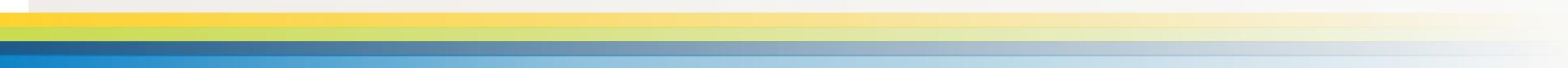


ANNUAL
REPORT 2020





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Letter from the Chairman of the Board of Directors

Dear Shareholders:

I would like to begin this letter by expressing my heartfelt gratitude to Lipigas personnel, its carriers, contractors, logistics operators and distributors for maintaining gas distribution service to the farthest corners of our country under the harsh conditions imposed on us to control the advance of the pandemic. This shows, once again, the tremendous commitment to service of our people.

Since late 2019 and to this day, we have witnessed one of the most difficult crisis we have had to live through as a society and as a company: an unprecedented pandemic of the last one hundred years, a worldwide economic crisis, and the impact of the social uprising of October 18th. We are living through unprecedented times, while we are observers and actors of a simultaneous political, technological, and social process with yet an uncertain outcome.

When the health crisis began in March of last year, at Lipigas we proposed to act on the basis of a triple commitment: to take care of people's health, to ensure our operational continuity and to provide job stability to our employees and network of collaborators. I am proud to say that, thanks to the efforts made by everyone at Lipigas, we have been able to achieve these goals to a great extent.

Meanwhile, the industry has continued to evolve towards more sustainable models, based on renewable energies and greater efficiency in their use, in a world experiencing accelerated climate change and making efforts to advance in the decarbonization of the energy matrix. All of the above, in the wake of a fast-paced digital revolution.

At Lipigas we are aware that we must adapt to this new

scenario that is full of challenges and opportunities, not only for our main activity, gas, but also for the development of new businesses and sources of income.

In this context, through systematic work of the Board of Directors and Management, consisting of the study of multiple sources of information and discussions with experts from different disciplines, we developed a strategic plan, the implementation of which began more than two years ago. This plan is fundamentally based on four lines of action: i) promote the main business, seeking operational excellence, reliability and customer relationships ii) develop a stronger IT division within the company, to support the "core" business and also new endeavors iii) venture into electric activities through commercializing to end-user customers and explore renewable energy generation, among other initiatives iv) seek new sources of income, starting from the alignment of our main strengths, which are our logistical capacity and our relationship with our customers.

The foregoing has materialized, among other things, in a reorganization of the Chilean company under three new areas: Retail Business Management, Large Clients Business Management and Electric Business Management. The Transformation Committee and the Electric Committee have been created at the Board of Directors level, to which advisors with complementary skills have been integrated, precisely to support management in "looking outside the box" and promoting new initiatives. In addition, Empresas Lipigas is present through its subsidiaries in Peru and Colombia, which, with their respective Managements and Board of Directors, already account for more than 30% of the consolidated net sales.

This organizational model will allow us to expedite decision-making and respond to the moment in which we live, both internally and in terms of our customers' needs.

Our Digital Factory continued to drive the company's digitization to build an increasingly fluid relationship with customers and create a robust technology foundation that allows us to reach end-user customers directly and provide a better and closer service. In December, direct channels to end-user customers accounted for 57% of total cylinder gas sales, with an increase of almost 50% compared to 2019.

Digital tools, which have also enabled us to achieve efficiencies in the distribution chain and improve service to our bulk customers, proved especially valuable during the pandemic, when logistics became particularly challenging. Thanks to them we were able to maintain a continuous supply of clean and efficient energy from Arica to Punta Arenas.

We continue to implement projects to offer solutions for efficiency and savings in energy consumption and others that contribute to the reduction of greenhouse gas emissions in different areas, among them, the early start of the supply of liquefied natural gas (LNG) for the first fleet of cargo trucks for Cervecería AB Inbev, which will be moving between Santiago and southern Chile in a more environmentally friendly way. Additionally, at the close of this edition, together with Oxiquim, we launched the first LPG terminal in Mejillones, in the Antofagasta Region, which will allow us to guarantee a continuous supply to industries and businesses in the area.

One of our priorities is to seek gas sustainability as clean energy for the future. In this line we are exploring the use of green propane, a gas that is identical to the one we commercialize today, except that it comes from renewable sources and organic waste, and which is already produced in Europe. This means that, in addition to being a clean gas in its combustion, like the one we use today, it is also clean in its origin. It is a carbon neutral energy that can be used with the same infrastructure already installed, without the need for additional investments.

Additionally, we are exploring opportunities in the green hydrogen market, the production of which also generates green propane. In collaboration with other companies, State organizations and research centers, we seek to identify best

practices, define options for the enablement of this industry and accelerate processes that connect key players.

As for the 2020 results, they were impacted by both the pandemic and the aftermath of the uncertainty generated after 18-O. As the vaccination processes advance and the restrictions associated with the pandemic become more flexible, we expect a rebound in economic activity, which will allow the country to return to the path of growth, as will Lipigas.

Work during 2020 was arduous and the effort was not in vain. We achieved a well-known second place as the Great Place to Work ranking as one of the best companies to work for in Chile in the category of companies between 251 and 1,000 employees.

Likewise, in the same ranking we obtained the "Héroe del Covid" recognition, an award that fills us with pride, as it highlights the intense work, we did at Lipigas to address the pandemic. The collaborative attitude and teamwork of all our collaborators has been fundamental, from the plants, distribution centers, delivery, and supply trucks, in the field with customers and from teleworking, which has been fundamental to continue providing our service to the community.

In addition, I would like to highlight the first place in the Excellence in Productivity category of the Kaizen Chile award.

Again, I would like to thank our employees, customers, shareholders, management, and members of the Board of Directors and their committees for making it possible for Empresas Lipigas to have made it through 2020, taking care of the health and work of its people and bringing our energy to the homes of millions of people in the most remote places of our country. At the same time, I encourage you to continue to be an active part of the process of transforming Lipigas into a company that is increasingly sustainable and prepared for a future that, although uncertain, will bring us many opportunities.

Juan Manuel Santa Cruz M.
Chairman



Our
company

Company identification

i. Basic information

Corporate name	: Empresas Lipigas S.A.
Legal address	: Apoquindo 5400, piso 14, Las Condes, Santiago de Chile.
RUT ((Chilean Taxpayer ID))	: 96.928.510-K
Type entity	: Open Stock Corporation

ii. Incorporation

The Company was incorporated in Santiago, Chile by a public deed dated August 9, 2000, before the notary public Mr. José Musalem Saffie. An abstract of such deed is registered on the Santiago Registry of Commerce on page 21,484 No. 17,133 of the Santiago Real Estate Registrar and published in the Official Daily Newspaper on August 24 of that same year. Its corporate purpose is to invest, acquire, sell, manage, operate and commercialize, in any capacity, on its own account or on behalf of others, all kinds of own or third party personal property or real estate property, corporeal and incorporeal, and participate in all sorts of companies related to the line of business of import, export, storage, fractionation, commercialization, distribution and transport of liquefied petroleum gas (LPG) and all kinds of liquid and gaseous fuels. Also, the generation and production of electric energy or other kinds of energy in any of its forms or nature, and the commercialization, operation, sale, supply and distribution of these types of energy.

iii. Contact information

Headquarters	: Apoquindo 5400, piso 14, Las Condes, Santiago de Chile.
Website	: www.lipigas.com
Telephone	: (56-2) 2650 3620

Principal foreign offices

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Lima Gas S.A. and Limagas Natural Perú S.A.
Calle Bernini N° 149, Torre Trazo, Piso 4.
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Lima, Peru
Telephone:
(51-1) 6173333 (Lima Gas S.A.)
(51-1) 6408888 (Limagas Natural Perú S.A.)

Investor Relations

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E-mail: comunicacionesinversores@lipigas.cl
Telephone: (56-2) 2650 3620



Description of business environment

Our History

The origins of Empresas Lipigas (hereinafter Lipigas or the Company) date back to 1950 in Chile, starting with the creation of the distributor Lipigas in the city of Valparaíso and its subsequent unification with three other regional LPG companies.

As one of the relevant players in Chile's LPG market, in 2010 it began an expansion process, extending its business to Colombia and Peru. After this, the Company also begins to grow within the framework of a strategic plan focused on the offer of diversified and efficient energy solutions for different types of customers in each of the countries where it operates.

The main milestones of our growth path are summarized below:

<p>– 1950 – Lipigas is born in the Valparaiso Region.</p>	<p>– 1985 – Santa Cruz, Yaconi, Noguera, Vinagre and Ardizzoni families complete the acquisition process of the four regional companies.</p>
<p>– 1959 – Codigas is established in Santiago.</p>	<p>– 2000 – The group of owner families sells 45% of the shares to Repsol. In 2012 the Spanish multinational energy company sells its ownership to the LV Expansión group.</p>
<p>– 1975 – Enagas is created, in Bío Bío and La Araucanía.</p>	<p>– 2004 – The process of grouping the four original brands under the name of Empresas Lipigas S.A. is completed.</p>
<p>– 1977 – Agrogas emerges, in the Libertador Bernardo O'Higgins Region.</p>	



– 2010 –

Acquisition of 70% of Chilco in Colombia. In 2013 the Company consolidates its presence in this country, with the purchase of the remaining 30%.



– 2013 –

Lipigas enters the Peruvian market, through the purchase of 100% of the LPG distributor Lima Gas.



– 2014 –

Acquisition of Lidergas in Colombia.



– 2012 –

Lipigas executes agreements with Oxiquim S.A. to develop the construction of LPG import and storage facilities at the maritime terminal owned by Oxiquim located in Quintero, central Chile. Facilities begin operating in 2015.



– 2015 –

Acquisition of NEOgas Perú, (currently Limagas Natural).



– 2015 –

The Company issues its first corporate bond for UF 3.5 million in Chile.



– 2018 –

Sale of electrical solutions to industrial customers begins.



– 2018 –

Commercialization and distribution of LPG begins in Punta Arenas, in the southern tip of Chile.



– 2018 –

Lipigas expands presence in Colombia by acquiring Surgas, a network gas distribution company in the departments of Huila, Cauca and Putumayo.



– 2016 –

Lipigas Plus is launched in Chile, a translucent cylinder weighing 11 kilos, which is lighter than conventional ones.



– 2016 –

Creation of the subsidiary Rednova in Colombia for the distribution of residential network gas.



– 2016 –

Empresas Lipigas begins trading its shares on the Santiago Stock Exchange in Chile.



– 2018 –

Distribution of liquefied natural gas (LNG) begins in Peru for high consumption industrial customers.



– 2019 –

Commencement of the project to supply natural gas to transport vehicles in Cusco, Peru.



– 2020 –

In January, the Company issued its second corporate bond in Chile for UF 2.5 million, reopening the bond issuance market, inactive since November 2019.



– 2017 –

Network natural gas distribution begins in Chile in Osorno and Puerto Montt (south of Chile) and network expansion in Calama (north of Chile).



– 2017 –

Lipigas enters the Chilean electricity market, launching its first Small-Scale DG Power Plant in Concón, Valparaíso Region, for natural gas-based electric power generation.



– 2018 –

The Company acquires a 65% ownership in Marquesa GLP, a company dedicated to the development, construction and operation of power generation plants in Chile.

Principal milestones 2020

The Company is able to provide operational continuity in the three countries where it is present, strengthening its capacity to adapt to the effects of the COVID-19 pandemic crisis, especially considering that its main mission is to provide a basic service to the population. In this context, priority also was given to safeguarding the health and safety of workers, customers and the extensive network of collaborators and contractors.

7 New organization by business lines in Chile

In order to move towards higher efficiency levels and approach the business as a whole with a focus on the end customer, as of January 1, 2021, the Company has a new organization in Chile based on business lines with 3 new management areas: Retail Business Management, Large Clients Business Management and Electric Business Management.

This reorganization follows the creation, in 2019, of the Business Transformation Management and the Digital Factory Management, as part of the company's modernization process.

7 Three women join the Board of Directors of Lipigas

At the Shareholders' Meeting in April, three women joined the company's Board of Directors as alternate directors: Bernardita Noguera, agronomist engineer, who is serving a new term; Rosario Navarro, director of Sonda, of the Dunalastair school and advisor to Sofofa; and Tina Rosenfeld, director of SMU, the Saieh group's supermarket holding company, and the Virutex company.

Additionally, in 2020 Rosario Navarro and Tina Rosenfeld, together with Paola Assael, director of BancoEstado and founder of the consulting firm Voces Research, joined the Transformation Committee formed by the company in 2019, in order to address future business challenges.

7 Chile closes first contract for the supply of LNG for long-haul cargo trucks.

The Company closes the first contract in Chile for the supply of LNG for AB InBev Cervecería's cargo trucks, including the construction of the LNG distribution station for trucks operated by Transportes San Gabriel. This is the first private network of LNG-powered trucks and the first LNG service station in the country. It is also evidence of the possibilities of using LNG for the reduction of CO₂ emissions in land transportation.

7 Acquisition of Pipegas S.A.'s operation in Colombia

The company operates the bottled LPG channel in the area of Apartadó - Antioquia.

7 The first vehicular natural gas service station opens in Cuzco, Peru.

Inaugurated in December, the initiative is promoted by Consorcio Camisea and Limagas Natural, a subsidiary of Lipigas. This is the first of three projected vehicular gas stations, and during the course of 2021, a second one will be added in Cuzco and another in Quillabamba.

Awards and recognitions

1st
PLACE

KAIZEN™ AWARD CHILE

Lipigas won first place in the KAIZEN™ Award Chile 2019 - Excellence in Productivity Category, for the implementation of this methodology in its main bottling plant in Chile, located in Maipú. This recognition demonstrates the innovation capacity and pro-activeness of the collaborators to increase the operation's efficiency levels. During 2020, KAIZEN was implemented in other parent plants in Concón and Lenga, expanding practices that have led to significant operational, efficiency and cost improvements. The first awards ceremony took place in Chile, referring to projects executed until 2019, in the categories of Excellence in Continuous Improvement System and Excellence in Productivity.

2nd
PLACE

A GREAT PLACE TO WORK CHILE 2020

Together with obtaining the certification until June 2021 that Great Place to Work, since 2020, delivers to organizations that meet the requirements to be considered as "best place to work", Lipigas ranked 2nd Place in the category of 251 to 1,000 workers (6th Place in 2019).

Heroes of Covid

In addition, in a special way Great Place to Work gave the "Heroes of COVID" award to companies that have been outstanding in implementing care policies and contributing to the community. Lipigas obtained this distinction in its category, highlighting the different policies and actions implemented towards its workers and clients during the pandemic.

1st
PLACE

BCX: BEST UTILITY COMPANY CHILE LATIN AMERICA 2020

Lipigas was given the award as the best company in 2020 in Customer Experience by the BCX index, Utilities sector, in Latin America and Chile, reaffirming the same recognition obtained the previous year.

Description of business environment

Industrial Sector

Lipigas is a company dedicated to providing integral energy solutions to its customers in Chile, Colombia, and Peru. Its main products are liquefied petroleum gas (LPG) and natural gas in its different formats (natural gas by network, liquefied natural gas and compressed natural gas). It is also present in the electric business, with generation and co-generation alternatives for large customers.

The products distributed and commercialized by Lipigas are part of the energy business, which in recent times has seen an increase in its offer due to the emergence of new alternatives of non-conventional origin. Most of the Company's solutions are based on clean and efficient gas energy, currently serving more than 3.3 million customers in the residential, commercial, industrial and transportation segments in the three countries where it operates.

Our products

As of December 2020, the Company's portfolio includes the following products:

- ✦ Liquefied petroleum gas (LPG)
- ✦ Natural gas by network (NG)
- ✦ Liquefied natural gas(LNG)
- ✦ Compressed natural gas (CNG)
- ✦ Electric Energy

Liquefied petroleum gas

Liquefied petroleum gas, also known as LPG– is a type of gaseous fuel, whose main components are propane and butane. It is a secondary product, since it is obtained as a by-product of other processes, mainly from the extraction of natural gas and the refining of crude oil. Under normal temperature conditions it is in a gaseous state and when subjected to moderate pressures or when cooled, it changes to a liquid state, reducing its volume by more than 270 times. This facilitates its transportation and storage in different types of containers, such as cylinders and tanks.

LPG is a clean and efficient energy source. In its combustion it emits less residue into the environment than other fuels such as wood, coal, kerosene, or diesel. It has high calorific value and high performance, and it is also energy that is always available, allowing a continuous supply even in the most remote corners of each country. Thanks to its portability, it can be transported by land, sea, or rail to any place on the planet without requiring large investments in transportation infrastructure to bring it to the end user.

It is one of the most versatile energies in the world, with diverse uses in different sectors, an attribute that positions LPG as a key energy source in the construction of a less carbon-intensive society. According to statistics from the World LPG Association (WLPGA), the residential sector accounts for 44% of global consumption, while the rest is used in industrial, transportation and agricultural applications, as well as in refineries and chemical processes, among others.

According to the same entity, liquefied gas “is an exceptional energy used by more than 1 billion households around the world”, and its consumption allows replacing other more polluting energies, thus improving air quality, health and well-being of people.

The United States is the world's leading exporter of LPG and Asia leads global consumption.

In addition, within the framework of the COVID-19 pandemic, the WLPGA reaffirmed that, from the beginning of the pandemic, LPG was recognized as essential in nearly all countries of the world, highlighting the flexibility and reliability of the supply chain and of the energy itself.

Empresas Lipigas commercializes LPG in the following formats:

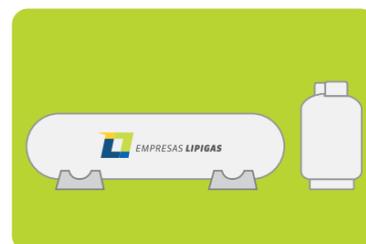
Bottled in Cylinders:



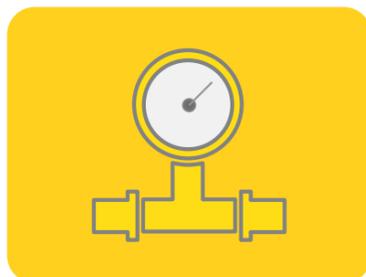
It is the main form of distribution. The “gas cylinders” vary in size depending on the customer’s needs and can be delivered directly to the user. Most cylinders sold in Latin America are made of steel, but there are also cylinders made of polyethylene, such as Lipigas Plus, which since 2016 has been commercialized in Chile. In addition to being lighter, this container is translucent and allows the user to see how much product remains inside.

Bulk gas:

This format allows supplying gas to homes, businesses, and industries through a single tank, designed to store LPG safely and efficiently with different capacities. The tanks have a content indicator that shows the percentage of gas inside and are regularly refilled by injector trucks.



Metered Gas:



This format is designed to supply LPG via pipelines to multiple independent consumption points from a central tank depot (located in buildings, condominiums, housing complexes or small communities), which is also replenished on a regular basis by injector trucks. The meter records the flow of gas consumed by each customer and a monthly reading is taken for billing purposes.

Network Natural Gas (NG)

Natural gas is a mixture of light hydrocarbons, composed mainly of methane (CH_4). It can be obtained from conventional or unconventional wells, depending on the geological structure of the reservoirs and the extraction technology. It is called “natural” because it is not subjected to any transformation process from the time it is extracted from the gas deposits until it reaches the consumption points (only in its conversion to a liquid state does it receive treatment).

It is recognized as one of the cleanest conventional fuels, since its combustion generates the lowest carbon dioxide (CO_2) emissions; in addition, it does not emit sulfur dioxide, one of the main causes of acid rain. It is non-toxic and non-corrosive, and dissipates quickly when there is a leak.

Natural gas is distributed to customers through underground networks (pipelines) and, like LPG, has multiple applications in different sectors, with uses ranging from cooking to electricity generation and vehicle transportation.



Liquefied natural gas (LNG)

LNG is natural gas converted to a liquid state through a cooling process (at a temperature of -160°C) called liquefaction. In liquid form, it occupies approximately 600 times less space than in gaseous form, which facilitates storage and transport over long distances by sea or land.

From liquefaction plants located in gas-producing countries, LNG is transported in methane ships to the destination markets, where it is received at re-gasification terminals, of which there are two in Chile, in the central and northern parts of the country. From these terminals it is transported to places where conventional gas pipelines do not reach, using trucks that transport it in liquid form. The gas is received at the satellite re-gasification plants (SRP), from where it is possible to supply urban centers or industries.

Added to this functionality, the use of LNG for long distance cargo trucks will be available in Chile from 2021, by virtue of a partnership with Cervecería AB InBev and Transportes San Gabriel, which will mean the construction of the first LNG service station for transportation, ensuring the supply of an initial fleet of 30 trucks that will operate between Santiago and Puerto Montt.



As in the case of bulk LPG, there is a demand for LNG from industries that require large amounts of energy for their production processes, allowing them to replace polluting fuels such as diesel and fuel oil.

Compressed natural gas (CNG)

Compressed natural gas, better known by the acronym CNG, is a fuel for industrial and vehicular use. It is the same natural gas used in homes, however, the only difference is that it is subjected to high pressure for automotive and industrial processes, usually between 200 and 250 bar, depending on the regulations of each country, allowing for the storage of large volumes in small spaces.

It is a sustainable alternative for the substitution of traditional liquid fuels. In addition, it offers competitive advantages and energy efficiency compared to the latter, contributing to higher productivity.

It is transported by land by means of modular containers capable of withstanding high pressures, stowed on trucks or railroad cars, which allows meeting the demand mainly of industrial and vehicular customers located in areas where there are no conventional gas pipelines.

Electric energy

Regarding electricity, Lipigas provides customized solutions for industries, businesses and other entities that can opt for the free customer modality, as well as for co-generation projects using liquefied gas (LPG) and liquefied natural gas (LNG). Due to its environmental attributes, gas is expected to play a key role in electricity generation as a complement to intermittent renewable energies, providing flexibility to the system and ensuring continuity of supply. Used as a source of electricity production, gas can make a great contribution to the decarbonization of the countries' energy matrix, to the extent that it displaces generation with more polluting fossil fuels.

Gas uses:

Gaseous fuels, LPG and natural gas, are a source of energy that can be used for multiple purposes and in various sectors.



Gas for Domestic use:

The residential sector is the largest market in terms of consumption. Although the main uses of gas in homes are cooking, water heating and heating, it is also being used in appliances that conventionally use other energy sources, such as air conditioners and clothes dryers, among other things.



Commercial:

Used for the operation of boilers, ovens and heating equipment in businesses of different sizes, as well as in restaurants, hotels, educational and health establishments that can be supplied through networks, bulk gas or bottled in cylinders in the case of LPG.



Industrial:

In this sector, gas is used for steam production, thermal treatment, stand-alone generation, or co-generation of electricity and as a fuel for engines, among many other applications. It is a very efficient energy source for industries that need to boost their productivity and reduce their carbon footprint.



Transportation:

Transportation is one of the main sources of human-generated emissions, affecting air quality and, consequently, people's health. In this context, low-emission alternative energies, such as gas, are gaining more and more ground worldwide, as they are an effective option for moving towards sustainable mobility, generating environmental and social benefits for the population. In addition to emitting fewer particulate pollutants and generating reduced carbon dioxide (CO₂) emissions, gas stands out for its cost-effectiveness: it can be up to five times more efficient than other traditional fuels.



Competition

The Company operates in a highly competitive market in the three countries in which it operates. This is due to the existence of a large number of companies and brands, products with low differentiation and a wide range of substitutes.

Regarding the sale and distribution of LPG in Chile, Lipigas faces competition from large companies, such as Abastible S.A. (a subsidiary of Empresas Copec) and Gasco GLP S.A. (a subsidiary of Empresas Gasco), all of which have nationwide presence. In the natural gas network market, it competes with Metrogas, GasSur, GasValpo/Energas, Intergas and Innergy. In the commercialization of liquefied natural gas (LNG) for industries, its competitors are Gasco, Metrogas, Enel, Engie and Abastible.

In Colombia, where Lipigas commercializes and distributes mainly LPG (bottled, bulk and network), its largest competitors are the subsidiaries of the Chilean companies Abastible and Gasco, in addition to other 50 smaller brands.

In Peru, its main competitors in the LPG market are Solgas (a subsidiary of Abastible), Llama Gas and Zeta Gas, among other multiple brands operating locally and regionally. In natural gas distribution (CNG and LNG), it competes with the companies EGP, Energigas, Gascop and Quavii.

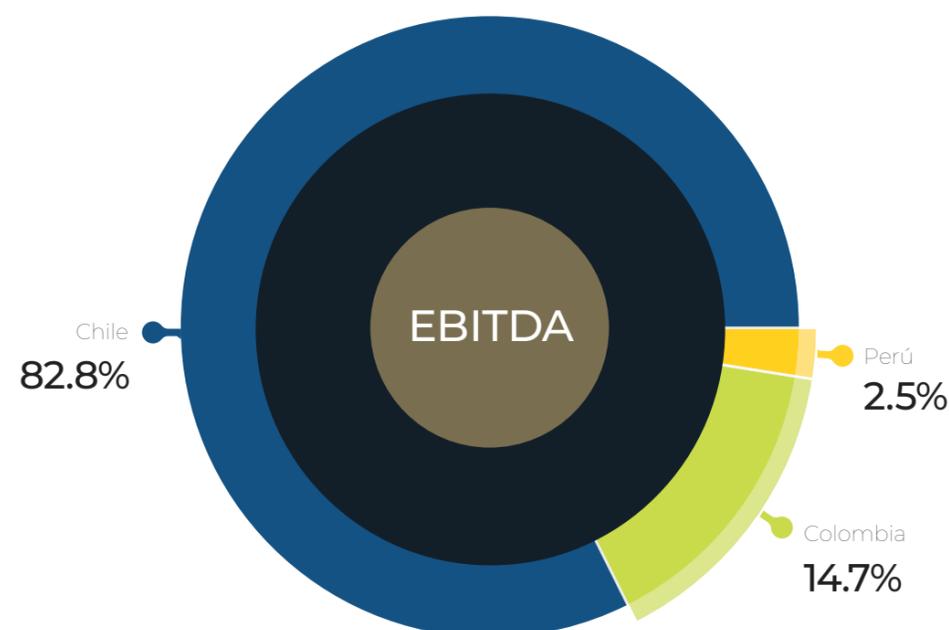
Market

LPG accounts for 90% of the volume of gas sold by Empresas Lipigas. In 2020, consolidated sales in the three countries totaled 685 thousand tons (694 thousand tons in 2019). Meanwhile, natural gas sales totaled 121 million cubic meters. (126 million m³ en 2019) considering all its formats.

At the close of the year, Lipigas had a 35.5% market share in Chile, 14.5% in Colombia and 6.9% in Peru.

The Company's EBITDA is concentrated in Chile, with 82.8%. Colombia and Peru represent 14.7% and 2.5%, respectively.

EBITDA distribution by country



Regulatory framework

The operations of Lipigas are governed by the existing legal or regulatory framework in each country where it is present.

In Chile, the Superintendence of Electricity and Fuels (SEC) is the main State agency responsible for overseeing the energy market and ensuring compliance with legal provisions, regulations, and technical standards.

For LPG and associated operations, the activity is governed by Supreme Decree 108 on safety for LPG storage, transportation, and distribution facilities, which was updated in 2013.

The regulatory framework for the gas network industry is established in the Gas Services Law (Law No. 20,999), published in February 2017, which extended its scope of application to the distribution of liquefied gas in bulk (individual tanks). It maintains the tariff freedom of gas prices and related services that correspond and contemplates a tariff setting process for concession networks in the event that a company exceeds the maximum allowed profitability rate, which was set at 9% in general and 11% for the first 15 years from the construction of the networks. The National Energy Commission (NEC) is the public agency in charge of carrying out an annual profitability check of the concession companies to determine whether or not they exceed this limit.

Furthermore, the Law introduced improved competition conditions among gas distribution companies, both concession and non-concession, making it possible for consumers of gas (natural or LPG) supplied with tanks in buildings, condominiums, and private homes to change supplier, a service that is, in turn, regulated by Supreme Decree No. 67

In Colombia, gas distribution is classified as a residential public service. The activity is regulated by the Energy and

Gas Regulatory Commission (CREG), and supervised by the Superintendence of Public Utilities (SSPD), an entity responsible for monitoring the correct application of tariff formulas.

In Peru, the transportation, distribution, and commercialization activities of hydrocarbon products are governed by the regulations of the Ministry of Energy and Mines (MEM) and the Supervisory Agency for Investment in Energy and Mining (OSINERGMIN). The latter is the public institution in charge of regulating and supervising that companies in the electric, hydrocarbon and mining sectors comply with the legal provisions of the activities they develop.





Activities and Business

Operations in Chile

In Chile, the Company's main market, Lipigas commercializes diversified energy solutions based on liquefied petroleum gas (LPG), natural gas networks (NG), liquefied natural gas (LNG) and electric energy. For all its operations it uses the Lipigas brand, whose high recognition is backed by a 70-year trajectory in the country.

Gas accounts for 15% of national energy consumption and is considered a key input considering the current trend of decarbonization of the sector.

LPG commercialization

In Chile, the sale and distribution of LPG is the company's core business. With a geographic coverage that extends throughout the entire country, from Arica to Punta Arenas, Lipigas serves the residential, real estate, commercial, industrial and transportation sectors.

Through a network of 635 distributors (735 in 2019) and 79 direct delivery operations, in 2020 the Company served more than 2 million customers with cylinder bottled gas, in formats of 5, 11, 15 and 45 kilo, being the highest format demand in the country. In the case of the 11-kilo cylinder, it is not only distributed in the conventional steel cylinder but also in the only available translucent material container in the market (showing the volume inside), made of high-density polyethylene and fiberglass, called Lipigas Plus.

In addition, during this period Lipigas supplied LPG to more than 230 thousand residential customers via meter and bulk gas (with independent tanks at home).

In the industrial and commercial segment, the Company closed the year with more than 9 thousand customers consuming liquefied gas in bulk. As for the vehicle market, the Company served 3,322 customers through 46 points of sale.

In Chile, Lipigas has 14 storage and bottling plants and 31 distribution and sales centers (see the diagram “Where we are in Chile”). To develop their business, the Company operated during this period, 91 bulk trucks, 112 trucks for the distribution of cylinder-bottled gas, and 1,233 trucks for direct sales, in line with its strategy aimed at strengthening its own distribution to the end customer, optimizing the use of digital tools.

In total, Lipigas commercialized 466 thousand tons of liquefied gas in Chile during 2020 (463 thousand in 2019). Of this volume, 63% corresponded to bottled product and 37% to bulk LPG. According to statistics from the Superintendence of Electricity and Fuels (SEC), total industry sales exceeded 1.3 million tons (up 1.4% compared to 2019).

Natural gas commercialization

Lipigas commercializes network natural gas in three cities of the of the country: since 2004 in Calama (Antofagasta Region) in the north, and since the second semester of

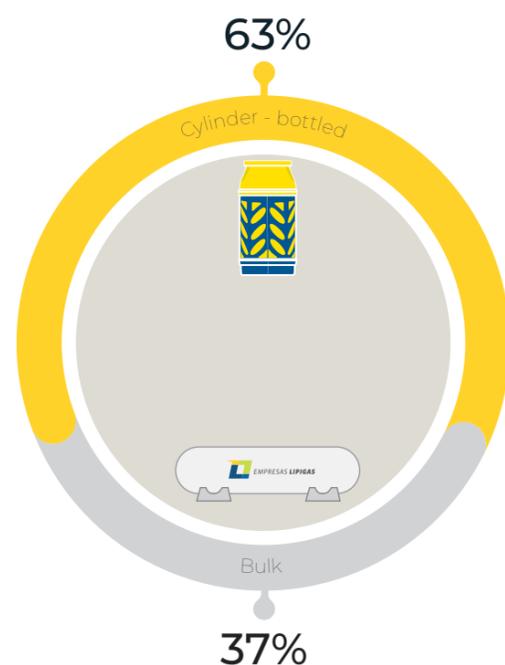
2017, in Osorno and Puerto Montt (Los Lagos Region) in the south.

In Calama, the Company has 75 kilometers of constructed networks and over 3,300 active customers, including residential, hotels, health care centers and businesses. In Osorno and Puerto Montt, as of December 2020, it has 3,653 connected customers (434 more customers/ 13.5% more than in 2019) and a pipeline network of 130 kilometers between both cities.

In this period, the company sold 5.7 million cubic meters of network natural gas in these three cities (more than 4.5 million m³ in 2019).

With regard to the distribution of liquefied natural gas (LNG) for industries, a business that Lipigas has been developing since 2014, the Company closed the year with 22 customers, distributed between the regions of Coquimbo and Los Lagos, commercializing more than 42 million m³ (36.6 million m³ in 2019).

LPG Sales distribution - Lipigas Chile 2020



Lipigas and Capel sign clean energy agreement with LPG

In December 2020, Cooperativa Agrícola y Písquera Elqui (Capel) signed an agreement with Lipigas to implement an innovative project to provide clean energy to its production plants located in the Coquimbo region. The energy solution consists of implementing state-of-the-art systems to produce steam with liquefied gas to replace charcoal. The project includes modulating thermal equipment optimizing the energy consumption of the boiler, automatically regulating its power according to the production and condition of the concentrated must.

In terms of emissions, the use of liquefied gas will contribute to the reduction of particulate matter from 42 tons/year to 0.4 tons/year, that is, by 99% (equivalent to eliminating the use of almost 2,594 wood-burning stoves). Further, it is estimated that the CO₂ reduction could amount to more than 5,687 tons per year equivalent to the impact of removing 1,789 cars from circulation. The agreement also includes benefits in gas purchases exclusively for the company's cooperative members and personnel.



Electricity generation

Lipigas has been commercializing electricity since 2017, when its small-scale DG power plant (PMGD) began operating in ConCón (Valparaíso Region), initiating the first energy injection to Chile's National Power System (SEN). With a capacity of 6 MW, the unit is supplied with natural gas as fuel and serves as a backup plant to the local power distribution network.

As an electricity generator, the Company closed the year with 37 customers (32 in 2019) and 137 GWh contracted with free customers (with contracted power greater than 500 kW, mostly industries and commercial companies). Additionally, through the subsidiary Marquesa GLP SpA, whose business is development, construction, and operation of electric generation plants and, Lipigas is also directly installing engines for 13 MW of power in customer projects that will use LPG and LNG as a source of generation for energy backup and peak shutoff, in order to reduce costs in energy consumption. Thus, by June 2021, it will reach an installed capacity of 19 MW in various formats of electric generation solutions.

In 2020, Lipigas added to its electricity supply an offer in consultancy and energy efficiency projects and electrical solutions to its customers to further optimize their costs and impact on the environment.



Customers

Given the high diversification of products and services offered, there are no customers that individually account for at least 10% of the segment's revenue.

Suppliers

During 2020, the Company had 1,715 suppliers of goods and supplies in Chile (1,469 in 2019). 2 suppliers accounted for at least 10% of the total purchases made in the period.

Regarding the acquisition of raw materials, Lipigas is supplied with LPG imported by sea, a source that in this fiscal year represented over 68% of the 480,819 tons purchased during the year (4.2% more than in 2019, when the total volume was 461,405 tons). The rest was distributed in imports via land (8.8%) and local purchases, both land (20%) and maritime (2.6%).

The Company is supplied with liquefied natural gas (LNG) through contracts signed with its suppliers Empresa Nacional del Petróleo (Enap), Engie and Enel, as of December 2020 in order to develop its network natural gas operations and supply to industries.



Where are we in Chile

14 Storage and bottling plants



- 1 Arica
- 2 Iquique
- 3 Calama
- 4 Antofagasta
- 5 Baquedano
- 6 Copiapó
- 7 Coquimbo
- 8 Concón
- 9 Maipú
- 10 Rancagua
- 11 Lenga
- 12 Temuco
- 13 Osorno
- 14 Coyhaique

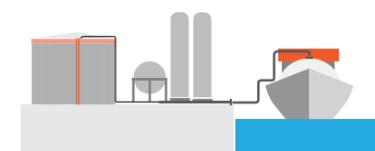
31 Distribution and sales centers



- 1 Arica
- 2 Iquique
- 3 Antofagasta
- 4 Calama
- 5 Copiapo
- 6 Coquimbo
- 7 La Serena
- 8 Aconcagua
- 9 Valparaíso
- 10 Miraflores
- 11 El Belloto
- 12 San Antonio
- 13 Maipú
- 14 Ñuñoa
- 15 Renca
- 16 Huechuraba
- 17 El Bosque
- 18 Peñaflo
- 19 Quilicura
- 20 Puente Alto
- 21 Rancagua
- 22 Curicó
- 23 Talca
- 24 Chillán
- 25 Los Ángeles
- 26 Talcahuano
- 27 Temuco
- 28 Valdivia
- 29 Puerto Montt
- 30 Osorno
- 31 Coyhaique



1 Terminal



- 1 Quintero

Maritime imports

Since March 2015, Lipigas has been supplied with imported LPG directly through exclusive use facilities built at Oxiquim's maritime terminal in Quintero, central Chile, under a long-term lease agreement signed with that company (25 years, renewable). The facilities have a storage capacity of up to 25 thousand tons of LPG.

At the beginning of 2019, Lipigas signed a new contract with the same company for the construction of a second maritime terminal for the unloading, storage, and distribution of liquefied gas in Mejillones, the first in the industry located in the north of Chile. Under this contract, which will run for 20 years, the company will be able to directly supply up to 90 thousand tons of LPG, which will enable it to guarantee a continuous supply to industrial and commercial customers in the area. The new infrastructure is scheduled to start operations in 2021.



Operations in Colombia

Present in Colombia since 2010, Lipigas operates in this country through its subsidiary Chilco, with its brands Gas País for the sale and distribution of bottled LPG, in bulk and forklift gas; Pipegas for the commercialization of bottled gas in the Urabá Antioquia area; and Rednova and Surgas for the distribution of gas through networks to residential customers. With the coverage achieved in 2020, Chilco and subsidiaries cover 94% of the total number of departments in the country.

LPG Commercialization

In Colombia, cylinder-bottled LPG is the main product commercialized by Lipigas, with more than 476 thousand residential customers as of December 2020 (more than 430 thousand in 2019 / increase of 10.7%). It should be noted that most of the Company's operations in this country are focused on the residential segment.

In addition, during this period the company served more than 10 thousand commercial customers with cylinder-bottled and bulk product, and 863 large industrial and forklift customers.

In terms of LPG distribution through networks, the Company closed the year with 113,952 residential customers, an increase of 21% compared to the previous year (94,200 customers).

In total, in 2020 the Company commercialized more than 98 thousand tons of LPG (vs. 90,740 tons in 2019). Of this volume, 66% corresponded to cylinder bottled product and the remaining 34% to bulk gas.

During this period, Lipigas acquired the operation of Pipegas S.A. in Colombia, a company that operates the bottled LPG channel in the Apartadó-Antioquia area, with average sales of 270 thousand tons per year.

In addition, Lipigas continued to increase its sales of bottled LPG in the department of Nariño, located in the southwest region of the country (on the border with Ecuador), reaching a market share of 12%.

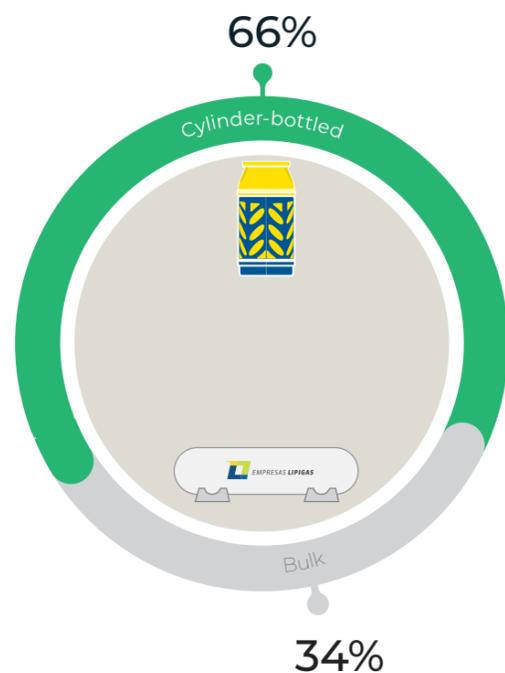
At a regional level, the main LPG consuming departments are Antioquia (18% of national consumption), Cundinamarca (11%), Nariño (9%), Valle del Cauca (8%), Bogotá D.C. (8%), Norte de Santander (6%) and Santander (5%), according to the “2020 LPG Annual Report”, prepared by GASNOVA, the Colombian Association of LPG companies, of which Chilco is an associate member.

The dynamics of the residential and network sector, which is the most important sector of the Company’s operations in Colombia, offset the impact generated by the restrictions resulting from the pandemic in the commercial and industrial client segment.

To develop its service, in 2020 it operated a network of 83 distributors and 2,442 points of sale. In addition, it used a fleet of 392 vehicles, distributed in 354 delivery vans of cylinder-bottled LPG and 28 bulk trucks.



LPG sales distribution - Chilco, Colombia, 2020



The company has 19 storage and bottling plants, 17 warehouses established in different parts of the country and 1 import terminal located in the city of Cartagena (See diagram “Where we are in Colombia”).

The company is ISO 9001:2015 certified, the international standard that regulates Quality Management Systems (QMS), and complies with the Technical Regulations for LPG Bottling Plants (Resol. 180581 of the Ministry of Mines and Energy).

According to GASNOVA, the importance of this product for residential consumption and the new opportunities that the industrial segment sees in LPG are leading the sector to a historic growth, which is expected to remain stable with the progressive economic opening promoted by the National Government.

Where we are in Colombia

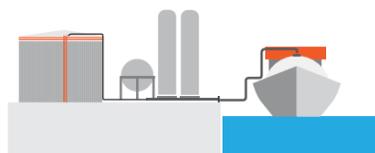


17 Storage and bottling plants



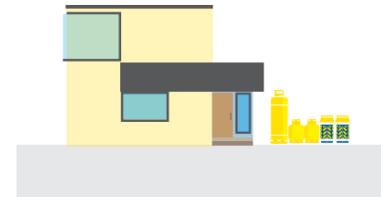
- 1 Apartadó
- 2 Bucamaranga
- 3 Cartagena
- 4 Cazucá
- 5 Cúcuta
- 6 Florencia
- 7 Giradot
- 8 Hispania
- 9 Marinilla
- 10 Neiva
- 11 Pereira
- 12 Popayán
- 13 Puerto Salgar
- 14 Tolú
- 15 Turja
- 16 Yumbo

1 Import port



- 1 Cartagena

19 Depots



- 1 Ibagué
- 2 Caucasia
- 3 Puerto Berrío
- 4 Duitama
- 5 Manizales
- 6 Aguachica
- 7 Chocontá
- 8 Fusagasugá
- 9 Mosquera
- 10 Garzón
- 11 Pitalito
- 12 Santa Marta
- 13 Pamplona
- 14 Puerto Asís
- 15 Barbosa
- 16 San Sebastián de Mariquita
- 17 Ipiales
- 18 Tumaco
- 19 La Unión

According to the Colombian Energy Balance, prepared by the Mining and Energy Planning Unit UPME (of the Ministry of Mines and Energy), LPG currently represents 2% of the total local energy mix, while diesel and gasoline, highly polluting fuels, account for 40% of the total.

In Colombia, LPG is a fuel that is primarily used for cooking food. In its 2019 quality of life survey, the National Administrative Department of Statistics (DANE) estimates that approximately 13 million people (21.8% of Colombian families) use LPG for this purpose, being the second most used energy source for this purpose after natural gas. The consumption of firewood and wood for cooking is used by 5.6 million people (11% of Colombian families).

For the National Government, the environmental issue is a priority and the programs defined in the National Development Plan (2018-2022) seek to strengthen the country's energy transition towards cleaner energies. In this context, new uses such as the substitution of firewood for LPG, the substitution of diesel for LPG in electricity generation, and vehicle (autoLPG) and nautical (nautiLPG) use become relevant.



Natural gas commercialization

The Company has been selling and distributing network natural gas since the end of 2018, through the company Surcolombiana de Gas (Surgas). The fiscal year closed with more than 10 thousand customers and a sales volume of 8.2 million cubic meters (over 7.7 million m³ in 2019).

Customers

In 2020, there are no customers that individually account for at least 10% of the segment's revenue.

Suppliers

4 suppliers individually represent at least 10% of the total purchases made in this period.

Regarding the supply of raw material, 99% corresponded to local purchases, being Ecopetrol -with production coming from its Cusiana, Barrancabermeja, Cartagena and Cupiagua fields; TYGAS and Comercializadora Centro Oriente COMECO its main LPG suppliers in this fiscal year. The remaining 1% of the supply corresponded to maritime imports (Gulf of Mexico).

Ecopetrol is Colombia's largest oil company and has a port facility in Cartagena, located on the Caribbean coast, with a capacity to handle 4,000 tons per month. In the same city, Lipigas participates in a second import terminal, owned by the "G5" consortium, which brings together the five largest companies in the LPG market, including its subsidiary Chilco, with a capacity to handle up to 6,000 tons per month.



Operations in Peru

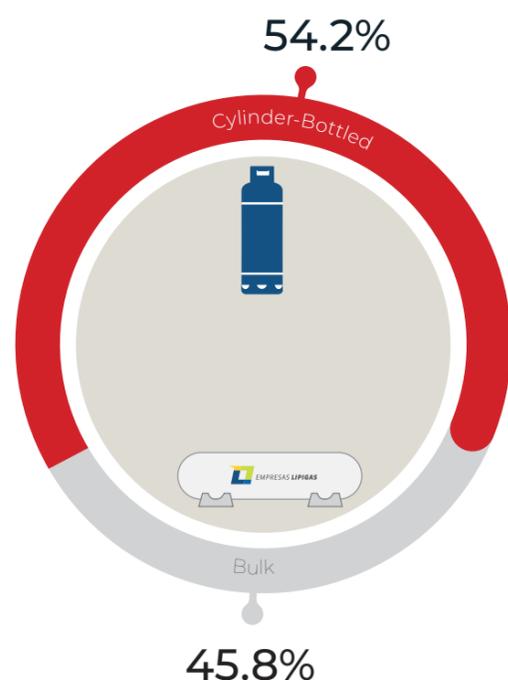
In Peru, the Company commercializes bottled and bulk liquefied petroleum gas (LPG) under its Lima Gas, Caserito and Zafiro brands. Additionally, through its Limagas Natural brand, it distributes compressed natural gas (CNG) and liquefied natural gas (LNG) to industrial and vehicle customers.

Due to the COVID-19 pandemic, the restrictions imposed by the government on mobility and industrial and commercial activities were very severe during this period.

As a result, the Company's operations in Peru showed a decrease in EBITDA due to lower LPG and natural gas sales volumes.

However, sales volumes of cylinder-bottled gas and supply to industrial and automotive customers were maintained.

LPG sales distribution - Lima gas, Peru, 2020



LPG Commercialization

Liquefied petroleum gas is the main product commercialized by the Company in Perú. In 2020, its sales totaled 121 thousand tons (140 thousand tons in 2019). Of this volume, 62% corresponds to cylinder bottled LPG and 38% to bulk gas.

With a coverage that encompasses 67% of the country's departments and a network composed of 454 distributors, during this period it served 595,830 residential customers with cylinder gas (593,426 in 2019) and 464 businesses with the bottled product (592 in 2019). In the case of bulk LPG, it served 1,382 customers (over 1,600 in 2019), between commercial and large industrial customers and forklifts.

To develop its operation, the Company used 173 delivery vans and 25 bulk trucks.

In terms of infrastructure, Lima Gas has eight storage and bottling plants and one depot in the city of Tacna (distribution and sales center). Five of its plants - Piura, Trujillo, Arequipa, Callao and Juliaca - are certified under the OHSAS 18.001:2007 Occupational Health and Safety standard (See Diagram "Where we are in Perú").

Natural gas commercialization

Through its subsidiary Limagas Natural, the Company sells and distributes this product in two formats: as compressed natural gas (CNG) for industries (far from pipelines and networks), and service stations, and as liquefied natural gas (LNG) for high consumption customers.

To develop its CNG business, it has two compression plants of its own, located in Nasca (Ica) and Lurín (Lima), where the gas is processed for subsequent transport in trailers that store the fuel for users' consumption.

During this period, it commercialized 48.6 million cubic meters and served 25 customers. Of this volume, 76% was destined for the industrial sector and the remaining 24% for the vehicle market.

It is worth mentioning that in December 2020, the Company inaugurated the first vehicular natural gas (VNG) refueling station in Cusco, in alliance with the Camisea Consortium and the Regional Government. This, after a 16-year waiting period since the beginning of natural gas exploitation in the Camisea fields. This is the first of three gas stations to be built in Cusco and Quillabamba, considered in the project “Natural Gas for vehicular use in the Cusco Region” promoted by the private initiative. Limagas Natural will oversee the sale and distribution of the fuel.

Regarding the LNG distribution business, the Company commercialized 16.3 million cubic meters (13.4 million m³ in the previous year).

To develop its service, it used 85 semi-trailers (carts): 63 for industrial customers and 22 for vehicular customers.

Customers

In 2020, there are no customers that individually account for at least 10% of the LPG segment’s revenues.

In the case of natural gas, six customers are in this situation at the end of the fiscal year.

Suppliers

In total for the LPG segment, two suppliers represent, individually, at least 10% of the total purchases made in the period. As for natural gas, there are four suppliers that meet this condition.

In the case of LPG, their main sources of raw material supply are PlusPetrol Perú Corporation S.A., Petroperú and YPFB. On the other hand, Calidda, Contugas and Shell are its main suppliers of natural gas and Quavii for LNG.

Where are we in Peru

8 Storage and bottling plants



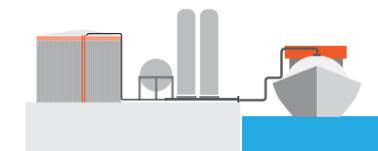
- 1 Piura
- 2 Chiclayo
- 3 Trujillo
- 4 Callao
- 5 Ica
- 6 Cusco
- 7 Juliaca
- 8 Arequipa

2 Distribution and sales centers



- 1 Tacna
- 2 Huancayo

2 Compression plants



- 1 Nasca (Ica)
- 2 Lurín (Lima)



Lima Gas supports Minera Colibrí for power generation in Peru

Located in the Arequipa region, Minera Colibrí (a gold producer) became the first mining operation in the country to use 100% LPG-generated energy, with the participation of Lima Gas - a subsidiary of Lipigas - as a strategic ally.

The Company considers that the growth of this offer is key for companies that operate in areas outside the coverage of the interconnected system, or whose energy needs exceed the delivery capacity of regional companies and natural gas distributors, and who wish to reduce their carbon dioxide emissions.

Among the advantages generated by this change in the energy matrix is the reduction of mining company emissions by about 209 metric tons of CO₂ per year, while at the same time reducing its generation costs by 14%.



Principal assets

Chile

Empresas Lipigas has made several investments in Chile that support the development of its activity and meet the needs of its customers, distributed from Arica to Punta Arenas. These investments have been mainly intended for cylinders, supply networks and production plants, with modern palletizing systems and others that have automated production circuits.

The main assets for the operation in Chile are:

Cylinders: correspond to the packaging used by the Company to generate the sale and distribution of bottled LPG. They are the property of Lipigas, and it is the Company's responsibility to manage them in accordance with the current conditions and regulations that allow the safe use by customers.

LPG supply networks: are constructions made in third-party installations that aim to supply various customers with this product.

Natural gas (NG) networks and equipment: equipment used by the Company in the NG distribution process. This concept mainly groups structuring networks, satellite regasification plants, pressure regulation stations and meters.

Tanks: correspond to containers used for the storage of LPG in plants and for distribution to customers that consume bulk LPG. The Company has the ownership of these assets and is responsible for keeping them in accordance with the current conditions and regulations that allow the safe use by customers. The delivery of these assets to customers is documented by loan-for-use agreements signed between both parties.

Land: Empresas Lipigas has different types of land and properties that allow them to develop its activities. It is in these places that plants, offices, distribution centers and warehouses have been located, distributed throughout the country.

Edificios y construcciones: correspond to constructions of civil works of buildings and facilities made on their own plants and centers.

The location of the main bottling and storage plants in Chile are:

- Concón: Calle 2 Norte 200, Concón, Valparaíso Region.
- Maipú: Calle Cerro Sombrero Número 401, Maipú, Metropolitan Region.

Machinery and equipment: are those used by the Company in the production and storage process of LPG. This concept mainly groups the bottling carousels, pallet systems and equipment, networks located in plants, emergency equipment, among others.

Goods in financial lease mode: this item includes the unloading, storage and dispatch facilities built in the maritime terminal located in Quintero, Valparaíso region. In addition to right-of-use leases for transport equipment, minor vehicles, technological equipment and real estate.

Colombia and Peru

Regarding Colombia and Peru, Empresas Lipigas owns facilities and equipment, especially cylinders, tanks and production plants.

The main assets in both countries are:

Cylinders: correspond to the packaging used to generate the sale and distribution of bottled LPG. Each of the subsidiaries has the ownership of these assets and they are responsible for preserving them in accordance with the current conditions and regulations that allow the safe use by customers.

Tanks: correspond to containers used for the storage of LPG in plants and for distribution to customers consuming LPG in bulk format. The subsidiaries have the ownership of these assets and they are responsible for preserving them in accordance with the current conditions and regulations that allow the safe use by customers.

Land: operations in Colombia and Peru have land and properties to develop their activities where plants and offices are located, distributed throughout both countries.

Buildings and constructions: correspond to constructions of civil works of buildings and installations made on their own plants.

Colombia's main bottling plant is located in:

- Bermejil Corregimiento de Mulaló, Yumbo (Valle).

Peru's main bottling plants are located in

- Calle A 149 Zona 7 Fundo Bocanegra, Provincia Constitucional del Callao.
- Urbanización Taparachi Mz. D Lote 15-D, Juliaca, Puno region.

In addition, in Peru there are 2 compression plants for the compressed natural gas (CNG) business.

These are:

- Carretera Panamericana Sur Km. 455.30. Sector Pampa del Inca, Nasca.
- Lurín Calle 3 Manzana C, Lote 4, Urb. Las Praderas de Lurín, Lima.

LPG supply networks: constructions made in third-party facilities that aim to supply various customers with this product.

Natural gas networks (NG): these are assets used for the natural gas distribution process, specifically in Colombia.

Machinery and equipment: correspond to those used by subsidiaries in the LPG production and storage process. The main assets are bottling plant equipment and tanks. The natural gas business in Peru also counts with reduction, pressure control and hydraulic units.

Vehicles: correspond to tank trucks (bulk), gas transport mule tract, cylinder transport mule tract, cylinder delivery trucks. As well as transport units for the natural gas business in Peru.

Goods in financial lease mode: corresponds to transport equipment, computer equipment, communication, machinery, equipment.



Corporate

Governance and Organization

Ownership and Shares

Ownership

Control situation

Empresas Lipigas S.A. does not have a controller pursuant to the Shareholders' Agreement executed in September 2017 by the then controlling group, in order to continue the company, after its listing on Chile's stock exchange in November 2016. With a 3 year duration and having met the purpose for which it was created, the Agreement ended on September 26, 2020.

Identification of 12 main shareholders

Name or corporate name	Tax ID No.	Total number of shares	Total ownership
El Cóndor Combustible S.A	77.490.500	15,593,278	13.73%
Inversiones Hevita S.A	96.769.930	12,348,433	10.87%
Inversiones y Rentas Bermeo Ltda.	96.930.660	12,247,708	10.78%
Larraín Vial S.A Corredora de Bolsa	80.537.000	11,897,613	10.48%
Nogaleda Holding SpA	94.322.000	11,315,082	9.96%
San Javier Combustibles S.A	96.930.650	10,110,717	8.90%
Nogaleda Inmobiliaria y Comercial S.A	96.992.300	8,282,634	7.29%
Inversiones Vinta Ltda.	77.794.780	7,021,627	6.18%
Inversiones Seis Ltda.	76.308.574	5,019,854	4.42%
Nexogas S.A	96.932.720	4,522,868	3.98%
Inversiones El Escudo Ltda.	76.126.312	3,716,728	3.27%
BanChile Corredores de Bolsa S.A	96.571.220	2,042,957	1.80%

Total number of shareholders

The total number of registered shareholders at the end of the fiscal year is 87.

Major changes in entity ownership

Tal como se mencionara anteriormente, luego de tres años As mentioned above, after three years of validity, the controlling group composed of Nogaleda SpA, Nogaleda Energía Ltda., El Cóndor Combustibles S.A., Inversiones Zaga S.A., Inversiones Hevita S.A., Inversiones Vinta Limitada, Inversiones y Rentas Bermeo Limitada, San Javier Combustibles S.A., Nexogas S.A., Inversiones Tanilboro S.A., Inversiones Roble Nuevo Ltda., Inversiones El Escudo Limitada, Inversiones San Remo Ltda. and Capitales Mobiliarios LV SpA, ended the Shareholders' Agreement executed on September 26, 2017, concluding on September 26, 2020.

Shares, characteristics and rights

Description of shares series

There are no series of shares . All shares are nominative shares of the same series and without par value.

Dividend policy

Company by-laws stipulate that once accumulated losses have been absorbed, if any, the General Shareholders' Meeting shall distribute at least 50% of net earnings. In the event that more than 50% is to be distributed, absolute majority approval of voting shares will be required; and a unanimous approval of issued voting shares at the respective shareholders' meeting is required in the event that less than said percentage is to be distributed.

Statistical information

• Dividends

Amounts paid as interim and final dividends attributable to results for the fiscal year:

Year	Income for the fiscal year	Dividends		Charged to accumulated results
		Interim	Final	
2018	41,642,613	28,166,480	5,678,726	0
2019	40,473,277	29,529,374	4,770,130	0
2020	34,997,243	24,759,274	2,044,341	0

Dividends paid per share during the last 3 years:

Year	Paid and subscribed shares	Dividends		Charged to accumulated results
		Interim	Final	
2018	113,574,515	248	50	0
2019	113,574,515	260	42	0
2020	113,574,515	218	18	0

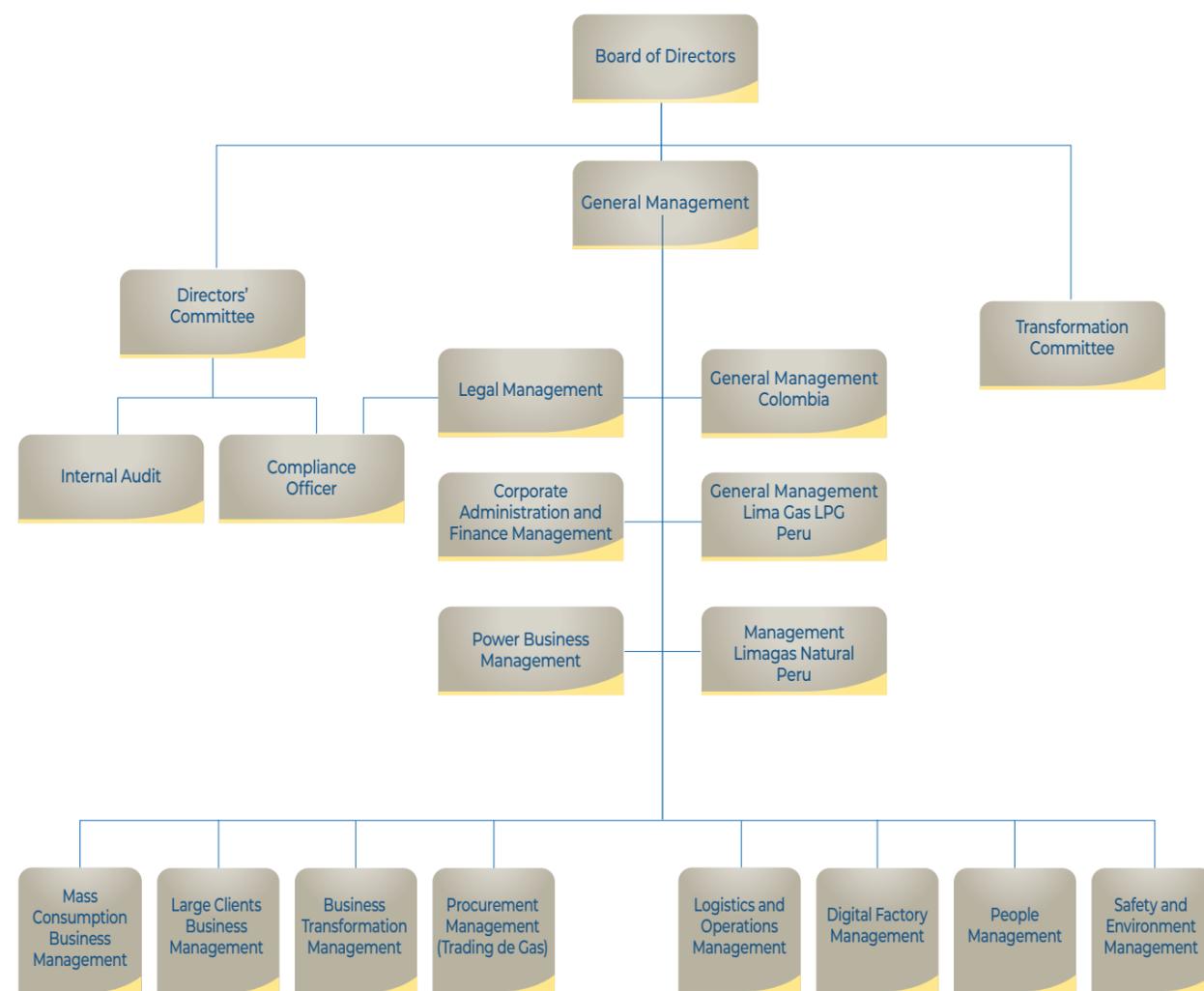
• Stock exchange transactions

Stock exchange	Number of shares	Amount traded	Closing price	High price	Low price	Average price
Bolsa de Santiago at 12-31-20	7,847,327	34,472,770,207	4,219	5,250	3,725	4,488



Management and Personnel

Organizational Structure



Board of Directors

The Board of Directors of Empresas Lipigas S.A. is composed of seven directors and an equal number of alternate directors. In accordance with Law No. 18,046 on Chilean corporations and the Company's bylaws, the duration in office of directors is for a maximum period of three years and can be re-elected indefinitely in their functions.

The current Board of Directors was elected at the General Shareholders' Meeting held April 22, 2020, composed as indicated in the following table:

Empresas Lipigas S.A. 2020-2023 Board of Directors

Directors	Alternates
Juan Ignacio Noguera Briceño	Bernardita Noguera Briceño
Mario Vinagre Tagle	Esteban Vinagre Tagle
Jaime Santa Cruz Negri	Rosario Navarro Betteley
Francisco Courbis Grez	Ignacio Binimelis Yaconi
Juan Manuel Santa Cruz	Cristián Neely Barbieri
Jaime García Rioseco	Tina Rosenfeld Kreissemeier
José Miguel Barros Van Hövell Tot Westerfler	Gerardo Varela Alfonso

Juan Manuel Santa Cruz Munizaga and Jaime García Rioseco were appointed chairman and vice-chairman, respectively.

The chairman of the Board of Directors does not hold an executive position within the Company.

No external counseling hired by the board of directors for relevant amounts have been recorded during 2020.

Directors

The Company's directors have extensive experience, as detailed below:

<p>Juan Manuel Santa Cruz Munizaga</p> <hr/> <p>Chairman</p> <hr/> <p>Tax ID No.: 7.019.058-3</p> <hr/> <p>Civil Engineer, Universidad Católica de Chile, with other post-graduate studies. He has held the position of general manager and director of companies in Chile, Peru and Argentina. He is currently a partner at Inversiones ECC, director of Museo de Artes Visuales (MAVI), Teatro Municipal de Santiago, Comunidad Organizaciones Solidarias and Elective Counselor of SOFOFA.</p>	<p>Jaime García Rioseco</p> <hr/> <p>Vice-Chairman</p> <hr/> <p>Tax ID No.: 5.894.661-3</p> <hr/> <p>Economist, Pontificia Universidad Católica de Chile. Former General Manager and former Chief Executive Officer of Embotelladora Andina S.A. He currently serves as director of Sodimac S.A, Colmena Salud S.A., Wenco S.A. and Construdecor S.A. in Brazil</p>	<p>Juan Ignacio Noguera Briceño</p> <hr/> <p>Director</p> <hr/> <p>Tax ID No.: 7.022.714-2</p> <hr/> <p>Attorney at Law, Pontificia Universidad Católica de Valparaíso, PADE and MBA Mentor Program, ESE Business School Universidad de Los Andes. Director and General Manager of Nogaleda Holding SpA and Nogaleda Inmobiliaria y Comercial S.A. Chairman of the Board of Directors of LP Leasing, director of Altos Bosques S.A and Inmobiliaria Teresa Vial SpA. He is also a partner at Zona Marketing Limitada and director of Fundación Camino.</p>	<p>Mario Vinagre Tagle</p> <hr/> <p>Director</p> <hr/> <p>Tax ID No.: 7.171.058-0</p> <hr/> <p>Business administrator, Pontificia Universidad Católica de Chile. He has worked at Banco de Chile, Banco O'Higgins and Banco de A. Edwards. Former director of Acetogen S.A.</p>	<p>Jaime Fernando Santa Cruz Negri</p> <hr/> <p>Director</p> <hr/> <p>Tax ID No.: 6.861.742-1</p> <hr/> <p>Civil Industrial Engineer, Pontificia Universidad Católica de Chile. Currently director of AD Retail S.A (ABCDIN), Cofisa, Arboris LLC (U.S.A.), Acetogen S.A., SCS Furniture and Chairman of Netmentora.</p>	<p>José Miguel Barros van Hövell tot Westerfliet</p> <hr/> <p>Director</p> <hr/> <p>Tax ID No.: 9.910.295-0</p> <hr/> <p>Business Administrator, Pontificia Universidad Católica de Chile, majoring in Economy. Partner – International Director of LarrainVial S.A., director of CCU S.A., Viña San Pedro S.A., Compañía Písquera de Chile S.A., Stel Chile S.A and Construmart S.A.</p>	<p>Francisco Courbis Grez</p> <hr/> <p>Director</p> <hr/> <p>Tax ID No.: 6.640.456-0</p> <hr/> <p>Mechanical Civil Engineer of the Pontificia Universidad Católica de Chile. He has been director of several companies and general manager of companies such as Colbún and Salcobrand pharmacies. He joined the Board of Directors of Lipigas in April 2020.</p>
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The following alternate directors were appointed at the General Shareholders' Meeting held April 22, 2020.

Name	Tax ID No.	Profession
Bernardita Noguera Briceño	7.031.947-0	Agronomist
Esteban Vinagre Tagle	10.366.648-1	Business Administrator
Rosario Navarro Betteley	12.720.922-7	Graduate in Aesthetics
Ignacio Binimelis Yaconi	15.376.697-5	Sociologist
Cristián Neely Barbieri	7.039.098-1	Civil Engineer
Tina Rosenfeld Kreissemyer	14.644.931-K	Business Administrator
Gerardo Varela Alfonso	6.356.972-0	Attorney at Law

Compensation of the board of directors

Directors receive a monthly compensation. Compared to the previous year, the amounts received as of December 31, 2020, are as follows:

Director	Compensation 2020 (CLP)	Compensation 2019 (CLP)
Juan Manuel Santa Cruz Munizaga	72,000,000	68,000,000
Jaime García Rioseco	48,000,000	45,600,000
Ignacio Noguera Briceño	48,000,000	45,600,000
Mario Vinagre Tagle	48,000,000	28,000,000
Jaime Santa Cruz Negri	48,000,000	45,600,000
José Miguel Barros van Hövell tot Westerfliet	48,000,000	45,600,000
Francisco Courbis Grez	36,000,000	-
Felipe Baraona Undurraga	12,000,000	4,000,000
Gabriel Ruiz-Tagle Correa	-	41,600,000
Mario Vinagre Muñoz	-	17,600,000

Directors' Committee

The Company's Directors' Committee was voluntarily established on July 16, 2013. Its purpose is to examine matters of its competence as established by Chile's Law No. 18,046 on corporations and others entrusted by the General Shareholders' Meeting or the Board of Directors, where appropriate.

The members of the Directors' Committee as of December 2020 are Jaime García Rioseco (Committee chairman), José Miguel Barros Van Hövell Tot Westerfliet and Mario Vinagre Tagle.

The Company's Directors' Committee hired no consultancies during the fiscal year.

Management Directors' Committee

During 2020, the Board of Directors held 11 meetings to review internal audit activities and matters within its competence, with focuses on those defined as priorities for the Company, such as the safety of individuals and facilities, ethics and compliance and cybersecurity. Added to this was the particular monitoring of the effects of the pandemic, in order to safeguard workers' health, operational continuity and compliance with regulations in the context of the health emergency experienced during 2020.

Compensation of the Directors' Committee

Director	Compensation 2020 (CLP)	Compensation 2019 (CLP)
Jaime García Rioseco	16,800,000	15,800,000
José Miguel Barros Van Hövell Tot Westerfliet	16,800,000	15,800,000
Mario Vinagre Tagle	16,800,000	5,600,000
Jaime Santa Cruz Negri (*)	-	10,200,000

(*) Resigned in September 2019.

Principal officers

Empresas Lipigas has an executive team with extensive experience linked to the main activity of the company, as well as in other areas. In recent years it has incorporated new members and has reorganized its composition, with the aim of supporting its transformation process and the incorporation of new lines of business.

Thus, the executive team of Empresas Lipigas is composed as follows:



Name	Document No.	Location	Position	Profession	In office since
Ángel Mafucci Solimano	5.559.689-1	Chile	General Manager	Business Administrator	05-01-2007
Oswaldo Rosa Ageitos	14.734.144-K	Chile	Administration and Finance Corporate Manager	Bachelor's Degree in Business Administration and Public Accountant	11-05-2012
José Miguel Bambach Salvatore	7.010.468-7	Chile	Legal Manager	Attorney at Law	11-14-2011
Morris Pessó Olcese	12.659.601-4	Chile	Business Transformation Manager	Industrial Civil Engineer	08-14-2019
Jorge Avilán Aristizábal	16.662.018	Colombia	General Manager Chilco	Industrial Engineer	06-26-2012
Patricio Mura Escobar	13.230.262-6	Peru	General Manager Lima Gas	Audit Accountant	03-01-2019
Pablo Saenz-Laguna Saavedra	15.593.123-K	Peru	General Manager Limagas Natural	Civil Industrial Engineer	03-01-2020
Alberto Orlandi Arrate	12.232.355-K	Chile	Commercial Manager	Business Administrator	04-01-2014
Esteban Rodríguez Bravo	10.390.470-6	Chile	Large Clients Manager	Civil Industrial Engineer	01-01-2013
Jesús Rodríguez Valiña	23342416-1	Chile	Logistic and Operations Manager	Civil Engineer	03-02-2020
Valerie Barnich	14.642.201-2	Chile	Power Business Manager	Civil Industrial Engineer	03-02-2020
María Josefa Ayarza León	7.069.797-1	Chile	Digital Factory Manager	Bachelor of Science in Computer Engineering Informatica	09-01-2019
Mylene Iribarne Friedmann	8.540.774-0	Chile	People Manager	Psychologist	09-03-2001
Vladimir Monardes Valdivia	8.427.160-8	Chile	Safety, Risk Prevention and Environment Manager	Civil Industrial Engineer	03-01-2019
Luis Felipe Silva Labbé	6.656.606-4	Chile	General Manager Trading de Gas SpA	Navy Electrical Engineer	07-26-2007(*)
Mariela González Palacios	12.062.659-0	Chile	General Manager Trading de Gas SpA	Civil Industrial Engineer	04-01-2021(*)

(*) Luis Felipe Silva Labbé ceased his duties on March 31, 2021. He was replaced by Mariela González Palacios since April 1, 2021.

Remuneration principal officers

Compared to the previous fiscal year, remuneration received by the principal officers during 2020 was:

Type of Income	12.31.2020 (CLP ('000s))	12.31.2019 (CLP ('000s))
Fixed income	2,071,307	2,025,915
Variable income	678,835	635,881
Total income	2,750,142	2,661,796

Compensation plans for principal officers

The Company maintains an annual incentive plan with a group of its officers from the different countries where it operates, which relates to the generation of results for the period. This plan involves the payment of a bonus to selected officers who remain employees of the Company as of December 31st of each year, and which depends on the results obtained and the growth of the company's EBITDA value in each period.

Participation of principal officers and directors in company ownership

Name	Shares 2020	Percentage	Shares 2019	Percentage	Vehicle
Jaime García Rioseco	650,000	0.57%	650,000	0.57%	Sociedad de Inversiones Río Claro
José Miguel Barros Van Hövell Tot Westerfliet	190,133	0.17%	190,133	0.17%	Inversiones Carpe Futurum Ltda.
Ángel Mafucci Solimano	57,324	0.05%	57,324	0.05%	N/A
Oswaldo Rosa Ageitos	12,193	0.01%	10,193	0.01%	N/A

Personnel

Considering the three countries where operations are developed, the Company's direct personnel reached 2,204 people as of December 2020. The following is the distribution by type of position.

Type of position	Direct personnel 2020
Executives	22
Professionals and technicians	929
Others	1,253

Distribution by country is the following:

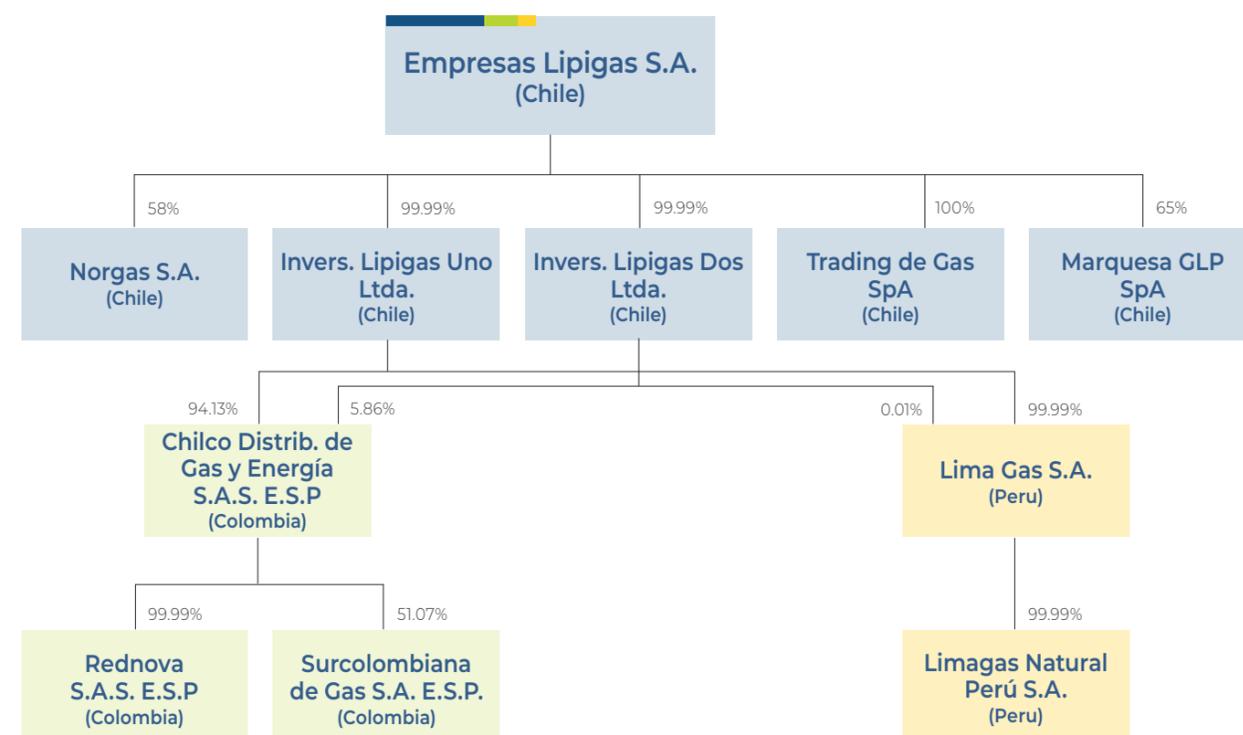
Country	Personnel
Chile	881
Colombia	969
Peru	354



Information on subsidiaries and associates

Name	Norgas S. A.	Trading de Gas SpA	Inversiones Lipigas Uno Limitada	Inversiones Lipigas Dos Limitada	Marquesa GLP SpA	Chilco Distribuidora de Gas y Energía S.A.S. E.S.P.	Rednova S.A.S. E.S.P.	Surcolombiana de Gas S.A. E.S.P.	Lima Gas S. A.	Limagas Natural Perú S.A.
Type of entity	Importer and wholesale distributor of liquefied petroleum gas (LPG)	Storage, commercialization and distribution of gas	Investment company	Investment company	Generate, distribute, transmit, purchase and sell electricity from any kind of energy projects.	Importer and wholesale distributor of liquefied petroleum gas (LPG)	Transport, operation and pipeline distribution of natural gas and liquefied petroleum gas (LPG)	Distribution and commercialization of gas.	Distributor of liquefied petroleum gas (LPG)	Distributor of natural gas.
RUT and/or tax identification number foreign entities	78.889.940-8	76.466.551-1	76.121.456-K	76.121.442-K	76.454.726-8	900.396.759-5	901.042.814-7	830510717-1	20100007348	20516556561
Address	Dos Norte N°200, comuna de Concón. Valparaíso, Chile	Antonia López de Bello 114, oficina 304, Recoleta, Santiago, Chile.	Antonia López de Bello 114, oficina 304, Recoleta, Santiago, Chile.	Antonia López de Bello 114, oficina 304, Recoleta, Santiago, Chile.	Avenida España N°795, Santiago, Santiago de Chile	Trans 23 N° 95-53 Piso 7 Bogotá, Colombia	Trans 23 N° 95-53 Piso 7 Bogotá, Colombia	Cra. 1 B N° 4-58 Pitalito – Huila Colombia	Calle Bernini 149 Piso 4, San Borja Lima - Perú	Calle Bernini 149 Piso 4, San Borja Lima - Perú
Trades Relations	Purchase and sale of services and LPG. This same type of trade relations is projected to be maintained.	Purchase and sale of services and LPG. This same type of trade relations is projected to be maintained.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.	LPG sales from the subsidiary have been sporadically made to the Parent Company.	None to date. No future changes are foreseen in the relation between the parent company and this Subsidiary.
Corporate purpose	Import, export, and purchase of liquefied petroleum gas (LPG) and bulk sales to distributors in the First, Second and Fifteenth Region of the country.	Purchase, sale, brokerage, storage, transport and distribution at local and international levels of gas in all its forms, imported by sea or land.	Investment, both in Chile and abroad in ventures linked to the energy sector, particularly in the field of liquefied petroleum gas.	Investment, both in Chile and abroad in ventures linked to the energy sector, particularly in the field of liquefied petroleum gas.	Generate, distribute, transmit, purchase and sell electrical energy from any kind of energy projects, develop projects and carry out operations or activities in the energy field and in those activities directly related with energy or where it is largely used.	Purchase, sale, distribution, transportation and commercialization of household gas for domestic, commercial or industrial use, as well as all kinds of fuels and lubricants.	Purchase, sale, transport, operation and pipeline distribution of liquefied petroleum gas (LPG) of hydrocarbons in general and all kinds of gas and oil activities and directly related businesses.	Provide distribution and commercialization service of public fuel gas and the inherent, related and complementary activities of that service, such as purchase, sale, marketing items, equipment and related materials with the handling of fuel gases or other public services.	Provide service in the field of energy, oriented toward the business of bottling, distribution and commercialization of liquefied petroleum gas.	Provide service in the field of energy, oriented toward the business of distribution and commercialization of natural gas.
Proportion of the investment in Parent Company's asset	0.24%	2.41%	10.04%	0.20%	0.34%	6.69%	0.24%	0.72%	6.67%	1.40%
Ownership interest of Parent Company in subsidiary's capital and variation during last fiscal year	58%	100%	100%	100%	65%	100%	100%	51.7%	100%	100%
Subscribed and Paid-in Capital functional currency	CLP2,758,364,807	CLP12,000,000,000	CLP59,553,579,115	CLP1,101,039,270	USD4,263,000	COP71,748,229,000	COP7,127,334,547	COP6,086,400,000	PEN53,565,412	PEN49,545,035
Chairman	Ángel Mafucci Solimano	Ángel Mafucci Solimano	N/A	N/A	Ángel Mafucci Solimano	Ángel Mafucci Solimano	Ángel Mafucci Solimano	Jorge Avilán Aristizábal	Ángel Mafucci Solimano	Ángel Mafucci Solimano
Vice-Chairman	Gonzalo Cordero Mendoza	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Directors	Oswaldo Rosa Ageitos, Macarena Laso Aguirre, Esteban Rodríguez Bravo	Oswaldo Rosa Ageitos, José Miguel Bambach Salvatore	N/A	N/A	Oswaldo Rosa Ageitos, Jose Miguel Bambach Salvatore, Fernando Escrich Juleff, Rosa María Villagra Moreno	Oswaldo Rosa Ageitos, Manuel Maiguashca.	Oswaldo Rosa Ageitos, Manuel Maiguashca.	Jorge Avilán Aristizábal, Amanda Cuellar Sterling, Carlos González Perdomo, Gobernación del Huila, Municipio de Pitalito	Oswaldo Rosa Ageitos, Alonso José Rey Bustamante.	Oswaldo Rosa Ageitos, Esteban Rodríguez Bravo
General Manager	Morris José Pessó Olcese.	Luis Felipe Silva Labbé	N/A	N/A	Valerie Barnich	Jorge Avilán Aristizábal	Jorge Avilán Aristizábal	Camilo Lozano Hermida	Patricio Mura Escobar	Pablo Saenz – Laguna Saavedra
Principal officers of the Parent Company serving as Directors of the subsidiary	Morris José Pessó Olcese, Esteban Rodríguez Bravo, Oswaldo Rosa Ageitos, Ángel Mafucci Solimano.	Oswaldo Rosa Ageitos, José Miguel Bambach Salvatore, Ángel Mafucci Solimano.	N/A	N/A	Oswaldo Rosa Ageitos, Jose Miguel Bambach Salvatore, Angel Mafucci Solimano, Valerie Barnich.	Ángel Mafucci Solimano, José Miguel Bambach Salvatore, Oswaldo Rosa Ageitos, Morris José Pessó Olcese.	Ángel Mafucci Solimano, José Miguel Bambach Salvatore, Oswaldo Rosa Ageitos, Morris José Pessó Olcese.	N/A	Ángel Mafucci Solimano, Oswaldo Rosa Ageitos	Ángel Mafucci Solimano, Oswaldo Rosa Ageitos, Esteban Rodríguez Bravo

Direct and indirect ownership relationships



Information on relevant events for the period

As of December 31, 2020, Empresas Lipigas S.A. has reported to Chile's Financial Market Commission (CMF for its acronym in Spanish) various information as Material Events, highlighting the following:

- 1) On January 16, 2020, the Company issued bonds on the local market for 2,500,000 Unidades de Fomento (Series G, mnemonic code BLIPI-G) charged to the 30-year bond line registered in Securities Registrar under No. 881. These bonds have a 25-year term and were placed at an annual coupon rate of 2.18%, with a spread of 138 basis points over the benchmark rate. Proceeds from the operation were allocated by 60% to paying off the bank debt and 40% to investment financing of both the Company and its subsidiaries. Scotiabank acted as financial advisor and placement agent.
- 2) On March 24, 2020, the controlling group of Empresas Lipigas S.A. informed the Commission of the termination of the Shareholders' Agreement executed on September 26, 2017, the duration of which was set for three years, ending September 26, 2020. This considering that the Agreement successfully fulfilled the purpose for which it was created, which was to give continuity to the company after its listing of the on the stock exchange in November 2016, highlighting that it has continued its successful trajectory, with solid results, a management of excellence and a solid corporate governance.
- 3) On April 30, the Company's Board of Directors elected Mr. Juan Manuel Santa Cruz Munizaga as Chairman of Empresas Lipigas S.A. and Mr. Jaime García Rioseco as Vice Chairman. As members of the Directors' Committee, the independent directors, Mr. Jaime García Rioseco and Mr. José Miguel Barros Van Tot Westerfliet, were elected, as well as the director Mario Vinagre Tagle.



Sustainable Development

Our contribution

With the participation of different sectors of the Company and in accordance with the new demands of the environment, Empresas Lipigas renewed its purpose and sustainability principles in its social role as an energy company. Likewise, to its traditional values of Care, Respect and Transparency, it added the value of Excellence, oriented towards the continuous improvement of its processes with a view to satisfying the needs of its customers with quality and confidence.

This reaffirms the purpose we have set out to fulfill and which encourages our activity.

Our purpose

“Giving access to all people in the territories where we operate to energy solutions adapted to their needs and that help improve their quality of life, promoting sustainable development and generating value for our customers, collaborators, shareholders and communities”

Our values

- Care
- Respect
- Transparency
- Excellence



Sustainability Principles



We contribute to the energy development of the communities in which we operate



We build reliability and closeness with our customers and the environment



We operate safely and responsibly



We offer quality employment



We develop a sustainable, adaptive and ethically complete business

Our Sustainability Report deepens information on the performance of Empresas Lipigas in the three countries where we operate.

Available at: www.lipigas.com

Diversity in the organization

Diversity in the Board of Directors

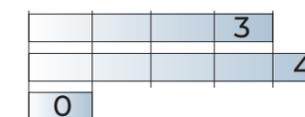
Number of directors by gender

The seven members of the Board of Directors are men.



Number of directors by age range

Younger than 30 years
Between 30 and 40 years
Between 41 and 50 years
Between 51 and 60 years
Between 61 and 70 years
Older than 70 years



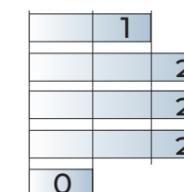
Number of directors by nationality

All members of the Board of Directors are of Chilean nationality.



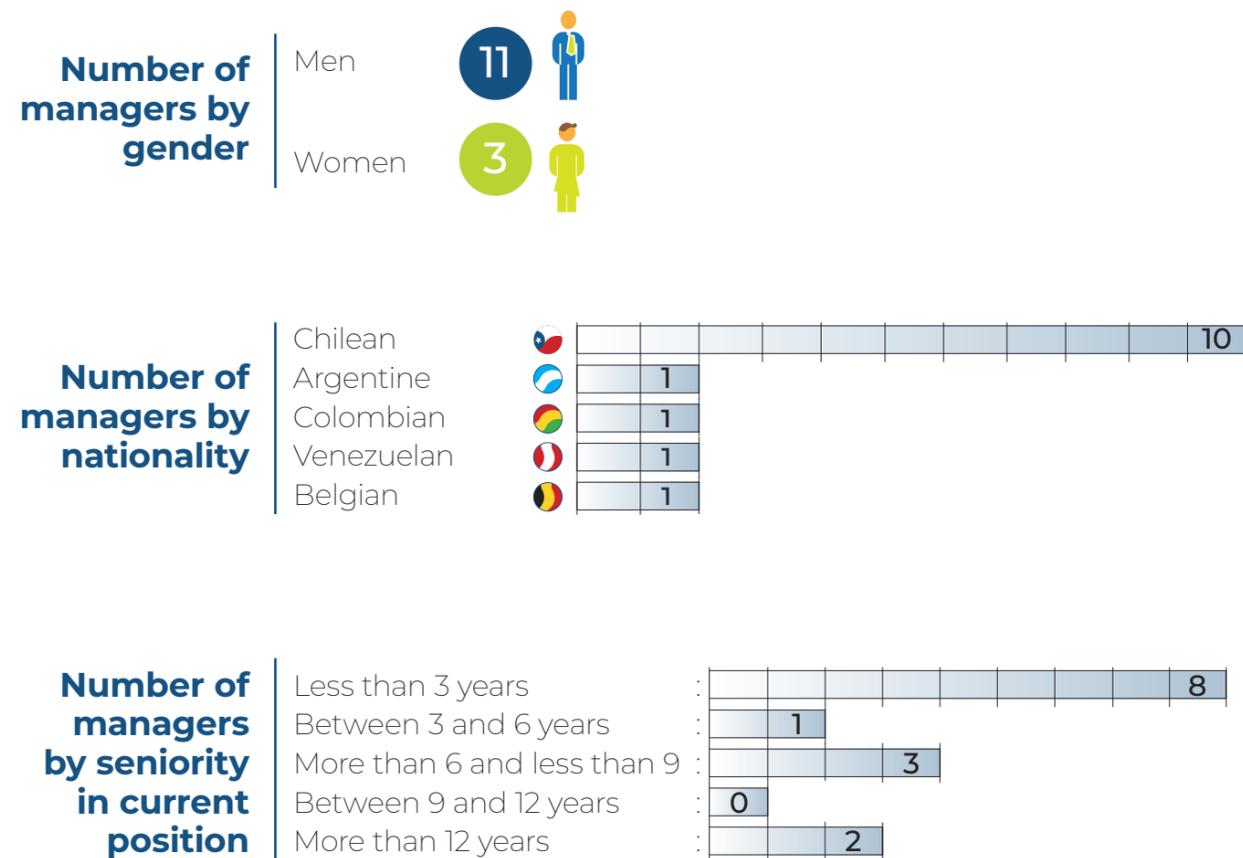
Number of directors by seniority in office

Less than 3 years
Between 3 and 6 years
More than 6 and less 9
Between 9 and 12 years
More than 12 years



Diversity of Managers

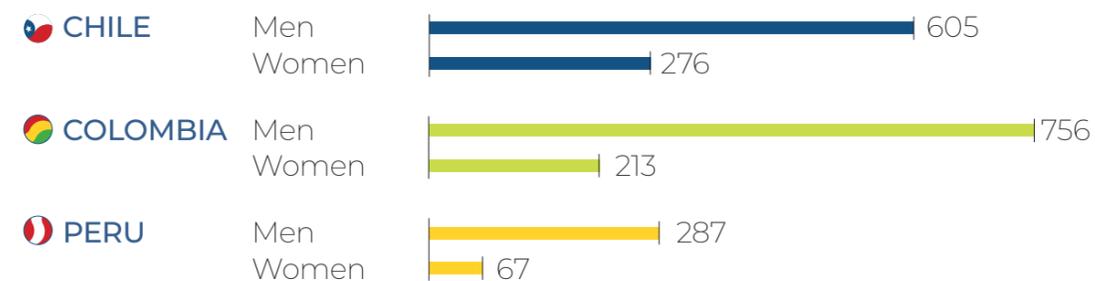
The composition of the team of 14 managers who make up the Executive Team of Empresas Lipigas as of December 31, 2020, is as follows:



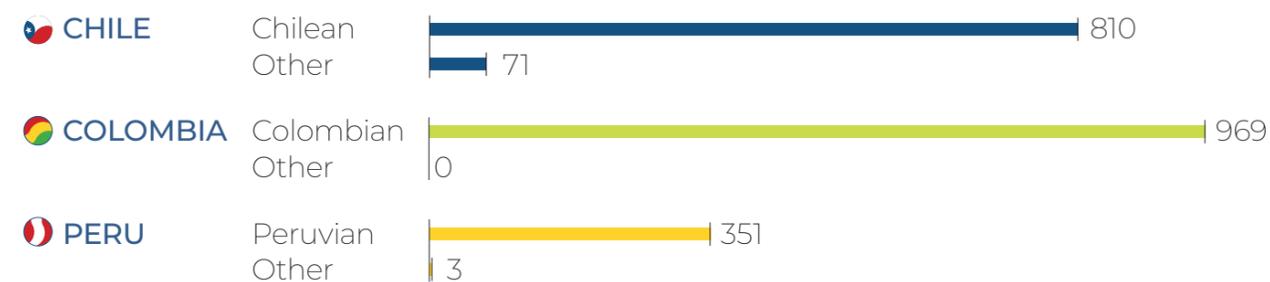
Diversity in the entire organization

Considering the Company's total personnel – including the executive team mentioned above – the distribution by gender, nationality, age range and years of seniority, by country:

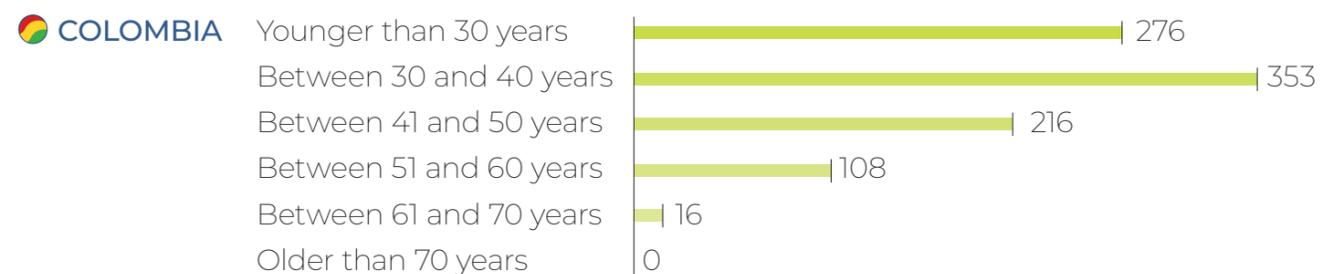
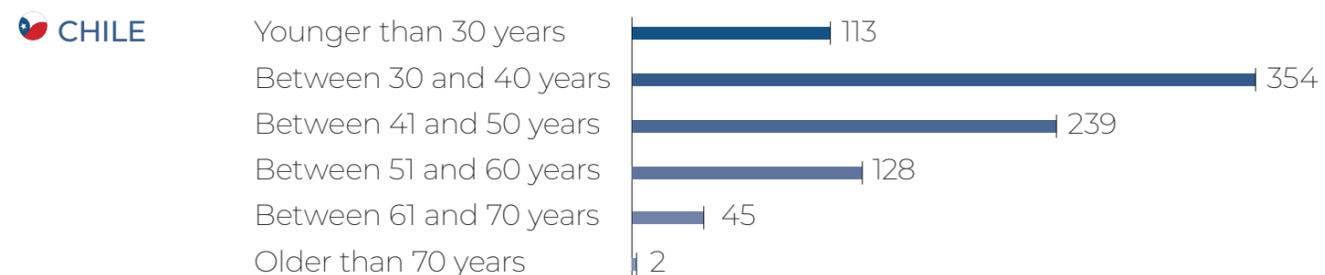
Number of people by gender, by country:



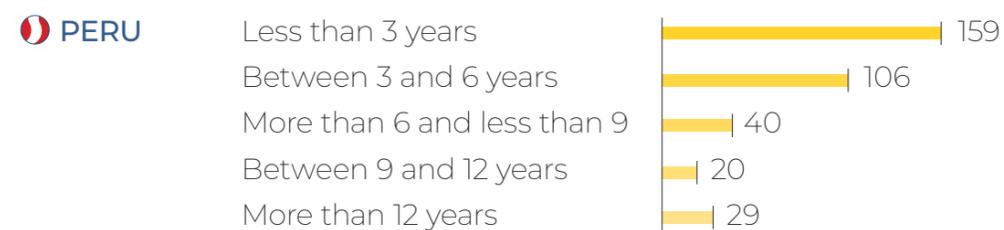
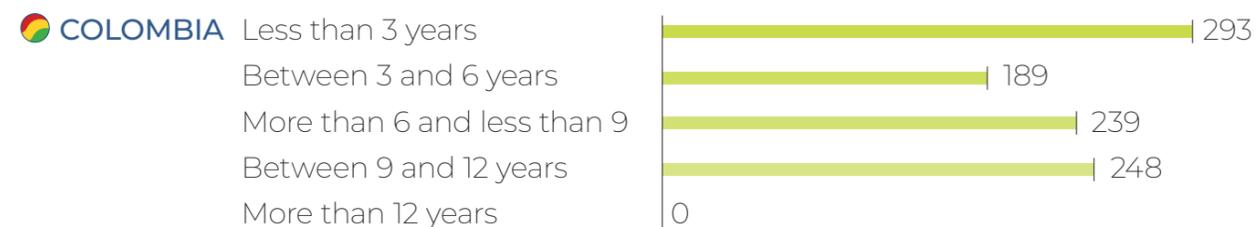
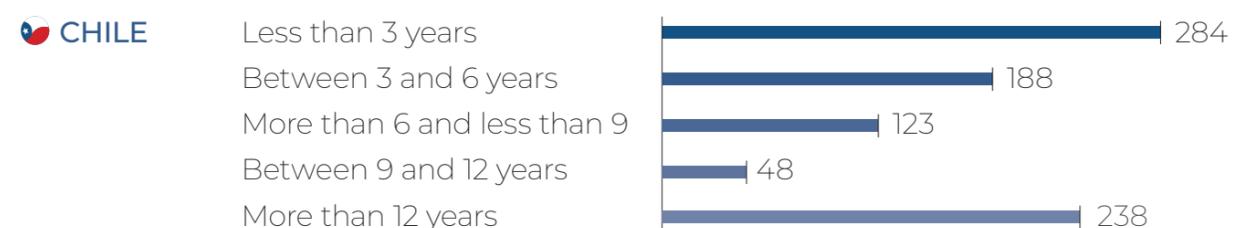
Number of people by nationality, with respect to the location of the subsidiary:



Number of people by age range, by country:



Number of people by seniority in the company, by country:



Gender pay gap

This section reports the gender pay gap, considering the average gross salary of positions, responsibilities and equivalent roles between men and women and those levels where there are more than 5 female employees performing a role of equal characteristics. In this way, only the segments of heads of areas and administrative positions in Chile meet this condition.

In the case of heads of areas in Chile the gap is 5.08%, while in the administrative segment the difference is 17.7%, in favor of women, respectively.

Financial Information



ZONA DE
SEGURIDAD

Report of independent auditor

On March 10, 2021, the independent auditor PricewaterhouseCoopers, issued its unqualified audit opinion on the consolidated financial results of Empresas Lipigas S.A. and subsidiaries as of December 31, 2020. This report and the complete version of the Consolidated Financial Statements of the fiscal year, together with the Analysis of the Financial Position reported to Chile's Financial Market Commission in compliance with Chile's NCG No. 30, can be downloaded by accessing the following links:



Report of independent auditor and consolidated financial statements



Analysis of the Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of December 31, 2020 and 2019
(expressed in CLP '000s)

ASSETS	Note	12.31.2020 Th\$	12.31.2019 Th\$
CURRENT ASSETS			
Cash and cash equivalent	3	62,317,022	17,040,145
Other financial assets, current	4	1,961,963	-
Trade receivables and other accounts receivable, current	7	36,609,778	40,037,977
Inventories	9	23,131,562	21,587,921
Current tax assets	10	6,044,108	3,475,204
Other non-financial assets, current	6	2,542,388	1,181,906
Total Operating Current Assets		132,606,821	83,323,153
Non-current assets or disposal groups held for sale		11,102	12,154
Total Current Assets		132,617,923	83,335,307
NON-CURRENT ASSETS			
Other financial assets, non-current	4	758,321	781,180
Trade accounts and other accounts receivable, non-current	7	9,492,935	4,896,996
Investments accounted for using the equity method		1,753	1,920
Intangible assets other than goodwill	11	10,918,432	11,599,663
Property, plant and equipment	13	377,849,963	379,699,174
Goodwill	12	7,658,969	11,722,598
Deferred tax assets	10	2,380,508	1,634,287
Other non-financial assets, non-current	6	17,568,803	15,523,836
Total Non-Current Assets		426,629,684	425,859,654
Total Assets		559,247,607	509,194,961

Also, these documents and the Financial Statements of Subsidiaries, are available at www.lipigas.com.

CONSOLIDATED STATEMENT OF FINANCIAL POSITIONAs of December 31, 2020 and 2019
(in 000's CLP)

EQUITY AND LIABILITIES	Note	12.31.2020 Th\$	12.31.2019 Th\$
CURRENT LIABILITIES			
Other financial liabilities, current	14	7,187,557	9,436,733
Lease liabilities, current	15	5,737,749	4,664,076
Trade accounts and other accounts payable, current	16	41,128,853	36,498,823
Other provisions, current	17	349,946	428,446
Tax liabilities, current	10	4,574,997	5,224,022
Other non-financial liabilities, current	18	8,233,329	4,395,567
Provisions for employee benefits, current	19	3,524,937	3,629,443
Total Current Liabilities		70,737,368	64,277,110
NON-CURRENT LIABILITIES			
Other financial liabilities, non-current	14	207,388,080	166,766,026
Lease liabilities, non-current	15	24,917,074	23,236,761
Deferred tax liabilities	10	43,243,478	40,089,630
Other non-financial liabilities, non-current	20	42,839,095	39,312,704
Provisions for employee benefits, non-current	19	4,272,495	3,170,311
Total Non-Current Liabilities		322,660,222	272,575,432
TOTAL LIABILITIES		393,397,590	336,852,542
EQUITY			
Issued capital	22	129,242,454	129,242,454
Other reserves	27,1	(9,555,967)	3,103,998
Accumulated earnings (losses)	22	40,349,011	33,687,655
Equity attributable to the owners of the controller		160,035,498	166,034,107
Non-controlling interests	22	5,814,519	6,308,312
Total Equity		165,850,017	172,342,419
Total Equity and Liabilities		559,247,607	509,194,961

CONSOLIDATED INCOME STATEMENTAs of December 31, 2020 and 2019
(in 000's CLP)

STATEMENT OF INCOME BY FUNCTION	Note	01.01.2020 to 12.31.2020 Th\$	01.01.2019 to 12.31.2019 Th\$
Revenue	23	508,164,262	492,869,463
Cost of sales	24	(320,353,826)	(313,665,183)
Gross Earnings		187,810,436	179,204,280
Other income by function	23	735,240	857,052
Other expenses by function	24	(27,985,593)	(26,716,159)
Distribution costs	24	(53,781,732)	(46,777,942)
Administrative expenses	24	(44,875,778)	(33,571,101)
Financial income	25	1,201,113	786,289
Financial costs	25	(9,369,643)	(8,915,114)
Exchange rate differential	25	(939,254)	(164,952)
Profit (loss) on indexation units	25	(4,052,380)	(2,022,971)
Other gains (losses)	25	(1,215,460)	(4,542,254)
Earnings (loss) before taxes		47,526,949	58,137,128
Income tax expense	10	(12,529,706)	(17,663,851)
Profit (loss)		34,997,243	40,473,277
Earnings (loss) attributable to:			
Profit (loss) attributable to the owners of the controller	22	34,265,673	39,442,599
Profit (loss) attributable to non-controlling interests	22	731,570	1,030,678
Profit (loss)		34,997,243	40,473,277
Earnings per basic share			
Earnings (loss) per basic share in continued operations	22	301,70	347,28
Earnings (loss) per basic share in discontinued operations		-	-
Earnings (loss) per basic share		301,70	347,28
Earnings per diluted share			
Earnings (loss) per diluted share in continued operations	22	301,70	347,28
Earnings (loss) per diluted share in discontinued operations		-	-
Earnings (loss) per diluted share		301,70	347,28

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOMEAs of December 31, 2020 and 2019
(in 000's CLP)

STATEMENT OF COMPREHENSIVE INCOME	Note	01.01.2020 to 12.31.2020 Th\$	01.01.2019 to 12.31.2019 Th\$
Gain (loss)		34,997,243	40,473,277
Components of other comprehensive income that will not be reclassified to net income for the fiscal year, before taxes			
Other comprehensive income, actuarial gains (losses) from defined benefit plans		(284,257)	(351,408)
Other comprehensive income that will not be reclassified to net income for the fiscal year, before taxes		(284,257)	(351,408)
Components of other comprehensive income to be reclassified net income for the fiscal year, before taxes			
Gains (losses) on exchange rate translation, before taxes		(12,841,534)	8,714,896
Gains (losses) from cash flow hedges, before taxes		(398,670)	(13,188)
Other comprehensive income to be reclassified to net income for the fiscal year, before taxes		(13,240,204)	8,701,708
Other comprehensive income, before taxes		(13,524,461)	8,350,300
Income taxes on components of other comprehensive income to be reclassified to net income for the fiscal year			
Income taxes on defined benefit plans		76,749	94,880
Income taxes on components of other comprehensive income not to be reclassified to net income for the fiscal year		76,749	94,880
Income taxes on components of other comprehensive income to be reclassified to net income for the fiscal year			
Income taxes on cash flow hedges		107,641	3,561
Income taxes on components of other comprehensive income to be reclassified to net income for the fiscal year		107,641	3,561
Total otros ingresos y gastos integrales del ejercicio		(13,340,071)	8,448,741
Ingresos y gastos integrales del ejercicio		21,657,172	48,922,018
Comprehensive income and expenses attributable to:			
Comprehensive income attributable to the owners of the controller		21,501,975	47,394,642
Comprehensive income attributable to non-controlling interests		155,197	1,527,376
Resultado integral total		21.657.172	48.922.018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITYFor the fiscal years ended December 31, 2020 and 2019
(in 000's CLP)**Year 2020**

Statement of changes in equity	Issued Capital Th\$	Reserves				Accumulated Gains (Losses) Th\$	Total Equity		Total equity Th\$
		Reserves for translation of exchange differentials Th\$	Reserves for cash flow hedges Th\$	Reserves for gains and losses on defined benefit plans Th\$	Total Other Reserves Th\$		Equity attributable to owner of the controllers Th\$	Non - controlling interests Th\$	
Equity at January 1, 2020	129,242,454	3,592,636	110,021	(598,659)	3,103,998	33,687,655	166,034,107	6,308,312	172,342,419
Increase (decrease) for error correction (note 2.34)	-	-	-	103,733	103,733	(800,702)	(696,969)	-	(696,969)
Restated opening balance	129,242,454	3,592,636	110,021	(494,926)	3,207,731	32,886,953	165,337,138	6,308,312	171,645,450
Changes in Equity									
Comprehensive income									
Gain (loss)	-	-	-	-	-	34,265,673	34,265,673	731,570	34,997,243
Other comprehensive income	-	(12,265,161)	(291,029)	(207,508)	(12,763,698)	-	(12,763,698)	(576,373)	(13,340,071)
Total comprehensive income	-	(12,265,161)	(291,029)	(207,508)	(12,763,698)	34,265,673	21,501,975	155,197	21,657,172
Dividends	-	-	-	-	-	(26,803,615)	(26,803,615)	(648,990)	(27,452,605)
Total increase (decrease) equity	-	(12,265,161)	(291,029)	(207,508)	(12,763,698)	7,462,058	(5,301,640)	(493,793)	(5,795,433)
Equity at December 31, 2020	129,242,454	(8,672,525)	(181,008)	(702,434)	(9,555,967)	40,349,011	160,035,498	5,814,519	165,850,017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITYFor the fiscal years ended December 31, 2020 and 2019
(in 000's CLP)**Year 2019**

Statement of changes in equity	Issued Capital Th\$	Reserves				Accumulated Gains (Losses) Th\$	Total equity		
		Reserves for translation of exchange differentials Th\$	Reserves for cash flow hedges Th\$	Reserves for gains and losses on defined benefit plans Th\$	Total Other Reserves Th\$		Equity attributable to owners of the controllers Th\$	Non-controlling interests Th\$	Total equity Th\$
Equity at January 1, 2019	129,242,454	(4,625,562)	119,648	(342,131)	(4,848,045)	28,544,559	152,938,968	4,783,579	157,722,547
Changes in Equity									
Resultado integral									
Gain (loss)	-	-	-	-	-	39,442,599	39,442,599	1,030,678	40,473,277
Other comprehensive income	-	8,218,198	(9,627)	(256,528)	7,952,043	-	7,952,043	496,698	8,448,741
Total comprehensive income	-	8,218,198	(9,627)	(256,528)	7,952,043	39,442,599	47,394,642	1,527,376	48,922,018
Dividends	-	-	-	-	-	(34,299,503)	(34,299,503)	(369,885)	(34,669,388)
Increase (decrease) for changes in ownership in subsidiaries without implying loss of control	-	-	-	-	-	-	-	367,242	367,242
Total increase (decrease) in equity	-	8,218,198	(9,627)	(256,528)	7,952,043	5,143,096	13,095,139	1,524,733	14,619,872
Equity at December 31, 2019	129,242,454	3,592,636	110,021	(598,659)	3,103,998	33,687,655	166,034,107	6,308,312	172,342,419

CONSOLIDATED STATEMENT OF CASH FLOWSAs of December 31, 2020 and 2019
(in 000's CLP)

CONSOLIDATED STATEMENT OF DIRECT CASH FLOW	Note	01.01.2020 to 12.31.2020 Th\$	01.01.2019 to 12.31.2019 Th\$
Cash flow from (used in) operating activities			
Type of collection by operating activity			
Collection from the sale of goods and services rendered		511,444,372	505,042,633
Other collections (payments) from operating activities		2,384,468	(2,258,691)
Type of payment			
Payments to suppliers for goods and services		(276,919,436)	(264,066,540)
Payments to and on behalf of employees		(39,798,847)	(34,894,169)
Other payments for operating activities		(89,714,838)	(93,605,820)
Income taxes refunded (paid)		(11,681,767)	(10,094,716)
Other cash receipts (payments)		2,966,166	5,792,218
Net cash flow from operating activities		98,680,118	105,914,915
Cash flow from (used in) investing activities			
Revenue from sales of property, plant and equipment		1,178,200	405
Purchases of intangible assets	11.3	(2,122,357)	(3,457,354)
Purchases of property, plant and equipment	13.2	(37,459,198)	(46,228,824)
Proceeds (payments) from other long-term assets		(6,506,955)	(3,208,827)
Other cash receipts (payments)		(1,961,963)	-
Net cash flow used in investing activities		(46,872,273)	(52,894,600)
Cash flows from (used in) financing activities			
Proceeds from issuance of shares		-	-
Proceeds from long-term loans		82,525,916	40,350,428
Proceeds from short-term loans		1,827,906	4,748,952
Total loan proceeds		84,353,822	45,099,380
Payment of loans	14.3	(44,357,839)	(43,922,636)
Payment of financial lease liabilities	14.3	(4,227,516)	(4,525,137)
Payment of lease liabilities	15	(6,206,361)	(4,307,193)
Interest paid on financial leases	14.3	(6,864,064)	(6,363,804)
Interest paid on leases	15	(1,120,947)	(1,077,114)
Dividends paid		(27,452,605)	(34,669,388)
Net cash flows from (used in) financing activities		(5,875,510)	(49,765,892)
Net increase (decrease) in cash and cash equivalent before the effect of changes in the exchange rate		45,932,335	3,254,423
Effects of exchange rate variations on cash and cash equivalent		(655,458)	(97,661)
Net increase (decrease) in cash and cash equivalent		45,276,877	3,156,762
Cash and cash equivalent at the beginning of the period or fiscal year		17,040,145	13,883,383
Cash and cash equivalent at the end of the period or fiscal year		62,317,022	17,040,145

Summarized financial statements

SUMMARIZED CONSOLIDATED FINANCIAL STATEMENTS EMPRESAS LIPIGAS S.A.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CLP '000s)	2020	2019
Current assets	132,617,923	83,335,307
Non-current assets	426,629,684	425,859,654
Total Assets	559,247,607	509,194,961
Current liabilities	70,737,368	64,277,110
Non-current liabilities	322,660,222	272,575,432
Equity	165,850,017	172,342,419
Total Liabilities and Equity	559,247,607	509,194,961
CONSOLIDATED INCOME STATEMENT BY FUNCTION (CLP '000s)		
Revenue	508,164,262	492,869,463
Cost of sales	(320,353,826)	(313,665,183)
Gross Margin	187,810,436	179,204,280
Other income, by function	735,240	857,052
Other expenses, by function	(27,985,593)	(26,716,159)
Distribution costs	(53,781,732)	(46,777,942)
Administrative expenses	(44,875,778)	(33,571,101)
Financial income	1,201,113	786,289
Financial costs	(9,369,643)	(8,915,114)
Exchange rate differential	(939,254)	(164,952)
Profit (loss) on indexation units	(4,052,380)	(2,022,971)
Other profits (losses)	(1,215,460)	(4,542,254)
Gains (losses) before taxes	47,526,948	58,137,127
Income tax expense	(12,529,706)	(17,663,851)
Profit (loss) for the fiscal year	34,997,243	40,473,277
Profit for the fiscal year attributable to the owners of the controller	34,265,673	39,442,599
Profit for the fiscal year attributable to non-controlling interests	731,570	1,030,678
Profit for the fiscal year	34,997,243	40,473,277



Risk Factors

The risk factors inherent in the Company's activity are those of the markets in which it participates, and the activity carried out by the Company and its subsidiaries. The Board of Directors and Management periodically review the map of the Company's significant risks in order to design and monitor compliance with risk mitigation measures deemed appropriate. The main risk factors affecting businesses are presented below, and their full detail is found in the corresponding Analysis of Financial Position.

Credit Risk

Credit risk arises in losses that might occur because of a breach of the contractual obligations on behalf of counterparties of the Company's different financial assets.

The Company has credit policies that mitigate risks of non-collection of trade accounts receivable. These policies consist of establishing limits to the credit of each client based on their financial background and behavior, which is permanently monitored.

The Company's financial assets consist of cash and cash equivalents balance, trade accounts and other accounts receivable and other financial assets.

Credit risk is mainly related to trade accounts and other accounts receivable. The balance of cash and cash equivalents and other financial assets is also exposed to a lesser extent.

The exposure of cash and cash equivalents to credit risk is limited because cash is deposited in banks with a high credit rating.

The Company's cash surplus investments are diversified among different financial institutions that also have high credit ratings.

Investments classified as other financial assets correspond to corporate bonds rated AA- or higher.

Liquidity risk

Liquidity risk refers to the possibility that an entity cannot cope with their short-term payment commitments.

Liquidity risk is handled through the proper management of assets and liabilities, optimizing daily cash surplus, investing in top quality financial instruments, thus, ensuring compliance with debt commitments upon maturity.

The Company maintains relationships with major financial institutions in the markets in which it operates. This allows counting on credit lines to deal with specific illiquidity situations.

Periodically, cash flow projections and analysis of the financial situation are performed, to acquire new financing or restructuring of existing debts on terms that are consistent with the Company's business cash flow generation, should the need arise.

Market risk

It relates to the risk of fluctuation of fair values of financial assets and liabilities due to changes in market prices, and the risks associated with the demand and supply of commercialized products. The Company's exposure to market risks regarding financial assets and liabilities are the exchange rate and indexation unit risk, and interest rate risk. In addition, the Company is exposed to risks related to commercialized products.

Regulatory risk

The amendments of the Gas Services Law (DFL 323) came into effect in February 2017 in Chile. The most relevant changes affect concession network businesses, with the most relevant being the establishment of a profitability cap of 3% above the capital cost rate for the supply of gas through concession networks. The capital cost rate may not be lower than 6% with which resulting profitability is 9% for new networks. Regarding networks built during the 15 years preceding the effective date of the amendments to the law and during the 10 years following the effective date of the amended law, a 5% profitability cap on the capital cost is established for a period of 15 years from its entry into operation, resulting in an 11% rate for the first 15 years of operation.

The Company currently has a natural gas operation in the city of Calama and has begun supplying natural gas in cities located in the south of Chile. The changes included in the law do not affect the evaluation of the natural gas projects currently being developed, since the Company has included the previously mentioned profitability restrictions within the evaluation parameters. For the city of Calama, annual profitability is below the maximum range allowed by the law. In the last annual profitability review published by the CNE for the year 2019, the profitability rate of return was 8.76%.

The freedom of fixing prices to consumers remains for non-concession networks. In addition, it reaffirms that

customers or consumers with residential gas services are entitled to change the distribution company. Given the above, a maximum period of five years is set for the validity of relationship contracts between residential gas customers and distributing companies for new real estate projects or should the transfer to another company involve the replacement and adaptation of existing client facilities due to the amendment of supply specifications, to enable the connection to the distribution network. In the other cases, the maximum term of the contracts is two years.

As in other liquefied gas markets, the residential bulk business is highly competitive among its participants. Additionally, LPG distributing companies must compete with other types of energy (natural gas, firewood, diesel, paraffin, electric power, etc.). The possibility that customers change the company that provides LPG already existed before the amendments introduced by law. The service delivered to customers and the security both of supply and facilities, in addition to a competitive price, are relevant to the degree of customer satisfaction. The Company intends to continue being a competitive energy option for those customers connected to LPG networks.

In November 2020, Chile's Antitrust Department, the Fiscalía Nacional Económica (FNE), announced the beginning of a non-infringing Gas Market Study (Study) to determine the proper functioning of the gas market from a competitive point of view.

The Study covers all stages of the supply chain, from the exploration and development of national reserves, along with their importation, to the marketing stage, either to large consumers, as power generators, or at the retail level, where end-consumers are households, offices, commercial establishments and the public sector. The Study, estimated to be completed by the end of 2021, may originate policy or regulatory recommendations, practical recommendations to State bodies or economic operators (public and private), lead to research or a new specific market study.

Significant changes in laws and regulations in the sectors

in which the Company operates may adversely affect its business or the conditions thereof, can increase the Company's operating costs or affect the financial situation of the Company.

In addition, change of rules or their interpretation could require incurring costs that could affect financial performance or impact the financial position of the Company.

Accident risk

All human activities are exposed to dangers that can lead to accidents and certainly, the fuel distribution industry is no exception. To minimize the likelihood that these hazards will become unwanted situations, prevention and mitigation actions must be developed to reduce its consequences if hazards such as accidents or emergencies should exist.

For this, actions are permanently developed to ensure that all operations are conducted with high safety levels.

In addition to the actions to strengthen the safe handling of fuel, the Company has insurance coverages that are considered consistent with the usual practices of the industry.

Reputation and corporate image risk

The Company's business is associated with the management of fossil fuels, particularly LPG, and its commercialization to a wide-ranging customer base. This business is subject to specific regulations in each of the countries where the Company operates. In addition, the Company is subject to several provisions relating to compliance with tax, environmental, labor, antitrust, and corporate regulations, among others. Should damage result from the commercialized products or in the event of observations from inspection bodies in compliance with the provisions that are applicable to the Company, this could lead to a deterioration of the Company's reputation and corporate image.

This risk is mitigated through the appropriate operating processes and compliance with regulations implemented within the Company.

Risk of litigation, penalties and fines

The Company may be subject to litigation, penalties or fines resulting from its business. These potential impacts are mitigated from their inception, by complying with relevant regulations. The principal litigation and sanctioning procedures currently underway involving the Company or its subsidiaries are described in Note 29 to the consolidated financial statements.

The Company's main businesses are regulated by the Superintendence of Electricity and Fuels (SEC) in Chile, the Regulatory Commission of Energy and Gas (CREG) in Colombia, and the Ministry of Energy and Mining and the Regulatory Agency for Investment in Energy and Mining (Osinermin) in Peru, which ensure compliance with the laws, decrees, rules, memorandum and resolutions that govern the activity. In addition, different agencies in different countries are responsible for the control of compliance with the provisions related to tax, environmental, labor, antitrust, and corporate regulations, among others.

The Company has procedures in place and has the knowledge required to act under the protection of current laws and avoid penalties and fines.

Risk of changes in regulatory, political, economic and social conditions in the countries of operation.

The Company's financial and operating performance may be negatively affected by regulatory, political, economic and social conditions in the countries where it operates. In the jurisdictions it operates, the Company is exposed to several risks such as potential renegotiation, nullification or forced amendment of contracts, expropriation, foreign exchange controls, and changes in laws, regulations and political instability. The Company also faces the risk of having to submit to the jurisdiction of a foreign court or arbitration panel or having to enforce a judgment in another country.

Company Management permanently monitors the evolution of the regulatory, political, economic and social conditions in the countries of operation.

Acquisition strategy risk

The Company has grown, in part, through a number of major acquisitions and will remain committed to various assessments in the search for other possible acquisitions, such as other LPG and fuel distribution companies trying to integrate them into current operations. Acquisitions involve known and unknown risks that could adversely affect future net sales and operating income. Any future acquisition or potential acquisitions may result in substantial costs, disrupt operations or materially adversely affect the results of the Company's operation. Each acquisition made by the Company is analyzed in detail by multidisciplinary teams, with external advisors, if necessary, in order to analyze the consequences and mitigate the risks of any acquisition of a new business.

Risk of production, storage and transportation of gas

Operations conducted at the Company's plants involve safety risks and other operating risks, including the handling, storage and transportation of highly inflammable, explosive and toxic materials.

These risks could result in personal injury and death, severe damage to or destruction of property and equipment and environmental damage. Although the Company is very careful about the safety of its operations, a sufficiently large accident at one of the bottling or storage plants, or at facilities located at client facilities or at service stations of vehicular gas or during transportation or delivery of products being sold, could force to temporarily suspend operations at the location and result in significant remediation costs, loss of income or generate contingent liabilities, and adversely affect the Company's corporate image and reputation and that of its subsidiaries. In addition, insurance proceeds may not be available on a timely basis and may be insufficient to cover all losses. Equipment breakdowns, natural disasters and delays in obtaining imports of required replacement parts or equipment can also affect distribution operations and consequently operating results.

Risk that insurance coverage may be insufficient to cover losses that may be incurred

The operation of any distribution company specializing in LPG logistics operations and fuel distribution involves substantial risks of property damage and personal injury and may result in significant costs and liabilities.

The Company permanently analyzes the risks that may be covered by insurance policies, both in the amount of possible losses for the Company as in the characteristics of the risks, so current insurance levels are appropriate. Notwithstanding the previous, the occurrence of losses or other liabilities that are not covered by the insurance or that exceed coverage limits may result in additional unexpected and significant costs.

Risk of regulatory changes resulting for the mitigation of the climate change effects

Due to concern over risks of climate change, several countries have adopted, or are considering the adoption of, regulatory frameworks to, among other measures, reduce greenhouse gas emissions. These could include adoption of cap-and-trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates to develop the generation of renewable energy. These requirements could reduce demand for fossil fuels, replacing them with energy sources of relatively lower-carbon sources. In addition, some governments may provide tax advantages and other subsidies and mandates to make alternative energy sources more competitive against oil and gas. Governments may also promote research into new technologies to reduce the cost and increase the scalability of alternative energy sources, all of which could lead to a decrease in the demand for our products. In addition, current and pending greenhouse gas regulations may substantially increase our compliance costs and, consequently, increase the price of products distributed by the Company.



The Company permanently monitors the evolution of legislation on climate change.

Risk of rioting

The economic and social situation of the different countries where the Company operates could lead to protests that could prompt violent actions damaging facilities or hindering the operation. The Company remains alert regarding the evolution of these events, prioritizing the protection and safety of workers, collaborators and the communities where it operates. It also has insurance coverage for possible damage or theft of goods or facilities.

Risk of epidemics or pandemics

Rapidly spreading infectious diseases can have consequences for the Company's business. Authorities may impose restrictions that impact the activity of customers or the Company, decreasing its revenue stream or incurring additional costs. In turn, the protection of the safety of workers, employees and customers can lead to higher operating costs driven by health reasons or arising from the same restrictions.

The Board of Directors and Management monitor the evolution of epidemic or pandemic situations, privileging the safety of workers, collaborators, customers and communities in which the Company's activities are conducted. Special committees are formed composed of first line managers to quickly respond and coordinate safeguard measures.

Investment policy

Empresas Lipigas S.A has internal procedures for preparing and approving the annual budget of expenses and investments and individual investment projects.

The annual budget is proposed by management to the Board of Directors, which must approve it, considering profitability objectives suitable for shareholders, the fulfillment of its financial obligations and the maintenance of a balanced financial structure.

Approvals of individual investment projects within the approved annual budget depend on the amount of investment involved and are made on the basis of profitability criteria applicable to the different markets where the Company owns operations.

Additional projects to the annual budget are presented by Management to the Board of Directors for approval.

Financing policy

Empresas Lipigas obtains its financing resources from its own sources, supplier credit, indebtedness with financial institutions and the securities market.

Until 2010 the Company only resorted to indebtedness in the financial market on a few occasions and in relation to one-off projects. With the entry into LPG operations in other countries and the subsequent increase in funding needs, along with commitments related to the construction of facilities at the Quintero maritime terminal, the Company has resorted to bank indebtedness.

In April 2015, the Company completed its first issue of public debt in the market, through a 25-year term bond placement for 3.5 million UFs, restructuring its funding source, at a term commensurate with the investments made.

In December 2017, the Company registered two bond lines (at terms of 10 and 30 years) for an aggregate joint maximum of 4 million UFs. In January 2020, Empresas Lipigas S.A. performed a second bond issuance in Chile for 2.5 million UFs at a term of 25 years. Funds will be used in refinancing bank debt and financing new investments.

Approval of indebtedness operations is based on the amount of each operation. The Board of Directors must approve operations in amounts greater than CLP 7,200,000,000.

Statement of responsibility

The directors and General Manager of Empresas Lipigas S.A. who sign this statement are liable under oath with respect to the accuracy of the information provided in this Annual Report, prepared according to General Rule No.30 of Chile's Financial Market Commission.

Juan Manuel Santa Cruz Munizaga
Chairman
RUT: 7.019.058-3

Jaime García Rioseco
Vice-Chairman
RUT: 5.894.661-3

Juan Ignacio Noguera Briceño
Director
RUT: 7.022.714-2

Mario Vinagre Tagle
Director
RUT: 7.171.058-0

Jaime Fernando Santa Cruz Negri
Director
RUT: 6.861.742-1

José Miguel Barros van Hovell tot Westerfliet
Director
RUT: 9.910.295-0

Francisco Courbis Grez
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