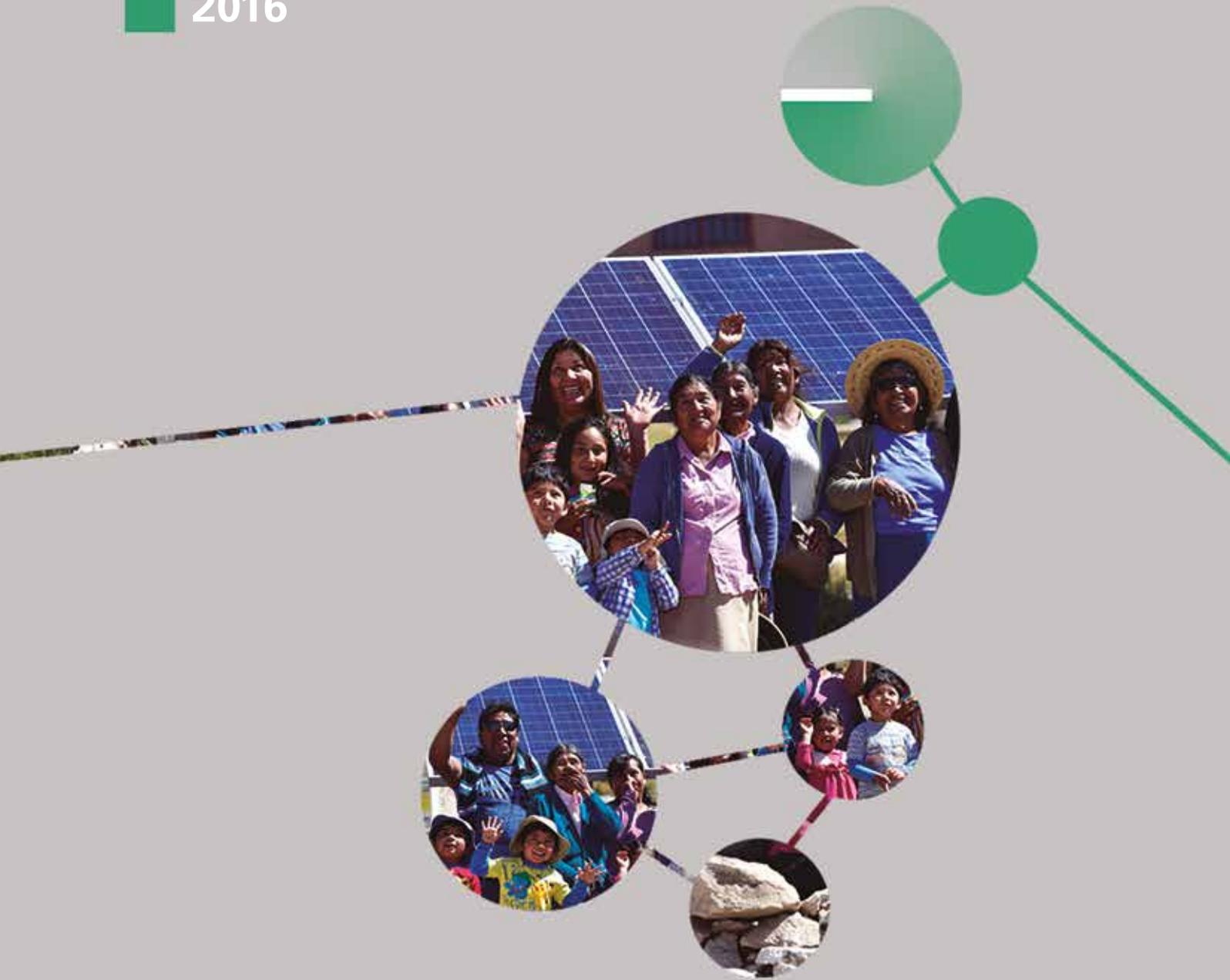


Seeding Energies
Sustainability Report
Enel Generación Chile
2016



enel

Sustainability Report Enel Generación Chile 2016

Index of the Report

> History of Enel Generación Chile	4
> Milestones and key figures	7
> 1. Knowing the Company	9
– Message from the Chairman and General Manager	10
– Introduction	14
– Human Rights	23
– Corporate Governance	24
> 2. Defining Priorities	35
– Our Stakeholders	36
– Materiality Analysis	40
> 3. Sustainability Plan	45
> 4. Our Performance	55
– Responsible Relations with Communities	56
– Management, Development and Motivation of People	69
– Innovation and Operational Efficiency	77
– Customer Relationship Management	85
– Occupational Health and Safety	89
– Sustainable Supply Chain	94
– Environmental Aspects	100
> Annexes	120

History of Enel Generación Chile

1943 - 1948

Corfo crea la Empresa Nacional de Electricidad S.A. para desarrollar el Plan de Electrificación, incluyendo generación, transmisión y distribución de energía eléctrica. Completan la primera etapa del plan, las centrales hidroeléctricas Sauzal y Abanico.



1952 - 1955

Pone en operación centrales hidroeléctricas Cipreses y Los Molles, además crea nuevos departamentos: distribuciones urbanas, explotación, personal, ingeniería, construcción, finanzas, administrativo, acción social, legal y auditoría.



1959 - 1960

Parte la central hidroeléctrica Sauzalito. El terremoto de Valdivia derrumba los cerros, bloqueando el desagüe del lago Riñihue. La compañía asumió un rol clave para evitar un desastre natural.

1961 - 1965

Crece su organización y se perfeccionan profesionales en el extranjero, integrando la automatización y la utilización de la computación. Además, entran en operaciones las centrales termoeléctricas Renca, Ventanas y Huasco, y la central hidroeléctrica Isla

1968 - 1981

Se establece en su edificio corporativo de Santiago e inaugura las centrales hidroeléctricas Rapel, El toro y Antuco, y las centrales termoeléctricas Bocamina, Huasco y Diego de Almagro.



1982

En la reestructuración del sector eléctrico, Endesa, que contaba con activos de generación, transmisión y distribución, se divide en 14 compañías. Estas incluyen 6 compañías de generación (entre ellas Endesa y Colbún), 6 de distribución y 2 de generación y distribución.



1987

Su proceso de privatización comienza en 1987, a través de una serie de ofertas públicas de acciones, y culmina en 1989, en que se incorpora a la sociedad las AFP's, trabajadores de la misma empresa, inversiones institucionales y miles de pequeños accionistas. Vende el 94,4% de su participación en la filial de distribución Emelat Corp. mediante una licitación pública, a Emel Corp.



1988 - 1990

Se inscribe en el Registro Nacional de la Superintendencia de Valores y Seguros y la Bolsa de Comercio de Santiago. Desarrolla los sistemas de transmisión Charrúa-Puerto Montt y Alto Jahuel-Polpaico, además crea las filiales Pangue e Ingendesa, las cuales se agregaron a las filiales ya existentes Pehuenche, Enigesa e Ispen.

1991 - 1993

Entran en operación las centrales hidroeléctricas Canutillar y Pehuenche. Adquiere el control de Central Costanera S.A., en Argentina, y obtiene por primera vez una clasificación de riesgo. Pone en servicio la central Curillinque y adquiere el 59% de Hidroeléctrica El Chocón S.A. en Argentina. En el negocio de la transmisión eléctrica en Chile, Transelec inicia sus operaciones así como la construcción de Túnel El Melón.



1994

Incorpora el nombre de fantasía Endesa y se realiza la emisión de ADR's en la NYSE. Presenta a Conama los planes de trabajo y estudios para la central hidroeléctrica Ralco. Además, conecta las dos etapas del Túnel El Melón, y Transelec crea dos filiales. Enersis adquiere 1,9% adicional de Endesa, alcanzando el 17,2% de la propiedad.

1995

Inicia la construcción de otras tres centrales, San Isidro, Ralco y Patache, y concreta la compra del 60% de participación de Edegel S.A., en Perú. Inaugura el Túnel El Melón e inicia la construcción de la Autopista del Sol.



1996

La central hidroeléctrica Pangue empieza a operar con 5 meses de anticipación. Adquiere el 99,9% Central Hidroeléctrica de Betania, en Colombia, a través de un consorcio con una empresa local, Corfivalle. Enersis alcanza el 25,28%.

1997 - 1998

Adquiere Emgesa, en Colombia, y Centrais Elétricas Cochoeira Dourada en Brasil, además, coloca un Yankee Bond por US\$650 millones, de los cuales US\$200 millones se emitieron a 100 años plazo. Inicia operaciones San Isidro y el gasoducto de Electrogas. Aumenta sus participaciones en Edegel y Cochoeira y pone en marcha una nueva planta de ciclo combinado en Costanera, Argentina.



1999

Endesa España toma el control de Enersis, tras adquirir el 32% adicional de la propiedad. Enersis alcanza 35% adicional de Endesa, alcanzando a 60% de la propiedad. Hace una colocación de Yankee Bonds por US\$400 millones a 10 años. Inaugura el Proyecto Atacama.

2000

Entra en operación la interconexión de 1.000 MW entre Brasil y Argentina, que operaba a través del Consorcio CIEN. Realiza la venta de Transelec a Hydro Québec International Inc. Se lleva a cabo la primera emisión de eurobonos. Pone en marcha la primera etapa de la central Taltal e inaugura el complejo hidroeléctrico Chinango en Perú.





2001 - 2002

Registra sus acciones en la Bolsa de Valores Latinoamericanos de la Bolsa de Madrid (Latibex), bajo el nemotécnico XEOC. Implementa Plan de Fortalecimiento Financiero, que incluye la desinversión de la central Canutillar, de las líneas de transmisión en el Sistema Interconectado del Norte Grande (SING) y la filial Infraestructura Dos Mil. La segunda línea de interconexión Brasil-Argentina entra en operación comercial.

2006

Junto a Enap y Metrogas firma acuerdo para llevar a cabo Proyecto de Gas Natural Licuado (GNL). Adquiere la central Termocartagena en Colombia y fusiona las empresas peruanas Edegel y Etevensa. Las tres agencias internacionales que clasifican a Endesa Chile, Standard & Poor's, Fitch Credit Rating y Moody's, le otorgaron Investment Grade.



2009 - 2011

Adquiere el 29,40% del capital social de su filial peruana Edegel, pone en servicio la central eólica Canela II e inaugura, como socio, el terminal de regasificación de GNL Quintero. Enel toma el control de Enersis, a través de Endesa España. Central San Isidro aumenta capacidad y pone primera piedra de la central hidroeléctrica El Quimbo, en Colombia.

2007

Constituye la sociedad Centrales Hidroeléctricas de Aysén (HidroAysén). Pone en operación comercial el ciclo abierto con diesel del proyecto Ampliación Central San Isidro, segunda unidad, e inaugura el Parque Eólico Canela, la primera central de su tipo en inyectar ERNC al SIC. Se completa la fusión de las sociedades colombianas Emgesa y Central Hidroeléctrica de Betania. Enel y Acciona toman el control de Enersis a través de Endesa España.

2012

Inicia proceso de optimización societaria de determinadas filiales, a través de fusiones escalonadas y sucesivas, lo cual implica la absorción de las filiales Ingendesa, Compañía Eléctrica Tarapacá, Inversiones Endesa Norte, Endesa Eco, Enigesa y Empresa Eléctrica Pangue. Se coloca en operación Bocamina II.

2015

Aprobación de la Política de Sostenibilidad y adopción del Modelo de Creación de Valor Compartido, cuyo objetivo es establecer una relación de largo plazo con las comunidades locales e integrar los objetivos éticos, sociales y medioambientales con los de rentabilidad y desarrollo del negocio.



2003 - 2004

Entra en operación la interconexión de 1.000 MW entre Brasil y Argentina, que operaba a través del Consorcio CIEN. Realiza la venta de Transelec a Hydro Québec International Inc. Se lleva a cabo la primera emisión de eurobonos. Pone en marcha la primera etapa de la central Taltal e inaugura el complejo hidroeléctrico Chinango en Perú.

2008

Pone en operación comercial San Isidro II ciclo combinado, con una potencia instalada de 353MW, e inicia la operación de la mini hidrica Ojos de Agua. En Argentina, se realizó una inversión a través de sus filiales en ese país, lo que significaba 21% de participación en las sociedades Termoeléctricas José de San Martín y Termoeléctrica Manuel Belgrano.

2013

Seleccionada dentro de las 100 empresas a nivel mundial que conforman el índice bursátil del Pacto Global de las Naciones Unidas (United Nations Global Compact 100).



2016

Como parte de la nueva estrategia del Grupo Enel, en octubre de 2016 fue aprobada por los accionistas en junta extraordinaria, el cambio de nombre de Endesa Chile a Enel Generación Chile. Este cambio implicó adoptar una nueva marca e imagen corporativa bajo la marca Enel, de manera de buscando así armonizar los cambios que se están produciendo tanto dentro de la compañía como la evolución progresiva que está llevando a cabo en el mercado energético.



2005

Incorpora el nombre de fantasía Endesa Chile. Se constituye Endesa Brasil, a través del aporte de los activos de Endesa Latinoamérica, Endesa Chile, Enersis y Chilectra; la filial Endesa Eco y adquiere 25% adicional de Compañía Eléctrica San Isidro S.A.



2014

Se inició la construcción de la central hidroeléctrica Los Cóndores, la cual contará con una potencia aproximada de 150 MW.





Milestones and key figures



883

employees as of
December 31, 2016.



Diagnosis in the field of
Human Rights.

6,700

students benefitted from
the Energy for Education
program.

New Open Power philosophy: open energy to more people, new technologies and uses, and create new alliances.

Implementation and certification of the Integrated Corporate Management System (SGI for Spanish abbreviation), a multi network for every operating facility, obtaining the certification under the norms ISO 9001:2008, ISO 14001:2004, y OHSAS 18001:2008.

Signing of the Protocol of Understanding with social organizations and representatives of the community of Paposo.

Roofing of the north coal fields at Bocamina power plant complex, consisting on a geodesic dome covering an area of 22,300 m² and with a storage capacity of 150,000 tons.



The Regasification
Satellite Plant in the
Temuco district began
operating.



The company waived its
water rights associated to
the development of five
projects.

6,700

Obtained the CORFO
certification for four
research and development
projects.





Knowing
the Company

Message from the Chairman and the General Manager

[G4-1] With great pleasure we present our Sustainability Report 2016 to our stakeholders and the general public. This document reviews the Company's milestones and processes throughout the year from a sustainability perspective, emphasizing the social, environmental and financial aspects.

In October 2016, at the Extraordinary Shareholders' Meeting, our shareholders approved the Company's name change, therefore today we are Enel Generación Chile. We are very proud of the history and legacy of this great company, supported by more than 70 years as a leading generation company in the country, relying on solid values and in accordance with good corporate governance. We currently continue progressing on this path with a renewed vision of the business, and a new image that projects the great development experienced by the company last year.

The changes experienced globally in the electricity market demanded a coherent response from our Company that led to an internal cultural evolution in relation to the implementation of sustainability in our operations. This transformation has been developing for over a year, resulting from a deep deliberation that determines that people's safety, operational efficiency and an environmentally sound management endorsed by the communities are our priorities in the operation of the company.

Resulting from a joint work that involved various areas of the company, during 2016 we implemented several actions

to permeate the new sustainability culture, decentralize our management and lead an effective and close presence to the territories where we operate. For this purpose, eight Business Units were created, each of them has a leader to ensure technical and environmental efficiency from the operating center, and additionally established an open and long-term dialogue with neighboring communities, in order to integrate their inquiries and ideas and to work together.

In this line of development, during the year we devoted extensive efforts to establish close relationships with the communities and to offer opportunities to move towards social progress. Among the actions undertaken, we highlight the signing of the Memorandum of Understanding with social organizations and representatives of the community of Paposo, beginning a new stage in the relationship between Enel Generación Chile and the neighbors of Taltal thermoelectric power plant. Additionally, the Quintero Competitive Funds were delivered jointly with GNL Quintero, which meant the support of Enel Generación Chile to 20 social organizations of the commune of nearly \$30 million pesos. Furthermore, the company performed training courses to women entrepreneurs and delivered contributions to the three firefighting stations created during the year, both in the commune of San Clemente, among other initiatives.

It is worth highlighting the work carried out with the communities neighboring the Biobío power plants, especially

the normalization projects of drinking water, the housing development program, which counted with the participation of the community of Ayin Mapu families in the design of their new homes, and the workshops for the native forest seeds collection with the people living in the communes of Yungay and Lonquimay, in the framework of the reforestation agreement together with Universidad de Concepción.

Likewise, during 2016 we continued contributing with education, which we believe is a key area for the sustainable development of the communes in the country. Through the Energy for Education program, we contributed with equipment, infrastructure, training and family support to schools neighboring our operations, thus benefitting more than 6,700 boys and girls.

From an environmental point of view, during 2016, the operations of Enel Generación Chile were performed under the logic of impeccable work, concept that emerged from the Group as a guideline to be environmentally faultless, meaning to go beyond legal requirements and authority demands in this matter. In this respect, all of Enel's power plants operate under the strict compliance of the current regulatory framework, and are aimed to exceed environmental expectations integrating innovation, technology and efficiency.

A geodesic dome was installed this year in the Bocamina power plant to cover the north coalfields, incorporating

advanced technology. This initiative shows our new way of developing operations, and makes this thermal power plant the first of its kind in Chile counting with this system, thus ensuring its operation under the highest environmental standards. In this report you will find details of other technology initiatives that give an account of the efforts carried out in this field.

Our environmental management is not limited to the operation of the power plants. Through the Huinay Foundation we collaborate with four expeditions and three new scientific research projects to preserve the bio geographical legacy of the Chilean fjord region. Meanwhile, in the Maule Region, it is worth mentioning the company's contributions for a scientific research of the Alsodes pehuenche amphibian, an endangered species found in the surroundings of the future Los Cóndores hydroelectric power plant.

In order to maximize the company's operational efficiency, Enel Generación Chile carried out notable actions in 2016, such as the implementation and certification of an Integrated Corporate Management System (SIGC for Spanish abbreviation) for all of its plants, based on the norms ISO 9,001, ISO 14,001 and OHSAS 18,001. This centralized system enables us to optimize resources, share knowledge and properly manage the control and monitor tasks.

In the innovation field, one of the strategic pillars of our management, the joint work at the corporate level in

development initiatives stands out, varying from the use of drones and underwater vehicles of remote operation to mapping and simultaneous localization techniques (SLAM for Spanish abbreviation), which study alternatives that could be implemented in maintenance and safety activities, for example.

Likewise, the Company obtained the Corfo certification for four research and development projects, with an investment of nearly \$400 million in the framework of the R+D Law for tax incentives. This certification was granted in recognition of our commitment and continuous effort to progress into new technologies and processes, in tune with the sustainability vision of our business.

This vision guides the entrance of Enel Generación Chile into the natural gas commercialization business, a clean and competitive energy whose uses constitute a diversification of the energy offer and also creates important environmental benefits, such as the reduction of carbon emissions and particulate matter. During 2016, through local distributors, the company began supplying electricity to more than 11,000 clients between the cities of Temuco, Talca, Los Andes, Coquimbo and La Serena, thus consolidating as a natural gas supplier in cities far from gas pipelines and contributing to reduce the CO2 emissions of our residential and commercial clients in nearly 17%.

The corner stone of our business are the skills and talents of our employees, whether they are own employees or collaborators. This determines the excellence and quality of service we provide to our clients, as well as the sustainability of our management when facing the communities. Consequently, we manage the aspects related to work welfare, especially health and safety of our people, in order to comply with the existing regulations, the corporate standards and the international principles to which we adhere.

During 2016, our efforts continued to create a working environment that maximizes the development of our employees and collaborators, through several training, well being, health and occupational safety initiatives, which are detailed in the pages of this report.

Open Power provides a long-term strategy to lead the business into the future, based on the application of the concept of openness of our energy to more people, new uses, more collaborators and new technologies.

It's not possible to finish this summary without mentioning the historical bidding process performed in August 2016, in which we became the main winners awarded 47.6% of the offer, 273 sub-blocks of block 3, equivalent to 6,006

GWh/year, with an average price of USD 50.8/MWh. This bidding process evidenced the context we are facing and the challenges ahead, for which we are totally well prepared.

We would like to thank our collaborators for their contribution and technical and professional excellence in facing the new sustainability culture that moves Enel Generación Chile.



Giuseppe Conti
Chairman



Valter Moro
General Manager

Introduction

Profile

General Introduction

[G4-3] **[G4-4]** **[G4-5]** **[G4-6]** Enel Generación Chile was incorporated in 1943 under the name of Empresa Nacional de Electricidad S.A. with the objective of exploiting the production, transportation and distribution of electricity in the country. Additionally, the firm provides consultation services, makes investments in financial assets, develops projects and carries out activities in the energy field and in others in which electricity is essential. Enel Generación Chile also participates in public-works infrastructure concessions in the areas of civil or hydraulic works.

The main subsidiaries of the company are the following:

- > Empresa Eléctrica Pehuenche S.A.
- > Central Eléctrica Tarapacá S.A. and GasAtacama S.A.

Currently Enel Generación Chile is the leading generation company in the country. The company's total installed capacity is 6,351 MW.

The generating park of the company comprises 103 units throughout the Central Interconnected System (SIC for Spanish abbreviation) and 8 units in the Norte Grande Interconnected Electricity System (SING for Spanish abbreviation). Hydroelectric capacity represents 55% of its total installed capacity, 44% is thermal capacity and 1% is wind power.

Enel Generación Chile is the leading energy generation company in Chile and a relevant player in the markets where it operates. As of December 31, 2016, its assets amounted to \$33,423,890 million.

Likewise, during this period revenues reached \$1,659,727 million. Operational income amounted to \$456,998 million, and net results after taxes were \$491,276 million. Finally, EBITDA of the company reached \$596,176 million.

Additionally, Enel Generación Chile's shares are traded in the Santiago Stock Exchange, belonging to the 42 companies that compose the IPSA index. The company's shares also trades in the New York Stock Exchange.

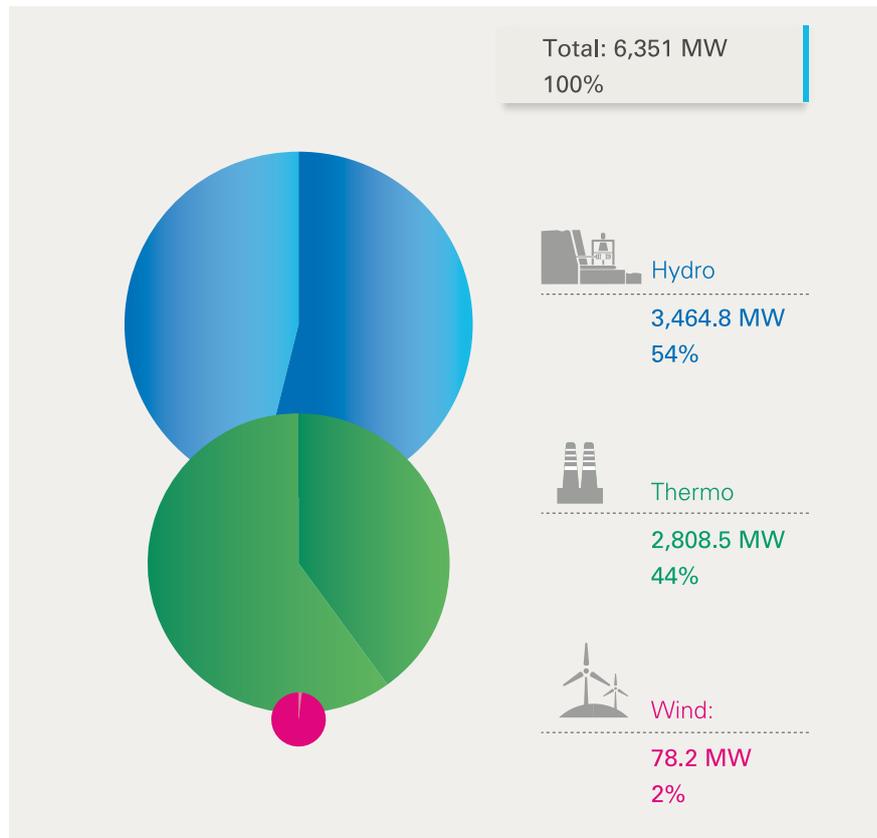
Scope of the Report

[G4-28] **[G4-29]** **[G4-30]** For the fifteenth consecutive year, Enel Generación Chile presents its sustainability report for 2016. In this report, the company informs its stakeholders and the general public about its economic, social and environmental performance under the corporate sustainability guidelines. This document includes the period between January 1 and December 31 of the same year.

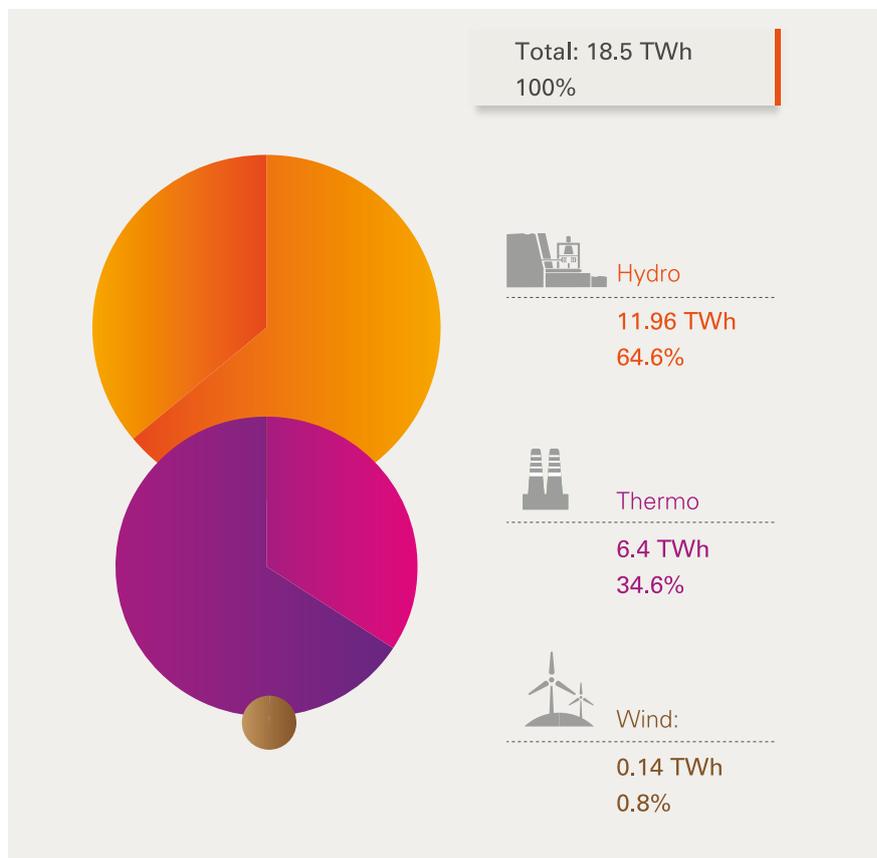
[G4-22] **[G4-32]** **[G4-33]** This document has been prepared following the Guide G4 of the Global Reporting Initiative (GRI) with the Electric Utilities Sector Supplement (EUSS), in accordance with its "Essential" option. Additionally the document was externally verified by the audit company Ernst & Young, with the purpose of ensuring that the information contained in the report complies with the requirements of the methodology used. This process is based on the identification of documentary evidence and the verification of the processes and controls related to the compilation of the information and the data. It is worth highlighting that this report comprises the suggestions and opportunities of improvement presented by the verifying company once the previous process is completed. The external verification Report is available in the Annex section.

[G4-17] With their respective limits of scope and coverage, this report includes management indicators of every operation of Enel Chile and its generation subsidiaries in Chile, including: Enel Generación Chile, Empresa Eléctrica Pehuenche S.A., Central Eléctrica Tarapacá S.A. and GasAtacama S.A.

■ Installed Capacity EU1



■ Generation and Net Energy EU2





1. C.T. TARAPACÁ (TG Y TV)
 Nº of units: 2
 Type 1: Carbón
 Type 2: TG – Diesel
 Installed Capacity: 182 MW



2. C.T. ATACAMA (TG)
 Nº of units: 6
 Type: Gas y Diesel
 Installed Capacity: 781 MW



3. C.T. TALTAL (TG)
 Nº of units: 2
 Type: Gas y Diesel
 Installed Capacity: 245 MW



4. C.T. DIEGO DE ALMAGRO (TG)
 Nº of units: 1
 Type: Diesel
 Installed Capacity: 24 MW



5. C.T. HUASCO (TG)
 Nº of units: 3
 Type: Diesel
 Installed Capacity: 64 MW



6. C.H. LOS MOLLES
 Nº of units: 2
 Type: Hidro
 Installed Capacity: 18 MW



7. P.E. CANELA Y CANELA II
 Nº of units: 51
 Type: Eólico
 Installed Capacity: 78 MW



8. C.T. SAN ISIDRO Y SAN ISIDRO 2 (CC)
 Nº of units: 4
 Type: Gas y Diesel
 Installed Capacity: 778 MW



9. C.T. QUINTERO (TG)
 Nº of units: 2
 Type: Gas
 Installed Capacity: 257 MW



10. C.H. RAPEL
 Nº of units: 5
 Type: Hidro
 Installed Capacity: 377 MW



11. C.H. SAUZALITO
 Nº of units: 1
 Type: Hidro
 Installed Capacity: 12 MW



12. C.H. SAUZAL
 Nº of units: 3
 Type: Hidro
 Installed Capacity: 77 MW



13. C.T. BOCAMINA (TV)
 Nº of units: 2
 Type: Carbón
 Installed Capacity: 478 MW

ARICAY
 PARINACOTA

TARAPACÁ

ANTOFAGASTA

ATACAMA

1

2

3

4

5

6

7

8

9

10

11

14

12

15

13

16

COQUIMBO

VALPARAÍSO

METROPOLITANA

LIBERTADOR
 GENERAL BERNARDO
 O'HIGGINS

DEL MAULE

BÍO-BÍO

LA ARAUCANÍA

LOS RÍOS

LOS LAGOS

14. MAULE POWER PLANTS



● C.H. CURILLINQUE
 Nº of units: 1
 Type: Hidro
 Installed Capacity: 89 MW



● C.H. LOMA ALTA
 Nº of units: 1
 Type: Hidro
 Installed Capacity: 40 MW



● C.H. PEHUENCHE
 Nº of units: 2
 Type: Hidro
 Installed Capacity: 570 MW



● C.H. OJOS DE AGUA
 Nº of units: 1
 Type: Hidro
 Installed Capacity: 9 MW



● C.H. CIPRESES
 Nº of units: 3
 Type: Hidro
 Installed Capacity: 106 MW



● C.H. ISLA
 Nº of units: 2
 Type: Hidro
 Installed Capacity: 70 MW

15. LAJA POWER PLANTS



● C.H. ANTUCO
 Nº of units: 2
 Type: Hidro
 Installed Capacity: 320 MW



● C.H. ABANICO
 Nº of units: 6
 Type: Hidro
 Installed Capacity: 136 MW



● C.H. EL TORO
 Nº of units: 4
 Type: Hidro
 Installed Capacity: 450 MW

16. BIOBÍO CENTRALS



● C.H. RALCO
 Nº of units: 2
 Type: Hidro
 Installed Capacity: 690 MW



● C.H. PALMUCHO
 Nº of units: 1
 Type: Hidro
 Installed Capacity: 34 MW



● C.H. PANGUE
 Nº of units: 2
 Type: Hidro
 Installed Capacity: 467 MW



Hydroelectric power plants



Wind farms



Thermoelectric power plants

- (CC): Combined Cycle
- (TV): Steam Turbine
- (TG): Gas Turbine
- Nº of units: 105
- Installed Capacity MW: 6,352

Open Power

[G4-13] [G4-56] By the end of 2015, Enel launched its new vision called Open Power, which is a response to the shift of paradigm in the energy world, and whose objective is to define a long-term strategy designed to drive the business into the future, providing a guide for all commercial and industrial projects.

Open Power means opening the access to energy to a larger number of people, opening the world of energy to new technologies, opening energy management to the people, opening to new energy uses and opening towards a greater number of alliances.

This strategic concept is based on four values: responsibility, innovation, confidence and proactivity, seeking to bolster the individual responsibility of each Enel employee, while contributing to the success of the Group through the development of a more sustainable and inclusive business.

The Open Power vision means continuous innovation, demands leaving the comfort zone while striving to go

What is Open Power?

Open Power is:

- > A response to a change of paradigm in the world of energy.
- > The definition of long-term strategy to drive the business into the future.
- > A guide to lead commercial and industrial projects.
- > A mentality.

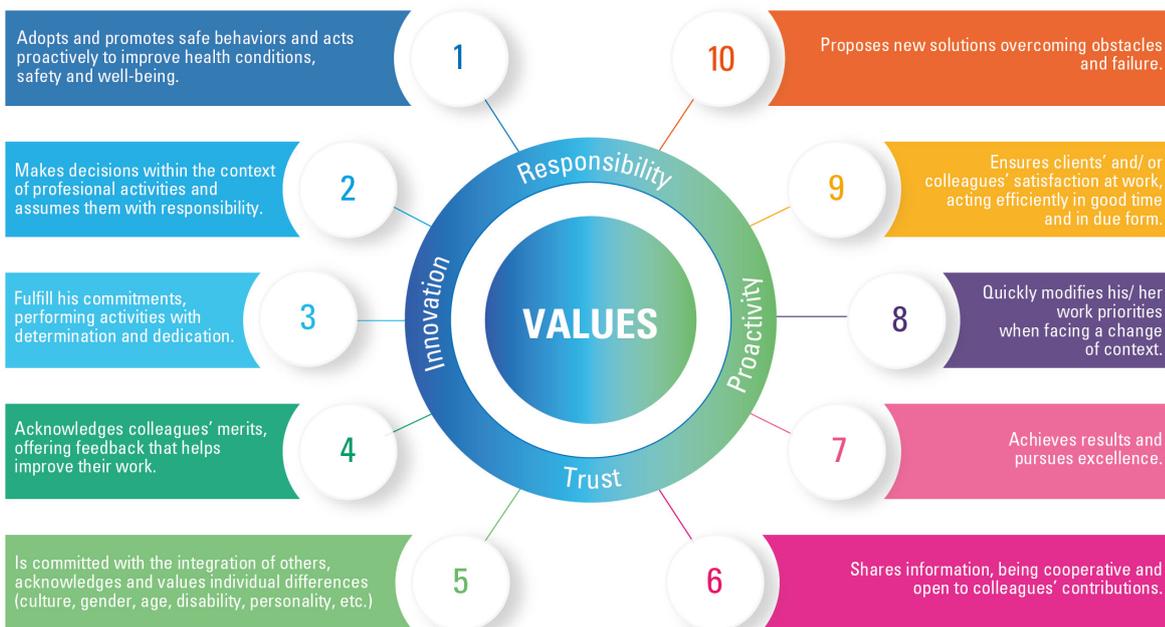
beyond conventional thinking, with the purpose of making energy available for new uses, technologies and people.

The Open Power concept was strongly promoted during 2016, with the objective of clearly differentiating the company within the power industry, while highlighting its exterior outreach, from an inclusive perspective.

During 2016, the promotion of Open Power vision to Enel Generación Chile's employees was accomplished through several workshops where insights and tools of this global project were delivered.

Values

Responsibility, innovation, confidence and proactivity are the four values of Enel, which define its identity and set the foundations of Open Power.



Corporate Reorganization and Brand Change

The corporate reorganization proposal of the current Enel Generación Chile started in April 2015, when Enersis' Board of Directors informed its intention to evaluate a re-ordering process, with the purpose of separating the electricity generation from the energy distribution activities carried out in Chile from the rest of the countries. The Board of Directors of Empresa Nacional de Electricidad S.A. (Endesa Chile, currently Enel Generación Chile) and Chilectra S.A. also agreed in April 2015 to start the evaluation processes for the possible corporate reorganization, which later on meant the division of Endesa Chile and Chilectra, respectively.

The Board of Directors and the Directors' Committee of Endesa Chile reviewed the background information and decided, unanimously, that the reorganization operation as proposed contributes to the social interest of the company.

The reorganization process has basically two stages: first the separation of the Chilean activities from the rest of the countries through the division of Endesa Chile and Chilectra, then two entities were created (Endesa Américas S.A. and Chilectra Américas S.A.). In this first stage, also the division of Enersis meant a new company called Enersis Chile S.A (Enersis Chile, currently Enel Chile), changing the name of Enersis to Enersis Américas S.A. (Enersis Américas, currently Enel Américas).

Later, the approval of the second stage was the merger by

absorption of the three companies owning assets outside Chile in Enersis Américas S.A.

The purpose of the reorganization is on one side to differentiate geographical areas that currently have different drivers of growth, being able to provide attention related to the problems and opportunities of each region. Conversely, the objective is to continue simplifying the structure of the Group in Latin America, reducing the consolidation of minority shareholdings and improving the alignment with the strategic interests. Lastly, efforts are being made to execute a strategy that allows greater operational efficiencies, stronger growth and a differentiated remuneration policy for shareholders.

Brand change

Change means progress. The world changes sharply, just like energy that transforms to become more sustainable and inclusive, and also committed with the development and growth of the communities, cities and countries. The "rebranding" process carried out in 2016 involved every company of the Group worldwide, including Enel Generación Chile and the other companies in Chile.

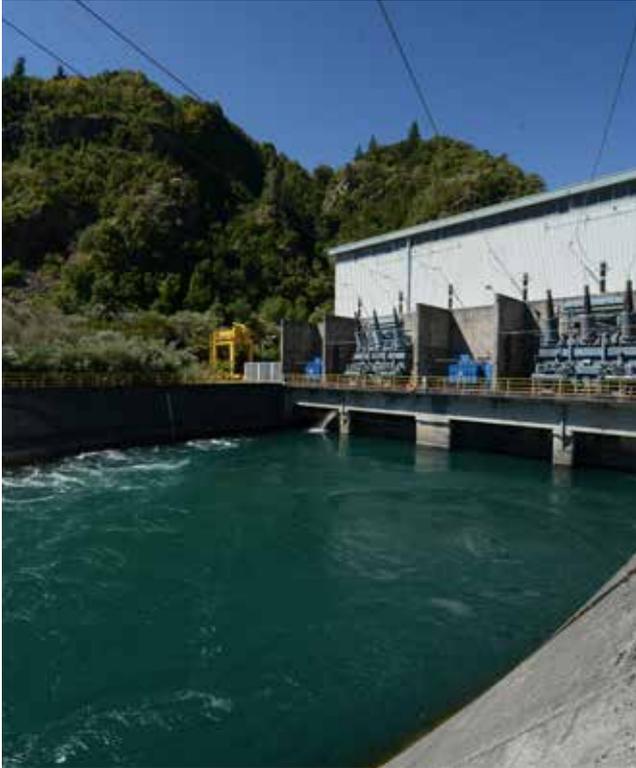
In October 2016, our shareholders approved at the extraordinary shareholders' meeting the name change of the company to Enel Generación Chile, meaning a new brand and corporate image.

Ownership Structure

[G4-7] **[G4-17]** As of December 31, 2016, the company's capital is divided into 8,201,522 subscribed and paid shares, distributed in 15,522 shareholders.

Main Shareholders	Number of Shares	Shareholding
Enel Chile	4.919.488.794	59,58%
Pension Funds	1.302.096.137	15,88%
Banco de Chile on behalf of third parties	432.761.179	5,28%
Stockbrokers, Insurance Companies and Mutual Funds	409.852.098	5,00%
Foreign investment funds	378.914.775	4,62%
ADRs (Citibank N.A. per SVS letter N° 1,375)	288.622.620	3,52%
Others	470.018.977	5,73%
Total	8.201.754.580	100%

New Energy Culture



A new paradigm in the world of energy ...

- > New technologies and competitors are changing the rules of the game.
- > Renewable energies have changed from being “alternatives” to massive in the energy system.
- > Regulatory changes have created new market challenges.
- > A new type of client/producer (prosumer) is demanding energy independence, with the consequent impact in traditional companies.

Current Energy Context

Chile was affected for a new consecutive year by a drought, with poor rainfalls and lower snow melting, particularly in the southern zone. This prompted a low hydro contribution to the energy mix of the country, therefore needing other complementary generation sources for generation.

In Chile, the electricity sector is regulated by the Chilean Electricity Law, Ministry of Mining DFL N°1, 1982, whose restated and coordinated text was determined by the Ministry of Economy DFL N°4, 2006 (the “Electricity Law”) and its corresponding Regulations contained in D.S. N°327, 1998. Three government entities are responsible for the application and compliance with the Electricity Law: **the National Energy Commission (CNE for Spanish abbreviation)**, which has the authority to propose regulated tariffs and to prepare indicative plans for expansion of transmission, and to perform indicative plans for the construction of new generation units; **the Superintendence of Electricity and Fuels (SEC for Spanish abbreviation)**, which controls and monitors compliance with laws, regulations and technical standards for electricity generation, transmission and distribution, liquid fuels and gas; and the **Ministry of**

Energy, which is responsible for proposing and conducting public policies regarding energy, and oversees the SEC, CNE and the Chilean Nuclear Energy Commission (CChEN for Spanish abbreviation), strengthening the coordination and allowing for an overall view of the sector.

The Ministry of Energy also oversees the Energy Efficiency Agency and the National Center for Innovation and Development of Sustainable Energies (CIFES for Spanish abbreviation), which replaced the Center for Renewable Energies (CER for Spanish abbreviation) in November 2014.

The law also establishes the existence of a Panel of Experts whose primary objective is to solve the discrepancies between the different market players: electricity companies, system operator and regulatory entities, among others.

From a physical point of view, the electricity sector in Chile is divided into four interconnected electricity systems. The Central Electricity Grid (SIC for Spanish abbreviation); the Norte Grande Electricity Grid (SING for Spanish abbreviation) and two medium-sized isolated systems in Aysén and

Magallanes. The main grid extends 2,400 km from Taltal in the north to Quellón in the island of Chiloé to the south. The SING covers the northern part of the country, from Arica to Coloso, and extends 700 km. The interconnection of the SIC and the SING is currently under development.

The electricity industry in Chile is divided in three activities: generation, transmission and distribution. The operations of these businesses are interconnected and coordinated, being their main objective to supply electricity at the minimum cost within the certain safety and quality standards required by the electricity legal framework. Due to its particular features, transmission and distribution activities segments are considered natural monopolies and therefore regulated as such by the industry regulation, which mandates free access to the networks and the determination of regulated tariffs.

According to the Electricity Law, the Chilean electricity market is coordinated by an independent public entity, the **National Electricity Coordinator**, whose purpose is to operate the Central Electricity Grid and the Northern Interconnected System, as well as the National Interconnected System in the near future, at the minimum cost and preserving service reliability. The National Electricity Coordinator is also responsible for the calculation of the marginal hourly cost, which is the price of energy transfers between electricity generation companies.

Legal and regulatory context

In order to be aligned with the Energy Agenda proposed by the government last year, the legal and regulatory context continued subject to changes and discussions. Among the main milestones of the year, are the approval of the Electricity Transmission Law, whose objective is to develop a more competitive market, and the enactment of the Tariff Equity Law, which seeks to reduce gaps in electricity tariffs. Furthermore, the project of Water Code reform was approved by the House of Representatives and is still being debated, while the bill of Associativity Law was subject to important amendments. These initiatives are aimed to produce an energy transition in the country, nonetheless they create important uncertainties in this market.

Enel Generación Chile waived its water rights

At the session held on August 30, 2016, the Board of Directors decided to waive the water rights associated to five hydroelectric projects: Bardón (Cautín River, Region of Araucanía), Chillán 1 and 2 (Chillán River, Region of Biobío), Futaleufú (Futaleufú River, Region of Los Lagos), Puelo (Puelo River, Región of Los Lagos) and Huechún (Metropolitan Region).

This decision responds to the highest sustainability standards defined by the company and also to the decision to develop projects that are competitive, needed, environmentally friendly and accepted by neighboring communities. After a deep profitability analysis of the aforementioned initiatives, its social and environmental impact and market conditions, it was concluded that these projects were not viable.

Greater presence of Non-Conventional Renewable Energies (NCRE)

The legal and regulatory framework described above, encourages the penetration of NCRE competitors in the market, resulting in important impacts on prices. This was shown at the bidding offer for regulated clients of 2016, marked by a high number of offers and a competitive dynamic, with prices that dropped nearly 60% in relation to the bidding process of 2013. The higher presence of other generation sources enforces the electricity system and generation companies to face new challenges.

Gradual decouple from GDP

In Chile, the correlation between GDP growth and electricity consumption has shown signs of a decrease during the last couple of years. This is largely due to the development of energy efficiency policies that have to deepen in order to reach the real decouple of economic growth and energy consumption of the OECD countries.

Historic bidding of energy supply awarded by Enel Generación Chile

The company became the main generation company awarded at the August 2016 bidding process, adjudicating 273 sub blocks of the block 3, equivalent to 5,918 GWh/year and at an average price of USD 50.8/MWh.

This was the largest bidding process of energy supply ever made in Chile, and the total offer amounted to 12,430 GWh/year in five blocks of energy to supply the demand of regulated customers (homes and SMBs) for 20 years starting 2021.

A total of 84 companies participated in the bidding process, and the average price was US\$ 47.6 MWh, the lowest price registered to date. Additionally, a large number of solar and wind generation companies participated in this process, which were awarded with nearly 45% of the energy supply blocks offered.

Projects and investments

[DMA EC] An essential requirement for the development of new projects is to ensure that projects contribute to social, environmental and economic sustainability, as well as requiring the approval of the local community through its participation in collaborative processes. This way of project development is part of the new sustainability culture that currently guides Enel Generación Chile and seeks to ensure sustainable investments over time.

The company has a flexible investment plan that prioritizes projects based on their profitability and strategic objectives, focusing on the development of hydro and thermal projects.

Between 2017 and 2019, Enel Generación Chile estimates to invest \$452 billion for ongoing investments on a consolidated basis, maintenance of the existing installed capacity and the development of studies related with potential generation projects.

Projects under consideration

Enel Generación constantly analyzes growth opportunities according to markets' needs. After the redefinition of its portfolio in 2015, the project portfolio comprises those projects that embrace a sustainable vision from the technical, environmental, social and economic perspectives.

The most important current projects are the following:

Taltal Combined Cycle Project Closure

Commune of Taltal, Antofagasta Region.

Energy efficiency project for the conversion of the existing Taltal power plant from open cycle into a gas powered combined cycle plant, with a total installed capacity of 370 MW. The energy generated will be supplied to the SIC through the existing 220 kV double circuit Diego de Almagro-Paposo transmission line.

The Protocol was the result of a joint working table between Enel Generación Chile and the community. The

Protocol expects to reach an agreement on a proposal for local development, the constitution of an Air Quality Committee and the redesign of the project. According to the new standards of the company, Enel Generación Chile redesigned the project considering the concerns of the community regarding the use of seawater for the operation of the power plant, and voluntarily renounced the largest maritime concession in the Caleta Paposo area.

Hydroelectric Project Vallecito

Upper basin of Maule River, El Maule Region.

Run-of-the-river hydroelectric power plant with nearly 70 MW of installed capacity. The energy generated will be supplied to the SIC using the existing transmission line of Los Cóndores hydroelectric power plant.

Vallecito has been designed under the sustainable development criteria, which integrates collaboration processes with nine communities of the Pehuenche Route.

During 2016 the firm performed the technical feasibility studies for the project, started environmental baseline campaigns and carried out more than 45 workshops for the people of neighboring communities.

Closing of Quintero Combined Cycle Project

Commune of Quintero, Valparaíso Region.

Energy efficiency project for converting the existing Quintero power plant from open cycle into a gas powered combined cycle with a total installed capacity of 380 MW. The energy generated will be delivered to the SIC through the existing Quintero-San Luis 220 kV transmission line.

During 2016 the firm performed technical feasibility studies for the project, started the environmental baseline campaigns and implemented the sustainable development plan.

Ttanti Gas Combined Cycle Project

Mejillones, Antofagasta Region.

Construction of a gas powered combined cycle power plant with installed capacity of approximately 1,290 MW, which will be implemented in stages. The energy generated will be delivered to the SIC through a 220 kV double circuit line to the Atacama substation.

During the year the company worked in preparing the responses to the ICSARA N° 2 issued by the environmental authority, which contains the observations to the Adenda presented by the firm in December 2015.

Concessions of Public Lands for Thermoelectric Projects

Mejillones, Antofagasta Region / Caldera, Atacama Region.

In March 2014, the company and the Ministry of National Assets signed a concession agreement for two pieces of land for the development of thermoelectric power plants.

In the context of its commitment with the development of sustainable, competitive and low-impact projects, Enel Generación Chile decided to resign to both initiatives, because they were coal powered thermal projects.

Land reserved for future projects

Antofagasta Region / Los Lagos Region.

As of December 2016, the total land reserved for future natural gas thermoelectric and hydroelectric projects of Enel Generación Chile is 78.8 ha.

Human Rights

Enel Generación Chile has a Human rights Policy which demonstrates its commitment with this fundamental field for business sustainability. It defined its responsibilities in this area, specially those related to business activities and operations carried out by employees.

The company promotes and practices this policy on a daily basis, whose development was aimed to establish a timely commitment in business management, addressing subjects of work practices that include the rejection of forced or mandatory labor and child work, respecting diversity and non-discrimination, freedom of association and collective bargaining, work health and safety and fair work conditions. Regarding communities and society, the topics under consideration are; respect for the community' rights, integrity, privacy and communications.

In this context, in 2016 the Enel Group performed a diagnosis of the Human Rights (Due Diligence) field in Chile with the objective of identifying risk situations, preventing them and carry out a process of communication of the results to the community. This diagnosis identified some gaps that the company will start to work on.

The diagnosis was based on the G4 Guide of the Global Reporting Initiative (GRI) guidelines, the Global Compact of the United Nations (UN Global Compact) principles, OECD and ISO 26,000, and also the Sustainable Development Goals. Additionally, the definition of the company's Human Rights Policy was considered a key issue. The work comprised field visits to generation power plants and consultations to employees and neighboring communities of operations..



Corporate Governance

[G4-DMA SO] The corporate governance of Enel Generación Chile is built on a conduct guideline system that leads the company's internal organization and its relationships with stakeholders. All of which is defined under the locally required standards, the existing domestic regulatory framework and international standards, in addition to its adherence to the ten principles of the United Nations Global Compact.

Internal Audit

Enel Generación Chile has an Internal Audit Management as part of its management strategy, whose main role is to ensure the control of the internal processes. This division monitors and supervises the effective management of the firm, according to the annual audit plan that considers the residual risks of the identified processes, strategic priorities and the processes coverage.

The annual plan considers the development of periodic audits, the identification of management focus and their respective action plans. All of them are reported regularly to the Board of Directors.

Enel Generación Chile has an integrated Criminal Risk Prevention Model (CRPM) that contains the requirements of the Crime Prevention Model of Law 20,393, complemented with the best international practices of the parent company Enel.

Corporate Governance Structure

Board of Directors

[G4-34] **[G4-38]** The Corporate Governance structure of Enel Generación Chile complies with the existing regulation, the company's internal policies and international guidelines, organized in the following manner:

The Board of Directors is comprised of nine members, who remain on duty for a three-year period and may be reelected. Seven out of the nine Directors are appointed by the controlling shareholder and none of them is executive of the company. The current Board of Directors was totally renewed at the Ordinary Shareholders' Meeting of 2016, and is comprised of nine men.

In the event of death, resignation, bankruptcy, incompatibilities or limitations or other impossibility preventing directors from performing their duties or force them to cease them, the Board of Directors must be totally renewed at the next ordinary shareholders' meeting.

The Directors Committee is comprised by three members, who serve for a three-year term. They are independent Board members according to the Chilean Companies Law N°18,046, article 50 bis, Sabarnes – Oxley (SOX) Law of the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE) regulations.

[G4-40] At the Extraordinary Board Meeting of Enel Generación Chile held on April 27, 2016, Enrique Cibié Bluth (Chairman of the Committee and financial expert), Jorge Atton Palma and Julio Pellegrini were appointed as members of the Directors' Committee.

[G4-42] The Board of Directors manages the company in function of social interest. In this respect, it's their duty to know and approve all strategic and organizational matters of the company, pursuant to the bylaws and the current regulation. The Board must also provide shareholders and the general public with sufficient information, reliable and timely for law and regulators to determine legal situations, as well as economic and financial matters.

Shareholders' Meetings

[G4-37] The ordinary or extraordinary shareholders' meetings are open to the participation, with the right of opinion and vote, of each equity holder recorded at the registry of shareholders registered before midnight of the previous fifth working day before the meeting is held.

The ruling and decision making mechanism is defined through voting. The number of shares determines the number of votes, each shareholder has the right to one vote for each share they own.

The instances of communication with shareholders related to the different subjects of the shareholders' meetings, are regulated by the existing law and the Companies' by-laws in Chile, which establishes the frequency of the meetings, means of convening, matters of discussion and the mechanisms of deliberation.

[G4-44] At the Ordinary Shareholders' Meeting, the Board of Directors presents and assesses the results related to the management of the company in the economic, social and environmental issues. Moreover, at this meeting the Annual Report and the Sustainability Report remain at the disposal of shareholders, previously revised by the Board of Directors, documents that contain information related to the performance of the company during the previous year.

[G4-43] In accordance with General Rule N°385 of the Superintendence of Securities and Insurance, during 2016 the permanent training procedure of the Board was approved, aiming at updating the understanding of members on the company, the market and the different areas of the business. In this context, the Board also has the power and the budget to contract specific consultancies, when needed, for the good performance of its management.

[G4-2] [G4-45] Enel Generación Chile has developed formal policies for risk management in different areas. The compliance control of risk policies and procedures is a responsibility of Planning and Control, Administration, Finance and Control, Accounting, Internal Audit and Risk Control Management areas. Nevertheless, these topics are part of the ordinary activity of the Board.



1. CHAIRMAN

Giuseppe Conti

Lawyer, Università degli Studi di Messina

2. VICE CHAIRMAN

Francesco Giorgianni

Lawyer, Universidad de Roma La Sapienza

3. DIRECTOR

Enrique Cibié Bluth

Commercial Engineer, Pontificia Universidad Católica de Chile

4. DIRECTOR

Jorge Atton Palma

Electrical Engineer, Universidad Austral de Chile

5. DIRECTOR

Julio Pellegrini Vial

Lawyer, Pontificia Universidad Católica de Chile

6. DIRECTOR

Francesco Buresti

Electronic Engineer Università degli Studi di Bologna

7. DIRECTOR

Mauro Di Carlo

Electrical Engineer, Universidad de los Estudios de Cassino

8. DIRECTOR

Umberto Magrini

Mechanical Engineer, Università di Genova

9. DIRECTOR

Luca Noviello

Mechanical Engineer, Università degli Studi di Roma

Corporate Governance Good Practices

[G4-43] [G4-44] Enel Generación Chile has strengthened its internal procedures to comply with the corporate governance good practices required by the General Norm N°385 of the Superintendence of Securities and Insurance (SVS), which include the dissemination of those practices related to social responsibility and sustainability for the Improvement of information that publicly traded companies report with regards to corporate governance.

As a result, the company currently has the following procedures:

- > Permanent training and continuous improvement procedures of the Board of Directors of Enel Generación Chile.
- > Induction training procedure for new members of the Board.
- > Information to shareholders regarding the background of the directors' candidates.

Training and induction of members of the Board consider the revision of sustainability topics. Likewise, and in compliance with the aforementioned regulation, since January 2016 regular meetings were performed with the company's sustainability manager, thus reinforcing the commitment in this area.

[G4-42] Additionally, one of the specific duties of the highest governing body is the sustainability risk management. Other tasks are to ensure compliance with environmental standards, especially those related with the environmental impact of the company's projects. This matter is regulated by several norms, such as Law 19,300, DS N°40 System of the Regulation on Environmental Impact Assessment, among others.

Corporate Structure

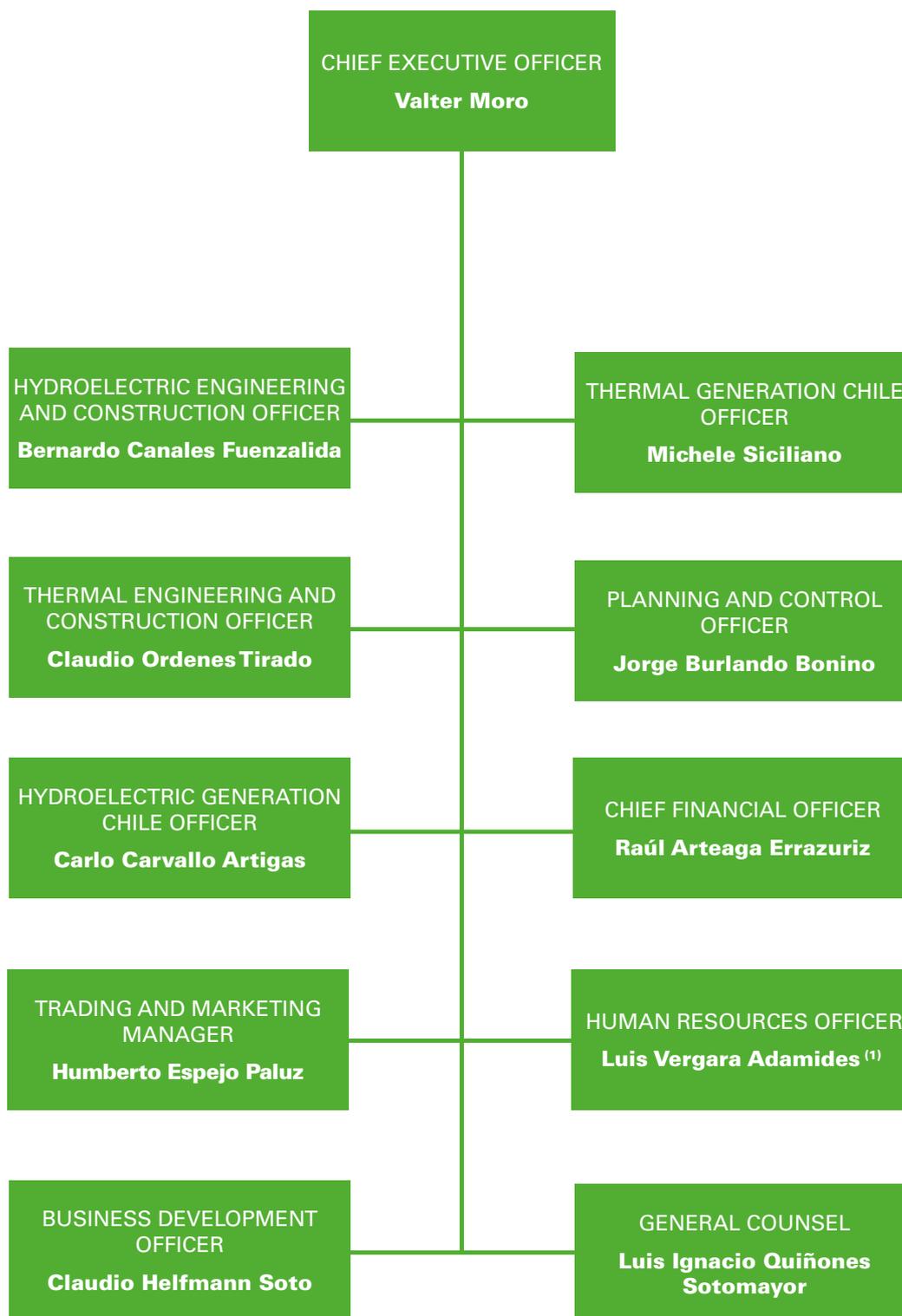
[G4-35] [G4-36] [G4-43] The Board of Directors delegates its powers to the General Manager, who in turn, delegates its faculties to the different managers and area leaders of the company. This system allows the daily and ordinary management of the company. Nevertheless, the Board reserves the right to approve acts or contracts of large amounts or review strategic matters of the company.

The General Manager performs a monthly report of its management to the Board. The account or report mentions the development of each area of the company, where each manager or leader reports its administration to the General Manager.

In December 2016 there was a corporate structure change that involved the internal division of hydroelectric and thermoelectric generation. Therefore, the company appointed managers for each area: Michele Siciliano was designated Manager of Thermal Generation and Claudio Órdenes Manager of hydroelectric generation.

It is worth mentioning that Internal Audit reports directly to the Board of Directors.

Corporate Structure



1. Luis Vergara took office replacing Mr. Federico Polemann on April 1, 2016.

Ethical Conduct

Every employee of the company must adhere to the standards and codes of conduct that rule the relationships and connections with stakeholders, which is comprised by shareholders, employees, suppliers, clients, creditors and authorities. The former constitutes the ethical base that gives meaning to the sustainability practice supported by the corporate Group.

Chile Transparente Training on Lobbying Bill

During 2016 three training sessions on "Regulation on Lobbying and Particular Interests Management" were performed to clearly address the implications of the Chilean Law 20,730 that rules this activity and the management of particular interests. Contents were adapted to the election year, and recommendations regarding ongoing municipal campaigns during the current year were performed at these trainings.

This initiative was organized by the company's Institutional Relations Management, and was presented by Alberto Precht, Executive Manager of Chile Transparente Foundation, in the context of the agreement subscribed between both parties in 2014.

[G4-56] Enel Generación Chile has developed a series of regulations, protocols and codes of conduct that guide the proper behavior of its employees, which is shown in honest, transparent and fair practices.

Some of the instruments that rule this aspect are the following:

- > Zero Corruption Tolerance Plan (PTCC for Spanish abbreviation).
- > Crime Risk Prevention Model.
- > Code of Ethics.
- > Enel Global Compliance Program.
- > Action protocol for the relationship with public officers and public authorities.
- > Acceptance protocol and giving of presents, gifts and favors.

Enel Global Compliance Program

During 2016, the *Enel Global Compliance Program* (EGCP) for Chile was approved. This program is a governance tool for the company, whose objective is to reinforce the commitment of the Group with the highest ethical, legal and professional standards to improve and preserve its reputation.

The references for EGCP are the most relevant international regulations, and establishes general rules of behavior for every employee of the Group, consultants, contractors and third parties in general.

Criminal Risk Prevention Model

Enel Generación Chile implemented a Criminal Risk Prevention Model (CRPM for Spanish abbreviation), designed for crime prevention such as money laundering, terrorism financing and bribery of public officials. The model operates in Chile according to Law N°20,393, amended in 2016 to incorporate the crime of receiving. Accordingly, the company carried out the following actions, among others:

Update of internal regulation	The crime of receiving was included in the definition established in the Title III "Of the complaint procedure or persecution of responsibilities against the people that breach the crime prevention system".
Updating the format of contracts for employees, suppliers and contractors	The crime of receiving was included in the relevant sections, in the work contracts and in the service delivery contracts, for Enel Generación employees, suppliers and contractors.
Video on Law 20,393	Development of an explanatory video containing the scope of Law 20,393 and its impact in the activities of the different areas, to be distributed among employees. The video was broadcasted through the screens located inside the corporate building headquarters.
Online training on CRPM for every employee and included in the induction process	Online course available for every employee during 2016 disclosing local and international regulatory framework, elements of the Prevention Model, risk areas and general conduct guidelines. This training included information related to the Code of Ethics and the Ethical Channel, enabling to channel any complaint for breach of the CRPM or the Code of Ethics.
Certification for Crime Prevention Model	In 2016 the certification for Crime Prevention Model was granted for a 24-month period, the maximum term allowed, for the period from December 30, 2016 to December 29, 2018.

[G4-SO3] During 2016, eight business units were completely analyzed regarding risks related to corruption.

Conflict of Interest Policy

[G4-41] In July 2016, the company issued and released the Conflict of Interest Policy. This document formalizes the procedures to avoid conflicts of interest that infringe national and international regulations, and considers the guidelines that the company has developed in this field.

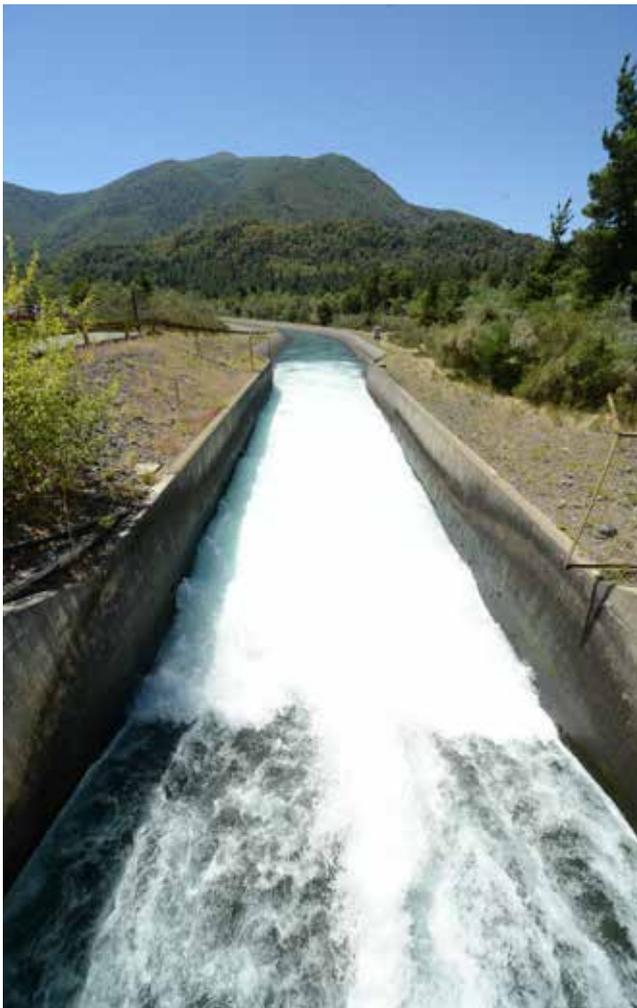
In complement, human resources and audit areas carried out trainings on Conflict of Interest Policies to the employees..

Likewise, the company has other instruments that also address conflicts of interest, such as:

Code of Ethics and the Operating Manual for Information of Interest for the Market , which particularly address conflicts of interest.

Internal regulation establishes that Directors should periodically provide statement indicating their participation or investments in related companies, in order to comply with Article 17° of the Securities Market Law N° 18,045.

The company voluntarily performed the required legal amendments after Chile entered the Organization for Economic Cooperation and Development (OECD) in 2010, in accordance to Law N° 20,393, which establishes criminal responsibilities for legal entities in crimes such as asset laundering, financing of terrorism, crime of bribery and the recent incorporation of the crime of receiving.



Code of Ethics

In 2016, Enel Generación Chile was granted the certification for Crime Prevention Model for a 24-month period, the maximum term allowed, for the period from December 30, 2016 to December 29, 2018.

Ethical Channel

[G4-56] Enel Generación Chile has established the ethical channel, enabling the communication of irregular or inappropriate conducts related to accounting, control, internal audit or other matters. This channel works anonymously and receives complaints through the corporate website.

This system provides reliable tools for the delivery of anonymous and voluntary complaints of employees regarding irregular or inappropriate conducts related to accounting, control, internal audit, in summary those conducts related to Law 20,393 such as money laundering crimes, terrorism financing and crimes of bribery, among others.

Complaints can be channeled through the web page: <https://secure.ethicspoint.eu/domain/media/es/gui/102504/index.html>

During 2016, two complaints were received through the Ethical Channel in Chile.

In this respect, Enel Generación Chile is also ruled by a global policy of the Group called “Whistleblowing” (reporting of misconducts) which incorporates two components:

- > Guarantee of anonymity without retaliation; the personnel of the company that investigate a complaint should assure maximum confidentiality to protect the identity and integrity of the people mentioned in the complaint, as well as the anonymity of the claimant, in order to avoid any form of retaliation.
- > Protection against allegations in bad faith: the company is committed to ensure an adequate protection against any allegation made in bad faith to the people and/ or company involved, in order to prevent offensive, discriminatory or defamatory attitudes.

Zero Corruption Tolerance Plan

[G4-41] **[G4-57]** Enel Generación Chile has developed procedures to prevent conflict of interest situations that infringe national and international regulations, the guidelines of the company and the implications for the country and the company of joining international agreements. For that purpose, the company has the following tools:

> Code of Ethics, Operating Manual for Information of Interest to the Market (MMIIM for Spanish abbreviation) and the Zero Corruption Tolerance Plan, which specifically address conflicts of interest and their resolution.

> Members of the Board should periodically provide a statement indicating their participation or investments in related companies, in order to comply with Article 17° of the Securities Market Law N° 18,045.

> The company performed the required legal amendments after Chile entered the Organization for Economic Cooperation and Development (OECD) in 2010, in accordance to Law N° 20,393, which establishes criminal responsibilities for legal entities in crimes such as asset laundering, financing of terrorism, crime of bribery and the recent incorporation of the crime of receiving.

Fines and sanctions

[G4-DMA] **[G4-SO8]** During 2016 sanctioning procedures carried out by the Superintendence of the Environment were completed, and the Superintendence of Electricity and Fuels and the SEREMI of Health applied sanctions.

Contenidos		2014	Total
Administrative or judicial sanctions imposed to the company for for non-compliance with legislation or regulations.	(Total)	2014	1
		2015	2
		2016	9
Monetary value of significant fines.	(MME)	2014	4.551,72
		2015	4.573,66
		2016	9.578,45
Total amount of non-monetary sanctions.	(Total)	2014	0
		2015	0
		2016	0
Demandas contra la organización, promovidas ante instancias de arbitraje.	(Total)	2014	0
		2015	1
		2016	0

Participation in public policies

[G4-DMA SO] Enel Generación Chile considers fundamental to actively contribute to sustainable development through its participation in governmental actions related to the industry and the discussion on the matter.

Participation of Enel Generación in the Local Network of United Nations Global Compact

The United Nations Global Compact promotes the creation of a more inclusive and equitable global market, in line with the interests and processes of the corporate activity with the values and demands of the society. It therefore proposes ten principles of conduct and action for corporations, covering human rights, work, environment and fight against corruption.

Since September 2004, Enel Generación Chile keeps its commitment with the Chilean network of United Nations Global Compact, incorporating the principles of this initiative in its vision, mission and corporate values, as well as the regulations that rule the integrity of its business, its commitments for sustainable development and its internal management.

The company has developed programs of internal development with the purpose of reaching the level of commitment of the company. Likewise, together with adhering with this commitment, Enel Generación Chile started the Communication of Progress (COP for Spanish abbreviation), which demands the company to report the progress made in the implementation of the ten principles to its shareholders each year. The company has been performing this programs since 2005 through its Sustainability Reports.

Membership of Associations

[G4-15] **[G4-16]** A comprehensive part of the commitment with the sustainable development of the energy sector and the country, Enel Generación Chile maintains an active relationship with the following organizations:

- > *Acción Empresas.*
- > Trade Association of Generation Companies of Chile (AGG for Spanish abbreviation).
- > Association of Industrial Companies of the Maule Region Center (ASICENT for Spanish abbreviation).
- > Chamber of Production and Commerce of Concepción (CCPC for Spanish abbreviation).
- > National Electric Coordinator.
- > Development Corporation of the Communities of Puchuncaví and Quintero.
- > ICOLD (Chilean National Committee of Large Dams).
- > Institute of Engineers of Chile.
- > International Hydropower Association.
- > Chile's Manufacturers' Association (SOFOFA for Spanish abbreviation).
- > "Global Compact" Network.
- > Chilean Committee of the World Energy Council (WEC).







Defining
Priorities

Our Stakeholders

[G4-25] [G4-26] [G4-27] Enel Generación Chile places its stakeholders in the center of its Sustainability policy. The understanding of its expectations and the maintenance of an open and continuing dialogue with stakeholders is at the heart of the company's strategy.

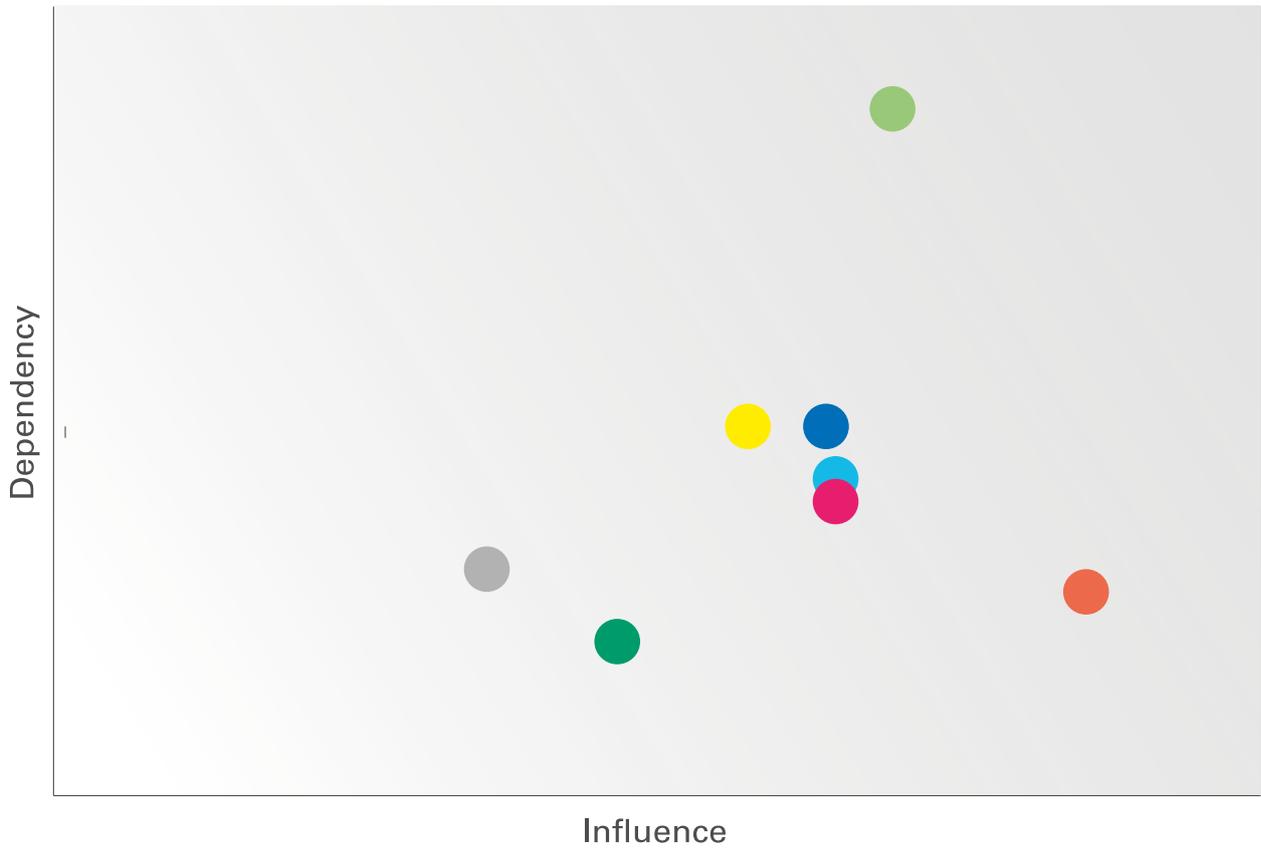
For the purpose of analyzing these priorities, the company reviews, identifies and prioritizes its stakeholders in each country and determines their relevance according to three variables: Influence, Dependence and Tension.

Influence	Degree in which a stakeholder may impact the strategic or operational decision-making process of the organization.
Dependence	Degree in which directly or indirectly a stakeholder depends on the activities, products or services of the company and its performance.
Tension	Degree of immediate attention from the organization with regards to economic, social or broader environmental problems.

[G4-24] Stakeholders that belong to the different categories identified (Financial Community, Institutions, Civil Society and Local Communities, Suppliers and Contractors, Employees, Clients and Media) were evaluated according to these three variables, on a scale that considers five levels of importance, with which the company determines its level of relevance in relation to its stakeholders and vice versa. As a result, the Stakeholders' Matrix was obtained.



Stakeholders' Matrix of Enel Generación Chile

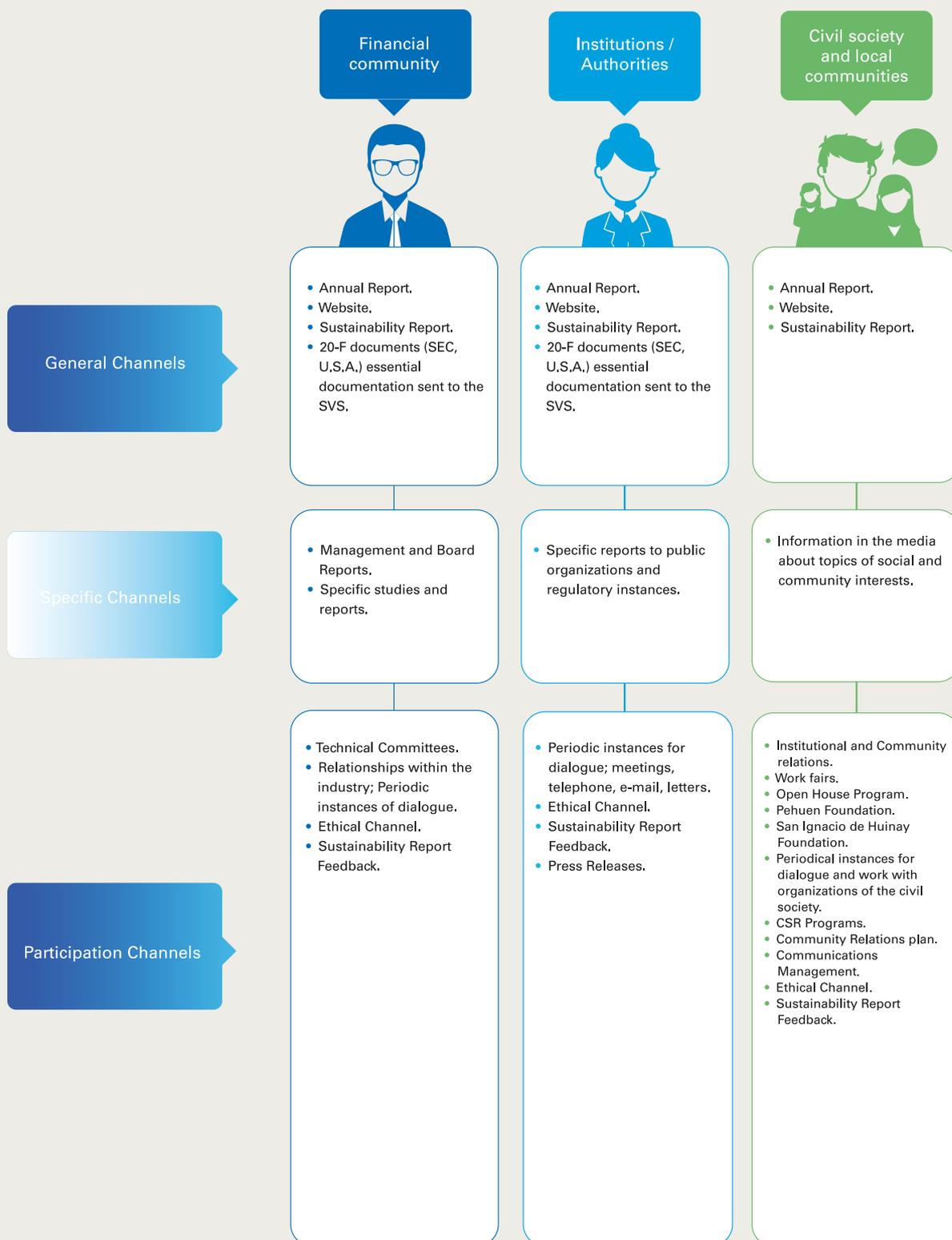


- Financial community
- Institutions
- Business community
- Civil society and local communities
- Suppliers and contractors
- Employees
- Customers
- Media

Type and Communication Channels with Stakeholders

[G4-26] Enel Generación Chile keeps a permanent and direct dialogue with its main stakeholders through several mechanisms detailed below:

Communication Channels of Enel Generación Chile





Materiality Analysis



[G4-18] Enel performs a systematic and continuous process of identification and assessment of the most relevant topics for stakeholders and the company on a global level. This work has been developed gradually over time, thus enabling the performance of a thorough analysis of every company of the Group worldwide.

The materiality analysis methodology is based on the G4 Guide of the Global Reporting Initiative (GRI) guidelines, the Global Compact of the United Nations (UN Global Compact) principles, the International Integrated Reporting Council's (IIRC) integrated report framework and the SDG Compass guide for corporate action with regards to sustainable development objectives, which is jointly developed by GRI, UN Global Compact and the World Business Council for Sustainable Development (WBCSD).

This corporate materiality matrix includes three dimensions of sustainability: economic and government, environmental and social, and was included for the materiality analysis of the Sustainability Report of Enel Generación Chile 2016.

At the local level for the 2016 analysis, an Information Technology support system was used for this particular process, which was developed by Enel, enabling to store and analyze data by company, stakeholder, country and also globally by stakeholder. It is worth mentioning that this analysis is a tool used to channel those inputs that are fundamental for initiatives under the scope of the company's Sustainability Plan.

The main stages of the materiality analysis are mentioned below:

Stages of the Materiality Analysis

	Identification of the Subject	Identification of Stakeholders	Prioritization of Stakeholders	Assessment of the priority of the subject to stakeholders	Assessment of the priority of the subject for the company's strategy
Objective	<ul style="list-style-type: none"> Identify the topics that are potentially important for the company and its stakeholders. 	<ul style="list-style-type: none"> Identify the categories of stakeholders relevant for the company. 	<ul style="list-style-type: none"> Prioritize stakeholders in terms of their relevance for the company, assessing its level of Influence, Dependency and Tension. 	<ul style="list-style-type: none"> Systematize the results of the participation initiatives with stakeholders, with the purpose of assessing the priority they demonstrate on material subjects. 	<ul style="list-style-type: none"> Assess the strategic positioning of the company with regards to material subjects.
Activities Performed	<ul style="list-style-type: none"> Organize the topics in a hierarchical structure from the specific to the general, by levels, in the form of a tree of material topics. Review of the topics in accordance with the reality of the country and the company. The tree of material topics was considered in relation to the topics applicable to the companies of Enel Generación Chile. 	<ul style="list-style-type: none"> Organize stakeholders in a hierarchical structure by levels, from the general to the specific. Review of stakeholders to be consulted in accordance with the reality of the country and the company. The group tree of stakeholders was considered with the stakeholders related to the companies of Enel Generación Chile. 	<ul style="list-style-type: none"> The stakeholders' representatives of Enel Generación Chile' companies were consulted, looking into the level of influence on the company they perceive, dependence on the operations and the Tension amongst them and between each company. 	<ul style="list-style-type: none"> In 2016 the assessments of each subject were updated in relation to the stakeholders consultation, the review of external media and reports of the company. 	<ul style="list-style-type: none"> The assessment was performed reviewing company's strategic documents and interviews to top tier managers.
Results	<ul style="list-style-type: none"> Issue Tree. 	<ul style="list-style-type: none"> Stakeholder Tree. 	<ul style="list-style-type: none"> Stakeholder Map. 	<ul style="list-style-type: none"> Positioning the material subject in the horizontal axis (X) of the Materiality Matrix. 	<ul style="list-style-type: none"> Positioning the material subject in the vertical axis (Y) of the Materiality Matrix.

The results of this process enable the company to determine whether its strategic priorities are aligned with those of its stakeholders. As such, adjustments can be made in relation to these issues for which action plans are created in the context of the company's Sustainability Plan, as well as to analyze the importance of each area to develop an adequate management of the stakeholder relationships.

[G4-27] The result of the materiality analysis is an important tool to plan the activities and to establish the strategic direction of the company, as well as the foundation on which the presentation of this Sustainability Report is structured.



- Traditional Technologies
- Innovation and operational efficiency
- Solid government
- Support and development of local communities
- Responsibility use of water resources
- Energy efficiency and services
- Biodiversity and protection of natural capital
- Financial performance
- Renewable energies
- Occupational Health and safety
- Employees management, development and motivation.
- Mitigation of environmental impacts
- Responsible relations with the neighboring communities in its operations
- Quality relationships with clients
- Sustainable value chain
- Climate strategy
- Fair corporate conduct

[G4-19] [G4-20] [G4-21] [G4-23] [G4-27] The list of material issues included in this report, are detailed and covered depending on their relevance for the company and their stakeholders are shown below:

High Priority:

Subject	Scope		GRI Material Aspect
Occupational Health and Safety	Internal	Enel Generación Chile Contractors	Health and safety at work
	External	Enel Generación Chile Community	Local Communities
Responsible relationships with neighboring communities	External	Enel Generación Chile Community	Disasters, emergency and response plans
	External	Enel Generación Chile Comunidad Clientes	Health and safety of clients
Responsible use of water resources	Internal	Enel Generación Chile Community	Water
	External	Enel Generación Chile Community	Water
Management, development and motivation of employees	Internal	Enel Generación Chile Contractors	Employment
	Internal	Enel Generación Chile	Training and education
	Internal	Enel Generación Chile	Diversity and equality of opportunities.
Biodiversity and protection of natural capital	Internal	Enel Generación Chile Community	Biodiversity
	External	Enel Generación Chile Community	Biodiversity
Good government	Internal	Enel Generación Chile	Government
	Internal	Enel Generación Chile	Government
Sustainable supply chain	Internal	Enel Chile Suppliers Contractors	Environmental evaluation of suppliers
	External	Enel Chile Suppliers Contractors	Environmental evaluation of suppliers
	Internal	Enel Chile Suppliers Contractors	Evaluation of suppliers' labor practices
	External	Enel Chile Suppliers Contractors	Evaluation of suppliers' labor practices
	Internal	Enel Chile Suppliers Contractors	Evaluation of suppliers regarding human rights
	External	Enel Chile Suppliers Contractors	Evaluation of suppliers regarding human rights
	Internal	Enel Chile Suppliers Contractors	Evaluation of social impact of suppliers
	External	Enel Chile Suppliers Contractors	Evaluation of social impact of suppliers

Medium Priority:

Subject	Scope		Material Aspect
Fair corporate conduct	Internal	Enel Generación Chile	Ethics and integrity
	Internal	Enel Generación Chile	Fight against corruption
	External	Enel Generación Chile Authorities	Regulatory compliance
	External	Enel Generación Chile Authorities	Regulatory compliance
Innovation and Operational Efficiency	External	Enel Generación Chile Suppliers Contractors	Research and development
	Internal	Enel Generación Chile	Efficiency of the system
Mitigation of environmental impacts	Internal	Enel Generación Chile	Materials
	Internal	Enel Generación Chile	Energy
Responsible relationships with neighboring communities	External	Enel Generación Chile	Emissions
	External	Enel Generación Chile Suppliers Contractors Clientes	Effluents and waste
Financial performance	Internal	Enel Generación Chile Shareholders	Economic performance
	External	Enel Generación Chile Shareholders	Economic performance
Energy Efficiency and services	Internal	Enel Generación Chile Clientes	Availability and reliability
	External	Enel Generación Chile Clientes	Availability and reliability
Quality in the clients' relationship	External	Enel Generación Chile Clientes	Products and services labeling
	External	Enel Generación Chile Clientes	Provision of information
Climate Strategy	Internal	Enel Generación Chile Authority	Emissions
	External	Enel Generación Chile Clientes Community	Emissions
Support and development of local communities	Internal	Enel Generación Chile	Energy
	External	Enel Generación Chile Community	Local Communities
Traditional technology	External	Enel Generación Chile Community	Local Communities
	External	Enel Generación Chile Community	Rights of the native community
Traditional technology	Internal	Enel Generación Chile Clientes Authority	Research and development
Renewable energies	Internal	Enel Generación Chile Clientes Authority	Research and development
	External	Enel Generación Chile Clientes Authority	Research and development





Sustainability
Plan

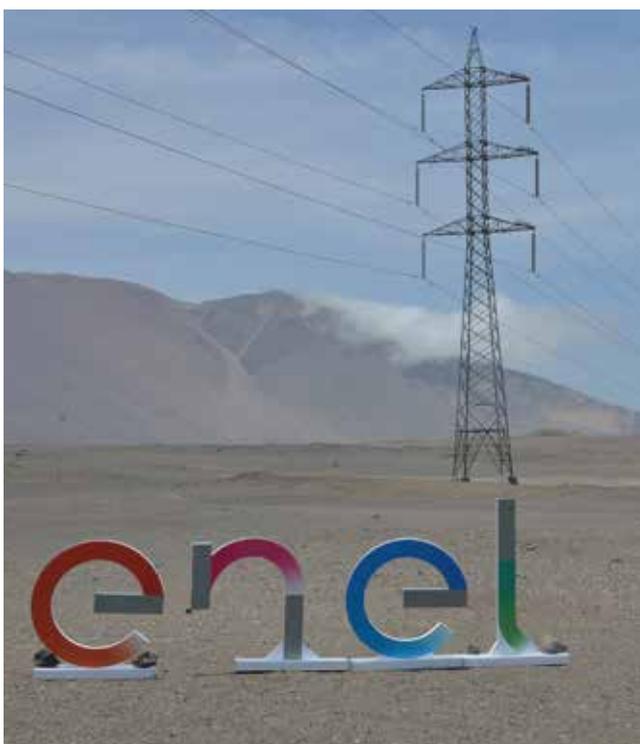


Integrating Sustainability in the Industrial Plan

Enel Generación Chile has integrated sustainability in its corporate culture, pushing values, integrating processes, defining projects and long term plans according to clients' priorities, the most pressing social issues and the company's performance lines. The company focuses its Sustainability Plan on the values framed in the Open Power vision, namely in the goals for achieving the United Nations' sustainable development goals, with the objective of generating shared value, and respecting the Human Rights Policy.

Open Power Vision

Enel Chile pursues the vision of placing the "Openness" concept in the core of its business and as a cornerstone of its strategic and operational approach: opening energy to more people, opening energy to new technologies, providing new ways for people to manage energy, expanding energy to new uses and extend it to more alliances.



Shared Value as a long-term strategy

Creating Shared Value (CSV) refers to the projects that articulate local economy entrepreneurship (Pymes, Start-ups) with the requirements of the company throughout its value chain. It's based on seeking new business opportunities for the company, and at the same time solve the community's problems that impact business development.

In a long-term vision, Enel Generación Chile seeks to turn relevant social affairs into business opportunities that can benefit both the society and the company.

Methodologies and tools

Enel Generación Chile has incorporated in its processes an integrated model related to the design of the social-economic-environmental plan. This model foresees the application of tools to carry out a social-economic-environmental diagnostic of the territory and continuous monitoring. The model also includes a mapping of stakeholders, which is constantly updated, and their priorities with the purpose of defining a vision of the territories demands, and look for consensual solutions to meet these demands, thus building a long-term relationship between the company and the client, as well as between the company and its stakeholders.



Sustainable Development Goals

As of 2015, the United Nations adopted the new Sustainable Development Goals (SDG), and called companies to promote the use of creativity and innovation to address the challenges of sustainable growth. In 2016, the Enel Group announced its commitment to contribute in achieving four of the seventeen objectives.



Sustainable Development Goals

OBJETIVOS DE DESARROLLO SOSTENIBLE



QUALITY EDUCATION



Support education activities for 400,000 people towards 2020 through similar projects to the ones that started already, such as the scholarship programs in Latin America.

AFFORDABLE AND CLEANER ENERGY



Commit with the promotion of affordable, sustainable and modern energy through the ENabling Electricity initiative, which will benefit three million people, mainly in Africa, Asia and Latin America.

DECENT WORK AND ECONOMIC GROWTH



Promote the job and sustained economic growth, inclusive and sustainable for 500,000 people.

ACTION FOR THE CLIMATE



Adopt initiatives to fight climate change, with the objective of achieving carbon neutrality in 2050.

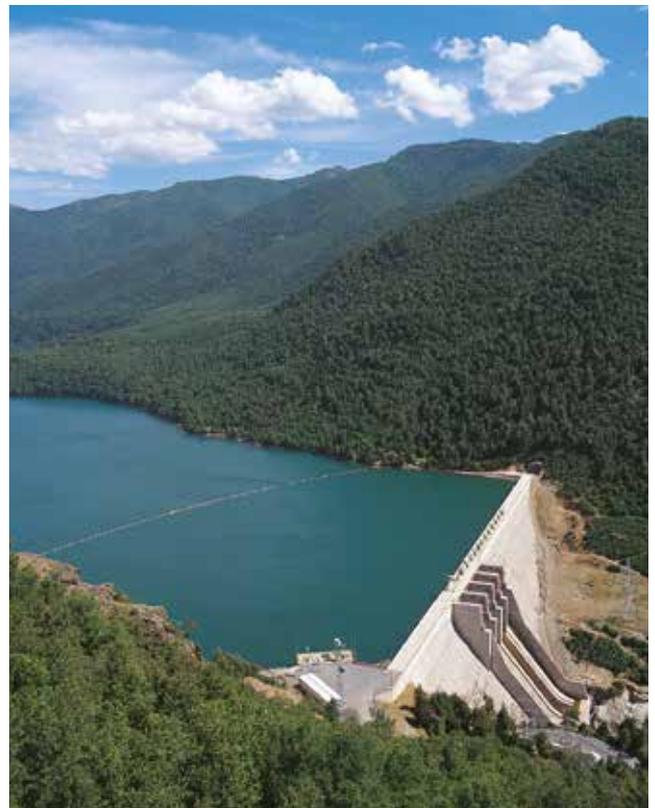
Sustainability Plan for 2016-2020

[G4-56] The Enel Group has developed a Sustainability Plan for 2016-2020 considering the following pillars for sustainable growth: Occupational Health and Safety, Creation of Economic and Financial value, Solid Corporate Governance and Environment.

This plan comprises five areas of implementation: Innovation and Operational Efficiency, Responsible Relations with the Local Communities, Management of Client Relationships, Motivation and Development of People, Decarbonization of the Energy Mix.

Together with these guidelines and areas of action, the plan is also focused on the results of the materiality matrix developed for Chile. This matrix was designed in 2016, and the main issues identified were the demographic changes and the growth of middle class in the country, with the consequent generation of new demands, such as the access to new information technologies, digitization of information, caring and conservation of natural resources and decentralization of energy.

Following the results obtained in 2016 with the implementation of this plan, a social and environmental investment was made focused on projects related to access to electricity, operational efficiency, environmental improvement and local economic development. Internally plans have been developed regarding inclusion and diversity.



Sustainability Plan



Sustainability Policy and Relations with Communities

The Sustainability and Community Relationship Management is responsible for guiding the relations with the communities, fostering permanent relationships and mutual collaboration, while enabling agreements regarding common visions in the territory, as well as incorporating innovative solutions, respecting the environment and conservation of natural resources.

All of the above is carried out to efficiently and effectively take advantage of the skills and assets from an integrated perspective, to respond to social needs and/ or the cultural and economic conditions of the communities, and to create a relationship based on trust and mutual respect.

Shared Value

In 2016, Enel Generación Chile continued incorporating shared value in its projects, with the objective of promoting long-term relationships with the communities, while promoting the design of projects with a long-term perspective, and the generation of business opportunities for the companies along with an important benefit for the society.

Every sustainability initiative of the Enel Group is registered in the online internal platform called Project Portfolio Management, and is informed in the sustainability reports.

Sustainable Development Policy

■ Ámbitos de acción



■ Directrices

Principio 01	"Estar presente"	Principio 04	"Ser consistentes"
Principio 02	"Comprender la cultura"	Principio 05	"Aprender y mejorar"
Principio 03	"Evolucionar e integrar las culturas"		

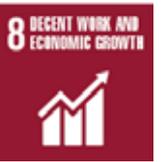
Compliance with Commitments 2016

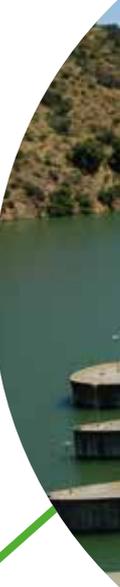
In the context of the Sustainability Report 2015, Enel Generación Chile has established the following challenges for measuring the level of compliance and management of commitment, defined in collaboration with the different functions of the company, and in line with the objectives of the business.

Topic	Challenge for 2016	Level of Compliance
Solid government	Continue the integration of sustainable practices in the context of General Regulation 385, which replaces General Regulation 341.	
Fair corporate conduct	Continue the diffusion and communication of the Ethical Channel.	
Good government	Launch the Criminal Risk Prevention Model training during the first quarter of 2016 throughout the organization.	
Support and development of local communities	Promote local suppliers.	
Mitigation of environmental impacts	Start the execution of specific action plans coming from the identification of environmental and legal nonconformities in each power plant of the company.	
Continuous improvement of environmental management	Execute action plans from the revision of the environmental audit under development and implement an ECOS plan to reach the best practices of the Group.	
Sustainable value chain	Strengthen the previous supplier qualification process, considering corporate, health and work safety standards, work and environmental compliance.	
Management of employees, development and motivation	Continue strengthening the work climate in the context of the reorganization of the company.	
Management of employees, development and motivation	Implement additional initiatives related with diversity, materializing the Global Policy within the company.	
Support and development of local communities	Manage to frame sustainability within the company and build trust in the communities.	
Support and development of local communities	Deepen the relationship with communities	
Occupational Health and safety	Decrease by 30% the accident frequency rate in relation to 2015.	
Occupational Health and safety	Implement the Safety Moving Pool (SMP) in every major stop of the plant.	
Occupational Health and safety	Offer the Safety Personalized Plan (SPP) program to contractors.	
Occupational Health and safety	Strengthen the Stop Work Policy.	

Challenges

In the context of the new Sustainability Plan, Enel Generación Chile together with the different functions of the company and in line with its objectives, has defined the following challenges:

Objectives of Sustainable Development	Actions	Goals
Solid government		
 	Solid governance	<p>Continue the integration of sustainable practices in the context of General Regulation 385.</p> <p>Continue the promotion and communication of the Ethical Channel.</p> <p>Implement training on Criminal Risk Prevention Model throughout the organization.</p>
Environmental Sustainability		
  	Cities and sustainable communities.	Installation of a desulphurization plant in Tarapacá by 2017.
  	Optimizing the use of resources.	Optimization of water consumption in the San Isidro power plant in 2019.
	Pollution reduction.	Two operative domes in the Bocamina power plant by 2018.
Supply Chain		
   	Number of suppliers evaluated in the fields of health and safety.	65% for 2017.
	Number of qualified suppliers evaluated in environmental practices.	20% for 2017.
	Percentage of employees trained in sustainability.	15% for 2017.
Action for the climate		
 	Capacity increase of renewable energies	Increase of 400 MW by 2020.
	Capacity decrease of coal powered capacity	Reduction of 166 MW by 2020
	Investments on environmental improvements in the power plants	117 million Euros by 2020.





Our
Performance

Responsible Relations with Communities

[DMA SO] Enel Generación Chile's Sustainability Plan establishes the company's responsible growth, having as a fundamental pillar establishing responsible relationships with the community. This commitment is reflected in the integration of a social perspective in the business processes, being a key condition for the development and operation of generation power plants. The objective is to position the strategic concept of Creating Shared Value (CSV) in communities where it operates, thus consolidating its sustainability and promoting a strong link with the community based on dialogue, trust and social progress.

In that sense, the company has developed a Sustainability Plan 2016-2020 to guide the development of projects and initiatives that improve the company's competitiveness and also boost the economic and social conditions of the communities neighboring its operations. The plan also establishes criteria and principles for incorporating the active participation of the community in the design of projects and initiatives.

The dialogue process and the agreement reached with the community of Paposo, in the context of the Optimization Project of the Combined Cycle Taltal Thermal Power Plant, is an example of this new way of building relationships with the communities considering their specific needs and ideas. The process ended with the signing of the Memorandum of Understanding, in addition to other initiatives related to the mitigation of environmental impacts and the agreement to redesign the project.



Local and sustainable development Framework for Action

The local economic development of the communities neighboring the company's operations is a strategic priority for Enel Generación Chile and the central focus of the relationships with the communities. The promotion of private endeavors according to the ambitions of people and the society generates a great response and participation in the territory. The generation of new endeavors in a rural community is a process that starts with the identification of people's aspirations and the development of sustainable and long-term business model. Additionally, strategic local alliances are performed according to productive development approaches and the continuous monitoring to ensure its performance.

One of the main effects of the application of an efficient productive development model is the human and social progress of people, their families and the community. As of 2016, Enel Generación Chile started to study productive chain models in connection with its generation power plants, under the shared value vision.

Enel Generación Chile implements several projects and initiatives for social development in the different territories where the company operates, this is performed through its business units, the Pehuén Foundation and San Ignacio de Huinay Foundation.

The primary beneficiaries of the initiatives developed by the company in this field are the communities neighboring its facilities. These projects are developed together with the participating communities and the company, considering its viability and variables such as: benefits of the project for the society and the company, as well as its duration.

The Sustainability and Community Relations Management of the company is the unit in charge of the coordination of the projects' administration, which is likewise aligned with the criteria, objectives and guidelines of the Enel Group.



Education

A profound comprehension of local culture is the basis from which the collaborative process towards social capital development arises, emphasizing on education.

[G4-SO1] Education is one of Enel Generación Chile's main commitments with sustainable development of the communities. The company has a corporate social responsibility plan that incorporates a strategy for dealing with educational institutions adjacent to its operations, from which several initiatives emerge, one of them being the Energy for Education Program, present in all of the company's operation sites.

Energy for Education

This program is aimed at responding to the needs of vulnerable students from areas where Enel Generación's power plants have influence on, and focuses on three areas; equipment and infrastructure, training and family support. Total beneficiaries were:

- > 6,710 students
- > 1,218 teachers.

Potential social impacts in the construction and operation of power plants **[G4-SO2]**

Impacts	Initiatives	Stakeholders involved
Social and human context		
Increase of population density	Establish specific programs to support municipal management and local public services, when it's expected that the increase in floating population may generate disruptions in the access to local goods and services.	Local authorities Neighboring communities Employees
Modification of the spacial concentration of human groups	Implementation of a relocation plan for inhabitants directly affected by the works on the project.	Local authorities Neighboring communities
Modification of the migratory processes	Educate and sensitize employees to avoid potential conflicts with the local community. Establish continuous communication programs to receive the neighbors' concerns.	Neighboring communities Employees Contractors
Effects in the economically active population	Measures that promote positive impacts: -Prefer, with the same training level, hiring local workforce. -Perform training activities with local communities, with the objective of enabling them to develop works during the construction of the project.	Local authorities Neighboring communities Employees
Construction context		
Alteration of infrastructure	Establish a coordination program with authorities for the transportation of large equipment in terms of size or weight. Prefer, at similar levels of security, the less busy roads for the transportation of materials, supplies, equipment and machinery.	Local authorities Travelers and tourists. Neighboring communities Employees
Cultural Heritage		
Loss of sites or elements belonging to the cultural heritage.	Inform and train employees through talks regarding how to proceed in light of the discovery of cultural goods during the works. Perform an archeological rescue of those pieces or items that whose conservation may be <i>ex situ</i> .	Authorities Employees Contractors

Enel Generación Chile's management in the territories

[G4-DMA SO] The company operates generation power plants across the country between the Regions of Tarapacá and Biobío.

Enel Generación Chile maintains close relationships with the communities, through several development programs with special emphasis on education.

Northern Zone

The company operates the following power plants in the northern region of the country; Tarapacá Thermal Power Plant, Taltal Thermal Power Plant, Diego de Almagro Thermal Power Plant, GasAtacama Thermal Power Plant, the optimization project of Taltal Combined Cycle, Canela Wind Farm (including Canela I and Canela II), Los Molles Hydroelectric Power Plant and Huasco Thermal Power Plant.

Enel Mejillones Cup

As a way to promote sports and recreational activities in this zone, Enel Generación Chile performed the first edition of the Enel Mejillones Cup, counting with the participation of 120 children.

Eight teams disputed the cup, where the *Aviación* team defeated the *Juventus* team and won the Cup. Meanwhile, the third place was for the Paposos team and the fourth for Angamos team. The prize for the winning team was a trip to Buenos Aires while the other teams received new sports outfits and sports medals.

Dual Training Program

This program was carried out in the commune of Mejillones at the educational facility Juan José Latorre, organized by the Dual Student Fair, which counted with the participation of four students that attended the Dual Training Program developed by Enel Generación Chile in the area of influence of the Atacama Thermal power Plant. The objective of this initiative is to strengthen the knowledge in the fields of mechanics, electricity and instrumentation through theoretical work in the classroom and practical workshops at the power plant.

During the event, a prototype representing the static energy and a model simulating hydraulic generation was presented. The work of guiding teachers from the companies that participated in this program was recognized.



Energy for Education

Enel Generación Chile works with schools in the communes of Iquique and Taltal through the implementation of the Energy for Education Program.

In 2016, the company distributed the Energy Efficiency and caring for the Environment booklet to students of the Caleta de Chanavayita School, from pre-kinder to eighth grade, launching activities contemplated in the program.

Program for Environmental and Social Recovery (PRAS for Spanish abbreviation)

The Ministry of the Environment leads this initiative, and its objective is to generate a pollution-free environment for residents of the commune of Coronel and define the priority actions for the environmental recovery of the territory. This also serves as a roadmap for short, medium and long-term public investments.

The program operates through a Council for the Environmental and Social Recovery (CRAS for Spanish abbreviation) constituted by 45 representatives of social organizations, the public sector and a private company at Coronel. After a long participatory assessment, the Council analyzed the negative impacts of local Industry operations, as well as other environmental and social situations that concern local communities, resulting in the preliminary project PRAS. It is

Agreement with Coal Producers Trade Association

Through this agreement, Enel Generación Chile committed to support small producers of the area by a one-time acquisition of 16,000 tons of fine coal.

expected that in March 2017 this preliminary project will be submitted for public consultation to ensure participation of the citizens.

Social Cooperation Fund for fishermen, seaweed collectors, orilleras y charqueadoras

Enel Generación Chile established an agreement with the communities related with artisan fishing and the authorities, in order to build collaborative spaces and common agreements to progress towards the sustainable development of Coronel.

During 2016, the Cooperation Fund paid the third installment included in the agreement signed in 2014, considering 2,039 people from 19 unions and organizations, along with the contributions of 686 partners of 6 unions that signed the agreement in 2013.

Energy for your Start-up

During 2016, Enel Generación Chile implemented the program "Energy for your start-up" together with the Municipality of Coronel and in partnership with CORPARAUCO, entity specialized in the development of entrepreneurs.

This initiative seeks to establish a relationship with the commune based on the development of people and the Creation of Shared Value, through the creation of a competitive fund of a total annual amount of 300 million pesos for the promotion of entrepreneurship in the territory. This fund enabled small businesses and entrepreneurs to strengthen their businesses, become connected with the local industry and contribute to the generation of a "critical mass" in aspects economic impact of the territory.

The fund helped 73 micro-entrepreneurs from Coronel, who develop commercial or productive activities, both formal and informal.

Participants also received the assistance and advisory of CORPARAUCO, company that follows-up on the projects six months after their investment. This study will provide information related to the impact of the micro-entrepreneurship activity.

Social and Community Responsibility

Enel Coronel Cup

Enel Generación Chile is committed with children's social development. An important initiative in this context is the Enel Coronel Cup, whose third version counted with the participation of over 300 students of the commune and Iván Zamorano, an icon of national soccer.

16 women teams and 20 men teams participated in the tournament. The winner of the women contest was Octavio Salinas School, and the first place of the men cup was awarded to Liceo Bicentenario. Both teams were awarded with a trip to Buenos Aires.

This version included a training session for the coaches of the teams in competition.

Additionally, during 2016 the company contributed with the "I am in charge- Coronel" educational project, which seeks to strengthen the development of socio-emotional skills for young girls and boys. The program benefitted 225 seventh grade individuals from Coronel.

Likewise, Enel Generación Chile also focused on the health issue in the community through the project "Improving the Quality of Service through a Smile for Coronel", performed by the Department of Municipal Health Administration (DAS) of Coronel. This initiative consists on the acquisition of a thermo disinfected washing machine and 12 dental chairs, installed in 4 Family Health Centers(CESFAM) Coronel. This new equipment will benefit nearly 5,120 users of CESFAM Coronel.

Central Zone

In the central zone of the country, the company operates the following power plants: Quintero Thermal Power Plant, San Isidro I and San Isidro II Thermal Power Plants, Rapel Hydroelectric Power Plant and Los Cóncores Hydroelectric Power Plant currently under construction.

Quintero Thermal Power Plant

Location: **Valparaíso Region / Valparaíso Province / Commune of Quintero**

Related communities: **Loncura, Ventana, Quintero and Puchuncaví.**

The company implemented the Competitive Funds through an alliance with GNL Quintero in the neighboring area of the Quintero Thermal Power Plant. There were two summoning instances in 2016, whose results were the following:

86 projects submitted

42 projects awarded

20 projects financed by Enel Generación Chile

22 projects financed by GNL Quintero.

\$54,395,670 total investment in the projects

\$29,919,280 investment of Enel Generación.

39,636 direct and indirect beneficiaries.

30,505 direct and indirect beneficiaries with projects financed by Enel Generación Chile.

direct and indirect beneficiaries with projects financed by Enel Generación Chile:

GNL Quintero and Enel Generación Chile have developed this initiative jointly since 2016. Both companies share their interest to contribute with the development of the Quintero commune through the financing of innovative projects developed by neighbors, which generate positive impact on their environment. This year there were two Quintero Competitive Funds, supporting 23 social organizations of the commune with nearly Ch\$52 million pesos.

Candidate organizations were accompanied by an interdisciplinary team that collaborated with the project design and that will support their future execution. The company contributed in the following areas;

- > Sports
- > Equipment for the community.
- > Perimeter security.
- > Community infrastructure.
- > Tourism.
- > Health.
- > Recycling.
- > Cultural

It is worth noting that after seven years, the Fund has financed 308 projects, with an investment of approximately CLP\$290 million.

San Isidro Thermal Power Plant

Location: **Valparaíso Region / Province and Commune of Quillota**

Related communities: **San Pedro and Quillota**

The hydric deficit in the central zone of the country has negatively influenced the quality and quantity of the underground waters of San Isidro Thermal power plant, and therefore restricted its operation. Thus, since 2014 tanker trucks have supplied water and pipes from different sources in an area that suffered severe drought.

In order to face this situation and to avoid conflicts in the

communes from where the water is drawn, a protocol was implemented that consisted on informing and inquiring the mayors of the communes, and discard the source in the event of rejection by the authority or in the case that the situation of the community is critical. Simultaneously, in 2016, an Environmental Impact Declaration (EIA) development for the construction of a Zero Liquid Discharge (ZLD) plant to optimize the water use of the wells owned by the power plant began.

The following programs were implemented in the commune of Quillota through different agreements between the local municipality and San Isidro thermal power plant during 2015 and 2016:

San Isidro I:

14 young professionals were benefitted.
Cultural workshops: 67 cultural workshops for 630 people.
Contribution to the Firemen Department of Quillota.

San Isidro II:

San Pedro Development Fund benefits 11 neighborhood committees, with a total of 7,500 members.
Prodesal Fund for 18 farmers.
750 Banamor grants.

In addition, the Patents Agreement provides funds for the Participatory Budgets. To date 16 territorial tables that participated were benefitted, corresponding to approximately 120 neighborhood units.

Los Cóndores Hydro Power Plant Project

Location: **El Maule Region / Talca Province / Commune of San Clemente.**

Training of women entrepreneurs in San Clemente

This year Enel Generación performed a training course named "Organizational development and strengthening of women entrepreneurial organizations" for 15 women micro-entrepreneurs and community leaders at the commune of San Clemente.

The objective is to strengthen the productive units of women entrepreneur groups through the development of tools required for the effectiveness of the organization and improvement of relationships among its members.

The training course was especially developed for this territory after a detailed study of the entrepreneur's profile. The topics developed were the following: self-esteem, personal identity, motivation, sense of belonging to the company and human relationships, among others.



Agricultural irrigation technique in San Clemente

During 2016, a land plot was prepared for demonstrating various irrigation techniques, with the purpose of generating a pole of diffusion and training in these technologies for the whole community, favoring the efficient use of water. This place operates as a platform for field days and activities of technical transfer to farmers and professionals from the agriculture sector.

The land plot is located in the property of the Liceo Agrícola Entre Ríos in San Clemente, it has a total surface of two hectares, planted with the predominant fruit species in the sector. The objective is to update the knowledge in relation to very intensive crops in orchards and reinforce the development of future specialties such as viticulture.

An Automatic Weather Station was installed, which will provide real time information regarding the agro-climatology conditions in the sector to optimize the farmers' irrigation decisions.

The initiative is framed in the Agreement for Cooperation in Irrigation signed by Universidad de Talca, the Municipality of San Clemente and Enel Generación Chile, and is executed by the Irrigation and Agro-climatology Research and Transfer Center (CITRA for Spanish abbreviation).

Firemen of San Clemente

In the framework of the existing Cooperation Agreement with the Municipality of San Clemente, the company continued supporting the work of firefighters in this commune, and worked together in new projects that consider contributions for the three stations recently constituted in the towns of El Colorado, Flor del Llano and Mariposas.

Through this initiative, the company donated a vehicle equipped with emergency gear, 59 suits for firefighting and safety ropes.

Southern Zone

This zone encompasses the area from the Biobío River to the Los Lagos Region, where Enel Generación Chile carries out community relation activities in territories surrounding Bocamina Thermal Power Plant and the Hydroelectric Power Plants in the Biobío region..

Bocamina Thermal Power Plant

Location: **Biobío Region / Concepción Province / Commune of Coronel**

Related Communities: **El Esfuerzo, El Mirador, La Colonia and Cerro Obligado**

The company’s main concern in the territory is ensuring social peace. For this purpose, a specific plan for the commune of Coronel was implemented, emphasizing a territorial and long-term perspective, and promoting measures from the

scopes of communication, participation and responsibilities of the different actors in the society.

[G4-DMA SO] [EU20] [EU22] In this context, throughout the year the Relocation Plan for neighboring communities of Bocamina Power Plant advanced, where between 2008 and 2016, 946 families were relocated through a three-stage process. The third stage was carried out in 2016 and 65 families from the communities of La Colonia, El Esfuerzo and El Mirador were relocated.

It is worth mentioning that the implementation of the last stage of the Relocation Plan was carried out in coordination with the Housing Committees of these sectors, the Municipality of Coronel and the Housing and Urbanism Services of Biobío.

The total families relocated to date are the following:

Nº stage	Sector	Nº families participating in the program	Nº families relocated	Nº families pending relocation
Stage i	Calle Mario Fuentealba - ZA	19	19	0
	Capitán Cabrejo Bajo - ZA	33	31	2
	Capitán Cabrejo Bajo - ZV	23	23	0
	Capitán Cabrejo Bajo - ZR	30	30	0
Stage ii	Aroldo Figueroa (Acuerdo 2008)	221	221	0
	Capitán Cabrejo Alto	67	56	11
Stage iii	La Colonia Baja (Amengual)	81	76	5
	La Colonia	400	297	103
	El Esfuerzo	363	133	230
Total families		1,337	946	391



Biobío Power Plants

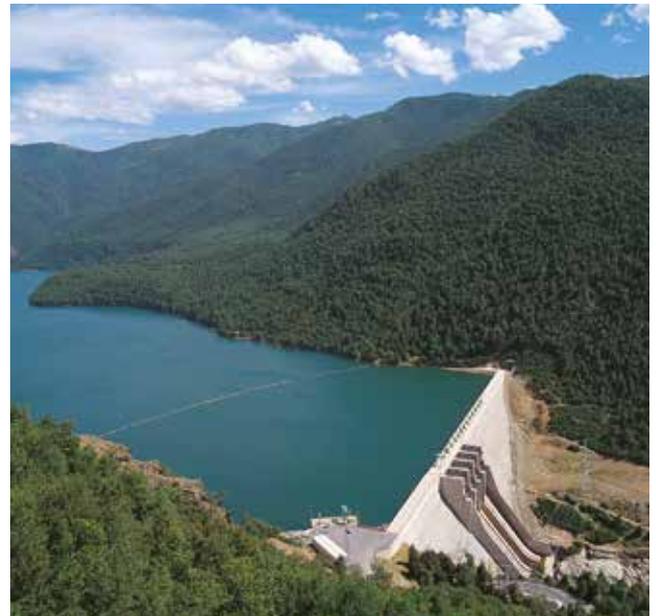
The company owns three hydroelectric power plants located in the area of Alto Biobío, in the Biobío Region, where they cohabit with several Pehuenche native communities.

Hydroelectric Power Plants: Pangué, Ralco and Palmucho

[G4-DMA-SO] [EU22] Location: **Biobío Region / Biobío Province/ Commune of Alto Biobío**

The operations of Enel Generación Chile in Alto Biobío affects 12 communities in the area. They total more than 1,500 families, and nearly 7,000 people.

The company worked with eight pehuenche communities this year: Pitiril, Callaqui, El Avellano, Aukin Wallmapu, Quepuca Ralco, Ralco Lepoy, El Barco and Ayin Mapu, through working and dialogue tables between the community's board and the company's dialogue team.



[G4-EC7] [G4-EU19] One of the milestones of 2016, in line with the community relationships work carried out by Enel Generación Chile, was the long-term agreement signed with the Municipality of Alto Biobío, whose purpose was to cooperate in initiatives that promote the educational, cultural, social and economic development of the commune. This agreement is in effect until 2022, and benefits the families of Alto Biobío, including the four communities in the canyon of Queuco that are not in the affected area.

As part of the agreement, Enel Generación financed the construction of the adduction of Rural Potable Water (APR for Spanish abbreviation) in Ralco, in order to ensure the permanent water supply for the community of Callaqui Bajo, and contributed with resources for the second phase of potable water, directly benefitting 116 families.

Otros proyectos de inversión social

Project	Beneficiaries	Amount
Normalization of the potable water system and sewage of Chenqueco preschool.	20 children from the community of Ralco Lepoy	\$ 25,000,000
Maintenance of photovoltaic panels that will supply renewable energy in housing.	12 community of Alto Biobío	\$ 15,000,000
Support to the Commune Emergency Plan, including the purchase of goods and training of population.	Alto Biobío	\$ 15,000,000
Acquisition of agricultural machinery.	Communities of Aukin Walmapu and Ayin Mapu	\$ 14,800,000

Design of future housing at the Ayin Mapu community

[G4-DMA-SO] **[G4-EU19]** **[EU-20]** In 2016, Enel Generación Chile decided to carry out a housing improvement program for the families at the Ayin Mapu community, in Santa Bárbara, which were relocated in 2000 with the construction of Ralco Hydroelectric Power Plant. The program is part of the commitments undertaken in the Environmental Qualification Resolutions (RCA for Spanish abbreviation) of the power plant, and incorporates co-creation, meaning that beneficiary families participate in the design of their new homes allowing them to have a space relevant to their culture and lifestyle.

Through coordination meetings and participative workshops guided by an architect, three architectural proposals to offer alternatives to the participating families were developed.

The designs are characterized for having two independent accesses that allow the division of the house, with a dining room, kitchen, and living room on one side, and the bedrooms and bathroom on the other, divided by a covered interior courtyard. The houses also have greater privacy, sound insulation, luminosity, lower roofs, and larger in size, with 80 m² compared to the 65m² of their current houses.

The process is ongoing, with the presentation of its final version to the community to obtain the last recommendations and also continue with the process of obtaining the respective permits.

Potable water for the communities of Ayin Mapu and El Barco

[G4-EU19] 16 years ago, Enel Generación Chile relocated the families of the pehuenche communities of Ayin Mapu, in the commune of Santa Bárbara and El Barco, to the commune of Alto Biobío, due to the construction of Ralco Hydroelectric Power Plant. Over time, however, the important population growth made it necessary to reinforce the potable water network in order to ensure the water supply to these families.

In 2016, after intense work with these communities, the company presented rural potable water project for the evaluation and approval of the Regional Ministry of Health of Biobío. During this instance, the people received the first source of information in relation to the revision of the projects, scope of the work, deadlines and the next stages.

The development of both projects included different stages, such as gathering of information, execution of field studies and engineering design to ensure quality and quantity of water, as well as ensuring service supply during adverse weather conditions. In line with the community relationship policy of Enel Generación Chile, the entire process was socialized with the communities through meetings with the leaders and open assemblies. In this regard, the presidents of the two pehuenche communities highlighted the participative process that they built with the company, for the benefit of people.

The Pehuén Foundation

The Pehuén Foundation is a nonprofit organization born in 1992 and financed by Enel Generación Chile with the purpose of improving the quality of life of the Pehuenche communities neighboring the company's hydroelectric power plants. The work developed by this foundation has benefitted more than 800 families from eight communities with social, entrepreneurial and educational programs designed specially for them. The beneficiary communities are: El Avellano, Aukin Wallmapu, Callaqui, Pitril, Quepuca Ralco, Ralco Lepoy, El Barco and Ayin Mapu. The programs focus on sustainable development of the communities with cultural identity, co-responsibility and respect for human rights.

Among the milestones of 2016, there are changes in the composition of the Board of Directors, after the elections of the representatives of the communities of Callaqui and Ralco Lepoy. In addition, the Foundation participated in the Annual Assembly of members participating in the Network for Foundations of America, RedEAmérica, held in Medellín, Colombia.

Regarding the development of the research, the baseline studies about perception of the communities concerning their current situation –cultural and economic - and their vision for future development was completed, as well as the quantitative work of social and economic indicators of the territory. This work was performed by the consulting firm Conversa, and managed by the company's territorial teams.

Programs

During 2016, the efforts of Pehuén Foundation were mainly focused on the promotion of organizational development, social and productive growth and education, in order to generate sustainable value with communities.

In terms of organizational development, two administrative employees and two members of the community were trained on the necessary skills for entrepreneurship and the economy. Likewise, the company developed two programs with INDAP, three programs with CONADI and three programs with Enel Generación Chile, one of which includes the Center for Agro industrial Technological Development (CDTA for Spanish abbreviation).

The company performed various initiatives to bolster the social development in the area, including:

- > Construction and activation of 37 systems for piping and storage of spring water to respond to the pollution emergency caused by the eruption of Copahue volcano.
- > Planting of potato seeds in 8.3 ha.
- > Deworming and vaccination of 1,500 animals from the Ayin Mapu community, in alliance with INDAP, which directly benefited 54 families.
- > Construction of three new houses, expansion and improvement of eight existing houses owned by families in extremely vulnerable social condition.
- > Acquisition and delivery of 102 wood-powered stoves for winter heating and fuel saving.

Likewise, the Foundation implemented four programs to strengthen local productive development in the sustainable development areas of native hazelnut and the commercialization of its sub products, production and commercialization in the beekeeping industry along with merchandising of its sub products, land recovery and its agricultural development, and the commercial production of vegetables. The company also implemented a program for the reinforcement of local culture through a digital platform (www.pewenche.cl) for the promotion of entrepreneurship with identity.

Finally, in the education field, during 2016 the Pehuén Foundation continued offering students scholarships and tuition programs for young pehuenche university students, benefitting 52 students, six of which graduated from their respective careers. The foundation also developed initiatives in the intercultural preschool education field, such as the contracting of a local pehuenche teacher all year round for 20 children from Ralco Lepoy, infrastructure improvement of 2 nursery schools, one at Ralco Lepoy and the other at El Barco, and the implementation of green areas in the nursery school at El Barco.

2,700 beneficiaries

\$430 million invested

San Ignacio de Huinay Foundation

Enel Generación and Pontificia Universidad Católica of Valparaíso founded San Ignacio de Huinay Foundation in 1998, with the mission of promoting scientific research and preserving the biogeographical heritage through sustainable development techniques.

The Foundation also participates actively in the facilitation of dialogue between the company and its neighboring communities, advising both parties under a neutrality agreement. Moreover, it visits associative entrepreneurial projects with the purpose of monitoring its development and providing feedback on its own management in relation to the sustainable development of the communities.

Among the milestones of 2016, three new projects were awarded:

- > 2016-2019: "Mass mortalities of cold-water corals in Chilean Patagonia: causes, consequences, recovery and resilience" (National Fund for Scientific and Technological Development, FONDECYT for Spanish abbreviation) project.
- > 2016-2019: "PISCES: Patagonian Ice field Shrinkage impacts on coastal and fjord EcosystemS" (Chilean National Council for Science and Technology, CONICYT for Spanish abbreviation / Natural Environment Research Council, NERC) project.
- > 2016: Waitt Grants Program (National Geographic Society): "Multiple whale mass mortalities in Chilean Patagonia." Includes financing from Blue Foundation for the expedition to Golfo de Penas in January and May 2016.

Moreover, during the year four expeditions were carried out with scientific purposes:

- > Huinay Fjords 27
Region: Golfo de Penas (XI Region)
Date: 01.23.2016- 01.29.2016
Participants: Kaitlin McConnell, Ana Valenzuela-Toro, Franco A. Comanato, Sebastián García-Loyola, Fernanda Parada-Arrau, Alexandra Luiso, captains Keri-Lee Pashuk and Greg Landreth.
- > Huinay Fjords 28
Region: Madre de Dios (XII Region)
Date: 03.16.2016 - 04.02.2016
Participants: Günter Försterra, Francine Beaujot, Rodrigo Sánchez, Yonathan Gonzales, Christoph Mayr, Wolfgang



Jens-Henrik Meier, Sylvia Wachira and Emilio Alarcán Panichini.

- > Huinay Fjords 29
Region: Golfo de Penas (XI Region)
Date: 04.27.2016- 05.30.2016
Participants: Kaitlin McConnell, Juan Andrés Olivos Huneeus, Camilo Naretto, Valentina Molinos, Erika Monsalve Sagardía, Oliver Darwin, captains Keri-Lee Pashuk and Greg Landreth.
- > Huinay Fjords 30
Region: Punta Arenas a Madre de Dios (XII Region)
Date: 07.02.016- 07.19.2016
Participants: Francine Beaujot, Rodrigo Sánchez and Sahand Saba.

People Management, Development and Motivation

[G4-DMA LA] One of the main priorities of Enel Generación Chile's management is to improve the quality of work life and the professional development of its employees, because they are of vital importance for achieving the strategic goals of the company.

Each employee has needs and expectations of development in accordance with their position and profile. To maintain a fluent communication through different means, it is important to respond to their requirements and therefore offer them programs and initiatives.

During 2016, the implementation of the Open Power philosophy meant new challenges and opportunities for employees. It meant openness to the outside world, new technologies and collaborative work between employees.



Employees of Enel Generación Chile

[G4-10] The permanent staff with indefinite contracts of Enel Generación Chile as of December 31, 2016 amounts to 883 employees, who worked 2,071,293 hours, representing 16% less hours worked compared to the previous year.

Contents	Year	Enel Generación Chile
	2014	1,266
Staff as of December 31 (n.)	2015	1,001
	2016	883

Staff composition by professional levels

[G4-10] [G4-LA12]

Contents	Year	Enel Generación Chile
Senior Management	2015	15
	2016	16
Middle Management	2015	94
	2016	97
Administrative and office staff	2015	877

Human Resources Management



During 2016, the Human Resources strategy focused in not only maintaining the wellbeing of the company's employees, but also communicating and internalizing the new values and guidelines of the Enel Group, with specific guidelines and challenges for Enel Generación Chile.

Internal Communication

Maintaining a direct and fluid communication with every employee is fundamental for the company, which has various communication channels and seeks to innovate in ensuring quality and agile information.

During 2016 the traditional channels remained, such as Direct Line, Corporate Intranet, ENEL Radio and the benefits guide.

Likewise, during the year a new cell phone application was implemented, in order to draw employees closer through fluid and accessible communications. With this tool, employees have access to alerts on important issues related to Human Resources, keeping up to date with programs such as Quality of Life and review the different benefits they have access to. They can also ask questions and participate in conversation forums with other employees.



Open Power Workshops

In 2016 the company carried out workshops to inform the employees of Enel Generación Chile about the Open Power strategy, with the objective of providing tools and knowledge to internalize it, and also performed an event to launch the new brand.

Quality of life initiatives and conciliation of working, family and personal lives

Benefits

G4-DMA1 **[G4-LA2]** Several benefits are available to satisfy the diverse needs of employees in order to improve the quality of life and the work environment of Enel Generación Chile, being a transversal policy for every company of the Group in Chile. This makes it possible to offer more and better benefits for employees, in addition to a variety of plans and initiatives to satisfy the needs of employees and their families.

In 2016, the company launched the new Benefits Guide, a transversal document open to employees with information related to the main available benefits. It also contains the details of all the Quality of Life Programs designed specifically for the different employee profiles.

In this field, it is worth mentioning the benefits for mothers, such as complementary nutritional counseling, breastfeeding areas, nursery and preschool.

The company offers a Teleworking program for employees to promote family life, as well as the Enel Family Day, Christmas Party, gifts for newborn babies and birthday parties for children, winter and summer programs, the We are energy Contest and several workshops, courses and recreational activities for families. In the education area, the company offers the academic excellence award for children, school aid and pre-university preparation, and access to university study loans for employees' children.

Among the benefits for employees, it's worth noting the student grants with shared financing, marriage and childbirth bonuses, complementary health insurance, catastrophic health insurance, voluntary dental insurance, agreement with private health insurance companies and pharmacies, benefits complementing incapacity of work subsidies, preventive examinations and vaccination programs and access to pension funds.



Additionally, other benefits are included, such as the seniority bonus, special assistance for home buying processes and facilities for the purchase of electric vehicles. Employees also have access to a gym, a corporate restaurant and a stadium.

Teleworking

With the aim of contributing to balance the personal, work and family lives of employees, in addition to promoting the management style based on trust and commitment, the company carried on with the fifth version of its Teleworking Program.

The objective of the program is to enhance work in terms of results and responsibilities, and offers employees that meet all the requirements, the possibility to be selected to work from home one day a week.

Since its implementation as a pilot program in 2012, this initiative has attracted great interest from employees, increasing their job motivation and satisfaction.

Performance Assessment

[G4-LA11] During 2016, the global performance assessment was performed transversally to every employee for the first time, and the evaluation followed exactly the same approach based on the ten behaviors of Open Power. Once the evaluation was completed, the assessed and the assessor provided mutual feedback to jointly define actions to develop in the future in order to improve their performance.

This tool is a way to deepen the continuous improvement of the company, disseminate the values and attitudes of Open Power, and ensures clarity and uniformity of the assessment processes.

Contents	Enel Generación Chile		
		2015	2016
Total number of employees	(n.)	937	858
Percentage of employees that regularly receive performance and professional development assessments	(%.)	99%	95%
Percentage of employees that regularly receive performance and professional development assessments (men)	(%.)	86%	87%
Percentage of employees that regularly receive performance and professional development assessments (women)	(%.)	14%	13%
Total of employees assessed	(n.)	929	818
Total of employees assessed	(n.)	16	19
Total of employees assessed	(n.)	71	86
Administrative and office staff assessed	(n.)	842	713

Recognize Ourselves Program

Promoted by the Human Resources and Organization Management, the main goal of the Recognize Ourselves Program is to acknowledge those employees that have contributed significantly through their actions in their respective areas.

In this period the Program was extended to all employees of Enel Generación Chile, and in this occasion employees awarded their colleagues in four categories: Open Power Values, Best Teacher, Safety and Occupational Health and Team Work.

Professional Development

[G4-DMA LA] [G4-LA10] The professional development of Enel Generación Chile's employees is directly related to the firm's strategic objectives. Therefore, the company has implemented programs that enhance people's abilities along with instances for career development for each employee, aligned with the company's objectives.

In order to accomplish their tasks, each employee proposes their Plan called Itinerary for Personal Development (IDP for Spanish abbreviation). This tool is associated to the campus LATAM where each employee may propose, with the validation of their supervisor, the courses or skills they want to develop in relation to their position. IDP also allows the information of the statistics related to the training of the company's employees, and statistics related to their training expectations in order to respond to their demands through new training.

[G4-LA9] During 2016, the company provided 37,934 training hours. On average, contractor employees participated in 47.89 training hours. The average training hours for men was 50.28 and 32.11 for women. More than \$ 350 million pesos were invested in training and education during the period.

Certificates and Courses

Management Program "Leaving Footprints".

The program seeks to enhance the development of employees, enabling their personal and professional growth and improving the execution of their tasks.

The goal of the program is to help other managers in generating positive work climate based on trust, while contributing to their empowerment as active agents in the development of their teams.

Operational Culture Training

Training executed under the on-the-job training model, which seeks to strengthen technical skills of the position and close gaps of operational culture identified in the IDP. This training also optimizes time because it considers training at the same shift for every employee.

Power Markets Diploma

The sixth version of the Power Markets Diploma was carried out at the Faculty of Economics and Business of Universidad de Chile.

This program seeks to deepen the knowledge about the features and challenges of the power business, contribute to the negotiation processes in aspects involved in energy supply, complementary services offers and distribution tolls, thus empowering their performance and alignment inside the company.

Management Control Diploma

This diploma provides tools for the optimization of the different business processes, under a management control perspective.

Diploma in Electricity Project Assessment and Management

This diploma is carried out at the Faculty of Economics and Business of the Universidad de Chile, its duration is 120 hours. This diploma was especially designed for the employees of the firm and its objective is to develop a comprehensive business plan from the private interest point of view, and to correctly apply the techniques and methodologies required for the preparation and economic assessment of investment projects. In 2016, 11 employees of Enel Generación Chile participated in the diploma.

Gxcellence Program

This program is an initiative of the Group, launched in September 2016 jointly with the global areas of OPO (Operational Performance Optimization) and Innovation for the Thermal Generation business line of Enel, whose purpose is to exchange innovative ideas and improvement proposals between the participants worldwide.

In total, 1,184 ideas coming from Latin America, Iberia, Russia and Italy participated worldwide. 46 ideas were submitted from Chile, most of them from Tarapacá Thermal Power Plant, with a total of 17 proposals: 11 related to improvement and 6 related to innovation.

Internal Mobility

The Enel Group in Chile believes that it's fundamental that employees feel that it's possible to grow within the company and to develop professional and personal growth. Enel Generación Chile believes that when employees are committed with the values of the firm, they are empowered to exercise leading positions that will contribute to the achievement of the company's strategic objectives.

The promotion of internal mobility is key for Enel in order to maintain the best and most committed professionals in the company. Internal competitions are developed every year for the available positions, thus offering promotion opportunities in the Group's companies, as well as changes of division or exchange of duties to subsidiaries in other countries.

This process goes together with the performance assessment, so it needs to be as transparent as possible based on meritocracy and with room for feedback on each stage of the selection process, building confidence and professional development for the employees if there are any gaps regarding the desired position.



Diversity and inclusion

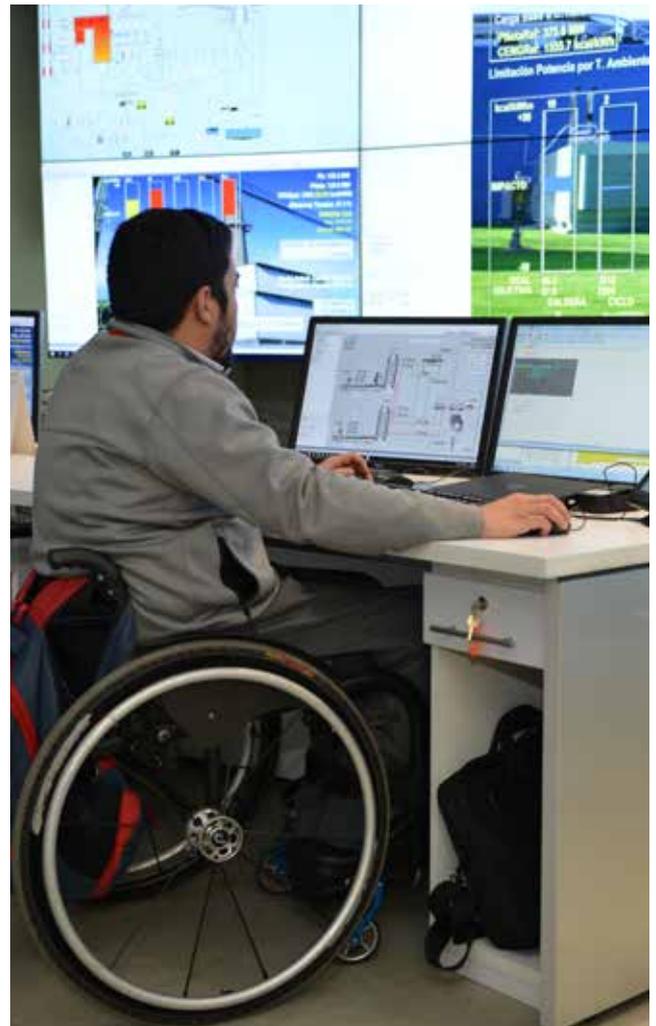
[G4-DMA LA] Promoting Inclusion and Diversity in all areas is a permanent concern for the company, which was ratified with the approval of the Global Diversity Policy (Policy No. 27). This policy is based on four main pillars: gender, disability, age and nationality.

There are several programs and initiatives designed to promote a work environment based on respect, non-discrimination and valuing differences.

Enel has defined that equality and diversity are linked to the Group's Sustainability Plan. The company promotes the best initiatives towards gender equality within the framework of meritocracy and the balance of work and personal life.

As such, in 2015 the company enrolled the Principles of Empowerment of Women, an initiative of the Global Compact of the United Nations and the UN Women, promoting gender equality and requesting companies to subscribe to its seven principles.

Moreover, since 2010 Enel has been developing the Entry Program, in collaboration with organizations such as Instituto Teletón and educational entities, regarding the selection process for the incorporation of disabled interns and thesis students.



Contents	Enel Generación	
	2015	2016
People with disabilities on the staff of the company	5	5
	1	1
Total number of middle management staff with disabilities	4	4
	4	4

Gender Equality

The company has made efforts during the last years to achieve women's inclusion in every area of the company. Although there is a bias in the industry because of the characteristics of some positions in which there are mainly male candidates, the company does not discriminate, but rather promotes the recruitment of women.

Among the most important actions are the campaigns made at the engineering schools of the different universities in the country and labor fairs, where women are informed of the professional development opportunities in the company.

Staff composition by professional levels by gender

[G4-10] [G4-LA12]

Contents		Enel Generación Men	Enel Generación Women
Senior Management	2015	14	1
	2016	16	0
Middle Management	2015	86	8
	2016	89	8
Administrative and office staff	2015	747	130
	2016	666	104
Total	2015	847	139
		771	112

Labor and union relations

[G4-11] Enel Generación Chile maintains a good relationship with its employees and their union representatives, based on trust and mutual respect. This is crucial for the implementation of key projects and initiatives for the company, as well as for the election of benefits granted through collective negotiations.

In 2016, the company carried out the collective bargaining process with the National Union within the established time frames. The resolutions agreed are valid for four years, until the next negotiation process.

The company maintains ongoing communication with trade unions through regular monthly meetings, where the parties report their progress, projects and specific cases.

Union members grew 8% in relation to 2015, despite the decrease of the total staff of the company. The information regarding union members for the period is presented below:

Union members	Number of employees covered by collective agreements	Percentage of employees covered by collective agreements
2014	892	64%
2015	728	73%
2016	684	81%

Innovation and Operational Efficiency

Innovation

[G4-DMA EC] Innovation has become a strategic pillar of Enel Generación Chile, being a differentiating factor and a competitive advantage in the generation market.

The company seeks to maintain and improve its leadership position regarding this matter, working systematically, organized and transversally to foster a culture, climate and innovation practices, that together with investigation and development can contribute in building long-term socio-economic and environmental sustainability for the business. Additionally, collaborating with solving the country's energetic challenges, maximizing the value creation of the business units, attracting, managing, building and retaining talent, and high value knowledge for the company.

During 2016, Enel Generación continued working to create a positive internal microclimate for the development of innovation, which materialized in stronger competitiveness and efficiency in all processes. The activities carried out in this area are described below:



Innovation Culture Innovation Week

This year the Group's traditional Innovation Week was developed under the slogan "Dare to defy equilibrium". Enel Generación Chile participated in several recreational and educational activities, presentations and workshops, including the talk presented by the creators of "History of a Bear", Chilean short film, which won an Oscar for Best Animated Short Firm in 2016.



Capture Ideas Program

This initiative seeks solutions to real challenges and is based on the collaborative participation method. During 2016, the first version of this program was carried out together with the Operational Performance Optimization Unit (OPO). Enel Generación Chile, participated under the name Gxellence, and was implemented globally in the thermal generation area of Enel Group.

The company's generation power plants were toured for three months throughout Chile, inviting employees to submit their ideas in two key areas: Innovation and Continuous Improvement. The following classification was performed in each area, obtaining the following proposals by category:

Continuous improvement:

- > Operational Performance: 12
- > Environment: 5
- > Safety: 2
- > Environment, safety and operational performance: 1

Innovation:

- > New business models: 2
- > Environment, safety and operational performance: 14
- > New technologies: 10

Out of a total of 46 ideas gathered from the company, five projects were awarded: Automation of cutting-edge pumps, Bocamina thermal power plant 1° unit; Monitoring of ambient on resting performance N°1, San Isidro thermal power plant; Backwashing of filters of the cooling open cycle, Tarapacá thermal power plant; Development of the software control water-steam cycle, Tarapacá thermal power plant; and System IOMT for monitoring of vital signs of employees during risk activities, Operational Performance Optimization (OPO).

The winning ideas were prized by the company's top executives along with those of the thermal generation unit, who demonstrated their satisfaction with the participation and for the quantity and quality of the proposed solutions.

Technological Innovation in the generation processes [G4-DMA EC]

A drone for each power plant

During 2016, the company carried out an extensive work in collaboration with the Innovation Unit in Italy, with the purpose of beginning to provide each power plant with robotic equipment for maintenance and safety activities. The project includes an RPA (Drone), as well as educational and training process for thermal units, based on the Chilean law DAN 151. This will allow the performance of several activities that otherwise are difficult or risky for employees.

Risk tools with Google Maps connection (Risks Map of Tarapacá power plant)

During the year, the firm developed a complement to the three-dimensional modeling project at San Isidro and Tarapacá power plants, enabling the edition of risk maps at each power plant in an application designed for the risk manager's cell phones or tablets. The application will start operating during the first semester of 2017, and will begin with the risks map of Tarapacá power plant.

Aero photogrammetry (topography) in GasAtacama

The GasAtacama Gas Pipeline was chosen in 2016 for a pilot test with high-altitude autonomous airborne equipment for aero photogrammetric modeling, which will enable better control of variables that are not visible at first sight. It is expected to perform the test during the next period.

Quintero 3D

The planning, training and technology supplier agreements for the achievement of the first autonomous 3D survey of quality engineering were carried out during the year. The pilot program will be developed at Quintero power plant.

ROV

The remotely operated underwater vehicles (ROV) are robots with observation and handling skills. During 2016 the Innovation team supported the Huinay Foundation in the process of corrective maintenance of its class II robot (with immersion capacity of up to 500 meters deep). Through an agreement with Universidad Técnica Federico Santa María (UTFSM) and the North American company BlueRobotics, a low cost and easy to use pilot ROV was developed, which was specifically adapted for the hydroelectric and thermal power plants of the company in Chile.

SLAM

In 2016 a team from the Innovation area in Italy visited Chile to witness a SLAM (Simultaneous Localization and Mapping) test, a mapping and simultaneous localization technique with autonomous machines in risk environments, which is being used by Enel for the development of industrial scale robots. Likewise, representatives of Innovación Chile witnessed a larger-scale testing for autonomous flight inside the heaters of RPAS equipment at Carboneras power plant, in Almería, Spain. The firm expects to develop a similar test in Chile during 2017.

Visits to the Universities of Girona, Berkeley and Carnegie Mellon

In 2016, as part of the joint works of the ROV and SLAM teams, Innovation engineers from Italy and Chile carried out joint visits to the Universities of Girona, Berkeley and Carnegie Mellon to find out more about the latest advances in these matters that may apply to Enel's developments.



Red Tide

Likewise, as part of its support to the Huinay Foundation, different technological possibilities to combat the red tide were evaluated this year along with joint visits with the Department of Membranes of the Faculty of Medicine of Universidad de Chile and specialists in analysis of chromatographic pattern for the early detection of this phenomenon. The company also prepared a project to be submitted to Corfo in collaboration with the Pontificia Universidad Católica de Valparaíso, which is in the re-evaluation phase.

Water treatment with sulfates based on ashes

During 2016, a successful pilot laboratory was carried out jointly with Universidad de Santiago de Chile for the treatment of sulfates in the water through the use of enriched ashes. A to scale test is expected to be carried out during the next period.

Development of hydraulic projects

- > **Wireless Sensor Network LATINA UC:** Enel Generación received important financing from Innova Chile Corfo to develop the monitoring of water resources and weather conditions jointly with Pontificia Universidad Católica de Chile. This monitoring is carried out through stations developed by the Wireless Technologies Laboratory of the Electrical Engineering Department of the abovementioned university.
- > **Kaplan Online Optimization System – Sauzalito:** This optimization project seeks to increase the operational efficiency of Sauzalito power plant through the implementation of an adaptive algorithm that enables the monitoring of maximum efficiency online, in the existing speed regulator. During 2016, the first stage of the project began, with the installation of a measuring system for the flow measurement by ultrasound in the pressure pipe, a turbine vibration monitoring system, level sensors in the loading and unloading of the chamber of the power plant and updating of advanced functions in the speed regulator.
- > **MCH Las Lengas:** As part of the ideas received during the year by the employees of the company, studies for the installation of a mini hydro power plant in Las Lengas, located near El Toro hydroelectric power plant began. The studies were developed by E&C, in order to obtain greater technical background with regards to net heights and flows available in the area.

Certification of projects

Enel Generación Chile received the Corfo certification for four research and development projects managed by the Innovation area of the company, which meant an investment of nearly \$400 million pesos. The certification was granted in the framework of Law R+D of tax incentive.

The certified projects aim at the development of new solutions to increase efficiency in the processes of hydro and thermal power plants, which are the following:

Development of tools for the optimization of daily programming of generation units.

- > Forecast of water flows in the mountain basin for the operation of hydro power plants.
- > Development of technological tools for the management and monitoring of hydrologic system of hydro power plants.
- > Valorization of ashes of thermal power plants, through the development of a filtering matrix with modified ashes for the sulphate water treatment.

The certification granted by Corfo is recognition to Enel Generación for its commitment and the work developed in this field and shows the permanent effort to move forward toward new technologies and processes according to the strategic needs of the company.

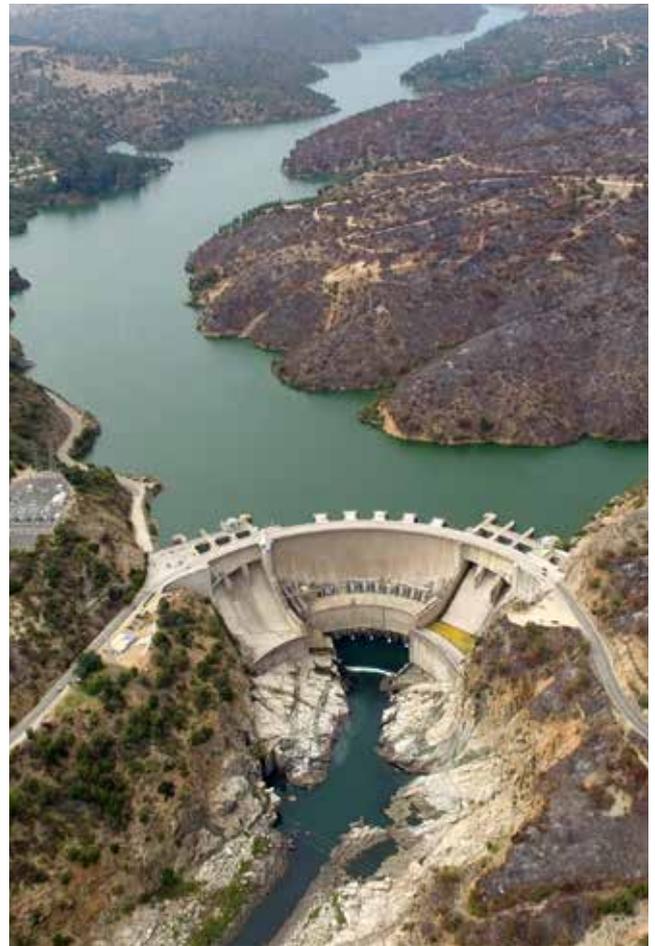
The new Law R+D was enacted in 2012 and aims to promote investments in research and development and to strengthen relationships between universities, research enters and Chilean companies. The regulation offers companies a tax credit against First Category Tax of 35% over the investment in research and development initiatives certified by Corfo.

Operational Efficiency

Enel Generación Chile considers that operational efficiency is a corner stone to achieve sustainability and competitiveness. This philosophy aims for excellence in the processes and technologies involved in power generation along with the human team that works in the company.

For this purpose, the company has implemented programs for the continuous improvement of its operational processes. Enel Generación Chile is also distinguished in this area for keeping strict compliance of several world-class standards in efficient energy management, operational optimization and environment protection, among others.

During 2016, the company continued developing technical and operational improvements in the different power plants, playing a leading role in technology and innovation. An example of this is the roofing of the coalfields of Bocamina power plant and the various energy efficiency projects that are being implemented. Likewise, the company managed to keep the certification for management systems and the valid energy efficiency labels.



Energy efficiency projects

National Operations Center Project

In October 2016 Pangué hydro power plant was incorporated to the National Operations Center (CEN for Spanish abbreviation), unit that enables the company a centralized operation of its hydroelectric generation units. Currently there are 14 tele-commanded power plants out of 16, equivalent to 2,741 MW installed capacity.

Through the CEN project, the company obtained a comprehensive view of its water potential, which enabled it to have standardized operating systems, making the processes more efficient and coordinated, thus enabling a timely response to the occurrence of failures.

Optimal Load Distribution

The optimal load distribution applies to hydroelectric power plants with the purpose of using water more efficiently to satisfy the generation program, under the corresponding physical and operational restrictions. The aim is to benefit from the best combination of unit performance; in hydro

power plants the purpose is to minimize the turbined flow for reservoir power plants, while in the run-of-the-river power plants the intent is to maximize the capacity delivered using the river inflow. In 2016, the optimal load distribution of Rapel, Pehuenche, Pangué and Ralco hydro power plants represented a generation increase of approximately 70,400 MWh.

Optimization of the daily programming of hydroelectric units

This tool allows the optimization of the daily dispatch of hydroelectric units with the objective of maximizing revenues of available resources, the efficiency of the units and the price of energy.

During 2016, the optimization of daily programming of Los Molles and Sauzal-Sauzalito power plants enabled the growth of their contribution to the Central Interconnected System, reaching 3,000 MWh and 3,600 MWh of energy generation respectively.



Certifications in Energy Management Systems

ISO 50001 Certifications of San Isidro and San Isidro II Thermal Power Plants

[G4-14] In 2015, Enel Generación Chile implemented and certified the Energy Management System (SGE for Spanish abbreviation) based on the international regulation International Standard Organization (ISO) 50001: 2011 for San Isidro thermal power plant, which was in force during 2016.

This system enables the company to maximize the energy performance and operational efficiency at every unit, and at the same time, reduce the use cost and efficient consumption of energy, without compromising the quality of service.

Quintero thermal power plant maintained the SGE certification received in 2012, which is still valid.



Energy Efficiency Label: San Isidro and San Isidro II Thermal Power Plants

In 2016, San Isidro and San Isidro II power plants maintained the Energy Efficiency Label (EEL), granted by the Energy Ministry by the end of 2014.

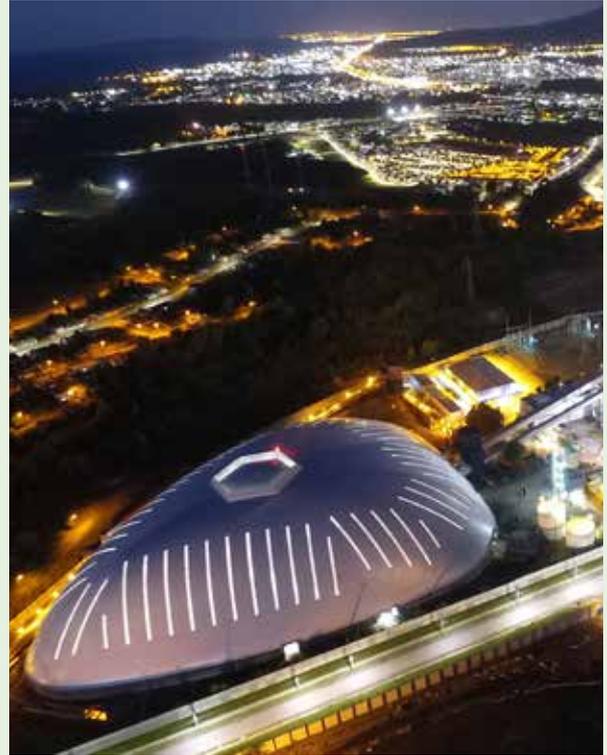
EEL is recognition to those companies that locally stand out for applying energy efficiency in their productive processes in a systematic manner.

Operational Improvements at the power plants

Ceilings for the Coal Fields of Bocamina Power Plant Project

In April 2015, Enel Generación Chile received the Environmental Qualification Resolution for the optimization project of the second unit of the Bocamina power plant, in order to reduce the environmental impacts caused by its operation. The document considers several commitments in this field, and the coverage of the coalfields is one of them.

The company began developing this initiative during 2016, being the first power plant of its kind to develop this system, which consists on a geodesic dome located over the north coal field that covers an area of 22,300 m², it is 51 meters high and its storage capacity is 150,000 tons. This coverage means an improvement of logistics in handling of coal used for energy generation, and ensures neighboring communities that the power plant operates under high environmental standards.



The dome consists of a self-supporting metal structure, it is lightweight and adapts to the site geometry. These characteristics enable a fast construction and there is no need to use cranes because the roof is assembled over a covered area in the form of a big structure. This same innovative technology will be implemented at the south coalfield of the power plant.

The implementation of this project is added to other environmental improvements carried out by the company, with an investment of more than US\$102 million, with which Bocamina thermal power plant ranks among the operating generation plants that counts with the highest standards in this field, and complies with all the regulation and approvals required by the environmental authorities.

Operation of the technologically advanced Johnson filters

In 2016, Bocamina thermal power plant significantly improved its environmental standards thanks to the proper operation of the Johnson filters, which almost completely reduces the entrance of hydro biological organisms to the cooling system of the power plant. Its installation by the end of 2015 is part of the commitments undertaken by the company in the Environmental Qualification Resolution.

Environmental Compliance Project in Tarapacá Thermal Power Plant

During 2016, the environmental works in compliance with the Emission Standards for Thermoelectric Plants (D.S. N°13/11 of the Ministry of Environment) were completed, seeking to control emissions and protect human health and the environment, thus significantly reducing the environmental impact.

The works consisted on the installation of a semi dry desulfurization system to deflate the atmospheric emissions of SO₂, and the improvement of burners through the installation of an air over fire system to reduce the generation of NOx.

Operational Efficiency

Moving towards an Integrated Corporate Management System

With the objective of maximizing the company's operational efficiency, during 2016 Enel Generación Chile implemented and certified an Integrated Corporate Management (SIG for Spanish abbreviation) multi-site based on the regulations ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2008 for all its power plants.

SIG is a centralized support structure, which includes a series of corporate tutorials and procedures, the standardization of procedures and methodologies, enabling its application transversally in every generation power plant. Through this system, Business Units can share experiences and lessons in a common language. It also eases management control and monitoring, increases the resources optimization and the efficient use of performance and improvement tools.

The Certification of the Integrated Management system was received in October 2016, after approving the external audit performed by the company RINA Services.

Customer Relationship Management

Customers of Enel Generación Chile in the energy generation area

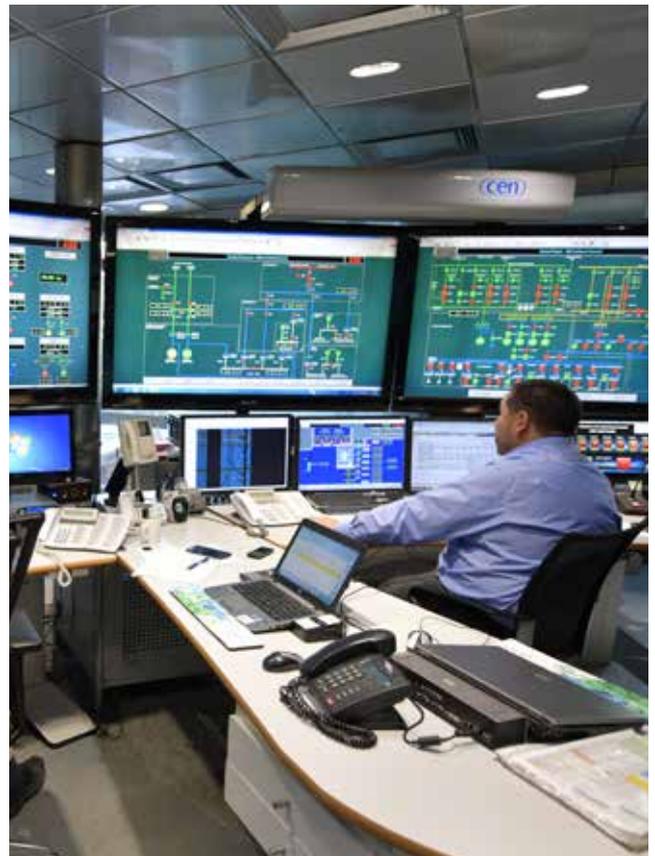
[G4-DMA PR] The quality of service that Enel Generación Chile offers to its customers is the milestone of the company for the creation of a relationship of trust with them.

From here, the company's strong commitment of ensuring daily electricity supply in a safe way arises, together with the search of new ways for contributing with additional energy to the offer and increase its customers' satisfaction.

[G4-PR3] The company's energy supply service is regulated by the Decree with Force of Law (DFL) N°4 of 2007. The entity created by law responsible for the coordination of the technical and economic operation of the system is the Load Economic Dispatch Center (CDEC for Spanish abbreviation).

[G4-9] During 2016, the consolidated energy generation of Enel Generación Chile was 17,564 GWh, including the generation of its subsidiaries Pehuenche, Compañía Eléctrica Tarapacá and GasAtacama.

52% of the energy generated by the company is hydroelectric, 47% is generated by thermal sources and 1% in wind.



Classification by level of consumption

[G4-8] [G4-9] All customers of Enel Generación Chile are part of the Central Interconnected System (SIC for Spanish abbreviation) or the Norte Grande Interconnected System (SING for Spanish abbreviation) and comply with the regulations of DFL N°4 , 2007.

The existing regulatory framework for the energy industry defines three types of clients:

- > Regulated: **Clients whose consumption are equal or less than 500 kW.**
- > Non-regulated: **Clients whose consumption exceeds 2,000 kW.**
- > Entitled to opt: **Clients whose consumption exceeds 500 kW and are equal or less than 2,000 kW.**

The company also participates in the short-term opportunity market, known as "spot" market.

Classification by industrial sector

[EU3] Electricity distribution companies are the main clients of Enel Generación Chile. These companies provide their services to homes, companies and public entities.

Mainly through the SIC, the company also provides energy to large companies of the mining, forestry, chemical and oil refinery sectors, and also to every consumer that legally may have access to energy supply from a generation company.

Type/ System	SIC	SING
Distribution companies	23	0
Forestry	1	0
Industries	12	0
Mining	3	3
Others	2	2
Total	41	5



Relationship with clients

Enel Generación Chile seeks to establish close relationship with customers, while providing a quality service. This service is characterized by the attention to their needs and providing timely and transparent communication.

To this effect, in 2016 the company continued the implementation of Customer Service Action Plan, which includes different communication channels and participation instances, such as:

- > Executives for direct attention through phone or email, generating trust, proximity and customers' loyalty.

Enel Generación's Clients in the sale of gas area

Maintaining strong commitment with the corporate vision of sustainability, during 2016 Enel Generación Chile continued developing the natural gas business in the country. This initiative enables the company to contribute with a clean and competitive energy platform, and at the same time to move towards the diversification of the energy offer, additionally promoting the carbon emission reduction.

As such, in 2015, Enel Generación Chile completed the construction of the three first plants of natural gas supply. During 2016, the company, through local distributors, started supplying natural gas to nearly 11,000 clients between the cities of Temuco, Talca, Los Andes, Coquimbo and La Serena, therefore consolidating as the leading company to supply gas to cities located far from gas pipelines.

Also, during 2016, this development allowed Enel Generación Chile to decrease CO2 emissions of residential and commercial customers in 17%. In the case of industrial customers that use FO6, emissions reduction was of 32%.

It's estimated that the city of Temuco, which counts with natural gas supply since the first half of 2016, will reduce CO2 emissions in 2,400 tonCO2 during one year.

Description of the business

Enel Generación Chile supplies natural gas to the most important industrial customers in the northern zone of the country through GNL Mejillones terminal, and in 2016 became the leading LNG supplier in this sector through gas pipelines.

Likewise, through Quintero terminal, the company transports liquefied natural gas using trucks to gas distribution companies between the cities of Copiapó and Puerto Montt.

Natural gas is loaded to trucks in its liquid state (LNG) at GNL Quintero, at a temperature of -162°C. Then it is transported to the Satellite Regasification Plants (PSR for Spanish abbreviation) located near the client or in its own facilities. Then it's stored and regasified, turning into natural gas, which is delivered in the required amounts and conditions.

Customer classification by industry

[EU3] The company has 12 clients distributed in the northern zone and center-south of the country, comprised by gas distributors, industries and mining companies.

Type/Zone	North	Center	Center-South
Distributors	1	1	2
Industries		4	1
Mining	3		
Total	4	5	3

Development of projects

The consolidation of natural gas supply to five cities meant important efforts for the coordination of operational and transport processes and at the same time to comply with high safety and reliability standards.

Among the milestones of the year, it is worth mentioning the start of operations of the Regasification Satellite Plant in the Temuco district, and an agreement was signed with Copec to supply natural gas to the main agro industrial plant of the country, Agrozzi, in the city of Teno, beginning in the first quarter of 2017.

The details of the latest commissioning of plants are the following:

Regasification Satellite Plant in Los Andes District

Plant owned by Enel Generación Chile, through a joint work with GasValpo. This PSR (for Spanish abbreviation) supplies natural gas to homes, commerce and industries in the city of Los Andes, in the V Region of Valparaíso. Among its clients, the Cormecánica industrial plant stands out.



Regasification Satellite Plant

Regasification Satellite Plant in the Temuco district owned by Enel Generación Chile, through a joint work with the company Intergas. This plant supplies natural gas to homes, commerce and industries in the city of Temuco, in the XIX Region of the Araucanía.



Regasification Satellite Plant



This project was developed with Copec to supply natural gas to the agro industrial plant Agrozzi, located in the commune of Teno, in the VII Region of Maule. Since the beginning, Copec and Enel Generación Chile combined their wills and strengths to develop the largest Regasification Satellite Plant in the country. It was built by Copec, and its design and operation received the permanent advisory of Enel Generación Chile. It is expected that the PSR will start operations in January 2017, with which Agrozzi will replace a large part of its consumption of highly polluting heavy diesel for natural gas.

Occupational Health and Safety

[G4-DMA LA] [G4-LA8] Enel Generación Chile conceives that health; safety and the integrity of people are its most valuable assets, and must be protected at all times. The company also recognizes that each one of its employees is responsible for their own health and safety.

This commitment is reflected in a series of programs and initiatives related to diffusion, education and prevention, along with the incorporation of security in all processes. This includes, training in the company, report presentations, case analysis, rigorous selection and management of contractors and the transfer of best practices.

During 2016, the company's management has focused on strengthening its safety culture through different initiatives that involve every level of the company, resulting in indicator improvements in this field.



Global Audits: Extra Check On Site (ECOS)

In 2016 this initiative of the Enel Group was implemented in the countries where the Group operates. In this context, in May 2016 two audits were performed for Enel Generación Chile, in which the processes and documentary backups were reviewed, in addition to a field inspection upon which opportunities of improvement were identified.

Strengthening of safety culture: communication and training

During the year, the company worked in developing a series of initiatives to strengthen the safety culture, both for its own employees and for external contractors. The following activities are worth highlighting:

Customized Safety Program

This program is composed by ten workshops completed during the year in the company's business units for employees and contractors. Through worktables issues regarding safety were analyzed and action plans were developed to improve identified gaps, assigning responsible and due dates.

Safety Program applied to maintenance

Training workshops for employees in the Operations and Maintenance areas, with the purpose of educating on behaviors that support a safety culture.

119 participants

4,300 training hours

Safety Moving Pool (SMP)

These are multidisciplinary teams formed in 2016 to oversee compliance with security measures from contractor companies, and to advise on these matters during major maintenances or greater stoppages of power plants.

In order to generate important synergies and increase field security control, the company formed these teams with specialist technicians who work on site. Also, these employees must have extensive experience on safety, but can't be part of the Health and Safety area.



Intrinsic Safety

This initiative seeks to determine the Intrinsic Safety Index (ISI) of a machine, system or equipment using a checklist that assesses safety issues, such as lighting, access conditions and locking systems, to identify potential risks or aspects to improve, after which an action plan is developed.

During 2016, nine Intrinsic Safety initiatives were carried out. A member of Human Resources in Santiago, a member of Human Resources at the headquarters, two employees involved in the operation and two from maintenance participated on each of them.

Structure of the Health and Safety Team

The structure of the Health and Safety unit was modified, assigning specialists as health and safety coordinators by power plant technology. As such, a coordinator was designated for the combined cycle power plants; a coordinator for the coal-fired power plants and one coordinator for hydro power plants. This enabled the deployment on site of the health and safety unit, which verified and controlled the implementation of the Health and Safety Plan for 2016 along with its objectives.

Joint Committees

[G4-LA5] Enel Generación Chile has a Joint Committee in each of the following business units: Bocamina Power Plant Complex; Hydro Power Plants in the south; Hydro Power Plants of El Maule; Sauzal Hydro Power Plants; San Isidro Thermal Power Plant; GasAtacama Thermal Power Plant; and Tarapacá Thermal Power Plant. There is also a Joint Committee in the headquarters' building located in Santa Rosa 76.

Six people comprise each committee: three employee representatives and three representatives of the company. There are also three substitutes by both parties.

The joint committees' mission is to ensure safety of every employee of the business unit they represent, through initiatives agreed by both parties. They also carry out training and outreach activities on safety topics, monitoring

Certification of Enel Generación Chile's Joint Committee by the Safety Cooperative

In 2016, the Enel Generación Chile's Health and Safety Joint Committee obtained a certification granted by the Safety Cooperative in the Bronze category for the first time. This certificate is a recognition of the work and commitment of the initiatives developed and for complying with current legislation according to the Supreme Decree N°54 for the constitution and operation of these entities.

inspections and investigation of accidents inside the company, among others.

Joint committees represent 100% of the employees of the company.

Health in Enel Chile

[G4-LA7] The company has several initiatives designed to identify the main occupational diseases, such as the following:

- > Occupational deafness.
- > Psychosocial risk (risk to develop occupational neurosis).
- > Pneumoconiosis (employees under medical supervision for exposure to asbestos in the past).

[G4-LA8] Enel Generación Chile performs several initiatives, such as preventive programs for serious diseases, health, quality of work life and the communication of these aspects inside the company. During the year, some of the initiatives developed were the following:

- > **Preventive Examinations:** offers preventive examinations from specialists to all company employees.
- > **Regular Preventive Examinations:** differentiated medical evaluations to employees exposed to specific work conditions.
- > **Cardiovascular Risk Program:** its objective is to promote and provide physical fitness tools and nutrition

assessments for employees with cardiovascular risk conditions or other diseases associated to physical inactivity and poor nutrition.

- > **Immunization Program:** preventive measure consisting on vaccination campaigns for hepatitis and seasonal influenza.
- > **Safety Campaigns:** the company developed activities in the framework of the International Security Day, which took place in April, and Enel Chile's safety week, in November, in order to communicate and reinforce the measures for preventing accidents at work. In June 2016 the Emergency Monitor Day was implemented in Enel companies, to commemorate and recognize every employee of the emergency team.
- > **Implementation of New Standards:** consisted on the definition and implementation of new signaling elements, safety barriers and personal protection devices for work at heights in different company activities, with the purpose of controlling their risks.
In the industrial health field, work plans were developed to assess and maintain lighting, noise and air quality standards in the headquarters building and in its additional fa-

cilities. Additionally, practice evacuations were carried out in order to adjust the existing procedures to the changes in power plants.

In addition, under the *Get Informed For Your Health* program, the Health Fair was carried out in 2016, with the purpose of informing employees of the topics related to this field and to give them tools for a better use of the health plan and complements. In this context, several talks were performed, such as: Emergency Law, Ricarte Soto Law, CAEC (Additional Coverage for Catastrophic Diseases) and Auge Plan (GES for Spanish abbreviation). The program also carried out activities such as pressure tapping, contests, mini golf and the delivery of tickets from the Advises that Give Life campaign, where were exchangable for various prizes.

Psychosocial Risks

Psychosocial risks are all situations and work conditions that may harm the well-being, physical, mental or social health of employees, as well as the work environment and proper functioning of the organizations.

Through the Ministry of Health, Chilean legislation contemplates the Psychosocial Risk Vigilance Protocol, which must be implemented by all companies in the country, with the purpose of identifying the presence and national exposure to psychosocial risks within the organization. This in order to develop the specific necessary actions to reduce or eliminate its effects. For this purpose, Enel Generación Chile created a Psychosocial and Occupational Risk Committee comprised by members of the senior management, representatives of the employees and the Human Resources Management, together with the Mutual de Seguridad.

A survey carried out in July concluded that three dimensions required intervention, and determined proposed actions, which was submitted to the Psychosocial Risk Committee for assessing its implementation.



Main Figures

Own employees

[G4-LA6] Neither fatal victims nor serious accidents were recorded in 2016, which confirmed that the work carried out during the year to strengthen the safety culture within the company was successful.

Contents	Figures as of 2016
IF=(number of accidents (excluding the "in itinere")/ total hours worked)*1,000,000 (1)	0.00
Number of hours worked in the company during the year (thousand hours)	1,776,142
Number of fatal accidents	0
'IG = (number of days lost due to accidents (excluding the "in itinere") / total hours worked) * 1,000	0.00
IR=(number of accidents (excluding the "in itinere") / total hours worked) * 200,000	0.00

Contractor Staff

[EU16] Enel Generación Chile has a number of policies that rule various matters of occupational health and safety. Among the policies on this matter, are Policy N°50, which regulates work interferences between different areas of the company, and Policy N° 52, which regulates the investigation and reporting of accidents and incidents, among others.

Moreover, the company has occupational health and safety standards included in the bidding rules for the contracting of works and services. Both on-site and off-site training are specified in this manual, for which monthly monitoring is performed to assess the progress of contractor companies' risk prevention programs..

Enel Generación Chile qualifies its suppliers through a health and safety audit when they apply to a bidding process. The companies achieving a score below 75% are disqualified from the process. Nevertheless, disqualified companies may apply for a second audit process and participate in a bidding process again.

The procedure for identifying hazards and risk evaluation identifies the personal protection teams for contractor employees, being registered in the Risk Evaluation Matrix of the respective company.

[EU18] During 2016, 45% of contractor staff received training in safety and occupational health areas.

Contents	Accidents in 2016
Total fatal accidents	0
Total serious accidents	0
Serious accidents due to electrocution	0
Serious accidents due to falls	0
Serious accidents due to road accidents	1
Other	0
Total serious and fatal accidents (men)	0
Total serious and fatal accidents (women)	0
Total non-serious accidents ⁽¹⁾	4
Total non-serious accidents (women) ⁽¹⁾	0
Total non-serious accidents (men) ⁽¹⁾	4
Total accidents ⁽²⁾	4
Days lost due to accidents)	42
Total accidents (women) ⁽²⁾	0

Sustainable Supply Chain

[G4-DMA LA] Enel Generación Chile's supply chain is comprised by strategic suppliers and contractors that support operation and project activities. The new Open Power philosophy encompasses the company's value chain, in order to face the challenges of the changing times together.

The company continues basing its acquisition processes and supplier qualification in conducts focused on mutual loyalty, transparency and cooperation. The performance of suppliers, in addition to ensure quality of service, must be matched with the corresponding commitment to adopt the best practices in human rights and labor conditions, occupational health and safety, environmental responsibility and ethics.

Suppliers and Contractors of Enel Generación

[G4-10] [EU17] [G4-11] [G4-12] In 2016, 2,190 suppliers had commercial relationships with Enel Generación Chile.

Contractors perform different functions, which are essential for the business. They mainly work with Generation Management, in the units of Hydro Generation and Non-Conventional Renewable Energies, Combined Cycle Thermal Generation and Conventional Thermal Generation, developing activities related to: hydraulic maintenance, civil and hydraulic works, aero generation maintenance, failures maintenance, petroleum operations, maintenance of power plants, maintenance and operations of the coal management plant, general services and transport and ashes disposal.

In this period, 3,847 contractor employees provided services to the company, working a total of 1,030,805 days. 29% of these employees are covered by collective agreements.

Staff of contractor employees by type of contract

Contract	2016	%
Indefinite	2,076	54
Fixed-term	576	15
For project	1,195	31
Total	3,847	100

Staff increased 62% compared to the previous year due to the construction of Los Cóndores Project, which counts with 2,034 full-time employees, along with the the implementation of new projects for the Bocamina Power Plants Complex with 281 employees.

Actions with contractors and suppliers

With the purpose of reinforcing the commitment of Enel Generación Chile with its suppliers of goods and services, during 2016 several initiatives were developed, thus ensuring the relationship of company's strategic partners and its collaborating companies.

Managers Program

Managers Program is an ongoing education and training program for managers and coordinators under contract for Enel Generación Chile. It is associated with its subcontracting role; which will enable every employee to receive training tools that leverage their management from a technical, legal and social perspectives.

In line with training needs, internal policies and Open Power values, the Contractors' Control area designed a profile and assessment model for managers and contract coordinators. For it, different leaders from the Generation and Service management areas were interviewed. The result is a variety of courses and the definition of training priorities.

During the second semester of 2016, managers and coordinators participated in this evaluation to identify the training gaps regarding contract management, from the beginning of the bidding process to its completion, in order to determine training needs in the behavioral field.

This stage was carried out through self-assessment and co-evaluation of the direct supervisor, counting with the participation of 161 employees. The next step was the execution of the courses related to the training plan, where the company expects to count with the active participation of managers and operating contract coordinators.



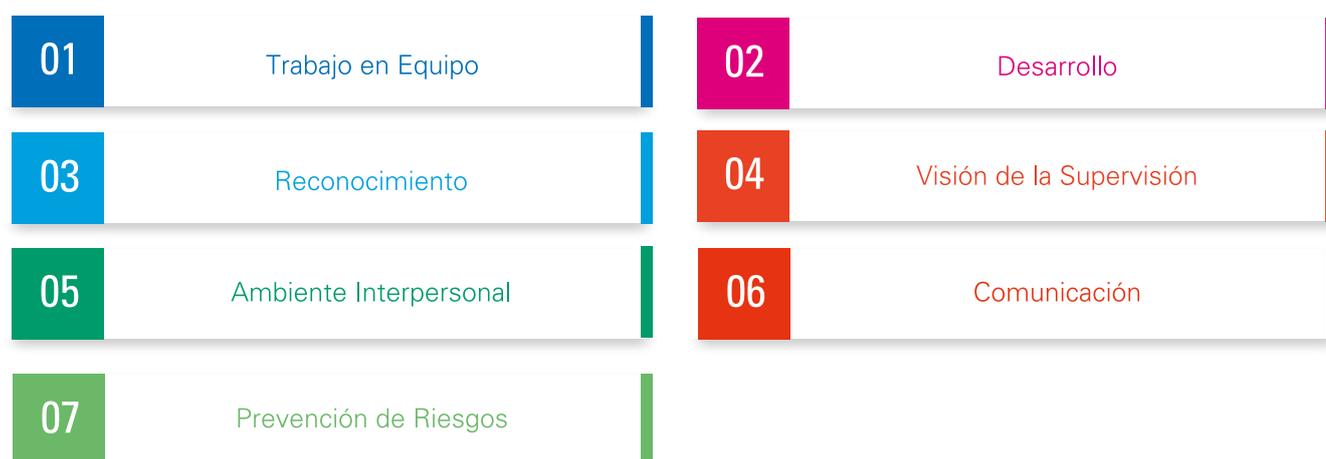
Work climate program for contractor companies

[G4-LA14] This program seeks the promotion of a good work environment between Enel Generación Chile and its contractors. A good work climate influences directly on the quality of the service received by the company's clients.

The purpose of the Work Climate Program for Contractor Companies is to enhance this relationship, thereby positively affecting the indicators defined for this purpose. These indicators are measured by the contracting company in the three dimensions analyzed, with the objective of identifying the degree of satisfaction of the relationships that contractor employees establish with their employers.

Work climate for contractors

14 dimensiones analizadas, algunas de ellas son:



Results of Work Climate Survey 2016	Measurement 2015	Measurement 2016
% Satisfaction	81.4%	78.6%
Number of employees surveyed	232	482
Number of contractor companies represented	9	16

These results show the improvements made by contractor companies in relation to the initiatives that aim to improve work conditions for employees, thus directly impacting the quality of service they offer to Enel Generación Chile.

Job Skills Certification for Contractor Companies

The objective of this initiative is to identify the key profiles of each service related to the business, and evaluates contractor employees related to such profile, identifying those that comply with it through a certification.

Those contractor employees that can't achieve the certification should participate in a training program in order to be reassessed and then they may opt for a new certification.

Suppliers Meeting

[G4-SO9] In 2016 the Seventh Suppliers Meeting was held to recognize the good performance of contractors in their daily work. On this occasion, the companies awarded by Enel Generación Chile seek to become references for their peers in the following categories:

- > Operational excellence.
- > Service.
- > Safety.
- > Innovation.
- > Sustainability.

Top executives of the company attended the meeting, and sustainability was the focal point that inspired this version of the activity. For the first time this category was considered in the recognition of the company's suppliers. The following were the assessment criteria considered:

- > Proportion of women in the company.
- > Having a Corporate Social Responsibility Policy or Sustainability.
- > Produce a Sustainability Report or the Annual Report.
- > Possess a Code of Ethics.
- > Sanctions in the events of corruption or behaviors that contravene ethical standards.
- > Having a Recycle Policy.
- > Use of energy from renewable sources.
- > **Development of projects to benefit the community.**

Acquisition Practices

General Contracting Conditions

[G4-DMA] The General Contracting Conditions (CGC in its Spanish acronym) establishes explicit regulations on the contractual relationships between Enel Generación and its suppliers. This specifically applies for the acquisition of materials, equipment, work and services.

The eighth version of this document was released on July 1, 2016, including social and environmental clauses that suppliers of goods and services for Enel Generación Chile have to comply with.

■ Cláusulas sociales y ambientales en las Condiciones Generales de Contratación:

Global Compact

The GRC's are designed to guarantee the commitment of contractors to fully comply with the Global Compact principles, ensuring that every activity carried out by their staff, or subcontractors, must fulfill with the principles framed in such document.

Health and Safety

Enel Generación Chile is committed to providing and consolidating a culture of health and safety amongst its workers and external collaborators.

For this reason, the company follows the guidelines defined in the Stopping Work Corporate Policy, which states that in the event of any risky situation or unsafe behavior, all work must be suspended immediately and safety conditions must be restored.

Conflicts of Interest

During the term of the contract, the contractor declares that there are no conflicts of interest with the organization, and commits to behave properly to avoid any conflict of interest, having to consider the interests of Enel Generación Chile exclusively. If this occurs anyway, the contractor is committed to inform Enel Generación Chile and comply with the instructions provided.

Ethical Conduct

Enel Generación Chile has to adjust itself to the contents of the "General Principles for Criminal Risk Prevention" in its business activities and relations with third parties. The Supplier, in its business activities and relations with third parties, in addition to those declared in its Code of Ethics, the Zero-tolerance Plan Towards Corruption and its Human Rights Policies, declares to comply with legal regulations regarding labor and Human Rights topics.

Environmental Protection

Contractors shall commit to adopt the adequate measures that guarantee their fulfillment of environmental obligations as required by the applicable legislation. Within other clauses, the suppliers of equipment and materials is committed to supply, whenever possible, products or materials with an ecological tag along with those with lower potential of generating wastes.

On the other hand, for suppliers of services it is required that they declare or accredit that the personnel who will be executing the job has the necessary training that guarantees their correct environmental behavior and reduces the risk of incidents with environmental repercussions.



Supplier Qualification

[G4-LA14] Enel Generación Chile has defined standards to ensure that suppliers and contractors that participate in these bidding processes comply with the business, occupational health and safety standards, work and environmental compliance, among other aspects to evaluate.

For this purpose, the applicants are previously evaluated to determine whether they are suitable to provide services to the company. With this selection process, only eligible companies participate in the operation.

Human Rights Policy

[G4-DMA] **[G4-HR5]** **[G4-HR6]** Enel has a Human Rights Policy, which is extended to its suppliers and contractors. In this line, the firm has implemented initiatives to ensure that their contractors are treated with respect in terms of diversity and equal opportunities, both in the labor relationships and in each area of their professional development. Enel Generación Chile rejects all forms of discrimination and maintains prevention procedures, control and penalties related with these subjects.

During 2016 no operations were recorded with the risk of developing child work or forced labor.

Vendor Rating

[G4-LA14] Enel Generación Chile has developed a system for the classification of its suppliers, also mentioned in the CGC, which has been designed to monitor and evaluate performance in relation to the services it receives from its contractors, as well as the quality of the products it buys.

The company objectively compiles the information regarding the contractor's behavior during the contracting phase and during the execution of the contractual services and, in particular, assesses the following items:

- > Quality of goods supplied or work carried out.
- > Punctuality.
- > Adjustments in the pre-contract and execution stages.
- > Safety.

Enel Generación Chile uses the supplier's qualification index (IVR for Spanish abbreviation), obtained as a result of the aforementioned information collected for the global assessment of each contractor, in relation to the different type of goods and/ or services delivered.

The process comprises a regular monitoring of the contracted suppliers with the objective of evaluating their performance in the quality, punctuality, contractual compliance and occupational health and safety. In addition, action plans to improve their performance are established for those contractors that shows deficiencies

Environmental Aspects

[G4-DMA EN] During 2016, Enel Generación Chile has continued with the implementation of the concept of environmental faultlessness in its plants, with a thorough work that included the consolidation of the new organization and a centralized health, safety, environment and quality unit (HSE&Q) and responsible executives for environmental topics in each Business Unit.

The achievement of environmental challenges and goals was performed through concrete and measurable action plans for each power plant, enabling the prioritization of efforts and moving towards excellence in environmental management. The execution of these plans will continue during 2017, where a standardization process for environmental practices will begin, ensuring that Business Units operate under Enel Group's standards on environmental matters.



Environmental Management

[G4-DMA] [G4-EN27] In coherence with the values of Enel Group, during this year the company developed several actions in its generation power plants seeking to ensure impeccable environmental operation of its facilities. Through the application of innovation and technology, the firm carried out the following technical modifications and environmental actions:

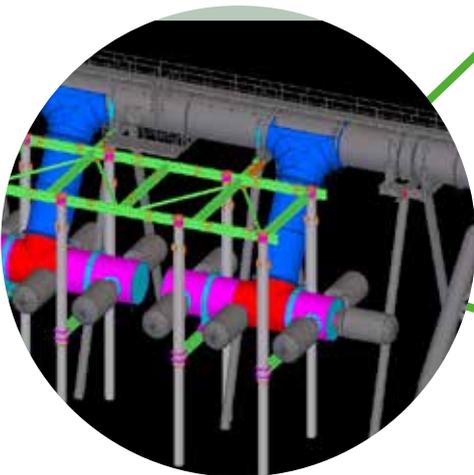
Reforestation agreement with the Faculty of Forest Sciences of Universidad de Concepción

Enel Generación Chile and Universidad de Concepción (UDEC for Spanish abbreviation) signed a reforestation agreement for 700 hectares with native tree species in January 2016, in order to comply with one of the mitigation programs required by the authority and derived from the construction of Ralco Hydroelectric Power Plant. UDEC are in charge of the plantations, which will be carried out between 2016 and 2020, with the participation of various members of the indigenous communities from the Biobío and La Araucanía Regions, which were already trained for seed collection of native tree species.

- > Also, during the year the company complied with other commitments acquired through the Environmental Qualification Resolution (RCA for Spanish abbreviation) derived from the construction of Ralco Hydroelectric Power Plant, these are described below:
- > In January, the restoration for waste dumps and deposits used during the construction of the power plant began, in order to contribute with the recovery of these sites with native species.
- > In March, the company performed the official transfer of the new cemetery to the community of El Barco, in the commune of Alto Biobío. It is worth mentioning that this initiative was developed through permanent dialogue with the National Indigenous Development Corporation, the Health Authority (Seremi) and the community, who actively participated in the definition of the land and other arrangements.
- > The company gave the mayor of Alto Biobío a thematic map identifying the heritage sites of the commune for its exhibition in the local museum. In addition, it delivered three thousand polyptychs in three languages (Spanish, English, chedungun) delivering information on these sites.
- > The construction of the Lonquimay Bridge was completed in April, which gave access to the community of Barrio Nuevo, in Lonquimay.
- > Additionally, throughout the year the company worked collaboratively in the development of a design proposal for the implementation of the Long-Term Development Program, which will benefit the relocated communities of Ayin Mapu and El Barco. Through workshops, the members of the communities and their leaders identified their topics of interest and improvement potential, and defined activities and projects expected to be developed in 2017.
- > One of the main milestones of the year was the completion of environmental improvements for Bocamina thermal power plant, as committed in the Environmental Qualification Resolution (RCA for Spanish abbreviation) N°128/15.

The Johnson filters almost completely reduce the entrance of hydro biological organisms to the power plant's cooling system, and have functioned properly in both units from October and December 2015, therefore enabling important improvements of the power plant's environmental standards in compliance with the commitments adopted by the company and established in the Environmental Qualification Resolution.

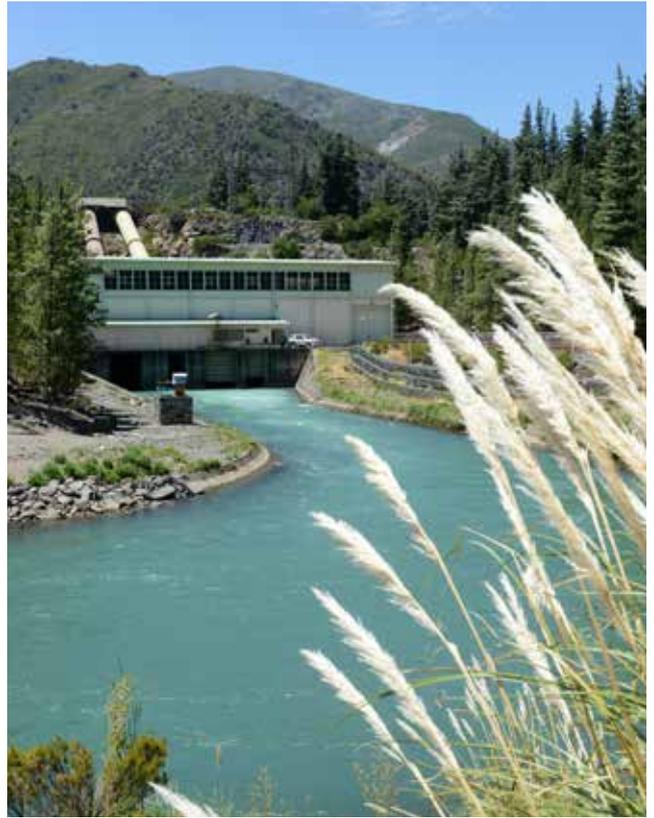
Enel Generación Chile completed an important initiative in Bocamina power plant, which consisted on the construction of a geodesic dome on the north coalfield that covers an area of 22,300 m² and has a storage capacity of 150,000 ton. Through this investment, the company fulfilled one of its environmental commitments and Environmental Qualification Resolution as established by the environmental authority. Bocamina is the first power plant in Chile that has this type of technology.



Environmental Priorities

Enel Generación Chile's development of projects and operations has compliance of existing environmental regulations as one of its main priorities. This also embodies the mandate of going beyond than what is required by the law in order to achieve environmental excellence.

For this purpose, the company incorporates the environmental guidelines of Enel Group to its integrated management system; permanently updates and controls its compliance with the environmental regulation regarding the operations of generation power plants and implements a series of environmental procedures to ensure the optimal use of resources, which control and reduce the environmental impact related to the company's operations.



Potential environmental impacts

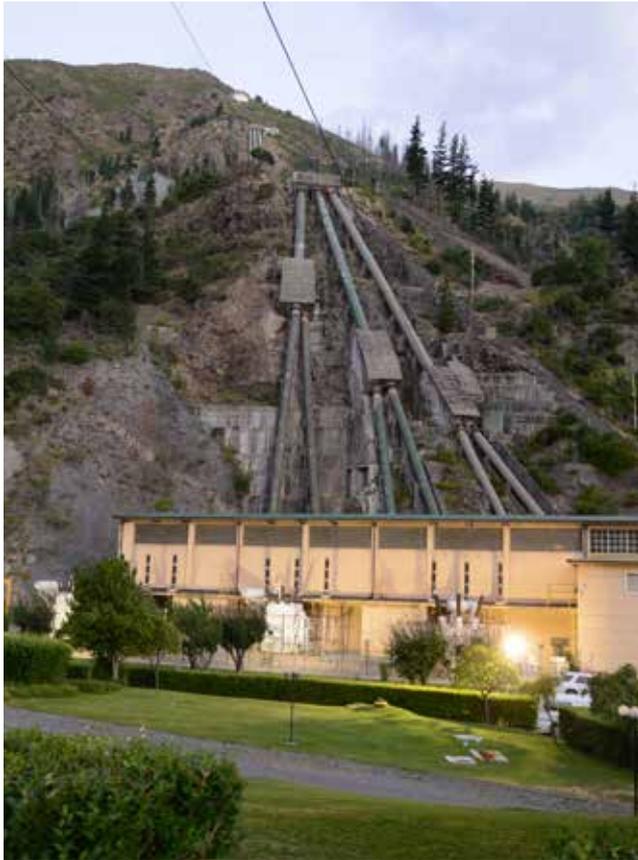
Enel Generación Chile applies a methodology for identifying possible impacts in each stage of the projects' development, which allows for anticipation of potential environmental impacts and establish specific management measures for each stage of the power plant's life cycle: construction, operation, closing and abandonment of the facility.

In order to ensure compliance with the limits established by the environmental authority and identify unexpected impacts, operating power plants have monitoring and measuring activities that enables the knowledge of the main environmental parameters and taking action if necessary.

Environmental Management System

During 2016 Enel Generación implemented an integrated management system (SGI for Spanish abbreviation) and a multi-site for all of the company's facilities in Chile, obtaining the certification under the norms ISO 14001, OHSAS 18001 and ISO 9001 for the entire power generator park. Therefore, on December 31, 100% of the installed capacity of Enel Generación Chile has an environmental management system, which considers safety, occupational health and quality.

Clean Generation Agreement



In April, 2015, Enel Generación Chile, through its subsidiary Celta S.A., signed a Clean Generation Agreement (APL for Spanish abbreviation) of the Coastal Area of the Tarapacá Region.

This is a voluntary agreement signed by an association representative of a productive sector, companies and public entities with jurisdiction in environmental, sanitary, occupational health and safety, energy and hydric efficiency and productive development, with the purpose of applying clean generation through a series of goals and specific actions on a certain deadline.

During 2016, Tarapacá Thermal power plant implemented actions agreed on the work program of the Clean Generation Agreement, which was audited in July, complying 100%. Likewise, employees of the power plant actively participated in the monthly workshops organized by the Industrial Association, where they presented the environmental developments of the power plant.

Extra Checking on Site - ECoS

ECoS is a methodology whose application aims at strengthening compliance with the norm, policies and environmental and security management, both inside the electricity generation installations, as in projects regarding power plant construction.

This methodology defines and implements additional controls, in order to improve the standards and proceedings in safety and environment fields; it also promotes safety and environmental standards and principles where power generation occurs; and identify synergies to achieve the zero accident goal during the generation process.

A highly qualified professional team, belonging to HSE&Q Global, applies each ECoS through a field inspection and assesses the following aspects:

- > Organization.
- > Operation.
- > Preventive processes.
- > Socio – political relationships and lawsuits.
- > Permissions and regulatory compliance.
- > Improvement or corrective initiatives.
- > Events and emergencies management.

When the inspection is completed, a report is issued consolidating the findings, specifying critical situations, identifying improvement areas and establishing action plans including responsables and deadlines. The methodology also considers a monitoring process through the Company Intranet, with alert systems for the fulfillment of the actions.

During 2016, 20 ECoS were performed in the following power plants of Enel Generación Chile:

- > Canela I and Canela II wind farms.
- > Los Molles hydro power plant.
- > Sauzal, Sauzalito and Rapel hydro power plants.
- > Cipreses and Pehuenche hydro power plants.
- > El Toro and Antuco hydro power plants.
- > Huasco thermal power plants.
- > San Isidro y San Isidro II thermal power plants.
- > Atacama thermal power plant.
- > Taltal thermal power plant.
- > Tarapacá thermal power plant.
- > Bocamina thermal power plant.
- > Quintero thermal power plant.
- > Volcán Compressor Station.
- > Rosario Compressor Station.

124 actions were identified as a result of these activities, which will be executed during 2016 and 2017, and seek to decrease the environmental risks and ensure that the environmental factor is included in the daily activities of each power plant.



Regulatory compliance

[G4-DMA EN] An important part of Enel Generación Chile's regulatory compliance management with environmental standards is applicable to generation power plants, being a fundamental matter for the sustainability of its operations. Some of the investments carried out this year for that purpose are detailed below.

Emissions Abatement Systems

Thermal power plants of Enel Generación Chile and its subsidiary GasAtacama S.A. continued working to comply with the regulations established in the D.S. N°13/11 "Emissions Standards for Thermoelectric Power Plants".

During 2016, the projects for the implementation of improvements were completed, therefore every power plant of the company complies with the limits of MP, SO₂ and NO_x established in the aforementioned norm.

Specifically, Tarapacá Thermal Power Plant built and started the operation of a desulfurization system of semi dry combustion gases, for the emissions abatement to the SO₂ atmosphere, and improving the boiler with the installation of a new burners system and air dampers over fires, enabling the NO_x gas emission reduction.

Additionally, improvements were made in the installation of the ash landfill, designing a new way for disposing waste in waterproof cells with textile geomats, therefore the construction plan and operations have been adapted to reduce the dust emissions and its impact on the environment.

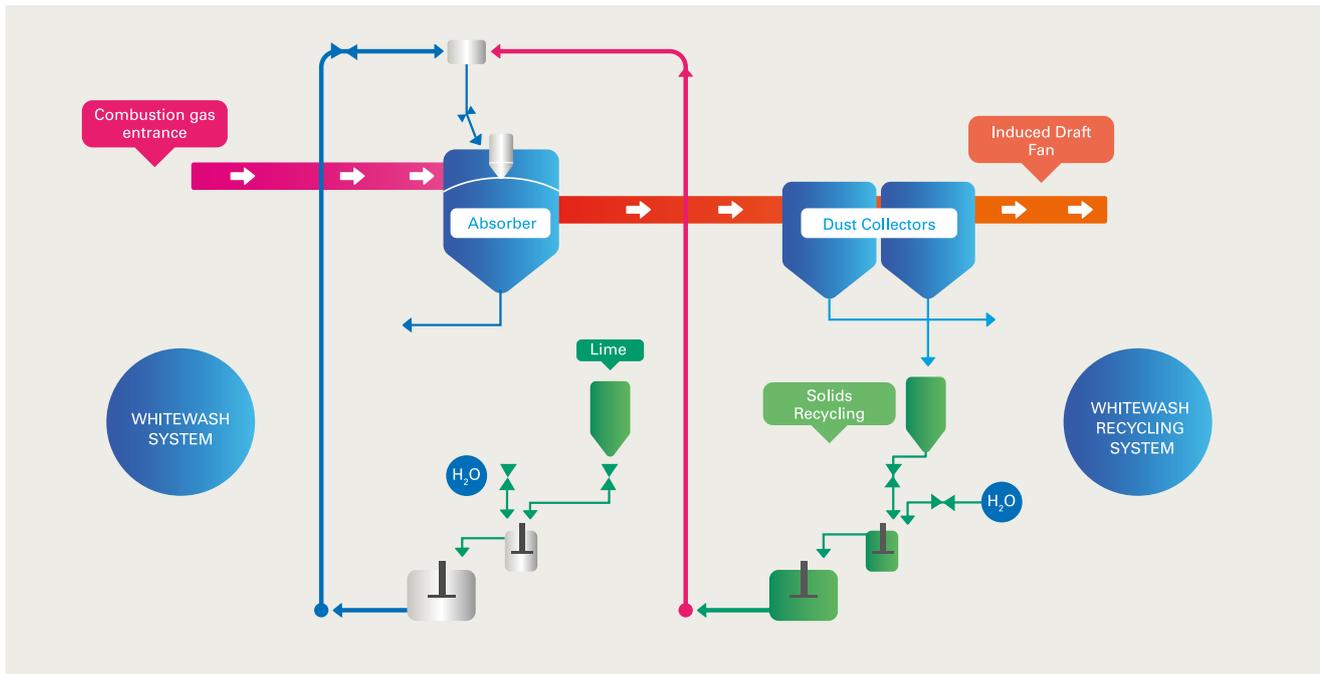
The main objective of the new works is to control emissions and protect the employees and community's health, and the environment, considerably reducing the environmental impact as established in the regulation.

Taltal thermal power plant implemented a demineralized water injection system that ensures complying with NO_x

emission limits for generation with diesel. Additionally, improvements were carried out in Atacama thermal power plant, so every unit may perform water injection in the operation with diesel.

A desulphurizer equipment of the semi dry or SDA type (in English Spray Dryer Absorber) consisting of a reactor where the escape gases from the boiler get in contact with atomized lime milk to obtain a chemical reaction between the alkaline particles of the lime milk and the acid gas components. As such, converting the sulphur from gaseous state (SO₂) to solid state (CaSO₄), generating a flow of cleaner gases to be issued to the atmosphere.

Abatement System



Impuestos Verdes

Article 8 of Law 20,780 included in the Tax Reform, established an annual tax for emissions of CO₂, NO_x, SO₂ and PM generated by facilities whose fixed sources have a thermal capacity greater than or equal to 50 MWh. This tax, denominated “green tax”, should be paid in April 2018 for the first time, for the emissions of the operation of 2017.

During 2016, the Ministry of Environment, together with the Superintendence of Environment (SMA in its Spanish acronym), performed a series of training workshops to enable a registration, monitoring and reporting system related to “green tax”. In December a regulation was issued that establishes the obligations and procedures for the

identification of taxpayers and the application of the tax, defining a registry in the one-stop-shop system, which in the case of Enel Generación Chile, consists of its thermoelectric generator park.

Additionally, in response to the instructive for the quantification of fixed source emissions subject to “green tax”, Enel Generación Chile and its subsidiary GasAtacama presented proposals for the emissions quantification methodology to the SMA for 2017, based on the methodologies approved by the SMA to comply to the norm D.S. N°13/11. These proposals were approved on December 30, 2016, meaning that the company will report its emissions under these methodologies, and will pay taxes for the 2017 period in accordance with the associated reports.

Atmospheric Emissions Controls [G4-DMA EN]

In October 2016, the Superintendence of the Environment (SMA for Spanish abbreviation) published the verification reports for the emission limits fulfillment established in D.S. N°13/11, in relation to the limits in place during 2015, and regarding the base of emissions informed in the quarterly reports of each power plant. The results of the verification indicated that as of December 31, 2015 there were favorable compliance reports for 15 of the 18 generation units of the company. Tarapacá thermal power plant, comprised by two generation units, and the 1B unit of Atacama thermal power plant remained outstanding.

Mercury Emissions

According to the current Chilean environmental regulation, thermal coal-fired power plants should measure the mercury concentration emitted by the chimney once every semester isokinetically.

Bocamina thermal power plant started implementing this rule in 2015, and continued during 2016. On the other hand, Tarapacá thermal power plant started these measurements as of June 2016.

The results of these measurements performed during 2016 give account of Enel Generación Chile's fulfillment of the limits established for coal-fired power plants.



Continuous Emission Monitoring System (CEMS)

In compliance with D.S. N° 13/11 "Emissions Standards for Thermoelectric Power Plants", Enel Generación Chile has certified every continuous emission monitoring systems (CEMS) of its thermal power plants.

In accordance with the provisions of the legislation, the units of Atacama, Huasco, Diego de Almagro and Tarapacá thermal power plants are authorized to calculate their emissions, as an alternative measuring method.

During 2016, the power plants operated to guarantee the proper execution of the tests for ensuring the quality of CEMS, which enables to continue measuring valid data for their quarterly reports. Every generation unit submitted their quarterly reports for 2016 on time, also complying with the limits established in D.S. N°13/11 according to each technology.

Legal Proceedings



[G4-DMA] [G4-EN29] During 2016, the Superintendence of the Environment did not open legal proceedings against any power plant of Enel Generación.

In relation to the proceedings before Environmental Courts, during 2016, Enel Generación Chile was notified of lawsuits for environmental damage against Bocamina and Quintero power plants.

In the case of Bocamina thermal power plant, three lawsuits were received in one proceeding, and were presented by individuals and unions of algae and luga algae collectors of Coronel and Lota, arguing that the company has caused environmental damage on the biosphere of these towns.

In the case of Quintero, the lawsuit was presented by unions of independent employees, fishermen, seafood harvesters divers, among others. The company was sued together with nearly twelve companies that operate in the Quintero Bay, and the Ministry of Environment. The lawsuit is already answered and it's expecting the notification of the defendants.



Management of environmental variables

Water Management

[G4-DMA EN] [G4-EN8] Hydroelectric power plants mainly use turbined water, which is the water that passes through turbines to generate electric power and then is returned to its origin without losing neither volume or suffering modifications to its physiochemical characteristics. This resource comes from superficial sources, mainly from reservoirs.

In the case of thermoelectric power plants, water is captured from the sea or wells, in accordance with maritime concessions or company water rights, respectively. Water is mainly used for the cooling systems, and then is returned almost completely to its original source (a small percentage is released into the atmosphere in vapor state, without any pollutants).

In the case of water discharged to the ocean or rivers, Enel Generación controls its physiochemical metrics, according to the requirements of D.S. N°90/00. The first parameter that can be modified by the operation of thermal power plants is temperature, because the main consumption of water is used for cooling. In any case, and according to the applicable environmental regulation, the water discharged from any generation unit can't exceed 30 °C of temperature.

Power Plants (million m ³ , Hm ³)		2014	2015	2016
Thermoelectric	Process	4	1.9	6.8
	Cooling	400	480	763
	Consumption	0.04	-	-

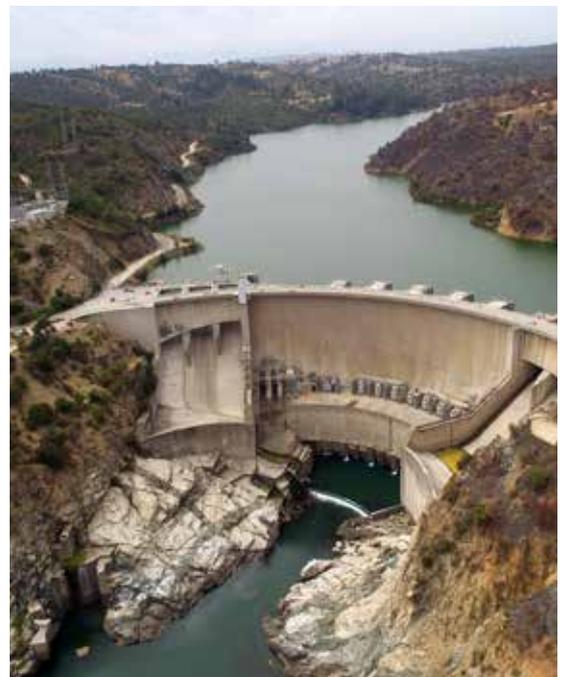
River Basin Management

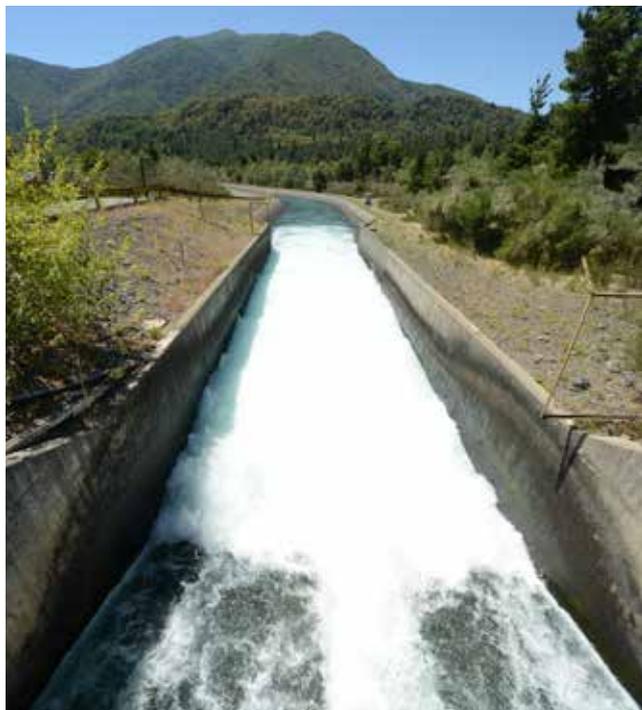
Rapel hydroelectric power plant, located at the lower basin of the Rapel river

Enel Generación Chile kept the quota of the reservoir at 104 for the summer (December to February), with the purpose of maintaining the normal development of tourist and recreational activities in this body of water. Enel Generación Chile's decision is a voluntary desire of being a good neighbor, because there is not a regulation or commitment that forces the company to do so.

Cipreses and Isla hydroelectric power plants, located at the upper basin of Maule river

Enel Generación Chile participated as a guest at several sessions of the Supervision Committee of Maule river irrigation community, whose purpose is to prompt a better climate of trust among parties, and discussed the possibility of the company becoming part of the institution. Pehuenche S.A., subsidiary of Enel Generación Chile, cooperated through the conclusion of an agreement with the Association of Canal Melado, in order to benefit the irrigation

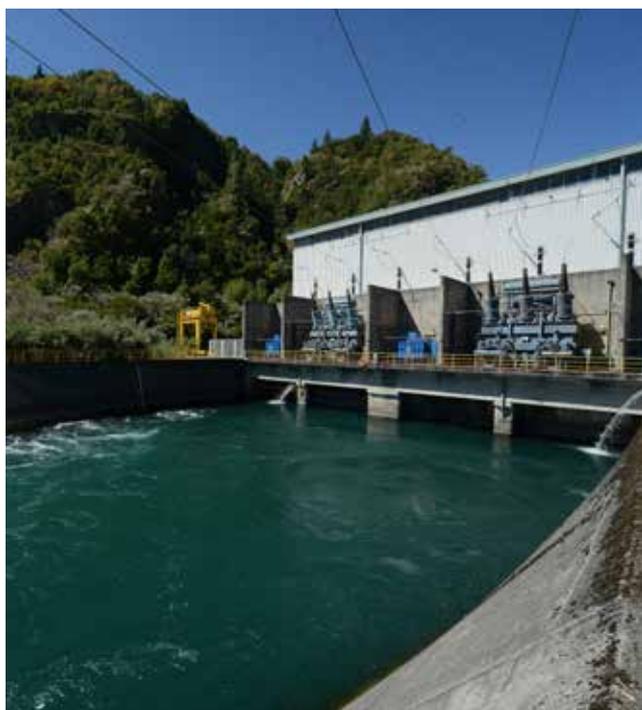




community in the optimization of the volumes of water used for irrigation, through the use of Colbún (owned by third parties) and Melado (owned by Pehuenche SA) reservoirs.

Abanico, El Toro and Antuco hydroelectric power plants, located at the upper basin of river Laja

Enel Generación Chile actively participated in the so-called “Tables of Water”, which counted with the participation of regional authorities, the Hydraulic Works Management (DOH for its Spanish acronym), the irrigation community and the company. Its objective is to find new ways of relating among users and reach an agreement regarding the water extractions from Laja Lagoon, thus enabling the long-term sustainability of the resource. In this context, efforts are being made to procure a final amendment to the convention on the regulation of river Laja, signed between Endesa Chile and the former Irrigation Department, now DOH, in 1958 and the creation of a Supervision Committee. While achieving the final amendment, Enel Generación Chile and DOH subscribed an agreement regarding the flexibilization of water extractions, which was in force between 2016 and 2017 and was ratified in the agreement subscribed between the Irrigation representatives, the DOH, the Ministry of Agriculture, the Ministry of Energy and the Intendant (s) of the Biobío Region.



Water Discharges

[G4-EN22] 99.5% of the total residual water discharges of Enel Generación Chile’s thermal power plants are water used for the cooling systems. This is a non-consumptive use of water, so it’s returned to its origin according to the conditions established in the emission regulation for discharges or the concentrations required in the approved environmental qualification resolutions.

Meanwhile, industrial discharges of thermal power plants are monitored according to the parameters, frequencies and other requirements established by the current environmental regulation (D.S. N°90/00 of the Ministry Secretariat General of the Presidency).

Total volume discharged (million m ³ /year)	2014	2015	2016
Total	470.23	481.51	766.14

Fuel Consumption

[G4-DMA EN] [G4-EN1] [G4-EN3] Energy generation requires inputs and substances mainly used by thermal power plants. The greater consumption of coal is explained by the higher electricity generation of Bocamina power plants, meanwhile the greater consumption of natural gas is explained by the increase of this fuel dispatch for San Isidro and San Isidro II power plants. The information regarding fuel consumption in this period is the following:

Consumption	Period	Consumption in Mtep (Million Oil Equivalent Tons)	
Total fuel consumption	Mtep (Million Oil Equivalent Tons)	2015	1.33
		2016	1.73
Coal	Mtep (Million Oil Equivalent Tons)	2015	0.37
		2016	0.76
Lignite (brown coal)	Mtep (Million Oil Equivalent Tons)	2015	0.00
		2016	0.00
Fuel oil	Mtep (Million Oil Equivalent Tons)	2015	0.00
		2016	0.0002
Gas oil	Mtep (Million Oil Equivalent Tons)	2015	0.24
		2016	0.21
Natural Gas	Mtep (Million Oil Equivalent Tons)	2015	0.72
		2016	0.77

Energy Efficiency in thermoelectric power plants

[EU11] Enel Generación evaluates the operational efficiency of its power plants in function of the relation between the net energy generated in the form of electricity and the energy received in the form of fuel.

Contents	Year	Percentage
Net efficiency of coal-fired power plants (%)	2014	36.0%
	2015	35.3%
	2016	36%
Net efficiency of combined cycle power plants (%)	2014	48.5%
	2015	44.9%
	2016	47.8%
Net efficiency of fuel-gas power plants (%)	2014	30.3%
	2015	31.2%
	2016	30.2%
Average efficiency of thermoelectric power plants (%)	2014	43.6%
	2015	39.8%
	2016	41.8%

Waste Management

[G4-EN23] The company's waste management is carried out in accordance with the applicable environmental regulations and the provisions of its Integrated Management System (SGI in its Spanish acronym). The former consists on the temporary storage of non-hazardous waste in rescue courtyards, and the hazardous waste in temporary collection warehouses (BAT in its Spanish acronym); both storages have their health authorizations. The waste withdrawal and final disposition is performed by specialized companies and authorized by the respective health authorities.

During 2016, Enel Generación Chile implemented an approach of placing value of some hazardous and non-hazardous waste, through the direct sale or donations to third parties for recycling. This initiative was applied in some power plants and in strict compliance with the current regulation.

The following chart describes the amount of waste generated between 2014 and 2016, and also the treatment methods used during 2016, including the amounts valued:

Waste generated (t)	Type of Power Plants	2014	2015	2016	Treatment Method
Hazardous waste	Thermal power plants	486	234.9	1,020	During 2016, Bocamina thermal power plant sent 8.7 tons of oil used in the recovering and recycle plant, at no cost for the company. The rest of the hazardous waste was disposed in authorized facilities.
	Hydro power plants	37	66.4	69.7	
	Wind farms	59	3.8	2.8	
	Total	581		1,745	
Non-hazardous waste	Thermal power plants	38	434.2	1,845	During 2016, the value the power plants' scrap was the following: Bocamina amounted to 350 tons and Tarapacá totaled 222.8 tons. Tarapacá power plant donated one ton of scrap to the Fishermen's Union of Caleta Cañamo. San Isidro valued 17 tons of scrap through a third party. The remaining non-hazardous waste was disposed in authorized landfills.
	Hydro power plants	453	606.7	195.1	
	Wind farms	0,2	0	0	
	Total	492		3,796	
Inert Waste	Thermal power plants	59,305	106,115.9	205,570	Bocamina valued 30,000 tons of ashes and plaster through a third party, equivalent to 15% of the total inert waste from coal-fired power plants. The remaining waste was disposed in authorized landfills.
	Total	59,305	106,115.9		

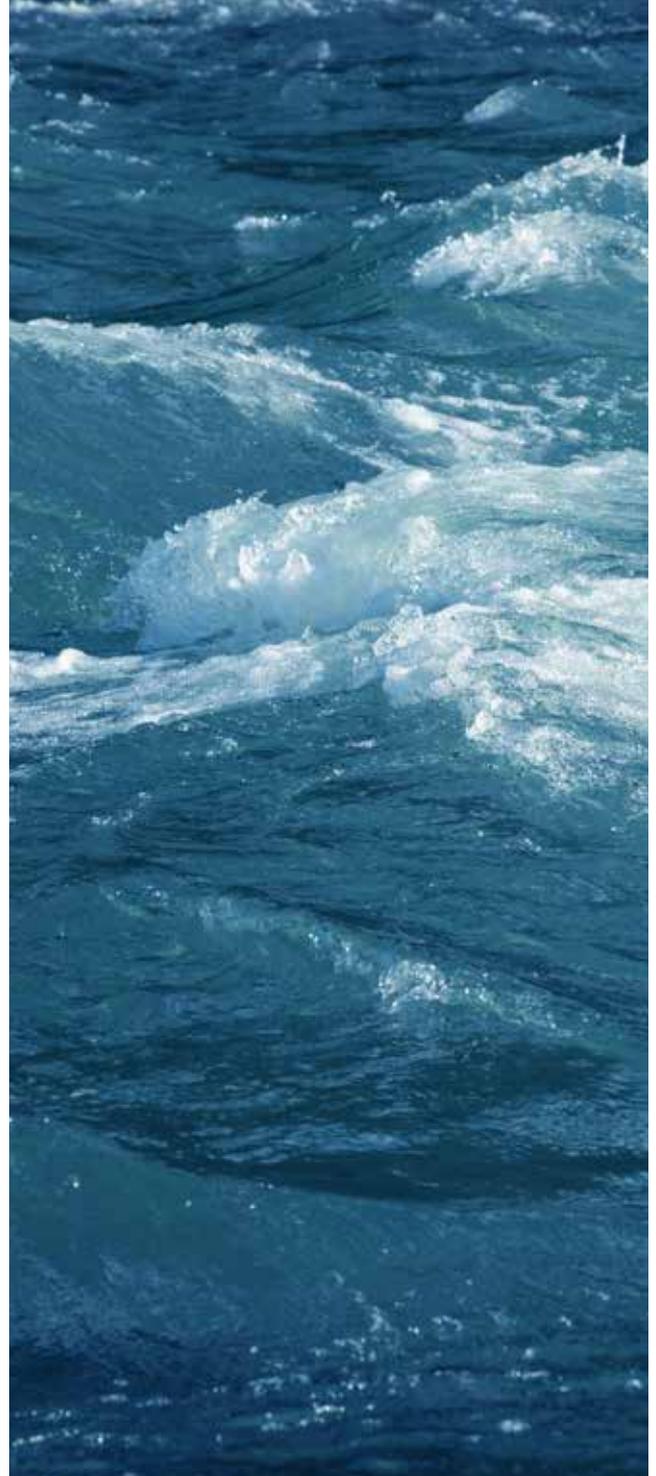


Biodiversity Management

Biodiversity Policy

[G4-DMA] [G4-EN13] The company keeps its Biodiversity Policy in force, which was developed to contribute with the objectives of the United Nations Convention on Biological Diversity (CBD), the Plan for Biological Diversity of 2011-2020 and the associated Aichi goals (goals for biologic diversity established by the United Nations Environment Program). This document was approved in the tenth meeting of the Conference of the Parts, held in 2010 in Nagoya, Aichi Prefecture, Japan.

Through this policy, which promoted cooperative work with neighboring communities, investigation centers and environmental associations, Enel Generación is committed not to embrace activities that may interfere with the species and natural habitats, thus compensating the impacts that may take place and preventing a “net loss” of biological diversity. The commitment includes the development of environmental studies to evaluate the impact of building a new power plant on ecosystems and its biodiversity. With this information, the company can avoid those operations in areas of high environmental value and anticipate measures to remove, reduce or mitigate their impacts.



Interaction with biodiversity

Operating facilities located in or adjacent to protected areas	Geographic location	Type of operation	Location of the facility in relation to the protected area	Protected area
Hydroelectric power plants of Laja (Abanico, Antuco and El Toro).	Region of Biobío, communes of Antuco and Pinto	Enel Generación has operating centers in adjacent lands to Laguna del Laja National Park.	Adjacent.	Laguna del Laja National Park (Surface: 11,600 ha.).
Hydroelectric power plants of Laja (Abanico, Antuco and El Toro).	Region of Biobío, communes of San Fabián, Coihueco, Antuco and Pinto.	Enel Generación owns operational facilities and offices at this corridor.	Interior (Ñuble National reserve).	Biological corridor Nevados de Chillán – Laguna del Laja, declared a Biosphere Reserve by UNESCO in 2011 (Surface: 565,000 ha.). Includes Ñuble National Reserve, Laguna del Laja National Park; National Reserve and Sanctuary of Nature Los Huemules de Niblinto.
El Toro hydroelectric power plants	Region of Biobío, communes of Pinto and Antuco.	At the Alto Polcura (12,500 ha.) farm, owned by Enel Generación, the company has intake works and disused facilities related to El Toro hydro power plant.	Interior.	Ñuble National Reserve (Surface 55,948 ha.; creation date: November 1978).
Pangue Hydroelectric power plant	Region of Biobío, commune of Quilaco.	The national reserve neighbors the southern shore of Pangue reservoir.	Adjacent.	Altos del Pemehue National reserve (surface: 18,855 ha.).



Species of Conservation Concern

[G4-EN14] Enel Generación controls the people's access to its properties to avoid hunting and cutting vegetation. This measure seeks to protect numerous species of Chilean flora and fauna in the surroundings of the company's facilities. The following chart identifies the protected species and their official conservation status:

Animal and vegetable species in the territories where Enel Generación's power plants are located				
Type	Species	Conservation status	Habitat	Facilities
Mammals	Huemul (Hippocamelus bisulcus)	Endangered	Temperate Andean deciduous forest (Nothofagus pumilio and Azara alpina)	El Toro hydro power plant
	Andean mountain cat (Leopardus jacobita)	Endangered - Rare	Low scrub tropical-Mediterranean Andean of Adesmia hystrix and Ephedra breana	Los Molles hydro power plant
	Vizcacha (Lagidium viscacia)	Endangered	Low scrub tropical-Mediterranean Andean of Adesmia hystrix y Ephedra breana	Los Molles hydro power plant
	Chungungo or sea otter (Lontra felina)	Vulnerable	Maritime coastal areas	Tarapacá thermal power plant
	Quique (Galictis cuja)	Vulnerable	Scrub tree esclerphil Mediterranean in Quillaja saponaria and Porlieria chilensis	San Isidro and San Isidro 2 thermal power plants
	Degú costino (Octodon lunatus)	Vulnerable	Scrub of the desert and coast	Canela and Canela II wind farms

Animal and vegetable species in the territories where Enel Generación's power plants are located				
Type	Species	Conservation status	Habitat	Facilities
Birds	Condor (Vultur gryphus)	Endangered	Low scrub tropical-Mediterranean Andean of Adesmia hystrix and Ephedra breana	Los Molles hydro power plant
			Low scrub tropical-Mediterranean Andean of Chuquiraga oppositifolia and Discaria articulata	Cipreses hydro power plant
			Scrub tree esclerphil Mediterranean tempered-Andean of Nothofagus pumilio y N. obliqua	El Toro hydro power plant
	Tricahue parrot (Cyanoliseus patagonus)	Vulnerable	Interior scrub desert Mediterranean of Flourensia thurifera and Colliguaja odorifera	Los Molles hydro power plant
			Scrub tree esclerphil Mediterranean Andean of Nothofagus obliqua y Austrocedrus chilensis	Cipreses and Ojos de Agua hydro power plants
	Becacina (Gallinago paraguaiae)	Vulnerable	Temperate Andean deciduous forest (Nothofagus glauca and Nothofagus obliqua)	Pehuenche hydro power plant
	Guanay (Phalacrocorax bougainvillii)	Vulnerable	Scrub desert Mediterranean costal	Canela y Canela II wind farms
	Seagull monja (Larosterna inca)	Vulnerable	Coastal maritime zones	Tarapacá thermal power plant
	Seagull garuma (Leucophaeus modestus)	Vulnerable		
	Humboldt Penguin (Spheniscus humboldti)	Vulnerable		

Animal and vegetable species in the territories where Enel Generación's power plants are located				
Type	Species	Conservation status	Habitat	Facilities
Reptiles	Matuasto of Laja (Phymaturus vociferator)	Critically endangered	Mediterranean-temperate Andean deciduous forest of Nothofagus pumilio and N. obliqua	El Toro hydro power plant
	Matuasto of Maule (Phymaturus maulense)	Endangered		Cipreses hydro power plant
	Lizard of Maldonado (Liolaemus maldonadae)	Vulnerable	Low scrub tropical-Mediterranean Andean of Adesmia hystrix and Ephedra breana	Los Molles hydro power plant
Amphibians	Salamanqueja of norte grande (Phyllodactylus gerrhopygus)	Vulnerable	Scrub desert Mediterranean costal of Nolana adansonii and Nolana lycioides	Tarapacá thermal power plant
	Frog of Atacama (Rhinella atacamensis)	Vulnerable	Scrub desert Mediterranean interior of Flourensia thurifera and Colliguaja odorifera	Los Molles hydro power plant

Animal and vegetable species in the territories where Enel Generación's power plants are located				
Type	Species	Conservation status	Habitat	Facilities
Fish	Freshwater dogfish (Diplomystes nahuelbutaensis)	Endangered	Biobío River	Pangué and Ralco hydro power plants
	Carmelita of Concepción (Percilia irwini)	Endangered		
	Bragrecito (Trichomycterus chiltoni)	Endangered	Cipreses River	Cipreses hydro power plant
	Freshwater dogfish (Diplomystes nahuelbutaensis)	Endangered		Cipreses and Ojos de Agua hydro power plants
	Bragre chico (Trichomycterus areolatus)	Vulnerable		
	Chilean Pejerrey (Basilichtys australis)	Vulnerable	Rapel River	Rapel hydro power plants
	Cauque of Maule (Odontesthes mauleanum)	Vulnerable	Aconcagua River	San Isidro and San Isidro 2 thermal power plant
	Chilean Pejerrey (Basilichtys australis)	Vulnerable		
Pocha (Cheirodon pisciculus)	Vulnerable			



Animal and vegetable species in the territories where Enel Generación's power plants are located				
Type	Species	Conservation status	Habitat	Facilities
Flora	Alstromeria (Alstroemeria mollensis)	Critically endangered		
	Algarrobo (Prosopis chilensis)	Vulnerable	Scrub desert Mediterranean interior of (Flourensia thurifera and Colliguaja odorifera)	Los Molles hydro power plant
	Quisco of Huanta (Pyrrhocactus eriosyzoides)	Vulnerable		
	Capachito (Calceolaria pallida)	Endangered	Mediterranean-temperate Andean deciduous forest (Nothofagus obliqua and Austrocedrus chilensis)	Cipreses hydro power plant
	Palo gordo (Carica chilensis)	Vulnerable		
	Violeta (Calydorea xiphioides)	Vulnerable - Rare	Scrub desert Mediterranean costal (Ambrosioides Bay and Puya chilensis)	Canela and Canela II wind farms
	Chagualillo (Puya venusta)	Vulnerable		
	Soldadito amarillo (Tropaeolum hookerianum)	Vulnerable		
	Cactus copao de Iquique (Eulychnia iquiquensis)	Vulnerable		
	Suaeda (Suaeda multiflora)	Vulnerable	Scrub desert Mediterranean costal (Gyptothamnium pinifolium and Heliotropium pycnophyllum)	Taltal thermal power plant
Quisquito de Taltal (Pyrrhocactus taltalensis)	Vulnerable			

Source: HSE&Q Management of Enel Generación Chile 2017

Biodiversity conservation

Enel Generación Chile carries out activities for biodiversity conservation with the purpose of complying with the commitments acquired through the Environmental Qualification Resolutions (RCA for Spanish abbreviation) of its operating power plants.

In this context, the company periodically monitors the population of animal and native vegetation species. This enables the timely detection of possible impacts caused by the operation of a power plant regarding the existing biodiversity in the area of influence. Monitoring activities are designed for the specific characteristics of each territory and are evaluated from quarterly or semi-annual reports.



Climate Change

In light of scientific evidence in relation to carbon emissions and climate change, during 2015 the corporate group declared its tangible commitment with carbon emission reduction, considering this aspect part of the company's decision-making process.

Therefore, at the corporate level the mandate is not to perform any new investments in coal-fired projects. This would be the first step of the company for a transition towards renewable energies and the reduction of electricity generation based on fossil fuels, in order to achieve the goals for the year 2050.

As such, the company redesigned its strategic plan for the period 2015-2019, in line with the corporate Sustainability Policy and the new vision, thus reaffirming its commitment with carbon emission reduction, to be neutral in 2050, and relying on renewable sources, innovation and energy efficiency.

Scientific study for an endangered species

In the surroundings of the future Los Cóndores Hydroelectric Power Plant, located in the mountain range zone of El Maule basin, lives the unique population known at the moment as the amphibian *Alsodes pehuenche*, species classified as Critically Endangered according to the Regulation for the Classification of Species Guideline (RCE) of the Ministry of the Environment.

Given the importance of this discovery and the permanent commitment of the company with the preservation and protection of the environment, in April 2016 Enel Generación Chile decided to support the scientific study "Genetics and Conservation of the *Alsodes pehuenche*: high Andean amphibian critically endangered", proposal presented by the researchers Dayana Vásquez (PUC) and Claudio Correa (UDEC) who have worked with this species since 2013.

This research will take place until September 2017, involves field campaigns, genetic and of pathogens analyses in national and international laboratories (Pontificia Universidad Católica de Chile and Washington State University). The work is developed by a highly trained team comprised by biologists, veterinary doctors and natural resources engineers, experienced in wild animal management and projects related with species on conservation concern.

The company finances the research and contributes with infrastructure equipment related to Los Cóndores Project for the development of field studies.

It is worth mentioning that this is the only study that combines simultaneously aspects of the natural history, population genetics and studies on pathogens of a critically endangered amphibian species, becoming a contribution to the national and global scientific community. The results obtained will enable to develop a population management plan for *Alsodes pehuenche* in order to ensure its medium and long-term preservation.

Non-Conventional Renewable Energies (NCRE) Facilities of Enel Generación

[G4-EN7]

Power Plants	Canela and Canela II Wind Farms	Ojos de Agua mini-hydro power plant
Description	Canela Wind Farm In operation since 2007, being the first of its kind connected to the SIC. Comprises 11 aero generators and its installed capacity is 18.15 MW.	Uses the energy potential of the flows of the main tributaries of La Invernada lagoon.
	Canela II Wind Farm In operation since 2009, comprises 40 aero generators and its installed capacity is 60 MW.	The flows are estimated in nearly 11.6 m ³ /s; the slope between the aforementioned outcrops and the adduction channel of Isla Hydro Power Plant is 65 meters.
Location	Region of Coquimbo	Region of El Maule
Installed Capacity	78.15 MW	9 MW
Net Generation 2016	82,858.70 MW	44,607.88 MW





■ Annexes

Supplementary Information

Consultations and reviews for the Materiality Study

- > Javier Zulueta, Head of the Division of Participation of the Ministry of Energy.
- > Juan Pablo Shaeffer, Sustainability Manager of Colbún.
- > Representatives of the Pehuenche communities of Alto Biobío.
- > Social leaders of Coronel.
- > Social leaders of San Clemente.
- > Andrés Sanhueza, General Manager of Corparauco.
- > Paola Pizarro, Coordinator of Institutional Management Unit of the Municipality of Quillota.
- > Óscar Andwandter, Chairman of the Corporation for the Development and Protection of Rapel Lake (CODEPRA).
- > Claudia Escalera, Chairman of the National Civil Society Council of the Ministry of Energy.
- > Priscilla Pacheco, Professional of the Tourist Office of the Municipality of Puchuncaví.
- > Jaime Espinoza, Chairman of the Neighborhood Council of Paposo.
- > Marissa Astudillo, Treasurer of the Water Committee of Paposo.
- > Rolando Cortés, Chairman of the Football Association of Mejillones.
- > Loreto Nogales, SEREMI (Regional Ministerial Secretariat) of Social Development of Antofagasta.
- > Richard Vargas, SEREMI (Regional Ministerial Secretariat) of the Environment Biobío.

Publications for our Reference:

- > Review of national written media: La Tercera, El Mercurio, Diario Financiero.
- > Digital review of El magazine.

GRI Index of Contents



BASIC GENERAL CONTENTS

Indicator	Description	Principles of the Global Compact	Millenium Development Goals	ISO 26,000	External Verification	Page
Strategy and Analysis						
G4-1	Letter of the Chairman and General Manager.	-	-	6.2	✓	10
Corporate Profile						
G4-2	Description of main impacts, risks and opportunities.	-	-	-	✓	25
G4-3	Name of the organization.	-	-	-	✓	14
G4-4	Most important brands, products and services of the organization.	-	-	-	✓	14
G4-5	Place where the office of the organization is located.	-	-	-	✓	14
G4-6	Number of countries where the organization operates and countries where the organization carries out its relevant operations or has a specific relevance for the sustainability issues object in the report.	-	-	-	✓	14
G4-7	Nature of the property regime and legal form.	-	-	-	✓	19
G4-8	Markets served.	-	-	-	✓	85
G4-9	Organizational level.	-	-	-	✓	85
G4-10	a. Number of employees with a work contract and gender. b. Number of regular employees by a work contract and gender. c. Size of the staff by employee, hired employees and gender. d. Size of the staff by region and gender. e. Indicate if a substantial part of the organization's work is carried out by own workers or subcontracted by contractors. f. Communicate all significant changes in the number of workers.	-	1 3	6.4 6.4.3	✓	69, 76, 94
G4-11	Percentage of employees covered by collective agreements.	1 3	-	6.3.10 6.4 6.4.3 6.4.4 6.4.5	✓	76, 94
G4-12	Describe the corporate supply chain.	-	-	-	✓	94
G4-13	Communicate every significant change that has happened during the objective period being analyzed in the size, structure, shareholder property or the corporate supply chain.	-	-	-	✓	17
G4-14	Indicates how it approaches the organization, if proceeds, the principle of precaution.	-	-	-	✓	92
G4-15	List of the letters, principles, or other external initiatives to an economic, environmental, and social character that the organization subscribes to or has adopted.	-	-	-	✓	

Indicator	Description	Principles of the Global Compact	Millenium Development Goals	ISO 26,000	External Verification	Page
G4-16	List of the associations and organizations of national and international promotion that the organization belongs to.	-	-	-	✓	33
EU1	Installed capacity, analyzed by source of energy and by regulatory regime.	-	-	-	✓	15
EU2	Net energy production disaggregated by an energy source or by the country or regulating regime.	-	-	-	✓	15
EU3	Number of residential, industrial, institucional and commercial clients.	-	-	-	✓	86
Material Aspects and Coverage						
G4-17	Number of residential, industrial, institucional and commercial clients.	-	-	6.2	✓	14
G4-18	a. Describe the process that have been following up to determine the content of the report and the coverage of every Aspect.	-	-	-	✓	40
G4-19	List of the material Aspects that are identified during the process of defining the content in the report.	-	-	-	✓	19, 42
G4-20	Indicate the coverage within the organization for each material Aspect.	-	-	-	✓	42
G4-21	Indicate the Coverage out of the organization for each material Aspect.	-	-	-	✓	42
G4-22	Consequences of the reformulations of the information facilitated in previous reports and their causes.	-	-	-	✓	14
G4-23	Important changes of the Outreach and Coverage of every Aspect in previous reports.	-	-	-	✓	42
Participation of Stakeholders						
G4-24	List of the stakeholder linked to the organization.	-	-	6.2	✓	36
G4-25	Indicate the reasoning behind the choosing of the stakeholders considered.	-	-	6.2	✓	36
G4-26	Organizational approach in relation to the participation of stakeholders.	-	-	6.2	✓	36, 38
G4-27	Key issues and problems that have come up from the participation of the stakeholders and the evaluation carried out by the organization, among other aspects through the report.	-	-	6.2	✓	36, 42
Report Profile						
G4-28	Period covered by the report.	-	-	-	✓	14
G4-29	Date of the last report.	-	-	-	✓	14
G4-30	Report presentation cycle.	-	-	-	✓	14
G4-31	Contact Point.	-	-	-	✓	133
G4-32	a. Indicate which «conformity» option with the organization has chosen with the Guide. b. Facilitate the GRI Index of the option chosen. c. Facilitate the reference of the external Verification report if the report has been put under verification.	-	-	-	✓	14
G4-33	Describe the politics and current practices of the organization with respect to the external verification of the report.	-	-	7.5.3	✓	14

Indicator	Description	Principles of the Global Compact	Millenium Development Goals	ISO 26,000	External Verification	Page
Government						
G4-34	Government structure of the organization, without leaving out the committees of the superior government organ.	-	-	6.2	✓	24
G4-35	Process through which the superior government body delegates its authority to the senior management and determined employees in terms of an economic, environmental and social nature.	-	-	-	✓	27
G4-36	Indicate if there are senior positions or with responsibilities in economic, environmental and social issues at the organization, and whether they report directly to the superior governing body.	-	-	-	✓	27
G4-37	Describe the process through which the superior government body delegates its authority to the senior management and determined employees in terms of an economic, environmental, and social nature. If such consult is delegated, signal to whom and describe the process of exchanging information with the superior government organ.	-	-	-	✓	25
G4-38	Composition of the superior government body and its committees.	-	-	6.2	✓	24
G4-39	Indicate if the person that presides in a superior government body also occupies an executive position.				✓	No member of the Board holds an executive position in the company.
G4-40	The naming processes and selection of the superior government body and its committees, as is with the criteria in which the naming is based and the selection of the members of the first.				✓	24
G4-41	Describes the processes through which the superior government bodies anticipate and manage possible conflicts of interest.	-	-	6.2	✓	30,32
G4-42	The functions of the superior government body and the senior management in the development, approval and updating of the purpose, values or mission statements, strategies, policies and objectives related with the economic, environmental and social impacts of organization.				✓	25,27
G4-43	Measures that have been adopted to develop and improve the collective knowledge of the superior government body in terms of economic, environmental, and social issues.	-	-	-	✓	25,27
G4-44	a. Describe the performance evaluation processes of the senior governing body in relation to the governance of economic, environmental and social affairs. b. Describe the measures taken as a result of the performance evaluation of the senior governing body.	-	-	6.2	✓	25,27
G4-45	Describe the function senior governing body in the identification and management of impacts, risks and the opportunities in relation to the economic, environmental and social nature. Also mention the role of the senior governing body in the application of due diligence.	-	-	.	✓	25

Indicator	Description	Principles of the Global Compact	Millenium Development Goals	ISO 26,000	External Verification	Page
G4-48	Indicate which committee or position of major importance is whom reviews and approves the organization's sustainability milestone and ensures that all material aspects are reflected.				✓	The Company's Board of Directors must approve the company's annual memorandum and Sustainability Report. The annual report is made known to the shareholders every year at the Ordinary Shareholders' Meeting. All areas of the company participate in the preparation of said memorandum and Report.
Ethics and Integrity						
G4-56	Describe the values, principles, standards and norms of the organization, such as the codes of conduct or ethical codes.	-	-	6.2	✓	17, 29, 49
G4-57	The internal and external counseling mechanisms for ethical and lawful conduct, and to consult matters relating to the integrity of the organization, such as telephone helplines or advice.	-	-	-	✓	32
G4-58	Describe the internal and external mechanisms for reporting unethical or unlawful conduct and issues relating to the integrity of the organization, such as staggered notification to managers, irregular reporting mechanisms or telephone helplines.			6.2	✓	31

SPECIFIC BASIC CONTENTS

Indicator	Description	Global Compact Principles	Millenium Development Goals	ISO 26,000	External Verification	Page
CATEGORY: ECONOMY						
Aspect: Economic performance						
G4-DMA	Management Approach.	-	-	6.2.6.8	✓	21
G4-EC7	Development and impact of the infrastructure investigation of type of services.	-	-		✓	65
Aspect: Research and Development						
G4-DMA	Management Approach.	-	-	-	✓	77
Aspecto: System Efficiencies						
G4-DMA	Management approach.	-	-	-	✓	78
EU11	Average effectiveness of thermal generation plants by source of energy and regulatory regime.	-	-	-	✓	111
CATEGORY: ENVIRONMENT						
Aspect: Materials						
G4-DMA	Management Approach.	-	7	6.2 6.5	✓	100
G4-EN1	Materials used by weight or volume.	-	7	6.5 6.5.4	✓	111

Indicator	Description	Global Compact Principles	Millenium Development Goals	ISO 26,000	External Verification	Page
Aspect: Energy						
G4-DMA	Management Approach.	-	7	6.5 6.5.4	✓	100
G4-EN3	Internal energy consumption	-	7	6.5 6.5.4	✓	
G4-EN7	Reduction of energy requirements of products and services.	-	7	6.5 6.5.4	✓	119
Aspect: Water						
G4-DMA	Management Approach.	-	-	-	✓	
G4-EN8	Total water collection by sources.	-	-	-	✓	109
Aspect: Biodiversity						
G4-DMA	Management approach.	-	-	-	✓	113
G4-EN13	Protected or restored habitats.	-	-	-	✓	113
G4-EN14	Number of species included in the Red List of UICN and in national lists of conservation whose habitats are in areas affected by operations, according to the level of danger of extinction of the species.	-	-	-	✓	115
Aspect: Emmisions						
G4-DMA	Management approach.				✓	107
G4-EN21	NO _x , SO _x and other significant air emissions.				✓	In 2016, MWh emissions by net generation of every combustion power plant was 0,49 NO _x and 0,93 SO _x . The decrease in relation to the previous year is due to that despite the fact that net generation of thermal power plants grew in the period, emissions of SO _x y NO _x dropped as a consequence of the entry into force of the new emission limits.
Aspect: Effluents and waste						
G4-EN22	Total water discharge, according to its quality and destination.	-	-	6.5 6.5.5	✓	110
G4-EN23	Total weight of the residues, according to their type and method of treatment.	-	-	6.5 6.5.5	✓	111
Aspect: Products and Services						
G4-DMA	Management approach.	-	-	-	✓	101
G4-EN27	Mitigation of the environmental impact of products and services.	-	-	-	✓	101
Aspect: Regulatory Compliance						
G4-DMA	Management approach.	-	-	-	✓	105, 108
G4-EN29	Monetary value of the important fines and number of non-monetary sanctions for non-complying the regulation and environmental standards.	-	-	-	✓	108
CATEGORY: SOCIAL PERFORMANCE - HUMAN RIGHTS						
Aspect: Child Work						
G4-DMA	Management approach.	-	-	-	✓	99

Indicator	Description	Global Compact Principles	Millenium Development Goals	ISO 26,000	External Verification	Page
G4-HR5	Identification of centers and suppliers with important risk of child exploitation, and the measures taken to contribute to the abolition of child exploitation.	-	-	-	✓	99
Aspect: Forced labor						
G4-DMA	Management approach.				✓	99
G4-HR6	Centers and suppliers at significant risk to be the origin of de episodes of forced labour, and measures adopted to contribute to the elimination of all forms of forced labor.				✓	99
CATEGORY: SOCIAL PERFORMANCE – WORK PRACTICES AND DECENT WORK						
Aspect: Employment						
G4-DMA	Management approach.	-	-	-	✓	69, 71
G4-LA2	Social benefits for full-time employees not offered to part-time or temporary employees, disaggregated by meaningful activity locations.		1 2 4 5 6	6.4 6.4.3 6.4.4	✓	71
EU17	Employees' contractors and subcontractors involved in construction, operation and maintenance activities.	-	.	-	✓	94
EU18	Contrators and subcontractors with strong training in health and safety topics.	-	-	-	✓	93
Aspect: Health and Safety at Work						
G4-DMA	Management approach.		6	6.4 6.4.6	✓	89
G4-LA5	Percentage of employees represented in formal safety and health committees addressed to the management and employees, and established to help control and advice on safety and health at work programs.		6	6.4 6.4.6	✓	91
G4-LA6	Type and rate of injuries, occupational diseases, days lost, absenteeism and number of work-related fatalities by region and by sex.		-	6.4 6.4.6	✓	93
G4-LA7	Employees whose profession has a high risk of getting a disease.		4 5 6	6.4 6.4.5 6.8 6.8.3 6.8.4 6.8.8	✓	91
G4-LA8	Health and safety issues covered by formal agreements with unions.		5	6.4 6.4.6	✓	89, 91
Aspect: Training and Education						
G4-DMA	Management approach.	-	3	6.4	✓	73
G4-LA9	Average annual training hours per employee, disaggregated by sex and work category.	-	3	6.4 6.4.7	✓	73
G4-LA10	Skills management and continuing education programs that promote the employability of workers and help them manage the end of their professional careers.	-	1 3	6.4 6.4.7 6.8.5	✓	73
G4-LA11	Percentage of employees receiving regular performance and professional development assessments, disaggregated by sex and by professional category.	-	3	6.4 6.4.7	✓	72

Indicator	Description	Global Compact Principles	Millenium Development Goals	ISO 26,000	External Verification	Page
Aspect: Diversity and Equality of Opportunities						
G4-DMA	Management approach.	-	3	-	✓	75
G4-LA12	Composition of the governing bodies and breakdown by professional category and sex, age, affiliation to minorities and other diversity indicators.	-	3	6.3.7 6.3.10 6.4 6.4.3	✓	69
Aspect: Evaluation of Suppliers Labor Practices						
G4-DMA	Management approach.	-	-	-	✓	94, 98
G4-LA14	Percentage of new suppliers that were examined based on criteria related to labor practices.	-	-	-	✓	96, 99
CATEGORY: SOCIAL PERFORMANCE - SOCIETY						
Aspect: Local Comunities						
G4-DMA	Management approach.	-	-	6.2 6.6 6.8	✓	56, 59, 64, 65
G4-SO1	Percentage of operations where development programs, impact assessments and local community participation have been implemented.	-	1 2 3 4 5 6 7 8	6.3.9 6.6.7 6.8 6.8.5 6.8.7	✓	58
G4-SO2	Operation Centers with significant negative effects, possible or real over the local communities.	-	1 2 3 4 5 6 7 8	6.3.9 6.6.7 6.8 6.8.5 6.8.7	✓	58
EU19	Participation of stakeholders in the decision making processes related to projects planning and infrastructure development.	-	1 2 3 4 5 6 7 8	6.3.9 6.6.7 6.8 6.8.5 6.8.7	✓	65, 66
EU20	Approach to manage the impact of displacements (local residents).	-	1 2 3 4 5 6 7 8	6.3.9 6.6.7 6.8 6.8.5 6.8.7	✓	64, 66
EU22	Number of displaced persons by the expansion or new project related with the generation facilities and transmission lines, analyzed by the physic and economic displacement.	-	1 2 3 4 5 6 7 8	6.3.9 6.6.7 6.8 6.8.5 6.8.7	✓	64, 65
Aspect: Fight Against Corruption						
G4-DMA	Management approach.	-	-	6.6 6.6.3	✓	24

Indicator	Description	Global Compact Principles	Millenium Development Goals	ISO 26,000	External Verification	Page
G4-SO3	Number and percentage of centers where risks of corruption and other important risks were evaluated.	-	-	6.6 6.6.3	✓	30
Aspect: Public Policy						
G4-DMA	Management approach.	-	-	6.6 6.6.3	✓	32
Aspect: Regulatory Compliance						
G4-DMA	Management approach.	-	-	6.6 6.6.7 6.8.7	✓	32
G4-SO8	Monetary value of the important fines and number of non-monetary sanctions for non-complying the regulation and environmental standards.	-	-	6.6 6.6.7 6.8.7	✓	32
CATEGORY: SOCIAL PERFORMANCE- RESPONSIBILITY ON PRODUCTS						
Aspect: Labeling of Products and Services						
G4-DMA	Management approach.	-	-	6.2 6.6 6.7	✓	85
G4-PR3	Type of information on products and services required by the valid procedures and the regulation, and the percentage of products and services subject to those information requirements.	-	-	6.7 6.7.3 6.7.4 6.7.5 6.7.6 6.7.9	✓	85

External Verification Report



EY Chile
Avda. Presidente
Riesco 5435, piso 4,
Santiago

Tel: +56 (2) 2676 1000
www.eychile.cl

Limited Assurance

Statement of Enel Generación Sustainability Report 2016 (free translation from the original in Independent spanish)

To the President and Directors of
Enel Generación

Scope

We have performed an independent limited assurance engagement on the information and data presented in Enel Generación 2016 Sustainability Report.

Preparation of the Sustainability Report is the responsibility of the Management of Enel Generación. The Management of Enel Generación is also responsible for the data and affirmations included in the Sustainability Report, definition of the scope and management and control of the information systems that have provided the reported information.

Standards and Assurance Procedures

Our review has been performed in accordance with the International Standard on Assurance Engagements ISAE 3000, established by the International Auditing and Assurance Board of the International Federation of Accountants and the version G4 of the guidelines for the preparation of sustainability reports under the Global Reporting Initiative (GRI).

We conducted our assurance procedures in order to:

- ▶ Determine whether the information and data presented in the 2016 Sustainability Report are duly supported by evidence.
- ▶ Verify the traceability of the information disclosed by Enel Generación in its Sustainability Report 2016.
- ▶ Determine whether Enel Generación has prepared its 2016 Sustainability Report in accordance with the Content and Quality Principles of the GRI G4 guideline.
- ▶ Confirm Enel Generación self-declared "Core" option of the GRI G4 guidelines to its report.

Work Performed

Our assurance procedures included enquiries to the Management of Enel Generación involved in the development of the Sustainability Report process, in addition to other analytical procedures and sampling methods as described below:

- ▶ Interviews with key Enel Generación personnel, in order to assess the 2016 Sustainability Report preparation process, the definition of its content and its underlying information systems.
- ▶ Review of supporting documents provided by Enel Generación.
- ▶ Review of formulas and calculations by recalculation.
- ▶ Review of the 2016 Sustainability Report in order to ensure its phrasing and format does not mislead the reader regarding the information presented.

Our Responsibility

Our responsibility is limited to the procedures mentioned above, corresponding to a limited assurance which is the basis for our conclusions.

Conclusions

Subject to our limitations of scope noted above and on the basis of our procedures for this limited assurance of Enel Generación Sustainability Report, we conclude that nothing has come to our attention that would cause us to believe that:

- ▶ The information and data disclosed in Enel Generación 2016 Sustainability Report are not presented fairly.
- ▶ Enel Generación 2016 Sustainability Report has not been prepared in accordance with the G4 version guideline for the preparation of sustainability reports under the Global Reporting Initiative.
- ▶ Enel Generación self-declared "Core" option does not meet the GRI G4 version requirements for this option.

Improvement Recommendations

Without affecting our conclusions as set out above, we have detected some improvement opportunities for Enel Generación Sustainability Report 2016, which are detailed in a recommendations report presented to Enel Generación Administration.

Truly Yours,

EY Consulting SpA


Alejandra Medina
June 29, 2017
I-00886/17

[G4-31]

Antonella Pellegrini
Sustainability and Communities Relations Manager
antonella.pellegrini@enel.com
Santa Rosa 76, Santiago de Chile



enel

enelgeneracion.cl