

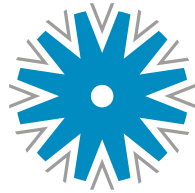
Annual Report 2019



antar**chile**



Annual Report 2019



antarchile

Right from the outset, we have been aware that success is not just limited to the commercial scope. Our businesses therefore foster active cooperation between those who are part of the surroundings to drive the social and human development in those countries in which our companies operate.





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01





Presentation

We have undertaken a commitment to the future of our companies and country.



Company Information

Company name

AntarChile S.A.

Taxpayer ID

N° 96.556.310-5

Address

Av. El Golf 150 - 21st floor, Las Condes, Santiago, Chile.

Telephone

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+56 2 2461 7717

Website

www.antarchile.cl

Type of Company

Publicly traded corporation

Securities Registry Listing

Securities registry N°342

Investor Relations

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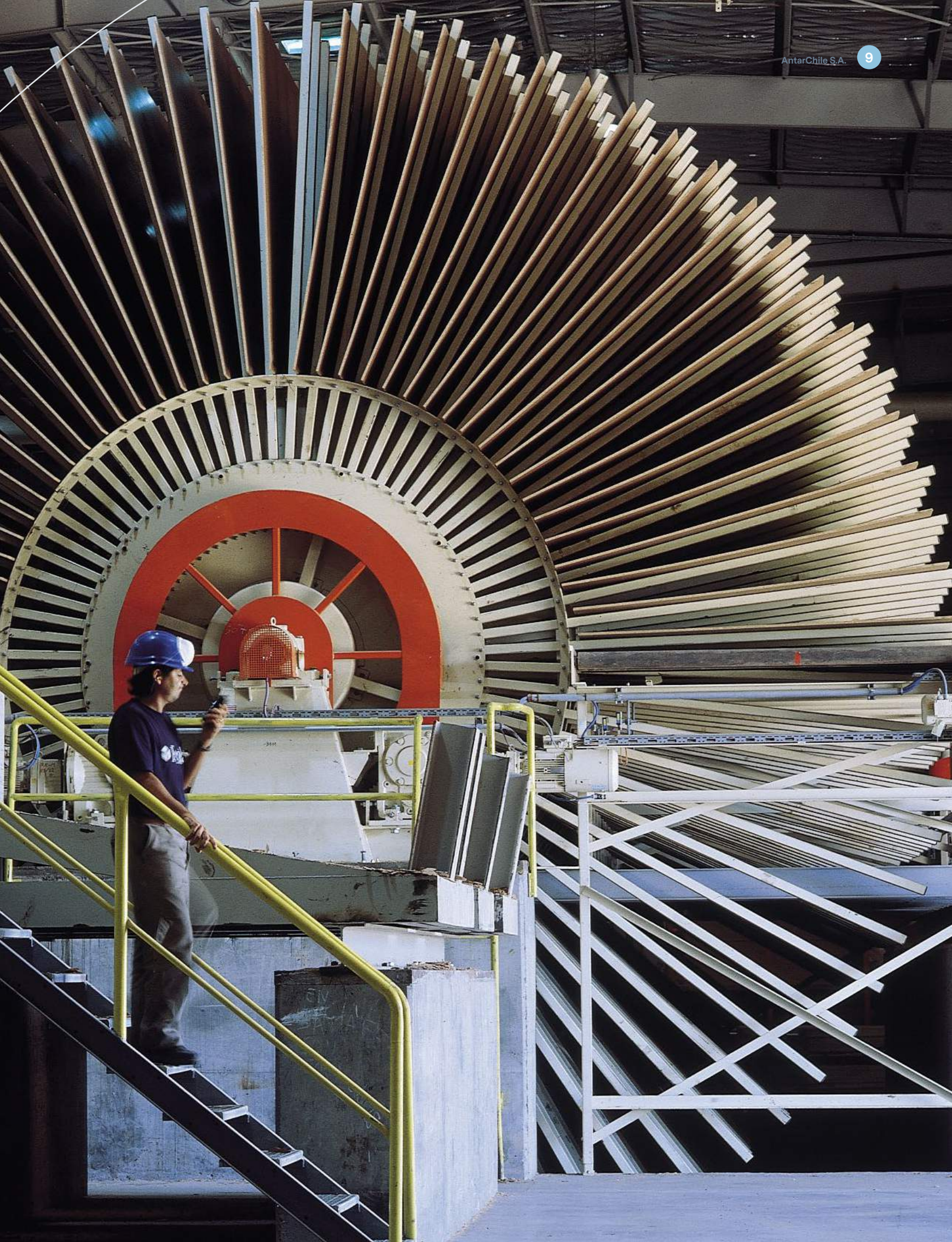
Shareholder Services

Managed by Servicios Corporativos SerCor S.A.

Av. El Golf 140, Las Condes, Santiago, Chile.

Telephone: +56 2 2364 6782 / 3 / 6





Chairman's Statement



Dear shareholders:

We shall remember 2019 as a period of large challenges for our companies and their businesses. The global uncertainty arising from the trade war between the United States and China instilled instability in markets, global stock markets and for the exchange rate. The economic vicissitudes of the situation in the United Kingdom and its exit from the European Union also had an impact, due to the fallout it could have on commerce between those countries having greater trade with the United Kingdom.

During the course of the last decade, our subsidiary Empresas Copec has gradually consolidated as a multinational company, with a commercial presence in over 80 countries and production facilities in 16. Although we have a more balanced business portfolio that is less exposed to what happens in a particular geography or business, the company operates in an increasingly globalized world, in which the effects of trade tensions and pandemics spread quickly. Due to this, all the mentioned situations that occurred in 2019 had a negative impact on the prices of our products, such as pulp, panels and fishmeal, and really hit our export businesses.

In the regional area, Peru, Ecuador, Colombia, and particularly Chile experienced large social unrest, marked by great mistrust of people of the established order and increasingly more diverse demands. In the case of Chile, the solutions have been focused on deep structural reforms, which could even entail debate of a new Constitution, if this is decided in the referendum to be held in the next few months.

2020 looks like it will be a very tough year for Chile and internationally. The coronavirus pandemic that is plaguing the world will have repercussions beyond people's health, which is undoubtedly the most important factor. In the next few months we could face a sharp drop in demand from more developed countries, which will cause a

very challenging recession and which we will have to overcome.

From our standpoint, the only way of making successful progress is by establishing the bases for dialogue and tolerance, improving the social coexistence, and opening up opportunities to forge consensus based on the common good and that of the country in general.

The essential conditions for resolving the economic difficulties that will emerge in the aftermath of the crisis will be abidance of the rule of law, a healthy coexistence and democratic debates in a context of social peace, the right evaluation of expert technical opinions on complex issues, and just as important, the appreciation of the role of companies and entrepreneurs as agents of social change. Chile needs all of our efforts working together. Now, more than ever, we are called on to do our best, committing our will and energy to provide everything that society expects of us, and more; to articulate our shared dreams of a more reliable and sustainable future for everyone, and to keep building a better world for future generations.

In the financial area, AntarChile S.A. had consolidated net income of US\$127 million, excluding minority participation, which was 81.1% down on the US\$671 million attained in 2018. This decrease was mainly due to operating and non-operating income dropping US\$906 million and US\$239 million, respectively, compared with the previous year.

The company's operating income was US\$906 million down on 2018. That was mainly because of the lower performance of the forestry business due to a drop in Arauco's revenues on account of pulp price decreases in the year.

AntarChile S.A.'s non-operating income decrease of US\$239 million was mainly due to total impairment charges of US\$243 million recognized by Mina Invierno, Arauco and Alxar.

Despite the sharp drop in net income, EBITDA, an indicator that reflects the performance of our commercial operations, was US\$2,018 million. Although this was a 27% decrease on the previous year, it reflects the resilient cash generating capacity of our activities.

One downside we suffered in 2019 was the regrettable fact that the indirect associate Mina Invierno was affected by the split verdict of the Environmental Court of Valdivia, barring the use of blasting to mine coal. The verdict quashed the decision of the Environmental Assessment Service and overruled the work of technical bodies. This sets a precedent for investment, endangering the project and the development of future business, particularly in the Magallanes region. For this reason, mining activities stopped in June. Mina Invierno has been a key pillar in providing safe, efficient and storable primary energy, besides being an important hub of regional development, providing quality jobs and making huge contributions to environmental conservation.

Notwithstanding the uncertain scenario, AntarChile's related companies continued to make progress with their investment plans. It is therefore important to highlight the investments made in 2019 by the subsidiaries and associates of Empresas Copec S.A. amounting to US\$2,058 million, whereas the base investment plan for 2020 commits resources of about US\$2,390 million, which will be allocated to the growth and maintenance of our productive activities. Around 71% will be focused on the forestry business, mainly due to the Arauco mill modernization and expansion (MAPA, according to the Spanish acronym) project, 22% on the fuels business, 1% on the fisheries business and 6% on other activities. These figures are naturally under review, since the current contingency might entail delays and postponement of some of the projects.

As I have already mentioned, our main investment project in 2019 was MAPA managed by our indirect subsidiary Arauco, which had 31.5% progress as of December 2019. MAPA entails closing production line 1 and the revamping of line 2. It also considers the construction of a new line 3 with a production capacity of about 1.56 million tons of pulp a year, which will consolidate us as one of the leading global players in this industry.



"During the course of the last decade, our subsidiary Empresas Copec has gradually consolidated as a multinational company, with a commercial presence in over 80 countries and production in 16."

Roberto Angelini R.
Chairman of the Board



The construction of the dissolving pulp project at the Valdivia pulp mill, in which the company invested US\$195 million, was completed in December 2019. This initiative will produce a type of pulp used as a raw material to make viscose or rayon fabric, and Arauco will be the first Chilean company to provide this type of product.

Moreover, the Grayling project was inaugurated at Michigan in the United States, which has a production capacity of 800,000 m³ of wood panels a year and entailed an investment of US\$450 million, positioning Arauco as a leading panel producer in North America. Arauco also agreed to purchase two industrial complexes from Masisa in Mexico, located at Durango and Zitácuaro. This operation, which considers an investment of US\$168 million, will consolidate Arauco as the second largest wood panel producer in the world.

The indirect subsidiary Alxar attained 75% construction progress of the Mina Justa works in Peru. This deposit, owned by a company in which Alxar has a 40% indirect stake, has copper resources of 432 million tons, and when it is operating in late 2020 it will produce an average of 100,000 tons of fine copper a year. Mina Justa answers the challenge of AntarChile and subsidiaries of finding new areas of growth in the natural resources sector, where our region has competitive advantages, by leveraging the know-how gained by Empresas Copec in other ventures.

Despite the aforementioned challenge, AntarChile continues to focus on sectors where the subsidiaries and associates of Empresas Copec have a leading position and can add value. In the fuels market, our companies maintained a leading position in their markets, generating investments to instill innovation in their operations.

In 2019, the indirect subsidiary Terpel continued with the integration of the operations and assets acquired from ExxonMobil in 2018. On the other hand, the company consolidated its presence in the aviation segment, increasing the number of network airports to 32, located in Colombia, the Dominican Republic, Peru and Panama.

In the United States, the indirect subsidiary MAPCO purchased three properties for future expansion projects, it revamped the branding of 14 facilities and refurbished 37 convenience stores. It also reopened three car washes and renovated a further three.

The indirect subsidiary Abastible, which operates in Chile, Colombia, Peru and Ecuador, has consolidated as the number one company in each country in which it operates and the third largest LPG distributor in South America. In 2019, it implemented several operative initiatives, highlighting the large increase in the storage capacity of Solgas, a subsidiary of Abastible, with the start-up of a third storage sphere at its Callao plant in Peru. In Chile, it completed the works to automate the gas cylinder palletizing process at Abastible's Maipú plant. The aim of such investment is to raise productivity and improve the safety indicators of the plant that supplies 22% of the bottled gas demand in the metropolitan region.

The entire investment plan of AntarChile and its subsidiaries and associates is underpinned by broad access to capital markets in favorable conditions. The highlight in this area was Arauco placing the first sustainable bonds issued in Latin America amounting to US\$1 billion. Since they are sustainable bonds, Arauco is committed to allocating part of the proceeds to finance or refinance one or more environmental and/or social projects.

One of the challenges of AntarChile and its companies is to anticipate changes and develop an adaptive capacity over time, by forging a change culture and developing and integrating new technologies. Subsidiaries have developed

numerous initiatives to stay on the cutting edge of technological progress. This is already part of our culture.

During the year, various subsidiaries therefore developed initiatives to participate in the world's most important innovation ecosystems. Besides the partnership that Arauco entered into with the Massachusetts Institute of Technology (MIT) in 2018, there are also other similar ones of the indirect subsidiary Copec Combustibles with the same university, along with Abastible's work with McCann.

In the fuel distribution business, anticipating the demand that will come from electric vehicles, Copec Combustibles implemented the longest electric vehicle fast charging network in South America. Voltex connects one thousand linear kilometers from La Serena to Temuco, which in the first quarter of 2020 will be extended by almost 1,400 km. In Colombia, under the Terpel Voltex brand, the company inaugurated the first electric vehicle charging station, starting massification of a modern electromobility network in such country.

In 2019, Copec Combustibles created its so-called "Innovation Garage," with the goal of gaining new skills and knowledge and participating even more in this innovation ecosystem, with a global vision and the mandate of challenging its traditional business. This initiative has already reaped the first rewards with investment in leading companies in the energy sector, highlighting Stem, a pioneer and leader in artificial intelligence (AI)-driven energy storage; and Ampere, a Spanish company that develops energy solutions for the residential segment.

In this same context of innovation, the fishing companies of the Group have been extending their focus from a vision of raw material producers to sectors like nutrition and offering other sources of proteins. In 2019, the highlight was our indirect associate Corpesca developing a big data-based program aimed at supporting the sustainable management of anchovy fishing. This technological milestone makes navigation more efficient and reduces the prospection costs, as it integrates historical data with other biological, altimetric and climatic data to provide information on the fishing conditions and distribution in a certain zone.

The indirect associate Golden Omega acquired OmegaTri, the owner of patented technology to make an innovative

compressible powder with a high omega-3 content. Under the GOtab brand, this associate will therefore provide a new product that will enable nutraceutical companies to offer compressed tablets rich in omega-3 of different shapes and sizes.

In the year, the company optimized the management of Corpesca's non-fishery businesses by allocating them to a new company, Inversiones Caleta Vitor S.A. Assets allocated to this company mainly comprise those related to Kabsa S.A, and those in Brazil and Germany.

Also in the fisheries business, the indirect associate Orizon closed a deal with St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A. to consolidate its mussel operations, attaining a 20% stake in both companies.

Another of the facets of this innovation culture entails a constant review and adaptation of the strategy, reviewing the activities companies are engaged in to focus on those in which more value can be added. An example of this review process is what happened with the infrastructure business related to the fuel distribution operations, and although this activity is important, it is not part of the

"A highlight in 2019 was AntarChile's listing on the Dow Jones Sustainability Index for the Latin American Integrated Market (MILA, according to the Spanish acronym), comprising those companies in the region that have outstanding environmental, social and corporate governance performance, along with acknowledgement of its listing on the Dow Jones Sustainability Chile Index."

key advantages of the distribution businesses, as are customer service and closeness to clients. Moreover, the infrastructure business is relished by investors with lower growth expectations demanding lower economic return rates for these investments, which opens up possibilities of disposing of those businesses in attractive conditions. The successful sale of the indirect associate Puertos y Logística in 2019 led to agreeing with our partners to sell the indirect subsidiary Sonacol and the indirect associate Gasmar. We hope to complete these processes as soon as possible.

The innovation culture has become an essential part of all our companies, which is reinforced by fostering multiple

"I would particularly like to highlight Arauco's commitment of attaining carbon neutrality in 2020, which will position it as the first global forestry company to achieve this important target."

collective forums to exchange good practices, innovation and experiences that we promote in them, which aim to homologate operating policies and standards. World experts on issues such as security, cyber security and risk management, among others, are also invited to participate in these forums.

Although innovation and growth are key concepts in all the businesses we manage, what we experienced last year, especially everything related to social movements in Latin America, has made many companies reconsider their role in society. We firmly believe that although the private sector has a duty of generating economic value for shareholders, it also has the responsibility of transcending by creating social value for the communities and surroundings in which it operates. Companies and society are closely connected, and that indissoluble bond is now increasingly more visible and essential.

It is a permanent commitment of AntarChile S.A. and the companies of the holding to undertake responsible and sustainable business management, along with adequate risk management, to contribute to the economic, social and environmental development of the countries in which we have a presence. We have thereby not only been able to provide world-class products and services but also generate quality jobs, add value to investors and take good care of the communities and surroundings.

Furthermore, we have always done our utmost to share the growth our companies have generated, creating opportunities of developing education, innovation, culture, and supporting small entrepreneurs, among other initiatives. Our aim is for our greater presence in different markets and countries to be intimately related to people and their needs, in each step aiming to attain the yearned for and virtuous balance between business and society.

To such effect, our business management model is characterized by making sustainability the key focus, constantly raising the standards of our operations. I urge you to read the annual sustainability report of Empresas Copec, which reflects a large effort to gather, consolidate and systematize the experience of our subsidiaries on issues like engagement with all stakeholders, with society, care of the environment and the right governance.

I would particularly like to highlight Arauco's commitment of attaining carbon neutrality in 2020, which will position it as the first global forestry company to achieve this important target. Besides this, it is also worth mentioning the progress made with its decision to adhere to Science Based Targets, which is a global initiative that in the case of Arauco means reducing emissions by 30% by 2030.

In the fisheries sector, Orizon secured Marine Stewardship Council certification by the independent body Lloyd's Register. This certification guarantees the sustainability, traceability and implementation of the best practices in the development of its business. Golden Omega carried out the Waves Zero Plastic initiative, whose aim is to generate awareness of and make the people of Arica understand the damage caused to fauna by plastic waste.

We believe that the long-term approach and deep bond with the environment is the reason for having been acknowledged by selective international indexes that highlight companies for their environmental, social and governance performance. To such effect, a highlight in 2019 was AntarChile's listing on the Dow Jones Sustainability Index for the Latin American Integrated Market (MILA, according to the Spanish acronym), comprising those companies in the region that have outstanding environmental, social and corporate governance performance, and its acknowledgment on the Dow Jones Sustainability Chile Index. Empresas Copec acknowledged its listing on this same index, as well as on the Dow Jones Sustainability Index MILA, FTSE4Good Emerging Index and MSCI Sustainability Index.

A key factor in these accolades is our corporate governance structure, which aims to guarantee in each of our activities responsible, efficient and timely management, but transparent and sustainable at the same time, coherent with our values and principles, whose strategic implementation has been managed by the director's team. Regarding this, we continued to make progress with initiatives such as: the incorporation in each business of more independent directors with diverse profiles; fostering the operation of more specific committees underpinned by training and external evaluations; adding new and more effective tools of control and risk management; and improving access to and the timely delivery of information and its transparency, among many other initiatives.

I would now also like to make special recognition of all the people who are part of the subsidiaries and associates of the holding. Nothing of what we have achieved would have been possible without the people who have put their work and efforts to the service of the Group's growth. I appreciate every minute of their devotion and express my sincere recognition of their work.

Regarding this, I would like to share my sadness at the passing of Mr. José Tomás Guzmán Dumas in January of this year. He was a key man in and a decisive part of the development and growth of our companies, as chairman and director of various of them. He was also a partner of the Group, a friend and advisor for over six decades.



His departure leaves us an indelible impression due to his way of managing the companies, based on unwavering principles and values, both ethical and hard and rigorous work. I must highlight that, at the same time as his business work, he also stood out for his indefatigable commitment to education and help for the most vulnerable people, collaborating with the genesis of so many institutions, like the Arauco Educational Foundation and the Copec-UC Foundation. All this drives us to carry on working with his convictions.

Lastly, I would also like to thank our shareholders, who have supported the course and decisions of the company. At times when mistrust arises as the first reaction, the support received from you is essential for the management and future vision we have wanted to instill in the development of all our companies.

Sincerely,

Roberto Angelini R.
Chairman of the Board



AntarChile's Business Model

AntarChile is an industrial holding with investments mainly in the forestry, fuel, fisheries and energy sectors. Its most important asset is a 60.82% shareholding of Empresas Copec S.A., which accounts for about 98.6% of the company's consolidated assets.

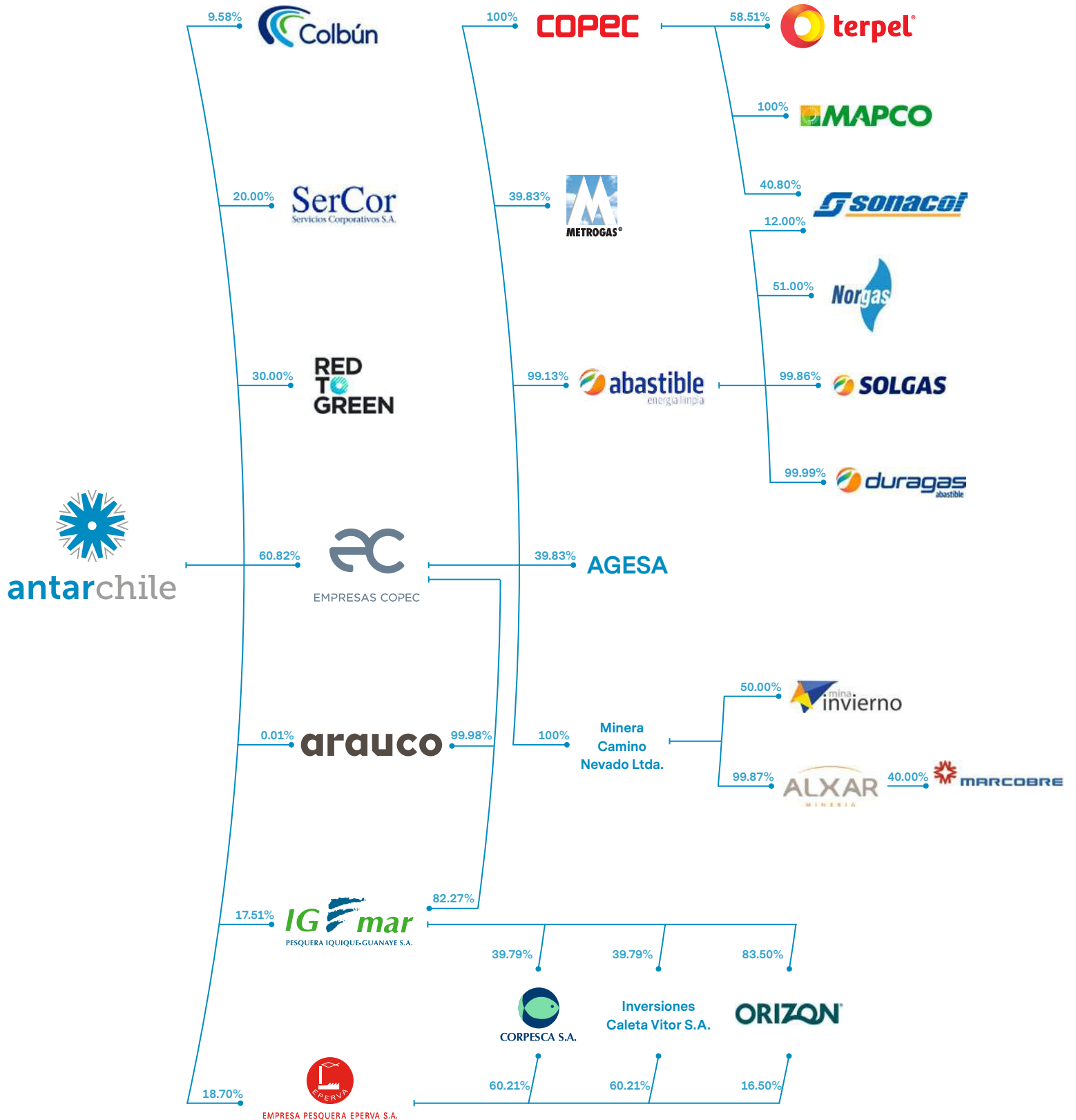


antarchile

Its subsidiaries currently market products in over 80 countries, and the company has productive assets in Chile, Germany, Argentina, Brazil, Ecuador, Spain, Colombia, Uruguay, Canada, the United States, Mexico, Peru, Portugal, the Dominican Republic, South Africa and Panama.

Company Structure

The chart below shows the ownership structure of AntarChile and its companies:

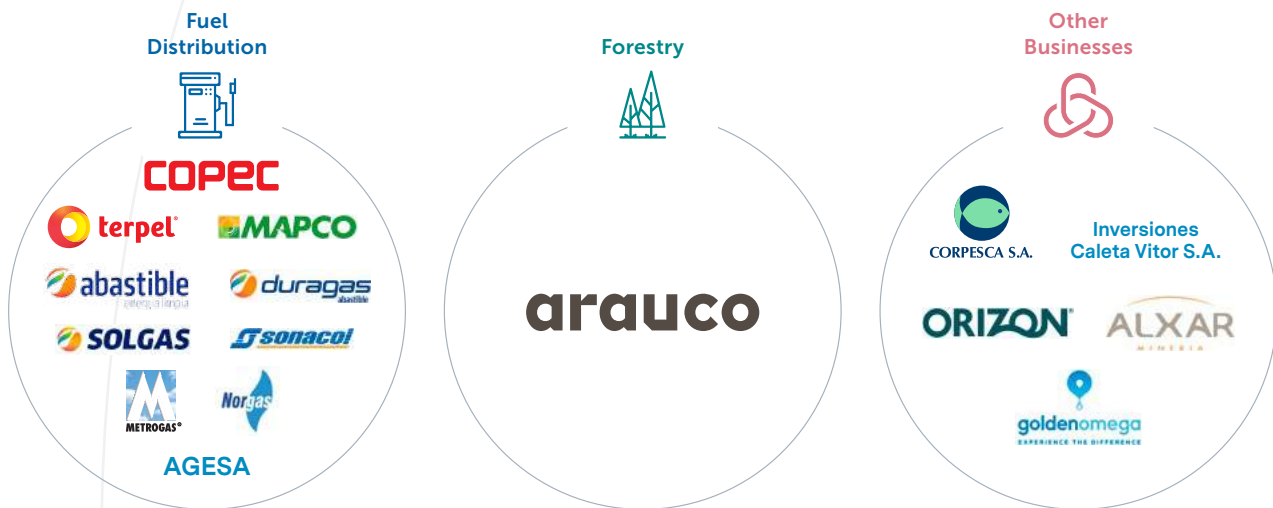


AntarChile at a Glance

Financial Highlights 2019

Sectors	Assets US\$ million	Sales US\$ million	EBITDA US\$ million	Controller's Net Income US\$ million
Forestry	16,191	5,329	1,121	38
Fuels	7,324	18,194	887	195
Other businesses	2,012	193	5	(106)
AntarChile total	25,527	23,716	2,013	127

Companies by business area

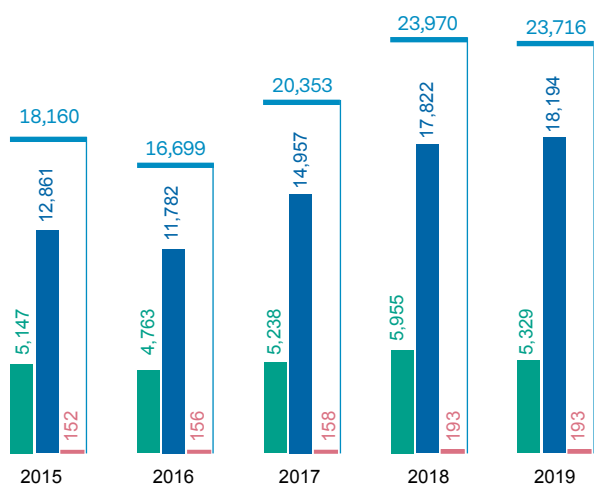


Financial Indicators

2015 to 2019

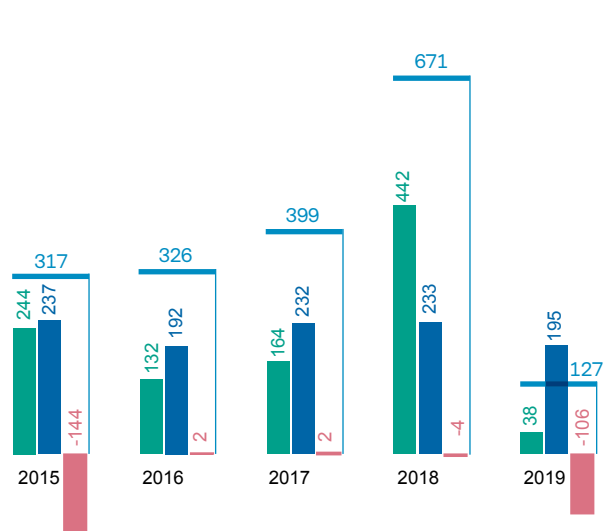
Sales

US\$ million



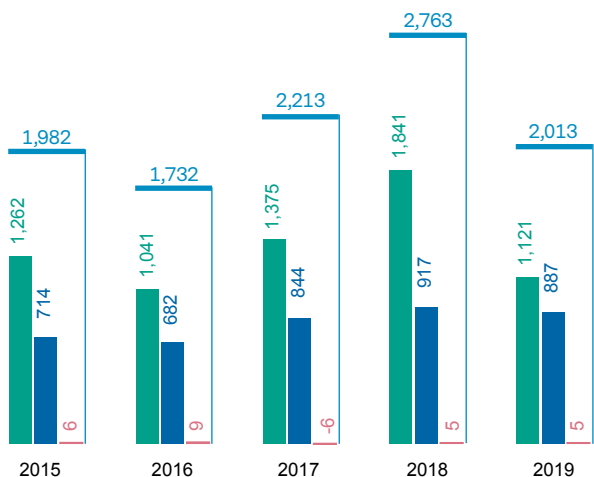
Controller's Net Income

US\$ million



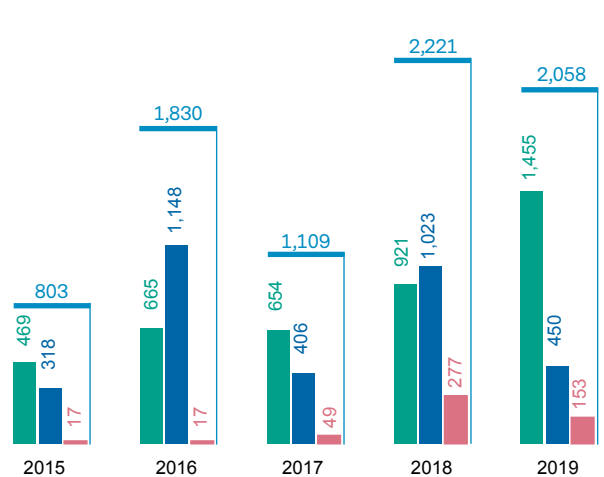
EBITDA

US\$ million

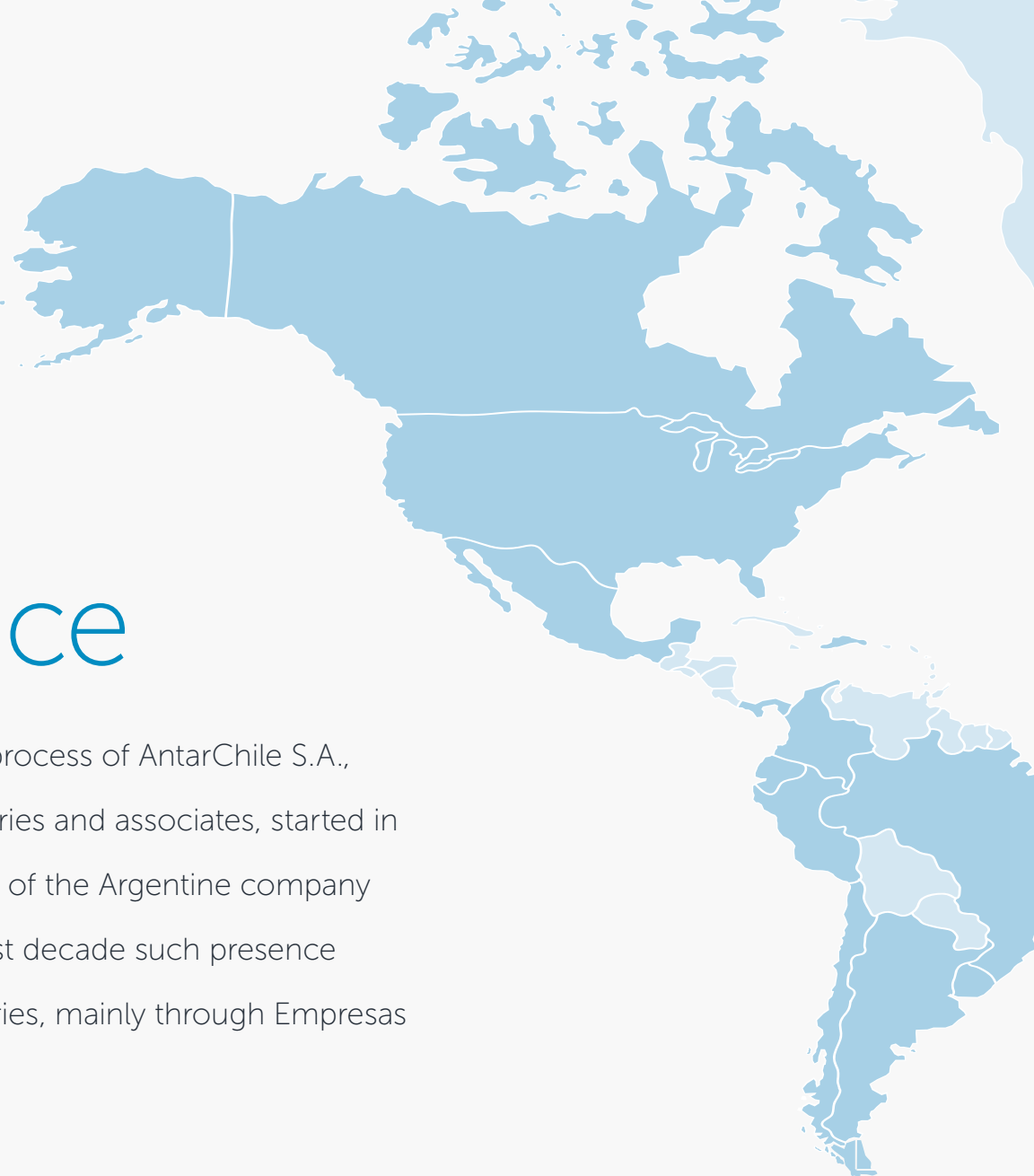


CAPEX

US\$ million



AntarChile Total Forestry Fuel Distribution Other Businesses



Global Presence

The internationalization process of AntarChile S.A., through its main subsidiaries and associates, started in 1996 with the acquisition of the Argentine company Alto Paraná S.A. In the last decade such presence increased in other countries, mainly through Empresas Copec and Arauco.

Germany

Argentina

Brazil

Canada

Chile

Colombia

Fuel distribution



Forestry

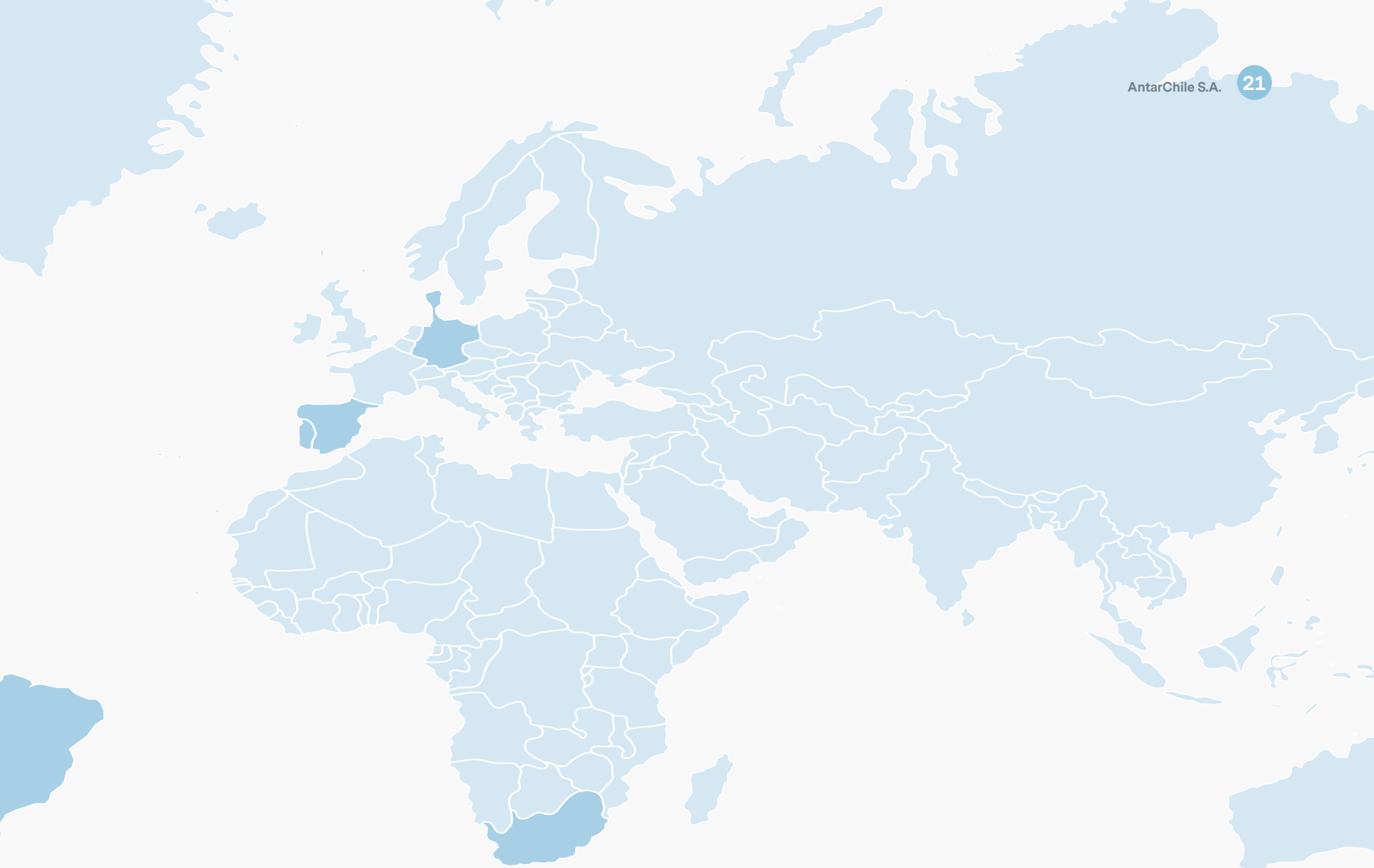


Fisheries and proteins



Power generation





Ecuador

United States

Spain

Mexico

Panama

Peru

Portugal

Dominican Republic

South Africa

Uruguay



02



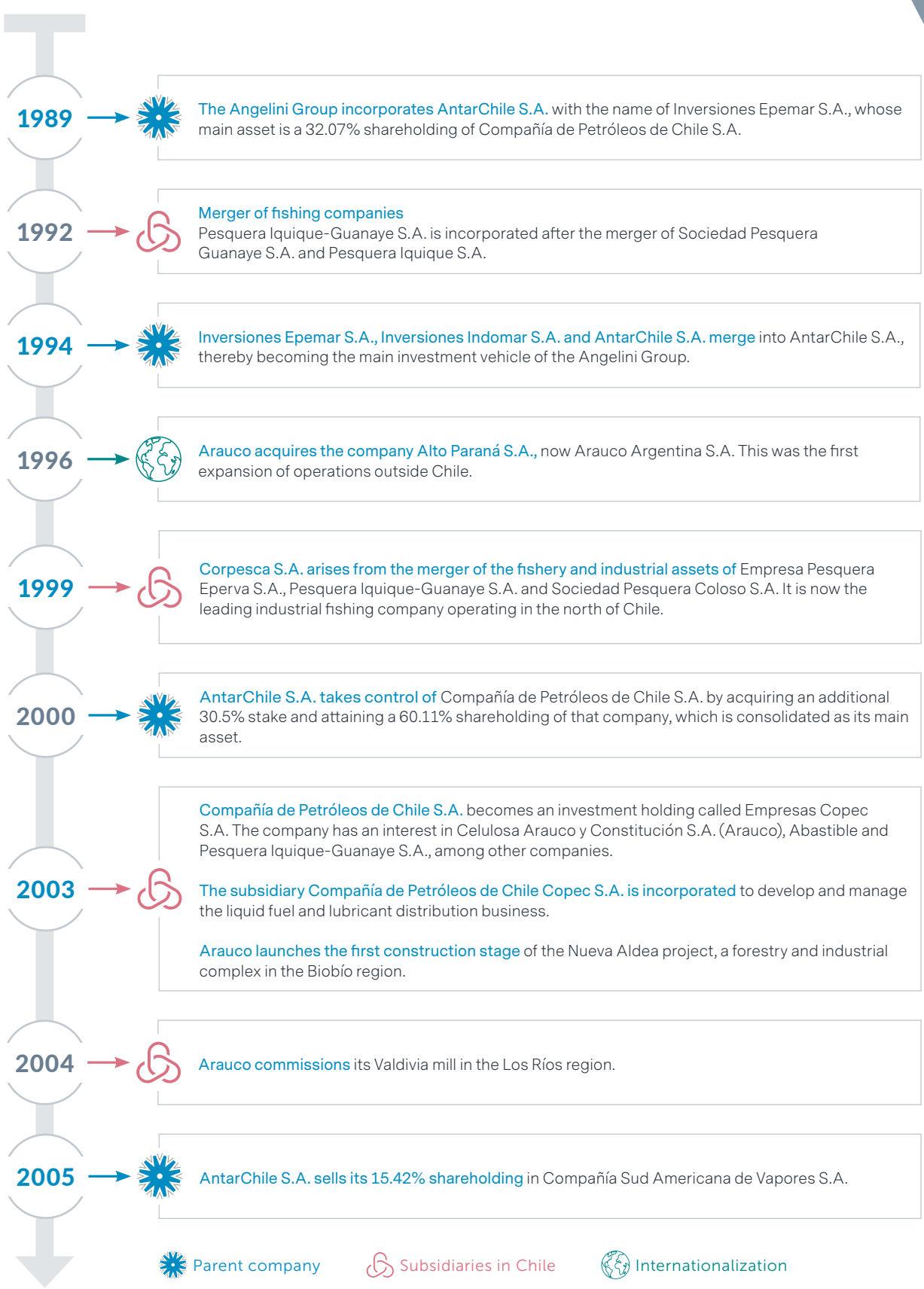


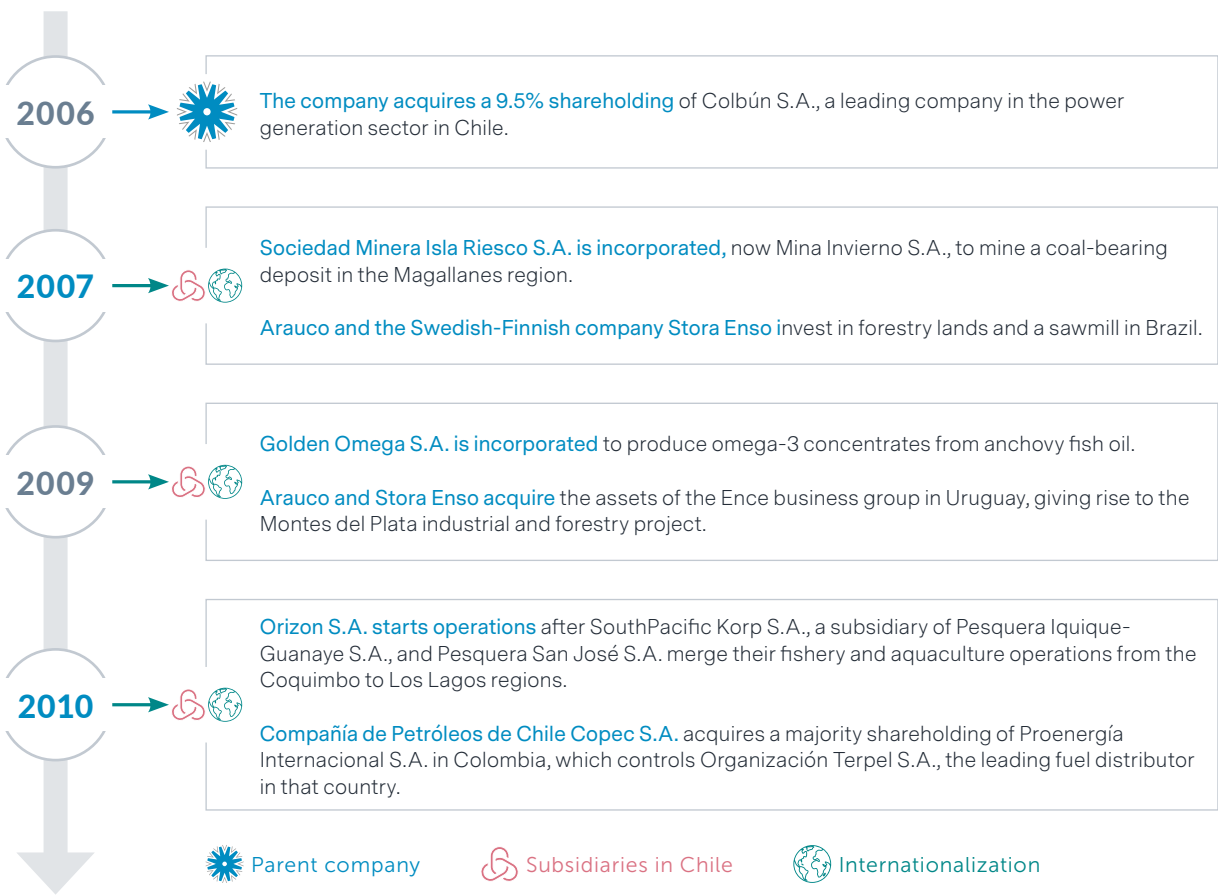
Our Company

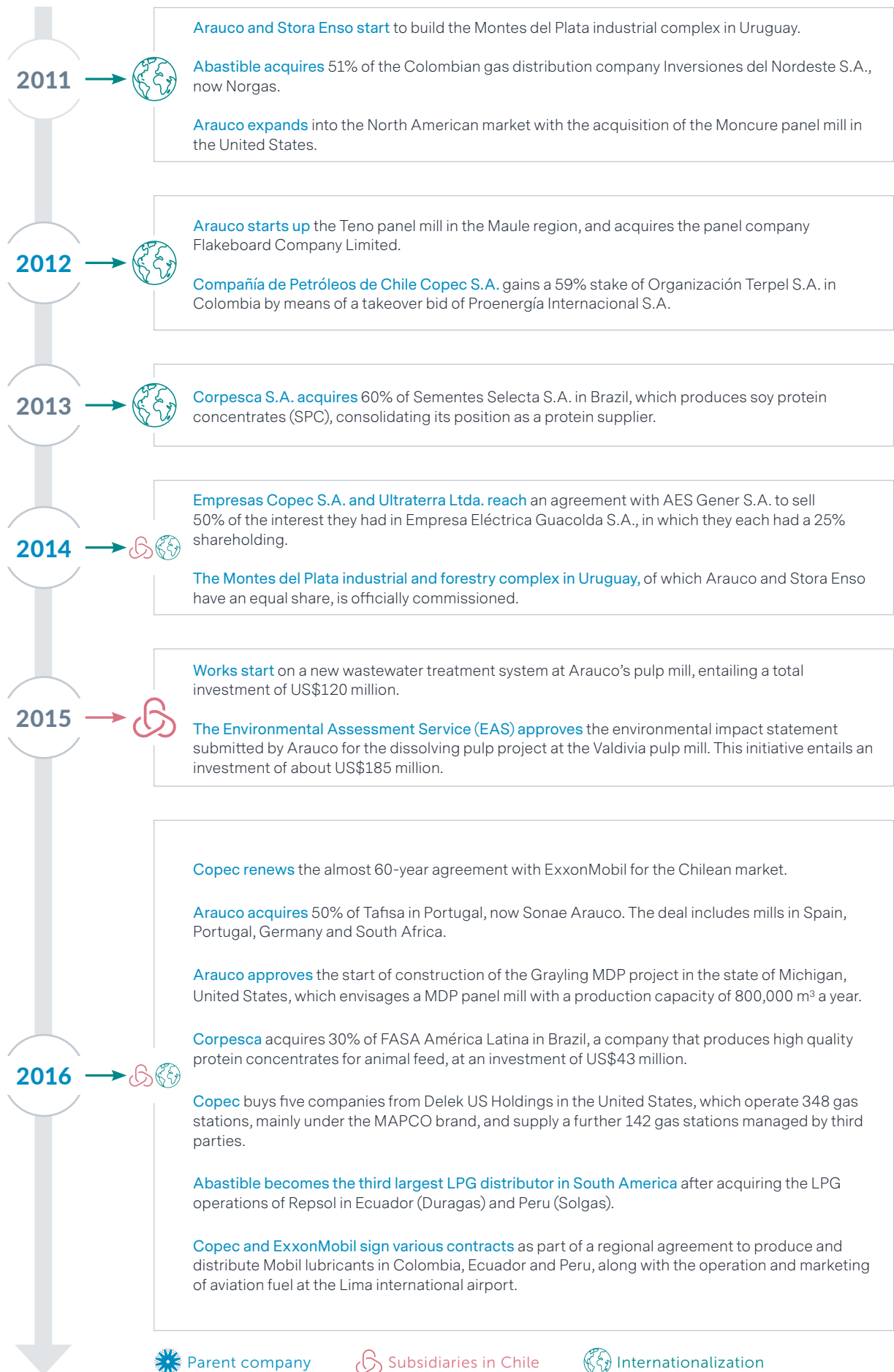
The main investment of AntarChile S.A. is a 60.82% shareholding of Empresas Copec S.A., one of the largest industrial holdings in Chile. Empresas Copec S.A. accounts for 98.6% of the company's consolidated assets. Due to this, the profitability and growth of AntarChile S.A. essentially depend on the performance of Empresas Copec S.A.



History







2017



Arauco approves the dissolving pulp project at its Valdivia mill. By using the biomass in the productive process, this mill will generate a surplus of about 55 MW for the national power grid (SEN, according to the Spanish acronym).

Igemar and Eperva buy 23% of Corpesca S.A. from Sociedad Pesquera Coloso S.A.

With this transaction, Pesquera Iquique-Guanaye S.A. and Empresa Pesquera Eperva S.A. jointly have a 100% ownership stake of Corpesca S.A.

In Brazil, Arauco do Brasil, a subsidiary of Arauco S.A., acquires Masisa do Brasil. The company gains two industrial complexes, one at Ponta Grossa (Paraná) and the other at Montenegro (Rio Grande do Sul), with an MDF installed capacity of 800,000 m³ a year.

In Mexico, Arauco signs an agreement to acquire the assets of Masisa. This includes three industrial complexes, with a total MDP installed capacity of 519,000 m³ a year and 220,000 m³ of MDF a year, along with three melamine coating lines, a chemical plant to process resins and formalin, and a veneer line.

Corpesca do Brasil Empreendimentos e Participações Ltda., a subsidiary of Corpesca S.A., sells 60% of its associate Sementes Selecta S.A. for US\$218 million. The Korean company CJ Cheil Jedang Corporation acquires 37.33% and Stic CJ Global Investment Partnership Private Equity Fund buys 22.67%.

2018



AntarChile S.A. is listed on the Dow Jones Sustainability Chile Index.

Arauco launches the Arauco mill modernization and expansion (MAPA, according to the Spanish acronym) project. This initiative entails an investment of US\$2,350 million and will increase the production capacity of the complex to 2.1 million tons of pulp a year.

Construction starts on the dissolving pulp project at the Valdivia pulp mill, which aims to retrofit its facilities to produce dissolving pulp, which is used to make textile fibers, cellophane wrap and filters. This project entails an investment of US\$185 million.

Empresa Pesquera Eperva S.A. and Pesquera Iquique-Guanaye S.A. purchase Sociedad Pesquera Coloso S.A.'s stake in Orizon S.A. and end up with 100% ownership.

Terpel acquires the assets of ExxonMobil in Colombia, Ecuador and Peru. Terpel financed this operation by issuing bonds in the Colombian market.

Alxar Minería acquires 40% of the Peruvian company Cumbres Andinas, which in turn owns 100% of the company Marcobre, to undertake with the Breca Group the Mina Justa mining project in the south of Peru.



Parent company



Subsidiaries in Chile



Internationalization

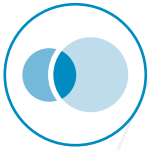
Highlights in 2019

CORPORATE INFORMATION



ANTARCHILE IS LISTED ON THE DOW JONES INDEX

AntarChile S.A. confirmed its listing on the Dow Jones Sustainability Chile Index (DJSI Chile), and is also listed on the prestigious Dow Jones Sustainability Index for the Latin American Integrated Market (MILA, according to the Spanish acronym) (DJSI MILA), comprising 58 companies in the region that have outstanding environmental, social and corporate governance performance in regard to their peers in Mexico, Colombia, Peru and Chile.



DOW JONES SUSTAINABILITY CHILE INDEX

Empresas Copec confirmed its listing on the Dow Jones Sustainability Chile Index, Dow Jones Sustainability Index MILA, FTSE4Good Emerging Index and MSCI Sustainability Index, which are prestigious international indexes that distinguish the environmental, social and corporate governance performance of companies.

FUELS BUSINESS



COPEC UNVEILS THE FIRST 100% SOLAR-POWERED ELECTRIC VEHICLE CHARGER IN SOUTH AMERICA

This is the first solar eco-charger in South America operating off-grid, exclusively fed by solar energy captured by means of 46 photovoltaic panels and a lithium battery backup system consisting of nine modules. This innovation will be used to power SQM's electric fleet that operates between Salar del Carmen and Antofagasta.



DRIVING ENERGY STORAGE

Copec created the Innovation Garage and made investments in pioneer companies in the artificial intelligence energy storage sector, like Stem in the United States, and Ampere Energy in Spain. In Chile, it gained control of Flux Solar, which is an engineering company that develops and sells energy using photovoltaic panels.



LAUNCH OF VOLTEX

Copec launched Voltex, the largest network of quick-charging stations for electric vehicles in the whole of South America. With 23 charging stations in the first stage, the network allows electric vehicles to run for almost 1,400 linear kilometers in Chile.



TERPEL VENTURES INTO THE ELECTROMOBILITY SECTOR

Under the Terpel Voltex brand, Terpel ventured into the electromobility sector with the inauguration of its first electric charging station. In the first stage it will interconnect the Bogotá-Medellín road, which will have charging stations every 100 to 120 kilometers that will start to operate in the first quarter of 2020.



COMPLEMENTARY SERVICES

Terpel made 213 openings (200 kiosks and 13 convenience stores), totalizing 320 outlets in its complementary service network, growing 196%.



SONACOL SALE PROCESS

The shareholders of Abastible and Copec granted a mandate to Goldman Sachs investment bank to head and structure a sale process of all the shares of Sonacol. It is calculated that the total proceeds of the operation could be around US\$1 billion.



MARKET SHARE INCREASE

In 2019, Abastible and its subsidiaries Solgas, Duragas and Norgas had a market share increase and consolidated as the number one companies in their respective countries by market share: Chile (38.56%), Peru (20.50%), Ecuador (38.55%) and Colombia (33.19%). Besides these positive results, there was also good internal financial management, meaning that subsidiaries have the leading operating income and EBITDA, among other indicators.



GREATER LPG STORAGE CAPACITY

Solgas commissioned a third LPG storage sphere, increasing the storage capacity by 4,500 tons and doubling the company's capacity.



FORESTRY BUSINESS



FIRST PLACEMENT OF SUSTAINABLE BONDS IN LATIN AMERICA

Arauco placed two sustainable bonds in the international market with 10-year and 30-year maturity amounting to US\$1 billion, divided into US\$500 million in each of the series. Being sustainable bonds, the company commits to allocating part of the issuance to finance or refinance one or more environmental and/or social projects. It should be highlighted that this is Arauco's first sustainable bond and the first in Latin America.



HIGHEST CHILEAN INVESTMENT IN A PRODUCTIVE MILL IN THE UNITED STATES

The Grayling project was inaugurated, the highest Chilean investment in a productive mill in the United States. The panel mill started up in February 2019 entailing an investment of US\$450 million and it has an installed capacity of 800,000 m³ of panels a year. With this investment, Arauco consolidates its position as a leading panel producer in North America and in second place worldwide.



E2E INAUGURATES THE FIRST PRODUCTIVE PLANT IN CHILE

E2E is a joint venture between Arauco and the Belgian company Etex Group, which aims to improve the habitability and sustainability of construction by providing wood construction solutions. This company, which is developing a project of 400 social houses at Casablanca, 230 at San Carlos, and a four-story pilot building at San Pedro, inaugurated its first production plant in Chile in September 2019.



DISSOLVING PULP MILL IN VALDIVIA IS COMPLETED

In December 2019, Arauco completed the construction of its first dissolving pulp mill in Valdivia that is unique in Chile. This project entailed an investment of US\$185 million and will give pulp a new use, incorporating it to the process of making viscose or rayon fabric that is used in a wide range of clothes and other products like cellophane wrap and filters. Dissolving pulp possesses large advantages over other fibers, as is the case of cotton, that have high production costs and consume a large amount of water.

FISHERIES AND PROTEINS BUSINESS



CALETA VITOR

Inversiones Caleta Vitor S.A. was incorporated as a spinoff of Corpesca S.A., allocating it all the assets that do not strictly belong to the fisheries business, mainly comprising those from the businesses in Brazil, Germany and those related to Kabsa S.A.



SALE OF 10% OF CJ SELECTA S.A.

In September 2019, Caleta Vitor S.A. signed an agreement with the CJ Cheil Jedang Corporation containing the terms of a deal to sell 10% of the shares of CJ Selecta S.A., belonging to the subsidiary Corpesca Do Brasil. The shares were transferred with payment of US\$40,602,000 in October.



GOLDEN OMEGA ACQUIRES THE NORWEGIAN COMPANY OMEGATRI

OmegaTri, the owner of patented technology to make an innovative compressible powder with a high omega-3 content, was acquired by Golden Omega. Under the GOtab brand, this associate will therefore offer a new product that will enable nutraceutical companies to provide compressed tablets rich in omega-3 of different shapes and sizes.



RECORD CATCH

Orizon attained a record level of processed jack mackerel of 120,000 tons, a 13% increase on the previous season.



NEW CERTIFICATION

Orizon secured Marine Stewardship Council (MSC) certification by the independent body Lloyd's Register. This certification guarantees the sustainability, traceability and application of the best practices in Chile.

OTHER SECTORS



MINA INVIERNO HALTS OPERATIONS

After a verdict by the Environmental Court of Valdivia, which quashed the decision of the Environmental Assessment Service and barred blasting as a complementary method at the Mina Invierno operation, the company stopped its operations as of November 2019.

Board of Directors



Roberto Angelini Rossi
CHAIRMAN

Industrial civil engineer, Pontifical Catholic University of Chile
Taxpayer ID N°5.625.652-0
Date of last election: 2017

Current activity: chairman of the boards of Inversiones Angelini Ltda., Empresas Copec S.A., Compañía de Petróleos de Chile Copec S.A., Corpesca S.A., Pesquera Iquique-Guanaye S.A. and Inversiones Alxar S.A. He is also a member of the boards of Celulosa Arauco y Constitución S.A., Empresa Pesquera Eperva S.A., Orizon S.A. and Inversiones Siemel S.A., among other companies.

Last activity: he has held various executive and management positions in the main companies of the holding.



Jorge Andueza Fouque
VICE-CHAIRMAN

Electronics engineer, Federico Santa María University
Taxpayer ID N°5.038.906-5
Date of last election: 2017

Current activity: chairman of the boards of Inversiones Siemel S.A. and Orizon S.A., and vice-chairman of Empresas Copec S.A., Celulosa Arauco y Constitución S.A., and Corpesca S.A.

Last activity: CEO of AntarChile S.A.



Jorge Desormeaux Jiménez*
DIRECTOR

Business engineer, Pontifical Catholic University of Chile
Taxpayer ID N°5.921.048-3
Date of last election: 2017

Current activity: professor of the Economics Faculty of the Pontifical Catholic University of Chile, vice-chairman of the board of the Diego Portales University, director of Viña Concha y Toro.

Last activity: advisor to and vice-president of the Chilean Central Bank.

^(*) Independent director

The directors of AntarChile S.A. were elected for a three-year term in an ordinary general shareholders' meeting held on April 28, 2017. All the directors were reelected, except Arnaldo Gorziglia Balbi (attorney, taxpayer ID N°3.647.846-2), and Jorge Andueza Fouque was appointed to replace him.

A board meeting held on May 5, 2017 appointed Roberto Angelini Rossi as the chairman and Jorge Andueza Fouque as the vice-chairman.

The board of AntarChile S.A. in 2019 comprised:



Juan Edgardo Goldenberg Peñafiel
DIRECTOR

Attorney, University of Chile
Taxpayer ID N°6.926.134-5
Date of last election: 2017

Current activity: director of Banco Bci, partner of Yrarrázaval, Ruiz Tagle, Goldenberg, Lagos & Silva, member of the Chilean Bar Association, professor of tax law at the Pontifical Catholic University of Chile and Los Andes University, director of Empresas Copec S.A. and Inversiones Maihue Limitada.

Last activity: he has participated as a speaker at conferences and seminars on tax law and is the author of various tax publications and articles.



José Tomás Guzmán Dumas (R.I.P.)
DIRECTOR

Attorney, Pontifical Catholic University of Chile
Taxpayer ID N°2.779.390-8
Date of last election: 2017

Last activity: partner of the Portaluppi, Guzmán y Bezanilla law firm. Director and vice-chairman of various companies of the Angelini Group.

* Mr. José Tomás Guzmán Dumas passed away on January 20, 2020.



Manuel Enrique Bezanilla Urrutia
DIRECTOR

Attorney, Pontifical Catholic University of Chile
Taxpayer ID N°4.775.030-K
Date of last election: 2017

Current activity: partner of the Portaluppi, Guzmán y Bezanilla law firm, chairman of the boards of Celulosa Arauco y Constitución S.A. and Forestal Arauco S.A., and director of other companies of the Angelini Group.

Last activity: he has worked indistinctly as a director, chairman and vice-chairman of the boards of Celulosa Arauco and Forestal Arauco as of 1986.



Andrés Lyon Lyon
DIRECTOR

Business engineer, University of Chile
Taxpayer ID N°5.120.544-8
Date of last election: 2017

Current activity: director of Empresa Pesquera Eperva S.A., Chilean South Apple, ByP Iluminación, and Agrícola Huertos del Huique.

Last activity: he has undertaken business activities in the financial, agricultural, electric and construction sectors.

Secretary to the Board

José Tomás Guzmán Rencoret

Attorney
Taxpayer ID N°6.228.614-8

Directors' Committee

PRESIDENT
Jorge Desormeaux Jiménez

DIRECTORS
Manuel Enrique Bezanilla Urrutia

Andrés Lyon Lyon

Board Meeting Attendance

The board convened 18 times in 2019, and the average attendance rate was 87%.

Board of Directors	Attendance
Roberto Angelini Rossi	83%
Manuel Enrique Bezanilla Urrutia	94%
Jorge Desormeaux Jiménez	100%
Juan Edgardo Goldenberg Peñafiel	94%
Jorge Andueza Fouque	100%
José Tomás Guzmán Dumas	50%
Andrés Lyon Lyon	89%
Average	87%

Board Remuneration

In 2019, directors received the following gross remunerations, which are those established for them by the shareholders' meeting of the same year: US\$321,087 (US\$344,238 in 2018) for Roberto Angelini Rossi; US\$214,058 (US\$229,492 in 2018) for Jorge Andueza Fouque, Juan Edgardo Goldenberg Peñafiel, José Tomás Guzmán Dumas, Andrés Lyon Lyon, Manuel Enrique Bezanilla Urrutia and Jorge Desormeaux Jiménez.

The directors did not receive any other remunerations from the company.

There are no incentive plans such as stock compensation, stock options or others in which the directors participate.

The board did not incur any consultancy expenses or fees in 2019.

Directors' Committee Performance

AntarChile S.A. has a Directors' Committee pursuant to sub-paragraph 1 of article 50 bis of Law N°18.046.

In accordance with Article 50 bis of the aforementioned law, the Directors' Committee issued its performance report 2019, whose content shall be reported in the ordinary general shareholders' meeting in April 2020.

Directors' Committee Remuneration

For being members of the company's Directors' Committee, Andrés Lyon Lyon, Jorge Desormeaux Jiménez and Manuel Enrique Bezanilla Urrutia received US\$71,353 each (US\$76,452 in 2018).

The Directors' Committee thereby disbursed US\$214,059 in 2019 (US\$229,356 in 2018). The Committee did not incur any consultancy expenses or fees in 2019.

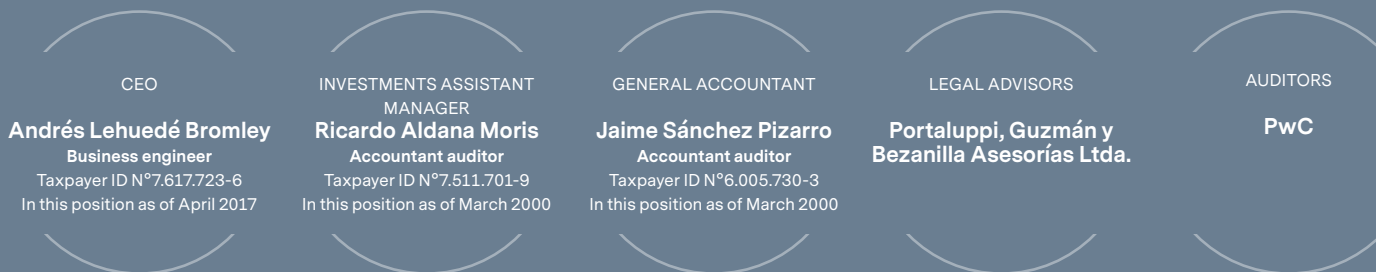
The Directors' Committee did not make any comments or proposals about the operation of the corporate businesses to be included in this annual report.

Summary of the Directors' Committee Activities

Meeting	Date	Subject Matter
N°115	01-11-19	Unanimous approval of the remuneration system and compensation plans for the company's executives and managers.
N°116	03-27-19	The Committee unanimously agreed to approve the company's balance sheet and financial statements for the year ended December 31, 2018, and the independent auditor's report on such financial statements, based on PwC's report dated March 27, 2019.
N°117	04-05-19	Proposal to the board to recommend to the ordinary shareholders' meeting the appointment of PwC as the company's independent auditors. As an alternative, it proposed Deloitte in second place. Proposal to the board, so it suggests to the same ordinary shareholders' meeting to appoint Fitch Chile Clasificadora de Riesgo Ltda. and Feller Rate Clasificadora de Riesgo Ltda as the private credit rating agencies for 2019.
N°118	05-30-19	Review of the content of the financial statements as of March 31, 2019. It agreed to recommend that the board approve them, along with the signing of the responsibility statement and other formalities required to officially send the information to the Financial Market Commission (CMF, according to the Spanish acronym).
N°119	09-06-19	It analyzed the company's interim financial statements as of June 30, 2019 and the independent auditor's report. It unanimously agreed to recommend that the board approve them, along with the signing of the responsibility statement.
N°120	11-29-19	Acknowledgement and approval of the financial statements as of September 30, 2019. It agreed to recommend that the board approve them, along with the signing of the responsibility statement and other formalities.



Senior Management



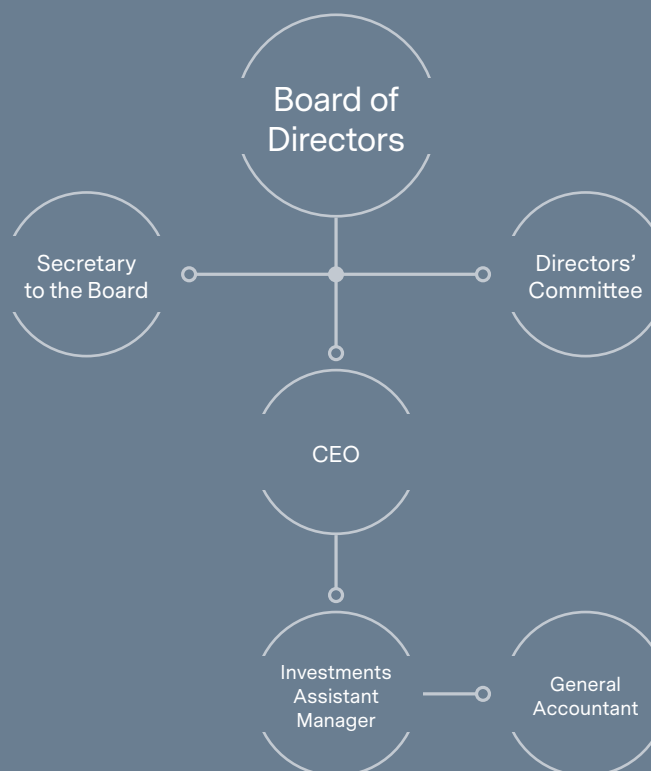
Senior Executive Remunerations

The remunerations received by senior executives and managers in 2019 amounted to US\$477,863 (US\$503,317 in 2018). The company also incurred bonus expenses of US\$267,851 in 2019 (US\$276,909 in 2018).

AntarChile S.A. has no other special incentive plans in which executives and managers participate. In 2019 and 2018, senior executives or managers received no severance payments.



Organization Chart





Corporate Governance



Policies, Codes and Dissemination

Aware that good corporate governance is key to generate sustainable value over time for its shareholders and to meet the needs of third parties that might have an interest in or be affected by the operation of the company, AntarChile S.A. generally adheres to the principles defined by the Organization for Economic Co-operation and Development (OECD), along with the standards and guidelines of Chile's Financial Market Commission (CMF, according to the Spanish acronym) on the best corporate governance practices, and transmits them to all its managerial staff and employees.

AntarChile S.A. thereby strives for its investments to be made considering economic, social and environmental aspects. These factors define a way of doing business that makes a contribution to society in general and to the communities in which it operates directly or indirectly, beyond the economic benefit and what is laid down by the current legal regulation.

Highlights in 2019

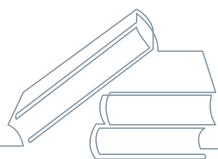
The company conducted a series of activities in 2019 to promote and continuously enhance the best corporate governance practices.

These included various training and update sessions on this issue for directors and the senior managers of AntarChile S.A. and its related companies, in order to

maintain the most updated knowledge of national and international trends of corporate governance. The main issues addressed in those sessions were:

- Analysis of the new criminal liabilities of Law N°21.121 for companies and their managers. Issues were addressed from the legal standpoint of the new conduct subject to penalties. Moreover, new responsibilities of boards of directors and senior management were analyzed, as they are the ones that must manage these to enhance an internal culture that prevents these offenses from being committed or exposed to.
- Board's access to information; its relationship with management and everything related to the company. Opportunities for value creation by providing information to the market on environmental, social and corporate governance issues were analyzed.
- Beyond control and compliance: boards that add value. Issues discussed included: good practices in the international and local area that help directors to attain greater efficiency, coordination and focus on the main objective of the company and its shareholders.

The company also held training for executives and all the employees of AntarChile S.A. on the modification of Law N°20.393 on the criminal liability of corporations and the offenses and penalties it envisages (by means of the mentioned Law N°21.121), and regarding the update of the company's offense prevention model.



Corporate Governance Instruments



Note: further information and other procedures on corporate governance are available on the company website at www.antarchile.cl

03





Our Team

The well-being of our employees and the generation of dignified jobs is the objective of each of our companies. We make sure this is complied with, which is an essential value at the operations in all countries where we are present.



Our Team



Headcount of AntarChile S.A. and its subsidiary Empresas Copec S.A.

For the year ended December 31, 2019

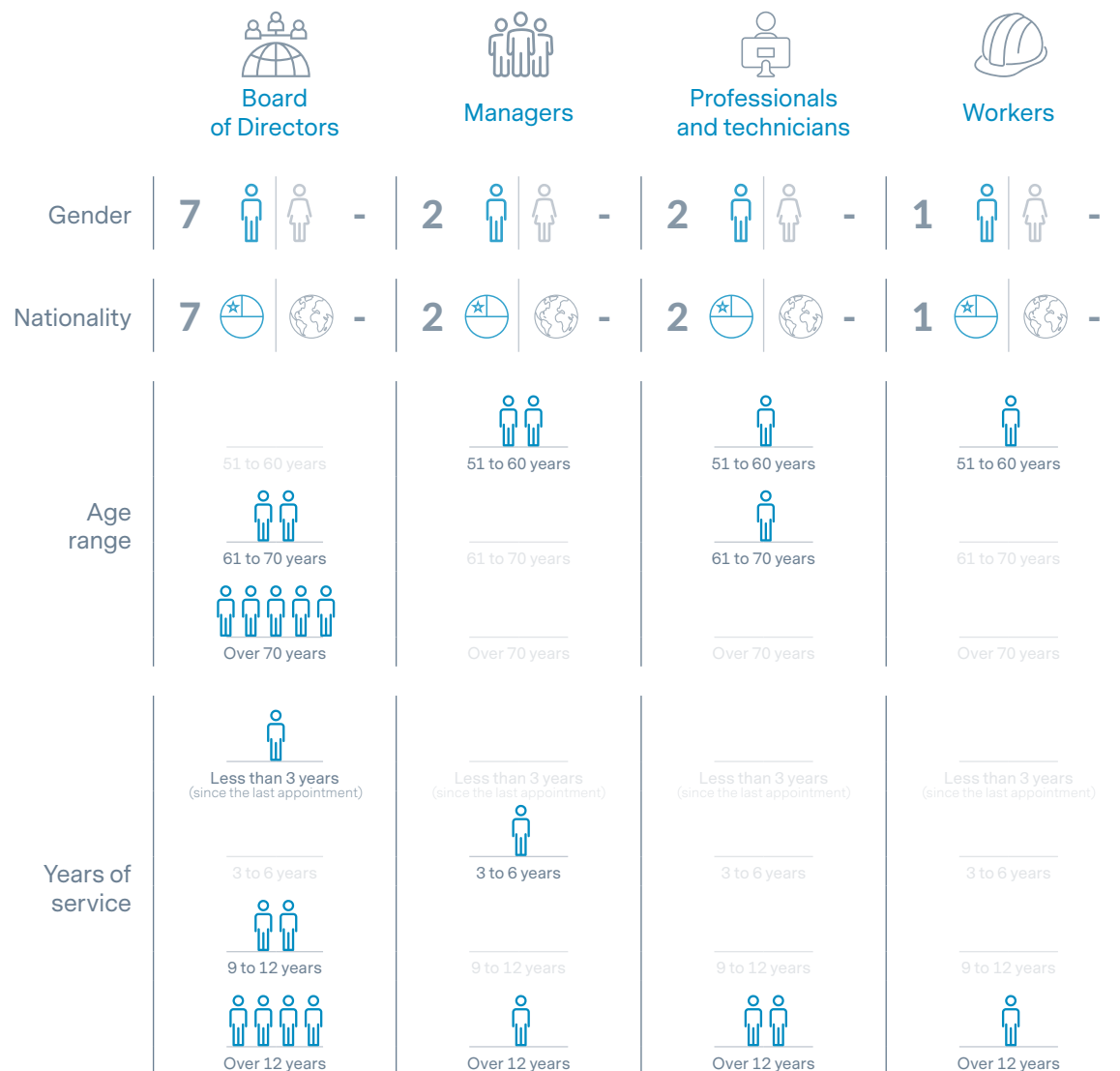
	 Managers	 Professionals and technicians	 Workers	 Total
AntarChile	2	2	1	5
Empresas Copec	922	9,945	26,890	37,757
Total	924	9,947	26,891	37,762

(*) 18,313 employees of the total headcount are foreigners, all of whom are employed by subsidiaries of Empresas Copec S.A.



Diversity in the Organization

All the figures are for the year ended December 31, 2019.



Salary Gap

The parent company AntarChile S.A. does not report the salary gap by gender as it has no female employees.

Suppliers and Customers

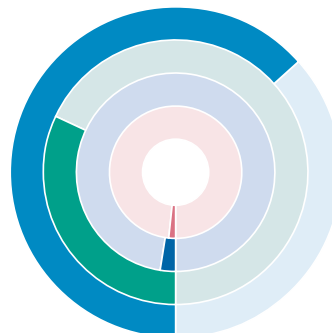
Diversification of suppliers and customers by company	Nº of suppliers that individually accounted for more than 10% of the goods and services provided in 2019	Nº of customers that individually accounted for more than 10% of the sales in 2019
Empresas Copec S.A.	-	-
Pesquera Iquique-Guanaye S.A. (Igemar)	-	-
Empresa Pesquera Eperva S.A.	1	-
Red to Green S.A.	1	-
Servicios Corporativos SerCor S.A.	1	2
Celulosa Arauco y Constitución S.A.	4	-



Our Shareholders



For the year ended December 31, 2019



Ownership and Shareholders

Inversiones Angelini y Cía.
63.40%

Other corporations
32.19%

Natural persons
2.61%

Pension funds
1.80%

Twelve Main Shareholders

	Taxpayer ID N°	N° of shares	Shareholding %
Inversiones Angelini y Compañía Limitada	93.809.000-9	289,349,551	63.40%
Inversiones Golfo Blanco Ltda.	76.061.995-7	26,346,943	5.77%
Inversiones Senda Blanca Ltda.	76.061.994-9	19,760,208	4.33%
Agroforestal e Inversiones Maihue Limitada	94.088.000-9	13,035,702	2.86%
Inversiones Lo Recabarren Ltda.	76.156.198-7	12,316,047	2.70%
Banchile Corredores de Bolsa S.A.	96.571.220-8	8,492,923	1.86%
Larraín Vial S.A. Corredora de Bolsa	80.537.000-9	7,232,825	1.58%
Rentas Latinsa Ltda.	93.505.000-6	4,705,398	1.03%
Banco de Chile on behalf of Citi N.A. New York	33.338.676-3	4,612,592	1.01%
Cía. de Inversiones La Española S.A.	93.727.000-3	4,021,073	0.88%
Agrícola y Comercial Santa Inés Ltda.	96.396.000-K	3,904,342	0.86%
Servicios Quelentaro S.A.	78.217.950-0	2,733,510	0.60%
TOTAL		396,511,114	86.88%

Data as of December 31, 2019

In accordance with current regulations, it is left on record that the following corporations or natural persons hold 10% or more of the share capital or are related thereto, so they are majority shareholders: Inversiones Angelini y Compañía Limitada, taxpayer ID N°93.809.000-9.

There are no other shareholders holding over 10% of the share capital.

Shareholding of Directors and Senior Managers

The director shareholding in AntarChile S.A., be this directly and/or through companies in which they have a shareholding, is as follows: Andrés Lyon Lyon, 2.80616%; Juan Edgardo Goldenberg Peñafiel, 0.013773%; Jorge Andueza Fouque, 0.0243148%; and José Tomás Guzmán Dumas (R.I.P.), 2.9687%.

The shareholding of the director and chairman Roberto Angelini Rossi is indicated in the Company Controller section, included in chapter 6 of this annual report.

The only senior manager with a shareholding in the company for the year ended December 31, 2019, be this directly or through companies, is the CEO Andrés Lehuedé Bromley with a 0.000453% shareholding of all the shares of AntarChile S.A.

Investor Relations

In 2016, AntarChile S.A. established the investor relations area to implement a formal communication channel between the company and investors.

During the year there was a 61% decrease in the average daily traded amounts of AntarChile's shares, which dropped from an average of Ch\$840 million in 2018 to Ch\$322 million in 2019. This is explained by AntarChile no longer being listed on the selective share price index (IPSA, according to the Spanish acronym) in August 2018 and the drop in the share price and



the stock market in general. On comparing the share volumes traded, these dropped from 19.3 million shares in 2018 to 10.8 million shares in 2019.

In 2019, AntarChile was selected to be listed on the Dow Jones Sustainability Index MILA and was once again listed on the Dow Jones Sustainability Chile Index. The company had 53 total points, which was an eight-point increase on 2018 and 20 points above the average of its industry (industrial conglomerates). With this score, the company is in the 80th percentile, which is higher than the 73rd percentile of the previous year.

Highlights in 2019

- In 2019, AntarChile participated in two conferences abroad and two non-deal roadshows, highlighting the first one in Latin America held in Brazil, Colombia and Peru. In total, AntarChile held 40 one-on-one meetings with investors. Such initiatives raise the company's visibility, particularly among foreign investors, and generate an opportunity for investors to talk directly to the company's managers.

Share Information

Share Transactions

Period	Average price Ch\$	Shares traded (units)	Total amount Ch\$
2019			
I Quarter	9,459	1,304,197	12,336,938,317
II Quarter	8,442	2,519,950	21,273,853,985
III Quarter	7,549	1,965,736	14,839,048,022
IV Quarter	6,814	4,970,281	33,866,604,415

This considers the transactions and average price of AntarChile S.A.'s shares on the Santiago Stock Market and the Electronic Stock Exchange.

Share Price

In early 2019, the AntarChile S.A. share price traded at around Ch\$9,100, and it decreased steadily to about Ch\$7,100 in August. After that, the share price increased to Ch\$8,200 in October, in line with what was happening with the Chilean market. In December there was a large decrease with the share price ending the year around Ch\$7,200, so the share price dropped 20.9% in 2019.

AntarChile S.A.'s stock market presence as of December 2019 was 96.7%.

Net Asset Value (NAV)

For the year ended December 31, 2019	
NAV US\$ million	7,250
Market capitalization US\$ million	4,414
Discount	39.1%

Dividend Policy

On April 7, 2006, the board agreed to amend the company dividend policy as follows:

- Increase the percentage of profits to be distributed each year as dividends from 30% to 40%. These will be paid as final dividends, after the ordinary general shareholders' meeting approves the respective annual balance sheet on the or those dates determined by such meeting.
- This dividend policy amendment came into force as of December 31, 2006.

Historical Dividends

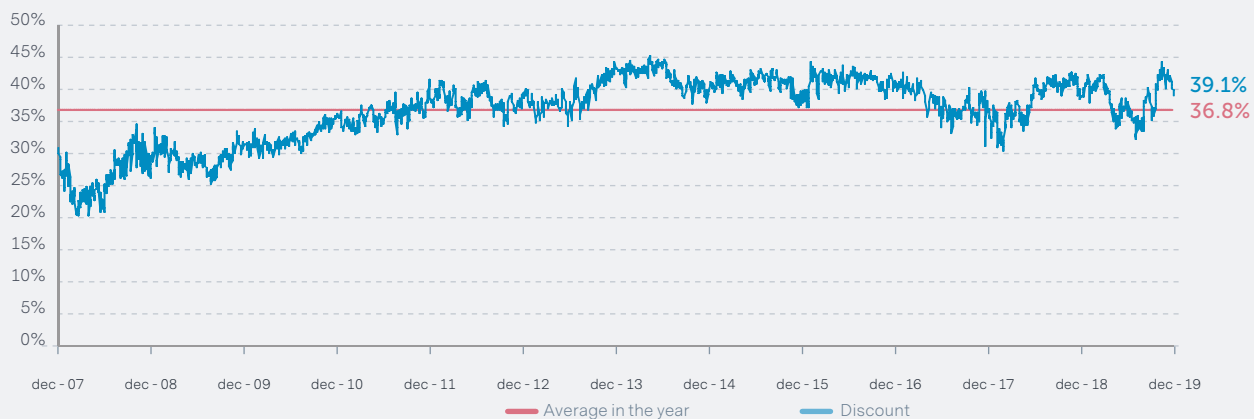
Year	Dividend N°	Amount per Share (US\$)	Total Historical Amounts (US\$'000)
2019	36	0.6340	289,334
2018	35	0.4361	199,044
2017	34	0.2896	132,171
2016	33	0.2747	125,367
2015	32	0.4291	195,831

AntarChile's Historical Share Price Versus IPSA (base 100)





Holding Discount for AntarChile's Shares



04



872
906
939
665



Management

AntarChile S.A.'s permanent commitment is for companies comprising the holding to undertake responsible and sustainable business management, and the right risk management, to make a contribution to the country's economic, social and environmental development.



AntarChile S.A.'s permanent commitment is for companies comprising the holding to undertake responsible and sustainable business management, and the right risk management, to make a contribution to the country's economic, social and environmental development.

These elements have enabled the company to generate quality jobs, provide world-class products and services and add value for investors, based on respectful and collaborative community relations.



Investment Approach of AntarChile S.A.

The main investment of AntarChile S.A. is the 60.82% shareholding in Empresas Copec S.A., one of the largest industrial holdings in Chile. Empresas Copec S.A. accounts for 98.6% of the company's consolidated assets. Due to this, the profitability and growth of AntarChile S.A. essentially depend in the long term on the performance of Empresas Copec S.A.

The subsidiaries of Empresas Copec S.A. have a leading position in the different productive sectors in which they operate, with the most important being the forestry area through Arauco, and liquid fuel, lubricants, liquefied and natural gas sectors by means of Copec, MAPCO, Terpel, Abastible, Duragas, Solgas, Norgas, Sonacol and Metrogas.

Committed to sustainable management, its investment approach has the hallmark of stringent compliance with the laws and regulations on protecting the environment and generating social and economic value.



Financing

The company seeks to maintain a sound financial standing with an optimal level of debt and broad hedging of its financial expenses.

2019			Company Net Income	
Permanent investments	Shareholding %	Investment book value US\$ million	Total US\$ million	Proportional US\$ million
Empresas Copec S.A.	60.82	6,488	172	105
Empresa Pesquera Eperva S.A.	18.70	44	(4)	(1)
Pesquera Iquique - Guanaye S.A.	17.51	31	(9)	(2)
Red To Green	30.00	1	-	-
Servicios Corporativos SerCor S.A.	20.00	-	-	-
Celulosa Arauco y Constitución S.A. (Arauco)	0.0001	-	62	-



Risk Factors

Through its subsidiaries, AntarChile has operations in different areas related to natural resources and energy. The major risk factors vary depending on the types of business. Based on this, management of each of the subsidiaries undertakes its own risk management in collaboration with its respective operating units.

General Risks

Chile

In Chile, AntarChile S.A. is exposed to financial risks, mainly related to exchange rate fluctuations, inflation, interest rate or tax rate changes. Modifications of import/export tariffs, and other political, social, legal and economic changes might also hit the business.

As of October 2019, Chile has been affected by a climate of social and political instability, characterized by protests and violence. The government has defined a social agenda that envisages a tax reform and changes in the health and

pension systems, and a guaranteed minimum wage, among other aspects. On the other hand, a schedule of referendums and elections has been established to eventually draft and approve a new Political Constitution. The effects of all this for the company are still under assessment.

As of the date of publishing this Annual Report, for various weeks the new COVID-19 has been spreading worldwide, affecting over 200 countries. Authorities around the world have adopted measures for this situation, including quarantine, control at airports and transportation hubs, travel restrictions and closure of borders, among many other measures. To date, the coronavirus has caused great social and market upheaval. The fallout of this pandemic on the global economy and company is currently difficult to assess or predict, but it could include a change in the market prices of the products of some of the company's subsidiaries, logistical complications, changes in demand, production restrictions, health and safety risks for employees, and price variations of securities issued by the companies of the group, among other possible consequences.

Other Markets

AntarChile, through its subsidiary Empresas Copec, has operations in other countries, such as Colombia, the United States, Canada, Panama, Peru, Uruguay, Brazil, Argentina, the Dominican Republic, Mexico, Ecuador, and through its associates in Germany, Spain, Portugal and South Africa. A worsening of the economic conditions of these countries might have a negative effect on its financial and operating performance. Moreover, in these markets the company is exposed to the same financial risks as in Chile.

Risk of earthquakes, tidal waves and disasters

Chile is located in a seismic territory and a possible earthquake, tidal wave or other disaster could severely damage facilities and impact the estimated production, leading to it being impossible to meet customer commitments and needs. That could entail unplanned capital investments and lower sales, causing a negative effect on the company's financial results.



On the other hand, a growing number of scientists, international organizations and regulators, among others, argue that global climate change has contributed to and will continue to make it harder to predict the frequency and seriousness of natural disasters. Due to this, legal, regulatory and social initiatives have been implemented worldwide endeavoring to reduce greenhouse gases and other carbon emissions. To such effect, public expectations that industry will reduce such emissions could lead to higher energy, transportation and raw material costs. In the light of this, the company might have to make further investment in plants and equipment. Both climate change and the measures taken to prevent it or reduce its effects could have a negative impact on the businesses, financial condition, results of operations and cash flow of the company.

Changes in the laws and regulations of operative sectors

Changes in the laws and regulations of the industrial sectors in which the subsidiary Empresas Copec operates could affect the conditions in which the operation is undertaken and therefore have a negative impact on the businesses and hence the results of AntarChile S.A.



Forestry Business

Price fluctuations of pulp, wood products and byproducts

The prices of pulp, wood products and byproducts might fluctuate significantly in short periods and have a high correlation with international prices. If the price of one or more products drops considerably, it could have a negative effect on the revenues of Arauco, its results and financial standing. The main factors affecting the price are global demand, the production capacity worldwide, the business strategies adopted by the top integrated producers, and the availability of substitutes.

Arauco does not undertake futures or other price hedging activities. Despite the fact that the company has one of the lowest cost structures of the industry, its results are directly affected by sales price fluctuations. With all the other variables constant, a +/- 10% change in the average pulp price in the year would lead to a change in Arauco's net income in the last 12 months of +/- 269.4% (equivalent to US\$166.9 million) and in Arauco's shareholders' equity of +/- 1.36% (equivalent to US\$100.1 million).



Greater competition in markets in which Arauco operates

The pulp industry is sensitive to changes in the capacity of the industry and in inventory levels maintained by producers, and to the cycles of the global economy. All these factors can have a major impact on sales prices, and therefore the company's profitability. Greater global competition in the pulp or wood market might have a material and negative effect on Arauco's business, its financial standing, results and cash flow. This might therefore hit the net income of AntarChile S.A.

Evolution of the global economy and particularly the economy in Asia and the United States

Industrial production worldwide is the main driver of demand for pulp, paper and wood products. The global economy has been improving since the world's financial crisis of 2008, with higher demand for these materials and products. A drop in economic activity in the domestic or international market, particularly if the economic conditions change in Asia and the United States, might affect demand and the sales price of Arauco's products and its operating and financial income.

Nevertheless, and as already mentioned above, in early 2020 the expectations of global economic growth have

been really hit by uncertainty over the rapid spreading of the COVID-19 pandemic.

Plagues and forest fires

Arauco's operations are exposed to plagues that might affect the forests that provide the raw material, and forest fires that can spread to the production mills. The presence of both risks might have a major negative impact on shareholders' equity.

To address the threat of forest fires, Arauco has reinforced even more its prevention and firefighting measures, its community relations, forest stewardship and other measures consolidated in the "De Raíz" (Root) program. The insurance policy conditions and coverage have also been improved.

Environmental risks

Arauco is subject to environmental laws and regulations on this issue in the countries in which it operates. Such regulations concern, among other matters, the preparation of environmental impact assessments of projects; protection of the environment and human health; waste generation, storage, management and elimination; airborne emissions, soil and water, and redress of environmental damage, if applicable.

As a producer of forest products, Arauco generates solid, liquid and gaseous emissions. These emissions and generation of waste are subject to limits or controls laid down by legal regulations or the company's operating permits. Despite the fact that Arauco's policy fosters strict compliance with all the requirements established, breach of environmental laws and regulations could lead to a stoppage of temporary or definitive activities, fines, penalties or the imposal of obligations.

Future changes in environmental legislation or its applications, in the interpretation or application of this legislation, including stricter requirements for harvesting, emissions and climate change regulations might lead to large increases of capital requirements, operating costs and/or curtailment of operations.



One problem that some people have associated with climate change and which affects the whole world is water shortage. This issue has been visibilized by different national and international bodies. Due to this and as part of our ongoing commitment to undertake a sustainable activity, Arauco is working on analyzing diverse initiatives to reduce water consumption at its industrial operations.

Temporary stoppage of any of Arauco's mills

A major stoppage of any of the productive mills in the forestry business could mean that Arauco is unable to meet customer demand, fails to achieve its production targets and/or needs to make unplanned investments, which might lead to lower sales.

On the other hand, besides the fact that facilities are exposed to risks of earthquakes and tidal waves, they might unexpectedly halt due to a series of events like: i) unscheduled stoppages for maintenance; ii) long outages; iii) critical equipment failures; iv) fires, floods, hurricanes or other disasters; v) spillage or release of chemicals; vi) explosion of a boiler; vii) labor problems and social conflicts; viii) terrorism or terrorist threats; ix) penalties by the environmental or work safety authorities; x) lack of steam and water; xi) blockades and strikes, and xii) other operational problems.

Exchange rate and interest rate risks

Most of the indirect subsidiaries in the forestry business have their accounting in US dollars. Nevertheless, they are subject to the risk of losses from exchange rate fluctuations when assets and liabilities are expressed in currencies other than the functional currency. With all the other variables constant, a +/- 10% change in the US dollar to Chilean peso exchange rate would lead to a change in net income in the year of +/- 2.97% (equivalent to US\$1.8 million), and +/- 0.01% of shareholders' equity (equivalent to US\$1.1 million, after provisioning the corresponding dividend).

Regarding the economic risks arising from interest rate variations, as of December 2019 Arauco has a fixed-rate debt to total consolidated debt ratio of about 89%, so a +/- 10% change in the interest rate would affect net income in the last 12 months of +/- 2.04% (equivalent to US\$1.2 million) and shareholders' equity by +/- 0.01% (equivalent to US\$0.7 million).

The variations indicated in this section are fluctuation ranges that are deemed possible given the market conditions.



Fuels Business

The company, through its indirect subsidiaries Copec and Abastible, has a leading position in the liquid fuel and liquefied gas distribution market in Chile. It also operates in Colombia, through its subsidiaries Terpel and Norgas, and in Peru and Ecuador through Solgas and Duragas, subsidiaries of Abastible. It also has operations in the United States through MAPCO, a company acquired by Copec in late 2016. The supply in these countries is mostly from local companies. Despite this, the company can access alternative fuel supply markets to assure and optimize product supply and distribution to the public.

The major risk for the liquid fuel and liquefied gas distribution businesses is essentially the distribution margin, rather than the price of crude oil and its by-products. The distribution margin largely depends on competition factors that arise daily in markets. Since they are products with low price elasticity, eventual increases or decreases in the crude oil price or in the exchange rate have relatively little effect on the volumes traded in the market.

Notwithstanding this, the value of the company's inventory is indeed affected by changes in international fuel prices. The company's policy is not to hedge the permanent stock, as the increases and decreases that arise are offset in the long term. This is not the case

with specific overstocks in which, due to market pricing methodology, the company has not found a hedging instrument that fully mitigates this risk.

In turn, fuels compete against alternative energy sources. Natural gas, firewood, diesel and electricity are substitutes for liquefied gas. On the other hand, Copec has made the strategic decision of being a leader of the electromobility process, seeking new business models that are viable in this new scenario that has gained ground worldwide, with a more limited scope in Chile and the region for the time being, but in the future it could affect the liquid fuel distribution business and hit the company's results.

Subsidiaries in the fuels business, which account for about 29% of the company's total assets, have their accounting in Chilean pesos, Colombian pesos, Peruvian soles and US dollars. Their financial assets and liabilities and most of their earnings are expressed in these currencies, so exposure to exchange rate variations is greatly reduced. However, at the parent company level, changes in the exchange rate affect the value in US dollars of investments and the results obtained in such sector.

Environmental Risks

Subsidiaries in the fuels business have the main certifications for safety, occupational health and



environmental management matters for the fuel marketing, transportation, operation, storage and supply processes.

Future changes in environmental legislation or its applications, in the interpretation or application of this legislation might lead to considerable increases in capital investment, operating costs and operation limitation.



Fisheries Business and Proteins

In this sector, the availability of pelagic species at the different fishing grounds is a decisive factor in the results. Another risk factor is the market price of fishmeal and fish oil, Peru's production is very decisive regarding supply, and consumption in Asia in general, and China in particular, with respect to demand.

Being a sector that exports most of its production, the result of its operations is sensitive to foreign exchange variations, and to the export promotion policies of competitor countries. Fishmeal and fish oil are essentially traded in US dollars, so a large percentage of the company's income from this sector is indexed to that currency. Bank debt that companies generally have is thereby shipment advances in US dollars. The necessary conversion

to Chilean pesos of a large portion of the revenue is exposed to exchange rate variations, and this risk can be limited by using currency forwards or other financial instruments.

Those sales agreed on in a currency other than the US dollar are generally converted to such currency by using forward sale contracts that dollarize such earnings. This eliminates the risk of the volatility of those currencies against the US dollar. The costs of the fisheries business are highly sensitive to changes in fuel prices, specifically diesel and bunker oil.

In the regulatory area, the application of catch quotas, closed seasons and restrictions imposed by the authorities can greatly affect the production of subsidiaries and associates in this sector.

Chilean Credit Rating ⁽¹⁾

Credit Ratings	Shares	Debt
Fitch Chile Clasificadora de Riesgo Ltda.	First Class Level 2	AA-
Feller-Rate Clasificadora de Riesgo Ltda.	First Class Level 2	AA-

(1) The Chilean credit rating of AntarChile S.A.'s shares was adjusted to the provisions of Securities Market Law N°18.045. This credit rating by Fitch Chile Clasificadora de Riesgo Ltda. includes the financial statements as of June 30, 2019 in the analysis, and the rating by Feller-Rate Clasificadora de Riesgo Ltda. as of September 30, 2019.



Performance Analysis

Results in the Year

In 2019, AntarChile S.A. had consolidated net income, excluding minority participation, of US\$127 million, a 81.1% decrease on net income of US\$671 million in 2018. Such decrease was due to operating and non-operating income dropping US\$906 million and US\$239 million, respectively, year-over-year (YoY).

Summarized net income in the year	2019 US\$ million	2018 US\$ million
Operating income	843	1,750
Share of profit (loss) in associates	92	63
Other non-operating income	(380)	(296)
Income tax	(122)	(375)
Net income in the year	250	1,141
Net income of minority interest	123	470
Net income of controlling interest	127	671

Operating Income

The company had operating income of US\$843 million in 2019, US\$906 million down on that in 2018, mainly because of the worse performance of the forestry business (-US\$836 million) from a decrease in Arauco's revenues due to lower global pulp prices during the year.

The fuels business also had lower operating income, mainly due to the worse performance of Copec Chile from a margin decrease associated with a lower revaluation of inventories and the industrial canal, but sales volumes increased. MAPCO also had a decrease in operating income, affected by lower unit sales margins and higher operating costs, despite the fact that its sales increased in 2019.

That was partly offset by the higher operating income of Terpel and Abastible. Terpel's operating income increased due to greater volumes and unit margins,

along with the consolidation of the assets acquired from ExxonMobil.

The indirect subsidiary Abastible posted higher operating income with a better performance in Colombia, Peru and Ecuador, which offset the lower income in Chile.

	2019 US\$ million	2018 US\$ million
Operating income		
Gross margin	3,264	4,165
Distribution costs	(1,353)	(1,345)
Administration expenses	(1,067)	(1,071)
Operating income	843	1,750

Non-operating Income

AntarChile S.A. had a non-operating income loss of US\$472 million in 2019, which was US\$239 million more negative than that of the previous year. That was mainly due to the controller recognizing impairment charges at Mina Invierno, Arauco and Alxar amounting to US\$243 million. There were also greater financial expenses at the indirect subsidiary Arauco, which were partly offset by higher other revenues, on account of the income generated from the sale of its stake in Puertos y Logística S.A., along with a higher revaluation of biological assets.

	2019 US\$ million	2018 US\$ million
Non-operating income		
Earnings and financial costs	(348)	(306)
Other profit (loss)	25	52
Share of profit (loss) in associates	(92)	63
Exchange rate difference and monetary correction income	(58)	(42)
Non-operating income	(472)	(233)

Cash Flow

The company's cash flow in 2019 was US\$508 million, which was an increase on the cash flow of US\$288 million in 2018.



The operating cash flow as of December 2019 dropped US\$252 million on the previous year, largely explained by higher payments to goods and service suppliers at Copec and a higher tax payment at Arauco. That was offset by higher charges for sales of goods and service provision at the indirect subsidiary Copec.

The investing cash flow in 2019 was US\$321 million less negative compared to 2018. The main reason was the acquisition of ExxonMobil's assets by Terpel and the purchase of a 40% stake in Marcobre in 2018. Moreover, in April 2019 Empresas Copec and Arauco sold their interest in Puertos y Logística S.A. That was partly offset by the purchase of the assets of Masisa México by the indirect subsidiary Arauco and the investment in the MAPA project.

The financing cash flow had a positive variation of US\$145 million as of December 2019, explained by a lower loan payment at Copec and greater securing of loans at Arauco. On the other hand, Copec had a decrease compared with 2018 since that year it secured loans to finance the acquisition of ExxonMobil's assets.

Cash flow	2019 US\$ million	2018 US\$ million
Operating	1,482	1,734
Investing	(1,599)	(1,920)
Financing	668	522
Exchange rate effect	(42)	(48)
Net increase in cash and cash equivalents	508	288

Distribution of Profits

For the year ended December 31, 2019, the company's subscribed and paid-in capital was US\$1,391,235,491.22, divided into 456,376,483 subscribed and paid-up shares.

Net income was US\$126,911,544.61 for the year ended December 31, 2019, which was proposed to be distributed as indicated below:

Distribution of profits	US\$
To retained earnings	86,294,037.62
To pay final dividend N°37 of US\$0.089 per share to be distributed	40,617,506.99
Net income in the year	126,911,544.61

If the shareholders' meeting approves the distribution proposal, the breakdown of equity will be as follows:

Capital and reserves	US\$
Issued capital	1,391,235,491
Other reserves	
Conversion reserves	(1,076,713,137)
Hedging reserves	7,240,495
Reserves for defined benefits	(18,471,112)
Reserves available for sale	(59,442,044)
Legal and statutory reserves	1,825
Other sundry reserves	(207,727,858)
Retained earnings	
Shareholders' equity adjustment, first adoption	591,019,627
To reserves for future dividends	3,418,342,412
Changes in retained earnings	2,665,093,992
Capital and reserves	6,710,579,691

During a company board meeting, held on April 3, 2020, an agreement was reached to modify the company dividend policy, reducing it from 40% of the distributable net profits in the year to 30%.

The reduction in the percentage of net profits to be distributed as dividends is due to the need of bolstering liquidity at consolidated level in a scenario marked by heavy investment and diverse financial uncertainties affecting the Chilean and global economy.

The modification of the dividend policy mentioned shall be applied to the dividend to be distributed for profits in 2019 and in future financial years.

This agreement is expected to have a positive effect on the company's financial standing.

Due to this, the board agreed to propose to the ordinary general shareholders the distribution of a final dividend of US\$0.089 per share. This amount gives a total dividend distribution of US\$40.6 million, which accounts for 30.25% of the distributable net profit in 2019, as shown in the breakdown below:

Distribution of dividends	US\$'000
Profit in the year according to the balance sheet	126,912
(+) Distributable profit adjustments	7,351
Distributable net profit	134,263
30% minimum legal dividend	40,618
Effective dividend:	
Final dividend of US\$0.089 per share proposed by the board to be distributed	40,618
Total dividend for income in 2019	40,618

Financial Indicators

Financial indicators	2019	2018
Profitability (net income/ shareholders' equity)	2.2%	9.9%
Liquidity (current assets/current liabilities)	1.9 x	1.8 x
Leverage (liabilities/shareholders' equity)	1.2 x	1.1 x

Contracts and Transactions with Related Entities

The company has different commercial contracts and operations with subsidiaries and associates, which are within the conditions and practices prevailing in the market when entering into them.



- There are two contracts with Servicios Corporativos SerCor S.A., an associate of the company: the first is to conduct studies, management control, corporate governance, investor relations, internal auditing, corporate data security, corporate communications, presidency services and tax advisory services; and the second is for shareholder administration services.
- There is also a contract with the associate Red to Green S.A. for computing and development services, and for IT system maintenance.
- The company has a leasing contract with Inversiones Siemel S.A. for the offices it uses at Av. El Golf N°150, floors 19 and 21, Las Condes, Santiago. The final controllers of Inversiones Siemel S.A. are the same as those of AntarChile S.A.
- The company has a permanent legal advisory contract with the law firm of Portaluppi, Guzmán y Bezanilla Asesorías Ltda. Some of the partners of such law firm are directors of AntarChile S.A.

The company intends to renew these commercial contracts and operations in the future, insofar as their conditions remain similar to those prevailing in the market. Further information on transactions with related entities may be found in Note N°18 to the financial statements of the company.

Trademarks, Patents and Licenses

AntarChile S.A., an investment holding, is the holder of the trademarks related to its business name, which include “AntarChile,” a trademark registered under N°754632 and N°760022 and issued by the National Institute of Industrial Property (INAPI, according to the Spanish acronym).

The company’s subsidiaries and associates have trademarks, patents, licenses, franchises and royalties, under which they commercialize their products and services and undertake their operations, and information about these is provided in the “Subsidiaries and Associates” chapter of this annual report.

05





Sustainable Relations

We develop initiatives and projects focused on connecting economic development to the generation of social value, care of the environment, and promotion of innovation and scientific research.

Community Relations



Active cooperation with related stakeholders is one of the main objectives of AntarChile S.A., its subsidiaries and associates. The company thereby develops initiatives and projects focused on connecting economic development with the generation of social value, care of the environment, and promotion of innovation and scientific research, guaranteeing with this that the operating activities and their role in society transcend the businesses, investments, growth and results.

Active cooperation with related stakeholders is one of the main objectives of AntarChile S.A., its subsidiaries and associates.

Education, Culture and Sports

AntarChile S.A., through its subsidiaries and associates, supports various educational, cultural and sports initiatives. These areas are important tools to attain both the individual and social development of people, along with the country's progress. These include:

Enseña Chile: Empresas Copec supports this institution that selects and trains young professionals who want to devote their first working years to teaching at vulnerable schools, so as to build a network of change agents capable of making an

impact on the educational system. Enseña Chile has benefitted over 150,000 pupils in nine regions in Chile.

Arauco Educational Foundation: it makes a contribution to education by means of the design, development and implementation of teacher training programs in the districts of Maule, Biobío and Los Ríos. In its 30-year history, it has undertaken 79 educational programs in 34 districts, benefitted 575 schools and 5,141 teachers, who have taught over 101,000 pupils.

Belén Educa Foundation: with 12 schools located in vulnerable districts in the metropolitan region, it offers quality education to over 14,000 pupils. The companies support the Foundation with funding and by participating in initiatives like the Tutor Program and Master Talks. There is also the Anacleto Angelini Fabbri Scholarship, awarded each year to the most outstanding pupils in each school to finance all of their studies at a technical education center or professional institute.

Arauco schools in Constitución and Cholguán: these schools in Constitución and Cholguán are managed by Arauco and are open to the community. They provide quality education and are renowned nationwide for their academic excellence. Along with the Duoc UC professional institute, they developed the Arauco campus higher education center, which offers an alternation model of education.

Viva Leer (Long Live Reading) program: Copec develops this program to promote reading, which envisages the donation of libraries to vulnerable schools from Arica to Punta Arenas, the sale of books at gas stations, the training of a volunteer network within the company and implementation of a virtual



community support platform, among other activities. In this same context, Copec undertakes the *Cuento Contigo* (Let's Read Together) project, an initiative which aims to provide mass and free access to reading by means of digital stories that are available on a website, which even allows the user's voice to be added to the reading of the story selected.

Dual education program: this program is developed with the collaboration of Corpesca at technical-professional education institutes in the cities of Iquique and Mejillones, and allows students to do part of their education in the company and thereby enhance their work skills. In 2019, the dual education program was undertaken at the Almirante Carlos Condell Marine Institute and at the Luis Cruz Martínez Polytechnic High School in Iquique, and at the Juan José Latorre High School in Mejillones for students majoring in industrial mechanics and electricity.

Terpel Foundation: in 2019 it celebrated its fifteenth anniversary and its aim is to improve the quality of education and thereby drive Colombia's development. Its programs have benefitted 974,128 students, 28,140 headmasters and teachers, and 4,231 parents in the 32 departments in the country.

Overcoming Poverty

Another of the main concerns of AntarChile S.A., its subsidiaries and associates is to improve the conditions and the quality of life of the most vulnerable sectors of the population, thereby helping to overcome poverty in Chile. The most important initiatives undertaken in this area are:

Winter Plan and Blue Code: Abastible undertakes different initiatives for the benefit of the community. In 2019, it collaborated with the Ministry of Social Development and Family on the Winter Plan and Blue Code, which activate a network of shelters for homeless people. Moreover, the company delivered 1,500 refills of 15 kg liquefied gas bottles and 60 heaters on wheels, helping to equip shelters throughout Chile with heating and hot water. The company's employees participated in voluntary work to support such shelters in almost a dozen cities in Chile.

Elemental: this is a do tank developed by Copec, the Pontifical Catholic University of Chile and a group of professionals to make the city a source of equality with urban projects of public interest and a social impact. In 2019, there were almost 40 projects under



development or assessment throughout Chile, which are mainly concentrated in public areas, buildings and houses.

Arauco housing plan: its aim is to provide a definitive housing solution for company workers, contractors and related service companies, and for neighbors who live around its commercial and industrial operations. They are top quality housing estates with innovative wood designs located in districts with low housing supply. To date, the company has built houses in Curanilahue, Yungay, San José de la Mariquina, Constitución and Los Álamos.

Environmental and social restoration program of Coronel: Orizon has a permanent bond with the communities and their surroundings with an engagement policy that, among other aspects, considers the generation of shared value projects with a vision of sustainable development and the identification of opportunities for improvement for neighbors. It participates in working sessions of the environmental and social restoration program of Coronel and undertakes activities with neighbors'

associations, community organizations, unions of non-industrial fishermen, suppliers and other people related to its business.

Research, Innovation and Technology

AntarChile S.A., its subsidiaries and associates permanently drive various research, innovation and technological initiatives, highlighting the following:

Anacleto Angelini-Catholic University (UC)

Innovation Center: this promotes the meeting and interaction of the academic and business worlds to generate knowledge and applied innovation that meet the country's needs. It is an open forum in which all companies and enterprises wishing to promote a pro-innovation and enterprise culture can participate.

Copec-Catholic University Foundation: this drives applied scientific research, fosters the creation of partnerships between public and private bodies that are engaged in research and development, and disseminates the scientific and technological

advances in the natural resources area. Every year it holds the R&D+i Regular Competition which in 2019 awarded UF12,000 to four projects, the R&D+i Competition for young researchers that started its summons in July 2019 with 82 initiatives from universities, research centers, companies and natural persons throughout Chile, and the Higher Education Student Competition: *Aplicatú idea* (Apply your Idea), which in 2019 awarded 11 projects aimed at resolving major issues in the natural resources area. There is also a private investment fund with the backing of the Chilean economic development agency (CORFO, according to the Spanish acronym), which provides capital resources to technological development projects with large growth potential.

InnovArauco: this was developed to systematize initiatives in three areas: new offering of value, sustainability and social impact, and disruptive innovations. This has led to products like +Maqui and Ulmo Honey, along with the Me-Do design innovation proposal and the Lookid didactical toy.

Bioforest: this is a scientific and technological research center which conducts studies to increase the quality, performance and productivity of forest plantations and the pulp production process, and apply state-of-the-art procedures in the fields of genetics, productivity of sites, phytosanitary protection, wood properties and the biodiversity of native vegetation.

Wine hub: this is a technology transfer group driven jointly with the National Institute of Agricultural Innovation (INIA, according to the Spanish acronym), which brings together producers in the Ránquil and Portezuelo areas to improve the productivity and quality of the vineyards in the zone, training farmers and improving their competitiveness.

Supplier development program: this is undertaken by Arauco and its aim is to provide permanent support to local enterprise in the communities around its productive facilities. With this initiative, the company adds local entrepreneurs to its list of goods and service suppliers.

Environment

Carbon neutrality at Arauco: In 2019, Arauco officially announced its commitment of attaining carbon neutrality in 2020, which will position the subsidiary as the first global forestry company to achieve this important target. It also reported its decision to adhere to Science Based Targets, which is a global initiative that in the case of Arauco means reducing emissions by 30% by 2030.

Renewable energy: in 2019 Corpesca announced that, after reaching an agreement and signing a five-year contract with Engie, it will supply 100% of its operations with renewable energy, which envisages an electric power supply of 30 GWh a year to undertake its activities at the industrial plants in Arica and Iquique. It also drew up a manual on good practices and standards for the sustainability of fishery resources and signed an odor management protocol after working with the Ministry of the Environment.

Sustainability Yearbook 2020: Terpel was listed for the fourth year running in the Sustainability Yearbook (SAM) 2020 and was ranked in 13th place of the world's most outstanding companies for their sustainable management in the retail sector. This is recognition of its social, environmental and economic practices, and it is the only Colombian company in such industry to be included in the ranking.

Vía Limpia (Clean Way): this is a subsidiary of Copec that operates from Arica to Punta Arenas, offering a solution to customers for the handling of used oil and removal of waste containing hydrocarbons. For this, it has trucks with highly safe technology that free of charge remove the used lubricating oils, grease, containers, water and solids and then dispose of them at environmentally certified locations for storage or recycling.

Forest Stewardship Council: the Oncol Park, belonging to Arauco, received ecosystemic certification from the Forest Stewardship Council. Such certification vouches for compliance with sustainability requirements in the areas of harvest, pruning, and plantation management, along with community relations.



Marine Stewardship Council (MSC) chain of custody:

Orizon secured certification under the Marine Stewardship Council (MSC) chain of custody standard for its human consumption plants in Coronel, Biobío region. Such certification guarantees the traceability of their products from sustainable fisheries.

Renova: with this program Copec fosters the use of renewable energies at its gas stations. It has therefore added LED lighting, wind, solar and geothermal energy to its network. The planning envisages reducing greenhouse gas emissions by 37% by 2030 in line with the goals of the Science Based Targets.

Waves Zero Plastic: this is a Golden Omega initiative, whose aim is to generate awareness and understanding among the people of Arica of the damage caused to fauna by plastic waste. In its first year it carried out beach clean-ups and training.

ArcoPrime recycling project: this entails the recycling and composting of the waste at 33 Pronto convenience stores, of which 30 were added in 2019. In the year, the company recycled 184,436 kilos of waste, mostly cardboard, along with organic and plastic waste. The cooking oil is also recycled at those

stores with deep fryers, and 95,000 liters of cooking oil were recycled in 2019.

Elemental chlorine free (ECF) technology:

Arauco uses this technology in the pulp bleaching process. Its plantations are also managed using responsible forest stewardship practices. It should be highlighted that Arauco has a chain of custody system at its productive facilities, which connects the final products to their origin, verifying that the supply is not from protected or uncertified species.

Electric power from renewable sources:

Golden Omega meets its electric power needs exclusively from renewable sources, such as hydraulic, solar or wind power. Its operations have Friend of the Seas, IFFO RS, Dolphin-Safe, Halal and IFOS certification, related to the sustainable use of fishery resources and the origin of the raw materials.

Power management system: Abastible implemented a power management system at the Lenga plant, and this project will enable it to secure ISO 50001 certification in 2020. The company also continued to investigate and pilot schemes for new power solutions, including a thermal power alternative for the production system in the fisheries sector using steam generation.

Biomass-fired electric power: Arauco produces electric power from the biomass using the cogeneration plants it has in Argentina, Uruguay and Chile. In this latter country, that clean energy not only meets the power needs of most of the company's industrial processes but also generates surpluses which are injected into the national power grid.

Marine applied research center (CIAM, according to the Spanish acronym):

with the participation of Corpesca, this center promotes research of the sustainability of fishing grounds in the north of Chile. The data generated from the CIAM is currently key to decision-making about the present and future of industrial and non-industrial fishing in the great north of Chile.



Awards and Accolades



MERCO TALENT RANKING

Empresas Copec, Arauco, Copec and Abastible were distinguished in the MERCOTALENT ranking, which identifies those companies with a greater capacity to retain and attract talent in Chile.



BEST IR PROFESSIONAL AND BEST IR TEAM

In the “2019 Latin America Executive Team” event, the Institutional Investor magazine recognized Empresas Copec in the pulp & paper sector, and its Investor Relations team in the categories of Best IR Professional and Best IR Team.



ALAS20 RANKING

Empresas Copec was distinguished in three categories of the ALAS20 ranking: Leading Company in Corporate Governance, Leading Company in Sustainability and Leading Company in Investor Relations.



AWARD FOR INNOVATION INITIATIVES

Golden Omega was distinguished with the “Award for Innovation Initiatives, Research and Development Category.” This recognition is given by the Brinca innovation and digital transformation consultant and Universidad del Desarrollo to those companies that drive a creative and innovative culture within the company.



CONSUMER LOYALTY

ArcoPrime received the Consumer Loyalty Award, which the consultant Alco and Praxis Experience Index award to companies that have generated the highest levels of customer loyalty and good experience.

06





Subsidiaries and Associates

Active cooperation with related stakeholders is one of the main objectives of AntarChile S.A., its subsidiaries and associates.



Empresas Copec S.A.



For the year ended
December 31, 2019

Taxpayer ID N° of
Empresas Copec S.A.

N°90.690.000-9

Shareholding of AntarChile S.A

60.82%

Percentage of individual
assets of the company

93.72%

Paid-in and subscribed capital

US\$686 million

Board of Directors

CHAIRMAN

Roberto Angelini Rossi (*)

DIRECTORS

Jorge Andueza Fouque (*)

Andrés Bianchi Larre

Manuel Bezanilla Urrutia (*)

Juan Edgardo Goldenberg Peñafiel (*)

Arnaldo Gorziglia Balbi

Francisco León Délano

Andrés Lehuedé Bromley (*)

Gabriel Bitrán Dicowsky

CEO

Eduardo Navarro Beltrán

(*) Roberto Angelini Rossi is the chairman of AntarChile S.A.; Jorge Andueza Fouque is the vice-chairman; Juan Edgardo Goldenberg Peñafiel and Manuel Bezanilla Urrutia are directors. Andrés Lehuedé Bromley is the CEO.

Company Information

The company was founded in 1934 with the name of Compañía de Petróleos de Chile S.A. (Copec) to market and distribute fuels in Chile. As of 1976 it started to become a business consortium with investments in various productive sectors, such as forestry, fisheries and energy, among others.

In 1986, the Angelini Group acquired 41% of Copec's capital stock, gaining control of the company and launching a restructuring process, and over time the company had successful and sound business growth and diversification. It has thereby driven an investment plan in the last 20 years, which up to 2019 amounted to US\$22,483 million.

The baseline investment plan established for 2020 commits resources of around US\$2,390 million, which will be allocated to growth and maintenance of productive activities. About 71.1% of that amount will go to the forestry business and mainly due to the MAPA project, 22.3% to the fuels business, 0.5% to fisheries and 6.1% to other activities. As the current contingency may entail delays and postponement of projects, these figures are currently under review.

The financial and equity standing of Empresas Copec S.A. for the financial years 2019 and 2018 is shown in the "Summarized Financial Statements" chapter.

2019 Results

Empresas Copec S.A. had consolidated net income of US\$172 million, which was a 83.9% decrease on the US\$1,071 million in 2018 and both figures exclude minority participation.

That is mainly explained by operating income dropping US\$906 million, due to a decrease in income in the forestry business from lower global pulp prices. Non-operating income was also down US\$240 million, largely because of recognition of impairment charges at Mina Invierno, Arauco and Alxar.



Forestry Business

The investment of Empresas Copec S.A. in the forestry business has been channeled through Arauco (Celulosa Arauco y Constitución S.A. and subsidiaries), one of the leading forestry companies in Latin America and



which has consolidated in the international area as an innovative company that generates value for Chile and the communities where it operates. Arauco stands out for its surface area and the performance of its plantations. The company produces pulp, sawn timber, panels, forest products and energy.

The company has an integrated productive chain operation and a commercial structure that can timely analyze demand and quickly detect customer needs, enabling it to adapt the production mix to market conditions and reduce the impact of fluctuations on input costs.

The company's productive facilities also have a chain of custody system, which connects the final products to their origin. This mechanism verifies that the supply is from certified species that are sustainable with the ecosystem and comply with current forest stewardship regulations.

AntarChile S.A. owns 60.82% of Empresas Copec S.A., and the latter in turn is the owner of 99.98% of Arauco. The most important assets of this company are the 1.8 million hectares of forest assets in Chile, Argentina, Uruguay and Brazil. In the former three countries, the company has seven pulp mills with a production capacity of 4.0 million tons a year. In Chile, Argentina and Spain the company has nine sawmills that can produce 3.0 million m³ of timber per annum. It also has 32 panel mills with a total production capacity of 10.7 million m³ a year in Chile, Argentina, Brazil, Mexico, the United States, Canada, Spain, Portugal, Germany and South Africa.

arauco

1.8 million

hectares of
forest assets owned
by Arauco



7 pulp mills in Chile, Argentina and Uruguay with a production capacity of 4 million tons.



9 sawmills in Chile, Argentina and Spain that produce 3 million m³ of timber a year.



32 panel mills in Chile, Argentina, Brazil, Mexico, the United States, Canada, Spain, Portugal, Germany and South Africa with a **production capacity of 10.7 million m³ a year.**

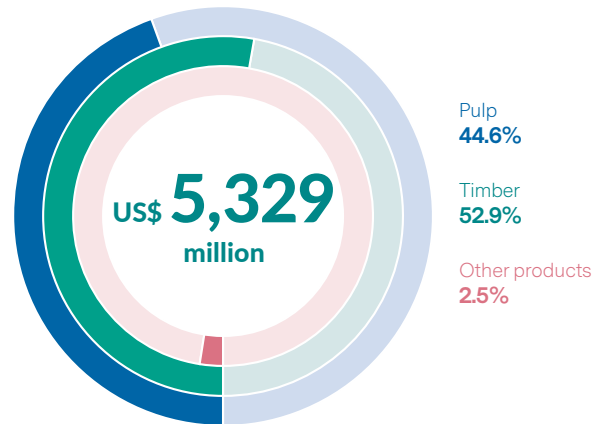


8 biomass-fired electric power generating plants in Chile with an installed capacity of 606 MW, **2 power generating plants in Argentina** with an installed capacity of 82 MW, **1 power generating plant in Uruguay** with an installed capacity of 182 MW.



Commercial offices in 13 countries.

Arauco's Sales in 2019



Moreover, it has eight biomass-fired electric power generating plants in Chile, which have a total installed capacity of 606 MW; two power generating plants in Argentina with a total installed capacity of 82 MW; and another in Uruguay of 182 MW; and commercial offices in 13 countries.

In 2019, Arauco's production amounted to 3.7 million tons of pulp, 2.5 million m³ of sawn timber and 6.6 million m³ of panels. Sales were US\$5,329 million, with pulp accounting for 44.6%, timber for 52.9% and other products 2.5%.

One of the company's most important milestones was the official announcement of its commitment to attain carbon neutrality in 2020. This entails getting the greenhouse gases that the company captures to be higher than its global emissions. Besides being a major contribution and a concrete step to address the climate crisis, this announcement will position Arauco as the first forestry company in the world to achieve this important target.

Moreover, Arauco reported that it will adhere to Science Based Targets, a global initiative whose aim is for companies to adopt a pathway of reducing their science-based emissions to limit the increase in the earth's temperature. The methodology used, which seeks to reduce emissions to a rate of 2.5% a year by 2030, involves the entire production chain, including transportation and external services.

Regarding investments, the Arauco mill modernization and expansion (MAPA, according to the Spanish

acronym) project had progress of 31.5% in 2019. MAPA entails the closing of production line 1 and the retrofit of line 2. It also considers the construction of a new line 3 with a production capacity of about 1.56 million tons of pulp a year.

At the same time, the company submitted the Viento Sur wind farm project in the district of Arauco, Biobío region, to the environmental impact assessment system. Such project envisages the construction of up to 43 wind turbines, which as a whole will add an installed capacity of around 215 MW. The US\$250 million investment will enable the company to provide power to its own facilities and inject power into the national power grid.

The dissolving pulp project at the Valdivia pulp mill was completed at an investment of US\$195 million. This initiative will produce a type of pulp used as a raw material to make viscose or rayon fabric. The dissolving pulp will enable Arauco to become the first Chilean company to provide this kind of product.

Furthermore, the company inaugurated the Grayling project in the state of Michigan, United States, entailing an investment of US\$450 million and which positions Arauco as the leading panel producer in North America with a production capacity of 800,000 m³ of panels a year. On the other hand, Arauco also agreed to purchase two industrial complexes of Masisa in Mexico at Durango and Zitácuaro. This operation, which considers an investment of US\$168 million, consolidates Arauco as the number two panel producer in the world.

Concerning financing, in 2019 Arauco issued its first sustainable bond, also the first in Latin America. It placed two bonds in the international market, one with 10-year maturity and the other with 30-year maturity, divided into US\$500 million in each of the series. These bonds are to support the MAPA project, buy back bonds with maturity in 2021 and 2022 and for other activities.

An important social contribution of the company in 2019, and which arose from the social crisis that flared up in Chile as of October 2019, was the creation of the *Arauco Dialoga* (Arauco Talks) program, which created

a space for reflection and dialogue about the different experiences and proposals to make a contribution to the country's progress. Over 30,000 people participated in this dialogue.

2019 Results

Arauco posted net income of US\$62 million in 2019, which was a decrease of US\$664 million on 2018. This is explained by operating income dropping US\$836 million due to a decrease in revenue in the pulp business from lower sales prices throughout the year.

On the other hand, non-operating income was US\$55 million lower than the previous year, which was because of higher financial costs and other expenses on account of provisions and write-offs of fixed assets, and lower exchange rate difference income.



Liquid Fuels

Copec has a leading position in Chile in the liquid fuel and lubricant distribution market, in which important domestic and multinational companies operate. This position, maintained over the years, is due to its service quality and sales volume. All this is leveraged by sound positioning of the Copec brand, based on service excellence, brand prestige, logistical efficiency and ongoing product and service innovation. Moreover, through its subsidiary Terpel, the company operates in Colombia, Ecuador, Panama, Peru and the Dominican Republic and, through MAPCO, in the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia in the United States.

Copec's distribution network comprises 668 gas stations from Arica to Puerto Williams, 94 Pronto convenience stores, 305 Punto outlets, 20 fuel storage plants with a total capacity of 523,000 m³, and a lubricant plant located at Quintero in the Valparaíso region, with a production capacity of 124 million liters a year.

In 2019, Copec had total physical sales in Chile of 10.1 million m³, i.e. a 3.2% increase on the previous year. It also attained a market share of 57.8%. Sales in the dealer channel were 5.4 million m³, 0.7% up on 2018. Sales in the industrial channel were 4.7 million m³, increasing 6.1% on



COPEC

668
gas stations

from Arica to
Puerto Williams



94 Pronto convenience stores



305 Punto outlets



20 fuel storage plants with a capacity of 523,000 m³ and a lubricant plant with a production capacity of 124 million liters a year.



the previous year. Physical sales of lubricants were 94,800 m³, climbing 4% on the previous year, and market share was 43.9%.

In regard to investments, Copec inaugurated 16 gas stations in La Serena, Quilicura, Peñalolén, Valparaíso, San Pedro de Atacama, among others. Pronto convenience stores were inaugurated at gas stations in La Serena, Huechuraba (Santiago) and Sagrada Familia.

The Pronto convenience stores, which already had a partnership with Uber Eats, added the services of PedidosYa and Rappi this year and then Punto outlets did the same, which enabled the company to enter a market with 24/7 customer service.

On the other hand, Copec's industrial channel was awarded supply contracts with Pullman Bus, SQM and Veolia, among others. Air BP Copec also renewed five contracts by means of tenders and added Sky and Alitalia airlines to its portfolio. All this amounts to 20,500 m³ a month, and these new contracts account for 38% of Copec's total volume for these kinds of fuels.

In the commercial area, the company entered into partnerships with Stem, a pioneer and leader

in artificial intelligence energy storage. Another agreement was with Ampere, a Spanish company that develops energy solutions for the household segment using lithium-ion batteries, a hybrid inverter and energy management system (EMS).

In Chile, Copec acquired 80% of Flux Solar, an engineering company that develops and sells energy using photovoltaic panels. This investment will enable the company to develop projects at household and industrial level. In the second half of the year, Copec and Flux Solar launched the first off-grid charger at SQM's Salar del Carmen site. This uses solar energy captured by means of photovoltaic panels and has a lithium battery backup system.

Moreover, Copec and Cerro Dominador signed a power purchase agreement (PPA) that covers 50% of the company's power consumption and will reduce annual CO₂ emissions by 19,850 tons.

On the other hand, anticipating the demand that will come from electric vehicles, the company implemented the longest electric vehicle fast charging network in South America. Voltex connects one thousand linear kilometers from La Serena to Temuco, which in the first quarter of 2020 will be extended by almost 1,400 km.

Organización Terpel

Terpel sells and distributes liquid fuels and lubricants in Colombia, Panama, Ecuador, the Dominican Republic and Peru; natural gas in Colombia and Peru; and aviation fuel in Colombia, Panama, Peru and the Dominican Republic.

The company currently has a network of 2,007 gas stations in Colombia, 152 in Panama, 100 in Ecuador and 45 in Peru. It also has 57 convenience stores in Colombia, 41 in Panama, seven in Ecuador and 12 in Peru.

Regarding this, in 2019 the company inaugurated seven own gas stations in Panama, five in Colombia and five in Peru. There were also the following openings of complementary services: 200 kiosks, 11 stores in Colombia, five in Panama, three in Ecuador and two in Peru.

In 2019, Terpel had total liquid fuel sales of 11.0 million m³, increasing 0.7% on those in 2018. The physical sales of liquid fuels of the gas station segment and industrial customers were 8.8 million m³, climbing 6.9% on those in 2018. The aviation segment had sales of 1.6 million m³, a 5.5% increase on 2018, whereas the vehicular natural gas area had sales of 425,000 m³, 1.1% up on the previous year. The lubricants business had sales of 163,000 m³, an increase of 28% on 2018.

In November 2019, the company inaugurated on the outskirts of Bogotá the first electric vehicle charging station under the Terpel Voltex brand. This is the start of massification of an electromobility network in Colombia. The first stretch is Bogotá-Medellín and then Santa Marta, Barranquilla, Cartagena, the Altiplano Cundiboyacense, Girardot and Cali will be added.

The company increased the number of airports in the network to 32, located in Colombia, the Dominican Republic, Peru and Panama. In the latter country, Terpel ventured into the aviation business with the sale of over one million gallons a month to six customers and at five different airports. At the Lima airport, it undertook the business of selling over one million gallons to twelve customers, attaining a 3% share of the aviation market in Peru.



2,304
gas stations

in Latin America

Gas stations

-  **2,007** in Colombia
-  **152** in Panama
-  **100** in Ecuador
-  **45** in Peru

Convenience stores

-  **57** in Colombia
-  **41** in Panama
-  **7** in Ecuador
-  **12** in Peru

In 2019, the company implemented and defined the new lubricant distribution network with the Mobil and Terpel brands. This gave it coverage of more than 320 points on the complementary service network, which was 196% growth on the previous year.



345

gas stations

MAPCO's distribution network in the United States



130 dealers of different brands are supplied by MAPCO

MAPCO

As of 2017, Copec has been operating through its subsidiary MAPCO in the liquid fuel distribution and sale market in the states of Alabama, Arkansas, Georgia, Kentucky, Mississippi, Tennessee and Virginia in the United States.

The company has 345 gas stations and convenience stores, and also supplies fuel to over 130 dealers of various brands.

In 2019, MAPCO had total physical fuel sales of 2.1 million m³, a 2.2% increase on the previous year. Its own network market share was 2.4% in all the states in which it operates. Tennessee and Alabama is where it has the highest market share of 6.3% and 6.2%, respectively.

Regarding investments, the company bought three properties for future store expansion projects, it renewed the branding of 14 stores and refurbished 37 convenience stores, adding new elements like coffee machines and grills. It also reopened three car washes and renovated three others.

Copec's Results

Copec posted a net income decrease of Ch\$32,771 million in 2019 YoY. That was due to a drop in operating income from lower margins, mainly at Copec Chile. Non-operating income was also negative, related to a higher financial cost from the financing of the purchase of ExxonMobil's assets, unfavorable exchange rate differences and higher other expenses by function.

In US dollars, the net income of the controlling interest in Copec was US\$195.5 million in 2019, US\$70 million lower than in 2018.



Liquefied Petroleum Gas (LPG)

The subsidiary Abastible operates in Chile, Colombia, Peru and Ecuador. The company's market share increased in 2019 and it has consolidated as the number one in each country and the third largest distributor in South America.

Abastible sells LPG for residential and industrial use in cylinder and bulk formats; vehicular liquefied gas for taxis and company fleets through the Autogas stations.

The company has also made progress with LPG energy solution projects, by implementing technology to replace contaminating fuels with clean energy. This includes the efficient generation of hot water, photovoltaic electric power generation, cogeneration, optimization of steam power plants and solar thermal and photovoltaic power generation.

In Chile, the company has a maritime terminal which provides clean fuel wharfage and liquefied gas reception and storage services, 10 storage and bottling plants, 7.6 million cylinders, more than 64,000 tanks in homes, commerce and industrial facilities, 20 sales and distribution offices and shipping agents, a network of over 1,300 distributors, and around 2.7 million customers distributed from Arica to Magallanes, including Easter Island.

In Colombia, through Nortesantandereana de Gas S.A E.S.P. (Norgas), it has 25 storage and bottling plants, 3.9 million cylinders, over 7,000 tanks and 20 distribution centers. In Peru, through Solgas, it has eight bottling plants, one supply plant, 500 distributors, 4.2 million cylinders and more than 8,000 tanks. In Ecuador, through Duragas, it has four storage and bottling plants, a bottling service contract with two plants owned by another company, two customer service offices, approximately 4.9 million cylinders and around 834 distributors.

Physical sales in Chile amounted to 499,000 tons in 2019, increasing 2.6% YoY. In Colombia physical sales were 208,000 tons, 3.1% higher than the previous year; in Peru 402,000 tons were sold to final clients, 3.5%



2.7

million customers

distributed from Arica to Magallanes, including Easter Island



10 storage and bottling plants



7.6 million cylinders



+ **64,000 tanks** in homes, commerce and at industrial facilities



20 sales and distribution offices, and shipping agents



1,300 distributors

Colombia - Norgas



- **25 storage and bottling plants**
- **3.9 million** cylinders
- **+ 7,000** tanks
- **20 distribution centers**

Peru – Solgas



- **8 bottling plants**
- **1 storage plant**
- **4.2 million** cylinders
- **+ 8,000** tanks
- **500** distributors

Ecuador-Duragas



- **4 storage and bottling plants**
- **4.9 million** cylinders, approximately
- **2 customer service offices**
- **834** distributors



higher than in 2018, and in Ecuador they amounted to 471,000 tons, 3.2% up on 2018.

Due to the growth of sales in Chile, in 2019 the bulk fleet was improved with the renovation of 14 trucks and the purchase of a further two. In the case of bottled gas, the company acquired 430 gas delivery vehicles that were leased to distributors and truckers for public delivery. 24 trucks were also allocated for dispatch to distributors. Lastly, the company purchased 3,200 tanks during the year and over 500,000 cylinders.

The company completed the automation of the cylinder palletizing process at the Maipú plant, which supplies 22% of the bottled demand in the metropolitan region, to eliminate the manual process and improve safety indicators.

On the other hand, the company started operations on a new office in Puerto Montt. Besides services, this includes a cylinder storage yard, a bulk gas decanter with the installation of a LPG tank, a firefighting system with a water storage tank, and a shed for fleet maintenance and warehouses.

Regarding operations, the company centralized its nationwide dispatch and extended the bulk gas route to all the facilities in the country. To increase safety and efficiency, it also implemented new driver performance control technology. It designed the national strategy, which includes taking control of the San Vicente terminal as of February 2020, and this will increase the storage capacity by 20,000 tons.

Results of Abastible S.A.

Abastible posted net income of Ch\$46,057 million at the close of 2019, 12.7% up YoY. That was due to an increase in non-operating income from the sale of real estate assets in 2019 and the impairment charge of Sonamar in 2018. Operating income also increased, because of greater margins in Colombia and Chile, and higher sales volumes in Chile, Colombia and Ecuador.

Abastible's net income expressed in US dollars rose from US\$63.7 million in 2018 to US\$65.5 million in 2019.



Natural Gas

Metrogas S.A.

It distributes natural gas to residential, commercial and industrial areas in the Metropolitan, O'Higgins and Los Lagos regions. In the former two regions, distribution is carried out through an underground gas pipeline network of over 5,600 km long. Supply to the Los Lagos region is made through virtual pipelines, transporting LPG by truck from the Quintero LPG terminal to satellite regasification plants, and then distribute this through the customer supply network.

The company had physical sales of 926 million m³ in 2019, 6% down YoY. Due to the high temperatures prevailing in the year, there was a 3% drop in the sales volumes in the residential and commercial segment, but the sales volume increased 2% in the industrial segment. Nevertheless, total customers exceeded 765,000, 5% up YoY.

In 2019, the company inaugurated and refurbished offices. It created a new branch for the technical area at Las Parcelas, enhanced the management of warehouses and logistics in Pudahuel and inaugurated a new office in Rancagua, which includes the commercial and operation areas to provide a better service in the O'Higgins region.

On the other hand, the company carried on with the heating plan, which aims to position natural gas as the best alternative to heat homes and other facilities. Sales of heating systems rose 19% and the strategy adopted entailed comprehensive sales, combining competitive rates and work with 102 collaborating companies. The collaborative model includes small companies that install heating systems, to which Metrogas provides support for their growth, giving them tools that improve their approach.

Metrogas has become a major player in air decontamination in the south of Chile by strengthening its growth in the Los Lagos region. In January 2019, the company made a connection with the first customer in the city of Puerto Varas, then adding Osorno and Puerto Montt. In 2019, it publicly presented the first natural gas bus for the metropolitan mobility network,



which will approximately reduce particulate matter (PM) emissions by 88% and nitrogen oxide (NOx) emissions by 98%. This will position Metrogas as a company that provides solutions for the decontamination of Santiago.

Aprovisionadora Global de Energía S.A.

In 2016, Metrogas was split into two companies, with Metrogas S.A. having the natural gas distribution operations and Aprovisionadora Global de Energía S.A. (AGESA) those related to the supply business.

AGESA's corporate purpose is the purchase and supply of natural gas, wholesale marketing of gas for unregulated clients and possible international purchases. AGESA has a continuous and long-term supply contract with Metrogas. It also has a contract with GNL Chile S.A., enabling it to source LPG from different parts of the world.

Natural Gas Results

Metrogas S.A. posted net income of Ch\$46,287 million in 2019, which was an increase on earnings of Ch\$42,882 million in 2018.

Metrogas S.A. had net income in dollars of US\$65.8 million in 2019, which was a decrease on the US\$66.9 million in 2018.

AGESA had net income of US\$56.0 million, a 2.8% increase on that in 2018.



Mining

Mina Invierno

Mina Invierno markets sub-bituminous coal from Riesco Island in the Magallanes region, supplying various electric power generating plants in the Chilean and international markets. The company is the owner of the Adela, Elena, Río Eduardo and Invierno deposits.

In 2019, Mina Invierno was affected by the split verdict of the Environmental Court of Valdivia, barring the use of blasting to mine coal. The verdict quashed the decision of the Environmental Assessment Service and overruled the work of technical bodies. This sets a precedent for investment, endangering the project and the development of future investment, particularly in the Magallanes region.

Due to this, mining was stopped as of June 2019. The rest of the year the company continued coal extraction in phase 10 and undertook other complementary tasks, but these are also ending and it is estimated they will be completed in March 2020.

This has caused higher costs and lower revenue for the company, compelling it to reduce third-party services and the headcount.

The extraction of waste dropped 77,5%, coal by 48.1%, and shipments by 53.2%. As it is impossible to operate, the company has temporarily stopped the mine and the port complex.

Mina Invierno filed an appeal for annulment to the Supreme Court of Justice in form and substance to overturn the verdict by the Third Environmental Court of Valdivia. This proceeding was also filed by the company's workers and the executive management of the Environmental Assessment Service.

Alxar Minería S.A.

Alxar Minería is engaged in the copper, gold and silver metal mining industry. It has mine deposits in Chile and abroad, and is permanently analyzing the option of acquiring other operating mining operations and developing new projects.

The company comprises various subsidiaries with mining properties. In Chile, these include the El Bronce mine site in Petorca, the Choquelimpie projects in Parinacota, and Sierra Norte in Chañaral. In Peru it has a 40% stake in Mina Justa in the Ica department. There is also a plant in the interior of Copiapó in the north of Chile, which produces doré metal from recovering fine gold and silver contained in ores and tailings. At present, the El Bronce mine site and the filtered gravel plant and deposit have been temporarily stopped and there was no commercial operation during the year.

In 2019, Alxar attained 75% progress with the construction of the Mina Justa works. This deposit has 432 million tons of copper resources and when it starts up in late 2020 it will be able to produce an average of 100,000 tons of fine copper a year. At the same time, the company has undertaken exploration campaigns to raise the project resources base.

It should be highlighted that care of the environment is one of Alxar's objectives, so in the year it continued to take measures and conduct environmental safety studies that are presented in the mine site closure plans developed by subsidiaries.



Fisheries Business

The Chilean coastline has favorable sea conditions for the emergence of large shoals and the development of the pelagic fisheries industry. This makes Chile one of the leading fishmeal and fish oil producers in the world. However, the sharp fluctuations of the biomass in the last few years have led this industry to undertake deep asset rationalization and reorganization processes, seeking to generate more efficient operating conditions and develop value-added products for increasingly more demanding markets.

The Fisheries Law, which dates back to 2013, regulates the sustainability of hydrobiological resources, access to industrial and non-industrial fishing, and research and control. This law establishes tradable fishing licenses, which give owners the right to catch a certain portion of the overall catch quota per species.

Under this regulatory framework, the companies Corpesca S.A. and Orizon S.A. are the owners of class A fishing licenses for jack mackerel, anchovy, Spanish sardine, common sardine, hoki and South Pacific hake, in their respective areas of operation.

Empresas Copec S.A. operates in this market through Pesquera Iquique-Guanaye S.A. (Igemar). This company is also an associate of AntarChile S.A., which likewise participates in the fisheries industry through its associate Empresa Pesquera Eperva S.A.

Pesquera Iquique-Guanaye S.A. made a loss of US\$8.7 million in 2019, which was an improvement on the US\$13.1 million loss in 2018. That was mainly due to the increase in operating income from higher sales volumes of all products. That was partly offset by lower sales prices and the costs of closing the productive activities of the mussels business.

Customers and Suppliers

The following was the diversification of suppliers and customers by subsidiaries of Empresas Copec S.A. in 2019:

Diversification of suppliers and customers by subsidiaries of Empresas Copec S.A.

	N° of suppliers who individually accounted for over 10% of the products and services in 2019	N° of customers who individually accounted for over 10% of the sales in 2019
Celulosa Arauco y Constitución S.A.	-	-
Compañía de Petróleos de Chile Copec S.A.	2	-
Abastible S.A.	2	-
Sociedad Nacional de Combustibles S.A. (Sonacol)	1	2
Pesquera Iquique-Guanaye S.A. (Igemar)	-	-

Trademarks

Empresas Copec owns the trademarks “Empresas Copec”, registry N°742026, 742027, 742028, 1.287.843, 1.288.718 and 1.289.819 and “EC”, registry N°733767, 733768 and 733769, 1.287.660, 1.288.719 and 1.288.720.

The main subsidiaries of the company use the following trademarks 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, Hílam, Lookid, PrimeLine, Prism, Readywall, Vesto, +Maqui.
- b. **Copec:** BlueMax, Chiletur, Ciclista, Copec, Cupón Electrónico, En Ruta, GeoGas, Gverde, Lavamax, Lámanos, 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, Fórmula 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, Häagen-Dazs, Lenga, Nature Valley, Old Paso, Orizon, San José, Wirenbo.
- l. **Golden Omega:** Golden Omega, Gotab, Gobar, GoGummy, GoJelly.
- m. **Alxar Minería:** Compañía Minera Can-Can.





Pesquera Iquique-Guanaye S.A. (Igemar)



For the year ended
December 31, 2019

Taxpayer ID N° of Pesquera
Iquique-Guanaye S.A.

N°91. 123.000-3

Shareholding of AntarChile S.A.

17.51%

Percentage of individual
assets of the company

0.45%

Paid-in and subscribed capital

US\$347 million

Board of Directors

CHAIRMAN

Roberto Angelini Rossi (*)

VICE-CHAIRMAN

Manuel Antonio Tocornal Astoreca

DIRECTORS

Fernando Agüero Garcés

Jorge Andueza Fouque (*)

Manuel Enrique Bezanilla Urrutia (*)

Víctor Turpaud Fernández (**)

Ramiro Méndez Urrutia

Charles Kimber Wylie

CEO

Eduardo Navarro Beltrán

(*) Roberto Angelini R. is the chairman of AntarChile S.A., Jorge Andueza F. is the vice-chairman and Manuel Enrique Bezanilla U. is a director.

(**) Víctor Turpaud resigned from the board in late March 2019. An ordinary shareholders' meeting, held on April 23, 2019, appointed Charles Kimber as a new member.

Company Information

Incorporated in 1945, the corporate purpose of Pesquera Iquique-Guanaye S.A. includes the development of the fisheries industry in general, and particularly to produce fishmeal and fish oil and canned and frozen fish for human consumption.

Igemar does not undertake productive activities directly but through its subsidiary Orizon S.A. and the associates Inversiones Caleta Vitor S.A. and Corpesca S.A. Through Orizon S.A. and Corpesca S.A. the company maintains an important presence at the two main fishing grounds in the north and center-south of Chile, due to which the most important events in its financial years are directly related to the development of its subsidiaries and associates. The aim of Inversiones Caleta Vitor S.A. is to make investments in Chile and overseas in protein food companies in general, the aquaculture industry and provide logistical services.

Through its subsidiaries, Pesquera Iquique Guanaye S.A. owns various trademarks, patents, licenses, franchises and royalties, by means of which it markets its products and services and develops its operations. As a parent company, it owns the trademark related to its company name "Pesquera Iquique", registry N°1123870.

The financial and equity standing of Pesquera Iquique-Guanaye S.A. and its subsidiary for the 2019 and 2018 financial years is shown in the "Summarized Financial Statements" chapter.

Performance Analysis

Subsidiaries and Associates

The purpose of Orizon S.A., of which Igemar currently has an 83.5% shareholding, is to become a major player in the nutrition market, providing quality food solutions from natural resources. For this, it is focused on handling and resolving the needs and requirements of industrial and final customers both in Chile and abroad.

The company produces fishmeal and fish oil, frozen and canned fish under its traditional brands “San José,” “Colorado” and “Wirenbo,” among others. The company also imports and markets tuna under the mentioned two former brands. In another line of business, the company sells rice and legumes under the “San José” brand, and as of September 2018, products related to the General Mills brands, including Nature Valley, Fiber One, Old El Paso, Häagen-Dazs and Betty Crocker, and also has the distribution of the Megamex avocado pulp products in Chile.

The operating assets of Orizon S.A. are six own vessels with an operative hold capacity of 9,000 m³, two fishmeal and fish oil plants with a production capacity of 200 tons of raw material per hour, and three processing plants.

In 2019, Orizon S.A. had own catches of 120,000 tons, accounting for 27.6% of the industrial catches in the center and south of Chile, and 111,000 tons of non-industrial fishing catches.

Orizon S.A. produced 38,000 tons of fishmeal, a 11.0% increase on 2018. Fish oil production was 11,000 tons, 10.2% up on that of the previous year. It had physical sales of 36,000 tons of fishmeal, 11,000 tons of fish oil, 2.7 million cases of canned fish, and 22,000 metric tons of frozen fish.

The direct production of mussels in 2019 dropped on the previous year, due to the agreement signed with St. Andrews Smoky Delicacies S.A. and Empresa Pesquera Apiao S.A. to consolidate its mussel operations. Orizon contributed with assets of US\$14.3 million to the company by means of a capital increase, attaining a 20% stake in both companies.

The business performance of Caleta Vitor and Corpesca S.A. in 2019 is shown in the report below on Empresa Pesquera Eperva S.A.

The company Golden Omega S.A., in which Orizon S.A. and Corpesca S.A. each have a 46.79% interest, has a plant in Arica that can produce 2,000 tons of omega-3 concentrates a year. In 2019, the company sold 1,773 tons of concentrates, an increase of 28% YoY.



ORIZON

6

own vessels

with an operative hold capacity of 9,000 m³



2 fishmeal and fish oil plants, with a production capacity of 200 tons of raw material per hour.



3 processing plants.



120,000 tons of own catches, accounting for 27.6% of the industrial catches in the center and south of Chile.



111,000 tons of non-industrial fishing catches.



EMPRESA PESQUERA EPERVA S.A.

Empresa Pesquera Eperva S.A.



For the year ended December 31, 2019

Taxpayer ID N° of
Pesquera Eperva S.A.

N°91.643.000-0

Shareholding of AntarChile S.A.

18.70%

Percentage of individual
assets of the company

0.63%

Paid-in and subscribed capital

US\$104 million

Board of Directors

CHAIRMAN

Manuel Antonio Tocornal Astoreca

VICE-CHAIRMAN

Jorge Andueza Fouque (*)

DIRECTORS

Roberto Angelini Rossi (*)

Jorge Bunster Betteley

Claudio Humberto Elgueta Vera

Andrés Lyon Lyon (*)

Andrés Antonio Serra Cambiaso

CEO

Patricio Tapia Costa

(*) Roberto Angelini R. is the chairman of AntarChile S.A., Jorge Andueza F. is the vice-chairman and Andrés Lyon L. is a director.

Company Information

The company was incorporated in 1955. Its main line of business is to channel investments to companies whose purpose is to develop the fisheries industry, and particularly to produce fishmeal and fish oil. In 1999, the company approved a deep rationalization process of its assets and operations to achieve a better return from its investments. As a result of this process, it merged its operating assets with the main fishing companies in the north: Pesquera Iquique-Guanaye S.A. and Sociedad Pesquera Coloso S.A., which gave rise to Corpesca S.A.

On January 1, 2019, the latter company was split creating the company Inversiones Caleta Vitor S.A., which was assigned the assets of the businesses in Brazil, Germany and those related to Kabsa S.A. Inversiones Caleta Vitor thereby became a new subsidiary of Empresa Pesquera Eperva S.A.

The main investments of Empresa Pesquera Eperva S.A. are the 60.21% shareholding of Corpesca S.A., 60.21% of Caleta Vitor S.A. and 16.5% of Orizon S.A. The performance of Orizon S.A.'s business in 2019 was outlined in the prior report on Igemar S.A.

Corpesca S.A. was incorporated in 1999 from the merger of the fishery and industrial assets of the three companies in the north: Empresa Pesquera Eperva S.A., Pesquera Iquique-Guanaye S.A. and Sociedad Pesquera Coloso S.A. This thereby ended the large restructuring process the fisheries industry carried out in the north. Corpesca S.A. therefore started up with large competitive advantages and it generated major scale economies.

The company's main assets are its 37-vessel fishing fleet, registered in the Registry of Vessels with Tradable Fishing Licenses, with a total hold capacity of over 15,000 m³ and five fishmeal and fish oil plants in Arica, Iquique and Mejillones, which can process 600 tons of raw material per hour.

Regarding investments, in 2019 the parent company Corpesca S.A. invested US\$23.5 million in fixed assets, of which US\$13.6 million were allocated to investment projects in the fishing fleet, and US\$9.9 million to industrial plants.

Corpesca S.A.'s net income accrued as of December 2019 was a loss of US\$30.1 million, down on net income of US\$12.6 million the previous year. That was mainly due to lower catches from the anchovy closed season for some months in 2019, periods of stoppage due to low-sized fish, and the effects of the company reorganization, since in 2018 the results of Inversiones Caleta Vitor were part of Corpesca.

Corpesca S.A. owns class A and class B tradable fishing licenses (TFLs) for fisheries declared as in full exploitation, where global catch quotas are established for the fishery of anchovy, Spanish sardine and jack mackerel in regions XV to II.

In September 2019, Inversiones Caleta Vitor S.A. signed an agreement with the CJ Cheil Jedang Corporation containing the terms of a deal to sell 10% of the shares of CJ Selecta S.A., belonging to the subsidiary Corpesca Do Brasil. The shares were transferred with payment of US\$40,602,000 in October.

Inversiones Caleta Vitor S.A. maintained its investment in Kabsa and had sales of over 200,000 tons of ingredients for products of the salmon-farming industry. Moreover, FASA processed over 1.3 million tons of poultry, pork and bovine waste in Brazil.

In 2019, Inversiones Caleta Vitor S.A. posted net income of US\$30 million. This is mainly explained by the sale of shares in CJ Selecta S.A. and the net income generated by the subsidiaries Kabsa S.A. and MPH.

Empresa Pesquera Eperva S.A. markets its products and services and develops its operations through its subsidiaries; it has no trademarks, patents, licenses, franchises and royalties to such effect. As a parent company, it owns the trademark related to its company name, "Eperva", registry N°977579 dated June 13, 2012.

The financial and equity standing of Empresa Pesquera Eperva S.A. for the 2019 and 2018 financial years is shown in the "Summarized Financial Statements" chapter.



EMPRESA PESQUERA EPERVA S.A.

37

vessels registered

in the Registry of Vessels with Tradable Fishing Licenses



15,000 m³ of vessel hold capacity



5 fishmeal and fish oil processing plants in Arica, Iquique and Mejillones, which can process 600 tons of raw material per hour.



US\$23.5 million investment in fixed assets in 2019.



arauco

Celulosa Arauco y Constitución S.A. (Arauco)



**For the year ended
December 31, 2019**

Taxpayer ID N° of
Celulosa Arauco y Constitución S.A.

N°93.458.000-1

Shareholding of AntarChile S.A.

0.0001%

Percentage of individual
assets of the company

0.00%

Paid-in and subscribed capital

US\$354 million

Board of Directors

CHAIRMAN

Manuel Bezanilla Urrutia (*)

VICE-CHAIRMEN

Roberto Angelini Rossi (*)

Jorge Andueza Fouque (*)

DIRECTORS

Juan Ignacio Langlois Margozzini

Alberto Etcheagaray Aubry

Eduardo Navarro Beltrán

Timothy C. Purcell

Franco Mellafe Angelini

Jorge Bunster Betteley

EXECUTIVE VICE-CHAIRMAN

Matías Domeyko Cassel

CEO

Cristián Infante Bilbao

(*) Roberto Angelini Rossi is the chairman of AntarChile S.A., Jorge Andueza Fouque is the vice-chairman and Manuel Enrique Bezanilla Urrutia is a director.

Company Information

The company was incorporated in September 1979 from the merger of Celulosa Arauco S.A. and Celulosa Constitución S.A. Its main line of business is the production and sale of forestry and wood industry products. Its principal operations are focused on the pulp, panel, sawn timber and forestry business areas.

Further details about the development of the businesses of this subsidiary and its investment projects are available in the forestry business section of Empresas Copec S.A.

The financial and equity standing of Celulosa Arauco y Constitución S.A. for the 2019 and 2018 financial years is shown in the “Summarized Financial Statements” chapter.



Servicios Corporativos SerCor S.A.



For the year ended
December 31, 2019

Taxpayer ID N° of
Servicios Corporativos SerCor S.A.

N°96.925.430-1

Shareholding of AntarChile S.A.

20.0%

Percentage of individual
assets of the company

0.00%

Paid-in and subscribed capital

US\$3.97 million

Board of Directors

CHAIRMAN

Roberto Angelini Rossi (*)

VICE-CHAIRMAN

Jorge Andueza Fouque (*)

DIRECTORS

Eduardo Navarro Beltrán
Andrés Lehuedé Bromley (*)
Matías Domeyko Cassel

CEO

Patricio Tapia Costa

(*) Roberto Angelini Rossi is the chairman of AntarChile S.A., Jorge Andueza Fouque is the vice-chairman and Andrés Lehuedé Bromley is the CEO.

Company Information

Servicios Corporativos SerCor S.A. was incorporated on August 2, 2000, after the split of Sigma Servicios Informáticos S.A. Its corporate purpose is to provide advisory services to the boards and senior management of any kind of companies regarding business management, strategic planning, corporate communications, internal audits, corporate governance, information security, management control, shareholders' registry administration, economic studies, project assessment, valuation of companies and market studies.

Servicios Corporativos SerCor S.A. provides its services under the "SerCor" trademark, which it owns under registry N°821128.

For the year ended December 31, 2019, SerCor had a loss of US\$86,000, and in the 2018 financial year it also posted a loss of US\$14,000. The loss in 2019 was mainly due to greater depreciation and higher financial expenses.

The financial and equity standing of Servicios Corporativos SerCor S.A. for the 2019 and 2018 financial years is shown in the "Summarized Financial Statements" chapter.



Red to Green S.A.



For the year ended December 31, 2019

Taxpayer ID N° of
Red to Green S.A.

N°83.670.800-1

Shareholding of AntarChile S.A.

30.00%

Percentage of individual
assets of the company

0.02%

Paid-in and subscribed capital

US\$31.7 million

Board of Directors

CHAIRMAN

Andrés Lehuedé Bromley (*)

DIRECTORS

Patricio Canto Peralta
Patricio Tapia Costa

CEO

Carlos Bussinger Núñez

(*) Andrés Lehuedé Bromley is the CEO
of AntarChile S.A.

Company Information

Red to Green S.A. is a closely held corporation that was incorporated by transforming Sociedad Informática Sigma Ltda., which was established by a public deed dated October 11, 1979. On June 28, 2016, its business name was changed from Sigma S.A. to Red To Green S.A.

Its corporate purpose is the commercial development, in all its forms, of automatic data processing and to provide services complementing this; the sale of equipment, elements and input materials for automatic data processing and to give training courses on various aspects of information technology and similar or related areas.

The services provided to related companies are the company's main commercial activity.

In March 2009, the company acquired part of the capital stock of Woodtech S.A., thereby becoming its new majority shareholder. Woodtech S.A. is a closely held corporation, which is engaged in the development of engineering or computer applications to measure the physical parameters of objects of any kind, particularly in the forestry area; the manufacture of equipment and/or devices for this purpose and the licensing, sale, rental, marketing of this equipment, devices, systems and computer programs.

Red to Green S.A. is present in the market of data center, operation, infrastructure administration, consultancy and advisory services for information technology.

In 2019, Red to Green S.A. had consolidated earnings of US\$338,000 against those of US\$444,000 in 2018. The company's revenues in 2019 increased 15% to US\$5,961,000.

The lower net income is explained by the non-operating income generated in 2018, which improved the bottom line in such period.

The higher revenue was generated by the subsidiary Woodtech, mainly due to the development of new solutions with the concepts of industry 4.0 focused on the forestry sector.

The financial and equity standing of Red to Green S.A. for the 2019 and 2018 financial years is shown in the "Summarized Financial Statements" chapter.



07





More about AntarChile

Through the growth of our companies we have not only been able to provide world-class products and services but also generate quality jobs, add value for investors and take care of communities and the environment.



More about AntarChile

Company Incorporation

AntarChile S.A. was incorporated with the name of Inversiones Epemar S.A. by means of a public deed dated June 12, 1989, issued by the notary public of Mr. Andrés Rubio Flores. The excerpt was published in *Official Gazette* N°33.407 dated June 26, 1989, and registered in the Commerce Registry on sheet 15.818 N°7.975, dated June 21, 1989.

As registered in a public deed of the Santiago notary public of Mr. Félix Jara Cadot, dated November 11, 1994, the company by-laws were amended. Among other matters, it was agreed to change its name to AntarChile S.A., increase its capital and make various changes to merge the company by incorporation with the company Inversiones Indomar S.A. and the old company that operated under the name of AntarChile S.A.

The company's corporate purpose includes making investments in tangible and intangible chattels, company stocks, commercial papers and securities in general, investments in the fisheries sector, ocean freight, forestry and mining industries, among others.

Regulatory Framework

AntarChile S.A. is a corporation and as such is subject to the provisions of Law N°18.046 on Corporations, of Securities Market Law N°18.045, the regulation of the Financial Market Commission, and all those laws and regulations applicable to its line of business.

Controllers

As of December 31, 2019, AntarChile S.A. is controlled by its final controllers, with an executed agreement to act jointly, which contains no limitations on the free disposal of shares, who are Mr. Roberto Angelini Rossi, taxpayer ID N°5.625.652-0, and Mrs. Patricia Angelini Rossi, taxpayer ID N°5.765.170-9.

They exercise such control as follows:

- a) Shares directly owned by the final controllers:
 - a.1) Mr. Roberto Angelini Rossi is the direct owner of 0.2126% of the shares issued by AntarChile S.A. and
 - a.2) Mrs. Patricia Angelini Rossi is the direct owner of 0.22661% of the shares issued by AntarChile S.A.

Total shares directly owned by the final controllers: 0.43921%.

- b) Shares indirectly owned through companies controlled by the final controllers.
 - b.1) The company Inversiones Angelini y Compañía Limitada, taxpayer ID N°93.809.000-9, is the direct owner of 63.40150% of the shares issued by AntarChile S.A., and the indirect owner, through its subsidiary Inmobiliaria y Turismo Río San José S.A., of 0.07330% of AntarChile S.A.'s shares.



Inversiones Angelini y Compañía Limitada is controlled by the above-mentioned final controllers, i.e., Mr. Roberto Angelini Rossi and Mrs. Patricia Angelini Rossi, as outlined below:

- 1) Mr. Roberto Angelini Rossi directly owns 18.9659% and indirectly owns 16.99231%, through Inversiones Arianuova Limitada, taxpayer ID N°76.096.890-0, of which he has 99% of the corporate rights.
- 2) Mrs. Patricia Angelini Rossi directly owns 15.2968% and indirectly owns 13.6993%, through Inversiones Rondine Limitada, taxpayer ID N°76.096.090-K, of which she has 99% of the corporate rights.
- 3) On the other hand, Mr. Roberto Angelini Rossi has statutory control of Inversiones Golfo Blanco Limitada, taxpayer ID N°76.061.995-7, which owns 19.4397% of the corporate rights of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Golfo Blanco Limitada

are: (i) Mr. Roberto Angelini Rossi with 0.00011% of the corporate rights, and (ii) Mr. Maurizio Angelini Amadori, taxpayer ID N°13.232.559-6; Mrs. Daniela Angelini Amadori, taxpayer ID N°13.026.010-1; Mr. Claudio Angelini Amadori, taxpayer ID N°15.379.762-5, and Mr. Mario Angelini Amadori, taxpayer ID N°16.095.366-7, each with 24.99997% of the corporate rights.

- 4) Moreover, Mrs. Patricia Angelini Rossi has statutory control of Inversiones Senda Blanca Limitada, taxpayer ID N°76.061.994-7, which is the owner of 15.6059% of the corporate rights of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Senda Blanca Limitada are: (i) Mrs. Patricia Angelini Rossi with 0.00014% of the corporate rights, and (ii) Mr. Franco Mellafe Angelini, taxpayer ID N°13.049.156-1; Mr. Maximiliano Valdés Angelini, taxpayer ID N°16.098.280-2, and Ms. Josefina Valdés Angelini, taxpayer ID N°16.370.055-7, each with 33.33329% of the corporate rights.



b.2) On the other hand, the mentioned Inversiones Golfo Blanco Limitada, a company under statutory control by Mr. Roberto Angelini Rossi, is the direct owner of 5.77307% of the shares of AntarChile S.A.

b.3) Lastly, the mentioned Inversiones Senda Blanca Limitada, a company under statutory control by Mrs. Patricia Angelini Rossi, is the direct owner of 4.3298% of the shares of AntarChile S.A. In accordance with this, the controller group of AntarChile S.A., defined above, has a total direct and indirect shareholding of 74.01688%.

Lastly, it is left on record that the following natural persons related by kinship to the final controllers are the direct owners of the following percentages of AntarChile S.A.: Mrs. Daniela Angelini Amadori: 0.04419%; Mr. Maurizio Angelini Amadori: 0.04419%; Mr. Claudio Angelini Amadori: 0.04394%; Mr. Mario Angelini Amadori: 0.04216%; Mr. Franco Roberto Mellafe Angelini: 0.05879%; Mr. Maximiliano Valdés Angelini: 0.05559%; and Ms. Josefina Valdés Angelini: 0.05559%.

Independent Auditors and Credit Rating Agencies

In an ordinary general shareholders' meeting of AntarChile S.A., held in April 2019, the firm

PriceWaterhouseCoopers, Consultores, Auditores y Cía. Ltda. was appointed as the company's independent auditors for 2019, and Fitch Chile Clasificadora de Riesgo Ltda. and Feller-Rate Clasificadora de Riesgo Ltda. as the private credit rating agencies for the same period.

Material Facts and Shareholder and Directors' Committee Proposals

In 2019 and up to the date of submitting this annual report, the company informed the Financial Market Commission (CMF, as per the Spanish acronym) and the different stock exchanges in Chile of the following material facts:

- On April 5, 2019, AntarChile S.A. reported that a company board meeting, held on the same day, unanimously agreed to propose to the company's ordinary general shareholders' meeting payment of a compulsory minimum final dividend, which will be assigned to the net income of the year ended December 31, 2018, charged to the income of such financial year. Dividend N°36 amounts to US\$0.63398 per share which, if approved, will be paid in Chilean pesos as of May 10, 2019 to those shareholders registered in the company's Shareholders' Registry at midnight on May 4, 2019. The mentioned dividend distribution has no effect on the company's financial standing.
- On April 11, 2019, AntarChile S.A. reported that an ordinary general shareholders' meeting was held on April 26, 2019 to analyze the financial statements, the annual report, establish the remuneration of the board and appoint the independent auditors, among other matters. Moreover, the company proposed payment of compulsory minimum final dividend N°36 of US\$0.63398 per share.

In 2019, the company received no comments or proposals about the performance of businesses by shareholders or the Directors' Committee to be included in this annual report.



Responsibility Statement

Pursuant to what is laid down in General Regulation N°30 of the Financial Market Commission, this annual report is signed by the company directors who, jointly with the CEO, declare they are responsible for the information contained herein being totally true.

Roberto Angelini Rossi
CHAIRMAN
Taxpayer ID N°5.625.652-0

Jorge Andueza Fouque
VICE-CHAIRMAN
Taxpayer ID N°5.038.906-5

Jorge Desormeaux Jiménez
DIRECTOR
Taxpayer ID N°5.921.048-3

Manuel Enrique Bezanilla Urrutia
DIRECTOR
Taxpayer ID N°4.775.030-K

Juan Edgardo Goldenberg Peñafiel
DIRECTOR
Taxpayer ID N°6.926.134-5

Andrés Lyon Lyon
DIRECTOR
Taxpayer ID N°5.120.544-8

Andrés Lehuedé Bromley
CEO
Taxpayer ID N°7.617.723-6



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