



EMPRESAS COPEC

# INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS OF MARCH 31, 2020

**Index to the consolidated financial statements of Empresas Copec S.A. and affiliates**

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## ABBREVIATIONS

IFRS	International Financial Reporting Standards
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
NIFCH	Chilean Financial Reporting Standards
IFRIC	International Financial Reporting Interpretations Committee
US\$	United States dollars
ThUS\$	Thousands of United States dollars
MUS\$	Millions of US dollars
MCh\$	Millions of Chilean Pesos
ThCOP\$	Thousands of Colombian pesos
PS/	Peruvian new sol
BR\$	Brazilian real
AR\$	Argentinean peso
CN\$	Canadian dollar

## Interim Consolidated Statements of Financial Position

	Note	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	3.1	1,740,441	2,214,887
Other financial assets, current	3.2a	179,481	124,918
Other non-financial assets, current	9	230,958	211,141
Trade and other receivables, current	3.3	1,577,838	1,675,937
Related party receivables, current	18.1	81,312	84,516
Inventories	6	1,748,452	1,823,893
Biological assets, current	7	260,744	275,792
Tax assets, current	8	305,334	263,957
<b>Total current assets other than assets or disposal groups held for sale or for distribution to owners</b>		<b>6,124,560</b>	<b>6,675,041</b>
Non-current assets or disposal groups held for sale	10	317,643	359,349
Non-current assets or groups of assets held for distribution to owners		0	0
<b>Non-current assets or disposal groups held for sale or held for distribution to owners</b>		<b>317,643</b>	<b>359,349</b>
<b>Total current assets</b>		<b>6,442,203</b>	<b>7,034,390</b>
<b>Non-current assets</b>			
Other financial assets, non-current	3.2 b	162,822	108,072
Other non-financial assets, non-current	9	173,572	180,604
Trade receivables, non-current	3.3	17,251	19,870
Related party receivables, non-current	18.1	7,554	7,456
Equity method investments	21	1,016,616	1,026,173
Intangible assets other than goodwill	11	884,729	977,805
Goodwill	12	392,729	413,693
Property, plant and equipment	13	10,438,772	10,684,389
Right-of-use assets	14	735,432	801,961
Biological assets, non-current	7	3,347,839	3,393,634
Investment properties	15	30,793	35,300
Deferred tax assets	16a	510,850	484,563
<b>Total non-current assets</b>		<b>17,718,959</b>	<b>18,133,520</b>
<b>Total assets</b>		<b>24,161,162</b>	<b>25,167,910</b>

The attached notes 1 to 32 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Financial Position

	Note	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other financial liabilities, current	3.4	929,524	795,723
Lease liabilities, current	14	116,858	129,228
Trade and other payables, current	17	1,389,135	1,793,854
Accounts payable to related companies, current	18.2	8,292	6,197
Other provisions, current	19	19,651	18,999
Tax liabilities, current	8	36,841	25,102
Employee benefits provisions, current	20	9,849	11,810
Other non-financial liabilities, current		118,716	126,369
<b>Total current liabilities other than liabilities included in asset disposal groups held for sale</b>		<b>2,628,866</b>	<b>2,907,282</b>
Liabilities included in asset disposal groups held for sale	10	161,389	186,860
<b>Total current liabilities</b>		<b>2,790,255</b>	<b>3,094,142</b>
<b>Non-current liabilities</b>			
Other financial liabilities, non-current	3.4	7,785,625	7,689,047
Lease liabilities, non-current	14	593,297	658,704
Trade and other payables, non-current		3,047	3,189
Related party payables, non-current		0	0
Other provisions, non-current	19	68,536	80,556
Deferred tax liabilities	16a	2,100,777	2,169,305
Employee benefit provisions, non-current	20	103,495	113,753
Other non-financial liabilities, non-current		150,766	185,176
<b>Total non-current liabilities</b>		<b>10,805,543</b>	<b>10,899,730</b>
<b>Total liabilities</b>		<b>13,595,798</b>	<b>13,993,872</b>
<b>Equity</b>			
Share capital	23	686,114	686,114
Retained earnings (accumulated losses)	23	11,289,871	11,283,478
Share premium		0	0
Treasury shares		0	0
Other equity interests		0	0
Other reserves	23	(1,856,566)	(1,302,233)
<b>Equity attributable to owners of the parent company</b>		<b>10,119,419</b>	<b>10,667,359</b>
Non-controlling interests	23	445,945	506,679
<b>Total equity</b>		<b>10,565,364</b>	<b>11,174,038</b>
<b>Total liabilities and equity</b>		<b>24,161,162</b>	<b>25,167,910</b>

The attached notes 1 to 32 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Net Income

	Note	03.31.2020 ThUS\$	03.31.2019 ThUS\$
<b>Net income</b>			
Operating revenue	24	5,404,827	5,926,844
Cost of sales	25	(4,678,538)	(5,006,660)
<b>Gross margin</b>		<b>726,289</b>	<b>920,184</b>
Distribution costs	25	(310,650)	(349,823)
Administrative expenses	25	(240,026)	(260,697)
<b>Net Operating Income</b>		<b>175,613</b>	<b>309,664</b>
Other income, by function	25	72,604	72,875
Other expenses, by function	25	(62,320)	(30,694)
Other gains (losses)		(507)	2,051
Financial income	26	10,650	14,755
Financial costs	26	(108,118)	(98,883)
Share of profits (losses) at associates and joint ventures accounted for using the equity method	21	(4,320)	4,563
Exchange differences	27	(31,435)	10,357
Gain (loss) on indexed assets and liabilities		(3,921)	(20)
Gain (loss) arising from the difference between the prior book value and the fair value of financial assets reclassified at fair value		0	0
<b>Net income before tax</b>		<b>48,246</b>	<b>284,668</b>
Income tax expense	16b	(36,414)	(48,744)
<b>Net income from continuing operations</b>		<b>11,832</b>	<b>235,924</b>
Net income from discontinued operations		0	0
<b>Net income for the period</b>		<b>11,832</b>	<b>235,924</b>
<b>Net income attributable to</b>			
Net income (loss) attributable to owners of the parent company		6,356	221,283
Net Income attributable to non-controlling interests		5,476	14,641
<b>Net income for the period</b>		<b>11,832</b>	<b>235,924</b>
<b>Earnings per share</b>			
<b>Basic earnings per share</b>			
Basic earnings per share from continuing operations		0.0048898	0.1702368
Basic earnings per share from discontinued operations		0.0000000	0.0000000
<b>Basic earnings per share</b>		<b>0.0048898</b>	<b>0.1702368</b>
<b>Diluted earnings per share</b>			
Diluted earnings per share from continuing operations		0.0000000	0.0000000
Diluted earnings per share from discontinued operations		0.0000000	0.0000000
<b>Diluted earnings per share</b>		<b>0.0000000</b>	<b>0.0000000</b>

The attached notes 1 to 32 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Comprehensive Income

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
<b>Statement of Comprehensive Income</b>		
<b>Net income for the period</b>	<b>11,832</b>	<b>235,924</b>
<b>Components of other comprehensive income that will not be reclassified to net income for the period, before taxes</b>		
Other comprehensive income from revaluation gains (losses), before taxes	0	0
Other comprehensive income from actuarial gains (losses) on defined-benefit pension plans, before taxes	131	685
Other comprehensive income from revaluation of defined-benefit pension plans, before taxes	0	0
Participation in other comprehensive income of associates and joint ventures accounted for using the equity method that will not be reclassified to net income for the period, before taxes	0	0
<b>Other comprehensive income that will not be reclassified to net income for the year, before taxes</b>	<b>131</b>	<b>685</b>
<b>Components of other comprehensive income that may be reclassified to net income</b>		
Gain (loss) from foreign currency translation adjustments, before taxes	(490,980)	35,457
Reclassification adjustments for foreign currency translations, before taxes	0	0
<b>Other comprehensive income from foreign currency translations, before taxes</b>	<b>(490,980)</b>	<b>35,457</b>
<b>Financial assets held for sale</b>		
Gain (loss) for new valuations of financial assets held-for-sale, before taxes	0	261
Reclassification adjustments on financial assets held-for-sale, before taxes	0	0
<b>Other comprehensive income, financial assets held-for-sale,</b>	<b>0</b>	<b>261</b>
<b>Cash flow hedges</b>		
Gain (loss) on cash flow hedges, before taxes	(132,460)	(1,360)
Reclassification adjustments on cash flow hedges, before taxes	(2,797)	(2,148)
Adjustments for amounts transferred to initial book values of hedged items	0	0
<b>Other comprehensive income from cash flow hedges, before taxes</b>	<b>(135,257)</b>	<b>(3,508)</b>
Other comprehensive income from gains (losses) on investments in equity instruments, before taxes	0	0
Other comprehensive income from revaluation gains (losses), before taxes	(634)	(4,466)
Other comprehensive income from actuarial gains (losses) on defined-benefit pension plans, before taxes	(85)	57
Participation in other comprehensive income of associates and joint ventures accounted for using the equity method	(1,429)	2,238
<b>Other comprehensive income, before taxes</b>	<b>(628,385)</b>	<b>30,039</b>

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
<b>Income tax relating to components of other comprehensive income that will not be reclassified to net income for the period</b>	0	0
<b>Income tax related to defined benefit pension plans in other comprehensive income</b>	0	0
<b>Income tax related to components of other comprehensive income</b>		
Income tax related to foreign currency translation adjustments of other comprehensive income	0	0
Income tax related to investments in equity instruments of other comprehensive income	1,264	(137)
Income tax related to financial assets held-for-sale of other comprehensive income	0	0
Income tax related to cash flow hedges of other comprehensive income	33,769	2,716
Income tax related to changes in revaluation surpluses in other comprehensive income	0	0
Income tax related to defined benefit pension plans in other comprehensive income	(44)	(202)
Reclassification adjustments to income tax related to components of other comprehensive income	0	0
<b>Total income tax relating to components of other comprehensive</b>	<b>34,989</b>	<b>2,377</b>
<b>Other comprehensive income (loss)</b>	<b>(593,265)</b>	<b>33,101</b>
<b>Total comprehensive income</b>	<b>(581,433)</b>	<b>269,025</b>
<b>Comprehensive income attributable to</b>		
Comprehensive income attributable to owners of the parent company	(543,183)	245,414
Comprehensive income attributable to non-controlling interests	(38,250)	23,611
<b>Total comprehensive income</b>	<b>(581,433)</b>	<b>269,025</b>

The attached notes 1 to 32 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Changes in Equity

CURRENT PERIOD - 03/2020 (ThUS\$)	Ordinary shares		Legal and statutory reserves	Financial assets held for sale reserve	Foreign currency translation reserves	Defined benefit plan reserves	Hedge reserves	Other miscellaneous reserves	Total other reserves	Retained Earnings (Accumulated Losses)	Total Equity Attributable to Parent Company Shareholders	Non-controlling interests	Total equity
	Share capital	Share premium											
Opening balance current period January 1, 2020	686,114	0	3	218	(1,759,090)	(34,666)	12,715	478,587	(1,302,233)	11,283,478	10,667,359	506,679	11,174,038
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) due to error corrections	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance restated	686,114	0	3	218	(1,759,090)	(34,666)	12,715	478,587	(1,302,233)	11,283,478	10,667,359	506,679	11,174,038
Changes in equity													
Comprehensive income													
Net income	0	0	0	0	0	0	0	0	0	6,356	6,356	5,476	11,832
Other comprehensive income	0	0	0	0	(448,962)	36	(100,353)	(260)	(549,539)	0	(549,539)	(43,726)	(593,265)
Comprehensive income	0	0	0	0	(448,962)	36	(100,353)	(260)	(549,539)	6,356	(543,183)	(38,250)	(581,433)
Shares issued	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) for other contributions by the owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) for other distributions to the owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) for transfers and other changes	0	0	0	0	0	0	0	(4,794)	(4,794)	37	(4,757)	(22,484)	(27,241)
Increase (decrease) for transactions with treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) for changes in interests in affiliates that do not involve loss of control	0	0	0	0	0	0	0	0	0	0	0	0	0
Total changes in equity	0	0	0	0	(448,962)	36	(100,353)	(5,054)	(554,333)	6,393	(547,940)	(60,734)	(608,674)
Closing balance current period March 31, 2020	686,114	0	3	218	(2,208,052)	(34,630)	(87,638)	473,533	(1,856,566)	11,289,871	10,119,419	445,945	10,565,364

The attached notes 1 to 32 form an integral part of these interim consolidated financial statements.

PREVIOUS PERIOD - 03/2019 (ThUS\$)	Ordinary shares		Legal and statutory reserves	Financial assets held for sale reserve	Foreign currency translation reserves	Defined benefit plan reserves	Hedge reserves	Other miscellaneous reserves	Total other reserves	Retained Earnings (Accumulated Losses)	Total Equity Attributable to Parent Company Shareholders	Non-controlling interests	Total equity
	Share capital	Share premium											
Opening balance previous period January 1, 2019	686,114	0	3	(309)	(1,644,811)	(27,068)	34,917	457,481	(1,179,787)	11,202,802	10,709,129	484,771	11,193,900
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) due to error corrections	0	0	0	0	0	0	0	0	0	0	0	0	0
Opening balance restated	686,114	0	3	(309)	(1,644,811)	(27,068)	34,917	457,481	(1,179,787)	11,202,802	10,709,129	484,771	11,193,900
Changes in equity													
Comprehensive income													
Net income	0	0	0	0	0	0	0	0	0	221,283	221,283	14,641	235,924
Other comprehensive income	0	0	0	261	26,507	617	(875)	(2,379)	24,131	0	24,131	8,970	33,101
Comprehensive income	0	0	0	261	26,507	617	(875)	(2,379)	24,131	221,283	245,414	23,611	269,025
Shares issued	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0	0	0	(91,283)	(91,283)	0	(91,283)
Increase (decrease) for other contributions by the owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Decrease (increase) for other distributions to the owners	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) for transfers and other changes	0	0	0	0	0	0	0	0	0	1,376	1,376	(14,408)	(13,032)
Increase (decrease) for transactions with treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) for changes in interests in affiliates that do not involve loss of control	0	0	0	0	0	0	0	0	0	0	0	0	0
Total changes in equity	0	0	0	261	26,507	617	(875)	(2,379)	24,131	131,376	155,507	9,203	164,710
Closing balance previous period March 31, 2019	686,114	0	3	(48)	(1,618,304)	(26,451)	34,042	455,102	(1,155,656)	11,334,178	10,864,636	493,974	11,358,610

The attached notes 1 to 32 form an integral part of these interim consolidated financial statements.

## Interim Consolidated Statements of Cash Flow

	Note	03.31.2020 ThUS\$	03.31.2019 ThUS\$
<b>Statement of cash flow</b>			
<b>Cash flow from (used by) operating activities</b>			
Proceeds from operating activities			
Proceeds from selling goods and providing services		5,699,590	6,339,492
Proceeds from royalties, installments, commissions and other operating income		0	0
Proceeds from contracts for brokerage or trading		0	0
Proceeds from premiums and claims, annuities and other benefits arising on policies underwritten		132	125
Proceeds from leases and subsequent sale of assets		0	0
Other proceeds from operating activities		198,936	95,034
Payments for operating activities			
Payments to suppliers for goods and services		(5,379,842)	(5,722,369)
Payments for brokering or trading contracts		0	0
Payments to and on behalf of employees		(283,633)	(294,319)
Payments for premiums and claims, annuities and other policy obligations		(5,360)	(5,096)
Payments for building or acquiring assets held to lease to others and subsequently sell		0	0
Other payments for operating activities		(151,026)	(59,422)
Dividends paid		0	0
Dividends received		1,941	205
Interest paid		(45,709)	(50,562)
Interest received		9,426	10,526
Income taxes received (paid)		(100,512)	(51,036)
Other proceeds (payments)		(96)	186
<b>Net cash flow from (used by) operating activities</b>		<b>(56,153)</b>	<b>262,764</b>
<b>Cash flow from (used by) investing activities</b>			
Cash flows from the loss of control of affiliates or other businesses		0	0
Payments to obtain control of affiliates or other businesses		(1,762)	(150,824)
Payments to purchase non-controlling interests		(60,330)	(21,670)
Proceeds from the sale of equity or debt instruments of other entities		7,389	0
Other payments to acquire equity or debt instruments of other entities		0	0
Proceeds from sale of joint ventures		0	0
Payments to acquire interests in joint ventures		0	0
Loans to related companies		0	0
Proceeds from sales of property, plant and equipment		3,361	50,437
Acquisitions of property, plant and equipment		(439,995)	(252,421)
Proceeds from sales of intangible assets		0	0
Acquisitions of intangible assets		(13,405)	(9,562)
Proceeds from other long-term assets		3,271	1,815
Acquisitions of other long-term assets		(69,969)	(73,859)
Proceeds from government subsidies		0	0
Cash advances and loans to third parties		(362)	(95)
Proceeds from the repayment of advances and loans granted to third parties		107	(62)
Payments related to futures, forward, options and swap contracts		0	0
Proceeds from futures, forward, options and swap contracts		0	0
Proceeds from related companies		0	0
Dividends received		3,541	7,407
Interest received		10	49
Income taxes received (paid)		0	0
Other proceeds (payments)		(899)	28,554
<b>Net cash flow from (used by) investing activities</b>		<b>(569,043)</b>	<b>(420,231)</b>

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
<b>Cash flow from (used by) financing activities</b>		
Proceeds from share issues	(20)	8,230
Proceeds from issuing other equity instruments	0	0
Payments to acquire treasury shares	0	0
Payments for other equity interests	0	0
Proceeds from long-term loans	133,221	7,000
Proceeds from short-term loans	466,801	254,499
<b>Total proceeds from loans</b>	<b>600,022</b>	<b>261,499</b>
Loans from related companies	9	0
Loan repayments	(287,707)	(333,726)
Repayment of finance lease liabilities	(24,145)	(27,006)
Repayment of lease liabilities	(14,939)	0
Loan repayments to related companies	0	(900)
Proceeds from government subsidies	0	0
Dividends paid	(11,440)	(19,285)
Interest paid	(27,280)	(33,947)
Income taxes received (paid)	0	0
Other proceeds (payments)	87	(284)
<b>Net cash flow from (used by) financing activities</b>	<b>234,587</b>	<b>(145,419)</b>
<b>Net increase in cash &amp; cash equivalents before exchange rate effects</b>	<b>(390,609)</b>	<b>(302,886)</b>
<b>Effect of exchange rate variations on cash and cash equivalents</b>		
Effect of exchange rate fluctuations on cash and cash equivalents	(83,837)	10,454
Net increase (decrease) in cash and cash equivalents	(474,446)	(292,432)
Cash and cash equivalents at the start of the period	3.1 2,214,887	1,713,804
Cash and cash equivalents at the end of the period	3.1 1,740,441	1,421,372

The attached notes 1 to 32 form an integral part of these interim consolidated financial statements.

## NOTE 1. CORPORATE INFORMATION

Empresas Copec S.A. is a financial holding company that operates in a variety of business sectors through its affiliates and associates. Since its inception in 1934, the Parent Company has distributed liquid fuels. This business was transferred to a new affiliate in October 2003.

Empresas Copec S.A. group currently has two large specialist areas: natural resources and energy. The natural resources area covers the Company's businesses in the forestry, fishing and mining industries. The energy area covers the Company's businesses in distributing liquid fuel, liquid petroleum gas and natural gas, as well as electricity generation. All of these sectors are strongly linked to the growth and development of the country.

The Company's main affiliates and associates include Celulosa Arauco y Constitución S.A. (Arauco), Compañía de Petróleos de Chile Copec S.A. (Copec S.A.), Abastible S.A., Sociedad Nacional de Oleoductos S.A., Metrogas S.A., Corpesca S.A., Orizon S.A., Pesquera Iquique-Guanaye S.A., Inmobiliaria Las Salinas Ltda., Minera Camino Nevado Ltda. and Alxar Internacional SpA. The Group includes the affiliates Terpel and Nortesantandereana de Gas in Colombia, Mapco in the USA, Solgas in Peru, Duragas in Ecuador through Copec S.A. and Abastible S.A., the associate Tafisa in Spain/Portugal/Germany/South Africa through Arauco, and several other related international companies.

Empresas Copec S.A. is the group's Parent Company and is a publicly held corporation registered in the Securities Registry under No. 0028. The Company is regulated by the Chilean Financial Markets Commission (hereinafter the "FMC"). The Company's legal address is 150, El Golf Avenue, 17th floor, Las Condes, Santiago, Chile. Its Chilean identification number is 90,690,000-9.

Empresas Copec S.A. is controlled by Antarchile S.A., which holds 60.82% of the Company's shares. Antarchile S.A. is a publicly held corporation that is registered in the Securities Registry under No. 0342 and is regulated by the FMC.

The final controllers of Empresas Copec S.A. and AntarChile S.A. are Mr. Roberto Angelini Rossi and Ms. Patricia Angelini Rossi, who exercise control in the following manner:

- (i) Through Inversiones Angelini y Cía. Ltda., which owns 63.4015% of AntarChile S.A.
- (ii) Mr. Roberto Angelini Rossi through statutory control of Inversiones Golfo Blanco Ltda., which directly owns 5.77307% of AntarChile S.A. Ms. Patricia Angelini Rossi, through statutory control of Inversiones Senda Blanca Ltda., which directly owns 4.3298% of AntarChile S.A.

The consolidated financial statements were prepared on a going concern basis.

The interim consolidated financial statements as of March 31, 2020 were approved by the Board of Directors at its Extraordinary Meeting No. 2,662 held on May 19, 2020 and their publication was approved on the same date. The financial statements of the affiliates were approved by their respective Management.

The consolidated financial statements as of December 31, 2019 were approved by the Board of Directors at its Extraordinary Meeting 2,659 held on March 6, 2020, and their publication was approved on the same date. The financial statements of the affiliates were approved by their respective Management.

### Capital Management

Capital management refers to managing the Company's equity. The purpose of the capital management policies of the Empresas Copec S.A. Group is:

- To safeguard the Company's normal operations and secure the long-term continuity of the business;
- To secure financing for new investments in order to maintain sustained growth;
- To maintain an appropriate capital structure, in accordance with economic cycles that affect the business and the nature of the industry;
- To maximize the Company's value, providing investors with an adequate return on their investment.

Capital requirements are tailored to meet the Company's financing needs, while at the same time taking care to maintain appropriate liquidity levels and to comply with the financial covenants in its loan contracts. The Company manages its capital structure based on prevailing economic conditions in order to mitigate risks from adverse market conditions and take advantage of any opportunities that may arise to improve its liquidity position.

The financial structure of Empresas Copec S.A. and its affiliates as of March 31, 2020 and December 31, 2019 is as follows:

	03.31.2020 ThUS\$	12.31.2019 ThUS\$
Total equity	10,565,364	11,174,038
Interest-bearing loans	2,466,410	2,256,568
Finance leases	710,155	787,932
Bonds	5,808,049	6,069,355
<b>Total</b>	<b>19,549,978</b>	<b>20,287,893</b>

## **NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB"), which have been adopted wholly, explicitly and without reserve.

These consolidated financial statements are presented in thousands of US dollars and have been prepared on the basis of the accounting records of Empresas Copec S.A., its affiliates and associates.

### **2.1 Bases of presentation**

These interim consolidated financial statements of Empresas Copec S.A. and affiliates cover the statement of financial position as of March 31, 2020 and December 31, 2019, the related statements of income by function and comprehensive income for the periods from January 1 to March 31, 2020 and 2019, and the statements of changes in equity and cash flow for the periods from January 1 to March 31, 2020 and 2019.

During the preparation of the consolidated financial statements, certain accounting estimates have been used to quantify various assets, liabilities, income and expenses. In addition, Management is required to apply its judgment when applying the accounting policies of the Empresas Copec Group. The areas that involve a greater degree of judgment or complexity or in which the assumptions and estimates are significant for the consolidated financial statements are described in Note 5.

#### **New accounting pronouncements.**

At the date these interim consolidated financial statements were issued, the following accounting pronouncements had been issued by the IASB, relating to new standards, interpretations and amendments. Those that are not yet mandatory as of the reporting date have not been adopted early.

## Recent accounting pronouncements

a) The following standards, interpretations and amendments are mandatory for the first time for financial periods beginning on January 1, 2020.

Standards and amendments	Contents	Application date
IAS 1 and IAS 8	Presentation of financial statements and accounting policies, changes in accounting estimates and errors They introduce a consistent definition of materiality in all IFRS and the Conceptual Framework for Financial Information, and clarifies the explanation for the definition of material. It incorporates some of the guides in IAS 1 on immaterial information.	January 1, 2020
IFRS 3	Definition of a business Revises the definition of a business.	January 1, 2020
IFRS 9, IAS 39 and IFRS 7 Amendments	Reference interest rate reform These amendments provide specific simplifications regarding reference rate reform.	January 1, 2020

Adopting the standards, amendments and interpretations described above does not have a significant impact on the consolidated financial statements.

b) Standards, interpretations and amendments issued, but not yet mandatory and which have not been adopted early.

Standards and amendments	Contents	Application date
IFRS 17	Insurance contracts Replaces IFRS 4. Changes the accounting for all entities that issue insurance contracts and investment contracts	January 1, 2021
IAS 1 Amendment	Presentation of financial statements Clarifies that liabilities will be classified as current or non-current depending on the rights at the end of the reporting period. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.	January 1, 2022
IFRS 10 and IAS 28 - Amendments	Asset sale or contribution between an investor and an associate or joint venture	Undetermined

Empresas Copec S.A. believes that adopting the standards, amendments and interpretations described above will not significantly affect its consolidated financial statements.

## 2.2 Basis of consolidation

### a) Affiliates

Affiliates are all companies (including special purpose vehicles) that expose the Group to, or give it the right to, variable returns arising from that investment, and the Group can affect such returns through its ability to direct the company's business. Affiliates are consolidated from the date on which control is transferred, and they are excluded from consolidation from the date on which control ceases.

The *acquisition method* is used to account for the acquisition of affiliates by the Group. Acquisition cost is the fair value of the assets delivered, the equity instruments issued and the liabilities incurred or assumed at the date of exchange. The identifiable assets, liabilities and contingencies assumed in a business combination are initially valued at fair value as of the acquisition date, regardless of the scope of minority interests. The excess of the acquisition cost over the fair value of the Group's share in the net identifiable assets acquired is recognized as goodwill. If the acquisition cost is less than the fair value of the net assets of the acquired affiliate, the difference is recognized directly as a gain in income, as negative goodwill.

Intercompany transactions and balances and unrealized gains on transactions between entities are eliminated. Unrealized losses are also eliminated, unless that transaction provides evidence that the asset transferred is impaired. The accounting policies of affiliates are amended, when it is necessary to ensure that Group policies have been consistently applied.

The consolidated financial statements include the consolidated figures of Abastible S.A. and affiliates, Celulosa Arauco y Constitución S.A. and affiliates, Compañía de Petróleos de Chile Copec S.A. and affiliates, Minera Camino Nevado Ltda. and affiliates, EC Investrade Inc., Pesquera Iquique-Guanaye S.A. and affiliates, Inmobiliaria Las Salinas Ltda., Sociedad Nacional de Oleoductos S.A. Inversiones Nueva Sercom Ltda. and Alxar Internacional SpA.

The direct and indirect shareholdings as of March 31, 2020 and December 31, 2019 are detailed as follows:

Chilean ID Number	Company	Ownership interest		
		Direct	03.31.2020 Indirect	12.31.2019 Total
91,806,000-6	ABASTIBLE S.A.	99.2023	0.0000	99.2023
93,458,000-1	CELULOSA ARAUCO Y CONSTITUCION S.A.	99.9780	0.0000	99.9780
99,520,000-7	COMPAÑIA DE PETROLEOS DE CHILE COPEC S.A.	99.9996	0.0004	100.0000
76,160,625-5	MINERA CAMINO NEVADO LTDA.	99.9986	0.0014	100.0000
91,123,000-3	PESQUERA IQUIQUE-GUANAYE S.A.	50.4243	31.8439	82.2682
88,840,700-6	INMOBILIARIA LAS SALINAS LTDA.	99.9740	0.0260	100.0000
81,095,400-0	SOCIEDAD NACIONAL DE OLEODUCTOS S.A.	0.0000	52.6857	52.6857
76,306,362-3	INVERSIONES NUEVA SERCOM LTDA.	99.9740	0.0260	100.0000
76,879,169-4	ALXAR INTERNACIONAL SpA	100.0000	0.0000	100.0000
Foreign	EC INVESTRADE INC.	100.0000	0.0000	100.0000

The following companies indirectly form part of these interim consolidated financial statements as of March 31, 2020 and December 31, 2019, as a result of consolidating financial information for consolidated affiliates:

Chilean ID Number	Company	Ownership interest		
		Direct	03.31.2020 Indirect	12.31.2019 Total
76,565,182-4	ABASTIBLE INTERNACIONAL SpA	0.0000	99.2023	99.2023
79,927,130-3	ADM. CENTRAL DE ESTACIONES DE SERVICIOS LTDA.	0.0000	100.0000	100.0000
79,689,550-0	ADM. DE ESTACIONES DE SERVICIOS SERCO LTDA.	0.0000	100.0000	100.0000
77,614,700-1	ADM. DE SERVICIOS DE RETAIL LTDA.	0.0000	100.0000	100.0000
79,927,140-0	ADM. DE SERVICIOS GENERALES LTDA.	0.0000	100.0000	100.0000
77,215,640-5	ADM. DE VENTAS AL DETALLE LTDA.	0.0000	100.0000	100.0000
96,547,510-9	ARAUCO BIOENERGIA S.A.	0.0000	99.9779	99.9779
76,620,842-8	ARAUCO NUTRIENTES NATURALES SpA	0.0000	99.9779	99.9779
76,000,605-K	ARCO ALIMENTOS LTDA.	0.0000	100.0000	100.0000
85,840,100-3	COMPAÑIA DE SERVICIOS INDUSTRIALES LTDA.	0.0000	100.0000	100.0000
96,668,110-1	COMPAÑIA LATINOAMERICANA PETROLERA S.A.	0.0000	60.0000	60.0000
96,623,630-2	COMPAÑIA MINERA CAN CAN S.A.	0.0000	100.0000	100.0000
76,188,354-2	COMPAÑIA MINERA LA MERCED S.A.	0.0000	100.0000	100.0000
76,188,363-1	COMPAÑIA MINERA PASO SAN FRANCISCO S.A.	0.0000	100.0000	100.0000
76,188,378-K	COMPAÑIA MINERA SIERRA NORTE S.A.	0.0000	100.0000	100.0000
76,528,658-1	COMPLEMENTO FILIALES SpA	0.0000	100.0000	100.0000
96,657,900-5	CONSORCIO PROTECCION FITOSANITARIA FORESTAL S.A.	0.0000	57.1039	57.1039
77,107,835-4	COPEC VOLTEX SPA.	0.0000	100.0000	100.0000
76,600,822-4	COPEC OVERSEAS SpA	0.0000	100.0000	100.0000
76,068,320-5	ESTUDIOS Y DESARROLLOS DE GAS LTDA.	0.0000	99.2102	99.2102
85,805,200-9	FORESTAL ARAUCO S.A.	0.0000	99.9779	99.9779
93,838,000-7	FORESTAL CHOLGUAN S.A.	0.0000	98.5967	98.5967
78,049,140-K	FORESTAL LOS LAGOS S.A.	0.0000	79.9823	79.9823
76,172,285-9	FLUX SOLAR ENERGÍAS RENOVABLES S.P.A	0.0000	80.0000	80.0000
76,107,630-2	GAS LICUADO MOTOR LTDA.	0.0000	99.2102	99.2079
76,895,330-3	HUALPEN GAS S.A.	0.0000	100.0000	100.0000
85,759,000-7	INMOBILIARIA LAS SALINAS LTDA.	0.0000	100.0000	100.0000
76,320,907-5	INVERSIONES ALXAR S.A. (FORMERLY INV. CAN CAN S.A.)	0.0000	100.0000	100.0000
96,563,550-5	INVERSIONES ARAUCO INTERNACIONAL LTDA.	0.0000	99.9779	99.9779
79,990,550-7	INVESTIGACIONES FORESTALES BIOFOREST S.A.	0.0000	99.9779	99.9779
96,510,970-6	MADERAS ARAUCO S.A.(FORMERLY PANELES ARAUCO S.A.)	0.0000	99.9779	99.9779
96,929,960-7	ORIZON S.A.	0.0000	68.6871	68.6871
77,088,206-0	PRONTO BOX SPA	0.0000	100.0000	100.0000
76,375,371-9	SERVICIOS AEREOS FORESTALES LTDA	0.0000	99.9779	99.9779
96,637,330-K	SERVICIOS LOGISTICOS ARAUCO S.A.	0.0000	99.9779	99.9779
78,953,900-6	SERVICIOS Y TRANSPORTES SETRACOM LTDA.	1.0000	98.2103	99.2103
77,090,440-4	SOCIEDAD CONTRACTUAL MINERA VILACOLLO	0.0000	100.0000	100.0000
81,095,400-0	SOCIEDAD NACIONAL DE OLEODUCTOS S.A.	0.0000	52.7043	52.7043
79,904,920-1	TRANSPORTES DE COMBUSTIBLES CHILE LTDA.	0.0000	100.0000	100.0000
79,874,200-0	VIA LIMPIA SpA.	0.0000	100.0000	100.0000
-	AGENCIAMIENTO Y SERV. PROFESIONALES S.A.	0.0000	99.9779	99.9779
-	ARAUCO ARGENTINA S.A.	0.0000	99.9589	99.9589
-	ARAUCO AUSTRALIA PTY LTD.	0.0000	99.9779	99.9779
-	ARAUCO CANADA (FORMERLY FLAKEBOARD COMPANY LTD)	0.0000	99.9775	99.9779
-	ARAUCO COLOMBIA S.A.	0.0000	99.9778	99.9778
-	ARAUCO DO BRASIL S.A.	0.0000	99.9779	99.9779
-	ARAUCO EUROPE COOPERATIEF U.A.	0.0000	99.9779	99.9779
-	ARAUCO FLORESTAL ARAPOTI S.A.	0.0000	79.9823	79.9823
-	ARAUCO FOREST BRASIL S.A.	0.0000	99.9779	99.9779
-	ARAUCO INDUSTRIA DE PAINEIS LTDA.	0.0000	99.9779	99.9779
-	ARAUCO INDUSTRIA DE MEXICO S.A. DE C.V	0.0000	99.9779	99.9779
-	ARAUCO MIDDLE EAST DMCC	0.0000	99.9775	99.9775
-	ARAUCO NORTH AMERICA, INC.	0.0000	99.9775	99.9775
-	ARAUCO PERU S.A.	0.0000	99.9779	99.9779
-	ARAUCO WOOD CHINA COMPANY LIMITED.	0.0000	99.9779	99.9779
-	ARAU COMEX S.A. DE C.V.	0.0000	99.9779	99.9779
-	ARAU COMEX SERVICIOS S.A. DE C.V.	0.0000	99.9779	99.9779
-	CENTRO NACIONAL DE REPARACIÓN COLGAS S.A.	0.0000	50.5145	50.5145
-	COLGAS DE OCCIDENTE S.A. ESP.	0.0000	0.0000	0.0000
-	COMERCIAL INDUSTRIAL NACIONAL S.A.	0.0000	50.5919	50.5919
-	COMPAÑIA TRANSPORTADORA DE COLOMBIA S.A.	0.0000	50.5919	50.5919
-	COMPAÑIAS ASOCIADAS DE GAS S.A. ESP ASOGAS	0.0000	0.0000	0.0000
-	COPEC CANAL INC.	0.0000	100.0000	100.0000
-	DURAGAS S.A.	0.0000	99.2023	99.2023
-	EMPRENDIMIENTOS FLORESTAIS SANTA CRUZ LTDA.	0.0000	99.9559	99.9559
-	FORESTAL NUESTRA SEÑORA DEL CARMEN S.A.	0.0000	99.9592	99.9592
-	FORESTAL TALAVERA S.A.	0.0000	99.9730	99.9730
-	GASAN DE COLOMBIA S.A. ESP.	0.0000	50.5145	50.5145
-	GASES DE ANTIOQUIA S.A. ESP.	0.0000	0.0000	0.0000
-	GREENAGRO S.A.	0.0000	97.9557	97.9557
-	INVERSIONES DEL NORDESTE S.A.	0.0000	0.0000	0.0000
-	LEASING FORESTAL S.A.	0.0000	99.9589	99.9589
-	MADERAS ARAUCO COSTA RICA S.A.	0.0000	99.9779	99.9779
-	MAHAL EMPRENDIMIENTOS E PARTICIPACOES S.A.	0.0000	99.9710	99.9710
-	MAPCO EXPRESS INC	0.0000	100.0000	100.0000
-	NORTESANTANDEREANA DE GAS S.A. ESP	0.0000	50.5932	50.5932
-	NOVO OESTE GESTAO DE ACTIVOS FLORESTAIS S.A.	0.0000	99.9991	99.9991
-	ORGANIZACIÓN TERPEL S.A.	0.0000	58.5100	58.5100
-	ORIZON FOODS LLC.	0.0000	68.4141	68.4141
-	SAVITAR S.A.	0.0000	99.9629	99.9629
-	SEMAPESA	0.0000	99.1978	99.1978
-	SERVICIOS DEL NORDESTE S.A.	0.0000	0.0000	0.0000
-	SOLGAS AMAZONIA S.A.	0.0000	99.0609	99.0609
-	SOLGAS S.A.	0.0000	99.2000	99.2023

b) Non-controlling interests

The Group applies the policy of considering transactions with non-controlling interests as transactions with independent third parties. When non-controlling interests are acquired, the difference between the acquisition price and the corresponding interest in the book value of the affiliate's net assets is recognized in equity. Gains or losses on the disposal of non-controlling shares, whilst control is retained, are recognized in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is valued at fair value through profit and loss. Fair value is the initial value when subsequently accounted for as an associate, joint venture or financial asset. The amounts previously recognized in other comprehensive income are reclassified to net income.

c) Joint ventures

As from January 1, 2013 the IASB issued IFRS 11 "Joint arrangements" that classifies joint agreements into two types, based on the rights and obligations of the parties to the agreement, the structure, the legal framework, the contractual terms and other events and circumstances. 1) Joint ventures, where the parties have control over the agreement and rights over the net assets of the jointly controlled entity, which is accounted for using the equity method. 2) Joint operations, where the parties have control over the transactions, rights over the assets and liabilities that relate to the agreement, in which the joint operator must acknowledge its assets, liabilities and transactions, including its interest in those that it jointly operates.

d) Associates

Associates are entities over which the Parent Company exercises significant influence but does not have control. This is generally the result of an ownership interest of between 20% and 50% of the voting rights. Investments in associates are accounted for using the *equity method* and they are initially recognized at cost. The book value of these investments is increased or decreased to recognize the corresponding share of net income for the period and comprehensive income. Investments in associates include purchased goodwill, net of any accumulated impairment losses.

The share of losses or gains subsequent to the acquisition of associates is recognized in income, and the share of other comprehensive income subsequent to the acquisition is recognized in other comprehensive income. When the Group's share of the losses of an associate is greater than or equal to its investment, including any unsecured receivables, additional losses are not recognized, unless the Group has incurred legal obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the Group and its associates are eliminated in proportion to its ownership interest in such associates. Unrealized losses are also eliminated, unless the transaction provides evidence of a loss due to the impairment of the transferred asset. The accounting policies of associates are amended when it is necessary to ensure that Group policies have been consistently adopted.

Investments in associates are described in Note 21.

## 2.3 Financial information of operating segments

IFRS 8 requires companies to adopt the "Management Approach" to disclose information about the results of their operating segments. In general, this is the information that Management uses internally to evaluate segment performance and to determine how to assign resources to segments. In this context Management means the Board of Directors.

A business segment is a group of assets and operations that supply products or services that are subject to risks and returns that differ from other business segments. A geographic segment provides products or services in a concrete financial environment that is subject to risks and returns that differ from other segments that operate in other financial environments.

The Company has chosen operating segments based on its main affiliates: Celulosa Arauco y Constitución S.A., Compañía de Petróleos de Chile Copec S.A., Abastible S.A., Sociedad Nacional de Oleoductos S.A. and Pesquera Iquique-Guanaye S.A.

Segment financial information is described in Note 30.

## 2.4 Transactions in currencies other than the functional currency

### a) Functional currency and presentation currency

The entries included in the financial statements of each of the entities belonging to the Group are valued using the currency of the primary economic environment in which that entity operates ("functional currency"). The functional currencies of the Parent Company and the main affiliates and associates are presented in the table below:

Company	Functional currency
Empresas Copec S.A.	US dollar
Celulosa Arauco y Constitución S.A.	US dollar
Compañía de Petróleos de Chile Copec S.A.	Chilean peso
Abastible S.A.	Chilean peso
Pesquera Iquique- Guanaye S.A.	US dollar
Sociedad Nacional de Oleoductos S.A.	Chilean peso
Metrogas S.A.	Chilean peso
Aprovisionadora Global de Energía S.A.	US dollar
Inversiones Laguna Blanca S.A.	US dollar
Minera Camino Nevado Ltda.	US dollar
Alxar Internacional SpA	US dollar
Inmobiliaria Las Salinas Ltda.	Chilean peso

The interim consolidated financial statements are presented in US dollars, which is the functional currency of Empresas Copec S.A. The affiliates of the forestry and fishing sectors, whose functional currency is the US dollar, represent 67.8% of consolidated assets, 80.0% of its liabilities, 43.5% of its gross margin and 51.2% of its EBITDA. These are predominantly export sectors, and consequently, the majority of their revenue is denominated in US dollars. Likewise, a significant proportion of their costs are indexed to the US dollar, and their financial liabilities are also US dollar-denominated. Both sectors perform their accounting in US dollars.

### b) Transactions and balances

Transactions in currencies other than the functional currency are converted to the functional currency using the exchange rates prevailing as of the dates of these transactions. Losses and gains in foreign currency that arise from the settlement of these transactions and the conversion of foreign-currency-denominated monetary assets and liabilities to the period-end exchange rates are recognized in income, except when they are deferred to equity, as is the case with cash flow hedges and net investment hedges.

Changes in the fair value of monetary securities denominated in foreign currencies that are classified as held for sale are categorized as exchange differences resulting from changes in the amortized cost of the security or other changes in the book value of the security. Exchange differences are recognized in income for the period, and other changes in the book value are recognized in equity.

Exchange differences for non-monetary items such as equity instruments at fair value through profit and loss are presented as part of the gain or loss in fair value. Exchange differences from non-cash items, such as equity instruments classified as financial assets held-for-sale, are included in equity, in the revaluation reserve.

c) Group entities

The income and financial position of all of the entities belonging to Empresas Copec Group (none of which uses the currency of a hyperinflationary economy) that have a functional currency other than the presentation currency are converted to the presentation currency as follows:

- i. Assets and liabilities of each statement are converted at the exchange rates as of the reporting date;
- ii. The income and expenses of each account are converted at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of exchange rates as of the transaction dates, in which case the income and expenses are converted on the transaction dates); and
- iii. All resulting exchange differences are recognized in comprehensive income.

In consolidation, exchanges differences arising from the conversion of a net investment in foreign entities, or from foreign-currency-denominated loans and other instruments designated as hedges for those investments, are recorded in equity. When the investments are sold, the resulting exchange differences are recognized in income as part of the loss or gain on the sale.

Adjustments to goodwill and fair value that arise from the acquisition of a foreign entity, or an entity with a functional currency other than the US dollar, are treated as assets and liabilities belonging to the foreign entity and are converted at the exchange rate as of the reporting date.

## d) Translation basis

Assets and liabilities denominated in Chilean pesos, Unidades de Fomento or UF, which is an indexed Chilean peso currency, and other currencies have been converted to US dollars at the exchange rate as of the closing date of the consolidated financial statements, as follows:

Exchange rates to the US dollar	03.31.2020	12.31.2019
Chilean peso (CLP)	852.03	748.74
Argentinean pesos (AR\$)	64.39	59.83
Brazilian real (BR\$)	5.20	4.01
Unidad de Fomento (UF)	0.030	0.026
Euro (€)	0.91	0.89
Colombian pesos (COP\$)	4,053.92	3,271.55
Peruvian nuevo sol (PS/)	3.43	3.31

## 2.5 Property, plant and equipment

Property, plant and equipment mainly includes forestry plantations, production and storage plants, retail sales branches, service stations, offices and construction in progress. These items are presented at historical cost less depreciation.

Historical cost includes expenses that are directly attributable to the acquisition of the asset.

Subsequent costs are added to the initial value of the asset or they are recognized as a separate asset, only when it is likely that future financial benefits associated with these components will flow to the Company and the cost of the component can be reliably determined. The value of the component that was substituted is written off for accounting purposes. Other repairs and maintenance are charged to income for the period in which they are incurred.

Depreciation is calculated using the *straight-line method*, including any impairment adjustments. The amount presented in the consolidated statement of financial position represents the cost less accumulated depreciation and any impairment losses.

The average estimated useful lives of the main asset categories are as follows:

	<b>Average Useful Life (Years)</b>
Buildings and construction	54
Plant and equipment	24
IT equipment	5
Fixtures and fittings	15
Motor vehicles	6
Other property, plant and equipment	20

The residual value and useful lives of assets are reviewed, and adjusted if necessary, at the end of each annual reporting period.

When the book value of an asset exceeds its estimated recoverable amount, the book value is immediately reduced to the recoverable amount.

Losses and gains on the sale of property, plant and equipment are calculated by comparing the proceeds obtained with the book value, and they are recorded in the statement of comprehensive income.

Costs can also include losses and gains on qualified foreign currency cash flow hedges on the purchase of property, plant and equipment.

## 2.6 Biological assets

IAS 41 requires biological assets to be presented in the statement of financial position at fair value. Standing plantations are recorded at fair value less the estimated costs at harvesting, as the fair value of these assets can be reliably measured.

The valuation of plantations is based on discounted cash flow models, which means that the fair value of biological assets is calculated using cash flows from continuing operations, that is, on the basis of sustainable forestry management plans considering the growth potential of these plantations. This valuation is performed on the basis of each identified stand and for each species of tree.

The plantations presented in current assets are plantations that will be harvested and sold in the short term.

Biological growth and changes in fair value are recognized in the consolidated income statement under Other income by function.

The valuation of biological assets is described in Note 7.

## 2.7 Investment property

Investment properties are held to earn a long-term return, and they are not occupied by the Group. Investment property is accounted for at historical cost.

Lands held under operating lease contracts are classified as and accounted for as real estate investments when they meet the remaining conditions for a real estate investment.

Real estate investments also include land whose future use has not yet been determined as of the reporting date.

## 2.8 Intangible Assets

### a) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the Company's share of the net identifiable assets of the acquired affiliate on the acquisition date.

Goodwill that is recognized separately is tested for impairment on an annual basis or more frequently when events or circumstances indicate potential impairment, and is valued at cost less accumulated impairment losses. Gains and losses on the sale of an entity include the book value of goodwill related to the entity being sold.

Goodwill is assigned to Cash Generating Units (CGUs) in order to test for impairment losses. The assignment is made to the CGUs that are expected to benefit from the business combination that gave rise to the goodwill.

### b) Patents and trademarks

Industrial patents are valued at historical cost. They have a finite useful life and are measured at cost less accumulated amortization. Amortization is calculated linearly over their expected useful lives.

Trademarks acquired through business combinations are measured at fair value at the date of acquisition. The fair value of an intangible asset reflects expectations about the likelihood that future financial benefits embodied in the asset will flow to the entity. The Company has determined that such intangible assets have indefinite useful lives and therefore are not subject to amortization. However, as these assets have indefinite useful lives, they are reviewed and tested for impairment annually and at any time when there is an indication that the asset may be impaired.

c) Concessions and other rights

Concessions and other rights are presented at historical cost. They have a finite useful life and are recorded at cost less accumulated amortization. Amortization is calculated using the straight-line method over the terms established in the contracts.

d) Fishing rights

Fishing authorizations are presented at historical cost. There is no finite useful life for the use of such rights, and therefore they are not subject to amortization. The affiliate tests intangible assets with indefinite useful lives for impairment on an annual basis and every time there is an indication that the intangible asset may be impaired. If detected, the Company adjusts their value with a charge to net income.

e) Water rights

Water rights acquired from third parties are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. The Company tests intangible assets with indefinite useful lives for impairment on an annual basis and every time there is an indication that the intangible asset may be impaired. If detected, the Company adjusts their value with a charge to net income.

f) Easements

Easement rights are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. The Company tests intangible assets with indefinite useful lives for impairment on an annual basis and every time there is an indication that the intangible asset may be impaired. If detected, the Company adjusts their value with a charge to net income.

g) Mining properties

Mining properties are presented at historical cost. There is no finite useful life for the use of these rights, and therefore they are not subject to amortization. The Company tests intangible assets with indefinite useful lives for impairment on an annual basis and every time there is an indication that the intangible asset may be impaired. If detected, the Company adjusts their value with a charge to net income.

h) IT programs

The costs of acquiring software licenses and preparing them to operate a specific program are capitalized. These costs are amortized over their estimated useful lives.

Expenses related to the development or maintenance of software programs are recognized as expenses when they are incurred. The costs directly related to the production of unique and identifiable software programs that are likely to generate financial benefits in excess of their costs for more than one year, are recognized as

intangible assets. Direct costs include the expenses of the personnel that develop software programs, as well as an appropriate percentage of general expenses.

Development costs for IT programs recognized as assets are amortized over their estimated useful lives, which shall not exceed five years.

i) Research and development expenses

Research expenses are recognized as expenses when they are incurred. Costs incurred on development projects related to the design and testing of new or improved products are recorded as an intangible asset when the following requirements are met.

- It is technically feasible to fully produce the intangible asset, to the point where it can be used or sold.
- Management intends to complete the intangible asset, and to use or sell it.
- The Company can use or sell the intangible asset.
- It is possible to demonstrate how the intangible asset will generate probable financial benefits in the future.
- The Company has sufficient technical, financial or other resources, to complete development and to use or sell the intangible asset.
- The expenditure attributable to developing it can be reliably measured.

Other development expenses are recognized as expenses when they are incurred. Development costs previously recognized as expenses are not recognized as assets in a subsequent period. Development projects with a finite useful life that have been capitalized are amortized using the straight-line method, from the date commercial production commences, over the period during which they are expected to generate benefits, which shall not exceed 10 years.

Development assets are tested for impairment losses annually, in accordance with IAS 36.

## 2.9 Interest costs

Interest costs incurred to construct any qualified asset are capitalized over the period required to complete and prepare the asset for its intended use. Other interest costs are recorded in the consolidated income statement by function.

## 2.10 Impairment losses for non-financial assets

Assets with an indefinite useful life are not amortized and they are tested for impairment losses annually. Assets that are amortized are tested for impairment losses when an event or change in circumstances indicates that the book value may not be recoverable. An impairment loss is recognized for the excess of the asset's book value over its recoverable amount. The recoverable amount is the greater of the fair value of an asset less its selling costs, or its value in use. In order to evaluate impairment losses, assets are grouped at the lowest level at which they separately generate identifiable cash flows (cash generating units).

Non-financial assets other than goodwill that have suffered impairment losses are reviewed as of each annual reporting date to see if the losses have been reversed.

## 2.11 Financial Instruments

IFRS 9 "Financial Instruments" came into effect on January 1, 2018, replacing IAS 39 "Financial Instruments: Recognition and Measurement". This standard amends the classifications of financial instruments, their impairment criteria and establishes new criteria for assigning hedging instruments.

### 2.11.1 Financial assets

#### Classification

The Group classifies its financial assets using the applicable business model, and their contractual cash flows.

Financial assets are classified into the following categories: financial assets at fair value through profit and loss, financial assets at amortized cost, and financial assets at fair value through comprehensive income. This classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and reviews this classification at each reporting date.

#### a) Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for investment purposes. A financial asset is classified in this category if acquired principally to sell in the short term.

Derivatives are also classified as acquired for investment purposes, unless they are designated as hedges. Assets in this category are classified as current assets, and the liability position of these instruments is presented in the Consolidated Statement of Financial Position under "Other financial liabilities."

Acquisitions and disposals of financial assets are recognized as of the date on which the Company commits to the acquisition or sale of the asset.

These assets are initially recorded at cost and subsequently their value is updated on the basis of their fair value, with changes in value being recognized in net income.

b) Financial assets at amortized cost

A financial asset is classified as at amortized cost when it meets the following two conditions:

- i. The asset uses a business model whose objective is to hold the assets in order to collect contractual cash flows.
- ii. The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal, and interest on the principal outstanding.

Trade and other receivables are classified in this category and initially recorded at fair value (nominal value including implicit interest), and they are subsequently recorded at their amortized cost using the effective interest rate method, less any impairment losses. When the nominal value of the receivable does not differ significantly from its fair value, it is recognized at its nominal value.

Implicit interest must be disaggregated and recognized as financial income, to the extent that interest is being accrued.

c) Financial assets at fair value through comprehensive income

A financial asset is classified as at fair value through comprehensive when it meets the following two conditions:

- i. The financial asset uses a business model whose objective is to receive contractual cash flows and selling financial assets.
- ii. The contractual terms of the financial asset give rise to cash flows on specified dates that are solely payments of principal, and interest on the principal outstanding.

Recognition and measurement

Acquisitions and disposals of investments are recognized on the transaction date, or when the transaction is closed, which is the date when the Company commits to acquire or sell the asset. Investments are initially recognized at fair value plus the transaction costs for all financial assets not recorded at fair value through profit and loss. Financial assets at fair value through profit and loss are initially recognized at fair value, and their transaction costs are expensed.

Investments are written off for accounting purposes when the rights to receive cash flows from the investments have expired and/or been transferred and/or all of the risks and rewards of ownership have been substantially transferred. Financial assets held for sale and financial assets that are booked at fair value with changes taken to net income are recorded later at their fair value. Loans and receivables are accounted for at their amortized cost, in accordance with the effective interest method.

The fair value of investments in publicly traded securities is based on current purchase prices. If the market for a financial asset is not liquid (and for securities that are not publicly traded), fair value is determined using valuation techniques that include the use of recent arm's length transactions between knowledgeable, willing parties and that involve other instruments that are substantially the same; the analysis of discounted cash flows; and options price-setting models. In these cases market-based inputs are used to the greatest extent possible, whereas inputs specific to the entity are relied on as little as possible. In the event that none of the abovementioned techniques can be used to determine the fair value, the investments are recorded at acquisition cost net of any applicable impairment losses.

As of each reporting date, an evaluation is performed to determine whether there is objective evidence that a financial asset or group of financial assets may have been impaired. In order to determine whether capital securities classified as held for sale are impaired, the Company must determine whether there has been a significant or prolonged decrease in the fair value of the securities to below cost. If there is any such evidence for financial assets held for sale, the cumulative loss defined as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in gains or losses, is removed from equity and is recognized in net income. Impairment losses recognized in income on equity instruments are not reversed through the consolidated statement of net income.

#### Impairment

The Group performs a risk analysis based on the historical portfolio collection experience, which is adjusted for macroeconomic variables in order to obtain sufficient information to estimate and thus determine whether there is an impairment loss on the portfolio.

Therefore, the debtors impairment allowance is based on expected losses.

### 2.11.2 Financial liabilities

Financial liabilities are measured at amortized cost, except when they are measured at fair value through profit and loss or other specific cases. The Group has two classifications for financial liabilities.

#### Trade and other payables

Trade payables are initially recognized at fair value and subsequently at their amortized cost using the effective interest method. When the nominal value of the payable does not differ significantly from its fair value, it is recognized at its nominal value.

#### Other financial liabilities valued at amortized cost

Obligations to banks and financial institutions are initially recognized at fair value, net of any costs incurred in the transaction. Subsequently, third-party resources are valued according to their amortized cost; any difference between the proceeds (net of any necessary costs) and the reimbursement value is recognized in the consolidated statement of net income during the term of the debt, in accordance with the effective interest method. The effective interest method involves applying the referential market rate for debts with similar characteristics to the debt (net of any costs to obtain it).

Third-party resources are classified as current liabilities, unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

### 2.11.3 Derivative financial instruments and hedges

Derivative financial instruments are initially recognized at fair value as of the date on which the derivative contract was executed, and they are subsequently revalued at fair value. Derivatives are designated as:

- a) Fair value hedges for recognized liabilities (fair value hedge);
- b) Hedges for a specific risk associated with a recognized liability or a highly probable forecast transaction (cash flow hedge); or
- c) Hedges for a net investment in a foreign business (net investment hedge).

The relationship between hedging instruments and hedged entries are documented at the beginning of the transaction, along with the risk management objectives and the strategy to manage several hedging transactions. The initially and ongoing evaluation of whether the derivatives used in hedging transactions are highly effective at offsetting changes in fair value or the cash flows of the hedged entries is also documented.

The total fair value of the hedging derivatives is classified as a non-current asset or liability if the remaining term of the hedged entry is greater than 12 months, and as a current asset or liability if the remaining term of the hedged entry is less than 12 months. Traded derivatives are classified as current assets or liabilities.

The effective portion of changes in the fair value of cash flow hedges are recognized in the Statement of Other Comprehensive Income. The gain or loss related to the ineffective portion is immediately recognized in income under "Other operating income" or "Other miscellaneous operating expenses," respectively.

When a hedging instrument expires or is sold, or when it ceases to fulfill the criteria to be recognized using the accounting treatment for hedges, any accumulated gain or loss in equity as of that date remains in equity and is recognized when the forecast transaction affects the statement of net income. When the forecast transaction is no longer expected to take place, the accumulated gain or loss in equity is immediately transferred to the statement of net income.

## 2.12 Inventories

Inventories are valued at the lower of cost or net realizable value. Compañía de Petróleos de Chile Copec S.A. calculates cost using the FIFO (first in first out) method for fuels, and the weighted average price method for lubricants and other products. The cost of inventories in Organización Terpel S.A. and affiliates is calculated using the weighted average price method.

The cost of finished products and products in progress at other companies includes the costs of design, raw materials, direct labor, other direct costs and general manufacturing expenses, but does not include interest costs.

The initial costs of harvested timber at Celulosa Arauco y Constitución S.A. are based on fair value less the selling costs following harvesting.

Biological assets are transferred to inventory as forests are harvested.

Net realizable value is the estimated sales price in the normal course of business, less any costs to complete production, less any variable sales costs.

As of the date of these consolidated financial statements, there is no inventory pledged as collateral.

When the manufacturing costs of a product exceed its net realizable value as a result of market conditions, a provision is recorded for the difference. Such a provision also considers amounts related to obsolescence from low turnover and technical obsolescence.

Minor spare parts to be consumed in a 12 month period are shown under inventories and are recorded in expenses in the period in which they are consumed.

## 2.13 Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts, term deposits at financial institutions, mutual funds and other highly liquid short-term investments with an original term of three months or less, that are not likely to suffer changes in value.

## 2.14 Capital

Share capital is 1,299,853,848 single-series ordinary shares (see Note 23).

Incremental costs directly attributable to issuing new shares are presented in equity as a deduction, net of taxes, from the proceeds obtained.

The Parent Company's dividend policy is to distribute 30% of net distributable profits, as defined in Note 23, on an annual basis. This policy is confirmed each year at the Shareholders' Meeting.

Dividends on ordinary shares are recognized as a decrease in accumulated reserves as the benefit to shareholders accrues.

The item "Other reserves" in equity mainly consists of translation adjustment reserves and hedge reserves. Empresas Copec S.A. does not have any restrictions associated with these reserves.

The translation reserve consists of the foreign currency translation differences of Group affiliates that use a functional currency other than the US dollar.

Hedge reserves are the effective portion of the gain or loss on hedge swap contracts as of the date of these consolidated financial statements.

## 2.15 Income tax and deferred tax

### a) Income tax

The income tax expense for the year is calculated on net income before taxes, which is increased or decreased, as appropriate, for the permanent and temporary differences provided by tax legislation when calculating taxable income.

### b) Deferred tax

Deferred taxes are calculated in accordance with IAS 12 using the liability method, over temporary differences that arise between the tax value of assets and liabilities and their book value in the consolidated financial statements. Deferred taxes are determined using the approved tax rates or almost approved as of the reporting date and that are expected to apply when the corresponding deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is likely that there will be future tax benefits available to use the temporary differences.

Deferred taxes are recognized over differences that arise in investments in affiliates and associates, except in those cases where the date on which temporary differences are reversed can be controlled by the Group and it is likely that such differences will not be reversed in the foreseeable future.

The Company reviews its deferred tax assets and liabilities at each reporting date, in order to determine whether they remain valid and make any necessary corrections based on the results of this analysis.

The Partially Integrated Regime applies to Copec and its affiliates by default with a corporate income tax rate of 27% for 2019, in accordance with the Tax Reform in Chile established by Law 20,780 and Law 20,899, published in 2014 and 2016, respectively. Law 20,732 on Tax Modernization became effective in 2020, which continues the Partially Integrated Regime and the tax rate of 27%.

Therefore, deferred taxes in Chile as of December 31, 2019 and March 31, 2020 have been calculated using the tax rate applicable when the temporary differences reverse, being 27%.

## 2.16 Employee benefits

### a) Staff vacations

The Group recognizes the expense for staff vacations using the *accrual method*, and the expense is recorded at its nominal value.

Certain affiliates recognize a vacation bonus expense, where there is a contractual obligation to general staff, and this obligation is a fixed amount, in accordance with employment contracts. This vacation bonus is recorded as an expense when the employee uses his or her vacation time, and it is recorded at nominal value.

### b) Production bonuses

The Group recognizes a provision when it is contractually obligated to do so or when past practice has created an implicit obligation and it is possible to reliably estimate the obligation. This bonus is recorded at its nominal value.

### c) Staff severance indemnities

The liability recognized in the statement of financial position is the present value of defined benefit obligations as of the reporting date. Such value is calculated annually by independent actuaries, and it is determined by discounting the estimated future outflows of cash at interest rates on instruments denominated in the currency in which such benefits will be paid and with terms similar to those of the corresponding obligations.

Losses and gains that arise from experience and from changes in the actuarial assumptions are charged or credited to income for the period in which they occur.

Costs for past services are immediately recognized in the statement of net income.

## 2.17 Provisions

Provisions are recognized when a legal or implicit obligation arises as a result of past events, where a reliably estimated payment is likely to settle the obligation. The amount is the best possible estimate at each reporting date.

Provisions are valued at the present value of the expected disbursements to settle the obligation using the best estimate available. The discount rate used to determine the present value reflects current market estimates of the time value of money as of the reporting date, and any specific risk related to the obligation.

## 2.18 Revenue recognition

Revenue is recorded at the fair value of the consideration received or receivable from that revenue. The Group analyzes all the relevant events and circumstances when applying each step of the IFRS 15 model to contracts with its customers: (i) contract identification, (ii) performance obligations identification, (iii) the transaction price, (iv) price assignment, and (v) revenue recognition. The Company also assesses the incremental costs of agreeing a contract and costs directly related to complying with a contract. The Group recognizes revenue when the steps set out in the IFRS have been successfully completed.

### a) Revenue recognition from the sale of goods

Revenue from the sale of goods is recognized when an entity has transferred to the buyer control over those goods, when the revenue can be reliably quantified, when the Company cannot influence the management of those goods, when it is likely that the financial benefits of the transaction will be received by the Group and when the transaction costs can be reliably measured.

Revenue from sales is based on the price in the sales contract, net of volume discounts as of the date of the sale. There is no significant financing component, as sales have a short average payment term, which is in line with market practice.

### b) Revenue recognition from providing services

Revenue from providing services is recognized when the performance obligation has been satisfied.

Revenue is recognized considering the degree of completion of the service at the closing date, when the Company has an enforceable right to payment for the services provided.

## 2.19 Leases

Empresas Copec S.A. and its affiliates apply IFRS 16 to recognize leases in a manner consistent with contracts with similar characteristics and similar circumstances.

The Group's affiliates assess whether the contract contains a lease when the contract begins. A contract contains a lease if transfers the right to control an asset over a period of time, in exchange for a fee.

When the lease is initially recognized, the lessee recognizes the right to use an asset at cost.

The cost of the right to use an asset comprises:

- The initial measurement of the lease liability. This measurement is the present value of unpaid lease payments as of that date. Lease payments are discounted using the incremental interest rate for financial loans.

- Lease payments on or before the initial date, less any lease incentives received.
- Initial direct costs incurred by the lessee.
- An estimate of the lessee's costs to dismantle and eliminate the underlying asset, restore its location or restore the underlying asset to the condition required by the terms and conditions of the lease, unless such costs are incurred to produce inventory. The lessee incurs obligations as a result of these costs either at the initial date or as a result of having used the underlying asset during a specific period.

After the initial date, the lessee recognizes its right-of-use assets using the cost model, less accumulated depreciation, accumulated impairment losses and any adjustments to the lease liability.

On the initial date, the lessee measures the lease liability as the present value of the unpaid lease payments as of that date. Lease payments are discounted using the incremental interest rate for financial loans.

After the initial date, the lessee recognizes the lease liability by increasing its book value to reflect any interest on lease liabilities, reducing its book value to reflect any lease payments, changing its book value to reflect any new measurements and any essentially fixed lease payments that have been reviewed.

The Group presents its right-of-use assets and lease liabilities in the consolidated statement of financial position as described in Note 14.

Operating lease income where the Group is the lessor is recognized on a straight-line basis over the term of the lease. Any initial direct costs are added to the book value of the underlying asset and are recognized as an expense over the life of the lease on the same basis as the lease income. The respective leased assets are included in the statement of financial position in property, plant and equipment. The Group did not adjust the assets it owns as a lessor as a result of adopting IFRS 16.

When the assets are leased under a finance lease, the present value of the lease payments is recognized as a financial receivable. The difference between the gross amount receivable and the present value of the lease is recognized as a financial return on capital.

Empresas Copec S.A. and affiliates evaluate the financial basis of contracts that grant the right to use specific assets, to determine whether these are implicit leases. If so, the Group separates payments and receipts relating to the lease from those relating to other items in the contract, on the basis of their relative fair values at the beginning of the contract.

## 2.20 Non-current assets held for sale

The Group classifies as non-current assets held for sale any property, plant and equipment, intangible assets, investments in associates and groups subject to divestment (groups of assets to be disposed of together with their directly associated liabilities), which are in the process of being sold and this outcome is considered highly probable at the reporting date.

These assets or groups subject to divestment are valued at the lower of their book value or estimated sale value less selling costs, and are no longer amortized from the time they are classified as non-current assets held for sale.

## 2.21 Dividend distribution

The distribution of dividends to the Company's shareholders is recognized as a liability in the consolidated financial statements to the extent that the benefit is accrued, in accordance with the Company's dividend policy.

Article 79 of Chilean Corporate Law establishes that listed corporations should distribute an annual cash dividend to their shareholders, in proportion to their shares or the proportion established in the company's statutes if it has preference shares, of at least 30% of net distributable income for each period. Except when accumulated losses from prior years must be absorbed, and unless unanimously agreed otherwise by shareholders of all issued shares.

The Company's current dividend policy is to distribute to shareholders 30% of annual net distributable income as dividends, as defined in Note 23.

During the last quarter of each year the Board shall decide whether to distribute an interim dividend. Such interim dividend is paid in December to the extent that the year-end results are expected to be positive and that the Company's available cash flow allows for such a distribution.

## 2.22 Environment

Disbursements relating to improvements and investments in production processes that improve environmental conditions are recorded as expenses for the period in which they are incurred. When such disbursements are part of capital projects, they are added to property, plant and equipment (see Note 29).

The group has established the following classes of disbursements for environmental protection projects:

- a) Disbursements relating to improvements and investments in production processes that improve environmental conditions.

- b) Disbursements relating to verification and control of regulations and laws covering industrial processes and facilities.
- c) Other disbursements that affect the environment.

## 2.23 Business combinations

Business combinations are accounted for using the *acquisition method*. This involves recognizing identifiable assets (including intangible assets that have not been recognized previously) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value.

Purchased goodwill acquired in a business combination is initially measured at cost, which is the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities at acquisition. After initial recognition, purchased goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment tests, purchased goodwill acquired in a business combination is assigned at the date of acquisition to each cash generating unit or group of cash generating units that are expected to benefit from the synergies of the combination, regardless of whether other Group assets or liabilities are assigned to those units or groups of units.

If the acquisition cost is less than the fair value of the net assets of the acquired affiliate, the difference is directly recognized in income and immediately recognized under "Other gains (losses)."

Transaction costs are treated as expenses at the time they are incurred. When business combinations are carried out in stages, the fair value of the acquired company is measured at each stage and the effects of changes in the share of net income are recognized in the period in which they occur.

## 2.24 Loyalty program

The indirect affiliate Mapco Express Inc. has a customer loyalty program, where customers can accumulate points that are subsequently redeemed against products offered by the same company. Therefore, the Company accrues a deferred income liability based on the outstanding accumulated points at the reporting date, together with an estimate of the points that are not likely to be redeemed ("breakage").

## 2.25 Impairment

### Non-financial assets

The recoverable value of property, plant and equipment and other long-term assets with finite useful lives are measured whenever there is an indication that the value of an asset might be impaired. Factors that could indicate a decline in the market value of an asset include: significant changes in the technological environment, the asset

becomes obsolete, the asset is physically damaged, the use or expected use of the asset changes with the possibility that the asset falls into disuse, and other factors. The Company evaluates whether there is any such evidence at each reporting date.

A previously recognized impairment loss can be reversed if there has been a change in the estimated recoverable amount. However, the reversal cannot be greater than the amount recognized in previous years.

Assets are grouped at the lowest level at which they separately generate identifiable cash flows for each cash generating unit, in order to evaluate impairment losses. Non-financial assets other than goodwill that have been impaired are reviewed at every reporting date to identify whether any reversals have occurred.

"Cash-generating units" are the smallest identifiable group of assets whose continued use generates cash inflows that are largely independent of those generated by other assets or groups of assets.

#### Goodwill

Goodwill and intangible assets with indefinite useful lives are tested annually or when circumstances so indicate. The estimated recoverable value of an intangible asset is the higher of the asset's net selling price and its value in use. An impairment loss is recognized when the book value exceeds the recoverable value.

A cash generating unit to which goodwill has been allocated is tested for impairment every year, or more often if there is any indication that the unit may be impaired. If the recoverable value of the cash generating unit is less than its book value, the impairment loss is first allocated to reduce the book value of any goodwill allocated to the unit and then is proportionally allocated to other assets within the unit based on the book value of each asset. Any impairment loss for goodwill is recognized directly in the statement of net income. Impairment losses recognized for goodwill are not reversed in subsequent periods.

Goodwill is assigned to cash-generating units for the purpose of impairment testing. It is distributed between those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination that generated the goodwill.

#### 2.26 Statement of cash flows

The statement of cash flows reflects cash movements during the period, using the direct method. The following terms are used in these cash flow statements.

- Cash flows: receipts and payments of cash or cash equivalents including highly liquid investments with a maturity of less than three months that are unlikely to suffer changes in value.
- Operating activities: these are the main revenue-producing activities of the Group and include other activities that are not investing or financing activities.

- Investing activities: these are the acquisition or disposal of long-term assets and other investments not included in cash equivalents.
- Financing activities: these produce changes in the size and composition of equity and financial liabilities.

#### 2.27 Earnings per share

Basic earnings per share is calculated as the quotient of the net income for the period attributable to the Company divided by the average weighted number of ordinary shares outstanding during that period, without including the average number of shares of the Company held by any affiliates, should that be the case. The Company and its affiliates have not undertaken any potentially diluting transactions of any kind that would result in the diluted earnings per share differing from basic earnings per share.

#### 2.28 Classification of current and non-current balances

In the accompanying consolidated statement of financial position, balances to be recovered or settled within 12 months are classified as current items and those to be recovered or settled in more than 12 months as non-current items.

If there are obligations whose maturities are less than twelve months, but whose long-term refinancing is guaranteed at the discretion of the Company through loan agreements unconditionally available with long-term maturities, these obligations could be classified as long-term liabilities.

#### 2.29 Offsetting balances and transactions

As a general rule, assets and liabilities, or income and expenses, may not be offset unless offsetting is required or permitted by a standard and reflects the substance of the transaction.

Income and expenses originating from transactions that, for contractual or legal reasons, consider the possibility of offsetting and for which the Company intends either to settle on a net basis, or to recover the asset and settle the liability simultaneously, are stated net in the statement of comprehensive income and the statement of financial position. The interim consolidated financial statements as of March 31, 2020 and December 31, 2019, do not reflect any offset income and expenses in the statement of comprehensive income.

**NOTE 3. FINANCIAL INSTRUMENTS****3.1 Cash and Cash Equivalents**

Group cash and cash equivalents are detailed as follows:

	<b>03.31.2020</b>	<b>12.31.2019</b>
<b>Cash and cash equivalents</b>	<b>ThUS\$</b>	<b>ThUS\$</b>
Bank balances	494,222	531,414
Short-term deposits	1,000,320	762,508
Mutual funds	240,271	901,647
Overnight investments	4,792	2,811
Other cash & cash equivalents	836	16,507
<b>Total</b>	<b>1,740,441</b>	<b>2,214,887</b>

The amortized cost of these financial instruments does not differ from their fair value.

Cash and cash equivalents correspond to cash, cash in banks, term deposits and mutual funds. These investments are readily convertible to cash in the short term and the risk of significant changes in value is low. The valuation of term deposits is calculated using the accrued purchase rate of each document.

As of March 31, 2020, the Group has approved lines of credit amounting to approximately US\$2,082 million (US\$2,142 million as of December 31, 2019).

As of March 31, 2020 and December 31, 2019, there were no significant restrictions to these funds.

**3.2 Other Financial Assets**

a) This category includes the following financial assets at fair value through profit and loss:

	<b>03.31.2020</b>	<b>12.31.2019</b>
	<b>ThUS\$</b>	<b>ThUS\$</b>
Mutual funds	588	636
Fixed income instruments	106,916	115,029
Derivative financial instruments		
Forwards	18,528	5,359
Swaps	450	117
Hedging guarantees	52,619	0
Other financial assets	380	3,777
<b>Total other financial assets, current</b>	<b>179,481</b>	<b>124,918</b>

b) Non-current financial assets at fair value through profit and loss are classified as follows:

	03.31.2020 ThUS\$	12.31.2019 ThUS\$
Equity instruments (shares)	39,052	39,255
Derivative financial instruments		
Forwards	0	4,578
Swaps	120,043	59,831
Other financial assets (*)	3,727	4,408
<b>Total other financial assets, non-current</b>	<b>162,822</b>	<b>108,072</b>

(\*) Non-current other financial assets are mainly deposits with fiduciary responsibility, by the indirect affiliate Nortesantandereana de Gas S.A.E.S.P (formerly Inversiones del Nordeste S.A.S.)

Financial assets at fair value includes fixed-income instruments (corporate bonds, mortgage bonds, bank bonds, term deposits and other similar items) that are managed on behalf of the company by third parties ("Mandates"). These assets are recorded at fair value, changes in value are recognized in income, and the assets are held for the purposes of liquidity and returns. Mutual funds are valued at unit market value at the reporting date.

Swaps are mainly cross currency swap hedging instruments contracted to hedge exposure to the exchange rate, which arises from having debts in currencies other than the functional currency.

Forwards are initially recognized at fair value on the date on which the contract is subscribed, and they are subsequently revalued at fair value. Forwards are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

The fair value of foreign exchange forward contracts is calculated by reference to current foreign exchange rates from contracts with similar maturity profiles.

The Group does not have any investments held-to-maturity as of March 31, 2020 and December 31, 2019.

### 3.3 Trade and Other Receivables

a) This category contains the following balances:

	03.31.2020 ThUS\$	12.31.2019 ThUS\$
Trade receivables	1,438,620	1,556,442
Less: Impairment allowance on trade receivables	(49,944)	(53,291)
<b>Trade receivables, net</b>	<b>1,388,676</b>	<b>1,503,151</b>
Other receivables	214,560	200,719
Less: Impairment allowance on other receivables	(8,147)	(8,063)
<b>Other receivables, net</b>	<b>206,413</b>	<b>192,656</b>
<b>Total</b>	<b>1,595,089</b>	<b>1,695,807</b>
<b>Less: Non-current portion</b>	<b>17,251</b>	<b>19,870</b>
<b>Current portion</b>	<b>1,577,838</b>	<b>1,675,937</b>

Trade and other receivables are classified as current assets except for those assets maturing in more than 12 months. Those assets maturing in more than 12 months are recorded at amortized cost using the effective interest method and are tested for impairment.

Trade receivables represent enforceable rights arising from normal business transactions, where normal is defined as the Group's habitual transactions.

Other receivables are receivables from sales, services or loans outside of the normal course of business.

Implicit interest is disaggregated and recognized as financial income as it accrues.

The allowance is the difference between the asset's book value and the present value of the estimated future cash flows, discounted at the effective interest rate.

The creation and reversal of the receivables impairment allowance has been included as the "Doubtful receivables allowance expense" in the consolidated statement of net income under Administration Expenses.

The amortized cost of these financial instruments does not differ from their fair value.

b) Trade and Other Receivables includes:

Trade and other receivables	Balance as of 03.31.2020											
	Portfolio not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121-150 days	Overdue 151-180 days	Overdue 181-210 days	Overdue 211-250 days	Overdue over 251 days	Total current	Total non- current
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross trade receivables	1,228,349	124,942	15,680	5,620	4,427	1,978	9,284	2,559	3,358	42,423	1,428,084	10,536
Impairment allowance	(12,397 )	(1,411 )	(1,052 )	(1,136 )	(1,302 )	(408 )	(529 )	(978 )	(1,137 )	(29,594 )	(47,913 )	(2,031 )
Other receivables, gross	194,389	5,237	965	462	304	69	1,721	62	1,588	9,763	200,901	13,659
Impairment allowance	(4,119 )	0	0	0	0	0	0	0	0	(4,028 )	(3,234 )	(4,913 )
Total	1.406.222	128.768	15.593	4.946	3.429	1.639	10.476	1.643	3.809	18.564	1.577.838	17.251

Trade and other receivables	Balance as of 12.31.2019											
	Portfolio not overdue	Overdue 1-30 days	Overdue 31-60 days	Overdue 61-90 days	Overdue 91-120 days	Overdue 121-150 days	Overdue 151-180 days	Overdue 181-210 days	Overdue 211-250 days	Overdue over 251 days	Total current	Total non- current
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Gross trade receivables	1,359,693	101,846	17,133	6,343	5,767	3,270	4,788	1,537	3,157	52,908	1,544,404	12,038
Impairment allowance	(10,685 )	(1,460 )	(737 )	(638 )	(1,063 )	(721 )	(521 )	(964 )	(1,180 )	(35,322 )	(51,283 )	(2,008 )
Other receivables, gross	167,574	14,936	1,087	1,383	195	2,190	399	54	2,491	10,410	185,910	14,809
Impairment allowance	(3,995 )	0	0	0	0	0	0	0	0	(4,068 )	(3,094 )	(4,969 )
Total	1,512,587	115,322	17,483	7,088	4,899	4,739	4,666	627	4,468	23,928	1,675,937	19,870

## c) Doubtful receivables allowance:

	03.31.2020		12.31.2019	
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
	Current	Non-current	Current	Non-current
Opening balance	(57,899)	(6,751)	(60,990)	(6,841)
Impairment allowance on trade and other receivables	6,752	(193)	3,091	90
<b>Closing balance</b>	<b>(51,147)</b>	<b>(6,944)</b>	<b>(57,899)</b>	<b>(6,751)</b>

### 3.4 Other Financial Liabilities

Financial liabilities valued at amortized cost are non-derivative instruments with contractual payment flows with fixed or variable interest rates. Financial instruments classified in this category are valued at amortized cost using the *effective interest method*.

As of March 31, 2020 and December 31, 2019, this category included obligations with banks and financial institutions and obligations to the public through bonds issued in US dollars, UF and Chilean pesos.

	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Current</b>		
Bank loans	629,936	428,956
Bonds in UF, COP and CLP	229,123	322,421
Bonds in US\$	58,289	35,432
Other financial liabilities	12,176	8,914
<b>Total current</b>	<b>929,524</b>	<b>795,723</b>
<b>Non-current</b>		
Bonds in US\$	3,460,180	3,465,510
Bonds in UF, COP and CLP	2,060,457	2,245,992
Bank loans	1,836,474	1,827,612
Other financial liabilities	428,514	149,933
<b>Total non-current</b>	<b>7,785,625</b>	<b>7,689,047</b>
<b>Total other financial liabilities</b>	<b>8,715,149</b>	<b>8,484,770</b>

Capital plus interest on the Group's main financial and lease<sup>1</sup> liabilities that are subject to liquidity risk are presented undiscounted and grouped by maturity in the following tables.

<sup>1</sup> See Note 14

**Bank borrowings**  
**Fuel sector**

As of March 31, 2020				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
91,806,000-6	Abastible S.A. - Chile	US\$	Banco Santander - Chile	-	2,158	-	-	-	2,158	-	3.42%	3.42%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco BCI - Chile	-	2	-	12,617	-	2	12,617	5.22%	5.22%	Annually
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Chile - Chile	187	-	10,563	-	-	187	10,563	4.43%	4.43%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Chile - Chile	-	9,395	-	-	-	9,395	-	4.52%	4.52%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Chile - Chile	-	22,387	-	-	-	22,387	-	4.43%	4.43%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco BCI - Chile	-	18,789	-	-	-	18,789	-	3.89%	3.89%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	-	7,045	-	-	-	7,045	-	3.84%	3.84%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	-	9,427	-	-	-	9,427	-	4.98%	4.98%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Scotiabank - Chile	-	16,441	-	-	-	16,441	-	4.20%	4.20%	Six monthly
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	The Bank of Tokyo - Mitsubishi UFJ Ltd - Chile	-	-	-	100,000	-	-	100,000	2.59%	2.56%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	JP Morgan Chase - Chile	-	-	-	100,000	-	-	100,000	2.59%	2.56%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	The Bank of Nova Scotia - Chile	-	-	75,000	125,000	-	-	200,000	2.29%	2.25%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	BNP Paribas - Chile	-	-	-	50,000	-	-	50,000	2.59%	2.56%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Export Development Canada - Chile	-	-	75,000	-	-	-	75,000	1.81%	1.72%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Sumitomo Mitsui Banking Corporation - Chile	-	-	-	125,000	-	-	125,000	2.59%	2.56%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	CLP	Banco BCI - Chile	-	35,210	-	-	-	35,210	-	4.03%	3.24%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	CLP	Banco de Chile - Chile	-	23,473	-	-	-	23,473	-	4.21%	3.42%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	CLP	Banco Scotiabank - Chile	-	29,342	-	-	-	29,342	-	4.20%	3.40%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	CLP	Banco Itaú - Chile	-	11,737	-	-	-	11,737	-	4.39%	3.60%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Banco de Chile - Chile	29	-	-	-	-	29	-	2.20%	2.20%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Banco Estado - Chile	100	-	-	-	-	100	-	2.20%	2.20%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Banco Itaú - Chile	15	-	-	-	-	15	-	2.20%	2.20%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Banco Santander - Chile	83	-	-	-	-	83	-	2.20%	2.20%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Banco BCI - Chile	388	-	-	-	-	388	-	2.20%	2.20%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	JP Morgan Chase - Chile	57	-	-	-	-	57	-	2.20%	2.20%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	The Bank of Nova Scotia - Chile	221	-	-	-	-	221	-	2.20%	2.20%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	The Bank of Nova Scotia - Chile	-	-	-	-	-	-	-	3.97%	3.97%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	JP Morgan Chase - Chile	-	-	-	-	-	-	-	3.79%	3.79%	Maturity
-	Duragas S.A. - Ecuador	US\$	Banco Estado - Chile	1	-	-	7,500	-	1	7,500	3.25%	3.25%	Six monthly
76,172,285-9	FluxSolar Energías Renovables SpA - Chile	US\$	Banco de Chile - Chile	-	138	-	-	-	138	-	2.15%	4.33%	Six monthly
76,172,285-9	FluxSolar Energías Renovables SpA - Chile	CLP	Banco Security - Chile	-	6	-	-	-	6	-	0.00%	0.00%	Annually
76,172,285-9	FluxSolar Energías Renovables SpA - Chile	CLP	Banco Security - Chile	-	-	-	582	-	-	582	0.00%	0.00%	Maturity
76,172,285-9	FluxSolar Energías Renovables SpA - Chile	CLP	Banco de Chile - Chile	-	-	-	122	-	-	122	0.00%	0.00%	Maturity
-	Mapco Express, Inc - USA	US\$	Bank of America - USA	-	-	-	47,981	-	-	47,981	1.69%	1.69%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Banco BBVA - Colombia	-	36,902	-	-	-	36,902	-	6.33%	6.33%	Maturity
-	Petrolera Nacional S.A. - Panama	US\$	Scotiabank Colpatria - Panama	-	-	82,251	-	-	-	82,251	2.80%	2.80%	Maturity
-	Solgas S.A. - Peru	PS/.	Banco Scotiabank - Peru	20,556	-	17,206	17,207	23,424	20,556	57,837	6.50%	6.50%	Monthly
-	Solgas S.A. - Peru	PS/.	Banco de Crédito del Perú - Peru	12,488	-	-	-	-	12,488	-	3.65%	3.65%	Three monthly
-	Terpel Comercial Ecuador Cia Ltda. - Ecuador	US\$	Banco BBVA - Ecuador	-	6,000	-	-	-	6,000	-	3.81%	3.81%	Maturity
-	Terpel Comercial Ecuador Cia Ltda. - Ecuador	US\$	Banco BBVA - Ecuador	-	3,500	-	-	-	3,500	-	3.54%	3.54%	Maturity
-	Terpel Comercial Ecuador Cia Ltda. - Ecuador	US\$	Banco Guayaquil - Ecuador	11	35	-	-	-	46	-	9.54%	9.15%	Monthly
Total bank obligations				34,136	231,987	260,020	586,009	23,424	266,123	869,453			

**Bank borrowings**  
**Fuel sector**

As of December 31, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Scotiabank - Chile	-	18,737	-	-	-	18,737	-	2.60%	2.60%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	-	8,298	-	-	-	8,298	-	5.34%	5.34%	Annually
91,806,000-6	Abastible S.A. - Chile	US\$	Banco Santander - Chile	2,214	2,140	-	-	-	4,354	-	2.76%	2.76%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco Estado - Chile	-	10,868	-	-	-	10,868	-	4.98%	4.98%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco BCI - Chile	-	214	16,027	-	-	214	16,027	5.22%	5.22%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Chile - Chile	-	78	12,020	-	-	78	12,020	4.43%	4.43%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Chile - Chile	-	10,707	-	-	-	10,707	-	2.57%	2.57%	Six monthly
91,806,000-6	Abastible S.A. - Chile	CLP	Banco de Chile - Chile	-	25,518	-	-	-	25,518	-	2.57%	2.57%	Six monthly
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	The Bank of Tokyo - Mitsubishi UFJ Ltd - Chile	-	-	-	100,000	-	-	100,000	2.89%	2.86%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	JP Morgan Chase - Chile	-	-	-	100,000	-	-	100,000	2.89%	2.86%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	The Bank of Nova Scotia - Chile	-	-	-	200,000	-	-	200,000	2.98%	2.93%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	BNP Paribas - Chile	-	-	-	50,000	-	-	50,000	2.89%	2.86%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Export Development Canada - Chile	-	-	-	75,000	-	-	75,000	3.13%	3.03%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Sumitomo Mitsui Banking Corporation - Chile	-	-	-	125,000	-	-	125,000	2.89%	2.86%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Banco de Chile - Chile	203	-	-	-	-	203	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Banco Itaú - Chile	490	-	-	-	-	490	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Banco de Crédito e Inversiones - Chile	982	-	-	-	-	982	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	HSBC Bank - Chile	3	-	-	-	-	3	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	JP Morgan Chase - Chile	26	-	-	-	-	26	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	The Bank of Nova Scotia - Chile	13	-	-	-	-	13	-	3.10%	3.10%	Maturity
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	Santander Investment Securities Inc. - Chile	575	2,102	6,119	2,600	-	2,677	8,719	3.97%	3.97%	Monthly
99,520,000-7	Compañía de Petróleos de Chile Copec S.A. - Chile	US\$	JP Morgan Chase - Chile	335	1,255	3,700	1,553	-	1,590	5,253	3.79%	3.79%	Monthly
-	Duragas S.A. - Ecuador	US\$	Banco Estado - Chile	62	-	-	7,500	-	62	7,500	3.25%	3.25%	Six monthly
76,172,285-9	FluxSolar Energías Renovables SpA - Chile	US\$	Various Banks - Chile	-	235	738	-	-	235	738	0.00%	0.00%	Quarterly
-	Mapco Express, Inc - USA	US\$	JP Morgan Chase - United States	333	15,253	-	-	-	15,586	-	3.41%	3.41%	Monthly
-	Organización Terpel S.A. - Colombia	US\$	Banco de Bogota - Colombia	20,347	-	-	-	-	20,347	-	5.65%	5.65%	Maturity
-	Organización Terpel S.A. - Colombia	US\$	Banco de Bogota - Colombia	-	21,055	-	-	-	21,055	-	5.67%	5.67%	Maturity
-	Organización Terpel S.A. - Colombia	US\$	Banco Popular - Colombia	27,463	-	-	-	-	27,463	-	5.84%	5.83%	Maturity
-	Petrolera Nacional S.A. - Panama	US\$	Scotiabank Colpatría - Panama	-	-	82,242	-	-	-	82,242	3.04%	3.04%	Maturity
-	Solgas S.A. - Peru	PS/.	Banco Scotiabank - Peru	943	-	18,681	24,337	17,028	943	60,046	6.50%	6.50%	Monthly
-	Solgas S.A. - Peru	PS/.	Banco de Crédito del Perú - Peru	26,286	-	-	-	-	26,286	-	3.65%	3.65%	Three monthly
-	Terpel Comercial Ecuador Cia Ltda. - Ecuador	US\$	Banco BBVA - Ecuador	-	6,000	-	-	-	6,000	-	3.81%	3.81%	Maturity
-	Terpel Comercial Ecuador Cia Ltda. - Ecuador	US\$	Banco BBVA - Ecuador	-	3,500	-	-	-	3,500	-	3.54%	3.54%	Maturity
-	Terpel Comercial Ecuador Cia Ltda. - Ecuador	US\$	Banco Guayaquil - Ecuador	11	33	12	-	-	44	12	9.08%	8.72%	Monthly
Total bank obligations				80,286	125,993	139,539	685,990	17,028	206,279	842,557			

## Bank borrowings

### Forestry sector

As of March 31, 2020				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Votorantim - Brazil	-	23	497	-	-	23	497	5.00%	5.00%	Six monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Votorantim - Brazil	-	21	441	-	-	21	441	5.00%	5.00%	Six monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Bndes Subloan A - Brazil	5	79	206	-	-	84	206	8.00%	Tjlp + spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Bndes Subloan B - Brazil	3	49	125	-	-	52	125	9.00%	Tjlp + spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	US\$	Banco Bndes Subcrédito C - Brazil	5	78	242	-	-	83	242	7.03%	Basket + spread	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Banco Bndes Subloan D - Brazil	4	55	141	-	-	59	141	10.20%	Tjlp + spread	Monthly
-	Arauco North America, Inc. - USA	US\$	Banco Estado - Chile	5,463	3,923	75,897	249,675	-	9,386	325,572	2.83%	Libor + spread	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Banco Scotiabank - Chile	-	5,979	11,958	203,014	-	5,979	214,972	2.95%	Libor + spread	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	€	BNP Paribas - Chile	609	599	22,108	28,213	68,044	1,208	118,365	1.06%	1.06%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Banco BCI - Chile	-	40,365	-	-	-	40,365	-	1.80%	1.80%	Maturity
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Banco Santander - Chile	-	101,021	-	-	-	101,021	-	2.02%	2.02%	Maturity
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	-	9,213	17,715	4,280	-	9,213	21,995	2.79%	Libor + spread	Six monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	-	11,460	-	-	-	11,460	-	2.54%	Libor + spread	Six monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Finnish Export Credit - Uruguay	-	51,585	98,585	-	-	51,585	98,585	3.20%	3.20%	Six monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	DNB Nor ASA - Norway	-	282	305	22	-	282	327	0.00%	0.00%	Annually
-	Eufores S.A. - Uruguay	US\$	Banco BBVA - Uruguay	-	14,222	-	-	-	14,222	-	3.22%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Republica Oriental de Uruguay - Uruguay	26,769	-	-	-	-	26,769	-	3.22%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Republica Oriental de Uruguay - Uruguay	559	-	-	-	-	559	-	3.22%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Citibank - Uruguay	4,062	-	-	-	-	4,062	-	3.14%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Itaú - Uruguay	12,695	-	-	-	-	12,695	-	3.20%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Heritage - Uruguay	1,359	-	-	-	-	1,359	-	2.50%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Santander - Uruguay	-	20,203	-	-	-	20,203	-	2.04%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Santander - Uruguay	5,080	-	-	-	-	5,080	-	3.21%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Scotiabank - Uruguay	2,541	-	-	-	-	2,541	-	3.22%	Libor + spread	Maturity
-	Mahal Emprerimientos Pat. S.A. - Brazil	BR\$	Banco BNDES Subloan E-I - Brazil	500	491	-	-	-	991	-	8.00%	Tjlp + spread	Monthly
-	Mahal Emprerimientos Pat. S.A. - Brazil	BR\$	Banco BNDES Subloan F-J - Brazil	301	295	-	-	-	596	-	9.00%	Tjlp + spread	Monthly
-	Mahal Emprerimientos Pat. S.A. - Brazil	BR\$	Banco BNDES Subloan H-L - Brazil	336	328	-	-	-	664	-	10.20%	Tjlp + spread	Monthly
-	Mahal Emprerimientos Pat. S.A. - Brazil	US\$	Banco BNDES Subloan G-K - Brazil	527	689	-	-	-	1,216	-	7.03%	Basket + spread	Monthly
-	Zona Franca Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	-	2,278	4,381	1,058	-	2,278	5,439	2.79%	Libor + spread	Six monthly
-	Zona Franca Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	-	2,833	-	-	-	2,833	-	2.54%	Libor + spread	Six monthly
Total bank obligations				60,818	266,071	232,601	486,262	68,044	326,889	786,907			

# Bank borrowings

## Forestry sector

As of December 31, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Arauco Florestal Arapoti S.A.	BR\$	Banco Votorantim - Brazil	-	30	641	-	-	30	641	5.00%	5.00%	Six monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Votorantim - Brazil	-	27	569	-	-	27	569	5.00%	5.00%	Six monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Bndes Subloan A - Brazil	7	63	315	-	-	70	315	8.48%	TJLP + spread	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Bndes Subloan B - Brazil	5	39	190	-	-	44	190	9.48%	TJLP + spread	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	US\$	Banco Bndes Subcrédito C - Brazil	5	43	283	-	-	48	283	7.22%	Basket + spread	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Banco Bndes Subloan D - Brazil	6	45	214	-	-	51	214	10.68%	TJLP + spread	Monthly
-	Arauco North America, Inc. - USA	US\$	Banco Estado - Chile	-	10,895	80,043	252,199	213,803	10,895	546,045	3.56%	Libor + spread	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Banco Scotiabank - Chile	3,179	3,014	11,958	205,979	-	6,193	217,937	3.14%	Libor + spread	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	€	BNP Paribas	-	1,209	22,108	28,213	14,038	1,209	64,359	1.06%	1.06%	Six monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	4,919	4,838	18,455	8,702	-	9,757	27,157	4.10%	Libor + spread	Six monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	11,754	11,536	-	-	-	23,290	-	3.85%	Libor + spread	Six monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Finnish Export Credit - Uruguay	26,366	26,008	100,109	24,065	-	52,374	124,174	3.20%	3.20%	Six monthly
-	Eufores S.A. - Uruguay	US\$	Banco BBVA - Uruguay	-	14,222	-	-	-	14,222	-	3.22%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Republica Oriental de Uruguay - Uruguay	-	27,328	-	-	-	27,328	-	3.22%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Citibank - Uruguay	-	4,062	-	-	-	4,062	-	3.14%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Itaú - Uruguay	-	12,695	-	-	-	12,695	-	3.20%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Heritage - Uruguay	1,361	-	-	-	-	1,361	-	3.21%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Santander - Uruguay	20,328	-	-	-	-	20,328	-	3.29%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Santander - Uruguay	-	5,080	-	-	-	5,080	-	3.21%	Libor + spread	Maturity
-	Eufores S.A. - Uruguay	US\$	Banco Scotiabank - Uruguay	-	2,541	-	-	-	2,541	-	3.22%	Libor + spread	Maturity
-	Mahal Emprendimientos Pat. S.A. - Brazil	BR\$	Bndes Subloan E-I - Brazil	658	1,279	-	-	-	1,937	-	8.48%	TJLP + spread	Monthly
-	Mahal Emprendimientos Pat. S.A. - Brazil	BR\$	Bndes Subloan F-J - Brazil	397	769	-	-	-	1,166	-	9.48%	TJLP + spread	Monthly
-	Mahal Emprendimientos Pat. S.A. - Brazil	BR\$	Bndes Subloan H-L - Brazil	444	858	-	-	-	1,302	-	10.68%	TJLP + spread	Monthly
-	Mahal Emprendimientos Pat. S.A. - Brazil	US\$	Bndes Subloan G-K - Brazil	537	1,217	-	-	-	1,754	-	7.22%	Basket + spread	Monthly
-	Zona Franca Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	1,216	1,196	4,563	2,152	-	2,412	6,715	4.10%	Libor + spread	Six monthly
-	Zona Franca Punta Pereira - Uruguay	US\$	Inter-American Development Bank - Uruguay	2,906	2,852	-	-	-	5,758	-	3.85%	Libor + spread	Six monthly
Total bank obligations				74,088	131,846	239,448	521,310	227,841	205,934	988,599			

**Bank borrowings**  
**Other sectors**

As of March 31, 2020				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
76,160,625-5	Minera Camino Nevado Ltda. - Chile	CLP	Banco Itaú - Chile	3,677	3,622	3,567	-	-	7,299	3,567	3.82%	TCP + Spread	Six monthly
76,160,625-5	Minera Camino Nevado Ltda. - Chile	US\$	Banco BCI - Chile	10,155	9,995	9,836	-	-	20,150	9,836	3.82%	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	14,518	-	-	-	-	14,518	-	2.18%	2.18%	Maturity
96,929,960-8	Orizon S.A. - Chile	US\$	Banco Estado - Chile	116	-	5,000	5,000	-	116	10,000	3.70%	3.70%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Scotiabank - Chile	1,501	-	-	-	-	1,501	-	2.13%	2.13%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Scotiabank - Chile	323	-	-	30,000	-	323	30,000	Libor + Spread	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	China Construcción Bank - Chile	94	-	-	8,000	-	94	8,000	3.75%	3.75%	Six monthly
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	650	650	42,596	-	-	1,300	42,596	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	301	301	19,701	-	-	602	19,701	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	35	35	2,313	-	-	70	2,313	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	1,831	1,801	115,413	-	-	3,632	115,413	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	37	37	4,119	-	-	74	4,119	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	67	66	2,439	-	-	133	2,439	Libor + Spread	Libor + spread	Maturity
Total bank obligations				33,305	16,507	204,984	43,000	-	49,812	247,984			

As of December 31, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
76,160,625-5	Minera Camino Nevado Ltda. - Chile	CLP	Banco Itaú - Chile	-	8,297	4,056	-	-	8,297	4,056	3.82%	TCP + spread	Six monthly
76,160,625-5	Minera Camino Nevado Ltda. - Chile	US\$	Banco BCI - Chile	-	20,150	9,836	-	-	20,150	9,836	3.82%	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	-	23	5,000	5,000	-	23	10,000	3.70%	3.70%	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	2,003	-	-	-	-	2,003	-	2.59%	2.59%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	1,502	-	-	-	-	1,502	-	2.59%	2.59%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	2,001	-	-	-	-	2,001	-	2.68%	2.68%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco de Chile - Chile	4,004	-	-	-	-	4,004	-	2.60%	2.60%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Estado - Chile	2,004	-	-	-	-	2,004	-	2.51%	2.51%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Internacional - Chile	2,004	-	-	-	-	2,004	-	2.51%	2.51%	Maturity
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Itaú - Chile	-	63	-	30,000	-	63	30,000	Libor + Spread	Libor + spread	Six monthly
96,929,960-7	Orizon S.A. - Chile	US\$	Banco Scotiabank - Chile	-	18	-	8,000	-	18	8,000	3.75%	3.75%	Six monthly
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	14	40,000	-	-	14	40,000	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	7	18,500	-	-	7	18,500	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	1	2,172	-	-	1	2,172	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	455	110,000	-	-	455	110,000	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	18	4,009	-	-	18	4,009	Libor + Spread	Libor + spread	Maturity
91,123,000-3	Pesquera Iquique-Guanaye S.A. - Chile	US\$	Banco Scotiabank - Chile	-	9	2,242	-	-	9	2,242	Libor + Spread	Libor + spread	Maturity
Total bank obligations				13,518	29,055	195,815	43,000	-	42,573	238,815			

**Bond obligations**  
**Fuel sector**

As of March 31, 2020				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Organización Terpel S.A. - Colombia	COP	Series A bonds 5 years IPC E.A.	-	-	-	24,560	-	-	24,560	5.84%	5.72%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 15 years IPC E.A.	-	-	-	-	35,366	-	35,366	6.58%	6.42%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 10 years IPC E.A.	-	-	60,793	-	-	-	60,793	6.82%	6.65%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 18 years IPC E.A.	-	-	-	-	23,724	-	23,724	7.12%	6.94%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series 2 bonds 7 years IPC E.A.	-	-	37,099	-	-	-	37,099	7.02%	6.84%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series 2 bonds 15 years IPC E.A.	-	-	-	-	61,154	-	61,154	7.83%	7.61%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series A bonds 7 years fixed rate	-	-	-	69,155	-	-	69,155	6.71%	6.54%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 10 years IPC E.A.	-	-	-	-	47,717	-	47,717	7.45%	7.25%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 15 years IPC E.A.	-	-	-	-	74,610	-	74,610	7.72%	7.51%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 25 years IPC E.A.	-	-	-	-	78,709	-	78,709	7.89%	7.67%	Maturity
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 25 years IPC E.A.	-	-	-	-	55,504	-	55,504	6.96%	6.78%	Maturity
Total bond obligations				-	-	97,892	93,715	376,784	-	568,391			

As of December 31, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 10 years IPC E.A.	-	-	-	85,769	-	-	85,769	6.83%	6.66%	Three monthly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 15 years IPC E.A.	-	-	-	-	59,184	-	59,184	7.58%	7.37%	Three monthly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 15 years IPC E.A.	-	-	-	-	92,541	-	92,541	7.85%	7.63%	Three monthly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 25 years IPC E.A.	-	-	-	-	97,626	-	97,626	8.01%	7.78%	Three monthly
-	Organización Terpel S.A. - Colombia	COP	Series A bonds 7 years fixed rate	73,543	-	-	-	-	73,543	-	5.65%	5.53%	Three monthly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 10 years IPC E.A.	-	-	-	75,401	-	-	75,401	7.07%	6.89%	Three monthly
-	Organización Terpel S.A. - Colombia	COP	Series C bonds 18 years IPC E.A.	-	-	-	-	29,425	-	29,425	7.37%	7.18%	Three monthly
-	Organización Terpel S.A. - Colombia	COP	Series 2 bonds 7 years IPC E.A.	-	-	-	46,012	-	-	46,012	6.95%	6.77%	Three monthly
Total bond obligations				73,543	-	-	207,182	278,776	73,543	485,958			

**Bond obligations**  
**Forestry sector**

As of March 31, 2020				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - F	15,171	14,946	57,540	53,946	119,146	30,117	230,632	4.25%	4.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - J	-	170,525	-	-	-	170,525	-	3.25%	3.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - P	3,323	3,323	28,399	41,692	142,596	6,646	212,687	4.00%	4.00%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - Q	8,766	8,641	8,516	-	-	17,407	8,516	3.00%	3.00%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - R	2,994	2,994	11,976	11,976	230,695	5,988	254,647	3.60%	3.60%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - S	2,002	2,002	8,008	8,008	175,827	4,004	191,843	2.40%	2.40%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - W	1,052	1,052	4,206	4,206	109,106	2,104	117,518	2.10%	2.10%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - X	2,476	2,476	9,902	9,902	278,671	4,952	298,475	2.70%	2.70%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2022	-	5,993	132,161	-	-	5,993	132,161	4.75%	4.75%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2024	-	22,500	45,000	533,750	-	22,500	578,750	4.50%	4.50%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2027	9,688	9,688	38,750	38,750	558,125	19,376	635,625	3.88%	3.88%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2047	11,000	11,000	44,000	44,000	906,000	22,000	994,000	5.50%	5.50%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2029	10,625	10,625	42,500	42,500	595,625	21,250	680,625	4.25%	4.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2049	13,750	13,750	55,000	55,000	1,173,750	27,500	1,283,750	5.50%	5.50%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2030	-	21,000	42,000	42,000	605,000	21,000	689,000	4.25%	4.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2050	-	25,750	51,500	51,500	1,143,750	25,750	1,246,750	5.50%	5.50%	Six monthly
-	Prime-Line, Inc. - USA	US\$	Bond ADFA 2014	128	384	1,024	1,024	1,877	512	3,925	4.84%	4.84%	Six monthly
-	Prime-Line, Inc. - USA	US\$	Bond ADFA 2013	38	114	299	75	-	152	374	4.00%	4.00%	Six monthly
Total bond obligations				81,013	326,763	580,781	938,329	6,040,168	407,776	7,559,278			

As of December 31, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - F	-	33,928	64,820	60,772	134,219	33,928	259,811	4.25%	4.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - J	3,047	192,098	-	-	-	195,145	-	3.25%	3.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - P	-	7,488	31,992	46,966	160,636	7,488	239,594	4.00%	4.00%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - Q	-	19,609	9,593	-	-	19,609	9,593	3.00%	3.00%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - R	-	6,746	13,492	13,492	259,880	6,746	286,864	3.60%	3.60%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - S	-	4,510	9,020	9,020	198,071	4,510	216,111	2.40%	2.40%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - W	-	2,370	4,740	4,740	122,909	2,370	132,389	2.10%	2.10%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Barau - X	-	5,577	11,154	11,154	313,926	5,577	336,234	2.70%	2.70%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2022	2,996	2,996	135,157	-	-	5,992	135,157	4.75%	4.75%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2024	11,250	11,250	45,000	545,000	-	22,500	590,000	4.50%	4.50%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2027	-	19,375	38,750	38,750	558,125	19,375	635,625	3.88%	3.88%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2047	-	22,000	44,000	44,000	906,000	22,000	994,000	5.50%	5.50%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2029	-	21,250	42,500	42,500	595,625	21,250	680,625	4.25%	4.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2049	-	27,500	55,000	55,000	1,173,750	27,500	1,283,750	5.50%	5.50%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2030	5,250	10,500	42,000	42,000	615,500	15,750	699,500	4.25%	4.25%	Six monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Yankee 2050	6,438	12,875	51,500	51,500	1,156,625	19,313	1,259,625	5.50%	5.50%	Six monthly
-	Prime-Line, Inc. - USA	US\$	Bond ADFA 2014	128	384	1,024	1,024	2,005	512	4,053	4.84%	4.84%	Six monthly
-	Prime-Line, Inc. - USA	US\$	Bond ADFA 2013	38	114	301	112	-	152	413	4.00%	4.00%	Six monthly
Total bond obligations				29,147	400,570	600,043	966,030	6,197,271	429,717	7,763,344			

## Bond obligations

### Other sectors

As of March 31, 2020				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP C	4,941	4,941	19,761	29,646	284,354	9,882	333,761	4.30%	4.25%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP E	-	1,407	44,336	-	-	1,407	44,336	3.40%	3.25%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP G	-	2,250	4,501	4,501	83,910	2,250	92,912	2.88%	2.88%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP H	-	3,692	83,250	-	-	3,692	83,250	4.75%	4.75%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP I	-	1,075	2,150	3,225	47,526	1,075	52,901	2.30%	2.44%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP K	-	998	1,996	2,994	46,128	998	51,118	2.30%	2.26%	Six monthly
Total bond obligations				4,941	14,363	155,994	40,366	461,918	19,304	658,278			

As of December 31, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP C	-	11,132	18,553	37,105	320,329	11,132	375,987	4.30%	4.25%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP E	792	792	50,738	-	-	1,584	50,738	3.40%	3.25%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP G	-	2,535	3,380	6,761	94,525	2,535	104,666	2.88%	2.88%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP H	2,101	2,101	6,303	90,533	-	4,202	96,836	4.75%	4.75%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP I	605	605	3,630	2,423	54,145	1,210	60,198	2.30%	2.44%	Six monthly
90,690,000-9	Empresas Copec S.A. - Chile	CLP	BECOP K	562	562	3,372	2,249	52,525	1,124	58,146	2.30%	2.26%	Six monthly
Total bond obligations				4,060	17,727	85,976	139,071	521,524	21,787	746,571			

**Finance leases**  
**Fuel sector**

As of March 31, 2020				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
91,806,000-6	Abastible S.A. - Chile	CLP	Other property, plant and equipment	348	917	3,015	2,771	8,322	1,265	14,108	5.52%	5.52%	Monthly
77,215,640-5	Administradora de Ventas al Detalle Ltda. - Chile	CLP	Banco BCI - Chile	35	106	98	-	-	141	98	4.48%	4.48%	Monthly
85,840,100-3	Cia. de Servicios Industriales Ltda. - Chile	CLP	Banco BCI - Chile	153	469	1,376	-	-	622	1,376	1.94%	2.00%	Monthly
85,840,100-3	Cia. de Servicios Industriales Ltda. - Chile	CLP	Banco Estado - Chile	16	47	148	-	-	63	148	0.55%	0.56%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco BCI - Chile	1	3	8	1	-	4	9	1.53%	1.53%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco Estado - Chile	20	62	173	184	609	82	966	2.25%	2.25%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco de Chile - Chile	778	2,367	6,559	6,937	35,353	3,145	48,849	1.95%	1.95%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Other property, plant and equipment	11,295	33,214	59,844	52,517	227,240	44,509	339,601	0.00%	0.00%	Monthly
-	Duragas S.A. - Ecuador	US\$	Other property, plant and equipment	11	32	39	29	-	43	68	8.81%	8.81%	Monthly
-	Mapco Express, Inc - USA	US\$	Certegy Check Services/Fis - USA	5	17	14	37	-	22	51	2.14%	2.14%	Monthly
-	Mapco Express, Inc - USA	US\$	Giddens, Elmo - USA	30	116	257	185	-	146	442	8.81%	8.81%	Monthly
-	Mapco Express, Inc - USA	US\$	Regions Equipment Finance - USA	36	111	51	-	-	147	51	2.99%	2.99%	Monthly
-	Nortesantandereana de Gas S.A.E.S.P - Colombia	COP	Other property, plant and equipment	80	276	580	492	-	356	1,072	9.77%	9.36%	Monthly
-	Organización Terpel S.A. - Colombia	COP	Bancolombia - Colombia	395	1,246	1,342	1,342	-	1,641	2,684	0.85%	0.85%	Monthly
-	Organización Terpel S.A. - Colombia	COP	Vinder SAS - Colombia	7	24	114	114	2,774	31	3,002	1.00%	1.00%	Monthly
-	Solgas S.A. - Peru	US\$	Other property, plant and equipment	597	1,091	2,809	1,822	1,956	1,688	6,587	6.80%	6.80%	Monthly
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco de Chile - Chile	73	221	483	33	-	294	516	2.80%	2.76%	Monthly
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco Scotiabank - Chile	35	107	256	226	-	142	482	2.22%	2.22%	Monthly
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco de Crédito e Inversiones - Chile	303	1,022	2,342	336	122	1,325	2,800	1.20%	1.20%	Monthly
Total finance leases				14,218	41,448	79,508	67,026	276,376	55,666	422,910			

As of December 31, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
91,806,000-6	Abastible S.A. - Chile	CLP	Other property, plant and equipment	318	1,044	3,476	3,208	9,470	1,362	16,154	5.52%	5.52%	Monthly
77,215,640-5	Administradora de Ventas al Detalle Ltda. - Chile	CLP	Banco BCI - Chile	39	120	152	-	-	159	152	4.48%	4.48%	Monthly
85,840,100-3	Cia. de Servicios Industriales Ltda. - Chile	CLP	Banco BCI - Chile	90	277	580	-	-	367	580	0.00%	0.00%	Monthly
85,840,100-3	Cia. de Servicios Industriales Ltda. - Chile	CLP	Banco Estado - Chile	17	53	182	-	-	70	182	0.00%	0.00%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco BCI - Chile	1	3	9	2	-	4	11	1.53%	1.53%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco Estado - Chile	23	69	193	205	713	92	1,111	2.25%	2.25%	Monthly
99,520,000-7	Compañía de Petroleos de Chile Copec S.A. - Chile	CLP	Banco de Chile - Chile	870	2,647	7,337	7,760	40,827	3,517	55,924	1.95%	1.95%	Monthly
-	Duragas S.A. - Ecuador	US\$	Other property, plant and equipment	14	43	34	34	-	57	68	8.81%	8.81%	Monthly
-	Inversiones del Nordeste S.A.S. - Colombia	COP	Other property, plant and equipment	99	342	700	600	19	441	1,319	9.77%	9.36%	Monthly
-	Mapco Express, Inc - USA	US\$	Certegy Check Services/Fis - USA	5	17	14	-	-	22	14	2.14%	2.14%	Monthly
-	Mapco Express, Inc - USA	US\$	Giddens, Elmo - USA	30	105	255	229	-	135	484	8.81%	8.81%	Monthly
-	Mapco Express, Inc - USA	US\$	Regions Equipment Finance - USA	36	110	88	-	-	146	88	2.99%	2.99%	Monthly
-	Organización Terpel S.A. - Colombia	COP	Bancolombia - Colombia	478	1,519	1,922	1,922	-	1,997	3,844	0.85%	0.85%	Monthly
-	Organización Terpel S.A. - Colombia	COP	Vinder SAS - Colombia	9	29	138	138	3,459	38	3,735	1.00%	1.00%	Monthly
-	Solgas S.A. - Peru	US\$	Other property, plant and equipment	433	1,301	2,921	1,798	2,193	1,734	6,912	6.80%	6.80%	Monthly
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco de Chile - Chile	81	247	597	68	-	328	665	2.80%	2.76%	Monthly
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco BCI - Chile	266	806	1,883	349	196	1,072	2,428	1.30%	1.30%	Monthly
79,904,920-1	Transportes de Combustibles Chile Ltda. - Chile	CLP	Banco Scotiabank - Chile	39	120	298	128	159	159	585	2.22%	2.22%	Monthly
Total finance leases				2,848	8,852	20,779	16,441	57,036	11,700	94,256			

## Finance leases

## Forestry sector

As of March 31, 2020				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Arauco Industria de Paineis S.A.	BR\$	Other property, plant and equipment	131	383	557	-	-	514	557	-	-	Monthly
-	Arauco Argentina - Argentina	US\$	Buildings and construction	122	354	368	-	-	476	368	-	-	Monthly
-	Arauco Argentina - Argentina	US\$	Computer equipment	347	1,040	2,676	1,420	-	1,387	4,096	-	-	Monthly
-	Arauco Argentina - Argentina	US\$	Other property, plant and equipment	13	39	75	-	-	52	75	-	-	Monthly
-	Arauco Argentina - Argentina	US\$	Motor vehicles	382	1,100	1,836	779	-	1,482	2,615	-	-	Monthly
-	Arauco Canada Limited - Canada	CN\$	Other property, plant and equipment	1	2	2	2	1	2	5	-	-	Monthly
-	Arauco Canada Limited - Canada	CN\$	Motor vehicles	-	2	132	40	-	2	172	-	-	Monthly
-	Arauco Colombia S.A. - Colombia	US\$	Buildings and construction	8	17	8	-	-	25	8	-	-	Monthly
-	Arauco Colombia S.A. - Colombia	US\$	Facilities, fixtures and fittings	116	195	499	-	-	311	499	-	-	Monthly
-	Arauco Do Brasil S.A. - Brazil	BR\$	Buildings and construction	123	128	64	-	-	251	64	-	-	Monthly
-	Arauco Do Brasil S.A. - Brazil	US\$	Buildings and construction	98	293	632	291	-	391	923	-	-	Monthly
-	Arauco Europe Cooperatief U.A. - Holland	US\$	Motor vehicles	8	14	20	4	-	22	24	-	-	Monthly
-	Arauco Europe Cooperatief U.A. - Holland	US\$	Buildings and construction	16	52	150	124	-	68	274	-	-	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Computer equipment	5	14	14	-	-	19	14	-	-	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Computer equipment	7	20	36	-	-	27	36	-	-	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Land	675	2,025	5,177	5,402	6,751	2,700	17,330	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	MXN	Motor vehicles	647	216	-	-	-	863	-	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	US\$	Motor vehicles	326	580	-	-	-	906	-	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	MXN	Buildings and construction	-	5	14	2	-	5	16	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	MXN	Land	-	3	-	-	-	3	-	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	US\$	Land	-	255	311	-	-	255	311	-	-	Monthly
-	Arauco Industria de Paineis S.A. - Brazil	BR\$	Computer equipment	10	31	55	-	-	41	55	-	-	Monthly
-	Arauco Industria de Paineis S.A. - Brazil	BR\$	Motor vehicles	3	10	17	-	-	13	17	-	-	Monthly
-	Arauco North America, Inc. - USA	US\$	Land	1	4	276	-	-	5	276	-	-	Monthly
-	Arauco North America, Inc. - USA	US\$	Buildings and construction	14	54	4,042	2,700	4,414	68	11,156	-	-	Monthly
-	Arauco North America, Inc. - USA	US\$	Motor vehicles	-	2	155	-	-	2	155	-	-	Monthly
-	Arauco North America, Inc. - USA	US\$	Other property, plant and equipment	2	3	142	-	-	5	142	-	-	Monthly
-	Araucocomex S.A. de C.V. - Mexico	MXN	Buildings and construction	389	131	4,394	2,455	-	520	6,849	-	-	Monthly
-	Araucocomex S.A. de C.V. - Mexico	US\$	Buildings and construction	126	85	-	-	-	211	-	-	-	Monthly
-	Araucocomex Servicios S.A. de C.V. - Mexico	US\$	Buildings and construction	-	172	460	77	-	172	537	-	-	Monthly
-	Araucocomex Servicios S.A. de C.V. - Mexico	US\$	Motor vehicles	-	64	80	-	-	64	80	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Buildings and construction	361	1,070	2,690	635	-	1,431	3,325	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Motor vehicles	179	510	1,041	278	74	689	1,393	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Buildings and construction	17	50	122	-	-	67	122	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Other property, plant and equipment	-	1,612	-	-	-	1,612	-	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Motor vehicles	4,218	12,654	32,405	2,966	-	16,872	35,371	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Motor vehicles	45	136	166	-	-	181	166	-	-	Monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Buildings and construction	1,477	4,432	11,818	11,818	75,344	5,909	98,980	-	-	Monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Other property, plant and equipment	262	661	877	746	7,182	923	8,805	-	-	Monthly
-	Eufores S.A. - Uruguay	US\$	Land	785	2,326	10,704	9,882	34,625	3,111	55,211	-	-	Monthly
-	Eufores S.A. - Uruguay	US\$	Other property, plant and equipment	306	917	2,444	2,444	3,361	1,223	8,249	-	-	Monthly
-	Eufores S.A. - Uruguay	US\$	Buildings and construction	119	308	356	137	-	427	493	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Motor vehicles	423	1,308	2,922	1,079	488	1,731	4,489	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Other property, plant and equipment	3,771	8,500	7,912	-	-	12,271	7,912	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Land	3	12	28	29	168	15	225	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Other property, plant and equipment	707	1,745	656	32	-	2,452	688	-	-	Monthly
79,990,550-7	Investigaciones Forestales Bioforest S.A. - Chile	CLP	Land	-	19	38	38	97	19	173	-	-	Monthly
79,990,550-7	Investigaciones Forestales Bioforest S.A. - Chile	CLP	Motor vehicles	26	62	75	14	-	88	89	-	-	Monthly
96,510,970-6	Maderas Arauco S.A. - Chile	CLP	Motor vehicles	3,342	9,944	20,626	3,466	-	13,286	24,092	-	-	Monthly
96,510,970-6	Maderas Arauco S.A. - Chile	CLP	Motor vehicles	111	311	600	59	6	422	665	-	-	Monthly
96,510,970-6	Maderas Arauco S.A. - Chile	CLP	Land	-	4	8	8	49	4	65	-	-	Monthly
-	Novo Oeste Gestao de Ativos Florestais S.A. - Brazil	BR\$	Land	469	597	-	-	-	1,066	-	-	-	Monthly
96,637,330-K	Servicios Logísticos Arauco S.A. - Chile	CLP	Motor vehicles	20	60	122	-	-	80	122	-	-	Monthly
Total finance leases				20,211	54,530	117,802	46,927	132,560	74,741	297,289			

## Finance leases

## Forestry sector

As of December 31, 2019				Maturities					Total		Effective rate	Nominal rate	Repayment Terms
Debtor ID number	Debtor name	Currency	Creditor name	1 - 3 months ThUS\$	3 - 12 months ThUS\$	1 - 3 years ThUS\$	3 - 5 years ThUS\$	Over 5 years ThUS\$	Current ThUS\$	Non-current ThUS\$			
-	Arauco Argentina - Argentina	US\$	Buildings and construction	122	361	485	-	-	483	485	-	-	Monthly
-	Arauco Argentina - Argentina	US\$	Computer equipment	13	39	88	-	-	52	88	-	-	Monthly
-	Arauco Argentina - Argentina	US\$	Other property, plant and equipment	347	1,040	2,772	1,670	-	1,387	4,442	-	-	Monthly
-	Arauco Argentina - Argentina	US\$	Motor vehicles	382	1,145	1,971	981	-	1,527	2,952	-	-	Monthly
-	Arauco Canada Limited - Canada	CN\$	Other property, plant and equipment	2	3	142	-	-	5	142	-	-	Monthly
-	Arauco Canada Limited - Canada	CN\$	Motor vehicles	-	2	155	-	-	2	155	-	-	Monthly
-	Arauco Colombia S.A. - Colombia	US\$	Buildings and construction	10	31	10	-	-	41	10	-	-	Monthly
-	Arauco Colombia S.A. - Colombia	US\$	Facilities, fixtures and fittings	137	411	548	-	-	548	548	-	-	Monthly
-	Arauco Do Brasil S.A. - Brazil	BR\$	Buildings and construction	272	655	847	470	-	927	1,317	-	-	Monthly
-	Arauco Europe Cooperatief U.A. - Holland	€	Motor vehicles	7	17	23	7	-	24	30	-	-	Monthly
-	Arauco Florestal Arapoti S.A. - Brazil	BR\$	Computer equipment	6	17	18	-	-	23	18	-	-	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Computer equipment	6	17	29	-	-	23	29	-	-	Monthly
-	Arauco Forest Brasil S.A. - Brazil	BR\$	Land	871	2,612	6,676	13,062	-	3,483	19,738	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	MXN	Motor vehicles	-	772	578	-	-	772	578	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	US\$	Motor vehicles	-	139	808	-	-	139	808	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	MXN	Buildings and construction	-	-	16	11	-	-	27	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	MXN	Land	-	-	5	-	-	-	5	-	-	Monthly
-	Arauco Industria de México, S.A. de C.V. - Mexico	US\$	Land	-	-	609	-	-	-	609	-	-	Monthly
-	Arauco Industria de Paineis S.A. - Brazil	BR\$	Other property, plant and equipment	192	577	1,010	-	-	769	1,010	-	-	Monthly
-	Arauco Industria de Paineis S.A. - Brazil	BR\$	Motor vehicles	4	13	27	-	-	17	27	-	-	Monthly
-	Arauco North America (formerly Flakeboard America Ltd.) - USA	US\$	Land	1	4	276	-	-	5	276	-	-	Monthly
-	Arauco North America (formerly Flakeboard America Ltd.) - USA	US\$	Buildings and construction	15	55	4,044	2,702	4,415	70	11,161	-	-	Monthly
-	Arauco North America (formerly Flakeboard America Ltd.) - USA	US\$	Motor vehicles	-	2	132	40	-	2	172	-	-	Monthly
-	Araucocomex S.A. de C.V. - Mexico	MXN	Buildings and construction	549	614	3,865	3,618	904	1,163	8,387	-	-	Monthly
-	Araucocomex S.A. de C.V. - Mexico	US\$	Buildings and construction	125	125	80	-	-	250	80	-	-	Monthly
-	Araucocomex Servicios S.A. de C.V. - Mexico	US\$	Buildings and construction	-	-	554	370	-	-	924	-	-	Monthly
-	Araucocomex Servicios S.A. de C.V. - Mexico	US\$	Motor vehicles	-	25	168	16	-	25	184	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Buildings and construction	407	1,217	3,059	1,082	-	1,624	4,141	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Motor vehicles	201	593	1,228	419	106	794	1,753	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Buildings and construction	19	58	140	17	-	77	157	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Other property, plant and equipment	1,612	-	1,612	-	-	1,612	1,612	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	CLP	Motor vehicles	4,800	14,399	38,398	6,651	-	19,199	45,049	-	-	Monthly
93,458,000-1	Celulosa Arauco y Constitución S.A. - Chile	US\$	Motor vehicles	45	136	211	-	-	181	211	-	-	Monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Buildings and construction	1,477	4,432	11,818	11,818	76,821	5,909	100,457	-	-	Monthly
-	Celulosa y Energía Punta Pereira - Uruguay	US\$	Other property, plant and equipment	262	786	746	746	7,275	1,048	8,767	-	-	Monthly
-	Eufores S.A. - Uruguay	US\$	Land	546	1,637	10,623	9,809	34,676	2,183	55,108	-	-	Monthly
-	Eufores S.A. - Uruguay	US\$	Other property, plant and equipment	306	917	2,444	2,444	3,667	1,223	8,555	-	-	Monthly
-	Eufores S.A. - Uruguay	US\$	Buildings and construction	119	358	397	166	-	477	563	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Motor vehicles	465	1,462	3,391	1,505	649	1,927	5,545	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Other property, plant and equipment	4,644	9,357	11,399	38	-	14,001	11,437	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Land	-	16	32	32	190	16	254	-	-	Monthly
85,805,200-9	Forestal Arauco S.A. - Chile	CLP	Other property, plant and equipment	860	2,431	1,144	74	-	3,291	1,218	-	-	Monthly
79,990,550-7	Investigaciones Forestales Bioforest S.A. - Chile	CLP	Land	-	22	44	44	109	22	197	-	-	Monthly
79,990,550-7	Investigaciones Forestales Bioforest S.A. - Chile	CLP	Motor vehicles	30	75	91	25	-	105	116	-	-	Monthly
96,510,970-6	Maderas Arauco S.A. - Chile	CLP	Motor vehicles	3,804	11,411	25,580	5,545	-	15,215	31,125	-	-	Monthly
96,510,970-6	Maderas Arauco S.A. - Chile	CLP	Motor vehicles	126	359	732	123	7	485	862	-	-	Monthly
96,510,970-6	Maderas Arauco S.A. - Chile	CLP	Land	-	5	10	10	55	5	75	-	-	Monthly
-	Novo Oeste Gestao de Ativos Florestais S.A. - Brazil	BR\$	Land	595	1,389	-	-	-	1,984	-	-	-	Monthly
96,637,330-K	Servicios Logísticos Arauco S.A. - Chile	CLP	Motor vehicles	22	67	144	15	-	89	159	-	-	Monthly
Total finance leases				23,401	59,803	139,179	63,510	128,874	83,204	331,563			

The aforementioned maturities include interest to be paid in each period.

Changes in obligations from financial activities were as follows:

	Opening balance 01.01.2020 ThUS\$	Increase (decrease) due to changes in accounting policy	Restated opening balance	New Loans ThUS\$	Flow Loans Repayments ThUS\$	Interest Payments ThUS\$	Accrued interest ThUS\$	Indexation ThUS\$	Others ThUS\$	Closing balance 03.31.2020 ThUS\$
Bank loans	2,256,568	0	2,256,568	449,331	(177,345)	(23,112)	18,244	(77,324)	20,048	2,466,410
Leasing liabilities	787,932	0	787,932	729	(39,003)	(2,518)	7,832	(51,770)	6,953	710,155
Hedging liabilities	158,847	0	158,847	0	0	(2,848)	2,848	9,744	272,099	440,690
Bonds and promissory notes	6,069,355	0	6,069,355	149,962	(110,443)	(44,511)	67,725	(326,137)	2,098	5,808,049
<b>Total</b>	<b>9,272,702</b>	<b>0</b>	<b>9,272,702</b>	<b>600,022</b>	<b>(326,791)</b>	<b>(72,989)</b>	<b>96,649</b>	<b>(445,487)</b>	<b>301,198</b>	<b>9,425,304</b>

	Opening balance 01.01.2019 ThUS\$	Increase (decrease) due to changes in accounting policy	Restated opening balance	New Loans ThUS\$	Payments Loans ThUS\$	Payment Interest ThUS\$	Accrued interest ThUS\$	Indexation ThUS\$	Others ThUS\$	Closing balance 12.31.2019 ThUS\$
Bank loans	2,389,993	0	2,389,993	781,669	(799,034)	(147,160)	82,897	(6,361)	(45,436)	2,256,568
Leasing liabilities	156,103	700,021	856,124	0	(139,792)	(28,352)	34,491	(19,358)	84,819	787,932
Hedging liabilities	76,393	0	76,393	0	0	(69,044)	30,283	(20,406)	141,621	158,847
Bonds and promissory notes	4,842,578	0	4,842,578	1,986,088	(630,982)	(206,276)	260,429	(103,451)	(79,031)	6,069,355
<b>Total</b>	<b>7,465,067</b>	<b>700,021</b>	<b>8,165,088</b>	<b>2,767,757</b>	<b>(1,569,808)</b>	<b>(450,832)</b>	<b>408,100</b>	<b>(149,576)</b>	<b>101,973</b>	<b>9,272,702</b>

The Parent Company Empresas Copec S.A. and the affiliates Celulosa Arauco y Constitución S.A. and Compañía de Petróleos de Chile Copec S.A. hold 88.7% of the Company's consolidated financial borrowing, which is as follows:

	Amortized Cost		Fair Value	
	03.31.2020 ThUS\$	12.31.2019 ThUS\$	03.31.2020 ThUS\$	12.31.2019 ThUS\$
Bonds issued in USD	3,518,469	3,500,942	3,554,538	3,554,538
Bonds issued in UF	2,204,485	2,397,600	2,480,895	2,039,132
Bonds issued in COP	3,289	77,265	3,289	77,265
Bonds issued in CLP	81,806	93,548	81,806	93,548
Bank loans in USD	2,004,152	1,306,256	2,012,588	1,407,455
Bank loans in other currencies	462,258	950,312	483,903	842,526
Finance leases	710,155	787,932	750,585	787,932
Trade and other payables	1,248,249	1,585,918	1,248,249	1,585,918

The Parent Company and the affiliates Celulosa Arauco y Constitución S.A. and Compañía de Petróleos de Chile Copec S.A. are subject to the following financial restrictions:

Instrument	Amount as of 03.31.2020 ThUS\$	Amount as of 12.31.2019 ThUS\$	Interest coverage >= 2.0x	Borrowing ratio <sup>1</sup> <= 1.2x
Local bonds	2,289,580	2,568,413	N/A	√
Foreign bonds	3,518,469	3,500,942	Safeguards are not required	
Syndicated loan (1)	199,154	200,703	√	√
Banco Estado Syndicated Loan - Grayling (2)	304,130	301,452	√	√
BNP Paribas Bank ECA Loan (3)	113,354	116,259	√	√
Syndicated loan (4)	499,124	499,124	√	√
Other loans (4)	427,452	328,503	Safeguards are not required	

N/A: Does not apply to the instrument

<sup>1</sup> Borrowing ratio (financial debt divided by equity plus non-controlling interests)

As of March 31, 2020, the risk ratings for debt instruments are as follows.

Instrument	Standard & Poor's	Fitch Ratings	Moody's	Feller Rate	ICR
<b>Empresas Copec</b>					
Local bonds	-	AA-	-	AA	-
<b>Arauco</b>					
Local bonds	-	AA-	-	AA	-
Foreign bonds	BBB-	BBB	Baa3	-	-
<b>Organización Terpel</b>					
Local bonds	-	AAA	-	-	-

## Syndicated loans

- (1) The affiliate Celulosa Arauco y Constitución S.A. received a 3 year syndicated loan on June 25, 2013. On September 28, 2015 it was extended to September 27, 2018 and was renovated for a further 5 years to September 27, 2023. The value of the syndicated loan was ThUS\$ 199,154 as of March 31, 2020. It was agreed with The Bank of Nova Scotia (administrative agent and lead arranger), Banco del Estado of Chile - New York Branch and Sumitomo Mitsui Banking Corporation.
- (2) A 7 year loan disbursed over 2 years with repayments beginning in the fifth year was arranged through the North American affiliate of Arauco, Arauco North America, Inc (formerly Flakeboard America Limited) on April 28, 2017. The value of the loan was ThUS\$ 304,130 as of March 31, 2020. It was agreed with The Bank of Nova Scotia (lead arranger), Banco del Estado of Chile - New York Branch (administrative agent) and Export Development Canada.
- (3) On April 1, 2019, Arauco arranged an ECA (Export Credit Agency) loan with BNP Paribas Bank to finance the main MAPA project equipment. This loan carries a fixed interest rate of 1.06% and matures in December 2029.
- (4) Meanwhile, Compañía de Petróleos de Chile Copec S.A. and affiliates have international loans that mainly finance the acquisition of companies owned by Mobil Petroleum Overseas Company Ltd. and ExxonMobil Ecuador Holding B.V. The value of these loans was ThUS\$926,823 as of March 31, 2020, which include:
  - Financing signed on March 13, 2018 with The Bank of Nova Scotia and Export Development Canada for US\$150 million, with bullet maturity in March 2023, and interest at 180 day Libor plus spread.
  - An international loan with The Bank of Tokyo Mitsubishi UFJ, Ltd. was renewed on November 26, 2018 for US\$500 million, with bullet maturity in November 2023, and interest at 90-day Libor plus spread.

**Financial obligations and safeguards**

The consolidated financial debt totals ThUS\$9,381,149 as of March 31, 2020 (ThUS\$9,481,502 as of December 31, 2019). The group affiliates must comply with the following indicators:

i) **Celulosa Arauco y Constitución S.A.**

**Debt over consolidated equity  
as of March 31, 2020**

	ThUS\$
Consolidated debt	
+ Short-term debt	639,627
+ Long-term debt	5,333,059
<b>= Total Debt</b>	<b>5,972,686</b>
<b>Consolidated equity</b>	<b>6,961,959</b>
<b>Debt over consolidated equity</b>	<b>0.86</b>
<b>Limit</b>	<b>1.2</b>

**Interest Coverage Ratio for the period  
as of March 31, 2020**

	ThUS\$
Consolidated EBITDA	
+ Net Income (loss)	(93,835)
+ Financial costs (including capitalized interest)	
Financial costs reflected in the income statement	288,030
Capitalized Interest	26,557
- Financial income	(33,043)
+ Income tax expense	(24,326)
+ Depreciation and amortization	520,107
- Gain on changes in the fair value of biological assets	(169,743)
+ Harvested crop cost at fair value	315,458
- Other	146,341
- Exchange differences	38,061
<b>= Consolidated EBITDA</b>	<b>1,013,607</b>
Consolidated interest expense	
+ Financial costs (including capitalized interest)	314,587
- Financial income	(33,043)
<b>= Net consolidated Interest expense</b>	<b>281,544</b>
<b>Interest coverage ratio</b>	<b>3.6</b>
<b>Minimum interest coverage ratio</b>	<b>2.0</b>

ii) **Compañía de Petróleos de Chile Copec S.A.****Debt over consolidated equity  
as of March 31, 2020**

	<b>MCh\$</b>
Total Debt	
All obligations on borrowed funds	1,696,942
+ Bond obligations	0
+ Notes or similar instruments	0
+ Debt guarantees from third parties	0
+ Finance lease obligations	0
+ Securitization of amounts that appear as financial debt	0
+ Debt with Empresas Copec	294,626
- Cash and cash equivalents	(211,024)
- Hedging financial assets, financial liabilities offset by hedges included in financial liabilities	(105,498)
- IFRS 16 adjustments	(327,275)
<b>= Total Debt</b>	<b>1,347,771</b>
<b>Equity including increase (decrease) in goodwill</b>	<b>1,481,980</b>
<b>Debt / Equity</b>	<b>0.91</b>
<b>Limit</b>	<b>1.4</b>

**Interest Coverage Ratio for the period  
as of March 31, 2020**

	<b>MCh\$</b>
EBITDA	
+ Gross margin	971,786
+ Distribution costs	(389,672)
+ Administrative costs	(279,976)
+ Administration costs, IFRS 16 adjustments	(7,361)
+ Depreciation	135,457
+ Depreciation, IFRS 16 adjustments	(42,132)
+ Amortization	52,436
+ Dividends received from non-consolidated affiliates	13,791
<b>= EBITDA</b>	<b>454,329</b>
Interest expense	
+ Financial costs	91,360
+ Financial costs, IFRS 16 adjustments	(3,519)
- Financial income	(6,064)
<b>Net interest expense</b>	<b>81,777</b>
<b>Interest coverage ratio</b>	<b>5.56</b>
<b>Minimum interest coverage ratio</b>	<b>2.0</b>

iii) **Empresas Copec S.A.****Debt over consolidated equity  
as of March 31, 2020**

	ThUS\$
Consolidated financial debt	
+ Other financial liabilities, current	929,524
+ Other financial liabilities, non-current	7,785,625
+ Third-party guarantees	666,000
<b>= Total consolidated financial debt</b>	<b>9,381,149</b>
Cash on hand	
+ Cash and cash equivalents	1,740,441
+ Other financial assets, current	179,481
- Derivative financial instruments:	
Forwards	(18,528)
Swaps	(450)
<b>= Total Cash</b>	<b>1,900,944</b>
<b>Net Debt</b>	<b>7,480,205</b>
Consolidated equity	
+ Non-controlling interests	445,945
+ Equity attributable to owners of the parent company	10,119,419
<b>= Consolidated Equity</b>	<b>10,565,364</b>
<b>Borrowing ratio</b>	<b>0.71</b>
<b>Limit</b>	<b>1.2</b>

**Consolidated net tangible assets  
as of March 31, 2020**

	ThUS\$
+ Total issuer's assets	24,161,162
- Intangible assets other than goodwill	(884,729)
- Goodwill	(392,729)
- Total current liabilities	(2,790,255)
+ Short-term portion of long-term obligations with banks and financial institutions	231,165
+ Short-term bond obligations	280,365
<b>Total Consolidated Net Tangible Assets</b>	<b>20,604,979</b>

In addition to the financial restrictions mentioned above, some loans have restrictions on liens and dividends.

### Consolidated Net Tangible Assets

In accordance with the provisions of Chapter VIII, Clause Twenty Five of the bond issue contracts between Empresas Copec S.A. and Banco Santander Chile, agreed on November 2, 2009, under Registries 21,122-2009 and 21,123-2009, as amended, and in accordance with the provisions of Chapter VII, Clause Twenty Four of the bond issue contracts between Empresas Copec S.A. and Banco Santander Chile, agreed on September 9, 2014, under Registries 28,648-2014 and 28,649-2014, as amended, we report that as of March 31, 2020, the concepts identified in subsections /a/ and /b/ of the definition of consolidated net tangible assets were ThUS\$ 231,165 and ThUS\$ 280,365, respectively (ThUS\$ 317,049 and ThUS\$ 360,739 as of December 31, 2019). In accordance with the provisions of Chapter III, Clauses Nine and Ten of the contracts in Registries 21,122-2009 and 21,123-2009, and the provisions of Chapter III, Clause Nine of the contracts in Registries 28,648-2009 and 21,649-2009, we report that as of March 31, 2020 and December 31, 2019 Empresas Copec S.A. has complied with its obligations under these contracts, in particular with regard to the financial indicator defined in subsection /c/ of these clauses.

The calculation of the indebtedness ratio is as follows:

	3.31.2020 ThUS\$	12.31.2019 ThUS\$
Total consolidated financial debt	9,381,149	9,481,502
Total Cash	1,900,944	2,334,329
<b>(A) Net debt (Total financial debt - Total cash)</b>	<b>7,480,205</b>	<b>7,147,173</b>
<b>(B) Consolidated equity</b>	<b>10,565,364</b>	<b>11,174,038</b>
<b>Borrowing ratio = (A) / (B)</b>	<b>0.71</b>	<b>0.64</b>
<b>Limit allowed</b>	<b>1.20</b>	<b>1.20</b>

### 3.5 Other Financial Liabilities at Fair Value Through Profit And Loss

The Group has the following financial liabilities at fair value through profit and loss:

	03.31.2020 ThUS\$	12.31.2019 ThUS\$
Swaps	430,340	153,711
Forwards	10,350	5,136
<b>Total</b>	<b>440,690</b>	<b>158,847</b>

Financial liabilities at fair value through profit and loss include both liabilities designated as such upon initial recognition and liabilities classified as tradable. Tradable liabilities and derivatives that are financial liabilities are valued at fair value. Gains and losses are recorded in the statement of net income.

This liability is included under "Current and non-current other financial liabilities".

### 3.6 Fair Value Hierarchy

The financial assets and liabilities that have been recognized at fair value in the consolidated statement of financial position as of March 31, 2020 have been measured using methods described in IFRS 13. These methods have been applied to each class of financial instruments and are classified by hierarchy as follows:

- Level I: Values or prices in active markets for identical assets and liabilities.
- Level II: Information from sources other than the market prices in Level I, but observable in the market for those assets and liabilities, whether directly (prices) or indirectly (obtained on the basis of prices).
- Level III: Information on assets or liabilities that is not based on observable market data.

	Fair Value	Measurement Method		
	March 2020 ThUS\$	Level I ThUS\$	Level II ThUS\$	Level III ThUS\$
<b>Financial assets at fair value</b>				
Investment swap (asset)	120,493	0	120,493	0
Forwards	18,528	0	18,528	0
Mutual funds	240,859	240,859	0	0
Other financial assets at fair value	4,107	4,107	0	0
Fixed income instruments	106,916	106,916	0	0
<b>Financial liabilities at fair value</b>				
Investment Swap (liability)	430,340	0	430,340	0
Forward (liability)	10,350	0	10,350	0
Other financial liabilities at fair value	0	0	0	0

	Fair Value	Measurement Method		
	December 2019 ThUS\$	Level I ThUS\$	Level II ThUS\$	Level III ThUS\$
<b>Financial assets at fair value</b>				
Investment swap (asset)	59,948	0	59,948	0
Forwards	9,937	0	9,937	0
Mutual funds	902,283	902,283	0	0
Guarantee contribution	0	0	0	0
Other financial assets at fair value	8,185	8,185	0	0
Fixed income instruments	115,029	115,029		
<b>Financial liabilities at fair value</b>				
Investment Swap (liability)	153,711	0	153,711	0
Forward (liability)	5,136	0	5,136	0
Other financial liabilities at fair value	0	0	0	0

### 3.7 Hedging Financial Instruments

Hedging financial instruments are cash flow hedges and are recorded in Other non-current financial assets and Other non-current financial liabilities depending on whether they are assets or liabilities.

The Parent Company Empresas Copec S.A. receives dividends from its fuel affiliates in Chilean pesos. However, it pays its shareholders dividends in US dollars (which are translated into Chilean pesos at the exchange rate prevailing 5 working days before the payment date). The Company mitigates this potential mismatching using hedges through forward contracts with financial institutions. All the amounts receivable from its fuel affiliates as of March 31, 2020, with regard to dividends payable in May 2020 are hedged.

As of March 31, 2020 the market value of all the *forwards* expressed in US dollars at the exchange rate prevailing on the reporting date is ThUS\$13,742 (ThUS\$966 as of December 31, 2019).

The affiliate Arauco is exposed to changes in the US dollar exchange rate in order to meet its bond obligations denominated in other currencies, such as bonds issued in indexed Chilean pesos (UF).

Arauco mitigates this exchange rate risk by contracting cross currency swaps for the F, J, P, R, Q, S, W and X series, with a market value of ThUS\$ (274,335) as of March 31, 2020.

Given that the affiliate Celulosa Arauco y Constitución S.A. has a high percentage of its assets in US dollars and obligations in indexed Chilean pesos, it needs to minimize its exchange rate risk. The purpose of this swap position is to eliminate uncertainty related to the exchange rate by exchanging flows from obligations in indexed Chilean pesos from the bonds described above for flows in US dollars (Arauco's functional currency) at a fixed exchange rate determined at the contract's date of execution.

These hedge instruments can be classified as highly effective under hedge effectiveness testing in accordance with IFRS 9, and within an acceptable range for Arauco in order to eliminate exchange rate risks for commitments related to hedges.

Compañía de Petróleos de Chile Copec S.A. and its affiliates comply with its risk management policy by taking out derivative contracts on interest rates and exchange rates, and classifies its hedges as:

- Cash flow hedges: Those that hedge the cash flows of the hedged underlying item.
- Fair values hedges: Those that hedge the fair value of the hedged underlying item.
- Non hedge derivatives: Financial derivatives that do not meet the requirements established by IFRS to be designated as hedge instruments. They are recorded at fair value through profit and loss (assets held for sale).

The financial derivative contracts held by Copec S.A. as of March 31, 2020 and December 31, 2019 are as follows:

Financial derivatives	March 31, 2020	
	Fair value ThUS\$	Notional value ThUS\$
Interest rate hedges	(38,329)	0
Exchange rate hedges	120,573	557,548
Derivatives not treated as hedges	2,353	174,134
<b>Total</b>	<b>84,597</b>	<b>731,682</b>

Financial derivatives	December 31, 2019	
	Fair value ThUS\$	Notional value ThUS\$
Interest rate hedges	(18,237)	0
Exchange rate hedges	55,156	602,708
Derivatives not treated as hedges	(282)	247,547
<b>Total</b>	<b>36,637</b>	<b>850,255</b>

## NOTE 4. FINANCIAL RISK MANAGEMENT

- Financial risk factors:

The Group has businesses in various sectors related to natural resources and energy that operate through its affiliates and associates. The relevant risk factors vary depending on the type of business. Accordingly, the Management of each of the affiliates carries out its own risk management in collaboration with their respective business units.

As of March 31, 2020, the most important affiliates are Celulosa Arauco y Constitución S.A., which operates in the forestry sector, and Compañía de Petróleos de Chile Copec S.A., which operates in the fuel sector. Together these two companies represent approximately 87% of the Group's consolidated assets and 85% of EBITDA. Additionally, they represent around 93% of receivables and 89% of bonds and long-term financial borrowing. Together with the Parent Company, they represent 95% of consolidated investments.

Therefore, a significant portion of the risks faced by the Group lie within these three units. The specific risks that affect each unit are analyzed below.

### a) Risks associated with Empresas Copec S.A., the Parent Company

The risks of the Parent Company are fundamentally associated with its financial investments, which are exposed to several risks, including interest rate risk, exchange rate risk and credit risk. Management provides written policies for the management of investments that establish the objectives of obtaining the maximum return for acceptable levels of risk, maintaining sufficient liquidity, and limiting exposure to the different types of risk. These policies identify the instruments that are allowed, and they establish limits by type of instrument, issuer and risk rating. In addition, they determine investment controls and procedures.

Risk management is managed by the investment department, which complies with the policies approved by Management, and has assistance from external experts. Part of the investment portfolio is managed by reputable managers, chosen in competitive processes under strict policies of diversification and limits to types of instrument, credit ratings, currencies and other criteria. These managers are in turn monitored by the Company's investment department and are subject to regular internal and external audits.

The financial instruments held by the Company have been categorized as cash or financial assets at fair value through profit and loss, as these instruments can be sold in the short term.

## i) Interest rate risk

The assets affected by this risk are the Parent Company's financial investments, which in accordance with its investment policy, primarily consist of fixed-income instruments in the form of deposits, bonds, mortgage bonds, fixed-income mutual funds and other similar items. The duration is used as a measurement of the sensitivity of the portfolio's value in the face of changes in market interest rates. Given that the market value of such instruments varies according to changes in interest rates, a limit on the aggregate duration of the portfolio has been set at two years. Currently, the aggregate portfolio has duration of 0.83 years.

The Parent Company has placed bonds in the local market, specifically the BECOP-C, BECOP-E, BECOP-G, BECOP-H, BECOP-I and BECOP- K series. All of these bonds have been issued at fixed rates, thus mitigating the risk of movements in interest rates.

The table below shows the possible effects on pre-tax income of changes in the value of the Company's investment portfolio as a result of changes in interest rates:

<b>Aggregate term (years)</b>		<b>0.83</b>
<b>Total portfolio value (US\$)</b>		<b>350,960,995</b>
<b>Interest rate sensitivity analysis</b>		
<b>Change in Rate</b>	<b>Change in Value</b>	<b>Total portfolio value</b>
<b>%</b>	<b>US\$</b>	<b>US\$</b>
2.0%	(5,825,953)	345,135,043
1.0%	(2,912,976)	348,048,019
0.5%	(1,456,488)	349,504,507
-0.5%	1,456,488	352,417,483
-1.0%	2,912,976	353,873,971
-2.0%	5,825,953	356,786,948

## ii) Exchange rate risk

The Parent Company's investment policy authorizes it to invest in US dollars and Chilean pesos in order to address cash requirements in these currencies, which would result from the needs of certain affiliates and associates, as well as new potential businesses in which the Parent Company may wish to participate. Such resources can be invested in local or international mutual funds and term deposits under third-party management, through a specific mandate.

Variations in the exchange rate affect the value of peso-denominated instruments when expressing them in US dollars. A depreciation of the Chilean peso would have a negative effect when expressing peso-denominated investments in US dollars, whereas an appreciation of the peso would have a positive effect

As of March 31, 2020, approximately 61.6% of the aggregate portfolio is denominated in US dollars and 38.4% in Chilean pesos and UF. The Company's objective is to achieve a portfolio with approximately 50% to 80% in US dollars, in accordance with the forecasted use for its investments.

A table showing the possible effects on pre-tax income of changes in the value of the investment portfolio (measured in US dollars), as a result of fluctuations in the exchange rate, is presented below:

Percentage of portfolio in Chilean pesos			38.4%
Total portfolio value (US\$)			350,960,995
Exchange rate sensitivity analysis			
	Change in Rate	Change in Value	Total portfolio value
	%	US\$	US\$
Depreciation	10.0%	(13,473,356)	337,487,640
	5.0%	(6,736,678)	344,224,317
Appreciation	-5.0%	6,736,678	357,697,674
	-10.0%	13,473,356	364,434,351

Additionally, the Company consolidates affiliates that perform their accounting in Chilean pesos, which is the case for Compañía de Petróleos de Chile Copec S.A., Abastible S.A. and Inmobiliaria Las Salinas Limitada, which record their financial information as described in Note 2.4 (c). The consolidated net income of Empresas Copec S.A. can be affected by movements in the exchange rate when the peso-denominated results of these affiliates are converted to US dollars. Likewise, affiliates such as Celulosa Arauco y Constitución S.A. and the affiliates in the fishing sector are also affected by movements in the exchange rate, as a portion of their operating costs are denominated in Chilean pesos.

The Parent Company has placed bonds in the local market from the C, E, G, H, I and K series. Although the nominal currency of these liabilities is mostly UF and differs from the US dollar, which is the Parent Company's functional currency, these bonds have been transferred to the fuels sector affiliates, whose functional currency is the Chilean peso, to eliminate consolidated exposure to this exchange risk. This transfer also eliminates all liquidity risk at the Parent level.

### iii) Credit risk

The financial investments held by the Parent Company consist predominantly of fixed-income instruments. In accordance with the investment policy, limits per issuer and limits on the categories of instrument have been established, depending on the risk rating of such issuers. In this regard, risk ratings must be issued by recognized local or international rating agencies.

The main counterparties as of March 31, 2020 and December 31, 2019 are detailed as follows:

Main counterparties	03.31.2020		12.31.2019	
	%	Value US\$	%	Value US\$
Banco ItauCorp	9.60%	33,791,803	8.30%	34,668,296
Itau Mutual Funds	9.40%	32,942,015	8.70%	36,346,442
Scotiabank Mutual Funds	8.50%	29,955,883	8.10%	33,920,580
Citibank New York	7.70%	27,051,880	0.00%	0
BNP Paribas New York	7.20%	25,379,829	3.20%	13,447,252
Banchile Mutual Funds	6.20%	21,750,810	9.20%	38,703,846
Banco Scotiabank	6.00%	21,146,731	6.30%	26,534,701
JP Morgan NY	5.80%	20,467,113	0.00%	0
The US Treasury	4.70%	16,638,848	3.90%	16,402,357
Santander Mutual Funds	3.50%	12,267,583	10.70%	45,063,270
BCI Mutual Funds	3.30%	11,633,105	8.50%	35,837,612
Bice Mutual Funds	2.30%	8,084,899	3.20%	13,282,752
Banco BCI	1.30%	4,639,860	7.90%	33,023,978
Central Bank and Treasury	0.60%	1,983,551	0.00%	0
BTG Pactual Mutual Funds	0.50%	1,654,771	0.00%	0
Banco HSBC	0.50%	1,764,257	0.00%	0
Banco Estado	0.40%	1,294,515	0.00%	0
Banco Santander	0.20%	571,005	0.00%	0
Banco Bice	0.20%	859,416	0.00%	0
Banco Security	0.00%	0	1.60%	6,512,760
Others	22.10%	77,083,121	20.40%	85,587,440
<b>Total</b>	<b>100.00%</b>	<b>350,960,995</b>	<b>100.00%</b>	<b>419,331,286</b>

## b) Risks associated with Celulosa Arauco y Constitución S.A. (forestry sector)

The affiliate's financial assets are exposed to a number of financial risks: credit risk, liquidity risk and market risk (including exchange rate risk, interest rate risk and price risk).

The global risk management program considers uncertainty in the financial markets and tries to minimize the potential adverse effects on financial yields.

Financial risk management is administered by the Corporate Finance department. This department identifies, evaluates and hedges financial risks in close collaboration with the operating units. The Company does not actively participate in the trading of its financial assets for speculative purposes.

### i) Credit risk

Credit risk refers to financial uncertainty, in relation to the fulfillment of obligations subscribed by counterparties at the point in time when contractual rights to receive cash or other financial assets are exercised.

Arauco's exposure to credit risk is directly related to the individual ability of its customers to fulfill their contractual commitments and is reflected in trade receivables, leasing receivables and miscellaneous receivables. Credit risk also arises on assets that are held by third parties such as deposits, covenants and mutual funds.

Arauco has insurance policies that minimize the credit risk on term sales (Open Account) in accordance with its policy that covers the export sales of Celulosa Arauco y Constitución S.A., Maderas Arauco S.A., Forestal Arauco S.A., and Arauco do Brasil S.A., and for the local sales of Araucomex Servicios S.A. de C.V., Arauco Colombia S.A., Arauco Perú S.A., Arauco North America Inc., Arauco Canada Ltd., Celulosa Arauco y Constitución S.A., Maderas Arauco S.A., Arauco Florestal Arapoti, Arauco Forest Brasil S.A., Arauco do Brasil S.A. Arauco Industria de Paimeis Ltda. and Arauco Nutrientes S.P.A. Arauco uses the credit insurance company Euler Hermes World Agency (Aa3 rating according to the risk-rating company Moody's and AA according to S&P), with 90% coverage of each invoice with no deductible for nominated customers, and 90% for discretionary customers. Discretionary customers have been granted credit lines less than ThUS\$100 (or its equivalent in the invoicing currency) in local sales for Arauco Perú S.A., Arauco Colombia S.A., Arauco México S.A. de C.V., Arauco Do Brasil S.A., Arauco Argentina S.A. and Maderas Arauco S.A. Nominated customers have been granted credit lines over this value.

In order to support a line of credit approved by the Credit Committee, Arauco has guarantees such as mortgages, pledges, stand-by letters of credit, bank guarantees, checks, promissory notes, loans and other similar items that could be enforced in accordance with the legislation of each country. The debt covered by these guarantees amounts to US\$ 91.9 million as of March 31, 2020. The guarantee procedure is regulated by the guarantee policy, the purpose of which is to control the accounting, expiration and valuation of guarantees.

The Credit and Collections area reports to the Treasury department and is responsible for minimizing the credit risk of receivables. This area monitors overdue accounts and approves or denies credit limits for all term sales. The standards and procedures for the proper control and management of the risk of sales on credit are governed by the Credit Policy.

A procedure for the approval and modification of customer lines of credit has been established and must be followed by all companies belonging to the Arauco group. Requests for lines of credit are registered in a Credit Evaluation model, where all available information is analyzed, including the amount of the line granted by the credit insurance company. Subsequently, these requests are approved or denied by the internal committees in each company belonging to the Arauco group, according to the maximum amount authorized by the Credit Policy. If the line of credit exceeds that amount, it is analyzed by the Corporate Committee. Credit lines are renewed annually through this internal process.

As of March 31, 2020, Arauco's trade receivables totaled ThUS\$ 601,844, of which 62.28% were sales on credit, 36.85% were sales with letters of credit, and 0.87% were other sales. These receivables covered 2,902 debtors. The customer with the greatest Open Account debt represented 3.29% of total receivables as of that date.

Arauco has not entered into any refinancing or renegotiations with its customers, which involve amendments to invoice due dates. Any renegotiation of debt with a customer, if necessary, will be analyzed on a case by case basis and must be approved by the Corporate Finance Department.

Sales on credit (Open Account) covered by various insurance policies and guarantees amount to 94.8% of the total, consequently Arauco's portfolio exposure amounts to 5.2%.

Sales with letters of credit are mainly to the Asian and Middle East markets. The creditworthiness associated with banks issuing letters of credit is regularly evaluated, in order to obtain a score based on ratings issued by the main risk raters, their country risk and their financial statements. Depending on the result of this evaluation, the issuing bank is either approved or a confirmation of the letter of credit is requested.

All sales are controlled using a credit verification system, the parameters of which have been defined to block orders from customers that have a certain percentage of overdue payments or whose line of credit has been exceeded or expired at the time the product would be shipped.

Debtors by net sales per range as of March 31, 2020 and December 31, 2019 respectively were as follows:

**March 31, 2020**

Days	Not yet due	1-30	31-60	61-90	91-120	121-150	151-180	181-210	211-250	Over 250	Total
ThUS\$	552,836	34,921	726	11	237	432	130	64	78	12,409	601,844
%	91.87%	5.80%	0.12%	0.00%	0.04%	0.07%	0.02%	0.01%	0.01%	2.06%	100.00%

**December 31, 2019**

Days	Not yet due	1-30	31-60	61-90	91-120	121-150	151-180	181-210	211-250	Over 250	Total
ThUS\$	531,881	28,469	899	309	18	846	22	34	389	12,311	575,178
%	92.47%	4.95%	0.16%	0.05%	0.00%	0.15%	0.00%	0.01%	0.07%	2.14%	100.00%

Arauco has implemented a Guarantee Policy in order to control accounting, valuation and expiration dates of guarantees received, and a Corporate Credit Policy.

Regarding the credit risk of term deposits, repurchase agreements and mutual funds, Arauco has a policy that minimizes this risk through guidelines for managing cash flow surpluses in low-risk institutions.

Investment policy:

The affiliate Arauco has an investment policy that identifies and limits the financial instruments and the entities in which the companies, in particular Celulosa Arauco y Constitución S.A., are authorized to invest.

Treasury management is handled centrally in Chile. The Parent Company invests, deposits surplus cash, and arranges short and long-term borrowing from banks, financial institutions and the public. The exception to this rule occurs in short and long-term debt subscriptions for specific transactions that must be carried out through other companies, in which case the express authorization of the Corporate Manager at Arauco is required.

Investments are restricted to fixed income instruments with appropriate liquidity. Each type of instrument has a rating and certain limits apply depending on its duration and issuer.

Intermediaries (banks, stockbrokers and mutual funds agencies, and these latter two must be affiliates of banks) are subject to a process that evaluates the relative degree of risk of each bank or financial institution in terms of its financial statements and securities. Each institution is assigned a score, which ultimately determines a relative risk ranking that Arauco uses to define the investment limits for each institution.

The background information that is necessary to evaluate these various criteria is obtained from the official financial statements of the banks and from the rating of their current short and long-term debt securities, as defined by the supervisory organization, the FMC, and assigned by the risk rating agencies authorized by this organization, which in this case are Fitch Ratings Chile, Humphreys and Feller Rate.

Any exceptions that may be necessary, mainly in relation to the investment limits in a particular instrument or entity, must be expressly authorized by the Chief Financial Officer at Arauco.

## ii) Liquidity risk

Liquidity risk is the ability to meet payment obligations as they fall due. The exposure to liquidity risk affects obligations with the public, banks and financial institutions, creditors and other payables, and it is related to the ability to meet net cash requirements under both normal and exceptional conditions.

The Finance department constantly monitors the Company's cash projections on the basis of short and long-term forecasts, as well as forecasts of alternative financing options available. The Company has an investment policy, in order to control the risk exposure for its available financial assets.

The capital committed under each of the main financial liabilities subject to liquidity risk is detailed in the table below and grouped by maturity date:

	March 2020					Total ThUS\$
	Under 1 month ThUS\$	1 to 3 months ThUS\$	3 months to 1 year ThUS\$	1 to 5 years ThUS\$	Over 5 years ThUS\$	
<b>Maturity</b>						
Finance leases	0	20,211	54,530	164,729	132,560	372,030
Bank loans	0	60,818	266,071	718,863	68,044	1,113,796
Bonds issued in UF and US	0	81,013	326,763	1,519,009	6,040,168	7,966,953
<b>Total</b>	<b>0</b>	<b>162,042</b>	<b>647,364</b>	<b>2,402,601</b>	<b>6,240,772</b>	<b>9,452,779</b>

	December 2019					Total ThUS\$
	Under 1 month ThUS\$	1 to 3 months ThUS\$	3 months to 1 year ThUS\$	1 to 5 years ThUS\$	Over 5 years ThUS\$	
<b>Maturity</b>						
Finance leases	0	23,401	59,803	202,689	128,874	414,767
Bank loans	0	74,088	131,846	760,758	68,044	1,034,736
Bonds issued in UF and US	0	29,147	400,570	1,566,073	6,197,271	8,193,061
<b>Total</b>	<b>0</b>	<b>126,636</b>	<b>592,219</b>	<b>2,529,520</b>	<b>6,394,189</b>	<b>9,642,564</b>

iii) Market risk - exchange rate

This risk arises from the likelihood of losses from changes in the exchange rates of the currencies in which the assets and liabilities of Arauco are denominated other than its functional currency.

The affiliate Arauco is exposed to the risk of changes in the exchange rate of the US dollar (functional currency) with respect to sales, purchases and obligations that are denominated in other currencies, such as the Chilean peso, Euro, Real or others. The Chilean peso is the currency with the greatest risk in the event of a significant exchange rate fluctuation.

Sensitivity analyses are performed to determine the effect of this variable on equity and net income for the business.

The sensitivity analysis assumes a variation of + / - 10% in the closing exchange rate to the Chilean peso. Keeping all other variables constant, a US dollar exchange rate variation of +/- 10% in relation to the Chilean Peso would mean a change in the net income after tax of +/- 12.92% (equivalent to +/- ThUS\$ 15,353), and a change in equity of +/- 0.13% (equivalent to +/- ThUS\$ 9,212).

iv) Market risk – interest rate

Interest rate risk refers to the sensitivity of the value of financial assets and liabilities to changes in interest rates.

The affiliate Arauco is also exposed to the risk of changes in interest rates on obligations to the public, banks and financial institutions and variable-rate interest-bearing financial instruments.

The affiliate Arauco performs a risk analysis by reviewing the exposure to changes in interest rates. As of March 31, 2020, 10.8% of bonds and loans with banks accrue interest at a variable rate. Therefore, a change of +/- 10% in the interest rate would have an effect of +/- 1.03% on net income after tax (equivalent to +/- ThUS\$ 1,223) and a change in equity of +/- 0.01% (equivalent to +/- ThUS\$ 734).

v) Market risk – Wood pulp price

The price of wood pulp is determined by the world market and by conditions in each regional market. Prices fluctuate as a function of demand, production capacity, business strategies adopted by large forestry companies and pulp and paper producers, and the availability of substitutes.

The prices of wood pulp are reflected in the operating revenue in the statement of net income and directly affect net income for the period.

As of March 31, 2020, operating revenue from the sale of wood pulp represented about 40% of total revenue. Forward contracts and other financial instruments are not used for wood pulp sales; instead, the price is set on a monthly basis according to the market.

This risk is handled in a number of ways. Arauco has a specialized team that performs regular market and competition analyses, providing tools to evaluate trends and adjust forecasts accordingly. Similarly, financial sensitivity analyses on variable prices enable the company to take the precautions required to address various situations. Additionally, Arauco mitigates the risk of pulp prices by maintaining a strategy of low-cost production, allowing it to deal with possible price fluctuations in economic cycles.

The sensitivity analysis assumes a variation of + / - 10% in the average price of wood pulp. Keeping all other variables constant, a change of +/- 10% in the average price of wood pulp would result in a change of +/- 26.8% in net income after tax (equivalent to +/- US\$ 31.4 million) and +/- 0.27% in equity (equivalent to +/- US\$ 18.8 million).

The changes shown in the reported sensitivity analysis for exchange rates, interest rates and wood pulp prices, are fluctuation ranges that are considered possible given current market conditions.

### **c) Risks associated with Compañía de Petróleos de Chile Copec S.A. (fuel sector)**

The business at Copec S.A. and its affiliates is exposed to a number of financial risks, specifically market risk, credit risk, interest rate risk, liquidity risk and investment in foreign assets risk. Copec S.A., its Colombian affiliate Organización Terpel S.A. and the US affiliate Mapco are the companies most exposed to these risks. Risk management at these companies is based on the diversification of the business and of customers, the financial evaluation of customers, and the use of derivative instruments when required.

Risk management at Copec S.A is administered by the Finance department in accordance with the guidelines issued by the Company's general management and Board of Directors. Risk management at Organización Terpel S.A. is performed at similar hierarchical levels. Specifically, the Board of Directors is responsible for establishing and supervising the risk management structure, and management at the affiliate ensures compliance with its standards and procedures. Financial risk at Mapco Express Inc. is managed by the Finance and Administration Department in accordance with the policies approved by Senior Management and the Board of Directors. Then in all three cases, financial risks are identified, assessed and covered jointly by the financial, operating and commercial departments in each company.

An analysis of each risk is presented separately.

i) Exchange rate risk

Copec S.A.

The primary market risk facing the company is the exchange rate risk (Chilean peso/U.S. dollar) resulting from fuel import transactions on the Chilean market and export transactions, both of which are very-short-term.

Management has established a policy of managing the risk of exchange rates between foreign and local currency, in order to minimize the net exposure in foreign currency. The Company's Finance department achieves this using forward contracts with local financial entities. These contracts have very short terms: less than 30 days for fuel import hedges and around 30 days for export transactions.

The exchange rate risk of financial investments in foreign currency is not managed, as these are operating positions of one or two days.

The Company has international loans of US\$650 million, of which US\$500 million has a bullet structure, quarterly interest payments and will mature in November 2023. The notional and interest components of this loan facility are entirely covered by *cross currency swap* contracts. The remaining US\$150 million has a bullet structure with interest paid every six months at variable rates (Libor) and will mature in March 2023. Both the notional amount and interest are not covered with hedging instruments, because the debt was used to finance investment abroad in the US company Mapco Express Inc.

As of March 31, 2020, the Company has hedging derivative instruments to cover the foreign exchange risk associated with international loans and fuel imports.

Sensitivity analysis on changes in the exchange rate of total payables in US dollars including the aforementioned loan for US\$650 million, using the formal US dollar exchange rate as of April 1, 2020, is as follows:

ThUS\$	Change %	Ch\$/US\$	Investment MCh\$	(Loss) Gain MCh\$	(Loss) Gain MUS\$
775,101	15%	979.83	759,471	(99,061)	-116
775,101	10%	937.23	726,450	(66,041)	-77
775,101	5%	894.63	693,430	(33,020)	-39
775,101	-	852.03	660,410	0	0
775,101	-5%	809.43	627,389	33,020	39
775,101	-10%	766.83	594,369	66,041	77
775,101	-15%	724.23	561,348	99,061	116

## Organización Terpel and affiliates

Risk management individually assesses each risk exposure. This assessment determines whether financial hedge instruments are taken out, whether there are natural hedging mechanisms in place, or whether the associated risk is simply assumed, because it is not considered to be critical for the business and the transaction.

Foreign exchange transactions involving trade creditors and other payables in Colombia, exceed foreign exchange transactions involving trade and other receivables by 36% as of March 31, 2020, meaning 64% of these transactions are covered. This mitigates a large proportion of the Group's exchange rate risk exposure, as those foreign currencies collected are entirely used to pay suppliers and/or third parties that bill in US dollars and require payment in that currency. Foreign exchange requirements vary every month. When surpluses arise, these are held in reserve to meet future payment commitments or sold when the exchange rate is favorable. Otherwise management buys foreign exchange at the best market rate to meet its foreign currency commitments. Each Terpel affiliate uses the locally accepted currency in its country, and financial borrowing is also in this local currency in order to avoid any foreign exchange exposure. Treasury departments in various countries cover all of their requirements locally.

## Mapco Express, Inc.

Mapco is not significantly exposed to foreign exchange risks on trade receivables, other receivables, payables and financial obligations, as all transactions are denominated in US dollars, which is the local currency.

## ii) Fuel price risk

## Copec S.A.

Inventory values are affected by fluctuations in international fuel prices. Therefore, the Company is constantly analyzing hedge possibilities to match this risk.

There are no hedging financial instruments for the price of fuel as of March 31, 2020.

However, inventories at the end of the year imply that in the event of positive price variations of 2.5% and 5.0%, the effects on net income would be gains of ThUS\$5,097 and ThUS\$10,195, respectively. Negative price variations of the same percentages would result in losses of the same amounts

### iii) Interest Rate Risk

#### Copec S.A.

The Company has no significant short-term investments, other than those related to cash variations, which are invested over a period from 1 to 7 days. Business income and expenses are independent of changes in interest rates. Therefore, no significant financial risk exists.

Management understands that there is no significant interest rate risk on short-term financial liabilities, as these liabilities relate to the financing of operating cash flows, with terms mainly between 1 and 90 days.

Furthermore, the syndicated loan signed by Copec S.A. is subject to international interest rate risk. This 5 year loan financed the acquisition of its affiliates in Colombia, at an interest rate of Libor 90 days. The policy of Copec S.A. is to individually evaluate the use of interest rate swaps to mitigate the risk associated with variable rates. Currently the loan with an interest rate of Libor 90 days is entirely covered, so the interest rate in CLP is fixed. This loan was refinanced at the end of 2018.

Also, there are three long-term loans with Empresas Copec, one for ThUF2,470, one for ThUF5,344 and another one for MCh\$67,840. The first one matures in October 2024, the second one in November 2030 and the third one on September 15, 2023. The first two have bullet repayments at maturity and pay interest of ThUF150 semi-annually. The third one pays interest semi-annually and principal repayments begin in year five.

#### Organización Terpel and affiliates

##### - Cash flow sensitivity analysis for variable rate instruments

Terpel Group's debt as of March 31, 2020 is ThUS\$ 698,017 of which 4% is at a fixed rate and 96% is at a variable rate.

Cash surpluses are mainly held in savings accounts and collective sight portfolios, a market rate of return is received.

The loans are taken with a prepayment option without penalty, which permits the debt to be restructured at any time if market conditions change. The company has no interest rate hedges.

On February 27, 2020 a new bond was issued on the Colombian stock market, in order to replace debt. The issue was for a total of ThUS\$ 115,627, with interest paid quarterly and indexed to the CPI.

The variable-rate debt in Colombia is composed of bonds and short-term Treasury bills. They represent 94% and 6%, respectively of total variable-rate debt. Bonds issued in Colombia at a variable rate are indexed to the CPI for 12 months. As of March 31, 2020, the outstanding amount is ThUS\$ 544,643. A loss of ThUS\$ 71 would arise following an increase of 5 points, and a gain of ThUS\$ 77 would arise following a similar decrease.

Debt taken as syndicated corporate loans and Treasury bills in Colombia is indexed to the latest half yearly RBI (Reference Bank Indicator). As of March 31, 2020, the outstanding amount is ThUS\$ 36,902. A change of 5 basis points in this indicator by the end of the reporting period is possible. The effect of an increase of 5 points would be a loss of ThUS\$ 1 and a gain of ThUS\$ 1 given the same decrease.

The interest rate on the Panama loan is indexed to the Libor, and equivalent to ThUS\$ 91,871. A loss of ThUS\$ 11 would arise following an increase of 5 Libor basis points, and a gain of ThUS\$ 11 would arise following a similar decrease.

Leasing debt in Colombia as of March 31, 2020 is ThUS\$ 4,324 and the weighted average contract rate is 0.83%. This debt is indexed to FTD (Fixed Term Deposit) movements. The change in the DTF was 0.006% last quarter. Such an increase would generate a loss of US\$870, or such a decrease would generate a gain of US\$870.

- Sensitivity analysis on fair values of fixed-rate instruments:

Fixed rate financial liabilities are not recorded at fair value through profit and loss, and derivatives are not used as hedging instruments. Therefore, they cause no risk exposure.

Mapco Express, Inc.

Mapco has no short-term investments. Revenue and expenses are independent of fluctuations in interest rates. Consequently, there is no significant financial risk. Management understands that neither is there any significant interest rate risk on its short-term financial liabilities. Mapco has financial leases with a fixed interest rate of 4.65%.

iv) Credit risk

Copec S.A.

The Company faces credit risk resulting from the composition of its portfolio of trade receivables and its portfolio of financial investments.

The Company assigns a credit line to each customer, after performing an individual analysis of their financial and market condition, in order to manage the credit risk of trade receivables in Chile. The Finance department is responsible for performing this analysis for customers with lines exceeding UF 1,000, and the administrative units of the sales department perform this analysis for customers with lines below UF 1,000. As of March 31, 2020, customers under UF1,000 make up 7.58% of the portfolio, and customers over UF1,000 make up 92.42% of the portfolio. The Company produces reports by customer indicating the daily status of its portfolio, which is analyzed into accounts that are not yet due, late and overdue. In the latter case, collection action may be taken.

The Finance department issues monthly reports on the status of the portfolio, and the Chief Executive Officer holds regular meetings with the sales and finance departments to analyze the status of the overall portfolio, as well as the portfolios of individual customers, in order to take corrective action if necessary. The Company can block customers that have not fulfilled their payment commitments or have reached their credit limits.

The following table shows the arrears percentage by net sales as of March 31, 2020 and December 31, 2019 respectively:

**March 31, 2020**

Days	Not yet due	1-30	31-60	61-90	91-120	121-150	151-180	181-210	211-250	Over 250	Total
ThUS\$	601,989	73,935	12,266	3,527	2,957	1,377	6,311	576	1,644	3,345	707,927
%	85.04%	10.44%	1.73%	0.50%	0.42%	0.19%	0.89%	0.08%	0.23%	0.47%	100.00%

**December 31, 2019**

Days	Not yet due	1-30	31-60	61-90	91-120	121-150	151-180	181-210	211-250	Over 250	Total
ThUS\$	795,062	67,910	19,431	6,874	1,083	753	955	1,994	692	8,691	903,445
%	88.00%	7.52%	2.15%	0.76%	0.12%	0.08%	0.11%	0.22%	0.08%	0.96%	100.00%

The Company has a portfolio of financial investments to manage surplus cash; the terms of investment for this portfolio are mostly around one to seven days. In order to manage this credit risk, Management has established an investment policy for fixed-income instruments with low-risk financial entities. The Finance department manages these investments, and establishes a group of financial entities in which investment is authorized and assigns a maximum credit line and portfolio composition to each entity. The credit lines per institution are granted on the basis of an analysis of equity and solvency risk for banks and equity, and composition and term for mutual funds.

#### Organización Terpel and affiliates

Credit risk is the risk of financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises mainly on trade receivables, other receivables and cash and cash equivalents.

Working capital or revolving loans are granted specifically for the purchase of products marketed by the Group. All loans granted must comply with the information requirements established according to the type of customer and the guarantee offered. The documentation submitted must ensure that the Group has all the information required to understand its customers and their general, commercial and taxation circumstances and a general understanding of the customer's financial situation.

The exposure to credit risk is affected mainly by the individual characteristics of each customer, segment and country.

The Group's risk policy requires a financial analysis of each new individual customer based on external ratings, when available. This process is performed before the start of the business relationship. Lines of credit and credit limits are established for each customer and approved in accordance with levels of authorization established by

the Board of Directors. Customer's lines of credits are constantly reviewed and adjusted according to the customer's creditworthiness and business need.

All active customers in risk centers are reviewed on a semi-annual basis to monitor whether their financial position has been impaired. The report from this review determines the need for an additional guarantee, annulment of the credit, sale against prepayment, or even annulment of the business relationship if the risk is sufficiently high.

The Group monitors the economic and political environment in its operating countries in order to make prompt decisions regarding credit extended to customers.

More than 52% of the Group's customers have carried out transactions with it for more than 4 years and no impairment losses have been recognized against these customers. When monitoring the customer's credit risk, these are grouped according to their credit characteristics.

Trade and other receivables where payment delays are possible are monitored weekly using portfolio reports for every business and customer. These reports are used to determine when to suspend services, amend credit terms or require guarantees, as appropriate.

The Terpel Group has established a guarantee requirement, which covers trade receivables in case of non-payment. This guarantee is pledged by certain customers and sectors that allow it for business purposes. The guarantees accepted by Terpel Group include mortgages up to 75% of the commercial appraisal, payment compliance policies, endorsed Fixed Term Deposit Certificates, and bank guarantees. Furthermore, Terpel Group has taken out credit insurance policies.

Approximately 42% of the portfolio in Colombia was supported by guarantees as of March 31, 2020.

The Group has no significant concentrations of credit risk and has policies to ensure that wholesale sales are to customers with an appropriate credit history.

The maximum credit risk exposure for trade receivables, other receivables and cash and cash equivalents by geographical region at the reporting date was:

Credit risk exposure by geographical location	2020
	ThUS\$
Colombia	156,674
Peru	57,249
Panama	33,663
Ecuador	25,237
Dominican Republic	9,798
Chile	583
<b>Total</b>	<b>283,204</b>

The Terpel Group had cash and cash equivalents of ThUS\$60,998 as of March 31, 2020, which represents its maximum credit risk exposure on these particular assets. Cash and cash equivalents are held at banks and financial institutions with AAA credit ratings.

The Terpel Group's policy is to evaluate and approve a corporate guarantee for its affiliates if required by financial institutions.

Mapco Express, Inc.

Credit risk is the risk of financial loss for Mapco, if a customer or counterparty for a financial instrument does not comply with its contractual obligations, and arises mainly from Mapco's cash and cash equivalents, trade and other receivables. Any loan granted by Company must comply with the information requirements applicable to that customer and guarantee. The documentation submitted must ensure that Mapco has all the information required to understand its customers and their general, trade and taxation circumstances and a general understanding of that customer's financial situation.

Mapco's exposure to credit risk within its trade and other receivables is influenced mainly by the individual characteristics of each customer and segment. Mapco has established a credit policy, which requires that each new customer is individually analyzed to determine their creditworthiness, before they are offered Mapco's general delivery and payment conditions. Mapco's analysis includes external credit ratings, when available. Limits are established for each customer without Board approval. These limits are constantly reviewed and adjusted according to the customer's creditworthiness and business need.

#### v) Liquidity risk

Copec S.A.

The Company's liquidity management policy aims to provide sufficient cash to meet its liabilities. As of March 31, 2020, 63.04% of sales were through concessionaires, which are very fragmented, with an average payment term of less than 3 days. 33.15% of sales were to low-risk industrial customers (with A and B ratings on a scale from A to D, where A is the lowest risk), with an average credit terms of less than 40 days. Therefore, for the purposes of liquidity risk management, the Finance department uses a period of 60 days for its daily cash flow forecasts, and it has access to immediately-available lines of credit with the main financial entities in the local market, which are solvent and have good risk ratings.

As of March 31, 2020, the Company has liquidity of US\$ 138 million in cash and cash equivalents and US\$ 63 million in long term unconditional lines of credit. Also at December 31, 2019, the Group had liquidity of US\$ 122 million in cash and cash equivalents and US\$ 71 million in long term unconditional lines of credit.

#### Organización Terpel and affiliates

The Terpel Group monitors this risk every day through Treasury positions and forecasts, which uses the obligations and surpluses of cash to determine its cash sources and destinations.

The Terpel Group's objective is to maintain a balance between continuity and flexibility of funding using bank overdrafts, bank loans, lease contracts and other sources.

The Terpel Group aims to hold sufficient cash, cash equivalents and other sight investments to meet all of its cash requirements. The current debt profile enables the Group to meet its debt servicing commitments as they fall due.

As of March 31, 2020, the Group has approved credit facilities of US\$ 71 million, which is fully available to be used as overdrafts, treasury credit or both short and long term finance. Interest rates are agreed at the time the obligation is acquired, in accordance with market conditions.

#### Mapco Express, Inc.

Liquidity risk is the risk that Mapco will encounter difficulties in meeting its obligations associated with its financial liabilities that are settled by disbursing cash or other financial assets. Mapco and its affiliates monitor this risk on a daily basis, as its treasury department forecasts and monitors its obligations and cash surpluses, to determine the source and destination of its financial resources. The objective is to maintain a balance between the continuity and flexibility of funding using bank overdrafts, lease contracts and other sources.

Mapco aims to hold sufficient cash resources to meet its financial liabilities falling due in the next 30 days. The current debt profile enables it to meet its debt servicing commitments as they fall due.

#### vi) Investment in foreign assets risk

Copec has foreign investments as of March 31, 2020 that control 58.52% of the Colombian company Organización Terpel S.A. and its affiliates, whose functional currency is the Colombian peso, and all of the US company MAPCO, whose functional currency is the US dollar. As a result, Copec is exposed to an equivalent of COP\$ 2,339,321 million for Terpel in its consolidated statement of financial position as of March 31, 2020, and US\$ 581 million for MAPCO. The effects of significant exchange rate changes are recorded in reserves.

Sensitivity analysis was performed on the exposure resulting from the investment in Colombia, which is as follows:

Investment MCOP	Change %	Ch\$/COP\$	Investment MCh\$	(Loss) Gain MCh\$	(Loss) Gain MUS\$
2,339,321	15%	0.2413	564,568	73,639	86
2,339,321	10%	0.2308	540,022	49,093	58
2,339,321	5%	0.2204	515,475	24,546	29
2,339,321	-	0.2099	490,929	0	0
2,339,321	-5%	0.1994	466,382	(24,546)	(29)
2,339,321	-10%	0.1889	441,836	(49,093)	(58)
2,339,321	-15%	0.1784	417,290	(73,639)	(86)

An additional sensitivity analysis was performed on the exposure due to investments in the USA, as follows:

Investment ThUS\$	Change %	Ch\$/US\$	Investment MCh\$	(Loss) Gain MCh\$	(Loss) Gain MUS\$
578,758	15%	979.83	569,373	74,266	87
578,758	10%	937.23	544,618	49,511	58
578,758	5%	894.63	519,862	24,755	29
578,758	-	852.03	495,107	0	0
578,758	-5%	809.43	470,352	(24,755)	(29)
578,758	-10%	766.83	445,596	(49,511)	(58)
578,758	-15%	724.23	420,841	(74,266)	(87)

Management does not have any financial hedges covering its foreign businesses, since investing abroad implies accepting the currency exchange risk of that country as an indivisible component of the business. Each affiliate should have an optimum capital structure from a risk classification perspective. Therefore, each affiliate's borrowings should be in the same currency as its assets, in order to eliminate fluctuations in equity in the functional currency. If borrowings are below or above the optimum, these differences in each affiliate may be managed by Copec Combustible using financial instruments.

## NOTE 5. ESTIMATES, JUDGEMENTS AND ACCOUNTING CHANGES

The preparation of consolidated financial statements in accordance with the accounting records detailed in Note 2 requires Management to make subjective estimates and assumptions, which affect the reported amounts. The estimates are based on historical experience and various other assumptions that are believed to be reasonable, but actual results may differ from those estimates. Management believes that the accounting estimates presented below represent issues that require judgment that can lead to major changes in the financial statements.

The Group makes estimates and judgments in relation to the future. The resulting accounting estimates, by definition, will rarely be equal to the corresponding actual results. There are no significant risks that could cause a material adjustment to the consolidated financial statements as of December 31, 2019.

### a) Staff severance indemnities

The present value of obligations for staff severance indemnities depends on a number of factors that are based on actuarial methods using various assumptions, including the interest rate, staff turnover rates, salary increments, discount rates, and inflation rates. Any changes in these assumptions will affect the book value of these obligations. Additional information about the assumptions is presented in Note 20.

### b) Biological assets

The valuation of plantations is based on discounted cash flow models, using the cash flows from continuing operations; on the basis of sustainable forest management plans, considering the growth potential of the plantations. This valuation is performed on the basis of each identified stand and for each tree species.

These discounted cash flows require estimates about the growth, harvest, sales price and costs. Therefore, the quality of the estimates of future sales and cost trends is important, as are regular studies of the plantations to establish the volumes of timber available for harvest and the current growth rates. The main considerations used for the calculation of the valuation of forestry plantations are presented in Note 7.

### c) Taxes

Tax assets and liabilities are reviewed regularly, and the balances are adjusted accordingly. The Group considers that it has recorded sufficient provisions to cover future taxation obligations, on the basis of current events, circumstances and tax laws. However, the tax position could change, giving rise to different results and a significant impact on the amounts in the consolidated financial statements (See Note 2.15b).

### d) Lawsuits and contingencies

Empresas Copec S.A. and its affiliates are involved in lawsuits that have not yet been resolved, the future effects of which must be estimated by the Company's Management, in collaboration with its legal advisors. The Company uses its judgment to interpret the reports of its legal advisors, who update their estimates as of each period-end and after each substantial modification in these lawsuits.

e) Goodwill

Goodwill is the excess acquisition cost over the fair value of the Group's share of the acquired affiliate's net identifiable assets on the acquisition date. Fair value is determined either on the basis of valuations or the discounted cash flow method using assumptions, such as sales prices, industry indices, and other assumptions.

f) Measurement of fair value

Several of the Group's accounting policies and disclosures require it to measure the fair value of financial and non-financial assets and liabilities.

The Group has established a control framework for measuring fair values. This includes a valuation team, which has overall responsibility for supervising all significant fair value measurements.

The valuation team regularly reviews the significant non-observable variables and valuation adjustments. When third party information is used to measure fair values, such as broker's quotes or pricing services, the valuation team evaluates the evidence provided by those third parties to support the conclusion that these valuations satisfy the requirements of IFRS, including the corresponding valuation within the fair value hierarchy.

When measuring the fair value of an asset or liability, the Group uses observable market data whenever possible. Fair values are classified into levels within a fair value hierarchy that are based on the variables used by the estimation technique, as follows:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: data other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. price derivatives).
- Level 3: data on the asset or liability that is not based on observable market data.

If the variables used to measure the fair value of an asset or liability can be classified into the fair value hierarchy, then the fair value measurement is entirely classified into the same fair value hierarchy level as the lowest level variable that is significant for the total measurement.

g) Cylinder guarantees

The affiliate Abastible S.A. receives guarantees for its cylinders, which are valued according to the current value of this obligation, so their book value might differ from their actual value.

h) Other estimates and professional criteria relate to the following concepts:

- Loyalty program (see Note 2.24)
- Useful lives of property, plant and equipment (see Note 2.5)
- Trademark valuations, to identify any potential impairment losses.

**NOTE 6. INVENTORIES**

As of March 31, 2020 and December 31, 2019 inventories at affiliates were as follows:

	<b>03.31.2020</b>	<b>12.31.2019</b>
	ThUS\$	ThUS\$
Raw materials	153,696	185,068
Merchandise	475,576	548,397
Production supplies	151,134	146,767
Work in progress	78,933	74,482
Finished goods	653,928	621,007
Other inventory	235,185	248,172
<b>Total</b>	<b>1,748,452</b>	<b>1,823,893</b>

As of March 31, 2020, 60% of inventories relate to the forestry sector, 36% to the fuel sector and 3% to the fisheries sector.

As of December 31, 2019, 58% of inventories relate to the forestry sector, 39% to the fuel sector and 3% to the fisheries sector.

Changes in inventory charged to the net income statement are as follows:

	<b>03.31.2020</b>	<b>03.31.2019</b>
	ThUS\$	ThUS\$
Cost of Sales	4,665,844	4,972,614
Obsolescence provision	9,575	3,517
Write offs	1,405	3,478
<b>Total</b>	<b>4,676,824</b>	<b>4,979,609</b>

As of March 31, 2020 and December 31, 2019, there were no inventories pledged in guarantee.

The obsolescence provision is based on product sale conditions and the inventory age (rotation).

**NOTE 7. BIOLOGICAL ASSETS**

Current and non-current biological assets as of March 31, 2020 and December 31, 2019 were as follows:

	<b>03.31.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Current	260,744	275,792
Non-current	3,347,839	3,393,634
<b>Total</b>	<b>3,608,583</b>	<b>3,669,426</b>

As of March 31, 2020 and December 31, 2019, the composition of current and non-current biological assets was detailed as follows:

	<b>03.31.2020</b>			<b>12.31.2019</b>		
	<b>Current</b> ThUS\$	<b>Non-current</b> ThUS\$	<b>Total</b> ThUS\$	<b>Current</b> ThUS\$	<b>Non-current</b> ThUS\$	<b>Total</b> ThUS\$
Forestry	260,744	3,347,839	3,608,583	275,792	3,393,634	3,669,426
Mussels (*)	0	0	0	0	0	0
<b>Total</b>	<b>260,744</b>	<b>3,347,839</b>	<b>3,608,583</b>	<b>275,792</b>	<b>3,393,634</b>	<b>3,669,426</b>

(\*) Mussel production at indirect affiliate Orizon S.A. was a capital contribution to St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A. (See Note 21)

The biological assets of the affiliate Arauco are plantations, which are mainly radiata and loblolly pine and to a lesser extent eucalyptus. These plantations are located in Chile, Argentina, Brazil and Uruguay, on 1.7 million hectares as of March 31, 2020, of which 1 million hectares are for plantations, 511 thousand hectares are for native forests, 106 thousand hectares are for other uses and 108 thousand hectares remain to be planted.

Log harvests were 4.3 million m<sup>3</sup> as of March 31, 2020, (5.1 million m<sup>3</sup> as of March 31, 2019).

The fair value of Arauco's biological assets are measured under Level 3, as input data is not observable. However, this information reflects the assumptions that market participants would use in pricing the asset, including assumptions about risk.

This unobservable data was collected using the best information available and includes Arauco's own information. It may change if the available information indicates that other market participants would use different information or there is something specific at Arauco that is not available to other market participants.

The main considerations in calculating the fair value of biological assets for the affiliate Arauco are:

- Arauco uses discounted future cash flows to value its plantations, therefore the Company forecasts harvests of its plantations as of the reporting date.
- Current plantations are projected with total volume increases, with a minimum growth equivalent to the current supply.
- Future plantations are not included.
- The purpose of harvesting plantations is to supply raw materials for the rest of the products produced and sold by Arauco. By directly controlling the development of the plantations to be processed, Arauco is assured of the quality of the timber to be used in each of its products.
- Flows are determined on the basis of the harvest and expected sales of timber products, which are associated with demand at the Company's own factories and sales to third parties at market prices. In addition, this valuation takes into consideration the sales margins of the products that are harvested from the plantations. Changes that arise in the value of plantations are accounted for in income for the year, in accordance with the provisions of IAS 41. These changes are presented in the interim consolidated statement of net income under "Other income by function", which as of March 31, 2020 amounted to ThUS\$ 52,017 (ThUS\$ 36,981 as of March 31, 2019). The valuation of biological assets produces a cost of timber sold that is greater than the real cost incurred, which is presented under "Cost of sales" and amounts to ThUS\$ 32,676 as of March 31, 2020 (ThUS\$ 45,876 as of March 31, 2019).
- Plantations are harvested in accordance with the demand requirements at Arauco's production plants.
- The discount rates used in Chile, Brazil, Uruguay and Argentina vary between 6% and 11%.
- The prices of harvested timber are considered to be constant in real terms, based on market prices.
- Cost expectations with respect to the lifetime of plantations are constant and are based on estimated costs included in projections prepared by the affiliate Arauco.

The average harvest age of these plantations in years, by country and species is as follows.

	Chile	Argentina	Brazil	Uruguay
Pine	24	15	15	-
Eucalyptus	12	10	7	10

The sensitivity analysis below shows changes to the value of biological assets following changes in significant assumptions used in calculating the fair value of those assets:

		ThUS\$
<b>Discount rate (points)</b>	0.5	(129,207)
	(0.5)	137,426
<b>Margins (%)</b>	10.0	392,634
	(10.0)	(392,634)

Significant unobservable data used to value the fair value of biological assets are discount rates and selling margins for the products that are harvested from the forest. Increases (decreases) in any of this data considered in isolation would result in a lower or higher fair value valuation. A change in the assumption used for the probability of a change in the discount rate is associated with a change in the opposite direction in the assumption used for a change in the sales margins.

Movements in the valuation of biological assets are recorded in the interim consolidated statement of net income under Other operational income or Other operational expenses depending on whether it is a gain or a loss.

Plantations classified as current biological assets are those that are harvested and sold within 12 months.

Fire insurance covers plantations, and when combined with its own resources, these can reduce the risks associated with these claims.

As of the date of these interim consolidated financial statements no disbursements have been committed for the acquisition of biological assets.

- a) Biological assets pledged in guarantee.

As of March 31, 2020, there are no plantations pledged in guarantee.

- b) Biological assets with restricted ownership:

As of the date of these consolidated financial statements, there are no biological assets with restricted ownership.

- c) Government subsidies related to agricultural operations.

No significant subsidies have been received.

## Biological assets movements

	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Opening balance</b>	<b>3,669,426</b>	<b>3,655,360</b>
<b>Changes in Incurred Cost</b>		
Additions through acquisition	63,113	226,757
Increase (decrease) for business combinations	0	0
Decreases through sales	(1,206)	(2,722)
Decreases through harvesting	(28,039)	(138,650)
Increase (decrease) in foreign currency translation	(98,385)	(18,392)
Decreases due to damaged biological assets	(2,740)	(3,823)
Other increases (decreases)	0	(205)
<b>Changes in fair value</b>		
Gain (loss) on changes in fair value less estimated selling costs	52,017	154,705
Decreases through sales	(851)	(4,015)
Decreases through harvesting	(42,435)	(198,089)
Decreases due to damaged biological assets	(2,317)	(3,718)
Other increases (decreases)	0	2,218
<b>Total Changes</b>	<b>(60,843)</b>	<b>14,066</b>
<b>Closing balance</b>	<b>3,608,583</b>	<b>3,669,426</b>

**NOTE 8. CURRENT TAX ASSETS AND LIABILITIES**

Current taxes are offset in assets or liabilities, provided they refer to the same legal entity and the same tax jurisdiction.

These are detailed as follows:

<b>Current tax assets</b>	<b>03.31.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Provisional monthly tax payments	172,969	179,530
Recoverable income tax on prior year	76,787	40,247
Credit for SENCE	843	1,166
Credits for fixed assets	324	364
Income tax provision	3,585	4,080
Credits for dividends received	3,848	7,993
Equity tax	21,544	4,682
Other taxes payable	1	0
Other taxes recoverable	25,433	25,895
<b>Total</b>	<b>305,334</b>	<b>263,957</b>

<b>Current tax liabilities</b>	<b>03.31.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Corporate income tax provision	31,659	21,333
Provisional monthly tax payable	393	435
Tax on disallowed expenses	16	16
Other taxes	4,773	3,318
<b>Total</b>	<b>36,841</b>	<b>25,102</b>

**NOTE 9. OTHER NON FINANCIAL ASSETS**

As of March 31, 2020 and December 31, 2019, current and non-current non-financial assets were as follows.

<b>Other non-financial assets, current</b>	<b>03.31.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Unamortized roads, current	43,341	48,380
Unamortized insurance	32,364	19,756
VAT recoverable	1,350	2,497
Recoverable taxes (VAT and similar)	94,409	102,875
Assets held for sale	752	757
Expenses paid in advance	25,353	17,228
Leases	2,970	5,080
Fishing permits (1)	10,347	0
Guarantees	0	839
Others (2)	20,072	13,729
<b>Total</b>	<b>230,958</b>	<b>211,141</b>

  

<b>Other non-financial assets, non-current</b>	<b>03.31.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Unamortized roads, non-current	113,698	96,530
Unamortized payments in advance (freight, insurance, others)	4,729	5,160
Lease guarantees	101	134
Long-term building convention contribution	943	1,139
Compensation asset (3)	13,313	23,188
Contract asset (4)	28,653	30,818
Deferred expenses	5,674	4,583
Other recoverable assets (5)	0	9,561
Others	6,461	9,491
<b>Total</b>	<b>173,572</b>	<b>180,604</b>

(1) Balance consists of fishing rights purchased from third parties, 2019 specific tax provision, LTP-B for the purchase of jack mackerel, anchovy and sardine fishing quotas, the fishing license for 2020 and a prepayment for the fishing license for 2021 for the indirect affiliate Orizon S.A.

(2) As of March 31, 2020 and December 31, 2019 the item "Others" covers items such as: Recoverable securities and dividends receivable.

(3) Taxation contingencies relating to the business combination between Exxon Mobil Peru and Ecuador, and includes from 2001 to 2008 in Peru and from 1994 to 2013 in Ecuador. These taxation contingencies represent doubtful receivable allowances, unsupported write-offs, discounts, rebates, bonuses, disposal cost adjusted under IFRS and depreciation rates for fixed assets in Peru.

(4) Assets belonging to the affiliate Abastible S.A., according to IFRS 15.

(5) Recoverable value as a result of tax reform in Colombia associated with sales tax, where Law 2010 dated December 2019 allows the indirect affiliate Organización Terpel S.A. to claim this balance.

**NOTE 10. ASSETS AND LIABILITIES HELD FOR SALE**

The Group's assets and liabilities classified as held for sale or disposal are as follows.

<b>Assets</b>	<b>03.31.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
<b>Sale of interests in companies</b>		
Sonacol* (1)	239,585	275,620
Gasmar** (2)	34,901	39,716
Mining Companies* (3)	23,286	23,550
Sonamar**	498	1,102
<b>Sale of assets</b>		
Land	7,754	7,852
Fleet assets	5,544	5,279
Buildings	4,100	4,131
Plant and equipment	1,842	1,966
Others	133	133
<b>Total</b>	<b>317,643</b>	<b>359,349</b>
<b>Liabilities</b>	<b>03.31.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
<b>Sale of interests in companies</b>		
Sonacol* (1)	154,615	179,810
Mining Companies* (3)	6,774	7,050
<b>Total</b>	<b>161,389</b>	<b>186,860</b>

\* Interests in affiliated companies.

\*\* Interests in associated companies.

- (1) On December 20, 2019, Compañía de Petróleos de Chile Copec S.A. and Abastible S.A. both affiliates of Empresas Copec S.A. together with Esmax Inversiones S.A. and Empresa Nacional de Energía Enx S.A. have informed the Chairman of the Board of Sociedad Nacional de Oleoductos S.A. ("Sonacol") that a mandate has been granted to Goldman Sachs as an investment bank, to structure and lead a process that will evaluate the sale of all the shares of Sonacol that they respectively own, in a competitive sale.
- (2) On January 17, 2018, the Fair Trade Court issued Resolution 51, which ordered the shareholders of Gasmar S. A. (Abastible S.A. and Gasco S.A.) to dispose of their interest in that company. The affiliate Abastible filed an appeal against this resolution with the Supreme Court, which received this appeal together with appeals filed by other affected companies, rejected all these appeals on November 13, 2019. Therefore, the Fair Trade Court ruling became final and enforceable. The disposal of the interest in Gasmar should take place within 18 months.
- (3) The indirect affiliate Inversiones Alxar S.A. is selling its affiliate companies that own the El Bronce, Botón de Oro, Choquelimpie and Planta Copiapó projects. This sale is expected to be completed during 2020.

The Group estimates that the book values of the assets held for sale are not less than their fair value less selling costs.

**NOTE 11. INTANGIBLE ASSETS**

The main classes of intangibles assets as of March 31, 2020 and December 31, 2019 are patents, trademarks, IT programs, water and fishing rights, easements, mining properties and other acquired rights. They are generally recorded at historical cost.

Patents, trademarks, water and fishing rights, mining properties, easements and other acquired rights have indefinite useful lives, as neither the start nor the end of the period during which these rights are expected to generate cash flows is clear.

These rights are not amortized, but they are tested regularly for impairment.

a) Classes of intangible assets other than goodwill:

	03.31.2020			12.31.2019		
	Gross value ThUS\$	Accumulated amortization ThUS\$	Net value ThUS\$	Gross value ThUS\$	Accumulated amortization ThUS\$	Net value ThUS\$
Patents, trademarks and other rights with indefinite lives	197,063	0	197,063	224,762	0	224,762
Patents, trademarks and other rights with defined lives	760,903	(352,747)	408,156	875,889	(412,943)	462,946
Computer software	234,759	(154,257)	80,502	236,179	(160,359)	75,820
Other identifiable intangible assets	103,521	(32,676)	70,845	119,089	(35,057)	84,032
Fishing permits	15,736	0	15,736	15,736	0	15,736
Water rights	6,386	0	6,386	6,402	0	6,402
Mining projects	68,138	0	68,138	68,126	0	68,126
Customer portfolio	73,461	(35,558)	37,903	74,723	(34,742)	39,981
<b>Total intangible assets</b>	<b>1,459,967</b>	<b>(575,238)</b>	<b>884,729</b>	<b>1,620,906</b>	<b>(643,101)</b>	<b>977,805</b>
Finite lives	1,240,782	(575,238)	665,544	1,374,006	(643,101)	730,905
Indefinite lives	219,185	0	219,185	246,900	0	246,900
<b>Total intangible assets</b>	<b>1,459,967</b>	<b>(575,238)</b>	<b>884,729</b>	<b>1,620,906</b>	<b>(643,101)</b>	<b>977,805</b>

b) The detail and movement of the main classes of intangible assets other than goodwill is as follows:

	Patents, trademarks and other rights	Computer software	Fishing permits	Water rights	Other intangible assets	Mining projects	Customer portfolio	Total
Opening balance as of January 1, 2020	687,708	75,820	15,736	6,402	84,032	68,126	39,981	977,805
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0	0
Restated opening balance	687,708	75,820	15,736	6,402	84,032	68,126	39,981	977,805
<b>Movements in identifiable intangible assets</b>								
Disposals	0	(32)	0	0	0	12	0	(20)
Additions	5,831	3,464	0	33	1,349	0	0	10,677
Additions on business combinations	0	0	0	0	0	0	0	0
Disposals	(23)	0	0	0	0	0	0	(23)
Amortization	(14,081)	(5,545)	0	0	(1,576)	0	(1,283)	(22,485)
Increase (decrease) for revaluation and impairment losses recognized in net equity	0	0	0	0	0	0	0	0
Increase (decrease) for revaluation recognized in statement of net income	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	(74,216)	(2,246)	0	(49)	(3,919)	0	(795)	(81,225)
Other increases (decreases)	0	9,041	0	0	(9,041)	0	0	0
<b>Total movements in identifiable intangible assets</b>	<b>(82,489)</b>	<b>4,682</b>	<b>0</b>	<b>(16)</b>	<b>(13,187)</b>	<b>12</b>	<b>(2,078)</b>	<b>(93,076)</b>
Closing balance as of March 31, 2020	605,219	80,502	15,736	6,386	70,845	68,138	37,903	884,729

  

	Patents, trademarks and other rights	Computer software	Fishing permits	Water rights	Other intangible assets	Mining projects	Customer portfolio	Total
Opening balance as of January 1, 2019	722,037	56,309	15,736	6,303	85,195	120,391	41,634	1,047,605
Increase (decrease) due to changes in accounting policy	0	0	0	0	(492)	0	0	(492)
Restated opening balance	722,037	56,309	15,736	6,303	84,703	120,391	41,634	1,047,113
<b>Movements in identifiable intangible assets</b>								
Disposals	0	(67)	0	0	(1,372)	0	0	(1,439)
Additions	33,932	39,669	0	155	4,845	96	0	78,697
Additions on business combinations	7,696	167	0	0	1,300	0	2,800	11,963
Disposals	(2,509)	(41)	0	0	0	0	0	(2,550)
Amortization	(59,220)	(22,381)	0	0	(6,672)	0	(4,769)	(93,042)
Increase (decrease) for revaluation and impairment losses recognized in net equity	0	0	0	0	0	(43,634)	0	(43,634)
Increase (decrease) for revaluation recognized in statement of net income	0	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	(4,554)	452	0	(11)	(1,306)	0	316	(5,103)
Other increases (decreases)	(9,674)	1,712	0	(45)	2,534	(8,727)	0	(14,200)
<b>Total movements in identifiable intangible assets</b>	<b>(34,329)</b>	<b>19,511</b>	<b>0</b>	<b>99</b>	<b>(671)</b>	<b>(52,265)</b>	<b>(1,653)</b>	<b>(69,308)</b>
Closing balance as of December 31, 2019	687,708	75,820	15,736	6,402	84,032	68,126	39,981	977,805

## c) Impairment

The indirect affiliate Inversiones Alxar S.A. accounted for impaired mining projects totaling ThUS\$ 43,634 during 2019.

## d) The useful lives applied to intangible assets as of March 31, 2020 and December 31, 2019 are as follows:

	Finite useful life (years)		Indefinite useful life
	Minimum	Maximum	
Commercial relationships with dealers and customers	7	15	-
Patents, trademarks and other rights	-	-	X
Trademarks, Accel of Panama	-	2	-
Industrial patents	10	50	-
Software programs	3	16	-
Other identifiable intangible assets	3	25	-
Fishing permits	-	-	X
Water rights	-	-	X
Capitalized mining projects	3	10	-
Mining properties	-	-	X

Movement during the period is amortization of intangible assets, and it is recorded in assets and/or expenses. This charge is reflected in any of the following items: Cost of sales, distribution costs and administrative expenses.

Additions to intangible assets are primarily flag rights (Organización Terpel S.A.), capitalized research into mining projects, and other assets.

## e) Intangible assets – Brands

The brands Accel, Terpel, Oiltec, Maxter, Celerity, Tergas and Gazel have been registered in the consolidated financial statements at their fair values, as a result of the valuation of intangible assets arising on the purchase of Organización Terpel S.A. and its affiliates. They all have indefinite useful lives, except Accel. Trade Relations with Customers have also been recognized as intangible assets related to the business of the acquired companies, which have been assigned a finite useful life depending on the length of those contracts. Amortization is calculated linearly over their expected useful lives.

When the affiliates Abastible in Peru and Ecuador were acquired in June and October 2016 respectively, the following brands were registered: Solgas Artefactos, Solgas Auto, Gas Canalizado, Segurogas, Masgas, Duragas & Diseño, Auto Gas, Duragas, Duragas Express and Semapesa.

Following the acquisition of Mapco in November 2016 by the affiliate Compañía de Petróleos de Chile Copec S.A., the following brands were registered: MapcoMart, Delta Express, Discount Food Mart, East Coast, Fast, Favorite Markets and Mapco Express.

**NOTE 12. GOODWILL**

Purchased goodwill represents the excess of the acquisition cost over the fair value of the Group's share in the net identifiable assets of the affiliate/associate acquired on the acquisition date.

Purchased goodwill is not amortized, but it is tested annually for impairment. It is allocated to the groups of cash generating units identified in the operating segments in which it originates. The transactions that generated goodwill are the investments in Arauco Canada (Flakeboard), Arauco do Brasil (formerly, Tafisa), the successive purchases of Organización Terpel, Mapco, Solgas S.A., ExxonMobil, and the acquisition of two business lines from Comercializadora Novaverde through the indirect affiliate Orizon S.A. as follows:

Company	03.31.2020 ThUS\$	12.31.2019 ThUS\$
Arauco (Flakeboard, Piên and others) (a)	59,349	65,751
Organización Terpel and others (b)	96,443	108,095
MAPCO	152,362	152,362
Solgas	79,989	82,977
Flux Solar SpA (c)	913	835
Orizon (d)	3,673	3,673
<b>Total</b>	<b>392,729</b>	<b>413,693</b>

- a) "Flakeboard" (now Arauco Canada Ltd.) is a company that directly or through affiliates owns and operates seven panel plants, which Arauco acquired on September 24, 2012 at a price of ThUS\$242,502 for all the shares in that company. This resulted in goodwill of ThUS\$40,582 (ThUS\$ 40,765 as of December 31, 2019). The remaining balance of ThUS\$732 represents the acquisition of all the shares of Prime-Line Inc. on September 1, 2019 for ThUS\$18,880 by Arauco North America Inc, an affiliate of Arauco Canada Ltd.

The recoverable amount of the "Flakeboard" CGU was based on calculations of value in use, using cash flow projections covering 7 years, subject to a discount of between 7% and 8%, which reflects current market assessments for the panel segment in North America.

Goodwill of ThUS\$ 17,350 as of March 31, 2020 (ThUS\$ 22,378 as of December 31, 2019) was generated by investing in a panel plant in Pien Brazil.

The recoverable amount of the CGU in Pien Brazil was based on calculations of its value in use, using cash flow projections based on an operating plan approved by Management covering the expected useful life of the line, subject to a discount of between 6% and 7%, which reflects current market assessments for the panel segment in Brazil.

The book values of these panel plants recorded in their financial statements as of March 31, 2020 and December 31, 2019 do not exceed their recoverable value. Therefore, no additional impairment losses have been recognized.

- b) Goodwill generated in Organización Terpel S.A. as of March 31, 2020 was ThUS\$ 96,443 (ThUS\$ 108,095 as of December 31, 2019). The decrease is due to fluctuations in exchange rates.
- c) A business combination increase of ThUS\$ 78 was recognized as of March 31, 2020, associated with the acquisition of Flux Solar SpA., in accordance with IFRS 3, which allows goodwill to be amended within one year of taking control.
- d) The indirect affiliate Orizon S.A. acquired two businesses from Comercializadora Novaverde S.A. during August 2018. These are distributing General Mills' products in Chile, and distributing and marketing processed avocado pears. As of March 31, 2020, the goodwill associated with this acquisition remained unchanged.

This purchased goodwill was ThUS\$ 392,729 as of March 31, 2020 (ThUS\$ 413,693 as of December 31, 2019), and the movements in each period are as follows:

	03.31.2020			12.31.2019		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance	413,693	0	413,693	432,729	0	432,729
Additions (1)	0	0	0	1,567	0	1,567
Business combination adjustment (2)	78	0	78	(18,244)	0	(18,244)
Increase (decrease) in foreign currency translation	(21,042)	0	(21,042)	(2,359)	0	(2,359)
Closing balance	<b>392,729</b>	<b>0</b>	<b>392,729</b>	<b>413,693</b>	<b>0</b>	<b>413,693</b>

(1) The additions during 2019 are the acquisition of Flux Solar S.A. and Prime-Line, Inc.

(2) A goodwill adjustment arising from the acquisition of ExxonMobil in Peru and Ecuador in 2019.

**NOTE 13. PROPERTY, PLANT AND EQUIPMENT**

## a) Classes of Property, Plant and Equipment, Net

	03.31.2020			12.31.2019		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Construction in progress	1,648,602	0	1,648,602	1,435,387	0	1,435,387
Land	1,682,528	0	1,682,528	1,777,329	0	1,777,329
Buildings	5,397,609	(2,427,925)	2,969,684	5,558,915	(2,440,748)	3,118,167
Plant and equipment	7,819,343	(4,365,379)	3,453,964	8,025,521	(4,402,208)	3,623,313
IT equipment	144,307	(102,520)	41,787	147,125	(103,082)	44,043
Fixtures and fittings	280,397	(144,513)	135,884	276,572	(142,190)	134,382
Motor vehicles	181,606	(108,955)	72,651	199,431	(117,048)	82,383
Leasehold improvements	70,693	(28,151)	42,542	75,513	(30,093)	45,420
Other property, plant and equipment	748,451	(357,321)	391,130	815,909	(391,944)	423,965
<b>Total property, plant and equipment</b>	<b>17,973,536</b>	<b>(7,534,764)</b>	<b>10,438,772</b>	<b>18,311,702</b>	<b>(7,627,313)</b>	<b>10,684,389</b>

Depreciation expense as of March 31, 2020 and 2019 was as follows:

Depreciation in statement of net income (*)	03.31.2020 ThUS\$	03.31.2019 ThUS\$
Cost of sales	133,160	131,477
Administrative expenses	8,558	6,750
Other miscellaneous operating expenses	4,621	8,235
<b>Total</b>	<b>146,339</b>	<b>146,462</b>

(\*) Depreciation is the charge to the statement of net income for 2020 and 2019, excluding the portion included in inventories.

## b) Movements in categories property, plant and equipment are detailed as follows.

As of March 31, 2020										
	Construction in progress ThUS\$	Land ThUS\$	Buildings ThUS\$	Plant and equipment ThUS\$	IT equipment ThUS\$	Fixtures and fittings ThUS\$	Motor vehicles ThUS\$	Leasehold improvements ThUS\$	Other property, plant and equipment ThUS\$	Property, plant and equipment ThUS\$
Opening balance	1,435,387	1,777,329	3,118,167	3,623,313	44,043	134,382	82,383	45,420	423,965	10,684,389
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0	0	0	0
Restated opening balance	1,435,387	1,777,329	3,118,167	3,623,313	44,043	134,382	82,383	45,420	423,965	10,684,389
<b>Changes</b>										
Additions	335,792	11,209	981	11,069	153	1,620	1,601	1,943	6,418	370,786
Acquisitions through business combinations	0	0	46	1,551	0	0	15	0	10	1,622
Transfers of closed works in progress	(33,567)	6	4,408	24,385	2,129	634	2,005	0	0	0
Disposals	0	(140)	(26)	(32)	0	0	(56)	0	(1)	(255)
Transfers to (from) construction in progress	(43,041)	4,091	16,791	8,321	1,315	9,174	1,531	725	3,567	2,474
Transfers to (from) non-current assets held for sale	0	0	0	0	0	0	0	0	0	0
Disposals	(103)	0	(83)	(626)	(47)	(85)	(399)	0	(78)	(1,421)
Depreciation	0	0	(48,509)	(84,155)	(4,001)	(4,996)	(4,094)	(1,422)	(6,437)	(153,614)
Impairment	0	0	(7,671)	(8,977)	(153)	0	(51)	0	0	(16,852)
Increase (decrease) for revaluation and impairment losses	0	0	0	0	0	0	0	0	0	0
Reclassification from operating lease to PPE	0	0	0	424	0	0	90	0	0	514
Increase (decrease) in foreign currency translation	(44,023)	(110,970)	(114,482)	(120,933)	(1,652)	(4,903)	(10,349)	(4,135)	(36,304)	(447,751)
Other increases (decreases)	(1,843)	1,003	62	(376)	0	58	(25)	11	(10)	(1,120)
Total Changes	213,215	(94,801)	(148,483)	(169,349)	(2,256)	1,502	(9,732)	(2,878)	(32,835)	(245,617)
Closing balance	1,648,602	1,682,528	2,969,684	3,453,964	41,787	135,884	72,651	42,542	391,130	10,438,772
<b>As of December 31, 2019</b>										
	Construction in progress ThUS\$	Land ThUS\$	Buildings ThUS\$	Plant and equipment ThUS\$	IT equipment ThUS\$	Fixtures and fittings ThUS\$	Motor vehicles ThUS\$	Leasehold improvements ThUS\$	Other property, plant and equipment ThUS\$	Property, plant and equipment ThUS\$
Opening balance	1,330,692	1,797,491	2,986,433	3,416,455	49,692	134,168	85,734	49,968	420,627	10,271,260
Increase (decrease) due to changes in accounting policy	0	(23,665)	(59,360)	(63,188)	0	(1,051)	(1,713)	0	(17,237)	(166,214)
Restated opening balance	1,330,692	1,773,826	2,927,073	3,353,267	49,692	133,117	84,021	49,968	403,390	10,105,046
<b>Changes</b>										
Additions	1,157,519	16,151	22,681	58,774	2,405	9,229	9,060	6,887	18,844	1,301,550
Acquisitions through business combinations	12,839	10,786	24,118	111,649	238	156	313	0	6,272	166,371
Transfers of closed works in progress	(804,729)	1,494	300,392	506,594	2,735	(711)	340	0	(6,115)	0
Disposals	0	(2,450)	(2,731)	(7,038)	(97)	(506)	(427)	0	(584)	(13,833)
Transfers to (from) construction in progress	(227,348)	15,046	76,077	50,099	6,356	15,327	16,019	2,852	57,503	11,931
Transfers to (from) non-current assets held for sale	0	(903)	(2,683)	(3,023)	(52)	(21)	(70)	0	(37)	(6,789)
Disposals	(7,537)	(5,129)	(5,588)	(26,051)	(196)	(1,629)	(3,548)	0	(14,633)	(64,311)
Depreciation	0	0	(183,030)	(349,970)	(14,470)	(18,857)	(16,250)	(6,746)	(26,529)	(615,852)
Impairment	0	0	(15,398)	(60,219)	(337)	(14)	(74)	0	0	(76,042)
Increase (decrease) for revaluation and impairment losses	0	0	0	0	0	0	0	0	0	0
Reclassification from operating lease to PPE	0	0	0	1,633	0	0	10	0	0	1,643
Increase (decrease) in foreign currency translation	(11,942)	(35,483)	(40,087)	(16,498)	(1,075)	(1,834)	(6,988)	101	(9,414)	(123,220)
Other increases (decreases)	(14,107)	3,991	17,343	4,096	(1,156)	125	(23)	(7,642)	(4,732)	(2,105)
Total Changes	104,695	3,503	191,094	270,046	(5,649)	1,265	(1,638)	(4,548)	20,575	579,343
Closing balance	1,435,387	1,777,329	3,118,167	3,623,313	44,043	134,382	82,383	45,420	423,965	10,684,389

**Property, plant and equipment pledged in guarantee:**

There were no significant assets given in guarantee in these Consolidated Financial Statements.

**Disbursement commitments for projects or to acquire property, plant and equipment**

	<b>03.31.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Disbursements for property, plant and equipment in construction	69,444	336,474

  

	<b>03.31.2020</b> ThUS\$	<b>12.31.2019</b> ThUS\$
Commitments to acquire property, plant and equipment	1,112,111	1,237,485

## c) Components temporarily out of service

There were no significant components of property, plant, and equipment that were temporarily out of service as of March 31, 2020 and December 31, 2019.

## d) Impairment

Details of impaired property, plant and equipment are described in Note 28.

## e) Items fully depreciated, but still in use

There were no significant components of property, plant, and equipment that were fully depreciated and still in use as of March 31, 2020 and December 31, 2019.

**NOTE 14. LEASES****14.1 Lessee**

The Group did not apply the IFRS 16 disclosure requirements to recognize right-of-use assets and a lease liability for leases that will terminate within 12 months of January 1, 2019, nor for leases where the underlying asset has a low value.

Right-of-use leased assets

## a) Right-of-use leased assets

	03.31.2020			12.31.2019		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Land	406,701	(48,204)	358,497	459,830	(49,406)	410,424
Buildings	185,719	(20,141)	165,578	179,908	(19,119)	160,789
Plant and equipment	84,206	(32,242)	51,964	86,676	(26,997)	59,679
IT equipment	2,502	(823)	1,679	3,104	(835)	2,269
Fixtures and fittings	4,427	(1,328)	3,099	4,490	(1,249)	3,241
Motor vehicles	193,285	(58,229)	135,056	196,726	(48,750)	147,976
Other right of use assets	22,095	(2,536)	19,559	19,580	(1,997)	17,583
<b>Total</b>	<b>898,935</b>	<b>(163,503)</b>	<b>735,432</b>	<b>950,314</b>	<b>(148,353)</b>	<b>801,961</b>

## b) Movements in right-of-use leased assets

Movements in right-of-use leased assets as of March 31, 2020 and December 31, 2019, are as follows:

<b>As of March 31, 2020</b>								
	<b>Land ThUS\$</b>	<b>Buildings ThUS\$</b>	<b>Plant and equipment ThUS\$</b>	<b>IT equipment ThUS\$</b>	<b>Fixtures and fittings ThUS\$</b>	<b>Motor vehicles ThUS\$</b>	<b>Other Property, Plant and Equipment ThUS\$</b>	<b>Property, plant and equipment ThUS\$</b>
<b>Opening balance</b>	<b>410,424</b>	<b>160,789</b>	<b>59,679</b>	<b>2,269</b>	<b>3,241</b>	<b>147,976</b>	<b>17,583</b>	<b>801,961</b>
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0	0
<b>Restated opening balance</b>	<b>410,424</b>	<b>160,789</b>	<b>59,679</b>	<b>2,269</b>	<b>3,241</b>	<b>147,976</b>	<b>17,583</b>	<b>801,961</b>
<b>Changes</b>								
Additions	5,720	11,001	0	203	0	1,422	3,205	21,551
Disposals	(24,372)	23,765	(3,028)	(217)	0	(75)	0	(3,927)
Depreciation	(8,367)	(7,686)	(5,343)	(488)	(178)	(12,357)	(715)	(35,134)
Impairment	0	0	0	0	0	0	0	0
Increase (decrease) for revaluation and impairment losses	0	0	0	0	0	0	0	0
Reclassification from operating lease to PPE	0	0	0	0	0	0	(514)	(514)
Increase (decrease) in foreign currency translation	(24,961)	(21,622)	629	(88)	36	(2,562)	0	(48,568)
Other increases (decreases)	53	(669)	27	0	0	652	0	63
<b>Total Changes</b>	<b>(51,927)</b>	<b>4,789</b>	<b>(7,715)</b>	<b>(590)</b>	<b>(142)</b>	<b>(12,920)</b>	<b>1,976</b>	<b>(66,529)</b>
<b>Closing balance</b>	<b>358,497</b>	<b>165,578</b>	<b>51,964</b>	<b>1,679</b>	<b>3,099</b>	<b>135,056</b>	<b>19,559</b>	<b>735,432</b>

  

<b>As of December 31, 2019</b>								
	<b>Land ThUS\$</b>	<b>Buildings ThUS\$</b>	<b>Plant and equipment ThUS\$</b>	<b>IT equipment ThUS\$</b>	<b>Fixtures and fittings ThUS\$</b>	<b>Motor vehicles ThUS\$</b>	<b>Other Property, Plant and Equipment ThUS\$</b>	<b>Property, plant and equipment ThUS\$</b>
<b>Opening balance</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Increase (decrease) due to changes in accounting policy	404,852	96,673	83,265	2,626	1,801	168,779	17,237	775,233
<b>Restated opening balance</b>	<b>404,852</b>	<b>96,673</b>	<b>83,265</b>	<b>2,626</b>	<b>1,801</b>	<b>168,779</b>	<b>17,237</b>	<b>775,233</b>
<b>Changes</b>								
Additions	28,764	27,143	5,817	449	1,595	26,152	4,745	94,665
Disposals	0	(2,577)	(13,750)	0	0	0	0	(16,327)
Depreciation	(44,850)	(17,947)	(26,861)	(797)	(1,203)	(48,251)	(2,756)	(142,665)
Impairment	0	0	0	0	0	0	0	0
Increase (decrease) for revaluation and impairment losses	0	0	0	0	0	0	0	0
Reclassification from operating lease to PPE	0	0	0	0	0	0	(1,643)	(1,643)
Increase (decrease) in foreign currency translation	(2,913)	(2,900)	103	(9)	(3)	(396)	0	(6,118)
Other increases (decreases)	24,571	60,397	11,105	0	1,051	1,692	0	98,816
<b>Total Changes</b>	<b>5,572</b>	<b>64,116</b>	<b>(23,586)</b>	<b>(357)</b>	<b>1,440</b>	<b>(20,803)</b>	<b>346</b>	<b>26,728</b>
<b>Closing balance</b>	<b>410,424</b>	<b>160,789</b>	<b>59,679</b>	<b>2,269</b>	<b>3,241</b>	<b>147,976</b>	<b>17,583</b>	<b>801,961</b>

- c) Depreciation on right-of-use leased assets that was charged to the statement of net income as of March 31, 2020 and 2019 was as follows.

Depreciation on right of use leased assets in the statement of net income for the period (*)	03.31.2020 ThUS\$	03.31.2019 ThUS\$
Cost of sales	23,290	25,595
Administrative expenses	3,947	5,692
Other miscellaneous operating expenses	6,544	4,958
<b>Total</b>	<b>33,781</b>	<b>36,245</b>

(\*) Depreciation is the charge to the statement of net income for 2020 and 2019, excluding the portion included in inventories.

- d) Lease liabilities are as follows.

Lease liabilities	03.31.2020 ThUS\$	12.31.2019 ThUS\$
Current	116,858	129,228
Non-current	593,297	658,704
<b>Total lease liabilities</b>	<b>710,155</b>	<b>787,932</b>

The dates that lease liabilities mature are included in Note 3.4.

## 14.2 Lessor

IFRS 16 keeps the lessor's accounting requirements described in IAS 17 substantially unchanged. Consequently, the Group has continued to classify its leases as operating or finance, as appropriate.

### Reconciliation of minimum finance lease payments, Lessor

Minimum lease receipts, finance leases	03.31.2020		
	Gross ThUS\$	Interest ThUS\$	Value ThUS\$
Under one year	960	(48)	912
One to five years	200	0	200
Over five years	0	0	0
<b>Total</b>	<b>1,160</b>	<b>(48)</b>	<b>1,112</b>

Minimum lease receipts, finance leases	12.31.2019		
	Gross ThUS\$	Interest ThUS\$	Value ThUS\$
Under one year	1,180	(49)	1,131
One to five years	837	0	837
Over five years	0	0	0
<b>Total</b>	<b>2,017</b>	<b>(49)</b>	<b>1,968</b>

These leasing receivables are shown in the consolidated statement of financial position under Current and non-current trade and other receivables, depending on their due dates.

The Group has finance leases. Some of these contracts include machinery and equipment, covering periods not exceeding five years and at market interest rates. They also include early termination options, according to the general and special conditions established in each contract.

The affiliate Compañía de Petróleos de Chile Copec S.A. has a leasing asset as it leases its corporate building. It was sold on November 29, 2018 through an agreement with Banco de Chile, and subsequently leased-back with an option to purchase it for ThUS\$73,054, payable in 180 monthly installments of UF 11,322,27, maturing in December 2033.

There are no contingent lease payments or reportable restrictions for finance leases as lessee or lessor shown in the tables above.

**NOTE 15. INVESTMENT PROPERTIES**

	<b>03.31.2020</b>	<b>12.31.2019</b>
	ThUS\$	ThUS\$
<b>Opening balance</b>	<b>35,300</b>	<b>40,583</b>
Additions	0	765
Acquisitions through business combinations	0	0
Disposals	0	0
Disposals through divestitures of businesses	(98)	(3,364)
Transfers from property, plant and equipment	0	499
Transfer to held-for-sale	0	(332)
Disposals	0	0
Impairment losses recorded in statement of net income	0	0
Reversal of impairment loss recorded in statement of net income	0	0
Depreciation	(9)	(46)
Increase (decrease) in foreign currency translation	(4,400)	(2,805)
<b>Total Changes in Investment Property</b>	<b>(4,507)</b>	<b>(5,283)</b>
<b>Closing balance</b>	<b>30,793</b>	<b>35,300</b>

As of March 31, 2020 and December 31 2019, investment properties are land, minor facilities and their respective depreciation.

There are no significant rental income or operating expenses for investment properties.

There are no contractual obligations for the acquisition, construction or development of investment properties, or for their repair, maintenance or improvement.

The fair value of investment properties as of March 31, 2020 amounts to ThUS\$ 48,347 (ThUS\$ 55,017 as of December 31, 2019).

## NOTE 16. DEFERRED TAXES

Deferred tax assets and liabilities can only be offset if this right has been legally recognized and the assets and liabilities refer to the same tax authority.

The tax rate applicable to the parent company's main affiliates is 27% in Chile, 30% in Argentina and Mexico, 34% in Brazil, 25% in Uruguay, 21% in the United States (federal rate), 32% in Colombia, 29.5% in Peru and 25% in Ecuador.

Law 27,430 was published in Argentina on December 29, 2017, which reduced the income tax rate from 35% for the year ended December 31, 2017 to 30% for 2018 and 2019 and 25% for 2020 and onwards. Law 27,541 suspended the tax rate reduction for 2020, so it has remained at 30%.

On March 25, 2019, the indirect affiliate Arauco Argentina S.A. exercised the tax revaluation option established in Title X - Chapter 1 of Law 27,430. The option was exercised for all property, plant and equipment included in the depreciable property category under income tax law, which was adjusted for inflation using the coefficients published by that law for calculating such tax. The special tax levied under this option was US\$ 3 million, which was paid in six installments during 2019. Furthermore, these tax assets increased in value due to this adjustment, which resulted in a decrease in the deferred tax liability for 2019 of ThUS\$ 12,629. The special tax loss and the gain on decreasing deferred taxes are disclosed within income taxes for 2019.

a) Deferred tax assets and liabilities are as follows:

	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Deferred tax assets relating to</b>		
Inventory	14,393	14,300
Doubtful receivables allowance	11,248	11,311
Provision for vacations	3,143	3,582
Prepaid income	7,750	7,696
Obligations for post-employment benefits	28,169	31,996
Financial instrument revaluations	69,247	68,390
Revaluations of property, plant and equipment	15,131	16,609
Tax losses	248,956	230,243
Differences on accrued liabilities	7,769	7,193
Differences on intangible assets revaluations	4,481	6,044
Differences on impairment provision revaluations	21,080	20,169
Differences on trade and other receivables revaluations	3,937	4,349
Differences on tax credits	18,753	8,029
Provisions	23,381	27,578
Others	33,412	27,074
<b>Total deferred tax assets</b>	<b>510,850</b>	<b>484,563</b>
	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Deferred tax liabilities relating to</b>		
Difference between financial and taxation depreciation	153,747	180,637
Revaluation of property, plant and equipment on initial IFRS adoption	965,397	975,402
Biological asset valuations	636,681	642,221
Prepaid expenditure valuations	44,127	41,338
Intangible assets	207,309	233,486
Financial instrument revaluations	25,490	26,095
Inventories	40,629	40,304
Others	25,133	28,381
Permanent foreign investments	2,264	1,432
<b>Total deferred tax liabilities</b>	<b>2,100,777</b>	<b>2,169,305</b>

b) Income (expenses) from current and deferred income taxes are as follows:

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
<b>Current tax expense</b>		
Current tax expense	(41,183)	(81,820)
Tax benefit arising from previously unrecognized tax assets used to reduce current tax expenses	0	0
Adjustments to prior period current tax	(9)	(2,863)
Other current tax expense	(688)	(404)
<b>Total current tax expense, net</b>	<b>(41,880)</b>	<b>(85,087)</b>
	03.31.2020 ThUS\$	03.31.2019 ThUS\$
<b>Deferred tax expense</b>		
Deferred tax expense related to creation and reversal of temporary differences	(9,556)	19,256
Deferred expense for taxes related to changes to tax rate or new rates	(262)	(419)
Tax benefit arising from assets for previously unrecognized taxes used to reduce deferred tax expense	8,411	17,428
Other deferred tax expense	6,873	78
<b>Total deferred tax expense, net</b>	<b>5,466</b>	<b>36,343</b>
<b>Total tax expense</b>	<b>(36,414)</b>	<b>(48,744)</b>

c) Income (expenses) from foreign and Chilean income taxes are as follows:

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
Current foreign taxes	15,602	(14,227)
Current national taxes	(57,482)	(70,860)
<b>Total Current Tax</b>	<b>(41,880)</b>	<b>(85,087)</b>
Deferred foreign taxes	(26,172)	21,221
Deferred national taxes	31,638	15,122
<b>Total Deferred Tax</b>	<b>5,466</b>	<b>36,343</b>
<b>Total Income Tax</b>	<b>(36,414)</b>	<b>(48,744)</b>

## d) Reconciliation of the tax expense using statutory rate with tax expense using the effective rate.

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
<b>Income tax expense using the statutory rate</b>	<b>(27,078)</b>	<b>(134,488)</b>
Tax effect of rates in other jurisdictions		
Tax effect of rates in other jurisdictions	(2,373)	(1,630)
Tax effect of non-taxable revenue	9,346	101,776
Tax effect of non-deductible expenditure	(20,399)	(28,373)
Tax effect of using previously unrecognized tax losses	14,865	(103)
Tax effect of a tax benefit previously unrecognized in the statement of net income	1,784	(135)
Tax effect of a new evaluation of unrecognized deferred tax assets	(880)	12,837
Tax effect of changes in tax rates	270	0
Tax effect from under or over provided tax in prior periods	11	(3,840)
Taxation calculated at the applicable rate	(589)	1,373
Other increase (decrease) in statutory tax charge	(11,371)	3,839
<b>Total adjustments to tax expense using the statutory rate</b>	<b>(9,336)</b>	<b>85,744</b>
<b>Tax expense using the effective rate</b>	<b>(36,414)</b>	<b>(48,744)</b>

Deferred tax assets from negative tax bases that have not yet been offset are recognized to the extent that it is likely that the corresponding benefit will be recovered in the future. In this regard, there are no unrecognized deferred tax assets.

Description	03.31.2020		12.31.2019	
	Deductible Difference	Taxable Difference	Deductible Difference	Taxable Difference
	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Deferred tax assets	262,026	0	254,517	0
Tax losses	248,824	46	230,046	46
Deferred tax liabilities	0	2,100,731	0	2,169,259
<b>Total</b>	<b>510,850</b>	<b>2,100,777</b>	<b>484,563</b>	<b>2,169,305</b>

Effect of deferred taxes on net income	03.31.2020 ThUS\$	03.31.2019 ThUS\$
Deferred tax assets	(2,188)	18,112
Tax losses	10,634	20,746
Deferred tax liabilities	18,177	(1,215)
Decreases in foreign currency translation	(21,157)	(1,300)
<b>Total</b>	<b>5,466</b>	<b>36,343</b>

**NOTE 17. TRADE AND OTHER PAYABLES**

Trade and other payables are detailed as follows:

	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Current</b>		
Trade payables	1,248,249	1,585,918
Prepaid income	115,773	193,351
Other payables	25,113	14,585
<b>Total</b>	<b>1,389,135</b>	<b>1,793,854</b>

The Group's main suppliers as of March 31, 2020 and December 31, 2019 are Enap Refinerías S.A. and Chilquinta Energía S.A.

The stratification of trade payables as of March 31, 2020 and December 31, 2019 is as follows:

**As of March 31, 2020****TRADE PAYABLES NOT OVERDUE**

Supplier	Amount by payment terms in days						Total ThUS\$
	Under 30	31-60	61-90	91-120	121-365	Over 366	
Products	691,426	49,162	1,813	1,708	157	4	744,270
Services	398,941	26,971	5,073	6,573	5	0	437,563
Others (*)	20,751	5,770	3,939	4,355	0	0	34,815
<b>Total ThUS\$</b>	<b>1,111,118</b>	<b>81,903</b>	<b>10,825</b>	<b>12,636</b>	<b>162</b>	<b>4</b>	<b>1,216,648</b>

**TRADE PAYABLES OVERDUE**

Supplier	Amounts by days overdue						Total ThUS\$
	Under 30	31-60	61-90	91-120	121-180	Over 181	
Products	8,387	1,988	449	464	612	943	12,843
Services	13,330	1,621	777	210	580	1,840	18,358
Others (*)	206	59	48	11	76	0	400
<b>Total ThUS\$</b>	<b>21,923</b>	<b>3,668</b>	<b>1,274</b>	<b>685</b>	<b>1,268</b>	<b>2,783</b>	<b>31,601</b>

<b>Total ThUS\$</b>	<b>1,133,041</b>	<b>85,571</b>	<b>12,099</b>	<b>13,321</b>	<b>1,430</b>	<b>2,787</b>	<b>1,248,249</b>
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**As of December 31, 2019****TRADE PAYABLES NOT OVERDUE**

Supplier	Amount by payment terms in days						Total ThUS\$
	Under 30	31-60	61-90	91-120	121-365	Over 366	
Products	952,248	50,615	2,271	1,457	2,964	0	1,009,555
Services	449,155	33,402	5,192	9,068	7,585	0	504,402
Others (*)	3,468	1,112	0	0	0	0	4,580
<b>Total ThUS\$</b>	<b>1,404,871</b>	<b>85,129</b>	<b>7,463</b>	<b>10,525</b>	<b>10,549</b>	<b>0</b>	<b>1,518,537</b>

**TRADE PAYABLES OVERDUE**

Supplier	Amounts by days overdue						Total ThUS\$
	Under 30	31-60	61-90	91-120	121-180	Over 181	
Products	38,853	1,578	1,329	793	1,675	94	44,322
Services	18,534	1,205	865	757	428	1,116	22,905
Others (*)	67	13	6	8	60	0	154
<b>Total ThUS\$</b>	<b>57,454</b>	<b>2,796</b>	<b>2,200</b>	<b>1,558</b>	<b>2,163</b>	<b>1,210</b>	<b>67,381</b>

<b>Total ThUS\$</b>	<b>1,462,325</b>	<b>87,925</b>	<b>9,663</b>	<b>12,083</b>	<b>12,712</b>	<b>1,210</b>	<b>1,585,918</b>
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(\*) The *Other* item is deferred revenue, tax liabilities other than on net income, staff payables and other payables.

The Parent Company, Empresas Copec S.A., has a maximum payment period of 30 days. The average payment period for each affiliate varies depending on their business.

## **NOTE 18. RELATED PARTY BALANCES AND TRANSACTIONS**

Related parties are the entities defined in IAS 24, in the standards issued by the Financial Markets Commission (FMC, formerly the Superintendent of Securities and Insurance) and in Corporate Law.

Balances receivable from and payable to related parties as of each period-end primarily arise from business transactions. They are denominated in Chilean pesos and U.S. dollars, they have payment terms that do not exceed 60 days, and in general do not have any indexation or interest clauses.

As of the date of these consolidated financial statements, no guarantees have been granted and there are no doubtful receivables allowances in relation to balances between related parties.

The "Transactions" table includes all transactions with related parties that total over ThUS\$ 200 per annum in any period (which is 0.001% of operating revenue and 0.001% of cost of sales).

## 18.1 Related party receivables

Related Party Receivables, Current	Country	Relationship	03.31.2020 ThUS\$	12.31.2019 ThUS\$
96,942,120-8 AIR BP COPEC S.A.	Chile	Joint venture	37,126	40,814
79,825,060-4 Forestal del Sur S.A.	Chile	Common shareholder	5,932	10,519
76,037,855-0 Laguna Blanca S.A.	Chile	Joint venture	18,000	18,000
96,893,820-7 Corpesca S.A.	Chile	Indirect associate	1,477	2,999
99,500,140-3 Eka Chile S.A.	Chile	Joint venture	2,483	1,834
96,731,890-6 Cartulinas CMPC S.A.	Chile	Common shareholder	1,580	1,477
76,879,577-0 E2E S.A.	Chile	Indirect associate	1,522	1,336
65,097,218-K Fundación Acerca Redes	Chile	Affiliate is founder and contributor	1,437	1,319
71,625,800-8 Arauco Educational Foundation	Chile	Affiliate is founder and contributor	1,477	931
96,532,330-9 CMPC Pulp SpA.	Chile	Common shareholder	1,676	834
79,895,330-3 Compañía Puerto Coronel S.A.	Chile	Indirect associate	198	799
96,505,760-9 Colbún S.A.	Chile	Director in common	3,656	693
96,532,330-9 CMPC Celulosa S.A.	Chile	Common shareholder	246	472
76,349,706-2 Hualpén Gas S.A.	Chile	Indirect associate	0	427
76,122,974-5 Algae Fuels S.A.	Chile	Indirect associate	311	354
93,628,000-5 Molibdenos y Metales S.A.	Chile	Common shareholder	143	302
- Montagas S.A. ESP	Colombia	Indirect associate	1,512	265
- Unillin Arauco Pisos Ltda	Brazil	Joint venture	233	197
95,304,000-K CMPC Maderas S.A.	Chile	Common shareholder	170	179
96,925,430-1 Servicios Corporativos Sercor S.A.	Chile	Indirect associate	212	147
76,037,864-K Portuaria Otway Ltda	Chile	Indirect associate	70	113
76,037,872-0 Rentas y Construcciones Fitz Roy Ltda.	Chile	Joint venture	51	91
76,037,858-5 Producción y Servicios Mineros Ltda.	Chile	Joint venture	0	88
91,440,000-7 Forestal Mininco S.A.	Chile	Common shareholder	40	58
92,580,000-7 Entel S.A.	Chile	Common shareholder	30	49
- Fibroacero S.A.	Ecuador	Indirect associate	10	34
76,037,869-0 Equipos Mineros Rio Grande Ltda.	Chile	Indirect associate	10	29
96,853,150-6 Papeles Cordillera S.A.	Chile	Common shareholder	17	28
96,529,310-8 CMPC Tissue S.A.	Chile	Common shareholder	118	26
76,456,800-1 Mina Invierno S.A.	Chile	Joint venture	22	22
96,783,150-6 St. Andrews Smoky Delicacies S.A.	Chile	Indirect associate	27	20
77,072,740-5 Agrícola Siemmel Ltda	Chile	Common shareholder	128	19
76,659,730-0 Elemental S.A.	Chile	Indirect associate	6	13
89,201,400-0 Envases Impresos S.A.	Chile	Common shareholder	50	6
79,943,600-0 Propa S.A.	Chile	Common shareholder	5	6
96,641,810-9 Gas Natural Producción S.A.	Chile	Indirect associate	5	5
94,283,000-9 Astilleros Arica S.A.	Chile	Common shareholder	4	5
96,636,520-K Gasmar S.A.	Chile	Indirect associate	304	2
- PGNT GasNorte SAC Colombia	Colombia	Indirect associate	72	2
- PGNT GasSur SAC Colombia	Colombia	Indirect associate	50	1
76,218,856-2 Colbún Transmisión S.A.	Chile	Director in common	0	1
- Arauco Sonae Portugal S.A.	Portugal	Indirect associate	370	0
76,044,336-0 Golden Omega S.A.	Chile	Indirect associate	12	0
76,384,550-8 Sociedad Nacional Marítima S.A.	Chile	Indirect associate	409	0
96,722,460-K Metrogas S.A.	Chile	Associate	0	0
93,628,000-5 Molymet S.A.	Chile	Indirect associate	10	0
76,839,949-2 Parque Eólico Ovejeras del Sur S.A.	Chile	Indirect associate	100	0
82,040,600-1 Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	1	0
<b>Total</b>			<b>81,312</b>	<b>84,516</b>
Related party receivables, non-current	Country	Relationship	03.31.2020 ThUS\$	12.31.2019 ThUS\$
76,040,469-1 Logística Ados Ltda.	Chile	Shareholder in indirect associate	7,554	7,456
96,641,810-9 Gas Natural Producción S.A.	Chile	Indirect associate	0	0
79,895,330-3 Compañía Puerto Coronel S.A.	Chile	Indirect associate	0	0
<b>Total</b>			<b>7,554</b>	<b>7,456</b>

## 18.2 Related party payables

Related party payables, current	Country	Relationship	03.31.2020 ThUS\$	12.31.2019 ThUS\$
96,636,520-K Gasmar S.A.	Chile	Indirect associate	5,930	4,002
82,040,600-1 Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	352	475
79,895,330-3 Compañía Puerto de Coronel S.A.	Chile	Indirect associate	1,606	447
- Fibroacero S.A.	Ecuador	Indirect associate	0	427
76,384,550-8 Sociedad Nacional Marítima S.A.	Chile	Indirect associate	86	202
92,580,000-7 Entel S.A.	Chile	Common shareholder	47	179
96,925,430-1 Servicios Corporativos Sercor S.A.	Chile	Indirect associate	78	117
96,556,310-5 AntarChile S.A.	Chile	Parent company	73	73
76,349,975-8 Mega Frio Chile S.A.	Chile	Common shareholder	20	72
78,096,080-9 Portaluppi, Guzmán y Bezanilla Abogados	Chile	Partner Director	46	68
96,722,460-K Metrogas S.A.	Chile	Associate	0	66
96,942,120-8 AIR BP COPEC S.A.	Chile	Joint venture	0	36
86,370,800-1 Red To Green S.A.	Chile	Common shareholder	2	13
96,893,820-7 Corpesca S.A.	Chile	Indirect associate	12	13
76,659,730-0 Elemental S.A.	Chile	Indirect associate	7	4
96,555,810-1 Inst. Fisheries Research Eighth Region	Chile	Common Executive	8	3
96,505,760-9 Colbún S.A.	Chile	Director in common	4	0
96,871,870-3 Depósitos Portuarios Lirquén S.A.	Chile	Director in common	0	0
76,218,856-2 Colbún Transmisión S.A.	Chile	Director in common	2	0
83,628,100-4 Sonda S.A.	Chile	Director in common	19	0
71,625,800-8 Arauco Educational Foundation	Chile	Indirect contributor	0	0
<b>Total</b>			<b>8,292</b>	<b>6,197</b>

## 18.3 Related party transactions

As of March 31, 2020

Chilean ID Number	Related Entity	Country	Relationship	Goods or Services	Transaction Value without VAT ThUS\$	Effect on net income ThUS\$
77,072,740-5	Agrícola Siemel Ltda	Chile	Common shareholder	Sale of gas	138	138
77,072,740-5	Agrícola Siemel Ltda	Chile	Common shareholder	Sale of fuel	68	68
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Sale of fuel	100,104	100,104
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Fuel purchases	18	(18)
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Various purchases	56	(56)
96,952,090-2	Boat Parking	Chile	Indirect associate	Rental of wharves	70	(70)
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Sale of lubricants	49	49
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Other sales	85	85
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Sale of fuel	1,331	1,331
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Sale of gas	9	9
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Sale of lubricants	226	226
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Sale of fuel	22	22
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Sales of material, etc.	24	24
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Sale of fuel	36	36
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Sale of lubricants	157	157
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Logs	38	(38)
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Other sales	12	12
96,532,330-9	CMPC Pulp SpA.	Chile	Common shareholder	Timber and wood chips	1,772	1,772
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Sale of lubricants	49	49
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Sale of gas	46	46
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Sale of fuel	51	51
96,505,760-9	Colbún S.A.	Chile	Director in common	Sale of fuel	4,419	4,419
96,505,760-9	Colbún S.A.	Chile	Director in common	Electricity	78	22
76,218,856-2	Colbún Transmisión S.A.	Chile	Director in common	Electricity	84	(78)
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Sale of fuel	518	518
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Sale of lubricants	28	28
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Mobilization and stevedoring	3,650	(3,650)
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Other sales	8	8
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Wharf rental	30	(30)
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Sale of fuel	3,075	3,075
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Sale of lubricants	146	146
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Other sales	11	11
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Office leases	66	66
76,879,577-0	E2E S.A.	Chile	Indirect associate	Timber, plywood and panels	273	273
76,879,577-0	E2E S.A.	Chile	Indirect associate	Loan	6	6
76,037,869-0	Equipos Mineros Rio Grande Ltda.	Chile	Indirect associate	Sale of fuel	35	35
76,037,869-0	Equipos Mineros Rio Grande Ltda.	Chile	Indirect associate	Other sales	20	20
76,037,869-0	Equipos Mineros Rio Grande Ltda.	Chile	Indirect associate	Sale of lubricants	4	4
99,500,140-3	Eka Chile S.A.	Chile	Joint venture	Electricity	4,842	4,842
99,500,140-3	Eka Chile S.A.	Chile	Joint venture	Purchase of sodium chlorate	9,408	(9,408)
76,659,730-0	Elemental S.A.	Chile	Indirect associate	Other purchases	248	(248)
92,580,000-7	Empresa Nacional de Telecomunicaciones S.A.	Chile	Common shareholder	Sale of fuel	129	129
92,580,000-7	Empresa Nacional de Telecomunicaciones S.A.	Chile	Common shareholder	Telephone services	275	(275)
82,201,400-0	Envases Impresos S.A.	Chile	Common shareholder	Sale of fuel	7	7
82,201,400-0	Envases Impresos S.A.	Chile	Common shareholder	Sale of lubricants	6	6
82,201,400-0	Envases Impresos S.A.	Chile	Common shareholder	Sale of gas	54	54
79,825,060-4	Forestal del Sur S.A.	Chile	Common shareholder	Harvesting services	8,246	8,246
79,825,060-4	Forestal del Sur S.A.	Chile	Common shareholder	Wood and logs	1,365	(1,365)
91,440,000-7	Forestal Mininco S.A.	Chile	Common shareholder	Sale of fuel	172	172
91,440,000-7	Forestal Mininco S.A.	Chile	Common shareholder	Logs and other purchases/sales	9	9
91,440,000-7	Forestal Mininco S.A.	Chile	Common shareholder	Sale of gas	4	4
71,625,000-8	Arauco Educational Foundation	Chile	Affiliate & contributor	IT services	59	59
96,636,520-K	Gasmar S.A.	Chile	Indirect associate	Sale of fuel	1	1
96,636,520-K	Gasmar S.A.	Chile	Indirect associate	Purchase of fuel	29,040	(29,040)
96,555,810-1	Instituto de Investigación Pesquera S.A.	Chile	Related Affiliate	Consultancy and other services	52	(52)
94,082,000-6	Inversiones Siemel S.A.	Chile	Common shareholder	Facilities rental	139	(139)
76,340,975-8	Mega Frio Chile S.A.	Chile	Common shareholder	Purchase of services	150	(150)
96,722,460-K	Metrogas S.A.	Chile	Associate	Other purchases	191	(191)
96,722,460-K	Metrogas S.A.	Chile	Associate	Sale of fuel	36	36
93,628,000-5	Molibdenos y Metales S.A.	Chile	Common shareholder	Sale of fuel	195	195
93,628,000-5	Molibdenos y Metales S.A.	Chile	Common shareholder	Sale of gas	30	30
76,839,949-2	Parque Eólico Ovejera Sur SpA.	Chile	Indirect associate	Leases	100	100
78,096,080-9	Portaluppi, Guzmán y Bezanilla Attorneys	Chile	Partner Director	Legal advisory services	219	(219)
76,037,864-K	Portuaria Otway Ltda.	Chile	Indirect associate	Sale of fuel	237	237
76,037,864-K	Portuaria Otway Ltda.	Chile	Indirect associate	Sale of lubricants	2	2
76,037,864-K	Portuaria Otway Ltda.	Chile	Indirect associate	Other sales	1	1
76,037,858-5	Producción y Servicios Mineros Ltda.	Chile	Indirect associate	Sale of fuel	209	209
76,037,858-5	Producción y Servicios Mineros Ltda.	Chile	Indirect associate	Other sales	1	1
86,370,800-1	Red To Green S.A.	Chile	Common shareholder	IT services	69	(69)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Management consultancy services	119	(119)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Administrative services	158	(158)
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	Storage services	906	(906)
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	Other sales	1	1
96,783,150-6	St. Andrews Smoky Delicacies S.A.	Chile	Indirect associate	Sales	58	(58)
76,037,872-0	Rentas y Construcciones Fitz Roy Ltda.	Chile	Indirect associate	Sale of fuel	68	68
76,037,872-0	Rentas y Construcciones Fitz Roy Ltda.	Chile	Indirect associate	Other sales	68	68
-	Unillin Arauco Pisos Ltda.	Brazil	Joint venture	Timber	807	807
76,724,000-7	Woodtech S.A.	Chile	Common shareholder	Timber volume measurement services	466	(466)

As of March 31, 2019

Chilean ID Number	Related Entity	Country	Relationship	Goods or Services	Transaction Value without VAT ThUS\$	Effect on net income ThUS\$
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Sale of fuel	111,660	111,660
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Other sales	117	117
96,942,120-8	AIR BP COPEC S.A.	Chile	Joint venture	Other purchases	71	(71)
96,952,090-2	Boat Parking	Chile	Indirect associate	Rental of wharves	79	(79)
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Sale of lubricants	37	37
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Other sales	132	132
96,731,890-6	Cartulinas CMPC S.A.	Chile	Common shareholder	Sale of fuel	854	854
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Sale of lubricants	297	297
96,532,330-9	CMPC Celulosa S.A.	Chile	Common shareholder	Other sales	30	30
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Sale of fuel	33	33
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Sale of lubricants	153	153
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Other sales	7	7
95,304,000-K	CMPC Maderas S.A.	Chile	Common shareholder	Logs	39	(39)
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Sale of lubricants	54	54
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Sale of fuel	41	41
96,529,310-8	CMPC Tissue S.A.	Chile	Common shareholder	Other purchases	25	(25)
96,505,760-9	Colbún S.A.	Chile	Director in common	Sale of fuel	5,902	5,902
96,505,760-9	Colbún S.A.	Chile	Director in common	Electricity	29	29
96,505,760-9	Colbún S.A.	Chile	Director in common	Sale of lubricants	8	8
96,505,760-9	Colbún S.A.	Chile	Director in common	Other sales	229	229
76,218,856-2	Colbún Transmisión S.A.	Chile	Director in common	Electricity	61	(61)
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Sale of fuel	530	530
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Sale of lubricants	38	38
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Mobilization and stevedoring	2,781	(2,781)
79,895,330-3	Compañía Puerto de Coronel S.A.	Chile	Indirect associate	Other sales	49	49
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Sale of fuel	3,843	3,843
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Sale of lubricants	195	195
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Other sales	11	11
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Purchase of fishing rights	451	0
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Office leases	75	75
96,893,820-7	Corpesca S.A.	Chile	Indirect associate	Sale of gas	4	4
99,500,140-3	Eka Chile S.A.	Chile	Joint venture	Electricity	5,473	5,473
99,500,140-3	Eka Chile S.A.	Chile	Joint venture	Purchase of sodium chlorate	7,593	(7,593)
92,580,000-7	Empresa Nacional de Telecomunicaciones S.A.	Chile	Common shareholder	Sale of fuel	173	173
92,580,000-7	Empresa Nacional de Telecomunicaciones S.A.	Chile	Common shareholder	Telephone services	369	(369)
79,825,060-4	Forestal del Sur S.A.	Chile	Common shareholder	Harvesting services	3,290	3,290
79,825,060-4	Forestal del Sur S.A.	Chile	Common shareholder	Wood and logs	757	(757)
91,440,000-7	Forestal Mininco S.A.	Chile	Common shareholder	Sale of fuel	178	178
91,440,000-7	Forestal Mininco S.A.	Chile	Common shareholder	Logs and others	1	1
96,636,520-K	Gasmar S.A.	Chile	Indirect associate	Purchase of fuel	28,048	(28,048)
76,349,706-2	Hualpén Gas S.A.	Chile	Indirect associate	Sale of gas	2	(2)
76,349,706-2	Hualpén Gas S.A.	Chile	Indirect associate	Leases	579	579
96,555,810-1	Instituto de Investigación Pesquera S.A.	Chile	Related Affiliate	Consultancy and other services	60	(60)
94,082,000-6	Inversiones Siemel S.A.	Chile	Common shareholder	Facilities rental	80	(80)
96,722,460-K	Metrogas S.A.	Chile	Associate	Other purchases	360	(360)
96,722,460-K	Metrogas S.A.	Chile	Associate	Sale of fuel	53	53
93,628,000-5	Molibdenos y Metales S.A.	Chile	Common shareholder	Sale of fuel	293	293
78,096,080-9	Portaluppi, Guzmán y Bezanilla Attorneys	Chile	Partner Director	Legal advisory services	244	(244)
96,959,030-1	Puerto Lirquén S.A. (ex Portuaria Sur de Chile)	Chile	Indirect associate	Port services	2,206	(2,206)
86,370,800-1	Red To Green S.A.	Chile	Common shareholder	IT services	106	(106)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Management consultancy services	164	(164)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Administrative services	80	(80)
96,925,430-1	Servicios Corporativos Sercor S.A.	Chile	Indirect associate	Other purchases	47	(45)
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	Storage services	1,550	(1,550)
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	Chile	Indirect associate	Other sales	32	32
-	Unillin Arauco Pisos Ltda.	Brazil	Joint venture	Timber	1,111	1,111
76,724,000-7	Woodtech S.A.	Chile	Common shareholder	Timber volume measurement services	299	(299)

## 18.4 Board of Directors and Senior Executives

Remuneration of senior executives includes directors, managers and deputy managers. It comprises a fixed monthly amount, as well as discretionary annual bonuses.

The remuneration for Directors and senior executives is as follows:

Remuneration for senior executives and directors	03.31.2020 ThUS\$	03.31.2019 ThUS\$
Remuneration and bonuses	23,951	26,157
Director's fees	1,695	1,798
Termination benefits	627	2,991
<b>Total remuneration for senior executives</b>	<b>26,273</b>	<b>30,946</b>

**NOTE 19. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES****I. Lawsuits and other legal actions of the affiliate Celulosa Arauco y Constitución S.A. ("Arauco"), its affiliates and associates:**

## 1. Arauco Argentina S.A.

Within the scope of Law No.25,080, the former Department of Agriculture, Livestock, Fisheries and Food was authorized to approve Resolution 952/2000 containing forestry and forestry-industrial investment projects submitted by Arauco Argentina S.A. These projects allowed the Company to plant: 1) 4,777 hectares of forests during 2000 in compliance with the annual plan; and 2) 23,012 hectares between 2000 and 2006 as part of its multiple year forestation plan. It also built a sawmill with installed capacity to produce 250,000 m<sup>3</sup> of timber per year.

On January 11, 2001 Arauco Argentina S.A. presented an extension to the approved forestry-industrial project. This extension was approved by Resolution 84/03 by the former Department of Agriculture, Livestock, Fisheries and Food. The Company complied with its obligations by building an MDF panel board plant and planted 8,089 hectares of forest between 2001 and 2006.

The Company has submitted annual forestry plans from 2007 through to 2018 for its plantations located in the provinces of Misiones and Buenos Aires.

The Agriculture, Livestock and Fisheries Secretariat approved Resolution 2019-55-APN-SECAGYP#MPYT on March 25, 2019, which approved the 2007 annual forest plan. It also approved the annual forest plan for 2009 on June 12, 2019 through Resolution 2019-114-APN-SECAGYP#MPYT, and approved the annual forest plan for 2008 on November 29, 2019 through Resolution 2019-228-APN-SECAGYP#MPYT. Therefore, Arauco Argentina S.A. will be

able to calculate the income tax exemptions with effect from 2019 on the forestry value of the plantations it harvests from the land included in these plans.

In March 2005 the Department of Agriculture, Livestock and Forestation issued Note 145/05, which suspended the exemption of export duties that Arauco Argentina S.A. had enjoyed until that date, in accordance with Law 25,080. This measure is being discussed by the Company. On November 8, 2006 the Fifth Court of the National Appeals Chamber for Contentious, Federal and Administrative Matters issued a decision authorizing Arauco Argentina S.A. to continue enjoying the export duty exemption as it had done previously before the suspension issued in Note 145/05. But that goods should be released using the guarantee regime established in Article 453(a) of the Customs Code, for the export duty exempt from payment. The legal measure was enforced from March 2007 by pledging guarantees through providing bail policies for each of the shipping permits exempt from export duty. Arauco Argentina S.A. has a provision for AR\$ 1,406,696,320 (equivalent to ThUS\$ 21,847 as of March 31, 2020) for the export duties guaranteed during 2007 to 2015, presented in the heading "Other long-term provisions". The Company also initiated a repetition claim for US\$ 6,555,207, plus interest from the transfer notification date, for export duties paid between March 2005 and March 2007 as a result of Note 145/05 issued by the Department of Agriculture, Livestock and Forestry being enforced. The Company's claim is being processed in Case 21830/2006 before Federal Administrative Litigation Court 4. On October 28, 2019, a first instance ruling was issued that rejected the claim and imposed the costs on Arauco. The Company filed an appeal against this ruling and expressed its grievances in December 2019.

Furthermore, in April 2016 the Department of Agriculture, Livestock, Fisheries and Food issued resolution 154-E/2016 requiring the owners of undertakings that received certain fiscal benefits in accordance with Law 25,080 to pledge guarantees to cover a third of the project duration with a minimum of five years. In May 2019, the Company amended its guarantee constituted in accordance with this Resolution, to become a total of AR\$ 384,317,563 Argentine pesos (equivalent to ThUS\$ 5,969 as of March 31, 2020).

The Company believes that it has met all its obligations under Law 25,080.

## 2. Celulosa Arauco y Constitución S.A.:

2.1 On August 25, 2005, the Chilean Servicio de Impuestos Internos (the "Chilean IRS") issued tax calculations 184 and 185 of 2005. These challenged the capital reduction transactions effected by Arauco on April 16, 2001 and October 31, 2001, and requested the Company to reimburse amounts returned to it in respect of tax losses, and to amend to its taxable profits and losses carried forward. Therefore, the tax calculations required the reimbursement of the historical amount of Ch\$4,571,664,617 as of October 31, 2002 (equivalent to ThUS\$ 5,336 as of March 31, 2020). On November 7, 2005, the Company requested a Review of Tax Inspections (Revisión de la Actuación Fiscalizadora, or "RAF"), and a claim was filed against tax calculations 184 and 185 of 2005. The RAF was resolved on January 9, 2009 by the Chilean IRS, which only partially sustained Arauco's request and reduced the sum to Ch\$1,209,399,164 (equivalent to ThUS\$ 1,419 as of March 31, 2020), leaving an amount in dispute of Ch\$3,362,265,453 (equivalent to ThUS\$ 3,946 as of March 31, 2020) plus fines, interest and indexation. On February 19, 2010, the Court issued an order in which the claim was filed against the RAF.

On September 26, 2014 Arauco requested to submit this complaint to the jurisdiction of the new tax and customs courts. Subsequently, on October 10, 2014, Arauco's request was granted, and the case was submitted to the new

Courts under RUC 14-9-0002087-3. On September 20, 2017, the Court passed judgment of first instance, confirming the assessments.

On October 12, 2017 Arauco filed an appeal requesting the Santiago Appeals Court to revoke the first instance sentence, and on June 29, 2018, the Santiago Appeals Court issued a second instance sentence, confirming the first instance. On July 19, 2018, Arauco submitted an appeal to the Supreme Court, Case 24,758-2018.

On June 21, 2019, Celulosa Arauco y Constitución S.A. filed an application for inapplicability before the Constitutional Court, due to unconstitutionality with respect to the legal precept contained in Article 53, paragraph 3 of the Tax Code.

On October 29, 2019, the Constitutional Court upheld the request filed by Celulosa Arauco y Constitución S.A., declaring unconstitutionally inapplicable Article 53, paragraph 3 of the Tax Code in the proceedings entitled "Celulosa Arauco y Constitución S.A. con SII Dirección Grandes Contribuyentes", before the Supreme Court, for the appeal submitted under Case 24,758-2018.

The case is currently before the Supreme Court.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of March 31, 2020.

## Plants

2.2 The Environment Superintendent ("SMA" in Spanish) issued Resolution 1 dated January 8, 2016, notified on January 14, 2016, which leveled 11 allegations against the Company for breaches in Environmental Approval Resolutions at the Valdivia plant and DS 90/2000. The 11 allegations were classified by the SMA as follows: 1 very serious, 5 serious and 5 minor.

On February 12, 2016, the company presented its defense.

On December 15, 2017, the SMA issued Resolution 1487, terminating the administrative proceedings, acquitting one allegation and upholding ten allegations with a penalty of UTA 7,777 (equivalent to ThUS\$ 5,479 as of March 31, 2020). On December 22, 2017, the company filed an appeal with the SMA against Resolution 1487, requesting to be acquitted of all allegations, with the exception of allegation number 7 (late submission of the water quality report for the Cruces River).

The SMA notified the Company of Resolution 357 on March 23, 2018, which rejected the appeal submitted by the company. Therefore, on April 5, 2018 a judicial appeal was submitted to the Third Environmental Tribunal.

On February 11, 2020, the Third Environmental Court issued a ruling that partially upheld the Company's claim, only with respect to the inadequate qualification of the seriousness of one of the charges (Charge 2, the green liquor spill that occurred on January 17, 2014 that was not diverted as a last resort to the effluent treatment system).

On February 28, 2020, both the Company and the SMA filed appeals with the Supreme Court. Case pending.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of March 31, 2020.

Celulosa Arauco y Constitución S.A., Forestal Arauco S.A., Maderas Arauco S.A. and Servicios Logísticos Arauco S.A.

2.3 On August 13, 2018, the Asociación Gremial de Dueños de Camiones de Constitución ("Asoducam") filed a lawsuit for forced compliance plus damages against Forestal Arauco S.A., Servicios Logísticos Arauco S.A., Celulosa Arauco y Constitución S.A. and Maderas Arauco S.A. The lawsuit was based on alleged breaches of the 2001 and 2005 cargo allocation, distribution and supply agreements entered into by Asoducam's associates with Forestal Arauco S.A. initially, and then allegedly, according to the plaintiff, with Servicios Logísticos Arauco S.A., in favor of the other two defendants, Celulosa Arauco y Constitución S.A. and Maderas Arauco S.A. It requests forced performance of the contract, plus Ch\$575,000,000 (equivalent to ThUS\$ 675 as of March 31, 2020) in damage compensation and in subsidy (a) Ch\$11,189,270,050 (equivalent to ThUS\$ 13,132 as of March 31, 2020), for emergent damages; (b) Ch\$11,189,270,050 per month in loss of profit during the entire duration of the lawsuit, until the contract is declared terminated in the final ruling, and (c) Ch\$5,000,000,000 (equivalent to ThUS\$ 5,868 as of March 31, 2020) for moral damages.

Celulosa Arauco y Constitución S.A., Forestal Arauco S.A. and Maderas Arauco S.A. were notified of the demand on August 28, 2018. Servicios Logísticos Arauco S.A. has not yet been notified.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of March 31, 2020.

### 3. Forestal Arauco S.A.:

3.1 On July 11, 2017, the Company was notified of a civil lawsuit claiming land ownership, filed by Ms. Carmen Muñoz Dominguez in representation of Forestal Ezreze S.A., who argued that her client is the owner by assignment and sale of 87.5% of the inheritance rights of the rural property called "Pino Huacho" located in Los Alamos and Cañete, in the Lebu province, Biobío Region. The land has an area of 5,144.22 hectares, alleged to be owned by Forestal Arauco S.A., and requesting the Court to resolve that Forestal Arauco S.A. should be ordering to restore the land to its rightful owner. Forestal Arauco S.A. responded to the demand, requesting that it should completely rejected with costs, and adding a counterclaim based on the statute of limitations.

On July 30, 2019, a ruling was issued fully rejecting both the main claim and the counterclaim. (Case C-109-2017 at Lebu Civil Court)

On August 12, 2019, the plaintiff filed an appeal against the final judgment. On September 2, 2019, Forestal Arauco S.A. joined the appeal, and the case is pending before the Concepción Court of Appeals. (Case 1,853-2019).

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on

solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of March 31, 2020.

3.2 Ms. Estela Jaramillo filed a lawsuit in special indigenous proceedings before the First Court of Osorno (Case C-2540-2018), requesting the absolute nullity of the purchase agreement entered into in 1999, by which Consorcio Forestal S.A. sold to Forestal Valdivia S.A., now Forestal Arauco S.A., a 1505.6 hectare piece of land called Fundo San Nicolás Dos Lote Uno Norte. It also claimed damages for the exploitation, use and enjoyment of indigenous lands against Forestal Arauco S.A.

On November 10, 2018, Forestal Arauco S.A. was notified of the lawsuit. On January 16, 2019, the Tribunal withdrew the lawsuit against Consorcio Forestal S.A., which had not been notified of the demand.

On March 18, 2019, a response and conciliation hearing was held, and the case was received on the evidence of the summons.

On November 11, 2019, the parties were summoned to hear judgment, which is still pending.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of March 31, 2020.

3.3 Inversiones Forestales Los Alpes Limitada and Forestal Neltume-Carranco S.A. filed a claim against Forestal Arauco S.A. before the Angol Court (Case C-502-2015), in which they requested that Forestal Arauco S.A. returns its ownership of 1,855.9 hectares, which is part of their property "Resto del Fundo Los Alpes" that covers approximately 2,700 hectares. They also request that the plaintiffs are declared exclusive owners of the property, that its civil and natural benefits are restored, plus any deterioration of the property, with costs.

On May 29, 2019, the lawsuit was contested and a counterclaim of acquisitive prescription was filed.

The reconciliation hearing was held on March 3, 2020, and a ruling on the case is pending.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of March 31, 2020.

3.4 On August 2, 2019, the company was notified of a lawsuit filed by "Sociedad Recuperadora de Fibra S.A." before the First Valdivia Civil Court (Case C-2215-2019). The plaintiff in this lawsuit challenged the early termination of a contract by Forestal Arauco. It also alleges that the company may have breached various contractual obligations in respect of two groups of contracts:

- A. (i) Gravel Transportation Contract and (ii) Platforms and Storage Production, Loading, Storage Handling and Construction Contract.
- B. (i) Aggregates Production Services Contract, (ii) Aggregates Long Freight Services Contract and (iii) Aggregates Short Freight and Granular Storage Construction Services Contract.

Consequently, it requests an indemnity amounting to Ch\$3,486,187,431 (equivalent to ThUS\$ 4,092 as of March 31, 2020).

On September 17, 2019, Forestal Arauco S.A. responded to the demand and filed a counterclaim for damages, requesting that the plaintiff be ordered to pay Ch\$421,723,281 (equivalent to ThUS\$ 495 as of March 31, 2020).

The court received the case on January 9, 2020, with notification pending.

There is a reasonable possibility of obtaining a favorable result for Arauco, as the Company's position is based on solid legal arguments. Therefore, Arauco has not created any provisions for this contingency as of March 31, 2020.

3.5 On April 15, 2020, Forestal Arauco S.A. was notified of a lawsuit filed against it by Agrícola, Forestal, Transportes e Inversiones El Quillay SpA, with the Constitutional Court, under case number C-298-2020.

The plaintiff claims that she owns rights and shares totaling 4.17% or 1/24th of all the rights over the property called "Bodega de la subdelegación de Quivolgo", within the estate of Mr. José Arcos Gonzalez (deceased). In her opinion, the registration of this property is in parallel with registrations by Forestal Arauco S.A. regarding (i) "property that formed part of the Hijueta Sur Poniente of the Hijueta Sur of the Quivolgo Estate" (ii) "Lomas de Quivolgo" and, (iii) "Hijueta Astillero". As a result, there are 3,424.38 hectares that overlap.

The plaintiff claims that she has been deprived of possession of "Bodega de la subdelegación de Quivolgo", and claims that Forestal Arauco S.A. has been managing the forests on the property since December 21, 2019, with the result that the plaintiff could not take possession of that property.

Accordingly, she requests:

- A. That the plaintiff is declared to own an undivided share of 4.17% or 1/24th of "Bodega de la Subdelegación de Quivolgo."
- B. That the registration of the following properties belonging to Forestal Arauco S.A. are cancelled: (i) "property that formed part of the Hijueta Sur Poniente of the Hijueta Sur of the Quivolgo Estate" (ii) "Lomas de Quivolgo" and, (iii) "Hijueta Astillero", as they were acquired in bad faith.
- C. That Forestal Arauco S.A. Is ordered to surrender the 3,424 hectares it occupies.
- D. Accordingly, joint-ownership between the plaintiff and Forestal Arauco S.A. is declared regarding the overlapping land, and the latter is ordered to surrender the land it occupies.
- E. That Forestal Arauco S.A. is order to surrender all natural and civil benefits, and all goods and products that form part of the claimed property.
- F. That the defendant is order to pay the costs.

Currently the lawsuit has not yet been contested.

#### 4. Arauco do Brasil S.A.:

On November 8, 2012, Brazilian Tax Authorities issued an Infraction Notice against a Brazilian affiliate, Arauco do Brasil S.A., for alleged unpaid taxes purportedly payable for the years 2006 to 2010. In particular, the Tax Authorities (i) objected to the deduction of certain payments and expenses (including premium amortization, interest and legal expenses) by Arauco do Brasil between 2005 and 2010 and (ii) alleged that Arauco do Brasil had underpaid its Brazilian Corporate Income Tax ("IRPJ") and the Brazilian Social Contribution on Net Profits ("CSLL") obligations during 2010.

On July 20, 2015, Arauco do Brasil was notified of a decision at the first administrative level, to partially uphold the case, with an estimated value of BR\$ 164,159,000 (ThUS\$ 31,568 as of March 31, 2020). An appeal was submitted against this decision, to revoke the Infraction Notice with the CARF (the Brazilian Taxation Appeals Administrative Council), which is the second administrative level. The CARF reached a decision on May 16, 2017 having considering some of the Company's arguments regarding the premiums, but retaining other charges. Arauco do Brasil was notified of a CARF decision on September 27, 2018 presenting the current value at BR\$ 57,556,262 (ThUS\$ 11,068 as of March 31, 2020), plus interest and inflation adjustments until the discussion is closed. Arauco do Brasil filed an appeal, to request clarification by CARF of some of its decision points.

On January 25, 2019, the CARF indicated that there were no further clarifications or omissions to be submitted, and that the period to submit the last administrative appeal ("Recurso Especial") had begun. This appeal was submitted to the Upper Fiscal Appeals Chamber of the CARF (CSRF) on February 11, 2019, reiterating the Company's defense arguments on the issues and charges that remained in that process, and a decision on that appeal was awaited.

On July 17, 2019, the Company heard that an intermediate decision had been issued by CARF, which examined the legal criteria for admitting the Special Appeal, and only admitted point "4", which is the challenge to the isolated 50% fine. The other points within the appeal are: 1. Details of contractual costs deducted in the purchase of Tafisa; 2. Details of interest and legal costs on debts paid in the amnesty program; 3. Lower IRPJ and CSLL during the second part of 2010. CARF believed that there were no legal criteria for admitting these appeals. Thus, the appeal under point "4" will go to the CSRF for trial.

The Company filed another administrative appeal ("Agravo de Instrumento") with respect to points 1, 2 and 3, to amend the inadmissibility of these points.

Based on the last declaration embargos decision, the CARF set the current value under discussion at BR\$58,059,580 (ThUS\$ 11,165 as of March 31, 2020) on the January 31, 2019 base, and interest and inflation indexation would be added to this value with effect from January 31, 2019 until the case is finalized.

The Company believes that its objection to the Infraction Notice is supported by solid legal arguments and that there is a reasonable likelihood that this matter will result in a favorable outcome for the Company. Otherwise, the next step would be for the Company to challenge the notification with Brazilian Justice.

Therefore, Arauco has not made any provision for this contingency as of March 31, 2020.

## II. Lawsuits or other legal actions of the affiliate **Compañía de Petróleos de Chile Copec S.A.** and its affiliates:

### 1. Compensation for damages

- a) Mr. Mauricio Madrid Marticorena and Luis Sepulveda Marticorena filed three lawsuits in the Third Civil Court of Santiago. The first lawsuit in summary proceedings for damages caused by an alleged breach in Law 17,336 on Intellectual Property, during negotiations to launch a business making Biodiesel from algae. The amount claimed is ThUS\$ 1,135.

The plaintiffs are seeking compensation for damages before the same court and for the same events, alleging that COPEC has breached business secrecy rules, namely Law 19,039 on Intellectual Property. The amount claimed is ThUS\$ 311.

Finally, based on the same events, the plaintiffs brought an ordinary action for damages of tort. The amount is ThCh\$ 895,000.

Both cases ruled in Copec's favor in the first instance. Subsequently, the Appeal Court partially upheld one of the demands and ordered Copec to pay ThCh\$ 40,000. As a result, Copec appealed to the Supreme Court, and its ruling is pending.

The possibility of an unfavorable outcome is remote.

- b) A group of 107 Mejillones fishermen filed a claim for damages against the Company, which is being processed before the 13th Civil Court of Santiago. The case is based on the damages suffered by the fishermen following a fuel spill on August 2018 at Mejillones beach. Each plaintiff is claiming damages of Ch\$ 10,000,000 so the lawsuit amounts to ThCh\$ 1,070,000. Currently the case is pending judgment, but it is covered by insurance policies. The possibility of a contingent liability arising that is not covered by insurance is remote.
- c) The family of the child María Isabel Díaz Moyano, who died as a result of an accidental collision caused by a Company employee in a Company vehicle, filed a claim for damages against the Company with the 7th Civil Court of Santiago. The plaintiffs have claimed total damages of ThCh\$1,400,000. This is covered by insurance policies and the claim is plausible but for smaller amounts than those claimed by the plaintiffs.

### 2. Pureo Plant

On September 6, 2011, there was a spill of diesel fuel in the Fuel Storage Plant located in Pureo, Calbuco, which had the following consequences:

- A group of mussel farmers sued the Company in Puerto Montt for compensation for the damages following the fuel spill at the plant in Calbuco, Pureo. The demand totaled ThCh\$ 830,200. The plaintiffs withdrew their claim, so the farmer's case is closed.

- Subsequently, a second lawsuit for ThCh\$ 1,501,701, for consequential damages, lost profits and moral damage, was presented by Martinez, which is in addition to the first. First and second instance rulings rejected the claim. At present, the second case is now before the Supreme Court following an appeal filed by the plaintiff.

According to Management and its legal counsel, the contingency is remote.

### 3. SEC fines

There are several fines imposed by the Superintendence of Electricity and Fuels for approximately ThUS\$20,000.

According to Management and its legal counsel, an unfavorable result is possible.

### 4. Quintero Lubricants Plant

The Union of Independent Workers, Artisanal Fishermen, Sea-food Divers and similar trades in Horcón bay and other people in the area filed a demand with the second Santiago Environmental Court for environmental damage caused by several companies operating in the "Ventanas Industrial Complex", which is located in the Quintero and Ventanas bays, including Empresas Copec S.A. as alleged operator of the Lubricants Plant located on the edge of Quintero Bay, Loncura sector, which is described in Case file D-30-2016, and notified on November 10, 2016.

The alleged environmental damage is based on operating an industrial plant that Empresas Copec does not control, as it is owned and operated by its affiliate Compañía de Petróleos de Chile Copec S.A. Therefore, Empresas Copec S.A. filed a defense that it is not responsible for this alleged environmental damage and requested that the case be dropped. Subsequently, the case went to trial, and the court decided that the dilatory exceptions will be resolved in the final judgment. A reconciliation process between all the plaintiffs and defendants is currently underway.

According to the legal advisers, the Company's defense is sufficiently strong to expect that the court will reject the demand.

### 5. Affiliates

#### Organización Terpel S.A.

- As a result of purchasing the Cartagena plant in Colombia, Organización Terpel S.A. undertook to indemnify the Third Party Acquirer (Inversiones Primax S.A.S. and Primax Holdings S.A.S.) against any of the following events:
  - a. Any lawsuit or claim related to the Mobil lubricants business that was transferred by DAC to Terpel, for a maximum term equal to the statute of limitations under Colombian law (10 years) and up to an amount equal to the final price of the Fuels Resale SPA - Share Purchase Agreement (after adjustments). This value has not yet been defined since the adjustments have not been made. A claim has been filed, which is at the initial stage. According to an evaluation by internal and external legal advisors there are no significant contingencies for the organization. The contingency will become clearer as the case progresses, depending on what happens at the evidentiary stage.
  - b. On environmental issues, only for a breach or inaccuracy in the representations and guarantees established in the SPA, for a period of 10 years and limited to ThUS\$ 4,394.

- c. On transfer prices, only for a breach or inaccuracy of the representations and guarantees established in the Fuels Resale SPA for a period of five and a half years and limited to ThUS\$ 4,394.
- On July 3, 2013, the DIAN (the Colombian Directorate of Taxes and Customs) rejected the deduction of US\$38.497 million, being amortization of goodwill generated on the acquisition of shares in GAZEL included in the income declaration presented by TERPEL for the fiscal year 2010. Organización Terpel S.A. responded to this special requirement stating how it had satisfied all the requirements established by law to deduct as an expense the amortization of goodwill in the 2010 tax year and accordingly asked the DIAN to accept the declaration with this deduction, but as a result of its rejection, legal action was taken. In June 2018, the court of first instance ruled in favor of TERPEL, so the fiscal authority filed an appeal within the legal terms and conditions, July 10, 2018. Once the appeal has been resolved, the extraordinary review appeal will be processed by the Council of State, whose final decision could take up to four years. According to legal counsel, the likelihood of success is high.
- PGN GASNORTE S.A.C. filed a lawsuit against the Lima Metropolitan Municipality, Peru and PROTRANSPORTE for a breach of the Concession Agreement for Gasocentro Norte, which caused the following damages: a) Accrued interest, b) Finance costs overrun on the accrued interest on the Loan with Interbank, and c) Lower income received by PGN GASNORTE. The amount claimed was US\$3.2 million, and the arbitral award that resolved the dispute was recently reported and upheld PGN GASNORTE S.A.C. However, the Lima Metropolitan Municipality filed a clarification appeal before the Second Commercial Chamber of the Judicial Branch, which was resolved on September 23, 2019, declaring the appeal unfounded and therefore the arbitration award valid. This will enable the execution stage to begin.
- PGN GASUR S.A.C. filed a lawsuit against the Lima Metropolitan Municipality, Peru and PROTRANSPORTE for a breach of the Concession Agreement for Gasocentro Sur, which caused the following damages: a) Financial costs overrun on the accrued interest on the Loan with Interbank, and b) Lower income received by PGN GASUR S.A.C. The amount claimed was US\$1.0 million, and the arbitral award that resolved the dispute was recently reported and upheld PGN GASUR S.A.C. However, the Lima Metropolitan Municipality filed a clarification appeal before the First Commercial Chamber of the Judicial Branch, which was finally dismissed because the appeal had expired, as the appeal submitted by the Lima Metropolitan Municipality was filed too late. Consequently, the Judicial Branch declared the arbitral award valid, thus initiating the execution stage.
- The entire NGV industry in Peru (including the affiliate Terpel Peru) is being investigated for alleged price agreements between 2011 and 2015, and a technical report was issued by the secretary of the competition authority (INDECOPI) who recommended applying sanctions to the affiliate of US\$17.5 million. On August 7, 2018, Gazel Peru was granted an audience before the Free Trade Commission, in order to undermine the recommendation in the technical report. New hearings were scheduled for October 12, 15 and 16 following the resignation of one of the Commissioners. The closing arguments were completed in January 2019. The related companies Bacthor and Bacpetrol, affiliates of Terpel Peru, were linked and were notified in Resolution 104-2018/CLC-INDECOPI of the following fines:
  - Terpel, approx. US\$17 million.
  - Bacthor and Bacpetrol, approx US\$1.5 million.

On February 1, 2019, an appeal was filed, which will be resolved by the Fair Trade Court during the second half of 2020. If the appeal decision is not favorable (which is to be expected, given that the decision is made by the same entity that sanctioned it), the demands would be filed before the contentious jurisdiction against the resolution that imposed the sanction. This process will take approximately 5 years.

After the appeal was filed, INDECOPI unofficially reduced Terpel's fine by approximately US\$5 million, to leave a total fine of approximately US\$12 million. This is not a decision resulting from the appeal, as this has not yet been decided.

On May 3, 2019, a protection appeal was filed against INDECOPI with the purpose of nullifying the imposition of the fine imposed on TERPEL PERU, BACPETROL and BACTHOR, for deficiencies in the process. This appeal was filed before the 11th Sub-Specialized Constitutional Court on Tax, Customs and Market Issues under Case 2631-2019 and was admitted on June 17, 2019. On September 27, 2019, Resolution 3 notified the defendant with copies of the claim statement and appendices. Estimated time to complete the process is two and a half years.

- Ludesa and Casamotor (former distributors of Mobil lubricants) filed a lawsuit for approximately US\$85 million against Distribuidora Andina de Combustibles S.A. (formerly ExxonMobil de Colombia S.A., now Primax Colombia S.A.), alleging a commercial agency contract since 1962. They also allege unjustified termination of the business relationship. Organización Terpel S. A. is responsible for the outcome of this process, since it agree to indemnify Inversiones Primax S.A.S. and Primax Holdings S.A.S. who are the third party acquirers of ExxonMobil Colombia's business, against any lawsuit or claim related to the Mobil lubricants business in Colombia. The proceedings have reached an initial stage (response to the demand). To date, the plaintiffs have not proved the business relationship since 1962. The plaintiffs were created in 2013 and 1996. Additionally, there is documentation confirming that the commercial relationship covered distribution of lubricants by purchases for resale, which was legally terminated as the agreed term expired. The plaintiffs (Ludesa and Casamotor) submitted an amendment to the lawsuit, which was admitted on October 16, 2019. Subsequently, Terpel filed an appeal against admitting the amended lawsuit, arguing undue accumulation of claims and lack of clarity, which affects its ability to adequately exercise its right of defense. A ruling from the judicial authority is pending.
- Héctor Mario Gomez is a former affiliate of EDS Bandera Terpel, and sued the company seeking compensation for alleged damage caused by the termination of negotiations to renew the fuel supply contract. Mr. Gomez estimates his damages at US\$2.3 million. The defense requested recognition that the demand by Mr. Gomez is unlawful, because his previous contract and the negotiation were with Estación de Servicio el Grande EU. Additionally, it is argued that the termination of the negotiations was not unjustified and untimely, Terpel Organization was not obliged to sign a new contract with Mr. Gomez and within the negotiation of the contract there were good reasons to determine that it was not convenient to renew it. The evidentiary stage has been completed and the date for the hearing has been set for May 14, 2020.
- The service station maintenance provider, L&H Ingeniería Hernández Ltda. filed a lawsuit against Terpel requesting that it be held liable for the economic and extrapatrimonial damages, estimated at US\$3.9 million, caused by the alleged improper termination of the contractual relationship. The defense arguments are aimed at demonstrating that the contract ended due to the expiration of its term. The evidentiary stage has been completed, and a ruling in favor of Terpel was issued on October 10, 2019. The plaintiff appealed against this ruling, which was admitted and is currently before the Barranquilla High Court.

- The competitor Importadora Fertilizantes Tasajero S.A.S. filed a lawsuit against Terpel, alleging unfair competition for breaches in the regulations at a supply plant without adequate permission for dumping, and requests that Terpel be ordered to pay US\$3.52 million. The defense is aimed at demonstrating that no regulations were breached, as the plant had all the environmental and hydrocarbon sector permits. As a result, Terpel was not an illegitimate market operator, as the plaintiff alleges. Furthermore, the defense will try to demonstrate that the lawsuit is statute-barred. The case is at the evidence stage.
  
- The aviation customer Aerosucre filed a lawsuit requesting that Terpel be declared civilly responsible for breaking the law, by collecting VAT on products that are expressly exempt from this tax under the law. Therefore, it requests that Terpel be ordered to reimburse all the resulting damages caused between 2011 and 2013, estimated at US\$1 million. The process was defective due to a breach of due process and lack of jurisdiction of the judge, so the corresponding annulment was filed, which was denied in the first instance. An appeal was filed against this decision on October 10, 2019, which was ruled in favor of Terpel, and the whole process was declared null and void. On April 17, 2020, Aerosucre filed a protective action against the ruling that declared the process void. On May 4, 2020, the Supreme Court ordered the Barranquilla Judicial District High Court to issue a new ruling. On May 7, 2020, Terpel challenged the Supreme Court's decision. The resolution of this challenge is pending.

## 6. Guarantees

Guarantees are received from third parties in favor of the Company and are mortgages, pledges and retentions on concession and consignment agreements, fuel supply contracts, lines of credit and construction contracts.

The main guarantees as of the reporting date were as follows:

GUARANTEE	TRANSACTION	ThUS\$	COMPANY	RELATIONSHIP
Mortgage	Fuel and Lubricant Supply Contract	940	EST DE SERV VEGA ARTUS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	369	COMERCIAL Y SERVICIOS PINCAL LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	587	AMELIA MARTINEZ RASSE Y COMPAÑIA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	604	PATRICIO ABRAHAM GHIARDO JEREZ	Concession
Mortgage	Fuel and Lubricant Supply Contract	537	JAIME ALEJANDRO VILLANUEVA LOZANO	Concession
Mortgage	Fuel and Lubricant Supply Contract	571	DINO PEIRANO Y CIA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	433	ALTO MELIMOYU S.A.	Concession
Mortgage	Fuel and Lubricant Supply Contract	507	SOCIEDAD COMERCIAL RINCON LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	470	COMBUSTIBLES Y SERVICIOS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	470	DISTR. DE COMB. COKE LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	436	COMERCIAL Y SERVICIOS FERSOF LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	470	COMERCIAL DE PABLO Y MARIN LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	436	GAJARDO E HIJOS LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	470	COMERCIAL LINCOYAN LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	403	COMERCIALIZADORA LONCOMILLA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	AUTOMOTRIZ Y COMERCIAL LONCOMILLA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	436	COMERCIAL F. Y H. LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	262	COMERCIAL MAHO LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	369	COMERCIAL Y SERVICIOS SAN IGNACIO LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	369	SOCIEDAD COMERCIAL CAROLINA HERNANDEZ	Concession
Mortgage	Fuel and Lubricant Supply Contract	338	MARTINEZ RASSE Y CIA. LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	403	DE LA FUENTE MARTINEZ Y COMPAÑIA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	403	INV Y COM LIRAY LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	331	COM. Y DISTRIBUIDORA LOS LIRIOS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	369	COMERCIAL Y SERVICIOS DG LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	369	GARCIA Y COMPAÑIA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	369	ESTACION DE SERVICIO VIÑA DEL MAR LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	336	COMERCIAL BEFFERMANN E HIJOS LTDA	Concession
Mortgage	Fuel and Lubricant Supply Contract	369	ROSENBERG Y SEPULVEDA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	369	ADMINIST.DE E/S AUTONOMA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	369	STEFFENS Y COMPAÑIA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	336	DELAC S.A.	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	COMERCIALIZADORA Y DISTRIBUIDORA DEL NORTE LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	299	SANTA LUISA DE NAVA DEL REY LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235	COMERCIAL ONE STOP LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	COMERCIAL ONE STOP LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	293	SERVICIOS KAYFER LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	336	COMERCIAL ELIZABETH OCARANZA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	289	COMERCIAL J & C MOYA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	336	SOCIEDAD COMERCIAL LAS VIOLETAS LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	284	COMERCIAL SOZA Y ARAVENA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	COMERCIAL Y SERVICIOS EL TATIO LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	336	COMERCIAL Y SERVICIOS PALAU LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	DISTRIBUIDORA VALLE GRANDE LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	EST. DE SERV. COLON TOMAS MORO LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	SOCIEDAD COMERCIAL EL PARRON LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	COMERCIAL Y SERVICIOS LA ROCHELLE LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	COMERCIAL VARELA Y COMPAÑIA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	COMBUSTIBLES VARELA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	INVERSIONES JOTAS LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	302	COMERCIAL E INVERSIONES SANTA CATA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	269	RAMIS Y RAMIS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	269	COMERCIAL Y SERVICIOS SEGUEL- BEYZA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	269	DISTRIBUIDORA PERCAB LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	269	COMERCIAL MAHANA Y COMPAÑIA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	269	FL COMERCIAL LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235	COMERCIAL GRUPO MYDO LIMITADA	Concession

GUARANTEE	TRANSACTION	COMPANY	RELATIONSHIP
Mortgage	Fuel and Lubricant Supply Contract	269 COM Y DIST PIRQUE LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL Y SERVICIOS S & J FULL LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL E INVERSIONES SALARES LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	269 COMERCIAL MALLKU LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	269 EXPENDIO DE COMBUSTIBLES Y LUBRICANTES LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	269 COMERCIAL DOMINGA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	269 GERMAN LUIS CONTRERAS CHAVEZ	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL Y SERVICIOS NEWEN LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	269 SOCIEDAD LUIS FONG VERGARA Y COMPAÑIA	Concession
Mortgage	Fuel and Lubricant Supply Contract	269 DE LA PAZ MERINO LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	269 DISTRIBUIDORA B & B LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL Y SERVICIOS RIMED LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 SOCIEDAD COMERCIAL PEREZ Y POBLETE LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	269 COMERCIAL CAUTIN LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL Y SERVICIOS M & C LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 BODEGAJE, LOGISTICA Y DISTRIBUCION FERNANDEZ OSSA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 DANIEL VILLAR Y CIA. LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 MUÑOZ Y DIMTER LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 SOCIEDAD COMERCIAL QUINWER LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 AUTOMOTRIZ CRISTOBAL COLON LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL CSC LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL Y SERVICIOS FUTRONO LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 GRANESE Y ROSSELLI LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 NTEC SERVICIOS Y COMERCIALIZADORA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 SOCIEDAD COMERCIAL URQUIETA HUERTA	Concession
Mortgage	Fuel and Lubricant Supply Contract	201 COMERCIAL Y SERVICIOS BALMA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	201 COM Y SERVICIOS SAN ALFONSO LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 ANGELA HENRIQUEZ MAGGIOLO Y COMPAÑIA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 SOCIEDAD HERRERA PRADO LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL GRONA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 SOC COM SHARPE HNAS LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL Y SERVICIOS RIGA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 GEOMAZ COMERCIAL Y SERVICIOS LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL E INVERSIONES BORQUEZ HULSE LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	201 COMERCIAL Y SERVICIOS BRAXO LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL Y SERVICIOS LENGUA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL Y SERVICIOS R & R LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	201 DISTRIBUIDORA DIAZ Y COMPAÑIA LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 COMERCIAL Y SERVICIOS ALESSANDRIA LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	157 COMERCIAL LOS CONQUISTADORES LIMITADA	Concession
Mortgage	Fuel and Lubricant Supply Contract	143 DIST DE COMBUST SAN IGNACIO LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	67 COMERCIAL Y SERVICIOS MEDNAV LTDA.	Concession
Mortgage	Fuel and Lubricant Supply Contract	235 VALLE DORADO S.A.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	671 DISTRIBUIDORA DE LUBRICANTES SAN JAVIER LTDA.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	503 COMERCIAL RENGO LUBRICANTES S.A.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	436 SOCIEDAD LUBRICANTES Y SERVICIOS LTDA.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	470 COMERCIAL HARAMBOUR LIMITADA	Distributor
Mortgage	Fuel and Lubricant Supply Contract	352 LUBRICANTES ARTIGUES S.A.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	352 LUBRICANTES ARTIGUES S.A.	Distributor
Mortgage	Fuel and Lubricant Supply Contract	403 SOCIEDAD COMERCIALIZADORA NUEVA LONCOMILLA LIMITADA	Distributor
Mortgage	Fuel and Lubricant Supply Contract	1,141 TRANSPORTES MARITIMOS KOCHIFAS S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	685 BUSES METROPOLITANA S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	711 BUSES METROPOLITANA S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	417 PULLMAN CARGO S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	603 FUENTES SALAZAR SANDRA	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	383 SOTALCO II LTDA.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	382 COMERCIAL CALAMA S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	375 PINTO LAGOS MIGUEL ANGEL	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	269 PETROMAULE LTDA.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	269 PETROMAULE LTDA.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	269 SOCIEDAD COMERCIAL E INMOBILIARIA CUMBRE S.A.	Industrial Customer
Mortgage	Fuel and Lubricant Supply Contract	235 OSCAR GILBERTO HURTADO LOPEZ TRANSPORTES E.I.R.L.	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	235 ASOCIACION GREMIAL DE DUEÑOS DE CAMIONES DE LA SEXTA REGION	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	117 SOCIEDAD ELECTRICAS DE MEDELLIN SA	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	108 TRANSPORTE PUBLICO DE PASAJEROS RUTA LAS PLAYAS S.A.	Industrial Customer
Promissory Note	Fuel and Lubricant Supply Contract	101 HUILO HUILO DESARROLLO TURISTICO	Industrial Customer
Pledge	Fuel and Lubricant Supply Contract	82 FUENTES SALAZAR SANDRA	Industrial Customer
Pledge	Fuel and Lubricant Supply Contract	82 RICARDO LEIVA Y CIA. LTDA.	Industrial Customer
Pledge	Fuel and Lubricant Supply Contract	84 RICARDO LEIVA Y CIA. LTDA.	Industrial Customer
Pledge	Fuel and Lubricant Supply Contract	101 SALAZAR CRANE JULIA	Industrial Customer
Instrument	Fuel and Lubricant Supply Contract	34 SOCIEDAD HERRERA BRAVO LTDA.	Concession
Instrument	Fuel and Lubricant Supply Contract	101 COMERCIAL MAR Y SOL LTDA.	Concession
Instrument	Fuel and Lubricant Supply Contract	32 TANGOUR Y LOYOLA LTDA.	Concession

**Guarantees Granted****Celulosa Arauco y Constitución S.A.**

At the date of these interim consolidated financial statements, the affiliate Arauco has approximately US\$ 31 million in financial assets transferred to third parties (beneficiaries), as direct guarantees. If the obligation is not satisfied by Arauco, the beneficiary may enforce this guarantee.

As of March 31, 2020 there are assets pledged as indirect guarantees amounting to US\$ 497 million. Unlike direct guarantees, indirect guarantees are provided to safeguard an obligation assumed by a third party.

On September 29, 2011, Arauco signed a Guarantee Agreement under which it granted a non-several commitment to guarantee 50% of the obligations of two Uruguayan companies (joint operations) Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A., under the IDB Facility Agreement for US\$454 million and the Finnvera Guaranteed Facility Agreement for US\$900 million.

Below is a breakdown of the main direct and indirect guarantees granted by Arauco:

**Direct**

Affiliate	Guarantee	Asset Committed	Currency	ThUS\$	Guarantee Beneficiary
Celulosa Arauco y Constitución S.A.	Performance bond	-	Chilean peso	488	General Directorate of Maritime Territory and the Merchant Navy
Celulosa Arauco y Constitución S.A.	Performance bond	-	Chilean peso	209	General Directorate of Maritime Territory and the Merchant Navy
Arauco Forest Brasil S.A.	Endorsement of ADB	-	Reals	410	Banco Votorantim S.A.
Arauco Forest Brasil S.A.	Mortgage of ADB's Jaguariava Industrial Plant	Property, plant and equipment	Reals	29,490	BNDES
Arauco Florestal Arapoti S.A.	Endorsement of ADB	-	Reals	462	Banco Votorantim S.A.
<b>Total</b>				<b>31,059</b>	

**Indirect**

Affiliate	Guarantee	Asset Committed	Currency	ThUS\$	Guarantee Beneficiary
Celulosa Arauco y Constitución S.A.	Non several and non cumulative guarantee	-	US dollars	193,058	Joint Ventures (Uruguay)
Celulosa Arauco y Constitución S.A.	Full guarantee	-	US dollars	300,000	Arauco North America (ex Flakeboard America Ltd.) (USA)
Celulosa Arauco y Constitución S.A.	Guarantee letter	-	US dollars	1,485	Arauco Forest Brasil y Mahal (Brazil)
Celulosa Arauco y Constitución S.A.	Guarantee letter	-	Reals	2,796	Arauco Forest Brasil y Mahal (Brazil)
<b>Total</b>				<b>497,339</b>	

### **Abastible S.A.**

The indirect affiliate Solgas pledged to Banco Scotiabank Perú S.A.A. assets equivalent to ThUS\$112,238, to guarantee borrowings from financial institutions of ThUS\$92,188 (equivalent to PS/ 303,300,000). The term is 7 years from January 2019.

### **Compañía de Petróleos de Chile Copec S.A.**

The Company has furnished performance bonds to guarantee delivery of fuels to customers and to guarantee works on public thoroughfares and other similar roads for a total of ThUS\$ 74,221 (ThUS\$ 60,108 as of December 31, 2019).

### **Pesquera Iquique – Guanaye S.A.**

The indirect affiliate Orizon S.A. pledged 124,150 shares in the associate Boat Parking S.A. in favor of that company, in order to ensure compliance with all current or future contractual obligations of Orizon S.A. to Boat Parking S.A.

### **Alxar Internacional SpA**

On May 16, 2018 at an Extraordinary Shareholders' Meeting held by Empresas Copec and in relation to the Mina Justa project, it was agreed to provide guarantees under the following terms:

- 1) To secure up to 40% of Marcobre's obligations during the project's construction and commissioning phase with a syndicate of loan agencies, financial institutions and banks, who would provide a "Project Finance" loan. This loan would be between US\$ 800 million and US\$ 900 million, and the guarantee is limited to US\$360 million, which is 40% of the maximum figure.
- 2) Provided it is acceptable to the respective counterparties, to assume 40% of the guarantees provided by Minsur in favor of Ausenco, to guarantee Marcobre obligations under EPCM contracts in relation to the project. Or if for any reason it could not assume these guarantees, to authorize Empresas Copec to sign a back-to-back guarantee agreement, provided Minsur requires it, in order to reimburse Minsur or its related parties (as the case may be), of 40% of all costs payable by Minsur or its related parties under such guarantee. These contracts are valued at US\$ 75.4 million, and the guarantee was limited to 40% of this value, plus 10%, being US\$ 33.2 million.

Accordingly, on August 15, 2018, Grupo Cumbres Andinas S.A.C. signed a syndicated loan with a group of lenders composed of Export Development Canada, Export Finance and Insurance Corporation, KfW IPEX-Bank GMBH, the Export-Import Bank of Korea, Banco Bilbao Viscaya Argentaria, S.A. Hong Kong, Banco de Crédito del Peru and other lenders, where it obtained a US\$ 900 million line of credit with a Libor variable interest rate covered with a hedge. As of March 31, 2020, the Group had received disbursements of US\$ 666 million.

As of the date of these interim consolidated financial statements, there are no other contingencies that could significantly affect its financial or operating conditions.

**Disclosure information regarding provisions:**

Provisions are recognized when there is a legal or constructive obligation as a consequence of past events, it is likely that a payment will be necessary to settle the obligation, and the amount of such payment can be reliably estimated. The amount is the best possible estimate at each reporting date.

	Current		Non-current	
	03.31.2020 ThUS\$	12.31.2019 ThUS\$	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Provisions</b>				
Legal claims provision	9,968	9,693	10,342	11,286
Onerous contracts provision	0	0	13,313	23,188
Decommissioning, restoration and rehabilitation provision	209	260	19,530	20,256
Profit share and bonuses provision	0	0	0	304
Other provisions	9,474	9,046	25,351	25,522
<b>Total</b>	<b>19,651</b>	<b>18,999</b>	<b>68,536</b>	<b>80,556</b>

Changes in provisions ThUS\$	Guarantee provision	Legal claims provision	Onerous contracts provision	Decommissioning restoration and rehabilitation provision	Profit shares and bonuses provision	Other provisions	Total
<b>Opening balance as of January 1, 2020</b>	<b>0</b>	<b>20,979</b>	<b>23,188</b>	<b>20,516</b>	<b>304</b>	<b>34,568</b>	<b>99,555</b>
<b>Movements in provisions</b>							
Increase (decrease) in provisions	0	905	(8,081)	549	(295)	7,294	372
Current onerous contracts	0	0	0	0	0	0	0
Acquisitions through business combinations	0	0	0	0	0	0	0
Disposals through divestitures of businesses	0	0	0	0	0	0	0
Provision used	0	(654)	0	0	0	(5,903)	(6,557)
Reversal of unused provision	0	(150)	0	0	0	0	(150)
Increase for adjustment of the time value of money	0	999	0	1,179	0	0	2,178
Increase (decrease) from changes in discount rate	0	0	0	0	0	0	0
Exchange differences	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	0	(2,643)	(1,794)	(2,505)	(9)	99	(6,852)
Additional provisions	0	742	0	0	0	3	745
Other increases (decreases)	0	132	0	0	0	(1,236)	(1,104)
<b>Total changes in provisions</b>	<b>0</b>	<b>(669)</b>	<b>(9,875)</b>	<b>(777)</b>	<b>(304)</b>	<b>257</b>	<b>(11,368)</b>
<b>Closing balance as of March 31, 2020</b>	<b>0</b>	<b>20,310</b>	<b>13,313</b>	<b>19,739</b>	<b>0</b>	<b>34,825</b>	<b>88,187</b>

Changes in provisions ThUS\$	Guarantee provision	Legal claims provision	Onerous contracts provision	Decommissioning restoration and rehabilitation provision	Profit shares and bonuses provision	Other provisions	Total
<b>Opening balance as of January 1, 2019</b>	<b>0</b>	<b>23,094</b>	<b>23,188</b>	<b>27,722</b>	<b>1,346</b>	<b>34,646</b>	<b>109,996</b>
<b>Movements in provisions</b>							
Increase (decrease) in provisions	0	757	0	(519)	0	35,402	35,640
Current onerous contracts	0	0	0	0	0	0	0
Acquisitions through business combinations	0	815	0	0	0	0	815
Disposals through divestitures of businesses	0	0	0	(289)	(1,042)	(1,109)	(2,440)
Provision used	0	(4,263)	0	0	0	(35,213)	(39,476)
Reversal of unused provision	0	(251)	0	0	0	0	(251)
Increase for adjustment of the time value of money	0	1,438	0	1,628	0	0	3,066
Increase (decrease) from changes in discount rate	0	0	0	0	0	0	0
Exchange differences	0	0	0	0	0	0	0
Increase (decrease) in foreign currency translation	0	(2,453)	0	(1,419)	0	(35)	(3,907)
Additional provisions	0	1,196	0	0	0	866	2,062
Other increases (decreases)	0	646	0	(6,607)	0	11	(5,950)
<b>Total changes in provisions</b>	<b>0</b>	<b>(2,115)</b>	<b>0</b>	<b>(7,206)</b>	<b>(1,042)</b>	<b>(78)</b>	<b>(10,441)</b>
<b>Closing balance as of December 31, 2019</b>	<b>0</b>	<b>20,979</b>	<b>23,188</b>	<b>20,516</b>	<b>304</b>	<b>34,568</b>	<b>99,555</b>

The provision for legal claims primarily corresponds to labor and tax related lawsuits, and the term of payment is undetermined. The recognition of investments in associates with negative equity at the reporting date is presented in Other provisions.

The Group recognizes a provision for the present value of the dismantling, restoration and rehabilitation costs that will be incurred in the restoration of the locations of certain plants and service stations on property belonging to third parties and mine closures. The expected payment date is not yet known.

**Other Matters**

As a result of purchasing the Cartagena plant, Organización Terpel S.A. undertakes to indemnify the Third Party Acquirer (Inversiones Primax S.A.S. and Primax Holdings S.A.S.) against any of the following events:

- a) Any lawsuit or claim related to the Mobil lubricants business that was transferred by DAC to Terpel, for a maximum term equal to the statute of limitations under Colombian law (10 years) and up to an amount equal to the final price of the Fuels Resale SPA -Share Purchase Agreement (after adjustments). This value has not yet been defined since the adjustments have not been completed.
- b) On environmental issues, only for a breach or inaccuracy in the representations and guarantees established in the SPA, for a period of 10 years and limited to ThUS\$ 4,394.
- c) On transfer prices, only for a breach or inaccuracy of the representations and guarantees established in the Fuels Resale SPA for a period of five and a half years and limited to ThUS\$ 4,394.

**NOTE 20. EMPLOYEE BENEFITS OBLIGATIONS**

These amounts are mainly obligations for service termination indemnities for certain employees, based on the provisions of collective and individual employment contracts.

Description	03.31.2020 ThUS\$	12.31.2019 ThUS\$
Vacation benefits	90	141
Post-employment benefits	9,759	11,669
Other employee benefits	0	0
<b>Total current benefits</b>	<b>9,849</b>	<b>11,810</b>
Post-employment benefits	103,495	113,753
Other employee benefits	0	0
<b>Total non-current benefits</b>	<b>103,495</b>	<b>113,753</b>
<b>Total employee benefits</b>	<b>113,344</b>	<b>125,563</b>
<b>Reconciliation of post-employment benefits</b>	<b>03.31.2020 ThUS\$</b>	<b>12.31.2019 ThUS\$</b>
<b>Opening balance</b>	<b>125,563</b>	<b>122,618</b>
Current service cost	3,539	10,947
Gain on business combination	0	462
Interest costs	1,214	5,927
Actuarial (gains) losses on changes in assumptions	(91)	6,787
Demographic and financial assumptions	0	0
Past service costs	0	58
Actuarial (gains) losses due to experience	(109)	1,211
Benefits paid (provisioned)	(2,159)	(12,409)
Increase (decrease) on foreign currency fluctuations	(14,613)	(10,038)
<b>Changes for the period</b>	<b>(12,219)</b>	<b>2,945</b>
<b>Closing Balance</b>	<b>113,344</b>	<b>125,563</b>

The liability recognized in the consolidated statement of financial position is the present value of the obligation for defined benefits as of the reporting date based on actuarial calculations using the projected unit-credit method. This liability is for the defined benefits based on actuarial calculations in accordance with the projected unit-credit method. This calculation discounts the estimated future outflows of cash at interest rates on instruments denominated in the currency in which such benefits will be paid and with terms similar to those of the corresponding obligations.

Actuarial gains or losses arising from experience and from changes in actuarial assumptions are charged or credited to the statement of changes in equity in the period in which they occur.

Costs for past services are recognized immediately in the consolidated statement of net income.

**NOTE 21. INVESTMENTS IN AFFILIATES AND ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD**

1. The ownership interest of the Empresas Copec S.A. Group in its main associates accounted for using the equity method are the following:

As of March 31, 2020

Chilean ID Number	Name	Interest %	Country	Relationship	Functional Currency	Cost of investment in associate ThUS\$	Gain (Loss) ThUS\$
-	Vale do Corisco S.A.	49.00	Brazil	Indirect associate	Real	29,438	367
-	Cumbres Andinas S.A.	40.00	Peru	Indirect associate	US dollar	383,761	(7,180)
96,722,460-K	Metrogas S.A.	39.83	Chile	Associate	Chilean peso	56,534	(1,389)
96,893,820-7	Corpesca S.A.	39.79	Chile	Indirect associate	US dollar	89,732	(3,426)
96,785,680-0	Inversiones Puerto Coronel S.A.	50.00	Chile	Indirect associate	US dollar	56,790	1,752
99,500,140-3	Eka Chile S.A.	50.00	Chile	Joint venture	Chilean peso	20,357	226
76,307,309-2	Naviera Los Inmigrantes S.A.	50.00	Chile	Joint venture	Chilean peso	7,480	(20)
76,384,550-8	Sociedad Nacional Marítima S.A.	39.33	Chile	Indirect associate	US dollar	0	(4)
96,942,120-8	AIR BP Copec S.A.	50.00	Chile	Joint venture	Chilean peso	5,690	238
-	Unillin Arauco Pisos Ltda.	49.99	Brazil	Joint venture	Real	2,699	39
-	Montagas S.A. ESP	33.33	Colombia	Indirect associate	Colombian peso	2,176	479
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	33.33	Chile	Indirect associate	Chilean peso	1,735	465
96,953,090-2	Boat Parking S.A.	21.36	Chile	Joint venture	Chilean peso	1,088	3
76,349,706-2	Hualpén Gas S.A.(*)	67.58	Chile	Indirect associate	US dollar	0	90
70,037,855-0	Inversiones Laguna Blanca S.A.	50.00	Chile	Joint venture	US dollar	50,536	(1,243)
-	PGN Gasnorte S.A.C	50.00	Colombia	Indirect associate	Colombian peso	1,373	125
-	PGN Gasur S.A.C	50.00	Colombia	Indirect associate	Colombian peso	665	69
76,122,974-5	Algae Fuels S.A.	44.64	Chile	Indirect associate	Chilean peso	0	0
-	Energas S.A. ESP	28.33	Colombia	Indirect associate	Colombian peso	457	24
96,925,430-1	Servicios Corporativos Sercor S.A.	20.00	Chile	Indirect associate	Chilean peso	145	(8)
76,659,730-0	Elemental S.A.	40.00	Chile	Indirect associate	Chilean peso	143	(85)
76,077,468-5	Consorcio Tecnológico Bionerel S.A.	20.00	Chile	Indirect associate	Chilean peso	7	0
76,839,949-2	Parque Eólico Ovejeras del Sur SpA.	49.99	Chile	Indirect associate	Chilean peso	728	(4)
76,879,577-0	E2E S.A.	49.99	Chile	Indirect associate	Chilean peso	16,056	(195)
76,743,130-9	Genómica Forestal S.A.	25.00	Chile	Indirect associate	Chilean peso	6	7
76,044,336-0	Golden Omega S.A.	25.00	Chile	Indirect associate	US dollar	19,941	(405)
76,456,800-1	Mina Invierno S.A.	0.10	Chile	Joint venture	US dollar	648	0
76,242,018-K	Forestal y Ganadera Estancia Invierno S.A.	14.39	Chile	Joint venture	Chilean peso	6	0
76,037,858-5	Producción y Servicios Mineros Ltda.	0.01	Chile	Joint venture	Chilean peso	(22)	0
-	Sonae Arauco	50.00	Spain	Joint venture	Euros	159,945	(613)
76,578,731-9	Aprovisionadora Global de Energía S.A.	39.83	Chile	Associate	US dollar	31,306	5,969
76,037,872-0	Rentas y Construcciones Fitz Roy Ltda.	0.01	Chile	Joint venture	Chilean peso	(101)	0
96,919,150-4	Minera Invierno S.A.	0.01	Chile	Joint venture	US dollar	(24)	0
76,037,864-K	Portuaria Otway Ltda.	0.01	Chile	Joint venture	US dollar	(80)	0
-	Fibroacero S.A.	26.00	Ecuador	Indirect associate	US dollar	3,053	48
76,996,827-K	Inversiones Caleta Vitor S.A.	39.79	Chile	Indirect associate	US dollar	57,549	9
96,783,150-6	St Andrews Smoky Delicacies S.A.	0.17	Chile	Indirect associate	US dollar	11,110	319
84,764,200-9	Empresa Pesquera Apiao S.A.	0.17	Chile	Indirect associate	Chilean peso	3,882	41
77,750,270-0	Agrícola San Gerardo SpA	0.00	Chile	Joint venture	Chilean peso	1,899	(18)
76,037,869-0	Equipos Mineros Río Grande Ltda.	0.01	Chile	Joint venture	Chilean peso	(92)	0
<b>TOTAL</b>						<b>1,016,616</b>	<b>(4,320)</b>

Empresas Copec S.A. - Interim Consolidated Financial Statements as of March 31, 2020

As of December 31, 2019

Chilean ID Number	Name	Interest %	Country	Relationship	Functional Currency	Cost of investment in associate ThUS\$	Gain (Loss) ThUS\$
-	Vale do Corisco S.A.(ex Centaurus Holding Brasil)	49.00	Brazil	Indirect associate	Real	38,370	(12)
-	Cumbres Andinas S.A.	40.00	Peru	Indirect associate	US dollar	345,701	(1,212)
96,722,460-K	Metrogas S.A.	39.83	Chile	Associate	Chilean peso	87,156	857
96,893,820-7	Corpesca S.A.	39.79	Chile	Indirect associate	US dollar	94,564	(4,287)
82,777,100-7	Puertos y Logística S.A.	23.16	Chile	Indirect associate	US dollar	0	2
96,785,680-0	Inversiones Puerto Coronel S.A.	50.00	Chile	Indirect associate	US dollar	55,029	373
96,636,520-K	Gasmar S.A.	36.25	Chile	Indirect associate	US dollar	0	1,325
99,500,140-3	Eka Chile S.A.	50.00	Chile	Joint venture	Chilean peso	22,522	819
76,307,309-2	Naviera Los Inmigrantes S.A.	50.00	Chile	Joint venture	Chilean peso	7,436	92
76,384,550-8	Sociedad Nacional Marítima S.A.	39.33	Chile	Indirect associate	US dollar	0	(8)
96,942,120-8	AIR BP Copec S.A.	50.00	Chile	Joint venture	Chilean peso	6,221	142
-	Unillin Arauco Pisos Ltda.	49.99	Brazil	Joint venture	Real	3,441	(50)
-	Montagas S.A. ESP	33.33	Colombia	Indirect associate	Colombian peso	3,725	227
82,040,600-1	Sociedad de Inversiones de Aviación Ltda.	33.33	Chile	Indirect associate	Chilean peso	3,462	0
96,953,090-2	Boat Parking S.A.	21.36	Chile	Joint venture	Chilean peso	983	4
76,349,706-2	Hualpén Gas S.A.	67.58	Chile	Indirect associate	US dollar	1,765	(22)
70,037,855-0	Inversiones Laguna Blanca S.A.	50.00	Chile	Joint venture	US dollar	51,776	(6,170)
-	PGN Gasnorte S.A.C	50.00	Colombia	Indirect associate	Colombian peso	1,453	134
-	PGN Gasur S.A.C	50.00	Colombia	Indirect associate	Colombian peso	721	88
76,122,974-5	Algae Fuels S.A.	44.64	Chile	Indirect associate	Chilean peso	0	599
-	Energas S.A. ESP	28.33	Colombia	Indirect associate	Colombian peso	542	13
96,925,430-1	Servicios Corporativos Sercor S.A.	20.00	Chile	Indirect associate	Chilean peso	173	11
76,659,730-0	Elemental S.A.	40.00	Chile	Indirect associate	Chilean peso	253	87
76,077,468-5	Consorcio Tecnológico Bionercel S.A.	20.00	Chile	Indirect associate	Chilean peso	7	0
76,839,949-2	Parque Eólico Ovejeras del Sur SpA.	49.99	Chile	Indirect associate	Chilean peso	796	1
76,879,577-0	E2E S.A.	49.99	Chile	Indirect associate	Chilean peso	1,738	(113)
76,044,336-0	Golden Omega S.A.	25.00	Chile	Indirect associate	US dollar	21,981	(810)
76,456,800-1	Mina Invierno S.A.	0.10	Chile	Joint venture	US dollar	648	(4)
76,242,018-K	Forestal y Ganadera Estancia Invierno S.A.	14.39	Chile	Joint venture	Chilean peso	8	0
76,037,858-5	Producción y Servicios Mineros Ltda.	0.01	Chile	Joint venture	Chilean peso	(22)	(1)
-	Sonae Arauco	50.00	Spain	Joint venture	Euros	168,880	3,332
76,578,731-9	Aprovisionadora Global de Energía S.A.	39.83	Chile	Associate	US dollar	25,321	6,662
76,037,872-0	Rentas y Construcciones Fitz Roy Ltda.	0.01	Chile	Joint venture	Chilean peso	(101)	0
96,919,150-4	Minera Invierno S.A.	0.01	Chile	Joint venture	US dollar	(24)	(1)
76,037,864-K	Portuaria Otway Ltda.	0.01	Chile	Joint venture	US dollar	(80)	0
-	Fibroacero S.A.	26.00	Ecuador	Indirect associate	US dollar	3,018	(8)
76,996,827-K	Inversiones Caleta Vitor	39.79	Chile	Indirect associate	US dollar	62,121	1,106
96,783,150-6	St Andrews Smoky Delicacies S.A.	0.00	Chile	Indirect associate	US dollar	10,791	1,444
84,764,200-9	Empresa Pesquera Apiao S.A.	0.00	Chile	Indirect associate	Chilean peso	3,727	(54)
77,750,270-0	Agrícola San Gerardo SpA	0.00	Chile	Joint venture	Chilean peso	2,162	0
76,037,869-0	Equipos Mineros Río Grande Ltda.	0.01	Chile	Joint venture	Chilean peso	(91)	(3)
<b>TOTAL</b>						<b>1,026,173</b>	<b>4,563</b>

## Summarized financial information of associates:

	03.31.2020		12.31.2019	
	Assets ThUS\$	Liabilities ThUS\$	Assets ThUS\$	Liabilities ThUS\$
Associates, current	1,074,255	1,030,622	947,775	880,612
Associates, non-current	4,580,908	1,806,138	3,725,291	1,466,420
<b>Total Associates</b>	<b>5,655,163</b>	<b>2,836,760</b>	<b>4,673,066</b>	<b>2,347,032</b>

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
Operating revenue at Associates	1,317,423	1,130,042
Operating expenditure at Associates	(1,322,475)	(1,091,056)
	<b>(5,052)</b>	<b>38,986</b>

## 2. Interest in joint ventures:

Interests in joint ventures is accounted for using the equity method.

## 3. Movements in investments in associates are as follows:

	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Equity method investments in associates</b>		
<b>Opening balance</b>	<b>1,026,173</b>	<b>1,156,742</b>
Additions, investments in associates and joint ventures	60,330	158,545
Disposals of investments in associates and joint ventures	0	(67,324)
Immediately recognized purchased goodwill	0	0
Gain on incorporating joint ventures	0	0
Share of associates net profit (loss)	(507)	(91,128)
Share of prior period amounts	0	0
Dividends received	(5,482)	(67,408)
Impairment losses	0	0
Impairment loss reversals	0	0
Increase (decrease) in foreign currency translation	(44,247)	(33,274)
Other increases (decreases)	84,289	(9,295)
Exchange differences	(99,146)	(20,685)
<b>Total changes</b>	<b>(4,763)</b>	<b>(130,569)</b>
<b>Closing balance</b>	<b>1,021,410</b>	<b>1,026,173</b>

4. The principal purchases and sales of shares, capital increases and decreases, mergers and divisions for indirect affiliates and associates are as follows.

#### **A) Energy Sector**

##### **Creation and acquisition of companies from the affiliate Compañía de Petróleos de Chile Copec S.A.**

- On October 14, 2019, Compañía de Petróleos de Chile Copec S.A. took control of Flux Solar Energías Renovables S.P.A. when it acquired an 80% interest for ThUS\$1,969. Flux Solar is a specialist in the engineering, design, development and construction of solar energy and energy efficiency projects, focusing on distributed injection solar projects under the Net-Billing Law 20,571 and Small Distributed Generation Projects (PMGD). It is also a distributor and provides technical services for solar products and integrated solutions.

- On October 22, 2019, Pronto Box SpA was incorporated through Compañía de Petróleos de Chile Copec S.A. with a total subscribed share capital of ThUS\$1. Its main purpose is to develop and commercialize technological applications and operate retail establishments.

- On December 10, 2019, Copec Voltex SpA was incorporated through Compañía de Petróleos de Chile Copec S.A. with a total subscribed share capital of ThUS\$1,556. Its main purpose is to store and commercialize energy and provide electrical services.

##### **Nortesantandereana de Gas S.A.E.S.P. Merger**

During 2019, there were changes to the shareholder composition of Inversiones del Nordeste and its affiliates, which was formalized on November 1, 2019. This process resulted in the absorption by Nortessantandereana de Gas S.A.E.S.P (Norgas) of: Compañías Asociadas de Gas S.A.E.S.P, Colgas de Occidente S.A.E.S.P, Gases de Antioquia S.A.E.S.P, Servicios del Nordeste S.A. and Inversiones del Nordeste S.A.

#### **B) Forestry Sector**

- On January 31, 2019, the affiliates Inversiones Arauco Internacional Ltda. and Arauco Mex, S.A. de C.V. acquired all the shares of the Mexican companies Maderas y Sintéticos de México, S.A. de C.V. (currently Arauco Industria de Mexico, S.A. de C.V.), Maderas y Sintéticos Servicios S.A. de C.V. (currently Araucomex Servicios, S.A. de C.V.), Masisa Manufactura, S.A. de C.V. (currently Arauco Serviquimex, S.A. de C.V.), Placacentro Masisa México, S.A. de C.V. (currently Tablered Araucomex, S.A. de C.V.) and Masnova Química, S.A. de C.V. (currently Arauco Química S.A. de C.V.). The final transaction price was ThUS\$ 168,680, which was paid during 2019.

After estimating fair values for acquiring these companies in Mexico, Arauco recorded in Other gains (losses) in the consolidated statement of net income a gain of ThUS\$21,674 during 2019.

- On September 1, 2019, Prime-Line, Inc. was acquired through the affiliate Arauco North America, Inc. The price paid was ThUS\$12,626. This acquisition generated goodwill of ThUS\$732.

- Between January and February 2020, ThCh\$ 12,000,000 (equivalent to ThUS\$ 15,022) was contributed to E2E through the indirect affiliate Maderas Arauco S.A.

### **C) Fishing Sector**

- During January 2019, the indirect affiliate Orizon S.A. approved a capital increase of ThUS\$50,000, of which ThUS\$41,750 was contributed by Pesquera Iquique-Guanaye S.A.

- On January 29, 2019, Orizon S.A. signed a capital increase and supply agreement with St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A. in order to consolidate its mitylid production and processing, and market it abroad. This transaction was completed by the indirect affiliate Orizon S.A. contributing the assets used in this business (fixed assets such as the freezing plant machinery and equipment, inventories, biomass, concessions and associated land and production inputs) to both companies for ThUS\$14,299, as payment of a capital increase agreed on the same date by both receiving companies, equivalent to 20% of their respective capital.

- On July 19, 2019, the Financial Market Commission approved the request to cancel the registration of Pesquera Iquique-Guanaye S.A. in the Securities Registry, which was agreed at the Extraordinary Shareholders' Meeting held on April 24, 2018. In accordance with Article 69 of Law 18,046 on Corporations, some Igemar shareholders exercised the right of withdrawal of 14,621,618 shares totaling ThUS\$761. This resulted in a capital decrease from ThUS\$347,457 to ThUS\$346,696.

- During September 2019, a document called "Confirmation of Put Option Exercise" was signed with the CJ Cheil Jedang Corporation group, containing the terms of a transaction to sell 10% of the shares in Selecta held by the indirect associate Corpesca do Brasil. On October 11, 2019, the share transfer and corresponding payment of ThUS\$40,448 were completed.

### **D) Other Investments**

- On April 5, 2019, the Group sold its interest in Puertos y Logística S.A. to the DP World Group for ThUS\$117,268. This transaction generated net income after tax of ThUS\$22,089.

### **5. Interests in joint arrangements**

- On April 1, 2019, Arauco entered into a shareholders' agreement regarding Agrícola San Gerardo SpA through its affiliate Forestal Arauco S.A. Agrícola San Gerardo SpA was formed for the special purpose of developing an agricultural project in Molina. The capital contributed by Forestal Arauco S.A. was ThCh\$ 1,570,000 (equivalent to ThUS\$ 2,162 as of March 31, 2020).

- As of March 31, 2020 and December 31, 2019, Arauco had not made any capital contributions to its two Uruguay companies, Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A.

The investments in Uruguay are considered a joint operation. As stated in the "*Pulp Supply Agreement*", both Arauco and its partner Stora Enso are obliged to acquire all the total annual production of pulp produced by the joint operation. Arauco has recognized assets, liabilities, income and expenses in connection with its ownership interest from January 1, 2013 in accordance with IFRS 11.

- Arauco has a 50% interest in Sonae Arauco, which manufactures and markets wooden MDF, PB and OSB panels and cut timber, at two panel plants and a sawmill in Spain; two panel plants and one resin plant in Portugal; four panel plants in Germany and two panel plants in South Africa.

- Arauco has a 50% interest in a Brazilian company Unilin Arauco Pisos Laminados Ltda., and in Eka Chile SA, which sells sodium chlorate to pulp mills in Chile. Arauco has a contractual agreement with it that involves a financial undertaking under joint control, classified as a joint venture.

- The Group also has an interest in Air BP Copec S.A. This company is the result of a joint venture established in 2001 between Copec and BP Global Investments Ltd., in which each partner holds a 50% interest. The company sells fuel for commercial and civil aviation. Currently, Air BP Copec operates in eight airports throughout the country and holds the leading market share in Chile, supplying the fuel needs of Latam and international airlines arriving in Santiago, such as American Airlines, Aerolíneas Argentinas, Delta, Avianca and other airlines. The company also serves important consumers in the cargo air industry such as Polar Cargo and Cielos Airlines and numerous civil aviation customers.

- The Company has a 50% ownership interest in Inversiones Laguna Blanca S.A. through its affiliate Camino Nevado Limitada. The former is the result of a strategic alliance started in 2007 between Empresas Copec S.A. and Inversiones Ultraterra in equal parts. The company was incorporated in order to develop the Mina Invierno project, to explore and produce coal from Riesco Island, located north of Punta Arenas in the Magellan Region. Therefore, in 2007 the company was awarded CORFO tenders for coal exploration with purchase options on two coal areas located in that island, where the biggest proven sub-bituminous coal reserves in Chile are located.

During 2020, Inversiones Laguna Blanca S.A. has continued to be suspended following the ruling by the Third Environmental Court of Valdivia in August 2019, which annulled the Environmental Approval for blasting as a complementary method to clear overburden.

The remaining coal that had already been cleared was extracted during the first months of 2020, together with other complementary tasks, and the last shipments of coal associated with current supply contracts were delivered and completed during the first week of April 2020. The company has continued to reduce its own and the third party workforce, as well as third party services, and reduced its mining to match the suspension of clearing overburden.

As it is technically and operationally impossible to extract overburden for further expansion, the company applied to the National Mining Service (SERNAGEOMIN) for a temporary suspension at the mine in October 2019, and at the port in January 2020, in accordance with the requirements of Law 20,551, which regulates the Closure of Mining Facilities and its respective Regulations. SERNAGEOMIN approved the temporary mine suspension plan, and is expected to approve the port plan in April 2020.

The company is trying to reverse the unfavorable ruling by the Third Environmental Court of Valdivia by appealing to the Supreme Court, and is preparing reports and technical information to support an appeal against this ruling to be filed during the second half of 2019. The workers and the Executive Directorate of the Environmental Assessment Service have also filed appeals. The company is convinced that the Environmental Impact Statement for blasting has sufficient information to rule out any significant impact. In particular, any affect on the paleo-botanical legacy, as the Environmental Assessment Service pointed out when it approved the aforementioned project through Resolution 1,113/2018 issued by its Executive Directorate.

The company retained the lawyers Ortuzar, Vergara & Boetsch to represent it before the Supreme Court, who believe that there are sufficient reasons for the Supreme Court to revoke the resolution of the Third Environmental Court of Valdivia, due to the current status of the case, their experience, and their original ruling not being unanimous.

At the end of 2019, Inversiones Laguna Blanca S.A. reviewed the impairment indicators with respect to its non-current assets and assessed their recoverable values as of December 31, 2019. As a result of this evaluation, an impairment loss was calculated on property, plant and equipment, intangible assets and tax credits as of December 31, 2019. The recoverable value of coal inventories as work in progress and spare parts and components inventories was evaluated and write-offs were recognized for both inventories, considering their recoverability over the short-term. The impairment losses recognized by Inversiones Laguna Blanca S.A. (Mina Invierno project) in 2019 amounted to US\$245 million.

The assets associated with this investment by Empresas Copec S.A. as of March 31, 2020 amount to US\$ 50.5 million.

There are no contingent liabilities relating to the Group's interest in joint ventures.

## 6. The most significant joint arrangements are outlined below:

		Assets		Liabilities		Net Equity	Revenue	Expenses	Gain (Loss)
		Current	Non-current	Current	Non-current				
Joint venture	Eka Chile S.A.	16,269	33,832	4,736	4,652	40,713	9,971	(9,519)	452
	Inversiones Laguna Blanca S.A.	18,955	141,065	6,512	51,709	101,799	10,688	(13,173)	(2,485)
	Air BP Copec S.A.	46,111	4,429	38,629	532	11,379	103,607	(103,131)	476
	Sonae Arauco S.A.	244,824	675,016	233,483	366,468	319,889	885,812	(887,230)	(1,418)
	Agricola San Gerardo SpA.	1,386	2,416	3,802	0	0	0	0	0
Joint Operation	Unillin Arauco Pisos Ltda	5,298	2,996	2,852	43	5,399	2,704	(2,626)	78
	Forestal Conor Sur S.A.	52,319	158,545	1,973	11,208	197,683	16,472	(18,102)	(1,630)
	Eurofores S.A.	171,377	833,670	257,504	135,945	611,598	59,773	(75,662)	(15,889)
	Celulosa Energia Punta Pereira S.A.	306,866	2,142,009	219,012	391,903	1,837,960	144,574	(143,505)	1,069
	Zona Franca Punta Pereira S.A.	6,936	461,410	116,363	28,891	323,092	4,550	(16,065)	(11,515)

December 31, 2019									
		Assets		Liabilities		Net Equity	Revenue	Expenses	Gain (Loss)
		Current	Non-current	Current	Non-current				
Joint venture	Eka Chile S.A.	21,449	33,442	4,930	4,917	45,044	11,930	(10,293)	1,637
	Inversiones Laguna Blanca S.A.	26,037	144,567	13,775	52,545	104,284	14,592	(26,947)	(12,355)
	Air BP Copec S.A.	50,520	5,075	42,541	611	12,443	115,176	(114,892)	284
	Sonae Arauco S.A.	216,342	695,902	215,632	358,851	337,761	243,157	(236,494)	6,663
	Unillin Arauco Pisos Ltda	6,674	4,024	3,761	55	6,882	4,492	(4,448)	44
Joint Operation	Forestal Conor Sur S.A.	37,625	172,913	2,180	9,046	199,312	14,332	(12,795)	1,537
	Eurofores S.A.	148,550	808,647	209,665	117,443	630,089	69,046	(65,019)	4,027
	Celulosa Energia Punta Pereira S.A.	346,498	2,158,586	206,683	444,181	1,854,220	235,359	(155,393)	79,966
	Zona Franca Punta Pereira S.A.	5,823	464,151	115,627	19,740	334,607	4,510	(5,811)	(1,301)

## 7. Dividends received from associates

As of March 31, 2020, the parent company, Empresas Copec S.A., did not receive any dividends from its associates (as of March 31, 2019, it received ThUS\$ 931 from Puertos y Logística S.A.).

Celulosa Arauco y Constitución S.A. received ThUS\$ 3,539 in dividends from its associates during 2020 (as of March 31, 2019 it received ThUS\$ 6,208).

Compañía de Petróleos de Chile Copec S.A. and affiliates received ThUS\$ 1,941 in dividends from its associates during 2020 (ThUS\$ 411 as of March 31, 2019).

Abastible S.A. did not receive any dividends from its associates as of March 31, 2020 (ThUS\$ 63 as of December 31, 2019).

During 2020 and 2019, Pesquera Iquique-Guanaye S.A. did not receive any dividends from its associates.

**NOTE 22. NATIONAL AND FOREIGN CURRENCY**

Foreign currency assets	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Liquid assets</b>	<b>1,919,922</b>	<b>2,339,805</b>
US dollar	1,313,776	1,775,780
Euros	2,850	2,301
Other currencies	172,374	204,563
Non-indexed Chilean peso	412,678	357,154
UF	18,244	7
<b>Cash and cash equivalents</b>	<b>1,740,441</b>	<b>2,214,887</b>
US dollar	1,174,943	1,674,807
Euros	2,850	2,301
Other currencies	166,398	204,346
Non-indexed Chilean peso	378,006	333,426
UF	18,244	7
<b>Other financial assets, current</b>	<b>179,481</b>	<b>124,918</b>
US dollar	138,833	100,973
Euros	0	0
Other currencies	5,976	217
Non-indexed Chilean peso	34,672	23,728
UF	0	0
<b>Receivables, current and non-current</b>	<b>1,666,704</b>	<b>1,767,909</b>
US dollars	668,050	655,719
Euros	9,515	8,483
Other currencies	280,293	339,555
Non-indexed Chilean peso	700,737	718,577
UF	8,109	45,576
<b>Trade and other receivables, current</b>	<b>1,577,838</b>	<b>1,675,937</b>
US dollars	596,429	588,374
Euros	9,515	8,483
Other currencies	278,224	339,094
Non-indexed Chilean peso	691,208	699,302
UF	2,462	40,684
<b>Related party receivables, current</b>	<b>81,312</b>	<b>84,516</b>
US dollars	64,067	59,889
Euros	0	0
Other currencies	2,069	461
Non-indexed Chilean peso	9,529	19,275
UF	5,647	4,892
<b>Related party receivables, non-current</b>	<b>7,554</b>	<b>7,456</b>
US dollars	7,554	7,456
Euros	0	0
Other currencies	0	0
Non-indexed Chilean peso	0	0
UF	0	0
<b>Other assets</b>	<b>20,574,536</b>	<b>21,060,196</b>
US dollars	14,565,631	14,331,074
Euros	163,884	172,945
Other currencies	2,731,545	3,418,225
Non-indexed Chilean peso	3,107,165	3,133,444
UF	6,311	4,508
<b>Total assets</b>	<b>24,161,162</b>	<b>25,167,910</b>
US dollar	16,547,457	16,762,573
Euros	176,249	183,729
Other currencies	3,184,212	3,962,343
Non-indexed Chilean peso	4,220,580	4,209,175
UF	32,664	50,091

Foreign currency liabilities	03.31.2020		12.31.2019	
	ThUS\$		ThUS\$	
	Under 90 days	91 days to 1 year	Under 90 days	91 days to 1 year
<b>Current liabilities</b>				
<b>Other financial liabilities, current</b>	<b>200,145</b>	<b>729,379</b>	<b>205,668</b>	<b>590,055</b>
US dollar	159,819	303,745	138,426	254,492
Euros	368	0	24	69
Other currencies	16,696	73,339	86,414	26,875
Non-indexed Chilean peso	24,598	224,617	8,792	109,372
UF	38,663	204,537	16,774	283,713
<b>Bank loans</b>	<b>121,607</b>	<b>508,329</b>	<b>183,406</b>	<b>245,550</b>
US dollar	105,284	271,700	106,246	145,041
Euros	368	0	0	41
Other currencies	8,847	67,077	76,925	18,003
Non-indexed Chilean peso	7,108	169,552	235	82,465
UF	0	0	0	0
<b>Bank overdraft</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
US dollars	0	0	0	0
Euros	0	0	0	0
Other currencies	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
UF	0	0	0	0
<b>Other loans</b>	<b>78,538</b>	<b>221,050</b>	<b>22,262</b>	<b>344,505</b>
US dollar	44,904	15,469	20,187	98,647
Euros	0	0	0	0
Other currencies	0	0	0	0
Non-indexed Chilean peso	53	13,392	0	1,248
UF	33,581	192,189	2,075	244,610
<b>Finance leases</b>	<b>39,999</b>	<b>76,859</b>	<b>44,762</b>	<b>84,466</b>
US dollar	9,631	16,576	11,993	10,804
Euros	0	0	24	28
Other currencies	7,849	6,262	9,489	8,872
Non-indexed Chilean peso	17,437	41,673	8,557	25,659
UF	5,082	12,348	14,699	39,103
<b>Other current liabilities</b>	<b>1,116,156</b>	<b>627,717</b>	<b>1,545,210</b>	<b>623,981</b>
US dollar	289,322	324,358	610,647	324,269
Euros	6,071	0	20,473	0
Other currencies	307,708	8,410	444,870	5,825
Non-indexed Chilean peso	486,156	294,949	437,353	239,009
UF	26,899	0	31,867	54,878
<b>Total Current Liabilities</b>	<b>1,356,300</b>	<b>1,433,955</b>	<b>1,795,640</b>	<b>1,298,502</b>
US dollars	449,141	628,103	749,073	578,761
Euros	6,439	0	20,497	69
Other currencies	324,404	81,749	531,284	32,700
Non-indexed Chilean peso	510,754	519,566	446,145	348,381
UF	65,562	204,537	48,641	338,591

	03.31.2020		12.31.2019	
	ThUS\$		ThUS\$	
	1 to 5 years	Over 5 years	1 to 5 years	Over 5 years
<b>Non-current liabilities</b>				
<b>Other financial liabilities, non-current</b>	<b>3,035,090</b>	<b>4,750,535</b>	<b>2,799,584</b>	<b>4,889,463</b>
US dollar	2,594,896	2,927,724	2,303,992	2,926,736
Euros	45,859	67,127	51,884	64,334
Other currencies	227,335	400,208	251,990	371,654
Non-indexed Chilean peso	30,411	78,334	34,272	89,104
UF	136,589	1,277,142	157,446	1,437,635
<b>Bank loans</b>	<b>1,286,888</b>	<b>549,586</b>	<b>1,309,370</b>	<b>518,242</b>
US dollar	986,298	82,251	972,715	82,254
Euros	45,859	67,127	51,884	64,334
Other currencies	227,335	400,208	251,990	371,654
Non-indexed Chilean peso	27,396	0	32,781	0
UF	0	0	0	0
<b>Bank overdraft</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
US dollar	0	0	0	0
Euros	0	0	0	0
Other currencies	0	0	0	0
Non-indexed Chilean peso	0	0	0	0
UF	0	0	0	0
<b>Other loans</b>	<b>1,748,202</b>	<b>4,200,949</b>	<b>1,490,214</b>	<b>4,371,221</b>
US dollar	1,608,598	2,845,473	1,331,277	2,844,482
Euros	0	0	0	0
Other currencies	0	0	0	0
Non-indexed Chilean peso	3,015	78,334	1,491	89,104
UF	136,589	1,277,142	157,446	1,437,635
<b>Finance leases</b>	<b>417,888</b>	<b>175,409</b>	<b>470,244</b>	<b>188,460</b>
US dollar	162,735	55,027	177,582	44,974
Euros	0	0	13,306	8,993
Other currencies	105,969	11,104	104,756	6,493
Non-indexed Chilean peso	126,585	100,319	74,087	116
UF	22,599	8,959	100,513	127,884
<b>Other liabilities, non-current</b>	<b>1,188,730</b>	<b>1,237,891</b>	<b>1,201,559</b>	<b>1,350,420</b>
US dollar	514,518	643,323	417,714	635,760
Euros	0	0	0	0
Other currencies	382,839	27,376	457,155	35,354
Non-indexed Chilean peso	291,373	376,554	326,690	78,590
UF	0	190,638	0	600,716
<b>Total non-current liabilities</b>	<b>4,641,708</b>	<b>6,163,835</b>	<b>4,471,387</b>	<b>6,428,343</b>
US dollar	3,272,149	3,626,074	2,899,288	3,607,470
Euros	45,859	67,127	65,190	73,327
Other currencies	716,143	438,688	813,901	413,501
Non-indexed Chilean peso	448,369	555,207	435,049	167,810
UF	159,188	1,476,739	257,959	2,166,235

**NOTE 23. EQUITY**

## 1) Share capital

The Company's subscribed and paid capital as of March 31, 2020 was ThUS\$ 686,114 (ThUS\$ 686,114 as of December 31, 2019). Such capital is composed of 1,299,853,848 ordinary shares, all of the same value.

There were no capital increases as of March 31, 2020 and December 31, 2019.

## 2) Reserves

Other reserves as of March 31, 2020 and 2019 were as follows:

	3.31.2020 ThUS\$	3.31.2019 ThUS\$
Legal reserves	3	3
Held-for-sale reserves	218	(48)
Translation reserves	(2,208,052)	(1,618,304)
Defined benefit plan reserves	(34,630)	(26,451)
Hedge reserves	(87,638)	34,042
Other miscellaneous reserves	473,533	455,102
<b>Total Reserves</b>	<b>(1,856,566)</b>	<b>(1,155,656)</b>

Movements in reserves for the periods indicated are the following:

	Legal reserves ThUS\$	Held-for- sale reserves ThUS\$	Translation reserves ThUS\$	Defined benefit plan reserves ThUS\$	Hedge reserves ThUS\$	Other miscellane- ous reserves ThUS\$	Total Reserves ThUS\$
Opening balance 01.01.2020	3	218	(1,759,090)	(34,666)	12,715	478,587	(1,302,233)
Effect on comprehensive income	0	0	(448,962)	36	(100,353)	(260)	(549,539)
No effect on comprehensive income	0	0	0	0	0	(4,794)	(4,794)
<b>Closing balance 3.31.2020</b>	<b>3</b>	<b>218</b>	<b>(2,208,052)</b>	<b>(34,630)</b>	<b>(87,638)</b>	<b>473,533</b>	<b>(1,856,566)</b>

	Legal reserves ThUS\$	Held-for- sale reserves ThUS\$	Translation reserves ThUS\$	Defined benefit plan reserves ThUS\$	Hedge reserves ThUS\$	Other miscellane- ous reserves ThUS\$	Total Reserves ThUS\$
Opening balance 01.01.2019	3	(309)	(1,644,811)	(27,068)	34,917	457,481	(1,179,787)
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	0	0
Effect on comprehensive income	0	261	26,507	617	(875)	(2,379)	24,131
No effect on comprehensive income	0	0	0	0	0	0	0
<b>Closing balance 3.31.2019</b>	<b>3</b>	<b>(48)</b>	<b>(1,618,304)</b>	<b>(26,451)</b>	<b>34,042</b>	<b>455,102</b>	<b>(1,155,656)</b>

## 3) Other comprehensive income

The Parent Company includes movements under this concept for conversion adjustments from the recognition of foreign investments, adjustments to financial instruments, its other adjustments, and those of its affiliates. The amounts are shown in the consolidated statement of changes in equity.

## 4) Retained earnings (accumulated losses)

Movements in retained earnings during the periods ended March 31, 2020 and 2019 were as follows:

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
<b>Opening balance</b>	<b>11,283,478</b>	<b>11,202,802</b>
Increase (decrease) due to changes in accounting policy	0	0
Net income for the period	6,356	221,283
Dividends paid	0	0
Interim dividends	0	(91,283)
Actuarial (loss) gain	0	0
Others	37	1,376
<b>Closing balance</b>	<b>11,289,871</b>	<b>11,334,178</b>

## 5) Non-controlling interests

Non-controlling interests as of March 31, 2020 and 2019 were as follows:

Chilean ID Number	Company	% non- controlling interest	Non-controlling interests		Non-controlling interests	
			Equity 03.31.2020 ThUS\$	Net Income 03.31.2020 ThUS\$	Equity 03.31.2019 ThUS\$	Net Income 03.31.2019 ThUS\$
	- Organización Terpel S.A.	41.49%	252,187	(38)	272,003	7,194
	- Nortesantandereana de Gas S.A.E.S.P	49.00%	52,159	2,428	56,117	2,356
96,929,960-7	Orizon S.A.	33.20%	38,005	29	39,819	568
91,123,000-3	Pesquera Iquique - Guanaye S.A.	17.73%	28,907	(847)	34,457	(279)
	- Arauco Forestal Arapoti S.A.	20.00%	15,693	(208)	22,764	68
78,049,140-K	Forestal Los Lagos S.A.	20.00%	7,436	(185)	7,628	75
93,838,000-7	Forestal Cholguan S.A.	1.48%	5,220	133	5,051	116
91,806,000-6	Abastible S.A.	0.80%	3,291	(24)	3,559	126
93,458,000-1	Celulosa Arauco y Constitución S.A.	0.02%	1,528	(6)	1,617	28
76,172,285-9	FluxSolar SpA	20.00%	152	(80)	0	0
96,668,110-1	Compañía Latinoamericana Petrolera S.A.	40.00%	201	10	235	(2)
93,838,000-7	Solgas S.A.	0.14%	195	(2)	299	(28)
96,657,900-5	Consorcio Protección Fitosanitaria Forestal S.A.	42.86%	162	0	213	(3)
76,268,260-5	Muelle Pesquero María Isabel Ltda.	32.00%	156	(18)	185	6
	- Arauco Argentina S.A.	0.02%	112	(1)	115	2
	- Lutexsa Industrial Comercial Cía. Ltda.	0.01%	25	0	12	(1)
81,095,400-0	Sociedad Nacional de Oleoductos S.A.	47.20%	40,516	4,285	49,900	4,415
<b>Total</b>			<b>445,945</b>	<b>5,476</b>	<b>493,974</b>	<b>14,641</b>

## 6) Earnings per share

The Board of Directors of Empresas Copec S.A. agreed to establish as a general policy that net distribution income shall be based on earned income, subtracting any significant variations in the value of unrealized assets and liabilities, which shall be included when those assets and liabilities are recovered or settled.

Therefore, the Company's net distributable income to calculate mandatory minimum and additional dividends excludes the following unrealized income for the period:

a) Income related to the recording at fair value of forestry assets regulated by IAS 41; such income is reintegrated into net income when these assets are recovered. For this purpose, the portion of such increases in fair value are recovered when such assets are sold or disposed of by some other means.

b) Income from the acquisition of entities. These results will be reintegrated into net income upon recovery. For this purpose, this is when income is generated by the entities following their acquisition, or when these entities are sold.

The effects of deferred taxes associated with the items mentioned in points a) and b) will follow the same accounting procedure as the originating item.

	3.31.2020 ThUS\$	3.31.2019 ThUS\$
<b>Income attributable to owners</b>	<b>6,356</b>	<b>221,283</b>
Adjustments:		
Biological assets		
Unrealized	(52,272)	(36,666)
Realized	35,692	45,104
Deferred taxes	6,616	(1,514)
<b>Biological assets (net)</b>	<b>(9,964)</b>	<b>6,924</b>
<b>Gain on incorporating joint venture</b>	<b>0</b>	<b>0</b>
<b>Net gain on advantageous purchase</b>	<b>0</b>	<b>0</b>
<b>Total adjustments</b>	<b>(9,964)</b>	<b>6,924</b>
<b>Net Distributable Income</b>	<b>(3,608)</b>	<b>228,207</b>

The Board meeting held on March 26, 2020 approved an amendment to the Company's dividend policy by lowering the percentage of annual net distributable income that can be distributed as dividends from 40% to 30%. It also allowed for a potential interim dividend at the end of the year.

As of March 31, 2020, the minimum dividend provision for 2019 was ThUS\$ 73,643 (ThUS\$ 358,189 as of March 31, 2019) and was presented in the Classified Statement of Financial Position under "Other current liabilities".

An Annual General Shareholders' Meeting 85 was held on April 22, 2020. It ratified the dividend policy and approved a final dividend of US\$ 0.0425 per share, which will be paid on May 14, 2020.

An Annual General Shareholders' Meeting 84 was held on April 24, 2019. It approved a final dividend of US\$ 0.2053353 per share, which was paid on May 9, 2019.

Earnings per share are calculated by dividing income attributable to the Company's shareholders by the weighted average number of common shares in circulation. The Company does not have diluted shares.

<b>Earnings (losses) per share</b>	<b>03.31.2020</b> ThUS\$	<b>03.31.2019</b> ThUS\$
Earnings (loss) in equity attributable to owners of the parent company	6,356	221,283
Weighted average number of shares	1,299,853,848	1,299,853,848
Earnings (loss) per share (US\$ per share)	0.004890	0.170237

#### **Rights, Privileges and Restrictions on Ordinary Share Capital:**

As at March 31, 2020 and December 31, 2019, there were no rights, privileges nor restrictions on ordinary share capital.

#### **NOTE 24. OPERATING REVENUE**

Operating revenue is as follows:

	<b>03.31.2020</b> ThUS\$	<b>03.31.2019</b> ThUS\$
Goods sold	5,288,261	5,812,844
Services provided	116,566	114,000
<b>Total</b>	<b>5,404,827</b>	<b>5,926,844</b>

**NOTE 25. EXPENDITURE BY FUNCTION:**

Expenditure and income by function for Empresas Copec S.A. as of March 31, 2020 and 2019 is detailed as follows:

Description	Accumulated as of 3.31.2020 ThUS\$	Accumulated as of 3.31.2019 ThUS\$
Cost of sales	(4,678,538)	(5,006,660)
Distribution costs	(310,650)	(349,823)
Administrative expenses	(240,026)	(260,697)
Other expenses, by function	(62,320)	(30,694)
Other income, by function	72,604	72,875

Cost of sales are as follows:

Description	Accumulated as of 3.31.2020 ThUS\$	Accumulated as of 3.31.2019 ThUS\$
Direct production costs	4,170,591	4,521,851
Depreciation	156,448	162,095
Remuneration costs	99,077	100,526
Maintenance costs	58,937	74,041
Other production costs	193,482	134,658
Amortization	3	13,489
<b>Total cost of sales</b>	<b>4,678,538</b>	<b>5,006,660</b>

Distribution costs are as follows:

Description	Accumulated as of 3.31.2020 ThUS\$	Accumulated as of 3.31.2019 ThUS\$
Merchandise transportation cost	163,189	173,759
Remuneration	27,828	33,512
Insurance and basic service costs	3,476	15,746
Marketing and promotion costs	47,390	55,865
Consultancy and professional service costs	9,961	14,841
Maintenance and repair costs	14,194	19,251
Other distribution costs	18,248	17,201
Lease costs	8,755	6,429
Depreciation	11,167	7,678
Unrecoverable taxes	5,151	4,954
Amortization	1,291	587
<b>Total Distribution Costs</b>	<b>310,650</b>	<b>349,823</b>

Sales and administrative expenses are as follows:

Description	Accumulated as of 3.31.2020 ThUS\$	Accumulated as of 3.31.2019 ThUS\$
Remuneration	108,726	114,187
Marketing and promotional expenses	9,754	12,920
Maintenance expenses	9,413	9,727
Insurance and basic service expenses	15,523	16,250
Consultancy and professional service expenses	21,991	21,983
Depreciation	12,505	12,377
Amortization	4,795	9,328
Subscriptions, property and municipal taxes	5,265	4,821
Computational services	8,581	11,421
Unrecoverable taxes	2,657	4,023
Donations	2,898	3,824
Lease expenses	1,938	4,438
Other administrative expenses	35,980	35,398
<b>Total Administration and Sales Expenses</b>	<b>240,026</b>	<b>260,697</b>

Other expenses by function are as follows:

Description	Accumulated as of 3.31.2020 ThUS\$	Accumulated as of 3.31.2019 ThUS\$
Asset impairment	0	0
Unrecoverable taxes	8,496	7,743
Plant closure expenses	13,982	3,360
Other expenses, by function	4,303	2,220
Consultancy and professional service expenses	1,891	11,226
Depreciation	0	557
Derecognition and write-off of property, plant and equipment	19,251	4,038
Employee termination costs	3,550	0
Accident expenses	3,588	271
Fines and sanctions	1,440	586
Donations	763	693
Forestry incidents	5,056	0
<b>Total Other Expenses by Function</b>	<b>62,320</b>	<b>30,694</b>

Other income by function is as follows:

Description	Accumulated as of 3.31.2020 ThUS\$	Accumulated as of 3.31.2019 ThUS\$
Dividends on investments in other companies	3	208
Tax indexation, prepaid tax, tax credits	282	0
Reimbursement of costs and expenses	1,345	1,289
Fair value of biological assets	52,017	36,981
Income from export promotion	276	358
Easements	0	0
Sale of fishing rights	0	0
Gain on sales of property, plant and equipment	1,747	25,762
Income from compensation claims	26	991
Real estate leases	737	1,002
Sale of fishing rights	7,346	2,587
Gain on business combination	1,112	674
Others	7,713	3,023
<b>Total income, by function</b>	<b>72,604</b>	<b>72,875</b>

Finally, depreciation and amortization are as follows:

Description	Accumulated as of 3.31.2020 ThUS\$	Accumulated as of 3.31.2019 ThUS\$
Depreciation	180,120	182,707
Amortization	6,089	23,404
<b>Total</b>	<b>186,209</b>	<b>206,111</b>

## NOTE 26. FINANCIAL INCOME AND COSTS

Financial costs are as follows:

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
Interest and inflation adjustments on bank loans	(89,293)	(80,069)
Employee obligations	(428)	(499)
Other financial costs	(1,796)	(3,483)
Bond interest and issue expenses	(7,309)	(6,479)
Financial expenses on right-of-use assets	(4,186)	(4,748)
Interest on leasing liabilities	(4,940)	(3,567)
Financial cost of remediation provision	(166)	(37)
Conversion differences	0	(1)
<b>Total financial costs</b>	<b>(108,118)</b>	<b>(98,883)</b>

Financial income is as follows:

	03.31.2020 ThUS\$	03.31.2019 ThUS\$
Interest income on financial instruments	2,475	5,475
Interest on loans and receivables	6,291	7,253
Other income	1,884	2,027
<b>Total financial income</b>	<b>10,650</b>	<b>14,755</b>

**NOTE 27. EXCHANGE DIFFERENCES**

The effect of exchange differences is as follows:

	<b>03.31.2020</b>	<b>03.31.2019</b>
	ThUS\$	ThUS\$
<b>Exchange differences on assets</b>		
Cash equivalents	1,414	(1,564)
Mutual Fund investments, term deposits and covenants	(18,310)	1,171
Trade and other receivables	(12,993)	958
Tax receivables	(17,287)	2,438
Related company receivables	(823)	2,983
Other financial assets	(1,128)	234
Other assets	(5,633)	(647)
<b>Total</b>	<b>(54,760)</b>	<b>5,573</b>
<b>Exchange differences on liabilities</b>		
Trade and other payables	7,054	7,920
Related party payables	(7,452)	(1,199)
Loans from financial institutions (includes bonds)	(829)	674
Dividends payable	279	(54)
Other financial liabilities	(1,835)	(586)
Other liabilities	26,108	(1,971)
<b>Total</b>	<b>23,325</b>	<b>4,784</b>
<b>Total</b>	<b>(31,435)</b>	<b>10,357</b>

**NOTE 28. ASSET IMPAIRMENT****Asset impairment details for the affiliate Celulosa Arauco y Constitución S.A.**

Impairment provisions at two timber plants in the USA totaled ThUS\$ 43,181 as of March 31, 2020, comprised of ThUS\$ 38,913 on property, plant and equipment and ThUS\$ 4,268 on spare part inventories, as a result of falling prices and subsequent impairment tests carried out on the CGUs.

A CGU impairment provision has been recorded for the assets of Line 1 of the Arauco Plant totaling ThUS\$ 50,422 as of March 31, 2020 (ThUS\$ 33,570 at December 31, 2019), due to the Arauco Plant Modernization and Expansion project ("MAPA"). Line 1 of the Arauco Plant will be closed once MAPA begins to operate.

Both of these impairment losses are presented in the consolidated statement of net income under "Other Expenditure by Function".

As of March 31, 2020 and December 31, 2019 there are impairment provisions for property, plant and equipment as a result of obsolescence at the affiliate Arauco.

**Disclosure of asset impairment**

Principal asset classes affected by impairment losses and reversals Principal facts and circumstances that led to impairment losses and reversals	Machinery and equipment Technical obsolescence and claims	
	03.31.2020 ThUS\$	12.31.2019 ThUS\$
<b>Impairment information</b>	<b>13,774</b>	<b>13,774</b>

**NOTE 29. THE ENVIRONMENT**

Sustainability at Empresas Copec S.A. and its affiliates requires a management strategy that incorporates values, commitments and standards, together with the adoption of the best practices and technologies available in the industry, to secure constant improvements in the company's environmental management. The Environment department has specialists in each business area, and ensures that these guidelines are put into practice every day.

All the production units at the affiliate Arauco have certified environmental management systems that reinforce the Company's commitment to environmental performance and ensure the traceability of raw materials.

The affiliate Arauco uses various inputs, such as timber, chemicals, water, etc., in its production processes, which in turn generate liquid and gaseous emissions. Significant advances have been made in reducing consumption and emissions, in order to improve the company's operating efficiency.

Environmental investments relating to atmospheric emission control, process improvements, water management, waste management and sewage treatments have been undertaken, in order to improve environmental performance within business units of the affiliate Arauco.

These investments are reflected in Arauco's consolidated financial statements in property, plant and equipment when they relate to disbursements for major works and are reflected in the expenditure when they relate to improvements or disbursements not directly connected with investment projects.

The affiliate Abastible S.A. has continued to make investments this year that mitigate its impact on the environment, with regard to the Maritime Terminal located in the Biobio Region. These investments are referred to within the environmental appraisal report on the project.

The indirect affiliate Orizon S.A. invested in its production facilities, in order to recover solids, avoid unscheduled stoppages in productive processes, reduce thermal energy leakage, increase the overall system efficiency, and ensure compliance with environmental regulations. Similarly, improvements to the unloading and storage of raw materials systems increased the storage capacity in temperature controlled conditions, to avoid raw material deterioration, improve raw material unloading time, and ensure that rails complied with environmental commitments.

On April 3, 2018, Sernageomin approved the closure plan presented by Compañía Minera Paso San Francisco S.A. for the Plant and Filtered Gravel Deposit mining operation by issuing Resolution 0946, whose guarantee was duly extended until April 3, 2021.

On July 25, 2016, Sernageomin approved the closure plan submitted by the indirect affiliate Compañía Minera Can-Can S.A. for the El Bronce mine, by issuing Resolution 1530, whose guarantee was duly extended until July 25, 2020.

Expenditures incurred and committed during the period relating to environmental protection are detailed below:

**Forestry Sector**

Company	03.31.2020	Disbursements in 2020			Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset or Expense	Asset/Expense Category	Value ThUS\$ Estimated Date
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	51	Asset	Property, plant and equipment	1,826 2020
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	918	Asset	Property, plant and equipment	10,043 2020
Celulosa Arauco y Constitución S.A.	Managing the implementation of environmental improvements	In progress	7,052	Asset	Property, plant and equipment	47,053 2020
Celulosa Arauco y Constitución S.A.	Managing the implementation of environmental improvements	In progress	2,849	Expense	Operational costs	9,915 2020
Celulosa Arauco y Constitución S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	2,440	Expense	Operational costs	6,506 2020
Arauco Argentina S.A.	Construction of outlets	In progress	0	Asset	Property, plant and equipment	697 2020
Arauco Argentina S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	208	Asset	Property, plant and equipment	10,861 2020
Arauco Argentina S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	32	Asset	Property, plant and equipment	311 2020
Maderas Arauco S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	116	Expense	Operational costs	349 2020
Maderas Arauco S.A.	Managing the implementation of environmental improvements	In progress	116	Asset	Property, plant and equipment	373 2020
Celulosa y Energía Punta Pereira S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	740	Asset	Property, plant and equipment	2,690 2020
Celulosa y Energía Punta Pereira S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	545	Asset	Property, plant and equipment	0
Celulosa y Energía Punta Pereira S.A.	Managing the implementation of environmental improvements	Finished	221	Expense	Administrative expenses	0
Celulosa y Energía Punta Pereira S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	Finished	350	Asset	Property, plant and equipment	0
Forestal Arauco S.A. (formerly Forestal Celco S.A.):	Managing the implementation of environmental improvements	In progress	73	Expense	Administrative expenses	413 2020
Forestal Los Lagos S.A.	Managing the implementation of environmental improvements	In progress	34	Expense	Operational costs	215 2020
Arauco North America, Inc.	Managing the implementation of environmental improvements	In progress	925	Asset	Property, plant and equipment	0
Arauco North America, Inc.	Managing the implementation of environmental improvements	In progress	327	Asset	Property, plant and equipment	0
<b>Total</b>			<b>16,997</b>		<b>91,252</b>	

Company	12.31.2019	Disbursements in 2019				Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset or Expense	Asset/Expense Category	Value ThUS\$	Estimated Date
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	21,927	Expense	Administrative expenses	0	
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	267	Asset	Property, plant and equipment	792	2020
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	3,535	Asset	Property, plant and equipment	6,595	2020
Celulosa Arauco y Constitución S.A.	Managing the implementation of environmental improvements	In progress	15,570	Expense	Operational costs	0	
Celulosa Arauco y Constitución S.A.	Investment projects for the control and management of gases produced in industrial processes	In progress	375	Expense	Operational costs	0	
Celulosa Arauco y Constitución S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	348	Asset	Property, plant and equipment	0	
Celulosa Arauco y Constitución S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	7,745	Expense	Operational costs	0	
Arauco Argentina S.A.	Construction of outlets	In progress	40	Asset	Property, plant and equipment	697	2020
Arauco Argentina S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	1,174	Asset	Property, plant and equipment	1,816	2020
Arauco Argentina S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	987	Asset	Property, plant and equipment	343	2020
Maderas Arauco S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	208	Expense	Operational costs	0	
Maderas Arauco S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	647	Expense	Operational costs	0	
Maderas Arauco S.A.	Managing the implementation of environmental improvements	In progress	305	Asset	Property, plant and equipment	0	
Celulosa y Energía Punta Pereira S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	In progress	684	Asset	Property, plant and equipment	2,567	2020
Celulosa y Energía Punta Pereira S.A.	Expansion of solid industrial waste landfill sites to manage future demand	In progress	400	Asset	Property, plant and equipment	100	2020
Celulosa y Energía Punta Pereira S.A.	Investment projects to control hazardous liquids and optimize the energy required for water in industrial plants	Finished	448	Asset	Property, plant and equipment	0	
Forestal Arauco S.A. (formerly Forestal Celco S.A.):	Managing the implementation of environmental improvements	In progress	626	Expense	Administrative expenses	401	2020
Forestal Los Lagos S.A.	Managing the implementation of environmental improvements	In progress	210	Expense	Operational costs	63	2020
Arauco North America, Inc.	Managing the implementation of environmental improvements	In progress	945	Asset	Property, plant and equipment	530	2020
Total			56,441			13,904	

**Fuel Sector**

Company	03.31.2020	Disbursements in 2020				Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset or Expense	Asset/Expense Category	Value ThUS\$	Estimated Date
Compañía de Petróleos de Chile Copec S.A.	Sprinklers	Current	91	Asset	Work in Progress	0	
Compañía de Petróleos de Chile Copec S.A.	Waste disposal	Current	3	Expense	Administrative expenses	0	
Compañía de Petróleos de Chile Copec S.A.	Wastewater treatment and environmental assessment	Current	1	Expense	Administrative expenses	0	
Via Limpia SpA.	Removal of oils, filters, batteries and industrial waste	Current	1	Expense	Operating costs	0	
Mapco Express, Inc.	Contamination from leaking tanks	In progress	60	Expense	Administrative expenses	0	
Abastible S.A.	Managing the implementation of environmental improvements	In progress	43	Expense	Expense	43	2020
Abastible S.A.	Environmental management	In progress	28	Expense	Expense	24	2020
Sonacol S.A.	Improving the cathodic protection system	In progress	113	Asset	Work in Progress	0	
Sonacol S.A.	Improving and deepening pipelines in agricultural areas SF-M	In progress	239	Asset	Work in Progress	0	
Sonacol S.A.	Improving pipeline post inspection CC-M-LPG	Finished	113	Asset	Work in Progress	0	
Sonacol S.A.	Improving internal post inspection and post integrity evaluation of San Fernando pipeline	In progress	218	Asset	Deferred charges	0	
Total			910			67	

Company	12.31.2019	Disbursements in 2019				Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset or Expense	Asset/Expense Category	Value ThUS\$	Estimated Date
Compañía de Petróleos de Chile Copec S.A.	Sprinklers	Current	1	Asset	Work in Progress	0	
Compañía de Petróleos de Chile Copec S.A.	Waste disposal	Current	94	Expense	Administrative expenses	0	
Compañía de Petróleos de Chile Copec S.A.	Wastewater treatment and environmental assessment	Current	11	Expense	Administrative expenses	0	
Compañía de Petróleos de Chile Copec S.A.	Plant repairs	In progress	2	Expense	Administrative expenses	0	
Compañía de Petróleos de Chile Copec S.A.	Environmental evaluation	Current	43	Expense	Administrative expenses	0	
Compañía de Petróleos de Chile Copec S.A.	Treatment plants for effluents and sewage	Current	4	Asset	Work in Progress	0	
Compañía de Petróleos de Chile Copec S.A.	Foam supplies	Current	132	Asset	Work in Progress	16	2020
Via Limpia SpA.	Removal of oils, filters, batteries and industrial waste	Current	10	Expense	Operating costs	0	
Mapco Express, Inc.	Contamination from leaking tanks	In progress	68	Expense	Administrative expenses	0	
Abastible S.A.	Managing the implementation of environmental improvements	In progress	149	Expense	Expense	149	2020
Abastible S.A.	Environmental management	In progress	79	Expense	Expense	79	2020
Sonacol S.A.	Improving the cathodic protection system	In progress	1,061	Asset	Work in Progress	0	
Sonacol S.A.	Improving and deepening pipelines in agricultural areas SF-M	In progress	1,090	Asset	Work in Progress	0	
Sonacol S.A.	Improving pipeline post inspection CC-M-LPG	Finished	1,146	Asset	Work in Progress	0	
Sonacol S.A.	Improving internal post inspection and post integrity evaluation of San Fernando pipeline	In progress	2,613	Asset	Deferred charges	0	
Sonacol S.A.	Improving pipeline integrity CC-M10" and 16" and LPG Q-CC10"	In progress	503	Asset	Deferred charges	0	
Total			7,006			244	

**Fishing Sector**

Company	03.31.2020	Disbursements in 2020				Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset or Expense	Asset/Expense Category	Value ThUS\$	Estimated Date
Pesquera Iquique - Guanaye S.A.	Adjustment of systems in plants	In progress	102	Asset	Property, plant and equipment	614	2020
Pesquera Iquique - Guanaye S.A.	Unloading improvements for independent fishermen	In progress	7	Asset	Property, plant and equipment	123	2020
Total			109			737	

Company	12.31.2019	Disbursements in 2019				Committed Future Disbursements	
	Project Name	Project Status	Value ThUS\$	Asset or Expense	Asset/Expense Category	Value ThUS\$	Estimated Date
Pesquera Iquique - Guanaye S.A.	Adjustment of systems in plants	In progress	284	Asset	Property, plant and equipment	284	2020
Pesquera Iquique - Guanaye S.A.	Unloading improvements for independent fishermen	In progress	364	Asset	Property, plant and equipment	364	2020
Total			648			648	

## NOTE 30. OPERATING SEGMENTS

Operating segments have been defined in accordance with the manner in which senior management internally analyze segments in order to make operating decisions and to allocate resources. In addition, the availability of relevant financial information has also been considered when defining operating segments.

Segments have been defined according to the main direct affiliates: Celulosa Arauco y Constitución S.A., Compañía de Petróleos de Chile Copec S.A., Abastible S.A., Pesquera Iquique-Guanaye S.A. and Sociedad Nacional Oleoductos S.A. These companies together represent more than 90% of the sales, EBITDA, net income, and consolidated assets and liabilities.

- Celulosa Arauco y Constitución S.A.

Arauco has provided a wide variety of high quality and sustainable products for the paper, construction, packaging and furniture industries since 1979, in order to improve people's lives. It has established itself as one of the leading forestry companies in Latin America, in terms of area and plantation yields, kraft pulp manufacturing, and sawn timber and panel production.

Arauco's plantations and land cover 1.7 million hectares in Chile, Argentina, Brazil and Uruguay. It has modern industrial facilities that include 7 pulp mills, 5 in Chile, 1 in Argentina and 1 in Uruguay (50% owned by Arauco) with a total production capacity of 4 million tons. It has 8 sawmills, 7 in Chile and 1 in Argentina, which process 3.0 million m<sup>3</sup> of timber per year and 23 panel plants, 5 in Chile, 2 in Argentina, 4 in Brazil, 2 in Mexico and 10 in the United States and Canada, with a total production capacity of 8.7 million m<sup>3</sup>.

It has a joint venture called Sonae Arauco (Arauco has a 50% interest in its results), which manufactures and sells MDF, PB and OSB panels, and sawn timber. It has 2 panel plants and 1 sawmill in Spain; 2 panel plants and 1 resin plant in Portugal; 4 panel plants in Germany and 2 panel plants in South Africa, with a total production capacity of 1.5 million m<sup>3</sup> of MDF, 2.3 million m<sup>3</sup> of PB, 516,000 m<sup>3</sup> of OSB and 50,000 m<sup>3</sup> of sawn timber.

Arauco has plants with a total production capacity of 4.8 million m<sup>3</sup> of MDF, 5.1 million m<sup>3</sup> of PB, 258,000 m<sup>3</sup> of OSB and 3.0 million m<sup>3</sup> of sawn timber, including 50% of Sonae Arauco.

As of March 31, 2020, Arauco's production totaled 909,000 tons of wood pulp and 2.2 million m<sup>3</sup> of sawn timber and panels.

Sales totaled US\$ 1,127 million, of which 40.0% was for wood pulp, 57.4% for sawn timber and panels and 2.6% for other segments.

39% of total sales was sold in the Chilean market and the rest overseas, primarily to Asia and the Americas.

- Compañía de Petróleos de Chile Copec S.A.

Compañía de Petróleos de Chile Copec S.A. is one of the country's most important sellers and distributors of fuel for domestic and industrial use. It was established in 1934 and the following year began selling gasoline. Over time it expanded its business and diversified its activities. Copec has 671 service stations throughout the country, forming the most extensive network in Chile, which includes 94 Pronto convenience stores and 309 Punto stores. The company also manages an industrial channel that supplies nearly 4,000 customers, belonging to the most important segments of the Chilean economy. It manages the lubricant trademark Mobil and Esso for vehicles and machinery. This requires 15 fuel storage plants between Arica and the Chacabuco Port, with a total capacity of 384 thousand m<sup>3</sup>.

Copec's physical sales in Chile totaled 2.6 million m<sup>3</sup> as of March 31, 2020, and its market share of the liquid fuels business was 58.2%.

It began to internationalize its fuels business following the takeover of the Colombian company Terpel in 2010, and now operates in five markets: Colombia, Ecuador, Panama, Peru and Mexico.

Organizacion Terpel has a network of 2,303 service stations and 1,932 of these are service stations for liquid fuels in Colombia its home country.

The Company also has 243 natural gas sales points for vehicles through its brand Gazel, which represents 47%<sup>2</sup> of this segment in Colombia.

It is the main wholesale distributor in Colombia with more than 3,120 customers in industry, transport and aviation. It has a 40%<sup>2</sup> share of the diesel market, a 42.7%<sup>3</sup> share of the gasoline market and a 71.6%<sup>2</sup> share of the jet fuel market in the country.

- Abastible S.A.

Abastible S.A. was incorporated in 1956 to market liquefied petroleum gas for domestic, commercial and industrial use. Today this company has become a major player in the Chilean energy sector, basing its strategy on delivering a quality, safe and timely service to all customers. In 2011, Abastible S.A. started to internationalize through the acquisition of a 51% interest in Inversiones del Nordeste (now Nortesantandereana de Gas), a Colombian company. Abastible S.A. acquired a Liquefied Petroleum Gas (LPG) business in Peru and Ecuador from Repsol S.A. in April 2016, and became the third largest LPG supplier in Latin America. In June 2016, Abastible took operational control of Solgas S.A. and Solgas de la Amazonía in Peru. In October it took operational control of Duragas, in Ecuador.

The Company operates throughout Chile from the northernmost city (Arica) to the southernmost (Magallanes) with a complete and modern infrastructure for its liquefied gas business. The Company has 10 storage and filling facilities, plus 7.7 million cylinders and 70 thousand tanks, supported by a network of approximately 1,347 distributors and 29 sales, distribution and agency offices in all the major cities of the country. Additionally, in the Biobio Region it has a port terminal for loading and unloading liquefied gas and liquid fuels and a plant with a capacity for storing 40,000 m<sup>3</sup> managed by a related company Hualpén Gas S.A.

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<sup>2</sup> Figures as of January 2020

<sup>3</sup> Figures as of March 2020

- Pesquera Iquique-Guanaye S.A.

Empresas Copec S.A. Invested in the Chilean commercial fishing sector in 1980 through Pesquera Guanaye Ltda., which many years later merged with Pesquera Iquique S.A. producing Pesquera Iquique-Guanaye Igemar as a result.

Igemar operates in the north of Chile through its associates Corpesca S.A. and Inversiones Caleta Vitor S.A., while in the country's central-south region it operates with its affiliate Orizon S.A.

These companies' products include fishmeal, which is mainly used as a raw material in food production for aquaculture and livestock, due to its high level of protein, Omega 3 fatty acids and favorable digestibility. Another of its products is fish oil, which is used extensively in aquaculture. However, in recent years, it has been gaining importance as a nutritional supplement in human nutrition and the pharmaceutical industry. Canned and frozen products, using mackerel as the main raw material, are produced for human consumption. Canned and frozen mussels are produced.

In an effort to expand its portfolio of products, the company entered the grocery market selling beans, rice and lentils under the brand San Jose, for the domestic market. In August 2018, the indirect affiliate Orizon S.A. purchased two businesses from Sociedad Comercializadora Novaverde S.A. These distribute General Mills' products in Chile, and distribute and market processed avocado pears.

- During January 2019, Orizon S.A. signed a capital increase and supply agreement with St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A. in order to consolidate its mitylid production and processing, and market it abroad.

The primary destinations for these products are local, Asian, African and European markets.

- Sociedad Nacional Oleoductos S.A.

Sonacol has served the energy industry in Chile since 1957, providing a permanent transport system to develop productive activities in the central area.

The company's revenues are from transporting fuels through a network of 465 km of its own pipe lines from Quintero to San Fernando, which transport 98% of the fuel for the Metropolitan Region. Additionally, the company has 9 pump stations, a delivery terminal and a dispatch center strategically located at its corporate headquarters.

Sonamar sold the four tankers it owned, leaving it without assets as of December 31, 2018.

The financial figures associated with these segments, as of March 31, 2020 and 2019 are as follows:

Segments 2020	Arauco ThUS\$	Copec ThUS\$	Abastible ThUS\$	Sonacol ThUS\$	Igemar ThUS\$	Others ThUS\$	Subtotal ThUS\$	Eliminations ThUS\$	Total ThUS\$
Operating revenues from external customers	1,127,123	3,966,085	250,807	10,878	49,801	133	5,404,827	0	5,404,827
Inter-segment operating revenues	43	16,070	1,554	6,486	0	238	24,391	(24,391)	0
Interest income	7,207	1,795	371	11	110	1,156	10,650	0	10,650
Interest expense	(71,782)	(28,807)	(4,369)	(738)	(2,094)	(328)	(108,118)	0	(108,118)
<b>Interest expense, net</b>	<b>(64,575)</b>	<b>(27,012)</b>	<b>(3,998)</b>	<b>(727)</b>	<b>(1,984)</b>	<b>828</b>	<b>(97,468)</b>	<b>0</b>	<b>(97,468)</b>
Net operating income	22,674	116,746	21,460	13,601	5,329	(4,197)	175,613	0	175,613
Depreciation	121,882	41,840	13,091	0	3,187	120	180,120	0	180,120
Amortization	3,529	0	2,454	0	106	0	6,089	0	6,089
Fair value of timber harvested	67,024	0	0	0	0	0	67,024	0	67,024
<b>EBITDA</b>	<b>215,109</b>	<b>158,586</b>	<b>37,005</b>	<b>13,601</b>	<b>8,622</b>	<b>(4,077)</b>	<b>428,846</b>	<b>0</b>	<b>428,846</b>
<b>Net income (loss) from the reporting segment</b>	<b>(29,706)</b>	<b>62,225</b>	<b>(542)</b>	<b>9,079</b>	<b>(4,763)</b>	<b>(24,461)</b>	<b>11,832</b>	<b>0</b>	<b>11,832</b>
Share in income (loss) of associates	1,553	808	641	0	(3,459)	(3,863)	(4,320)	0	(4,320)
Income tax expense	9,761	(33,112)	(17,109)	(3,395)	81	7,360	(36,414)	0	(36,414)
<b>Investments by segment</b>									
Additions to property, plant and equipment	356,758	63,716	14,567	3,582	1,372	0	439,995	0	439,995
Payments to acquire biological assets	67,547	0	2,422	0	0	0	69,969	0	69,969
Payments to acquire affiliates and associates	15,090	0	1,762	0	0	45,240	62,092	0	62,092
Acquisitions of intangible assets	6,084	6,987	159	0	0	175	13,405	0	13,405
Payments to acquire other investments	0	0	0	0	0	0	0	0	0
<b>Total investments</b>	<b>445,479</b>	<b>70,703</b>	<b>18,910</b>	<b>3,582</b>	<b>1,372</b>	<b>45,415</b>	<b>585,461</b>	<b>0</b>	<b>585,461</b>
<b>Operating revenue by country</b>									
Operating revenue from Chilean companies	577,785	2,059,027	102,779	10,878	49,801	133	2,800,403	0	2,800,403
Operating revenue from foreign companies	549,338	1,907,058	148,028	0	0	0	2,604,424	0	2,604,424
<b>Total operating revenue</b>	<b>1,127,123</b>	<b>3,966,085</b>	<b>250,807</b>	<b>10,878</b>	<b>49,801</b>	<b>133</b>	<b>5,404,827</b>	<b>0</b>	<b>5,404,827</b>
<b>Assets by segment</b>	<b>15,876,545</b>	<b>5,197,435</b>	<b>1,219,177</b>	<b>249,160</b>	<b>514,808</b>	<b>1,104,037</b>	<b>24,161,162</b>	<b>0</b>	<b>24,161,162</b>
Equity method investments	288,070	9,606	5,686	0	183,302	529,952	1,016,616	0	1,016,616
Segment liabilities	8,884,457	3,458,083	754,207	163,321	313,625	22,105	13,595,798	0	13,595,798
<b>Country of origin of non-current assets</b>									
Chile	8,079,548	1,584,226	449,360	0	373,452	748,170	11,234,756	0	11,234,756
Foreign	4,163,862	1,822,860	497,481	0	0	0	6,484,203	0	6,484,203
<b>Total non-current assets</b>	<b>12,243,410</b>	<b>3,407,086</b>	<b>946,841</b>	<b>0</b>	<b>373,452</b>	<b>748,170</b>	<b>17,718,959</b>	<b>0</b>	<b>17,718,959</b>
<b>Cash flows by segment</b>									
Cash flow from (used by) operating activities	(15,742)	(54,127)	11,399	10,871	(7,707)	(847)	(56,153)	0	(56,153)
Cash flow from (used by) investing activities	(436,865)	(62,955)	(18,628)	(10,071)	(1,327)	(82,012)	(611,858)	42,815	(569,043)
Cash flow from (used by) financing activities	73,929	132,822	15,071	(290)	12,993	42,487	277,012	(42,425)	234,587
<b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>	<b>(378,678)</b>	<b>15,740</b>	<b>7,842</b>	<b>510</b>	<b>3,959</b>	<b>(40,372)</b>	<b>(390,999)</b>	<b>390</b>	<b>(390,609)</b>

Segments 2019	Arauco ThUS\$	Copec ThUS\$	Abastible ThUS\$	Sonacol ThUS\$	Igemar ThUS\$	Others ThUS\$	Subtotal ThUS\$	Eliminations	Total ThUS\$
Operating revenues from external customers	1,388,186	4,212,297	271,404	12,718	42,129	110	5,926,844	0	5,926,844
Inter-segment operating revenues	0	19,900	1,167	7,797	2	308	29,174	(29,174)	0
Interest income	6,746	2,601	687	23	236	4,462	14,755	0	14,755
Interest expense	(57,391)	(30,815)	(6,325)	(970)	(2,640)	(742)	(98,883)	0	(98,883)
<b>Interest expense, net</b>	<b>(50,645)</b>	<b>(28,214)</b>	<b>(5,638)</b>	<b>(947)</b>	<b>(2,404)</b>	<b>3,720</b>	<b>(84,128)</b>	<b>0</b>	<b>(84,128)</b>
Net operating income	162,132	112,603	25,252	13,977	1,523	(5,823)	309,664	0	309,664
Depreciation	121,512	43,225	12,735	2,468	2,507	260	182,707	0	182,707
Amortization	3,172	19,372	643	0	208	9	23,404	0	23,404
Fair value of timber harvested	74,837	0	0	0	0	0	74,837	0	74,837
<b>EBITDA</b>	<b>361,653</b>	<b>175,200</b>	<b>38,630</b>	<b>16,445</b>	<b>4,238</b>	<b>(5,554)</b>	<b>590,612</b>	<b>0</b>	<b>590,612</b>
<b>Income (loss) from the reporting segment</b>	<b>126,099</b>	<b>83,657</b>	<b>18,151</b>	<b>9,354</b>	<b>(970)</b>	<b>(367)</b>	<b>235,924</b>	<b>0</b>	<b>235,924</b>
Share in income (loss) of associates	4,363	4,865	2,647	0	(2,597)	(4,715)	4,563	0	4,563
Income tax expense	(15,100)	(25,561)	(7,022)	(3,576)	3,229	(714)	(48,744)	0	(48,744)
<b>Investments by segment</b>									
Additions to property, plant and equipment	165,855	49,401	30,419	3,644	3,100	2	252,421	0	252,421
Acquisitions of other long-term assets	73,859	0	0	0	0	0	73,859	0	73,859
Payments to acquire affiliates and associates	151,294	0	0	0	20,000	1,200	172,494	0	172,494
Acquisitions of intangible assets	3,603	5,654	305	0	0	0	9,562	0	9,562
Payments to acquire other investments	0	0	0	0	0	0	0	0	0
<b>Total investments</b>	<b>394,611</b>	<b>55,055</b>	<b>30,724</b>	<b>3,644</b>	<b>23,100</b>	<b>1,202</b>	<b>508,336</b>	<b>0</b>	<b>508,336</b>
<b>Operating revenue by country</b>									
Operating revenue from Chilean companies	688,835	2,188,032	113,010	12,718	42,129	110	3,044,834	0	3,044,834
Operating revenue from foreign companies	699,351	2,024,265	158,394	0	0	0	2,882,010	0	2,882,010
<b>Total operating revenue</b>	<b>1,388,186</b>	<b>4,212,297</b>	<b>271,404</b>	<b>12,718</b>	<b>42,129</b>	<b>110</b>	<b>5,926,844</b>	<b>0</b>	<b>5,926,844</b>
<b>Assets by segment</b>	<b>15,273,143</b>	<b>5,714,901</b>	<b>1,357,870</b>	<b>306,957</b>	<b>533,729</b>	<b>1,222,484</b>	<b>24,409,084</b>	<b>0</b>	<b>24,409,084</b>
Equity method investments	353,594	56,685	55,531	0	197,300	531,647	1,194,757	0	1,194,757
Segment liabilities	7,871,974	3,784,421	855,185	201,234	302,986	34,674	13,050,474	0	13,050,474
<b>Country of origin of non-current assets</b>									
Chile	7,625,578	1,801,637	571,542	289,912	391,316	828,900	11,508,885	0	11,508,885
Foreign	4,282,584	1,824,508	540,568	0	0	0	6,647,660	0	6,647,660
<b>Total non-current assets</b>	<b>11,908,162</b>	<b>3,626,145</b>	<b>1,112,110</b>	<b>289,912</b>	<b>391,316</b>	<b>828,900</b>	<b>18,156,545</b>	<b>0</b>	<b>18,156,545</b>
<b>Cash flows by segment</b>									
Cash flow from (used by) operating activities	130,251	98,698	32,655	11,649	(6,905)	(5,824)	260,524	2,240	262,764
Cash flow from (used by) investing activities	(382,936)	(14,568)	(24,863)	(3,644)	(22,399)	31,386	(417,024)	(3,207)	(420,231)
Cash flow from (used by) financing activities	(74,748)	(42,048)	(10,124)	(360)	(11,306)	(6,641)	(145,227)	(192)	(145,419)
<b>Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes</b>	<b>(327,433)</b>	<b>42,082</b>	<b>(2,332)</b>	<b>7,645</b>	<b>(40,610)</b>	<b>18,921</b>	<b>(301,727)</b>	<b>(1,159)</b>	<b>(302,886)</b>

Revenue by country is as follows:

	03.31.2020 ThUS\$	03.31.2019 ThUS\$	03.31.2020 %	03.31.2019 %
<b>Operating revenue by country</b>				
Argentina	86,096	99,558	1.6%	1.7%
Brazil	109,368	126,838	2.0%	2.1%
Chile	2,800,403	3,044,834	51.8%	51.4%
Colombia	1,196,138	1,278,032	22.1%	21.6%
Panama	162,867	179,387	3.0%	3.0%
Dominican Republic	36,463	41,446	0.7%	0.7%
Ecuador	132,316	135,357	2.5%	2.3%
Mexico	96,996	23,518	1.8%	0.4%
Peru	79,798	150,426	1.5%	2.5%
Uruguay	82,716	113,231	1.5%	1.9%
USA/Canada	621,666	734,217	11.5%	12.4%
<b>Total</b>	<b>5,404,827</b>	<b>5,926,844</b>	<b>100.0%</b>	<b>100.0%</b>

Non-current assets by country are as follows:

	03.31.2020 ThUS\$	12.31.2019 ThUS\$	03.31.2020 %	12.31.2019 %
<b>Non-current assets</b>				
Argentina	769,942	781,693	4.4%	4.3%
Brazil	729,725	947,265	4.1%	5.2%
Chile	11,234,756	11,153,493	63.4%	61.5%
Colombia	759,749	935,749	4.3%	5.2%
Panama	615,750	613,417	3.5%	3.4%
Dominican Republic	263,403	266,186	1.5%	1.5%
Ecuador	284,818	299,352	1.6%	1.7%
USA	3,078	3,267	0.0%	0.0%
Mexico	120,010	155,900	0.7%	0.9%
Peru	389,860	416,194	2.2%	2.3%
Uruguay	1,721,156	1,724,698	9.7%	9.5%
Spain	3,683	3,736	0.0%	0.0%
USA/Canada	823,029	832,570	4.6%	4.6%
<b>Total</b>	<b>17,718,959</b>	<b>18,133,520</b>	<b>100.0%</b>	<b>100.0%</b>

## NOTE 31. BORROWING COSTS

The Group capitalizes interest on current investment projects. Interest is calculated using the average rate on loans intended to finance such investment projects.

At the date these financial statements were issued, the affiliate Arauco had capitalized financial interests associated with the Arauco Plant Modernization and Expansion (MAPA) project in Chile.

Capitalized interest for property, plant and equipment	January - March	
	2020 ThUS\$	2019 ThUS\$
Rate of capitalized interest for property, plant and equipment	4.59%	3.89%
Capitalized interest for property, plant and equipment	8,786	6,982

## NOTE 32. SUBSEQUENT EVENTS

Between March 31, 2020 and the date these consolidated financial statements were issued, the following significant events have occurred.

### 1. Empresas Copec S.A.

**On April 7, 2020, it communicated the following**

"I wish to inform you that the Company will hold an Annual General Shareholders Meeting on April 22, 2020 at 11:30am in the Sofofa Auditorium, located in 2,777 Andres Bello Avenue, floor 2, Las Condes, Santiago, to address the following matters:

a) Approve the Company's Financial Statements as of December 31, 2019, the Director's Annual Report and report business progress; b) Report transactions carried out by the Company referred to in Chapter XVI of Law 18,046; c) Establish Board remuneration for the next year; d) Establish the remuneration and expenditure budget of the Committee referred to in Article 50 bis of Law 18,046, and receive its annual report; e) Appoint External Auditors and Risk Classifiers; and f) Address any other matter of interest within the remit of this Meeting.

The Company's Financial Statements as of December 31, 2019 with their explanatory notes and the external auditor's report will be published on April 7, 2020 on the Company's web site:

<https://www.empresascopec.cl/wp-content/uploads/2019/12/Estados-Financieros-Consolidados.pdf>.

The arguments supporting the options for the appointment of external auditors to be submitted to the Meeting have also been published on the internet site [www.empresascopec.cl](http://www.empresascopec.cl), thereby complying with the second paragraph of Article 59 of Law 18,046. The shareholders may find a copy on the Company's web site.

The Board of Directors agreed at a meeting held on March 28, 2020 to propose the final legal minimum dividend 38 of US\$ 0.0425 per share to the Annual General Shareholders Meeting. The dividend will be paid in Chilean pesos at the "observed dollar" exchange rate published in the Official Journal on May 8, 2020. The dividend will be paid in cash, and charged to earnings for the year ended December 31, 2019. This dividend is income for shareholders. The Company will calculate and communicate in a timely manner the credit on this dividend available to those shareholders who pay Overall Complementary Tax and Additional Tax.

It will propose to the Meeting that this dividend is paid from May 14, 2020, by the Company Shares Department, located at 140, El Golf Avenue, Las Condes, which is usually open from Monday to Friday from 9:00am to 5:00pm. This dividend shall be deposited in shareholder's current accounts, or sent by check in the mail, if so requested by shareholders.

The shareholders recorded in the Company's Shareholders Register at midnight on May 8, 2020 shall be entitled to receive this dividend, provided it is approved by the Meeting with the terms indicated above.

The total number of single series shares entitled to this dividend is 1,299,853,848.

Notices for this Meeting shall be published in the Santiago edition of the "El Mercurio" newspaper on April 7, 13 and 20, 2020.

The Company shall send to the Financial Market Commission a digital copy of the Annual Report for 2019 through the SEIL module, in compliance with the General Regulation 30 dated 1989."

#### MEETING PARTICIPATION AND PROXIES

The shareholders registered in the Shareholders Register at midnight on April 16, 2020 shall have the right to participate in this Meeting. Proxies will be verified just before the Meeting begins, if applicable.

The Financial Market Commission (FMC) issued General Regulation 435 and Circular Letter 1,141 on March 18, 2020, due to the COVID-19 pandemic that is affecting Chile, which regulates the participation in shareholders' meetings using remote technology.

The Board of Directors held a meeting on March 26, 2020, where they agreed to allow remote participation and voting at the Meeting, in case a suitable technological system can be found.

If such a system can be identified in a timely manner, then remote participation will use digital platforms. The Company will publish an instruction, a form and the corresponding standard proxy letter on its website ([www.empresascopec.cl](http://www.empresascopec.cl)) during the next few days, in order to facilitate remote participation by shareholders and other people who should or wish to attend, such as the Chairman, Directors, Chief Executive Officer and the FMC.

These documents will describe the mechanism for each shareholder who wishes to participate remotely to accredit his or her identity or proxy, if applicable, in order to participate and vote at the Meeting.

If restrictions on the movement of people and holding meetings in Las Condes, where the registered office is located, still apply on the date of the Meeting, then physical attendance by shareholders may be affected or impossible. Furthermore, if the Meeting cannot be held on this date, due to technical problems with remote connections or for any other reason including force majeure, the Company will ask the FMC to suspend or postpone it, and this will be promptly communicated."

## **2. Celulosa Arauco y Constitución S.A. reported to the Financial Markets Commission**

**On April 28, 2020, it communicated the following:**

"The undersigned, as representative of the privately-held corporation Celulosa Arauco y Constitución S.A., hereinafter the "Company" or "Arauco", both domiciled in the Metropolitan Region at Avenida El Golf 150, floor 14, Las Condes, registered in the Securities Registry as No. 42, Chilean Identification Number 93,458,0001, and fully authorized, communicate the following material event regarding the Company and its businesses, in accordance with Articles 9 and paragraph 2 of Article 10 of Law 18,045 and General Regulation 30 issued by this Commission:

Arauco's Board of Directors met today and agreed to call an Extraordinary General Shareholders' Meeting for May 19, 2020, in order to approve the Board of Directors' proposal to increase the Company's capital by up to US\$ 700 million, by issuing shares to be acquired. Around US\$ 250 million of this total will be required during 2020, while the balance of US\$ 450 million will be required during 2021, depending on the resources available in that year.

The purpose of the capital increase is to finance the Company's projects, especially the MAPA project, and to strengthen the Company's financial position, which has been affected by the capital requirements of its current and previous projects, by the market consequences of the trade dispute between China and the United States, and by the decrease in the global demand for its products as a result of the Covid-19 pandemic.

This proposed capital increase will be complemented by capitalizing corporate reserves from retained earnings and legal revaluations as of the latest statement of financial position through issuing bonus shares, in compliance with Article 19 of the Regulations of Law 18,046 on Corporations, unless the shareholders unanimously agree otherwise.

If this Meeting approves the capital increase, then it is proposed that the shareholders also agree to replace the current Article Five of the Articles of Association and to add transitory provisions required to process the reforms agreed by the Meeting."