

Sustainability Report



Sustainability Report
Endesa Chile

2013

endesa
chile

DEGREE OF APPLICATION OF THE REPORT

	C	C+	B	B+	A	A+
Information on profile according to G3.1	Report on 1.1 2.1-2.10 3.1-3.8, 3.10-3.12 4.1-4.4, 4.14-4.15.		Report on all the criteria stated in Level C, plus: 1.2 3.9, 3.13 4.5-4.13, 4.16-4.17.		The same requirements as for Level B.	
Information on management focus according to G3.1	Unnecessary.	External Verification of the Report	Information on the management focus for each category of indicator.	External Verification of the Report	Information on the management focus for each category of indicator.	External Verification of the Report
Performance indicators according to G3.1 & of the sector supplements	Reports on a minimum of 10 performance indicators & at least 1 of each dimension: economic, social & environmental.	External Verification of the Report	Reports on a minimum of 20 performance indicators & at least 1 of each dimension: economic, environmental, human rights, labor practices, society, product liability.	External Verification of the Report	Reports on each G3 central indicator & those of the sector supplements, in accordance with the principle of materiality whether a) reported on the indicator or b) explaining the reason for its omission.	External Verification of the Report

(*) Endesa Chile obtained a maximum level of application of GRI A+ in its Sustainability Report 2013. See Appendix V for further information.

2013 Sustainability Report

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Endesa Chile's history

1943 - 1948

Corfo founded the National Electricity Company Inc. (Empresa Nacional de Electricidad S.A.) to develop the Electrification Plan, which included electricity generation, transmission and distribution.

The first stage of the plan was completed with the Sauzal and Abanico Hydroelectric power plants.



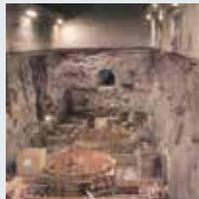
1952 - 1955

As the Cipreses and Los Molles Hydroelectric power plants were commissioned, it also created new departments: Urban distribution, exploitation, personnel, engineering, construction, finance, administrative, social welfare, legal and audit.



1968 - 1981

It established itself its corporate building in Santiago and Commissions the Rapel, El Toro, Antuco hydroelectric plants and the Bocamina, Huasco and Diego de Almagro Thermal power plants.



1982

During the restructuring of the electrical sector, Endesa, which owned generation, transmission and distribution assets, was divided into 14 companies, these included 6 generation companies, (among them Endesa and Colbún), 6 distribution and 2 generation and distribution companies.

1988 - 1990

It was registered in the national registrar of the superintendence of securities and insurance (Superintendencia de Valores y Seguros) and the Santiago Stock Exchange (Bolsa de Comercio de Santiago). It developed the Charrúa, Puerto Montt y Alto Jahuel and Polpaico transmission systems, as well as creating the subsidiaries Pangué S.A. and Ingendesa, which were added to the already existing subsidiaries, Pehuencha S.A., Enigesa and Ispen Ltda.

1991 - 1993

The Canutillar and Pehuenche Hydroelectric power plants were commissioned. Acquired control of Central Costanera S.A. in Argentina, and obtained for the first time a risk classification, The Curillínque Power plant was commissioned and acquired 59% of Hidroeléctrica el Chocón S.A. in Argentina. In the transmission business in Chile, Transelec began operating, as well as the construction of the El Melón Tunnel.

1996

The Pangué hydroelectric power plant began operating 5 months ahead of schedule. It acquired 99.9% of Betanía S.A. E.S.P. in Colombia, by means of a consortium with a local company, Corfivalle. Enersis achieved 25.28%

1997 - 1998

It acquired Emegesa S.A. E.S.P. in Colombia, and Centrais Eléctricas Cochoeira Deurada S.A. in Brazil, it also placed a Yankee Bond for US\$ 650 million, of which US\$ 200 million were issued with a 100 year maturity. San Isidro 1 and the Electrogas pipeline began operations. It increased its share of Edegel and Cachoeira and commissions a new combined cycle plant in Costanera, Argentina.

1959 - 1960

The Sausalito hydroelectric power plant began operations. The Valdivia Earthquake caused the crumbling of the mountains and blocked the outlet of the Rinihue Lake. The company played a key role to avert a natural disaster.

1961-1965

Its organization grew and professionals are sent abroad for training and specialization, integrating automation and the usage of computers. Also the Renca, Ventanas and Huasco thermoelectric power plants began operations, as well as the Isla hydroelectric power plant.



1987

Its privatization process began in 1987, by means of a series of public offerings of shares, and ended in 1989, when the company shares were sold to pension funds (AFPs), company workers, institutional investors and thousands of small shareholders. It sold 99.4% of its share of the Emelat distribution Corp. subsidiary by means of a public tender to Emel Corp.

1994

It Incorporated the Trademark Endesa and issued ADRs in the NYSE. It Submitted to Conama the work plans and studies for the Ralco Hydroelectric power plant. It also connected the two stages of the El Melón tunnel and Transelec created two subsidiaries. Enersis acquired an additional 1.9% of Endesa, reaching 17.2% of ownership.

1995

It Began construction of another three power plants, San Isidro, Ralco and Patache, and closed the purchase of 60% of the participation in Edegel S.A. in Peru. It inaugurated the El Melón tunnel and began construction of the Autopista del Sol (Highway of the Sun).



2001 - 2002

It registered its shares in the Latin American Stock Exchange of the Madrid Stock Exchange (Latibex), under the mnemonic XEOC. It established a financial strengthening plan, which included the disinvestment of the Canutillar power plant and of the transmission lines in the Large North Interconnected System (SING) as well as the Dos Mil infrastructure subsidiary. The second interconnection line Brazil – Argentina began commercial operation.



2006

Together with Enap and metrogas, it signed an agreement to execute the natural gas project (GNL). Acquired the Termocartagena power plant in Colombia and merged the Peruvian companies Edegel and Etevensa. The three international agencies which classify Endesa Chile, Standard & Poor's, Fitch credit Rating and Moody's awarded Endesa an investment grade.

2007

It registered the: Sociedad Centrales Hidroeléctricas de Aysen (Hidroaysen); placed in commercial operation the diesel open cycle of the San Isidro power plant expansion project, second unit, and opened the Canela wind farm, the first plant of its kind to provide NCRE. The merger between the Colombian companies Emegesa S.A. E.S.P and Central hidroeléctrica de betania S.A. was completed. Enel and Acciona took control of Enersis through Endesa Spain.

2009 - 2011

Acquired 29.40% of the social capital of its Peruvian subsidiary Edegel, commissioned the Canela II wind farm and opened the GNL regasification terminal at Quintero. Enel took control of Enersis through Endesa Spain. The first stone of the El Quimbo hydroelectric power plant was laid in Colombia.

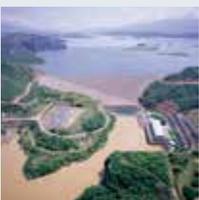


1999

Endesa Spain took control of Enersis after acquiring an additional 32% of the ownership. Enersis achieves an additional 35% property of Endesa, reaching 60% of ownership. It placed a yankee bond issue for US\$ 400 million with a maturity of 10 years. The Atacama project was inaugurated.

2000

The 1.00Mw interconnection between Brazil and Argentina began operating, which operated through the CIEN consortium. Transelec was sold to Hydro Quebec International Inc. and the first issuing of Eurobonds was conducted. The first stage of the Taltal power plant began operating and the Chinango hydroelectric complex was inaugurated in Peru.



2003 - 2004

The sale of Infraestructura Dos Mil S.A. was closed (to OHL concesiones) and the Canutillas power plant is sold. It increases ownership of Central Costanera S.A. to 64.62%. The Ralco hydroelectric power plant began operations, the letter of accession to the global pact of the United Nations (Global Compact) and modified the corporate image of the company.



2005

It incorporated the trademark Endesa Chile, Endesa Brazil was founded, by means of the contribution of the Endesa Latinoamerica, Endesa Chile, Enersis, Chilectra, and the Endesa Eco subsidiary and acquires an additional 25% of the Compania Electrica San Isidro S.A.



2008

The San Isidro combined cycle began commercial operations, with a installed capacity of 353MW, and the mini hydro power plant Ojos de Agua also began operations. An investment which meant 21% ownership of the Thermoeléctrica companies Jose de San Martin S.A. and the Manuel Belgrano thermoelectric power plant S.A. was conducted in Argentina through its subsidiaries in that country.

2012

The corporate optimization process began for certain subsidiaries by means of stages of successive mergers, which implied the absorption of the Ingendesa, Compania Electrica Tarapaca, Endesa North investments, Endesa Eco, Enigesa and Empresa Electrica Pangué. The Bocamina II power plant began operations.



2013

It was selected among the 100 companies at a global level which are part of the shares index of the Global Compact 100 of the United Nations.

Message from the Chairman and the General Manager 1.1

Dear Readers:

It is with utmost satisfaction for those of us who comprise Endesa Chile to place our 2013 Sustainability Report at your disposal, which is a key communication and transparency tool applied to the company's annual performance in economic, environmental, and social matters.

This exercise in corporate responsibility is consistent with our full support of the United Nations Global Agreement based on voluntary compliance with its ten principles concerning human rights, the environment, labor standards, and anti-corruption. The foregoing leads us to constantly seek closeness and transparency in our relations with our stakeholders, an intent which is expressed in the focus on sustainability applied by the company in its activities.

The year 2013 had a special meaning for Endesa Chile, as we celebrated the seventieth birthday of the foundation of our company in December 1943, as an affiliate corporation of CORFO (Spanish acronym of Corporation for Promoting Production), which took on the crucial mission of carrying out the National Electrification Plan.

If we were to summarize what the company's purpose has been all this time, the most suited assertion of that would be that it has always been our commitment to support Chile by providing the power it needs to progress toward development.

We have been involved in many of the milestones that have marked this road and there is no doubt that we will continue to be so. This has been possible thanks to the professionalism of seven generations of technicians, engineers, and workers, who have given the best of themselves to materialize this commitment and provide companies the power to create more jobs and Chileans greater levels of well-being.

Today this permanent purpose faces new challenges. Chile is at the threshold of attaining a place in the global community that it never imagined it would be a witness of. Thanks to the path of accelerated growth of the last three decades, we have a true possibility of becoming one of the nations that have attained full development.

As has been the case the last 70 years, Endesa Chile is fully committed to this country-wide goal and is in a position to back it with its track record, experience, resources, and presence in the electricity sector. But that is hardly the entire challenge. For companies such as ours, this challenge entails being capable of informing communities as early as possible on the scope and impact of its initiatives, explaining them the benefits they are to obtain for the materialization thereof and establishing bonds and dialogue based on trust and transparency.

In addition to ratifying Endesa Chile's responsibility in this road toward development, it is expedient to take into account the fact that the power generation industry in Chile is facing a complex scenario.



2013 was the fourth year in a row with water scarcity as a result of the serious drought that has affected the country. Additionally, companies—and not only in the electricity sector—are facing growing opposition to their investment projects by local, national, and international groups and organizations.

The foregoing has entailed an increase in investment and operational costs, along with a high degree of uncertainty regarding the execution timeframes for new projects seeking to meet the power demand and the forecasts for the next few years. In this regard, it is inevitable for this situation to affect the potential for growth, competitiveness, and development in Chile.

In 2013, Endesa Chile managed to reduce the negative impacts of the complex scenario described above through the availability of a large-scale generation capacity which is diverse in terms of technology and competitiveness; and a realistic business policy adjusted to the conditions of the company and the electricity market.

The effectiveness of this strategy was reflected on the fact that to December 31, 2013, Endesa Chile's operational result was \$782.8 billion, 28% higher than the \$612.4 billion reached in 2012. In turn, to the closure of 2013, the result ascribable to the controlling shareholders of the company implied earnings of \$353.9 billion, which means an increase of 51% with respect to the previous year.

Throughout 2013, we also strengthened our processes for communicating and rendering accounts to investors. In this respect, Endesa Chile perfected its direct and remote contact channels with this stakeholder in order to provide clear and prompt information on the company's performance in all the required issues.

Business and financial matters in Endesa Chile have always been subject to exercising good governance and ethical conduct. It is due to this that in 2013 our company actively contributed toward the certification process for the Grupo Enersis Criminal Risk Prevention Model by company ICR, in addition to the ethical reinforcement and prevention of corporate malpractice.

Additionally, the various projects and programs that Endesa Chile undertook in the areas of quality, safety, and supply continuity, along with strengthening our communication with our clients, entailed an improvement in the results of the ninth version of the Annual Client Satisfaction Survey applied in 2013. The level of approval of our company according to said survey increased from 80.4 in 2012, to 81.4% in 2013, while 100% of the subjects surveyed fell within the segments of satisfied or fairly satisfied.

Continuous improvement in the level of satisfaction of our clients is directly related to the innovation approach applied by Endesa Chile, which translates into various internal and external programs. We especially want to highlight the development in 2013 of the second version of the innovative idea-capturing program, which our workers actively participated in and was concluded with the selection of nine proposals that will get specialized support and financial resources in order to be materialized.

Meanwhile, in 2013 we consolidated our leadership in introduction of power management systems (SGE, by their Spanish acronym), on the basis of international excellence standards. Thus, in June 2013 we initiated the implementation of an SGE for the San Isidro thermal complex, which is to be concluded in 2014 with the certification of said system to standard 50.001:2011, a goal already fulfilled by the Quintero thermal plant in May 2012.

The common denominator to these results is the dedication and effort of our workers, whose commitment is the key to growth and sustainability Endesa Chile's business. In order to guarantee this noteworthy contribution, the company seeks to improve work life quality on a day-to-day basis, taking into account not only its own personnel, but also that of the contractor companies involved in our activities.

With the object of achieving a higher level of performance in this matter, in 2013 Endesa Chile obtained a certification as "Family-responsible Company", as per international standard efr 1000-1 (edition 3), which enables adopting a management continuous

improvement system in matters of conciliation, employment quality, labor flexibility, development and professional competence, and equal opportunities.

In the specific issue of work, family, and personal life conciliation, the Enersis Group was one of the 25 companies and organizations acknowledged as "The Best Companies for Working Mothers and Fathers for 2013," which reaffirms our commitment to continue progressing in these matters.

In 2013, we worked on the development of the Manager and Close Boss initiative, based on strengthening direct and onsite communication with our workers, which the Upper Management of the company was actively involved in. Another contribution in this respect was the undertaking of the 2013 version of the Acknowledgement program, the activities of which are based on the relevance placed by Endesa Chile on merit, team work, and peer acknowledgement.

Also of note in 2013 in labor matters is the reinforcement of the safety culture by applying the One Safety project, the methodology of which is based on onsite observation of workers with the purpose of eliminating hazardous conduct at the work place. This system was applied in 13 Endesa Chile power plants, where hazardous behavior was detected and improvement plans were set in place.

From a social perspective, Endesa Chile has focused on the strengthening its identity as a company that assumes responsibility toward the communities surrounding its operations and projects. This task has been channeled through our contribution to overcoming poverty and lack of opportunities revolving around educational development promoted by the initiatives that comprise the Endesa Educa strategic plan.

In this context, in 2013, we continued to foster the Power-for-Education program that was created in 2006 as a response to educational needs by students from poor families in areas surrounding our power plants.

The main areas of the program, which is currently in place in 40 educational institutions, are supporting the teachers' work through various teaching aids, promoting sports and a healthy school life, and access to cultural and recreational activities.

In matters of community relations within the areas where our projects are conducted, in 2013 we made significant progress in the creation of opportunities for interaction, dialogue, and a joint effort with various social players in order to strengthen the sustainability of the company's activities.

Concerning social issues at the Bocamina II thermal plant in the district of Coronel, in November 2013, an agreement was entered into that established the terms for the relocation process and the associated housing program. Achieving this agreement required a joint effort by the Ministry of Housing and Urban Development (MINVU, by its Spanish acronym), the families involved, the Municipality of Coronel, Endesa Chile and the companies selected to carry out the infrastructure and construction works.

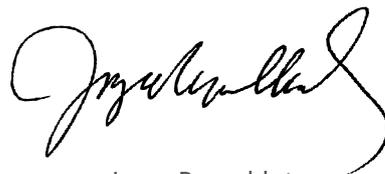
It is also noteworthy that during the previous fiscal year, a collaboration agreement was entered into between the companies and organizations of fishermen to promote production, social, and educational initiatives. We also joined the new Corporation for the Development of Coronel, an entity comprised by the pertinent municipality, Endesa Chile and 14 other private enterprises.

As we traditionally do when publishing this report, the chapter covering our social and community management performance offers a balance sheet of the noteworthy work carried out by the Pehuén Foundation in the areas of education, technical training; development and fostering of production; strengthening of the social and community infrastructure; and collaborative work with local institutions and organizations.

With regard to the regulatory realm, Executive Decree No. 13 became effective toward the end of 2013, thereby establishing new rules for thermal power plants, which must be complied with within predetermined timeframes between 2013 and 2016, something our company has been working on proactively since 2012.

We also would like to highlight that Endesa Chile continued to strengthen its environmental risk self-evaluation system based on the methodology known as Mapping of Environmental Compliance (MAPEC), the goal of which is to facilitate the identification of specific breaches in regulatory compliance in this area.

In closing, we would like to reaffirm Endesa Chile's constant support of all dialogue and joint effort instances between the private and public sectors and civil society which are conducive to facing the challenges assumed by the power generation industry, and which are directly associated with our country's progress toward full development.



Jorge Rosenblut
Presidente



Joaquín Galindo Vélez
Gerente General

Indigenous inquiry in Neltume.

1,141 workers.

71% of workers are associated to a trade union.

5,571 ^{MW.} of installed capacity.

1,239 of contractor workers.

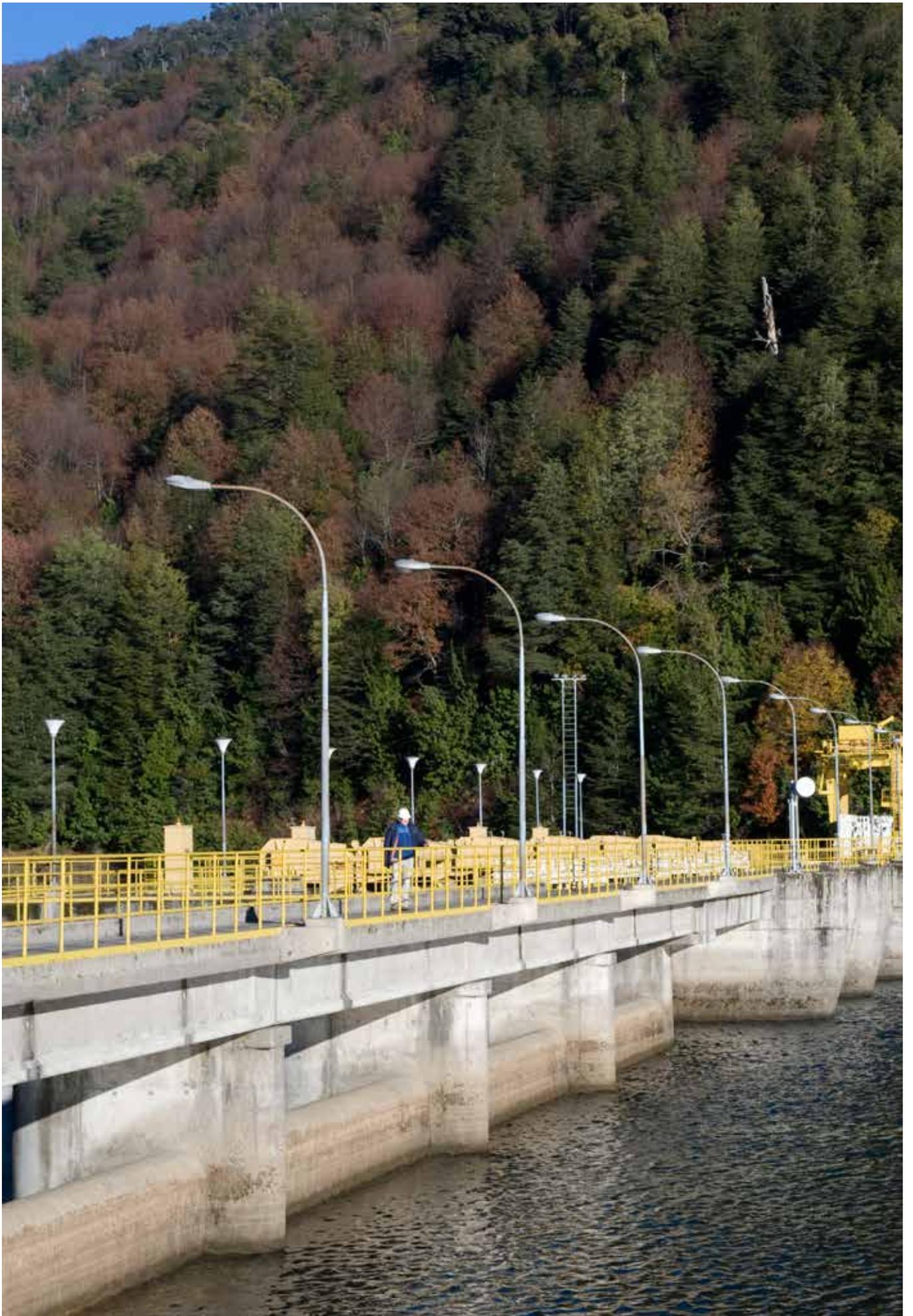
Bid award of energy generation for 3,500 GWh.

81.4% of customer satisfaction.

20,406 ^{GWh} of billed energy.

Approval R+D+i projects.

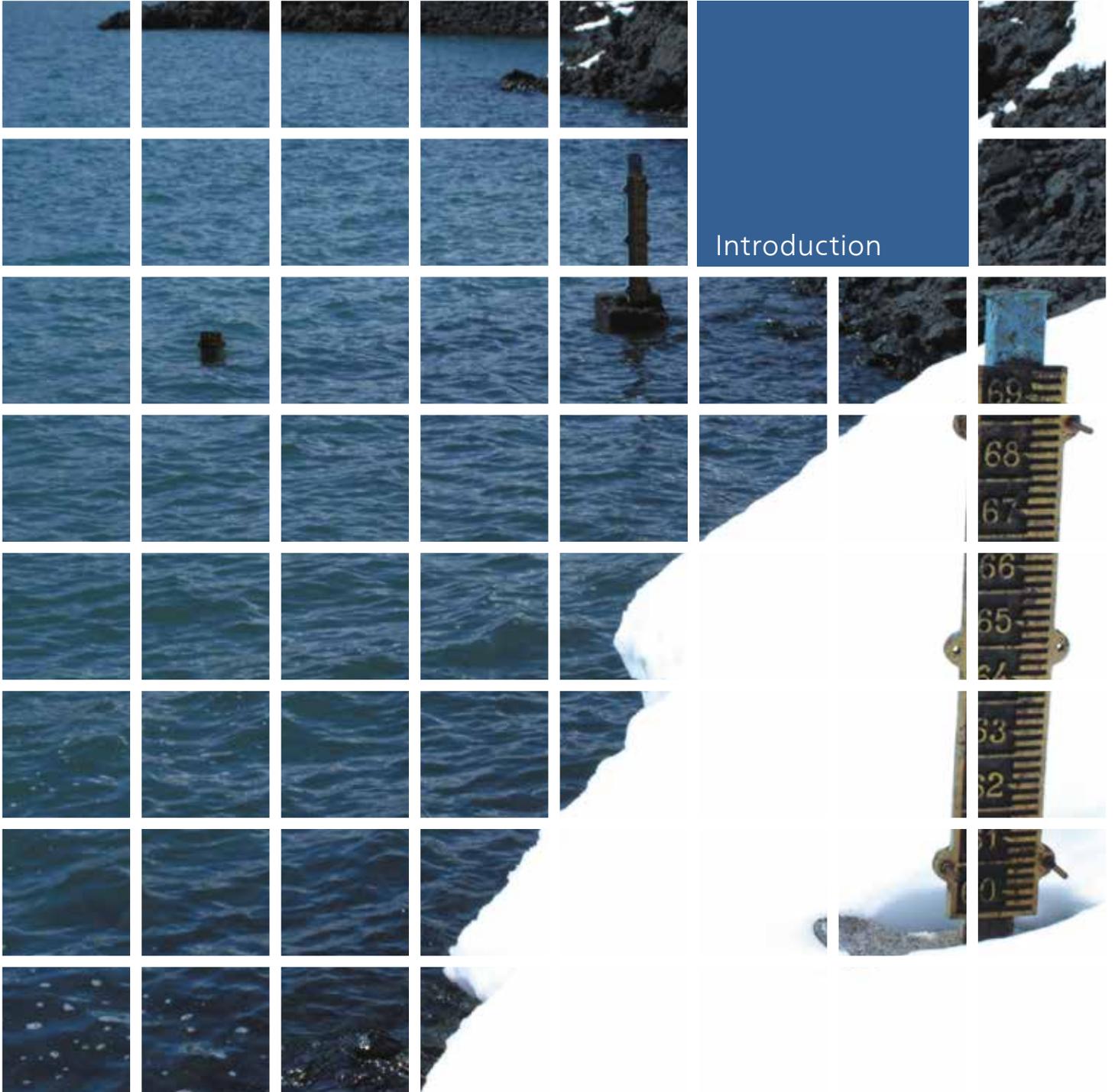
65,655 training hours of training.



Compliance of commitments and new challenges

Commitment with	Commitment adopted	Compliance level	Reference in the report regarding management performed	2014 Challenge
Good governance and good ethical behavior	Disseminate the Ethics Code.	Complied	65	Develop an on-line Ethics course.
	Disseminate the Ethic Channel.	Partially Complied	65	Carry out talk on subcontracting process within the Subcontracting Law compliance context.
Creation of value and profitability	Continue forming grounds for financing HidroAysén.	Complied	Project is currently detained.	Obtain financing of future projects.
	Keep Endesa Chile's liquidity.	Complied	76	Plan financing of new investments. Assure development of a projects portfolio in the region.
Service quality	Approach the business closer to our clients delivering quality service.	Complied	81, 86	Carry out a visit to the power plants complex of Alto Biobío during the 2014 second semester.
	Deliver transparent information to our clients.	Complied	86	Hold seminars in regions to strengthen the flow relative to regulatory modifications and their impact with clients. Hold the Annual Clients' Seminar in Santiago during the 2014 second semester.
Innovation and energy efficiency	Progress in the organization's Internal Wikipedia Project.	Partially Complied	93	Continue progressing in the innovation culture in order to achieve having people In the organization perform new R&D projects.
	Achieve an innovating organization in all scopes.	Partially Complied	92, 93, 95	The R&D Management has proposed an ambitious goal involving reaching at least 25% of total company workers, trained in innovation. Progress in implementing innovation projects at all the company level. Continue with operational efficiency Improvement projects of thermal and hydroelectric power plants improve management of own consumptions.

Commitment with	Commitment adopted	Compliance level	Reference in the report regarding management performed	2014 Challenge
Protection of the environment	Achieve project development that is in tune with environmental protection.	Partially Complied	121	Adapt and comply at the general level with new Environmental Institutionalism, especially with the Environment Superintendence.
	Continue with the implementation of Environmental Risks Project.	Complied	115	Strengthen proactive focus regarding compliance and regulatory control, based on reviewing all RCAs. Update risk identification and management systems through the Environmental Surveillance Procedure and the Mapping of Environmental Compliance (MAPEC).
Health, safety, security and personal and professional development of our workers and contractors	Manage talents.	Complied	136	Apply local corporate survey to assess results and labor and professional development programs.
	Strengthen management and knowledge transference tools and strategies.	Complied	138	Go in depth and extend programs related with labor climate areas.
	Keep the certification of a family responsible company.	Complied	128	Keep certification as a Family Responsible Company and participate in related external instances.
	Reach the Zero Accidents Goal, both In own workers as well as In contractors.	No Complied	139	Strengthen safe work among workers, progressing towards the zero harm goals.
	Progress in implementing a safety culture In our contractors.	Complied	140	Strengthen internal mobility programs, both nationally and internationally.
Development of societies where we operate	Establish long-term strategic relations with the community.	Complied	150, 152, 153, 155, 164, 166	Develop and approach to neighboring communities regarding company projects and installation in reference to actual implications and benefits of energy projects.
	Continue Implementing the Education Energy Program.	Complied	150	Assess impacts of community programs and initiatives implemented so that they may be focused on being sustainable through time.



Scope

[3.1] [3.2] [3.3] Endesa Chile presents its twelfth Sustainability Report in order to show the company's economic, social, and environmental performance to its different stakeholders and the public in general. This report gives account of the company performance aligned with corporate Sustainability guidelines, considering the period between January 1 and December 31, 2013.

This document's contents are according to the requirements of the Global Reporting Initiative Guideline (hereinafter GRI) in its G3.1 version and the parameters demanded by the Supplement of the Electric Industry (EUSS) of the same entity. Along with the aforementioned, it includes Indicators informed in prior years in order to comply with the Comparability Principle demanded by the GRI for this type of processes.

In addition, the development of the different stages of this report took into account the following international scope guidelines:

- **Ten Principles of the United Nations Global Compact¹:** Endesa Chile starting 2004 is a part of this initiative, which is why this document corresponds to its ninth Communication on Progress (CoP).
- **Millennium Development Goals (ODM)²:** Endesa Chile takes on the objectives of the Millennium Declaration and seeks to collaborate in order to achieve them.
- **ISO 26000– Social Responsibility Guideline:** This report follows the alignments of the ISO 26.000 Responsibility Guideline.

[3.12] The GRI indicators and initiatives that Endesa Chile upholds in line with the above are shown the GRI Contents Index of Annex IV.

[2.3] [2.4] [3.6] [3.8] As limits of scope and coverage, it is established that this Sustainability Report incorporates management indicators of all the Endesa Chile operations in Chile and also in the generation affiliates in the country, including: Empresa Nacional de Electricidad S.A. (Endesa Chile), Empresa Eléctrica Pehuenche S.A., Compañía Eléctrica Tarapacá S.A. and Central Eólica Canela S.A.

It's important to mention, regarding changes in scope and coverage of this report that during 2013 and according to the Endesa Chile adopted in February 2012, the company shareholding participation simplification operation continued to be conducted with determined national affiliates, through a scaled and successive merger process. This process implied in 2013 the merger through absorption of Compañía Eléctrica San Isidro S.A. by Endesa Eco, which was later absorbed by Compañía Eléctrica Tarapacá S.A.

In reference to the companies GasAtacama S.A. and Hydroelectric Power Plants de Aysén S.A. (HidroAysén) corresponding to joint control companies that up to 2012 were consolidated in a proportional manner, and starting from this report are not considered in the quantitative indicators reported, due to a change in their accounting resulting from the application of the new NIIF 11 Standard on Joint Agreements.

[3.7] [3.10] [3.11] This report does not integrate the management indicators of the Endesa Chile affiliates in Argentina, Colombia and Peru either, since they draft their own reports whose contents are Included in the Enersis Group consolidated report. However, an attachment is included that contains macro data on generation in South America.

¹ <http://www.unglobalcompact.org/>.

² http://www.un.org/spanish/millenniumgoals/pdf/MDG_Report_2010_SP.pdf.



Materiality study

Determining materiality is a process that seeks establishing ties among the different sustainability dimensions in order to generate an approach towards aspects considered as priority by the different stakeholders or interested parties related either directly or indirectly to Endesa Chile.

[3.5] Identification of material issues for this report was done according to strategic sustainability matters that Endesa Chile manages.

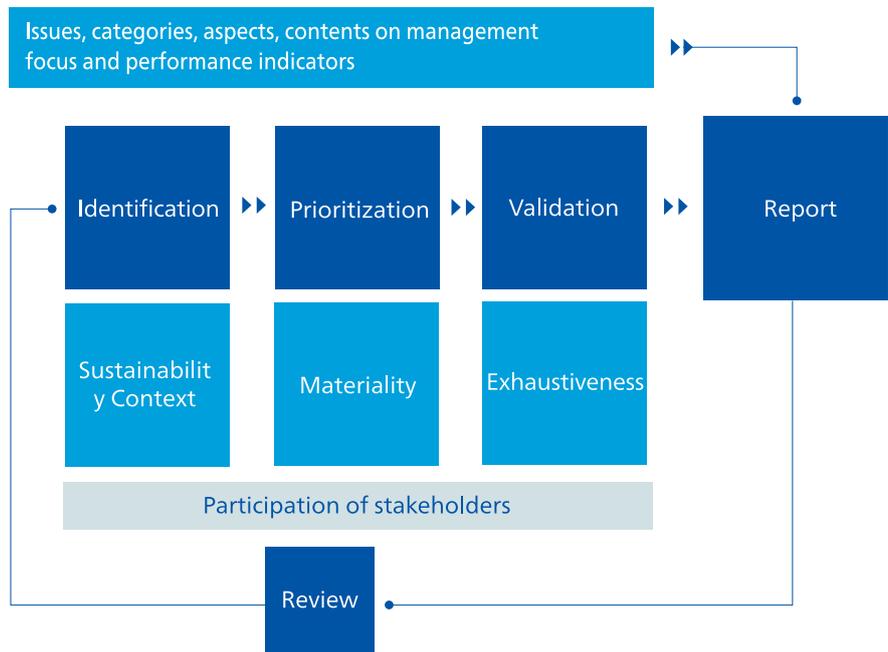
Analysis was performed starting from an initial review of secondary information in order to identify the most relevant issues, which were then prioritized through meetings with Endesa Chile's top tier managers. Finally, the issues were validated internally.

Verification

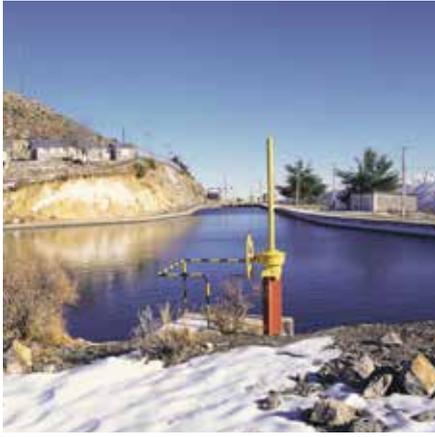
[3.13] The Endesa Chile reports of the last ten years have been submitted to external verification, performed in 2013 by the auditing firm Ernst&Young (hereinafter E&Y). This process is based on the review of documentary evidence and the study of operations and controls related to generating information and corresponding data. The conclusions on this external verifying process is shown in Annex V.

The materiality process was organized according to GRI's recommended methodology, which in turn takes into account a series of basic principles to report along with the stakeholders' transversal participation, shown in the following structure:

Materiality Diagram



Below the stages allowing to identify the most significant issues within the development framework and drafting of the 2013 Endesa Chile Sustainability Report are described.



Identification

The objective of the Identification step is to draft a list of previously selected relevant matters that can be assessed to determine if they are going to be included in the Sustainability Report. In this stage, for Endesa Chile, it was carried out through the review of secondary sources and information available that stakeholders generated. The documentation analyzed is shown as follows:

Expectations of the Stakeholders

- Stakeholder Engagement 2012.
- Feedback from participating in the study a Great Place to Work.
- Organizational climate global survey.
- Feedback report on PROhumana Ranking.
- Materiality Study Results.

Internal documents reviewed

- Notes from Intranet.
- Endesa Current Activities Corporate Magazine.
- Information collected in the strategic alignment corporate seminar.
- Corporate risk matrix.
- 2012 Sustainability Report.
- 2012 Material Issues.
- 2012 KPMG Verification Report.
- Sustainability Plan.

External Documents

- The Sustainability Yearbook 2013. Sustainable Asset Management (SAM) and KPMG.
- Sustainability Topics for Sector, GRI: List of relevant issues per sector.

Written Press Review

- El Mercurio Newspaper.
- La Tercera Newspaper.
- Estrategia Newspaper.
- Financiero Newspaper.

Prioritization

Prioritization considers examining all matters identified that could be included in the Sustainability Report, evaluate what matters are materials and decide what coverage and detail level will be assigned.

Thus, semi-structured interviews were conducted to all the Endesa Chile top line managers, in order to know their perception regarding the different sustainability areas. In them, along with collecting the 2013 management milestones, materials issues for the company were prioritized that had been identified in the first stage. The managers asked in this stage were as follows:

- General Assistant Manager.
- Administration and Finance Manager.
- Energy and Commercialization Administration Manager.
- Communications Manager.
- Human Resources Manager.
- Electric Production Regional Manager.
- Research and Innovation Manager.
- Environment Manager.
- Regulation and Environment Manager.
- Energy Planning Manager.
- Projects and Works Manager.
- Audit Manager.
- General Counsel.



Validation

The validation stage demands that all material aspects identified are assessed in relation to the GRI Completeness Principle, as a prior step to collecting information that is included in the Sustainability Report. Thus, it is guaranteed that the aspects identified in the prior stage are assessed in relation to the scope, coverage and time dimensions.

In order to carry out this process, an editorial committee was formed coordinated by the Endesa Chile Communications Management whose members reviewed each topic proposed in order to give their approval. Thus, the grounds were established to the report structure, in order to start the information collection process in the different company areas.

Review

The investment phase is carried out on presenting, discussing and validating the structure proposed for the Report and is supplemented with a feedback session once the document is published as a continuous improvement activity for the following process.

Identification of material issues

[4.17] The material Issues of this report that are therefore touched at a greater scope and coverage level in the different chapters are detailed as follows:

Good Corporate Governance and Ethical Behavior

- Protection of Human Rights.
- Participation in public policies.
- Measures to safeguard ethical behavior.
- Regulatory compliance.

Creation of value and profitability

- Effective projects and exploring new businesses.
- Investment plan.
- Value creation and distribution.
- Financial performance.
- Demand management and security of supply.

Service Quality

- Power bid award.
- Projects to improve quality and security of supply.
- Relation with clients.

Innovation and Efficiency

- Innovation.
- Energy efficiency.

Protection of the environment

- Environmental aspects and mitigation of impacts.
- Environmental management systems.
- Environmental institutionalization.
- Management of environmental variables.

Health, Occupational Safety and Employees' Personal and Professional Development

- Labor life quality.
- Strengthening of labor climate.
- Training, development and talent management.
- Retention and attraction of talents.
- Labor relations.
- Health and labor security.
- Sustainability criteria in vendors' selection and assessment.

Development of societies where we operate

- Community relations policy and strategy.
- Work axis with operations' neighboring communities.
- Projects: current situation and challenges.
- Access to energy.

Endesa Chile and its stakeholders

Who are our stakeholders?

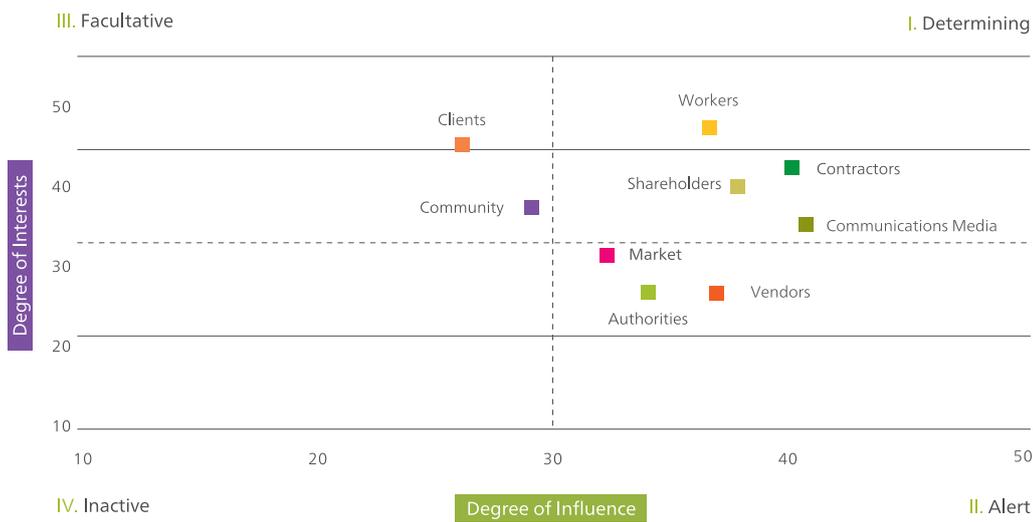
[4.14] [4.15] For Endesa Chile the relations of communication, trust and joint work with its stakeholders are key in the application of its policy and sustainability strategy.

The company management system in this matter has been developed starting from the specific methodology proposed by the AA1000 Standard drafted by the International Institution "Accountability".

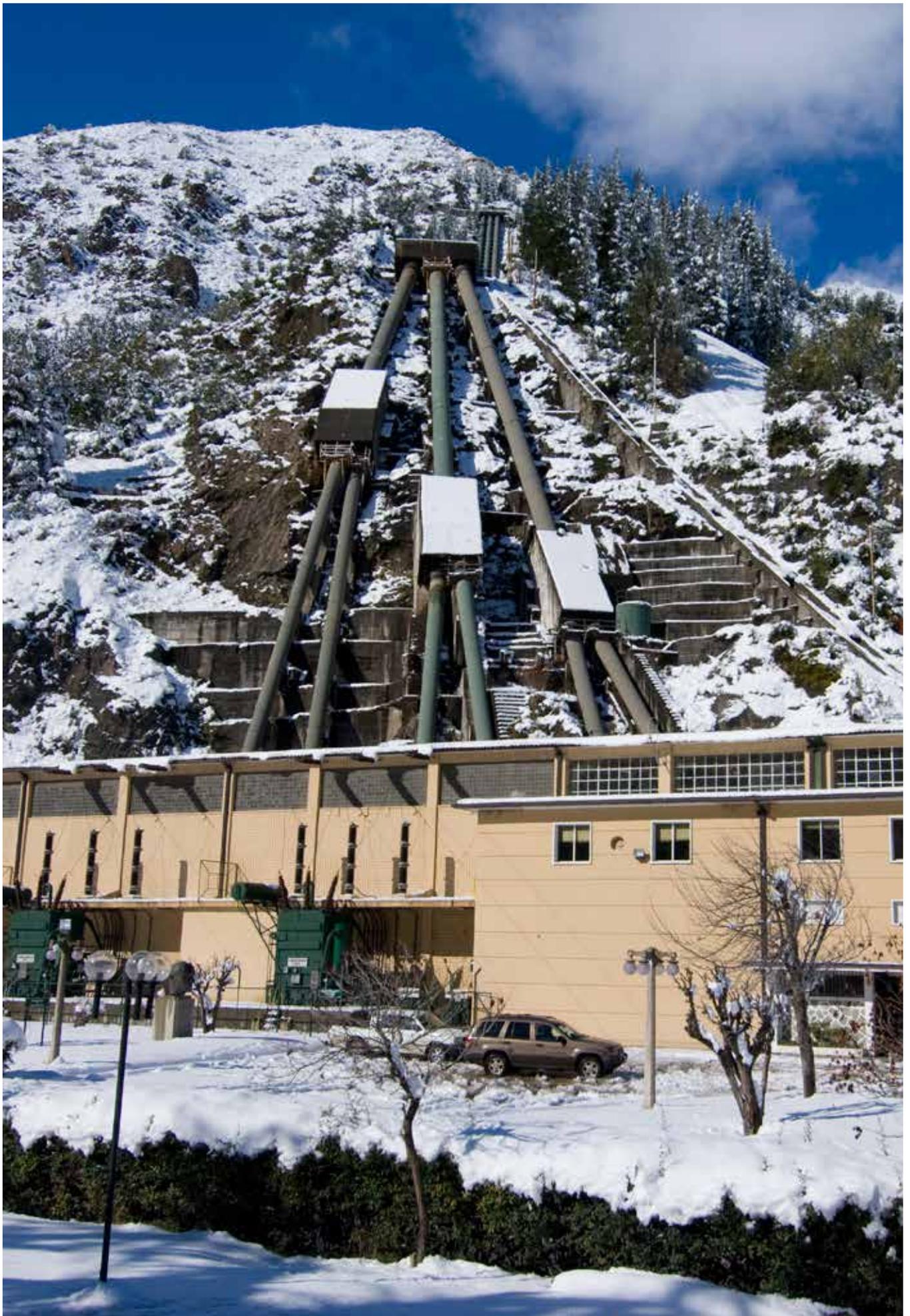
Thus, the company has stakeholders' maps both at the corporate and local operational levels, which updates them in an on-going manner in an effective manner.

The main stakeholders identified starting from these exercises are shown graphically in the following chart:

Endesa Chile's stakeholders map



During 2013, the Group started an overall collection work of the stakeholders' expectations in order to update their maps per region, country and business line. Starting from this work, actions plans will be generated in order to strengthen relations with each priority stakeholder.



On-going relations mechanisms

[4.16] In order to maintain fluid communications with its own stakeholders, Endesa Chile has applied different mechanisms that are continuously being reviewed in order to adequately respond to different scenarios. The means through which the company established these ties are summarized in the following chart:

	Authorities	Shareholders	Workers	Suppliers and Contractors
General Information Channels	 <ul style="list-style-type: none"> • Annual Report. • Website. • Sustainability Report. 	 <ul style="list-style-type: none"> • Annual report. • Shareholder meeting. • Website. • Sustainability report. 	 <ul style="list-style-type: none"> • Annual report. • Website. • Intranet. • Sustainability report. • Endesa TV Channel. 	 <ul style="list-style-type: none"> • Annual report. • Website. • Sustainability report.
Specific Information Channels	 <ul style="list-style-type: none"> • Specific Studies and Reports. • Regulation or Legislation compliance reports. 	 <ul style="list-style-type: none"> • Website. • Investor relations. • Management reports. • Board of directors report. • Press briefings. • Essential and relevant Events. 	 <ul style="list-style-type: none"> • Internal magazines (Double Click). • Management reports • Endesa Current Events Magazine. • Intranet. • Newsletters, newspapers, murals, flyers, and other publications. 	 <ul style="list-style-type: none"> • Suppliers portal (web). • SAGA (procurement portal). • REPRO (supplier registrar).
Participation Channels	 <ul style="list-style-type: none"> • Periodic dialogue events, meetings, telephone hotline, letters. • Ethical channel. • Feedback of the sustainability report. 	 <ul style="list-style-type: none"> • Board meetings. • Meetings and video conferences. • Hotline telephone and email. • Attending international conferences. • Investor relations department. • Surveys. • Ethical channel. • Feedback from the sustainability report. 	 <ul style="list-style-type: none"> • Innovation week, innovation meetings and idea markets. • Working environment survey and CSR. • Dialogue with unions. • Joint committee. • Conference cycle and participation program. • Regular meetings with executives. • Telephone. • Email. • "We are Energy" contest. • Ethical channel. • Feedback from the sustainability report. 	 <ul style="list-style-type: none"> • Contract administrators. • Hotline: telephone and email. • Supplier meeting. • Talks, trainings and workshops. • Satisfaction surveys. • Ethical channel. • Feedback from the sustainability report.

Market

Cientes

Comunidad

Medios de comunicación



- Annual report.
- Website.
- Sustainability report.



- Annual report.
- Website.
- Sustainability report.



- Annual report.
- Website.
- Sustainability report.



- Annual report.
- Website.
- Sustainability report.



- Specific Studies and Reports.



- Bulletins.
- Clients Extranet.



- Annual report.
- Specific reports.
- Endesa Chile Web Site, RSE micro-site.



- Press notes and press releases.



- Technical Committees.
- UAI Innovation Club.
- Periodic instances of dialogue, meetings and events.
- Ethics Channel.
- Feedback on the Sustainability Report.



- Meetings and events with clients.
- Direct attention with accounts executives, telephone and e-mail.
- Visits to clients and installations.
- Seminar for clients.
- Customer Satisfaction Survey.
- Commercial Management.
- Ethics Channel.
- Feedback on the Sustainability Report.



- UAI Innovation Club.
- Labor Fairs.
- Open House.
- Periodic instances of dialogue with multiple society organizations, round tables and work meetings, competitive Funds for social organizations.
- Plan de Relacionamiento con Comunidades.
- Gerencia de Comunicación.
- Gerencia de Proyectos.
- Ethics Channel.
- Feedback on the Sustainability Report.



- Direct telephone line and e-mail.
- Communications Management.
- Ethics Channel.
- Feedback on the Sustainability Report .



Our Company

[2.1] [2.2] [2.4] La Empresa Nacional de Electricidad S.A., Endesa Chile, Enersis affiliate created in 1943. It is currently the main power generating company in Chile and is among the largest companies in the country.

Endesa Chile's activities are mainly focused on the production of electricity, through coal-fired, natural gas, liquid gas (gasoil or fuel oil) generation technological systems as well as renewable energy such as water and wind.

The different types of generation power plants of Endesa Chile contribute energy to two main interconnected systems in the country: Central Interconnected System (SIC, Sistema Interconectado Central, as per its acronym in Spanish) and Great North Interconnected System (SING, Sistema Interconectado del Norte Grande, as per its acronym in Spanish).

The company participates in the SIC, the country's main electric system principal that comprises from Taltal to Chiloé, territory where around 93% of the population lives and which delivers 5,389 MW, equal to approximately 39% of the SIC power.

The company also participates in the SING, delivering 182 MW; i.e., close to 4% of the total energy.

At the closing of 2013, Endesa Chile's total installed capacity was of 5,571 MW, representing around 30% of the joint installed capacity of the SIC and SING.

Endesa Chile in South America

[2.5] Along with its national presence, Endesa Chile and its affiliates operate in three other countries in South America, starting from which it completes a total of 178 generating units, with an installed joint capacity of 13,688 MW.

In Argentina, through Endesa Costanera and Hidroeléctrica El Chocón, the company operates a total of 3,652 MW of power representing 12% of the total Argentinean National Interconnected System (Sistema Interconectado Nacional Argentino).

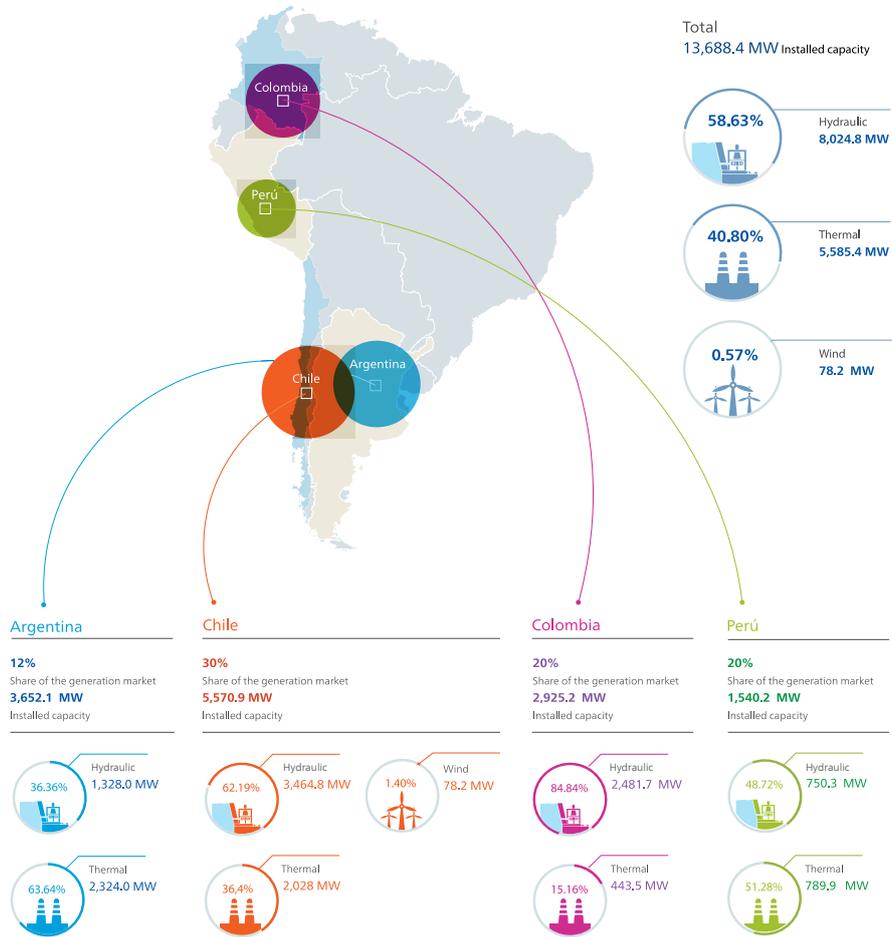
In Colombia, through Emgesa, it operates a total capacity of 2,925 MW, figure equal to 20% of the installed capacity in the country.

In the case of Peru, through Edegel, it operates a total of 1,540 MW of power, a figure representing 19.7% of the total Peruvian system.

Endesa Chile also participates in the generation, transmission and distribution market in Brazil, through its associate Endesa Brasil, in association with Enersis. Specifically it has 987 MW of installed capacity through Endesa Cachoeira and Endesa Fortaleza and two transmission lines with a transmission capacity of 2,100 MW through Endesa CIEN. Endesa Chile operates the generation assets of Endesa Brasil.

Capacidad instalada por país [EU1]

Map of the installed capacity of Endesa Chile in South America in 2013



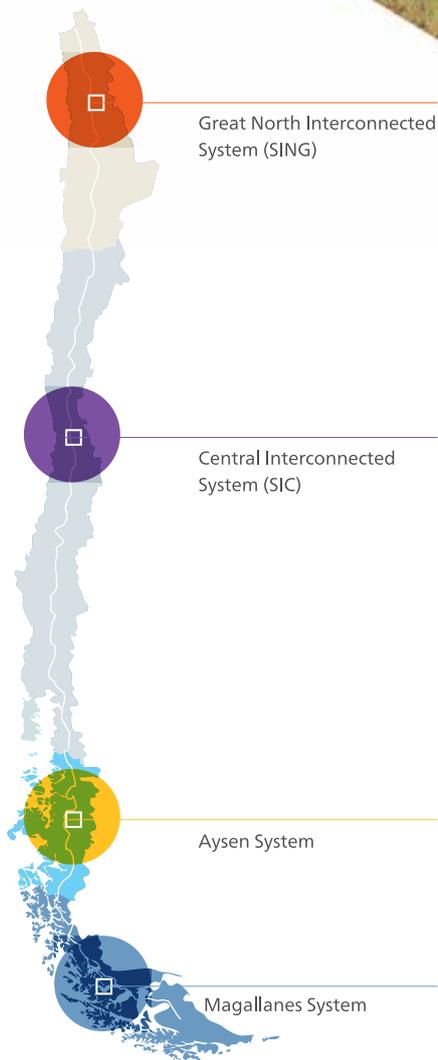
Electric sector in Chile

Electric market in Chile

The electric market in Chile considers electric supply generation, transmission and distribution activities.



Interconnected Systems

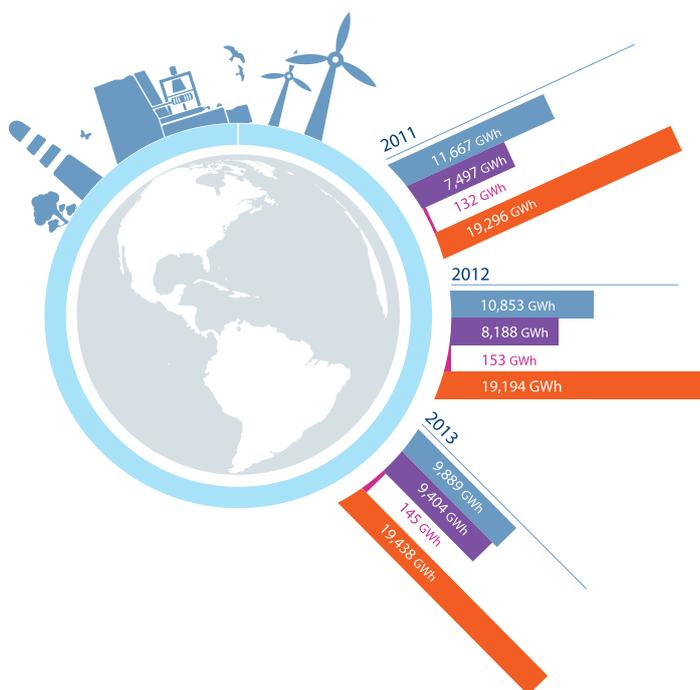


These activities are developed by companies fully controlled by private capitals, while the Government of Chile only exercises functions of regulation, supervision and planning indicating investments in generation and transmission, although the latter is only a non-mandatory recommendation for companies.

Approximately 40 generators, 10 transmission companies and 31 distributors participate in the electric industry, which respond to territorially localized demand in 4 electric systems.

Source: National Energy Commission (Comisión Nacional de Energía, CNE) / Government of Chile (www.cne.cl).

[EU2] Electric energy generated in Chile according to technology ³



2013 Net annual generation and percentage of generation per technology



³ The annual generation is the gross annual generation minus our own, our external auxiliary consumption and transmission losses. Gas Atacama data is not included, because is not reported through Endesa Chile since 2013, due to accounting changes established under IRFS standards. Data from previous years are excluded to compare the figures properly.

Availability factor

[EU30] The availability factor is an efficiency indicator showing how long the power plants are operational in reference to the time in which it was desired for them to work. In 2013, 95.34% of the availability factor was reached, surpassing 2012 in 0.58%.

Availability Factor	Hydraulic	Thermal	Wind	Total
Endesa Chile				
2012	97.01%	91.39%	99.63%	94.76%
2013	97.43%	91.67%	98.10%	95.34%

Certification of integrated management in power plants

Compliance of quality standards demanded by its clients makes necessary that Endesa Chile have as priority the on-going improvement of its operations and services.

Along this line, the company has introduced integrated quality, environment, safety, security and occupational health systems in its operations through International standards ISO 9.001, ISO 14.001 and OHSAS 18.001, respectively.

In a supplementary manner, Endesa Chile has been a pioneer in adopting world class standards in energy efficiency in the industry, adopting in 2012 the international ISO 50.001:2011 certification in the Quintero Thermal Electric Power Plant and is preparing to receive the same certification in 2014 in the San Isidro Thermal Electric Power Plant.

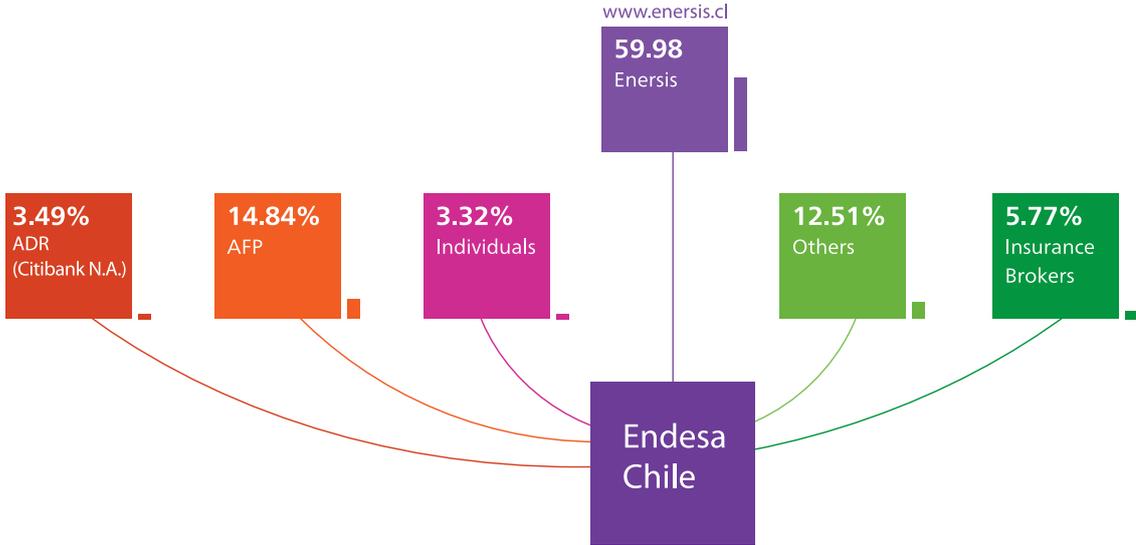
A detail of the certifications obtained per this type of power plant is shown below:

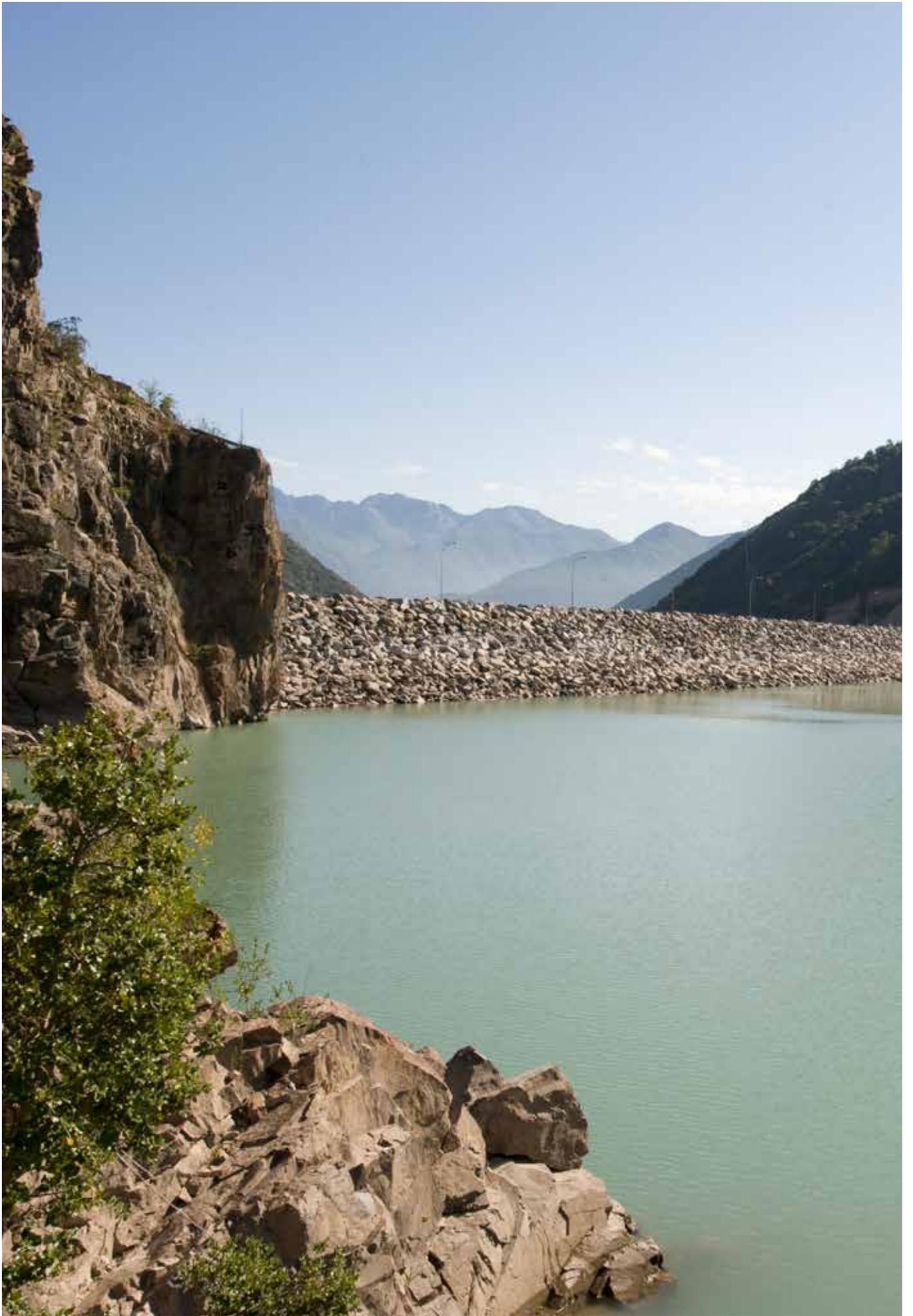
		Total number of power plants	Installed capacity	Certified installed capacity			
				ISO 9001	ISO 14001	OHSAS 18.001	ISO 50001
Hydroelectric Power Plants		16	3,465	1,191	3,465	3,465	0
Thermal Power Plants		9	2,028	1,035	1,678	1,678	257
Wind Farms		2	78	78	78	78	0
Total		27	5,571	2,304	5,221	5,221	257

Ownership structure

According to Chilean regulations, Endesa Chile is incorporated as an openly-held stock company. Enersis S.A. is the company's controller with 59.98% direct shareholding and there is no joint action agreement.

[2.6] As of December 31, 2013, the company's shareholding equity amounted to 8,201,754,580 subscribed and paid-In shares in 17,171 shareholders.





Relevant changes in ownership in 2013

[2.9] In reference to the changes in the ownership structure, the most important produced during 2013, are indicated herein below:

- Citibank N.A., according to its Newsletter No. 1,375 SVS, decreased its participation de 4.56% in 2012, to 3.49% in 2013.
- AFP Provida S.A. increased its participation from 4.19% in 2012 to 4.38% in 2013.
- AFP Habitat S.A. increased its participation from 3.54% in 2012 to 4.01% in 2013.
- AFP Capital S.A. decreased its participation from 3.11% in 2012 to 2.97% in 2013.
- Banco de Chile on behalf of non-resident third parties increased its participation from 2.51% in 2012 to 3.43% in 2013.
- Banco Itaú on behalf of foreign investors increased its participation from 2.33% in 2012 to 2.65% in 2013.
- Banco Santander on behalf of foreign investors decreased its participation from 1.81% in 2012 to 1.71% in 2013.
- Banco de Chile Corredores de Bolsa S.A. decreased its participation from 1.35% in 2012 to 1.20% in 2013.
- LarrainVial S.A. Corredora de Bolsa decreased its participation from 0.76% in 2012 to 0.55% in 2013.

Our Mission

We have the mission of generating and distributing value in the energy international market, in benefit of clients demands, investments of shareholders, competitiveness of countries where we are and the expectations of all those who work with us. The company acts servicing the community, respecting the environment and people's safety, with the commitment of assuring a better world for future generations.

Our Values

We share the same values in all the company, over geographic or cultural barriers. These values are pillars that keep us united.



Respect



Respect is the main commitment with the safety of a person who works for us and with us. It is the on-going consideration of clients' demands.

Customer Service



Customer Service is considering talents and hopes of the persons who work in the company. It is awarding the merit of whomever places their own talent at the company service.

Focus on Results



Focus on results is the stamina for continuous improvement in order to guarantee best results and respond to the shareholders' expectations.

Ethical Rigor



Ethical rigor is the competition and capacity of doing our job well in order to achieve excellence without shortcuts.

Social Responsibility



Social responsibility is the individual and group accountability with the society in which we live, specially towards the environment. It is the importance of making all our actions transparent and verifiable.

Human Rights Policy

[HR1] [HR2] [HR3] [HR4]

Endesa Chile approved in 2013 its Human Rights Policy as an expression of its commitment and responsibility with this key sustainability scope. In its presentation, the document establishes that:

“This Policy collects the commitment and responsibilities of Endesa Chile in relation to all human rights and especially with those that affect our entrepreneurial activity and the operations developed for all the Endesa Chile workers.”

In turn, it states that the Group companies promote respecting human rights in all their commercial relations, along with actively seeking adherence of its contractors, suppliers and commercial associates to the Policy’s principles.

Endesa Chile is subject to these guidelines and must guarantee its strict compliance through its disclosure, inclusion in training programs and workshops, jointly with the adapting its preventive programs and management of claims to what the Policy establishes.

In addition, during 2013, the company actively contributed to the Policy’s implementation in Latin American companies, participating in work groups regarding:

- Identifying risks per country and prioritizing relevant issues.
- Analysis of compliance of human rights and associated impacts.
- Study of contents and development of management manuals for assessing investment projects.



Human Rights Policy Principles [DMA HR]

Labor practices:

- Rejection of forced or compulsory work and child labor.
- Respect of diversity and non-discrimination.
- Freedom of association and group bargaining.
- Safety and labor health.
- Fair work conditions.

Communities and society:

- Respect to the rights of communities.
- Integrity: Zero corruption tolerance.
- Privacy and communications.



Sustainability Context

Entrepreneurial Sustainability Corporate Policy

Conscious of its role as one of the leading companies in the energy industry in Latin America, Endesa Chile considers necessary to go beyond the delivery of energy services, taking on, in a voluntary and gradual manner a commitment implying challenges inherent to a comprehensive and sustainable management of its business.

Thus, electric energy generation, its main activity tied to economic growth is determined by the continuous improvement of its performance, integrating its financial results with the creation of present and future well-being conditions.

In this respect, Endesa Chile has a Sustainability Policy that is materialized in its objectives and specific goals defined for the Group companies and its affiliates for the coming years.

Corporate Sustainability Plan Guidelines



Organization's responsibility in relation to complying with sustainability issues related to the GRI G3.1 management focus

Endesa Chile	Responsible Parties	GRI G3.1 Management Focus
Good governance and ethical behavior	Chief Legal Counsel Audit Manager	Corporate Governance, commitment and participation of stakeholders
Creation of value and profitability	Administration and Finance Manager	
Innovation and energy efficiency	Energy and Commercialization Administration Regional Manager Engineering, Projects and Research and Development and Innovation Manager Electric Production Regional Manager Energy Planning Regional Manager	Economy
Service Quality	Energy and Commercialization Administration Regional Manager Electric Production Regional Manager Electric Production Regional Manager	Product Responsibility
Protection of the environment	Environment Manager Engineering, Projects and Research and Development and Innovation Manager Procurement Manager	Environmental
Health, Safety and Personal and Employees' Professional Development	Human Resources and Organization Manager General Counsel	Labor and Decent Work Practices Human Rights
Development of the Societies in which it Operates	Communications Manager Electric Production Regional Manager Engineering, Projects and Research and Development and Innovation Manager	Economy Society Labor and Decent Work Practices

Sustainability Communication Policy towards Stakeholders

Endesa Chile, within the framework of its link strategy with its publics of interest has established that the application of its sustainability strategy is a key scope of its communication policies.

In order to achieve the above, the company selects the most adequate needs to comply with its objective among which the following are found:

Internal Media



- Annual Sustainability Report.



- Internal communication channels (intranet, Endesa TV signal, "Actualidad" Endesa magazine, among others).



- Encounters and on-site and remote meetings with corporate levels.



- Activities in different operations to deal with specific scope issues.

External Media



- Annual Sustainability Report.



- Sections on sustainability and social responsibility present in the Internet portal (www.endesa.cl).



- Dissemination through the communications media (press notes, public statements, among others).



- Response to specific requirements through the Communications Management.

Characteristics of the energy scenario in Chile

During 2013, energy generation in Chile operated in a highly complex scenario, whose determinant factors have been extended and broadened during the recent past.

These key issues that are described below, not only have an impact in Endesa Chile and in the industry to which it belongs, but they also directly affect the country's growth and development.

Legal and Regulatory Context

The application of a new local regulatory framework related to the environmental scope has required an important work effort among the different industry players.

It is necessary to generate greater communication and coordination in order to progress towards striking a balance between due regulatory compliance and the companies' needs for investment, growth and competitiveness.

Energy Strategy and Policies

The influence of the above-mentioned aspects in the necessary development of the electric generation industry demands establishing instances of dialogue and joint work among the public and private sector and civil society.



This effort is indispensable to generate the due incentives to coordinate the different interests of the parties, giving an effective response from the economic, social and environmental perspective.

Questioning projects

The electric generation companies are facing a growing opposition to their investment projects by groups and organizations of a local, national and international nature, particularly channeled through judicial recourses.

This phenomenon has forced the industry to review its social link strategies and its environmental handling, resulting from a scenario showing greater uncertainty in its projects' progress process.

Hydrological conditions for power generation

In 2013, four drought consecutive years were completed that have had negative consequences at all levels and, in the specific case of the power generation industry, a direct impact in increasing costs in the different business stages.



Endesa Chile: response to new challenges DMA EC

Endesa Chile has worked in the planning and application of a comprehensive response when facing a new and dynamic economic, social and environmental scenario.

The above implies linking with greater strength the sustainability variables of business development, along with developing its connection policies with its stakeholders.

The main lines emerging from this strategic focus are:

Competitiveness and value added

Due to adverse conditions impacting the sector, Endesa Chile is working to generate competitive advantages through operational excellence, exploration and studying new business opportunities.

Innovation and preventive work

Endesa Chile has reinforced its projects in a preventive work focus, based on its early insertion methodologies, mitigation of impacts from design, integrated progress review and common standards of technical solutions. Thus, the company seeks having greater achievements in managing risks associated to their work.

Regulatory compliance

The greatest regulatory demands on the energy industry have required greater concern by Endesa Chile in reference to the review and updating of its regulatory compliance programs, especially in the environmental area. The business dynamic at times makes updating and regularizing in environmental aspects less efficient than necessary. In this respect, Endesa Chile is activating work and review plans in order to be updated with regulations as well as preventing risks through applying a control and internal audit program.

Excellence in customer service

The company is especially giving attention to efficiency in the application of maintenance programs and calendars and the renewal of equipment in different operations, since the capacity to deliver services that respond to its clients' expectations depends on their timeliness and efficiency.

How does Endesa Chile adapt to this new context?

Along with the greater regulatory demands mentioned the country and region face new social scenarios in which the role of consumers has become more active and participative, especially at the time of reacting when facing investments and operations that could affect their environment and surrounding areas.

This context requires having companies that are more active and innovative in obtaining their social license to operate and, in case of Endesa Chile, continue to lead the electric market. In order to do so, its sustainability policy constitutes a crucial tool since it incorporates these needs (environmental and social) within its management and allows anticipating situations that on the one hand could mean conflicts, but on the other, they could be a great capital in its competitiveness.



Design by mitigating, early insertion, MIRA and MUST

The company has created a model that allows being inserted, through joint work among its different areas, in the territories in which it seeks developing new energy projects. On the other hand, incorporating plans and mitigation actions at the time of designing initiatives, increases the possibilities of predicting impacts that these initiatives could have in affected stakeholders. This is known as the MIRA and MUST Methodology.

Design by mitigating

Design by mitigating consists on drafting projects considering mitigation of social and environmental impacts starting from their initial phases. This implies considering from localizing projects, demographic and community aspects, assessing the impacts they could have and consequences both for the company as well as for communities.

In general terms, mitigation is included in design, in pre-feasibility, feasibility, early insertion and operations phases.



Early insertion

The company approaches communities with the aid of specialists from different principles, in order to inform regarding projects and generate connections from the onset of activities. Given the context described, both from the regulatory compliance point of view, specially through the Environmental Qualification Resolution (RCA, Resoluciones de Calificación Ambiental), as well as for mitigating negative impacts that operations can have in these communities, the company considers this program essential at the time of planning its operations.

Integrated Progress Review Matrix (MIRA, Matriz Integrada de Revisión de Avances)

It is a tool that allows carrying out check-up so that fundamental elements of project planning are verified, leading towards controlling the progress of activities and establishing action plans during the process. It also allows determining if it is appropriate or not to go on to the next phase and compare projects within their differences.

This methodology considers five dimensions to assess projects in each one of its stages:

- Market
- Technique
- Execution
- Permits, environmental and social aspects
- Organization

Technical Solution Unified Methodology (MUST, Metodología Unificada de Solución Técnica)

This methodology seeks assuring that Endesa Chile is applying standardized design schemes for all projects so that none of them lacks touching on a determined aspect related to design and engineering.

Endesa Chile Installed planned capacity versus electricity forecasted demand in Chile (2014-2016)⁴ [EU10]

Planned installed capacity responds to the generation potential that the organization has in a specific point in time, considering functioning power plants and construction projects.

Endesa Chile Planned Installed Capacity in the SIC (Central Interconnected System)

Break-down according to energy source	2014	2015	2016	2017
Hydroelectric (MW)	3,465	3,465	3,465	3,465
Thermoelectric (MW)	1,846	1,846	1,846	1,846
Wind Farms (MW)	78	78	78	78
Total (MW)	5,389	5,389	5,389	5,389
SIC Forecasted Demand (GWh)	51,150	54,035	56,820	59,559

Endesa Chile Planned Installed Capacity in the SING (Great North Interconnected System)

Break-down according to energy source	2014	2015	2016	2017
Total (MW) ⁵	963	963	963	963
SING Forecasted Demand (GWh)	16,628	17,944	19,321	20,446

Strengthening of Endesa Chile- British Gas Group Alliance

In May 2013, Endesa Chile made concrete an agreement with British Gas Group (BG⁶) whose conditions allow assuring their long-term Liquid Natural Gas Supply (LNG), along with increasing the flexibility of the amounts to be requested and destination points.

⁴ Forecasted demands of the SIC and SING defined by the National Energy Commission (CNE) in the tariff setting of April and October 2012. Were determined from historical data and forecasts that the CNE requests from the distributors, generators and, in the case of the SIC, to free customers.

⁵ The generation in this sector is based on thermoelectric technology.

⁶ www.bg-group.com

Generating plants in Chile 2013

 C.T. Tarapacá (TG y TV)
No. of units: 2
Type: Coal and Fuel & Gas
Installed capacity: 182 MW

 C.T. Taltal (TG)
No. of units: 2
Type: Fuel & Gas
Installed capacity: 245 MW

 C.T. Diego de Almagro (TG)
No. of units: 1
Type: Fuel & Gas
Installed capacity: 24 MW

 C.T. San Isidro y San Isidro II (CC)
No. of units: 4
Type: Combined cycle
Installed capacity: 778 MW

 C.T. Quintero (TG)
No. of units: 2
Type: Fuel & Gas
Installed capacity: 257 MW

 C.H. Rapel
No. of units: 5
Type: Hydro
Installed capacity: 377 MW

 C.H. Sauzalito
No. of units: 1
Type: Hydro
Installed capacity: 12 MW

 C.H. Sauzal
No. of units: 3
Type: Hydro
Installed capacity: 77 MW

 C.T. Bocamina (TV)
No. of units: 2
Type: Coal
Installed capacity: 478 MW

BioBío Power Plants

 C.H. Ralco
No. of units: 2
Type: Hydro
Installed capacity: 690 MW

 C.H. Palmucho
No. of units: 1
Type: Hydro
Installed capacity: 634 MW

 C.H. Pangué
No. of units: 2
Type: Hydro
Installed capacity: 467 MW

Antofagasta Region

Metropolitana Region

Maule Region

 C.T. Huasco (TG)
No. of units: 3
Type: Fuel & Gas
Installed capacity: 64 MW

 C.H. Los Molles
No. of units: 2
Type: Hydro
Installed capacity: 18 MW

 P.E. Canela y Canela II
No. of units: 51
Type: wind farm
Installed capacity: 78 MW

Maule Power Plants

 C.H. Curillínque
No. of units: 1
Type: Hydro
Installed capacity: 89 MW

 C.H. Loma Alta
No. of units: 1
Type: Hydro
Installed capacity: 40 MW

 C.H. Pehuenche
No. of units: 2
Type: Hydro
Installed capacity: 570 MW

 C.H. Ojos de Agua
No. of units: 1
Type: Hydro
Installed capacity: 9 MW

 C.H. Cipreses
No. of units: 3
Type: Hydro
Installed capacity: 106 MW

 C.H. Isla
No. of units: 2
Type: Hydro
Installed capacity: 70 MW

Laja Power Plants

 C.H. Antuco
No. of units: 2
Type: Hydro
Installed capacity: 320 MW

 C.H. Abanico
No. of units: 6
Type: Hydro
Installed capacity: 136 MW

 C.H. El Toro
No. of units: 4
Type: Hydro
Installed capacity: 450 MW

 Hydroelectric power plants	(CC): Combined cycle
 Thermoelectric power plants	(TV): Steam turbine
 Wind farms	(TG): Gas turbine
No. of units: 105 Installed capacity 5,571 MW	

Project development [DMA EC]

Investment assessment and analysis

Endesa Chile incorporates its projects' investment strategy factors that have significant impacts in configuring the sector in the short, mid and long-term that are mainly related with:

- Satisfying own energy demand for a country whose annual growth of its Gross Domestic Product (GDP) is allocated between 4% and 5%, according to estimates of the Central Bank of Chile.



- High costs associated to energy regarding the regional Latin American context, which generates limitations to the increase of the industry's competitiveness and productivity.
- High dependence in fossil fuels (coal, petroleum and gas) shown by the Chilean energy grid, which must be imported with the following risks of availability and prices volatility.

In response, the company carries out strategic analysis of market opportunities to select and establish priorities, in the defining process and development of its projects portfolio.

The demand and service quality standards, both regulatory as well as of markets and clients are key in the valuation that Endesa Chile makes of projects' economic social and environmental sustainability.

In turn, it is necessary to assess each project according to the integrated review of the investment projects' life cycle, taking into account variables such as the investment profitability, generation technologies, commercialization structure and social and environmental viability.

Projects report

Endesa Chile projects



Optimization of the Combined Cycle Taltal Thermoelectric Power Plant

Antofagasta Region.
Taltal Province and District.



Punta Alcalde Thermoelectric Power Plant Project

Atacama Region.
Huasco Province and District.



Los Cóndores Hydroelectric Power Plant Project

Maule Region.
Talca Province, San Clemente District.



Neltume Hydroelectric Power Plant Project

Los Ríos Region.
Valdivia Province, Panguipulli District.



HidroAysén Hydroelectric Project

Aysén Region.
Capitan Prat Province.
District of Cochrane, O´Higgins and Tortel.



Name:

Punta Alcalde Thermoelectric Power Plant

Location:

Atacama Region / Huasco Province and District

Description:

The initiative foresees the construction of a thermoelectric power plant that will use sub-bituminous coal as main fuel. It will have two 370 MW installed power blocks, each. The power plant will be connected to the trunk Maitencillo substation through a double circuit transmission system at 220 kV and with an approximate length of 40 kilometers.

Situation as of December 2013:

In 2009, Endesa Chile presented the project to the Environmental Impact Assessment System (SEIA, Sistema de Evaluación de Impacto Ambiental, as per its acronym in Spanish). In June 2011, a regulatory change was produced in emissions demands, which led to incorporating important changes to the project. On June 25, 2012, the Atacama Region Environmental Assessment Commission rejected the project, after which Endesa Chile filed a Complaint Recourse before the Ministers Committee.

On December 3, 2012, by unanimous vote, the Ministers' Committee decided to reverse the Atacama Region Environmental Assessment Commission's decision, environmentally approving the project. Towards the start of 2013, four judicial actions (protection recourses) were filed against the resolution of the Ministers' Committee, which were accepted by the Court of Appeals in August 2013. As of December 2013, the legal case is in the Supreme Court, waiting for sentencing, which finally was in favor of the project according to the January 17, 2014 sentence.

On the other hand, at the start of July 2013, the transmission project that would connect the generating power plant to the SIC Maitencillo Substation was submitted to environmental assessment.



Name:

Los Cóndores Hydroelectric Power Plant

Location:

Maule Region / Talca Province / San Clemente District

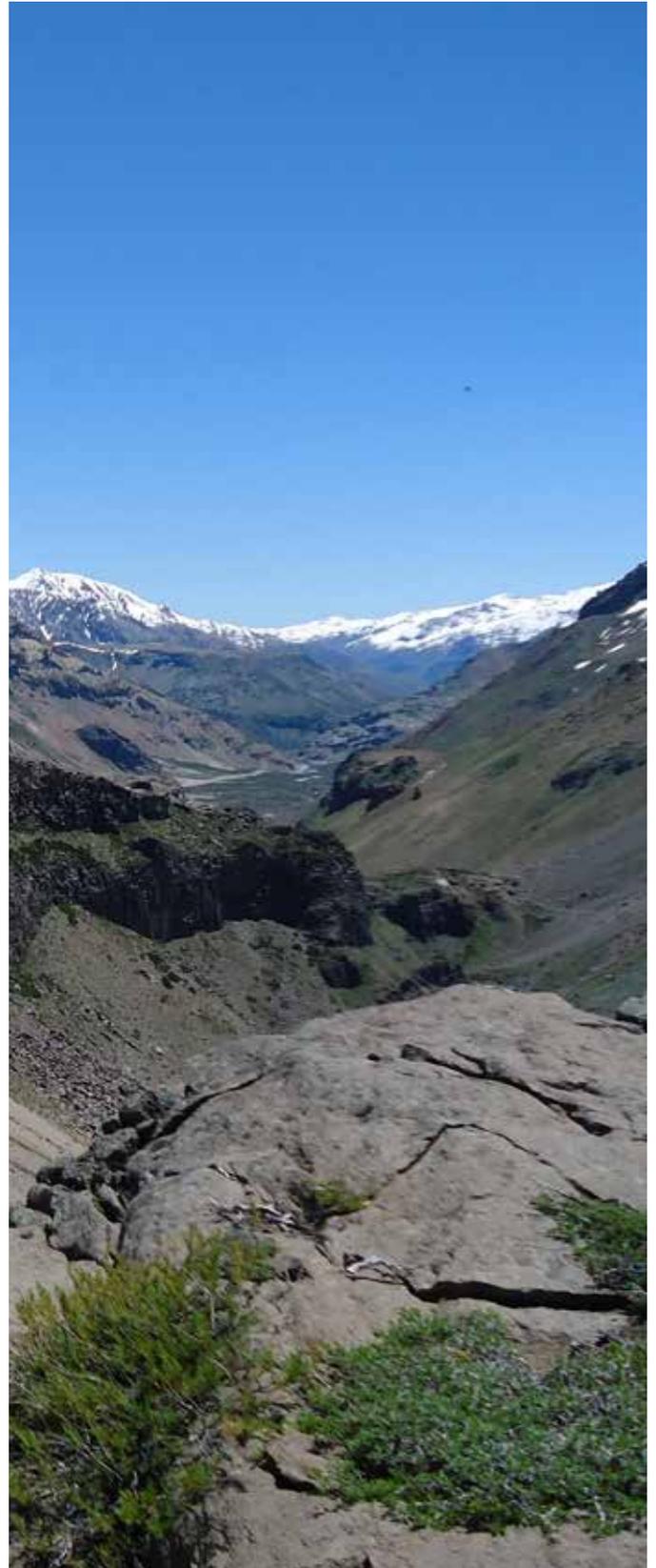
Description:

It considers a run-of-river Hydroelectric Power Plant of approximately 150 MW installed capacity, with annual average generation of 560 GWh, which will take advantage of the dam waters of the Maule Lake, through a 12 km long abduction.

The power plant will be connected to the SIC through a double circuit link in 220 kV between the Los Cóndores power plant and the Ancoa Substation, approximately 90 km long.

Situation as of December 2013:

The project has an environmental approval since November 2011. In terms of transmission, in May 2013, a modification to the environmental approval was obtained for the line that links the generating power plant with the SIC. In November 2013, the Hydraulic Works Permit was obtained that authorizes intervening water flows to build the power plant.



Name:

Neltume Hydroelectric Power Plant

Location:

Los Ríos Region / Valdivia Province / Panguipulli District

Description:

It foresees the construction of a 490 MW installed capacity run-of-river Hydroelectric Power Plant, with 1,885 GWh annual average generation taking advantage of the existing energy potential between the Pirehueico and Neltume Lakes. The power plant will be connected to the SIC through a double circuit 220 kV transmission line, between the Neltume and Pullinque power plants.

Situation as of December 2013:

The project has its basic engineering finalized and is in the environmental assessment process by the Environmental Assessment Service (SEA, Servicio de Evaluación Ambiental) of the Ríos Region. In November and December 2013, the No. 4 Addendum to the Environmental Impact Study (EIA, Estudio de Impacto Ambiental) of the generation project and Addendum No. 4 the Environmental Impact Study (EIA, Estudio de Impacto Ambiental) of the transmission project, respectively were presented.

Also, during the second semester 2013, the SEA started the indigenous inquiry process to the territorial communities present in the zone, both for the power plant as well as for the transmission line, in order to know their position regarding both projects and to comply with the ILO No. 169 Agreement.



Name:

Optimization of the Combined Cycle Taltal Thermoelectric Power Plant

Location:

Antofagasta Region / Taltal Province and District

Description:

The Taltal Thermoelectric Power Plant is located in a zone close to Caleta Paposo, 55 kilometers north of Taltal. The Combined Cycle Conversion Project considers increasing the power plant's installed power from the current 245 MW to 370 MW, by means of installing two heat recovery boilers, a steam turbine (TV) and auxiliary systems, increasing efficiency from 35% to 50% approximately.

Situation as of December 2013:

In December 2013, an Environmental Impact Statement (DIA, Declaración de Impacto Ambiental) was presented for processing, since it will environmentally optimize the project, substituting the cooling system with sea water that was originally considered for a dry cooling system with aero coolers.

Energy injection to the combined cycle power plant will be done through a 220 kV double circuit line, Paposo-Diego de Almagro.



Projects with associated companies

Name:

HidroAysén Hydroelectric Project

Location:

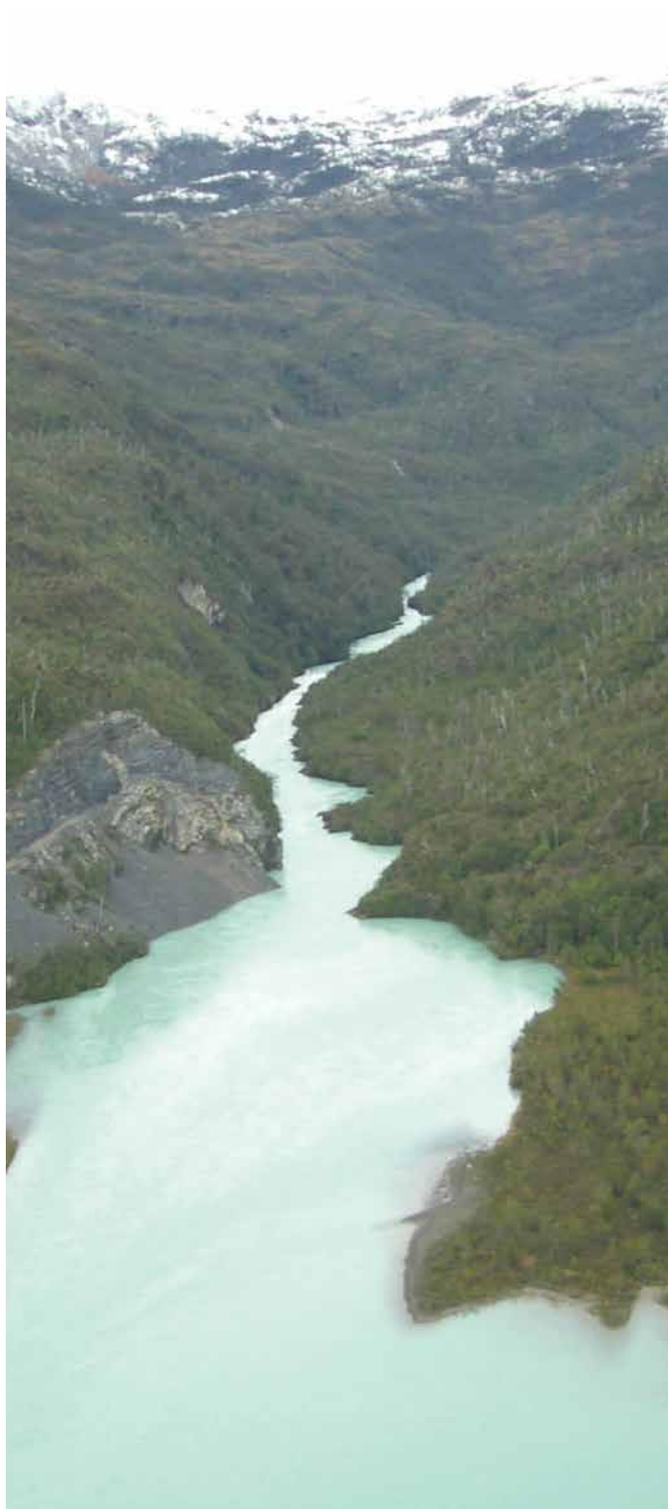
Aysén Region

Description:

The project consists on the construction and operation of five Hydroelectric Power Plants, two in the Baker River and three in the Pascua River. This power complex will contribute 2,750 MW to the Central Interconnected System (SIC, Sistema Interconectado Central), with an annual average generation capacity of 18,430 GWh. The HidroAysén S.A. shareholders are the companies Endesa Chile and Colbún, with 51% and 49% ownership, respectively.

Situation as of December 2013:

The project an Environmental Qualification Resolution (RCA, Resolución de Calificación Ambiental) granted in 2011. In April 2013, the environmental approval was obtained for the five power plants and the respective technical and engineering studies, along with the favorable and definite Supreme Court sentence, leaving pending the objections of the Ministers' Committee.



Memberships to associations

[4.12] [4.13] Endesa Chile as part of its connection strategy with different stakeholders and its commitment with the country, fosters and participates in initiatives that promote sustainable development, referred to as follows:

Social programs in alliance with external institutions

- Social Entrepreneurial Responsibility Projects (RSE, Responsabilidad Social Empresarial):
 - EducaRSE with RSE Action (since 2009).
- International Standards and Initiatives:
 - United Nations Global Compact (since 2004).
- Education and Culture Projects:
 - Reading comprehension program, within the framework of collaboration with the Energy for Education Program, with the Santillana Editorial Group (since 2010).

Membership to local, national and international scope associations [4.13]

- Acción RSE. Generators Trade Association (Asociación Gremial de Generadores).
- Chilean Argentinean Chamber of Commerce (Cámara Chileno Argentina de Comercio).
- Concepción Production Chamber of Commerce (CCPC, Cámara de la Producción y del Comercio de Concepción).
- Economic Load Dispatch Center (CDEC, Centro de Despacho Económico de Carga) del SIC.
- Regional Energy Integration Commission (CIER, Comisión de Integración Energética Regional) and Chilean Committee (CHICIER, Comité Chileno).
- Chilean Committee of the International Council of Large Electrical Networks (CIGRÉ, Comité Chileno del Consejo Internacional de Grandes Redes Eléctricas).
- Production and Trade Confederation (CPC, Confederación de la Producción y el Comercio).
- Development Corporation of the Communities of Puchuncavi and Quintero (Corporación del Desarrollo de las Comunidades de Puchuncaví y Quintero).
- Industrial Corporation for the Bio Bio Regional Development (CIDERE BIOBIO, Corporación Industrial para el Desarrollo Regional del Bio Bio).
- Corporation for the Development of the Atacama Region (CORPROA, Corporación para el Desarrollo de la Región de Atacama).
- ICARE.
- National Chilean Committee of Large Dams (ICOLD, Comité Nacional Chileno de Grandes Presas).
- Chilean Engineers' Institute (Instituto de Ingenieros de Chile).
- Coronel Development Corporation.
- Union Club (Club de la Unión).
- International Hydropower Association.
- PROhumana.
- Manufacturing Promotion Association (SOFOFA, Sociedad de Fomento Fabril).
- RedEAmérica.
- Chilean Global Compact Network.

Endesa Chile enters Global Compact Stock Index

Endesa Chile since 2004 voluntarily participates in the United Nations Global Compact that promotes entrepreneurial commitment with sustainability through ten principles tied to Human Rights, labor scopes, the environment and the fight against corruption.

In 2013, Endesa Chile was selected among the 100 companies worldwide that formed the recently created United Nations Global Compact Stock Index (United Nations Global Compact 100 or GC 100).

This indicator combines corporate sustainability and financial performance, formed by a representative group of selected companies according to their adherence and comprehensive commitment with the Global Compact principals and activities.

The parties responsible for GC 100 studied the stock market behavior of these companies for the last three (3) years, detecting profitability greater than the one shown by traditional stock indexes under the same market conditions.

Global Compact Implementation Principles

Endesa Chile since 2004 voluntarily participates in the United Nations Global Compact, showing its commitment towards promoting sustainable development. Through this, the company is forced to respect and protect the ten principles established by the organization, related to Human Rights, labor and environmental scopes, in addition to fighting corruption.

During 2013 the following activities were carried out in order to support implementing the Global Compact principles in Chile:

- **Advance CoP:** In 2013 Endesa Chile presented its Progress Communication (CoP, Comunicación de Progreso), through its 2012 Sustainability Report. In this instance the progress of applying Global Compact's Ten Principles is shown and for the sixth consecutive year, the company got a maximum distinction, qualifying within the CoP Avanzadas.
- **Global Compact Lead:** Since 2011, Endesa España along with Enel form part of this initiative that includes the 54 best sustainability companies worldwide.
- **Executive Committee:** Endesa Chile continued to participate in this initiative as an active member.
- **Environment Committee:** Through Environment Management, Endesa Chile continued to participate in this committee.
- **The initiative "I am here and I act" ("Aquí estoy y actúo"):** Endesa Chile as part of the Enersis Group, participated in this Global Compact Program in Chile, in order to identify and mitigate risks of child labor, specifically in the value and supply chain. Work consisted in a self-diagnosis of companies and activities for the action plan after knowing results. Consequently, Chile reached category "D", being "A" the highest.

Awards and Recognitions 2.10

- 10th place in the National RSE Ranking, given by the Fundación PROhumana-Endesa Chile.

Fundación PROhumana and the Magazine “Qué Pasa” annually award the country’s most important RSE recognition, being Endesa Chile a leading player.

- 2nd place in the Corporate Sustainability Index, drafted by The Note- Endesa Chile.

The ranking corresponds to a study prepared by the digital magazine The Note, a publication developed by the Magazine “Capital”. Results obtained from this index are based on the information obtained from the sustainability reports, companies’ web sites and appearances in the media, helping to achieve a more exhaustive view and obtaining more precise results on companies’ sustainability management.

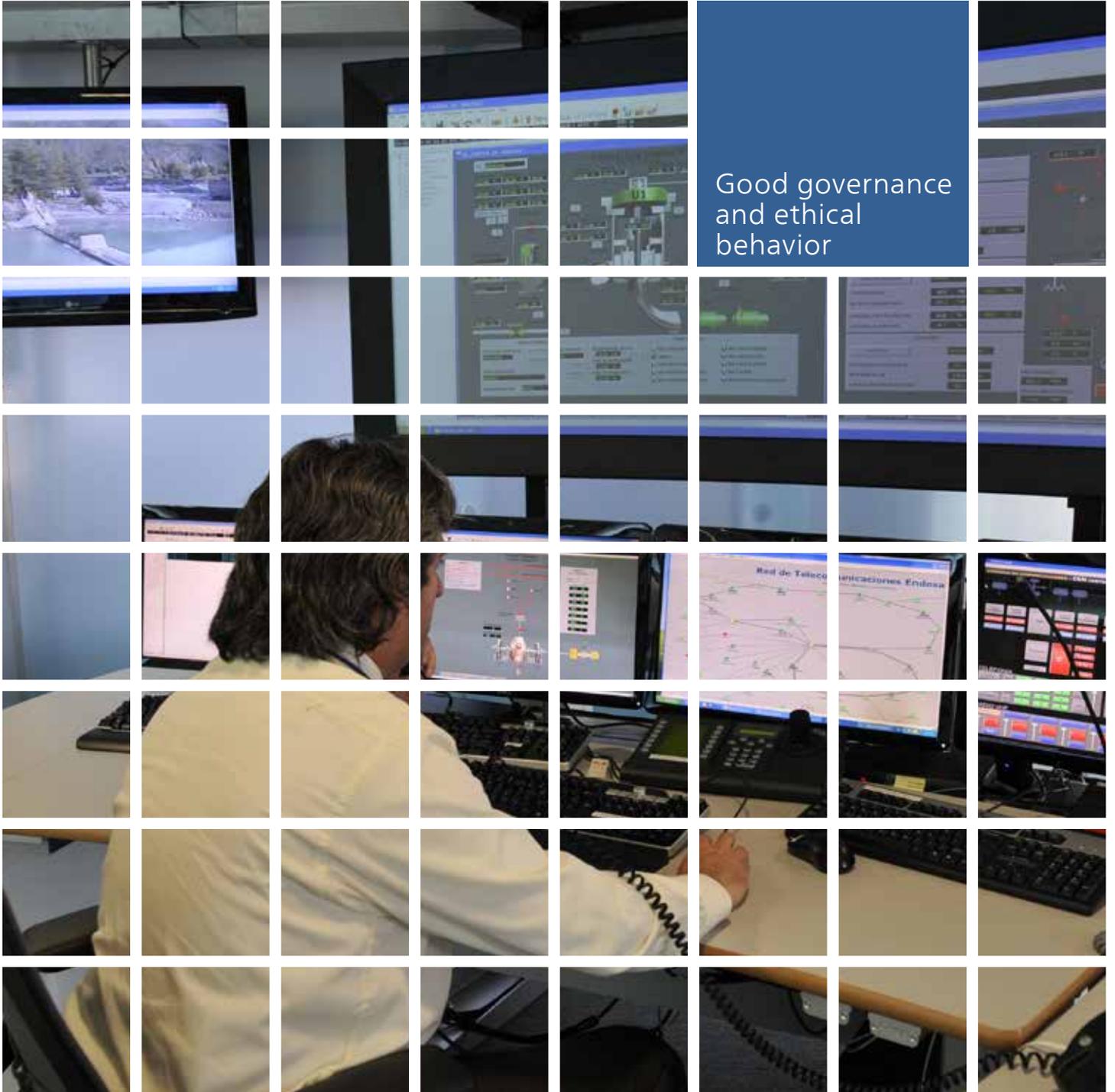
- Fundación Huinay obtains FONDECYT funds for unprecedented study on the Patagonian Ecosystems.

The scientists of the Fundación San Ignacio del Huinay obtained more than \$134 million from the National Scientific and Technological Development Fund (Fondecyt, Fondo Nacional de Desarrollo Científico y Tecnológico). Resources will be allocated to an unprecedented project that will allow extending the knowledge of species and ecosystems forming the rich marine biodiversity of the Chilean Patagonian Fjords, from Puerto Montt to Cape Horn, in order to generate a base that allows understanding their evolution and favoring their preservation.

- Endesa Chile receives recognition from the Chilean CIGRÉ Committee.

Endesa Chile received recognition from the International Council of Large Electrical Networks (CIGRÉ, Consejo Internacional de Grandes Redes Eléctricas) for its on-going collaboration to the task developed by the organization in the country. The International Council of Large Electrical Networks is a non-government, non-profit entity that has the objective of developing and exchanging knowledge and information among the specialists of different countries within the scope of electricity production and transportation.





Management focus DMA SO

Exercising good Corporate Governance along with ethical behavior are factors present in all Endesa Chile's activities and consequently in communication, dialogue and joint work ties with its stakeholders.

Endesa Chile's Board of Directors, in addition to strictly complying with applicable legislations, both locally and internationally, carries out its functions according corporate principles of the code of ethics, professionalism, dedication and confidentiality.

In turn, Endesa Chile's activities and those of its collaborators must be according to the provisions established in these matters, which are communicated and safeguarded, mainly through the following corporate instruments:

- Endesa Chile's Ethics Code and Channel.
- Zero Corruption Tolerance Plan.
- Criminal Risk Prevention Model.

Thus, Endesa Chile's Corporate Governance practices and ethical behavior contribute to effectively complying with the commitment for sustainable development and social responsibility.

Outstanding topics

- Adopting Corporate Governance Good Practices.
- Certifying the Criminal Risk Prevention Model.
- Ethical Behavior Guidelines.
- Formation in Ethics.

Corporate Governance Structure

Board of Directors Structure

[4.1] In order to comply with effective regulations, its internal policies and international guidelines, Endesa Chile has the following Corporate Governance structure:

- Board of Directors with nine members, whose office ends after three years and who can be re-elected. The election of the current board of directors' members was held in the Regular Shareholders' Meeting held on April 26, 2012.
- Board of Directors Committee formed by three members who hold offices during the period defined when they are appointed. They hold this responsibility as independents, according to what is provided for in Articles 50 bis of Law No. 18,046 on closely-held companies and the demands of the Sarbanes–Oxley Act (SOX), of the Securities and Exchange Commission (SEC) and the New York Stock Exchange (NYSE).
- Administration body formed by Endesa Chile's corporate managers.

In case of death, resignation, bankruptcy, incompatibilities or limitations of job positions that disables a director to perform his/her functions or makes him/her cease them, the total renewal of the company board must be executed out. This process is performed in the company's next Regular Shareholders' Meeting, which is why the Board of Directors must previously appoint a replacement in that position.

Board of directors

1. PRESIDENT

Jorge Rosenblut
Civil Industrial Engineer
Universidad de Chile
Rut: 6.243.657-3
Starting 4/26/2012

2. VICE-PRESIDENT

Paolo Bondi
Graduate in Administrative Sciences
Universidad Comercial Luigi Bocconi
Passport No.: YA3881265
Starting 4/26/2012

3. DIRECTOR

Francesco Buresti
Electronic Engineer
Universidad de Bologna
Passport No.: F685628
Starting 4/26/2012

4. DIRECTOR

Manuel Morán Casero
Aeronautic Engineer
Universidad Politécnica de Madrid
Passport No.: AAB266217
Starting 4/26/2012

5. DIRECTOR

Alfredo Arahuetes García
PhD in Economic and Entrepreneurial Sciences
(ICADE)
Universidad Pontificia de Comillas
Rut: 48.115.220-8
Starting 4/26/2012

6. DIRECTOR

Jaime Bauzá Bauzá
Civil Engineer
Pontificia Universidad Católica de Chile
Rut: 4.455.704-5
Starting 4/26/2012

7. DIRECTOR

Vittorio Corbo Lioi
Business Administration Mayor
Universidad de Chile
PhD and Post PhD
MIT Economy
Rut: 4.965.604-1
Starting 4/26/2012

8. DIRECTOR

Felipe Lamarca Claro
Business Administration Mayor
Pontificia Universidad Católica de Chile
Rut: 4.779.125-1
Starting 4/26/2012

9. DIRECTOR

Enrique Cibié Bluth
Business Administration Mayor
Pontificia Universidad Católica de Chile
Rut: 6.027.149-6
Starting 4/26/2012



[4.7] Although there is no formal assessment procedure of training and experience demanded from members of the Endesa Chile Board of Directors, its current members are professionals in the engineering, economic and entrepreneurial sciences areas and one of them is a law graduate. Along with the above, five of them have or have had re-known background in electric sector companies.

[4.9] In the Regular Shareholders' Meeting the Board of Directors presents and assesses results related to company management in economic, social and environmental aspects. In addition to this, the shareholders' are given availability to the Annual Report, previously reviewed by the Board of Directors and the Sustainability Report that includes information regarding the company performance during the prior year.

[4.10] The company does not have a standard that establishes periodicity so that the top government entity assesses performance in sustainability. However, Endesa Chile has a sustainability committee at the top management level entrusted of determining the manner of applying the corporate policy in this matter that includes good governance and ethical behavior provisions.



Good Corporate Governance Practices

In March 2013, Endesa Chile's Board of Directors approved the adoption of Corporate Governance Practices in response to the General Nature Standard No. 341 of the Superintendence of Securities and Insurance (Chile's SEC).

The document details compliance regarding these practices in relation to the Board of Directors; induction procedures; contracting advisors; topics touched on in board of directors' sessions without the presence of managers or top executives; procedures to assure ethical conduct; among other aspects.

Board of Directors' Fees

[4.5] Pursuant what is provided for in Article 33 of the Law of Closely-Held Companies, the Regular Shareholders' Meeting must determine both the fees received by members forming the Board of Directors' Committee, as well as their budget.

The total expenses for fees in 2013 were \$390,042,485, whose detail is shown in the Table below. Regarding the matter, Endesa Chile does not consider giving incentives to its board of directors' body.

Board of Directors' Fees received in 2013 (thousands of Pesos)

Director's Name ⁽¹⁾	Position	Fixed Fee	Regular and Extraordinary Sessions	Variable Retribution	Board of Directors' Committee	Total
Jorge Rosenblut	President	55,732	42,465	-	-	98,197
Paolo Bondi ⁽²⁾	Vice-President	-	0	-	-	0
Francesco Buresti ⁽²⁾	Director	-	0	-	-	0
Vittorio Corbo	Director	27,866	21,233	-	-	49,099
Jaime Bauzá Bauzá	Director	27,866	21,233	-	15,451	64,550
Felipe Lamarca Claro	Director	27,866	21,233	-	15,451	64,550
Alfredo Arahuetes García	Director	27,866	21,233	-	-	49,099
Enrique Cibié Bluth	Director	27,866	21,233	-	15,451	64,550
Manuel Morán Casero ⁽²⁾		-	0	-	-	0
TOTAL		195,062	148,630	-	46,353	390,045

(1) All the Board of Directors' members were appointed as Endesa Chile's directors in Regular Shareholders' Meeting dated April 26, 2012.

(2) The directors Paolo Bondi, Francesco Buresti and Manuel Morán have waived receiving a fee for performing their position as Endesa Chile's directors.

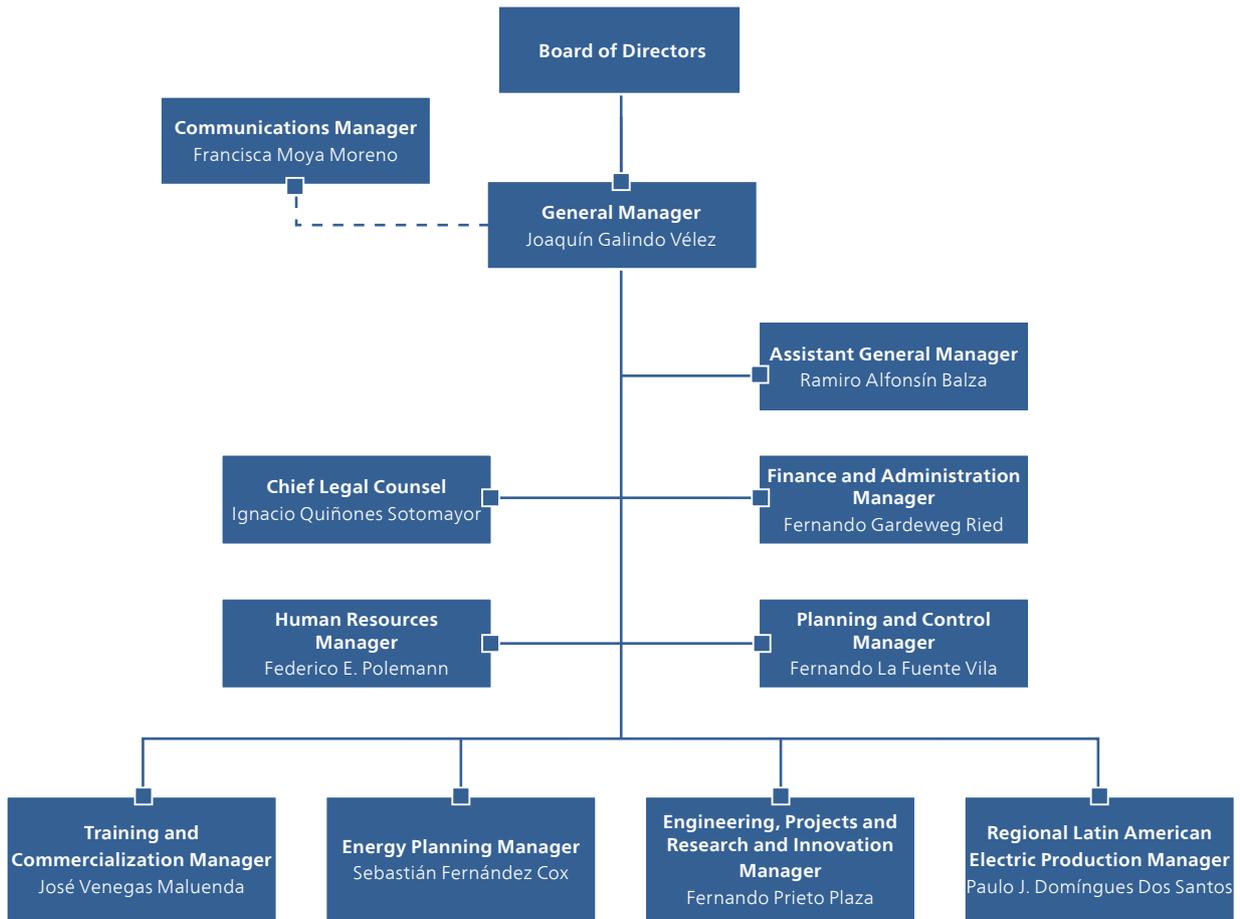
Board of Directors' Committee

In extraordinary session of Endesa Chile's Board of Directors held on April 26, 2012, the members of the company's Directors' Committee were chosen, appointing Messrs. Felipe Lamarca Claro, Jaime Bauzá Bauzá and Enrique Cibié Bluth as Directors' Committee members.

All the members of the Directors' Committee are independent according to the Closely-Held Stock Companies Law. The director, Mr. Felipe Lamarca Claro was elected President of the Committee and Mr. Enrique Cibié Bluth as its financial expert, for the effects of the Sarbanes-Oxley Law (United States).

[4.2] [4.3] None of the nine members of the Board of Directors (including its President) are company executives, or perform positions in its management.

Administration



* Francisca Moya Moreno left the company on 02/28/14 and was replaced as of 04/01/14 by María Teresa González.

Communication

[4.4] In the Shareholders' Meetings (regular or extraordinary) each title holder of inscribed shares in the shareholders' register at midnight on the fifth working day prior to the date in which the respective shareholders' meeting is held can participate and exercise their right to voice and vote.

The resolution mechanism and decision making is defined by means of votes, being the number of shares by the number of votes a determinate factor, whereas each shareholder has the right to one vote per one share that it owns or represents.

In line with the above, it is worth mentioning that the communications instances with the shareholders, related to the different matters of the shareholders' meeting are regulated by legislation in force and by Endesa Chile's by-laws, where the following is established:

- Periodicity of the meetings.
- Ways of calls to meet.
- Discussion matters.
- Deliberation mechanism.

Internal control mechanisms

Endesa Chile must carry out an adequate management and control of corporate risks associated to its activities and operations, responsibility that is taken on through processes and action plans in matters pertaining to internal audit, a function known as "corporate compliance".

These guidelines reach all the Enersis Group, which in turn applies the overall methodology determined by the Group for all its affiliates.

Under this context, the main audit works during 2013, included the following work lines:

- **Risk Assessment:** review through which group processes were raised, allocating qualitative risk valuations for each one of the activities identified.
- **Energy Management:** report that comprised the energy sales process in the commercial scope.
- **Contracts' Management:** report that comprised the operational handling of contracts in technical company areas.

Within the same scope, this program considered critical topics related to people's safety and strengthening of the company's criminal Risk Prevention Model.

Participation in public policies [DMA SO]

[SO5] Endesa Chile formally participates in the environment committee of the Chilean Generators Trade Association (AGG, Asociación Gremial de Generadoras de Chile). Options are issued regarding different initiatives of regulations and supervision that are directly related with the sector. However, the AGG point of view - that is communicated towards the authority and public opinion - is the position of most or the consensus to which the entity members have reached and not necessarily Endesa Chile's position.

On the other hand, sporadically and for specific issues, Endesa Chile participates in work groups called on by the environmental authority or any sector public sector. In this same format, it participates in work committees of the Manufacturing Promotion Association (SOFOFA, Sociedad de Fomento Fabril) and the Institute of Engineers (Climate Change Committee). Additionally, since 2011, the company is subscribed to the Clean Production Agreement (APL, Acuerdo de Producción Limpia) to favor the sustainable development of the Puchancaví –Quintero Sector and under this context it conducted a reforestation plan in 2013 of more than 200 individual trees of the Chilean Palm Tree, Quisco, Molle and Quillay autochthonous species.

Ethical behavior [DMA SO]

[4.6] Endesa Chile considers procedures to avoid situations of conflict of interests infringing national and external applicable regulation; the guidelines that the company itself has generated in this scope; and adhesion implications both in the country as well as the company itself to international agreements. Regarding the matter:

- a) Endesa Chile's Ethics Code has a specific chapter on conflicts of interest. Similarly, the Information of Interest Handling Manual for the Market also comprises such matter highlighting good corporate practices in this issue.
- b) Internal regulations establishes that Endesa Chile's directors must present a declaration indicating their participations or investments in related companies in a periodic manner, according to what is defined in Article No. 17, of Law No. 18.045 of the Securities Market.
- c) The company carried out legal modifications derived from Chile's entrance in 2010 to the Organization for Economic Cooperation and Development (OCDE, Organización para la Cooperación y el Desarrollo Económico or OECD in English), in a voluntary manner and according to Law No. 20,393, establishing the criminal responsibility of companies in money laundering crimes, financing terrorism and bribery.
- d) On February 26, 2010, the Endesa Chile Board of Directors approved the Information of interest for the Market Handling Manual (MMIIM, Manual de Manejo de Información de Interés para el Mercado) that among other matters touches on resolutions mechanisms of conflicts of interest.

Under this context, Endesa Chile works in an on-going manner to guarantee the correct performance of its workers, which must be expressed in honest, transparent, and fair practices exercised within the scope of their jobs and responsibilities. The guidelines that are applicable to all the Enersis Group companies are presented below.

Guidelines 4.8

231 Guidelines

The 231 guidelines are promoted by the Group in all its affiliates and are originated in response to Legislative Decree 231 passed by the Government of Italy.

This regulation establishes the direct responsibility of companies and other juridical entities on crimes committed by directors, executives, their subordinate personnel and other agents, when they act on behalf of the company and illegal behavior goes in benefit of the entity in question.

As part of the Enersis Group, Endesa Chile, in 2013, continued with the dissemination and corporate application of the Criminal Risk Prevention Model in Latin America that defines the implications of the 231 guidelines for Enel's non-Italian affiliates.



Zero Corruption Tolerance Plan (TCC Plan)

The Group, -seeking to reinforce its commitment with the tenth principle of the United Nations Global Compact- designed and started to apply in 2006 the Zero Tolerance Plan on Corruption (Plan TCC, Plan de Tolerancia Cero con la Corrupción).

The program collects the focuses on its Ethics Code in such a way that they are translated into concrete prevention and penalty actions against behavior related to extortion, bribery and traffic of influences among other corruption practices that also recommend battling organizations like Transparency International.

Regarding the matter, it holds that each corporate area of the Group companies is responsible for applying this program within its scope, considering effective prevention, control and information mechanisms, both internally as well as with its ties with different stakeholders.

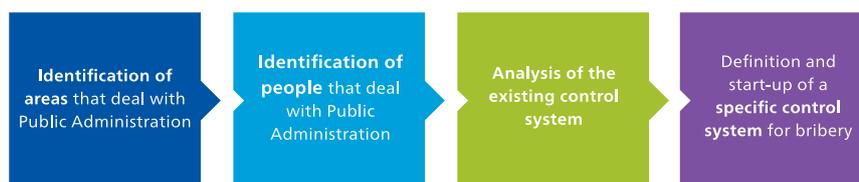
Criminal Risk Prevention Model

In 2013, Endesa Chile continued with the extension and strengthening of the Criminal Risk Prevention Model under the context of fully applying the provisions and demands of Law No. 20,393 that establishes the criminal liability of companies in crimes pertaining to money laundering, financing terrorism and bribery of a national or foreign public official.

Thus, in 2013, the company actively joined and cooperated in the action lines defined by its parent company Enersis, which implied:

- Applying the control program to its critical processes. As of December 2013 this system considered 83 specific activities.
- The company's contribution to achieving certification of the Enersis Criminal Risk Prevention Model by the certifying company ICR.
- [SO2] Updating its processes and specific activities tied to the crime of bribery and traffic of influences, starting from the following general process:

Criminal Risk Prevention Model.



In line with the above, in 2013, 4 business units were analyzed regarding these risks related to corruption, equal to 34% of the company's total units.

Ethics Code and Ethics Channel

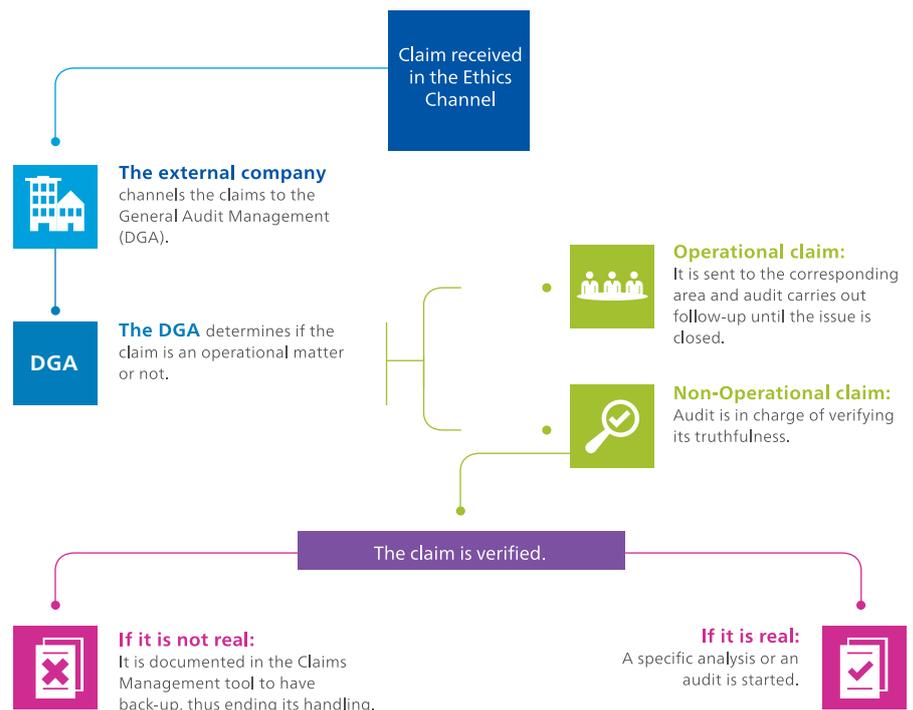
Endesa Chile Ethics Code establishes management’s commitments and responsibilities in administrating its businesses and entrepreneurial activities, taken on by the company’s directors, administrators, workers and collaborators locally and in its affiliates in South America.

The document establishes different competencies of application and control of its contents that must be executed by the company’s Board of Directors and the Internal Audit Management.

In turn, Endesa Chile has a formal system for receiving claims and relevant information regarding matters this Ethics Code comprises, called the Ethics Channel. People can access to this channel through the company’s Internet web site, its corporate Intranet or by telephone. The confidentiality and anonymity principles are explicitly guaranteed due to which, among other measures, the company has outsourced the system’s management.

According to the company provisions, the three claims were treated through the management system, specially provided for these types of cases, where the first claim was rejected and particular measures were established in the two remaining claims in order to touch on the weaknesses identified.

Ethics Channel claims management system



[SO4] During 2013, through Endesa Chile’s Ethic Channel three claims were received related to the following:

- [HR4] Alleged undue treatment to collaborators by company managers.
- A possible leak of information during the course of a bidding process.
- A claim from a contracting company representative, indicating an alleged non-compliance in the payment of salaries for tasks entrusted to another company carried out in one of the Endesa Chile power plants.

The case is documented in the Claim Management tool and is developed according to the basic criteria of the company’s Audit System, taking the corresponding measures.

[HR11] During 2013 no claims were received in the Human Rights Area tied to the different matters considered in the performance company guidelines.

In relation to the above, the Endesa Chile Board of Directors approved the “Human Rights Policy”, which picks up the commitment and responsibilities in this matter, specially underscoring those that affect all persons involved in their operations and activities. (Please review the chapter “Company profile” included in this report to get greater details regarding this topic).

Formation

[SO3] In September 2013, Endesa Chile incorporated the IT platform "CampusLatam" a low modality e-learning course on the Criminal Risk Prevention Model (MPRP, Modelo de Prevención de Riesgos Penales), which includes topics relative to the Ethics Code and the Zero Tolerance Plan on Corruption (Plan TCC, Plan de Tolerancia Cero contra la Corrupción). During the year, 555 company workers participated in the formation plan of this new tool, while another 405 completed the course on information security under this same format.

Formation in policies and regulations on ethics and crime prevention

Job	Number of company workers per labor level		Number of trained company workers		Percentage of trained workers per labor level	
	2012	2013	2012	2013	2012	2013
Managers	33	29	6	24	18%	83%
Middle management	134	132	54	119	40%	90%
Professionals	601	612	206	573	34%	94%
Technicians	262	287	43	186	16%	65%
Administrative personnel	76	81	13	58	17%	72%
Total	1,106	1,141	322	960	29%	84%

[HR3] Additionally, 463 workers took the four-hour course Plan Senda also in the e-learning modality in the Latam Campus, to disseminate the Sustainability and Commitment Strategic Plan with company workers.

In reference to the Human Rights issue, in 2013 an Endesa Chile employee took a 4-hour course on "Human Rights in the Twenty-First Century". This was done, in order to acquire knowledge of promoting and protecting human rights in order to apply them within the current social-political context and in carrying out investment projects in social conflict territories and with the protected population.

Risk management **[1.2]**

The energy sector went through an agitated year in 2013 and in particular the electric sector where Endesa Chile is a relevant player in the national market. The discussion has been feed by different topics of interest, such as high energy prices, litigation of projects, concern for the care and respect of the environment and different impacts in neighboring communities.

In reference to the above, Endesa Chile has identified the main risks for achieving its objectives, which are mainly associated to the volatility of hydrology, fines and paralyzing of operations and canceling or slowing-down projects. Risks identification is carried out through the Latam Risks Management. In this area the Risk Matrix is generated presenting the most relevant risks and prioritizing those that are deemed to have a greater economic impact within a ten-year horizon.

[4.9] In reference to risk management, the company has formal policies for managing risks in the different areas comprising its management. Control of risk policies and procedures compliance is a matter pertaining to the Planning and Control Management, the Administration and Finance Management, the Accounting Area, the Internal Audit Area and the Risk Control Area. Without detriment to the above, such topics form part of the regular Board of Directors' activity on examining the different matters that are submitted to their consideration.

The risks identified in the different company areas are presented below:

- Growing presence of different types of demands and conflictive risks.

- Community relations.
- More demanding environmental legislation.
- Lack of funds for financing investments.
- Variability in applying the social-environmental regulation system.
- Labor accidents.

Endesa Chile and the Climate Change Challenge

[EC2] The effects of Climate Change are considered a global relevant priority topic, which is why it cannot be excluded from Endesa Chile's decision making processes.

Thus, the company regularly performs an analysis of risks associated to this phenomenon and its impact in the region's energy production, operation and commercialization, which are then integrated in company forecasts.

In order to compensate possible damages that accidental events cause in company installations, such as floods, increase in flows, storms, earthquakes and others, Endesa Chile has an insurance program, allowing the following:

- Obtaining necessary resources for up to US\$500 million.
- In case of events caused by nature, it covers up to US\$500 million.
- Endesa Chile jointly with the insurers and insurance advisors has a technical inspection program providing recommendations feasible to implement that are then incorporated to annual investment programs.



Regulatory Compliance

[SO8] [PR9] In 2013 there were no sanctions or significant fines. However, in the year the Supreme Court of Justice ratified the fines that the Superintendence of Electricity and Fuel (Chilean SEC) imposed on Endesa Chile and its affiliate Pehuenche S.A. due to the cause of the March 14, 2010 failure or black out. The fines imposed on Endesa Chile are UTA 1,246 and on Pehuenche S.A. UTA 421.

[EU25] In 2013, there were no injuries or fatalities affecting the public with the participation of company assets, including legal trials. However, there are pending facilities and legal causes due to illnesses.

More information is provided in the Chapter Protection of the Environment, in the regulatory compliance section.



Management Focus [DMA EC]

Endesa Chile's corporate strategy establishes that the growth and profitability of its projects and operations must incorporate environmental protection and social development scopes guaranteeing its sustainability.

In this respect, the company seeks long-term positioning in the industry, executing a business and investment strategy within a climate of collaboration with the different public, private and social players, along with upholding strict compliance of effective legislation.

Regarding the matter, Endesa Chile seeks maximum efficiency in its electric generation processes under quality and security standards, in addition to applying a planning and management system that allows the investment's maximum performance.

In relation to the aforementioned, the company has a balanced and diversified business polity in order to minimize the impact of adverse situation such as complicated dry hydrology affecting Chile during the last four years along with the presence of high energy marginal costs in the spot market ⁷, among other risk factors.

Outstanding Topics

- Obtaining projects financing starting in 2014.
- Plan new investments financing.
- Assure development of a projects portfolio in the region.

⁷The "spot market", also known as marginal market, is that where the generation companies exchange energy surplus or deficit at a price established by the Center of Economic Load Dispatch (CDEC), in order to comply with the established contracts for those generators which have a deficit and to generate extra revenue for those generators which have a surplus.

Business Model [EU6]

Events that influence operational and commercial performance

During 2013, the Central Interconnected System (SIC, el Sistema Interconectado Central) was subject to a four-year consecutive drought, to which the persistence of high fuels prices necessary for operating the power plants was added. The aforementioned implied an increase in the industry's electric generation costs.

Endesa Chile has managed to decrease this scenario's negative impacts scenario starting from three competitive efficiency factors:

- Availability of large size varied and competitive generation facilities mainly formed by high performance hydroelectric and thermal power plants, maintaining an efficient average profile of low operating costs.
- A commercial policy designed and applied according to its generation facilities and with the sector's reality and forecasts for the electric market.
- An exploitation policy whose objective is keeping high quality and operational availability standards of the company installations, along with designing and applying necessary modernization plans to keep its equipments operational conditions updated.



SIC hydrological condition

2013 started with snow thawing having dry characteristics and without rainfall until the beginning of May, date where a very brief rainfall period started with greater intensity that was extended only for a month, until the beginning of June. Afterwards, there were occasional low intensity rains, all making 2013 a year of dry characteristics.

SIC generation and supply costs

The 2013 dry condition, implied supplying contracts with a high thermal generation proportion corresponding to 59.6 % of the total SIC supply, percentage higher than the 57.4% registered in 2012. Coal was the predominant fuel for this thermal generation, representing 37.3% of the SIC total, figure higher than the 29.1% of the prior year due to the start-up of the new coal power plants: Santa María, Bocamina II and Campiche. LNG production followed (19.5%) and oil (2.8%).

In turn, hydroelectric generation continued to decrease its participation in the SIC production, representing 39.4% of its total generation, when compared to 41.9% in 2012 and 44.7% in 2011. The aforementioned is due to the fact that dams kept operating in low height levels, with slight recoveries during the rainfall months. Wind power generation represented only 1.1%, somewhat higher than the 0.8% of 2012.

In relation to SIC energy production, Endesa Chile participated with 39% of the total, with hydroelectric generation contributing 52% and 30% thermal. In the last mentioned area, the company had a majority LNG participation, representing 60% of the total, making its coal generation inferior (16%) and oil (9%). The company contributed 29% in wind power generation, in relation to the total system's wind generation.

Economic results

General business results

The result attributable to Endesa Chile's controlling shareholders as of the 2013 closing was of \$353,927 million that compared with the \$234,335 million in profits registered in the prior accounting period, representing an increase of 51%.

As of December 31, 2013, the company's operating income was of \$782,839 million, 28% greater than the \$612,416 million registered in 2012. This better result has as main causes lower fuel consumption costs (\$424,461 million), energy purchases (\$72,908 million) and transportation (\$1,600 million). The above is partially offset by a decrease in operational revenues (\$292,953 million) due to a lower average energy sales price and lower physical sales.

Endesa Chile's EBITDA -or gross operating income - increased 21% in 2013 in comparison to the prior annual accounting period, reaching \$978,994 million, which does not include the contribution of Endesa Brasil's investment, not consolidated in Endesa Chile. Operations in Chile increased 59% in operating income, on totaling \$271,725 million, whereas the EBITDA increased 36% on reaching \$364,302 million.

	As of December 31 of each year (figures in million of nominal pesos)		
	2011 (1)	2012 (2)	2013 (2)
Total assets	6,562,013	6,453,231	6,762,125
Total liabilities	3,120,873	3,018,738	3,174,311
Operating revenues	2,404,490	2,320,385	2,027,432
EBITDA	973,890	808,101	978,994
Net results (3)	446,874	234,335	353,927
Liquidity index	1.02	0.73	0.78
Indebtedness coefficient (4)	0.91	0.88	0.88

1) Starting 2009, financial statements are drafted according to Financial International Standards. The 2008 financial statements were also presented under the new accounting standard. Due to this change, the joint control companies in which Endesa Chile has shares, went on to be consolidated in the proportion that Endesa Chile represents in company capital, therefore starting 2008 the percentage in power generation is included of energy sales and staffing in these two companies.

2) Due to the application of NIIF 11 "Joint Agreements" starting 2013 the companies controlled jointly by the Group must be registered under the participation method. Considering that the application of the standard has a retrospective measure, these financial statements include modifications to the financial situation standards as of December 31, 2012.

3) Starting 2008, it corresponds to Net Income attributable to the dominant company. parent company.

4) Total liability/equity plus minority interest.



Endesa Chile in the securities market [DMA EC]

In the local securities market, Endesa Chile's shares grew 0.5% during 2013, a favorable variation considering 14% reduction in the Share Prices Selective Index (IPSA, Índice Selectivo de Precios de Acciones), the still uncertain economic scenario worldwide and the drought affecting Chile during four consecutive years.

In turn, Endesa Chile's ADRs showed a decrease of 8.7% in the New York Stock Exchange, whereas the company deeds in the Madrid Stock Exchange decreased 15.1% during 2013.



Presence in the securities market

Endesa Chile's shareholding deeds are traded in the following stock exchanges:

- **Chile:** Santiago Stock Exchange, Valparaíso Stock Exchange and the Chile Electronic Stock Exchange.
- **USA:** New York Stock Exchange, as American Depositary Receipts (ADRs).
- **Spain:** Latin American Stock Exchange of the Madrid Stock Exchange (Latibex) as contracting units.

Trading in stock exchanges

During 2013, 1,246.4 million shares of Endesa Chile were traded in the Santiago Stock Exchange for a value of \$943,197 million. In turn, in the Chile Electronic Stock Exchange 198.7 million company shares were commercialized for a value of \$150,331 million. Finally, in the Valparaíso Stock Exchange 3.1 million company shares were traded for a value of \$1,895 million.

Endesa Chile's share in 2013 closed with a price of \$782.27 in the Santiago Stock Exchange, \$752.09 in the Electronic Stock Exchange and \$719 in the Valparaíso Stock Exchange.

Santiago Stock Exchange

Variation	2012	2013	YTD 2012-2013
Endesa Chile	1.6%	0.5%	2.1%
IPSA	3.0%	-14.0%	-11.5%

In turn, Endesa Chile's ADRs decreased 8.7% in the New York Stock Exchange, while company stock in the Madrid Stock Exchange decreased 15.1%.

New York Stock Exchange (NYSE)

The following graph shows the behavior of Endesa Chile's ADRs listed in the NYSE (EOC) in comparison to the Dow Jones Industrial and Dow Jones Utilities Indexes in the 2012 - 2013 period:

Variation	2012	2013	YTD 2012-2013
EOC	10.1%	-8.7%	0.5%
Dow Jones Industrial	7.3%	26.5%	35.7%
Dow Jones Utilities	-2.5%	8.3%	5.6%

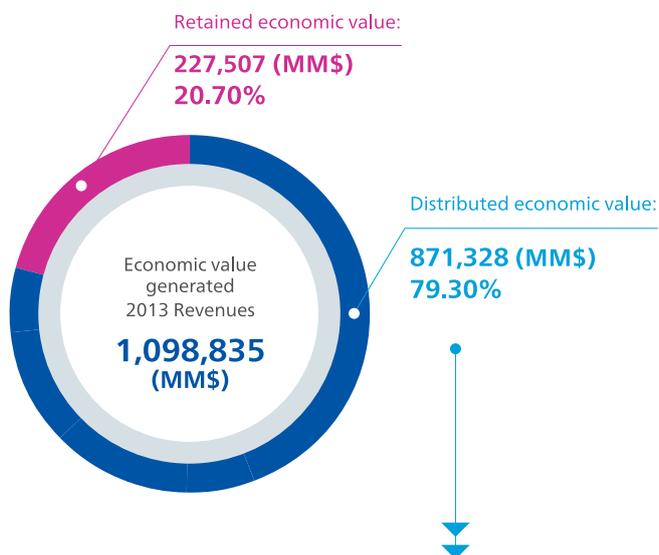
Endesa Chile's Latin American Stock in the Madrid Stock Exchange (Latibex)

The following graph accounts for Endesa Chile's (XEOC) shares' performance listed in the Madrid Stock Exchange (Latibex) in the 2012 - 2013 period:

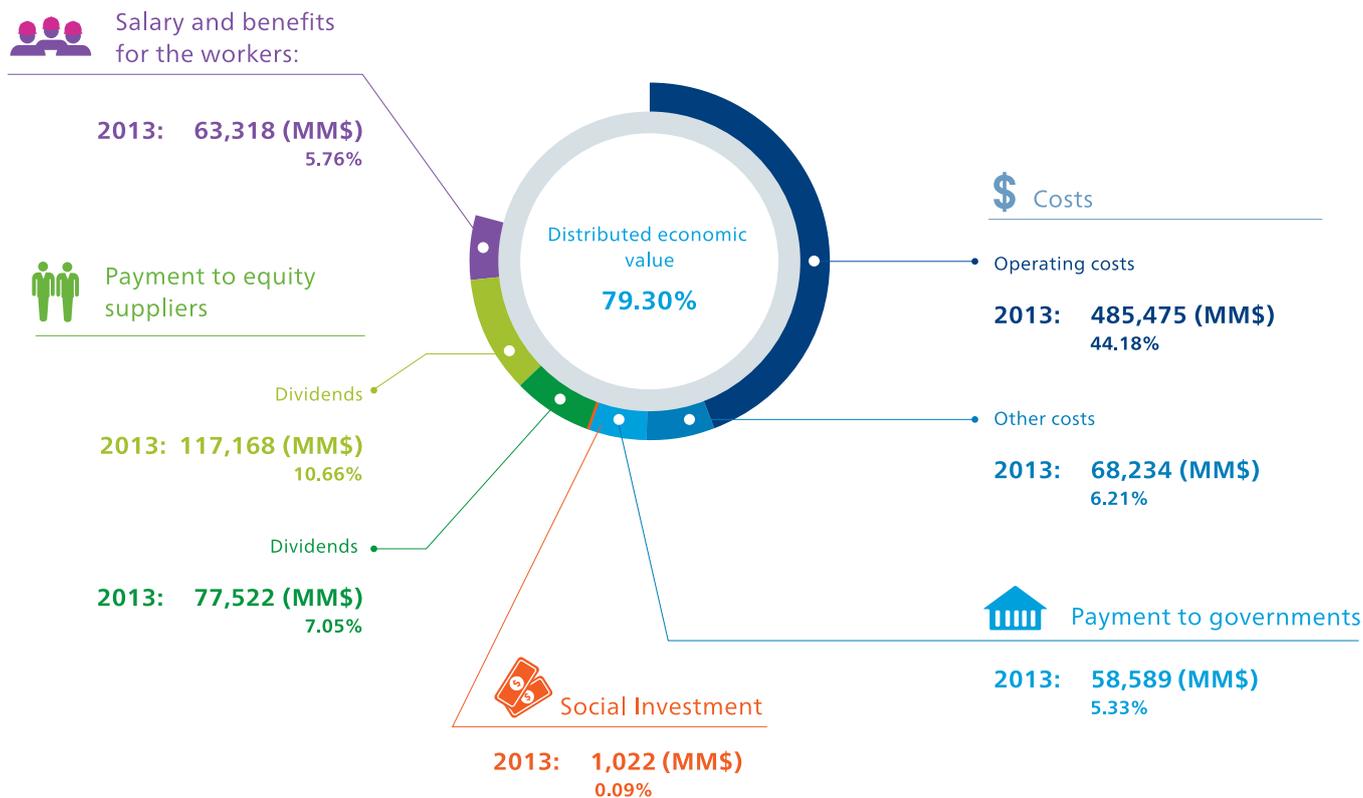
Variation	2012	2013	YTD 2012-2013
XEOC	7.7%	-15.1%	-8.6%
LATIBEX	-10.7%	-20.0%	-28.5%

Creation and distribution of value in Chile [EC1] [2.8] [DMA EC]

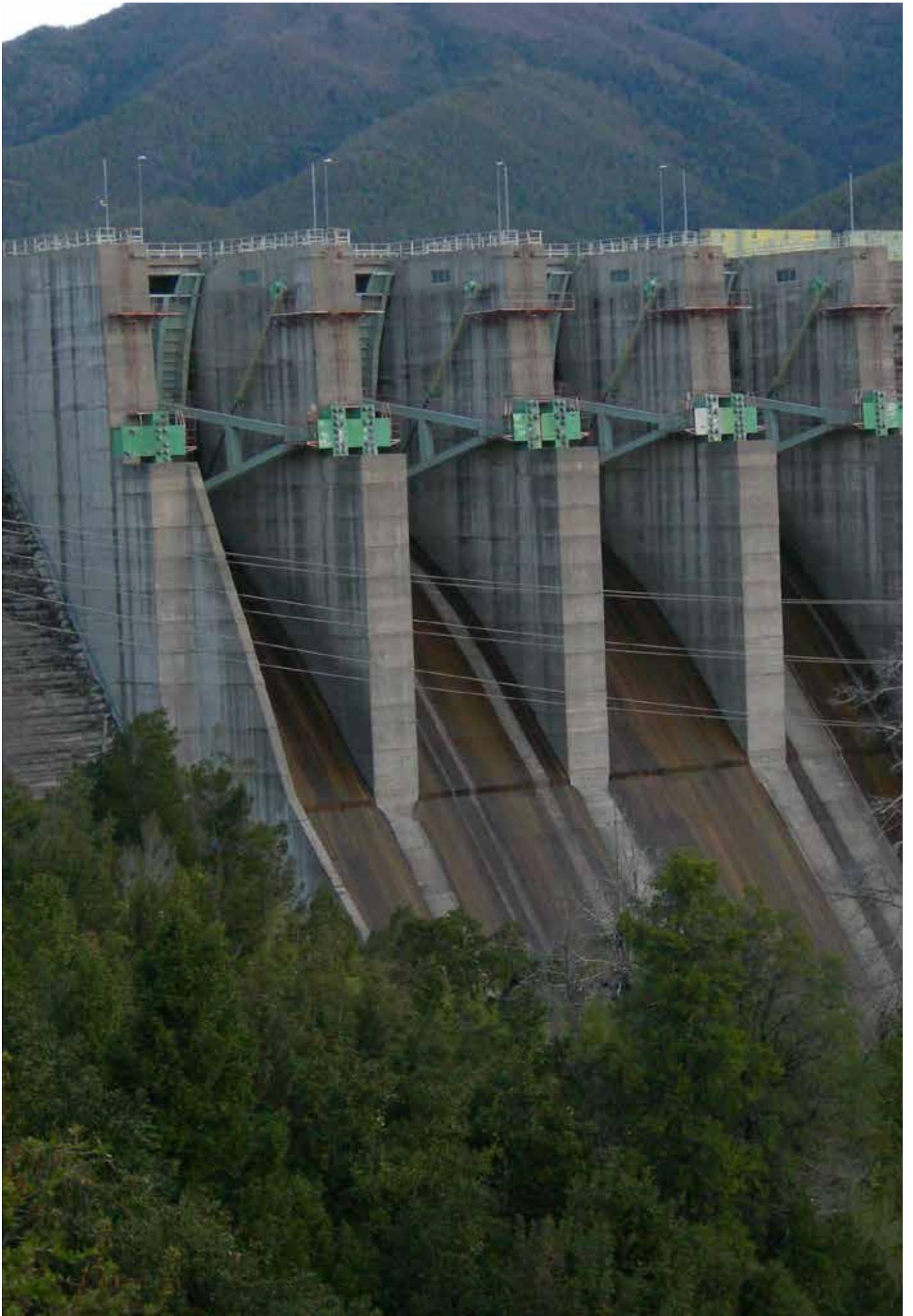
Endesa Chile's generation of balance on creating and distributing economic value in Chile in 2013 accounts for its financial results and the impact they have in its stakeholders. Thus, the contribution the company makes to the society where it operates can be assessed.



Economic value break-down distributed per type:



• Due to the accounting changes established in the IFR standard that affect the 2013 values, not including the Gas Atacama data, the data of 2012 were re-calculated in order to make them comparables. It is worth noting that the item "Revenues" considers operational, financial and asset sales values of other companies accounted for by the equity method and several adjustments.



Concern due to operational and commercial excellence

[EU7] [EU10] In order to keep high standards of availability, efficiency and security in generation, Endesa Chile continued in 2013 with its investment program and strategic alliances that have favored its operational results and, consequently, its market valuation.

Regarding the matter, the company underscored the following milestones:

- Demand management. To see more information click [HERE](#).
- Planned capacity. To see more information click [HERE](#).
- Gas commercialization in alliance with BG. To see more information click [HERE](#).



New projects financing

Endesa Chile has a financing policy that stipulates the indebtedness level - defined as the relation of total liabilities in comparison to the consolidated balance's net equity - that is not greater than 2.20 times.

In order to comply with this criteria, the company determines financing of new projects starting from the following sources:

- Own resources.
- Credits from capital suppliers.
- Loans from banks and financial institutions.
- Placing securities in local and international markets.
- Revenues derived from the sale of assets and/or service supplies.

This policy also considers the need of keeping a liquidity level that allows complying in a responsible manner with financing needs for a determined period, taking the situation and expectations of the debt and capital market into consideration.

Communication channels with investors



Investment plan

[EU6] [DMA EC]

Endesa Chile, in order to cover the country's electric energy demand – which according to forecasts of the National Energy Commission (CNE, Comisión Nacional de Energía) will increase 57% for 2030-, considers fundamental having available power plants operating different types of technologies, in order to diversify the grid and assuring energy supply to its clients.

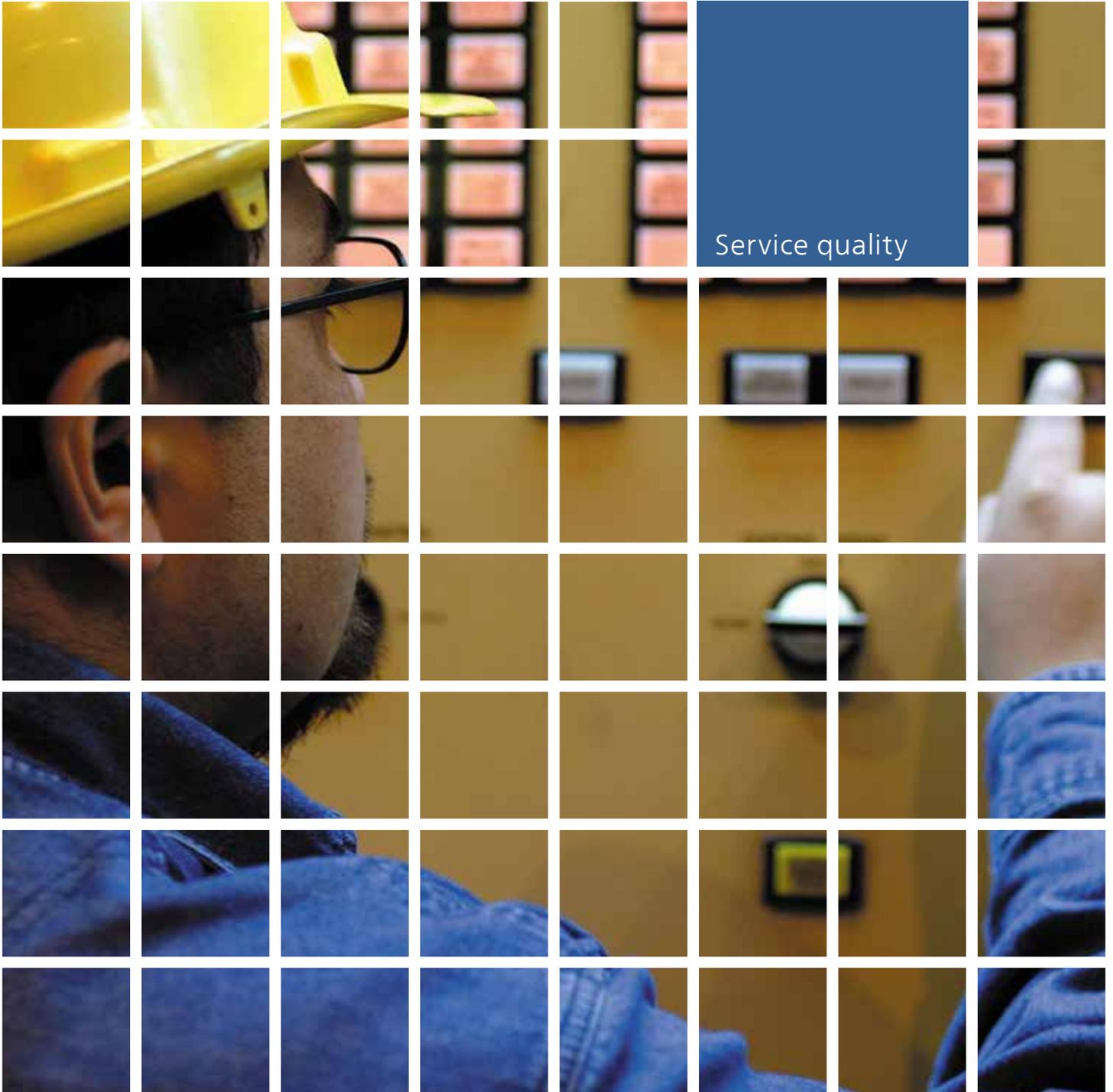
Due to the aforementioned, Endesa Chile during 2013 has progressed in a series of projects, in their study and bid phases, which are described in the Profile Chapter.



Endesa Chile has a relations area with investors taking into consideration the relevance of keeping a transparent tie with them, along with exercising the due rendition of accounts both from the perspective of regulatory demands as well as from own company guidelines.

This area is in charge of coordinating the company on-going permanent contact with both the national and international financial community, in order to deliver clear and timely information regarding Endesa Chile's performance in all required issues.

In order to facilitate this communication, the company has direct contact channels with Shareholders and Investors both present and remote. The on-going relation with Regulatory Authorities, Stock Exchanges, Risk Rating Agencies, Investment Funds, among other situation of a local and international nature is added to the aforementioned.



Management focus [DMA PR]

Under the framework of Endesa Chile's sustainability strategy and policy, its clients hold a central place in materializing its commitment towards service quality.

The company has established three work scopes regarding the matter: power supply quality and security, operational excellence according to world class standards and an on-going increase in customer's satisfaction according to its expectations.

Under this strategic context, Endesa Chile's management during 2013 was specially focused in three action areas:

- Participation in bidding processes to satisfy supply needs.
- Guarantee of quality, security and continuity of supply.
- Deepening communication with clients for their full satisfaction.

Outstanding issues

- Award of energy bids.
- Deepening relations with clients starting from different activities.
- Projects to assure quality and security of supply.

Bid award

Endesa Chile within the framework of the SIC Supply Bidding Process 2013/01 held in November 2013, Endesa Chile was awarded 3,500 GWh/year that have the objective of guaranteeing energy supply to regulated clients of SIC distributors for the December 2013 to December 2024 period. The aforementioned award is translated into a series of supply contracts with the bidders (being drafted) with an 11-year duration at an indexed price of US\$ 129/ MWh.



Quality and security of supply

[EU6] [EU7] In reference to the guarantee of security and service quality that Endesa Chile grants its clients during 2013 the Remote Control Project (Telecomando) progress continued for the hydraulic generation units that started in 2009.

Its objective is collecting and consolidating information from the Zone Operating Centers (CEZ, Centros de Explotación Zonal) to later send it to the National Operations Center (CEN, Centro de Explotación Nacional) located in Santiago, in order to have an integrated vision of the system.

Specifically, during 2013 work was carried out in the second phase of the initiative that considered the incorporation to the CEN of the Los Molles, Rapel, Sauzal and Sauzalito, Cipreses, Isla, Ojos de Agua, Ralco, Pangué, Palmucho, Antuco, Abanico and El Toro Power Plants, adding an installed capacity of 3,465 MW.

Functioning of the Remote Control Project from the perspective of the company clients, allows strengthening quality, efficiency and security of supply, since it strengthens monitoring the generation system and allows establishing timely response plans before technical requirements, incidents or emergency cases.

Generation Service Improvement – Increase of Availability of the Generating Facilities [EU6]



In a supplementary manner the progress of the Remote Control Project (Telecomando), Endesa Chile has extended the use of the Techno Management Model (Modelo Tecnogestión). This methodology allows adequate response to different technical requirements of the electric generation process. Among them are tests and inspections, laboratory tests and the technical support of corrective maintenances.



This program started in 2011 has contributed to progressively improve the availability of Endesa Chile's thermoelectric and hydroelectric generating facilities.

The main improvement projects executed in 2013 were the replacement of stator windings in hydroelectric power plants and the execution of repair works in boilers and capacitors.

Similarly, supplementary initiatives were developed focused on the same purpose, such as standardizing the maintenance policy in power plants and implementing management operations and maintenance indicators, among others.

Response when facing water scarcity

[EU21] Chile has had to face an acute water scarcity crisis during the last four years. According to registers of the Chilean Meteorological Service, 2013 was one of the driest years since 1866 based on the rainfall index.

Endesa Chile has placed special attention on complying its equipment supervision, renewal and maintenance programs so that the negative impacts of the draught do not affect quality, availability and security of supply to its clients. Three relevant actions executed with this objective were the following:

- The company requested GNL Chile to increase its re-gasification capacity of liquid natural gas associated to the first expansion of the GNL Quintero terminal. This extension has as objective increasing the dispatch of its Thermal Power Plants that use natural gas fuel.
- Start of the test period for the services recovery plans associated to complying with the technical security standard and service quality the CDEC/SIC establishes.
- Execution of the workshop program "Operations efficient technical management" whose target public are the operators of the company's different hydraulic exploitation centers.

Energy demand management programs [EU7]

Endesa Chile fosters managing demand among its clients, promoting the movement of their consumption to more economic schedules and having lower demand. This incentive is materialized through setting prices that differentiates peak and out of peak hours, in order to avoid over loading the system and achieving savings. Additionally, in the company's Extranet clients can have access to their load profiles, with the option of reviewing demand and monitoring their behavior during peak hours.

In the Central Interconnected System (SIC, el Sistema Interconectado Central), between April and September, the peak hours govern from Monday to Friday, between 6:00 p.m. and 11:00 p.m.

The graph shown below shows how an Endesa Chile generic industrial, according to its operations can move its energy metering demand in order to economize charges.





Contingency Plans [DMA SO]

[EU21] In terms of analysis, management and communication of risks and emergencies, Endesa Chile focused its 2013 work in three initiatives, mainly:



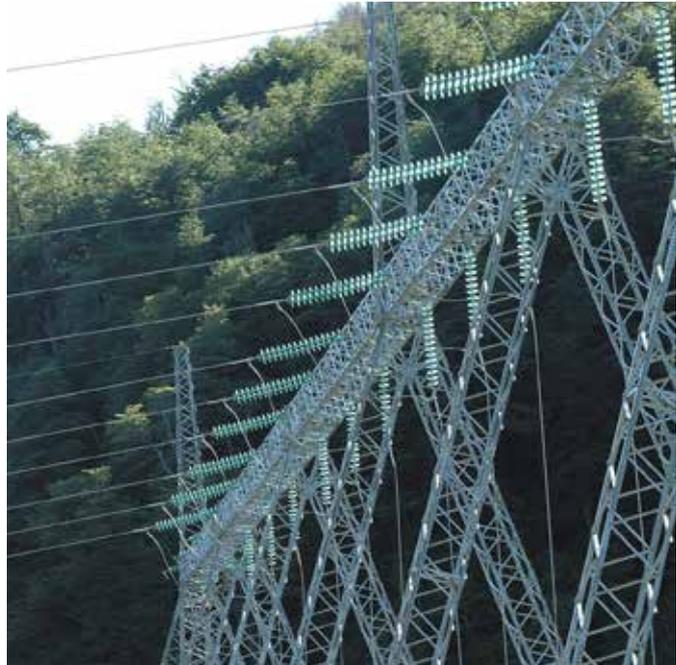
Communications Protocol with the National Emergency Office (ONEMI, Oficina Nacional de Emergencia) when facing warnings regarding the increase of the Ralco Dam flows

In 2008, Law No. No. 20,304 was passed on "Operation of dams when facing alerts and increase of flow emergencies".

In it, it is established that the General Waters Bureau (DGA, Dirección General de Aguas) can allocate the condition of "control dams" to those works of the type that – due to their regulation capacity or closeness to inhabited places - must avoid or mitigate risks to lives, health or public or private goods in situations relating to increase of flows. In Endesa Chile's case only the Ralco Dam was declared in this category.

According to what is established in this law, the company drafted the "Operations Manual for the Ralco Dam in Warning and Emergency Conditions when facing Increase in Water Flow", to which the effectiveness of a communications protocol for these cases was added and drafted in coordination with ONEMI.

Since 2012, Endesa Chile jointly with ONEMI and DGA annually perform simulation exercises of the Ralco Dam in order to assess the alert and emergency system and introduce improvements in case it is necessary.



Communication Protocols with the Ministry of Energy when facing Emergencies

The communications protocol system when facing emergencies seeks having a coordinated, timely and efficient performance among energy companies and the corresponding public authorities. One of their key activities are scheduled simulation exercises to assess and update the response capacity in vulnerability situations or disconnection of supply.

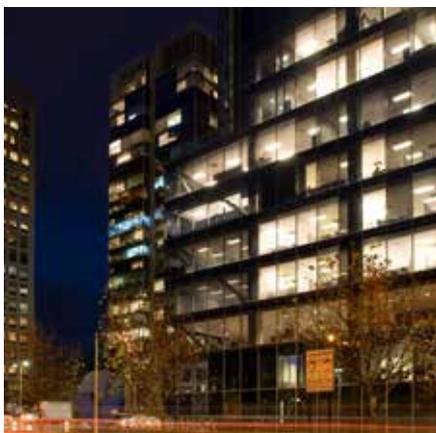
The Minister of Energy jointly with private industry players started the planning of a general simulation that will be carried out in the Central Interconnected System (SIC, Sistema Interconectado Central) in 2013. In December 2012 a similar initiative was developed in the Great North Interconnected System (SING, Sistema Interconectado del Norte Grande).

Certification of generating units' autonomous start-up capacity

Annually, the Economic Dispatch Center (CDEC, Centro de Despacho Económico de Carga) prepares Service Recovery Plans (PRS, Planes de Recuperación del Servicio), with necessary procedures and coordination among the SIC or SING players, to recover services when facing partial or total losses.

In 2013, Endesa Chile received the 32 certification for its generation units according to these demands, becoming the first company in the industry to comply with this review. The Thermal Power Plant Tarapacá is within the group that performed this process in a voluntary manner as part of its operational excellence program.

Endesa Chile's clients



[PR3] Endesa Chile grants an electric energy supply service, whose quality, reliability and security characteristics, among others are defined by the Force of Law Decree (DFL) No. 4 dated 2007. Similarly, the company is tied with the system's economic technical operation, coordinated by the Economic Load Dispatch Center (CDEC, Centro de Despacho Económico de Carga).

Endesa Chile is continuously granting on-line information to its clients through a specialized Extranet, where they can remotely access data of variables having incidence in quality, reliability and quantity of the delivered product. In turn, company clients can know information on billing, the regulatory situation, the system and commercial aspects of contractual relations.

In 2013, the amount of total energy billed reached 20,406 GWh. This figure considers data from the affiliates Celta, Pehuenche and Pangué.

Classification per consumption level

[2.7] All clients that Endesa Chile supply services correspond to the Central Interconnected System (SIC, Sistema Interconectado Central) or to the Great North Interconnected System (SING, Sistema Interconectado del Norte Grande) and its operation complies with legal demands explained in DFL No. 4, 2007.

According to the regulatory effective framework for the energy industry, three types of clients are established:

Types of clients		
Regulated	Non-Regulated	Having the right to decide
Clients with consumptions equal or lower than 500 kilowatts (kW).	Clients with consumptions greater than 2,000 kW.	Clients with consumptions greater than 500 kW and lower or equal to 2,000 kW.

Endesa Chile, in addition to the client categories shown above is present in the "spot"⁸ or short-term opportunity market.

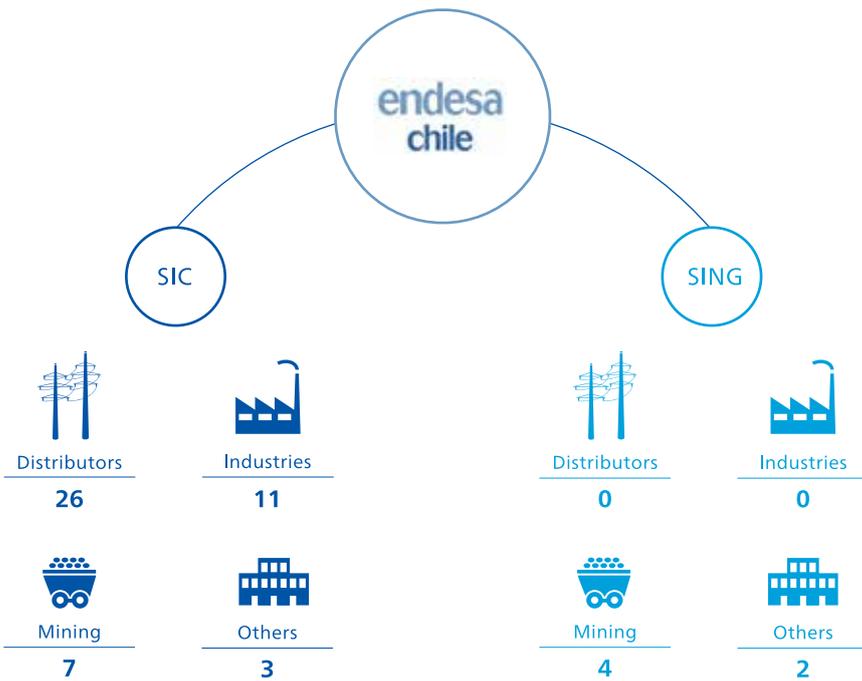
⁸ The spot market is the physical market, where all generators provide energy generated, not necessarily aligned with their contracted sales.

Classification per industrial sector

[2.7] [EU3] The Endesa Chile clients are large companies, mainly electricity distributors delivering services to homes, public entities and companies.

In addition, they service companies in the mining sector, mainly supplied through the SIC, as well as clients from forestry, pulp and paper companies; chemical industries and refineries; and, in general, all consumers that can legally access being directly supplied by a generator⁹.

Clients' distribution per type and system



Relation with clients

Communications channels and participation instances

Given the specific characteristics of Endesa Chile's client portfolio, communication and follow-up programs for satisfaction levels have a technical-industrial nature, and in turn, allow established an on-going communication and applying cooperation and customer loyalty plans.

During 2013, the company executed a visit program for its clients in different generation units in order to show them on-site the Endesa Chile investment in operational, safety, security and risk management aspects regarding continuity of supply, which strengthens business knowledge and sector where the company performs. Thus, for example, a group of Endesa Chile's clients were shown the operation of the Canela Wind Farm in a visit made in October 2013.

⁹ Customers falling within the category of "Others" correspond to: La Silla Observatory (The European Southern Observatory, ESO) and the Movistar Company.

Satisfaction evaluation

In addition, Endesa Chile carried out theme seminars in Santiago, Concepción, La Serena and Valdivia. The purpose of these work meetings is to show the company news and novelties of the electric sector, and, in turn, know about clients' current situation, their projects and concerns.

On the other hand, in November 2013 the "Ninth Seminar with Clients of Endesa Chile and Affiliates" was held whose objective is to share experiences and points of view, regarding commercial ties and challenges of the industry in general.

In this work session, the dialogue between the company and its clients was specially focused on the project characteristics of the Thermolectric Punta Alcalde Power Plant; the evolution of marginal costs in the Central Interconnected System (SIC, Sistema Interconectado Central); and long-term forecast of the Chilean energy grid.

Endesa Chile in a supplementary manner keeps contact with its clients through the Extranet specially developed for communication both in a regular manner, as well as in cases of incidents or emergencies.



[PR5] In 2013 the ninth version of the "Customer Satisfaction Annual Survey" was conducted, covering Endesa Chile's clients and those of its affiliates.

This opinion study has the purpose of knowing customers' perspective regarding the company's overall service, thus generating on-going feedback and follow-up starting from the analysis of prior versions.

The survey assesses five dimensions relative to Service Quality:

- Communication channels.
- Electric supply quality.
- Customer-supplier relation.
- Billing and payment of consumption process.
- Information flow.

Specific analysis of results

Regarding the analysis per dimensions of the "Ninth Annual Customer Satisfaction Survey", the following can be concluded:

Area with greater positive valuation: Communication channels (88%):

Endesa Chile explains this result based on its continuous efforts to establish an on-going and direct dialogue with each one of its clients, taking into consideration their concerns and needs.

Similarly, it is highlighted that this is the second year that the customers' contact Extranet is operational, allowing a more expedite exchange of information.

Area with the lowest positive valuation: Service supply quality (69%):

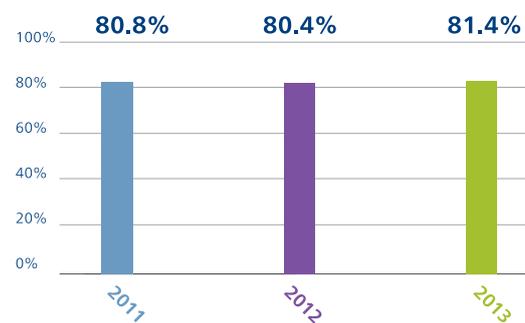
The company mainly associates this result to the information flow provided once an event or a failure happens affecting its clients' electric supply. Regarding the matter, the company states that the Extranet is being used as an on-going contact channel in order to solve this deficiency.

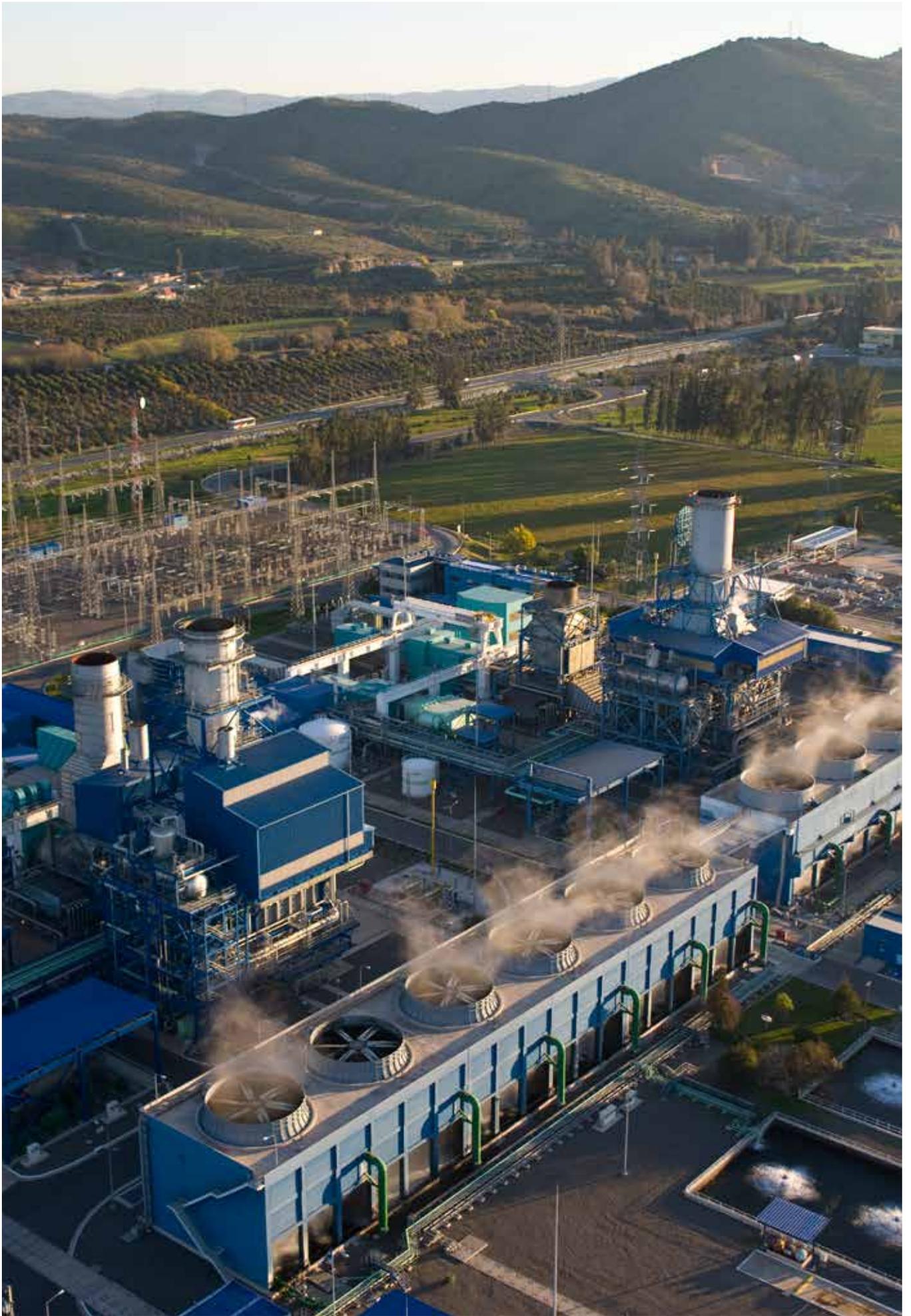
However, it must be taken into account that it is the Economic Dispatch Load Center (CDEC, Centro de Despacho Económico de Carga) that is responsible for safeguarding quality supply, and has the responsibility of providing official information relative to the system's operation.

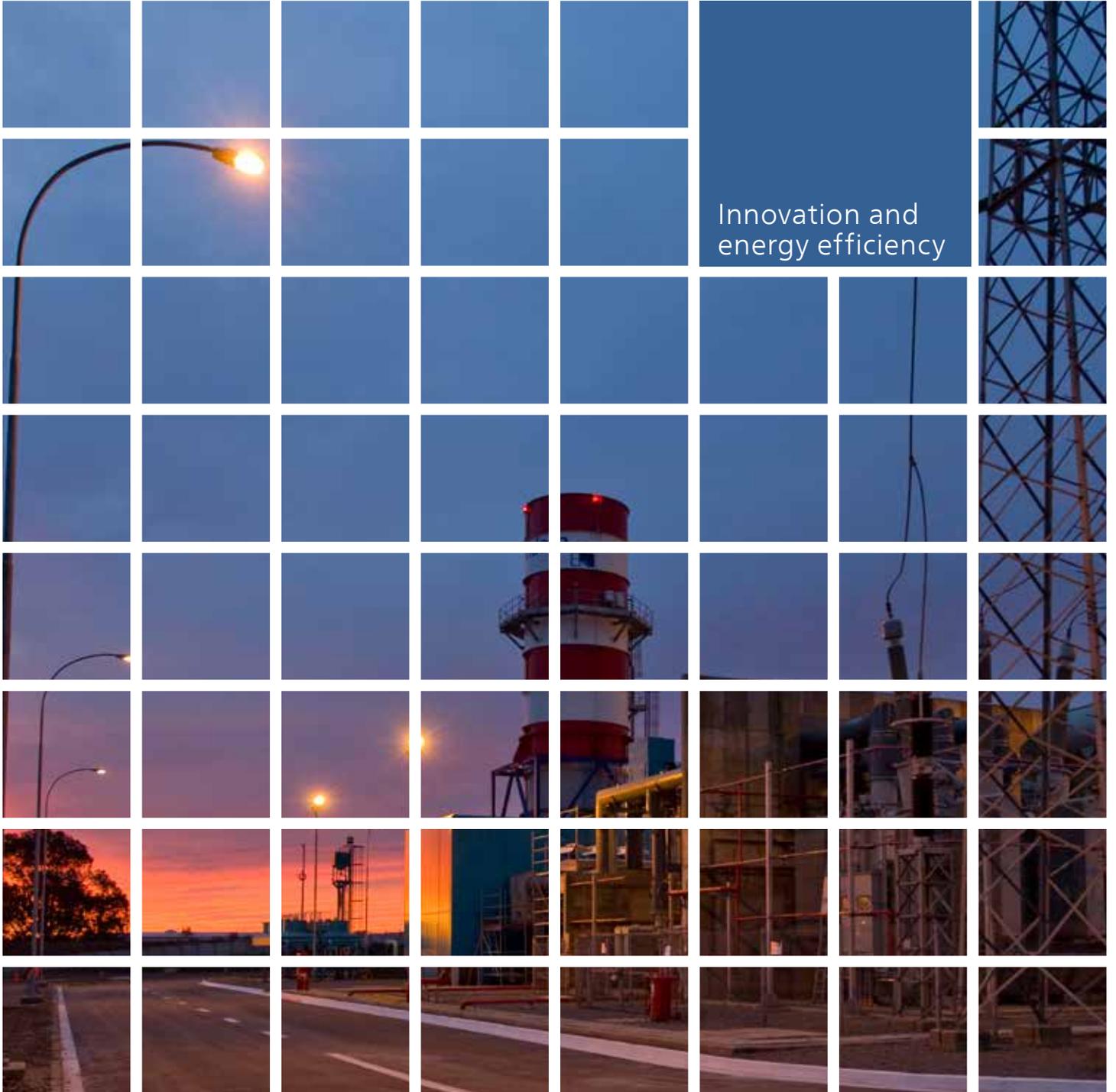
The company obtained a Customer Satisfaction Index (ISC, Índice de Satisfacción del Cliente) of 16.8 points from a maximum of 20.7, within a total of 17 surveys answered, figure that represents an approval level of 81.4%, percentage one point higher than the one achieved in 2012.

Similarly, the survey report underscores that 100% of the people included were allocated within the satisfied customers and fairly satisfied segments.

Customer satisfaction for the 2011-2013 period







Innovation

Management Focus

Endesa Chile recognizes innovation as one of the fundamental pillars of its commercial activity, as well as a means of strengthening its economic, social and environmental sustainability reflected in methodologies, programs and concrete and systematic actions.

This view focuses on the company's work towards reinforcing an organizational culture promoting internal innovation and, in turn, being recognized as a competitive advantage by the different nationwide energy industry players and society as a whole.

During 2013, Endesa Chile underscored two innovation action lines:

- Strengthening of innovation as key to the company's organizational identity and culture.
- Fostering high potential projects creating value for the company and its stakeholders.

Temas destacados

- Innovation week.
- Training activities.
- Value projects for the company.
- Energy efficiency projects.

Endesa Chile's Performance Focus in innovation

- 1) Build sustainable integration with communities (social, political and environmental).
- 2) Collaborate in a proactive manner in solutions regarding energy challenges that the country faces for sustainable growth.
- 3) Empower the value of company assets, identifying initiatives that allow obtaining additional uses or those having greater efficiency than those originally considered.
- 4) Attract, manage, build and retain talent and high value knowledge for the company.

Innovation culture

The organizational scope is the work base in innovation that Endesa Chile conceives as a competitiveness tool and change management.

The internal media the company uses to transform this objective into concrete actions is the R&D Management +I that through different initiatives seeks to incorporate all company workers.

Training activities

The company's interest is to deliver work tools and methodologies that strengthen the employees' competencies in different innovation scenarios.

Regarding the matter, during 2013, the Endesa Chile alliance with the Universidad del Desarrollo can be highlighted in order to carry out workshops to apply Design Thinking Methodology that implies reviewing in a critical manner business processes to generate innovation dynamics and continuous improvement. In this cycle a total of 50 workers from different areas and company operations participated.

Added to the above, Endesa Chile jointly with the ESE Business School of the Universidad de los Andes carried out the first version of a specialized workshop in internal corporate innovation, where nine executives, part of the company's top management, participated.



Endesa Chile established in 2012 from follow-up, supervision and assessment of the innovation internal initiatives, the Innovation Directors' and Executive Committees to establish strategic and management alignments in this period.

Executive Committee

The Innovation Executive Committee, formed by representatives of the different managements, coordinates compliance of company objectives in the matter considering the following functions:

- Propose innovation strategic goals, objectives and focuses.
- Approve annual and biannual performance plans in Research, Development and Innovation (R&D&I).
- Approve the annual expenses and investment project budget.
- Approve R&D&I projects.
- Select R&D&I projects arising from the idea capturing programs and authorize risk capitals.

2013 Innovation week

Under the theme “Reaping the future with our commitment (Cultivemos el futuro con nuestro compromiso)”, the Endesa Chile workers participated in the different activities scheduled during their 2013 Innovation Week. The regional event considered all Latin American countries where the company is present, through celebrating the International Week of the Environment and Innovation whose objective was to recognize in practice the direct tie between sustainability strategic topics. In Chile’s case, activities that were carried out (workshops, specialized forums, and dynamics on-line, among others) had the participation of more than 300 persons. In turn, local employees had the opportunity of communicating and sharing experiences with their Latin American peers.



Capture of Ideas

The Capture of Ideas Program is key in fostering corporate innovation in Endesa Chile and the region. In order to achieve its purposes, all those who work in the company have access to the software Eidos Market that fosters collaborative participation starting from a similar dynamic as that of the securities market.

Starting from this technology, during 2013 the second corporate edition of the innovative ideas capturing process was carried out, based on identifying opportunities to reduce costs or growth of revenues associated to company processes. In particular, the questions formulated were:

- What are the best ideas to foster savings in our business?
- What are the best ideas to achieve additional sources of revenues in our business?

A total of 250 innovation proposals were received from all the Group in the 2013 version first phase and 24 were from Endesa Chile. Nine (9) of these were selected, presented by an equal number of employees from the different corporate areas.

Once this stage ended, the technological platform was kept open to receive ideas tied to any of the four Endesa Chile’s innovation focuses.

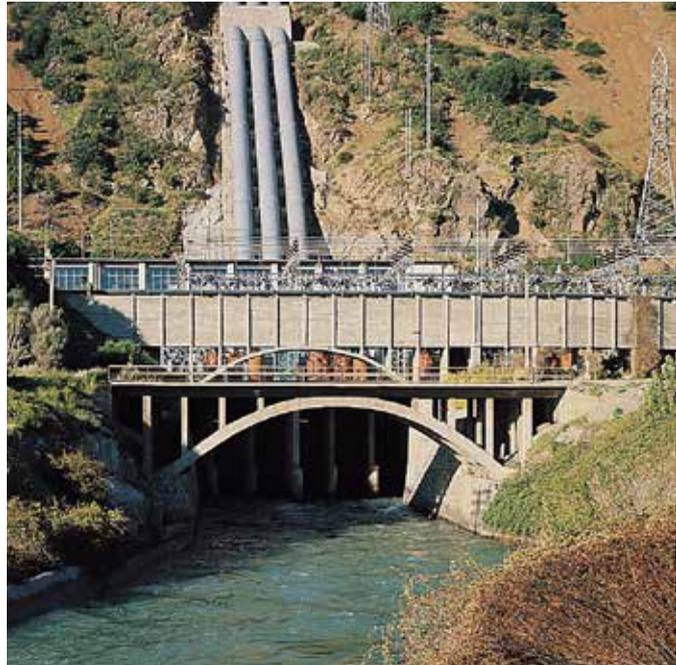
Open Innovation

During 2013, Endesa Chile launched the first Open Innovation Contest starting from an alliance with the Pontificia Universidad Católica de Chile. At this time, 18 students participated from the course Renewable Energies who are part of Masters in Energy Engineering Course given by this institution.

One of the positive aspects of this group in relation to the design and development of innovation facilities was the diversity in their professional profiles and countries of origin.

The challenge the group was given was to find innovative solutions for energy challenges the country faces from the sustainability perspective. The projects participating in the contest were small-scale (equal or lower than 20 MW) geothermal, solar-photovoltaic, wind and hydraulic energy development areas.

The contest was won by the initiative "Calama Photovoltaic Solar Power Plant", presented by four students from the Masters course, consisting on assessing interconnection to the Central Interconnected System (SIC, Sistema Interconectado Central) by a 100 MW photovoltaic project formed by fixed panels, installed in the surrounding areas of the Diego de Almagro Substation.



Innovation in Function

The innovation process in function considers the contributions of ideas that company workers make to this area, within the context of conducting their everyday tasks without scheduled induction instances.

In this context, the Innovation Executive Committee received the following proposals:

1. Number modeling tools in the design of Hydraulic Works.
2. Repowering of the Quintero Power Plant within the framework of closing the combined cycle project.
3. BESS: Project through which an energy storage system will be installed in the Tarapacá Power Plant.
4. Development of an ash dispenser in the Bocamina Power Plant, which will allow making necessary measurements to demonstrate environmental compliances, without the need of stopping the generation process.



Research and development [EN6]

[EU8] [DMA EC]

Chile's strategic performance in innovation considers fostering research and development activities related to relevant industry issues in order to generate positive impacts for the company and its stakeholders. Along this line, some innovation projects that are currently in operation or in development are underscored below:

San Isidro Cooling Lake [EN6]

This project attempts to assess the applicability of crystalline lakes as an alternative system for cooling thermal power plants. The project title holder is the company Crystal Lagoons, awarded a financing contest from the Promotion Corporation (Corfo, Corporación de Fomento) for technology field tests.

The aforementioned will be carried out in the lands of the San Isidro power plant land, where a lake was built, whose surface is of approximately 5,000 m² (7,500 m³ useful volume), which will be operated for 4 months, thermally connected to the power plant's cooling system, in order to study the technology's performance.

Intogener

This project is developed by the Spanish laboratory Starlab jointly with Endesa Chile, being the latter a user of the study system during the pre-operational phase. The objective is to develop an operational system for predicting ice thawing flows, in order to adjust in the best manner possible the diagnosis used for operating the electric system.

In 2013, meteorological stations were installed in two basins of interest for the company, in the sector of Los Machos (Laja Basin) y en la Laguna Invernada (Maule Basin), respectively. The service tests phase was started, generating flow diagnosis for the above basins in the 2013-2014 thawing period, which has incidence in the company's competitiveness.

Cost Contribution Agreement (CCA)

Endesa Chile entered into an agreement with Enel Ingeniería e Investigación (Enel I&R) that will allow the company to have access and take advantage in its operations of this company's research and development initiatives.

In addition, this agreement – called "Cost Contribution Agreement (CCA)", allows Endesa Chile to propose research or to participate in the development of R&D projects performed in other Group companies. These programs comprise more than 90 specific projects that must be developed during the five-year effective period of the agreement.

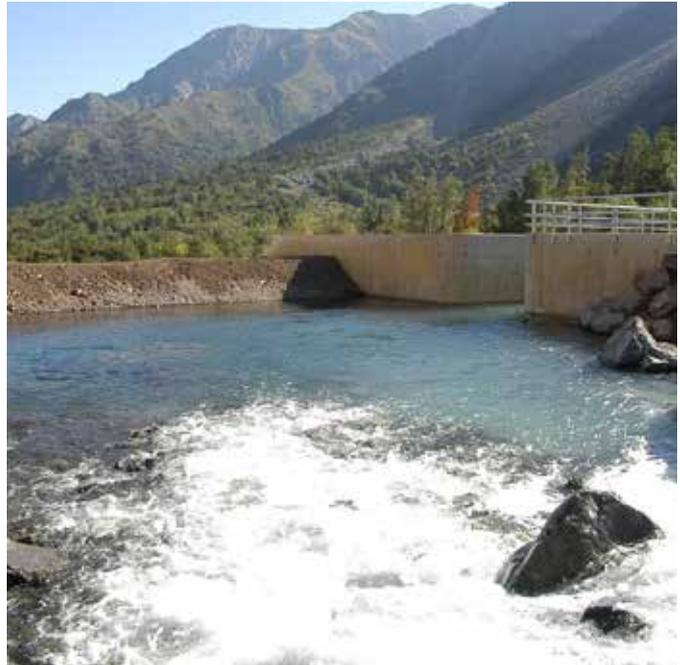
Technological Surveillance Services

The search for effectiveness in change management and strategic decision making is the objective of the Technological Surveillance Program that Endesa Chile develops.

In 2013, this initiative advanced in its corporate consolidation process developing the program's associated services bid, a process starting from which the company IALE, specializing in information technology management, was selected.

Endesa Chile's work with IALE allowed systematizing and making more effective the information collection, analysis and systematization. Regarding the matter, the company underscored the development of technological surveillance with the following topics:

- Mechanisms to impede entry of hydro-biological species into water capturing systems of thermal power plants.
- Study on mini-hydro net low height power plants.
- Energy co-generation processes in Chile.



Energy Efficiency

Management Focus [DMA EC]

[DMA EN]

Excellence in the scope of energy efficiency is a transversal objective in processes that Endesa Chile carries out, in programs whose benefits are related with security of supply, competitiveness and lower CO₂ emissions among others.

Thus, the company is concentrating its efforts on achieving that its services are differentiated by adopting world class standards in scopes such as efficient energy management, protection of the environment and operational optimization, among others.

Energy Efficiency Global Plan

On-Line Optimization System and Production Energy Accounting System (SOLCEP) for thermoelectric power plants [EN5]

Since 2006, Endesa Chile is implementing a control system in line with the performance of its thermoelectric units called the On-Line Optimization System and Production Energy Accounting System, SOLCEP (Sistema de Optimización en Línea y Contabilidad Energética de la Producción).

This local control and follow-up software allows the company to manage and foster operational excellence in its different plants, quantifying its significant operational losses and optimizing its energy resources among other aspects.

During 2013, the program progressed with implementing the system in two turbo gas units of the Quintero Power Plant, which is added to the five power plants in Chile that already have this efficiency monitoring system: Tarapacá, Gas Atacama, San Isidro, San Isidro II and Bocamina (in both units).

In November 2013 training was developed at the expert level, on analyzing operational deficiency deviations of the SOLCEP System. Specialized personnel from all the company power plants in Latin America that have the SOLCEP system were invited to this event held in the San Isidro Power Plant Facilities.



Daily Operational Efficiency Control Program (CEOD, Programa de Control de Eficiencia Operativa Diaria) [EN5]

This project -effective since 2006- is under the framework of an operational efficiency control and follow-up process of the company's generation power plants in Latin America in order to quantify an estimate of economic losses due to deviations in the daily operational management and identify opportunities for improvement in the operation of thermoelectric power plants, among other outstanding aspects.

The implementation of this initiative has allowed visualizing the most significant operational aspects affecting efficiency in the power plants and therefore, managing corrective actions from the plants for their control and reduction.

The daily operational efficiency control program allowed power plants and the company to act in a pro-active and preventive manner when facing economic losses due to operational deviations or abnormalities that are presented in the analyzed thermoelectric power plants.

Energy efficiency projects

[EN5]

Optimization Diagnosis of Heat Rate in Chile

This initiative that Endesa Chile executed during 2013, committed the development of two diagnostics in different technology thermoelectric power plants. Its purpose was to identify the Optimizing Heat Rate opportunities in each installation and its productive processes.

The study developed by the electric and engineering production areas allowed identifying energy loss reduction opportunities, whether thermal or electrical in the San Isidro II and Tarapacá Thermal Power Plants. Some of the most outstanding projects identified were:

- **Projects in the San Isidro II Thermoelectric Power Plant (Combined cycle turbo gas unit):** Process that considers operational updating activities in the gas turbine (TG) and increase in insulation in gas ducts, among others.
- **Projects in the Tarapacá Thermoelectric Power Plant (Conventional type steam turbo unit):** Process that comprises actions such as the installation of frequency inverters in larger engines of the air-gas line, modernizing the soot blowers system, among others.



LEAN Project in Chile [EN5]

During 2013, the implementation of operational improvement initiatives were raised in the pilot stage of the LEAN project applied to the Endesa Chile San Isidro and San Isidro II Power Plants ended.

As a result of this stage work procedures were drafted and relevant operational processes were picked up starting a cultural change at all plant levels, accompanied by qualitative and quantitative results on their efficiency and profitability.

The main efficiency improvements implemented in the processes corresponded to “the use of additional fires for greater revenue in the payment of firm capacity”; “Assuring decision making with a better economic convenience to determine the adequate instance for washing the Gas Turbine Compressor” and “Handling purges in the heat recovery boilers” (from continuous to discretionary), with the resulting savings in raw materials and energy resources in energy production.

It has been planned for 2014 to start visual management on the maintenance process to strengthen correct decision making and verifying new improvement opportunities in the plant.



Hydraulic power plants repowering project

During 2013, a change of impeller was carried out in Antuco Unit 2, being replaced for a more modern Francis design, which allowed Endesa Chile to increase efficiency in its installation and generating in this unit more electricity with the same amount of water.

On the other hand, the impeller was also replaced in Rapel Unit 1 and a change in winding was executed in Unit 2 of the Isla Power Plant. These measures were focused on increasing the service life of this equipment and installations.

The replacement of the impeller of the last-mentioned unit is planned for 2014, as well as the change of impeller and winding of Unit 1 of Los Molles and the winding in Sauzal Unit 1.



Other energy efficiency initiatives [\[EN6\]](#)

Economic load distribution in hydroelectric power plants

During 2013 the implementation of the economic load distribution continued per unit in some of Endesa Chile's hydraulic power plants.

The plants monitored and controlled during this period with this methodology were the Pangué, Pehuenche, Ralco and Rapel Power Plants. The application of this measure implied greater generation for the company (of around 88 GWh/annually) with the same amount of water, only for the concept of the efficient use of its generating units.

Case Study

Adopting the international energy management standard

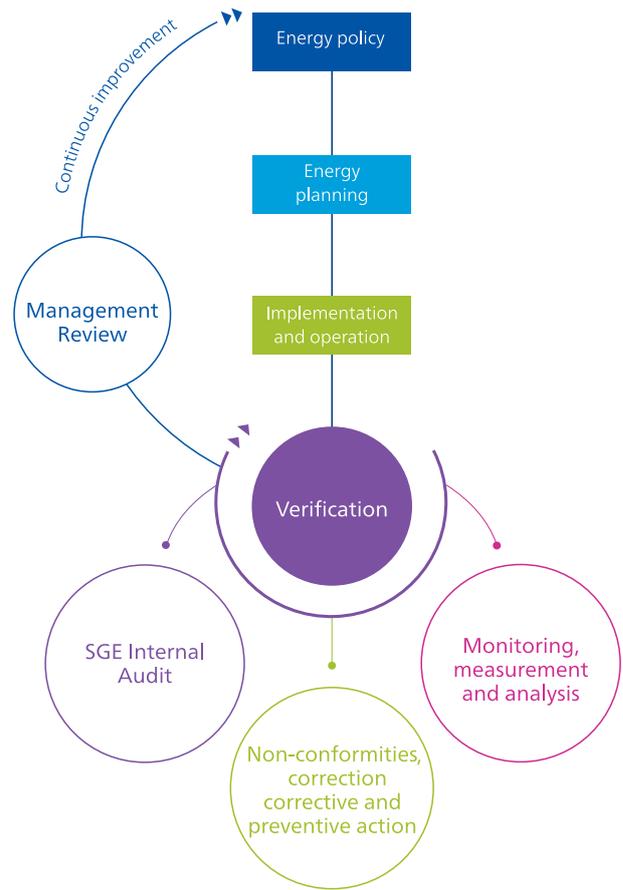
[EN7] During 2013, Endesa Chile continued to actively participate in the pilot plan progress for implementing energy management systems (SGE, Sistemas de Gestión de Energía) in generation operations in Latin America.

This program considered in Chile introducing a SGE for the thermoelectric complex San Isidro and San Isidro II (Quillota, Valparaíso Region), program that started in June 2013 and that up to December the same year had 65% progress. Endesa Chile deems that the project will end in May 2014, starting from the SGE certification according to the ISO 50001:2011 Standard.

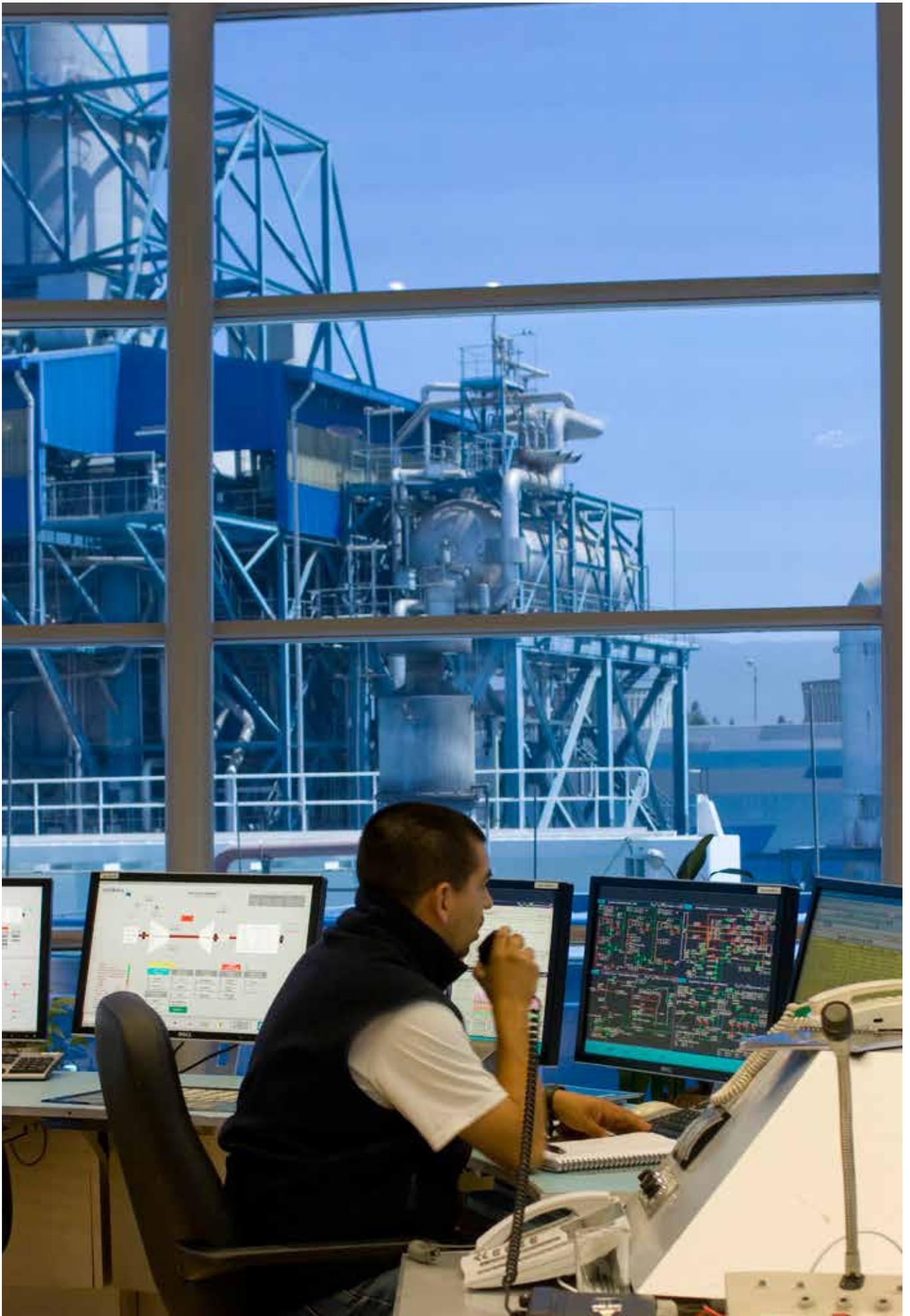
Thus, the San Isidro y San Isidro II Power Plants will become the second company complex certified with this international standard, after the Quintero Thermoelectric Power Plant obtained the certification for its SGE¹⁰ in May 2012.

In 2013 within the framework of this same process the Quintero Power Plant started a continuous improvement process that implies the implementation and installation of energy meters to manage in the best manner possible own consumption and the plant's most significant auxiliary services. At the end of 2013, the project reached progress of 98%, with which it is expected that in 2014 this system's operation will allow reducing the plant's electrical energy losses and foster its application in other units.

Finally the company underscored as a milestone in 2013, the publication of an internal manual to facilitate the implementation of energy management systems under the ISO 50001 Standard, available for all company workers.



¹⁰The process carried out by the Endesa Chile, Quintero power plant was featured as a success story by the Chilean Energy Efficiency Agency (AChEE). The reason for this acknowledgement and all related documentation is available at: <http://guiaiso50001.cl/caso-exito-central-quintero>





Management Focus

Endesa Chile's management in the environmental field considers the impacts of its processes and operations in the different life cycle stages of its generation power plants, with the objective of applying preventive and mitigation actions demanded both from legislation as well as from its sustainability corporate focus.

In addition, the company commitment with protecting the natural environment where it operates comprises aspects related to the fight against Climate Change, an adequate management of residues, emissions into the atmosphere, discharges, contaminated soils and other potential negative impacts.

Outstanding Issues

- Management of environmental variables.
- Water management.
- Environmental management risks.
- San Ignacio de Huinay Foundation.

Environmental Management ^[1.2]

^[4.11] ^[EN26]

Environmental Concerns

Endesa Chile's projects and operations must strictly abide to effective environmental legislation and to the specific regulations established from the same. In order to achieve this, the company executes the following work lines:

- Incorporation of environmental regulations and of company guidelines in this matter, to the integrated management system that Endesa Chile has.
- On-going update and control of environmental regulations in all its operations.
- Establishing environmental procedures that guarantee the optimum use of resources, and control and minimizing environmental impacts associated to its operations.



Potential Environmental Impacts

Endesa Chile has an impact identification methodology in each one of the development stages of its generation projects, which allows establishing specific management initiatives for each one of them. In this section annexes of this report are informed in detail regarding the matter considering the main environmental impacts that the company has identified in response to each one of them.

Environmental Management System

Endesa Chile has 27 power plants operating in the country, which have the certification of its environmental management systems (SGA, Sistemas de Gestión Ambiental) based on the ISO 14001 Standard, with the exception of the second unit of the Bocamina Thermoelectric Power Plant recently started-up and that has an installed capacity of 350 MW. In order to do this, the company has 93.3% of its certified installed power in the aforementioned international standard.

Regulatory Compliance

National Context

On December 28, 2012, with the start of the functioning the Environmental Courts of Law, the supervision and sanction faculties of the Superintendencia of the Environment (SMA, Superintendencia del Medio Ambiente) became effective, which during 2013 supervised seven Endesa Chile's installations, all of them thermoelectric. Due to such supervisions the SMA formulated charges due to non-compliances of the Environmental License (RCA) in two installations: Bocamina and Tarapacá Power Plants. As of December 31, 2013, the files of both procedures were open, after both Endesa Chile and Celta filed writs with the background information on the issues that are the object of the violation, in addition to the respective Compliance Programs. It is worth noting that on December 17, 2013, the Court of Appeals of Concepción ordered suspending the operations of Unit 2 of the Bocamina Thermoelectric Power Plant, while it resolves regarding a protection recourse presented by small artisan fishermen and the villagers of the Coronel District.l.



Presentation of projects

- On December 20, 2013, the Environmental Assessment Service (SEA, Servicio de Evaluación Ambiental) of the Biobío Region admitted for processing the Environmental Impact Study (EIA, Estudio de Impacto Ambiental) of the project "Optimization of the Bocamina Thermoelectric Power Plant". Through presenting this report, the company seeks to regularize the adjustments performed regarding the original planning, which focused on optimizing the operation of the power plant in terms of location and characteristics of some of the works originally declared.
- On December 27, 2013, the SEA of the Antofagasta Region admitted for processing the Environmental Impact Statement (DIA, Declaración de Impacto Ambiental) of the project "Optimization of the Combined Cycle Taltal Thermoelectric Power Plant". The objective of this presentation is to have the approval of the environmental authority of a series of readjustments that are proposed to be carried out to the power plant regarding the project originally approved for operating in a combined cycle.

Other commitments

Clean Production Agreement

Within the framework of the Clean Production Agreement in the Quintero-Puchuncaví zone, developed by Endesa Chile in the 2012-2013 period, the participating companies implemented the following measures:

- Development of an environmental risk handling plan in soils neighboring the industrial zone.
- Improvement of information for controlling atmospheric emissions and air quality.
- Implementation of an energy management system in the Quintero Power Plant.
- Strengthening of protecting health and occupational safety through the creation of an emergency protocol.
- Application of energy efficiency programs.
- Promotion of social responsibility actions towards the community considering formation programs for apprentices, visual impact mitigation measures of the installations, training to the community and local suppliers, among others.

During 2014, validation audits will be finished by the consulting company MACROCAP, where the degree of compliance of the companies with the measures agreed will be determined.



Control of Atmospheric Emissions

[EN20] Since 2002, a monitoring of gas emissions and particulate matter into the atmosphere has been applied in Endesa Chile power plants. The methods used to measure and record these emissions are contained in a specific regulation that applies to all facilities of using this type of technology in Chile. It then reports the results of this program in 2013.

Atmospheric emissions

Identified emissions arising from the activities of Endesa Chile are the following:

Atmospheric emissions (ton)	2011	2012	2013	Measurement Methodology
NO _x	6,928.21	6,698.87	9,154.01	Instrumentally.
SO ₂	9,853.06	11,529.10	9,615.36	Stoichiometric methods (mass balance), isokinetic or continuous monitoring.
Particulate Material	1,578.67	980.07	979.50	Isokinetic sampling.
CO ₂	4,598,625.00	4,819,052.00	5,765,379.90	Stoichiometric methods (mass balance).

The increase in the NO_x y CO₂ indicators was because in 2013 the second unit of the Bocamina Thermoelectric power plant was continuously active until November of that year. While in 2012 only data for November and December was recorded.

In the case of MP y SO₂ Generation increases were not significant because the second unit is equipped with a desulphurizer and a bag filter which significantly reduces emissions. Regarding SO₂, during 2013, low sulfur content coal was used in Unit I of Bocamina, reducing the total emissions associated with this pollutant.

Concerning SO₂ In addition, on December 18, 2013 a new system of abatement of particulate matter began operating in the Tarapacá power plant. The technology implemented corresponds to a bag filter equipment that achieves emissions below 50 mg/Nm³, which complies with the applicable regulations.

Continuous Emissions Monitoring Systems (CEMS)

In order to comply with the provisions of DS N ° 13/11 on emissions of thermal power plants, which established that the generating units must have certified continuous emission monitoring systems (CEMS). Endesa Chile installed new CEMS in the Taltal Thermal Power Plants (units I and II), San Isidro, San Isidro 2 Quintero (units I and II) and Tarapaca.

Both these CEMS as those previously installed in Bocamina I and II, have been subject to a validation process in order to achieve certification by the Superintendence of the Environment. This process was conducted in accordance with the provisions of the CEMS Protocol validation, issued by the Superintendence of the Environment.

On December 31, 2013 the validation reports of the Taltal (units I and II), San Isidro, San Isidro 2 and Tarapacá Thermoelectric Plants were submitted to the SMA for certification, and the validation tests in the two units of the Quintero TP were in the process of completion.

Additionally, for the low dispatch units of Tarapacá TG, Diego de Almagro and Guasco the company filed an application to the SMA for these to estimate their emissions under a calculation methodology defined by this entity. The request was entered in December 2013 and was accompanied by a report for each unit, which contains background supporting the qualification of these plants as low dispatch and the procedures proposed for alternative monitoring of emissions in accordance with the requirements of Annex II of the CEMS validation Protocol.

Internal communication and training activities

The company continues to promote awareness of the importance of environmental protection and preservation, by means of communications and training of staff and contractors, as well as cooperating with the authorities, institutions and civic associations.

The communication and training activities carried out during 2013 were related to issues such as:

- Management, storage and disposal of hazardous waste.
- Adoption of Environmental Management Systems (EMS).
- Legislation and regulations on the environment in Chile.
- Development and implementation of emergency plans in the environmental area.
- Management of risks associated with handling chemicals and other hazardous substances.

Management of environmental variables

Water management

[EN8] The largest proportion of water used by Endesa Chile in their hydraulic power comes from surface sources such as reservoirs. This passes through the turbines to generate electricity and is then returned to its origin without loss of volume or changes in their physic-chemical characteristics.

In the case of power plants, water is collected from wells or the sea, according to the appropriate water rights or maritime concessions the company owns or has been granted. The water resource is mainly used for the cooling systems, after which it is returned, almost completely to its original source (a small percentage is released into the atmosphere as vapor without contaminants).

In the case of water discharged into the sea or rivers, Endesa Chile conducts a control of its physical-chemical parameters, which is required in the DS No. 90/00. The main parameter that can be modified by the operation of power plants is the temperature, as the largest consumption of water is used in cooling. According to the environmental regulations applicable to water discharge from any generating unit, the temperature of water poured into the discharge cannot exceed 30°C.

Water consumption due to the activities of Endesa Chile in 2013, was as follows:

Power plants (millions of m ³)		2011	2012	2013
Thermoelectric	Process	7.14	6.15	6.62
	Refrigeration	525.65	445.08	602.01
	Consumption	0.02	0.03	0.02
Hydroelectric	Turbines	33,828.66	29,464.20	26,655.55
	Refrigeration	58.34	70.36	59.69
	Consumption	0.02	0.01	0.01

[EN9] The increased water consumption for cooling in the case of power plants is explained by the operation of the second unit of the Bocamina power plant, almost all throughout 2013, while the decrease of consumption of cooling water for the hydraulic power plants corresponds to the lower generation with this technology due to a water shortage condition. In addition, Endesa Chile found that there were no significant impacts on water sources by direct effect of the operation of its power generating plants.

	Water uptake	Water return
Hydraulic plants	It is of the non-consumptive type according to the conditions laid down for the use of water rights.	The water used in this process is returned in the same quantity and quality to the source from which it was taken without loss or retention, without altering its physical - chemical characteristics.
Thermal power plants	It is collected from the sea or wells, according to maritime concessions or water rights, as appropriate.	<p>The water is returned to the environment in compliance with the emission standards for discharges, except in the San Isidro and San Isidro 2 power plants where in recent years there has been an increase in the concentration of sulfates in the collected water when returned.</p> <p>The phenomenon is under study and monitoring and hitherto it is assumed that this deviation is due to water stress affecting the area where the plants are located. This has resulted in higher concentrations of sulfates now being registered in the collection wells, from which the plant captures water for its operation.</p> <p>In late 2012 the Superintendence of Sanitary Services opened an inquiry into both units for breach of sulfates emissions limits, an inquiry that remains open as of December 2013.</p>

Moreover, the collected volume of water for the process and for the cooling systems of thermal power plants in 2013 by source of water is reported in the following table:

Use of water in the process in 2013		
Processes	Water sources	Volume (millions m ³)
Processes in TP	From wells	6.53
	Seawater	0.09
	Total	6.62
Refrigeration systems of TP.	Open cycle with seawater	596.19
	Closed	5.82
	Total	602.01

During 2013, water balance¹¹ processes were developed in the Tarapacá, San Isidro and San Isidro II; thermal power plants; and in the Pehuenche and Isla hydroelectric power plants. In the case of San Isidro, the calculation of the water footprint¹² associated with its operations was also carried out.

¹¹ The water balance is defined as the balance between all the resources of this kind entering and leaving the system within a certain time interval.

¹² The water footprint corresponds to an indicator of direct and indirect use of fresh water by the consumer or product; it is expressed in terms of water volume per unit time, product or other.

Water discharges

[EN21] According to the internal rules, the water discharges are classified into:

Industrial discharges: from the process of thermoelectric generation to which the cooling water in power plants is added.

Sanitary discharges: it is that water from the services of these characteristics.

Of these wastewater discharges, 99.6% corresponds to the water used for cooling, which is returned to the receiver body according to the conditions laid down in the respective emission standard or the concentrations set out in environmental qualification rulings which approved the projects.

Endesa Chile Water discharges are detailed below:

Total volume of discharge (millions of m ³ /year)	Year		Treatment method	
	2011 (**)	2012 (**)		2013
Industrial	586.56	517.42	663.93	Industrial discharges of the thermal plants are monitored according to the parameters, frequencies and other requirements established by the Chilean environmental legislation (D.S.No.90/00).
Sanitary (*)	0.04	0.04	0.02	Sanitary water is discharged to sewage treatment plants or in septic tanks. Where appropriate, monitoring is performed in accordance with environmental legislation.
Total	586.60	517.46	663.95	

(*) The sanitary discharge occurs when water is discharged from the treatment plant or septic tank with the appropriate quality.

(**) Data of sanitary discharges for 2011 and 2012 are estimates.

Increased industrial discharges recorded in 2013 when compared to 2012 is mainly due to the entry into operation of the second unit of the Bocamina thermal power plant. Similarly, reducing recirculation cooling water cycles of the San Isidro and San Isidro II thermal power plants also contributed to this increase.

Fuel Consumption

[EN1] [EN3] Fuel consumption for the operation of Endesa Chile thermal power plants in 2013 is detailed below:

Type of fuel (GJ)	2011	2012	2013
Coal	18,665,478	21,405,046	36,352,558
Natural Gas	51,485,215	54,055,454	44,905,761
Fuel Oil	30,967	147,092	71,004
Oil	2,682,378	1,534,412	1,662,573
Total	72,864,038	77,142,004	82,991,895

Increased consumption of coal was because in 2013 the second unit of the Bocamina power plant was continuously active until November, while in 2012 it only operated during November and December.

Power consumption [EN4]

Overall, the electricity used in the operation of the Endesa Chile generation power plants is produced internally. When the operation is stopped, the auxiliary services remain in operation through the purchase of power from the interconnected systems of the regions where the company operates. In cases of general blackouts, the plants are supplied by their own generators.

Power consumption	Power consumption (GWh)		
	Year		
	2011	2012	2013
Hydroelectric power plants	73.60	49.41	50.98
Thermoelectric power plants	272.70	307.90	439.35
Wind farms	S/I	5.90	5.32
Total	346.30	363.21	495.65

Energy efficiency in thermoelectric power plants

[EU11] Endesa Chile evaluates the operational efficiency of its plants using the ratio between the net energy produced in the form of electricity and the energy that is provided in the form of fuel. This indicator is expressed by the following formula:

$$\text{Energy Efficiency} = \text{Net generated energy (GWh)} / \text{Net energy consumed (GWh)}^{13}$$

¹³ Net consumed energy; is all the energy from the different fuels in use, based on the lower heating value. This equation allows the calculation of the percentage of energy recovered corresponding to the net efficiency of the thermoelectric power plant.

Specifically, the net efficiency of a power plant is determined by its technological features, the dispatch system and the type of fuel used.

Energy Efficiency of Endesa Chile thermal power plants in 2013	(%)
Coal plants	36.03
Combined cycle plants	52.18
Fuel-gas power plants	30.31
Average for thermoelectric power plants	43.58

In 2013, the San Isidro thermoelectric power plant began implementing the energy management system (EMS) based on ISO 50001:2011 international standard. The company expects SGE certification for 2014.

Waste management

[EN22] Endesa Chile conducts waste management in its facilities in accordance with current regulations and the provisions of its environmental management system. This management consists of temporary storage in salvage yards for the case of non-hazardous waste, and temporary storage warehouses (BAT) for hazardous waste until the collection and disposal is conducted by companies which are specialists and licensed by the respective health authority.

Waste generated (t)	Type of plants	2011	2012	2013	Treatment method
Hazardous waste	Thermoelectric power plants	121.8	251.9	613.0	Final disposal in approved landfills according to Chilean law.
	Hydroelectric power plants	91.0	137.4	73.5	
	Wind farms	2.8	4.0	3.7	
	Total	215.6	393.3	690.2	
Non-hazardous waste	Thermoelectric power plants	320.6	202.6	40.0	Final disposal in approved landfills according to Chilean law.
	Hydroelectric power plants	1,048.7	338.9	305.2	
	Wind farms	0.2	0.0	0.0	
	Total	1369.5	541.5	345.2	
Inert waste	Thermoelectric power plants	83,252.5	92,443.8	179,369.6	Final disposal in approved landfills according to Chilean law.
	Total	83,252.5	92,443.8	179,369.6	
Waste valued by external facilities	Thermoelectric power plants	-	0.9	0.0	
	Hydroelectric power plants	-	4.0	0.0	
	Total		4.9	0.0	

Regarding hazardous waste, the increase recorded in 2013 relates mainly to the removal of wastewater from the chemical cleaning of a boiler located in the Tarapaca power plant, process that is performed regularly every 15 years in an operation of this nature.

The increase in the indicator of inert waste corresponds to the generation of ash and slag from the normal operation of the second unit of the Bocamina Thermoelectric power plant.

Environmental incidents¹⁴ [EN23]

Spill	Volume (m ³)	Spilled material	Description of the incident	Control measures
C.T. Bocamina	0,5	Ash	On February 20 during the usual transfer of ash from the plant to an internal dump, the ash spilled on public roads about 200 meters before reaching the landfill (Arenas Blancas, Schwager sector).	<ul style="list-style-type: none"> - The nature and scale of the emergency was verified. - The affected place was evaluated the day after the incident. - It was not possible to isolate the affected sector. - The specific emergency plan of the facility was followed.
C.H. Cipreses	0,005	Water-oil	On April 18, when cleaning a drain auger through drain pump no.2 a spill water-oil mixture occurred towards the discharge channel.	<ul style="list-style-type: none"> - Immediate isolation of the drain valve of the main tank and testing of points affected by the spill. - The affected area was immediately defined. - Application of absorbent material (biodegradable OILGATOR) to prevent entry to storm water drainage systems and/or sewage. - Start collecting part of the spill with a hand pump and store it in IBC (1 m³) for subsequent transfer to internal RESPEL warehouse. - The external contractor was contacted immediately to recover the spilled material contained into the drainage ditch (safety perimeter) of the Fuel pump room.
C.T. Bocamina	70	Diesel fuel	On December 10 at dawn a Diesel fuel oil spill occurred in the fuel pump sector of the second unit. The amount was approximately 70 m ³ .	<ul style="list-style-type: none"> - Immediate isolation of the drain valve of the main tank and testing of points affected by the spill. - The affected area was immediately defined. - Application of absorbent material (biodegradable OILGATOR) to prevent entry to storm water drainage systems and/or sewage. - Start collecting part of the spill with a hand pump and store it in IBC (1 m³) for subsequent transfer to internal RESPEL warehouse. - The external contractor was contacted immediately to recover the spilled material contained into the drainage ditch (safety perimeter) of the Fuel pump room.

¹⁴ An environmental incident is defined, according to the 015 operating standard 015 of Endesa Chile on communication of contingencies in the operation and construction of projects, as an unwanted event, which under slightly different conditions could have caused an accident.

Environmental expenses and investments

[EN30] In thermoelectric power plants, the costs are mainly associated with monitoring air quality, monitoring the quality of liquid waste discharged and the marine environment in the immediate surroundings, waste management, noise monitoring and implementation of specific studies to monitor parameters related to the flora and fauna in the immediate surroundings of the facilities.

In hydroelectric power plants, expenses relate primarily to periodic monitoring of discharges of drinking water systems and wastewater treatment, as well as monitoring of water quality in reservoirs and in their affluents and effluents.

In addition to what was previously mentioned, it is worthwhile to note that both the Bocamina thermoelectric power plant, as well as the Ralco Hydroelectric power plant have specific commitments emanating from the Environmental Qualification Ruling (RCA) that approved the respective projects, which require the implementation of additional activities to those already described, which requires a higher level of expenditure.

Environmental expenses 2013 (M\$)

Power plants	Expenditure
C.T. Tarapacá	130,278
C.T. Taltal	118,796
C.T. Huasco y T.P. Diego de Almagro	8,343
C.T. Quintero	75,425
C.T. San Isidro	141,856
C.T. Bocamina	355,912
C.H. Los Molles	5,117
C.H. Rapel	6,832
C.H. del Cachapoal (Sauzal, Sausalito)	5,328
C.H. del Maule (Cipreses, Pehuenche, Loma Alta, Curillinque, Isla, Ojos de Agua)	29,040
C.H. del Biobío (Ralco, Pangué, Palmucho)	841,286
C.H. del Laja (Antuco, Abanico, El Toro)	6,930
Canela wind farm	56,249
Total	1,781,391

[EN30] In matters of environmental investment, the amounts assigned by power plants to comply with emissions standards are worthwhile mentioning, which reach more than 90% of the total resources invested during 2013, which include the amounts invested in the installation and validation for environmental investment of continuous emission online monitoring systems (CEMS), the installation and commissioning of the bag house in the Tarapacá C.T. and the construction of desulfurization equipment in The Bocamina C.T. project is still ongoing.

Environmental investments 2013 (M\$)

Centrales	Investments
C.T. Tarapacá	10,163,265
C.T. Taltal	844,288
C.T. Quintero	509,078
C.T. San Isidro	2,474,028
C.T. Bocamina	14,028,053
Total	28,018,712

Environmental Risk Management

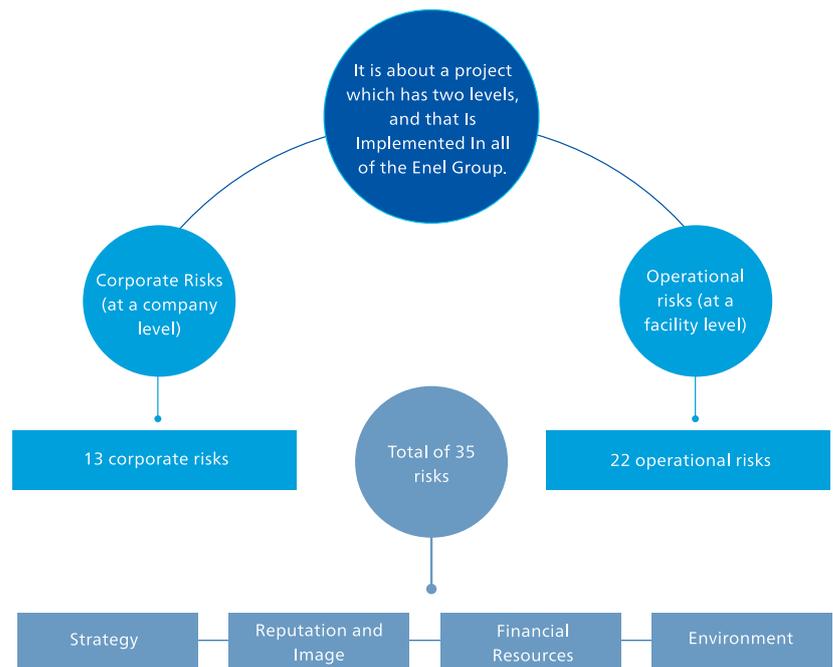
Environmental Risk Self Assessment Project

Under the significant environmental aspects management framework, Endesa Chile continued during 2013 with the deployment of the environmental risk self-assessment project in each of its facilities as part of its risk monitoring procedure in the matter.

The evaluation process involves the application of an internal methodology called Mapping of Environmental Compliance (MAPEC), which considers 35 categories of environmental risks associated with both the management model of the company and the development of plant operations. Given the weaknesses that can be detected, specific responses must be defined (action plans).

The application of this methodology to assess environmental risks is applied homogeneously in all facilities to obtain comparable results, and calculate "residual risk indices". These results can be represented graphically as a criticality ranking of the environmental problems of the facilities, facilitating the work of prioritizing corrective actions.

Flowchart of Environmental Risk Self Assessment



Biodiversity Management

Endesa Chile accepts its responsibility regarding environmental conservation by means of industrial areas recovery projects, particularly the protection of biodiversity in the territories where it operates.

In this regard, the company has a biodiversity committee since 2009 that coordinates and oversees the various environmental conservation programs so as to ensure their effectiveness.

Below, the most important initiatives in this area in 2013 are reported.

Interaction with Biodiversity EN11

Operating facilities located adjacent or close to protected areas	Geographic location	Type of operation	Location of the facility in respect to the protected area	Protected area
Laja Hydroelectric plants (C.H. Abanico, C.H. El Toro).	Region of Biobío, districts of Antuco and Pinto.	Endesa Chile has operational centers in land adjacent to Laguna del Laja National Park.	Adjacent	Laguna del Laja National park (Area: 11,600 ha).
Laja Hydroelectric plants (C.H. Abanico, C.H. Antuco y C.H. El Toro).	Region of Biobío. Includes the Ñuble national reservation, Laguna del national park Laja and the Los Huemules de Niblinto national reservation and nature sanctuary.	Endesa Chile has offices and production facilities in this corridor.	Inside	Biosphere reservation "Corredor biológico Nevados de Chillán - Laguna del Laja", declared by Unesco in 2011 (Area: 565,000 ha).
C.H. Abanico	Region of Biobío, districts of Pinto and Antuco.	In the Polcura Alto land, owned by Endesa Chile, the company owns headworks and disused buildings. These works are associated with the Abanico Hydro power plant, which began operations in 1948.	Inside	Ñuble National reservation (Area 55,948 ha., date of creation: November 1978).
C.H. Pangue	Region of Biobío, district of Quilaco.	The national reservation borders the south bank of the Pangue dam.	Adjacent	Altos del Pemehue National reservation (Area: 18,855 ha).

Endangered species

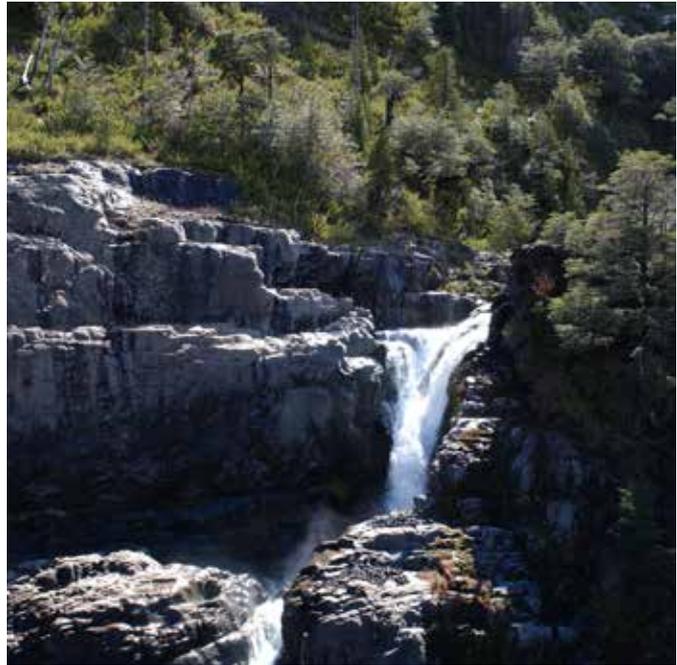
EN15 In order to protect the various species of Chilean flora and fauna found on the premises where Endesa Chile facilities are located, access is controlled so as to prevent people from hunting and cutting vegetation and overall, to preserve the natural habitat. The following are the protected and endangered species that are found in areas where the company operates.

	Habitat	Facilities	Affected species	Risk of extinction
Mammals	Andean temperate deciduous forest (Nothofagus pumilio y Azara alpina)	C.H. El Toro	Huemul (Hippocamelus bisulcus)	Endangered
	Desert and coastal Shrub land	P.E. Canela	Degú costino (Octodon lunatus)	Vulnerable
	Seashore areas	C.T. Tarapacá	Chungungo or sea otter (Lontra felina)	Danger
Birds	Andean Mediterranean deciduous forest (Nothofagus glauca y Nothofagus obliqua)	C.H. Pehuenche	Tricahue Parrot (Cyanoliseus patagonus)	Vulnerable
	Open shrub land	C.H. Ojos de Agua		
	Seashore areas	C.T. Tarapacá	Guanay (Phalacrocorax bougainvillii)	Vulnerable
	Seashore areas	C.T. Tarapacá	Midget nun seagull (Larosterna inca)	Vulnerable
	Seashore areas	C.T. Tarapacá	Garuma seagull (Leucophaeus modestus)	Vulnerable
	Seashore areas	C.T. Tarapacá	Humboldt Penguin (Spheniscus humboldti)	Vulnerable
	Desert and coastal Shrub land	P.E. Canela	Becacina (Gallinago paraguaiae)	Vulnerable
Fish	Biobio River	C.H. Pangué y Ralco	River Tollo (Diplomystes nahuelbutaensis)	Endangered
	Biobio River	C.H. Pangué y Ralco	Carmelita de Concepción (Percilia irwini)	Endangered
	Biobio River	C.H. Pangué	Bragrecito (Trichomycterus chiltoni)	Endangered
	Cypress river	C.H. Ojos de Agua	Bragre chico (small bass) (Trichomycterus areolatus)	Vulnerable
Flora	Mediterranean coastal desert shrub land (Gypothamnium pinifolium y Heliotropium pycnophyllum)	C.T. Taltal	Cactus (Eulychnia iquiquensis)	Vulnerable
	Mediterranean coastal desert shrub land (Gypothamnium pinifolium y Heliotropium pycnophyllum)	C.T. Taltal	Capachito (Capachito paposana)	Vulnerable
	Mediterranean coastal desert shrub land (Bahia ambrosioides and Puya chilensis)	P.E. Canela	Palo gordo (Carica chilensis)	Vulnerable
	Mediterranean coastal desert shrub land (Bahia ambrosioides and Puya chilensis)	P.E. Canela	Violet (Calydorea xiphioides)	Vulnerable and rare
	Mediterranean coastal desert shrub land (Bahia ambrosioides and Puya chilensis)	P.E. Canela	Chagualillo (Puya venusta)	Vulnerable
	High Desert Shrub land (Baccharis macraei and Oxalis virgosa)	P.E. Canela	Echinopsis skottsbergii	Vulnerable
	Matorral desértico alto (Baccharis macraei y Oxalis virgosa)	P.E. Canela	Yellow soldier (Tropaeolum hookerianum)	Vulnerable

Biodiversity Conservation Program [EN14]

All actions carried out by Endesa Chile in the area of biodiversity are directed to comply with the obligations contained in the Resolution of Environmental Qualification (RCA) of its projects and operations.

In this regard, the company carries out monitoring and follow up to determine the degree of impact that the activity of a plant could be causing to the different components of the biodiversity in its area of influence. Each is designed and implemented according to the specific characteristics of the territory, and are evaluated from quarterly, semiannual and annual reports.



The plans currently under execution take into consideration the components of biodiversity of flora and fauna, in both terrestrial and marine ecosystems, which exhibit significant differences depending on the area where each facility is located. To this, the activities that each plant conducts relative to other relevant environmental variables such as air, water, soil and landscape are added.

According to the 2013 assessment reports on this subject, Endesa Chile reported that no problems or significant impacts were identified in the biodiversity surrounding company facilities, and that the monitoring plans are properly developed and have been communicated to the relevant environmental authority.



San Ignacio del Huinay Foundation

[EN13]

Founded in 1998 by Endesa Chile in partnership with the Catholic University of Valparaiso, the San Ignacio de Huinay Foundation was created to facilitate scientific research and to seek for the preservation of the bio-geographic heritage of the Huinay area (located in the Region of the Lakes, in the district of Hualaihué), by means of scientific research and sustainable development techniques.

Below is a report on the main activities carried out by the Foundation during 2013.

Scientific Work

During 2013, the San Ignacio de Huinay Foundation conducted an important scientific activity which was reflected in the following results:

- Publication of 23 scientific papers in internationally recognized journals.
- Participation of the scientific team in a total of 28 local and international exhibitions.
- Development of 90 visits to the scientific research station of the Foundation.
- Conducting scientific expeditions to different areas of Patagonia under the framework of the project "Identification and geo-referencing of species to develop a proposal for protected areas".

International dissemination

The San Ignacio Huinay Foundation established in 2011 a cooperation agreement with the Superior Council of Scientific Research of Spain (CSIC) and the Endesa Foundation Spain, with the aim of promoting the study of biodiversity present in the Patagonian fjords of Chile.

In October 2013, as part of the renewal of that agreement in 2014, researchers at the Foundation published the preliminary results of their research in Spain, which were described as an important contribution to the knowledge of this valuable natural conservation area.

Conservation Projects

Comau Fjord Protected Marine Area

In 2010, the Government of Chile, after consulting with the Huinay Foundation, declared a "Multipurpose Protected Marine and Coastal Area" in a strip 75 feet wide along the entire coast of the Huinay Estate. Since then, the Foundation has been advocating, together with the Municipality of Hualaihué, the expansion of the marine protected area around the Comau Fjord.

To do this, the issue has been addressed in the communal coastline commission, formed by social players in the area and in which the Huinay Foundation has been active as a technical advisory body. In August 2013, the Communal committee agreed almost unanimously by its members, to request the Ministry of the Environment to declare the Comau Fjord as a "Multipurpose Marine Protected Area", so as to ensure a sustainable development of the territory.

Ecological Restoration of the Huinay Forest Project

In July 2013 the pilot project “Ecological Restoration of the Huinay Forest” evolved from the first planting of one thousand trees, which corresponds to a new stage of progress of the initiative of the Foundation to promote the spread of native tree species such as the larch, the ulmo and the guaitecas cypress, among others.

This project began in 2008 when the Foundation began operating a nursery that currently has 30 thousand plants representing a total of 37 Chilean native species.



Community Support and Dissemination to Public of Interest

Another important line of action of the Foundation is working with the local community. In this regard, in 2013 we continued to support the transfer of settlers from the fjord to the nearest populated locality, which is Hornopirén.

The power supply program was also extended to Huinay in addition to providing Internet services to the local school, which is a significant step in solving the isolation in which the community lives. Medical rounds and educational activities including visits to the research station of the Foundation were also conducted.

In the matter of dissemination of projects and activities of the Foundation during 2013 a communication program with authorities and national opinion leaders was conducted. In this line, government, Senate and media representatives visited Huinay.

In addition, the Foundation began to disseminate its work and exchange information with different audiences through social networks, Facebook, Twitter and Instagram.

Climate Change EC2

Endesa Chile considers the effects of climate change as global relevance issue and a priority, therefore it cannot be excluded from the decision making process on the matter. Thus, the company regularly conducts an analysis of the risks associated with this phenomenon and its impact on energy production, operation and marketing.

Endesa Chile NCRE Generation Facilities EN6

Endesa Chile facilities that generate With NCRE		
Power plants	Canela and Canela II wind farms	Mini hydro power plant Ojos de Agua
Description	<p>Canela wind farm In operation since December 2007, it has a capacity of 18.15 MW and has 11 turbines. It is the first of its kind connected to the central grid (SIC).</p> <p>Canela II wind farm It is located south of the Canela wind farm and has been in operation since December 2009. Consists of 40 turbines and an installed capacity of 60 MW.</p>	<p>Harnesses the energy potential of the flows of the two main water seepages from the La invernada lagoon.</p> <p>Flow rates are estimated at about 11.6 m³ / s, and the altitude difference between these seepages and the adduction channel of the Isla Hydro power plant is 65 meters.</p>
Location	Region of Coquimbo.	Region of Maule.
Installed capacity	Total installed capacity of 78.15 MW.	The mini power plant has an approximate capacity of 9 MW.

Carbon market Projects EN18

Endesa Chile takes part in the voluntary carbon market where credit trading occurs on an optional basis.

In November 2013, the company entered the request for issuance and certification of 44,919 Emission Reduction Certificates (CERs), of the Canela wind farm for the period 2009-2011.

On December 31, 2013, Endesa Chile received a communication from the UN Office of Climate Change (UNFCCC), in which it was notified on the successful conclusion of the review stage of the records provided. During 2014, the stage of information and reporting will be conducted, which will allow to continue progressing in this certification process.

Power plant	Emission Factor (tonCO ₂ e/MWh)	Avoided emissions			
		2012 (MWh)	2013 (MWh)	Avoided Emissions 2012 (tonCO ₂ e)	Avoided Emissions 2013 (tonCO ₂ e)
Canela	0.5713	28,047.7	26,223.2	16,023.7	14,981.3
Canela II	0.6560	128,041.9	120,399.4	83,995.5	78,982.0
Net Total	-	156,089.6	146,622.6	100,019.2	93,963.3

Canela II Wind Farm has Been Registered in the MDL Circuit of the United nations

Endesa Chile Registered the Canela II wind farm operating in the Region of Coquimbo in the circuit for the Clean Development Mechanism (CDM) of the Office of Climate Change of the united nations (UNFCCC).

The company confirmed the register with the release of the background in its web portal, which will allow verification and the later sale of the GEI emissions, which are estimated at a total of 89,990 equivalent tons of CO₂ per year (tonCO₂e/yr).

Canela II wind farm becomes the fifth project of the Enersis group to achieve this registration in Latam, adding to the Ojos de Agua mini-hydroelectric plant (2007) and the Canela Wind farm (2009) in Chile; Ventanilla Thermal Power plant (2011) and the repowering of the Callahuanca hydroelectric power plant (2008), both in Peru.





Management Focus [DMA LA]

In the context of corporate human resources management, people who work in Endesa Chile are leaders in the strategic development of the company and the achievement of its objectives from a business and sustainability perspective.

In this regard, Endesa Chile is committed to its workers with a set of programs focused on creating the best quality of life at work, along with the constant promotion of their welfare as well as personal and professional growth programs, which allows them to properly perform their duties and responsibilities.

Specifically, the company has placed special emphasis on the development of programs that promote communication and a sense of belonging among employees within the various functional areas and production units of Endesa Chile located in various parts of the country. Along with this, we have launched on site meeting and dialogue activities between senior management and operations and projects teams of the company. This chapter reports on the implementation and results of these initiatives during 2013.

Outstanding issues

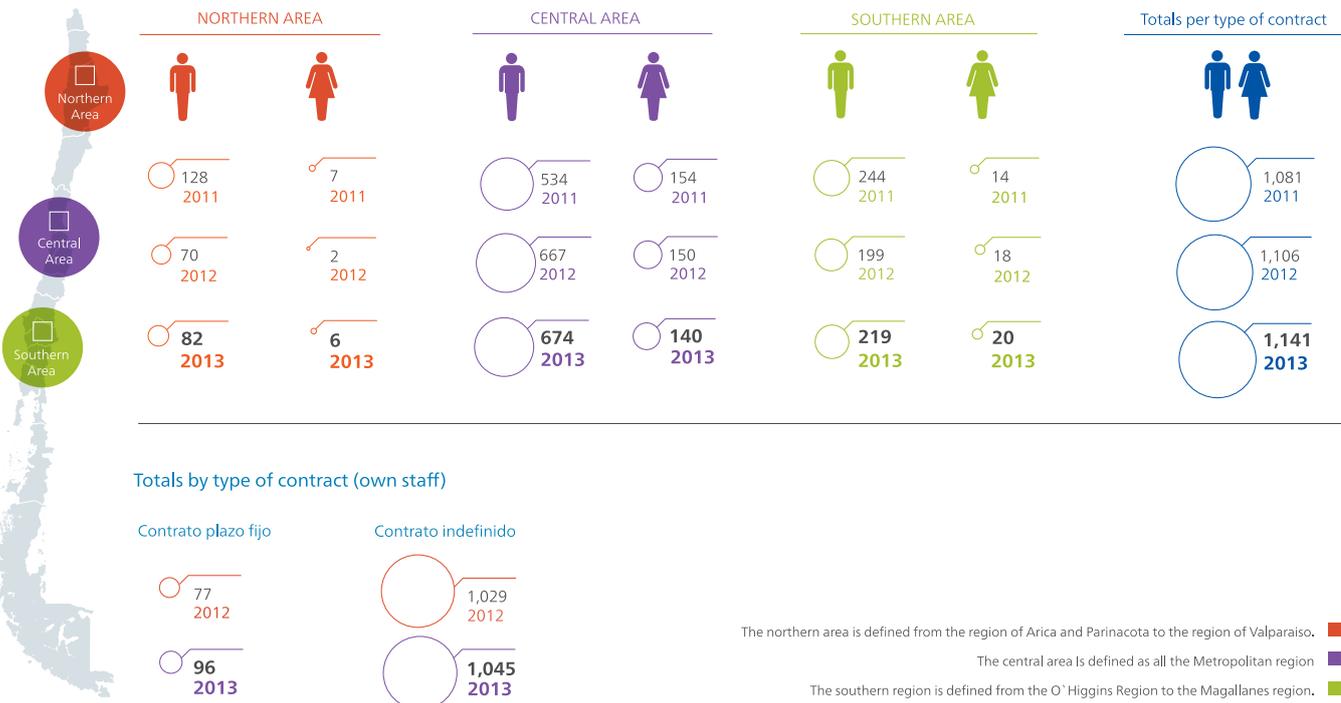
- Certification as a Family-Friendly Company.
- Initiatives to improve the working environment.
- Knowledge Management.
- Health and safety Management.
- Work with contractors

Characterization of workers

Personnel

[LA1] At the end of 2013, Endesa Chile had 1,141 workers, representing a 3% increase over the previous year, mainly due to the start of operations of the second unit of the Bocamina thermal power plant.

Of these workers, 15% are women and from the perspective of employment with the company, 92% of the total has permanent contract. For more information on this and other labor indicators see Annex II, section 2.



[LA13] Regarding the classification under work section, until December 2013, 53% of the personnel of Endesa Chile was within the professional category, which represents 610 people, of whom 512 were men. Moreover, 67% of the total personnel is between 30 and 50 years old. For more information on this and other labor indicators see Annex II, section 2.



Balance between personal, professional and family life

As part of its commitment with the development of its workers, the company has programs to reconcile work, family and personal life which consider corporate strategy and the sustainability approach related to it.

The various initiatives in this area should be designed, implemented and evaluated taking into account the specific characteristics of the job profiles and the roles and responsibilities associated with them, in addition to the various geographical conditions in which Endesa Chile workers operate.

Senior management

[EC7]

The Management of Endesa Chile is composed of executives from four different nationalities, of which 80% are Chilean. In this regard, given the international nature of its business and operations, the company has a policy of worker mobility, especially among Latin American countries, where the company takes part in the power generation market. For more information on this and other labor indicators see Annex II, section 2.

In this regard, the company has specific benefits programs focused on issues such as quality of family life; telecommuting plans linking flexibility with increased productivity; and continuous improvement programs of the working environment.

Evaluation of working quality of life

Endesa Chile believes that strengthening the quality of working life is essential to achieve the objectives of its corporate strategy and the implementation of its sustainability approach. Consequently, all programs that the company applies in this field are constantly evaluated from the perspective of design, management and results to ensure their relevance and effectiveness.

To achieve this, methods of internal monitoring and evaluation are used along with encouraging the participation of the company in external initiatives that promote the adoption of policies and practices on issues such as reconciliation of personal, family and professional life; development of specific skills and competencies; as well as promoting equality of opportunity; among others.

Best Companies for Working Mothers and Fathers Awards

In the specific area of the practices to reconcile work, family and personal life, the Enersis Group, of which Endesa Chile is one of its subsidiaries, was one of 25 companies and organizations recognized in the "Best Companies for Working Mothers and Fathers 2013".

This award, presented jointly by Fundación Chile Unido and El Mercurio, identifies and highlights those private and public organizations that have established policies that facilitate the integration of working and family life.



The certification was conducted by the Spanish Association for Standardization and Certification (AENOR) in partnership with the Más Familia Foundation, which has internationally acknowledged expertise in this field. The evaluation process involved the participation of workers by means of personal or telephone interviews and an analysis of existing practices and policies in the company.

Successful completion of this process involved a recognition of the quality of the training sessions Endesa Chile in this area, along with generating a differentiation factor in the sector and improve their social reputation.

Certification as a Family-Friendly Company

In 2013, the Enersis Group achieved the certification of "Family Friendly Company" based on the EFR 1000-1 (edition 3) international standard, which allows to adopt a management system and continuous improvement in the field of reconciliation, employment quality, labor flexibility, family support, and competence development as well as equal opportunities.

Telecommuting

Since April 2013, Endesa Chile has been applying an innovative telecommuting program that is part of the company's development in the areas of reconciliation and quality of working life, as well as the consolidation of a management style based on trust and commitment.

This initiative means that every Wednesday of the week, the workers which participate in the program, hold their regular work from home, using a corporate platform specially designed for such tasks. This dynamics encourages proactive behaviors of the worker and a result-oriented job performance.

The first stage of the program, which began in January 2013, contemplated gathering the workers who were interested, which was followed by a selection process that involved the

incorporation of 8 people from Endesa Chile to the initiative. Both as a group and individually, each participated in a training program covering the key aspects of the methodology of telecommuting, along with providing the technological means to exercise it effectively.

Endesa Chile is gradually advancing in the expansion of this project taking special care in its full alignment with corporate strategy and policies. This involves careful analysis of what competences, profiles and job functions may adopt telecommuting without affecting productivity and the requirements related to the particular responsibilities of the workers.

Benefits

Endesa Chile has a benefits program for their workers, which covers the areas of health, education, sports, culture, entertainment and special activities; particularly aimed at their family group. Such practices contribute to the reconciliation of working and personal life. In this context, the company considers the various work, family and personal profiles when designing and implementing benefit plans.

[LA3] The main benefits provided by Endesa Chile to its employees, are presented below:

Health prevention

- Supplementary health insurance.
- Catastrophic health insurance.
- Dental Insurance.
- Complementary labor disability subsidy.

Support Services

- Welfare Loan.
- Loan for higher education.

Education scholarships and support

- School support.
- School Scholarship.
- Pre College Reimbursement.
- Academic Excellence Award.
- Summer Schools of the University of Chile.
- Loan for higher education.
- Nursery school allowance.
- Kindergarten Subsidy.

Family development and Extension

- Program for Working Mothers.
- Summer and winter camps for children.
- Knowing the parents' work.
- Birthday parties for children.
- Christmas Party.
- Newborn Gift.
- Worker Birthday Celebration.
- Extension and Culture Program.
- Sports Program.
- Library.

Leaves and bonuses

- Birth bonus.
- Marriage bonus.
- First home bonus.
- Mortuary fee.
- Special assistance in case of death.

Others

- Corporate clothing for women.

In addition, in 2013 Endesa Chile established new benefits for working mothers related to complementary nutrition, nutritional counseling and specific plans for pregnant women, in which there are workshops with support and guidance on issues related to motherhood and the different levels of labor flexibility available in the company.



Strengthening Work Climate

Main related actions

From the results of the working climate survey conducted by the Group in 2012, Endesa Chile, in line with corporate policies designed and began to implement a plan for strengthening working climate. This plan was developed in three key areas: meritocracy and development, leadership and change management.

The scope of the meritocracy and development consulting focused on recognition of the company towards its employees as well as between peers. Additionally, initiatives related to equal opportunity and attraction plans, training, and retention of talent are strengthened.

The field of leadership is mainly approached from two initiatives: the training plan focused on the managers of the company and the closer manager program. Both are focused on the support on issues such as personnel management, compensation and benefits, and talent management.

Regarding change management, Endesa Chile worked on improving communication with workers which have been promoted in different support initiatives having as its main objective, the strengthening of internal communication regarding the progress of the company and employee involvement.

The application and the specific results of the initiatives in these three areas during 2013 are reported in the following contents of this chapter.

Improved internal management of Human Resources

In December 2013, the first year of the training program was delivered to managers, its purpose is to deepen the understanding of the HR processes and corporate systems (legal and corporate benefits, health care education, and leaves, among others) in order to obtain the maximum effectiveness in their administration.

This initiative involved 61 managers of Endesa Chile, after which each made a commitment so the group of workers that he is responsible for receive these services in an appropriate and timely manner. During 2014, the company will continue with the implementation of the schedule of courses and other activities related to this initiative.

Professional development [EU14]

During 2013, professionals and managers at Endesa Chile took part in executive training instances whose purpose is to expand and strengthen their skills and competencies in areas such as career development, corporate innovation, leadership, strategic thinking, decision making and coaching. In this regard, the following were noted:

Training Workshops for Young Professionals:

Engaging lectures and workshops with special emphasis on innovation and entrepreneurship practices aimed towards the company processes. This initiative was carried out in collaboration with the Center for Executive Education at the Adolfo Ibáñez University and 18 company professionals participated in them.

Skills Training Program for Managers: This activity was aimed at strengthening the competencies associated with effective leadership of teams. In this case, the company had the collaboration of ESE Business School of the University of Los Andes and was attended by 12 employees of Endesa Chile.

Both initiatives culminated in a workshop on change management so that the participants understood this as a constant dynamic from a personal and professional perspective, along with acquiring skills which enable them to effectively address it.

Close head and Manager

From the results of the last labor climate survey the need to establish closer ties between the various levels of the company was identified, which was presented as a challenge to strengthen the working environment.

For this reason, during 2013 Endesa Chile applied the Close Manager and Head initiative focused on strengthening direct and on site communication, in which senior management is actively involved in the company.

In this context, dialogue sessions with employees of different plants and operations were conducted, which allowed to address topics of interest to employees. Further meetings were held between the managers of each area with their respective teams. A noteworthy aspect in this year management was the celebration of a Steering Committee in the Tarapaca thermal power plant, where the main focus was on local issues that directly affect the plant.

The close head and manager initiative also considers meetings between representatives of the senior management and groups of workers to share camaraderie and relaxation activities that help strengthen the internal working climate and the quality of working life.



Recognizing Ourselves Program

Meritocracy and recognition of achievements are key aspects of the human resources policy, as they contribute to successfully face the challenges of business and industry.

The Recognizing ourselves program is an activity that seeks to highlight the contribution made by workers in various fields, helping to create a culture based on the recognition and appreciation of meritorious actions. The program ends with a ceremony in which the workers who best represent the values of Endesa Chile are elected by popular vote from within their peers and managers.

The awards consider: Corporate values, health and safety, teamwork, knowledge transfer and customer aim. Workers who have had a major part in the development of different projects are also distinguished.

Furthermore, Endesa Chile holds an annual professional life recognition process, which in 2013 honored 42 employees, among which Van Battenburg was recognized, who has been in the company for 50 years, and Juan Fuentes, who has been 45 years in the company.

Equal Opportunities

Covering vacancies

Endesa Chile aims to incorporate the best people for vacant positions, with a first priority in the processes of internal promotion.

During 2013 a total of 42 vacant positions in generation were generated, of which 59% were covered internally, by means of lateral moves and promotions at both national and international level.

Also, of all external employees who joined the company 11% were student interns who were considered candidates and finally, they were hired after completing the internship period.

Internship program [EU14]

Endesa Chile has an internship and memoirists (thesis writers) program that welcomes young people who are in the final cycle of their higher education. Thus, the company gives them the opportunity for gradually learning the characteristics of his style of work and the personal and professional demands involved.

In turn, the company in this initiative has the opportunity to expand its base of candidates for the processes of finding new workers, with the advantage of having direct background of the profile and performance of the applicants regarding the corporate culture of Endesa Chile.

In 2013, 164 students participated in the annual program of practitioners and memoirists, where most, as usual, worked during the summer months.

“Move with us” Program

As part of a program to encourage internal mobility process in the company, Endesa Chile developed the “Move with Us” program during 2013, in order to get to know in an entertaining way the value it delivers.

Thus, during the year we conducted two Internal Mobility Fairs which furthered the knowledge of the different areas of the company, by providing information and guidance through stands, talks and innovative and playful competitions.

Diversity and inclusion [DMA HR]

The company believes that the promotion of labor diversity and inclusion is a contribution to the achievement of its strategic objectives, and contributes to a work environment that encourages innovation and teamwork.

In 2013, the company highlighted the continued growth of women's participation in internal labor competitions reaching 12% of all vacancies awards of the year, constituting a breakthrough in women's leadership sought by Endesa Chile.

From the perspective of labor inclusion, the company is developing a pilot program to tackle it, focused on recruiting some intern students with physical disabilities, who show outstanding performance in their technical or professional studies. In 2013, Endesa Chile worked in seeking strategic alliances with NGOs in order to receive expert advice for advancing in this initiative during 2014.



Gender equality in the organization

Endesa Chile in 2012 obtained the Seal of Iguala-Conciliacion Certification seal, awarded by the National Women Service (SERNAM), which is associated with the adoption of a gender equality and reconciliation of work, family and personal life management system, based on Chilean standard NCh3262, for Endesa Chile and the Endesa group companies.

The granting of this certification is due to the work that the company has conducted in conjunction with SERNAM to incorporate the guidelines of Good Labor Practices Program for Gender Equality, which relates to the following areas of improvement:

- Implementation of measures to reconcile work, family and personal life for women and men.
- Strengthen the capacity of the organization to attract and retain top talent.
- Improve the performance and motivation of people, increasing their productivity.
- Promote the value of mixed gender teams and their impact on organizational culture, competitiveness and innovation.
- Drive an effective engagement with international principles of equal rights and opportunities for women and men.

Wages in the company

[DMA LA] [LA14] In Endesa Chile and Enersis Group companies there is no distinction or difference between the salaries of men and women performing equal work. However, the differences respond to other factors such as qualifications, responsibility or productivity, explanations of the variations observed are shown below:

Wages report, position and gender		Base salary *			Wages **		
		2011	2012	2013	2011	2012	2013
Managers***	Men/Women	1.33	1.21	N/A	1.26	1.18	N/A
Mid management	Men/Women	1.18	1.11	1.11	1.17	1.22	1.12
Professionals	Men/Women	1.21	1.15	1.19	1.23	1.12	1.21
Technicians	Men/Women	1.54	1.20	1.29	1.54	1.28	1.27
Administrative	Men/Women	1.01	0.92	1.01	1.01	0.96	1.05

* Average base salary paid to an employee for performing his duties, not including any additional compensation such as seniority, overtime, incentive pay for benefits or any other allowance (e.g., transportation assistance).

** Average Earnings plus additional amounts as those based on years of service, bonuses, including cash or securities as units or shares, benefits, overtime, time due and any additional complement (e.g., transport, meals and child care).

*** N / A: Not applicable because the calculation is not representative because there is only one woman manager in Endesa Chile, in Chile.

Worker selection and talent management

Continuous improvement in job selection processes

Endesa Chile evaluates worker selection processes in a way to ensure their continuous improvement. Both in internal and external modes, one of the main sources of information are the managers of each area who have direct contact with new employees from their incorporation.

Also, those selected to take the vacant positions are who show their level of compliance with the process through qualitative and quantitative methodologies.

In 2013, participants in internal employee selection processes showed a level of 89% satisfaction with their development. In turn, 98% of those selected stated that their expectations on their new position were being met.

Attraction and retention of talent

[LA2] Endesa Chile shows a decrease in its turnover rate in 2012 from 12.22% to 10.39% in 2013. In this context, a lower turnover in the segment of workers under 30 years old can be observed, which the company has prioritized by strengthening its program for young professionals. For more information on this and other labor indicators see Annex II, section 2.

In addition, during 2013 the company completed the development of its strategic map of critical positions aimed to properly plan the succession processes and establish appropriate knowledge management in each of them.

In this regard, during the year, the program of expert tutors was strengthened reaching the goal of 10,000 hours of effective transfer of knowledge to younger workers.

As for the provision of development opportunities through specialized postgraduate studies, the company has a preferential agreement with the University of Chile in which workers and their families can access discount programs offered by the university.



New recruitments [LA2]

In 2013, 136 new workers joined Endesa Chile, of which 10% are women and 65% of the total is aged between 30 and 50.

For those workers who join Endesa Chile, induction trainings are defined with the aim of providing an overview of company business and its various functions and processes, in order to give them tools to better perform their duties. This program also includes courses in e-learning on various corporate issues as well as site visits.

2013 Training Plan

[EU14] [LA11] [DMA LA]

From the 2013 training plan, which consists of the various training needs assessment sources and the strategic business plan, Endesa Chile established a gap closing oriented itinerary, which was reflected by means of an articulated training offer with two main lines of action: a cross-sectional plan themed on development training and other functional technical trainings.

In this regard, the company emphasized the area of health and safety courses where organizational re-induction in occupational safety and health were given; Defensive driving and use of fire extinguishers; cardiopulmonary resuscitation (CPR); first aid; leadership in occupational safety and health; among others.



In the context of closed training programs specially designed for the company, the third version of “Diploma on Electricity Markets” was held, in conjunction with the Universidad del Desarrollo, with the participation of 14 workers from Endesa Chile. Its goal is to investigate the characteristics and challenges of the electricity business and contribute to the process of negotiation, in contracting aspects of electricity supply, complementary service offerings and distribution tolls.

Also, the first version of the “Diploma in Management and Control” was conducted at the University of Chile, which aims to give participants the basic tools of business management under a management control perspective. 5 workers from Endesa Chile attended the training.

Moreover, in the context of strengthening the leadership within the company, the implementation of Post Performance Review (PPR), an initiative that focuses on the development of behaviors defined by the Leadership of the Company began in 2013. In total, 25 activities were performed, recording 207 participants from Endesa Chile.

Regarding technical training on the operation, Endesa Chile is working on the introduction of simulation technologies to support training of plant operators. Note the implementation of a training program for operators in the Hydraulic Simulator, which was attended by 27 employees of the company.

Knowledge Transfer

A relevant issue for Endesa Chile is the transfer of critical knowledge and expertise for the business from the most experienced staff toward the levels with greater projection within the company.

To address this concern, during 2013 the knowledge transfer program continued, it is designed to achieve an effective transfer of know how. Thus, it seeks to convey and support knowledge transfer by means of courses and / or written documentation, by defining issues, mentors and receptors in the different areas.

Main Figures

[LA10] [LA11] In 2013, Endesa Chile workers received an average of 57.5 hours of training, with a total of hours spent on talent management programs of 65,655 hours for 4,744 participants from the company, the main activity was training courses. The breakdown of hours and participants per activity is shown below:

	Course	Career	Diploma	Magister	Seminar	General total
Hours	49,067	8,831	4,695	2,734	328	65,655
No Participants	4,636	19	35	10	44	4,744

[HR3] With regard to training in Human Rights, it is noted that 463 employees of Endesa Chile took the Senda Plan course, of Social Responsibility in Human Resources through e-learning using the Campus Latam technology platform, and a worker took a 4 hour course called "Human Rights in the XXI century".

Union and Labor Relations

Work with unions and collective negotiation [DMA LA]

[HR5] In 2013, Endesa Chile continued the mutual cooperation program with the unions, in which it is worthwhile to note the monthly meetings where topics of interest to both parties are addressed. Thus, the company demonstrated the promotion of freedom of association among employees of the company.

Also during the year, planned talks were held with the participation of all the unions in the company, at which time the current scenario of the pension funds system was analyzed, the benefits of making voluntary contributions and characteristics of the manners to do so.

Collective negotiation processes

In the area of collective negotiation processes, The new Collective Negotiation Agreement was signed with the following unions in December 2013:

- International Union of Engineers and University Professionals, of Endesa, its Subsidiaries and Related Companies
- International Union of Execution Engineers and Professionals of Endesa, its Subsidiaries and Other Related Companies
- International Union of Workers of Endesa and its Subsidiaries

This new Collective Agreement was signed for a period of 4 years, and involves 577 workers, equivalent to 51% of the company. The collective negotiation process was developed in an atmosphere of cordiality and transparency, thereby achieving a collective agreement that benefits workers as well as business operation.

Unionized workers and workers covered by collective agreements [LA4]

Unionized workers	No. Unionized (1)	% Unionized	No. of employees per collective agreement (2)	% of employees per collective agreement	Total No. of workers
2011	672	62%	757	70%	1,081
2012	708	64%	788	71%	1,106
2013	810	71%	845	74%	1,141

(1) Number of unionized workers affiliated to a union.

(2) Number of employees covered by a collective agreement correspond to affiliated workers plus workers assimilated into a union.

Labor Health and Safety (SSL)

[DMA HR]

The health and safety are key issues in the strategy of Endesa Chile, based on that the life of people is a greater asset, so that all activities must be conducted in compliance with the highest standards associated with this area, which is reflected in the corporate policy of zero accidents.

Thus, Endesa Chile seeks to convey to their employees that personal and team responsibility is the key factor in avoiding risky behavior, which also extends to the joint work with the staff of contractors.

[LA9] With regard to health and safety, the risks of the activities are identified by means of a Management System based on OHSAS 18001:2007 for all facilities.

During 2013, Endesa Chile highlighted the following programs in the area of safety:

- **Safety Tours:** Company executives inspected 13 operating centers to verify compliance with procedures and use of adequate equipment, tools and machinery.
- **Safety Campaigns:** Under the framework of the safety week in April and November 2013, reinforcing preventive actions to avoid labor accidents.
- **Implementation of standards for working in heights:** Definition and use of available equipment for work in heights with the delivery of new safety harnesses and other personal protective equipment (PPE), in order to reduce the risk of falls and allow rescue in emergency situations.

- **Implementing labor standards in the activities associated with electrical areas:** Definition and implementation of equipment for work on electrical facilities, with the delivery of fire retardant clothing and face shields.
- **Dissemination of lessons learned:** Delivery of training and consultation documents with an analysis of each of the serious and fatal accidents in the operations of the company, encouraging responsibility and self-care from the review of actual cases.
- **Safety training:** "Safety Goal Training" conducted, under the framework of the Group's strategy. In this instance it involved 773 employees of Endesa Chile that received in depth knowledge of the standards and guidelines of this initiative. In addition, plays that promote safe practices and awareness of risk management were performed in workplaces. In all, five plays were performed in Tarapaca, Los Molles, Canela, Maule and Hidraulicas del Sur.
- **Leadership course for executives and managers:** Where 92 people from Endesa Chile participated and its objective was to introduce improvements in promoting preventive behavior.
- **Development of training programs:** Execution of training programs in the rescue of workers in emergency situations, rescue from heights, and preventive driving on high mountain roads.



Promoting a culture of prevention and safety

In Endesa Chile, the occupational safety and health objectives are closely related to its business, which by its nature is subject to the presence of critical risks. In the process of continuous improvement the leading value which stands out regarding the actual integration of occupational health and safety at all levels and in all activities that the company develops, by means of a responsive, and proactive behavior based personal and group care.

One Safety

The One Safety project strengthens the safety culture by means of the application of a methodology based on on site observation of the behavior of workers, in order to eliminate risky behavior in the tasks. In its second phase of implementation, behavioral observation programs were conducted in the field, in 13 generation complexes of Endesa Chile, in which risky behaviors which arose were surveyed in the development of activities and improvement plans were established.



World Day for Safety

Endesa Chile developed a special program at a corporate level under the framework of the World Day for Health and Safety at Work 2013, held on April 28.

The dissemination and learning Workshops and lectures focused on learning and communication issues of occupational hazards, proper use of emergency equipment and preventive actions in the electrical area, working at heights, among others. Also, an awards ceremony for employees who have made an outstanding contribution to the strengthening of safety behaviors at work was conducted.

Peer health and safety committees

[LA6] Until December 2013, 100% of the employees of Endesa Chile were represented in any one of the Peer health and safety committees (CHPS) of the company, whose main objective is to generate an instance of joint work between the workers and the company to analyze and implement improvement plans and actions in these areas.

In this matter, their work in the areas of training, dissemination, accident investigation and prevention is fully coordinated with the corporate goal of zero accidents.

In addition, in the company, the figure of the site Health and Safety Joint Committees, which are assembled in all power plants, in which staffing is above 25 employees and are comprised of six members, three representatives of the workers and three appointed by the company.

The Joint Committees of the company also accepted the role of the onsite Joint Committee, as stipulated in Decree No. 67 of the Sub-Contract Act and for that purpose to integrate in all cases a representative of the employees of one or two of the contractors having the largest number of workers or which is engaged in higher risk.

Additional instances of employers and employees working in health and safety

Along with the operation of the joint health and safety committees required by the applicable laws, in Endesa Chile other instances of similar characteristics are constituted to support work in this area:

Managers Committee: This committee analyzes and proposes monthly health and safety related action plans. It consists of six people, including the general manager of the company.

Committee of Deputy Managers: Monthly, this committee addresses issues of health and safety at a regional level for each work center, consisting of 9 people.

Safety Management Committees: These are part of the requirements of the OHSAS 18001 Management System, all power plants have safety committees composed of eight workers.

Safety Groups: These are present in all processes of electromechanical maintenance, civil works and operations.

2013 Labor Safety performance

[LA7] As mentioned, the safety and health of workers is a commitment and a constant challenge for Endesa Chile. In this context, the policy of zero accidents remains a major challenge that crosses all levels of the organization, because the figures still show a gap in this regard.

Concerning the safety performance and absenteeism in our own staff, the key figures for the last three years are the following:

Accidentability and occupational disease rate for our own workers	Absenteeism rate (*)			Occupational disease rate			Day loss rate			Accident rate			No. fatal victims		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Men	1.75%	1.35%	1.25%	0	0	0.398	0	1.7	0.008	0	1.35	1.19	0	0	0
Women	2.95%	2.67%	3.19%	0	0	0	0	0	0	0	0	0	0	0	0

* The formula used to calculate the absenteeism rate is : (No. lost days/No. worked days)*100.



Labor Health management

[LA8] The continuing concern for the health of workers in Endesa Chile is embodied in various programs focused on prevention and self-care in critical illnesses. Most of these aim to educate and inform workers and their families. In 2013, the company highlighted the following initiatives:

- **Preventive Health dissemination and promotion program:** Its aim is to promote quality of life and bio-psychosocial welfare by means of a communication plan under different media together with the realization of a series of lectures by experts on topics such as cancer prevention, mental health and quality of life, sexually transmitted diseases and HIV-AIDS and cardiovascular risk prevention, among others.



- **Psychosocial risks evaluation program:** It aims to identify psychosocial risk factors present in the conditions and organization of work and its impact on the health of workers. In 2013 the program was expanded to all managers of Endesa Chile.
- **Immunization Program:** The workers immunization is a preventive measure that results in the application of vaccines to prevent diseases such as hepatitis and seasonal flu, among others.
- **Healthy Woman Program:** Seeks to decrease the occurrence of death from breast and cervical cancer acting preventively through outreach, education and periodic examination activities for all Endesa Chile workers over 40 years old.
- **Program of periodic preventive examinations:** It consists of medical and periodic evaluations according to risks associated with specific work positions. This program is aimed at all employees of the company and is carried out by means of a protocol defined by gender, age and occupation.

Contractors and Suppliers

The strategic alliance between Endesa Chile and its suppliers and contractors is essential to develop the relationship that allows business sustainability. Consequently, the company establishes a permanent relationship of communication, support and joint work that allows them to fully embrace its corporate culture and work commitments.

Sustainability in the value chain - sustainability criteria in selecting suppliers and contractors

Given the strategic nature of suppliers and contractors in the processes and activities of Endesa Chile, these companies must integrate into a development, certification, performance evaluation and certification system according to the specific functions performed.

[EU16] Endesa Chile regularly monitors, compliance in relevant areas such as labor, quality, health and safety and the environment through document reviews and field audits. This monitoring and review programs are added to the support on the adoption of the corporate sustainability approach and company policies.



[HR2] In this regard, the specific requirements for partner companies of Endesa Chile are defined in internal procedure No. 28 of "Regulation of operational procurement documents" their application areas are:

- Economic - financial.
- Legal and of Social Responsibility.
- Sustainability and environmental protection.
- Health and safety.

Characterization of Suppliers and Contractors

Staff

[LA1] At the end of 2013, 1,239 contract workers were employed, belonging to 56 contractor firms of Endesa Chile, with 76 contracts in force.

[EU17] The average contractor workers who performed work at Endesa Chile in 2013 was 1,010, of which they worked 273,266 days, equivalent to 2,186,130 man/hours. 35% of contractors perform maintenance activities, 33% are in operations and 32% in construction. For more information on this and other labor indicators see Annex II, section 2.

[LA2] During 2013, the average turnover rate of employees of Endesa Chile contractors was 4.1%, hiring a total of 512 workers, of whom 80% are men.

Unionized Contractors **[LA4]**

	No. Unionized	% Unionized	Total No. of collaborators (1)
2012	75	8%	949
2013	38	2%	1,688

(1) The Figure corresponds to the contractor workforce at the end of the reporting period.

Local Suppliers **[EC6]**

In 2013, 88% of the procurement budget of the major operating units of Endesa Chile was executed through local suppliers (Chilean companies). In this regard, the company does not have a preference policy for this segment.

	2011	2012	2013
Expenditure in suppliers (MM\$)	29,988,000	56,916,000	66,852,432
Expenditure in national suppliers (MM\$)	27,540,000	45,288,000	59,156,532
Number of national suppliers	1,807	2,224	1,932
Total number of suppliers	1,880	2,420	2,034

Accreditation of labor competencies

Endesa Chile has defined as one of its strategic relationship with its partner companies the accreditation of competencies for contractors workers belonging to its generation services, project which has the support of Fundacion Chile.

The ultimate goal of this three year program is developing a set of 100 standardized competency profiles, 300 skill assessments and 50 training manuals.

In 2013, the program achieved the following progress:

- Work on 40 competency profiles for revision and / or adjustment.
- Definition of 50 accreditation evaluations, which involve conducting a technical on site Observation (SOT) and Specific Knowledge Test (PCE).
- Regulations for accreditation of competencies for contractors and associated procedures.

Contractor occupational health and safety DMA LA

[EU18] During 2013, 47,961 hours of training were conducted for Endesa Chile contractors on workplace safety issues, with an average of 47.5 hours per employee.

[LA7] Major accident figures for contractor companies are displayed below:

	Occupational disease rate			Rate of lost days			Accident rate			No. of fatalities			No. of lost days			No. of accidents		
	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013	2011	2012	2013
Men	0	0	0	0.15	0.106	0.165	4.17	3.66	1.64	1	0	0	1,023	445	514	37	16	6
Women	0	0	0	0.148	0.042	0.057	2.97	3.82	5.15	0	0	0						

2013 Painting contest

On the occupational safety at work subject, under the framework of the "Contractors in Action", in 2013 at each plant of Endesa Chile, a painting contest was organized for the children of contractor workers. In the contest over 70 drawings were received, which competed for the awarding of a support scholarship, which consisted of a school uniform and school supplies.

Working environment in contractor companies

It is the concern of Endesa Chile to maintain a good working environment both among its own workers as well as its contractors, in order to maintain excellence in their work. Thus, the company annually evaluates the working environment in its contractors, and implements work with them to improve their overall situation and the areas where they seem to be weaker.

The latest survey applied at a corporate level in Chile, allowed that with the obtained results, action plans that seek to implement a Work Continuity Program in order to boost the working environment of the contractors who provide services to the Group and in particular to Endesa Chile.

In this regard, Endesa Chile continued to work on the Working Environment Project, fully complying with the action plans generated by each respective contractor and service users. On this, the work of the Reparalia company stands out, service provider of the Southern hydroelectric power plants, Pehuenche and Bocamina, with its plan focused on the recognition of the safest Worker as well as the most Outstanding Worker.



Awards for suppliers and contractors

In 2013, Endesa Chile conducted a new version of its annual awards to suppliers and contractors in order to highlight the excellent work of the collaborating firms at the corporate level. On that occasion, six companies were evaluated and selected by a special committee which considered six categories: Operational excellence, safety, innovation, global provider, working environment and care for the environment. The companies received awards in the following categories:

Excellence award	Labor health and safety award	Innovation	Environmental commitment award
<ul style="list-style-type: none"> • Hidronor Chile S.A. • Socoicsa • Alta Montaña Limitada 	<ul style="list-style-type: none"> • Salfa Empresas de Montaje 	<ul style="list-style-type: none"> • Metalcav 	<ul style="list-style-type: none"> • Asmar

Additionally, in the awards instance, the company submitted the 2013 results of the program that promotes innovation and operational efficiency of contractors and their workers.

Contractors in action

Under the framework of the constant concern of the company to maintain a good relationship and conduct activities with contractor personnel, the contractors in action initiative has been carried out since 2004 at a corporate level.

The aim is to integrate the employees of these companies by means of sport practices, generating positive impact on satisfaction, behavior and identification of workers with their companies. Contractors in Action is a sports project, which included the participation of contractors of Endesa Chile, in the disciplines of Soccer, table tennis, chess, dominoes, Cacho (a local form of dice game) and Rayuela, (a local game which consists of throwing small metal discs and get them as near as possible to a string on the ground).

In 2013, contractors in Sauzal, Rapel, Maule and Bocamina Hydro power plants took part in the initiative. In December, the national final of this initiative took place, with various activities for workers and their families.



Management focus

[DMA SO] [DMA HR]

Endesa Chile seeks to constantly update and improve the practices associated with its commitment to the communities in which it operates.

This implies the progress of the company towards practices which require internal an alignment process, in order to make the planning process more effective, regarding data analysis, diagnosis and decision making in this area of corporate sustainability.

In 2013, Endesa Chile sought to socialize this approach in order to gradually incorporate it into the actions of the company regarding communities. Progress in this area is addressed in the content of this chapter.

Featured topics

- Support in education.
- Community engagement.
- Early insertion in priority communities.
- Relationship with indigenous communities.
- Pehuén foundation.

During 2013, the social investment of Endesa Chile reached \$ 1,021,811,000, amount allocated to initiatives and programs in the various areas in which the company operates.

"Our main focus of action with the communities is education, and for this we have programs like Energy for Education, which supports a network of educational institutions located in eight regions of the country".

Joaquín Galindo
CEO of Endesa Chile



Education as the main axis of the relationship with the community [DMA PR]

[SO1] Endesa Chile has defined the area of education as the main focus of its commitment to sustainable development of the communities in which it operates. This strategic decision is based on that education is still an unresolved issue in Latin America.

Several studies state how crucial the advances in education can be to achieve development, to contribute to shape the productive profile of a country, improve future income and reduce gaps between different social sectors.

Thus, the actions of the company for educational development, both in Chile and in subsidiaries located in other Latin American countries, is aligned with the challenges and guidelines that are emphasized by three specialized international organizations in this area, which are: UNESCO, UNICEF and Global Compact.

Specifically in the case of Endesa Chile, in 96% of their operations, i.e. in 26 of 27 plants, this strategy of relating with neighboring educational institutions is applied. The only facility that does not have such programs is the Diego de Almagro Power Plant, because there are no schools in the surrounding area.

Energy for education

Energy for education - program that is part of the CSR Endesa Educa (educates) Strategic Plan - founded in 2006 in response to the special educational needs of students coming from families living in poverty, and it works with 40 municipal schools.

During 2013, Endesa Chile highlighted the following activities associated with the program:

Delivery of specialized educational materials

It consists of delivering to students in first through third grade in elementary school, a set of training materials developed by the Santillana group to promote learning in mathematics.

Its goal is to become a complement and support the work of the teacher in the classroom, by means of teaching innovation activities that facilitate the learning process of their students.

Movies in your School 2: The Return

Between June and November 2013, the free activity "movies at your school 2: The Return", was carried out, which toured various facilities to facilitate children's access to this recreational and cultural event.

This second version of the cycle was present in the towns of: Puchuncavi, Quintero, Quillota Canela, Monte Patria, Taltal, Iquique, Guasco, Litueche, Navidad, Machalí, San Clemente, Coronel, Antuco, Quilaco, Alto Bio Bio, Panguipulli and Renaico, completing a total attendance of 7500 children, parents, guardians and teachers, traveling more than 12,000 kilometers.

Sports and nutritional workshops

The goal of this program - which was conducted as a test program including school children and their families in the towns of San Clemente and Alto Biobío - is to deliver guidance and practical tools to reduce childhood obesity, decrease sedentary behavior, generate healthy eating habits and encourage sports as standard practice.

Energy for education has delivered **30** laboratories, specialized in mathematics education.



Corporate volunteering We are Energy

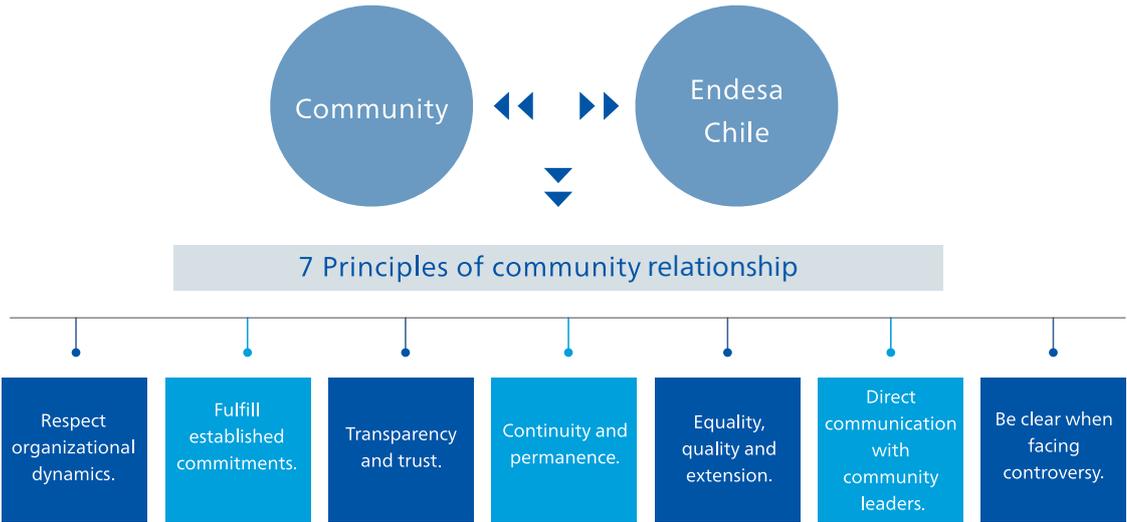
Among the activities that seek to inform employees of Endesa Chile of its Sustainability Policy, in order to sensitize and engage them in these issues, the corporate volunteering program "We are Energy" is highlighted. This initiative combines elements of social action with the interests of the workers themselves, including driving of corporate values that define how the company relates to the communities in which it is inserted.

In 2013, workers were able to take part in various activities such as a mentoring program with 10th grade students from the Vicente Pérez Rosales Industrial School, Quinta Normal Tree Planting of the Renca Hill, and awarding of funds for projects of the workers for the benefit of the community. The volunteering committee was also implemented as a coordination and management device of the workers themselves.

Community relations model

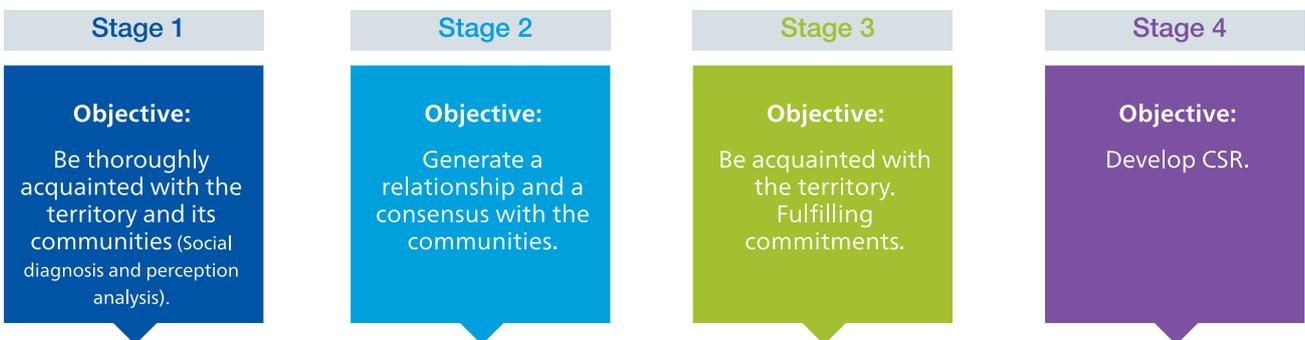
Endesa Chile has a model of community relations (RR.CC.) that encourages interaction, dialogue and joint work with other actors in the public, private and civil society, in order to strengthen the sustainability of the activities of the company.

The model is governed based on seven principles that guide the relationship established between Endesa Chile and the communities.



Stages of community outreach

The steps of this process are described below:



Concept engineering, Prefeasibility and Feasibility

- General view of the social background of the area.
- Knowledge of the social perception of the project by the communities.
- Knowledge of the possible risks associated with the construction of the project.
- Knowledge of key players, (local leaders and authorities).
- Definition of the engagement and dialogue mechanisms.

Basic Design and environmental assessment

- Scenarios with lower impact on the territories.
- Including social perception of the community in the design and definition of the area of influence.
- Social activation and community participation strategies (Roundtables, contest fund allocation, forums, panels, labor training).
- Engaging respecting guidance principles.
- In case of indigenous communities, consultation according to convention 169 of the ILO.
- Include the view of the community in the project and EIS.
- Establishing 3 types of agreements:
 - a) Migratory compensations.
 - b) CSR volunteers.
 - c) Community monitoring.

Construction

- Execute migratory and compensation agreements.
- Community monitoring of commitment fulfillment.
- Execute voluntaries agreements (beginning of CSR).

Operation

- Provide continuity to the community engagement.
- Oversee the fulfillment of the commitments which go beyond the construction stage.
- Establish a strategy for CSR policies.

Potential social impacts in the construction of hydro, thermal and wind power plants [SO9] [SO10]

Impacts	Initiatives	Involved stakeholders
Human and Social Medium		
Increased population density	Establish specific programs to support municipal and local utility management, when it is considered that the increase of the floating population will generate changes in access to local goods and services.	Local authorities. Neighboring communities. Workers.
Changing the spatial concentration of human groups	Implement a relocation plan for the residents directly affected by the project works.	Local and regional authorities. Neighboring communities.
Modification of migration processes	- Educate and sensitize workers to avoid possible conflicts with the local community.	Neighboring communities. Workers. Contractors.
Effects on the economically active population	Measures that enhance positive impacts - Preferring, if the degree of training is the same, hiring local labor. - Conduct training with local communities so that they can develop activities during project construction.	Local authorities. Neighboring communities. Workers.
Built medium		
Alteration of infrastructure	- Establish a coordination program with the authorities to transport large or heavy equipment. - Prefer, given similar safety levels, low traffic roads to transport materials, supplies, equipment and machinery.	Local authorities. Travelers and tourists. Neighboring communities. Workers.
Cultural heritage		
Loss of sites or items which are part of the Cultural Heritage	- Inform and train workers by means of talks on what to do in the event that cultural items are found during construction. - Conduct an archaeological rescue of those items or artifacts which may be conserved off site.	Authorities. Workers. Contractors.

Endesa Chile develops a support guide for contractors relations with the communities

In 2013, the company developed the "Guide for Contractors Business Relations with Communities Surrounding Facilities, or Endesa Chile Construction Projects", as shown in the application of its sustainability approach in its projects and operations.

The specific purpose of this document is to inform of the aim and criteria for Endesa Chile, its contractors, individuals and organizations relations in (rural and urban) areas, with the communities surrounding its facilities, projects and works, and the surroundings in which the work is conducted.

Early insertion in the communities (community outreach)



Endesa Chile, carried out a systematic review of its programs of community outreach during the different steps described above, based on the review of its experience in the development of generation projects. This analysis has allowed a process of continuous improvement in the way the company acts, in order to respond adequately to its commitment with the communities.

In this context, the intent is that all areas of the company are coordinated to achieve a comprehensive response to the challenges of each project, together with achieving to establish communication links, dialogue and joint work with the social players in the different areas of influence.

Thus, Endesa Chile designs and conducts its programs in this matter on the basis of the dynamics of “early insertion” and “design mitigating” by means of establishing of local community relations teams responsible for the assessment, design, implementation and evaluation of community communication and institutional relations plans. Below is the description of the cases of Neltume, Los Condores and Punta Alcalde projects, in order to show the practical application of both dynamics.

Neltume hydro power plant, Region of Los Ríos

[EU19] Since 2007, we have established information offices in places near the project area, as well as “Open Houses” of the company essentially acting as information and community dialogue instances.

[DMA HR] In the same dynamic, Endesa Chile has carried out its first experience of indigenous consultation in Neltume, in order to review the technical characteristics of the project and its implications on sustainability together with the community.

This “early entry” plan of the company has been allowed to properly respond to the ruling of the Environmental Assessment Service (SEA) of the Region of Los Rios issued in April 2013 stating that, as part of the environmental assessment of the project, established the characteristics and the program to carry out a process of indigenous consultation by the standards of Convention 169 of the International Labor Organization (ILO) on indigenous and Tribal peoples in Independent Countries, which the Chilean government subscribes.

2013 Management focus

[EC9] During 2013, Endesa Chile has deepened its social bonding by running workshops at Puerto Fuy, Neltume Choshuenco and the Juan Valeriano and Quintuman Callicul indigenous communities.

The partnership between the company and the identified communities together with the participation of different players in the area, allowed the implementation of 51 development projects and local entrepreneurship in specific topics such as community facilities, tourism, social promotion and craftsmanship, among others. The Detail on the investments associated with these programs is as follows:

Workshop	Number of projects	Total investment
Choshuenco	13	\$ 16,000,000
Neltume	32	\$ 19,849,160
Puerto Fuy	17	\$ 16,000,000
Juan Quintuman	16	\$ 20,082,674
Valeriano Callicul	3	\$ 8,000,000
Total	81	\$79,931,834

During 2013, in Neltume initiatives totaling \$ 103,343,929 were supported, which consider contributions in goods, economic valuation of man hours and direct financial contributions. The areas of finance are: social welfare, education, humanitarian aid, economic development, arts and culture, and health.

[EC8] By means of the Energy Education Program, from 2007 to date, initiatives in the local Neltume (Tierra Esperanza and Francisco de Asís School), Puerto Fuy (Lago Azul School), Choshuenco (Escuela La Rinconada and Rural Punahue) and Juan Quintuman Community (Lago Neltume Rural School) have been supported. Thus, during the year, training projects, student transportation, technological resources, construction and improvement of infrastructure projects were developed, among others.

In order to evaluate the perception the community has of the company and its operations, the company conducts semiannual public opinion surveys in Panguipulli. This allows to focus the efforts of communication and relationships in the relevant areas and / or public.

For more on the technical aspects of the project click [HERE](#) and for more information on relationships with indigenous communities and national context click [HERE](#).



Los Condores Hydro power plant, Region of the Maule

During 2013, Endesa Chile worked in the area of establishing community relations in order to establish a plan for territorial relations. This meant the design and validation of a work program and an administrative and physical structure that would maintain a more direct, effective and close contact with the residents and communities in order to achieve the objectives.

This plan includes the establishment of the community relations program with the installation of the “Open House”; the permanent presence of a team of community relations for direct and permanent contact with the communities; and joint work in local and regional public and private institutions, in order to carry out projects of shared interest, aimed at facilitating project development.

Associated projects and amounts [EC8]

Project	Amount
Energy for education	\$ 80,694,281
Community relations plan	\$ 78,026,166
Total	\$ 158,720,447

Agreement

In the context of the development of the Los Condores hydroelectric project, Endesa Chile signed a cooperation agreement with the Supervisory Board of the Maule river organization representing irrigators using water resources in the basin of the lake of the same name in February 2014. It aims to ensure the optimal use of water in the area, considering the scenario of water scarcity, and social and environmental feasibility of the construction and future operation of the plant.

The terms of this agreement, which was drafted during 2013 from the dialogue between the involved parties is framed upon the requirements set by the Convention for the Regulation of the Maule river in force since 1947, which means that the Directorate of Hydraulic Works (DOH) of the Ministry of Public Works (MOP) will be the sole director of the mentioned agreement, as well as of the works to be carried out thereon. In addition, Endesa Chile and the irrigators will work together in the implementation and improvement of mechanisms for monitoring and prediction of rain, along with the development of technical projects for the modernization of irrigation systems.

Note that the operation of the Los Condores hydroelectric power plant will not modify the general scheme of regulation of the river and the Laguna del Maule reservoir.

To access more information about the technical aspects of the project click [HERE](#).

[EC9] Main activities of the territorial relations plan

- Participation in a rain stimulation program for the Maule basin together with the Regional Ministerial Secretariat of Agriculture, another generating company in the area and the Supervisory Board of the Maule river.
- Participation in the Regional Bureau of Energy together with the by Production Development Corporation (CORFO), Regional Ministerial Secretariat of Energy and companies in the area.
- Signing of Cooperation in CSR 2014-2016 with the City of San Clemente with direct benefits for the community.
- Energy for Education Program aimed at 4 schools in the Colorado, Paso Nevado, Los Alamos and La Mina areas.
- Support to local organizations for projects related to access to water supply.

Punta Alcalde Thermoelectric plant, Region of Atacama

[EU19] During 2013, the work of linking the project was based primarily on its dissemination in order to show its features, highlighting the high standard of efficiency and environmental consideration at all stages of development. Thus, three issues of a supplement called El Faro del Huasco, were published, developed by Endesa Chile with detailed information on the project.

We sought to collect the questions, concerns and demands of the community on the project in order to assess risks of economic, social or environmental nature. Furthermore, in order to assess the community perception of the company and its operations to focus the efforts of

[EC9] [EC8] In this regard, the company highlights the following benefits of the Punta Alcalde project:

- Boosting the local economy by means of the increased demand for services (food, lodging, construction and transportation, among others.).
- Generation of employment opportunities in the local area during the construction phase.
- Developing local labor programs and local employment.
- Works to improve coastal access to southern Huasco.



Additionally, - under the environmental assessment compliance process - the company has implemented processes for citizen participation in Huasco and the localities of Freirina, Maitencillo and Caleta Los Bronces.

Also, the insertion process is developed in the community, making contact with different social organizations, publicizing the project, listening to their views, and reporting of project management processes. All this allows for a fundamental initial relationship, to strengthen the company's presence in the area. For this we have an office in the city of Huasco, with the "Open House" strategy.

In order to access more information about the technical aspects of the project go [HERE](#).

Plants in operation



In the field of operation, Endesa Chile plans and executes a process of engagement based on the characteristics of each of its operating characteristics, prioritizing the relevant factors of the interaction between the company and the communities in areas such as economic development, cultural practices relating to the territory, among others.

Later, the application of this approach to the cases of the Bocamina thermoelectric power plant and the Ralco hydroelectric power plant is reviewed.

Bocamina II thermoelectric power plant

[EU19] In 2008, along with the construction of the second unit of the Bocamina Thermoelectric power plant, located on the coast of the urban area of the municipality of Coronel (Biobío Region) and which began operations in 2012, Endesa Chile began the relocation of families affected by this project, in accordance with agreements with other organized groups and supporting the community to improve their quality of life and their surroundings.

During 2013, Endesa Chile took part in various workshops with NGOs, the municipality and the government promoting public private solutions with the aim of responding to the various problems faced by the project.

On November 19, 2013 an agreement that established the terms of the relocation process and the housing program associated with the El esfuerzo settlement was signed. To reach this agreement, joint work was necessary between Endesa Chile, the families involved, authorities of the housing sector (SERVIU), the municipality, and selected companies to undertake the construction and infrastructure work.



Moreover, with the workshop of the El Mirador settlement, the survey of families living in the area began, which corresponds to 95 families, with which a public-private eradication process was established.

[EU20] In addition to the purchase of land and development of housing plans, support of Endesa Chile includes transfer of family property and legal advice on the registration of the titles of their land, including.

Relocated families **[EU22]**

Year of relocation	Settlement	Relocated families
2008 – 2010	Stage 1: Capitán Cabrejo and Mario Fuentealba streets	103
2009 – 2010	Stage 1: Aroldo Figueroa Settlement	115
2011	Stage 2: Aroldo Figueroa Settlement	106
2012	Stage 3: Aroldo Figueroa Settlement	37
2012	La Colonia Baja Settlement, in collaboration with the Department of Housing and Urban Development (SERVIU)	69
2013	Aroldo Figueroa Settlement	13
2013	Amengual Settlement	5
Total		448

Fishermen Working Committee [EU19]

On August 22, 2013 a cooperation agreement between the company and handicraft fishermen's organizations was signed to conduct a series of initiatives for productive, social and educational development of individual and collective kind. Endesa Chile will carry out the financing of the "artisanal fisheries program" with a total cost of \$ 4.89 billion to be delivered progressively over 7 years, considering the compliance with specific objectives included in the work schedule.

Related to this, the Coronel Development Corporation, an entity formed by the town of Coronel, Endesa Chile and 14 other private companies was established. This organization will be responsible for managing the financial resources to be granted to the fishermen, along with coordinating the "artisanal fisheries program".

Associated projects and amounts [EC8]

Children's Day Celebration	\$ 1,000,207
Women's Day Celebration	\$ 2,999,399
The Local custom Party of Caleta Lo Rojas, Coronel	\$ 4,829,955
Anniversary of the Municipality of Coronel	\$ 23,054,863
Celebrating Christmas with children from areas surrounding Bocamina	\$ 2,896,140
Total	\$ 34,780,654

Situation in Coronel due to Bocamina II

From the beginning of the construction of the second unit of the Bocamina Thermoelectric power plant, specific groups of people have held demonstrations that have involved violence. Subsequently, artisanal and groups of working female dedicated to the collection of algae (algueras) have joined these demonstrations and have not joined the forums for dialogue and joint work, opened by Endesa Chile.

In the context of dialogue in the work table with the La Colonia settlement, 60 families (out of 363) decided to drop out of the negotiations in 2013, rejecting the agreements reached. So, 8 persons related to this dissident group of people started seized the plant stack, accompanied by ongoing protests in the nearby area, which lasted 45 days and ended on December 20.

During the unfolding of events, Endesa Chile has publicly rejected these acts of violence and has been willing to dialogue if there is a commitment that these things will not happen again.

Rapel reservoir agreement

Given the major tourist activity taking place in the region of the Rapel reservoir, Endesa Chile signed an agreement in 2013 with various neighborhood organizations in which the company promised to maintain a stable water level during the summer months, in order to contribute to the normal development of holiday activities.



Ralco Continuity assistance plan (PAC) [EU20]

Since 2000, Endesa Chile implemented the Relocation Plan for the benefit of Pehuenche families living in the Ralco dam flood areas. This plan includes several stages, the most relevant is the Continuity Assistance Plan (CAP), with a duration of 10 years and benefiting 81 families of the communities Ayin Mapu and El Barco.

The PAC has four subprograms: productive, social, cultural and tourist, where although it is true the latter two are completed, will continue to develop support activities in the production and social field.

During 2013, Endesa Chile has continued to develop the activities involved in the PAC, fulfilling the commitments established by the Environmental Qualification Ruling (RCA No. 10/97). In this regard, the company highlighted the following developments:

- Integrated support for the application and access to training programs and training of public character with emphasis on the female and indigenous population.
- Working with the Ayin Mapu and El Barco communities under the "Productive Partnership" program that supports and facilitates their integration into Indigenous territorial and social development Public Programs (PDTI and PRODESAL, respectively).

Program and social initiative

Program	Participants	Amounts
High school and higher education Scholarship program	115	\$ 21,813,339
Training Program for Rural Women	16	\$ 5,325,056
Labor Training Program	6	\$ 3,218,400
Support Training Courses	5	\$ 550,000
Contribution to government Projects	24	\$ 4,075,000
	78 families received counseling on programs and services in the area.	
Specific initiatives	Running kindergarten attended by 18 children from the El Barco community.	\$ 3,520,747
	Pehuenche tradition and culture building Plan.	
Total		\$ 38,502,542

Challenges

The main challenges emerging for the Ralco Continuity assistance Plan relate to the following actions:

- Consolidate the process of linking the families of the communities of Ayin Mapu and El Barco and government or private entities. This, in order to strengthen involvement and participation of these communities in various programs and projects provided by the aforementioned entities, especially those related to production development and social benefit.
- Successfully finalize the process of "Ex-post evaluation of the Relocation Plan," being executed by the external company GHD, selected by the Environmental Authority in 2011 and contracted by Endesa Chile for these purposes.
- Designing intervention strategies and program the execution of the "Long Term Development Program" (PDLP), which aims to work with the families once all the relocated families have completed the PAC; in 2015.

Endesa Chile –PROdeMU Foundation Cooperation Agreement [EC4]

From an alliance between Endesa Chile and the Foundation for the Promotion and Advancement of Women (PRODEMU), the programs "They Search for Work" and "Learning Entrepreneurship" were conducted during 2013. The objectives of these programs are to strengthen the employment skills and employability of vulnerable women. Since the beginning, 157 women of the Eighth Region participated in a process that considered preparing them for work, job training and financial and labor intermediation.

Relationship with indigenous communities

National context

At present, the electricity generation sector faces growing opposition in their investment projects and operations by groups and organizations at local, national and international levels, which is specially channeled through lawsuits. This creates uncertainty regarding key program compliance by utilities companies, which in turn are related to the investment requirements of the national economy.

In particular, the socio-environmental assessment processes are affected in their normal development by delays in the timing of implementation of the various instances stipulated in the current legislation in this area. As part of this phenomenon, the vindication of the rights of the indigenous people has become more intense, which is also expressed in specific situations in opposition to business projects.



Methodology of relations with indigenous communities

Endesa Chile considers that relationships with indigenous communities are paramount in the areas of influence of their projects and operations. That is why during 2013 Endesa worked on developing a methodology that allows the company to better address the relationship with these communities.

The methodology includes identifying impacts and their respective mitigation or compensation, which meets the requirements of the legal processes of socio-environmental processing. It also incorporates indigenous consultation mechanism established within the framework of the application of Convention 169 of the ILO.

The main steps of this model are:

1) Conceptual phase of the project.

Diagnosis based on secondary sources regarding the existence of indigenous communities in the territory in which the project will take place, along with assessing critical issues that can be followed through the media.

2) Pre - feasibility of the project.

The first formal contacts with the indigenous communities are established to disseminate the project, in order to get its positions known and evaluate possible design modifications.

3) Development of the human medium baseline.

Participatory workshops are conducted as well as consults with community leaders, community assemblies and relationship with public authorities to determine overall impacts, remedies and compensations.

4) Formal Indigenous Consultation.

Development of dialogue and agreement process with communities according to specific legal requirements and regulations associated with the project and the company's strategic focus.

The first experience of the company regarding indigenous consultation has been with the Neltume Hydroelectric Project, discussed earlier in this chapter.

Endesa Chile participates in development of the Reference Guide for Business on the rights of indigenous peoples

The Global pact of the United Nations led an instance of involvement of multi stakeholder experts in which Endesa Chile took part, to share its experience in order to jointly develop the "reference guide for businesses on the United Nations Declaration on the Rights of Indigenous Peoples".

This document discusses how to respect and support the rights of indigenous people, by illustrating how these are relevant to business activities and the presentation of practical suggestions. The Guide has been made public in the recent Forum on Business and Human Rights of the United Nations.

Pehuén Foundation

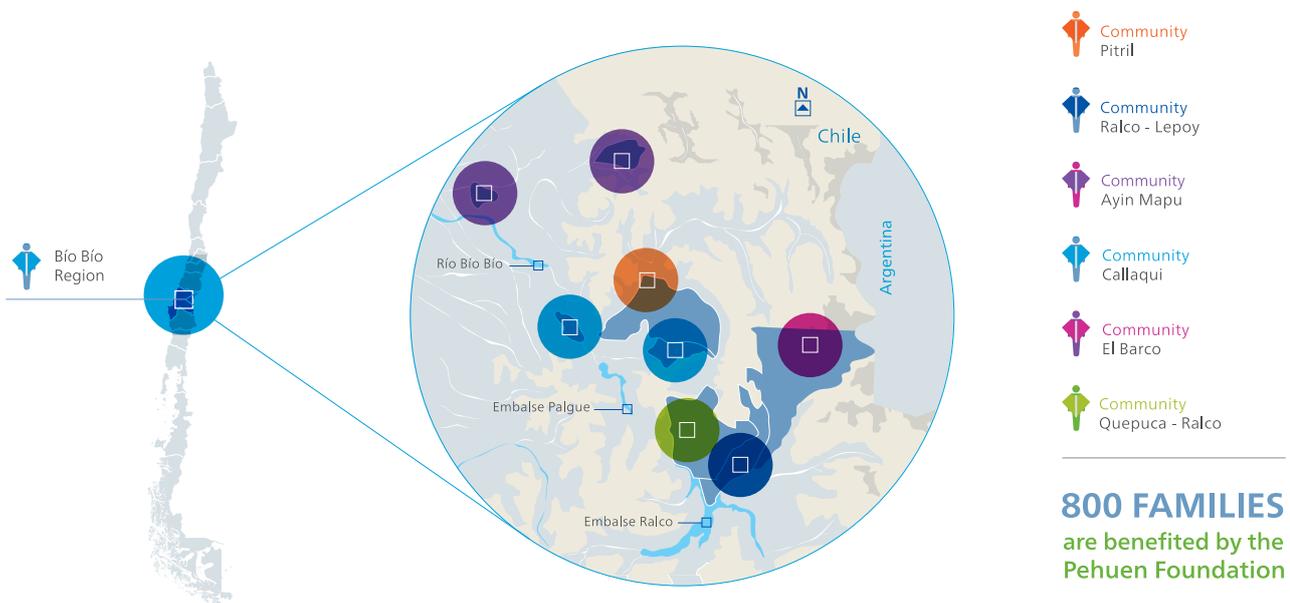
The Pehuén Foundation is a nonprofit organization established in 1992 by Endesa Chile, which arises in the context of the construction of the Pangué hydroelectric project, in order to promote programs that would improve the quality of life, sustainability and base development in Pehuenche Communities living along the area of influence of the operation.

These communities are Callaqui, Pitril, Quepuca Ralco and Ralco Lepoy, subsequently the El Barco and Ayin Mapu communities joined since the materialization of the Ralco hydroelectric plant. There are more than 800 families benefiting from programs of the Foundation.

All projects managed by the Foundation require a commitment from the families who are benefited, by means of contributions in labor, material, financial or another alternative that means a closer relationship with the initiative. Regional activities are agreed upon by the very community assemblies (councils), prior to the approval by the Board of the Foundation.

The Board of directors, in turn, is composed of 13 members, seven of whom are representatives of the communities, which promotes cultural relevance of the policies, plans and programs implemented.

Map of communities benefited by the Pehuén foundation





Main activities in 2013

Area	Activities
Education and technical training	<p>Education promotion and strengthening program</p> <ul style="list-style-type: none"> • Middle and Upper level: Support funding for education and young people to stay for the continuation of their professional or technical training. • School uniforms: Financing the purchase of uniforms and school supplies for high school youth. • Support for pre-school education: Acquisition of a van to transport children; Hiring an intercultural bilingual instructor who supports the work of the nursery teacher; maintenance of the infrastructure of a kindergarten. • Technical training: Finance skills training courses to facilitate job placement.
Productive sponsorship	<ul style="list-style-type: none"> • Associative economic Entrepreneurship: Forming two community base and project development organizations of commercial production of textiles and a Pehuenche community tourism network. • Sustainable development of livestock: Comprehensive livestock Plan in partnership with the Universidad Austral de Chile. • Animal Health Operations: Operations to prevent parasitic, vitamin and dietary problems in local cattle. • Promotion of traditional crops: Sowing of wheat, oats, alfalfa prairies and potato seed. • Project NEHUEN MAPU: Enabling productive agricultural land (fencing, pasture, greenhouses, irrigation, inputs, and soil fertilization). • Delivery of agricultural machinery and farming.
Infrastructure for social and community development	<ul style="list-style-type: none"> • Fencing land for crop and livestock enabling. • Enabling applicants to the housing subsidy. • Social assistance to vulnerable families. • Implementation of wood stoves. • Construction of basic housing.

Achievements of the Pehuen foundation for 2013

Area	Achievements
Education and technical training	<ul style="list-style-type: none"> • 50 scholarships granted to young students from university and technical higher education. • 140 high school youth supported with school uniforms. • Acquisition of a school van for the community of El Barco. • 15 adults trained in jobs.
Productive sponsorship	<ul style="list-style-type: none"> • Legal establishment of the Llallin Domuche group of women artisans with 40 beneficiaries. • Legal establishment of the community tourism network with 28 associated with their business plans formulated. • 268 families benefited in various agricultural projects such as annual crops and traditional crops, vegetables, pasture and farm equipment. • Health management intended for 12,538 head of cattle through two operations in autumn and spring, benefiting 356 families. • 60 users incorporated into the sustainable livestock management plan that is developed with the Universidad Austral de Chile.
Infrastructure for social and community development [EC8]	<ul style="list-style-type: none"> • 5,000 linear meters of fences with galvanized mesh and impregnated poles. • 61 families qualified for a housing subsidy application approved by SERVIU. • 29 families are beneficiaries of the tree stump removal plan recovering land for production. • 68 vulnerable families helped by various social actions such as upgrading and construction of housing, water, wood stoves and others.

“As a former scholarship student from the Foundation I want to state that the help and support that the institution provides students with the six partner communities with which it works is very important in order to promote community development. Personally I feel very grateful to have been benefited and supported with a studies and lodging scholarship for two and a half years, so that through it I was able to finish my studies and become today an entrepreneur in the agricultural area in the district.”

Andrés Rosario Puelma Huenchucán
 Student benefited by the Pehuén Foundation
 scholarship program
 Agricultural and livestock technician
 El Barco community





Programs

Developed through partnerships with key players in the region

Commercial and associative production of Pehuenche textiles in partnership with the Chol-Chol Foundation

Objective:

Value and rescue the typical traditions of the Mapuche Pehuenche culture assigning the relevance of an economic activity, as a source of income for families and producers.

2013 Achievements

- Establishment of the Llallin Domuche artisans legal association, with 40 women members. Opening of a bank account, enabling legal status and transfer of funds to the autonomous administration of the organization; and computer equipment.
- Technical assistance by means of seminars and workshops on price and quality, competitive funding, marketing, product design, fair trade rules, project formulation.
- Production and sales of typical Pehuenche handicrafts, based on authentic designs characteristic of the ethnicity.

Kayulof program: Associative Pehuenche community tourism network in partnership with the Evangelical Development Service (SEPADE)

Objective:

Boost tourism in the area by strengthening the capacities for design, marketing and implementation of an associative network of tourism in Callaqui, Pitril, Quepuca Ralco, Ralco Lepoy, Ayin Mapu and El Barco communities.

2013 achievements

- Formation of the Kayulof Monguen indigenous tourism association with 28 associates in the network of tourism, funds were transferred to the autonomous network management.
- Assistance in the formulation and design of business plans for families associated with the network for the application for funding from public institutions, approving 18 projects with a total value of 35 million pesos.
- Promotion of community and special interest tourism by means of the delivery of services to domestic and foreign visitors, and participation in meetings on the subject at a local and national level.



Strengthening work in livestock at the Pehuenche communities

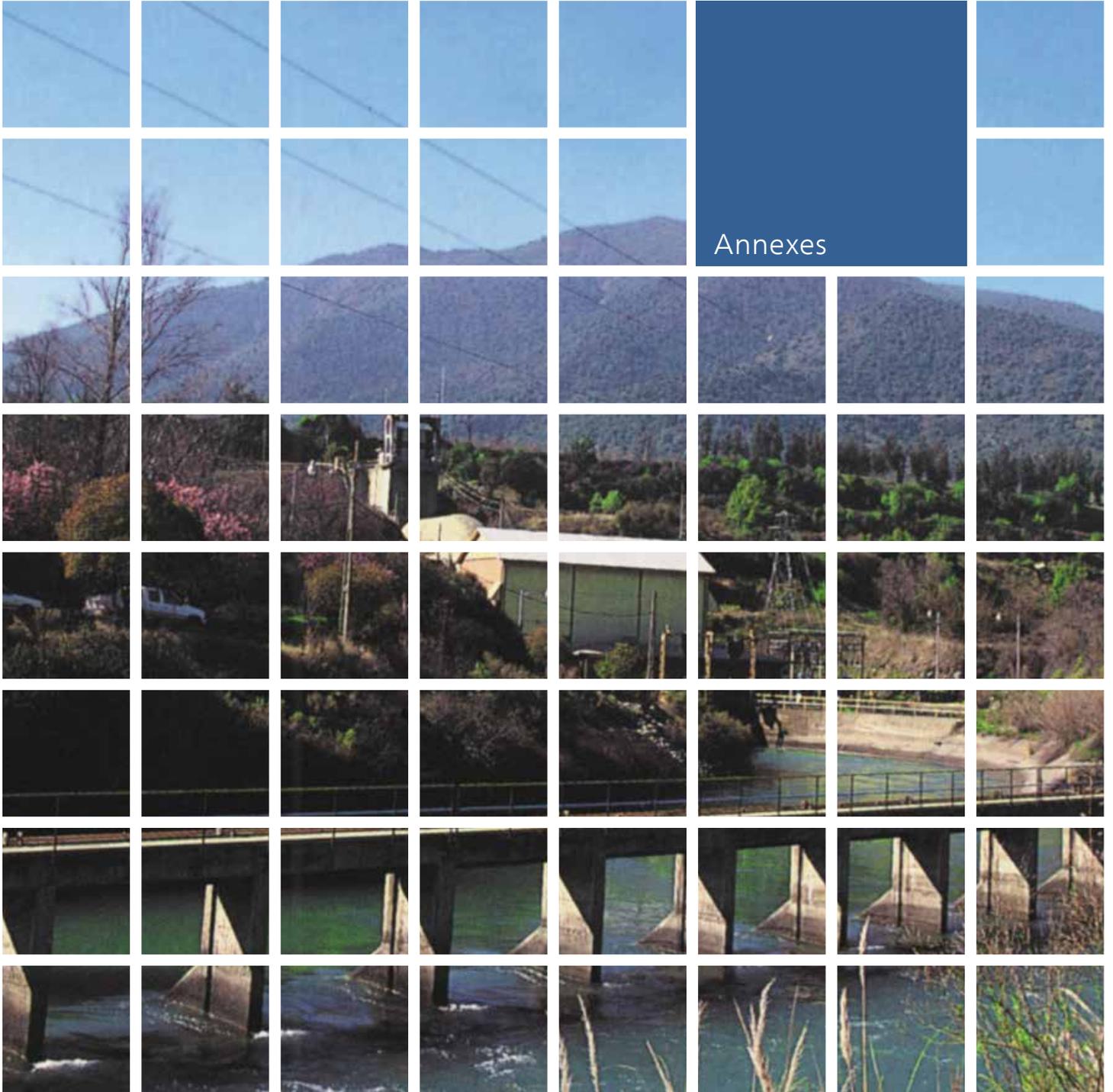
In order to provide human and productive development for the Alto Biobío area, an agreement with the Universidad Austral de Chile was established to increase skill levels and labor competitiveness in livestock of the Pehuenche communities.

"The main achievements are: To have been able to implement the knowledge and tourism programs, which are going to be placed into service of the tourists for the future, those are tangible achievements, the meetings with our own partners, network tourism, where I, as an associate can find a partner, can provide reliability and act as a witness of other ventures because I know them".

Guillermo Salamanca
President of the Kayulof community
Tourism Network







Annex I. Summary of key performance indicators.

Annex II. Further information.

Annex III. GRI Guiding principles.

Annex IV. GRI Table of Contents.

Annex V. External Verification.

Annex VI. Level control statement of GRI application.

Annex I. Summary of key performance indicators

[2.8] General indicators

	2011	2012	2013	Page
Installed capacity in Chile (MW)	5,221	5,571	5,571	29
Net Electricity Generation in Chile (GWh)	19,296	19,194	19,438	28
% Hydro generation in Chile	57.5%	55.6%	50.9%	29
% Thermal generation in Chile	41.9%	43.7%	48.4%	29
% Wind generation in Chile	0.6%	0.8%	0.7%	29
Energy sales (GWh)	20,315	20,878	20,406	85

Environmental performance indicators

	2011	2012	2013	Page
Number of plants certified under ISO 14.001	28	28	27	29
Gas emissions to the atmosphere (ton)				
CO ₂	4,598,625	4,819,052	5,765,379	107
NO _x	6,928	6,699	9,154	107
SO ₂	9,853	11,529	9,615	107
PM10	1,579	980	979	107
Waste generated (ton)				
Hazardous	216	393	690	112
Non hazardous	1,370	542	345	112
Inert	83,253	92,444	179,369	112
Consumption of raw materials on site (GJ)				
Coal	18,665,478	21,405,046	36,352,558	111
Oil	2,682,378	1,534,412	1,662,573	111
Natural gas	51,485,214	54,055,454	44,905,761	111
Fuel oil	30,966	147,092	71,004	111
Environmental expenses and investments (MM\$)				
Environmental investments	1,375	9,024	28,018	114
Environmental costs	2,275	2,341	1,781	114

Economic performance indicators

	2011	2012	2013	Page
Number of countries with presence	4	4	4	26
Closing price of shares in the Santiago Stock Exchange (\$)	763.22	778.11	782.27	73
Operating Income (\$ MM)	787,971	632,210	782,839	74
Personnel expenses (\$ MM)	42,827	55,833	42,826	74
EBITDA (MM\$)	974,123	292,702	978,994	71

* These indicators correspond to generation operations in Chile.

Internal social performance indicators

	2011	2012	2013	Page
Internal social action indicators				
Total No. of own employees	1,081	1,106	1,141	126, 178
% Women	16%	15%	15%	126, 178
% Of unionized workers	62%	64%	71%	139
No. of unions	5	5	5	139
Training hours	63,212	57,705	65,655	138
Training rate	58 hours/worker	52.2 hours/worker	57.5 hours/worker	181
Numbers of fatalities	0	0	0	142
Absenteeism rate (women)	2.95	2.67	1.35%	142
Absenteeism rate (men)	1.75	1.35	3.19%	142

Social performance indicators

	2011	2012	2013	Page
Social investment by Endesa Chile (MM\$)	1,075	1,179	1,021	149

Annex II- Complementary information

Protection of the environment

Potential environmental impacts in the construction phase

Impact	Environmental management initiatives
Physical medium	
Increase in the emission of gases and particulate material	<ul style="list-style-type: none">- Construct windbreaks to prevent the dispersion of airborne particulate material (Plant screens, mesh fence during the construction phase) .- Perform excavation material transport using covered trucks with waterproof tarps fastened to the body, to prevent the dispersion of particulate material.
Increased levels of sound pressure or noise	<ul style="list-style-type: none">- Avoid unnecessary movement of trucks and heavy machinery.- Install silencers on equipment that emits high levels of sound pressure.
Alteration of water quality and water pollution	<ul style="list-style-type: none">- Define areas for washing machinery and trucks, away from water courses, which must have devices for solid and liquid waste management in order to avoid contamination.- Wastes that might contaminate the water, such as oil and grease should be stored in appropriate containers and labeled before being brought to the site for treatment or disposal.
Soil erosion	<ul style="list-style-type: none">- Establish a program of erosion control by mechanical and biological methods, and the installation of fences and screens.
Soil compaction	<ul style="list-style-type: none">- Limit vehicle traffic to within strictly necessary areas to execute the works.- Minimize the surface areas for the construction of temporary roads.
Soil loss	<ul style="list-style-type: none">- Clearly define areas of construction works, to spatially restrict the impact on the ground.
Soil contamination	<ul style="list-style-type: none">- Define areas for cleaning and maintenance of equipment and machinery, and provide them with liquid collection systems.- Store hazardous substances in temporary storage warehouses, sealed with waterproof floor areas, which will contain any spills.

Impact	Environmental management initiatives
Biota	
Loss of terrestrial flora	<ul style="list-style-type: none"> - Demarcate with ribbons or other easily visible method any area strictly necessary for the execution of temporary and permanent works in the project areas. - Clear the area strictly necessary for the execution of the temporary and permanent works.
Fragmentation or loss of habitat for terrestrial fauna	<ul style="list-style-type: none"> - Establish locations for free passage of wildlife specimens, especially those species classified into categories of conservation. - After completing the work, restore the areas used for the establishment of temporary works (landfills, quarries, camps).
Loss of terrestrial wildlife specimens	<ul style="list-style-type: none"> - In sectors which are to be intervened a controlled habitat disturbance must be made (movement of vegetation and stones), to scare wildlife specimens which have not been rescued.
Disruption of terrestrial fauna	<ul style="list-style-type: none"> - Contractually establish the prohibition of pets entering work zones or site facilities, to hunt or capture wildlife specimens, lifting nests, destroy burrows and any action that unnecessarily disturbs wildlife. - Forbid access to workers outside the work areas and access roads.
Landscape	
Incorporation of visual marks or discordant elements with the original landscape	<p>Consider an architectural design in harmony with surroundings. To this end, prioritize:</p> <ul style="list-style-type: none"> - Preservation of existing vegetation as a visual screen. - The use of materials with textures and colors which can blend with the surroundings.

Potential environmental impacts of the operations phase

Impact	Type of technology ¹⁵	Environmental management initiatives
Physical medium		
Increase in the emission of gases and particulate material	CC.TT.	<ul style="list-style-type: none"> - Use burners which generate low nitrogen oxide levels. - Install particulate material abatement and gas capturing systems (for example, electrostatic precipitators, bag houses, desulfurizers) at the emission sources. - Install basins to contain spills.
Contamination of soil	CC.TT.	<ul style="list-style-type: none"> - In the fuel discharge sites, waterproof the floor and have a liquid collection system.
Alteration of water quality and water pollution	CC.HH.	<ul style="list-style-type: none"> - In reservoirs, establish a program for control of aquatic vegetation, if signs of eutrophication are detected.
Alteration of hydrological regime	CC.HH.	<ul style="list-style-type: none"> - Minimize discharges of the "water hammer" type.
Increased levels of sound pressure or noise	CC.HH. CC.EE.	<ul style="list-style-type: none"> - Prefer the use of equipment and machinery which emit lower noise levels.
Biota		
Habitat alteration due to changes in water quality and associated biota modification	CC.HH.	<ul style="list-style-type: none"> - Maintain an ecological flow at all times to ensure continuity of the river ecosystem.
Habitat alteration by fluctuating flows		
Loss and fragmentation of habitat due to flow decrease		<ul style="list-style-type: none"> - Implement a system to allow the free passage of fish species through barriers or dams, when the installation of these elements hamper the migration of these species.
Modification of river ecosystem		

¹⁵ Hereafter, the abbreviations are as follows:

CC.TT.: Thermal Power Plants

CC.HH.: Hydro Power

CC.EE.: Wind Power

Consumables

[EN1] The process of power generation requires the consumption of inputs and substances primarily associated to power plants, these are listed below.

Consumables (ton)	2011	2012	2013
Sodium hydroxide	108.37	90.93	133.36
Sulfuric and hypochloridric acid	966.12	899.41	993.31
Sodium hypochlorite	198.33	206.30	466.714
Ferrous sulfate	47.9	56.30	228.24
Lubricant	29.55	28.10	220.56
Dielectric oil	30.98	18.93	1,339.60

The increased use of consumables such as sodium hypochlorite and ferrous sulfate in 2013, is mainly produced by the startup of Unit 2 of the Bocamina power plant.

Workers

Own staff [LA1]

Workers per zone		2011	2012	2013	Totals per zone
Northern zone *	Men	128	70	82	88
	Women	7	2	6	
Central zone **	Men	534	667	674	814
	Women	154	150	140	
Southern zone ***	Men	244	199	219	239
	Women	14	18	20	
Totals per type of contract		1,081	1,106	1,141	1,141

* The northern area includes from the region of Arica and Parinacota Region to Valparaiso.

** The Central Area includes the entire metropolitan region.

*** The Southern area includes from the O'Higgins region to the region of Magallanes.

Totals per type of contract	Fixed term contract		Undefined contract	
	2012	2013	2012	2013
	77	96	1,029	1,045

Breakdown of staff [LA13]

Workers per employment category		Less than 30			Between 30 and 50			Over 50			Totals	
		2011	2012	2013	2011	2012	2013	2011	2012	2013	Total 2013 category	%
Executives	Men	0	0	0	6	11	17	20	21	17	34	3%
	Women	0	0	0	1	1	1	0	0		1	
Middle Management	Men	1	1	1	93	59	59	62	64	60	120	11%
	Women	0	0	0	19	8	7	0	2	1	8	
Professionals	Men	58	52	35	300	353	374	95	90	103	512	53%
	Women	20	12	9	82	93	88	1	1	1	98	
Technical	Men	32	31	31	124	143	164	80	80	81	276	25%
	Women	2	1	1	6	5	8	1	2	2	11	
Administrative	Men	3	2	1	16	13	17	16	16	15	33	7%
	Women	6	5	4	30	31	35	7	9	9	48	
Totals by age		122	104	82	677	717	770	282	285	289	1141	100%

Senior Management [EC7]

Category	Gender	Nationality			
		Chilean	Spanish	Italian	Argentinean
Directors	Men	22	1	1	0
	Women	0	0	0	0
Main directors	Men	5	4	0	1
	Women	1	0	0	0

The Top executives are those leading the nine General managements of Endesa Chile, including the CEO.

Turnover and new workers, own personnel [LA2]

		Under 30			Between 30 and 50			Over 50		
		2011	2012	2013	2011	2012	2013	2011	2012	2013
Northern zone *	Men	0.30%	13.00%	0.13%	0.89%	0.45%	0.70%	0.18%	0.54%	0.44%
	Women	0.12%	0.09%	0%	0%	0.05%	0.13%	0%	0%	0%
Central zone **	Men	1.55%	1.04%	0.57%	2.97%	3.17%	2.67%	0.71%	0.86%	1.36%
	Women	0.30%	0.31%	0.13%	1.60%	0.86%	0.88%	0.12%	0.05%	0.04%
Southern zone ***	Men	0.30%	0.72%	0.39%	0.71%	2.67%	1.84%	0.48%	1.00%	0.92%
	Women	0%	0.09%	0%	0%	0.18%	0.18%	0%	0%	0
Totals per age		1.08%	2.40%	1.23%	6.29%	7.38%	6.40%	1.49%	2.44%	2.76%

The formula used for calculating worker turnover is: $[(\text{No. entrants} + \text{No. exits}) / 2] / \text{total staff} \times 100$

New recruitment

Recruited employees during 2013	Men	Women
Under 30	17	2
Between 30 and 50	78	11
Over 50	28	0
TOTAL	123	13

Total contractor staff [LA1]

Contractor staff	2013
Men	991
Women	248
Total	1,239

- Data on closing the year.

No. of contractor companies and contracts	No. contractor companies	No. contracts
	56	76

- Data on closing the year.

Contractor staff per zone	2013
North	1,097
Center	142
South	0

Time worked by Endesa Chile contractors [EU17]

	2012			2013		
	Average staff	MH	Worked days	Average staff	MH	Worked days
Construction	922	2,177,128	272,141	327	699,947	87,493
Maintenance	388	1,068,210	133,526.25	351	850,458	106,307
Operation	457	933,932	116,741.5	332	635,725	79,466

Worked days = total MH / 8 (work hours per day).

Upcoming retirements of own personnel [EU15]

Per job category	Staff	No. Retirees in 5 years	% of staff to be retired in 5 years	No. Retirees in 10 years	% of staff to be retired in 10 years
Executives	35	5	14%	12	34%
Middle Management	128	34	27%	51	40%
Professionals	610	52	9%	79	13%
Technical	287	50	17%	72	25%
Administrative	81	11	14%	22	27%
Total	1,141	152	13%	236	21%

Per zone	Staff	No. Retirees in 5 years	% of staff to be retired in 5 years	No. Retirees in 10 years	% of staff to be retired in 10 years
Northern zone	88	10	11%	12	14%
Central zone	814	99	12%	166	20%
Southern zone	239	43	18%	58	24%
Totales	1,141	152	13%	236	21%

Range of wages of own staff [EC5]

Places with significant operations	Initial standard wage (\$)			Ratio between standard initial wage and local minimum wage		
	Men	Women	Average	Men	Women	Average
Northern zone	370,000	473,000	421,500	176%	225%	201%
Central zone	350,000	504,987	427,493	167%	240%	204%
Southern zone	350,000	322,124	336,062	167%	153%	160%

Use of maternity leave [LA15]

15 women made use of their maternity leaves in 2013. Of these, 4 returned to their jobs in the period covered by this report, and 11 women continue in maternity leave.

Average hours of training per employee, own workers [LA10]

Workers per job category	Average hours per employee			
	2011	2012	2013	
Executives	Men	39.4	41.9	46.5
	Women	N/A	267	501.0
Middle Management	Men	48.7	47.6	74.4
	Women	66.6	94	124.1
Professionals	Men	61.8	61.9	65.7
	Women	48	52.6	40.6
Technical	Men	63.8	42.4	50.1
	Women	30.4	4.25	18.3
Administrative	Men	76.3	35.2	18.8
	Women	38.8	25.1	26.0
Total and Average	Men	60.6	53.2	60.2
	Women	45.2	46.8	41.7
Totals and Average per year		58.2	52.2	57.5

Annex III. GRI Ruling Principles

Materiality or relevance

For this report, those topics and indicators that reflect the significant social, environmental and economic impacts of the organization or those that could substantively influence the assessments and decisions of stakeholders are considered.

Comprehensiveness

This principle, which is directly related to the quality of this report is essential. The concept includes mainly the scope, coverage and time. Comprehensiveness can also mean the information collection practices and determine if the presentation of information is reasonable and appropriate.

Sustainability Context

This report is to evaluate how the organization contributes to the improvement or deterioration of trends, progress and economic, environmental and social conditions at the local, regional or global level. This analysis considers the performance of the organization in the context of the limits and demands imposed on the environmental or social resources at a sector, local, regional or global level.

Participation of stakeholders

The content and topics included in this report took into consideration the interests and expectations raised by various stakeholders.

These groups are defined as those entities or individuals that may significantly affect the activities, products and/or services of the organization. Among these, individuals or entities that have a financial relationship with the organization (employees, shareholders, and suppliers) are considered, as well as the external agents.

Annex IV. GRI Table of Contents 3.12

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
1. Strategy & Analysis					
1.1	Declaration of top level responsible for decision-making in the organization (chief executive, chairman or equivalent) on the relevance of sustainability for the organization & its strategy.	-	-	6.2	6
1.2	Description of the principal impacts, risks & opportunities.	-	-	6.2	66, 104
2. Profile of the organization					
2.1	Name of the organization.	-	-	-	25
2.2	Principal trademarks, products &/or services.	-	-	-	25
2.3	Operative structure of the organization, including the principal divisions, operative entities, subsidiaries & joint ventures.	-	-	6.2	15
2.4	Location of the head office of the organization.	-	-	-	15, 24
2.5	No. of countries in which the organization operates and name of countries in which it has significant activities or which are specifically relevant to aspects of sustainability referred to in this report.	-	-	-	26
2.6	Nature of ownership & legal structure.	-	-	-	30
2.7	Markets served (including a geographic detail, the sectors supplied & type of customers/beneficiaries).	-	-	-	85, 86
2.8	Dimensions of the organization, including: <ul style="list-style-type: none"> • No. of employees. • Net sales (for organizations in the private sector) or net revenues (for public-sector organizations). • Total capitalization, detailed in terms of debt & equity. 	-	-	-	74, 174
2.9	Significant changes during the period covered by the report in the size, structure & ownership of the organization.	-	-	-	32
2.10	Prizes & distinctions received during the period reported.	-	-	-	53
EU1	Installed capacity, analyzed by source of energy & regulatory regime	-	-	-	26
EU2	Net energy production, detailed by source of energy & by country or regulatory regime	-	-	-	28
EU3	No. of residential, industrial, institutional & commercial customers	-	-	-	86
EU4	Length of transmission lines & distribution by voltage.	-	-	-	Not applicable due to the nature of business of Endesa Chile; which is, the generation of energy, not its transmission and distribution.
EU5	Assignment of CO ₂ emission certificates analyzed by regulatory regime.	-	-	-	Not applicable, because the company is listed as "Not" Annex I of the Kyoto Protocol.
3. Parameters of the report					
PROFILE OF THE REPORT					
3.1	Period covered by the information contained in the report (e.g. fiscal year, calendar year).	-	-	-	15
3.2	Date of most recent previous report (if any).	-	-	-	15
3.3	Cycle of report presentation (annual, bi-annual, etc.).	-	-	-	15
3.4	Point of contact for questions relating the report or its content.	-	-	-	Cover

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
3.5	<p>Process of definition of the contents of the report, including:</p> <ul style="list-style-type: none"> • Determination of materiality. • Priority of aspects included in the report. • Identification of the stakeholders that the organization expects will use the report. 	-	-	-	16
SCOPE AND COVERAGE OF THE REPORT					
3.6	Coverage of the report (e.g. countries, divisions, subsidiaries, installations rented, joint ventures, suppliers). Consult the protocol in coverage of the report 25 of GRI, for more information.	-	-	-	15
3.7	Indicate any limits to the scope or coverage of the report.	-	-	-	15
3.8	The basis for including information in the case of joint ventures, subsidiaries, leased installations, sub-contracted activities & other entities that may significantly affect comparability between periods &/or organizations.	-	-	-	15
3.9	Data measurement techniques and bases for the calculations, including underlying assumptions & techniques to the estimates applied in the gathering of indicators & other information for the report.	-	-	-	<p>The data and technical calculations for each quantitative indicator are based on procedures accepted by national legislation, and are aligned with the standards used as reference for this reporting process.</p> <p>In case of changes in the calculation methodology, the relevant Explanatory Notes will be presented. The team used the technical protocols of the G3.1 to obtain the data and indicators in this report.</p>
3.10	Description of the effect that the re-expression of information relating to previous reports might have, together with the reasons causing such re-expression.	-	-	-	15
3.11	Significant changes relating to previous periods in the scope, coverage or valuation methods applied in the report.	-	-	-	15
INDEX OF GRI CONTENTS					
3.12	<p>Table indicating the location of the basic content of the report. Identifies the page numbers or web links where the following information can be found:</p> <ul style="list-style-type: none"> • Strategy & analysis, 1.1–1.2. • Profile of the organization, 2.1–2.8. • Parameters 	-	-	-	15, 183
VERIFICATION					
3.13	Current policy & practice in relation to the request for external verification of the report. If the verification report is not included in the sustainability report, the scope & basis should be explained of any other external verification in existence. The relationship should also be clarified between the organization & the supplier(s) of the verification.	-	-	7.5.3	16

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
Governance, commitments and participation of stakeholders					
GOVERNANCE					
4.1	The governance structure of the organization, including the highest levels of governance committees responsible for tasks like defining the strategy or supervision of the organization.	-	-	6.2	56
4.2	It should be indicated whether the chairman of the top organ of governance also occupies an executive position (and if so their function within the management of the organization and the reasons justifying this).	-	-	6.2	59
4.3	In organizations having a unitary management structure, indicate the number & gender of the members of the top organ of governance who are independent and not executives.	-	-	6.2	59
4.4	Mechanisms of shareholders & personnel for communicating recommendations or indications to the top level of governance.	-	-	6.2	61
4.5	Links between the remuneration of the members of the top organ of governance, senior managers & executives (including agreements for leaving the position) and the performance of the organization (including social & environmental performance).	-	-	6.2	59
4.6	Procedures introduced to avoid conflicts of interest in the top level of governance.	-	-	6.2	62
4.7	Procedure for determining the composition, training & experience required of members of the top level of governance & its committees, including any consideration of gender & other indicators of diversity.	-	-	6.2	58
4.8	Declarations of mission & values developed internally, codes of conduct & principles relevant for the economic, environmental & social performance, and the state of its implementation.	-	-	6.2	33, 63
4.9	Procedures of the top level of governance for supervising the identification & management by the organization of the economic, environmental & social performance, including related risks & opportunities, and the adherence or compliance.	-	-	6.2	58, 66 - 67
4.10	Procedures for evaluating the performance of the top level of governance, especially with respect to economic, environmental & social performance.	-	-	6.2	58
COMMITMENTS WITH EXTERNAL INITIATIVES					
4.11	Description of how the organization has adopted a precautionary suggestion or principle. Article 15 of the Principles of Río introduced a precautionary focus. A response to point 4.11 could include the focus of the organization on environmental matters.	-	-	-	104
4.12	Economic, environmental & social principles or programs developed externally, and any other initiative that the organization subscribes to or approves.	-	-	-	51
4.13	Principal associations to which it belongs (such as sector associations) &/or national & international entities in which the organization participates.	-	-	-	51
PARTICIPATION OF STAKEHOLDERS					
4.14	Relations of stakeholders that the organization has included.	-	-	6.2	20
4.15	Basis for the identification & selection of stakeholders with which the organization is committed.	-	-	6.2	20
4.16	Focuses adopted for the inclusion of stakeholders, including the frequency of their participation by stakeholder type & category.	-	-	6.2	22

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
4.17	Principal concerns & aspects of interest that have arisen through the participation of stakeholders and the way in which the organization has responded to them in the preparation of the report.	-	-	6.2	19
Economic performance					
DMA EC	Economic focus	-	-	6.2,6.8	39, 44, 69, 72, 74, 77, 95, 96
Availability and reliability					
EU6	Management for ensuring the short & long-term availability & reliability of electricity.	-	-	-	70, 77, 80, 81
EU7	Demand management programs, including residential, commercial, institutional & industrial programs.	-	-	-	76, 80, 82
Research and development					
EU8	Research & development activities directed to providing reliable & attainable electricity and promoting sustainable development.	-	-	-	95
EU9	Provisions for dismantling sites with nuclear energy plants.	-	-	-	Endesa Chile has no nuclear power plants, the power generation is based on hydro, thermal and wind powered plants.
Economic performance					
EC1	Direct economic value generated & distributed, including revenue, cost of sales, personnel remuneration, donations & other investments in the community, undistributed earnings & payments to suppliers of capital & governments.	-	1 al 8	6.8 6.8.3 6.8.7 6.8.9	74
EC2	Financial consequences & other risks & opportunities for the activities of the organization due to climate change.	-	-	6.5.5	67, 121
EC3	Coverage of the organization's obligations due to social benefit programs.	-	-	-	Endesa Chile does not have this type of coverage for its workers.
EC4	Significant financial assistance received from governments.	-	-	-	In 2013 Endesa Chile obtained tax credits for training expenses for an amount of \$ 181.276.000. 163
Market presence					
EC5	Range of differences between the initial standard wage and the local minimum wage by gender in places where significant operations are carried out.	-	-	6.4.4 6.8	181
EC6	Policy, practices & proportion of expense relating to local suppliers in places where significant operations are carried out	-	-	6.6.6 6.8 6.8.5 6.8.7	145
EC7	Procedures for local contracting and proportion of senior management from the local community in places where significant operations are carried out	6	-	6.8 6.8.5 6.8.7	127, 179
Indirect economic impacts					
EC8	Development & impact of investments in infrastructure and the services provided mainly for the public benefit under commercial commitments, pro bono or In specie.	-	1 al 8	6.3.9 6.8 6.8.3 6.8.4 6.8.5 6.8.6 6.8.7 6.8.9	156, 157, 158, 161, 168

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
EC9	Understanding & description of significant indirect economic impacts, including the scope of the impacts.	-	1	6.3.9 6.6.6 6.6.7 6.7.8 6.8 6.8.5 6.8.6 6.8.7 6.8.9	156, 157, 158
Availability and reliability					
EU10	Planned capacity against projected long-term demand for electricity, analyzed by source of energy & regulatory regime.	-	-	-	42, 76
Efficiency of the system					
EU11	Average efficiency of thermal generating plants by source of energy & regulatory regime.	-	-	-	111 - 112
EU12	Transmission & distribution losses as percentage of total energy.	-	-	-	Not applicable due to the nature of business of Endesa Chile; which is, the generation of energy, not its transmission and distribution.
Environmental performance					
DMA EN	Environmental management focus	-	-	6.2 6.5	96
Materials					
EN1	Materials used, by weight or volume.	8	7	6.5 6.5.4	111, 178
EN2	Percentage of materials used that are reutilized materials.	8.9	7	6.5 6.5.4	Not applicable, since Endesa Chile does not use raw materials which are waste from other processes or industries in the processes of energy generation.
Energy					
EN3	Direct energy consumption by primary sources.	8	7	6.5 6.5.4	111
EN4	Indirect energy consumption by primary sources	8	7	6.5 6.5.4	111
EN5	Energy saving due to conservation & improvements in efficiency.	8.9	7	6.5 6.5.4	97 – 98
EN6	Initiatives for providing efficient products & services in the consumption of energy or based on renewable energies, and reductions in energy consumption as a result of such initiatives.	8.9	7	6.5 6.5.4	95, 99, 121
EN7	Initiatives to reduce the indirect consumption of energy and the reductions achieved by these initiatives.	8.9	7	6.5 6.5.4	100
Water					
EN8	Water catchment by sources.	8	7	6.5 6.5.4	108
EN9	Water sources that have been significantly affected by water catchment.	8	7	6.5 6.5.4	109
EN10	Percentage & total volume of water recycled & reused.	8.9	7	6.5 6.5.4	The company does not recycle or reuse water.
Biodiversity					
EN11	Description of adjoining land or that located within natural protected spaces or areas of large unprotected high biodiversity. Indicate the location & area of land owned, leased or managed of high biodiversity value in areas outside protected areas.	8	-	6.5 6.5.6	116

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
EN12	Description of the most significant impacts on biodiversity in protected natural spaces or in areas of unprotected areas of high biodiversity, deriving from the activities, products & services in protected areas & in areas of high biodiversity value in zones outside the protected areas.	8	-	6.5 6.5.6	The land adjacent to or located within protected areas or areas of high biodiversity (identified in indicator EN11) corresponds to operating facilities that are currently in operation and do not have a significant impact on the environment. It is noteworthy that significant impacts caused during the construction phase were properly repaired and mitigated at the time.
EU13	Comparison between the biodiversity of the habitats affected and the biodiversity of the habitats displaced.			-	During 2013, Endesa Chile projects did not require any kind of territorial compensation in those natural ecosystems where the construction of a power plant is planned.
EN13	Protected or restored habitats.	8	7	6.5	119
EN14	Strategies & actions introduced & planned for the management of impacts on biodiversity.	8	7	6.5 6.5.6	118
EN15	Number of species, identified as a function of their danger of extinction, included in the Red List of the IUCN and in national lists and whose habitats are in areas affected by the operations, according to the degree of threat to the species.	8	-	6.5 6.5.6	116 - 117
Emissions, dumps and waste					
EN16	Total emissions, direct & indirect, of greenhouse gases, by weight.	8	-	6.5 6.5.5	The total CO ₂ emissions in 2012 in Chile were of 6.583.43 ktCO ₂ e. Additionally there were absorptions by forest surfaces of 164.07 ktCO ₂ e. This information was verified by Aenor in 2013 and includes all company businesses in Chile. There is no verified information disaggregated by business line. The CO ₂ emissions according to scope are distributed as follows: Scope 1: 5,379.87 ktCO ₂ e; Scope 2: 33.30 ktCO ₂ e; AI Scope cance 3: 1,170.26 ktCO ₂ e.
EN17	Other Indirect emissions of greenhouse gases, by weight.	8	7	6.5 6.5.5	Scope 3 of the carbon footprint of Endesa Chile facilities in 2013, reached 975.5 tons CO ₂ e, corresponding to domestic and international air travel of Endesa Chile staff. This was calculated with background information provided by the General Services area of Enersis, and it only considers Endesa Chile staff.
EN18	Initiatives to reduce greenhouse gas emissions & reductions achieved.	7,8,9	7	6.5 6.5.5	122
EN19	Emissions of substances destructive of the ozone layer, by weight.	8	7	6.5 6.5.3	A significant aspect of the activity of the company is not considered, since the processes involved in power generation do not generate emissions of such kind.
EN20	NOx, SOx & other significant emissions to the air, by type & weight.	8	7	6.5 6.5.3	106
EN21	Total discharge of waste waters, by nature & destination.	8	7	6.5 6.5.3	110
EN22	Total weight of waste managed, by type & method of treatment.	8	7	6.5 6.5.3	112
EN23	Total number & volume of most significant accidental spillages.	8	7	6.5	113

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
EN24	Weight of waste transported, imported, exported or treated considered as hazardous, according to the classification of the Basle Convention, appendices I, II, III & VIII and percentage of waste transported internationally.	8	7	6.5 6.5.3	In 2013 Endesa Chile did not eliminate hazardous waste transported across international borders. This due to the Strategic Plan for the Elimination of Polychlorinated Biphenyls (PCB, is its acronym in English) applicable to all facilities, and which the company began implementing in 2005. As a result of the Plan, in 2011 Endesa Chile removed all oils and equipment with PCB from the power generation plants.
EN25	Identification, size, state of protection & biodiversity value of water resources & related habitats, significantly affected by discharges of water & slag waters of the organization.	8	7	6.5 6.5.4 6.5.6	None of the power generation facilities owned by Endesa Chile significantly affects the biodiversity value of water bodies and related habitats, due to water discharge and runoff.
Products and services					
EN26	Initiatives for mitigating the environmental impacts of the products & services, and degree of reduction of this impact.	7,8,9	7	6.5 6.5.4 6.6.6 6.7.5	104
EN27	Percentage of products sold & their packaging materials that are recoverable at the end of their useful lives, by category of products.	8,9	7	6.5 6.5.4 6.7.5	Not applicable. The business of Endesa Chile is power generation, which can not be recovered at the end of its life cycle.
Regulatory compliance					
EN28	Cost of significant fines & number of non-monetary sanctions for non-compliance of regulatory standards.	8	-	6.5	During 2013 there were no non-monetary fines or penalties recorded for non-compliance with environmental regulations.
Transportation					
EN29	Significant environmental impacts of transportation of products & other goods & materials used for the organization's activities, plus the transportation of personnel.	8	-	6.5 6.5.4 6.6.6	Not applicable, because these are not significant in the operations of the company.
General					
EN30	List by type of all environmental expenses & investments.	7,8,9	-	6.5	114
Labor performance					
DMA LA	Labor management focus				125, 135, 137, 138, 146,
Employment					
EU14	Processes for retaining & renewing talent.	-	-	-	131, 133, 137
EU15	Percentage of employees with right to retire in the next 5 & 10 years, by job category & region.	-	-	-	181
EU16	Policies & requirements relating to employee safety & health, and of contractors & sub-contractors.	-	-	-	144
LA1	Workforce by type of employment, contract & region, according to gender.	-	1 y 3	6.4 6.4.3	126, 145, 178, 180
LA2	Total number of new employees & average turnover of workers, by age group, gender & region.	6	1 y 3	6.4 6.4.3	136, 145, 179
EU17	Contractor & sub-contractor workers involved in construction, operation & maintenance activities.	-	-	-	145, 180
EU18	Contractors & sub-contractors who have received relevant training in matters of health & safety.	-	-	-	146
LA3	Social benefits for full-time workers that are not offered to temporary or party-time workers, detailed by the principal operating locations.	6	1, 2, 4, 5, 6	6.4.3 6.4.4	129
LA15	Average reinsertion to work & retention after paternal tights, by gender.	-	-	-	181

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
Company / Worker relations					
LA4	Percentage of employees covered by a collective agreement.	1, 3	-	6.3.10 6.4 6.4.3 6.4.4 6.4.5	139, 145
LA5	Minimum periods of advance notice relating to organizational changes, including whether such notices are specified in the collective agreements.	3	-	6.4 6.4.3 6.4.4 6.4.5	The communication of any organizational change at a management level is disseminated through internal means and does not consider periods of lieu time for notices.
Health and safety					
LA6	Total percentage of workers represented on joint safety & safety committees established to help control & advise on occupational safety & health programs.	1	6	6.4 6.4.6	141
LA7	Rates of absenteeism, professional illnesses, days lost & number of fatalities related to work, by region & gender.	1	-	6.4 6.4.6	142, 146
LA8	Programs of education, formation, advising, prevention & control of risks applied to workers, their families or members of the community with serious illnesses.	1	4 al 6	6.4 6.4.5 6.8 6.8.3 6.8.4 6.8.8	143
LA9	Health & safety matters covered by formal agreements with unions.	1	5	6.4 6.4.6	139 - 140
Formation and education					
LA10	Average hours of formation per annum per employee, detailed by gender & job category.	-	3	6.4 6.4.7	138, 181
LA11	Programs for the management of skills and continual formation that promote the employability of the workers and that support them in handling the end of their professional careers	-	1 y 3	6.4 6.4.7 6.8.5	137, 138
LA12	Percentage of employees receiving regular performance & professional development evaluations, by gender.	-	3	6.4 6.4.7	100% of the workers of Endesa Chile were rated using periodic performance evaluations.
Diversity and equality of opportunities					
LA13	Composition of corporate governance organs and details of job categories according to gender, age group, belonging to minorities and other indicators of diversity.	1,6	3	6.3.7 6.3.10 6.4 6.4.3	126, 179
LA14	Relationship of men's base wage and remuneration with respect to women's, detailed by professional category and by the principal operational locations.	1,6	3	6.3.7 6.3.10 6.4 6.4.3 6.4.4	135

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
Human rights					
DMA HR	Management focus relating to human rights				34, 134, 139, 149, 155
Investment and procurement practices					
HR1	Percentage & total number of investment agreements & significant contracts that include clauses incorporating human rights matters of have been the subject of analysis in terms of human rights.	1,2,3,4,5,6	1 y 3	6.3 6.3.3 6.3.5 6.6.6	100% of contracts and investment agreements include provisions which incorporate human rights issues. Each Endesa Chile supplier states and accepts these provisions. 34
HR2	Percentage of the principal suppliers, contractors & other commercial partners that have been analyzed in terms of human rights, and measures taken as a consequence.	1,2,3,4,5,6	1	6.3 6.3.3 6.3.5 6.4.3 6.6.6	34, 144
HR3	Total hours of formation of employees in policies & y procedures relating to those aspects of human rights relevant to their activities, including the percentage of employees formed.	1,2,3,4,5,6	-	6.3 6.3.5	34, 66, 138
Non-discrimination					
HR4	Total number of incidents of discrimination and corrective measures adopted.	1,2, 6	3	6.3 6.3.6 6.3.7 6.3.10 6.4.3	34, 65
Freedom of association and collective agreements					
HR5	Principal operations & suppliers in which the right to freedom of association & collective bargaining may be violated &/or run important risks, and measures.	1, 2, 3	-	6.3 6.3.3 6.3.4 6.3.5 6.3.8 6.3.10 6.4.3 6.4.5	138
Child exploitation					
HR6	Principal operations & suppliers that have been identified as of significant risk of child labor, and measures adopted to contribute to the effective abolition of child labor.	1, 2, 5	2	6.3 6.3.5 6.4.3 6.6.6	There are no transactions in which there are risks of generating child labor or find young workers exposed to hard labor work. "Endesa Chile rejects all forms of child labor in all countries where it has operations, as indicated by the United Nations Global Compact and the labor laws. To safeguard compliance with these principles, contracts with third parties must comply with the criteria of the Global Compact."
Forced labor					
HR7	Principal operations & suppliers that have been identified as of significant risk of originating from incidents of forced or non-consented labor, and measures adopted to contribute to the elimination of all forms of forced & non-consented labor.	1, 2, 4	3	6.3 6.3.5 6.4.3 6.6.6	Operations that consider risks which may generate forced labor situations are not identified.

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
Security practices					
HR8	Percentage of security personnel who have been formed in the organization's policies or procedures in human rights aspects relevant to their activities.	1, 2	-	6.3 6.3.5 6.4.3 6.6.6	The internal security personnel available to Endesa Chile is of two people, and in 2013 one of them was trained in human rights issues. Every two years there are retraining courses on the same matters.
Indigenous rights					
HR9	Total number of incidents related to violations of the rights of indigenous people and measures adopted.	1, 2	3	6.3 6.3.6 6.3.7 6.3.8 6.6.7	There was no formal complaint regarding possible violations of indigenous rights during 2013.
Evaluation					
HR10	Percentage & total number of operations that have been subject to human rights revisions &/or evaluations of impact.	-	-	-	See HR5, HR6, HR7, HR8
Remediation					
HR11	Number of complaints relating to human rights that have been classified, directed & resolved through complaint mechanisms.	-	-	-	65
Society					
DMA SO	Management focus in relation to society	-	-	6.2 6.6 6.8	55,62, 83, 149
Community					
SO1	Percentage of operations with programs implemented through agreements with the community, impact evaluations & development of programs.	1	1 to 8	6.3.9 6.3.9 6.6.7 6.8 6.8.5 6.8.7	150
SO9	Operations with significant present or potential negative impacts on local communities.	-	-	-	154
SO10	Prevention & mitigation measures implemented in operations with significant present or potential negative impacts on local communities	-	-	-	154
EU19	Participation of stakeholders in decision-taking processes related to the planning of projects and the development of infrastructure.	-	-	-	155, 158, 160, 161
EU20	Engagement to manage displacement impacts (local residents).	-	-	-	160, 162
EU22	Number of people displaced by the expansion of or new project related to the generation installations and transmission lines, analyzed for physical & economic displacement.	-	-	-	160
Disasters, emergencies and response plans					
EU21	Contingency planning measures, disasters or emergencies management plan & training programs, and recuperation & restoration plans.	-	-	-	82, 83
Corruption					
SO2	Percentage & total number of business units analyzed with respect to risks related to corruption.	10	-	6.6 6.6.3	64
SO3	Percentage of employees formed in the organization's anti-corruption policies & procedures.	10	-	6.6 6.6.3	66
SO4	Measures taken in response to incidents of corruption.	10	-	6.6 6.6.3	65

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
Public policy					
SO5	Position in public politics & participation in their development and lobbying activities.	1, 2, 3,4, 5,6,7,8,9,10	-	6.6 6.6.3	62
SO6	Total amount of financial contributions & in specie to political parties or related institutions, by countries.	10	-	6.6 6.6.4	In 2013, during the parliamentary and presidential elections, the latter had first and second rounds, Endesa Chile, with authorization from the board, made a contribution under the protection of the provisions in Law No. 19,884 on Transparency, Limit and Control of Electoral expenditure.
Unfair competition					
SO7	Total number of actions for cases related to monopoly practices or against free competition, and their results.	-	-	6.6 6.6.5 6.6.5	No legal actions caused by monopolistic practices and against free trade were recorded in 2013.
Regulatory compliance					
SO8	Monetary value of significant sanctions & fines and total number of non-monetary sanctions deriving from non-compliance with laws & regulations.	-	-	6.6 6.6.7 6.8.7	67
Liability for products					
DMA PR	Management focus related to product liability	-	-	6.2 6.6 6.7	79, 150
Access					
EU23	Programs, including those jointly with the government, for improving or maintaining access to electricity & customer support services.	-	-	-	Not applicable. Endesa Chile is a generator, not a distribution company, therefore, it has no relationship with residential customers. All its direct customers are large companies, as required by the Chilean legislation.
Provision of information					
EU24	Practices for tackling the little culture, language, spelling & disability associated with limitations of access & safe use of electricity by customers	-	-	-	Not applicable. Endesa Chile supplies power only to large customers and distribution companies, and their business contacts, since these are companies are at a professional level and do not have any restrictions like those set forth in this indicator
Customer health and safety					
PR1	Phases of life cycle of products & services in which are evaluated, with a view to improvement, their impacts on the health & safety of customers, and percentage of significant product & service categories subject to such evaluation.	1	4	6.3.9 6.6.6 6.7 6.7.4 6.7.5	Not applicable to Endesa Chile due to the nature of its product, which is electricity. Actions to prevent and mitigate the adverse effects on the health and safety of it is conducted on external factors such issues as investment in safety equipment and facilities, as well as protection, observing regulations for industrial safety, education campaigns for people and appropriate signage, among others. These actions are aimed at people surrounding operations or company power lines.

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
PR2	Total number of incidents deriving from non-compliance with legal regulations or voluntary codes related to the impacts of the products & services on health & safety during the life cycle, distributed as function of the type of result of such incidents.	1	-	6.3.9 6.6.6 6.7 6.7.4 6.7.5	In 2013, no incidents of non-compliance with regulations or voluntary codes concerning the impacts of products and services on health and safety were recorded during its life cycle.
EU25	Number of injuries & fatalities to the public involving the company's assets, including legal actions, establishments & cases pending for illnesses.	-	-	-	67
Labeling of products and services					
PR3	Types of information on products & services that are required by current procedures & regulations, and percentage of products & services subject to such information requirements.	8	-	6.7 6.7.3 6.7.4 6.7.5 6.7.6 6.7.9	85
PR4	Total number of non-compliances with regulation & voluntary codes relating to information & labeling of products & services, distributed by type of results of such incidents.	8	-	6.7 6.7.3 6.7.4 6.7.5 6.7.6 6.7.9	Due to the nature of the product sold by Endesa Chile, electric energy and power, it does not support labeling. The information on product characteristics (amount and supply conditions) is a contractual matter between the company and its customers, and its quality is adjusted to regulatory standards, according to each country market. Any discrepancy in the product contracted and delivered will be resolved according to the mechanisms provided by agreement between the parties and in accordance with the current regulation.
PR5	Practices with respect to customer satisfaction, including the results of customer satisfaction surveys.	-	-	6.7 6.7.3 6.7.4 6.7.5 6.7.6 6.7.9	87
Communications and marketing					
PR6	Programs of compliance with laws or adherence to standards & voluntary codes mentioned in marketing communications, including advertising, other promotional activities & sponsorships.	-	-	6.7 6.7.3 6.7.6 6.7.9	Not applicable due to the type of product being sold. However, corporate advertising completely adheres to the Chilean Code of Advertising Ethics, which is based on the rules of the International Code of Advertising Practice of the International Chamber of Commerce in Paris, with the implications, changes and updates proposed by the associations that are part of the Board of Self regulation and Advertising Ethics (CONAR).
PR7	Total number of incidents resulting from non-compliance with regulations relating to marketing communications, including publicity, promotions & sponsorship, distributed by type of result of such incidents.	-	-	6.7 6.7.7	Not applicable for the type of product being sold. No incident is recorded.

Indicator	Description	Global Compact principles	Millennium development objectives	ISO 26000	Page
Customer privacy					
PR8	Total number of duly-founded complaints with respect to privacy & the leakage of personal data on customers.	1	-	6.7 6.7.7	No formal complaints were filed on the matter. Supply contracts signed between Endesa Chile and its customers include confidentiality clauses covering which safeguard all information likely to be used by a third party for profit, even for periods extending beyond the end date of the contract.
Regulatory compliance					
PR9	Cost of significant fines resulting from non-compliance with regulations relating to the supply & use of the organization's products & services	-	-	6.7 6.7.6	67
Access					
EU26	Percentage of the population not served within the service areas.	-	-	-	Not applicable due to the nature of business of Endesa Chile; which is, the generation of energy, not its transmission and distribution.
EU27	Number of residential disconnections due to non-payment, detailed by duration of the disconnection & regulatory regime.	-	-	-	Not applicable due to the nature of business of Endesa Chile; which is, the generation of energy, not its transmission and distribution.
EU28	Frequency of energy interruptions	-	-	-	Not applicable due to the nature of business of Endesa Chile; which is, the generation of energy, not its transmission and distribution.
EU29	Average duration of energy interruptions.	-	-	-	Not applicable due to the nature of business of Endesa Chile; which is, the generation of energy, not its transmission and distribution.
EU30	Average availability factor of the plant by source of energy & regulatory regime.	-	-	-	29

Annex V. External Verification report



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working world

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Limited Assurance

Statement of Endesa S.A.'s Sustainability Report 2013 (free translation from the original in Independent spanish)

To the President and Directors of
Endesa S.A.

Scope

We have performed an independent limited assurance engagement on the information and data presented in Endesa S.A.'s 2013 Sustainability Report.

The scope of the information reported includes Endesa Chile S.A. and its generation subsidiaries: Empresa Eléctrica Pehuenche S.A., Central Eléctrica Tarapaca S.A. and Central Eléctrica Canela S.A.

Preparation of the Sustainability Report is the responsibility of the Management of Endesa S.A. The Management of Endesa S.A. 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 G3.1 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 2013 Sustainability Report are duly supported by evidence.
- Verify the traceability of the information disclosed by Endesa S.A. in its Sustainability Report 2013.
- Determine whether Endesa S.A. has prepared its 2013 Sustainability Report in accordance with the Content and Quality Principles of the GRI G3.1 guideline.
- Confirm Endesa S.A.'s self-declared application level of the GRI 3.1 guidelines to its report.

Work Performed

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

- Interviews with key Endesa S.A. personnel, in order to assess the 2013 Sustainability Report preparation process, the definition of its content and its underlying information systems.
- Review of supporting documents provided by Endesa S.A.
- Review of formulas and calculations by recalculation.
- Review of the 2013 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 Endesa S.A.'s Sustainability Report, we conclude that nothing has come to our attention that would cause us to believe that:

- The information and data disclosed in Endesa S.A.'s 2013 Sustainability Report are not presented fairly.
- Endesa S.A.'s 2013 Sustainability Report has not been prepared in accordance with the G4 version guideline for the preparation of sustainability reports under the Global Reporting Initiative.
- Endesa S.A.'s self-declared A+ application level does not meet the GRI 3.1 version requirements for this level.

Improvement Recommendations

Without affecting our conclusions as set out above, we have detected some improvement opportunities for Endesa S.A.'s Sustainability Report 2013, which are detailed in a recommendations report presented to Endesa S.A.'s Administration.

Truly Yours,

Ernst & Young Ltda.

Miguel Ángel Salinas B.
March 6th, 2014.
I-00500/14

Annex VI. GRI Application level control Statement



Statement GRI Application Level Check

GRI hereby states that **Empresa Nacional de Electricidad S.A.** has presented its report "Sustainability Report Endesa Chile 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 19 March 2014

A handwritten signature in black ink, appearing to read "Ásthildur Hjaltadóttir".

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The "+" has been added to this Application Level because **Empresa Nacional de Electricidad S.A.** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 17 March 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Acknowledgments

We want to thank all those who have collaborated in the development of the Endesa Chile 2013 Sustainability Report, especially our employees

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