



RATIONALE FOR THE APPOINTMENT OF EXTERNAL AUDITORS EMPRESAS COPEC S.A.

In ordinary session of the Board of Directors held on March 28, 2019, the rationale for the options that the Board of Directors will propose to the Ordinary General Shareholders' Meeting, to be held on April 24, 2019, for the appointment of external auditors was stated as follows:

Shareholders may recall that, at the beginning of 2015, it was decided to conduct a selection process of proposal, after Deloitte had completed several years as external auditor of the Company. Thus, during the first months of 2015, audit firms PwC, Deloitte, EY and KPMG held several meetings with key personnel from the Company, analyzed the main business processes, reviewed financial and operational background, learned about computer systems, and inquired about the risks involved in the various businesses of the Company.

In March 2015, these audit firms submitted their proposals to the Company, which included, among other things, description of the audit methodology; background of the team of partners and proposed manager; list of clients in the relevant industries; engagement letter template; additional services offered; and proposed work program.

The Company conducted a technical evaluation process of the offers received and, in addition, analyzed the economic terms contained in each of the proposals.

After conducting these assessments, it was concluded that audit firm PwC was the first option, followed by Deloitte. Based upon the foregoing, in a meeting held on March 26, 2015, the Board of Directors agreed to propose to the Ordinary Shareholders' Meeting of the Company, that PwC may be engaged to conduct the audit of the Company's consolidated financial statements for 2015 financial year.

At the Ordinary Shareholders' Meetings held on April 22, 2015, April 27, 2016, April 27, 2017 and April 25, 2018, PwC was ratified as audit firm, which has performed reviews of the books of the Company during the years 2015, 2016, 2017 and 2018, complying with the agreed work schedules, and timely presenting its views on the Financial Statements, internal control and other pertinent matters, both to the Company's Management, Directors' Committee and Board of Directors.

Empresas Copec Board of Directors has considered that the parameters used to choose the audit firm at the beginning of 2015 have not changed substantially over the last four years. Likewise, while rotation of audit firms is a beneficial practice, it also has costs and disadvantages involved, which are mainly associated with the need of understanding the reality of the company that will be audited, key for organizations of a complex nature such as Empresas Copec. This understanding of the reality of each company's business is key to ensure the quality of the service delivered.

In addition, PwC experience in auditing companies of similar size and complexity to the Company and its affiliates; the deep knowledge of the Company; the technical suitability of the team of auditors and the partners who have led and will perform the audit; and compliance with the legal and professional requirements of independence of judgment, guaranteed by various local internal policies and other PwC guidelines at the international level, have been taken into consideration.

It should also be noted that several audit firms advise Empresas Copec in matters other than external auditing: KPMG is in charge of internal audit, EY of tax advisory, and Deloitte of Integral Risk Management.

In addition, it should also be considered that some of the aforementioned companies are in charge of reviewing the financial statements of several of the affiliates and associates of Empresas Copec. The affiliate Copec Combustibles is audited by KPMG; the companies in the fisheries sector by Deloitte; and some associated companies by EY. Thus, Empresas Copec, its administration and its directors receive, for their management and decision making, advice and information from the four major international audit firms.

For all these reasons, and considering that PwC has exercised its mandate for the years 2015, 2016, 2017 and 2018, and has fulfilled its duties properly, it has been considered appropriate to maintain the firm as audit company for the year 2019.

It is stated for the record that the Company's Directors' Committee, at the Board meeting held on March 6, 2019, because of the complexity of the audit work of a company like this and the quality of the work performed by PwC in previous years, recommended to the Company's Board of Directors, for it to recommend to the Ordinary Shareholders' Meeting, to engage the services of PwC to audit the Financial Statements of Empresas Copec during the financial year 2019. The Committee suggests Deloitte as a second option.

For the aforementioned reasons, the Board of Directors recommends to the Ordinary General Shareholders' Meeting convened for April 24, first, the appointment of PwC as external auditor of the Company for the year 2019. As an alternative to the one mentioned above, it proposes, in second place, the firm Deloitte, which has a good level of knowledge and experience in auditing companies of a nature similar to that of Empresas Copec.

Notwithstanding the above, considering that 2019 would be the fifth year in which the external audit will be performed by PwC, it has been decided that a new process of selection of external audit proposals be conducted at the beginning of 2020, under similar terms to 2015, as mentioned above. The objective of the foregoing is for its Directors' Committee and Board of Directors, and the Ordinary Shareholders' Meeting to be held in the first quarter of 2020, have the best information possible for the appointment of the firm that will perform the audit for that year.