

REASONS GIVEN FOR THE APPOINTMENT OF EXTERNAL AUDITORS EMPRESAS COPEC S.A.

In ordinary board meeting dated March 29th, 2018, the reasons for the appointment of the external auditors to be proposed to the Ordinary Shareholders Meeting, to be held on April 25th, 2018, were described. They are as follows:

After Deloitte had served three years as an external auditor of the Company, a new process for the awarding of bids in early 2015 was decided. That period was deemed appropriate for evaluating the options and bids from the main and most prestigious external audit companies in Chile. Thus, during the first months of 2015, PwC, Deloitte, EY and KPMG held several meetings with key personnel of the Company where they analyzed the main business processes, reviewed financial and operational data, become aware of the IT systems and inquired about risks in the various businesses of the Company.

In March 2015, these audit firms submitted their offers to the Company, including, *inter alia*, the description of their audit method; information on the team of partners and proposed manager; list of customers in the relevant industries; sample of engagement letter; additional services offered; and proposed work program.

The Company carried out a process of technical evaluation of the bids received, and also, evaluated the financial aspects contained in each bid.

After these bids were evaluated, the results were the following: PwC achieved the first position, followed by Deloitte. Based on the above, at the meeting held on March 26th, 2015, the Board agreed on recommending PwC to the Ordinary Shareholders Meeting of the Company for the audit of the Consolidated Financial Statements of the Company in 2015.

At the Ordinary Shareholders Meetings held on April 22nd, 2015, April 27th, 2016, and April 27th, 2017, PwC was ratified as audit company, which has conducted audits of the books of the Company during years 2015, 2016 and 2017, complying with the agreed work schedules, and timely submitting their opinions on the Financial Statements, internal control and other relevant matters, both to the Management and the Board of the Company.

The Board of Empresas Copec has considered that the parameters used to select the audit company at the beginning of year 2015 have not substantially changed over the last two years. Notwithstanding that changing auditing firms has been proven to be something good in the industry, it implies certain costs and disadvantages, which are mainly associated with the needs of understanding the reality of the company to be audited, which is important in those with a complex nature, such as Empresas Copec. This understanding of the reality of business of each company is crucial to ensure the quality of service delivered.

Therefore, considering that PwC has audited years 2015, 2016 and 2017, and fulfilled its duties appropriately, maintaining such firm for year 2018 as auditor has been decided.

For the above reasons, the Board recommends the Ordinary Shareholders Meeting called for April 25th, appointing PwC as external auditors of the Company for year 2017. Alternatively, appointing Deloitte, which has a good knowledge and experience in auditing companies similar to Empresas Copec S.A. is recommended.

It is left on record that due to the complexity of the audit of a company like this and the quality of work performed by PwC in years 2015, 2016 and 2017, the Committee of Directors of the Company, at its meeting held on March 16th, 2018, recommended the Board to in turn, recommend to the Ordinary Shareholders Meeting, engaging the services of PwC for the audit of the Financial Statements of Empresas Copec S.A. during year 2018. The Committee suggests Deloitte as a second option.