crisis and reducing environmental and social risks in the country. Therefore, the Company's business is focused on increasing renewable capacity, retiring coal power plants, electrifying cities, delivering quality service to customers, and digitalizing networks.

## Growth through low carbon technologies and services: the role of renewable energies and electrification

In the context of the current climate crisis and considering possible socio-environmental risks that could affect operations, Enel Chile has targeted its investments towards increasing the generation capacity through non-conventional renewable energy, planning to add 2 GW by 2022. This will

allow renewable energy to increase from 65% to 73% of total installed capacity.

Simultaneously, and aligned with the Energy Roadmap 2018-2022<sup>2</sup> promoted by the Chilean Government, the Company has committed to decarbonize its energy matrix through the progressive closure of its coal power plants. As agreed, upon with the Chilean Government under the decarbonization plan in June 2019, the 158 MW Tarapaca power plant, had closed by year-end 2019. The Company has also agreed to retire the 128 MW, Bocamina I power plant no later than December 2023, and Bocamina 2, 350 MW, no later than December 2040.



The energy transition process also demands the promotion of new uses of electricity in a more efficient and accessible way. Consequently, Enel Chile promotes electromobility, energy efficiency and greater network resilience.

<sup>2</sup> The Energy Road Map 2018-2020 involves 10 mega commitments aiming towards modernization and decarbonization of the Chilean energy matrix. It includes the commitment to begin a decarbonization process by setting a retirement and reconversion schedule of coal fueled power plants.

## Performance indicators in low carbon ODS technologies

ODS	Indicator	Results		
		2019	2018	2017
7,13	% Renewable installed capacity	65	63	57
13	Specific emissions reduction gCO <sub>2</sub> /Kwheq	227	192	238
7, 11	Demand response MW	61.8	N/A	N/A
13	% Generation from renewable sources	66	69	57
11, 13	Promote activities "Making Cities Resilient" <sup>3</sup> (Number of counties)	3	1	N/A
7, 13	Residential photovoltaic system sales	81	100	N/A
9, 11	Lighting points managed	276,934	258,929	N/A
9, 11,	Innovation and infrastructure through chargers (# of chargers)	357	221	N/A

Currently, 66% of Enel Chile's electricity generation comes from renewable energy sources, mainly hydroelectric power plants. Renewable capacity remained stable between 2018 and 2019, but Enel Chile has 600 MW of renewable energy under construction to be in place by 2020. Over the last few years, the climate crisis has seriously affected Chile, intensifying dry conditions that has compromised the performance of hydroelectric power plants. This has had a negative impact on the CO<sub>2</sub> emissions by kWh generated throughout 2019. The contingency is being handled with emphasis on the development of new wind and solar plants. In terms of water management, Enel Chile has been carrying out programs to protect basins and their ecosystems.

On the other hand, in order to capitalize city electrification opportunities, the Company, through Enel X, invests in possible solutions and services for new and efficient electricity uses, the necessary infrastructure for electric mobility development, and electricity services for clients.

## Operational improvement for quality service

The development of networks is fundamental to increase the resilience, reliability, and quality of the electricity supply. Hence, the Company has focused its investments on the digitalization of networks and assets.

In terms of generation, Enel Chile continually invests in incorporating the latest developments in terms of innovation, digitalization, robotization, automatization, data driven, and predictive maintenance for the different technologies used in generation facilities. This has increased the efficiency in the use of resources, improved asset management and maintained an excellent performance.

## Service Quality indicators

ODS	Indicator	Results		
		2019	2018	2017
9, 11	Number of remote-controlled equipment installed (cumulative)	2,148	1,733	1,481
7, 11,	Losses index	4.99	5.02	5.1
9, 11, 12	Residential client satisfaction index	55%	57%	58%
7, 11 <sup>4</sup>	SAIDI	184	195	230
7, 11	SAIFI	1.55	1.47	1.72

Reduction in SAIDI and SAIFI indicators is due to the Company's ongoing investment in the improvement of quality and agility to identify and correct network failures.

<sup>3</sup> UN- Habitat program to increase cities' resilience to natural disasters and man-made impact.

<sup>4</sup> SAIDI: System Average System Interruption Duration Index, during the last 12 months. The value for the year 2018 has been adjusted due to a modification in criteria in 2019.

## Value chain

One of the pillars for the sustainability of the business is a sustainable supply chain network. We share the common purpose of creating value in the long-term with our suppliers. We constantly reduce risks associated to social and environmental breaches and workplace security, all the while awarding the best practices.

## Supply chain sustainability indicators

ODS	Indicator	Results		
		2019	2018	2017
12	Supplier evaluation of health and safety	100%	100%	47%
12	Supplier evaluation of environmental performance	100%	100%	47%
12	Supplier evaluation of human rights	100%	100%	47%

## Sustainability in the social dimension

### Involving our People

In times of energy transition and business model transformation, employees have a fundamental role when facing challenges in innovation and technology. Therefore, skills training, overcoming barriers to become a more inclusive Company, and delivering the proper tools to take on a role in the energy market are essential pillars to create long-term value.

## Indicators to measure sustainable development of the workplace environment

ODS	Indicator	Results		
		2019	2018	2017
5, 10	Gender diversity (% of women)	22%	22%	21%
8	Workplace environment survey (employee participation)	96%	n/a	86%
10	Exemplary employee for co-workers with disabilities	3	1	N/A
8	Labor flexibility – Smart Working (5) (Number of employees)	481	360	256

5 *Smartworking* is a program that grants employees of Enel Chile and its subsidiaries the possibility to select one day a week, between Tuesday and Thursday, to work remotely from home or any physical space that allows good internet connectivity and complies with the safety norms.

## Involving local communities

### Social contingency

Since October 2019, an important social unrest began in Chile, rooted in several demands against inequality and injustice. Faced with this situation, Enel Chile concentrated its efforts on two issues: guaranteeing the continuity of electric generation and distribution and looking out for people's safety. This contingency was addressed through prompt planification, carry out operations without further inconveniences, and putting people in a safe work environment, in alternative office

locations, other than the corporate building that had been affected by the social uprising in the city.

On a territorial level, Enel Chile and its subsidiaries manage community relationships through a dedicated team that can be constantly found in the regions of the country where the Company operates. The strategy through which we relate to communities focuses on inclusive and participatory projects that seek to reduce the gap in multidimensional poverty through clean and affordable energy, economic development, and access to quality education. This shared goal with communities has allowed us to move forward with local development plans throughout the entire year, especially during the final trimester of 2019, when the social uprising became more relevant nationwide.

## Measurement indicators for initiatives focused on local development

ODS	Indicator	Results		
		2019	2018	2017
8	Economic development and dignified work (cumulative beneficiaries since 2015)	371,400	361,500	330,800
7	Access to clean and affordable energy (cumulative beneficiaries since 2015)	198,900	170,000	141,100
4	Inclusive, fair, and quality education (cumulative beneficiaries since 2015)	79,800	39,000	25,300

## ESG (Environment, Society and Governance) analysis methodology

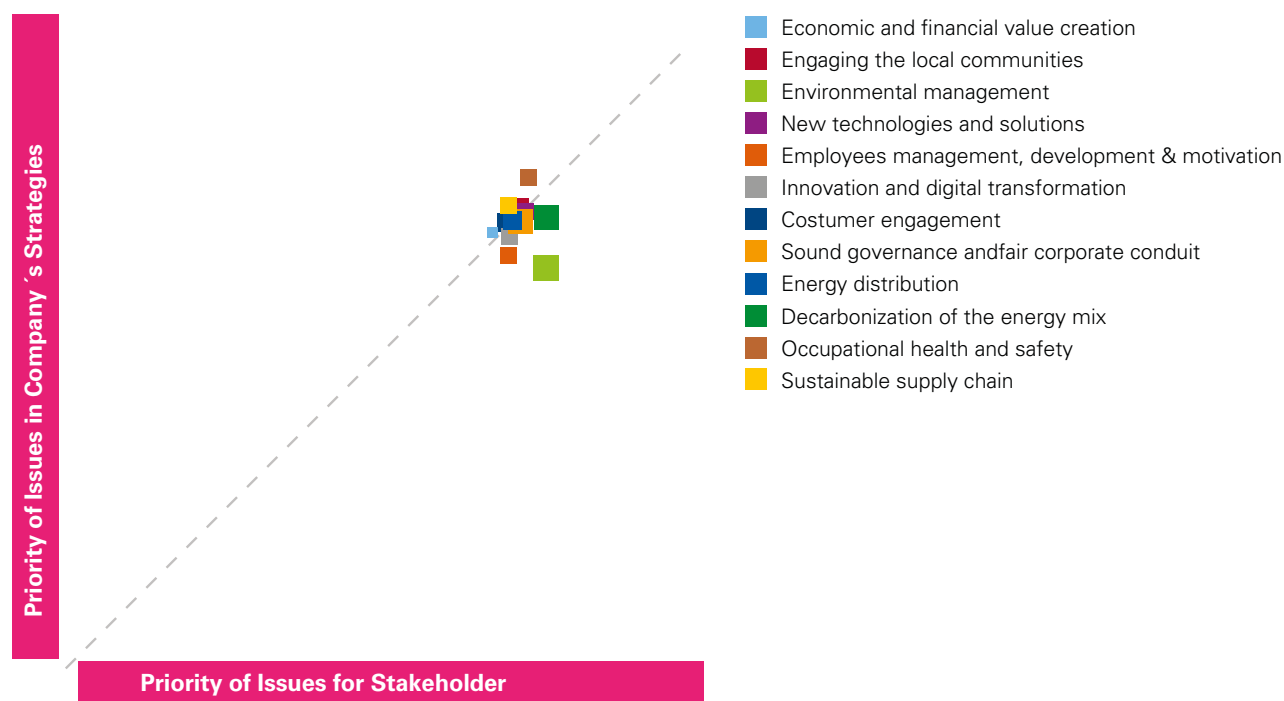
### Materiality analysis and stakeholder prioritization

Enel Chile applies the methodology adopted by the Enel Group, which fulfills GRI (Global Reporting Initiative) inter-

national standards. The main approach of this method is to place stakeholders as a focal point when defining the Company's strategic issues. Hence, the entire Company participates directly in the identification and prioritization process. As a result, the relevant stakeholders identified are consulted regarding their priorities and expectations from the Company. This same procedure is carried out within the Company to determine strategic priorities.

This is how we define the Company's materiality, which governs the strategic plan we disclose in various public reports.

## Enel Chile's materiality matrix<sup>7</sup>



## ESG risk analysis

ESG risks are an integral part of the risk management policy, as is stated in the Risk Factors section, and are identified considering the following references:

- Relevant issues in Materiality, identified in the 2020 Global Risk Report of the World Economic Forum (WEF).
- Risk assessments carried out as part of Enel's due diligence process on human rights and integrated management systems (environmental, quality and safety) among others.
- The analysis of some of the world's most highly acclaimed sustainability rating agencies, which use specific risk assessment systems to rate companies' ESG performance.

## Due diligence on Human Rights

The Enel Group is committed to the principles that safeguard and promote the protection of human rights, evidenced by the policy approved by the Board of Directors in 2013.

Since 2016, Enel Chile, aligned with the UN's guidelines, carries out a fundamental rights due diligence process going through the entire value chain to identify possible risks within its operations and establish corrective measures to address any possible gaps.

Potential infringements that arise from this due diligence are included in the Company's risk matrix.

<sup>7</sup> The final materiality matrix indicates the issues that are a priority for our stakeholders, and strategic for the company. The information provided is used to create the sustainability plan, which is updated annually.

## Long-term creation of economic value

The economic indicators we use to measure our performance reflect the value generated by our sustainable business model.

	2019	2018	2017
Ebitda from low carbon products and services (MCh\$)	867,644	777,591	598,123
Capex of low carbon products and services (MCh\$)	295,853	282,184	215,934
Ratio Capex of low carbon products and services to total capex (%)	88%	80%	73%
Shareholder remuneration (Ch\$/share) <sup>8</sup>	4.23	3.14	3.00

## Market recognition - Rating and sustainability indexes

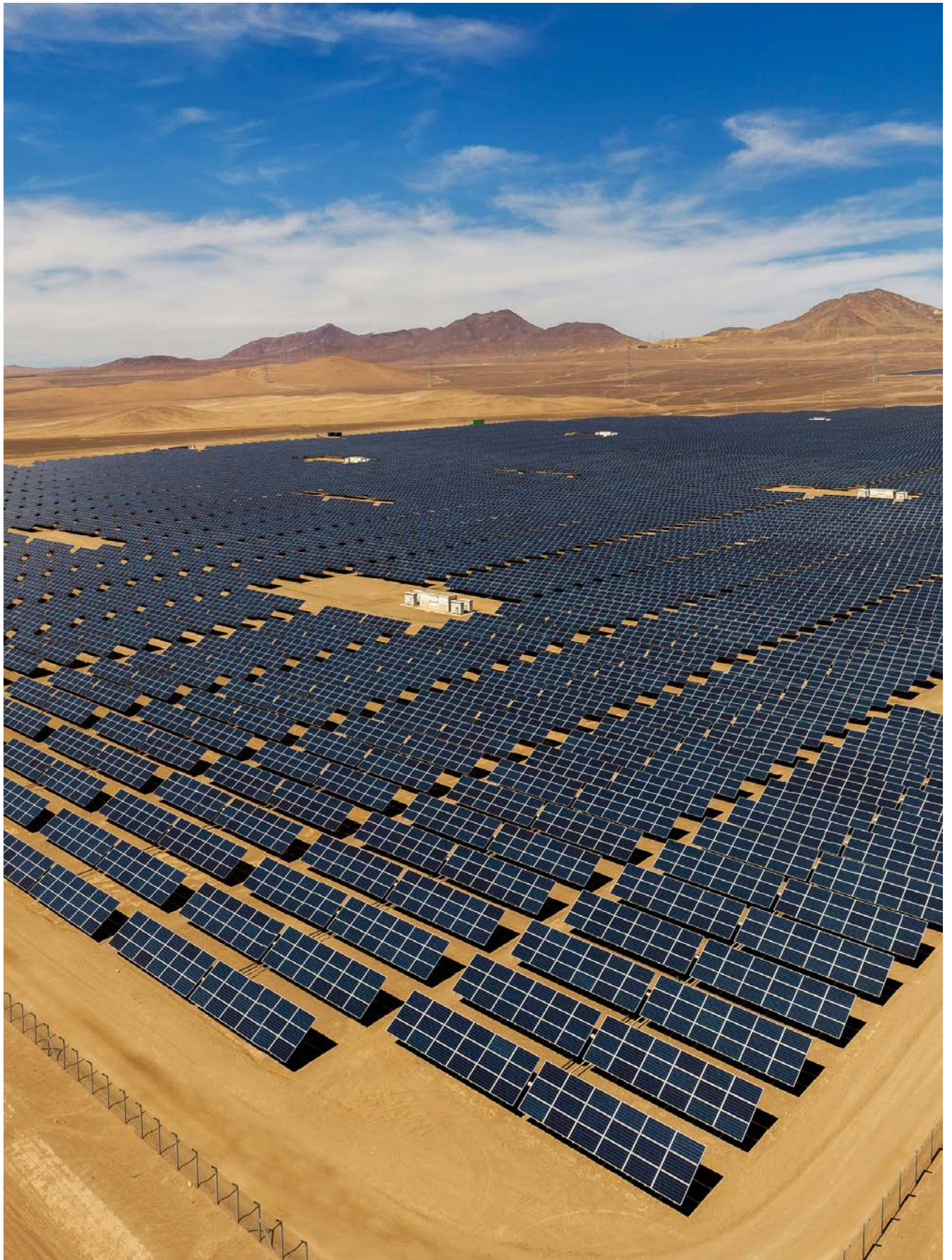
Analysts specialized in sustainable development evaluate companies in terms of their ESG performance or overall sustainability. These evaluations are important tools for the Company to be able to improve and refocus its business management, all the while allowing investors to integrate non-financial information (ESG) into their business decisions.

During 2019, Enel Chile improved its position in most sustainability indexes and ratings, among which we highlight:

- Enel Chile was within the top 10% electricity companies worldwide, according to the Dow Jones Sustainability Index (DJSI), and 8th in the DJSI Chile, DJSI MILA Pacific Alliance and DJSI Emerging Markets. Enel Chile was
- included in RobecoSAM's Sustainability Yearbook for the first time. The Company was recognized in the bronze category, as the only Chilean company, alongside Enel Americas, to receive these distinctions and to be present in three indexes.
- For the third consecutive year, Enel Chile was confirmed in FTSE4Good's categories "Emerging Markets Index" and "Latin America Index".
- For the third consecutive year, Enel Chile was included in the utilities sector of the Best Emerging Markets Performers ranking, carried out by Vigeo Eiris.
- During 2019, MSCI gave Enel Chile an A rating, becoming part of several of their stock sustainability indexes.
- Enel ranked in the 64th percentile under the new risk ranking methodology Sustainalytics.

<sup>8</sup> The 2019 dividend is an estimate that considers the reduction of the Dividend Policy from 65% to 60% and the distribution of an eventual dividend paid to compensate for the impairment caused by the decarbonization process of the Enel Generación Chile S.A. subsidiary.







## 20. ENVIRONMENT



# Environmental management highlights

Environmental protection is a major pillar of the Enel Group's strategy. Hence, its companies have directed their efforts towards constant improvement, permanently seeking to enhance the efficiency of their processes and products, incorporating cutting-edge technology. Their purpose is not just to comply with norms and reduce environmental externalities, but also to take care of the environment.

Enel's policy and internal process implementation does not just focus on reducing environmental risks; they also seek to consolidate the Company's leadership position in the energy market. Human resource and environmental protection, the struggle against climate change, and sustainable economic growth are all strategic factors considered during the planning, implementation and development of Enel Chile's activities.

Consequently, environment protection and sustainable development are the strategic focus of the Company's planning, start up and development activities.

## Generation

The management of environmental aspects of Enel Chile's generation facilities throughout the country, through its subsidiaries Enel Generación Chile and Enel Green Power Chile, are centralized in the Health, Security, Environment & Quality (HSE&Q) department of every business segment in the country.

In this context, the Environmental unit oversees the implementation of environmental policy, strategic goals and environmental procedures in all power plants, according to the standards defined by HSE&Q Global, ensuring their compliance in terms of environmental management.

The environmental policies that were updated during 2019 are:

- Quality, Safety and Environmental Policy, March 2019
- Policy 292, Version 2, "Environmental Risk and Impact Evaluation Methodology", June 25, 2019
- Policy 101 HSEQ Wolk, Version 2, broadens scope of environmental issues, June 13, 2019.

Seeking to safeguard and optimize environmental management, several actions were taken during 2019, which we highlight below.

## Environmental management

- Coordination and leadership when responding to environmental events or incidents.
- Review of environmental matrices, contractor inductions, and works inspections, in order to determine contractor's compliance with environmental standards, commitments, and legal requirements related to environmental issues.
- Participation in elaborating the Base Line for calculating the Carbon Footprint, a project promoted by the Company and led by Sustainability.
- Logistics support for strategic environmental studies carried out at the corporate level.

## Waste management

Regarding actions taken to reduce waste during 2019, we highlight the following:

- Installment of recycling stations in the corporate offices in Santiago, and in the Pangué and Laja hydroelectric power plants.
- Waste recovery through oil recycling, initiative that began in Laja and Maule power plants.

## Continuous improvement

Aiming towards the continuous improvement of processes, during 2019, teams from the Operations and Environmental divisions worked together to identify opportunities for improvement in all power plants. This led to the identification of equipment with oil content, which in turn helps detect possible risks regarding leakages or spillages, allowing to take the necessary actions to prevent such incidents. These efforts are carried out as part of a project promoted by HSEQ Global, after implementing trial versions in Italy and Spain.

## Environmental awareness

Within the context of environmental protection, during 2019 an environmental awareness program was carried out in the corporate building and in power plants, highlighting the following activities:

- Commemoration of the International Water Day by broadcasting a video for all Company workers, regarding the importance of water for life and as a resource for our Company.
- Environmental Workshop for people who work in the corporate building, regarding Environmental Regulations (Environmental Impact Study (EIA in its Spanish acronym), Environmental Impact Declaration (DIA in its Spanish acronym) - Environmental Sanctions and Environmental Criminal Liability) and held a discussion about the environmental development of our projects.
- Biodiversity Workshop to inform employees on the various environmental monitoring mechanisms and projects that are executed by the Company.
- Participation in the 2019 Trawu Forestry Fair, where we presented our reforestation experiences developed as part of the Reforestation Agreement signed with Universidad de Concepción.
- Electronics Recycling Campaign by installing pick-up stations in the corporate building and in the Central and North Business Units power plants (Rapel, Sauzal, Campamento Pehuenche, and Los Cóndores Project). A total 1,787 electronic devices were recycled, disposed in Degraf.

## Compliance with Environmental Commitment Resolutions (RCA)

To comply with the RCA during 2019, the following actions are highlighted in relation to the Ralco Hydroelectric power plant:

- **Reforestation Agreement with Universidad de Concepción:** 515.5 hectares were reforested during the period.
- **Improvement of the Drinking Water System:** projects to improve the drinking water system for the Ayin Mapu and El Barco indigenous communities are being developed. These communities were relocated a consequence of the construction of the Ralco Power Plant. 100% progress is registered within the period.
- **Housing Program:** 34 homes are currently being constructed for families of the indigenous community of El Barco, relocated due to the construction of the Ralco Power Plant. Progress reached 80% during the period.
- **Bridge repairs:** Seven bridges were repaired in inner roads of the Ayin Mapu indigenous community during the period, guaranteeing the connectivity of 41 families that were relocated due to the construction of the Ralco Power Plant.

Additionally, with the purpose of mitigating potential environmental impacts, the Renewable Energy Unit monitors Wind Farms, Photovoltaic Solar Modules and Cerro Pabellón.

In this context, the following environmental monitoring procedures were executed during 2019:

- > Monitoring of Avifauna
- > Monitoring of Flora
- > Monitoring of Fauna
- > Monitoring of archaeological sites
- > Monitoring of Wind Farm noise

## Compliance with the thermoelectric power plant emissions standard

During 2019, the Environmental Superintendence (SMA in its Spanish acronym) published reports verifying compliance with the established limits according to the decree, based on the emissions figures in the quarterly reports that each power plant uploaded to the "Thermoelectric Power Plant" website of the SMA. In turn, this organism verified that the emissions from all the Company's electricity generation units (UGE in its Spanish acronym) complied with the established limit.

Additionally, to comply with the Atmospheric Decontamination and Prevention Plan of the Concón, Quintero, and Puchuncavi counties that was published in Chile's Official Journal on March 30, 2019, by means of Decree 105/19 of the Ministry of Environment, the Continuous Emissions Monitoring System (CEMS in its Spanish acronym) of both units of the Quintero Thermal Power Plant were connected directly to the SMA.

## Green taxes

In April 2019, the thermoelectric power plants reported their emissions according to the emissions quantification method presented and authorized by the SMA to determine green tax payments. The total tax payment amounted to US\$23,647,493.85, which includes the atmospheric emissions from the Enel Generación Chile thermoelectric park and its GasAtacama S.A. subsidiary, acquired in October 2019.

## New projects

On July 15, 2019, the Environmental Evaluation Service (SEA in its Spanish acronym) of the Copiapó Region issued Exempt Resolution 85, indicating that the project "Bess Energy Storage System in the Huasco Thermoelectric Power Plant" is not required to comply with the SEA to be executed.

On August 27, 2019, the SEA of the Antofagasta Region issued Exempt Resolution 223, indicating that the project "Bess Energy Storage System in the Atacama Thermoelectric Power Plant" is not required to comply with the SEA to be executed.

## Distribution

Enel Distribución Chile strives to protect the environment, managing and minimizing the environmental impact generated by its activities, and become a benchmark company within the energy market. Several policies and procedures have been implemented to achieve this goal. Our Integrated Management System Policy, Environmental Policy, and Biodiversity Policy seek to establish the environmental guidelines for the operations of the entire organization.

Enel Distribución Chile's environmental management for the year 2019 was carried out based on four key pillars: Process Analysis, Digitalization, Operational Control, and Cultural Control. Activities associated to each pillar are presented in the following sections.

## Process analysis

- During 2019, the Company performed ISO 14001 follow-up and maintenance audit of the 2015 version of the Environmental Management System. The norm was upgraded in 2018 adding the life cycle perspective and Enel's new environmental impacts evaluation methodology.
- In November 2019, the Enel Environmental Studies School was launched, targeted to contractors' environmental specialists Enel's environmental coordinators. Its purpose is to standardize criteria and knowledge to strengthen Enel's operational performance regarding the environment. The duration of the program is 13 months and involves a monthly 3-hour training course that covers subjects such as environmental management systems, permitting, operational control, environmental sustainability, and Enel documents.

## Digitalization

- To eliminate the use of paper in Enel Distribución Chile, during 2019 the Easy Check List application was implemented for contractors and employees to record environmental inspections and Stop Work.

- In July, the Collaborative Portal was made available, which is a permanent communication channel between HSE and contractors, allowing to visualize and share best practices, procedures, skills training, special events, HSE's weekly work shifts, among others.

## Operational control

- To evaluate operational control procedures established to manage the environmental impacts of operations and evaluate compliance with current environmental regulation, during 2019 a total 600 environmental inspections of contractors hired by Enel Distribution were performed. Any non-compliance identified is solved by implementing specific action plans.
- During 2019, 3 ECoS (Extra Check on Site) were implemented and executed by the technical and environmental units of the Company. Their goal is to verify compliance with environmental regulation and Enel Group procedures and its operational implementation, allowing to visualize weaknesses and potential improvement and continuous improvement opportunities.
- Within the context of the implementation and compliance with the Stop Work Policy, during 2019, 7 Environmental Stop Works were registered, mainly to fauna during pruning activities.
- In compliance with the PCB project, in 2019, 5 contaminated underground transformers were removed from the distribution network. These devices were disposed by an authorized company.
- In order to ensure compliance with current environmental standards, an annual follow-up program was implemented to monitor environmental variables:
  - Noise management plan: to ensure that our facilities comply with noise regulations, power substations located in urban areas are inspected annually. During 2019, the zoning map of these installations was updated,

ed, and noise measurements were performed in 10 substations. The results established that the National Regulations were being met.

- Noise measurements of projects with Environmental Qualification Resolution (RCA for its Spanish acronym): During 2019, the noise of Nueva Lampa Isolator Project was measured as required by the project's RCA.
- Electromagnetic field measurements of substations and transmission lines: During 2019, measurements were carried out in 9 locations. Results showed that the ICNIRP International Regulations were being met.

## Culture

- Innovambiente, ideas for environmental innovation, was launched in January 2019. Contracting companies presented their environmental ideas focused on digitalization, process improvement, and circular economy. These ideas were presented in the Management Committee, where the best ideas were chosen based on implementation feasibility, global outreach, and impact. The use of recycled graywater to water green areas in facilities and re-using fire-safe clothing to make EPP bags were the ideas selected. Both ideas were implemented during 2019.
- Communication with contracting companies was fluent during 2019. Twelve meetings were held throughout the year, to communicate Enel's environmental guidelines and reinforce operational controls. Additionally, two workshops were held: one focused on Good Environmental Practices, and an Environmental Emergency Drill.
- A pilot project to Replace Urban Woodland was launched in October. The main goal of the project is to harmonize the distribution network with the existing urban woodland, protect the distribution network and ensure uninterrupted electricity supply. In the Quinta Normal district, 17 diseased trees were removed and replaced by 21 new native trees that add aesthetic value to the site.





## 21. INNOVATION CULTURE IN THE COMPANY

# Innovation culture in the Company

For Enel Generación Chile, innovation is a differentiating factor that provides a competitive advantage in the electricity generation market. Therefore, the Company aspires to maintain and improve its leadership position in this area, working in a systematic, organized, and cross-disciplinary way, in alignment with the Company's strategic plan.

During 2019, the Company, through its subsidiary Enel Generación Chile, continued to promote an innovation culture, climate, and practice, working towards materializing this culture through the development of projects that add value to the organization. To achieve this goal, the internal climate of the Company must foster innovation and materialize such innovation as greater competitiveness and efficient processes. The following activities were carried out during 2018 to strengthen the innovation culture and promote employees' creativity

## Capturing Ideas

In order to capture ideas, we have a systematized process in place year-round. The method is based on the collaborative participation of the entire workforce of all Group companies, allowing us to capture everybody's ideas to innovate and improve in different areas.

To encourage the participation of all collaborators, the initiative was presented in every company in the country, inviting workers to submit their ideas in the categories "Innovation" and "Continuous Improvement". They were categorized as follows:

- Best Practices: Performance Improvement, Environment, and Health & Safety
- Innovative Ideas: Performance Improvement, Environment, and Health & Safety

The winners and their ideas are the following:

### Best Practices category:

- Luis Durand, winner of the "Environment" category with the proposal "Catalyzed CO2 as a controlled pH agent in cooling towers"
- Cristián Valenzuela, winner of the "Performance Improvement" category with the proposal "Database to compare flowmeters"

### Innovation category:

- José Sanchez, winner of the "Performance Improvement" category with the innovative idea "Combustion System Optimization"
- Rafael Gajardo, winner of the "Health&Safety" category with the innovative idea "Condenser Continuous cleaning"

Winning ideas later participated in the worldwide competition.

## Open innovation - Boot Camp

During 2019, in collaboration with the Chilean Innovation Hub, we encouraged several local startups and senior innovation managers to participate in Boot Camp, which sets forth our open innovation philosophy, an important pillar of our innovation policy. This philosophy is based on Professor Henry Chesbrough's ideas (UCLA, Berkeley), and is one of the current global mega-trends in terms of innovation because it captures the creativity of people within the organization. It cultivates creativity through the implementation of events such as Boot Camps and Workshops to apply methodologies and systematize challenges.

# Innovation projects

Innovation projects developed in Chile for hydroelectric and thermal generation power plants were selected based on criteria that aims to improve processes, increase safety and environmental standards, and optimize electricity generation operations. The main innovation projects developed during 2019 are presented below.

## Virtual visit

Virtual visit is a videoconference system able to retransmit in situ, developed to reduce the time required to select suppliers.

A Virtual visit is similar to a videoconference, allowing to re-transmit a video in the workspace and include explanations of employees.

A coordinator facilitates the visit and communicates it to the Supply Department, plant personnel, and suppliers.

This innovative idea was created in 2018 and tested throughout 2019, presenting many benefits in terms of saving time, costs, and reducing CO<sub>2</sub> emissions due to less transportation and travel. It was developed by the Chilean start-up Erikusa Robotics and received awards in the 2019 Enel Days and was also recognized by Procurement Global as one of the best initiatives. This innovative telepresence technique was submitted, in 2019, to intense testing to expand its use to more than six countries. The formal escalation process in Europe began with over 30 visits held in Enel España during the second semester of the year.

## Digital Twins

Digital Twins, 4d Risk Map is an initiative based on the Serious Games and Virtual Reality concept that reduce the time and risks associated to worker's induction processes and simu-

lates real work conditions in a safe environment. It was developed by the startup Qtec that has modelled over 40,000 square meters using drones. This advanced technology was highlighted at the Enel Days in Rome. It replicates operational environments using Virtual Reality, capable of representing reality in 3D, allowing to interact with third parties in real time via avatars, and with objects and variables in real time by connecting to the databases of our control systems.

## Submarine Robotics

This is a project based on Open Hardware that unfolded during 2019, and provided significant benefits in terms of reducing risks, costs, and time. It allowed us to switch from preventive submarine filter maintenance to predictive maintenance. Its open platform has enabled it to become the hardware base of a project to be carried out jointly by Spain and Chile to improve Artificial Intelligence and Machine Learning capabilities. This project will be carried out in 2020 to improve its operational and adaptational capabilities for its potential global application.

## Autonomous boats for bathymetry

Tests were performed in different locations to evaluate its autonomy, operation, information quality and process. They were tested on two ships (different chassis), Maule Pehuenche intake; Sauzal reservoir; Rapel Dam; Currillínque discharge channel; Polcura intake and Sauzal desander channel.

## Drones

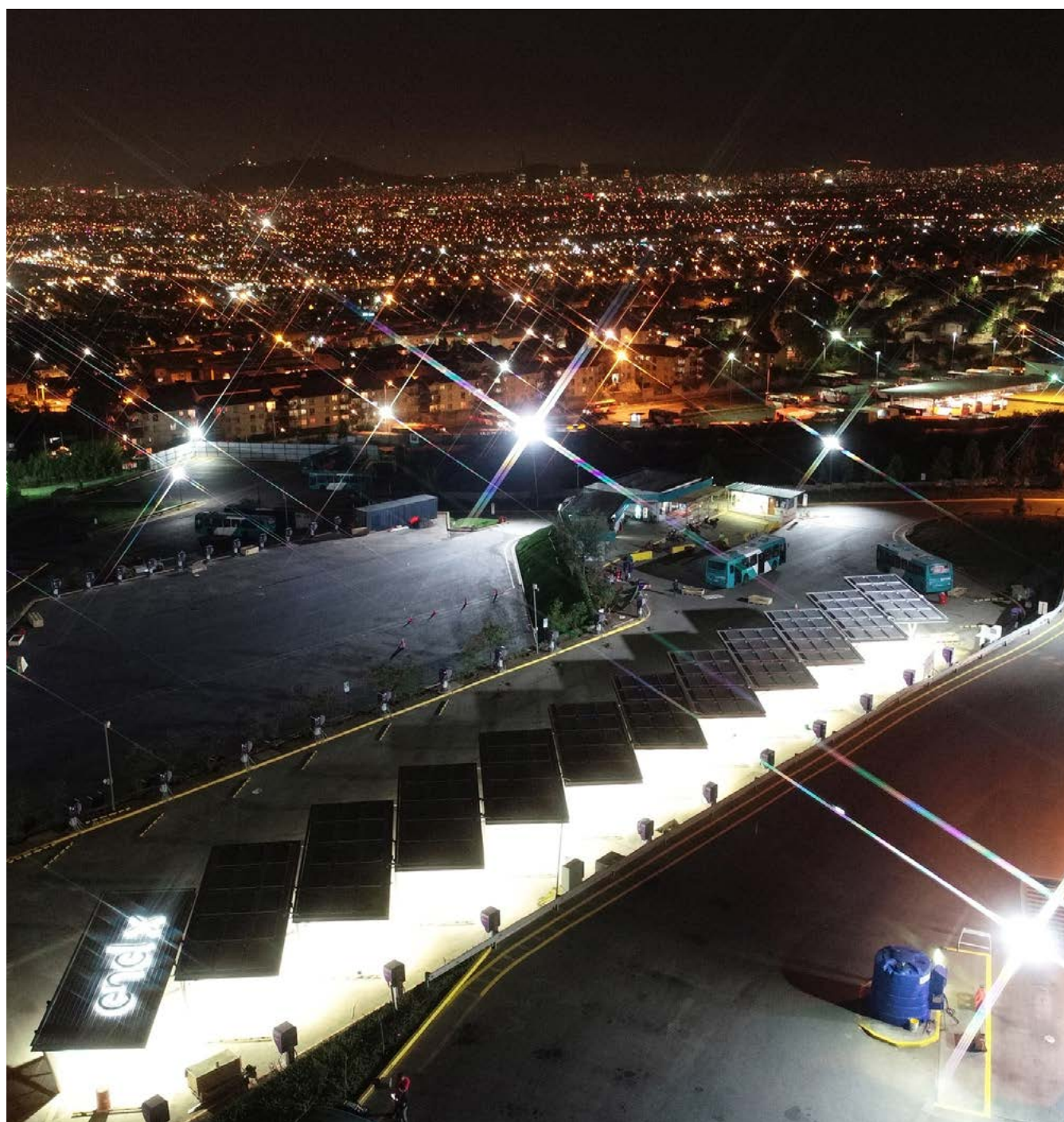
The development of a solution for photovoltaic inspections providing automated data and reports. Autonomous drones (do not need to be operated by a person) were installed in 40 MW Chañares Solar Plant, located in northern Chile.

Drone operations training was carried out in collaboration with O&M, to certify operators through DGA. 8 pilots were certified.



## 22. OWNERSHIP SHARE TABLE

# Direct and indirect ownership shares



Company	Business	Controlling shareholding	Economic Interest
Enel Generación Chile S.A.	Gx	93.55%	93.55%
Empresa Eléctrica Pehuenche S.A.	Gx	92.65%	86.67%
Enel Green Power Chile Ltda.	Gx	99.99%	99.99%
Empresa Eléctrica Panguipulli S.A.	Gx	100.00%	99.99%
Diego de Almagro Matriz SpA	Gx	100.00%	99.99%
Parque Eólico Tal Tal SpA	Gx	100.00%	99.99%
Geotérmica del Norte S.A .	Gx	84.59%	84.58%
Empresa Nacional de Geotermia S.A .	Gx	51.00%	51.00%
Parque Eólico Valle de los Vientos SpA	Gx	100.00%	99.99%
Parque Talinay Oriente S.A .	Gx	60.91 %	60.91 %
Almeyda Solar SpA	Gx	100.00%	99.99%
Enel Green Power del Sur SpA	Gx	100.00%	99.99%
Parque Solar Maipú	Gx	100.00%	99.99%
ABC Solar 2 SPA	Gx	100.00%	99.99%
ABC Solar 10 SPA	Gx	100.00%	99.99%
MNS Solar Tres SPA	Gx	100.00%	99.99%
Parronal SPA	Gx	100.00%	99.99%
Crucero Atacama SpA	Gx	100.00%	99.99%
Crucero Este Uno SpA	Gx	100.00%	99.99%
Crucero Este Dos SpA	Gx	100.00%	99.99%
Crucero Este tres SpA	Gx	100.00%	99.99%
Enel Distribución Chile S.A.	Dx	99.09%	99.09%
Luz Andes Ltda.	Dx	100.00%	99.09%
Empresa Eléctrica de Colina Ltda.	Dx	100.00%	99.09%
Empresa de Transmisión Chena S.A.	Tx	100.00%	99.09%
Transmisora Eléctrica de Quillota Ltda.	Tx	50.00%	46.77%
Enel X Chile Spa	Ox	100.00%	100.00%
GNL Chile S.A.	Ox	33.33%	31.18%
Energía Marina SpA	Ox	25.00%	25.00%
Sociedad Agrícola de Cameros Ltda.	Ox	57.50%	57.50%

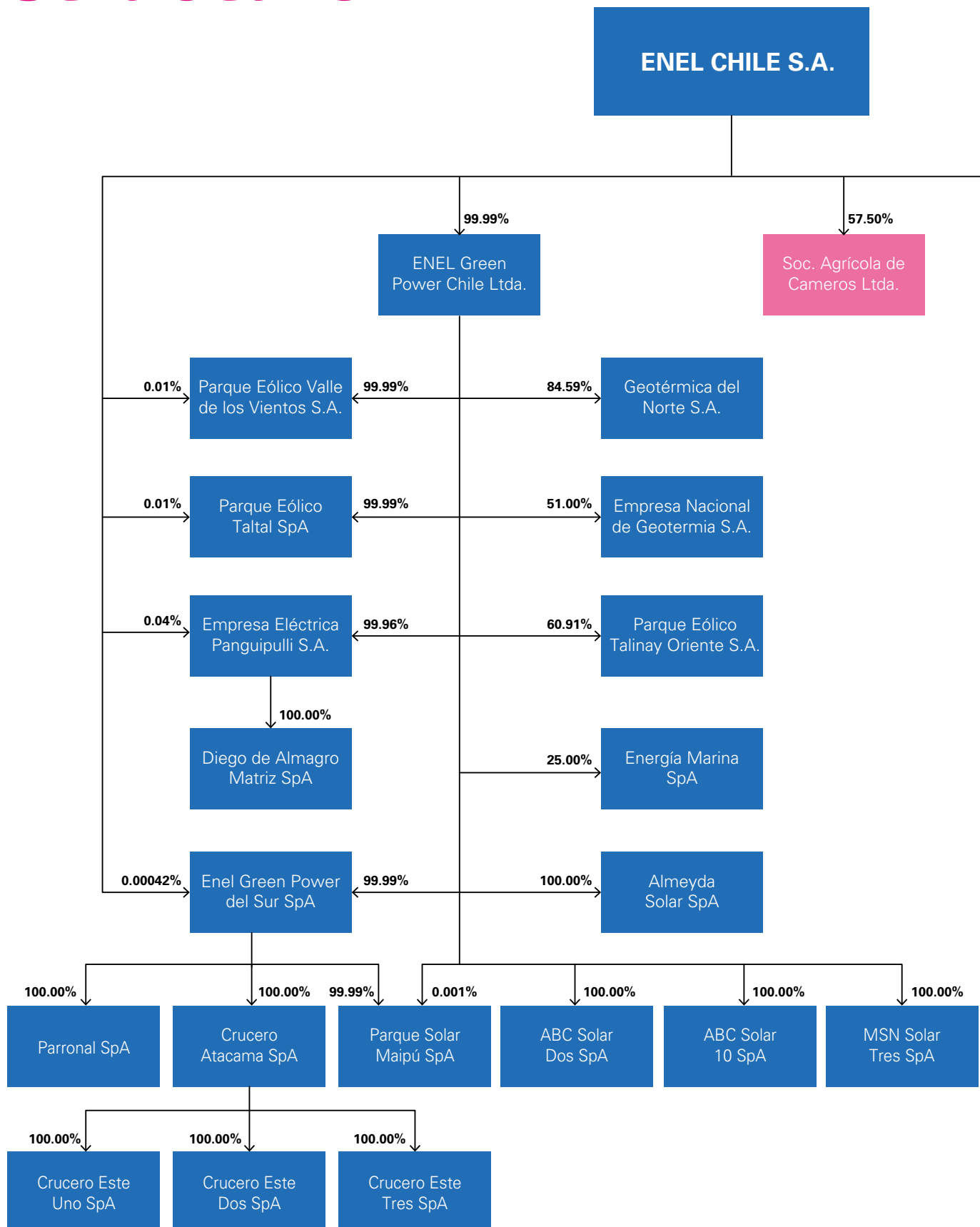
Gx: Generation

Dx: Distribution

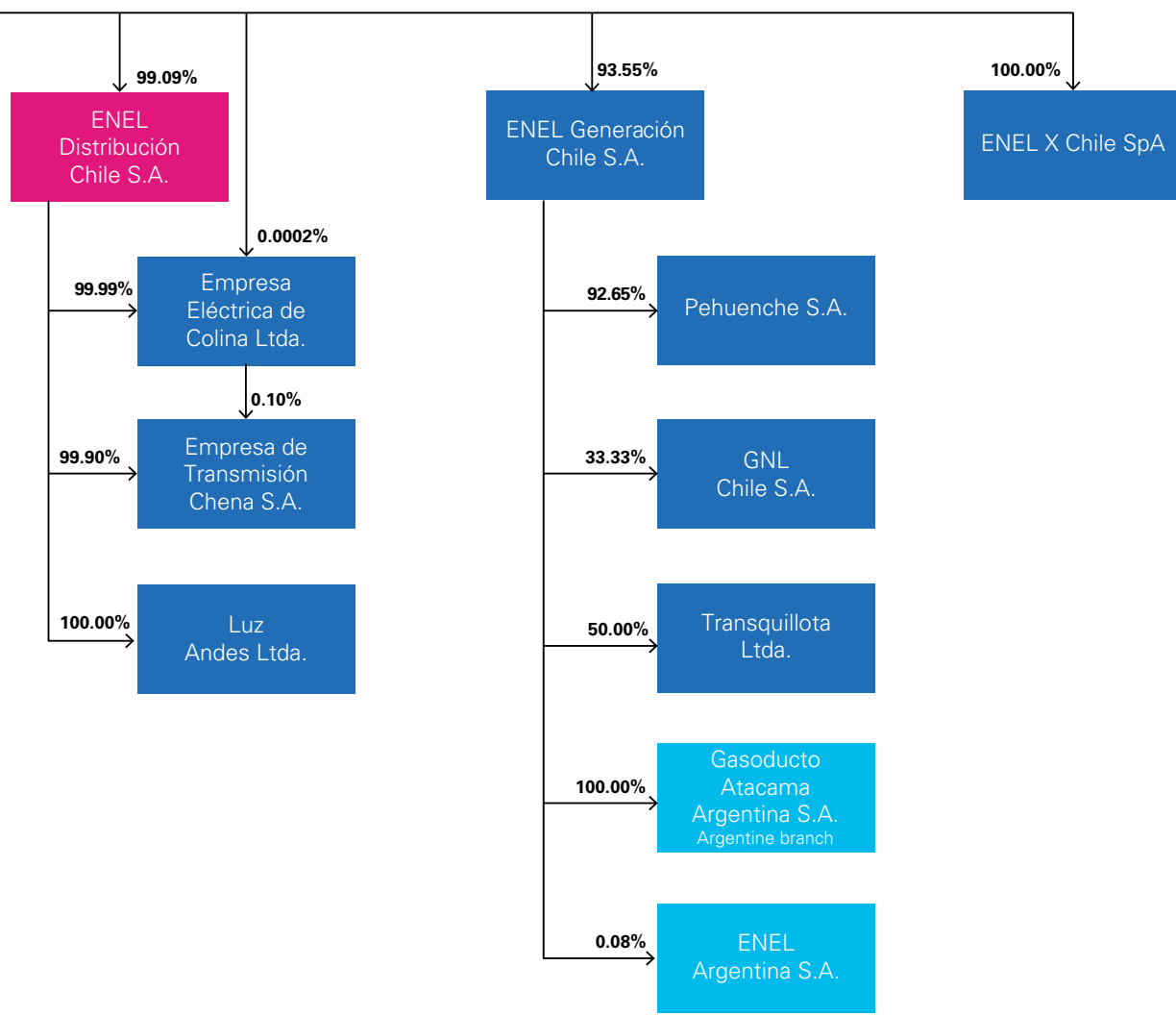
Tx: Transmission/Commercialization

Ox: Gas pipeline, others

# Enel Chile organization structure









## 23. IDENTIFICATION OF SUBSIDIARIES AND ASSOCIATE COMPANIES

## AGRÍCOLA DE CAMEROS

### Name

Sociedad Agrícola de Cameros Limitada

### Type of Company

Limited Liability Company

### Taxpayer ID

77,047,280-6

### Address

Camino Polpaico a Til-Til, S/N Til-Til, Chile

### Telephone

(56 2) 2378 4700

### Subscribed and Paid Capital (ThCh\$)

5,738,046

### Corporate Purpose

The purpose of the company is the exploitation of agricultural land.

### Core Business

Real estate and agriculture

### Directors

Hugo Álvarez de Araya Sanhueza  
Ingrid Morales Ávila  
Manuel Larraín García  
María Cristina Auad Faccuse  
Cristián Guadi Imbarack Dagach

### Alternate Directors

Fernando Morey Sampaio  
Solange Zincke Cavalieri  
José Hernández Flores  
Jorge Geldres Reyes  
Samy Andrés Garib Auad

### Senior Executives

Hugo Alvarez de Araya Sanhueza  
Chief Executive Officer

### Business Relations

Service contract provided by Enel Chile:  
Provision of internal audit and compliance control services. Price: expressed in UF per hour that Enel Chile's staff assigns to the contracted services.

Percent of Enel Chile's assets: 0.07%

## ENEL DISTRIBUCIÓN CHILE S.A.

### Name

Enel Distribución Chile S.A.

### Type of Company

Publicly held Limited Liability Stock Corporation

### Taxpayer ID

96,800,570-7

### Address

76 Santa Rosa Ave., 8th floor  
Santiago, Chile

### Telephone

(56 2) 2675 2000

### Subscribed and Paid Capital (ThCh\$)

230,137,980

### Corporate Purpose

Distribution and sale of electricity, either hydraulic, thermal or any other source of electricity in Chile, as well as the distribution, transportation, and sale of fuels of any kind, and supplying this energy or fuel directly or through other companies to as many customers as possible.

### Core Business

Electricity distribution.

### Board of Directors

Rodolfo Avogadro Di Vigliano (Chairman) (until 04.26.2019)  
Monica Hodor (until 04.26.2019)  
Edoardo Marcenaro (since 04.26.2019)  
Alessandra Billia  
Hernán Felipe Errázuriz Correa  
Claudia Bobadilla Ferrer (since 04.26.2019)  
Mauro Di Carlo (since 04.26.2019)

### Main Executives

Ramón Castañeda Ponce  
Chief Executive Officer

### Business Relations

(I) Service contract provided by Enel Chile: Comprehensive procurement service; Materials purchasing; Contracting of works, services, and consultancies. Reception, storage, and supply of recurrent and non-recurrent materials, sales agent. Price: Mark-up over average price of consumed materials. (ii) Service contract provided by Enel Chile: Financial management, management and corporate services. Price: monthly amount set in UF. (iii) Centralized Cash Management Contract (iv) Administration services provided by Enel Chile. Price: monthly amount set in UF.

Percent of Enel Chile's assets: 18.64%

## ENEL GENERACIÓN CHILE

### Name

Enel Generación Chile S.A.

### Type of Company

Publicly held Limited Liability Stock Corporation

### Taxpayer ID

91,081,000-6

### Address

76 Santa Rosa Ave.  
Santiago, Chile

### Telephone N°

(56 2) 2630 9000

### Subscribed and Paid Capital (ThCh\$)

552,777,321

### Corporate Purpose

Generation and supply of electricity; provision of engineering and consulting services; and construction and exploitation of infrastructure projects in Chile and abroad.

### Core Business

Electricity Generation

### Board of Directors

Giuseppe Conti (Chairman)  
María Soledad Arellano Schmidt (since 04.26.2019)  
Fabrizio Barderi (since 04.26.2019)  
Julio Pellegrini Vial (since 04.26.2019)  
Cristiano Bussi (since 04.26.2019)  
Luca Noviello (until 04.26.2019)  
Antonio Scala (until 04.26.2019)  
Hernán Cheyre Valenzuela (until 04.26.2019)  
Francesco Giorgianni (until 04.26.2019)

### Main Executives

Valter Moro (until 09.30.2019)  
Chief Executive Officer  
Michele Siciliano (CEO since 10.01.2019 and Development and Regulation Officer (interim) since 10.02.2019)  
Raúl Arteaga Errázuriz  
Luis Ignacio Quiñones Sotomayor  
Bernardo Canales Fuenzalida  
Humberto Espejo Paluz  
Luis Vergara Adamides (until 12.01.2019)  
Claudio Órdenes Tirado  
Juan Alejandro Candia (until 06.30.2019)  
Carlo Carvallo Artigas (until 12.01.2019)  
María Paulina Guglielmi Espósito (since 12.01.2019)  
Viviana Meneses Robledo (since 07.01.2019)  
Carlos Iván Peña Garay (since 12.01.2019)

### Business Relations

(i) Service contract provided by Enel Chile: Procurement services; Materials Purchasing; Contracting of works, services, and consultancies. Price: Directly proportional to

costs associated to staff and to operating and maintenance expenses. Every year, the amount for next annual period is determined, introducing the proper improvements and efficiencies. (ii) Service contract provided by Enel Chile: Money desk and treasury services. Price: Monthly amount set in UF. (iii) Service contract provided by Enel Chile: Accounting services. Price: Monthly amount set in UF. (iv) Service contract provided by Enel Chile: Internal audit and compliance control services. Price: UF amount per hour that Enel Chile staff dedicates to contracted services. (v) Centralized Cash Management Contract with Enel Chile (vi) Administration services provided by Enel Chile.

**Percent of Enel Chile's assets:** 45.65%

## CHENA

### Name

Empresa de Transmisión Chena S.A.

### Type of Company

Privately held corporation

### Taxpayer ID

76,722,488-5

### Address

76 Santa Rosa Ave. 8th floor  
Santiago, Chile

### Telephone N°

(562) 2353 4698

### Subscribed and Paid Capital (ThCh\$)

250,429

### Corporate Purpose

Electricity transmission

### Core Business

Electricity transmission

### Board of Directors

Ramón Castañeda Ponce  
Daniel Gómez Sagner  
Francisco Messen Rebolledo

### Senior Executives

Víctor Hugo Balbontín Artus  
Chief Executive Officer

### Business Relations

(i) Network planning service contract provided by Enel Distribución Chile: supervision and remote operation, supervision and coordination of connections and disconnections, planning and control of maintenance program, local operations, maintenance and emergency service, network planning, operations of facilities. Price: monthly amount fixed in UF. (ii) legal counsel service contract provided by Enel Distribución Chile: topo management, legal services, and secretary to the board. Price: Monthly amount fixed in Chilean pesos.

**Percent of Enel Chile's assets:** 0.02%

## GASATACAMA CHILE\*

### Name

GasAtacama Chile S.A.

### Type of Company

Privately held corporation

### Taxpayer ID

78,932,860-9

### Address

76 Santa Rosa St., Santiago, Chile

### Corporate Purpose

The company has the following purpose:

a) develop the generation, transmission, purchase, distribution and commercialization of electricity or energy of any other source; b) purchase, extract, operate, process, distribute, commercialize and sell solid, liquid and gas fuels; c) sell and provide engineering services; d) acquire, purchase, transfer, lease, charge and develop, in any form, the concessions referred to in the Electricity Law, maritime concessions and water rights of any nature; e) transport natural gas, by itself or jointly with third parties in Chile or abroad, including the construction, location, and operation of gas pipelines and other activities directly or indirectly related to such operations; f) catchment, extraction, treatment, desalination, transportation, distribution, commercialization, delivery and supply of seawater, in all its forms, including natural, drinking, desalinized or treated in any way, either by itself or through a third party; g) invest in all types of assets, tangible or intangible, movable or fixed; h) organize and create all kinds of companies whose objectives are related or linked to the energy industry in any form, or that use electricity as the main input, or that relate to any of the aforementioned activities. To achieve its purpose, the company may carry out all acts and enter into all contracts that contribute to its business activities, including the purchase, sale, acquisition or disposal, on any account, of all kinds of assets, tangible or intangible, movable or fixed and may enter into whatever kind of existing companies or join in their formation.

### Core Business

Electricity generation and gas transportation

### Subscribed and Paid Capital (ThCh\$)

482,511,131

### Directors

Raúl Arteaga Errázuriz, Chairman  
Carlo Cavallo  
Pablo Arnés Poggi  
Humberto Espejo Paluz

### Senior Executives

Valter Moro  
Chief Executive Officer

### Business Relations with Enel Chile S.A.

Communications, human resource management, and capital management service contract provided by Enel Chile S.A. Price: monthly amount expressed in UF.

\* The Company was dissolved on October 1, 2019 and absorbed by Enel Generación Chile. Enel Generación purchased the entire shareholding held by Enel Chile S.A. in GasAtacama Chile through a purchase agreement executed as a public deed by notary public Ivan Torrealba Acevedo dated September 16, 2019.

## GASODUCTO ATACAMA ARGENTINA - Sucursal Argentina\*

### Name

Gasoducto Atacama Argentina S.A.

### Type of Company

Privately held corporation

### Taxpayer ID

78,952,420-3

### Address

76 Santa Rosa St, Santiago, Chile

### Corporate Purpose

The transportation of natural gas, either by itself, through or jointly with a third party, in Chile or abroad, including the construction, location and operation of gas pipelines and other operations directly or indirectly related to this objective. This company has incorporated an agency in Argentina under the name of Gasoducto Cuenca Noroeste Limitada Sucursal Argentina whose purpose is the construction of a gas pipeline between Cornejo, a town in the province of Salta, and the Argentina-Chile border in the vicinity of Paso de Jama in Chile's Second Region.

### Core Business

Gas transportation

### Subscribed and Paid Capital (ThCh\$)

126,309,044

### Directors

Raúl Arteaga Errázuriz  
Pablo Arnés Poggi  
Alex Díaz Sanzana

### Senior Executives

Valter Moro  
Chief Executive Officer

### Business Relations with Enel Chile S.A.

The company has no business relationships with Enel Chile.

The dissolution of the company was effective on September 1, 2019, executed as a public deed by notary public Ivan Torrealba Acevedo dated September 5, 2019 and was absorbed by GasAtacama Chile. Enel Generación Chile transferred its entire shareholding in Gasoducto Atacama Argentina to GasAtacama Chile through a purchase agreement executed as a public deed by notary public Ivan Torrealba Acevedo dated August 21, 2019. Consequently, Gas Atacama Argentina was wholly owned by GasAtacama Chile, absorbed by GasAtacama Chile and finally dissolved.

## GNL CHILE

### Name

Gasoducto Atacama Argentina S.A.

### Type of Company

Privately held corporation

### Taxpayer ID

78,952,420-3

### Address

76 Santa Rosa St, Santiago, Chile

### Corporate Purpose

The transportation of natural gas, either by itself, through or jointly with a third party, in Chile or abroad, including the construction, location and operation of gas pipelines and other operations directly or indirectly related to this objective. This company has incorporated an agency in Argentina under the name of Gasoducto Cuenca Noroeste Limitada Sucursal Argentina whose purpose is the construction of a gas pipeline between Cornejo, a town in the province of Salta, and the Argentina-Chile border in the vicinity of Paso de Jama in Chile's Second Region.

### Core Business

Gas transportation

### Subscribed and Paid Capital (ThCh\$)

126,309,044

### Directors

Raúl Arteaga Errázuriz  
Pablo Arnés Poggi  
Alex Díaz Sanzana

### Senior Executives

Valter Moro  
Chief Executive Officer

### Business Relations with Enel Chile S.A.

The company has no business relationships with Enel Chile.

The dissolution of the company was effective on September 1, 2019, executed as a public deed by notary public Ivan Torrealba Acevedo dated September 5, 2019 and was absorbed by GasAtacama Chile. Enel Generación Chile transferred its entire shareholding in Gasoducto Atacama Argentina to Gastacama Chile through a purchase agreement executed as a public deed by notary public Ivan Torrealba Acevedo dated August 21, 2019. Consequently, Gas Atacama Argentina was wholly owned by GasArtacama Chile, absorbed by GasAtacama Chile and finally dissolved.

## PEHUENCHE

### Name

Empresa Eléctrica Pehuenche S.A.

### Type of Company

Publicly held Limited Liability Stock Corporation, registered in the SVS Corporations Registry under number 293.

### Taxpayer ID

96,504,980-0

### Address

76 Santa Rosa Ave., Santiago, Chile

### Corporate Purpose

Generate, transport, distribute and supply electricity, and acquire and benefit from the respective concessions.

### Core Business

Electricity generation

### Subscribed and Paid Capital (ThCh\$)

175,774,920

### Board of Directors

Raúl Arteaga Errázuriz  
Ignacio Quiñones Sotomayor  
Paula Riveros Pérez (until 06.19.2019)  
Fernando Vallejos Reyes  
Juan Candia Narváez (until 06.20.2019)  
Viviana Meneses Robledo (since 06.28.2019)  
Luis Bolvarán Capetillo (since 07.26.2019)

### Senior Executives

Carlo Carvallo Artigas  
Chief Executive Officer

### Claudio Toledo Freitas

Chief Financial Officer

### Vicente Villaseca Villalobos

Assistant Business Manager

### Business Relations with Enel Chile S.A.

Communications, human resource management, capital management and legal services contract, among others provided by Enel Chile S.A. Price: monthly amount expressed in UF. Operation and maintenance services contract with Enel Generación Chile.

### Percent of Enel Chile's assets: 2.72%

## TRANSQUILLOTA

### Name

Transmisora Eléctrica de Quillota Ltda.

### Type of Company

Limited liability Company

### Taxpayer ID

77,017,930-0

### Address

Route 60, km 25, Lo Venecia, Quillota, V Region of Valparaíso, Chile

### Corporate Purpose

Transportation, distribution, and supply of electricity, either by itself or through a third party.

### Core Business

Electricity transmission

### Subscribed and Paid Capital (ThCh\$)

4,404,446

### Representatives

Pedro de la Sotta Sánchez (Enel)  
Joint Manager (Commercialization Chile)  
Sergio Ávila Arancibia (Enel)  
Joint Manager (Tech Support Chile)  
Santiago Bradford Vicuña (Colbún)  
Joint Manager  
Goran Nanik (Colbún)  
Joint Manager

### Business Relations with Enel Chile S.A.

The company has no commercial relations with Enel Chile.

### Percent of Enel Chile's assets: 0.08%

**LUZ ANDES\*****Name**

Luz Andes Limitada

**Type of Company**

Limited Liability Company

**Taxpayer ID**

96,800,460-3

**Address**76 Santa Rosa Ave.  
Santiago, Chile**Telephone N°**

(56 2) 263752260

**Subscribed and Paid Capital (ThCh\$)**

1,224

**Corporate Purpose**

Distribution and sale of electricity, and sale of household, sports, entertainment and computer appliances.

**Core Business**

Electricity distribution

**Joint Administration**Claudio Inzunza Díaz  
Rodrigo Vicente Arévalo Cid**Senior Executives**Claudio Inzunza Díaz  
Chief Executive Officer**Business Relations**

(i) Service contract provided by Enel Chile: Comprehensive procurement services, materials purchasing, contracting works, services and consultancies, reception, storage and supply of recurrent and non-recurrent materials, sales agent. Price: Mark-up on average price of consumed materials. (ii) Service contract provided by Enel Chile: Internal audit and compliance services. Price: UF amount per hour that Enel Chile' staff dedicates to contracted services. (iii) Administration service contract provided by Enel Chile.

Percent of Enel Chile's assets: 0.07%

\*The company was dissolved as of December 31, 2019.

**EMPRESA ELÉCTRICA DE COLINA****Name**

Empresa Eléctrica de Colina Ltda.

**Type of Company**

Limited Liability Company

**Taxpayer ID**

96,783,910-8

**Address**31 Chacabuco St., Colina  
Santiago, Chile**Telephone**

(56 2) 2844 4280

**Subscribed and Paid Capital (ThCh\$)**

82,222

**Corporate Purpose**

Distribution and sale of electricity, and sale of household, sports, entertainment and computer appliances.

**Core Business**

Electricity distribution

**Joint Administration**Francisco Javier Evans Miranda  
Rodrigo Vicente Arévalo Cid**Senior Executives**Francisco Javier Evans Miranda  
Chief Executive Officer**Business Relations**

(i) Service contract provided by Enel Chile: Comprehensive procurement services, materials purchasing, contracting works, services, and consultancies. Reception, storage and supply of recurrent and non-recurrent materials, sales agent. Price: Mark-up on average price of consumed materials. (ii) Service contract provided by Enel Chile: Internal audit and compliance control services. Price: UF amount per hour that Enel Chile' staff dedicates to contracted services. (iii) Administration service contract provided by Enel Chile. Price: Monthly amount expressed in UF.

Percent of Enel Chile's assets: 0.18%

**ENEL GREEN POWER CHILE LTDA.****Name**

Enel Green Power Chile Ltda.

**Type of Company**

Limited Liability Company

**Taxpayer ID**

96,920,110-0

**Address**

76 Santa Rosa Ave., Santiago.

**Telephone**

(56 2) 2630 9000

**Subscribed and Paid Capital (US\$)**

842,086,000.00

**Corporate Purpose**

Investment in all types of assets related to electricity generation, transmission, and distribution as well as the installation, operation, exploitation and administration of such assets.

**Core Business**

Investment in electricity generation and transmission assets.

**Administration**

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

**Senior executives**James Lee Stancampiano  
CEO and/or Sole Administrator**Business Relations**

1. A contract with Enel Chile S.A. for treasury or trade accounts management. The transactions among both companies is subject to an interest rate set at market conditions.
2. A services contract with Energía y Servicios South America SpA for legal services, commercial services, management, purchases, business innovation and development.
3. A master services agreement with Enel Generación Chile S.A. governing the engineering services among both companies related to electricity generation and transmission projects.
4. Electricity supply contracts with Enel Generación Chile S.A.
5. A contract to govern the different types of guarantees granted by Enel Chile S.A. to Enel Green Power Chile (comfort letters, corporate guarantees and bank guarantees).
6. A general services contract with Enel Chile S.A. to provide EGP Chile security, general services, human resource, organizational services, auditing, finance, communications, legal, sustainability and other services related to administration.
7. A services contract with Enel Generación Chile S.A. to provide management support services, regulatory analysis services, and energy management services. Enel Geen Power Chile also provides Enel Generación Chile S.A. business development services and operating and maintenance services of Canela wind farm.
8. A trade account management contract with Geotérmica del Norte S.A.

Percent of Enel Chile's assets: 10.46%

**ALMEYDA SOLAR SpA****Name**

Almeyda Solar SpA.

**Type of Company**

Joint Stock Company

**Taxpayer ID**

76,321,458-3

**Address**

76 Santa Rosa Ave., Santiago.

**Telephone**

(56 2) 2630 9000

**Subscribed and Paid Capital (US\$)**

3,500,000

**Corporate Purpose**

Generation, distribution and commercialization of solar energy or any other non-conventional renewable energy.

**Core Business**

Photovoltaic solar energy generation.

**Administration**

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

**Chief Executive Officer and/or Sole**

Administrator

James Lee Stancampiano

**Senior Executives**

James Lee Stancampiano

Chief Executive Officer and/or Sole

Administrator

**Business Relations**

1. A contract with Enel Chile S.A. for treasury or trade accounts management. The transactions among both companies are subject to an interest rate set at market conditions.
2. A contract to govern the different types of guarantees granted by Enel Chile S.A. to the company (comfort letters, corporate guarantees and bank guarantees).
3. A general services contract with Enel Chile S.A. to provide the company security, general services, human resource, organizational services, auditing, finance, communications, legal, sustainability and other services related to administration.
4. A services contract with Enel Generación Chile S.A. to provide management support services, regulatory analysis services, and energy management services.
5. A contract for technical support provided by Enel Green Power SpA.

Percent of Enel Chile's assets: 0.63%

**ENEL GREEN POWER DEL SUR SpA****Name**

Enel Green Power del Sur SpA

**Type of Company**

Joint Stock Company

**Taxpayer ID**

76,412,562-2

**Address**

76 Santa Rosa Ave., Santiago.

**Telephone**

(56 2) 2630 9000

**Subscribed and Paid Capital (US\$)**

355,605,313

**Corporate Purpose**

Generation, distribution and commercialization of wind energy or any other non-conventional renewable energy.

**Core Business**

NCRE powered electricity generation.

**Administration**

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

**Chief Executive Officer and/or Sole**

Administrator

James Lee Stancampiano

**Senior Executives**

James Lee Stancampiano

Chief Executive Officer and/or Sole

Administrator

**Business Relations**

1. A contract with Enel Chile S.A. for treasury or trade accounts management. The transactions among both companies are subject to an interest rate set at market conditions.
2. A contract to govern the different types of guarantees granted by Enel Chile S.A. to the company (comfort letters, corporate guarantees and bank guarantees).
3. A general services contract with Enel Chile S.A. to provide the company security, general services, human resource, organizational services, auditing, finance, communications, legal, sustainability and other services related to administration.
4. A services contract with Enel Generación Chile S.A. to provide management support services, regulatory analysis services, and energy management services.
5. A contract for technical support provided by Enel Green Power SpA.

Percent of Enel Chile's assets: 11.74%

**EMPRESA ELÉCTRICA PANGUIPULLI S.A.****Name**

Empresa Eléctrica Panguipulli S.A.

**Type of Company**

Privately held corporation

**Taxpayer ID**

96,524,140-k

**Address**

76 Santa Rosa Ave., Santiago.

**Telephone**

(56 2) 2630 9000

**Subscribed and Paid Capital (US\$)**

48,038,937.00

**Corporate Purpose**

Generation, supply, and distribution of electricity; investment in electricity generation and distribution companies and also the purchase and sale, commercialization, import and export of all types of products, machinery and raw materials.

**Core Business**

Electricity generation and distribution and investment in generation assets

**Administration**

Conducted by a Board of Directors, as stated by the Corporations Law.

**Board of Directors**

Ali Shakhur Said (Chairman)

James Lee Stancampiano

Jaime Toledo

**Alternate Directors**

Alejandra Bermudez Barreda

Juan Candia Narváez

Adrien Coudurier

**Senior Executives**

James Lee Stancampiano

Chief Executive Officer

**Business Relations**

1. A contract with Enel Chile S.A. for treasury or trade accounts management. The transactions among both companies is subject to an interest rate set at market conditions.
2. A contract to govern the different types of guarantees granted by Enel Chile S.A. to the company (comfort letters, corporate guarantees and bank guarantees).
3. A general services contract with Enel Chile S.A. to provide the company security, general services, human resource, organizational services, auditing, finance, communications, legal, sustainability and other services related to administration.
4. A services contract with Enel Generación Chile S.A. to provide management support services, regulatory analysis services, energy management services and operation and maintenance of the company's Pullinque and Pilmaiquén power plants.



5. A contract for technical support provided by Enel Green Power SpA.

Percent of Enel Chile's assets: 3.57%

#### EMPRESA NACIONAL DE GEOTERMIA S.A.

**Name**  
Empresa Nacional de Geotermia S.A.

**Type of Company**  
Privately held corporation

**Taxpayer ID**  
99,577,350-3

**Address**  
76 Santa Rosa Ave., Santiago.

**Telephone**  
(56 2) 2630 9000

**Subscribed and Paid Capital (US\$)**  
23,268,985.70

**Corporate Purpose**  
Research and exploration of geothermal generation by performing studies, measurements, and other research projects to identify geothermal resources.

**Core Business**  
Exploration of geothermal resources.

**Administration**  
Conducted by a Board of Directors, as stated by the Corporations Law.

**Board of Directors**  
Valter Moro  
Ali Shakhtur Said  
Carlos Alberto Reyes Comandari  
Rodrigo Lobos Roldán

**Alternate Directors**  
Anna Paola Minervini  
Francesco Tutoli  
Gonzalo Paredes Saieg

**Senior Executives**  
Guido Cappetti  
Chief Executive Officer

**Business Relations**  
A contract with Enel Green Power Ltda. for financial and accounting services.

Percent of Enel Chile's assets: 0.03%

#### GEOTÉRMICA DEL NORTE S.A.

**Name**  
Geotérmica del Norte S.A.

**Type of Company**  
Privately held corporation

**Taxpayer ID**  
96,971,330-6

**Address**  
76 Santa Rosa Ave., Santiago.

**Telephone**  
(56 2) 2630 9000

**Subscribed and Paid Capital (US\$)**  
488,236,221.33

**Corporate Purpose**  
Research and exploration of geothermal resources; commercialization of all products, byproducts and raw materials that derive from geothermal exploration and the generation, transmission, distribution and commercialization of any type of electricity.

**Core Business**  
Generation, distribution and commercialization of geothermal electricity.

**Administration**  
Conducted by a Board of Directors, as stated by the Corporations Law.

**Board of Directors**  
Walter Moro (Chairman)  
Ali Shakhtur Said  
Pedro Echeverría Faz  
Giuseppe Di Bello

**Alternate Directors**  
Liliana Schnaidt Hagedorn  
Francesco Tutoli  
Jorge Leal Saldivia  
Adrien Coudirier

**Senior Executives**  
Guido Cappetti  
Chief Executive Officer

**Business Relations**

1. A contract with Enel Green Power Chile Ltda. to provide the company engineering services, technical inspection of construction works, contract management, purchases, public relations, sustainability, safety and environment, IT services, accounting, finance, tax, legal services and other management services related to administration.
2. A contract with Enel Green Power Chile Ltda. for trade accounts management.

Percent of Enel Chile's assets: 5.23%

#### PARQUE EÓLICO TALTAL SpA

**Name**  
Parque Eólico Taltal SpA

**Type of Company**  
Joint Stock Company

**Taxpayer ID**  
76,179,024-2

**Address**  
76 Santa Rosa Ave., Santiago.

**Telephone**  
(56 2) 2630 9000

**Subscribed and Paid Capital (US\$)**  
8,199,805.00

**Corporate Purpose**  
Construction, operation, and maintenance of wind farm generation projects.

**Core Business**  
Wind power generation

**Administration**  
Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

**Chief Executive Officer and/or Sole Administrator**  
James Lee Stancampiano

**Senior Executives**  
James Lee Stancampiano  
Chief Executive Officer and/or Sole Administrator

**Business Relations**

1. A contract with Enel Chile S.A. for treasury or trade accounts management. The transactions among both companies are subject to an interest rate set at market conditions.
2. A contract to govern the different types of guarantees granted by Enel Chile S.A. to the company (comfort letters, corporate guarantees and bank guarantees).
3. A general services contract with Enel Chile S.A. to provide the company security, general services, human resource, organizational services, auditing, finance, communications, legal, sustainability and other services related to administration.
4. A services contract with Enel Generación Chile S.A. to provide the company management support services, regulatory analysis services, and energy management services.
5. A contract for technical support provided by Enel Green Power SpA.

Percent of Enel Chile's assets: 1.49%

## PARQUE EÓLICO VALLE DE LOS VIENTOS SpA

### Name

Parque Eólico Valle de los Vientos SpA

### Type of Company

Privately held corporation

### Taxpayer ID

76,052,206-6

### Address

76 Santa Rosa Ave., Santiago.

### Telephone

(56 2) 2630 9000

### Subscribed and Paid Capital (US\$)

1,157,022.84

### Corporate Purpose

Generation, distribution, and commercialization of wind power or any other non-conventional renewable energy.

### Core Business

Wind power generation

### Administration

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

### Chief Executive Officer and/or Sole

Administrator

James Lee Stancampiano

### Senior Executives

James Lee Stancampiano

Chief Executive Officer and/or Sole

Administrator

### Business Relations

1. A contract with Enel Chile S.A. for treasury or trade accounts management. The transactions among both companies are subject to an interest rate set at market conditions.
2. A contract to govern the different types of guarantees granted by Enel Chile S.A. to the company (comfort letters, corporate guarantees and bank guarantees).
3. A general services contract with Enel Chile S.A. to provide the company security, general services, human resource, organizational services, auditing, finance, communications, legal, sustainability and other services related to administration.
4. A services contract with Enel Generación Chile S.A. to provide the company management support services, regulatory analysis services, and energy management services.
5. A contract for technical support provided by Enel Green Power SpA.

Percent of Enel Chile's assets: 1.13%

## PARQUE TALINAY ORIENTE S.A.

### Name

Parque Talinay Oriente S.A.

### Type of Company

Privately held corporation

### Taxpayer ID

76,126,507-5

### Address

76 Santa Rosa Ave., Santiago

### Telephone

(56 2) 2630 9000

### Subscribed and Paid Capital (US\$)

140,502,351.12

### Corporate Purpose

Planning, development and exploitation of wind power projects.

### Core Business

Wind power generation.

### Chief Executive Officer and/or Sole

Administrator

James Lee Stancampiano

### Senior Executives

James Lee Stancampiano

Chief Executive Officer and/or Sole

Administrator

### Business Relations

1. A contract with Enel Chile S.A. for treasury or trade accounts management. The transactions among both companies is subject to an interest rate set at market conditions.
2. A contract to govern the different types of guarantees granted by Enel Chile S.A. to the company (comfort letters, corporate guarantees and bank guarantees).
3. A general services contract with Enel Chile S.A. to provide the company security, general services, human resource, organizational services, auditing, finance, communications, legal, sustainability and other services related to administration.
4. A services contract with Enel Generación Chile S.A. to provide the company management support services, regulatory analysis services, and energy management services.
5. A contract for technical support provided by Enel Green Power SpA.

Percent of Enel Chile's assets: 2.14%

## DIEGO DE ALMAGRO MATRIZ SpA

### Name

Diego de Almagro Matriz SpA

### Type of Company

Joint Stock Company

### Taxpayer ID

76,306,985-0

### Address

76 Santa Rosa Ave., Santiago

### Telephone

(56 2) 2630 9000

### Subscribed and Paid Capital (US\$)

665,000

### Corporate Purpose

Construction, exploitation, operation and maintenance of the Diego de Almagro Solar photovoltaic solar electricity generation and transmission project.

### Core Business

Operation of solar power plants.

### Administration

Conducted by Empresa Eléctrica Panguipulli S.A. as the only administrator, according to provisions of the company bylaws

### Senior Executives

James Lee Stancampiano

Chief Executive Officer and/or Sole

Administrator

### Business Relations

A contract to govern the different types of guarantees granted by Enel Chile S.A. to the company (comfort letters, corporate guarantees and bank guarantees).

Percent of Enel Chile's assets: 0.00%

**ABC SOLAR 2 SpA****Name**

ABC Solar 2 SpA

**Type of Company**

Joint Stock Company

**Taxpayer ID**

76,336,638-3

**Address**

76 Santa Rosa Ave., Santiago.

**Telephone**

(56 2) 2630 9000

**Subscribed and Paid Capital (Ch\$)**

1,000,000

**Corporate Purpose**

Research, development, construction, operation and maintenance of renewable energy electricity generation facilities.

**Core Business**

Development of renewable electricity generation projects.

**Administration**

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

**Chief Executive Officer and/or Sole**

Administrator  
James Lee Stancampiano

**Senior Executives**

James Lee Stancampiano  
Chief Executive Officer and/or Sole Administrator

**Business Relations**

The company has no commercial relationship with Enel Chile.

Percent of Enel Chile's assets: 0.00%

**ABC SOLAR 10 SpA****Name**

ABC Solar 10 SpA

**Type of Company**

Joint Stock Company

**Taxpayer ID**

76,336,669-3

**Address**

76 Santa Rosa Ave., Santiago.

**Telephone**

(56 2) 2630 9000

**Subscribed and Paid Capital (Ch\$)**

1,000,000

**Corporate Purpose**

Research, development, construction, operation and maintenance of renewable energy electricity generation facilities.

**Core Business**

Development of renewable electricity generation projects.

**Administration**

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

**Chief Executive Officer and/or Sole**

Administrator  
James Lee Stancampiano

**Senior Executives**

James Lee Stancampiano  
Chief Executive Officer and/or Sole Administrator

**Business Relations**

The company has no commercial relationship with Enel Chile.

Percent of Enel Chile's assets: 0.00%

**MSN SOLAR TRES SpA****Name**

MNS Solar Tres SpA

**Type of Company**

Joint Stock Company

**Taxpayer ID**

76,349,123-4

**Address**

76 Santa Rosa Ave., Santiago.

**Telephone**

(56 2) 2630 9000

**Subscribed and Paid Capital (Ch\$)**

1,000,000

**Corporate Purpose**

Research, development, construction, operation and maintenance of renewable energy electricity generation facilities.

**Core Business**

Development of renewable electricity generation projects.

**Administration**

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

**Chief Executive Officer and/or Sole**

Administrator  
James Lee Stancampiano

**Senior Executives**

James Lee Stancampiano  
Chief Executive Officer and/or Sole Administrator

**Business Relations**

The company has no commercial relationship with Enel Chile.

Percent of Enel Chile's assets: 0.00%

**PARQUE SOLAR MAIPÚ SpA****Name**

Parque Solar Maipú SpA

**Type of Company**

Joint Stock Company

**Taxpayer ID**

76,052,135-3

**Address**

76 Santa Rosa Ave., Santiago.

**Telephone**

(56 2) 2630 9000

**Subscribed and Paid Capital (Ch\$)**

264,208,742

**Corporate Purpose**

Generation, distribution, and commercialization of wind power or any other non-conventional renewable energy, and research, development, construction, operation and maintenance of solar electricity generation projects.

**Core Business**

Development of solar electricity generation projects.

**Administration**

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

**Chief Executive Officer and/or Sole**

Administrator

James Lee Stancampiano

**Senior Executives**

James Lee Stancampiano

Chief Executive Officer and/or Sole

Administrator

**Business Relations**

The company has no commercial relationship with Enel Chile.

Percent of Enel Chile's assets: 0.00%

**PARRONAL SPA****Name**

Parronal SpA

**Type of Company**

Joint Stock Company

**Taxpayer ID**

76,499,496-5

**Address**

76 Santa Rosa Ave., Santiago.

**Telephone**

(56 2) 2630 9000

**Subscribed and Paid Capital (Ch\$)**

1,000,000

**Corporate Purpose**

Development, construction, exploitation and ownership of wind, hydro, and biomass electricity generation projects and purchase, sale and commercialization of energy and capacity.

**Core Business**

Development of wind power generation projects.

**Administration**

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

**Chief Executive Officer and/or Sole**

Administrator

James Lee Stancampiano

**Senior Executives**

James Lee Stancampiano

Chief Executive Officer and/or Sole

Administrator

**Business Relations**

The company has no commercial relationship with Enel Chile.

Percent of Enel Chile's assets: 0.00%

**ENEL X SpA****Name**

ENEL X CHILE SpA

**Type of Company**

Joint Stock Company

**Taxpayer ID**

76,924,079-9

**Address**

76 Santa Rosa Ave., 5th Floor, Santiago.

**Corporate Purpose**

The purpose of the company is to develop, implement, and commercialize innovative, state-of-the-art technology products and services related to energy in Chile. To fulfill its purpose, the company may directly or through third parties, associations, collaboration agreements and/or any other form of cooperation, implement the following activities:

- a) The purchase, sale, rent, import, export, manufacture or production, collection, consignment, representation, intermediation, commercialization, distributed generation, replenishment, energy consumption management and efficiency control, repair and maintenance of all type of goods or merchandise related to energy, home, and/or company, environment, transport, security, sports, recreation, technology, computer science, communications, including telematics, information technology, home automation, and multimedia and interactive services.
- b) Install networks (electricity, water, gas, optic fiber, urban heating, telecommunications)
- c) Provide urban services in the territory (lighting, environmental monitoring systems)
- d) Design, build, maintain, and manage plants, production and sale of all types of equipment.
- e) Promote and develop electric mobility, investigate, design, promote, build, develop, test, produce, commercialize, manage, and maintain all types of equipment, installations and services.
- f) Investigate, design, promote, develop, and commercialize products and services, innovative processes and solutions, including digital, destined towards improving operational performance, optimizing industrial, technological and commercial processes and innovative solutions.
- g) Design, advise, and assist, as well as investigate and develop initiatives to create, maintain, and raise asset value.

Provide, directly or through third parties, all services related directly or indirectly with the aforementioned activities and products, to all natural and legal persons.

In addition to its main corporate purpose, the Company may invest in:

Firstly, acquisition, exploitation, construction, rental, administration, intermediation, commercialization, and disinvestments in all types of movable and immovable assets. Secondly, all types of financial assets, including stock, bonds and debentures, trade bills, and in general, all types of securities and contributions to companies.

#### **Core Business**

Commercialize electric goods and services.

#### **Subscribed and Paid Capital (ThCh\$)**

3,800,000

#### **Administration**

Conducted by a sole administrator and/or Chief Executive officer, as established by the bylaws.

#### **Senior Executives**

Karla Zapata Oballe  
Chief Executive Officer and/or Sole Administrator

#### **Business Relations with Enel Chile S.A.**

A contract with Enel Chile to provide the company with communications, human resource management services, among others. Prices of services are set in UF.

**Percent of Enel Chile's assets:** 1.31 %



## 24. SIGNIFICANT EVENTS

# 2019 Consolidated significant events as of December 31, 2019

In accordance with articles 9 and 10, second paragraph, under Chilean Securities Law 18,045, and as established under Chilean General Norm 30 of the Superintendence, the following significant events are informed, which are available in English and Spanish through our communication channels:

## Enel Chile S.A.

- The Ordinary Shareholders Meeting held April 29, 2019, agreed to distribute a minimum mandatory dividend (from which the interim dividend paid in January 2019 is deducted) and an additional dividend amounting a total of Ch\$217,025,962,471, equivalent to Ch\$3.137730 per share.

Since the aforementioned interim dividend N°6 has already been paid, the Company will proceed to distribute and pay the remaining of the definitive dividend N°7 amounting a total of Ch\$185,737,591,809, equivalent to Ch\$2.685367 per share.

- On June 4, 2019, the following was informed as a significant event. Enel Generación Chile S.A. ("Enel Generación") and GasAtacama Chile S.A. ("GasAtacama"), both controlled by Enel Chile S.A. ("Enel Chile", or the "Company"), signed an agreement, in line with the Group's sustainability strategy and strategic plan in Chile, with the Energy Ministry that defined the procedure regarding the progressive closure of the coal-fired plants Tarapacá, Bocamina 1 and Bocamina 2, the first located in Iquique and the second and third in Coronel, with an installed gross capacity of 158 MW, 128 MW, and 350 MW, respectively (hereafter, "Tarapacá", "Bocamina 1", "Bocamina 2" respectively), hereafter the "Agreement".

The agreement is subject to the condition precedent that the Power Transfer Regulation between generation companies enters into full effect. The Power Transfer Regulation establishes, among others things, the essential conditions that ensure a non-discriminatory treatment between the different generators, and defines the Strategic Reserve State ("ERE" in its Spanish acronym). In accordance with the Agreement, GasAtacama and Enel Generación would be formally and irrevocably required to disconnect Tarapacá and Bocamina 1, respectively, from the National Electric System by May 31, 2020, and December 23, 2023, respectively. Regarding Bocamina 2, Enel Generación aims at its early retirement by December 31, 2040. All the above mentioned is subject to authorizations, as established in the Ley General de Servicios Eléctricos.

Therefore, Enel Generación and GasAtacama will record an impairment loss related to the Bocamina 1 and Tarapacá plants, which will affect Enel Generación's net profit for 2019, and consequently, have an impact on Enel Chile, amounting to approximately US\$ 270 million.

Regarding Bocamina 2, the financial effects will depend on the factors that affect the behavior of the energy sector, such as the price of fuels, hydrology, growth of electricity demand, and international inflation rates, among others, which are impossible to determine at this time.

Considering the importance of this Agreement with regard to the fulfillment of commitments established to face the effects of climate change, and in line with the renewable energy growth plan, Enel Chile will take all necessary measures so that the impairment does not impact the dividends for the 2019 announced by the Company to investors in its strategic plan released to the market in November 2018.



- On July 31, 2019, the following was informed as a significant event. The Board of Directors, in its meeting held on July 30, 2019, unanimously agreed to update the Company's Related Party Transactions Policy, which had been approved by the Board of Directors in the meeting held on March 23, 2016.

Consequently, a copy of the updated version of the Related Party Transactions Policy, as approved by the Board of Directors of Enel Chile S.A., is attached to this letter, and is also available on the Company's website, [www.enel.cl](http://www.enel.cl), and at its main office.



## PRESS RELEASE

### Media Relations

T +39 06 8305 5699  
ufficiostampa@enel.com

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### Investor Relations

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investor.relations@enel.com

[enel.com](http://enel.com)

## ENEL TO INCREASE ITS STAKE IN ENEL CHILE BY UP TO 3%

- Enel has entered into two share swap transactions with a financial institution to increase its shareholding in Enel Chile from the current 61.9% stake*

**Rome, December 5<sup>th</sup>, 2019** – Enel S.p.A. ("Enel") has entered into two share swap transactions (the "Swap Transactions") with a financial institution to increase its shareholding in its listed Chilean subsidiary Enel Chile S.A. ("Enel Chile") by up to 3% from the current 61.9% stake. Pursuant to the Swap Transactions, Enel may acquire, on dates that are expected to occur no later than the fourth quarter of 2020:

- up to 1,763,747,209 shares of Enel Chile's common stock; and
- up to 6,224,990 of Enel Chile's American Depositary Shares ("ADSs"), each representing 50 shares of Enel Chile's common stock.

The above-mentioned shares of Enel Chile's common stock and ADSs represent up to 3.0% of the company's entire share capital.

The number of shares of Enel Chile's common stock and Enel Chile's ADSs actually acquired by Enel, pursuant to the Swap Transactions, will depend on the ability of the financial institution to establish its hedge positions with respect to the Swap Transactions.

The amount payable for any shares of Enel Chile's common stock acquired will be based on the prices at which the financial institution establishes its hedge with respect to the corresponding Swap Transaction. The amount payable for any of Enel Chile's ADSs acquired will be based on the volume-weighted average prices of Enel Chile's ADSs during the period in which the financial institution establishes its hedge with respect to the corresponding Swap Transaction.

Prior to settlement, Enel will not have any right to dispose of or vote any shares of Enel Chile's common stock or Enel Chile's ADSs acquired or held by the financial institution as a hedge in connection with the corresponding Swap Transaction.

Enel's payment obligations under the Swap Transactions will be funded through internal cash flow generation.

These transactions are in line with the Enel Group's 2020-2022 Strategic Plan announced to the markets, which foresees the buyout of minorities in South America.



## **RELATED-PARTY TRANSACTIONS POLICY**

### **Enel Chile S.A.**

The Related-party transactions policy approved by the Board of Directors as set forth in Article 147, letter b), under Law N°18,046, is the following:

1. Related-party transactions include financial transactions with related parties such as trade account transactions and/or financial loans.
2. Related-party transactions include financial transactions or financial intermediation carried out by the Company with related-party such as fixed-income and equity, purchase and sale of currencies, derivatives, swaps, pacts, term deposits, overdraft lines, credits documented with promissory notes, letters of credit, guarantee slips, standby letters of credit, forward contracts, hedges, options and futures, operations related to banking accounts, money market trade and short term financial investments of the Company or other usual cash management operations.
3. Related-party transactions include related-party transactions associated to IT services, infrastructure services, data center, microcomputers, software and hardware, and data management in general.
4. Related-party transactions include related-party transactions relative to administration, top management or professional, financial management, corporate services and other similar management services comprising among others accounting, financial reporting, fixed assets, sales and purchases ledger, treasury and banks, taxation advisory, legal counsel, communications, human resources and organization, investor relations, public relations, compliance, general services, asset management insurance, procurement, comptroller and internal audit, and crime prevention management.
5. Related-party transactions include acquisition or disposal operations of shareholding, subsidiaries or affiliates of the Company, or other companies in which has participation directly or indirectly, signed with related-companies, in order to proceed with corporate restructuring or asset relocation, which do not exceed 10% the shareholding of the entity in which the transaction is completed, nor exceed the equivalent of US\$ 200 million.

- On November 25, 2019, the following was informed as a significant event. Today, the Board of Directors of Enel Chile has approved the Strategic Plan of the Company for the 2020 – 2022 period.

The macro elements included in this Strategic Plan for the 2020 – 2022 three-year period have an estimated accumulated EBITDA of approximately US\$ 5.3 billion, and an estimated accumulated CAPEX of approximately US\$ 2.5 billion.

Considering that contents of the Strategic Plan are based on projections of hypotheses that may or may not be verified in the future, their effects are not determinable at this date.

- On November 26, 2019, the following was informed as a significant event. The Board of Directors of Enel Chile unanimously agreed to distribute an interim dividend of Ch\$ 0.447231118704613 per share, attributable to 2019, to be paid on January 31, 2020. This amount corresponds to 15% of Net Income as of September 30, 2019, determined by the Company's Income Statement as of that date.
- On December 5, 2019, the following was informed as a significant event. In a Press Release issued on the same date by the parent Company, Enel SpA, the Italian company informs the market that it has entered into two agreements with a financial institution to increase its shareholding in Enel Chile S.A. ("Enel Chile") by up to 3%, in addition to its current stake of 61.9%. More details can be found in the attached copy.

Chagres" (hereafter the "Agreement") by virtue of which it has been agreed to anticipate the termination date of the contracts to February 20, 2020, and the payment to Enel Gneración of the respective exit compensation, in accordance with both provisions of the contracts and the aforementioned Agreement.

As of this date, it is impossible to quantify the financial effects of the early termination of the contracts on the results of Enel Generación. The financial effects will depend on factors that affect the behavior of the electricity market, such as the price of fuels, the hydrological conditions, growth of demand and international inflation rates, among others, that as of this date are impossible to determine.

- On April 26, 2019, the Ordinary Shareholders Meeting agreed to distribute a definitive dividend equal to 60% (sixty percent) of the Net Income as of December 31, 2018, equivalent to Ch\$ 11.4115037985 per share, to be paid on May 17, 2019.

The shareholders who are registered by May 11, 2019 in the Shareholders' Registry will be entitled to receive this dividend.

- On April 26, 2019, the Extraordinary Shareholders' Meeting of Enel Generación S.A. ("Enel Generación", or the "Company") was held, and the shareholders of Enel Generación decided to approve the changes to the bylaws of Enel Generación in order to delete the articles referring to the Directors' Committee, articles 22, 23, 25, 26, 27, 28 and 29. It also approved restating the text of the bylaws of Enel Generación to include these changes.

- At the Ordinary Shareholders' Meeting of Enel Generación S.A., held on April 26, 2019, the following individuals were elected to the new Board of Directors of the company for a three-year period:

- Giuseppe Conti
- Fabrizio Barderi
- Cristiano Bussi
- Maria Soledad Arellano Schmidt
- Julio Pellegrini Vial

## Enel Generación Chile S.A.

- On April 24, 2019, regarding the power and electricity purchase and sale contracts informed through a significant event issued on May 5, 2016, Anglo American Sur S.A. ("AngloAmerican") and Enel Generación Chile S.A. ("Enel Generación") have signed an Agreement called "Payment of Compensation for Exit Clause, Settlement and Transaction for Contracts for the Purchase and Sale of Power and Electricity for Los Bronces, El Soldado and

- At the Ordinary Board of Directors meeting of Enel Generación S.A., held on April 26, 2019, after the Ordinary Shareholders' Meeting, Mr. Guiseppe Conti was elected as Chairman of the Board of Directors, and Mr. Ignacio Quiñones Sotomayor was elected Secretary to the Board of Directors.
- On June 4, 2019, Enel Generación Chile S.A. ("Enel Generación" or the "Company") and GasAtacama Chile S.A. ("GasAtacama") signed an agreement, in line with its sustainability strategy and strategic plan, with the Ministry of Energy that defined the procedure regarding the progressive retirement of the coal-fired plants Tarapacá, Bocamina 1 and Bocamina 2, the first located in the Iquique district and the second and third in the Coronel district, with a gross installed capacity of 158 MW, 128 MW, and 350 MW, respectively (hereafter, "Tarapacá," "Bocamina 1," "Bocamina 2" respectively), hereafter the "Agreement".

The agreement is subject to the condition precedent that the Power Transfer Regulation between generation companies enters into full effect, establishing, among others, the essential conditions that ensure a non-discriminatory treatment between the different generators, and define the Strategic Reserve State ("ERE" in its Spanish acronym). In accordance with the Agreement, GasAtacama and Enel Generación would be formally and irrevocably required to disconnect Tarapacá and Bocamina 1 from the National Electricity System by no later than May 31, 2020, and December 23, 2023, respectively. Regarding Bocamina 2, the goal of Enel Generación is its early retirement by December 31, 2040. All the above mentioned is subject to authorizations, as established in the Ley General de Servicios Eléctricos.

Therefore, Enel Generación and GasAtacama will record an impairment loss related to the Bocamina 1 and Tarapacá plants, which will affect net profit for 2019 in approximately US\$ 290 million.

Regarding Bocamina 2, the financial effects will depend on the factors that affect the behavior of the energy sector, such as the price of fuels, hydrological conditions, growth of electricity demand, and international inflation rates, among others. To this date, they are impossible to determine.

Given the importance the Agreement represents, the Company will take all necessary measures so that the impairment does not impact the dividends announced for 2019 which would have resulted if the impairment had not been applied.

- On August 29, 2019, the Board of Directors of Enel Generación Chile S.A. (the "Company") agreed on the related party transaction consisting of buying and acquiring the 2.63% ownership stake of GasAtacama Chile S.A. held by Enel Chile S.A. As a result, Enel Generación Chile S.A. became the owner of 100% of the shares in GasAtacama Chile S.A., absorbing it through a merger.

The purpose of the operation is to reorganize and simplify the corporate structure of entities that comprise the GasAtacama Group and all Company subsidiaries, which would generate corporate and operational efficiencies for the Company. The proposed merger does not have a significant economic-financial effect on the results and financial situation of the Company, considering the shareholding that the Company already has in the aforementioned subsidiary, but will have a positive effect in operational and corporate terms by simplifying the current organizational structure.

- Related to Official Letter 27748, dated September 3, 2019, I hereby inform you that the amount involved in the acquisition of 2.63% of the shares of GasAtacama Chile S.A., in Chilean pesos according to the value of the UF (Unidad de Fomento) at the closing date, is US\$ \$20,197,404 using the Observed Dollar price on August 29, 2019, equivalent to US\$ 1,886.55 per share. The estimated deadline to carry out the mentioned acquisition will be towards the middle of this month. The merger would take place on October 1, 2019. Subsequent to this date, the procedures to publish the extract and the cancellation of the absorbed company in the Registry of Commerce of Santiago would be formalized.
- On September 26, 2019, the Board of Directors acknowledged the resignation of Mr. Valter Moro to the position of Chief Executive Officer of Enel Generación, to be effective on October 1, 2019. In his place, the Board unanimously appointed Mr. Michele Siciliano, the Company's current Thermal Generation Chile Manager, as the new Chief Executive Officer of Enel Generación Chile S.A., as of October 1, 2019.

- In its session held on November 26, 2019, the Board of Directors of Enel Generación Chile S.A. approved the Strategic Plan for the 2020 – 2022 period.

The macro elements included in this Strategic Plan for the 2020 – 2022 three-year period have an estimated accumulated EBITDA of approximately US\$ 3.1 billion, and an accumulated CAPEX of approximately US\$ 358 million.

Considering that the contents of the Strategic Plan is based on projections of hypotheses that may or may not be verified in the future, their effects are not determinable at this date.

- In its session held on November 26, 2019, the Board of Directors of Enel Generación Chile S.A. agreed to distribute an interim dividend for an amount equivalent to 15% (fifteen percent) of Net Income as of September 30, 2019, equivalent to Ch\$ 2.3584352417 per share, to be paid on January 24, 2020.

The shareholders that are registered in the Shareholders' Registry as of January 18, 2020, will be entitled to receive this dividend.

The expected payment date is January 24, 2020.

## Enel Distribución Chile S.A.

- At the Ordinary Shareholders' Meeting, held on April 26, 2019, the following individuals were elected to the new Board of Directors of the company for a three-year period:
  - Mr. Edoardo Marcenaro
  - Ms. Alessandra Billia
  - Ms. Claudia Bobadilla Ferrer
  - Mr. Mauro Di Carlo
  - Mr. Hernán Felipe Errázuriz Correa

- The Ordinary Shareholders' Meeting held on April 26, 2019, agreed on the distribution of a Definitive Dividend amounting to Ch\$ 21.16692221 per share for 2018 to be paid on May 17, 2019, to shareholders registered in the Shareholders' Registry 5 business days prior to the date stated.

- In the Board of Directors meeting held on April 29, 2019, Edoardo Marcenaro was appointed Chairman of the Board.

- The Board of Directors of Enel Distribución Chile S.A., in its meeting held on November 26, 2019, approved the Company's 2020–2022 Industrial Plan.

The macro elements included in this Industrial Plan for the 2020 – 2022 three-year period have an estimated accumulated EBITDA of approximately US\$ 1.036 billion, and an accumulated CAPEX of approximately US\$ 448 million.

Considering that the contents of the Industrial Plan is based on projections of hypotheses that may or may not be verified in the future, its effects are not determinable at this date.

- On November 26, 2019, form 1 was sent with information regarding the interim dividend N. 38 for year 2019, including amount and payment date, approved by the Board on November 26, 2019. The amount is equivalent to 15% of net income of Enel Distribución Chile as of September 30, 2019, determined by the Income Statement of the Company on that date, equal to equivalent to Ch\$11.2183765447 per share.

This dividend will be paid starting on January 24, 2020, to all shareholders registered in the Shareholders Registry by midnight 5 business days prior the date stated.



## 25. STATEMENT OF RESPONSIBILITY

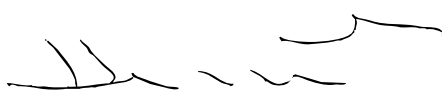






# Statement of responsibility

The Directors of Enel Chile S.A. and its Chief Executive Officer, signatories of this statement, are responsible under oath of the veracity of the information provided in this Annual Report, in compliance with the General Norm 30, issued by the Superintendence of Securities and Insurance (currently, the Financial Market Commission)



CHAIRMAN  
**Herman Chadwick Piñera**  
Taxpayer Id.: 4,975,992-4



DIRECTOR  
**Giulio Fazio**  
Passport: YA 4656507



DIRECTOR  
**Salvatore Bernabei**  
Passport: YB 0600187



DIRECTOR  
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