



Annual Report

## Company Identification

**Corporate Name :** Empresas Copec S.A.

**Chilean Taxpayer Identification Number (RUT) :** 90.690.000-9

**Type of Entity :** Publicly Held Corporation

**Business Activity:** : Investments and Business Services

**Securities Registry Number :** 0028

**Legal Address :** El Golf 150, floor 17, Las Condes, Santiago, Chile

**Telephone :** (562) 2461 7000

**Nemonic Code :** COPEC

**Web page :** [www.empresascopec.cl](http://www.empresascopec.cl)

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### External Auditors

PwC

### Credit Rating Agencies

#### National

Fitch Chile Clasificadora de Riesgo Limitada  
Feller Rate Clasificadora de Riesgo Limitada

#### International

S&P Global Ratings  
Fitch Ratings

### Annual Report 2019

85<sup>th</sup> Annual Report of Empresas Copec S.A.

It contains information on the annual management of the Company for the period from January 1 to December 31, 2019.



Through a sustainable management model, we develop our investments with a long-term view, taking a responsible commitment to the environment and all our stakeholders.





**ARAUCO CARBON NEUTRAL 2020**  
Forests today are capable of eliminating almost a third of emissions and sustainably managed, could contribute much more.





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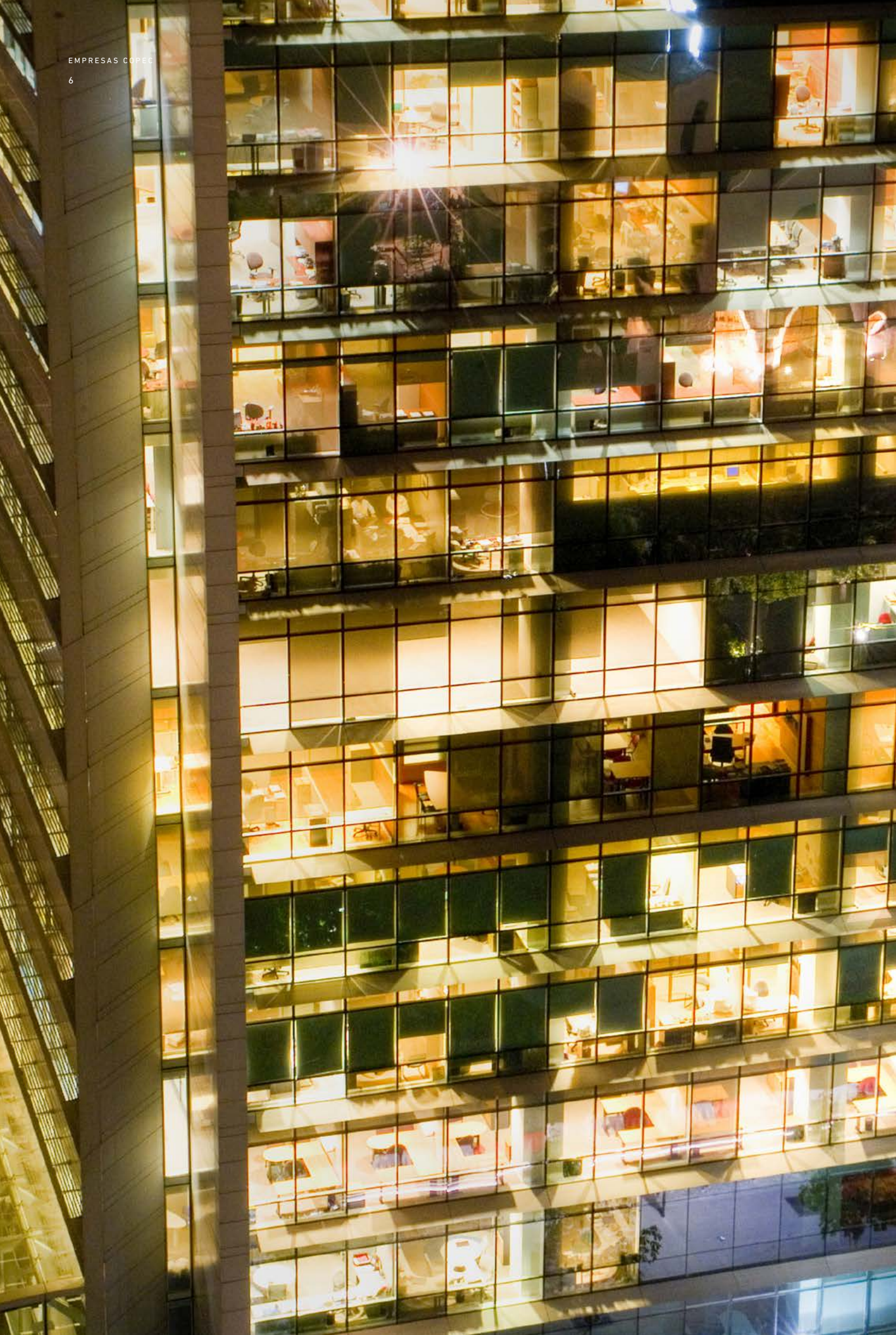
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**01**

# Corporate Information

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# Chairman's statement

## Dear Shareholders:

2019 was a challenging year for Empresas Copec, not only due to the global and local context that we had to face, but also directly related to our operations and results. Nevertheless, our team continued to promote important initiatives in Chile and abroad, with a permanent spirit of innovation and the desire to advance the objectives of value creation and social welfare that we have always set for ourselves.

At Empresas Copec we feel part of the contemporary trend that requires private companies to go beyond the responsibility of creating immediate economic value. We have always understood that the long-term vision that characterizes us cannot be independent of our environment. Company and society are closely linked, and this unbreakable bond is increasingly visible and indispensable today. Our role is key to achieving the desired convergence of purposes and, through it, the elusive goal of development. We have spent decades pushing the borders of what has traditionally been considered to do business, expanding our scope of action far beyond the productive and commercial focus and making society's major challenges our own.

Financially, Empresas Copec recorded a profit of US\$ 172 million last year, well below the

slightly more than a thousand million dollars in 2018. This substantial variation is explained by a sharp drop in pulp prices, as well as some non-recurring effects, such as impairment of assets, all of which are detailed in the financial information section of this Annual Report. EBITDA, a concept that best reflects the state of our operations, was US\$ 2,018 million and, although it is 27% lower than the previous year, it reflects the resilient cash generation capacity of our activities, a consequence of well-focused investments and carefully designed business strategies.

Our Company has had to unwind a dynamic world, taking a more relevant position in local and global markets, and facing today's key challenges. The phenomenon of increasing globalization that we have been experiencing in recent decades has continued to accelerate, particularly due to the hyper-connection of global economy. Whether it is tensions between major trade blocks, political ups and downs in certain geographies, or a pandemic like the one we started to suffer in 2020, its effects spread to the world economy in a matter of days, if it's not hours. All this has an impact on prices of products such as pulp, panels and fishmeal, which affected our exporting businesses in 2019.

At the regional level, although we see more dynamic fuel

markets, with higher volumes in all businesses, 2019 will be remembered as a year of major political challenges. Peru, Ecuador, Colombia, and especially Chile, have experienced massive social mobilizations, marked by a high distrust within society towards the established order, and increasingly diverse demands. In the case of our country, solutions have been directed towards deep structural reforms, which could even involve a new Political Constitution, if this were decided in the plebiscite called for the coming months.

Whichever path is chosen, Empresas Copec's conviction is that, in order to improve the foundations of our social coexistence, we urgently need to move towards national unity, based on peaceful dialogue and the construction of widely shared consensus. Essential conditions are the rule of law and the supremacy of law; coexistence and democratic debate in a context of social peace; rebuilding of trust between the different levels of society, putting people at the center; fair weighting of technical opinions specialized in complex matters, and, not least, the assessment of the role of companies and entrepreneurs as agents of social transformation, innovation and creation of wealth and well-being. Chile needs all of us, joining efforts, working together and



**Roberto Angelini**  
Chairman



“

**Empresas Copec continues to grow in line with a strategy sustained over time, taking relevant steps both in Chile and abroad, with a long-term vision and a constant effort to raise the standards of our activities and create maximum value for all around us".**



**Our Company has had to unwind a dynamic world, taking a more relevant position in local and global markets, and facing today's key challenges".**

collaboratively, without mirages or short-sightedness. All of these conditions are even more pivotal in the complex health emergency that we are beginning to experience as I write this letter.

Beyond this uncertain and complex context, during 2019 we continued to lay the foundations for future growth, guided by the same long-term vision that has been the axis of our way of conceiving a company. Investment in 2019 totaled US\$ 2,058 million, with an emphasis that confirms our continued focus on natural resources and energy; more than 90% was concentrated in our main businesses, the forestry and fuel sectors.

Our way of doing business also allows us to maintain broad access to financial markets, which, among other things, made it easier for us to raise resources

under very favorable conditions in 2019, including the first sustainable bonds in Chile and Latin America, issued by Arauco, worth US\$ 1,000 million. This is a concrete example of investor confidence in our management capacity, as well as in the philosophy and principles that guide our way of doing business.

In short, in 2019 we continued to make firm progress along the path of growth that we have been charting, around large investment projects, with greater geographic diversification and continuous innovation, always faithful to the purpose that inspires us.

Arauco, our forestry affiliate, continued to make progress in its Arauco Mill Modernization and Expansion (MAPA) project, aimed at increasing production capacity by up to 2.1 million tons of pulp per year, with cutting edge technology and

state-of-the-art environmental equipment. It is a project of extreme importance to our country and the Biobío Region, including resources of the order of US\$ 2,350 million, the largest investment in the company's history, that injects dynamism and funds into the local community. The project achieved an advance of more than 30% at the end of 2019, on schedule, and will allow renovating and increasing efficiency and productivity of the oldest facilities in Arauco, at the heart of our forestry activities, increasing by more than 30% our total pulp production capacity. It also includes a cogeneration plant that, in addition to supplying renewable energy to the new operations, will allow for a surplus of up to 166 MW of electric power for Chile. This adds to another 180 MW capacity, also environmentally friendly, which will be provided



by the Viento Sur Wind Park in the same area, through an investment by Arauco of close to US\$ 250 million, whose Environmental Impact Study was submitted last year.

In December 2019, Arauco also completed the construction of its first dissolving pulp mill, located in Valdivia. This will make the company the country's sole manufacturer of this type of cellulose, used as a raw material for textile fibers such as rayon and viscose, and cellophane paper and filters, among other final products. Given its original design, transforming this plant to this new type of material was very efficient, at a fraction of the cost of transforming any other facility in the industry, and, in addition, with a production process of high environmental standards, which will allow an additional 30 MW of electrical power to be injected into the National Electric System. In this way, we are innovating in our production and commercial processes, to enter a fast-growing market driven by factors other than traditional pulp, thus allowing us to create a more robust business model in this area.

In another major initiative, our affiliate Alxar continued to promote the Mina Justa metal mining project, which is being built together with the prestigious Breca Group in a prime location

on the southern coast of Peru. It is a world-class development, with 432 million tons of mining resources, which will produce more than 100,000 tons of fine copper per year, in addition to an attractive exploration potential for future growth. As of December 2019, this project, with an estimated investment of US\$ 1,600 million, was 75% completed, on schedule. Mina Justa responds to the challenge of finding new growth areas that are well integrated into our activities in the field of natural resources, leaning on the competitive advantages offered by our region and taking advantage of knowledge gained from other ventures. We look for opportunities that pose challenges similar to those we have already addressed, with financial profiles similar to those that we master well, while at the same time constituting prudent risk exposure and interesting avenues of potential growth where we can add value from our experience.

The search for new partnerships also allows us to open opportunities and increase the flexibility of our company, which is more valuable today than ever, in a rapidly and ever-changing environment. Wherever there is compatibility of interests, complementary skills and a common vision, it is key to gather the necessary skills to continue growing efficiently and

sustainably. Partnerships are also a natural consequence of our broader geographical presence, which allows us to access all local talent in different latitudes.

In this way, we have gradually consolidated ourselves as a multinational company, with commercial presence in more than 80 countries and productive presence in 16. Over the years, we have been building a more balanced portfolio, less exposed to what happens in a particular geography or business. We continue to focus on those activities where we can make a difference and occupy long-term leadership positions, creating greater economic and social value for our shareholders, employees and the communities that embrace us.

Thus, together with our partners in Colombian affiliate Terpel, we have made substantial progress in integrating the operations and assets acquired from ExxonMobil, and we continued to expand the regional network of airports supplied by Terpel, which covers 32 operations in Colombia, Panama, Peru and Dominican Republic, in addition to the 10 that Copec already has in our country.

In the United States, our affiliate Mapco made significant investments to strengthen its market position, through the acquisition of properties and the

renewal of branding. Indeed, all our liquid fuel operations reaffirmed their leadership in their respective markets, which means that more than two million customers continue to favor them, day by day. Its value offer, based on an excellent service, agile understanding of changes and the generation of the best consumer experience, is based on the strength of each brand, anticipating the energy needs of its customers to satisfactorily meet them. This is the service philosophy that our fuel affiliates have been extending to the different latitudes of the American continent in which they operate.

With regard to liquefied petroleum gas, Abastible and its subsidiaries Solgas, Duragas and Norgas each consolidated as leader in their respective countries on the Pacific coast. Under a regional perspective, Abastible continued to develop the necessary infrastructure to provide its clients with a timely, innovative, efficient, and safe service. Solgas significantly increased its storage capacity with a third sphere at its Callao plant in Peru. This effort is in addition to the import terminal in Cartagena, which was inaugurated by Norgas in 2017, along with other Colombian distributors; progress made by Duragas in strengthening its logistics in Ecuador; and the role that the associate Gasmar

has played in Chile, guaranteeing security and continuity of supply. All these facilities, together with the San Vicente terminal, which is operated by the Hualpén Gas affiliate, are a true secure LPG supply network.

In the forestry business, Arauco continued to strengthen its operational internationalization process. First, it opened its panel plant in Grayling, Michigan, the largest Chilean investment in a production facility in the United States. The particleboard mill is North America's most modern, with a production capacity of 800 thousand m<sup>3</sup> per year, and it began operations after an investment of US\$ 450 million. Additionally, Arauco took a new step in its international operational expansion by acquiring two industrial complexes in Mexico from the Chilean company Masisa, through an investment of US\$ 168 million. These are two mills located in Durango and Zitácuaro. The first one manufactures Melamine, Particleboard and MDF Boards. The second one manufactures Particleboard. Thus, the forestry company continues to consolidate its competitive position, already being the major panel producer in Mexico and the United States, and the second in the world.

Maintaining a long-term track record and growing in a

challenging, continually evolving environment requires anticipating change and having enough adaptive capacity to address them on time. A true culture of change must encourage and know how to accept sometimes disruptive modifications in organizational structures, forms of collaboration and work focuses, since, in addition to developing and introducing new capabilities, technologies, products and services, innovating also means opening up doors and multiply the connectivity channels of companies with the rest of society. Everything can be done differently, but always true to our purpose.

Thus, our fishing companies have been raising their gaze from their traditional raw material markets to broader ones, moving towards greater participation in the vast field of healthy nutrition, which also includes products for direct human consumption, functional foods, nutraceuticals and even pharmaceuticals. In this context, and after entering the food distribution market through the representation of important foreign brands, Orizon signed an agreement with St. Andrews Smoky Delicacies S.A. in 2019, to consolidate its capacity, processing and production of mitilidae operations, as well as its marketing abroad. At the same time, the affiliate will host





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the Technological Center for Food Innovation (CETA for its Spanish acronym) in its Coquimbo facilities, aimed at encouraging R&D+i in the industry.

In the same vein, to improve the way we operate the fishery in the northern zone, Corpesca developed a big data program to support sustainable management of anchovy catch, through more efficient navigation and lower prospecting costs, by inferring fishing distribution based on historical, biological, altimetric and climatic data. On the other hand, in order to optimize management of assets that are outside the strictly fishing business, that is, those corresponding to the businesses in Brazil, Germany and those associated with Kabsa S.A., the company was split and the new associate Inversiones Caleta Vitor S.A. was founded.

Golden Omega, for its part, continued to consolidate its technological leadership by completing the acquisition of the Norwegian company OmegaTri, owner of patented technology to manufacture an innovative compressible powder with a high content of Omega-3, a product that will allow nutraceutical companies to offer tablets of different shapes and sizes. The benefits of this oil derivative were endorsed by new publications and clinical studies that expand scientific evidence, and by the qualified health claim approved by the US Food and Drug Administration (FDA) this year.

These are just some examples of how the will to stay on the frontier of technological progress now adds to the commercial leadership that our companies have maintained in their respective

industries. The alliance sealed by Arauco and MIT in 2018 –a step that extended the decades-long trajectory of Bioforest, our leading forestry research center– adds to other similar ones by Coprec with the same university and Abastible's work with McCann, initiatives that insert our affiliates in the most important innovation ecosystems worldwide.

This allows the unprecedented scenario that is shaping the varied and simultaneous disruptive innovations in the forms of mobility and collaborative transport technologies, as well as changes in user preferences, to be conceived not only as a challenge for Coprec, but rather as an attractive opportunity. In this context, the affiliate doubled Voltex' coverage, South America's most extensive network of fast electric chargers, embracing



**Chile needs all of us, joining efforts, working together and collaboratively, without mirages or short-sightedness".**

more than 1,400 kilometers of the national territory.

True to our tradition of leading changes in the markets in which we participate, and together with the Terpel Voltex brand, the first electric service point in Colombia was inaugurated in 2019, which in its first stage will cover the Bogotá-Medellín route. In this way, we are entering a new world, where different technologies and preferences coexist, taking advantage of synergies, leading transformations, helping our customers to travel at their choice, whatever the energy they choose, and always with the Copec seal of quality of service.

Also, with the aim of gaining skills and knowledge, and inserting itself further into this innovation ecosystem, with a global perspective and the mandate to challenge its main

business, Copec created in 2019 its "Innovation Garage", which has already given its first fruits, by investing in pioneering companies in the energy field, among which are Stem in the United States, Ampere Energy in Spain, and Flux Solar in Chile.

Innovating also means adapting strategies over time, reviewing all activities to focus on those where we have more competitive advantages and where we add more value. For several years now, we have been making progress in integrating the knowledge spread across our investor base, which are increasingly sophisticated and interconnected, and which provide us a critical vision of what we do, constructively, through various channels to be in constant communication.

An example of this is that, over decades, our fuel operations

have been developing major infrastructure works, in order to ensure optimum performance of their supply chains. However, although scale is part of the strategic advantage of our businesses, their success and differentiation are primarily result of the service they provide and the proximity to their customers, rather than to the operation of large facilities.

On the other hand, large-scale logistics infrastructure is a more attractive type of asset today for a different investor profile than ours, less inclined to reinvestment, and with lower profitability requirements, which opens up space for value creation, as happened with the successful sale of our stake in Puertos y Logística S.A. in 2019. All these led us to agree with our partners in 2019 to sell 100% of the shares in Sonacol S.A. and Gasmar S.A., in



**Our business management model is characterized by placing sustainability at its center, constantly raising the standards of our operations".**

the latter case also conditioned by a ruling by the court of justice. We hope to complete these processes in the shortest possible time.

The DNA of innovation is an essential part of the culture of all our companies, and is also reflected in the multiple collective instances of exchange of good practices, innovations and experiences that we promote, and that seek to standardize policies and operating standards, also calling to global experts in areas such as security, cybersecurity and risk management, among others. Each operation thus has access to the know-how of the others, to learn from each other and better adapt the business models in a better way to the realities of each market. In this sense, I cannot fail to highlight the work of the Abastible team that, through

the so-called Regional Summits, has implemented best practices in the four countries where it is present today. A learning process to and from Chile. In short, the same culture, a common purpose and shared values, in many companies.

One of the toughest times in 2019 happened in the Magallanes Region, where our related company Mina Invierno was forced to halt operations due to the incomprehensible precautionary measure by the Valdivia Environmental Court, causing enormous economic damage to its workers, shareholders and the community where it is inserted. Since the State of Chile invited us to develop this deposit in the first decade of this century, and throughout its operation, Mina Invierno has been a key pillar in supplying safe, efficient

and storable primary energy, playing a key role in our parent company's transition to more renewable sources, in addition to being an important regional development pole, with quality jobs and huge contributions to environmental preservation. Here, I thank, with a touch of pride, the dedication and effort of all those who have been part of this initiative, an example of sustainable mining for Chile and the world. We are not sure of its future, but we know that in the past we have always done things in the best way in this southern activity.

In this regard, our business management model is characterized by placing sustainability at its center, constantly raising the standards of our operations. I invite you to read, in addition to the other contents in this Annual Report,





**The extensive journey traveled over so many years would not be possible without each of the people who are or have been part of our business group. To all of them, my deepest and most sincere acknowledgments and gratitude".**

our Annual Sustainability Report, which is prepared under the GRI standard and which is the result of an important effort to collect, consolidate and systematize the experience of our affiliates in areas such as the relationship with all stakeholders, with society, care for the environment and governance.

There you will find more details of the various initiatives in which we participate and that embody a long-term vision, helping to address the major challenges we face as a society, with financial resources, human capital, technology, innovative capacity and management. They are permanent and significant contributions to education, innovation, culture, sports, social housing, among many others,

that span decades, foreign to fashions and with the profile that characterizes us, through pioneering institutions in their respective areas. Among them, most prominent are the Copec-UC Foundation and its Venture Capital Fund; the UC Anacleto Angelini Innovation Center; the Arauco Foundation, Belén Educa and Enseña Chile.

In these areas, it is worth noting the commitment made by Arauco to achieve carbon neutrality by 2020, also adhering to Science Based Targets, thus becoming the first forestry company in the world to achieve this important goal.

We believe that this long-term approach and deep connection with the environment is the basis for having been ratified by

selective international indexes that highlight companies for their performance in environmental, social and governance matters, as prestigious as DJSI both in Chile and in MILA, FTSE4Good Emerging Index and MSCI Sustainability Index.

Certainly, and in relation to this last dimension, another key factor in these distinctions is our corporate governance structure, which seeks to ensure efficient and timely management, but at the same time transparent and sustainable, in each of our areas of activity, consistent with our values and principles, whose strategy has been in the hands of our directors' team. Through them, as well as our executives and employees, we are giving answers to the need to

provide appropriate guidelines and decision and monitoring systems to our increasingly global companies.

In this sense, we have continued to make progress in adding more independent directors, and with different profiles, in each business, fostering the operation of more specific committees, relying on external assessments and training, introducing new and more effective instances of risk control and management, as well as improving access and timely delivery of information and its transparency, among many other initiatives, which have been recognized on multiple occasions, including the recent recognition "La Voz del Mercado", awarded by the Santiago Stock Exchange, in conjunction with EY.

When recounting what we are and have become as a Company, it is impossible not to recognize a large group of directors, executives and employees, who have put all their commitment, professional talent and human quality to accompany us in this long corporate history. And at this point I cannot fail to mention the sadness that meant the departure of Mr. José Tomás Guzmán Dumas at the beginning of this year 2020. A key collaborator, director of our companies, partner of the Group

and friend for more than six decades. Mr. José Tomás played a key role and was a decisive part in the development, strategy, growth and internationalization of Empresas Copec and its affiliates. I cannot fail to highlight in these pages his sense of justice, human quality and social vocation, which translated into a significant contribution to the development of our beloved Chile. Thus, his tireless commitment to sensitive and relevant issues, such as the education of the most vulnerable, leave an invaluable legacy in as many institutions as the Arauco Educational Foundation and the Copec-UC Foundation. I only have feelings of admiration and gratitude towards him and the mission to continue working for his convictions, which are also ours.

The extensive journey traveled over so many years would not be possible without each of the people who are or have been part of our business group. To all of them, my deepest and most sincere acknowledgments and gratitude.

Ladies and gentlemen shareholders, this is the summary of the 2019 financial year. Despite the challenging environment, we continue to advance at a steady pace, thanks to the continued support of you and also of all the directors, executives and

employees, who do not hesitate to ratify their trust, inspiring us day by day in our business management.

Empresas Copec continues to grow in line with a strategy sustained over time, taking relevant steps both in Chile and abroad, with a long-term vision and a constant effort to raise the standards of our activities and create maximum value for all around us.

We are growing, with conviction, but also with humility. We increase the scale of our operations, the number of relationships and the languages of dialogue. We proactively seek to learn from other cultures, from other institutional arrangements, from other ways of doing business. We also seek that they know us, that we can build trust.

Because trust is key to successfully face this increasingly dynamic and uncertain reality. Confidence in the meaning of the company, in its purpose.

We want our companies to continue to be and increasingly stronger, a source of well-being for our customers, employees, suppliers and shareholders. Taking care of the necessary economic balances, we want them, to generate quality products and services, at competitive prices. That they



**Today, more than ever, we feel called to put all our efforts, wills and energies, to deliver everything that society expects from us, and more. In articulating our shared dreams towards a more reliable and sustainable future for all. In continuing to build, for the next generations, a better world".**

provide professional and personal growth pathways that help those who are part of our work teams to fulfill their dreams. That they not only take care of, but also contribute to improving the environment. That they provide opportunities for everyone, especially young people, to develop their talents, and to promote new ideas to transform them into improvements to the quality of life of all. That they integrate and train their suppliers, learning from them and with them to develop production processes that are more and more connected, clean and efficient. That they generate virtuous circles with the communities in which they are inserted, that contribute to all of us growing.

Today, more than ever, we feel called to put all our efforts, wills and energies, to deliver everything that society expects from us, and more. In articulating our shared dreams towards a more reliable and sustainable future for all. In continuing to build, for the next generations, a better world.

A handwritten signature in black ink, appearing to read 'Roberto Angelini', written over a thin red horizontal line.

**Roberto Angelini**  
Chairman  
5.625.652-0







# Empresas Copec at a glance

Empresas Copec business strategy is focused on delivering an attractive level of profitability to its investors over the long term.

To this effect, the Company has a sustainable management model, that balances business development with care for the environment and the generation of social and economic value for all its stakeholders: collaborators, clients, shareholders, suppliers, community and partners, among others.

This is how Empresas Copec ensures that its work is carried out with excellence and with the highest ethical and transparency standards, protecting the environment, ensuring efficient and sustainable use of natural resources, and promoting important investment programs.

The Company is engaged in two large areas of activity: natural resources, where it has clear competitive advantages, and energy, closely linked to growth and productive development of the countries.

In the forestry business it is involved, through its affiliate Arauco, in the production of market pulp, panels, sawn timber and energy. Arauco is the company with the largest forest

heritage in South America, one of the largest forestry companies in the world and one of the main non-conventional renewable energy producers in Chile.

Likewise, it is engaged in the distribution of liquid fuels, lubricants, liquefied petroleum gas and natural gas, through its affiliates Copec, Mapco, Terpel, Abastible, Duragas, Solgas, Norgas, Sonacol and its associates Metrogas and Agesa.

Meanwhile, in the fishing business it participates through its affiliate Igemar, which has companies that operate in the north and center-south of the country, making fishmeal and fish oil, canned, frozen and Omega-3 concentrates.

Furthermore, it is engaged in metallic mining through Alxar and in the real estate business through Inmobiliaria Las Salinas.

Consolidating all operations, the Company has important production platforms in Chile, Germany, Argentina, Brazil, Canada, Colombia, Ecuador, Spain, the United States, Mexico, Panama, Peru, Portugal, the Dominican Republic, South Africa and Uruguay, and sells a wide range of products in more than 80 countries, in the five continents.







# Mision

Empresas Copec is a world class company, which seeks to provide an attractive longterm return for its investors and contribute to the development of Chile and of the countries where it undertakes its operations.

While it undertakes its operations, it strives to be a good citizen and address and honor the interests of shareholders, employees, partners, suppliers, customers, communities and all the parties with whom it is in some way involved.

To achieve this, it mainly invests in energy and natural resources, and generally business areas where it can create sustainable value.

Empresas Copec performs its operations with excellence, and all its decisions are carried out according to the highest ethical and transparency standards.







# Principles and values

- 1. To contribute to society by generating the most value possible, which sustainably benefits shareholders, employees, suppliers, customers and the communities around its operations, by means of efficient, responsible, innovative and quality management in all its processes.
- 2. To promote the sustainable use of the natural and energy resources of the environment, investing in research, technology innovation and training to prevent and gradually, continually and systematically reduce the environmental footprint of its activities, products and services.
- 3. To timely provide all the customers quality products in a sustained fashion over time, driving its suppliers to participate in its value chain and quality.
- 4. To safeguard the safety and occupational health, striving to continually and steadily reduce the safety risks of its operations and services.
- 5. To create conditions for the development of all the people who belong to the Company, promoting workplaces based on respect, honesty, professional quality, training and teamwork.
- 6. To forge permanent relations of mutual collaboration with the communities, supporting their development.
- 7. To keep up transparent and honest communication with the different major players for the Company.
- 8. To comply with the regulations in force, contractual obligations and other commitments regulating its business and, in as far as it can, exceed the standards established.
- 9. To have and apply systems and procedures enabling it to manage the risks of its business, regularly assessing its performance in all the processes and taking the timely corrective action needed.
- 10. To disseminate these commitments to its employees, contractors and suppliers, getting this policy implemented with everybody's collaboration and effort.
- 11. To work with dedication, correctly, honestly, and with excellence and to be true to the values and policies of Empresas Copec.

# Corporate Structure

## Empresas Copec



### Forestry Sector



**99.978%**  
Celulosa  
Arauco y Constitución

- 99.948% Forestal Arauco
- 100.000% Arauco Internacional
- 100.000% Arauco Bioenergía
- 100.000% Maderas Arauco



### Fisheries Sector



**82.260%**  
Ilgemar

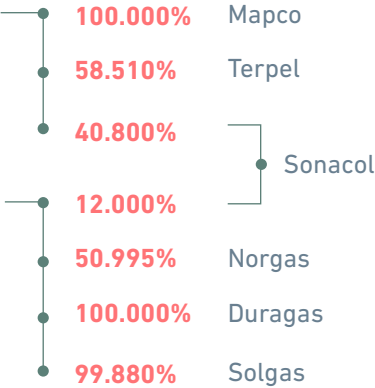
- 83.500% Orizon
- 39.790% Corpesca
- 39.790% Caleta Vitor
- 46.790% Golden Omega
- 46.790% Golden Omega



## Energy Sector



100.000%  
Copec



99.202%  
Abastible

39.830%  
Metrogas

39.830%  
Aprovisionadora  
Global de Energía



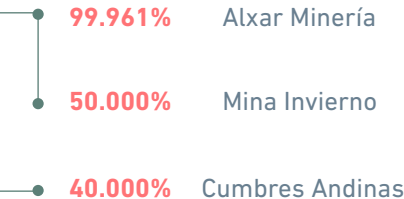
## Other Investments



100.000%  
Camino Nevado

100.000%  
Las Salinas

100.000%  
Alxar Internacional



# Summary Financial Statements

## FINANCIAL STATEMENT

Thousand dollars	2019	2018
Current assets	7,034,390	6,303,704
Non current assets	18,133,520	17,183,571
<b>Total Assets</b>	<b>25,167,910</b>	<b>23,487,275</b>
Current liabilities	3,094,142	3,410,307
Non current liabilities	10,899,730	8,883,068
<b>Total liabilities</b>	<b>13,993,872</b>	<b>12,293,375</b>
Issued capital	686,114	686,114
Accumulated earnings	11,283,478	11,202,802
Other reserves	(1,302,233)	(1,179,787)
<b>Equity attributable to owners of the parent company</b>	<b>10,667,359</b>	<b>10,709,129</b>
<b>Non-controlling interests</b>	<b>506,679</b>	<b>484,771</b>
<b>Net equity</b>	<b>11,174,038</b>	<b>11,193,900</b>
<b>Total Liabilities and Net Equity</b>	<b>25,167,910</b>	<b>23,487,275</b>



INCOME STATEMENT

Thousand dollars	2019	2018
Revenue	23,716,405	23,970,069
Cost of sales	(20,452,761)	(19,804,796)
Gross income	3,263,644	4,165,273
Distribution costs	(1,353,340)	(1,344,531)
Administrative expenses	(1,062,120)	(1,066,232)
Operating Income	848,184	1,754,510
Income on investments in related companies and joint ventures	(91,128)	62,301
Net Financial costs	(377,300)	(323,286)
Exchange rate differences	(39,281)	(32,468)
Others	9,888	35,398
Income before taxes	350,363	1,496,455
Income taxes	(124,507)	(377,695)
Net Income	225,856	1,118,760
Income attributable to equity holders of the company	172,019	1,070,698
Income attributable to minority interests	53,837	48,062
Net Income	225,856	1,118,760

Internacional Risk Rating

Standard & Poor's	BBB
Fitch Ratings	BBB

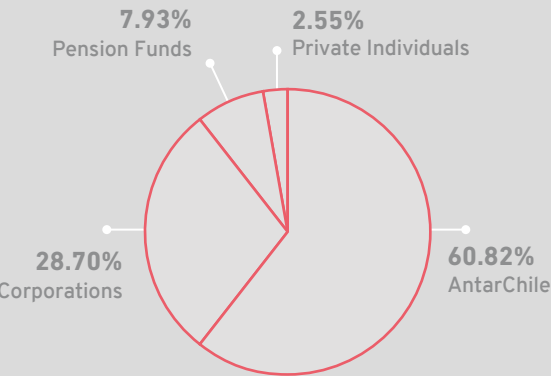
Nacional Risk Rating

Feller-Rate	AA-/1st Class Level 1
Fitch Ratings	AA-/1st Class Level 1

Empresas Copec  
in figures

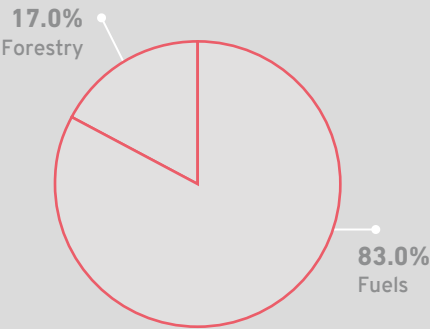
Ownership Structure

December 31, 2019



Net Income

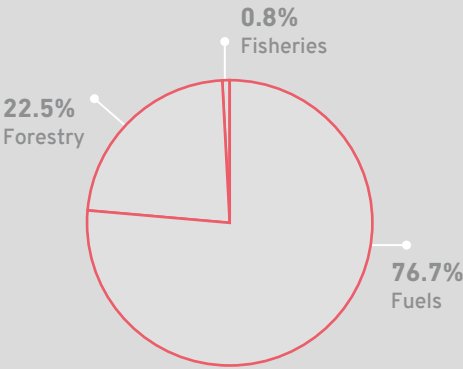
2019



Total: 172 million dollars

Consolidated Sales

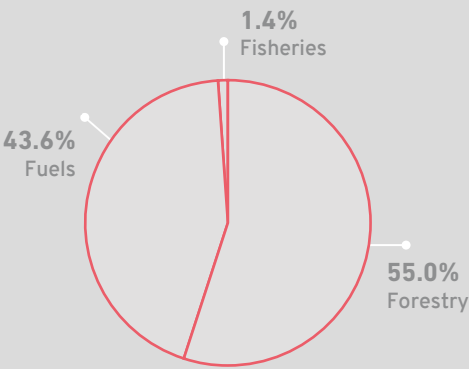
2019



Total: 23,716 million dollars

Consolidated EBITDA

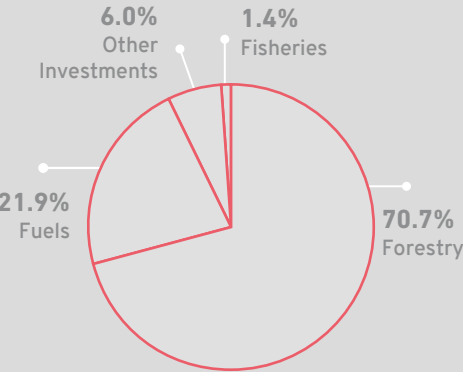
2019



Total: 2,018 million dollars

Consolidated Investment

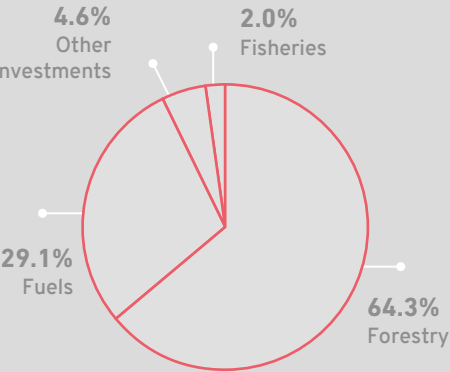
2019



Total: 2,058 million dollars

Consolidated Assets

December 31, 2019



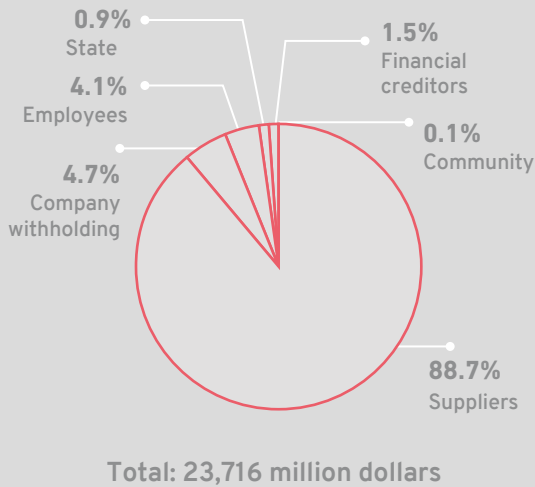
Total: 25,168 million dollars



# Empresas Copec in figures

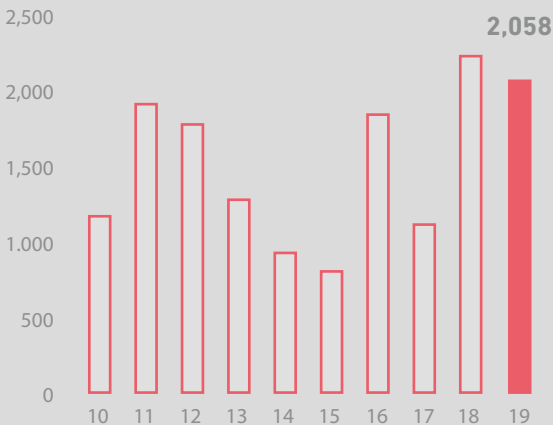
## Economic Generated and Distributed Value

2019



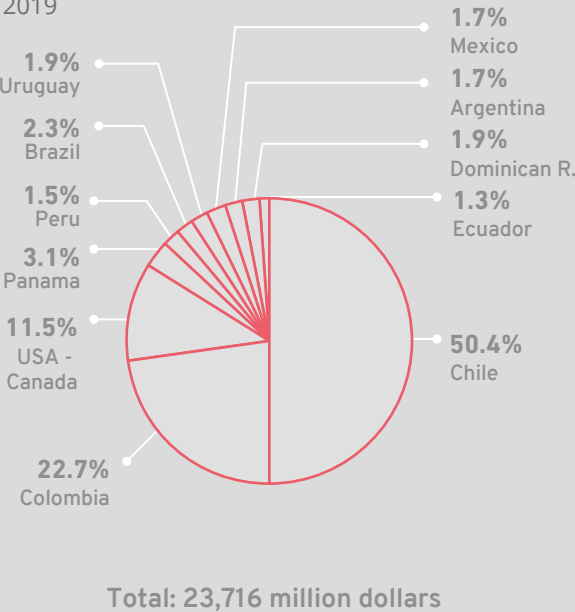
## Consolidated Investment

Million dollars



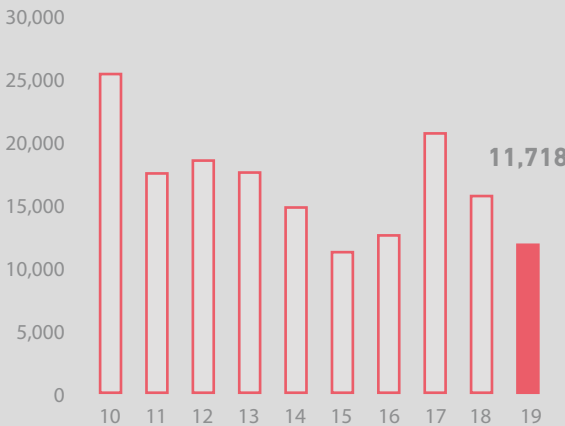
## Sales by Country

2019



## Market Capitalization\*

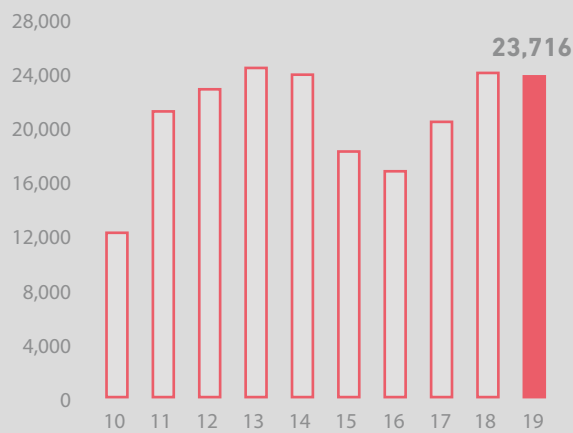
Million dollars



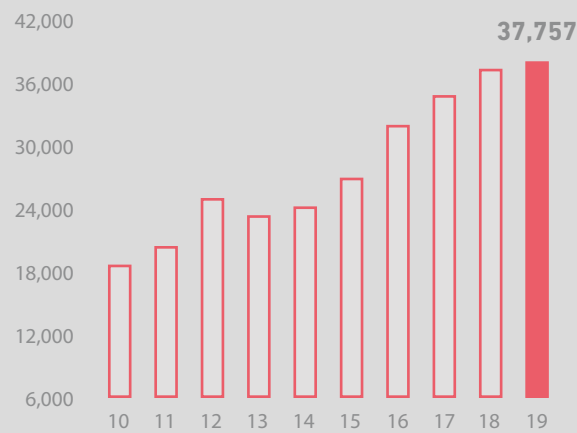
\* At the end of each year

Consolidated Sales

Million dollars



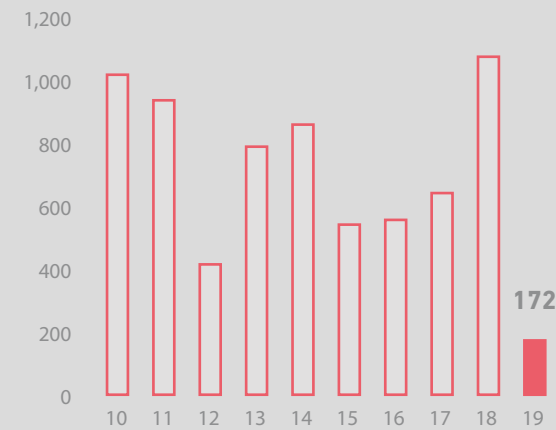
Consolidated Personnel\*



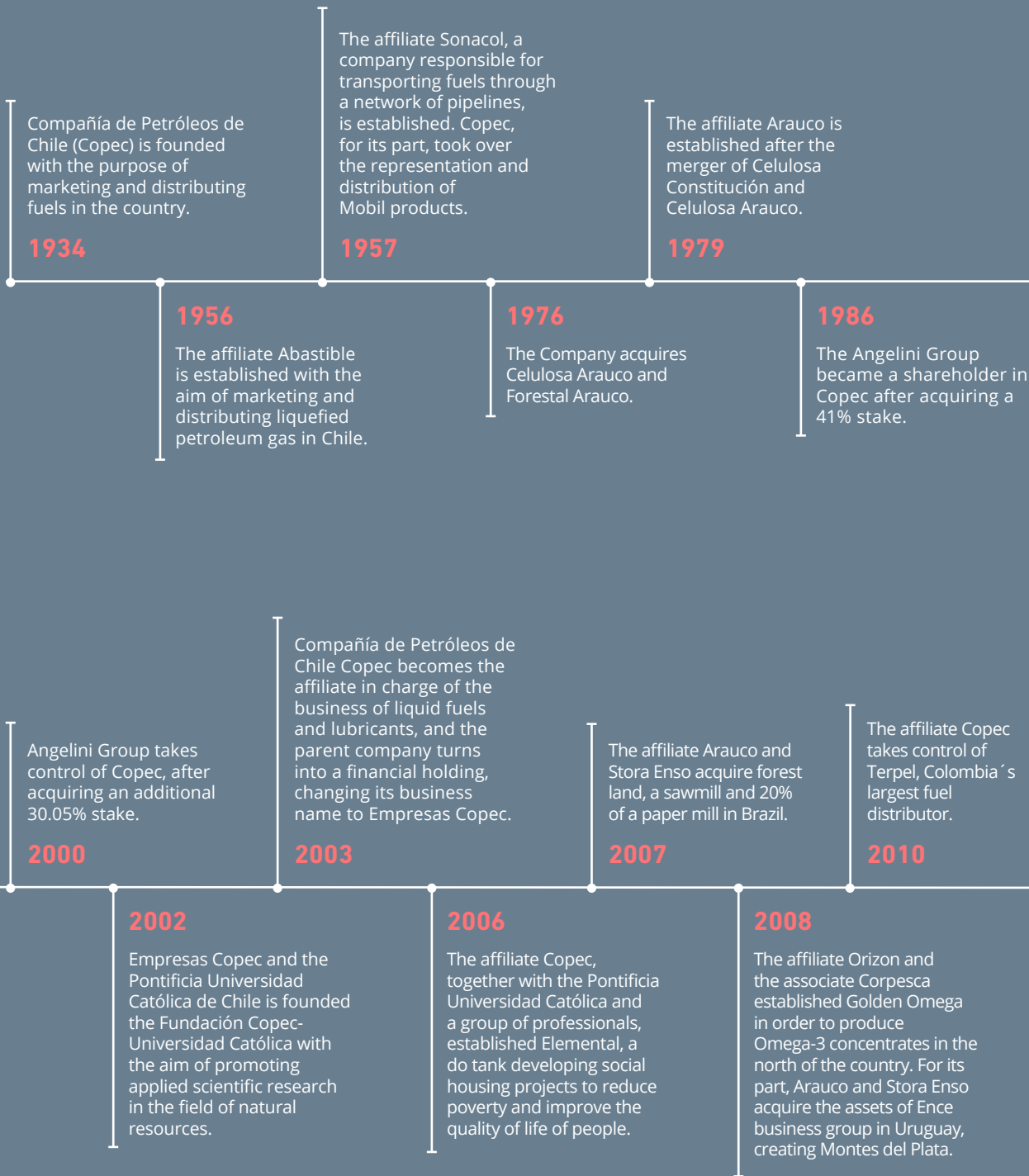
\* At the end of each year

Net Income

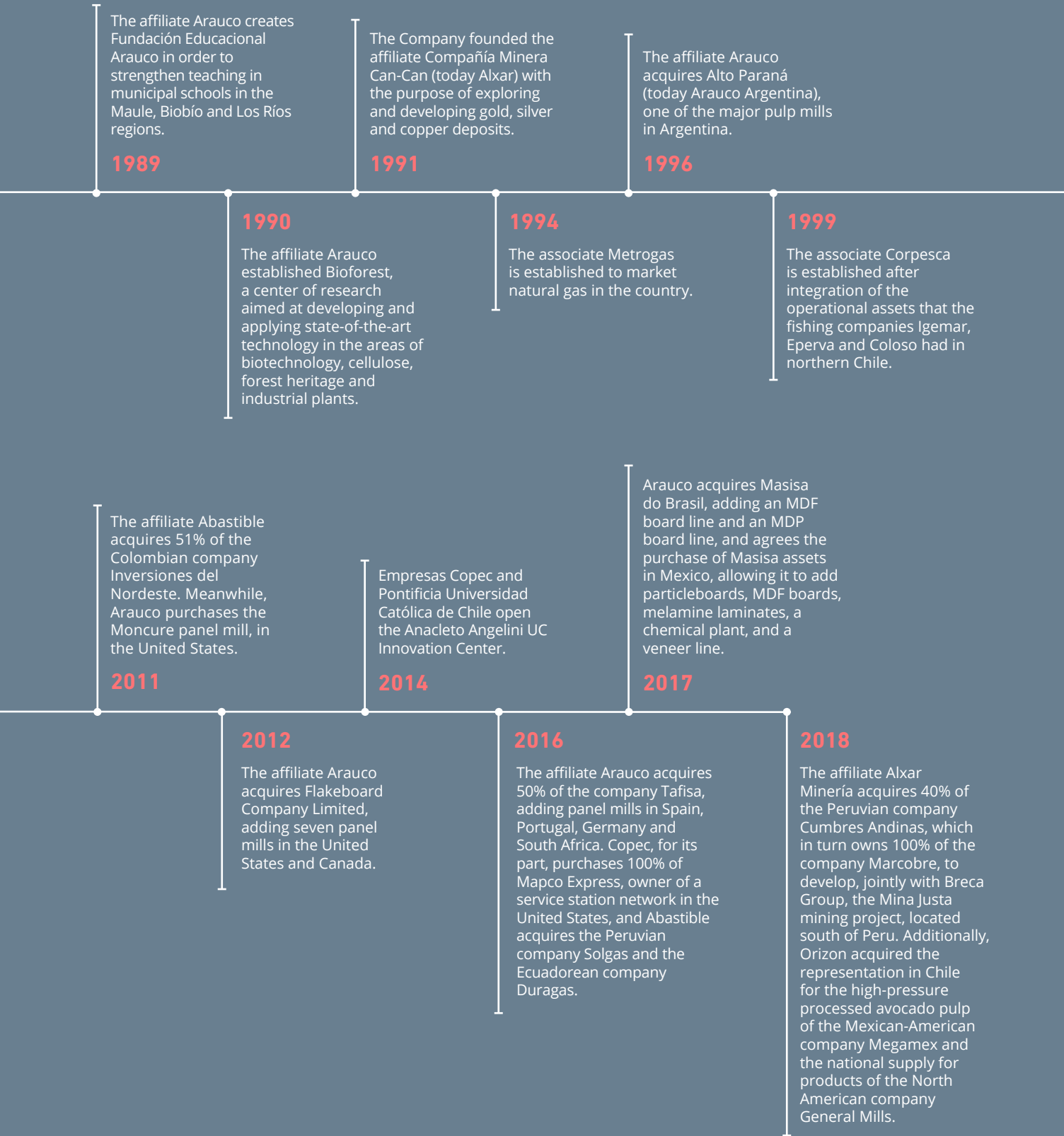
Million dollars



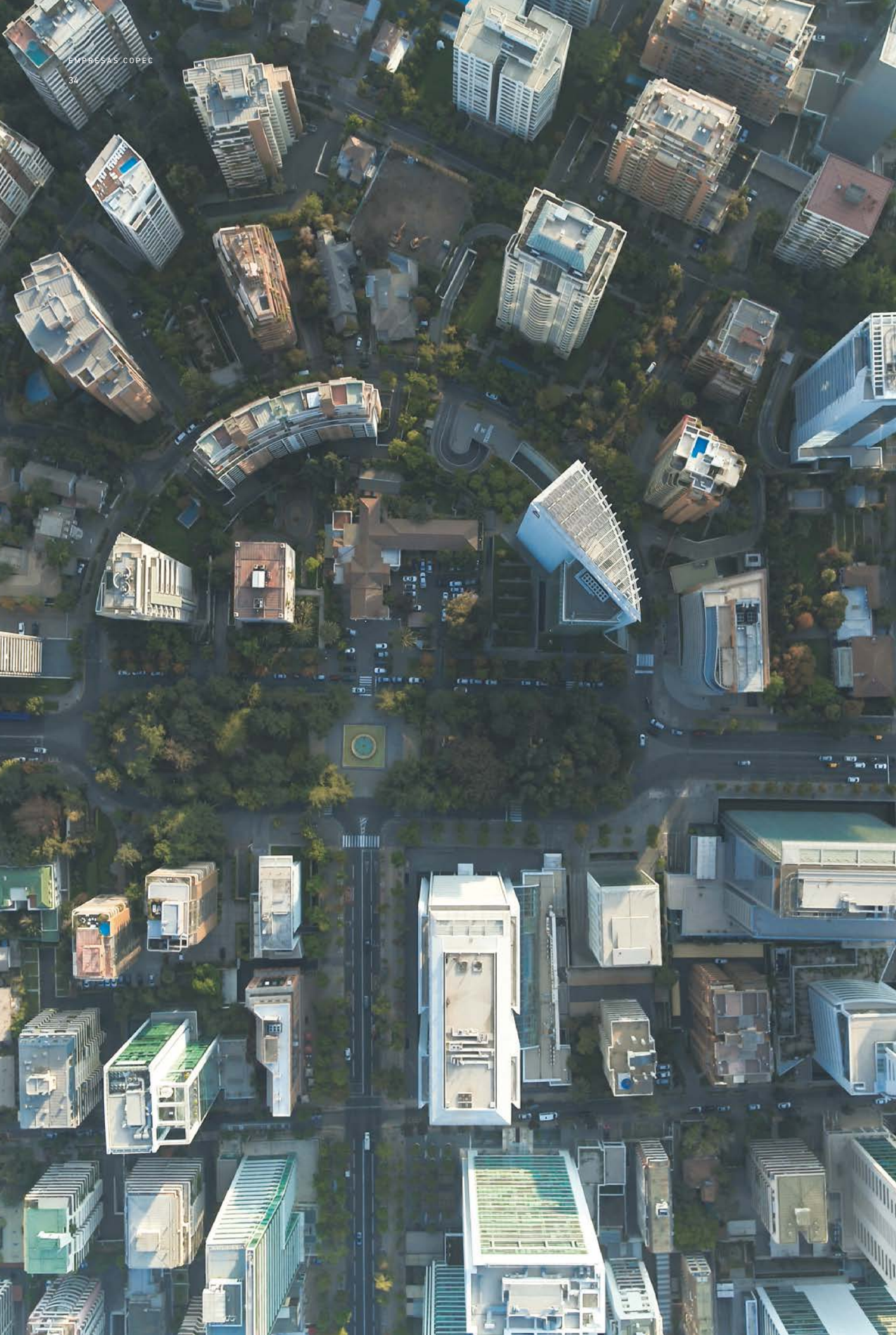
# History













## 2019 Milestones

1. **Empresas Copec** ratified its membership to the Dow Jones Sustainability Index Chile, Dow Jones Sustainability Index MILA, FTSE4Good Emerging Index and MSCI Sustainability Index, all renowned international indexes that distinguish the performance of companies in environmental, social and corporate governance matters.
2. **Copec** launched Voltex, the largest network of electric vehicle fast charging stations in South America. With 23 points in its first stage, the network allows electric vehicles to travel for almost 1,400 linear kilometers in the national territory.
3. **Arauco** inaugurated its Grayling project, the largest Chilean investment in a production facility in the United States. The panel mill began operations in February 2019, involved an investment of US\$ 450 million and has an installed capacity of 800 thousand m<sup>3</sup> of wood panels per year. With this investment, the affiliate consolidates its position as the major panel producer in North America and second worldwide.
4. **Abastible and its subsidiaries Solgas, Duragas and Norgas**, grew market share during 2019 and consolidated themselves as number one in their respective countries: Chile (38.6%), Peru (25.9%), Ecuador (38.6%) and Colombia (33.2%).
5. **Terpel** totaled more than 320 points in its network of complementary services, a growth of 196%. To do this, 213 points were opened (200 kiosks and 13 stores).
6. **Orizon** reached the highest level of processed horse mackerel fishing in its history, with a volume of 120 thousand tons, 13% higher than the previous season.
7. The benefits of **Golden Omega** products were endorsed by new publications and clinical studies that expand scientific evidence regarding the benefits of Omega-3. Additionally, the U.S. Food and Drug Administration (FDA) authorized a qualified health claim that links the consumption of EPA and DHA with a decrease in blood pressure.
8. **Arcoprime** won the Consumer Loyalty Award, granted by the consulting firm Alco and Praxis Experience Index to companies that have created the highest levels of loyalty and good experiences in their clients.
9. **Inmobiliaria Las Salinas** submitted the Addendum of the "Clean-up of Las Salinas site" project to the Environmental Impact Assessment Service. The company responds in the Addendum to the Consolidated Report for Clarifications, Rectifications or Expansions (ICSARA by its Spanish acronym), which was issued by the environmental authority in March and contains comments both from the services and the community of Viña del Mar. This procedure is part of the assessment process to which the land clean-up project of Avenida Jorge Montt is subject, using the on-site bioremediation technique.
10. Unanimously, the Metropolitan Environmental Assessment Commission, (COEVA by its Spanish acronym), approved **Sonacol's** New Maipú-Arturo Merino Benítez Oil Pipeline project. This initiative aims to address the high demand for fuel from the country's main air terminal, given its growth and the exponential increase in passengers it has experienced in recent years.



As of December 2019, Alxar reached 75% completion in its Mina Justa project.

11. As of December 2019, **Alxar** reached 75% completion in its Mina Justa project, meeting both the stipulated deadlines and budget.

12. **Arauco** is making progress in the construction of its MAPA project (Modernization and Expansion of the Arauco Mill). In compliance with the scheduled deadlines, as of December 31 works were 31.5% completed. With an investment of US\$ 2,350 million, MAPA will have a capacity of 1.5 million tons of pulp per year.

13. **Corpesca** developed a big data program to support the sustainable management of anchovy fishing. This technological milestone makes navigation more efficient and reduces

prospecting costs, since it integrates historical data with other biological, altimetric or climatic data to provide information on the conditions and distribution of fishing in a given area.

14. As a result of the division of Corpesca S.A., **Inversiones Caleta Vitor S.A.** was formed, a company to which the assets that are outside the strictly fishing business were allocated, mainly including those corresponding to the businesses in Brazil, Germany and those associated with Kabsa S.A.

15. **Mina Invierno** has been gradually halting operations. This was due to the precautionary measure issued by the Environmental Court of Valdivia, prohibiting

blasting under 100 meters below sea level.

16. **Solgas** launched its third LPG storage sphere. This represent an increase of 4,500 tons of storage company's capacity.

17. **Metrogas**, along with Vivipra, Cummins and STP launched in mid-2019 the first natural gas-powered bus that will run in the RED Metropolitan Transportation System. It boasts the world's cleanest internal combustion engine, allowing emissions of particulate matter to be reduced by around 80%, nitrogen oxides (NOx) by 90% and greenhouse gases by 70%.

18. In April 2019, **Puertos y Logística S.A.** (Pulogsa) acquisition by the Dubai State





*In 2019, Puertos y Logística S.A. (Pulogsa) acquisition by the Dubai State port company, DP World was completed.*

port company, DP World was completed. Through an Public Tender Offer, the Dubai-based firm acquired 99.20% of Pulogsa for US\$ 502 million.

**19.** In July 2019, the Financial Markets Commission (CMF by its Spanish acronym) approved the request to cancel registration of **Pesquera Iquique-Guanaye S.A.** in the CMF's Securities Registry since it did not comply with any requirement that made its registration mandatory. As a result, as of that date, company shares were delisted.

**20. Empresas Copec** was recognized by the financial market. As part of the "2019 Latin America Executive

Team", the Institutional Investor Magazine recognized in its Pulp & Paper sector its Investor Relations team in the Best IR Professional and Best IR Team categories. Additionally, Empresas Copec was recognized in the ALAS20 ranking in three categories: Leading Company in Corporate Governance, Leading Company in Sustainability and Leading Company in Investor Relations.

**21. Copec** set up the Innovation Garage. In this context, the affiliate made investments in pioneer companies in the field of energy storage associated with artificial intelligence systems, such as Stem, in the United States, and Ampere Energy, in Spain. Meanwhile, in Chile it acquired control of

Flux Solar, an engineering, development and energy sales through photovoltaic panels firm.

**22. Arauco** took a new step in its internationalization process after acquiring two wood panel mills in Mexico. The agreement to purchase Masisa's industrial assets in this country included two industrial complexes, located in Durango and Zitácuaro. The deal considered an investment of US\$ 168 million, consolidating Arauco as the major producer of wood panels in Mexico and second worldwide, reaching 10.7 million m<sup>3</sup> per year.

**23.** Through the Terpel Voltex brand, **Terpel** entered electromobility. With the inauguration of its first



*In 2019, Copec inaugurated 13 new service stations, totaling 668 in its network nationwide.*

electric charging service point, the company announced that in this first phase, the first of six highways will be interconnected. It is the Bogotá-Medellín route, which will have charging points every 100 to 120 kilometers and is expected to start operating during the first quarter of 2020.

- 24. Orizon** began the development of an Innovation Center in Coquimbo. From 2020, the subsidiary will host the Technological Center for Food Innovation (CeTA) in its facilities in this area, with the aim of promoting R&D+i in the food production industry. Operations are expected to start by July 2020.

- 25.** During 2019, **Copec** opened 13 new service stations and made 3 flag changes. As a result, it adds a total of 668 service stations to its network nationwide.

- 26.** In December 2019, **Arauco** completed the construction of its first dissolving pulp mill, unique in the country. Located in Valdivia, and with an investment of US\$ 185 million, this project will give a new use to cellulose, incorporating it in the manufacturing process of viscose or rayon fabric, used in a wide range of clothing, and other products as cellophane paper and filters. Dissolving cellulose has great advantages over other fibers, such as cotton, whose production implies high costs and high-water consumption.

- 27. Abastible**, in conjunction with its partner Gasco, began the disinvestment process of the Gasmar maritime terminal.

- 28. Copec** opened its new offices in the Metropolitana Region, completing the remodeling of all regional offices. The units, located in Las Condes, stand out for an innovative, modern and functional design that has increased collaboration and communication between team members.

- 29. Arauco** submitted the Environmental Impact Study (EIS) of the Viento Sur Wind Project to the Environmental Assessment Service. With an investment of US\$ 250 million, this wind park will have an





*Empresas Copec, Arauco, Copec and Abastible were distinguished in the Merco talent ranking.*

installed capacity of 200 MW, allowing 180 MW to be injected into the National Electric Grid and thus generate clean energy for 540 thousand homes.

**30. Empresas Copec, Arauco, Copec and Abastible** were distinguished in the Merco talent ranking, a monitor that identifies the companies with the greatest capacity to retain and attract talent in the country.

**31. Terpel** increased from 26 to 32 airports in the Terpel network in Colombia, Dominican Republic, Peru and Panama.

**32. Empresas Copec** launched its corporate magazine in digital format for the first time, allowing to increase the reach of this media to

publics of interest located in Chile and abroad. Thus, during this period, the two editions of the magazine sent under this new format were read by 7,394 people in 33 countries.

**33. Golden Omega** was recognized with the "Innovation Initiatives Award, Research and Development Category", granted by the Brinca Innovation and Digital Transformation Consulting Firm and the Universidad del Desarrollo to companies that promote a creative and innovative culture within the company.

**34. Orizon** signed a contribution agreement through a capital increase and supply contract with St. Andrews Smoky Delicacies S.A. and Empresa

Pesquera Apiao S.A., which consolidates their production, process and manufacturing operations of mussel, as well as their marketing abroad.

**35. Golden Omega** completed the acquisition of the Norwegian company OmegaTri, which owns the patented technology to manufacture an innovative compressible powder with high Omega-3 content. As a result, under the GOtab brand, the associate will offer a new product that will allow nutraceutical companies to offer Omega-3 rich compressed tablets of different shapes and sizes.

**36. Arauco** announced that it will commit to achieving carbon neutrality by 2020, that is, to ensure that





*Arauco announced that it will commit to achieving carbon neutrality by 2020.*

the greenhouse gases it captures exceed its global emissions. This achievement positions the affiliate as the first forestry company worldwide to achieve this important goal. Additionally, Arauco announced that it will adhere to the Science Based Targets, a worldwide initiative that seeks for companies to adopt a trajectory of reducing their emissions based on science, with the aim of limiting the global temperature increase.

stations every day will have the possibility of buying high performance lubricants, thanks to an offer of ten imported Mobil brand synthetic products. As a result, sales are expected to increase by 20% in the service stations.

**37. Terpel** made substantial progress in incorporating the operations and assets acquired from ExxonMobil. Thus, the nearly two million users who visit the service

**38.** Abastible and Copec granted a mandate to Goldman Sachs Investment Bank to lead and structure a process for the sale of all **Sonacol** shares.





*In 2019, Copec brought the World Rally Championship (WRC) to Chile for the first time.*

**39. Copec** brought the World Rally Championship (WRC) to Chile for the first time, a major milestone for the country's sports history and for the Biobío Region. For three days, this important auto speed and endurance competition brought together more than 300 thousand people in a top-tier event.

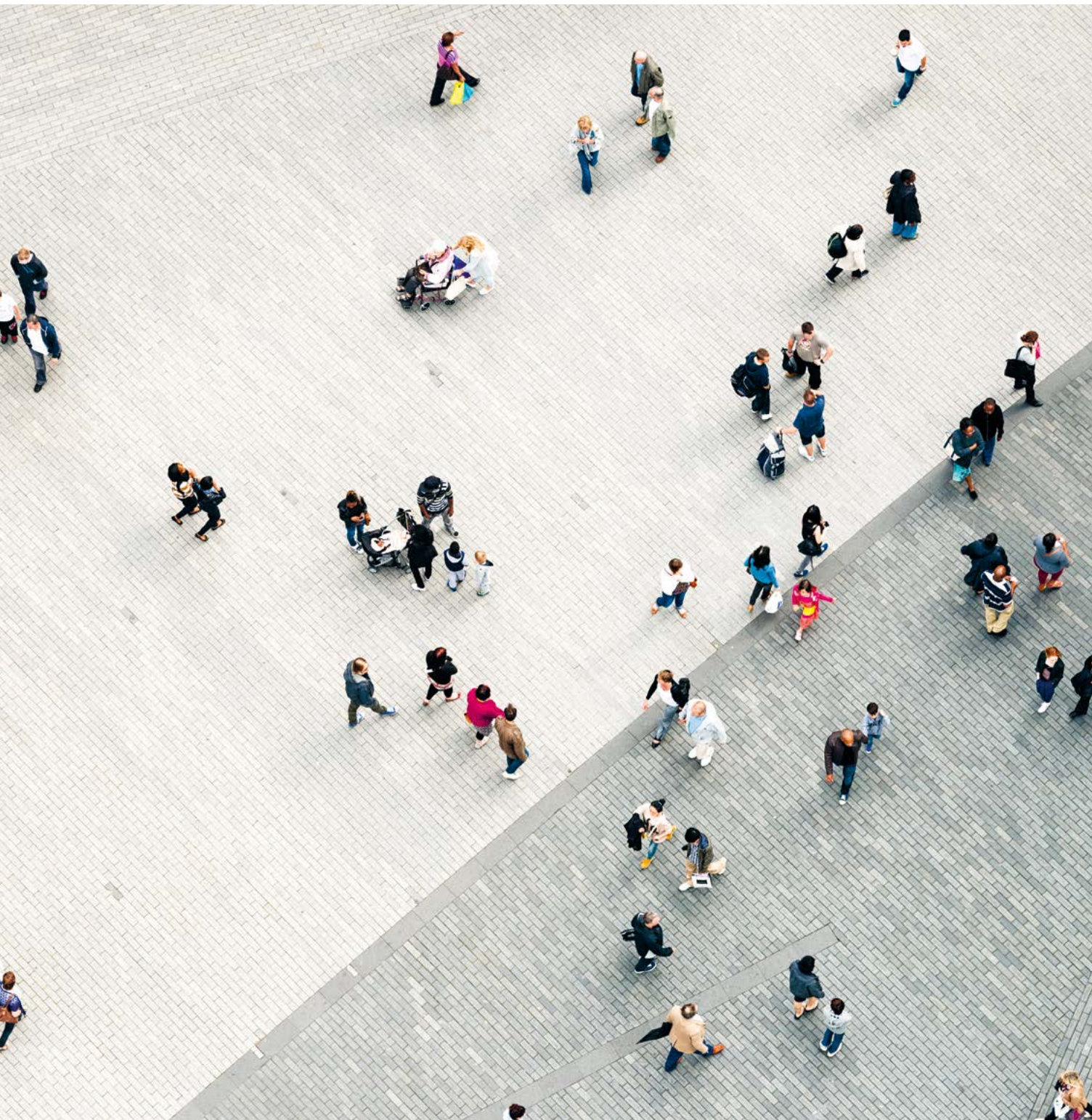
**40. Arauco** issued two sustainable bonds in the international market, at 10-year and 30-year terms, for a total of US\$ 1,000 million, divided into two series of US\$ 500 million each. As they are sustainable bonds, the affiliate commits itself that an amount equivalent to that of the issuance will

be allocated to finance or refinance one or more environmental and/or social projects. It should be noted that this is Arauco's first sustainable bond and also the first in Chile and Latin America.

**41. Orizon**, being part of the industrial jack mackerel fishery from the Atacama to Los Ríos region, obtained the Marine Stewardship Council (MSC) certification granted by the independent organization Lloyd's Register. This seal guarantees sustainability, traceability and application of best practices by Chile.



Corporate  
Governance





**Each of the corporate principles is transmitted by the Company to its affiliates, which translates into a unique way of doing business where aspects such as the permanent concern to create value in a sustainable way and carry out a decision-making process are fundamental thoughtful and informed, with a clear long-term vision and committed to social, human and economic development.**

**Principles**

Empresas Copec's Corporate Governance seeks to ensure that management, investment and productive action practices consider economic, social and environmental aspects, and that these are translated into contributions that go beyond direct economic benefit and what is established by legal regulations.

Among its principles are the promotion of transparent, efficient markets consistent with the rule of law; proper allocation and monitoring of responsibilities among the different authorities; protection of shareholders' rights,

in order to facilitate their exercise and ensure fair treatment; continued promotion of strategic advice; and constant concern for ensuring that management is effectively monitored by the Board of Directors, and the latter represents the interests of all shareholders. It is worth mentioning that these principles are based on those defined by the Organization for Economic Cooperation and Development (OECD).

The Company's affiliates have adopted similar principles, which translates into a unique way of

doing business where aspects such as the permanent concern to create value in a sustainable way and carry out a thoughtful and informed decision-making process are fundamental, with a clear long-term vision and committed to social, human and economic development.





## Corporate Governance Structure

Empresas Copec Corporate Governance structure is basically made up of the following estates:

### Board of Directors

The Board of Directors is made up of nine members. The current Directors were elected, for a three-year term, at the Ordinary General Shareholders' Meeting held on April 25, 2018. It should be noted that most of them were proposed by the controlling shareholder.

Directors meet monthly to define and assess the Company's general strategy; review, approve and monitor key financial decisions, such as dividend policy and capital

structure; control management of the company's operations; analyze large investment projects, transactions and asset sales; ensure effective and efficient risk management; guarantee representativeness of the financial statements; ensure compliance with law and self-regulation rules; monitor the relationship with key market agents; keep shareholders permanently informed; select the CEO and review his performance, having powers to remove him and supervise his replacement; and advise on the selection, evaluation, development and compensation of senior executives in the Company, among other duties.

The members of the Board of Directors receive a compensation for performing their duties,

which is approved annually at the Ordinary Shareholders' Meeting, in accordance with provisions of article 33 of Law No. 18,046. For 2019, monthly compensation was 300 UF for the Directors, 600 UF for the Vice Chairman and 900 UF for the Chairman.

Current members are: Roberto Angelini Rossi (Chairman), Jorge Andueza Fouque (Vice Chairman), Manuel Bezanilla Urrutia, Andrés Bianchi Larre, Gabriel Bitrán Dicowsky (Independent Director), Juan Edgardo Goldenberg Peñafiel, Arnaldo Gorziglia Balbi, Andrés Lehuedé Bromley and Francisco León Délano. It is worth mentioning that the Chairman and Vice Chairman were appointed at the Board Meeting held on April 26, 2018.



## Directors' Committee

The Directors' Committee is made up of three members, as provided for in article 50 bis of Law No. 18,046, who are elected among the members of the Board of Directors, ensuring that the Independent Director, who is appointed with the votes of minority shareholders, have greater representation.

The Committee is responsible for analyzing strategic issues, allowing management and investment decisions of the Company to be carried out while protecting the interests of all shareholders; proposing to the Board the names of the external auditors and private risk rating agencies, for them to be suggested and approved at the respective Ordinary Shareholders' Meeting; and periodically reviewing the reports submitted by external auditors, the Company's financial statements, risk management reports, transactions with related companies, remuneration policies and compensation plans for managers, senior executives and employees, among other things.

The Remunerations and the expenditure budget for its operation are approved, once a year, by the Ordinary Shareholders' Meeting, in accordance with provisions of article 50 bis of Law No. 18,046. During 2019, monthly

remuneration amounted to 100 UF for each of the members and the total budget was 5,000 UF.

Current members were appointed at the Board Session held on April 26, 2018: Andrés Bianchi Larre, Gabriel Bitrán Dicowsky (Chariman) and Juan Edgardo Goldenberg Peñafiel.

## Ethics Committee

The Ethics Committee is made up of three members, who are elected by the Board of Directors, and is responsible for providing advice on ethics issues; define, promote the values and behaviors that are promoted in the Code of Ethics; propose to the Board updates and modifications to that Code; and to support the Offense Prevention Officer in the various control activities carried out, mainly in the process of identifying and analyzing complaints under the Prevention Model, determining investigations and the potential enforcement of sanctions.

Current members are: Juan Edgardo Goldenberg Peñafiel, José Tomás Guzmán Rencoret and Eduardo Navarro Beltrán. It should be noted that they were ratified in their positions at the Board session held on April 26, 2018.

## Information Security Committee

The Information Security Committee is made up of three members, who are chosen by the CEO in order to implement the policies, rules and procedures established in the Information Security Model, and ensure compliance.

Current members are: Pamela Harris Honorato, Rodrigo Huidobro Alvarado and Hernán Villagrán Tapia. The latter holds the position of Information Security Officer.

## Offense Prevention Officer

The Prevention Officer is appointed by the Company's Board of Directors, for a three-year term, in order to implement and monitor the proper operation of the Offense Prevention Model.

This Model was newly certified in 2018 and allows promoting prevention of crimes under Law No. 20,393 and other conducts included in the laws, rules and regulations of regulatory agencies, and in the policies set by the Company.

In addition, Empresas Copec has a confidential, anonymous whistleblowing channel, where anyone with information about an act or event constituting a breach of Law No. 20,393 or that deviate

from the principles of the Code of Ethics, can report it directly to the Company's highest level.

This responsibility currently falls on Mrs. Verónica Benedetti, from the Deloitte, who is in charge of managing the Model.

**Antitrust Compliance Officer**

In general terms, its function is to ensure respect for Antitrust Compliance within Empresas Copec, being responsible for executing the tasks assigned to it in the Program Manual, approved by the Company's Board of Directors.

**Stakeholders**

Company's main Stakeholders include investors and financial analysts, civil society, regulators, media and government institutions. They were identified through the AA1000 Stakeholder Engagement Standard methodology, which considers the level of Influence, Dependence and Tension.

**Procedures, instruments and communication channels**

Empresas Copec has a series of procedures, instruments and channels that minimize information asymmetries; facilitate appropriate functioning of the capital market; bring the



administration interests in line with those of shareholders, employees and the environment; promote informed participation of all shareholders in the Shareholders' Meetings, ensuring their right to speak and vote; ensure that management and investment decisions take into account the interests of minority shareholders; and periodically submit transparent, truthful and representative information to all its stakeholders. They include:

**A. Investor Relations Area**

The Investor Relations area is responsible for serving and guiding investors and analysts on market behavior and business operation; periodically submit results; issue statements; and participate in national and international conferences.

This area consists of three members: Cristián Palacios González (Director of Investor Relations), Juan Hurtado Decombe y Camilo Milic Valenzuela, who are available on a permanent basis to attend inquiries from investors.

**B. Corporate and investor websites**

Relevant and updated information is provided through the corporate website and the investor website, and access is granted to documents such as the Company's bylaws, minutes

of the Shareholders' Meetings, financial statements, annual reports, sustainability reports, earnings reports, news and list of analysts covering the Company, Manual for Handling Information of Interest to the Market, Corporate Governance Practices and Procedures, Code of Ethics, Community Contributions Policy, Sustainability Policy, Risk Management Policy, Offense Prevention Policy, General Policy on Antitrust, General Information Security Policy, among others.

During 2019, a new and revamped version of both websites was launched, which stand out for its modern, "responsive" and good "web usability" design, to allow a better browsing experience and faster, easier, more intuitive and safer interaction.

**C. Corporate Magazine**

The Company publishes quarterly an institutional magazine aimed at providing information on the different initiatives developed by Empresas Copec and its affiliates, investments and articles of general interest.

The first digital edition of the magazine was launched during 2019, which allowed to increase the reach of this means of communication to publics of interest located in Chile and abroad. Thus, during this period, the two editions of the magazine

sent under this new format were read by 7,394 people in 33 countries.

**D. Internal Communication Mediums**

In the 2019 fiscal year, new channels emerged, aimed at keeping Empresas Copec employees informed through two-way, efficient, transparent and timely communication. The new mediums include a corporate newsletter, strategic alignment meetings with the entire team and internal memos.

Additionally, and in line with the country's social context, dialogue was promoted within the team, which will continue to be encouraged during the next periods.

**Corporate Policies**

Empresas Copec has a series of corporate policies to ensure effective and efficient management, and guarantee law enforcement and self-regulation rules. They include:

**A. Manual for Handling Information of Interest to the Market**

It establishes the provisions regarding the use and/or disclosure of insider information, being mandatory for Member of the Board of Directors, CEO,

Managers, Senior Executives, employees and advisors with access to Insider Information, and external auditors of the Company.

**B. Risk Management Policy**

It establishes the systematic identification of internal or external events that may pose risks for the achievement of business objectives, as well as their assessment, mitigation and monitoring.

**C. Policy on Information Security**

It sets general criteria and guidelines on Information Security management, and guides the actions adopted in this area so that they are consistent with the business objectives.

**D. Community Contributions Policy**

It guides the decisions adopted regarding the contributions that are considered suitable and that benefit the country and the communities in which the Company carries out its activities, being mandatory for the entire organization.

**E. Policy on Antitrust**

It regulates and strengthens compliance with the principles and rules on antitrust, which must be carefully observed and protected by all members of the company.

**F. Sustainability Policy**

It sets the principles, directives and general guidelines to ensure that the Company's activities are carried out under the best sustainability standards.

**G. Auditing Policy**

It establishes that the auditor, the responsible partner or the auditing company rotate at least once every five years, in order to ensure full independence of this process and guarantee transparency of financial information.

**H. Corporate Governance Procedures**

It establishes practices and procedures that ensure appropriate and efficient functioning of the Company's Board of Directors. They include guidelines for the application and induction process for new members of the Board of Directors; mechanisms for analysis, detection and assessment of the adequacy, timeliness, importance and ease of understanding of the various disclosures that the Company makes to the market; the process of hiring consultants to the Board; CEO and/or Senior Executives replacement procedure; and the continuous refresher training process for Directors, which includes areas such as best

corporate governance practices, inclusion issues, diversity and sustainability reports, risk management, rulings, fines, and conflicts of interest.

It is worth noting that during 2019, the members of the Board of Directors attended the following refresher training sessions:

- Analysis of new criminal responsibilities for companies and their board members and senior management.
- Senior Management and the new Law 20,393. An opportunity to strengthen organizational culture.
- Access to information regarding Board Meetings.
- Beyond control and Compliance: Board of Directors that add value

In addition, they received a Compendium on Corporate Governance that includes key literature about Trends in Sustainability; Domestic Case Law; Latest Trends in Corporate Governance; and Risk Management in Organizations, prepared by the Corporate Governance Center of the Pontificia Universidad Católica.









## Board of Directors

**1. Roberto Angelini**  
Chairman  
Industrial Engineer  
5.625.652-0

**2. Jorge Andueza**  
Vice-Chairman  
Civil Engineer  
5.038.906-5

**3. Manuel Bezanilla**  
Director  
Lawyer  
4.775.030-K

\* Members of the Directors Committee

**4. Andrés Bianchi\***

Director  
Economist  
3.367.092-3

**6. Juan Edgardo Goldenberg\***

Director  
Lawyer  
6.926.134-5

**8. Andrés Lehuedé**

Director  
Commercial Engineer  
7.617.723-6

**5. Gabriel Bitrán\***

Director  
Industrial Engineer  
7.033.711-8

**7. Arnaldo Gorziglia**

Director  
Lawyer  
3.647.846-2

**9. Francisco León**

Director  
Civil Engineer  
6.655.380-9



# Senior Management

- 1. **Eduardo Navarro**  
Chief Executive Officer  
Commercial Engineer  
10.365.719-9
- 2. **José Tomás Guzmán**  
Corporate Counsel and Secretary  
of the Board of Directors  
Lawyer  
6.228.614-8
- 3. **Rodrigo Huidobro**  
Chief Financial Officer  
Industrial Engineer  
10.181.179-4
- 4. **Jorge Ferrando**  
Chief Development Officer  
Industrial Engineer  
12.059.564-4
- 5. **Sebastián Dittborn**  
Director of Business Development  
Civil Engineer  
13.472.228-2
- 6. **Pamela Harris**  
Director of Corporate Affairs  
Industrial Engineer  
14.119.104-7
- 7. **Francisca Riveros**  
Director of Communications  
Journalist  
13.635.013-7
- 8. **Cristián Palacios**  
Director of Finance and IR  
Commercial Engineer  
13.234.980-0







# Administrative structure



Internal Audit

Corporate Counsel

Chief Executive Officer

Ethics Committee

Committee of Directors





Information  
Security  
Committee

Chief  
Development  
Officer

Director of  
Business  
Development

Chief Financial  
Officer

Director of  
Finance and IR

Accountant

Director of  
Corporate Affairs

Director of  
Communications

# Senior Management of Main Affiliates and Associates

## Forestry Sector

Celulosa Arauco y Constitución S.A.  
**Matías Domeyko**

## Fisheries Sector

Corpesca S.A.  
**Felipe Zaldívar**

Inversiones Caleta Vitor S.A.  
**Felipe Zaldívar**

Orizon S.A.  
**Rigoberto Rojo**

Golden Omega S.A.  
**Jorge Brahm**







## Energy Sector

Copec S.A.  
**Lorenzo Gazmuri**

Abastible S.A.  
**Joaquín Cruz**

Metrogas S.A.  
**Pablo Sobarzo**

Sonacol S.A.  
**Roberto Hetz**

Aprovisionadora Global de Energía S.A.  
**Klaus Lührmann**

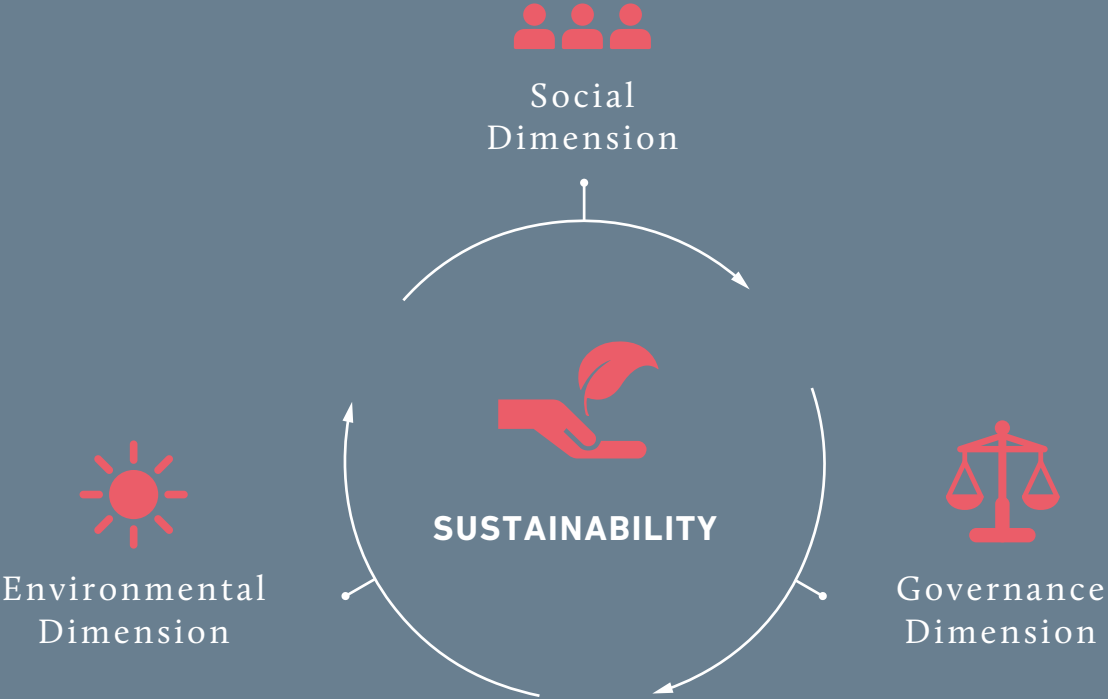
## Other Investments

Alxar Minería S.A.  
**Erwin Kaufmann**

Mina Invierno S.A.  
**Guillermo Hernández**

Inmobiliaria Las Salinas Ltda.  
**Arturo Natho**





# Sustainable Value

**Empresas Copec's management model places sustainability at its center. Thanks to this, and through concrete and long-term initiatives, the Company connects economic development with the generation of social value and care for the environment.**

Sustainability is at the center of Empresas Copec's business, being a cross-cutting pillar in the operations of the parent company and all its affiliates. Consistent with this principle, the Company carries out plans and programs that seek to contribute to economic development, create social value and protect the environment.

For this purpose, Empresas Copec and its affiliates have explicit policies that serve a corporate purpose, known and shared by all members of the organization. Additionally, proven methodologies are used, with a long-term vision and with communities actively involved, in order to jointly build a sustainable future for the various counterparties.

In the **environmental dimension**, the companies within the group develop initiatives aimed at an integral care for the environment, sustainable management of resources, as well as global emission reduction. Various surveillance and environmental protection programs allow physical and chemical parameters to

be monitored in areas where companies operate and thus ensure that their processes have the least impact on the ecosystem.

- A.** In 2019, **Arauco** officially announced its commitment to achieve carbon neutrality during 2020, which will position the affiliate as the first global forestry company to achieve this major goal. It also announced its decision to adhere to the Science Based Targets, a global initiative that, in the case of Arauco, means reducing emissions 30% by 2030.
- B.** **Abastible** has several applications that complement the use of liquefied petroleum gas with clean energies, thus contributing to protect the environment while generating savings for its residential, industrial and commercial customers. This is how **Solargas** combines solar energy with the use of liquefied petroleum gas; **Nautigas** allows water heating in the aquaculture industry

in a clean way; **Generación Eléctrica** supplies energy with liquefied petroleum gas generators; and **Cogeneración** simultaneously produces electricity and useful heat through microturbines.

- C.** **Copec**, through its **Renova program**, promotes the use of renewable energy in service stations, incorporating LED lighting, wind, solar or geothermal energy into its network. It is planning to reduce 37% greenhouse gas emissions by 2030, in line with the goals of the Science Based Targets.
- D.** In **Orizon**, the Coquimbo and Coronel fishmeal and fish oil plants were audited under the new IFFO-RS 2.0 standard, maintaining their certification until 2020. This version of IFFO-RS focuses renewable natural resources management and compositions of their catches, and also includes requirements associated with the health and safety



of people, labor laws, transparency and the concept of "good neighbor".

- E. **Arcoprime** carried out its **Recycling Plan** in 33 Pronto highway stores, 30 of which were added during 2019. During the period, more than 184 thousand kilos of waste were recycled, mainly cardboard, organic and plastic waste. In stores that have frying machines, the oil is also recycled, exceeding the 95 thousand liters submitted to this process in 2019.
- F. **Corpesca** announced in 2019 that it will supply its operations with 100% renewable energy after signing a five-year agreement with Engie, which contemplates supplying 30 GWh per year for the development of its activity in its industrial facilities in Arica and Iquique. Additionally, it developed a manual of good practices and standards for the sustainability of fishery resources and signed an **Odor Management Protocol**, after a joint work with the Ministry of Environment.
- G. **Golden Omega** supplies its electricity requirements exclusively from renewable sources, such as hydraulic, solar and wind sources. Its operations are Friends of the Seas, IFFO RS, Dolphin Safe, Halal and IFOS certified, associated with the sustainable use of fishery resources and the origin of their raw materials.
- H. **Parque Oncol**, owned by **Arauco**, received the ecosystem accreditation of the Forest Stewardship Council. This certification confirms compliance with sustainability requirements in areas such as management of crops, pruning, plantations and relationship with communities.
- I. In **Alxar**, respect and care for the environment is an ongoing objective of the company's sustainability policy, which promotes responsible use of resources and seeks the implementation of best practices for the mining industry in this area. During 2019, the company continued with the development of studies and safety and environmental measures contained in the closure plans that its subsidiaries are carrying out.
- J. **Sonacol** continually invests in maintenance and improvement of its facilities, equipment and processes, in order to act preventively and prevent damage to the environment. It also measures its carbon footprint and disseminates a culture aimed at minimizing emissions and reducing water and energy consumption.





Arauco

125

thousand hectares correspond to High Conservation Value Areas.

2030

decrease emissions by 30%

- K. **Terpel** was included in the SAM Sustainability YearBook 2020, for the fourth consecutive year, and ranked 13 among the most prominent companies in the world for its sustainable management in the retail sector. This is a recognition of its social, environmental and economic practices, being the only Colombian company in that industry included in the ranking.
- L. In Ecuador, **Duragas** operates in all its centers under ISO 14001:2015, in addition to having all the licenses and environmental records in accordance with the laws of the country. During 2019, the company assessed the perception of customers, community and authorities on the environmental management of the company, obtaining positive results.
- M. **Solgas**, in Peru, has five facilities certified to OHSAS 18000 and ISO 14000, and a terminal certified to ISO 9000, OHSAS 18000 and ISO 14000. Additionally, it provides training in waste management and recycling in schools in different areas of the country.
- N. **Norgas** operates in Colombia with all its processes certified, both in LPG bottling in its 25 plants and in storage, marketing and distribution. The company not only strictly complies with environmental regulations, but also implements action plans for continued improvement in this area. It also has plans for efficient use of water and energy, as well as a **Comprehensive Solid Waste Management Program**.
- O. The entire **Arauco** operation is certified under the strictest international environmental protection standards and follows guidelines that aim to reduce greenhouse gas emissions.

The company participates in the international market for **Certified Emission Reduction** and several of its generation plants are registered under the Kyoto Protocol Clean Development Mechanism.

**P. Abastible** worked during 2019 on a **Waste Segregation and Recycling Project** at its Maipú Plant and its central office under the concept of circular economy, which will significantly reduce the impact on the environment and reduce waste sent to landfills.

**Q.** In Coyhaique, **Copec** implemented the **Mobile Kerosene Project**, which involves bringing this fuel –which is less polluting than firewood– to different parts of the city and take it to places away from service stations thus facilitating its consumption.

**R. Orizon** developed various projects aimed at protecting biodiversity and fishery resources; these include odor mitigation, gas and discard reduction plans. Additionally, the **Fuel Switching Plan** from oil to gas in the boilers of Coronel was launched, which will be executed in 2020 and will reduce emissions of particulate matter by 80%, CO<sub>2</sub> emissions by 18%, and oxide of sulfur by 90%.

**S.** During 2019, **Golden Omega** continues its **"Olas Zero Plástico"** campaign, aimed at raising awareness in the Arica community about the damage caused to wildlife by plastic waste, through information and education activities. During this period, beach cleaning and training in schools were carried out, with the participation of different institutions of the community.

**T. Arauco** uses the Elemental Chlorine Free Technology (ECF) in the process of cellulose bleaching. Also, its plantations are managed under responsible forest management practices. It should be noted that it has a **Chain of Custody System** in its production facilities, which connects the final product with its origin, making sure that supply does not come from protected or uncertified species.

**U. Abastible** continued to investigate and pilot new energy solutions, including an alternative thermal energy for the production system in the fisheries sector, through steam generation. Additionally, an **Energy Management System** was implemented at the Lenga Plant, a project that will allow Abastible to achieve the ISO 50.001 certification in 2020.

**V. Vía Limpia** is a subsidiary of **Copec** that operates from Arica to Punta Arenas offering a solution to customers to manage used oil and remove waste containing hydrocarbons. For this, it has high security technology trucks that remove used lubricating oils, greases, containers, water and solids free of charge, and take them to environmentally certified warehouses for storage or recycling.

**W. Corpesca** participates in the **Center for Applied Research of the Sea** (CIAM by its Spanish acronym), an institution that fosters research to promote sustainability of fisheries in the north of Chile. The information obtained from CIAM is key for decision-making regarding the present and future of the activity, both at the industrial and artisanal level.

**X. Orizon**, being part of the industrial jack mackerel fishery between the Atacama and Los Ríos region, obtained the Marine Stewardship Council (MSC) certification granted by the independent organization Lloyd's Register. This seal guarantees the sustainability, traceability and application of best practices by Chile.



*Orizon, being part of the industrial jack mackerel fishery between the Atacama and Los Ríos region, obtained the Marine Stewardship Council (MSC) certification.*

- Y. The Arauco Native Forest Management Plan** has the objective of protecting and maintaining the 515 thousand hectares it owns in Chile, Argentina, Brazil and Uruguay. Of this total, more than 125 thousand hectares correspond to **High Conservation Value Areas**, that present values considered extraordinarily significant or of critical importance and therefore are actively managed to maintain or increase the high conservation values.
- Z. Pronto Copec** decided to stop providing plastic straws for drinks, an initiative that made the company deserving the **“Chao bombilla” (Good Bye straw)** seal from the Ministry of Environment.

- AA. Arauco** produces electricity from biomass, through **Cogeneration Plants** that it owns in Argentina, Uruguay and Chile. In the latter country, this clean energy not only supplies the energy requirements of most of the company's industrial processes, but also generates surpluses that are injected into the **Central Interconnected Grid**.
- AB.** In line with the contribution that **Copec** is making to the country's energy transition, during 2019 it continued making progress with its electro mobility strategy and, in addition, created an **Innovation Garage**. In this context, the affiliate made investments in pioneer

companies in the field of energy storage associated with artificial intelligence systems, such as **Stem**, in the United States, and **Ampere Energy**, in Spain. In Chile, meanwhile, it acquired control of **Flux Solar**, an engineering, development and energy sales through photovoltaic panels company.

In the **social dimension**, Empresas Copec and its affiliates carry out initiatives that contribute to individual and social development of people. In this way, the companies within the group become integrated into the environment where they carry out their activities and build collaboration networks to promote well-being for the community and the country's progress.



- A. Empresas Copec** and its affiliates provide financial resources to the **Belén Educa Foundation**, an entity that has 12 educational institutions located in vulnerable communes of the Metropolitana Region with more than 14 thousand students, to whom it offers quality education. Other initiatives are carried out with this organization, such as the **Tutoring Program**, where company executives accompany a student for a whole year and convey the importance of continuing their studies and becoming professionals. Another instance is the **Magisterial Talks**, in which executives visit a Foundation school and teach a class to guide students in the process of choosing a career. In addition, the **Anacleto Angelini Fabbri Scholarship** is awarded annually to the most prominent student of each institution to finance their higher education.
- B. Copec** issued its first **Sustainability Report** in August 2019, which lays out the different fronts from which the company acts for the benefit of the society. Its main initiatives include the

**Viva Leer Program**, which involves donating libraries to vulnerable schools, selling books directly at service stations, creating a network of volunteers within the company and implementing a virtual platform to support schools, family and the community. In 2019 15 new libraries were opened. In the same vein, Copec develops the **Cuento Contigo** project, an initiative that seeks to give free, massive access to reading through digital stories that are available on a web platform, which even allows users to incorporate their voice in reading the selected story.

- C. Abastible** carries out various initiatives for the benefit of the community. In 2019 it worked with the Ministry of Social Development and Family in the **Winter Plan and Blue Code**, which activate a network of shelters for homeless. Additionally, the company delivered 1,500 refills of 15 kgs liquefied petroleum gas and 60 rolling heaters, contributing to provide heating and hot water to shelters throughout Chile. The company's employees, meanwhile, volunteered

to help at these shelters in almost a dozen cities in the country.

- D. Arauco**, for its part, contributes to education through the **Arauco Educational Foundation**, an organization that designs and implements teacher training programs in the communes of Maule, Biobío and Los Ríos to provide better development opportunities to children and young people. In its 30 years of history, it has carried out 79 educational programs in 34 communes, benefiting 575 schools and 5,141 teachers, who have served more than 101 thousand children. In this same context, it manages the Arauco, Constitución and Cholguán schools, which are open to the community and are recognized every year for their performance and academic excellence. Additionally, together with the Duoc UC Professional Institute, founded the **Arauco Campus**, a higher education center that provides excellence education under the alternating education model.
- E. Orizon** has an ongoing relationship with



**Belén Educa**

**12**  
educational  
institutions located  
in vulnerable  
communes of the  
Metropolitana Region

**14**  
thousand students  
to whom it offers  
quality education

**Viva Leer**

**15**  
new libraries

**Arauco  
Educational  
Foundation**

**79**  
educational  
programs in  
34 communes





Campus Arauco Duoc UC, located in the commune of Arauco.

communities and their environments through a relationship policy that considers, among other aspects, the generation of shared value projects, with a view towards sustainable development and the identification of improvement opportunities for the neighbors. It participates in working committees of the Coronel **Environmental and Social Recovery Program** and develops activities with neighborhood councils, community organizations, artisanal fishermen's unions, suppliers and other actors related to its business.

**F. Corpesca** participates in the dual training of students in professional technical education establishments, thus contributing to the link between education and work, facilitating practical experience and strengthening employability. During 2019, the **Dual Education Program** was held at the Instituto del

Mar Almirante Carlos Condell, at the Luis Cruz Martínez Polytechnic High School in Iquique, and at the Juan José Latorre de Mejillones High School, in Industrial Mechanics and Electricity.

**G. Duragas** has close ties with the community in Ecuador. This is manifested through donations to various entities, firefighters training, studies on topics of social interest, visits to their plants and contributions to initiatives that promote the well-being and improvement of people's quality of life.

**H. Solgas** collaborates in different community instances, highlighting in 2019 an ophthalmological and health campaign in coordination with the Municipality of Lima; the participation of some of its professionals as teachers in technical and Integrity issues at the Pachacutec University in Ventanilla; the planting



**Abastible**

**2019**

activates a network of shelters for homeless, where the company delivers:

**1.500**

refills of 15 kgs liquefied petroleum gas

**60**

rolling heaters



of trees on the banks of the Rimac River; and donation of trucks to distributors.

**I. Sonacol** has made a commitment to contribute to improving the quality of life of the communities where it operates, supporting different initiatives or social causes under the framework defined by its **Social Responsibility Committee**. During 2019 the company focused its action on schools, neighborhood boards, institutions, posts, children's homes and nursing homes.

**J. Terpel Foundation**, which in 2019 celebrated its 15<sup>th</sup> anniversary, aims to improve the quality of education and thus boosting the development of Colombia. Through its programs it has benefited 974,128 students, 28,140 rectors and teachers and 4,231 parents in the 32 departments of the country.

**K. Inmobiliaria Las Salinas's** work is based on strengthening trust relationships with surrounding communities and interest groups in the city and in the region. This allows it to work together in the development of projects that contribute to the well-being of the city of Viña del Mar and its inhabitants.

**L. Innovarauco** was founded to systematize initiatives in three dimensions: new value offers, sustainability and social impact, and disruptive innovations. From here, products such as **+Maqui** and the **Ulmo Honey** have emerged, in addition to the innovation in design proposal **Me-Do** and the **Lookid** didactic children's toy.

**M. Bioforest** is a scientific and technological research center managed by **Arauco**, which conducts studies aimed at increasing the quality, yield and productivity of forest plantations and the pulp production process. In addition, it applies cutting-edge procedures in genetics, site productivity, phytosanitary protection, wood properties and biodiversity of native vegetation.

**N. The Copec-Universidad Católica Foundation** promotes applied scientific research, the creation of public-private partnerships dedicated to research and development, and the dissemination of scientific and technological advances in the area of natural resources. It carries out the **Regular R&D+i Contest** on a yearly basis, which in its 2019 version awarded UF 12,000 to four

projects; the **R&D+i Contest for Young Researchers**, which began its call in July 2019 with 82 initiatives from universities, research centers, companies and individuals throughout the country; and the **Contest for Students of Higher Education "Apply your idea"**, which in 2019 awarded 11 projects aimed at solving relevant problems in the field of natural resources. In addition, a **Private Investment Fund** supported by Corfo which provides resources via capital to projects based on technological developments and with strong growth potential.

**O. The Anacleto Angelini UC Innovation Center** allows to encourage the encounter and interaction between academia and business to generate knowledge and applied innovations that respond to the needs of the country. It is an open space in which all companies and enterprises that wish to promote a culture of innovation and can participate.

**P.** In line with promoting growth and progress of the communities where it operates, **Arauco** carries out the **Supplier Development Program**, adding local

entrepreneurs to the list of suppliers of goods and services.

**Q. Empresas Copec** supports **Enseña Chile**, an institution in charge of selecting and training young professionals who wish to dedicate their first working years to teaching in vulnerable schools, in order to build a network of change agents capable of impacting the educational system. At the end of 2019, Enseña Chile has benefited more than 150 thousand students in nine regions of the country.

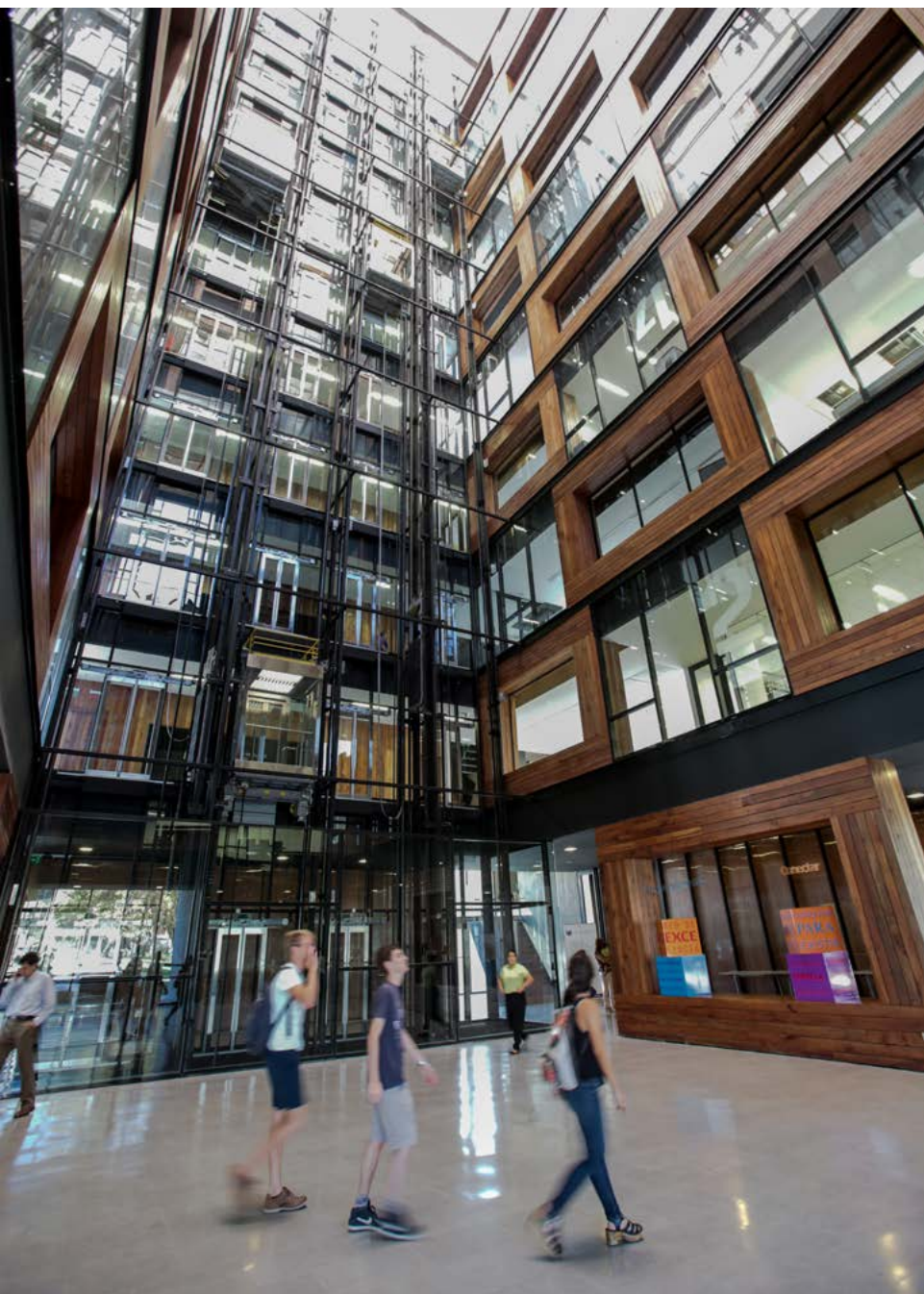
**R. Copec** participates in **Elemental**, a do tank jointly developed with the Pontificia Universidad Católica and a group of professionals, to make the city a source of equity, with urban projects of public interest and social impact. During 2019, projects under development or assessment total almost forty throughout the country, mainly focused on public spaces, buildings and homes.

**S.** In order to provide a definitive housing solution for company workers, contractors and related services, **Arauco** implemented a **Housing Plan** that also benefits

neighbors who are nearby its operations. They are high quality villas with innovation in wood and standards of excellence in communes with low housing supply.

**T. Orizon** has alliances with public and private entities to support professional internships, encourage dual education in specialized fields linked to the industry, and train neighbors through labor scholarships that provide them with greater job opportunities. In 2019, it started a **Special Crew Training Program**, which will allow it to have qualified personnel for future fleet replacements.

**U. Corpesca** remained **connected to higher education** during 2019 through the creation of nearly 70 places for professional internship in Arica, Iquique and Mejillones. Additionally, it made contributions to provide further education to 63 senior-year students, professional technicians and graduates without employment, the specialties of industrial mechanics, automotive and port operations of the Instituto del Mar Carlos Condell.



Anacleto Angelini UC Innovation Center.

V. **Arauco** developed the **Polo Viñatero**, a Technology Transfer Group jointly promoted with the National Institute of Agricultural Innovation (INIA by its Spanish acronym), which brings together producers from the Ránquil and Portezuelo area to improve the productivity and quality of the vineyards in the area, training farmers and improving their competitiveness.

W. **Sonacol** has the **Safestart Program**, a work model that improves and optimizes the behavior of staff to reduce accident rates. It also performs periodic controls on all fuel transport processes and remotely tracks its valves, pipelines and facilities to prevent failures and leaks.

X. During 2019, the **Coproc-UC Foundation** held the international seminar "Advanced Materials: State-of-the-art Technologies", an instance that allowed to present new technologies and trends in this field to respond to emerging needs. Likewise, it formed an **Alliance with the MBA-UC** to strengthen the projects supported by the Foundation through a mentoring program, where they will provide support to commercially develop the projects.



**Y. Corpesca** actively participates in the industrialist associations of Arica, Iquique and Mejillones, as well as the Industrial Fishing Association of the Grand North (ASIPNOR). As a member of these organizations, during 2019 it actively contributed to the work of committees and regional development projects.

**Z.** In May 2019, the **World Rally Championship** took place for the first time in our country, a major auto speed and endurance competition, organized by the **Copec** team and Copec Rally Mobil. This has been the most important event in the history of national motorsport and was a major contribution to the economic and tourism development of the Biobío Region.

**AA. Arauco** became one of the six official sponsors of “La Roja”. The brand will accompany the Chilean Football Team in its youth, adult and women's categories, on its way to the Qatar 2022 World Cup.

Internally, Empresas Copec and its affiliates have various initiatives to promote the development and professional growth of their employees, promoting healthy and safe environments; work environments based on values such as respect, trust and honesty; and the development of its people through training, teamwork and good interpersonal relationships.



Empresas Copec, as of December 31, 2019, had 29 employees, including 8 senior managers and executives and 13 professionals and technicians.

DIVERSITY

Number of people	Board	Senior Executives	Rest of the Organization
<b>Gender</b>			
Male	9	6	15
Female	0	2	6
<b>Nationality</b>			
Chilean	9	8	20
Foreign	0	0	1
<b>Age Range</b>			
Below 30 years	0	0	10
Between 30 and 40 years	0	2	3
Between 41 and 50 years	0	4	4
Between 51 and 60 years	2	2	0
Between 61 and 70 years	2	0	4
Above 70 years	5	0	0
<b>Seniority</b>			
Less than 3 years	2	4	8
Between 3 and 6 years	2	0	6
More than 6 years and less tan 9 years	1	0	2
Between 9 and 12 years	0	0	0
More than 12 years	4	4	5

AVERAGE REMUNERATION: WOMEN VS. MEN

Position	Man	Woman	Women vs Men Gap (%) <sup>1</sup>
General Manager	1	0	Not applicable
Managers	2	0	Not applicable
Deput Managers <sup>2</sup>	3	2	82.4%
Heads	0	1	Not applicable
Analysts <sup>3</sup>	10	2	84.9%
Secretaries	0	3	Not applicable
Office Boys	5	0	Not applicable

- 1. Ratio of average gross salary of women to average gross salary of men.
- 2. Includes deput managers from the accounting, finance, business development, communications and corporate affairs departments, between less than 1 and 15 years in the position.
- 3. Includes analysts from the finance, studies and accounting departments, between less than 1 and 5 years in the position.



Meanwhile, at the consolidated level, namely Empresas Copec together with those companies where it has an equity interest of more than 50%, had 37,757 employees, including 922 managers and senior executives and 9,945 professionals and technicians.

Finally, in the **governance dimension**, Empresas Copec and its affiliates have management, investment and productive action practices that translate into direct contributions and promote social responsibility, business ethics, sustainability, honesty and transparency, among others.

Number of People	Consolidated Number of Employees
<b>Gender</b>	
Male	26,979
Female	10,778
<b>Nationality</b>	
Chilean	19,417
Foreign	18,340
<b>Age Range</b>	
Below 30 years	9,763
Between 30 and 40 years	12,887
Between 41 and 50 years	8,876
Between 51 and 60 years	4,977
Between 61 and 70 years	1,181
Above 70 years	73
<b>Seniority</b>	
Less than 3 years	16,944
Between 3 and 6 years	7,300
More than 6 years and less tan 9 years	4,040
Between 9 and 12 years	2,800
More than 12 years	6,673



2116.02

+45.95 +2.3%

+5.7% +154

2865 2970

8143

STOCK MARKET

BANKING

58768

MARKET

2535

878

# Consolidated Financial Statements

In 2019, Empresas Copec posted a consolidated profit, net of minority interests, of US\$ 172 million, down 83.9% from December 2018. This is mainly explained by a US\$ 906 million decline in its operating income.

## Gross Margin

The Company's gross profit fell 21.6% to US\$ 3,264 million. Major contributors to this profit were affiliates Arauco, with US\$ 1,419 million; Copec, with US\$ 1,338 million; Abastible, with US\$ 393 million; Igemar, with US\$ 60 million and Sonacol, with US\$ 54 million.

## Operating Income

Lower operating income essentially comes from the forestry sector, where Arauco recorded a drop in its income as a result of lower pulp prices in 2019.

The fuel sector recorded a drop in the operating income, mainly in Copec Chile, due to lower margins, mainly related to a drop in inventory valuation and the industrial channel. However, an increase in volumes was seen. For its part, Terpel's operating income increased as a result of higher volumes and margins, along with the consolidation of assets acquired from ExxonMobil.

Mapco, meanwhile, recorded a lower operating income. However, volumes increased.

Abastible, meanwhile, recorded higher operating income. Improved performance was seen in Colombia, Peru and Ecuador, offset by lower performance in Chile.

## Other Results

Non-operating income, for its part, was more negative, mainly due to the recognition of impairments in Mina Invierno, Arauco and Alxar. Additionally, Arauco recorded higher financial costs. This was partially offset by higher other income in the forestry affiliate, due to the profit arising from the sale of its stake in Puertos y Logística S.A and an increase in the revaluation of biological assets.



# Income of the Main Affiliates and Associates

## Forestry Sector

### Arauco

During the period, Arauco recorded a profit of US\$ 62 million, down US\$ 664 million from a year earlier. This is mainly explained by a US\$ 836 million drop in operating income as a result of lower income in the pulp business due to lower prices in 2019. Non-operating income, for its part, decreased by US\$ 55 million.

Consolidated revenues fell 10.5%, explained by lower pulp and sawn timber sales, partially offset by higher panel sales. Pulp business revenues fell 22.1%, due to a 23.6% drop in prices, offset by a 1.7% increase in volumes. Wood business revenues grew 2.1%, mainly due to a 9.1% and 3.6% increase in volume and panel prices, respectively. This was partially offset by a 7.5% and 3.4% drop in prices and volumes of sawn timber, respectively. On the other hand, there were higher unit production costs of bleached hardwood and raw softwood of 6.4% and 4.8%, respectively, and bleached softwood costs dropped 1.4%.

A higher loss was seen in non-operating terms, as a result of higher financial expenses, other expenses related to fixed asset

write-offs and provisions, and more unfavorable exchange rate differences. This was partially offset by higher other income, as a result of an increase in the revaluation of biological assets, along with the profit from the sale of its stake in Puertos y Logística S.A.

## Energy Sector

### Copec

During the period, Copec posted a profit of Ch\$ 137,468 million, down from Ch\$ 170,239 million as of December 2018. A lower operating income was recorded due to lower margins, mainly in Chile. Additionally, non-operating income was more negative, due to an increase in financial cost, less favorable exchange rate differences and other expenses by function, partially offset by a higher income in associates.

Consolidated EBITDA was Ch\$ 465,322 million, up 8.4% mainly as a result of the impact of the new IFRS 16 accounting rule. Increases are seen in Terpel and Mapco, partially offset by Copec Chile, each in its local currency.

Indeed, in Chile, EBITDA dropped 7.2%, mainly as a result of lower margins associated with a lower impact due to inventory revaluation and the industrial channel. However, total volumes

grew 4.4%, with increases of 2.9% in the concessionary channel and 6.3% in the industrial channel. As a result, liquid fuels market share was 57.8% as of December 2019, up from 56.3% as of December 2018.

Terpel's EBITDA increased 28.8%, due to higher volumes, as a result of both the acquisition of assets from ExxonMobil, and higher margins, associated with a greater impact due to inventory revaluation. Liquid fuel sales volumes grew 6.7% in consolidated terms, explained by a 5.2% increase in Colombia; 13.0% in Panama; 6.5% in Ecuador; 12.6% in the Dominican Republic and 75.9% in Peru. In the NGV business, volumes fell 0.5% in Colombia and grew 1.2% in Peru.

For its part, Mapco's EBITDA reached US\$ 58 million, up from US\$ 47 million as of December 2018. Physical sales totaled 2,142 thousand m<sup>3</sup>, up 1.9%.

Meanwhile, consolidated non-operating income was more unfavorable, mainly due to an increase in financial costs, less favorable exchange rate differences and higher other expenses by function, partially offset by a higher result from interests in associates.

## Abastible

Abastible posted a profit of Ch\$ 46,057 million, up 12.7% from a year earlier. That was due to a lower non-operating loss, mainly explained by the sale of real estate assets in 2019 and the effect of the impairment of Sonamar recognized in 2018, and a higher operating income.

At consolidated level, EBITDA and operating income were 4.2% and 1.3% higher than the year-ago period, at Ch\$ 122,608 million and Ch\$ 79,654 million, respectively. Improved EBITDA was seen in Colombia and Peru, as a result of higher margins, and in Ecuador due to higher volumes. The operation in Chile recorded lower EBITDA due to an increase in distribution and administrative expenses, partially offset by higher volumes and margins.

As of December 2019, liquefied petroleum gas volumes in Chile, Colombia and Ecuador increased 1.2%, 3.1% and 3.2% from the year-ago period, totaling 493 thousand, 208 thousand and 471 thousand tons, respectively. Volumes in Peru fell 0.5% to 569 thousand tons.

## Sonacol

Sonacol's profit was Ch\$ 25,115 million, up from Ch\$ 23,543 million in 2018. This is explained

by improved operating income due to a 1.3% increase in volumes compared with a year ago.

## Metrogas

Metrogas reported a profit of Ch\$ 46,287 million, up from Ch\$ 42,882 million at the end of 2018.

For its part, Agesa posted a profit of US\$ 56.0 million, up 2.8% from a year earlier.

## Fishing Sector

### Pesquera Iquique-Guanaye

Igemar posted a loss attributable to the controller's owners of US\$ 8.7 million, down from a US\$ 13.1 million loss recorded as of December 31, 2018. A higher operating income was recorded, due to higher volumes in Orizon's business lines, partially offset by a higher loss at Corpesca, lower other earnings and higher financial costs.

Operating income increased by US\$ 2.0 million, mainly due to higher volumes of fishmeal, fish oil, canned food and frozen fish volume. This was partially offset by lower prices for fishmeal, and by the costs related to the closure of the productive activities of the mussels business, after these assets were contributed from Orizon to St. Andrews and

Empresa Pesquera Apiao, as payment for a 20% interest in these companies.

During the period, fish meal, canned food and frozen jack mackerel product prices fell 6.4%, 4.1% and 3.0%, respectively. Fish oil price raised 7.2%.

Additionally, 35.7 thousand tons of fishmeal were sold; 11.3 thousand tons of fish oil; 2.7 million boxes of canned food and 22.2 thousand tons of frozen products; accounting for 8.9%, 16.7%, 1.5% and 16.8% increases, respectively.

Total processed fishing was 230.6 thousand tons, or a 16.2% increase.

## Corpesca y Caleta Vitor

On December 27, 2018, at Corpesca's Extraordinary Shareholders' Meeting, the restructuring of this company was agreed, aimed at establishing the appropriate structures for improved administration and optimization of its different business areas. Accordingly, Corpesca S.A. was divided, maintaining the assets associated with the fishing activity, and allocating the assets of the businesses in Brazil, Germany and those associated with Kabasa S.A. to a new company, called Inversiones Caleta Vitor S.A. The



foregoing came into effect for tax and financial purposes on January 1, 2019.

Corpesca recorded a US\$ 30.1 million loss, which is negatively compared to the gain of US\$ 12.6 million as of December 2018, mainly explained by lower catch rates as a result of a ban on anchovy fishing for a few months in 2019, additional periods of ban due to the presence of small fish, and the impact of the corporate restructuring.

Physical volume was 85 thousand tons of fishmeal and 2.7 thousand tons of fish oil, down 29% and 75% from a year ago. In terms of prices, fishmeal fell 7% and fish oil raised 3%.

For its part, Caleta Vitor recorded a US\$ 31.2 million profit as of December 2019, mainly explained by earnings of its affiliates MPH and Kabsa, and by proceeds after exercising the put option on a remaining 10% interest in Selecta.



# Statement of Financial Situation

## Assets

As of December 31, 2019, consolidated current assets increased 11.6% from December 31, 2018. This is explained by higher cash and cash equivalents associated with obtaining financing for the construction of the MAPA project, added to an increase in current tax assets in Arauco and inventories in Copec. This is partially offset by lower trade debtors, mainly in Copec and Arauco, and lower other current financial assets at the parent level. It should be noted that the assets held for sale account increases due to the reclassification of assets related to Sonacol and Gasmar, which are in the process of being sold.

Non-current assets as of December 31, 2019 increased 5.5% from end-2018. An increase in property, plant and equipment was seen in Arauco and Copec, associated with lease agreements that were activated according to the change in the International Financial Reporting Standard (IFRS) 16. Additionally, the increase in works in progress in Arauco stands out, basically due progress in the MAPA project. This was offset by the reclassification of assets associated with Sonacol and Gasmar to the assets held for sale account.

## Liabilities

On the other hand, total current liabilities decreased 9.3% from end-2018. Igemar's other financial liabilities fell as a result of bank debt refinancing for longer terms; current tax liabilities in Arauco; and other non-financial liabilities in Arauco and the parent company, related to lower provision for dividends payable. This was partially offset by an increase in liabilities available for sale, related to the sale process of the shareholding interest in Sonacol and Gasmar.

Meanwhile, non-current liabilities increased 22.7%, due to higher other financial liabilities in Arauco and, to a lesser extent Copec. These are related to lease contracts that are shown in the balance sheet in accordance with the modification of IFRS 16 and debt issuance in Arauco, essentially aimed at financing MAPA project. Additionally, Igemar's refinanced debt is included.

## Equity

The Company's equity decreased 0.2% from December 2018, mainly due to lower other reserves, offset by an increase in accumulated earnings.

Regarding dividends, the Company paid a dividend of US\$ 0.205335 per share in May 2019, against

earnings for the previous year. In November, the Company's Board of Directors agreed not to distribute an interim dividend against net profit for that year.

Finally, as of December 31, 2019, the book value of Empresas Copec shares was US\$ 8.207 and earnings per share was US\$ 0.132.

## Investment Plan

The Basic Investment Plan for 2020 commits approximately US\$ 2,390 million in funds for growth and maintenance of the Company's productive activities. About 71.1% to the forestry sector, mainly due to the MAPA project, 22.3% to the fuel sector, 0.5% to the fishing sector and 6.1% to other activities. Since the current contingency may involve delays and postponements in projects, these figures are currently under review.

## Financing

As of December 31, 2019, total consolidated financial debt amounts to US\$ 9,273 million, with US\$ 243 million in short-term financial liabilities and US\$ 9,031 million in long-term financial liabilities plus long-term financial liabilities short-term portion. The affiliate Celulosa Arauco y Constitución S.A. concentrates 66.7% of this amount, and its debt is mainly made up of dollar-denominated obligations to the

public issued in the United States. For its part, 21.3% corresponds to the affiliate Compañía de Petróleos de Chile Copec S.A., with most financial debt being bank debt. Meanwhile, 6.5% of consolidated debt is issued by the parent company Empresas Copec S.A. and consists of obligations with the public denominated in Pesos and Unidades de Fomento.

Empresas Copec’s consolidated net financial debt to equity ratio is 0.62 times, and its coverage ratio (EBITDA divided by net financial expenses) is 5.3 times. Maturities for 2020 amount to US\$ 927

million. All in all, the Company maintains its financing capabilities favorably open, as domestic and foreign banks have a very good opinion of Empresas Copec’s risk quality and financial performance.

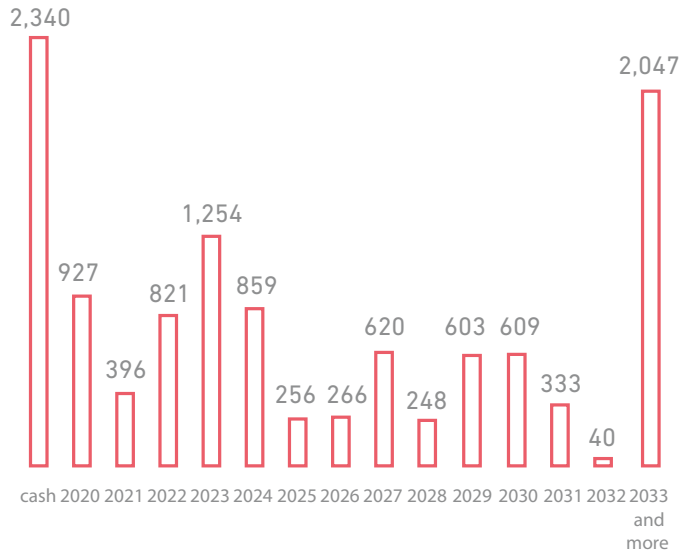
Risk Rating

During 2019, risk rating agency Feller Rate raised its credit rating on Empresas Copec to AA, maintaining a stable outlook. It also ratified at First Class Level 1 the Company shares. For its part, Fitch Ratings affirmed its solvency rating at AA-, with stable Outlook, and its shares at First Class Level 1 category. Among international

rating agencies, both Standard & Poors and Fitch Ratings rate the Company at BBB. As for the outlook, Fitch Ratings assigned a stable Outlook while Standard & Poors changed it from stable to negative.

In this regard, Empresas Copec S.A. leadership in its two main businesses, the efficient cost structure and strong international presence of its forestry affiliates, its extensive network, efficient logistics and strategic locations in fuel distribution, and the support of its controlling group have been highlighted.

FINANCIAL DEBT MATURITY  
Million dollars



## Risk Factors

Through its subsidiaries, the Company has operations in different areas related to natural resources and energy. Major risk factors vary depending on the type of business. Accordingly, the management of each subsidiary performs its own risk management, in collaboration with their operating units.

## General Risks

### Chile

Currency fluctuations in the exchange rate and changes in monetary policy rate, tax rate, import and/or export tariffs, higher inflation, as well as other political, social, legal and economic changes, could adversely impact Empresas Copec.

The Company has no control or prediction about the potential influence of government policies in the Chilean economy or, directly or indirectly, on operations and profits.

Since October 2019, Chile has been affected by a climate of social and political instability, characterized by protests and violence. The government has set a social agenda that includes a tax reform and changes to the health and pension systems, and to the guaranteed minimum income, among others. On the other

hand, a calendar of plebiscites and elections has been set to eventually prepare and approve a new political constitution. Impact on the company of all the above is being assessed, and will be communicated in a timely manner.

### Other markets

Empresas Copec has operations in countries including Colombia, the United States, Canada, Panama, Peru, Uruguay, Brazil, Argentina, the Dominican Republic, Mexico, Ecuador, and, through its associates, in Germany, Spain, Portugal, South Africa. Deteriorating economic conditions in these countries could adversely affect their financial and operational performance. Likewise, exchange rate fluctuations, inflation, social instability, liquidity conditions for financing through debt or capital or changes in the tax rate and import and export tariffs, as well as other political, legal, regulatory and economic changes in those countries, could have a negative effect on the financial and operational results of Empresas Copec, its subsidiaries and associates.

### Facilities located in Chile are prone to earthquake and eventual tsunami risks

Chile is located in a seismic zone; therefore, plants, equipment

and inventories are prone to earthquake and tsunami risks. A potential earthquake or other catastrophe could severely damage facilities and have an impact on the estimated output, been unable to meet customers' needs, resulting in unplanned capital investments or lower sales that may have a material adverse effect on the Company's financial results.

### Climate change

A growing number of scientists, international organizations and regulators, among others, argue that global climate change has contributed, and will continue to contribute, to the unpredictability, frequency and severity of natural disasters (including, but not limited to, hurricanes, droughts, tornadoes, frosts, storms and fires) in certain parts of the world. As a result, numerous legal and regulatory measures, as well as social initiatives, have been introduced in different parts of the world, in an effort to reduce greenhouse gases and other carbon emissions, which would be major contributors to global climate change. In addition, public expectations regarding reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs and may require the Company to make additional investments in plants and equipment. Even



though we cannot predict the impact of changing global climate conditions, just as we cannot predict the impact of legal, regulatory and social responses to concerns about global climate change, they could adversely affect business, financial condition, operating results and cash flow of the Company..

**Changes in laws and regulations of operating sectors**

Changes in laws and regulations in the industrial sectors where Empresas Copec operates may affect conditions in which the operation is performed, resulting in potential negative effects in its business and, consequently, in the results of the Company.

**Other risks**

As of the date of publication of this Annual Report, for several weeks, the new COVID-19 virus has been expanding in the world population, affecting more than 200 countries. Authorities around the world have taken measures to deal with this situation, including quarantines, control at airports and other transportation centers, travel restrictions and border closures, among many others. To date, the virus has caused significant market and social disruption. The effects for the global economy and for the Company of this pandemic are difficult to assess or predict to date,

but could include a variation in the market prices of the products of some of the Company's affiliates, logistical complications, changes in demand, production restrictions, risks to the health and safety of employees, and movements in the prices of the instruments issued by the Group companies, among other possible consequences.

**Forestry Sector**

**Fluctuations in prices of pulp, wood products and their derivatives**

Prices for pulp, wood products and wood derivatives can fluctuate significantly in short periods of time and are highly correlated to international prices. If the price of one or more product falls significantly, it could have an adverse impact on Arauco's revenues, results and financial condition. It should be considered that the main factors affecting prices for the pulp, wood products and wood derivatives are global demand, global production capacity, business strategies adopted by major integrated manufacturers of pulp, wood products and wood derivatives, and the availability of substitute products.

In addition, prices for many of the products sold by Arauco are related to some extent, and historical fluctuations in the price of a product usually have

been accompanied by similar fluctuations in the price of other products.

Arauco does not trade futures nor it is engaged in other hedging activities, since by maintaining one of the lowest cost structures in the industry, price fluctuations risks are limited. All else being equal, a variation of +/- 10% in the average pulp price during the year would result in a change of +/- 269.4% (equivalent to US\$ 166.9 million) in the annualized after-tax income for the year and of +/- 1.36% (equivalent to US\$ 100.1 million) in equity.

**Improved competitiveness in the markets where Arauco participates**

Arauco faces high competition worldwide in each market where it operates and in each of its product lines. The pulp industry is sensitive to capacity changes in the industry and to inventories maintained by producers, as well as to cyclical changes in global economy. All these factors can significantly impact sale prices and, consequently, Arauco's profitability. Increased global competition in the pulp or wood market could substantially and adversely impact Arauco's business, its financial condition, results and cash flow.

### Evolution of world economy and especially Asian and US economy

The world economy, and particularly global industrial output, is the main driver of the demand for pulp, paper and wood products. The global economic situation has been improving since the subprime economic crisis in the United States, leading to an increase in the demand for pulp, paper and wood products. A decline in the level of activity, in the local or international markets, may affect demand and sale price of Arauco's products and, consequently, its cash flow, operating and financial results. Arauco's business could be especially affected if economic conditions in Asia and the United States change.

### Pests and forest fires

Arauco's operations are exposed to pests that can affect the forests that supply raw material, as well as forest fires that can spread to the manufacturing facilities. Both risks could have significant negative impacts on Arauco's assets.

To face the threat of forest fires, Arauco has further reinforced its preventive and firefighting measures, its relationship with communities, forest management and other measures, through various initiatives consolidated

in the "deRaíz" program. Additionally, terms and coverage of insurance policies were improved.

### Risks related to the environment

Arauco is subject to environmental laws and regulations in the countries where it operates. These rules refer, among other things, to drafting environmental impact assessments for its projects; environmental and human health protection; waste generation, storage, handling and disposal; emissions to air, soil and water; and to the remedying of environmental damage, when appropriate.

As a manufacturer of forest products, Arauco generates emissions of solid, liquid and gaseous elements. These waste emissions and generations are subject to limits or controls required by legal norms or by their operating permits. Authorities may require increasing regulatory requirements to control environmental impacts of the projects. Arauco has made, and plans to continue making, disbursements to comply with environmental laws. Notwithstanding Arauco's policy to strictly comply with all requirements established by law, non-compliance with environmental laws and regulations may result in

temporary or permanent cessation of activities, fines, sanctions or the imposition of obligations.

Future changes in environmental laws or their enforcement, in the interpretation or enforcement of these laws, including stricter requirements related to harvest, emissions and climate change regulations, can result in substantial capital increases, operating costs and restriction of operations.

A problem that some have associated with climate change, and that affects everyone, is lack of water. This matter has been made visible by different national and international organizations. As a result of the above and as part of its permanent commitment to develop a sustainable activity, Arauco has proposed to work on the investigation of various initiatives focused on reducing water consumption in its industrial operations.

### Temporary shutdown of any of Arauco plants

A major disruption in any of the productive facilities in the forestry sector might result in Arauco failing to fulfill customer demand, failing to meet production targets and/or may require unplanned investments, resulting in lower sales, with a potential negative effect on its financial results. Arauco facilities, in addition to

being exposed to earthquake risks, and in some areas to tsunami risks, can halt operations unexpectedly due to a series of events including: i) unplanned maintenance shutdowns; ii) protracted power outages; iii) critical equipment failures; iv) fires, floods, hurricanes or other catastrophes; v) spill or release of chemical substances; vi) explosion of a boiler; vii) labor problems and social conflicts; viii) terrorism or terrorist threats; ix) sanctions by environmental authority or labor security; x) lack of steam and water; xi) blockades and strikes; and xii) other operational problems..

**Foreign exchange and interest rate risks**

Most affiliates in the forestry sector keep their books in US dollars. However, they are subject to the risk of losses due to currency fluctuations in cases where assets and liabilities are expressed in a currency other than the functional currency. All else being equal, a variation of +/- 10% in the exchange rate of the US dollar against the Chilean peso would result in a change of +/- 2.97% (equivalent to US\$ 1.8 million) in the annualized after-tax income for the year and of +/- 0.01% in equity (equivalent to US\$ 1.1 million after provisioning the dividend payable).

Regarding the economic risks from interest rates changes, as of December 2019, Arauco had a fixed-rate debt to total consolidated debt ratio of approximately 89%, therefore a change of +/- 10% in interest rates would have an impact of -/+ 2.04% (equivalent to US\$ 1.2 million) in the annualized after-tax income for the year and of -/+ 0.01% (equivalent to US\$ 0.7 million) in equity.

Variations in this section correspond to fluctuation ranges that are considered possible given market conditions.

**Energy Sector**

In the distribution of liquid fuels and liquefied petroleum gas, the Company occupies, through its affiliates Copec and Abastible, a leading position in the Chilean market. It also participates in Colombia through its affiliates Terpel and Norgas, and in Peru and Ecuador through Abastible's subsidiaries Solgas and Duragas. It also participates in the United States, through Mapco, a company acquired by Copec at the end of 2016. In these countries, a substantial part of the supply is obtained from local companies. However, it can access alternative fuel supply markets, a situation that allows it to ensure and optimize the supply and distribution of products to the public.

The major risk for the fuel distribution business, and also for the liquefied petroleum gas business, is essentially the distribution margin, rather than the price level of oil and oil products. Distribution margin mainly depends on competition factors that occur daily in markets. Being products with low price elasticity, potential increases or decreases in oil prices or in the exchange rate, have relatively little effect on volumes traded in the market.

Notwithstanding the above, the value of the company's inventory is indeed impacted by variations in international fuel prices. The company's policy is not to hedge perpetual inventory, since increases and decreases that occur are offset in the long term. This is not the case with one-time overstock, in which, given the market price setting methodology, no hedging instrument has been found that fully mitigates this risk.

Likewise, fuels compete with alternative sources of energy. In the case of liquefied petroleum gas, main substitutes are natural gas, firewood, diesel and electricity. On the other hand, electromobility is a trend that has gained traction across the world, with a more limited scope in Chile and the region for now, which could affect the business of liquid fuel distribution and,



therefore, impact the Company's results.

Affiliated in the fuel sector, accounting for approximately 29% of the Company's total assets, keep their books in Chilean and Colombian pesos, Peruvian soles and dollars, and both their financial assets and liabilities and most of their income are expressed in these currencies; therefore, exposure to variations in the exchange rate is significantly diminished. However, for the Parent Company, variations in the exchange rate have an impact on valuations in dollars both for investments in that sector and for the results obtained.

### Risks related to the environment

Affiliated companies in the fuel sector have leading safety, occupational health and environmental management standards certifications for their marketing, transportation, operation, storage and supply of fuels processes.

In Chile, affiliates in the fuel sector are regulated by Law No. 18,410, which establishes the Superintendence of Electricity and Fuels to supervise and oversee compliance with legal and regulatory provisions and technical standards on generation, production,

storage, transportation and distribution of liquid fuels, gas and electricity, to verify that the quality of the services provided to users is in accordance with these regulations and technical standards, and that the aforementioned operations and the use of energy resources do not constitute danger to people or things. This adds to Supreme Decree No. 160 of the Ministry of Economy, Development and Reconstruction on "Safety Regulations for Facilities and Operations of Liquid Fuels Production and Refining, Transportation, Storage, Distribution and Supply." Terpel, on the other hand, has an Environmental Management System (EMS) designed to identify, prevent and control the risks associated with all its operations.

Future changes in environmental laws or their enforcement, in the interpretation or enforcement of these laws, can result in substantial capital increases, operating costs and restriction of operations.

### Fishing Sector

In this sector, the availability of pelagic species at the different fishing grounds is a determining factor in its results. A second risk factor is fishmeal and fish oil market prices, obtained from the balance of its supply and demand, with the Peruvian production

being key at the supply level, and consumption in Asia in general, and China in particular, regarding its demand.

Since this sector exports the bulk of its production, the result of its operations is sensitive to exchange rate variations, and to export promotion policies of competitor countries. Fishmeal and fish oil are mainly traded in dollars, therefore, a large part of the incomes of companies in this sector is indexed to this currency. Due to this characteristic, the bank debt that companies generally maintain are advance payments in dollars before shipment. Therefore, the necessary conversion to Chilean pesos of a large part of the returns is exposed to exchange rate changes, a risk that can be limited by the use of forwards or other financial instruments.

Sales agreed in currencies other than the US dollar, are usually converted into that currency by using forward sales contracts that convert these earnings into dollars. This eliminates the risk associated with the volatility of these currencies against the US dollar. Meanwhile, costs in the fishing sector are highly sensitive to fuel price fluctuations, specifically diesel and bunker oil.

Regarding regulations, applying catch quotas, closed seasons and restrictions imposed by the

authorities can materially impact production of affiliated and related companies in this sector.

**Regulatory Framework**

Affiliated companies in the fuel sector are regulated by Law No. 18,410, which establishes the Superintendence of Electricity and Fuels to supervise and oversee compliance with legal and regulatory provisions and technical standards on generation, production, storage, transportation and distribution of liquid fuels, gas and electricity, to verify that the quality of the services provided to users is in accordance with these regulations and technical standards, and that the aforementioned operations and the use of energy resources do not constitute danger to people or things.

This adds to Supreme Decree No. 160 of the Ministry of Economy, Development and Reconstruction on "Safety Regulations for Facilities and Operations of Liquid Fuels Production and Refining, Transportation, Storage, Distribution and Supply."

Meanwhile, at the national level, affiliates in the fishing sector are regulated since 2013 by Law No. 20,657, which replaced the General Fisheries and Aquaculture Law No. 18,892 (LGPA by its Spanish acronym).

This law seeks to favor the scientific criterion in fisheries management, based on concepts such as Maximum Sustainable Yield (MSY) and Biological Reference Points (BRP). It also introduces the LTP (Spanish acronym for Tradable Fishing Licenses), which correspond to fractions of the annual Industrial Quota, allocated to each fishing company according to their historical catches. In the case of Orizon and Corpesca, they have A-Class licenses, which are valid for 20 years renewable, divisible, transferable, assignable and susceptible of legal business. In addition, this Law establishes a bidding mechanism of up to 15% of the industrial fraction of the global quota, when the latter exceeds certain limits, and includes a specific tax, payment of patents on operational vessels, a new splitting of global annual quotas, which implies transferring quotas from the industrial sector to the small-scale fishing sector, and new inspection requirements for small-scale vessels of more than 12 meters long.

On the other hand, at international level, the South Pacific Regional Fisheries Management Organization (SPRFMO), ratified by Chile, entered into force in August 2012. The decisions of the SPRFMO are binding for the countries of the Pacific Coast that signed the agreement, defining the annual

global catch quota for fishing resources, which each member country must comply with.

**Insurance**

The Company main assets are covered by insurance against fire, earthquake, damages due to work stoppages, civil liability and others with less impact on its assets. Thus, the aforementioned risks are reasonably protected through top-class national companies, which purchase reinsurance for most of the significant risk, from top-class, Europe-based reinsurance companies.

Year after year, the risk associated with operational, commercial and administrative activities is assessed, enabling proper risk management, incorporating appropriate policies. or modifying existing ones, according to market offers.









02

# Business Areas

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Fisheries Sector	130
Other Investments	142





# Forestry Sector

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## Arauco

Arauco is one of the leading forestry companies in Latin America. For its purpose of being a renewable company, acreage and yield of its plantations, for the quality of the products manufactured and responsible management of its operations, it has established itself internationally as an innovative company that generates value for the country and the communities in which it is inserted.

Arauco's production includes market pulp, sawn timber, panels, forest products and also energy, supplying not only the requirements of its own facilities, but also contributing to the energy matrix of the countries where it operates. The operation of the productive chain and the commercial structure are managed in an integrated manner, allowing to timely analyze the markets and adjust the offer to their conditions.

The company has 1.8 million hectares of forests in Chile, Argentina, Uruguay and Brazil. For pulp manufacturing, it has seven mills in Chile, Argentina and Uruguay, with a production capacity of 4.0 million tons per year. Its nine sawmills are distributed in Chile, Argentina and Spain, and together they produce 3.0 million m<sup>3</sup> of wood per year. In addition, 32 panel mills in

Chile, Argentina, Brazil, Mexico, the United States, Canada, Spain, Portugal, Germany and South Africa annually produce 10.7 million m<sup>3</sup>. In the field of biomass electricity generation, Arauco has eight plants in Chile, with a total installed capacity of 606 MW; two in Argentina, with an installed capacity of 82 MW, and one in Uruguay, with an installed capacity of 182 MW. Commercial offices in 13 countries should be added to the above.

All the company's production facilities have a Chain of Custody System, which connects the final product with its origin. This mechanism verifies that the supply does not come from protected or non-certified species, marking yet another example of Arauco's constant concern to carry out its work in harmony with the ecosystem and fully complying with current forest management regulations.

Arauco produced 3.7 million tons of pulp, 2.5 million m<sup>3</sup> of sawn timber and 6.6 million m<sup>3</sup> of panels in 2019. Sales, meanwhile, reached US\$ 5,329 million, composed by 52.9% wood, 44.6% pulp and 2.5% other products. They were shipped through 208 ports in Latin America, Asia, Oceania, Europe and North America, reaching more than 4,600 customers.

One of the company's most important milestones was the official announcement of its commitment to achieve carbon neutrality by 2020. This means that greenhouse gases captured by the company exceed its emissions globally. In addition to being a significant contribution and a concrete step to face the climate crisis, this announcement will position Arauco as the first forestry company in the world to achieve this important goal.

Additionally, Arauco announced that it will join the Science Based Targets, a global initiative that seeks that companies adopt a science-based downward trend in their emissions in order to limit global temperature rise. The methodology used, which aims to reduce emissions at a rate of 2.5% per year by 2030, involves the entire production chain, including transport and external services.

Another important step for the company was the inauguration of the Grayling project. With a US\$ 450 million investment and an installed capacity to produce 800 thousand m<sup>3</sup> of wood panels per year, Grayling consolidates Arauco's position as the leading panel producer in North America.

Furthermore, the company completed the purchase of two Masisa industrial complexes

in Mexico, located in Durango and Zitácuaro. The deal, which involves an investment of US\$ 168 million, consolidates Arauco's position as the second largest wood panel manufacturer worldwide, reaching 10.7 million m<sup>3</sup> per year.

In the commercial field, the company was distinguished in the United States as "Partner of the Year" by Home Depot in the Construction Materials category. This recognition, awarded by the well-known chain to its leading suppliers every year, reinforces Arauco's leadership in the production and sale of wood boards for the furniture industry, meeting the needs of the demanding North American market.

In Chile, the year was marked by the development of the "Extension and Modernization of Arauco Mill Project" (MAPA by its Spanish acronym), which was 31.5% completed. The project included closure of production Line 1, modernization of the current production Line 2 and the construction of a new line (Line 3) with a production capacity of nearly 1,560,000 tons of pulp per year, with cutting edge technology.

At the same time, the "Parque Eólico Viento Sur" project was submitted to the Environmental Impact Assessment System,

which will consist of up to 43 wind turbines that, together, will add an installed capacity of the order of 215 MW. The investment, which amounts to US\$ 250 million, will allow supplying its own facilities and injecting energy into the Central Interconnected System.

Additionally, a major modification was made in the Valdivia mill, enabling it to produce Dissolving Pulp. This material is used to make natural fiber and responds to the demand of a growing global market, due to its advantages over cotton. With a US\$ 195 million investment, Arauco becomes the only company in Chile that produces this type of fiber.

Meanwhile, the final stage of the extension of the Teno particleboard mill was reached. The modernization of this unit will result in an increase in the production capacity of the mill from 300 thousand to 340 thousand m<sup>3</sup> per year and an improvement in the quality of the products manufactured.

In the financial field, Arauco issued two sustainable bonds in the international market for US\$ 1,000 million for 10 and 30-years terms, divided into US\$ 500 million in each of the series. Proceeds will be used to finance part of the MAPA project, to repurchase bonds maturing in 2021 and 2022 and to other

company capital management activities. It should be noted that this is Arauco's first sustainable bond and also the first in Chile and Latin America.

The company has not been oblivious to the social crisis that the country is experiencing since October, understanding that the phenomenon affects both individuals and organizations and the community. For this reason, it developed an internal dialogue process with its direct workers and contractors, covering more than 30 thousand people. The "Arauco Dialoga" program led to conversation and reflection groups where experiences and proposals were shared to continue contributing to the development and progress of the country.







# Forestry

Arauco has an important forest heritage, including 667 thousand hectares of radiata pine, 349 thousand hectares of eucalyptus, 22 thousand hectares of other species and 205 thousand for afforestation and other uses. These assets, which are located in Chile, Argentina, Brazil and Uruguay, are the basis for the competitiveness of all the company's business areas and are managed under Responsible Forest Management practices.

Additionally, the company has 515 thousand hectares of native forest, which are managed under strict protection and conservation programs. Also, high-standard monitoring systems are used, which allow identifying changes and promoting prevention and restoration actions for species that may be threatened or damaged.

To the above, 125 thousand hectares of High Conservation Value Areas are added. These are exceptionally critical or critically important forest areas, where identification, management and monitoring practices are carried out in order to maintain or increase their conservation value.

These forests are sustainably managed and production processes are certified under the most stringent global standards. Both the native forest and areas of high social and environmental value are duly protected.

The company has implemented the Automated Inventory Processing System, aimed at monitoring plantation status, their growth, quality and development projection. It also has a mechanization plan for forestry activities, which includes harvesting equipment on steep slopes sites, GPS equipment that helps to avoid the presence of workers at potential risk sites, drones and next-generation vehicles to ensure a safety of operations.

During 2019, 20.8 million m<sup>3</sup> of logs were harvested. In line with its environmental protection policy, during the United Nations Climate Summit 2019, held in New York, Arauco made important announcements that deepen its leadership in environmental matters and reinforce its decision to address the climate crisis. One of them was its commitment to achieve carbon neutrality by 2020, namely, ensuring that greenhouse gases captured by the company exceed its global emissions. In addition to be a major contribution and a concrete step to combat global warming, this announcement will position Arauco as the first forestry company in the world to achieve this important goal.

Along with this key milestone, the company said that it will join the Science Based Targets, a global initiative for companies to adopt a science-based decreasing trend

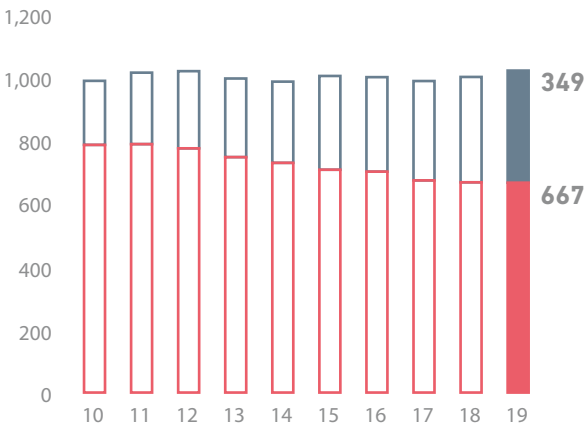
in their emissions in order to limit global temperature rise.

Regarding certifications, during 2019 the FSC Forest Management certificate was extended to Ecosystem Services for Parque Oncol in Chile; and of the Yaguareté Focal Species (Panthera onca) in the Eco region of the Paranaense Forest / Atlantic Forest of the Alto Paraná and the conservation of the Focal Species Marsh Deer (Blastocerus dichotomus) in the Delta Eco region and the Paraná River Islands, in Argentina.

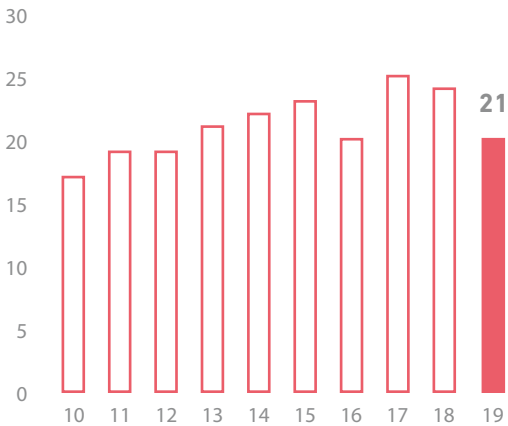


FOREST PLANTATION INVENTORY  
thousand hectares

Pine Eucalyptus



LOGS HARVESTED  
million cubic meters





## Pulp

Arauco manufactures and markets three types of pulp: bleached or kraft; raw or unbleached; and fluff, obtained from radiata pine (long fiber), taeda pine (long fiber) and eucalyptus (short fiber). The pulp produced by the company is sold in a variety of markets in Chile and abroad, which give it multiple uses related to the paper industry and its derivatives.

The company has five mills in Chile: Arauco, Constitución, Licancel, Nueva Aldea and Valdivia. Also, the Nueva Esperanza facility is located in Argentina and Montes del Plata is located in Uruguay, which is run through a joint venture together with the Swedish-Finnish company Stora Enso. Considering all the plants, Arauco's production capacity reaches 4.0 million tons per year.

All the company's mills have stringent national and international certifications and use ECF (elemental chlorine free) technology in the bleaching process. As a result, Arauco pulp is recognized worldwide for its quality, mechanical properties and cleanliness.

During 2019, the company's production totaled 3.7 million tons, 1.8% less than the previous period, with Asia and Europe being

the main marketing destinations. Worldwide, the company had a 5.3 % market share in global sales of bleached pine pulp, 4.8 % in bleached eucalyptus pulp and 19.6 % in raw cellulose pulp.

One of the company's flagship projects is the "Modernization and Extension of the Arauco Mill project", known by its acronym MAPA, which achieved 31.5% completion in 2019. The project includes the closure of production Line 1, the modernization of the current Line 2 and the construction of a new line (Line 3) with a production capacity of approximately 1,560,000 tons of pulp per year, with cutting-end technology.

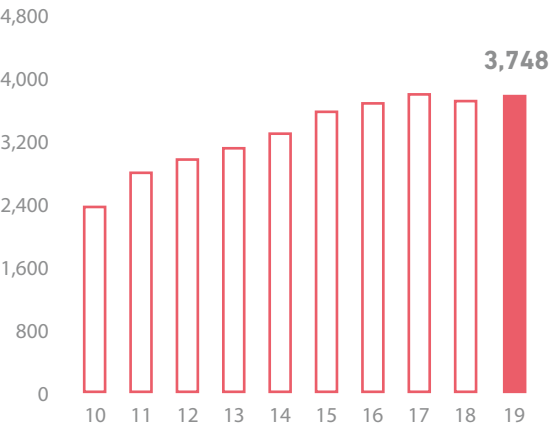
The project involves building more than 50 buildings of different dimensions, all of them currently with different degrees of progress. Those related to Boilers, Administration, Warehouse of Finished Products and the area for Washing, Bleaching, Drying Machine and Packaging Line are the most relevant ones.

Meanwhile, at the Valdivia mill, the company invested US\$ 195 million in modifications that will enable it to produce a product that provides a different use for cellulose, as raw

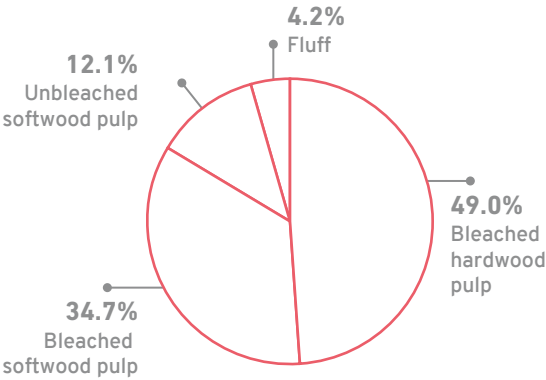
material for the manufacturing of viscose or rayon. The dissolving pulp will seek to meet the demand of a growing global market, making Arauco the first Chilean company to manufacture this type of product, which has great advantages over other fibers whose production involves high costs and a large consumption of water, such as cotton. In December 2019, the construction progress was 100% completed.



MARKET PULP SALES  
thousand tons



MARKET PULP PRODUCTION  
2019



Total: 3.7 million tons

NBSK PULP PRICE  
US\$/ton



Source: RISI



## Woods

Arauco is the leading lumber producer in the southern hemisphere and one of the most prominent worldwide. The company manufactures and markets sawn timber and plywood with different degrees of finishes, appearance and value processes for architecture, design, construction, packaging and remodeling, with facilities in Chile, Argentina, Brazil, Mexico, United States, Canada, South Africa, Portugal, Germany and Spain.

In Chile, the company owns four panel mills that manufacture plywood, particleboard and MDF, with a total production capacity of 1.6 million m<sup>3</sup> per year. In addition, it has seven sawmills and four remanufacturing mills with a sawmill capacity of 2.6 million m<sup>3</sup>, drying capacity of 2.0 million m<sup>3</sup> and remanufacturing capacity of 408 thousand m<sup>3</sup>.

In Argentina, it has two panel mills with a capacity to produce 300 thousand m<sup>3</sup> and 260 thousand m<sup>3</sup> of MDF and particleboards per year, respectively. Additionally, it has a sawmill and a remanufacturing mill with a sawmill capacity of 318 thousand m<sup>3</sup> and a remanufacturing capacity of 67 thousand m<sup>3</sup>.

In Brazil, Arauco has four panel mills with a capacity to produce 1.5 million m<sup>3</sup> of MDF boards and 720 thousand m<sup>3</sup> of particleboards.

In Mexico, it has two panel mills, with a total production capacity of 339 thousand m<sup>3</sup> per year of particleboard, and a current capacity to produce 250 thousand m<sup>3</sup> per year of MDF boards.

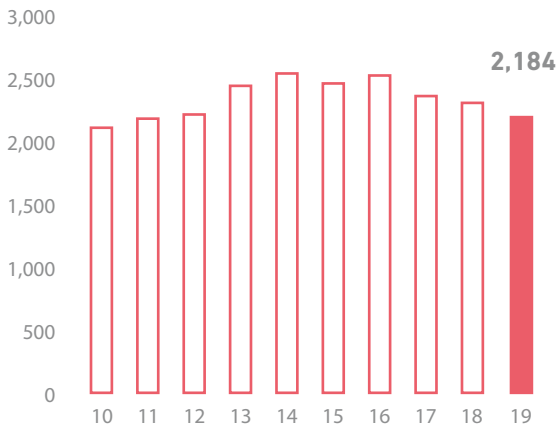
In the United States and Canada, it has ten mills with a total capacity to annually produce 1.5 million m<sup>3</sup> of MDF boards, 2.1 million m<sup>3</sup> of particleboard panels and 135 thousand m<sup>3</sup> of MDF mouldings.

Arauco is also present in Europe and Africa through the Sonae Arauco joint venture, where it holds a 50% stake. In Spain it has two panel mills and a sawmill; in Portugal it has two panel mills; in Germany it has four and two in South Africa (one of which is closed). Together they have a total production capacity of 4.3 million m<sup>3</sup> of panels per year.

During 2019, total production of boards was 6.6 million m<sup>3</sup>, which compares positively with 6.2 million m<sup>3</sup> produced the previous year. For its part, the total production of sawn timber amounted to 2.5 million m<sup>3</sup>, 5% lower than 2018. Physical panels sales totaled 6.2 million m<sup>3</sup> while sawn timber sales reached 2.2 million m<sup>3</sup>.

One of the most relevant milestones in 2019 was the inauguration of the new Grayling panel mill in the state of Michigan, United States. This US\$ 450 million project marks the largest Chilean investment in a production facility in North America and is also the most advanced particleboard line of its kind worldwide, and the largest mill in the United States. The new facility has an annual capacity of 800 thousand

SAWN TIMBER SALES  
thousand cubic meters



m<sup>3</sup> of wood panels, intended for the furniture and decoration industry in the Midwest of the United States and the Province of Ontario, in Canada.

During 2019, Arauco was distinguished with the “Partner of the year” award in the Construction Materials category by Home Depot. With this recognition, the affiliate continues to establish itself as the largest producer of panels for the furniture industry in the demanding North American market.

Another important step in the process of internationalization and strengthening of its presence in North America was the purchase of Masisa's industrial assets in Mexico, including two industrial complexes located in Durango and

Zitácuaro. The deal, which involves a US\$ 168 million investment, consolidates Arauco as the second leading manufacturer of wood panels worldwide, reaching 10.7 million m<sup>3</sup> per year.

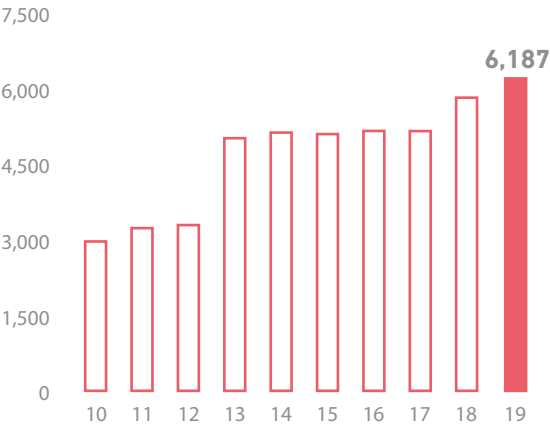
The two industrial facilities together have three particleboard (PB) lines with an installed capacity of 339 thousand m<sup>3</sup> per year; an MDF boards line of 250 thousand m<sup>3</sup> per year; melamine laminates lines with an installed capacity of 309 thousand m<sup>3</sup> per year; a chemical plant to process resins and formalin and impregnation lines; and a network of 35 outlets that today make up Tablered Arauco.

In Chile, the expansion of the Teno mill in the Maule Region was carried out in 2019, which considers an increase in the

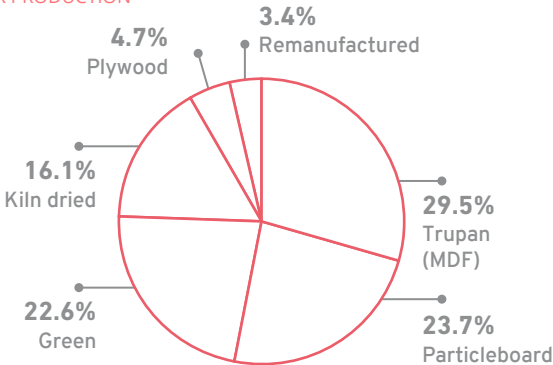
production capacity of bare boards to 340 thousand m<sup>3</sup> and melamine coated of 100% of production, and it is expected to come online during the first quarter 2020.

In North America, the acquisition of Prime-Line, Inc., an MDF molding manufacturer, was carried out, with a production capacity of 135 thousand m<sup>3</sup> per year.

PANEL SALES  
thousand cubic meters



TIMBER PRODUCTION  
2019



Total: 11.3 million cubic meters





## Energy

Arauco generates clean and renewable energy from forest biomass. This not only allows it to supply the requirements of its industrial facilities, but also to inject the surplus into the electrical transmission systems of the countries where it operates. Thus, the company makes a concrete contribution to the diversification of the energy matrix through the delivery of power of 100% sustainable origin.

In Chile, the company has eight biomass power plants and two backup units, with a total installed capacity of 606 MW and make Arauco one of the largest non-conventional renewable energy generators in the country. In Argentina it has two generation plants, with an installed capacity of 82 MW, and in Uruguay it has a generation plant with an installed capacity of 91 MW, run as a joint venture together with the Swedish-Finnish company Stora Enso.

Arauco has historically contributed to combat climate change by certifying emission reduction from forest residual biomass cogeneration projects, which operate under internationally recognized standards. Five generation plants in Chile and one in Uruguay are registered as greenhouse gas emission reduction projects under the Clean Development Mechanism (CDM) of the Kyoto Protocol, a modality that entails



reducing by around 650 thousand tons the CO<sub>2</sub> that is released annually into the atmosphere. For its part, the Viñales cogeneration project is registered under the international Verified Carbon Standard.

During the last 12 years, the company has contributed 8.02% of the accumulated emission reduction certifications, under the category of residual biomass generation projects, registered worldwide under the CDM standard. In 2019, 112,084 tons of CO<sub>2</sub> were certified in emission reduction. At the same time, the revalidation process of three of the five registered projects was developed, which consisted of auditing their eligibility to issue emission reduction certificates for the next seven-year accreditation period

Net power surplus delivered by the Arauco group plants totaled 781 GWh in 2019, 18% lower than the previous period. This decrease mainly resulted from the lower operational availability of the plants during the year.

The production of surpluses from Arauco Bioenergía in the period represented approximately 1% of the total generation of the National Electric System (SEN

by its Spanish acronym), while installed power accounted for a similar percentage of the total system over the same period.

Total physical sales –including sales to the SEN and related companies of the Arauco group– reached 1,402 GWh, 11% less than 2018. The difference between sales and net power surplus was covered by purchases from other generating plants in the interconnected system. Sales associated with surpluses to the system decreased approximately 27% compared to the previous year, as a result of lower average prices.

One of the most recent initiatives in the field of clean energy production is the Viento Sur project, whose Environmental Impact Study was submitted in March 2019. It is a 215 MW wind park consisting of up to 43 wind turbines, located in the municipality of Arauco. The project, which involves an investment of US\$ 250 million, in addition to supplying the Arauco plant will contribute a percentage to the country's matrix, generating clean energy equivalent to the consumption of 540 thousand homes.





# Energy Sector







## Copec

Copec markets and distributes liquid fuels and lubricants in Chile, for the automotive, resale, industrial, maritime and aeronautical markets. Its international presence extends to Colombia, Ecuador, Panama, Peru and the Dominican Republic through its affiliate Terpel, while through Mapco it extends to the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia, in the United States.

In Chile, the company has 668 service stations from Arica to Puerto Williams, 94 Pronto stores, 305 Punto outlets in three formats, 20 fuel storage plants with a total capacity of 523 thousand m<sup>3</sup>, and a lubricants plant in Quintero, with a capacity to produce 124 million liters a year.

In Colombia, Ecuador, Panama and Peru, it has a network of 2,305 service stations and 117 convenience stores. For its part, in the United States it operates 345 service stations and convenience stores.

In 2019, physical sales of fuel reached 10.1 million m<sup>3</sup> in Chile, up 3.2% from the previous year, with a 57.8% market share. In the dealer channel, sales amounted to 5.4 million m<sup>3</sup>, a 0.7% increase from 2018. In the industrial channel, meanwhile, sales reached 4.7 million m<sup>3</sup>, up 6.1% from 2018.

For its part, lubricant sales reached 94.8 thousand m<sup>3</sup>, which represents an increase of 4.0% compared to 2018, as a result of an increase in the product line with application in industrial processes. Market share grew reaching 43.9%.

Physical sales in Colombia amounted to 8.8 million m<sup>3</sup> of fuels. In particular, sales for the vehicular natural gas segment totaled 425 thousand m<sup>3</sup>; the aviation segment recorded sales of 1.6 million m<sup>3</sup> and the lubricants segment reached sales of 163 thousand m<sup>3</sup>. Industrial channel sales increased 2.0% over the previous year, totaling 689 thousand m<sup>3</sup>.

In the United States, meanwhile, physical sales of fuel were 2.1 million m<sup>3</sup>, which allowed achieving a market share in retail of 2.2% in the states where Mapco is present.

In terms of investments, Copec opened 16 new service stations, including La Serena, Quilicura, Peñalolén, Valparaíso and San Pedro de Atacama, among others. Pronto outlets were opened at the stations located in La Serena, Pedro Fontova (Santiago) and Sagrada Familia.

In the commercial area, the company extended the benefits of the PagoClick application to be

used in Pronto stores. In addition, this network of convenience stores, which was already a provider of the Uber Eats food delivery service application, expanded its delivery service to the PedidosYa and Rappi apps, adding the latter to the Punto outlets, allowing it to enter a new market with 24/7 service.

On the other hand, Copec was awarded major contracts in the industrial channel to supply fuel and lubricants, including supplying Pullman Bus, SQM and Veolia, among others. In addition, Air BP Copec renewed five contracts under a tendering procedure and added Sky and Alitalia to its portfolio, all the above for a total of 20.5 thousand m<sup>3</sup> per month, equivalent to 38% of its portfolio.

In terms of innovation, the Garage for Innovation and Construction of New Businesses was created, an innovation, creativity and experimentation ecosystem that works with best practices, state-of-the-art techniques and management metrics. Thus, to the New Mobility area, created in 2018, the New Energies and New Convenience areas were added this year.

Additionally, during 2019 the company closed key alliances and investments aimed at strengthening future businesses, which includes the US firm Stem,

pioneer and leader in Artificial Intelligence-powered energy storage systems for commercial and industrial customers. Another major agreement was signed with the Spanish firm Ampere, a developer of cutting-edge energy solutions for the home segment, integrating lithium-ion batteries, hybrid inverters and EMS (Energy Management System).

In Chile, Copec acquired 80% of Flux Solar, an engineering firm that develops and sells energy through photovoltaic panels. This investment will allow the company to develop projects both at home and industrial level. During the second half, Copec and Flux Solar launched the first off-grid charger in South America at the SQM Salar del Carmen site, which is entirely supplied by solar energy captured through photovoltaic panels and which has a lithium battery backup system.

Additionally, Copec and Cerro Dominador, a renewable energy producer in the Atacama desert, signed a "PPA" (Power Purchase Agreement) that will allow the company to cover a significant part of its energy consumption, which includes the 72 largest service stations, almost the entire Copec Voltex electric charging

network and eight of its 16 plants in different regions of Chile. The agreement will begin operating in July 2020, will last for five years, will mean covering 50% of Copec's energy consumption and will reduce the company's annual CO<sub>2</sub> emissions by 19,850 tons.

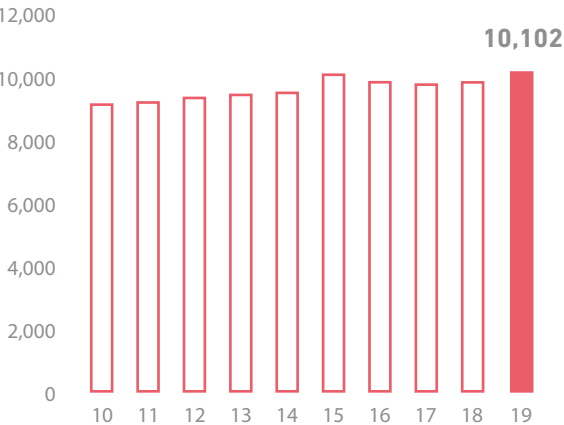
On the other hand, anticipating the demand that will come from electric vehicles, in less than a year the company deployed South America's most extensive fast charging network. Voltex connects a thousand linear kilometers from La Serena to Temuco, and during the first quarter of 2020 it will reach almost 1,400 kilometers.

In terms of recognitions, the company received various distinctions during 2019, including the Procalidad Award in the Transactional and Service Stations categories; Loyalty Award 2019 in the category "Service Stations" and "Convenience Businesses"; Consumer Confidence Award in the retail services category, awarded by the UAI Experience and Services Center; and, for the fourth consecutive year, ranked first in the Corporate Reputation Ranking, Reptrack 2019, in the fuel industry.

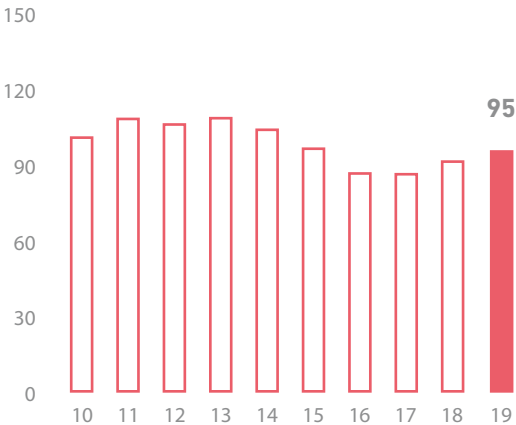




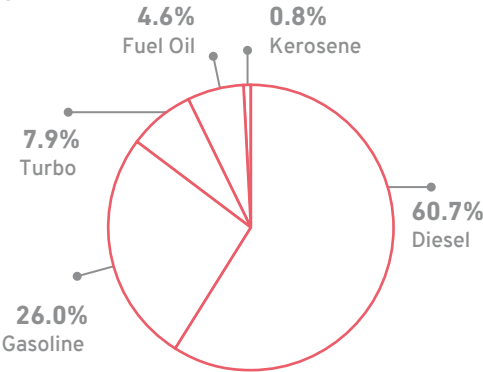
LIQUID FUELS SALES IN CHILE  
thousand cubic meters



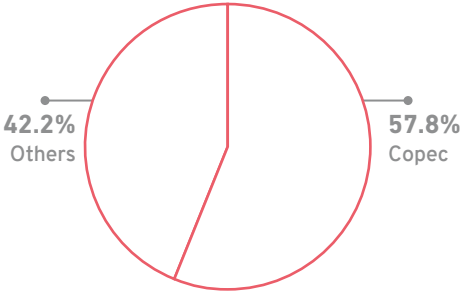
LUBRICANTS SALES IN CHILE  
thousand cubic meters



SALES PER PRODUCT  
2019



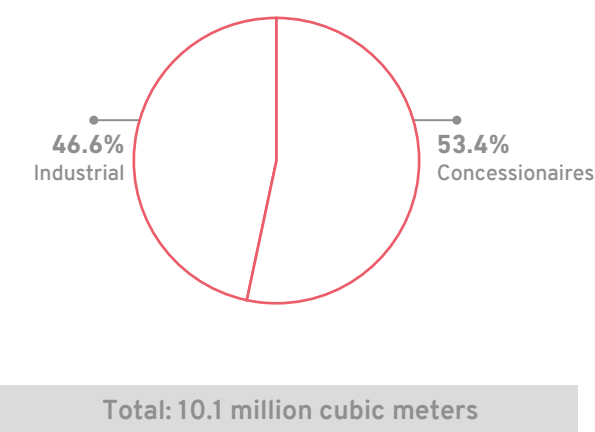
LIQUID FUEL MARKET SHARE  
2019



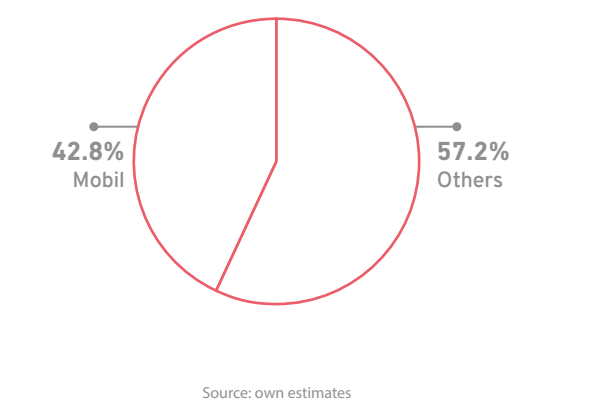
Total: 10.1 million cubic meters

Source: own estimates

SALES PER DISTRIBUTION CHANNEL  
2019



LUBRICANTS MARKET SHARE  
2019





# Terpel

The company markets and distributes liquid fuels (for ground transportation and manufacturing) and lubricants in Colombia, Panama, Peru, Ecuador and the Dominican Republic. In Colombia and Peru, in addition to liquid fuels, it sells vehicular natural gas. In Colombia, Panama, Peru and the Dominican Republic it is a key player in the operation and marketing of aviation fuel. This work is carried out through a network of 2,007 service stations in Colombia, 152 in Panama, 100 in Ecuador and 45 in Peru. Additionally, it has 57 convenience stores in Colombia, 41 in Panama, 12 in Peru and 7 in Ecuador.

Its lubricant and aviation fuel operations keep the ISO 9001, ISO 14001, OHSAS 18001 and NORSOK S-006 international certifications. Terpel also has the Uniform Register of Evaluation of the Safety, Occupational Health and Environmental Management System (RUC by its Spanish acronym).

During 2019, Terpel sold 8.8 million m<sup>3</sup> through liquid fuel service stations and industrial customers, 6.9% higher than the previous year. In the vehicular natural gas segment, sales totaled 425 thousand m<sup>3</sup>, 1.1% higher than the previous period; and in the aviation segment, sales grew around 5.5%, reaching 1.6 million m<sup>3</sup>. Lastly, in the lubricants segment, sales totaled

163 thousand m<sup>3</sup>, a 28.0% increase compared to 2018.

In fiscal year 2019, the company added 17 service stations, 5 of which were in Colombia, 7 in Panama and 5 in Peru. Additionally, it entered the complementary services network: 200 kiosks and 11 stores in Colombia, 5 stores in Panama, 3 stores in Ecuador and 2 in Peru.

In November 2019, the company opened its first charging point for electric vehicles, under the Terpel Voltex brand, at the service station in Báscula, on the outskirts of Bogotá. This is the beginning of the strategy through which Terpel seeks to contribute to the deurbanization and expansion of electromobility in that country. First connecting the Bogotá-Medellín section, and then adding the towns of Santa Marta, Barranquilla, Cartagena, the Cundiboyacense highlands, Girardot and Cali.

In Colombia, the Dominican Republic, Peru and Panama, the company increased from 26 to 32 the number of airports that are part of the Terpel network. Particularly in Panama, it entered the aviation business with the sale of more than one million gallons per month to six customers and the offer of five additional airports in the network. In Peru, it took over the operation business at the Lima airport, through the sale

of more than one million gallons to customers, reaching 3% of the market.

One of the lines of work for the year was the definition and implementation of the new distribution network of Mobil and Terpel lubricant, reaching a coverage of more than 320 points in its network of complementary services, accounting for a 196% growth from the previous year.

On the other hand, lubricant supply contracts with large industrial customers including Drummond and Prodeco in the mining segment and Ecopetrol in the oil segment were renewed for five more years. These three accounts represent 10% of the lubricant market size in Colombia.

With regard to its shift towards digitization, both of its internal processes and those that directly impact customers, Terpel created the Digital Acceleration Office, aimed at detecting and adopting opportunities in the market and innovating in products and methodologies to provide a better service to its affiliated stations and its final customers.

In terms of distinctions, Terpel was recognized by SAM as one of the 15 companies with the best sustainable performance in the retail industry, for the progress made in economic, social and environmental matters. Likewise,



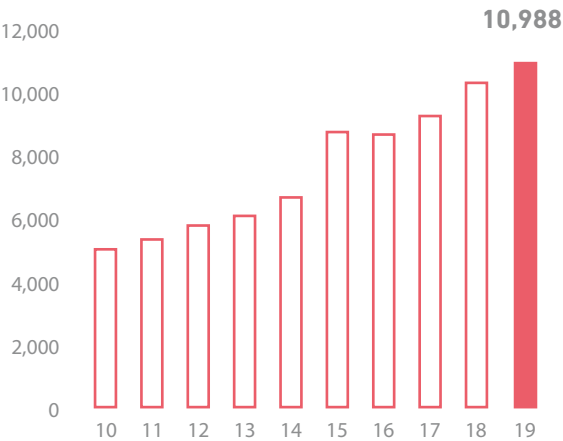


Reprtrak 2019 positioned Terpel as the company with the best reputation in the energy and oil sector. This survey focuses the measurement of reputation in the general public, for being a stakeholder of interest to all companies.

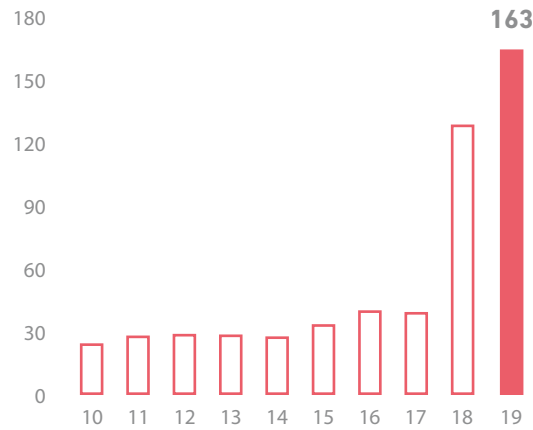
Additionally, Merco Colombia distinguished Sylvia Escovar, CEO

of Organización Terpel, as one of the 10 leaders with the best reputation in Colombia, becoming the first woman in the history of the country to be part of this recognition. In addition, the survey placed the company in the 25th place in the list of companies with the best reputation, rising four places compared to 2018.

SALES  
thousand cubic meters



LUBRICANTS SALES  
thousand cubic meters





## Mapco

Mapco sells and distributes liquid fuels through a network of service stations in southeastern United States, specifically in the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia.

The company has 345 service stations, which are entirely self-service stations under the pay at the pump system, and convenience stores in each gas station. Additionally, it supplies fuel to more than 130 dealers with products of all the brands it manages.

Fuel physical sales totaled 2.1 million m<sup>3</sup> in the 2019, a 2.2% increase from the previous year. Fuel market share (gasoline) in its own network was 2.4% in the seven states where Mapco operates, with the largest shares in Tennessee 6.3% and Alabama 6.2%.

During 2019, Mapco made significant investments aimed at strengthening its market position. Among them stood out the acquisition of three properties for future expansion projects of its stores, as well as branding renovation of 14 sales stores. Additionally, and in order to improve the supply of fuel, improvements were made to fueling dispensers in another 11 service stations, increasing their capacity and starting the first stage of a project to improve the pricing strategy.

The convenience offer was also updated by remodeling 37 stores, and introducing new coffee machines, grills and other implements. In addition, three car washes were reopened with three other that were upgraded.

During 2019, the Mapco team worked on the development of its

new value offer with its bid to be a "Better Break" and create in its new stores a meeting point that seeks to deliver an extraordinary experience to its customers.

With regard to recognitions, and for the second consecutive year, Mapco was distinguished for its contribution to the St. Jude Rock n 'Roll marathon, held annually in the city of Nashville to raise funds for the St. Jude Children's Research Hospital.



## Arcoprime

Arcoprime is a key player in the Chilean retail food industry, where it has developed a multi-format strategy, engaged in businesses including convenience stores, restaurants and coffee shops, mainly associated with service stations and high-traffic urban areas. Through its subsidiary Arco Alimentos, it manufactures and distributes fresh, refrigerated and frozen foods in the form of sandwich, ready-meals and dessert, which are sold under the Fres&Co, Piacceri and Cresso brands in supermarkets, cafes, restaurants, convenience stores and catering companies. Through all its formats, Arcoprime has focused on products of high consistency in terms of quality, implementing processes with a high standard of excellence and using technology as a central enabler.

In order to meet diverse food and convenience needs of consumers at all times all along Chile, Arcoprime has 40 Pronto Urbanos stores, in formats of 100, 190 and 300 m<sup>2</sup>, while adding 54 in roadside. The latter offer the Pronto Barra options, with a wide range of services and packaged foods or on the plate; Pronto Kiosco, whose selective offer focuses on products on the go and processed food; and Truck Center, that target truck drivers, with a proposal that meets their food and rest needs on the road.

It also has four Fres&Co restaurants, located in places with a high concentration of offices in Santiago, under the form Fres&Co Bistró Café and Fresco Mall.

In 2019, Arcoprime opened two new Pronto stores in the communes of Huechuraba and La Serena. Meanwhile, one was added to the network of roadside stores on the Ruta 5 Sur close to the commune of Sagrada Familia, in the Maule Region.

Considering all stores throughout the country, the number of commercial transactions carried out topped 32 million.

With regard to market share, it grabbed a 25% market share in the category of convenience stores, rising to 30% in summer, as a result of increased demand in highways and the preference that this public has historically had for the Copec brand.

On the other hand, the company continued its environmental efforts, increasing from 3 to 33 the number of stores where recycling and composting are carried out. It should be noted that in the last year, almost 200 thousand kilos of waste were recycled.

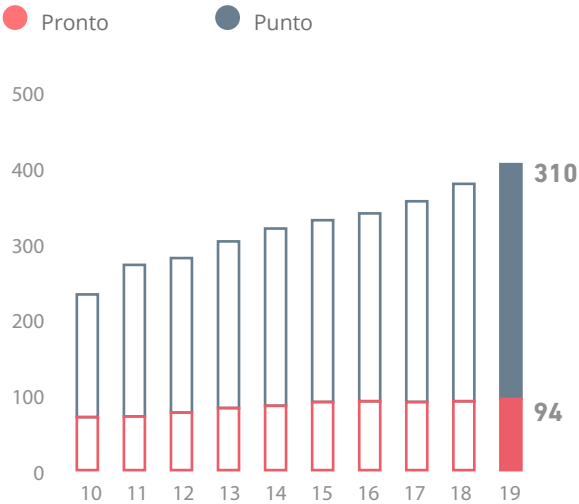
In December 2019, Pronto Copec received the “Chao bombillas” seal from the Ministry of the Environment, after the entire



chain joined the initiative of not delivering light bulbs in stores in July of the previous year.

During the same period, Arcoprime won the “Consumer Loyalty Award”, granted by the consulting firm Alco and Praxis Experience Index to companies that have created the highest levels of loyalty and good experiences for their clients.

NUMBER OF CONVENIENCE STORES











# Sonacol

Sociedad Nacional de Oleoductos S.A. (Sonacol) transports gasoline, domestic and aviation kerosene, diesel oil and liquefied petroleum gas to the regions of Valparaíso, Metropolitana and O'Higgins. To do this, it has a 465 kilometres long pipeline network, which runs between Quintero, in the Valparaíso Region, and San Fernando, in the O'Higgins Region.

Its assets also include seven pumping stations, four product delivery terminals and two dispatch centers, facilities that operate with the highest technology and comply with strict environmental standards, in order to deliver an efficient and safe service to their customers.

During 2019, Sonacol transported 10.4 million m<sup>3</sup> of fuels, a 1.3% increase from the previous year. Its major customers include Enap, Copec, Enex, Esmac, Gasmar, Abastible, Gasco and Lipigas.

During this period, large environmental investments were made for the deepening, upgrading and internal inspections of the pipeline network. These measures are part of the company's policies, which prioritize maintenance and improvement works that allow preventive action and avoid any incident that may cause damage to the environment.

In relation to the above, the Environmental Impact Study of the project "Second line of the Maipú – Airport pipeline" was approved, a project that seeks to meet the high demand for aviation fuel from the Arturo Merino Benitez Airport, the country's main air terminal. Additionally, favorable environmental qualification was obtained for the Environmental Impact Statement of the "Enex Sonacol connection pipeline" project in Quintero.

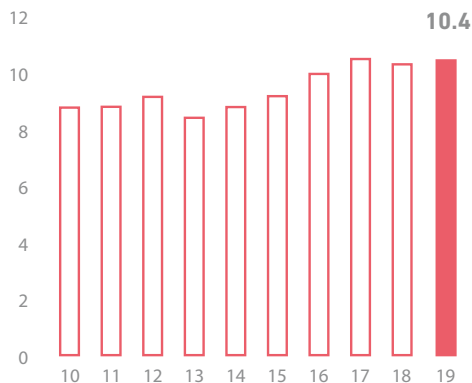
Another priority in Sonacol's management is occupational health and safety. This constant concern was recognized by the Mutual de Seguridad in 2019, that certified the Joint Committee of Hygiene and Safety of the Central Office and place the Concón plant in the "Gold" category, since it complies with applicable

legislation, analyzes the work from the different areas of the company and, proactively, assigns own tasks to contribute to the security in the organization.

On the other hand, the company passed the three-year recertification for ISO 9001 quality management system standard, ISO 14001 environmental management system standard and OHSAS 18001 occupational health and safety.

On December 20, 2019, Sonacol shareholders mandated investment bank Goldman Sachs to lead and structure a process to sell all shares in the company. Copec is Sonacol's largest shareholder with 40.8%; followed by Esmac Inversiones with 22.2%; Enex with 14.9%; Abastible with 12.0%; and Enap with 10.1%.

VOLUME TRANSPORTED  
million cubic meters





# Abastible

Abastible markets cylinder and bulk liquefied petroleum gas for residential and industrial use; liquefied petroleum gas for taxis and corporate fleets, through Autogas service stations.

Additionally, Abastible has made significant progress in the implementation of liquefied petroleum gas-based energy solution projects for a wide range of industries. A large part of these projects consists of the implementation of efficient technologies and shifting polluting fuels to clean energy, thus contributing to sustainable development by reducing energy costs and polluting emissions. The enabling technologies of its energy solutions include efficient generation of hot

water, photovoltaic electricity generation, cogeneration; heat and cold generation with heat pumps, as well as optimization of steam power plants and solar thermal and photovoltaic generation.

In Chile, the company has a maritime terminal that provides clean fuel docking services as well as reception and storage of liquefied petroleum gas. In addition, it has 10 storage and packaging plants; 7.6 million cylinders; more than 64 thousand tanks in homes, shops and industrial facilities; 20 sales, distribution and consignee offices; a network of more than 1,300 distributors and close to 2.7 million customers from Arica to Magallanes, including Easter Island.

Major competitors include liquefied petroleum gas distributors Gasco, Lipigas, HN and Enex Gas, in addition to natural gas companies Intergas, Gas Sur, Metrogas, Gas Valpo, Gasco Magallanes, Energas, Innergy and GNL Lipigas.

Its international presence covers three countries in the region: Colombia, Peru and Ecuador. In 2019, Abastible and all its subsidiaries grew in market share and consolidated their leading positions in their respective countries, being the third largest liquefied petroleum gas distribution company in South America. Abastible's physical sales in Chile were 499 thousand tons, up 2.6% from the previous year. In Colombia, physical sales



totaled 208 thousand tons, 3.1% higher than 2018; in Peru, without considering the wholesale channel, reached 402 thousand tons, up 3.5% from the previous period, and in Ecuador, 471 thousand tons, 3.2% higher than 2018.

In 2019 and in order to meet sales growth in Chile, the bulk fleet was upgraded by renewing 14 trucks and buying another two. In the packaging process, 24 new trucks were allocated to the operation responsible for dispatch to distributors and 430 vehicles to gas distribution, which were leased to distributors and truck drivers. In addition, more than 500 thousand cylinders and another 3.2 thousand tanks were purchased during the year.

For its part, at the Maipú Plant the company made progress in the development and implementation of the recommendations of the IFSC international audit (International Fire Safety Consulting), improving firefighting and operation systems; installing monitors at tables and tank areas, sprinklers in warehouses and fire pump rooms, a project that will continue in 2020. In addition, works concluded for the cylinder palletizing process, aimed at automating cylinder movement, eliminating manual handling and favoring the company's safety performance indicators in a plant that supplies 22% of the bottled demand of the Metropolitan Region.

During this period, the new Abastible office in Puerto Montt was inaugurated, aimed at adding efficiency to operations in Los Lagos Region. It includes an office and service building, a cylinder storage table, a bulk gas transfer unit with an LG tank installation, a firefighting network with a water storage tank and a warehouse for fleet maintenance and warehouse.

On the other hand, the company centralized dispatch operations nationwide and extended of bulk routing to all premises in the country. Additionally, technologies were implemented, allowing better driving control in order to improve safety and efficiency levels.





In terms of operations, the national strategy was designed, which includes, among other things, Abastible's takeover of the operation of the San Vicente terminal from February 2020. This will increase total storage capacity of the company by 20 thousand tons from 4.5 thousand tons.

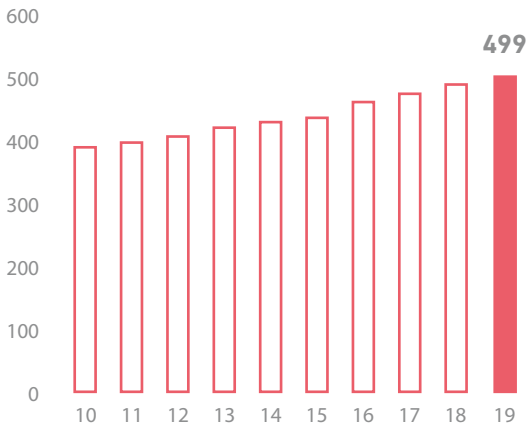
A central part of the growth recorded by the company was based on the strategy aimed at new industrial customers, who have found comprehensive energy solutions in Abastible associated with greater efficiency in their operations and reduced levels of CO<sub>2</sub> emissions, thus contributing to curb the effects of climate change.

On the other hand, the implementation of an Energy Management System (EMS) at the Lenga Plant was launched, aimed at ensuring continuous improvement in the use of energy through procedures and established methods. Completion of this project is

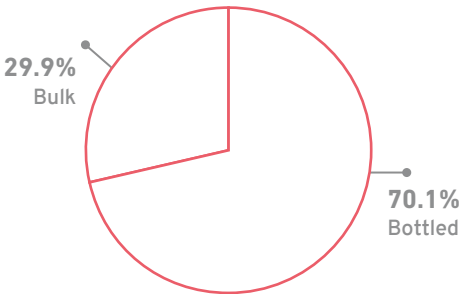
scheduled for 2020, allowing Abastible to obtain ISO 50.001 certification on efficient energy management.

Finally, it should be noted that the company was recognized by Chile3D in the Liquefied Petroleum Gas Category, positioning the brand as the most valued in its area. In addition, and for the third consecutive year, Abastible was distinguished by RepTrack Pulse 2019, as the company with the best corporate reputation in the energy category.

SALES IN CHILE  
thousand tons



SALES PER PRODUCT  
2019



Total: 499 thousand tons



## Norgas

Nortesantandereana de Gas S.A. E.S.P. (Norgas) is the result of the merger by absorption of Inversiones del Nordeste, Servicios del Nordeste, Asogas, Norgas, Gasan, Colgas de Occidente and Gases de Antioquia. The aim of this process, carried out in 2019, was to integrate in a commercial, operational and logistics manner all LPG distribution and marketing companies belonging to the business group, as well as to unify accounting, financial, technological and human resources information processes.

Simultaneously with the merger process, in 2019, with the aim of standardizing processes and approving data based on best practices and having timely and

quality information for decision-making, a new ERP, SAP S/4 HANA was implemented.

The company markets liquefied petroleum gas for residential and industrial use in Colombia and participates in the development of energy solutions. Additionally, it manufactures and sells cylinders and storage tanks, through Cinsa, and transports bottled and bulk liquefied petroleum gas in trucks, through Cotranscol. On the other hand, the company holds ownership interests in gas distributors Montagas and Energas, with 33.33% and 28.33%, respectively.

Norgas currently has 25 storage and packaging plants, 20 distribution centers,

7,200 stores and points of sale, an automotive fleet of more than 1,000 vehicles, 3.9 million cylinders and more than 7 thousand tanks to serve customers throughout Colombia.

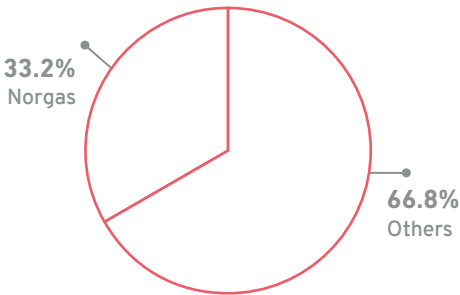
The company maintains the legal compliance certifications required by the control entities in its facilities, and complies with the international quality management standard ISO 9001. In addition, the migration and certification of OHSAS 18001 to ISO 45001 was developed for the Norwegian companies. and Cotranscol.

During 2019, the company's physical sales totaled 208 thousand tons of liquefied petroleum gas, up 3% from 2018.

SALES  
thousands tons



LIQUIFIED PETROLEUM GAS MARKET SHARE  
2019



Source: SU1



The company's overall market share, considering bulk and bottled gas, was 33.2%.

This is mainly explained by the implementation of a business plan based on pillars that seek to strengthen the company's business model, ensure correct management of the business, guarantee a positive customer experience and build a culture of continuous improvement.

In this regard, and in order to automate the billing processes through mobile devices, the "Online Sales" project was created, which is 95% completed and has already been implemented in 290 vehicles, allowing to know end users, track routes and facilitate dealers' management.

During 2019, progress was also made in the construction of the Innovation Management

System, the market attractiveness evaluation processes and defining short-term target markets: Mobility, Electricity Generation and Energy Efficiency. In Mobility, a work plan was set for the validation of the Nautigas model in the Magdalena River basin. In the case of electricity generation, two new business models were built for companies: generation with any fuel gas and photovoltaic solar energy generation.







# Duragas

Duragas markets liquefied petroleum gas for residential, commercial, industrial and vehicular use in 18 of the 24 provinces of Ecuador.

The company has four storage and packaging plants, totaling 11 tanks with a capacity to store 392 tons of LPG and a nominal packaging capacity of 4,800 cylinder per hour, in addition to a packaging service contract in two facilities owned by EP Petroecuador, with nominal capacities of 3,900 and 720 cylinders per hour, respectively.

These assets are in addition to two customer service offices in Guayaquil and Quito; approximately 4.9 million cylinders of its brand in the market; 834 distributors; and close to 16 thousand customers of bulk and piped gas. It is worth mentioning that all the company's facilities operate under the ISO 14001 international standard.

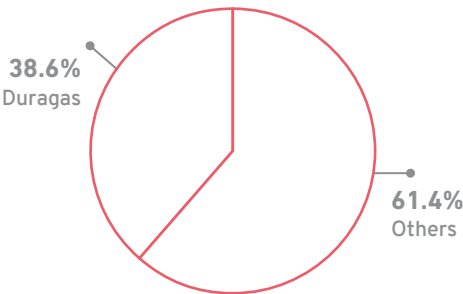
During fiscal year 2019, the company's sales volume reached 471 thousand tons of liquefied petroleum gas, up 3.2% from 2018, totaling a 38.6% market share and maintaining its leading position in the Ecuadorian market. This is explained by higher sales in bulk and bottled channels at 10.5% and 2.5%, respectively.

On the other hand, Duragas invested US\$ 5.9 million in various projects, including upgrades in the packaging facility in order to reduce lead times; increase in the number of cylinders; and computer systems upgrades to facilitate customer orders management, among other initiatives.

In addition, the company measured customers, authorities and communities' perception, through a survey program. The results showed that, out of a total of 12 attributes, safety and emergency response is one of the most valued attributes by the public, followed by adequate and continuous supply, and the company's environmental management.

As part of the regional initiatives of its parent Abastible, in 2019 Duragas continued the process of implementing the Operational Integrity Excellence Model (OIEM), the regional bidding of cylinders, and the implementation of the "Conectados" platform for people management, among other projects aimed at improving processes and ensuring excellence management aligned with the corporate objectives defined in Chile.

MARKET SHARE  
2019



Source: own estimates





## Solgas

Solgas markets liquefied petroleum gas for residential, industrial and automotive use in Peru.

It has eight packing plants, with a total capacity to process 1.5 thousand tons per day; a storage facility able to store 13.5 thousand tons; 500 distributors; 4.2 million cylinders; and more than 8 thousand tanks. In addition, it owns Solgas Amazonía, a company responsible for selling under the Amazon Law regime.

It is worth mentioning that the Callao storage plant is certified to ISO 9000, ISO 14000 and OHSAS 18000 international standards, and all its packaging plants are ISO 14000 certified. Additionally, the packaging plants located

in Piura, Chiclayo, Ventanilla, Arequipa, Pucallpa and Huancayo, are certified to OHSAS 18000.

During 2019, physical sales in the packaged, bulk and automotive segments were 402 thousand tons, 3.5% higher than the previous year, reaching a market share of 24.9%, 29.5% and 11.3%, respectively. For its part, sales of the wholesale segment were 167 tons, totaling 569 thousand tons per year.

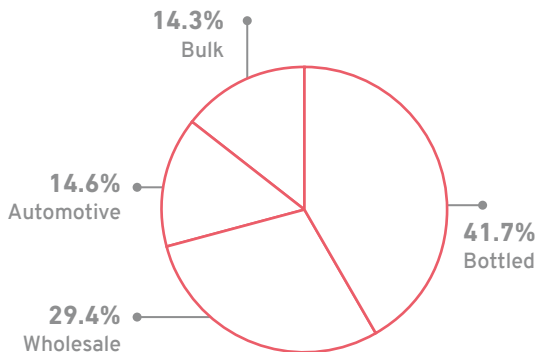
Its main competitors include Llamagas, Limagas, Zetagas, Primax/Pecsa, Andean Corporation, Costa Gas, Inti gas and Caxagas.

With regard to operations, Solgas increased the number of distributors and expanded storage

capacity of its plant, opening a third LPG storage sphere, which accounts for a 4.5 thousand tons increase in storage.

During 2019, Solgas retained its leadership in the Peruvian LPG market.

SALES PER PRODUCT  
2019



Total: 569 thousand tons





# Metrogas

Metrogas distributes natural gas in three regions of Chile, meeting the demand of its residential, commercial and industrial customers.

In the Metropolitan and O'Higgins regions, distribution is carried out through an underground network of gas pipelines spanning more than 5,600 kilometers. Meanwhile, in Los Lagos Region it uses virtual gas pipelines, that is, trucks carrying liquefied natural gas from the Quintero LNG Terminal to the regasification satellite plants, to be later delivered to the different customers through the supply network.

Metrogas closed 2019 with a portfolio of more than 765 thousand customers, up 5% from the previous period, driven by progress in its expansion plans in the residential,

commercial and industrial markets. In the financial area, EBITDA was Ch\$ 106,972 million, up 1.8% from 2018.

Physical sales were around 926 million m<sup>3</sup>, down 6% from the previous year. In the industrial segment, volume grew 2%, while in the residential-commercial sector it fell 3% due to higher temperatures in 2019 compared to the previous year.

During 2019, development of the Heating Plan continued, aimed at positioning natural gas as the best alternative to heat homes and other facilities. To this end, a comprehensive sales strategy was consolidated, combining competitive rates and joint work with 102 collaborating companies, leading to a 19% increase in heating systems

sales. This collaborative model encompasses small heating system installation companies, which are supported by Metrogas to grow their business providing tools to improve their commercial management, training and dissemination.

On the other hand, opening new offices allowed the company to better organize internal work and customer service. Since January 2019, the company has new premises for the technical area at the Las Parcelas branch; this adds to the modernization of warehouse and logistics at the facilities in the commune of Pudahuel. In Rancagua, a new office was also inaugurated to integrate the commercial and operational areas, in order to provide a better service to customers in the O'Higgins Region.





In January, the company connected its first customer in Puerto Varas, a city that joins Osorno and Puerto Montt. This milestone marks an important step in strengthening Metrogas presence in the Los Lagos Region, where it has become a key player in the decontamination of the air in southern Chile.

One of the most outstanding milestones in 2019 was the first natural gas-powered bus for the Metropolitan Mobility Network (RED), which thanks to its Near Zero engine allows it to reduce emissions of Particulate Matter (MP) by approximately 88%, while Nitrogen Oxide emissions would decrease by 98% compared to a diesel bus with similar characteristics. This action has reinforced Metrogas' position as a company that provides concrete

solutions to the decontamination of Santiago.

During 2019, Metrogas was recognized by the market, specialists and customers. For the fifteenth time, consumers recognized the company with the ProCalidad Award, in the Gas Meter category, a distinction that reinforces Metrogas' vocation to deliver quality service, positioning customers at the center. Additionally, it ranked first in the Regulated Services category in the "Most Innovative Companies Chile" Ranking, from the ESE Business School of the Universidad de los Andes, and was among the 20 most innovative companies in the country in the "Best Place to Innovate" ranking, from the Universidad Adolfo Ibáñez.



# Aprovisionadora Global de Energía

In 2016, Metrogas Extraordinary Shareholders Meeting unanimously approved splitting the company into two entities, separating the supply business from the natural gas distribution business. As a result, Aprovisionadora Global de Energía S.A. (AGESA) was born, whose corporate purpose is the purchase and supply of natural gas, wholesale gas sales to customers not subject to regulation and potential international purchases.

Businesses related to sales to electricity generating companies and natural gas distributors were transferred to the new company. The same happened with Empresa Chilena de Gas Natural S.A., which had the gas supply contract with Colbún S.A. and was also transferred to Aprovisionadora, and with the stakes in the associated companies GNL Quintero S.A., GNL Chile S.A., GasAndes Argentina, GasAndes Chile, and Andes Operaciones y Servicios S.A.

Metrogas has a long-term continuous gas supply contract with AGESA. The latter, in turn, has a contract with GNL Chile S.A., which allows it to source LNG from different parts of the world.









# Fisheries Sector





## Orizon

Orizon manufactures fishmeal and fish oil, frozen jack mackerel and preserved fish, sold mainly under the San José, Colorado and Wirenbo brands.

The company also imports and sells minced tuna under the San José and Colorado brands, as well as rice and legumes under the San José brand. Since 2018, it sells avocado pulp processed under high pressure from the Mexican-American company Megamex and products from U.S. producer General Mills, with its Nature Valley and Fiber One cereal bar brands, Haagen-Dazs ice cream, Betty Crocker mixes for baking, and Old El Paso Mexican tortillas and sauces.

In the city of Coronel, the company has two fishmeal and fish oil processing plants, with a total production capacity of 220 tons of raw material per hour; one canning plant with a capacity to produce 30 thousand boxes of 24 units of jack mackerel cans a day; one frozen food plant that produces 370 tons of frozen jack mackerel per day, and one value-added plant with a production capacity of 10 tons of frozen jack mackerel loins per day.

In the city of Coquimbo, the company's assets include a fishmeal and fish oil processing plant, with a production capacity of 70 tons of raw material per hour.

Additionally, it has an operating fleet of six owned vessels with cutting-edge technology, with 9 thousand m<sup>3</sup> storage capacity.

During 2019, the company's catches processed reached 231 thousand tons. Of this amount, 120 thousand tons were own catches, equivalent to 27.6% of industrial catches in the central-southern zone of the country, and 111 thousand tons were artisan catches.

In this scenario, fishmeal production reached 38 thousand tons, up 11.0% from 2018. Meanwhile, oil production totaled 11 thousand tons, 10.2% higher than the previous year. In terms of physical sales, these reached 36 thousand tons of fishmeal, 11 thousand tons of fish oil, 2.7 million boxes of preserves and 22 thousand tons of frozen.

In early 2019, the company signed a contribution agreement through a capital increase and supply contract with St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A., agreeing to consolidate its mitilde (mussels) production and processing, as well as marketing abroad. This consolidation was materialized through the contribution by Orizon S.A. to St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A. of the assets of this business (fixed assets including machinery and equipment from the

frozen food plant, stocks, biomass, concessions and land and inputs for production) for an amount of ThUS\$ 14,300, as payment of the capital increase agreed on this same date, in both receiving Companies, equivalent to 20% of their respective capital.

In terms of certifications, industrial jack mackerel fishery from the Atacama to Los Lagos Region obtained the Marine Stewardship Council (MSC) certification from independent organization Lloyd's Register. This seal guarantees sustainability, traceability and application of best practices by Chile, whose MSC logo may be used by producers on all products associated with this fishery. This certification was obtained for a period for 5 years.

Additionally, the fishmeal and fish oil plants in the cities of Coquimbo and Coronel maintain the IFFO-RS international certification, which aims to ensure sustainable management of renewable natural resources and catch compositions.

On the other hand, following the general trend in the industry, in 2019 Orizon experienced significant growth in the volumes of fish caught and the amount of product sold. This was also encouraged by favorable conditions of jack mackerel fishery, which has undergone a significant recovery. In fact, the

highest level of jack mackerel catches in the company's history was achieved, reaching 120 thousand tons, 12.7% higher than the previous season.

Also, Orizon revamped its frozen fish plant in Coronel, adding a fifth packing line, improving floor and sanitary filters infrastructure, in order to start up the production line of HGT and HG frozen jack mackerel to be sold in Peru, Colombia and Eastern Europe.

The above is added to the Continuous Improvement Project at the Canning Plant in Coronel, which started during the second half of the year, and is aimed at contributing to progressive improvement of profitability, safety, quality and productivity of the plant through the talent and knowledge of staff who works in the canning industry.

During 2019, the company made significant investments to make the operation of the Coquimbo plant profitable, recovering the daily raw material reception capacity and operating only in the months of the artisanal fishing season producing fishmeal and fish oil. In this same context, operational excellence programs were optimized at the Coronel Plant, in order to increase productivity of its ships and the capacity of the frozen product plant. This translates

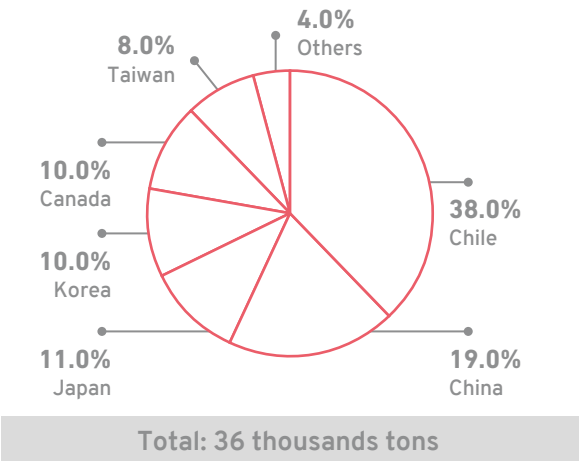
into higher profitability, lower costs and increased production.

In the food distribution business, greater efforts were made to further consolidate Orizon Foods. Along these lines, its organizational structure was completed and progress was made in strengthening its role as a premium food distributor, efforts that allowed this line of business to grow by 10% compared to the previous year.

Finally, Orizon started a collaborative working relationship

with the Technological Center for Food Innovation (CeTA by its Spanish acronym). This initiative, aimed at creating new value added meals at the national level, will allow the company to become part of the first center specialized in seafood in the Coquimbo Region, access new services for the development of products with added value and expand the range of products currently distributed by Orizon.

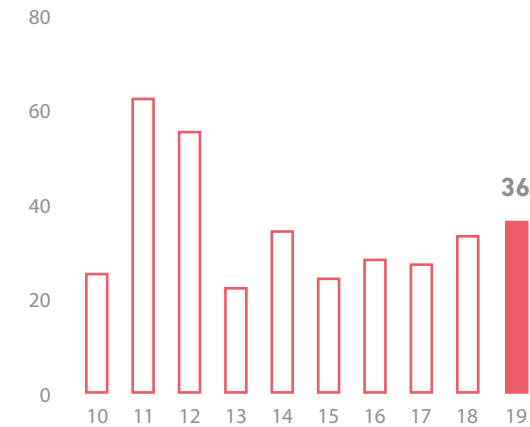
FISHMEAL SALES PER MARKET  
2019



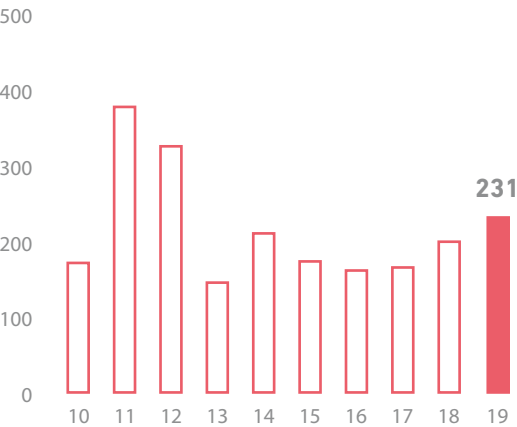




FISHMEAL SALES  
thousands tons



PROCESSED CATCH  
thousands tons



## Corpesca

Corpesca produces and sells fishmeal and fish oil in the domestic and international markets. In Chile, it is the leading fishing company, while in the world it accounts for nearly 3% of the global fishmeal production.

Corpesca has a fleet of 37 High Seas Fishing Boats registered in the Register of Tradable Fishing Licenses. These vessels total a storage capacity of 15 thousand m<sup>3</sup>, 2.6 thousand m<sup>3</sup> of which are refrigerated.

In addition, Corpesca has two fishmeal and fish oil processing facilities in Arica, two in Iquique and one in Mejillones. This add a total production capacity of 600 tons of raw material per hour and are supplied with own catches and from local artisanal fishermen.

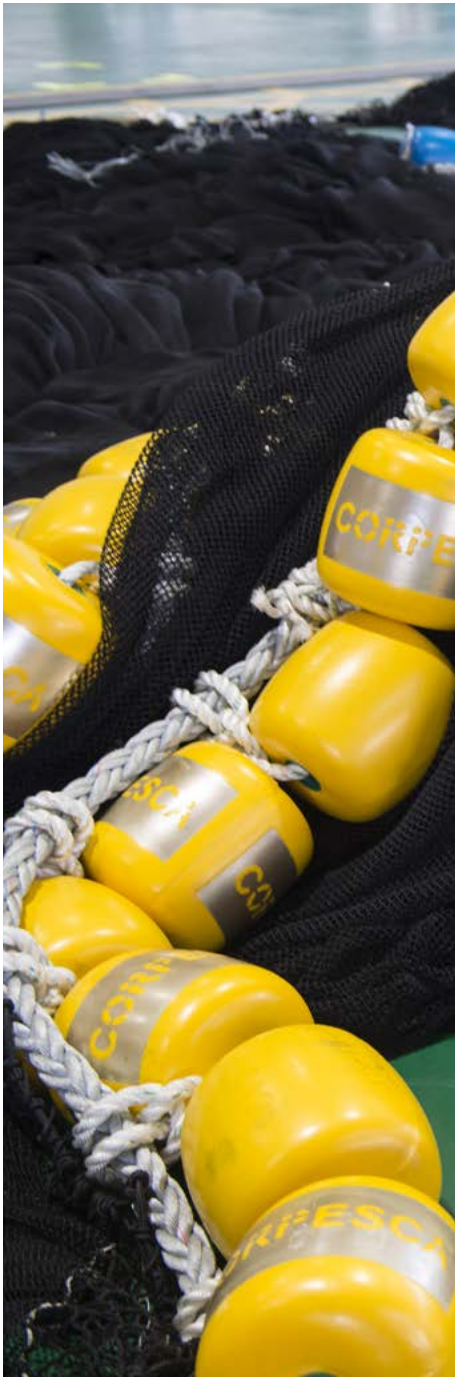
It also has canned and frozen food manufacturing facilities for human consumption in Iquique and a fishmeal and fish oil storage and distribution terminal in Puerto Montt.

Quality and sustainability at all stages of the production process are reflected in the company's various certifications. All its plants maintain current the HACCP (Hazard Analysis and Critical Control Points) quality assurance program, guaranteeing fishmeal and fish oil production free of any type of contamination.

Also, the company revalidated its international sustainability certifications IFFO RS and Friend of The Seas (FOS) for the anchovy fishery and its license to export fishmeal to China. Additionally, the Arica facility has the international quality certification GMP + B2 of the Product Board of Animal Feed, while in Iquique they have the certification of the first Clean Production Agreement of the coastal edge of that area, for its achievement of goals and actions set out therein.

During 2019, 500 thousand tons were captured, which represent a decrease of 21.5% compared to the volume registered in 2018. This lower catch is explained by the continued presence of juvenile anchovy specimens, which caused temporary closures of fishing grounds throughout the year. Of the total, 66.0% came from own catches and 34.0% from artisanal catches.

In this scenario, the company produced 112 thousand tons of fishmeal and fish oil, 25.0% less than 2018, with physical sales reaching 87.4 thousand tons, 32.5% lower than the previous year. Meanwhile, 68.0% of fishmeal sales were exported, mainly to Asia and Europe, and 90.0% of fish oil sales were sold in the European continent.









Among the year's major milestones, the division of the company Corpesca S.A. stands out with the creation of the company Inversiones Caleta Vitor S.A., where the assets of the businesses in Brazil, Germany and of the businesses associated with Kabsa S.A. were allocated.

With regard to operations, the Cooking and Pressing lines at the Arica Plant were automated, adding the latest technology available, which improves the quality of the final processes and products. Also, in this plant an automated system for packaging and palletizing of finished products was introduced.

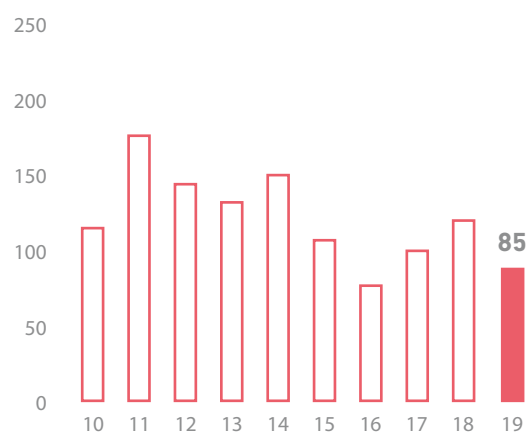
During 2019, the company continued its fleet modernization program, which consists of the implementation of a cold system in the ships holds, which allows for better fish preservation, and thus producing high quality fish meal. During the year this system was installed on a ship and it is expected to be implemented in two other ships during the next year, allowing to add another thousand m<sup>3</sup> of refrigerated holds to the fleet.

On the other hand, the Center for Applied Research of the Sea (CIAM by its Spanish acronym), an affiliate of Corpesca, together with Microsystem, developed the "Big Data and Artificial Intelligence for Sustainable Fisheries Management" project, based on a record of more than 10 years of information extracted and processed from the first three regions of the northern zone of Chile, which allows predicting the availability of resources and the changes it suffers due to oceanographic phenomena in order to help sustainable fishery management. This technological milestone makes navigation more efficient and reduces prospecting costs, since it integrates historical data with other biological, altimetric or climatic data to provide information on the conditions and distribution of fishing in a given area.

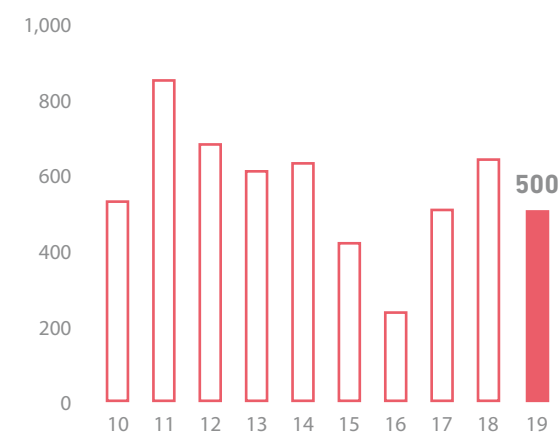
During the year, a 5-year agreement was signed with Engie to supply its operations in Arica and Iquique with 100% renewable energy, for an annual electricity supply of 30 GWh.

Finally, it should be noted that the "HuellaChile" program of the Ministry of the Environment granted Corpesca recognition for having reached the level of quantification of its direct, indirect and other indirect greenhouse gases at the organizational level, in accordance with the program requirements and NCh-ISO 14064: 2013/1.

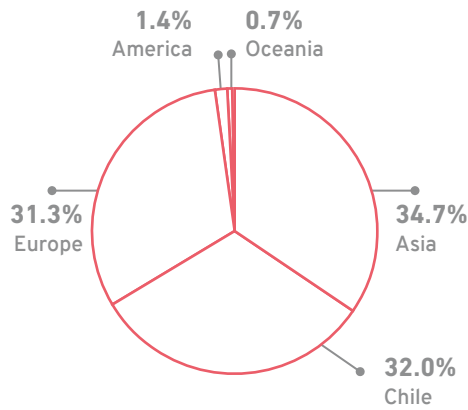
FISHMEAL SALES  
thousands tons



PROCESSED CATCH  
thousands tons



FISHMEAL SALES PER MARKET  
2019



Total: 85 thousands tons

FISHMEAL PRICE  
US\$/ton



Source: Bloomberg



## Golden Omega

With an 11-year history in the market, Golden Omega produces Omega-3 fatty acid concentrates from fish oil, products mainly sold in the United States, Europe and increasingly in Asia.

It is currently the only concentrating company located near the anchovy fishing area of the South Pacific. This translates into important competitive advantages, associated to the fact that its raw material is the richest in Omega-3, on the one hand, and that its geographical location allows it to have the shortest supply chain in the world, on the other.

Golden Omega has an industrial complex in Arica with a production capacity of 2,000 tons per year. Using two types of technology, one of them developed in Chile and patented worldwide, this facility produces products with concentrations ranging between 50% and 75% of high-quality Omega-3. Stand

out their neutral and stable organoleptic properties over time, along with an almost transparent and unique color in the market.

Additionally, all its productive processes are carried out in accordance with GMP Nutraceutical Good Manufacturing Practices. It also has the Friend of the Seas, IFFO RS and Dolphin-Safe certifications, related to the sustainable use of fishery resources, and Orivo, which certifies that raw materials used in the processes come from the anchovy of the South Pacific.

During 2019, Golden Omega experienced significant growth. Sales increased 26% from the previous year, reaching US\$ 34.2 million. The volume sold was 1,773 tons, a 28% increase. Of the total, 44.1% were sold in the United States; 44.1% in Europe; 4.2% in Korea; 2.3% in South Africa; 2.2% in Australia; and

3.1% in other markets, including Chile.

This performance was result of the implementation of a strategy defined in 2015, which includes the differentiating attributes of the product, added to positive market conditions derived from the growing scientific evidence on the benefits of Omega-3.

Also, the company added six new countries to its sales destinations, reaching a total of 72 direct customers. In addition, 163 brands (indirect customers) used Golden Omega products, 22 of which incorporated the company logo in their packaging as a quality symbol.

In February 2019, the US Food and Drug Administration (FDA) successfully inspected and “without observations” the facilities, production processes and quality systems of the Arica production plant, thus verifying compliance with CFR 117 regulations for





human food and 21 CFR 111 for dietary supplements.

In March, the company acquired 100% of the shares of Omega Tri AS, owner of the technology to manufacture GObtab powder. This acquisition strengthens Golden Omega's portfolio of solutions, by integrating both businesses into a common development strategy. This powder makes it possible for nutraceutical companies to produce compressed tablets rich in Omega-3 and incorporate it into multivitamin complexes. After the acquisition, it was called Golden Omega Norway SA.

On the other hand, a project to expand the facilities in Arica was approved. Once the process is

completed in 2021, total capacity of the plant is expected to be 2,400 tons of finished product.

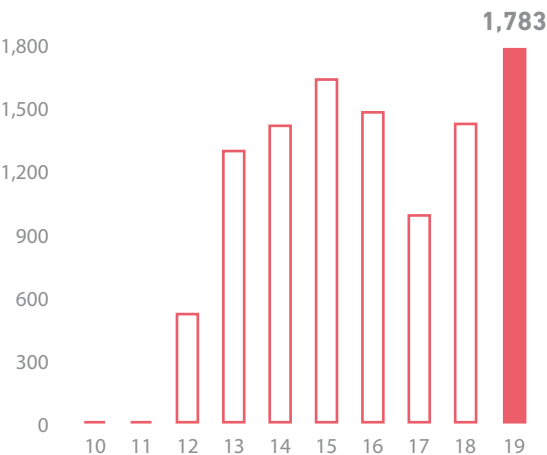
With regard to recognitions, the company won the "Innovation Initiatives Award", Research and Development category, granted by the innovation and digital transformation consultant Brinca, together with the Universidad de Desarrollo, to firms that promote a creative and innovative culture within the company.

Additionally, Golden Omega was distinguished among the six best Latin American inventions, which were protected through an invention patent or utility model, for the "Selective Crystallization" process, in a contest organized

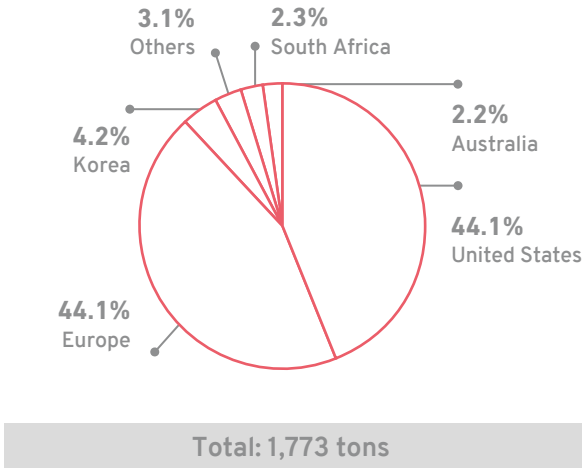
by the Cooperation Forum on Operational Information and Industrial Property Aspects.

Finally, the company was re-elected for a period of one year to serve as Vice President of the World Organization of Omega-3 EPA and DHA, an institution that brings together more than 190 entities in the industry, which seeks to promote the consumption of Omega-3 and define the highest quality standards for this type of products.

CONCENTRATES PRODUCTION OF OMEGA 3 tons



SALES PER MARKET 2019



## Caleta Vitor

Inversiones Caleta Vitor S.A.'s purpose is to make investments in shares of publicly held companies, rights and participations in all other types of companies dedicated on their own behalf or that of others to the production, purchase sale, distribution and marketing of protein foods in general, aquaculture activity and the provision of logistics services, in Chile and abroad.

To this company, which began operation on January 1, 2019, Corpesca's assets outside the strictly fishing business were allocated, mainly those from businesses in Brazil, Germany and those associated with Kabisa S.A.

During September 2019, the document called "Confirmation of Put Option Exercise" containing the terms of the transaction for the sale of 10% of the shares of Selecta, belonging to the subsidiary Corpesca do Brasil, was signed with the CJ Cheil Jedang Corporation group. In October

of the same year, meanwhile, the transfer of shares and the corresponding payment became effective, reaching an amount of ThUS\$ 40,602.

Additionally, Caleta Vitor kept its investment in Kabisa, with sales over 200 thousand tons of ingredients for the manufacture of products for the salmon industry.

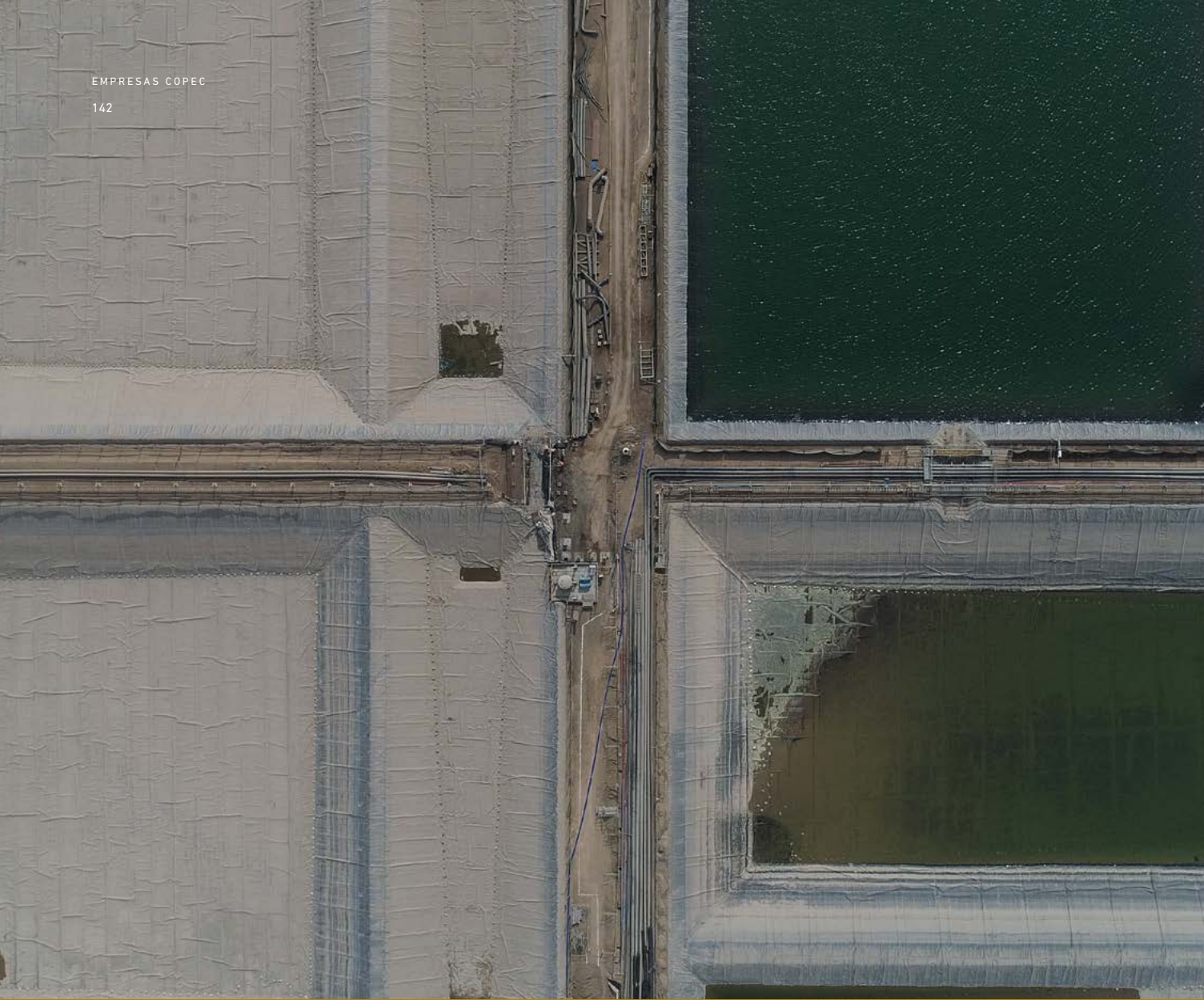
Meanwhile, FASA América Latina Participações Societárias S.A. consolidated its growth in 2019, processing 1,305 tons of waste from the swine, poultry and cattle industry in Brazil, which constitutes a third consecutive year with growth. Thus, it became the largest non-integrated company in this area.

Caleta Vitor's profit was ThUS\$ 30.006 in 2019.









# Other Investments

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# Alxar

Alxar is engaged in copper, gold and silver mining. For that purpose, it has properties in Chile and abroad and permanently analyzes both the acquisition of ongoing mining operations and the development of new projects.

The related company Alxar Internacional participates in 40% of the company Cumbres Andinas S.A.C, in Peru, which in turn owns 100% of the Mina Justa project, located in the Department of Ica, in the south of that country.

In Chile, Alxar owns mining properties in the north of the country, which include El Bronce mine, in the province of Petorca; and the Choquelimpie projects, in the province of Parinacota, and Sierra Norte, in the province of Chañaral.

It also has a plant near Copiapó to produce metal doré which is recovered from gold and silver

finest contained in minerals and tailings. It is worth mentioning that the El Bronce site and the Copiapó plant have closure plans approved by Sernageomin.

During 2019, the company's operations at the El Bronce site, owned by its affiliate Compañía Minera Can-Can S.A., and at the Rípios Filtrados Plant and Deposit, by its affiliate Compañía Minera Paso San Francisco S.A., are temporarily detained, so there was no commercial operation.

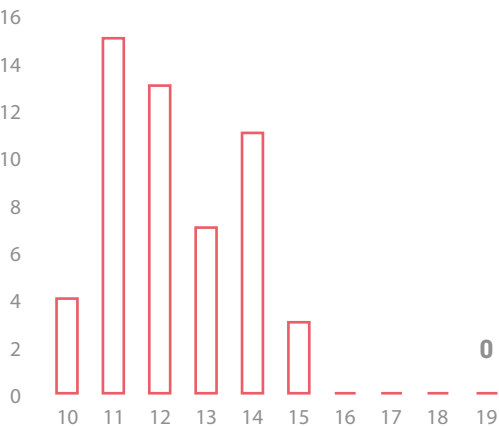
One of the most relevant milestones for Alxar in 2019 was completion of 75% of construction works related to Mina Justa, meeting scheduled deadlines. It should be noted that all the works have been carried out under the highest international environmental and safety standards, in coordination and collaboration with local communities and within the estimated budget.

This deposit has 432 million tons of copper resources, and once in full operation it will produce an annual average of more than 100 thousand tons of fine copper. The site is expected to come online by the end of 2020.

On the other hand, exploration campaigns have continued to develop in order to increase the project's resource base.

Environmental care is a priority for the Company, which is reflected in its sustainability strategy. In this context, studies and environmental safety measures submitted and included in mine site closure plans developed by the subsidiaries continued to be developed during the year.

SALES  
thousand of gold ounces equivalent



GOLD PRICE  
US\$/ounce



Source: Bloomberg

## Mina Invierno

Mina Invierno is a project for the extraction and marketing of sub-bituminous coal from Isla Riesco, located in the Magallanes Region, to supply various power generation plants, both in Chile and in other countries. The company, the result of a strategic alliance between Empresas Copec and Inversiones Ultraterra, owns the Adela, Elena, Río Eduardo and Invierno deposits.

Since its inception eight years ago, Mina Invierno has played a key role in the economic and social development of the Magallanes Region. Of the more than a thousand jobs created, around 90% are local labor and more than 200 regional SMEs contractors are part of this productive chain. On the other hand, it has made significant contributions to the collection of fossil material for the conservation and study of the paleobotanical heritage of the area; it has reforested more than 250 hectares with native forest; and it has revegetated about 50 hectares of dumps to integrate them into the natural landscape of the island.

During 2019, the operation of Mina Invierno was deeply impacted by a divided ruling of the Third Environmental Court of Valdivia, which prevents blasting as a complementary method for the extraction of sterile material.

The ruling, which overturns the resolution of the Environmental Assessment Service and dismisses the work of technical organizations, marks a worrying precedent for investment and development of future projects, directly damaging the mining industry, particularly in the Magallanes Region.

As a result, production could not be carried out as scheduled and extractive work was stopped in June. The rest of the year continued only with the extraction of the existing coal in Phase 10, already cleared, and other complementary tasks. However, they are also progressively ending, as the remnants of cleared coal are depleted and the last shipments associated with supply contracts in force are made, which are expected to conclude at the end of March 2020.

The extraction of sterile material fell by 77.5% and coal by 48.1%, while shipments dropped by 53.2% compared to what was forecasted for the year. All of this has translated into higher unit costs and lower income for the company, leading to a sharp reduction in personnel and third-party services.

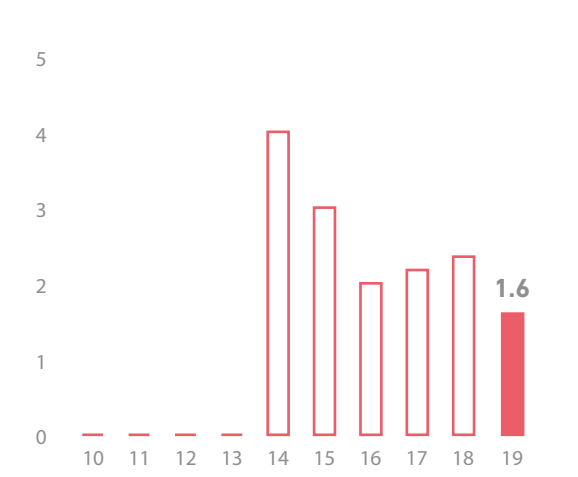
Faced with the technical and operational inability to extract sterile material to develop new

expansions, the company was forced to temporary shut down the mine and the port complex, meeting the requirements set out in the law governing the closure of mine sites and mining facilities.

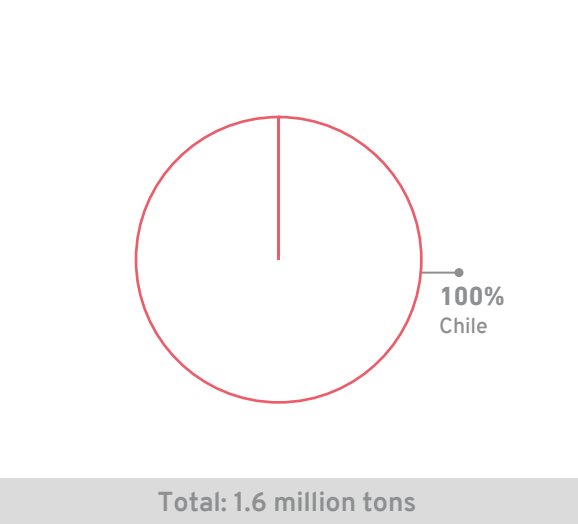
At the same time, the company continued to make efforts to reverse the unfavorable ruling of the Third Environmental Court of Valdivia at the Supreme Court of Justice, by filing an appeal in the form and substance, an action that has also been carried out by Mine Invierno workers and the Executive Directorate of the Environmental Assessment Service.



COAL PRODUCTION  
million tons



SALES PER MARKET  
2019





## Inmobiliaria Las Salinas

Inmobiliaria Las Salinas is developing a project to integrate a neighborhood with its surroundings, aimed at reincorporating the plot that formerly belonged to Las Salinas Plant, in Viña del Mar. The company is planning an urban development project to be a new sub-center for the city of Viña del Mar, under high standards of quality of life and public space.

The urban design and planning of this project have been developed by Sasaki Associates and local consulting firms in order to establish the general lines, specifications and standards for residential, commercial and public space use, allowing the new neighborhood to be incorporated

into the city. It should be noted that the project considers that about 40% of the plot is intended for public use areas, such as parks, paths, different types of roads and services.

The initiative is located on the coastal edge of the city, on an area of 16 hectares that formerly housed companies dedicated to storage and distribution of fuel. Therefore, the plot requires a sanitation process to allow the residential and commercial uses considered in the Communal Regulatory Plan.

The global decontamination project of contaminated soils has been formulated together with an outstanding group of

scientists from the Valparaíso Region, under agreements with the Universidad Técnica Federico Santa María and the Pontificia Universidad Católica de Valparaíso. It was decided that the most effective way to remedy the site, considering it's located in an urban environment, is on-site bioremediation, which consists of the acceleration of natural biodegradation processes, through the use of microorganisms that feed on organic pollutants, in this case, hydrocarbons.

This methodology is widely used in other countries, but so far it is unprecedented in Chile for a project of this magnitude.





In 2019, the company continued to manage the project's Environmental Impact Assessment (EIA) process. With this, it seeks to finalize the environmental remediation plan committed since 2001, the year in which an agreement was signed with the Municipality of Viña del Mar.

Also, after having submitted the Environmental Impact Study at the end of 2018, the company was part during 2019 of the Citizen Participation process (PAC by its Spanish acronym) organized by the Environmental Assessment Service (SEA), in order to report the details of the remediation project and answer inquiries from those who took part in meetings held in various sectors of the city of Viña del Mar.

Additionally, the year 2019 was marked by the work carried out with community leaders of the Santa Inés neighborhood, located to the east of the slope of the site, with whom a technical working group was formed on the possibilities provided by the Contributions to Public Spaces Law for the development of improvement works in the neighborhood, related to the execution of the urban project.

The year ended with the preparation of the Parque Las Salinas Contest. The idea arose in the Viña del Mar Urban Panel—supported by the company—and aims to open the design of the park included in the master plan, to a national or international

architecture office, through a transparent and participatory process at the local community level.

Lastly, it should be noted that the work carried out with the communities throughout the year changed the previous approach based on large-scale “urban dialogues” to a more focused work on interest groups and individuals both at the level of the territory neighboring the project and at the city level, thus managing to delve into the multiple aspects of a project of this magnitude and complexity.







03

# General Information

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# Empresas Copec and its shareholders

Empresas Copec is a publicly held company registered with the Securities Register under No. 0028 and is subject to the supervision of the Financial Market Commission.

The Company is controlled by AntarChile, a publicly held company registered with the Securities Register under

No. 0342 and is also subject to the supervision of the Financial Markets Commission.

As of December 31, 2019, Empresas Copec had 6,700 shareholders and 1,299,853,848 common shares, all of the same value. Meanwhile, 39.18% of the Company was not held by the controlling shareholder.

TWELVE LARGEST SHAREHOLDERS AS OF DECEMBER 31, 2019

Shareholder name	Taxpayer No.	No. of shares	%
AntarChile S.A.	96.556.310-5	790,581,560	60.82
Banco Santander – JP Morgan	97.036.000-K	34,583,410	2.66
Banco Itaú por Cuenta de Inversionistas	97.023.000-9	32,769,884	2.52
Forestal y Pesquera Callaqui S.A.	96.513.480-8	29,731,091	2.29
Viecal S.A.	81.280.300-K	29,439,066	2.26
AFP Habitat	98.000.100-8	27,276,231	2.10
Banco de Chile por Cuenta de Terceros	97.004.000-5	26,061,603	2.00
AFP Provida	98.000.400-7	26,045,136	2.00
Banchile Corredores de Bolsa	96.571.220-8	22,316,564	1.72
Minera Valparaíso S.A.	90.412.000-6	22,027,125	1.69
AFP Capital	98.000.000-1	21,345,973	1.64
AFP Cuprum	98.001.000-7	19,296,157	1.48
Subtotal		1,081,473,800	
Total Shares		1,299,853,848	



Controlling Shareholders

As of December 31, 2019, Empresas Copec S.A.'s controlling shareholder was publicly held company AntarChile S.A., taxpayer No. 96.556.310-5, owner of 60.82080% of Empresas Copec S.A.'s shares. Final controlling shareholders of AntarChile S.A. and, therefore, of Empresas Copec S.A., are Mr. Roberto Angelini Rossi, taxpayer No. 5.625.652-0, and Mrs. Patricia Angelini Rossi, taxpayer No. 5.765.170-9.

It is also put on record that some of the recently mentioned final controlling shareholders hold direct interests in Empresas Copec S.A., which are listed below: Mr. Roberto Angelini Rossi directly owns 0.00187% of Empresas Copec S.A.'s shares and Mrs. Patricia Angelini Rossi directly owns 0.00019% of Empresas Copec S.A.'s shares.

In addition, the following natural persons related by blood to the final controlling shareholders directly own the percentages of shares in Empresas Copec S.A. listed below: Mrs. Daniela Angelini Amadori, taxpayer No. 13.026.010-1: 0.00005%; Mr. Maurizio Angelini Amadori, taxpayer No. 13.232.559-6: 0.00005%; Mr. Claudio Angelini Amadori, taxpayer No. 15.379.762-5: 0.00005%; Mr. Mario Angelini Amadori, taxpayer No. 16.095.366-7: 0.00005%; Mr. Franco Roberto Mellafe Angelini, taxpayer No. 13.049.156-1:

0.00006%; Mr. Maximiliano Valdés Angelini, taxpayer No. 16.098.280-2: 0.00006%; and Mrs. Josefina Valdés Angelini, taxpayer No. 16.370.055-7: 0.00006%.

As mentioned above, AntarChile S.A. is controlled by its final controlling shareholders, with a formal joint action agreement, which contains no limitations on the free disposal of shares, who are the already listed Roberto Angelini Rossi and Patricia Angelini Rossi.

Control is exercised as follows:

- a. Shares directly owned by final controlling shareholders:
  - a.1) Mr. Roberto Angelini Rossi directly owns 0.2126% of shares issued by AntarChile S.A.
  - a.2) Mrs. Patricia Angelini Rossi directly owns 0.22661% of shares issued by AntarChile S.A.
- b. Shares indirectly owned through companies controlled by the final controlling shareholders:
  - b.1) Inversiones Angelini y Compañía Limitada, taxpayer

No. 93.809.000-9, directly owns 63.40150% of shares issued by AntarChile S.A. and indirectly owns, through its affiliate Inmobiliaria y Turismo Rio San José S.A., 0.07330% of shares in AntarChile S.A.

Inversiones Angelini y Compañía Limitada is controlled by the abovementioned final controlling shareholders, i.e., Mr. Roberto Angelini Rossi and Mrs. Patricia Angelini Rossi, as detailed below:

- 1. Mr. Roberto Angelini Rossi, directly 18.9659% and indirectly 16.99231%, through Inversiones Arianuova Limitada, taxpayer No. 76.096.890-0, of which he holds 99% of share capital.
- 2. Mrs. Patricia Angelini Rossi, directly 15.2968% and indirectly 13.6993%, through Inversiones Rondine Limitada, taxpayer No. 76.096.090-K, of which she holds 99% of share capital.
- 3. In addition, Mr. Roberto Angelini Rossi statutorily controls Inversiones Golfo Blanco Limitada, taxpayer No. 76.061.995-7, which owns 19.4397% of Inversiones Angelini y Compañía Limitada's share capital. Partners in Inversiones Golfo Blanco Limitada are: (i) Mr.

Roberto Angelini Rossi with 0.00011% of share capital; and (ii) Mr. Maurizio Angelini Amadori, taxpayer No. 13.232.559-6; Mrs. Daniela Angelini Amadori, Taxpayer No. 13.026.010-1; Mr. Claudio Angelini Amadori, taxpayer No. 15.379.762-5; and Mr. Mario Angelini Amadori, taxpayer No. 16.095.366-7, with 24.99997% of share capital each.

In addition, Mr. Patricia Angelini Rossi statutorily controls Inversiones Senda Blanca Limitada, taxpayer No. 76.061.994-9, which owns 15.6059% of share capital of Inversiones Angelini y Compañía Limitada. The partners in Inversiones Senda Blanca Limitada are: (i) Mr. Patricia Angelini Rossi with 0.00014% of share capital; and (ii) Mr. Franco Mellafe Angelini, taxpayer No. 13.049.156-1; Mr. Maximiliano Valdés Angelini, taxpayer No. 16.098.280-2; and Mrs. Josefina Valdés Angelini, taxpayer No. 16.370.055-7 with 33.33329% of share capital each.

**b.2)** In addition, the abovementioned Inversiones Golfo Blanco Limitada, taxpayer No. N°76.061.995-7, statutorily controlled by

Mr. Roberto Angelini Rossi, directly owns 5.77307% of AntarChile S.A. shares.

**b.3)** Finally, the abovementioned Inversiones Senda Blanca Limitada, statutorily controlled by Mrs. Patricia Angelini Rossi, directly owns 4.3298% of AntarChile S.A.’s shares.

In accordance with the above, AntarChile S.A.’s controlling group, defined above, holds a total interest of 74.01688%, directly and indirectly.

Finally, it is put on record that the abovementioned Inversiones Angelini y Compañía Limitada directly owns 0.15075% of Empresas Copec S.A.’s shares and indirectly owns, through its subsidiary Inmobiliaria y Turismo Rio San José S.A., 0.04934% of Empresas Copec S.A.’s shares.

Other Majority Shareholders

The following shareholders control directly or through some type of relationship between them, more than 10% of the voting capital of the company:

Shareholder name	Taxpayer No.	No. of shares	%
Forestal y Pesquera Callaqui S.A.	96.513.480-8	29,731,091	2.29
Viecal S.A.	81.280.300-K	29,439,066	2.26
Minera Valparaíso S.A.	90.412.000-6	22,027,125	1.69
Forestal y Pesquera Copahue S.A.	79.770.520-9	18,692,371	1.44
Servicios y Consultoría Ltda.	93.865.000-4	15,446,423	1.19
Forestal, Constructora y Comercial del Pacífico Sur S.A.	91.553.000-1	10,638,898	0.82
Cominco S.A.	81.358.600-2	5,513,550	0.42
Coindustria Ltda.	80.231.700-K	2,523,163	0.19
Inmobiliaria Choapa S.A.	83.104.400-4	2,209,330	0.17
Inmobiliaria Rapel S.A.	83.104.700-3	1,164,237	0.09
Agrícola e Inmobiliaria Las Agustinas S.A.	83.104.900-6	422,717	0.03
Inmobiliaria Bureo S.A.	83.164.900-3	275,500	0.02
Forestal Bureo S.A.	87.014.900-K	13,743	0.00
Others		1,507,995	0.12
Total		139,605,209	10.74

All these shareholders belong to the same business group (Matte Group), controlled by means of a formal joint control and participation agreement with respect to Forestal O'Higgins S.A. and other companies. It is expressly stated that the abovementioned joint control and participation agreement contains limitations on the free disposal of shares. The following members of the Larraín Matte, Matte Capdevila and Matte Izquierdo families are behind the controlling shareholder, in the following manner and proportions:

Patricia Matte Larraín, taxpayer No. 4.333.299-6 (6.49%) and her children: María Patricia Larraín Matte, taxpayer No. 9.000.338-0 (2.56%); María Magdalena Larraín Matte, taxpayer No. 6.376.977-0 (2.56%); Jorge Bernardo Larraín Matte, taxpayer No. 7.025.583-9 (2.56%); Jorge Gabriel Larraín Matte, taxpayer No. 10.031.620-K (2.56%).

Eliodoro Matte Larraín, taxpayer No. 4.436.502-2 (7.15%) and his children: Eliodoro Matte Capdevila, taxpayer No.

13.921.597-4, (3.26%); Jorge Matte Capdevila, taxpayer No. 14.169.037-K (3.26%); María del Pilar Matte Capdevila, taxpayer No. 15.959.356-8 (3.26%).

Bernardo Matte Larraín, taxpayer No. 6.598.728-7 (8.05%) and his children: Bernardo Matte Izquierdo, taxpayer No. 15.637.711-2 (3.35%); Sofía Matte Izquierdo, taxpayer No. 16.095.796-4 (3.35%); Francisco Matte Izquierdo, taxpayer No. 16.612.252-K (3.35%).



Stock Market Information

During 2019, Empresas Copec was listed on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange, under ticker symbol COPEC, as detailed below:

Quarter	Year	Units	Amount (THCH\$)	Avegare (CH\$)
First	2018	39,085,386	383,546,200	9,813.03
Second	2018	40,656,312	402,195,333	9,892.57
Third	2018	31,861,070	325,355,939	10,211.71
Fourth	2018	37,097,529	348,827,371	9,402.98
First	2019	31,919,509	283,740,184	8,889.24
Second	2019	33,404,193	256,880,009	7,690.05
Third	2019	39,364,684	261,325,103	6,638.57
Fourth	2019	47,164,666	318,948,522	6,762.45

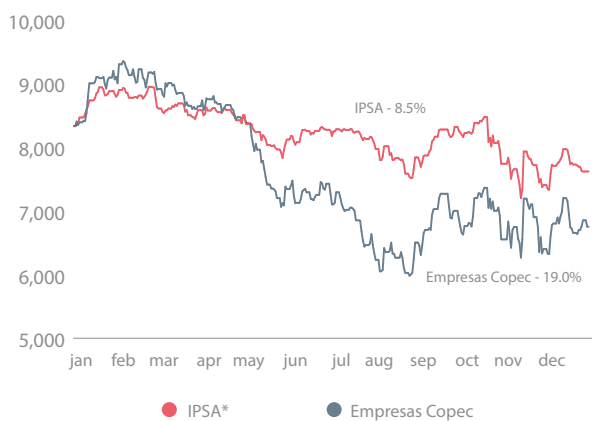
Specifically, in the Santiago Stock Exchange, the Company has a 100% market presence and is a member of the following indices: S&P/CLX IGPA, S&P/CLX IPSA, S&P/CLX IGPA Energy, S&P/CLX IGPA LargeCap and Dow Jones Sustainability Index Chile.

Meanwhile, in the Chilean Electronic Stock Exchange, the Company has a 100% market presence and is part of the following indexes: Chile65, Chile Large Cap and Materiales.

Additionally, in 2019, Empresas Copec was selected to join major international sustainability indexes such as the Dow Jones Sustainability Index Chile, Dow Jones Sustainability MILA Index, FTSE4Good Index and the MSCI Sustainability Index.

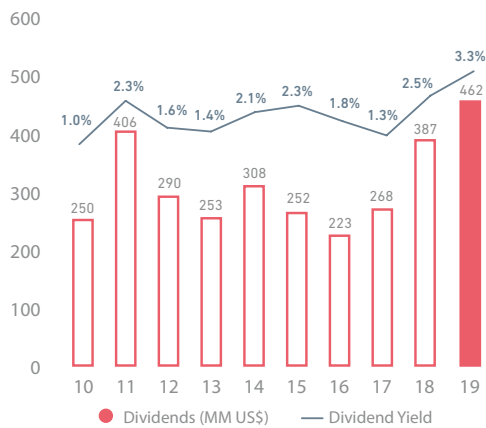
On the other hand, the stock price experienced the following behavior on the Santiago Stock Exchange compared to the SPCLXIPSA stock index during 2019:

EMPRESAS COPEC STOCK PRICE VS. IPSA YEAR



\* Ipsa based on Empresas Copec 2018 closing price

DISTRIBUTED DIVIDENDS AND DIVIDEND YIELD  
amounts expressed in million dollars



Transfers

Changes in ownership interests of the largest shareholders in Empresas Copec from December 31, 2018 to December 31, 2019 are as follows.

Shareholder name	Taxpayer No.	No. of shares	
		2019	2018
Banco de Chile por Cuenta de Terceros	97.004.000-5	26,061,603	39,471,051
Banco Santander – JP Morgan	97.036.000-K	34,583,410	37,224,834
Banco Itaú por Cuenta de Inversionistas	97.023.000-9	32,769,884	35,376,515
AFP Habitat	98.000.100-8	27,276,231	28,322,052
AFP Provida	98.000.400-7	26,045,136	23,286,560
AFP Capital	98.000.000-1	21,345,973	20,657,859
Banchile Corredores de Bolsa S.A.	96.571.220-8	22,316,564	19,976,124
AFP Cuprum	98.001.000-7	19,296,157	19,629,428

Directors and Senior Executives' Equity Ownership

Empresas Copec does not set limits on Directors and Senior Executives' equity ownership. However, with the aim of guaranteeing to all agents of the stock market the correct symmetry in access and use of public information, and to prevent insider information from being used for personal benefit, blackout periods are established where purchasing or selling Company shares is not allowed.

As of December 31, 2019, equity interests held, directly and indirectly, by Directors and senior executives of Empresas Copec S.A. were as follows:

Directors:

- A. Mr. Jorge Andueza Fouque directly owns 108 shares accounting for 0.000% of Empresas Copec and participates in companies that own 77,343 shares accounting for 0.006% of the company.
- B. Mr. Roberto Angelini Rossi directly owns 24,242 shares accounting for 0.002% of Empresas Copec and participates in companies that own the company as reported in "Controlling Shareholders."
- C. Mr. Manuel Bezanilla Urrutia does not directly own shares in Empresas Copec and participates in companies that own 137,327 shares accounting for 0.011% of the company.
- D. Mr. Andrés Bianchi Larre does not directly own shares in Empresas Copec and does not participate in companies that own the company.
- E. Mr. Gabriel Bitrán Dicowsky does not directly own shares in Empresas Copec and does not participate in companies that own the company.
- F. Mr. Juan Edgardo Goldenberg Peñafiel directly owns 10,000 shares accounting for 0.001% of Empresas Copec and participates in companies that own 4,541 shares accounting for 0.000% of the company.
- G. Mr. Arnaldo Gorziglia Balbi directly owns 10,000 shares accounting for 0.001% of Empresas Copec.
- H. Mr. Andrés Lehuedé Bromley directly owns 9,290 shares accounting for 0.001% of Empresas Copec.
- I. Mr. Francisco León Délano does not directly own shares in Empresas Copec and does not participate in companies that own the company.



## Senior Executives:

- A.** a) Mr. Eduardo Navarro Beltrán does not directly own shares in Empresas Copec and does not participate in companies that own the company.
- B.** b) Mr. José Tomás Guzmán Rencoret directly owns 5,399 shares accounting for 0.000% of Empresas Copec and participates in companies that own 710,174 shares accounting for 0.055% of the company.
- C.** c) Mr. Rodrigo Huidobro Alvarado directly owns 1,067 shares accounting for 0.000% of Empresas Copec.
- D.** d) Mr. Jorge Ferrando Yáñez does not directly own shares in Empresas Copec and does not participate in companies that own the company. Additionally, his spouse under the joint property regime, Ms. María Cristina Silva Méndez, owns 2,552 shares accounting for 0.000% of Empresas Copec.
- E.** e) Mr. Cristián Palacios González does not directly own shares in Empresas Copec and does not participate in companies that own the company.
- F.** f) Mrs. Pamela Harris Honorato does not directly own shares in Empresas Copec and does not participate in companies that own the company.
- G.** g) Mr. Ricardo Vargas Bernal owns directly 42 shares accounting for 0.000% of Empresas Copec and participates in companies that own 400 shares accounting for 0.000% of the company.
- H.** h) Mrs. Francisca Riveros does not directly own shares in Empresas Copec and does not participate in companies that own the company.
- I.** i) Mr. Sebastian Dittborn does not directly own shares in Empresas Copec and does not participate in companies that own the company.

Profit Sharing

As of December 31, 2019, subscribed and paid-in capital of the Company amounted to US\$ 686,113,724.13 distributed in 1,299,853,848 subscribed and paid up shares.

Meanwhile, as of December 31, 2019, profit was US\$ 172,019,267.69, which is proposed to be distributed as follows:

Profit Sharing	US\$
To cover definitive dividend No. 38, of US \$ 0.042500 per share, to be distributed	55,243,788.54
To remaining balance of retained earnings fund	116,775,479.15
<b>Total Profit for the Year</b>	<b>172,019,267.69</b>

Should the Shareholders' Meeting approve the proposed distribution, composition of equity accounts shall be as follows:

Final Composition of Equity Accounts	Thousand US\$
Paid-up capital	686,114
Other reserves	(1,302,233)
Retained earnings	11,283,478
<b>Total Equity</b>	<b>10,667,359</b>

At a meeting of the Company's Board of Directors, held on March 26, 2020, the agreement to modify the Company's Dividend Policy was adopted, in terms of reducing from 40% to 30% the percentage of the year's net profits to be distributed as dividend. On the other hand, and as is customary, in October or November of each year the Board of Directors will decide on the possibility of distributing an interim dividend, to be paid out in December, provided that positive results are expected for year-end and that the Company's cash available permits. The reduction in the percentage of profits to be distributed as a dividend is due to the need to strengthen Empresas Copec S.A. liquidity position, against a backdrop marked by heavy investments and various sources of financial uncertainty affecting global and local economy.

The modification of the aforementioned Policy will be applicable to the dividend to be distributed against profits for the year 2019 and for the years to come.

This agreement is expected to have a positive effect on the financial situation of the Company.

Therefore, the Board of Directors has agreed to propose to the Ordinary General Shareholders' Meeting the distribution of a final dividend of US\$ 0.042500 per share. This amount shows a total dividend distribution of US\$ 55.2 million, accounting for 30.01% of the net profit for the fiscal year 2019, according to the following detail:

Distribution of dividends	Thousand US\$
Earnings for the year according to Statement of Financial Position	172,019
Adjustment to distributable earnings	12,087
<b>Distributable net income</b>	<b>184,106</b>
30% legal minimum dividend	55,232
<b>Cash dividends:</b>	
Final proposed by the Board of Directors to be distributed of US\$ 0.042500 per share	55,244
<b>Total dividends for results for 2019 financial year</b>	<b>55,244</b>
<b>Dividend payout ratio</b>	<b>30.01%</b>

In the coming years, the Board of Directors intends to propose to the shareholders the distribution, as a final dividend, of 30% of the net profits obtained therein.

Dividends	Date	US\$ / share
Final N° 29	May 2015	0.142471
Interim N° 30	December 2015	0.059027
Final N° 31	May 2016	0.105473
Interim N° 32	December 2016	0.066178
Final N° 33	May 2017	0.106800
Interim N° 34	December 2017	0.099326
Final N° 35	May 2018	0.147374
Interim N° 36	December 2018	0.150377
Final N° 37	May 2019	0.205335
Final N° 38	May 2020	0.042500





Relevant Facts

During financial year 2019, the Parent Company and its affiliates informed the Financial Market Commission of the following relevant or essential facts:

I. PARENT COMPANY

1. On January 25, 2019 the following information was provided:

"The undersigned, in his role as CEO of the publicly traded company called EMPRESAS COPEC SA, both domiciled in the Santiago Metropolitan Region, Avenida El Golf No. 150, 17th floor, Las Condes district, registered with the Securities Registry with No. 0028, taxpayer No. 90,690,000-9, duly empowered by the Board of Directors, informs you the following essential information regarding the Company, its businesses, its public offering prices or their offer, pursuant to provisions of article 9 and subsection 2 of article 10, both of Law 18,045, and in General Regulation No. 30 of that Commission:

In a communication of "Essential Fact", sent today by our affiliate Celulosa Arauco y Constitución S.A. ("Arauco"), it was reported that in December 2017 its subsidiaries Inversiones Arauco Internacional Limitada ("Arauco Internacional") and AraucoMex, S.A. de C.V.

("AraucoMex") had agreed with the Chilean company Masisa S.A. ("Masisa") the purchase of all the shares in Masisa's Mexican subsidiaries called Maderas y Sintéticos de México, S.A. de C.V. ("Masisa México"), Maderas y Sintéticos Servicios, S.A. de C.V., Masisa Manufactura, S.A. de C.V., Placacentro Masisa México, S.A. de C.V. and Masnova Química, S.A. de C.V. (all of them jointly "Masisa's Mexican Subsidiaries".)

It was added that today, Arauco Internacional and AraucoMex signed with Masisa an amendment to the aforementioned purchase agreement for all the shares of Masisa's Mexican Subsidiaries. The agreed price was set in the amount of US\$ 160,000,000, payable at the closing thereof, scheduled for next January 31.

The main assets that Arauco will acquire under the deal include two industrial complexes located in Durango and Zitácuaro, which together have three particleboard lines (PB) with a total installed capacity of 339,000 m<sup>3</sup> per year; an MDF board line with an installed capacity of 220,000 m<sup>3</sup> per year; melamine coating lines with a total installed capacity of 309,000 m<sup>3</sup> per year; a chemical plant with an installed capacity of 60,000 tons of resins and 60,600 tons of formalin per year; and impregnation lines with an installed capacity of 28.9 million m<sup>2</sup> per year. In addition, Masisa

México is the lessee of a chemical plant in Lerma, with an annual installed capacity of 43,200 tons of resins and 21,600 of formalin.

The deal was approved by the antitrust authority of Mexico (Comisión Federal de Competencia Económica, or "COFECE"), which was one of the conditions precedent that had been established in the purchase agreement of December 2017. Upon completion, Arauco will have an installed capacity to manufacture panels in excess of 10 million m<sup>3</sup>, consolidating its position as the world's largest producer in this area.

Arauco estimates that this Project will have positive effects on the Company's results, notwithstanding that at the moment these effects are not quantifiable".

2. On March 28, 2019, the following information was provided:

"The undersigned, in his role as CEO of the publicly traded company called Empresas Copec SA, both domiciled in Santiago, Avda. El Golf No. 150, 17th floor, Las Condes district, taxpayer No. 90,690,000-9, informs the following essential information regarding the Company, its businesses, its public offering prices or their offer, pursuant to provisions of

article 9 and subsection 2 of article 10, both of Law 18,045:

At a Board meeting held today, it was unanimously agreed to propose to the Ordinary General Shareholders' Meeting of the Company, scheduled for next April 24, payment of the mandatory minimum final dividend as indicated below, which will be charged to the profits for the year ended December 31, 2018, against the results for that year:

- Dividend No. 37, of US\$ 0.2053353 per share, single series.

The dividend will be paid in pesos, national currency, at the "observed dollar" exchange rate, published in the Official Gazette on May 3, 2019.

The aforementioned dividend constitutes income for the shareholders. The Company will timely determine and communicate the dividend credit to which shareholders taxpayers of Global Complementary Tax and Additional Tax are entitled to.

If approved by the Board of Directors, the aforementioned dividend will be paid as of May 9, 2019, from 9:00 a.m., at the Company's Stock Department, by SerCor S.A., located at Avda. El Golf No. 140, Las Condes District, which usually is open Monday to Friday, from 9:00 a.m. to 5:00 p.m. Should the shareholders request it to the Company, the aforementioned

dividend will be deposited in their banking account or a check will be mailed, as applicable.

If the aforementioned dividend is approved by the Board of Directors, shareholders who are registered with the Shareholders' Register of the Company at midnight on May 3, 2019 may be entitled to it.

The notice informing Shareholders of the resolution by the Ordinary General Meeting regarding this dividend, will be published in the April 30, 2019 issue of newspaper "El Mercurio" of Santiago.

The distribution of the aforementioned dividend does not affect the Company's financial situation.

The information herein has an essential nature, as established by Superintendence of Securities and Insurance Circular Letter No. 660 of 1986.

This communication is signed by the Company's CEO Mr. Eduardo Navarro Beltrán, duly authorized by the Company's Board for this purpose".

### 3. On April 8, 2019, the following information was provided:

"I hereby inform you that on April 24, at 11:30 am, in the Sofofa Auditorium Hall, located in Avenida Andrés Bello No.

2,777, 2nd floor, Las Condes District, Santiago, our company will hold an Ordinary General Shareholders' Meeting, where the following matters will be discussed:

a) Submit for the decision of the meeting the Company's Financial Statements as of December 31st, 2018, the Board of Directors' Annual Report, and reporting on the progress of the company's businesses; b) Account for the operations carried out by the Company referred to in Title XVI of Law No. 18,046; c) Set the remuneration of the Board of Directors for the next financial year; d) Set the remuneration and expenditure budget of the Committee, referred to in article 50 bis of Law No. 18,046, accounting for its activities and its annual management report; e) Appoint External Auditors and Risk Rating Agencies; and f) Discuss any other matter of business interest within the competence of this type of meeting.

As of April 12th, of this year, shareholders will find the Company's Financial Statements closed at December 31st, 2018, with their explanatory notes and the report of the external auditors, on the Company's Website <https://www.empresascopec.cl/wp-content/uploads/2019/04/EEFF2018.pdf>.



Pursuant to second subparagraph of article 59 of Law No. 18,046, the rationale for the options regarding the appointment of external auditors, to be submitted to the Meeting, has also been included on the website [www.empresascopec.cl](http://www.empresascopec.cl). Shareholders may obtain a copy of it from the Company's website.

As agreed by the Company's Board of Directors at a Meeting held last March 28, payment of minimum mandatory final dividend No. 37, of US\$0,2053353 per share, will be proposed to the Ordinary General Shareholders' Meeting mentioned above. The dividend will be paid in pesos, national currency, at the "observed dollar" exchange rate, published in the Official Gazette on May 3th, 2019. The dividend will be paid in cash, charged to the profits of the financial year closed December 31, 2018, against the results of this financial year. This

dividend constitutes income for the shareholders. The Company will timely determine and communicate the dividend credit to which shareholders, taxpayers of the Global Complementary Tax and Additional Tax, are entitled to.

Payment of the aforementioned dividend as of May 9, 2019, at the Company's Stock Department, located in Avenida El Golf N° 140, Las Condes District, which usually is open Monday to Friday, from 9:00 am to 5:00 pm, will be proposed to the Board. Should a shareholder request it to the Company, the aforementioned dividend will be deposited in a banking account or a check will be mailed, as applicable.

If the aforementioned dividend is approved by the Board, under the terms mentioned above, those Shareholders registered with the Shareholders' Registry

of the Company by midnight on May 3th, 2019 may be entitled to it.

For the purposes of the aforementioned dividend, I hereby inform you that a total of 1,299,853,848 shares, of a single series, are entitled to it.

Shareholders registered with the relevant Registry by midnight, next April 16th, may be entitled to participate in the Meeting. Calls to this meeting will be published in the newspaper "El Mercurio" of Santiago, on April 8, 15 and 22, 2019.

The Company will send to the Financial Market Commission a digitized copy of the Annual Report for the year 2018, through the SEIL module of the entity, pursuant to General Rule No. 30, of 1989".





**4. On December 23, 2019, the following information was provided:**

"The undersigned, in his role of CEO of the publicly traded company called EMPRESAS COPEC S.A. ("Empresas Copec" or the "Company"), both domiciled in the Metropolitan Region of Santiago, Avenida El Golf No. 150, 17th floor, Las Condes District, registered with the Securities Registry with No. 028, taxpayer No. 90,690,000-0, duly empowered by the Board of Directors, informs you the following essential information regarding the Company, its businesses, its public offering prices or their offer, pursuant to the provisions of article 9 and subsection 2 of article 10, both of Law 18,045, and in General Regulation No. 30 of that Financial Market Commission:

On December 20, 2019, Compañía de Petróleos de Chile Copec S.A. ("Copec") and Abastible S.A. ("Abastible"), both subsidiaries of Empresas Copec (the "Subsidiaries"), together with Esmax Inversiones S.A., Empresa Nacional del Petróleo S.A. and Empresa Nacional de Energía Enx S.A., have informed the Chairman of the Board of Directors of Sociedad Nacional de Oleoductos S.A. ("SONACOL") that a mandate was awarded to Goldman Sachs, in its capacity as an investment bank, in order to structure and lead a process to assess the sale of all the shares in SONACOL that they respectively own, in a competitive sales process.

In the same notice, it was reported that the aforementioned shareholders, owners of 100% of SONACOL shares, signed,

also on December 20, 2019, an Agreement to Assess an Eventual Sale, which sets out a number of obligations and rights for the same shareholders in relation to this process.

The sale is expected to be carried out within a period of 14 months from December 20, 2019.

In this regard, it is noted that the Subsidiaries jointly hold a 52.8% interest in SONACOL, 40.8% for Copec and 12% for Abastible.

If the eventual sale of the shares held by the Subsidiaries in SONACOL takes place, it is expected to have positive effects for the Subsidiaries and for Empresas Copec, notwithstanding that at the moment they are not possible to quantify".

**II. AFFILIATE:  
CELULOSA ARAUCO Y  
CONSTITUCIÓN S.A.**

**1. On January 22, 2019, the following information was provided:**

"The undersigned, on behalf of the corporation called Celulosa Arauco y Constitución S.A., hereinafter the "Company" or "Arauco", both domiciled in the Metropolitan Region of Santiago, Avenida El Golf No. 150, 14th floor, Las Condes District, registered with the Securities Registry with No. 42, taxpayer No. 93,458,000-1, duly empowered, informs you the following essential information regarding the Company and its businesses, pursuant to the provisions of article 9 and subsection 2 of article 10, both of Law 18,045, and in General Regulation No. 30 of that Commission:

At Arauco's Board meeting held today, January 22, 2019, it was agreed to update the Manual for the Handling of Information of Interest to the Market approved on March 29, 2010.

The updated Manual is available to Arauco shareholders in the Corporate Offices and on the company's website [www.arauco.cl](http://www.arauco.cl)".

**2. On January 25, 2019, the following information was provided:**

"The undersigned, on behalf of the corporation called Celulosa Arauco y Constitución S.A., hereinafter the "Company" or "Arauco", both domiciled in the Metropolitan Region of Santiago, Avenida El Golf No. 150, 14th floor, Las Condes District, registered with the Securities Registry with No. 42, taxpayer No. 93,458,000-1, duly empowered, informs you the following essential information regarding the Company and its businesses, pursuant to the provisions of article 9 and subsection 2 of article 10, both of Law 18,045, and in General Regulation No. 30 of that Superintendence:

On December 19, 2017, Arauco reported, as an Essential Fact, that its subsidiaries Inversiones Arauco Internacional Limitada ("Arauco Internacional") and AraucoMex S.A. de C.V. ("AraucoMex"), had agreed with the Chilean company Masisa S.A. ("Masisa"), the purchase of all the shares in Masisa's Mexican subsidiaries called Maderas y Sintéticos de México, S.A. de C.V. ("Masisa México"), Maderas y Sintéticos Servicios, S.A. de C.V., Masisa Manufactura, S.A. de C.V., Placacentro Masisa México, S.A. de C.V. and Masnova Química, S.A. de C.V.

On this date, Arauco Internacional and AraucoMex have signed with Masisa, an amendment to the aforementioned purchase agreement for all the shares of the aforementioned companies Masisa México, Maderas y Sintéticos Servicios, S.A. de C.V., Masisa Manufactura, S.A. de C.V., Placacentro Masisa México, S.A. de C.V. and Masnova Química, S.A. de C.V. (the "Amended Agreement").

The price of the deal, according to the Amending Agreement, has been set in the amount of US\$ 160,000,000, payable upon closing thereof, scheduled for next January 31.

The main assets to be acquired under the deal include two industrial complexes located in Durango and Zitácuaro, which together have three particleboard lines (PB) with a total installed capacity of 339,000 m<sup>3</sup> per year; an MDF boards line with an installed capacity of 220,000 m<sup>3</sup> per year; melamine coating lines with a total installed capacity of 309,000 m<sup>3</sup> per year; a chemical plant with an installed capacity of 60,000 tons of resins and 60,600 tons of formalin; and impregnation lines with an installed capacity of 28.9 million m<sup>2</sup> per year. In addition, Masisa México is the lessee of a chemical plant in Lerma, with an installed capacity of 43,200 tons of resins and 21,600 of formalin.

The deal was approved by the antitrust authority of Mexico (Comisión Federal de Competencia Económica, or “COFECE”), which was one of the conditions precedent that had been established in the purchase agreement of December 2017.

Upon completion, Arauco will have an installed capacity to manufacture panels in excess of 10 million m<sup>3</sup>, consolidating its position as the world’s largest producer in this area.

Arauco estimates that this deal will have positive effects on the Company’s results, notwithstanding that at the moment these effects are not quantifiable”.

**3. On January 31, 2019, the following information was delivered:**

“The undersigned, on behalf of the corporation called Celulosa Arauco y Constitución S.A., hereinafter the “Company” or “Arauco”, both domiciled in the Metropolitan Region of Santiago, Avenida El Golf No. 150, 14th floor, Las Condes District, registered with the Securities Registry with No. 42, taxpayer No. 93,458,000-1, duly empowered, informs you the following essential information regarding the Company and its businesses, pursuant to the provisions of article 9 and

subsection 2 of article 10, both of Law No. 18,045, and in General Regulation No. 30 of that Superintendence:

As stated in Essential Fact sent to that Commission on January 25, we hereby inform you that the acquisition by the Company’s subsidiaries, Inversiones Arauco Internacional Limitada and AraucoMex, SA de C.V., of all the shares of Masisa S.A.’s Mexican subsidiaries called Maderas y Sintéticos de México, S.A. de C.V., Maderas y Sintéticos Servicios, S.A. de C.V., Masisa Manufactura, S.A. de C.V., Placacentro Masisa México, S.A. de C.V. and Masnova Química, S.A. de C.V. has been completed today.

The deal price, amounting to US\$ 160,000,000, has been paid on this date.

The main assets acquired include two industrial complexes located in Durango and Zitácuaro, which together have three particleboard lines (PB) with a total installed capacity of 339,000 m<sup>3</sup> per year; an MDF board line with an installed capacity of 220,000 m<sup>3</sup> per year; melamine coating lines with a total installed capacity of 309,000 m<sup>3</sup> per year; a chemical plant with an installed capacity of 60,000 tons of resins and 60,600 tons of formalin; and impregnation lines with an installed capacity of 28.9 million

m<sup>2</sup> per year. In addition, Masisa México is the lessee of a chemical plant in Lerma, with an installed capacity of 43,200 tons of resins and 21,600 of formalin.

With this deal, Arauco has an installed capacity to manufacture panels in excess of 10 million m<sup>3</sup>, consolidating its position as the world’s second largest producer in this area.

As stated in the aforementioned Essential Fact, Arauco estimates that this transaction will have positive effects on the Company’s results, notwithstanding that at the moment these effects are not possible to quantify”.

**4. On April 25, 2019, the following information has been provided:**

“The undersigned, on behalf of the corporation called Celulosa Arauco y Constitución S.A. (the “Company” or “Arauco”), both domiciled in the Metropolitan Region of Santiago, Avenida El Golf No. 150, 14th floor, Las Condes District, registered with the Securities Registry with No. 42, taxpayer No. 93,458,000-1, duly empowered, informs you the following essential information regarding the Company and its businesses, pursuant to the provisions of article 9 and subsection 2 of article 10, both of Law No. 18,045, and in General



Regulation No. 30 of the Financial Market Commission.

Today, Celulosa Arauco y Constitución S.A. has set the price and conditions of two series of bonds to be issued in the United States of America on April 30, 2019, a series maturing on April 30, 2029 (the 10-year Series), and the other series maturing on April 30, 2049 (the 30-year Series).

The issue amount for the 10-year Series is US\$ 500,000,000, and for the 30-year Series it is also US\$ 500,000,000, totaling an amount of US\$ 1,000 .000.000. Interest rate is 4.250% per year for the 10-year Series, while for the 30-year Series it is 5.500% per year. Principal will be paid upon the corresponding maturity dates for the bonds of the corresponding Series, while interest will be paid semi-annually.

Proceeds from the sale will be used for the following:

1. To partially finance the Arauco Mill Modernization and Extension Project (MAPA Project).
2. To pay the price for the repurchase of (i) bonds issued by the Company at a rate of 7.250% maturing in 2019, and (ii) bonds issued by Arauco at a rate of 5,000% maturing in 2021; that they were validly offered by the holders of these bonds and

whose repurchase was accepted by Arauco, all by virtue of tender offers carried out by the Company in recent days. An amount of approximately US\$ 100,000,000 will be earmarked to these items.

3. For other general corporate purposes of the Company.

In pursuance of provisions of Circular 1072, dated May 14, 1992, of the Superintendence of Securities and Insurance, currently the Financial Market Commission, we accompany "Essential Fact on Overseas Bonds Issue Form".

A copy of the contracts that will govern the placement, as well as the laws and regulations of the United States of America governing the matter, will be sent to you as soon as they are available.

We believe that the information contained herein should have positive economic effects for the Company in the future, although they are not yet quantifiable".

**5. On October 7, 2019, the following information has been provided:**

"The undersigned, on behalf of the closely held corporation called Celulosa Arauco y Constitución S.A., hereinafter the "Company" or "Arauco", both domiciled in the Metropolitan Region of Santiago, Avenida El

Golf No. 150, 14th floor, Las Condes District, registered with the Securities Registry with No. 42, taxpayer No. 93,458,000-1, duly empowered, informs you the following essential information regarding the Company and its businesses, pursuant to the provisions of article 9 and subsection 2 of article 10, both of Law No. 18,045, and in General Regulation No. 30 of that Commission:

In a Board of Directors meeting held today, it was agreed to call an Extraordinary Shareholders Meeting for October 28, 2019, at 9:30 am, at the Company's offices on Avenida El Golf No. 150, floor 14th, Las Condes district, Santiago.

The Meeting will discuss the proposal made by the Board of Directors to amend the Company's bylaws, to establish that the Ordinary Shareholders' Meeting will determine the distribution of the profits for the year, without being subject to the 30% minimum distributable set out in the Corporations Law. For this purpose, it is proposed to replace article thirty-six of the bylaws.

The above is intended to give greater flexibility to the statutory rules regarding the distribution of dividends, so that the distribution

agreements are consistent with the development of the company and its investment policy”.

**6. On October 24, 2019, the following information was provided:**

“The undersigned, on behalf of the corporation called Celulosa Arauco y Constitución S.A. (the “Company” or “Arauco”), both domiciled in the Metropolitan Region of Santiago, Avenida El Golf No. 150, 14th floor, Las Condes District, registered with the Securities Registry with No. 42, taxpayer No. 93,458,000-1, duly empowered, informs you the following essential information regarding the Company and its businesses, pursuant to the provisions of article 9 and subsection 2 of article 10, both of Law No. 18,045, and in General Regulation No. 30 of that Financial Market Commission:

Today, Celulosa Arauco y Constitución S.A. has set the price and conditions of two series of bonds called “sustainability” (that is, related to environmental and social projects) that will be issued in the United States of America on October 29, 2019; one series maturing on January 29, 2030 (the “10-year Series”), and the other maturing on January 29, 2050 (the “30-year Series”).

The issue amount for the 10-year Series is US\$ 500,000,000, as well as for the 30-year Series, which is also US\$ 500,000,000, totaling an amount of US\$ 1,000,000.000. Interest rate is 4.20% per year for the 10-year Series, while for the 30-year Series it is 5.15% per year. Principal will be paid upon the corresponding maturity dates for the bonds of the corresponding Series, while interest will be paid semi-annually.

Proceeds from the sale will be used for the following:

1. To partially finance the Arauco Mill Modernization and Extension Project (MAPA Project).
2. To pay the price for the repurchase of (i) bonds issued by the Company at a rate of 5.000% maturing in 2021, and (ii) bonds issued by Arauco at a rate of 4,750% maturing in 2022; that they were validly offered by the holders of these bonds and whose repurchase was accepted by Arauco, all by virtue of tender offers carried out by the Company in recent days. An amount of approximately US\$ 175,000,000 will be earmarked to these items.
3. To other capital management activities of the Company, with the balance to be held in cash and/or cash equivalent and/or invested in other short-term liquid investments.

As stated, the bonds resulting from the issue are classified as “sustainable”, since regardless of the use of the funds described in the previous paragraph, Arauco will earmark an amount equivalent to the proceeds from the issuance and placement, to finance or refinance, wholly or partly, one or more green (environmental) and social projects selected for the purposes of the issue, in accordance with the Sustainability Bond Framework to be adopted by the Company and to be published on its website.

The aforementioned green and social projects may include (i) projects with disbursements made within the 36 months preceding the proposed bond issue; and (ii) projects with disbursements to be made after the aforementioned issue, and until the maturity date of the bonds.

In pursuance of provisions of Circular 1072, dated May 14, 1992, of the Superintendence of Securities and Insurance, currently the Financial Market Commission, we accompany ‘Essential Fact on Overseas Bonds Issue Form’.

A copy of the contracts that will govern the placement, as well as the laws and regulations of the United States of America governing the matter, will be sent to you as soon as they are available.

We believe that the information contained herein should have positive economic effects for the Company in the future, although they are not yet quantifiable”.

**7. On October 28, 2019, the following information was provided:**

“The undersigned, on behalf of the closely held corporation called Celulosa Arauco y Constitución S.A., hereinafter the “Company” or “Arauco”, both domiciled in the Metropolitan Region of Santiago, Avenida El Golf No. 150, 14th floor, Las Condes District, registered with the Securities Registry with No. 42, taxpayer No. 93,458,000-1, duly empowered, informs you the following essential information regarding the Company and its businesses, pursuant to the provisions of article 9 and subsection 2 of article 10, both of Law No. 18,045, and in General Regulation No. 30 of that Commission:

Complementing the information provided in Essential Fact dated October 7, 2019, we inform you that the Company’s Extraordinary Shareholders Meeting, to which the Essential Fact refers, approved today an amendment to article thirty-sixth of the articles of incorporation to state that the Ordinary Shareholders' Meeting will determine the distribution of the profits for the year on an annual basis, without being subject to the 30% minimum distributable amount set out in the Corporations law”.





### III. AFFILIATE: PESQUERA IQUIQUE-GUANAYE S.A.

#### 1. On April 8, 2019, the following information was provided:

"I hereby inform you that on April 23, at 4:30 p.m., at Avenida El Golf No. 150, 16th floor, Las Condes district, Santiago, our company will hold an Ordinary General Shareholders' Meeting, where the following matters will be addressed: a) Decide on the Company's Financial Statements as of December 31, 2018, the Annual Report of the Board of Directors and give an account on the progress of the businesses; b) Election of the Company's Board of Directors; c) Set the remuneration of Board Members for the next year; d) Give an account on the operations carried out by the Company referred to in Title XVI of Law No. 18,046; e) Appoint External Auditors;

and f) Discuss any other matter of business interest within the competence of this type of Meeting.

As of April 12 of the present year, shareholders will find the Company's Financial Statements closed as of December 31, 2018, with their explanatory notes and the report from the external auditors, on the Company's website, <https://www.igemar.cl/#inversionistas>.

Pursuant to second subparagraph of article 59 of Law No. 18,046, the rationale for the options regarding the appointment of external auditors to be submitted to the Board of Directors has also been included on the website [www.igemar.cl](http://www.igemar.cl). Shareholders may obtain a copy of it on the Company's website.

A digitized copy of the Annual Report for the year 2018 will

be sent to the Financial Market Commission through the SEIL module of the Superintendence, pursuant to General Regulation No. 30, of 1989.

Shareholders registered with the Company's Registry by midnight, next April 15, may be entitled to participate in the Meeting. Calls to this meeting will be published in "La Segunda" of Santiago newspaper, on April 8, 15 and 22, 2019."



**IV. AFFILIATE:  
SOCIEDAD NACIONAL DE  
OLEODUCTOS S.A.**

- 1.** On March 1, 2019, the following information was delivered:

“Hereby, and pursuant to provisions of article No. 9 and the second paragraph of article No. 10 of the Securities Market Law and in General Rule No. 30 of that commission, and being duly authorized for this purpose, I wish to inform, as an Essential Fact regarding the Company, the following:

In accordance with provisions of article No. 63 of Law 18,046 on Corporations, we inform you that at a Board meeting held on February 22, 2019, an Ordinary Shareholders' Meeting was called for March 29 at 8:15 am, to be held at the company's headquarters, in Avenida Isabel La Católica 4472, Las Condes, Santiago.

The following subjects will be addressed:

- a) Approval of the balance sheet, financial statements and the company's annual report as of December 31, 2018.
- b) Profit distribution for the year ended December 31, 2018, amounting to Ch\$ 23,543,432,217, proposing the Board of Directors

to earmark total profit to dividend distribution, first covering interim dividends for a total of Ch\$ 18,280,969,401 agreed to be paid by the Board of Directors in such capacity at its sessions held on July 27, 2018 and November 30 of the same year; and the amount of Ch\$ 5,262,462,816 to be distributed as a final dividend, at a price of Ch\$ 52,624,628 per share.

c) Report of external auditors, and appointment of external auditors for the year 2019.

d) Information on dividend policy agreed by the Board for the year 2019.

e) Report on operations with related parties, pursuant to Chapter XVI of Law No. 18,046 on corporations.

f) Total renewal of the Board of Directors to fill the vacancy caused by the resignation of board members, in compliance with the provisions of article sixth of the bylaws.

g) Set the amount of the fees that the Chairman of the Board of Directors and the Directors should receive, for the period from April this year and the date of the next 2020 Ordinary Shareholders' Meeting. And,

h) Other matters of interest within the competence of this type of Meeting".

## 2. On March 29, 2019, the following information was provided:

"Pursuant to articles 9 and 10 of the Securities Market Law 18,045 and section II of General Regulation No. 30, and being duly empowered, I hereby inform you, as an essential fact, that in the twenty-first Ordinary Shareholders Meeting of the company, held today, Friday, March 29, 2019, the following agreements were adopted:

1. The annual report, the balance sheet, the financial statements and the report of the external auditors for the fiscal year from January 1 to December 31, 2018 were approved.

2. It was agreed to distribute all profits for the 2018 fiscal year, for an amount of Ch\$ 23,543,432,217 for dividend distribution, first covering those dividends that, as interim, were distributed during the fiscal year ended on December 31, totaling Ch\$ 18,280,969,401; and distribute the balance of Ch\$ 5,262,462,816, as a final dividend, at a price of Ch\$ 52,624,628 per share. Payment to shareholders will be made on April 26, 2019.

3. PricewaterhouseCoopers Consultores Auditores SpA, PwC, was appointed as external auditors for the year 2019.

4. The Board of Directors was completely renewed, being elected the following persons:

Mr. Fernando Prado Álvarez, as principal director, and his alternate director Mr. Juan Carlos Balmaceda Peñafiel;

Mr. Lorenzo Gazmuri Schleyer, as principal director, and his alternate director Mr. Alfredo Jalón Ovalle;

Mr. Arturo Natho Gamboa, as principal director, and his alternate director Mr. Juan Diuana Yunis;

Mr. Alejandro Palma Rioseco, as principal director, and his alternate director Mr. Alejandro Álvarez Larca;

Mr. Juan Juanet Rodríguez, as principal director, and his alternate director Mrs. doña Patricia Figueroa Mandiola;

Mr. Alberto Corona Campodónico, as principal director, and his alternate director Mr. Pablo Munita Del Solar;

Mr. Pedro Barría Schulz, as principal director, and his alternate director Mr. Jorge Lembeye Illanes;

Mr. Nicolás Correa Ferrer, as principal director, and his alternate director Mr. Alan Sherwin Lagos; and

Mr. Joaquín Cruz Sanfiel, as principal director, and his alternate director Mr. José Odone Odone.



5. Directors' remuneration for the year 2019 was set.

6. The dividend policy for the year 2019 was reported, which will consist of distributing on August 27 as interim dividend No. 1 profits earned as of June 30 of this year; then, distribute on December 26 as interim dividend No. 2 profits earned as of September 30, less the amount paid as dividend No. 1; and finally distribute on April 27, 2020 profits earned as of December 31, 2019, less the interim dividends numbers 1 and 2 previously paid. This policy constitutes an intention, and payment will be approved by the Board of Directors, according to the financial situation and availability of funds of the company.

7. Operations or transactions with related parties, referred to in article 147 of Law 18,046 on Public Limited Companies, were reported.

8. El Mercurio newspaper was selected for the publications to be made by the Company.

At Sonacol Board Session No. 253 held on March 29, 2019, the Board of Directors appointed Mr. Fernando Prado Álvarez as Chairman and Rafael Mackay Jarpa as its Secretary.

**3. On July 26, 2019, the following information was provided:**

"Hereby, pursuant to provisions of article 9 and second paragraph of article 10 of Law 18,045 on the Securities Market, and in General Regulation No. 30 of the Superintendence of Securities and Insurance, currently Financial Market Commission, being duly empowered for this purpose, I inform you, as an Essential Fact, that at the Board Meeting held today, July 26, 2019, in view of the resignation of directors Alberto Corona Campodónico and his alternate Pablo Munita del Solar, it was unanimously agreed to appoint Mr. Juan Jaime Besa Bandeira as principal director and Mr. Pablo Munita del Solar as his alternate, who will be in office until the next Ordinary Shareholders Meeting.

Therefore, and for the term stated above, members of the Board of Directors will be:

1) Fernando Prado Álvarez, as principal director, and his alternate director Juan Carlos Balmaceda Peñañiel.

2) Lorenzo Gazmuri Schleyer, as principal director, and his

alternate director Alfredo Jalón Ovalle.

3) Arturo Natho Gamboa, as principal director, and his alternate director Juan Diuana Yunis.

4) Alejandro Palma Rioseco, as principal director, and his alternate director Alejandro Álvarez Larca.

5) Juan Juanet Rodríguez, as principal director, and his alternate director Patricia Figueroa Mandiola.

6) Juan Jaime Besa Bandeira, as principal director, and his alternate director Pablo Munita del Solar.

7) Pedro Barría Schulz, as principal director, and his alternate director Jorge Lembeye Illanes.

8) Nicolás Correa Ferrer, as principal director, and his alternate director Alan Sherwin Lagos. And,

9) Joaquín Cruz Sanfiel, as principal director, and his alternate director José Odone Odone".

**4. On September 27, 2019, the following information was provided:**

"Hereby, pursuant to provisions of Article 9 of Law 18,045 on the Securities Market and General Regulation No. 30, issued by that Commission, being duly empowered, I inform the following essential fact:

On this date, the Board of Directors took note and decided to accept the resignations of principal director Pedro Barría Schulz and his alternate director Mr. Jorge Lembeye Illanes.

Pursuant to the bylaws, the Board of Directors decided to appoint Mr. Pedro Echeverría Faz to replace him as director, until the next Ordinary Shareholders' Meeting, where the Board will be renewed".

**5. On December 23, 2019, the following information was provided:**

"The undersigned, duly empowered, in his role as CEO of the corporation named Sociedad Nacional de Oleoductos SA, hereinafter also the "Company", both domiciled at Av. Isabel La Católica No. 4472, Las Condes district, informs you the following ESSENTIAL FACT regarding the Company and its businesses,

pursuant to provisions of article 9 and subsection 2 of article 10°, both of Law No. 18,045, and Section 11, paragraph 1, letter 2.2.A of the General Regulation No. 30 of the Financial Market Commission:

On December 20, 2019, the shareholders of the Company, Compañía de Petróleos de Chile Copec S.A., Esmax Inversiones S.A., Abastible S.A., Empresa Nacional del Petróleo S.A. and Empresa Nacional de Energía Enx SA, holders of 100% of the Company's shares, awarded a mandate to Goldman Sachs, as an investment bank, to structure and lead a process to assess the sale of all shares in Sociedad Nacional de Oleoductos SA that they respectively own in a competitive sales process. In addition, it was reported that the aforementioned shareholders of the Company signed on December 20, 2019 an Agreement to Assess a Potential Sale, which sets out a number of obligations and rights for the same shareholder in relation to the assessment process.

The sale is expected to be carried out within a period of 14 months from December 20, 2019".

Subsequent Facts

After December 31, 2019, the Parent Company reported the following essential fact to the Financial Market Commission:

I. PARENT COMPANY

1. On March 3, 2020, the following information was provided:

“The undersigned, in his role as CEO of the publicly traded company called Empresas Copec S.A., both domiciled in the Santiago Metropolitan Region, Avenida El Golf No. 150, 17th floor, Las Condes district, registered with the Securities Registry with No. 0028, taxpayer No. 90,690,000-9, duly empowered by the Board of Directors, informs you the following essential information regarding the Company, its businesses, its public offering prices or their offer, pursuant to provisions of article 9 and subsection 2 of article 10, both of Law 18,045, and in General Regulation No. 30 of the Financial Market Commission:

At its session yesterday, the Board of Directors of associate Inversiones Laguna Blanca S.A. (parent company of Mina Invierno S.A. and related companies) approved

its Financial Statements as of December 31, 2019, in which an impairment charge was recorded that impacted items including “property, plant and equipment”, “coal stocks” and “recoverable taxes”, among other. This charge derived from an impairment test carried out by the management of the associate to its assets, in the wake of the new operational and commercial scenario faced, mainly resulting from restrictions imposed by judicial decisions, a final resolution on one of them yet to be made.

In this context, and given restrictions to extract sterile material to develop new expansions, the aforementioned company has not been able to participate in coal supply tenders, being forced to halt operations.

Given its 50% stake in Inversiones Laguna Blanca S.A., Empresas Copec must record in its Financial Statements for the 2019 financial year a one-off negative result of nearly US\$ 122 million”.

2. On March 26, 2020, the following information was provided:

“The undersigned, in his role as CEO of the publicly traded

company Empresas Copec S.A., both domiciled in the Santiago Metropolitan Region, Avenida El Golf No. 150, 17th floor, Las Condes district, taxpayer No. 90,690,000-9, informs the following essential information regarding the Company, its businesses, its public offering prices or their offer, pursuant to provisions of article 9 and subsection 2 of article 10, both of Law 18,045:

In the Company's Board of Directors session, held today, the following agreements were adopted:

a) Modification of the Dividend Policy:

Modify the Company's Dividend Policy to reduce from 40% to 30% the percentage of net profit for the year to be distributed as dividend. On the other hand, and as is customary, in October or November of each year the Board of Directors will decide on the possibility of distributing an interim dividend, to be paid in December, provided that positive results are expected for year-end and the Company's cash availability permits it. The reduction in the percentage of profits to be distributed as a dividend is due to the need to strengthen Empresas Copec S.A.'s liquidity position, in a scenario of strong investment





and various sources of financial uncertainty affecting the global and local economy.

The modification of the aforementioned Policy will be applicable to the dividend to be distributed against profits for the year 2019 and for the years to come.

This agreement is expected to have a positive effect on the financial situation of the Company.

b) Dividend Proposal to the Ordinary General Shareholders Meeting

It was also agreed to propose to the Company's Ordinary General Shareholders' Meeting, scheduled for next April 22, payment of the minimum mandatory final dividend that will be stated below, charged to the profits for the year ended 31 December 2019, against the results of that year:

- Dividend No. 38, of US\$ 0.0425 per share, single series.

The dividend will be paid in pesos, the national currency, at the "observed dollar" exchange rate, published in the Official Gazette on May 8, 2020.

The aforementioned dividend constitutes income for the

shareholders. The Company will determine and timely inform the credit to which shareholders taxpayers of Global Complementary Tax and Additional Tax are entitled to.

The aforementioned dividend, if approved by the Board of Directors, shall be paid from May 14, 2020, starting at 9:00 am, at the Company's Stock Department, by SerCor S.A., located in Avda. El Golf No. 140, Las Condes district, which usually is open Monday to Friday, from 9:00 a.m. to 5:00 p.m. Should shareholders request it to the Company, the aforementioned dividend will be deposited in their banking account or a check will be mailed, as applicable.

If the aforementioned dividend is approved by the Board of Directors, shareholders who are registered with the Shareholders' Register of the Company at midnight on May 8, 2020 may be entitled to it.

The notice informing Shareholders of the resolution by the Ordinary General Meeting regarding this dividend, will be published in the May 6, 2020 issue of newspaper "El Mercurio" of Santiago.

The distribution of the aforementioned dividend does not significantly affect the Company's financial situation.

The information herein has an essential nature, pursuant to article 9 and subsection 2 of article 10, both of Lay No. 18,045 the Securities Market; and Circular Letter No. 660 of 1986 of the Financial Market Commission.

This communication is signed by the Company's CEO Mr. Eduardo Navarro Beltrán, duly authorized by the Company's Board for this purpose".

**II. AFFILIATE:  
CELULOSA ARAUCO Y  
CONSTITUCIÓN S.A.**

**1. On January 31, 2020, the following information was provided:**

"The undersigned, on behalf of the corporation called Celulosa Arauco y Constitución S.A. (the "Company" or "Arauco"), both domiciled in the Metropolitan Region of Santiago, Avenida El Golf No. 150, 14th floor, Las Condes District, registered with the Securities Registry with No. 42, taxpayer No. 93,458,000-1, duly empowered, informs you the following essential information regarding the Company and its businesses, pursuant to the provisions of article 9 and subsection 2 of article 10, both of Law No. 18,045, and in General Regulation No. 30 of the Financial Market Commission

On this date, the Board of Directors of Celulosa Arauco y Constitución S.A., in knowledge of the decision regarding profit

distribution by the Extraordinary General Meeting of Shareholders held last October 28, where the Company's bylaws were amended, agreed to amend the Company's dividend policy, to, notwithstanding the powers of the Shareholders' Meeting to set the share of the profits for the year that will be distributed as a dividend, with respect to the results of financial years 2019 and 2020, it will be proposed not to distribute dividends, due to the financial requirements that the Company has for the coming months, especially those related to the MAPA Project."









# General Background

## Committee of Directors

In accordance with circular letter No. 1,956 of the Financial Market Committee, the Board of Directors appointed at the ordinary meeting held on April 26, 2018 the persons who make up the Directors Committee referred to in article 50 bis of Law No. 18,046. The members named on this occasion were Andrés Bianchi Larre, Juan Edgardo Goldenberg Peñafiel and Gabriel Bitrán Dicowsky. It is worth mentioning that the latter has the status of Independent Director and was appointed Chairman of the Committee.

During fiscal year 2019, the Committee dedicated itself to fulfilling its duties and exercising the powers set out in the Law, which, among other things, included examining the reports submitted by the external auditors, the quarterly financial statements, the remuneration systems and compensation schemes for chief managers and senior executives; and, finally, examining information regarding the transactions referred to in Title XVI of Law No. 18,046 on Public Companies. In this last point, it should be noted that the Committee analyzed the transactions referred to in the aforementioned Title, verifying that those transactions are in accordance with market conditions.

## Meeting No. 120, held on March 6, 2019

- 2018 Financial Statement and External Auditors' Report
  - It is agreed to approve 2018 financial statement, and the corresponding External Auditors' Report.
- Agreements with Related Companies
  - Transactions with related companies for the year 2018 are reviewed, without comment.
  - It is agreed to propose to the Board of Directors the approval of fees for the appointment of a Antitrust Compliance Officer, a service provided by Portaluppi Guzmán y Bezanilla Limitada.
- Investment Portfolio Counseling
  - It is approved to hire counseling in order to obtain a review of the Company's Investment Policy.
- Risk Management
  - Deloitte submits the project "Support in the Integrated Risk Management Model".
- External Auditors
  - It is agreed to propose to the Board of Directors of the Company, for it to recommend to the Ordinary General Shareholders' Meeting, the appointment of

PwC as external auditor for the year 2019.

- Private Risk Rating Agencies
  - It is agreed to propose to the Board of Directors, for it to suggest to the Ordinary General Shareholders' Meeting, the appointment of Fitch Chile Clasificadora de Riesgo Limitada and Feller Rate Clasificadora de Riesgo Limitada as private risk rating agencies for the year 2019.
- Compensation Study
  - It was agreed to propose to the Company's Board of Directors the commissioning of a Compensation Study through external auditor PwC.

## Meeting No. 121, held on May 17, 2019

- Company's Financial Statement as of March 31, 2019
  - It is agreed to approve financial statement for the first quarter of 2019.
- Agreements with Related Companies
  - Transactions with related companies for the first quarter 2019 are reviewed.
  - It was agreed to recommend to the Board of Directors the approval of fees to Portaluppi Guzman and Bezanilla Limitada for legal advice on the sale of Empresas Copec's stake in Puertos y Logistics S.A.

- IFRIC 23
  - An impact is presented in the Financial Statements regarding the implementation of IFRIC 23 standard on “Uncertainty Against Income Tax Treatments”.

#### Meeting N°122, held on August 20, 2019

- First half Financial Statement and Auditors’ Report
  - It is agreed to approve financial statements for the first half of 2019, and the corresponding Report of the External Auditors.
- Internal Audit
  - KPMG submits internal audit report.
- Risk Management
  - Deloitte submits its analysis of the Integrated Risk Management Model for Empresas Copec.
- Agreements with Related Companies
  - Transactions with related companies for the second quarter of 2019 are reviewed, without comment.

#### Meeting No. 123, held on November 14, 2019

- Financial Statement as of September 30, 2019
  - It is agreed to approve

financial statement for the third quarter of 2019.

- Agreements with Related Companies.
  - Transactions with related companies for the third quarter of 2019 are reviewed, without observations.
- Investment Portfolio Counseling
  - Evaluation of investment portfolio carried out by Falcom Asset Management and Compass Group is reviewed.

#### Meeting No. 124, held on December 19, 2019

- External Audit
  - PwC submits Audit Plan implemented during the year and the Internal Control Report.
- Internal Audit.
  - KPMG submits internal audit report.
- Risk Management
  - Deloitte submits the results of the risk management process developed during the year.
- Managers and executives’ remuneration system
  - Remuneration systems for Company managers and senior executives are reviewed.

During 2019, the Committee paid US\$ 142,125 in remunerations to its members, which were approved at the last Ordinary Shareholders' Meeting.

It should be noted that the Committee did not make expenditures according to the budget approved by the Ordinary Shareholders' Meeting.

An Annual Management Report was prepared by the Committee, to be reported at the next Ordinary Shareholders' Meeting.

Remuneration of the Board of Directors

In accordance with the provisions of Law No. 18,046, the Ordinary General Shareholders' Meeting held on April 24, 2019, agreed on remunerations of the Board of Directors for the current year.

During the year 2019, gross remunerations received by each one of the Directors were:

2019	Board of Directors	Directors' Committee
Roberto Angelini Rossi	US\$ 426,376	-
Jorge Andueza Fouque	US\$ 284,251	-
Manuel Bezanilla Urrutia	US\$ 142,125	-
Andrés Bianchi Larre	US\$ 142,125	US\$ 47,375
Gabriel Bitrán Dicowsky	US\$ 142,125	US\$ 47,375
Juan Edgardo Goldenberg Peñafiel	US\$ 142,125	US\$ 47,375
Arnaldo Gorziglia Balbi	US\$ 142,125	-
Andrés Lehuedé Bromley	US\$ 142,125	-
Francisco León Délano	US\$ 142,125	-

2018	Board of Directors	Directors' Committee
Roberto Angelini Rossi	US\$ 456,631	-
Jorge Andueza Fouque	US\$ 304,421	-
Manuel Bezanilla Urrutia	US\$ 152,210	-
Andrés Bianchi Larre	US\$ 152,210	US\$ 50,737
Gabriel Bitrán Dicowsky	US\$ 152,210	US\$ 50,737
Juan Edgardo Goldenberg Peñafiel	US\$ 152,210	US\$ 50,737
Arnaldo Gorziglia Balbi	US\$ 152,210	-
Carlos Hurtado Ruiz-Tagle	US\$ 53,614	-
Andrés Lehuedé Bromley	US\$ 98,596	-
Francisco León Délano	US\$ 98,596	-
Tomás Müller Sproat	US\$ 40,355	-

There are no incentive schemes such as bonuses, stock-based compensations, stock options or others on which the Directors participate.



On the other hand, the Directors of the Parent Company received the following gross remunerations for their positions as Director in the affiliates that are listed below:

2019	Arauco	Forestal Arauco	Arauco internacional	Copec	Organización Terpel	Igemar	Orizon	Alxar
Roberto Angelini Rossi	US\$ 220,553	US\$ 57,423	US\$ 24,000	ThCh\$ 150,565	-	US\$ 142,125	US\$ 47,375	US\$ 21,413
Jorge Andueza Fouque	US\$ 238,555	US\$ 57,423	US\$ 24,000	ThCh\$ 100,377	US\$ 9,246	US\$ 47,375	US\$ 142,125	-
Manuel Bezanilla Urrutia	US\$ 375,834	US\$ 114,847	US\$ 66,000	ThCh\$ 50,191	-	US\$ 47,375	-	-
Andrés Bianchi Larre	-	-	-	-	-	-	-	-
Gabriel Bitrán Dicowsky	-	-	-	-	-	-	-	-
Juan Edgardo Goldenberg Peñafiel	-	-	-	-	-	-	-	-
Arnaldo Gorziglia Balbi	-	-	-	-	-	-	-	-
Andrés Lehuedé Bromley	-	-	-	-	-	-	-	-
Francisco León Délano	-	-	-	ThCh\$ 50,188	-	-	-	-

2018	Arauco	Forestal Arauco	Arauco internacional	Copec	Organización Terpel	Igemar	Orizon	Alxar
Roberto Angelini Rossi	US\$ 254,544	US\$ 60,990	US\$ 24,000	ThCh\$ 146,851	-	US\$ 152,210	US\$ 51,107	US\$ 22,917
Jorge Andueza Fouque	US\$ 254,544	US\$ 60,990	US\$ 24,000	ThCh\$ 97,901	US\$ 15,076	US\$ 50,737	US\$ 153,489	-
Manuel Bezanilla Urrutia	US\$ 381,816	US\$ 121,995	US\$ 66,000	ThCh\$ 48,950	-	US\$ 50,737	-	-
Andrés Bianchi Larre	-	-	-	-	-	-	-	-
Gabriel Bitrán Dicowsky	-	-	-	-	-	-	-	-
Juan Edgardo Goldenberg Peñafiel	-	-	-	-	-	-	-	-
Arnaldo Gorziglia Balbi	-	-	-	-	-	-	-	-
Andrés Lehuedé Bromley	-	-	-	-	-	-	-	-
Francisco León Délano	-	-	-	ThCh\$ 32,792	-	-	-	-
Tomás Müller Sproat	-	-	-	ThCh\$ 16,158	-	-	-	-

The next Ordinary General Shareholders' Meeting must set remunerations for the Directors for the 2020 financial year.

### Administration

During 2019, the following persons served in the executive positions of the Company: Eduardo Navarro Beltrán (Chief Executive Officer since October 1, 2003); José Tomás Guzmán Rencoret (Legal Counsel and Secretary of the Board of Directors since May 29, 2008); Rodrigo Huidobro Alvarado (Chief Financial Officer since August 16, 2004); Jorge Ferrando Yáñez (Chief Development Officer since August 16, 2004); Cristián Palacios González (Director of Finance and Investor Relations since August 1, 2017); Pamela Harris Honorato (Director of Corporate Affairs since March 2, 2018); Francisca Riveros Novoa (Director of Communications since May 2, 2019); Sebastián Dittborn Errázuriz (Director of Business Development since June 3, 2019); Ricardo Vargas Bernal (Accountant General since January 31, 2005).

### Remuneration of the Administration

Remunerations and bonuses received by the Company's executives during the financial year 2019 amounted to ThUS\$ 2,676 (ThUS\$ 2,822 in 2018). On average, they received variable compensations equivalent, in their payment currency, to 32.5% of this amount (33.5% in 2018). Bonuses are voluntary and are determined based on market aspects, financial performance, team leadership, achievement of milestones, conflict resolution, M&A operations, among others. During financial year 2019, no severance payments to managers and senior executives of the Company were made.





Suppliers and Customers

For each of the business segments of the Company, the number of suppliers that individually represent at least 10% of the total purchases made in the period for the supply of goods and services is as follows:

Arauco

No provider reaches that concentration

Copec

Enap Refinerías S.A. (52.6%); ExxonMobil Sales & Supply Company (11.3%).

Abastible

Gasmar S.A. (35.9%); Enap Refinerías S.A. (16.9%).

Sonacol

Chilquinta Energía S.A. (13%).

Igemar

No provider reaches that concentration



For each of the Company's business segments, the number of customers that individually accounts for at least 10% of the income is as follows:

**Arauco**

No customer reaches that concentration.

**Copec**

No customer reaches that concentration.

**Abastible**

No customer reaches that concentration.

**Sonacol**

Enap Refinerías S.A. (49.5%);  
Compañía de Petróleos de Chile  
Copec S.A. (35.1%).

**Igemar**

No customer reaches that concentration.

**Brands**

Empresas Copec owns the following trademarks:

“Empresas Copec”: Registration No. 742026, 742027, 742028, 1.287.843, 1.288.718 and 1.289.819.

“EC”: Registration No. 733767, 733768, 733769, 1.287.660, 1.288.719 and 1.288.720.

The Company’s main affiliates use the following brands to market their products:

a) Arauco: Arauco, AraucoPly, Arauco BKP, Arauco Bright Star, Arauco Brillo Premium, Arauco Celulosa, Arauco Cholguán, Arauco Color, Arauco DecoFaz, Arauco Duraflake, Arauco Durolac, Arauco EKP, Arauco Fibrex, Arauco Fluff, Arauco Gold Star, Arauco Lumber, Arauco MDP, Arauco Melamina, Arauco Melamine, Arauco Moulding, Arauco Molduras, Arauco MSD, Arauco PBO, Arauco Silver Star, Arauco Soil Star, Arauco Trupán, Arauco UKP, Arauco Ultra PB, Arauco Wood Star, Create Arauco, Faplac, Hilam, Lookid, PrimeLine, Prism, Readywall, Vesto, +Maqui

b) Copec: BlueMax, Chiletur, Ciclista, Copec, Cupón Electrónico, En Ruta, GeoGas, Gverde, Lavamax, Llámanos, Lub, Mundo Copec Latam Pass, NeoGas, NEOTAC, PagoClick, Pronto, Punto, Renova, Sígueme, Solvex, S.O.S Copec, Taxiamigo, TAE, TCT, Vía Limpia, Viva Leer, Voltex, Zervo.

c) Mapco: Delta Express, BP, Discount Food Mart, Fast, Favorite Market, Mapco, Mapco Express.

d) Terpel: Alto, Altoque, Celerity, Club Gazel, De Una, Energía Terpel, Escuela de Isleros, Escuela Combustibles Aviación, Exacto Confianza, Excelencia en el Servicio, Extend, Fundación Terpel,

Fullcompress, Fullspace, Formula 4, Gaxi, Gasxi, Gazel, Gazel Extend, GNC, Hi Capacity, Hi Compress, Lubriplus, Lubriton, Masterlub, Mi Estación Terpel, Mobil, Mototribu, Mundo Terpel, Oiltec, Opese, PagoClick Terpel, Pits, Quick Shop, Rumbo Terpel, Servilub, Supremo, Tecnoil, Teresa, Tergas, Terpel, Terpel 2T Especial, Terpel Aviación, Terpel Combo, Terpel Lubricantes, Terpel Marine, Terpel Marinos, TerMatic, Terpel Punto y Coma, Tesos, Toque, Tracter, Va y Ven, Va & Ven, Voltex, Ziclos, Ziclos Autolavado.

e) Abastible: Abastible, Autogas, Nautigas, Solargas.

f) Norgas: Asogas, Cinsa, Colgas, Gasan, Gases de Antioquia, Norgas.

g) Duragas: Duragas, Duragas Pro.

h) Solgas: Masgas, Solgas, Solgas Pro.

i) Sonacol: Sonacol.

j) Igemar: Igemar.

k) Orizon: Atlas, Betty Crocker, Colorado, Fiber One, Haagen Daz, Lenga, Nature Valley, Old el Paso, Orizon, San José, Wirenbo.

l) Golden Omega: Golden Omega, Gotab, Gobar, GoGummy, GoJelly.

m) Alxar Minería: Compañía Minera Can-Can.

### **Balances and Transactions with Related Parties**

The information on balances and transactions with related entities is contained in Note No. 18 to the Financial Statements of the Company, which are part of this Report.

### **Properties and Facilities**

As of December 31, 2019, the Parent Company was the owner of its 2,714 m<sup>2</sup> corporate offices, located at Av. El Golf 150. The Company does not own other significant land and/or facilities, nor does it have land set aside for future projects.

### **Patents, Licenses and Concessions**

As of December 31st, 2019, Empresas Copec S.A. has maritime concessions in Arica and Caldera, and it has no patents and licenses

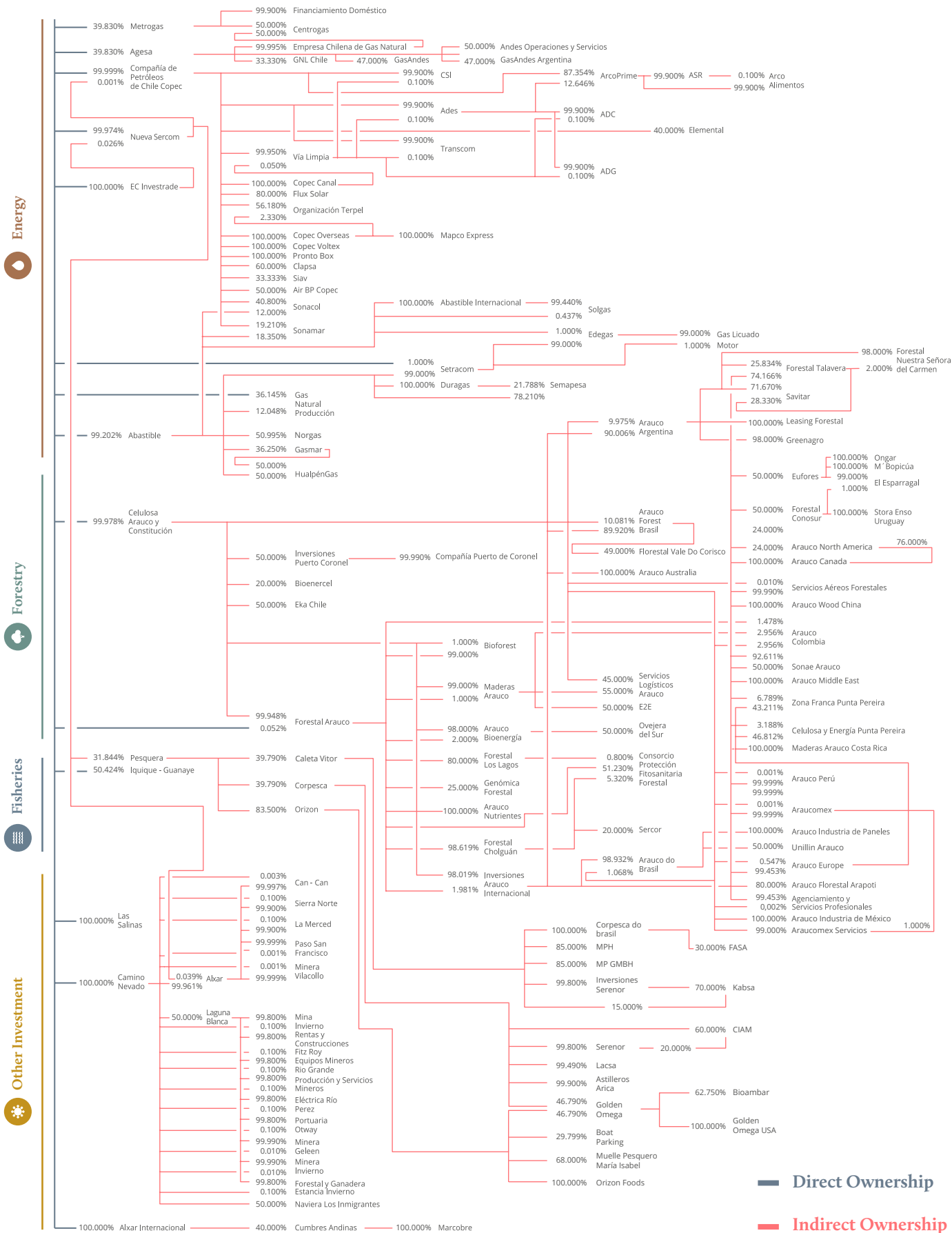








# Ownership Structure



Direct Ownership

Indirect Ownership

Corporate Purpose and  
Articles of Incorporation



Corporate Purpose

- A. Research, explore, industrialize, clear through Customs, import, export, elaborate, refine, mix, package, store, transport, buy, sell, distribute, and generally trade on its own behalf or for third parties hydrocarbons, their by-products and direct or indirect compounds, including lubricants, additives, mixtures, combinations and substitutes; chemicals of any kind, and any other source of natural energy capable of industrial or domestic use
- B. Import, export, buy, sell, distribute, and generally trade on its own behalf or for third parties motorized vehicles and machinery, elements, equipment and other articles for agricultural, mining, fishery, industrial, commercial, electronic computing and domestic use purposes, their accessories and spare parts.
- C. Acquire, administer, manage and exploit on its own behalf or for third parties forest lands or those of forest capability, make paper, wood pulp and their derivatives, by-products and similar products; acquire and exploit sawmills and other industries that make raw materials to make paper, wood pulp and their by-products and/or wood in all its forms, sell, exploit and generally trade in and outside Chile the mentioned products, particularly wood, wood pulp and paper in all their forms.
- D. Acquire, administer, manage and exploit on its own behalf or for third parties agricultural real estate, and transform, industrialize and trade food and drinks of any kind or origin.
- E. Acquire, administer, manage and exploit on its own behalf or for third parties agricultural real estate in general, develop real estate business and the real estate construction in industry arising from this, like buildings, roads, bridges, canals, drainage, in industry facilities and similar, and the production and installation of goods and implements for such industry
- F. Ground, air, sea and river freight on its own behalf or for third parties and undertake, on its own behalf or for third parties, port operations and activities, with these particularly including wharfage, lighterage, moving loads, storage, stowage and unloading of vessels and aircraft, and the promotion, development and exploitation of tourism in Chile.
- G. Manufacture, distribute and generally trade containers of any kind.
- H. Exploit electronic computer equipment in all its forms, and it can provide consultancy on company management and organization, market and feasibility studies and operative research.
- I. Undertake mining-related activities and business, including but not limited to prospection, reconnaissance, exploration and mining of mining deposits; and fishing or hunting of species and organisms with water as their normal habitat, and it may market them in any way.
- J. Participate pursuant to law in companies with a banking purpose, and generally in financial, insurance, warrants, storage and merchandise deposit services and in mutual and social security fund management.





## Articles of Incorporation

The Company was established under public deed dated October 31st, 1934, signed in the presence of the Santiago Notary Mr. Luis Azócar, and was authorized by Supreme Decree N° 3,610, dated November 22<sup>nd</sup>, 1934. The corresponding registration was made on folio 1,813 N° 1,008, and folio 1,829, entry N° 1,009, in the Santiago Trade Registry of 1934.

The corporate bylaws have been amended on several occasions, noteworthy amongst which were: the amendment made

under public deed dated April 20th, 1982, in the presence of the Santiago Notary Mr. Andrés Rubio, when the bylaws were restated to adapt them to the requirements of Chilean Law N° 18,046; an amendment to increase equity capital, now divided into 1,299,853,848 shares of no par value, in accordance with a public deed dated January 29th, 1988, in the presence of Mr. Andrés Rubio, published in the Chilean Official Gazette of February 10th, 1988, and registered on folio 3,268

N° 1,690, of the Trade Registry of Santiago's Real Estate Registry of 1988; and, finally, an amendment set out in public deed dated May 7th, 2003, in the presence of the Santiago Notary Mr. René Benavente, which changed the name of the Company to Empresas Copec S.A., effective October 1st, 2003, the required excerpt of which was published in the Chilean Official Gazette of May 31st, 2003 and was registered on folio 14,697, N° 11,252, of the Trade Registry of Santiago's Real Estate Registry





of 2003; and an amendment made under public deed dated September 12th, 2008, in the presence of the Santiago Notary Mr. Félix Jara, when the currency of the capital stock laid down in the Company's bylaws was changed, of the financial accounting registries and of the issuance of the Company's financial statements, from pesos of the Republic of Chile to US dollars, effective as of January 1st, 2008, and all as laid down in "Transitory Article Four" of the company's bylaws, and this

provision is added to the bylaws. The required excerpt of which was published in the Chilean Official Gazette of October 10<sup>th</sup>, 2008 and was registered on folio 46,937, N° 32,354, of the Trade Registry of Santiago's Real Estate Registry of 2008.







**04**

# Financial Information

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# Financial Statements

## Summary

### ASSETS

At December 31	2019 THUS\$	2018 THUS\$
<b>Current Assets</b>	<b>7,034,390</b>	<b>6,303,704</b>
Cash and cash equivalents	2,214,887	1,713,803
Other current financial assets	124,918	219,843
Other current non financial assets	211,141	164,240
Trade and other receivables	1,675,937	1,970,882
Accounts receivable with related parties	84,516	50,289
Inventories	1,823,893	1,742,757
Biological assets	275,792	319,021
Current tax assets	263,957	104,430
Non current assets held for sale	359,349	18,439
<b>Non Current Assets</b>	<b>18,133,520</b>	<b>17,183,571</b>
Other non current financial assets	108,072	83,847
Other non current non financial assets	180,604	153,225
Non current fees receivable	19,870	28,399
Non current accounts receivable with related parties	7,456	7,867
Investment in associates through equity method	1,026,173	1,156,742
Intangible assets other than goodwill	977,805	1,047,549
Goodwill	413,693	432,729
Property, plant and equipment	11,486,350	10,553,211
Biological assets	3,393,634	3,336,339
Investment property	35,300	40,583
Deferred tax assets	484,563	343,080
<b>Total Assets</b>	<b>25,167,910</b>	<b>23,487,275</b>

LIABILITIES AND EQUITY

At December 31	2019 THUS\$	2018 THUS\$
<b>Current Liabilities</b>	<b>3,094,142</b>	<b>3,410,307</b>
Other current financial liabilities	924,951	1,144,023
Commercial creditors and other accounts payable	1,793,854	1,744,426
Accounts payable to related parties	6,197	8,848
Other provisions	18,999	19,763
Current tax liabilities	25,102	177,436
Current provisions for employee benefits	11,810	11,155
Other current non financial liabilities	126,369	304,656
Liabilities included in asset disposal groups held for sale	186,860	0
<b>Non Current Liabilities</b>	<b>10,899,730</b>	<b>8,883,068</b>
Other non current financial liabilities	8,347,751	6,321,044
Accounts payable	3,189	6,811
Other provisions	80,556	90,230
Deferred tax liabilities	2,169,305	2,164,801
Non current provisions for employee benefits	113,753	111,463
Other non current non financial liabilities	185,176	188,719
<b>Net Equity</b>	<b>11,174,038</b>	<b>11,193,900</b>
Share capital	686,114	686,114
Accumulated earnings (losses)	11,283,478	11,202,802
Other reserves	(1,302,233)	(1,179,787)
<b>Equity attributable to owners of the parent company</b>	<b>10,667,359</b>	<b>10,709,129</b>
<b>Non-controlling interests</b>	<b>506,679</b>	<b>484,771</b>
<b>Total Liabilities and Net Equity</b>	<b>25,167,910</b>	<b>23,487,275</b>



INCOME STATEMENT

For the years ended December 31,	2019 THUS\$	2018 THUS\$
Revenue	23,716,405	23,970,069
Cost of sales	(20,452,761)	(19,804,796)
Gross income	3,263,644	4,165,273
Distribution costs	(1,353,340)	(1,344,531)
Administrative expenses	(1,062,120)	(1,066,232)
Operating Income	848,184	1,754,510
Other operating income	302,355	188,258
Other operating expenses	(297,898)	(147,845)
Other income (loss)	20,793	11,634
Financial income	60,600	47,333
Financial costs	(437,900)	(370,619)
Income on investments in related companies and joint ventures	(91,128)	62,301
Exchange rate differences	(39,281)	(32,468)
Gains (losses) on net monetary position	(15,362)	(16,649)
Income before taxes	350,363	1,496,455
Income taxes	(124,507)	(377,695)
Net Income	225,856	1,118,760
Income attributable		
Net income attributable to owners of the parent company	172,019	1,070,698
Net Income attributable to non-controlling interests	53,837	48,062
Net Income	225,856	1,118,760
Earnings per share		
Common shares		
Basic earnings per share	0.1323372	0.8237065
Basic earnings per share from discontinued operations	0.1323372	0.8237065
Basic earnings per share from continuing operations	0.0000000	0.0000000
Diluted common shares		
Earnings per diluted share	0.0000000	0.0000000
Earnings per diluted share from discontinued operations	0.0000000	0.0000000
Earnings per diluted share from continuing operations	0.0000000	0.0000000

## COMPREHENSIVE INCOME STATEMENT

For the years ended December 31,	2019 THUS\$	2018 THUS\$
Net Income	225,856	1,118,760
<b>Comprehensive income, net of tax</b>		
<b>Other comprehensive income does not reclassify to the income of the period</b>	<b>(2,965)</b>	<b>1,022</b>
Gain (loss) for actuarial plans of defined beneficts	(2,965)	2,679
Participation of other comprehensive income of associates and joint ventures	0	(1,657)
<b>Exchange difference on conversion</b>	<b>(116,284)</b>	<b>(332,982)</b>
Gain (loss) for differences on conversion	(116,284)	(332,982)
<b>Financial assets held for sale</b>	<b>527</b>	<b>(368)</b>
Gain (loss) on fair value changes of financial assets held for sale	527	(368)
<b>Cash flow hedges</b>	<b>(27,349)</b>	<b>21,235</b>
Gain (loss) on cash flow hedges	1,878	36,521
Reclassification adjustments on cash flow hedges	(29,227)	(15,286)
<b>Other comprehensive income</b>		
Gain (loss) from investments in equity instruments	0	(1,940)
Gain (loss) for revaluation	(6,190)	10,758
Gain (loss) for actuarial plans of defined beneficts	(7,453)	(1,709)
Participation of other comprehensive income of associates and joint ventures	28,337	14,087
<b>Other comprehensive income, net of tax</b>	<b>(128,412)</b>	<b>(290,919)</b>
<b>Income tax related to other comprehensive income</b>	<b>2,925</b>	<b>(5,401)</b>
Income tax related to investment in equity instruments	(6,582)	176
Income tax related to financial assets held for sale	0	63
Income tax related to cash flow hedges	6,770	(5,618)
Income tax related to plans of defined beneficts	2,737	(22)
Reclassification adjustments in income tax	0	0
<b>Other comprehensive income</b>	<b>(128,452)</b>	<b>(295,298)</b>
<b>Total comprehensive income</b>	<b>97,404</b>	<b>823,462</b>
<b>Comprehensive income attributable</b>		
Comprehensive income attributable to owners of the parent company	46,105	779,043
Comprehensive income attributable to non-controlling interests	51,299	44,419
<b>Total comprehensive income</b>	<b>97,404</b>	<b>823,462</b>

STATEMENT OF CHANGES IN NET EQUITY

Current Period (ThUS\$)	Ordinary Shares	Legal and statutory reserves	Reserves available for sale	Conversion Reserves	Beneficts Reserves	Hedge Reserves	Hedge Reserves	Other Reserves	Total Changes in Retained Earnings (Accumulated Losses)	Total Equity Attributable to Parent Company Shareholders	Non- controlling interests	Total equity
	Share Total Capital											
Opening balance current period January 1, 2018	686,114	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	(107)	(107)	0	(107)
Opening balance restated	686,114	3	(309)	(1,644,811)	(27,068)	34,917	457,481	(1,179,787)	11,202,695	10,709,022	484,771	11,193,793
Changes in equity												
Comprehensive income												
Net income for the year	0	0	0	0	0	0	0	0	172,019	172,019	53,837	225,856
Comprehensive income	0	0	527	(114,279)	(7,598)	(22,202)	17,638	(125,914)	0	(125,914)	(2,538)	(128,452)
Dividends	0	0	0	0	0	0	0	0	(73,643)	(73,643)	0	(73,643)
Other increases (decreases) through transfers and other changes	0	0	0	0	0	0	3,468	3,468	(17,593)	(14,125)	(29,391)	(43,516)
Total changes in equity	0	0	527	(114,279)	(7,598)	(22,202)	21,106	(122,446)	80,783	(41,663)	21,908	(19,755)
Closing balance at December 31, 2018	686,114	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



STATEMENT OF CHANGES IN NET EQUITY

Current Period (ThUS\$)	Ordinary Shares	Legal and statutory reserves	Reserves available for sale	Conversion Reserves	Beneficts Reserves	Hedge Reserves	Hedge Reserves	Other Reserves	Total Changes in Retained Earnings (Accumulated Losses)	Total Equity Attributable to Parent Company Shareholders	Non- controlling Interests	Total equity
	Share Total Capital											
Opening balance current period January 1, 2019	686,114	3	(4)	(1,318,279)	(28,047)	16,695	443,418	(886,214)	10,598,425	10,398,325	515,128	10,913,453
Increase (decrease) due to changes in accounting policy	0	0	0	0	0	(1,918)	0	(1,918)	173	(1,745)	(175)	(1,920)
Opening balance restated	686,114	3	(4)	(1,318,279)	(28,047)	14,777	443,418	(888,132)	10,598,598	10,396,580	514,953	10,911,533
Changes in equity												
Comprehensive income												
Net income for the year	0	0	0	0	0	0	0	0	1,070,698	1,070,698	48,062	1,118,760
Comprehensive income	0	0	(305)	(326,532)	979	20,140	14,063	(291,655)	0	(291,655)	(3,643)	(295,298)
Dividends	0	0	0	0	0	0	0	0	(462,374)	(462,374)	0	(462,374)
Other increases (decreases) through transfers and other changes	0	0	0	0	0	0	0	0	(4,120)	(4,120)	(74,601)	(78,721)
Total changes in equity	0	0	(305)	(326,532)	979	20,140	14,063	(291,655)	604,204	312,549	(30,182)	282,367
Closing balance at December 31, 2019	686,114	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

STATEMENT OF CASH FLOWS

For the years ended December 31,	2019 THUS\$	2018 THUS\$
<b>Cash Flows from (used in) Operating Activities</b>	<b>1,448,100</b>	<b>1,709,816</b>
Classes of cash receipts from operating activities		
Receipts from sales of goods and rendering of services	26,095,229	25,565,970
Proceeds from royalties, installments, commissions and other operating income	66	0
Receipts from premiums and claims, annuities and other policy benefits	1,201	3,457
Other cash receipts from operating activities	495,977	377,202
Classes of cash payments		
Payments to suppliers for goods and services	(23,097,343)	(22,561,015)
Payments to and behalf of employees	(1,080,426)	(1,029,977)
Payments from premiums and claims, annuities and other policy benefits	(14,087)	(10,624)
Other payments from operating activities	(246,891)	(287,726)
Dividends received	7,329	10,562
Interest paid	(293,293)	(192,391)
Interest received	46,649	29,123
Income taxes refund (paid)	(473,425)	(198,754)
Other inflows (outflows) of cash	7,114	3,989
<b>Cash Flows from (used in) Investing Activities</b>	<b>(1,717,895)</b>	<b>(1,803,260)</b>
Cash flows from loss of control of subsidiaries or other businesses	117,376	0
Cash flows from gain of control of subsidiaries or other businesses	(173,256)	(605,923)
Cash flows from purchase of non-controlling interests	(181,851)	(259,442)
Other cash payments to sell equity or debt instruments of other entities	21,016	282,770
Other cash payments to acquire equity or debt instruments of other entities	0	0
Other cash payments to acquire joint ventures	0	0
Loans to related companies	(18,000)	(801)
Proceeds from sale of property, plant and equipment	61,173	99,557
Purchase of property, plant and equipment	(1,374,202)	(1,059,982)
Purchase of intangible assets	(80,475)	(73,499)
Proceeds from other non current assets	6,059	6,463
Purchase of other non current assets	(248,188)	(222,029)
Cash advances and loans to third parties	(310)	(10,755)
Cash receipts from the repayment of advances and loans granted to third parties	598	60,599
Purchase from futures contracts, forward, of options and financial swap	0	(40,063)
Cash advances and loans to third parties	8,932	0
Cash receipts from related parties	0	3,258
Dividends received	67,408	70,998
Interests received	61	4,399
Other inflows (outflows) of cash	75,764	(58,810)

For the years ended December 31,	2019 THUS\$	2018 THUS\$
<b>Cash Flows from (used in) Financing Activities</b>	<b>810,993</b>	<b>510,811</b>
Proceeds from share issues	8,230	0
Payments to acquire or redeem shares of the entity	74,469	(762)
Proceeds from long term borrowings	2,236,138	1,836,154
Proceeds from short term borrowings	531,619	1,307,968
Borrowings to related parties	11	0
Payments of borrowings	(1,430,016)	(2,081,461)
Payments of finance leasing liabilities	(139,792)	(10,804)
Payments of borrowings to related parties	0	0
Amounts from government grants	0	(485)
Dividends paid	(301,705)	(419,319)
Interest paid	(157,539)	(119,790)
Other inflows (outflows) of cash	(10,422)	(690)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>541,198</b>	<b>417,367</b>
Effect of exchange rate changes on cash and cash equivalents	(40,114)	(45,263)
Net Increase (Decrease) in Cash and Cash Equivalents	501,084	372,104
Cash and cash equivalents at beginning of period	1,713,803	1,341,699
Cash and cash equivalents at end of period	2,214,887	1,713,803



# Summary of Financial Statements

## Principal Affiliates

### CELULOSA ARAUCO Y CONSTITUCIÓN S.A. AND AFFILIATES

BALANCE SHEET	2019	2018
At December 31	THUS\$	THUS\$
<b>Assets</b>		
Current assets	3,931,381	3,441,160
Non current assets	11,928,649	11,152,588
<b>Total Assets</b>	<b>15,860,030</b>	<b>14,593,748</b>
<b>Liabilities</b>		
Current liabilities	1,261,522	1,579,764
Non current liabilities	7,229,093	5,675,013
<b>Total liabilities</b>	<b>8,490,615</b>	<b>7,254,777</b>
<b>Equity</b>		
Issued capital	353,618	353,618
Other reserves	(892,864)	(875,884)
Accumulated earnings (losses)	7,873,650	7,824,045
Equity attributable to equity holders of the company	7,334,404	7,301,779
Non-controlling interests	35,011	37,192
<b>Net equity</b>	<b>7,369,415</b>	<b>7,338,971</b>
<b>Total Liabilities and Net Equity</b>	<b>15,860,030</b>	<b>14,593,748</b>
<b>INCOME STATEMENT</b>		
For the years ended December 31,	THUS\$	THUS\$
Gross profit	1,418,836	2,232,084
<b>Profit (loss) before taxes</b>	<b>62,505</b>	<b>953,524</b>
Income taxes	(535)	(226,765)
<b>Profit (loss) after taxes</b>	<b>61,970</b>	<b>726,759</b>
<b>Profit (loss)</b>	<b>61,970</b>	<b>726,759</b>
Profit (loss) attributable to equity holders of the company	61,784	725,482
Profit (loss) attributable to minority interests	186	1,277
<b>Profit (loss)</b>	<b>61,970</b>	<b>726,759</b>

STATEMENT OF CASH FLOWS	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Net cash flow from (used in) operating activities	672,838	1,287,545
Net cash flow from (used in) investing activities	(1,317,741)	(893,982)
Net cash flow from (used in) financing activities	1,147,432	123,247
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>502,529</b>	<b>516,810</b>
Effect of exchange rate changes on cash and cash equivalents	(18,459)	(30,754)
<b>Cash and cash equivalents at beginning of period</b>	<b>1,075,942</b>	<b>589,886</b>
<b>Cash and cash equivalents at the end of period</b>	<b>1,560,012</b>	<b>1,075,942</b>

STATEMENT OF CHANGES IN EQUITY	2019	2018
For the years ended December 31,	THUS\$	THUS\$
<b>Opening Balance</b>	<b>7,338,864</b>	<b>7,113,018</b>
Legal and statutory reserves	(1,940)	1,355
Conversion Reserves	(29,992)	(180,623)
Hedge Reserves	(4,385)	10,561
Other Reserves	19,337	(1,481)
Changes in Retained Earnings	49,712	400,869
Changes in Minority Interests	(2,181)	(4,728)
<b>Total changes</b>	<b>30,551</b>	<b>225,953</b>
<b>Total Equity</b>	<b>7,369,415</b>	<b>7,338,971</b>

COMPAÑÍA DE PETRÓLEOS DE CHILE COPEC S.A. AND AFFILIATES

BALANCE SHEET	2019	2018
At December 31	THCH\$	THCH\$
<b>Assets</b>		
Current assets	1,520,032,223	1,425,088,587
Non current assets	2,738,283,587	2,273,008,630
<b>Total Assets</b>	<b>4,258,315,810</b>	<b>3,698,097,217</b>
<b>Liabilities</b>		
Current liabilities	1,009,589,194	877,212,335
Non current liabilities	1,844,677,219	1,519,462,179
<b>Total liabilities</b>	<b>2,854,266,413</b>	<b>2,396,674,514</b>
<b>Equity</b>		
Issued capital	511,338,349	511,338,349
Other reserves	(126,447,461)	(166,679,693)
Accumulated earnings (losses)	802,036,913	767,351,129
Equity attributable to equity holders of the company	1,186,927,801	1,112,009,785
Non-controlling interests	217,121,596	189,412,918
<b>Net equity</b>	<b>1,404,049,397</b>	<b>1,301,422,703</b>
<b>Total Liabilities and Net Equity</b>	<b>4,258,315,810</b>	<b>3,698,097,217</b>
<b>INCOME STATEMENT</b>		
For the years ended December 31,	THCH\$	THCH\$
Gross profit	943,586,093	901,170,421
<b>Profit (loss) before taxes</b>	<b>229,019,473</b>	<b>258,445,806</b>
Income taxes	(71,583,653)	(70,354,727)
<b>Profit (loss) after taxes</b>	<b>157,435,820</b>	<b>188,091,079</b>
<b>Profit (loss)</b>	<b>157,435,820</b>	<b>188,091,079</b>
Profit (loss) attributable to equity holders of the company	137,467,769	170,239,150
Profit (loss) attributable to minority interests	19,968,051	17,851,929
<b>Profit (loss)</b>	<b>157,435,820</b>	<b>188,091,079</b>



STATEMENT OF CASH FLOWS	2019	2018
For the years ended December 31,	THCH\$	THCH\$
Net cash flow from (used in) operating activities	385,137,902	195,806,797
Net cash flow from (used in) investing activities	(182,428,603)	(297,942,371)
Net cash flow from (used in) financing activities	(229,685,656)	96,602,392
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(26,976,357)</b>	<b>(5,533,182)</b>
Effect of exchange rate changes on cash and cash equivalents	8,423,021	698,000
<b>Cash and cash equivalents at beginning of period</b>	<b>217,044,404</b>	<b>221,879,586</b>
<b>Cash and cash equivalents at the end of period</b>	<b>198,491,068</b>	<b>217,044,404</b>

STATEMENT OF CHANGES IN EQUITY	2019	2018
For the years ended December 31,	THCH\$	THCH\$
<b>Opening Balance</b>	<b>1,301,422,703</b>	<b>1,100,213,417</b>
Reserves available for sale	-	(111,458)
Conversion Reserves	58,366,301	76,493,721
Hedge Reserves	(9,514,901)	1,754,213
Beneficts Reserves	(3,316,525)	(760,400)
Other Reserves	(5,302,643)	1,737,086
Changes in Retained Earnings	34,685,784	85,119,465
Changes in Minority Interests	27,708,678	36,976,659
<b>Total changes</b>	<b>102,626,694</b>	<b>201,209,286</b>
<b>Total Equity</b>	<b>1,404,049,397</b>	<b>1,301,422,703</b>

ABASTIBLE S.A. AND AFFILIATES

BALANCE SHEET	2019	2018
At December 31	THCH\$	THCH\$
<b>Assets</b>		
Current assets	200,210,990	167,955,589
Non current assets	784,581,643	726,706,752
<b>Total Assets</b>	<b>984,792,633</b>	<b>894,662,341</b>
<b>Liabilities</b>		
Current liabilities	182,904,260	177,948,459
Non current liabilities	420,780,530	374,331,998
<b>Total liabilities</b>	<b>603,684,790</b>	<b>552,280,457</b>
<b>Equity</b>		
Issued capital	248,508,932	248,508,932
Other reserves	18,054,403	(5,182,954)
Accumulated earnings (losses)	68,172,975	57,322,915
Equity attributable to equity holders of the company	334,736,310	300,648,893
Non-controlling interests	46,371,533	41,732,991
<b>Net equity</b>	<b>381,107,843</b>	<b>342,381,884</b>
<b>Total Liabilities and Net Equity</b>	<b>984,792,633</b>	<b>894,662,341</b>
<b>INCOME STATEMENT</b>		
For the years ended December 31,	THCH\$	THCH\$
Gross profit	269,458,135	244,971,069
<b>Profit (loss) before taxes</b>	<b>73,243,689</b>	<b>68,524,496</b>
Income taxes	(20,531,037)	(21,930,137)
<b>Profit (loss) after taxes</b>	<b>52,712,652</b>	<b>46,594,359</b>
<b>Profit (loss)</b>	<b>52,712,652</b>	<b>46,594,359</b>
Profit (loss) attributable to equity holders of the company	46,057,348	40,871,457
Profit (loss) attributable to minority interests	6,655,304	5,722,902
<b>Profit (loss)</b>	<b>52,712,652</b>	<b>46,594,359</b>

STATEMENT OF CASH FLOWS	2019	2018
For the years ended December 31,	THCH\$	THCH\$
Net cash flow from (used in) operating activities	120,848,349	73,073,597
Net cash flow from (used in) investing activities	(66,956,672)	(82,993,988)
Net cash flow from (used in) financing activities	(47,744,835)	3,983,343
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6,146,842</b>	<b>(5,937,048)</b>
Effect of exchange rate changes on cash and cash equivalents	1,041,833	408,328
<b>Cash and cash equivalents at beginning of period</b>	<b>50,748,766</b>	<b>56,277,486</b>
<b>Cash and cash equivalents at the end of period</b>	<b>57,937,441</b>	<b>50,748,766</b>

STATEMENT OF CHANGES IN EQUITY	2019	2018
For the years ended December 31,	THCH\$	THCH\$
<b>Opening Balance</b>	<b>342,381,884</b>	<b>306,783,209</b>
Legal and statutory reserves	(819,695)	(165,892)
Conversion Reserves	24,368,524	20,683,808
Hedge Reserves	(282,455)	98,542
Other Reserves	(29,017)	22,560
Changes in Retained Earnings	10,850,060	11,531,491
Changes in Minority Interests	4,638,542	3,428,166
<b>Total changes</b>	<b>38,725,959</b>	<b>35,598,675</b>
<b>Total Equity</b>	<b>381,107,843</b>	<b>342,381,884</b>



SOCIEDAD NACIONAL DE OLEODUCTOS S.A.

BALANCE SHEET	2019	2018
At December 31	THCH\$	THCH\$
<b>Assets</b>		
Current assets	5,433,822	6,728,843
Non current assets	200,933,605	196,315,284
<b>Total Assets</b>	<b>206,367,427</b>	<b>203,044,127</b>
<b>Liabilities</b>		
Current liabilities	48,502,237	51,979,246
Non current liabilities	86,128,990	79,328,681
<b>Total liabilities</b>	<b>134,631,227</b>	<b>131,307,927</b>
<b>Equity</b>		
Issued capital	59,575,440	59,575,440
Other reserves	0	0
Accumulated earnings (losses)	12,160,760	12,160,760
<b>Net equity</b>	<b>71,736,200</b>	<b>71,736,200</b>
<b>Total Liabilities and Net Equity</b>	<b>206,367,427</b>	<b>203,044,127</b>

INCOME STATEMENT	2019	2018
For the years ended December 31,	THCH\$	THCH\$
Gross profit	37,826,854	35,609,900
<b>Profit (loss) before taxes</b>	<b>34,486,518</b>	<b>32,278,736</b>
Income taxes	(9,371,385)	(8,735,304)
<b>Profit (loss) after taxes</b>	<b>25,115,133</b>	<b>23,543,432</b>
<b>Profit (loss)</b>	<b>25,115,133</b>	<b>23,543,432</b>

STATEMENT OF CASH FLOWS	2019	2018
For the years ended December 31,	THCH\$	THCH\$
Net cash flow from (used in) operating activities	14,709,201	33,886,900
Net cash flow from (used in) investing activities	(13,778,994)	(12,429,189)
Net cash flow from (used in) financing activities	(918,999)	(22,205,412)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>11,208</b>	<b>(747,701)</b>
Effect of exchange rate changes on cash and cash equivalents	0	0
<b>Cash and cash equivalents at beginning of period</b>	<b>652,933</b>	<b>1,400,634</b>
<b>Cash and cash equivalents at the end of period</b>	<b>664,141</b>	<b>652,933</b>

STATEMENT OF CHANGES IN EQUITY	2019	2018
For the years ended December 31,	THCH\$	THCH\$
<b>Opening Balance</b>	<b>71,736,200</b>	<b>71,736,200</b>
Total changes	0	0
<b>Total Equity</b>	<b>71,736,200</b>	<b>71,736,200</b>

PESQUERA IQUIQUE-GUANAYE S.A. AND AFFILIATES

BALANCE SHEET	2019	2018
At December 31	THUS\$	THUS\$
<b>Assets</b>		
Current assets	112,339	149,341
Non current assets	383,661	370,834
<b>Total Assets</b>	<b>496,000</b>	<b>520,175</b>
<b>Liabilities</b>		
Current liabilities	30,283	238,690
Non current liabilities	247,581	58,428
<b>Total liabilities</b>	<b>277,864</b>	<b>297,118</b>
<b>Equity</b>		
Issued capital	346,697	347,457
Other reserves	10,197	4,046
Accumulated earnings (losses)	(177,304)	(159,625)
Equity attributable to equity holders of the company	179,590	191,878
Non-controlling interests	38,546	31,179
<b>Net equity</b>	<b>218,136</b>	<b>223,057</b>
<b>Total Liabilities and Net Equity</b>	<b>496,000</b>	<b>520,175</b>
<b>INCOME STATEMENT</b>		
For the years ended December 31,	2019 THUS\$	2018 THUS\$
Gross profit	59,608	59,845
<b>Profit (loss) before taxes</b>	<b>(14,321)</b>	<b>(15,362)</b>
Income taxes	4,908	(3,289)
<b>Profit (loss) after taxes</b>	<b>(9,413)</b>	<b>(18,651)</b>
<b>Profit (loss)</b>	<b>(9,413)</b>	<b>(18,651)</b>
Profit (loss) attributable to equity holders of the company	(8,746)	(13,078)
Profit (loss) attributable to minority interests	(667)	(5,573)
<b>Profit (loss)</b>	<b>(9,413)</b>	<b>(18,651)</b>



STATEMENT OF CASH FLOWS	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Net cash flow from (used in) operating activities	4,839	(4,804)
Net cash flow from (used in) investing activities	(28,367)	(32,236)
Net cash flow from (used in) financing activities	(17,396)	62,490
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(40,924)</b>	<b>25,450</b>
Effect of exchange rate changes on cash and cash equivalents	415	11,320
<b>Cash and cash equivalents at beginning of period</b>	<b>45,193</b>	<b>8,423</b>
<b>Cash and cash equivalents at the end of period</b>	<b>4,684</b>	<b>45,193</b>

STATEMENT OF CHANGES IN EQUITY	2019	2018
For the years ended December 31	THUS\$	THUS\$
<b>Opening Balance</b>	<b>223,057</b>	<b>262,188</b>
Capital decrease	(760)	-
Conversion Reserves	(702)	(3,455)
Hedge Reserves	(2,012)	(339)
Defined benefit reserves	76	115
Other Reserves	8,789	15,672
Changes in Retained Earnings	(17,679)	(12,949)
Changes in Minority Interests	7,367	(38,175)
<b>Total changes</b>	<b>(4,921)</b>	<b>(39,131)</b>
<b>Total Equity</b>	<b>218,136</b>	<b>223,057</b>

MINERA CAMINO NEVADO LTDA. AND AFFILIATES

BALANCE SHEET	2019	2018
At December 31	THUS\$	THUS\$
<b>Assets</b>		
Current assets	46,159	8,652
Non current assets	160,123	377,424
<b>Total Assets</b>	<b>206,282</b>	<b>386,076</b>
<b>Liabilities</b>		
Current liabilities	266,612	212,850
Non current liabilities	21,272	59,200
<b>Total liabilities</b>	<b>287,884</b>	<b>272,050</b>
<b>Issued capital</b>		
Issued capital	354,105	354,105
Other reserves	(10,471)	(9,504)
Accumulated earnings (losses)	(425,229)	(230,589)
Equity attributable to equity holders of the company	(81,595)	114,012
Non-controlling interests	(7)	14
<b>Net equity</b>	<b>(81,602)</b>	<b>114,026</b>
<b>Total Liabilities and Net Equity</b>	<b>206,282</b>	<b>386,076</b>
<b>INCOME STATEMENT</b>		
For the years ended December 31,	2019 THUS\$	2018 THUS\$
Gross profit	0	0
<b>Profit (loss) before taxes</b>	<b>(209,287)</b>	<b>(5,671)</b>
Income taxes	14,670	1,875
<b>Profit (loss) after taxes</b>	<b>(194,617)</b>	<b>(3,796)</b>
<b>Profit (loss)</b>	<b>(194,617)</b>	<b>(3,796)</b>
Profit (loss) attributable to equity holders of the company	(194,601)	(3,793)
Profit (loss) attributable to minority interests	(16)	(3)
<b>Profit (loss)</b>	<b>(194,617)</b>	<b>(3,796)</b>

STATEMENT OF CASH FLOWS	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Net cash flow from (used in) operating activities	(5,531)	(4,725)
Net cash flow from (used in) investing activities	(18,368)	4,356
Net cash flow from (used in) financing activities	21,495	3,752
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,404)</b>	<b>3,383</b>
Effect of exchange rate changes on cash and cash equivalents	(34)	(94)
<b>Cash and cash equivalents at beginning of period</b>	<b>6,477</b>	<b>3,188</b>
<b>Cash and cash equivalents at the end of period</b>	<b>4,039</b>	<b>6,477</b>

STATEMENT OF CHANGES IN EQUITY	2019	2018
For the years ended December 31,	THUS\$	THUS\$
<b>Opening Balance</b>	<b>114,026</b>	<b>116,916</b>
Conversion Reserves	(967)	906
Other Reserves	-	-
Changes in Retained Earnings	(194,640)	(3,793)
Changes in Minority Interests	(21)	(3)
<b>Total changes</b>	<b>(195,628)</b>	<b>(2,890)</b>
<b>Total Equity</b>	<b>(81,602)</b>	<b>114,026</b>



INVERSIONES NUEVA SERCOM LTDA.

BALANCE SHEET	2019	2018
At December 31	THUS\$	THUS\$
<b>Assets</b>		
Current assets	790	848
Non current assets	57,011	60,917
<b>Total Assets</b>	<b>57,801</b>	<b>61,765</b>
<b>Liabilities</b>		
Current liabilities	76	69
Non current liabilities	0	0
<b>Total liabilities</b>	<b>76</b>	<b>69</b>
<b>Equity</b>		
Issued capital	88,951	88,951
Other reserves	16,845	15,124
Accumulated earnings (losses)	(48,071)	(42,379)
<b>Net equity</b>	<b>57,725</b>	<b>61,696</b>
<b>Total Liabilities and Net Equity</b>	<b>57,801</b>	<b>61,765</b>

INCOME STATEMENT	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Gross profit	0	0
<b>Profit (loss) before taxes</b>	<b>(2,862)</b>	<b>(4,229)</b>
Income taxes	16	21
<b>Profit (loss) after taxes</b>	<b>(2,846)</b>	<b>(4,208)</b>
<b>Profit (loss)</b>	<b>(2,846)</b>	<b>(4,208)</b>

STATEMENT OF CASH FLOWS

For the years ended December 31,

2019  
THUS\$

2018  
THUS\$

Net cash flow from (used in) operating activities	(9)	6
Net cash flow from (used in) investing activities	0	0
Net cash flow from (used in) financing activities	11	0
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>2</b>	<b>6</b>
Effect of exchange rate changes on cash and cash equivalents	0	0
<b>Cash and cash equivalents at beginning of period</b>	<b>12</b>	<b>6</b>
<b>Cash and cash equivalents at the end of period</b>	<b>14</b>	<b>12</b>

STATEMENT OF CHANGES IN EQUITY

For the years ended December 31,

2019  
THUS\$

2018  
THUS\$

<b>Opening Balance</b>	<b>61,696</b>	<b>62,060</b>
Conversion Reserves	(222)	(1,096)
Defined benefit reserves	24	36
Hedge reserves	(637)	(107)
Other Reserves	2,556	4,970
Changes in Retained Earnings	(5,692)	(4,167)
<b>Total changes</b>	<b>(3,971)</b>	<b>(364)</b>
<b>Total Equity</b>	<b>57,725</b>	<b>61,696</b>

INMOBILIARIA LAS SALINAS LTDA.

BALANCE SHEET	2019	2018
At December 31	THUS\$	THUS\$
<b>Assets</b>		
Current assets	1,043	1,012
Non current assets	111,408	118,396
<b>Total Assets</b>	<b>112,451</b>	<b>119,408</b>
<b>Liabilities</b>		
Current liabilities	51,390	54,702
Non current liabilities	8,049	9,175
<b>Total liabilities</b>	<b>59,439</b>	<b>63,877</b>
<b>Equity</b>		
Issued capital	98,055	98,055
Other reserves	(12,264)	(8,445)
Accumulated earnings (losses)	(32,779)	(34,079)
<b>Net equity</b>	<b>53,012</b>	<b>55,531</b>
<b>Total Liabilities and Net Equity</b>	<b>112,451</b>	<b>119,408</b>

INCOME STATEMENT	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Gross profit	0	0
<b>Profit (loss) before taxes</b>	<b>686</b>	<b>(3,796)</b>
Income taxes	614	1,848
<b>Profit (loss) after taxes</b>	<b>1,300</b>	<b>(1,948)</b>
<b>Profit (loss)</b>	<b>1,300</b>	<b>(1,948)</b>



STATEMENT OF CASH FLOWS	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Net cash flow from (used in) operating activities	(467)	(4,712)
Net cash flow from (used in) investing activities	0	0
Net cash flow from (used in) financing activities	480	4,712
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>13</b>	<b>0</b>
Effect of exchange rate changes on cash and cash equivalents	(7)	(12)
<b>Cash and cash equivalents at beginning of period</b>	<b>90</b>	<b>102</b>
<b>Cash and cash equivalents at the end of period</b>	<b>96</b>	<b>90</b>

STATEMENT OF CHANGES IN EQUITY	2019	2018
For the years ended December 31,	THUS\$	THUS\$
<b>Opening Balance</b>	<b>55,531</b>	<b>64,686</b>
Conversion Reserves	(3,811)	(7,279)
Defined benefit reserves	(8)	72
Changes in Retained Earnings	1,300	(1,948)
<b>Total changes</b>	<b>(2,519)</b>	<b>(9,155)</b>
<b>Total Equity</b>	<b>53,012</b>	<b>55,531</b>

EC INVESTRADE INC.

BALANCE SHEET	2019	2018
At December 31	THUS\$	THUS\$
<b>Assets</b>		
Current assets	25	26
Non current assets	29	30
<b>Total Assets</b>	<b>54</b>	<b>56</b>
<b>Liabilities</b>		
Current liabilities	44	37
Non current liabilities	0	0
<b>Total liabilities</b>	<b>44</b>	<b>37</b>
<b>Equity</b>		
Issued capital	40	40
Other reserves	16	16
Accumulated earnings (losses)	(46)	(37)
<b>Net equity</b>	<b>10</b>	<b>19</b>
<b>Total Liabilities and Net Equity</b>	<b>54</b>	<b>56</b>

INCOME STATEMENT	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Gross profit	0	0
<b>Profit (loss) before taxes</b>	<b>(8)</b>	<b>(3)</b>
Income taxes	0	0
<b>Profit (loss) after taxes</b>	<b>(8)</b>	<b>(3)</b>
<b>Profit (loss)</b>	<b>(8)</b>	<b>(3)</b>

STATEMENT OF CASH FLOWS	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Net cash flow from (used in) operating activities	(8)	(1)
Net cash flow from (used in) investing activities	0	0
Net cash flow from (used in) financing activities	7	20
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1)</b>	<b>19</b>
Effect of exchange rate changes on cash and cash equivalents	0	0
<b>Cash and cash equivalents at beginning of period</b>	<b>26</b>	<b>7</b>
<b>Cash and cash equivalents at the end of period</b>	<b>25</b>	<b>26</b>

STATEMENT OF CHANGES IN EQUITY	2019	2018
For the years ended December 31,	THUS\$	THUS\$
<b>Opening Balance</b>	<b>19</b>	<b>3</b>
Issued Capital	-	20
Conversion Reserves	(1)	(2)
Other Reserves	1	1
Changes in Retained Earnings	(9)	(3)
<b>Total changes</b>	<b>(9)</b>	<b>16</b>
<b>Total Equity</b>	<b>10</b>	<b>19</b>



ALXAR INTERNACIONAL SPA

BALANCE SHEET	2019	2018
At December 31	THUS\$	THUS\$
<b>Assets</b>		
Current assets	107	34
Non current assets	350,559	230,108
<b>Total Assets</b>	<b>350,666</b>	<b>230,142</b>
<b>Liabilities</b>		
Current liabilities	360,420	237,029
Non current liabilities	0	0
<b>Total liabilities</b>	<b>360,420</b>	<b>237,029</b>
<b>Equity</b>		
Issued capital	1,000	1,000
Other reserves	0	0
Accumulated earnings (losses)	(10,754)	(7,887)
<b>Net equity</b>	<b>(9,754)</b>	<b>(6,887)</b>
<b>Total Liabilities and Net Equity</b>	<b>350,666</b>	<b>230,142</b>

INCOME STATEMENT	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Gross profit	0	0
<b>Profit (loss) before taxes</b>	<b>(4,715)</b>	<b>(7,887)</b>
Income taxes	0	0
<b>Profit (loss) after taxes</b>	<b>(4,715)</b>	<b>(7,887)</b>
<b>Profit (loss)</b>	<b>(4,715)</b>	<b>(7,887)</b>

STATEMENT OF CASH FLOWS	2019	2018
For the years ended December 31,	THUS\$	THUS\$
Net cash flow from (used in) operating activities	(382)	(108)
Net cash flow from (used in) investing activities	(122,920)	(237,895)
Net cash flow from (used in) financing activities	123,387	238,027
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>85</b>	<b>24</b>
Effect of exchange rate changes on cash and cash equivalents	(3)	0
<b>Cash and cash equivalents at beginning of period</b>	<b>24</b>	<b>0</b>
<b>Cash and cash equivalents at the end of period</b>	<b>106</b>	<b>24</b>

STATEMENT OF CHANGES IN EQUITY	2019	2018
For the years ended December 31,	THUS\$	THUS\$
<b>Opening Balance</b>	(6,887)	0
Emission Premium	-	1,000
Changes in Retained Earnings	(2,867)	(7,887)
<b>Total changes</b>	<b>(2,867)</b>	<b>(6,887)</b>
<b>Total Equity</b>	<b>(9,754)</b>	<b>(6,887)</b>

