



COMMUNITY CONTRIBUTION  
POLICY  
OF EMPRESAS COPEC S.A.

December 2018

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## INTRODUCTION

The Company undertakes its activities in a business environment in which its employees, service providers, nature, customs and community idiosyncrasies interact, form part of and affect business development.

Bearing this in mind, the Company makes contributions for the progress of society, particularly to its stakeholders.

Empresas Copec's business philosophy gives priority to contributing to long-term community development, particularly concerning education, culture, innovation, overcoming of poverty and sport.

This document sets out the general policy and methodology so that the Company's support and contributions made by means of donations, sponsorship and support are undertaken, in form and essence, in accordance with its principles and values, and directly benefit the community.

## 1. COMMUNITY CONTRIBUTION POLICY

The Company has decided to establish a policy as a guiding reference for the decisions made on contributions deemed appropriate and that benefit the country and communities in which the Company undertakes its operations.

The Contribution Policy set out in this document is of compulsory compliance by the entire organization, i.e., directors, senior managers, employees, temporary personnel, advisors and external collaborators.

The Company supports initiatives on social, cultural, environmental, sports, and artistic issues, and of scientific and technological dissemination, developed by companies and institutions that are formally established and duly authorized to receive such contributions under current legislation. To such effect, the Company may contribute in any way within the framework regulated by specific laws, like sports, cultural, social, political donations and others that might exist in the future, provided they strictly comply with laws when made.

The background information of the institutions being considered for the potential delivery of any benefit should be legally appraised, making sure that the granted contributions go to a worthy cause, and that the people in charge of managing them have no record that could create doubt about their intentions and task. The tax system to which the benefit will be subject shall also be identified.

Special care must be taken to make sure that the contributions made are targeted at benefitting the community. Each situation should be assessed so it cannot be construed by third parties as a way of influencing the performance of the authorities or control bodies. In particular, considering the scope of what is laid down in Law N°20.393 on the Criminal Liability of Companies, special care must be taken when making donations, providing sponsorship or support, to avoid that this action might contain contributions, invitations and/or gifts to public officials, people who are politically exposed or who belong to State companies in Chile and overseas.

The Company's policy states that donations, sponsorship or support are undertaken with appropriate control, based on procedures and with the due documentation, and following up on the actual use that the beneficiary or recipient has made with the contributions received.

This requires the implementation of tools to execute the generation, reception and assessment of applications, and the contribution delivery mechanism.

It is not permitted to make contributions in cash, whatever their nature.

## 2. PRINCIPLES AND DEFINITIONS

The principles and definitions mentioned below constitute the basis on which the Policy established by the Company are applied.

### 2.1 Responsibility

#### 2.1.1 Board of Directors

The Board of Directors is responsible for establishing and updating the Community Contribution Policy. It should provide management with the guidelines and rules on the delivery of resources and the associated budget.

#### 2.1.2 Management

Apart from being in charge of delivering the approved contributions, the Management is responsible for developing and applying the procedures needed for suitable control of the commitments, transactions or disbursements incurred in each contribution to third parties, be this in money, by delivering goods or in any other way, and their suitable accounting record.

Management must align the delivery of contributions with the budget authorized by the Board of Directors, and request its approval for those particular cases which are not included in this Policy, or when a specific situation creates doubt about its application.

### 2.1.3 Internal Audit and Person in Charge of Offense Prevention

The Internal Audit and the Person in Charge of Offense Prevention are in charge of verifying compliance with the Policy, the procedures and the current regulation. They must immediately report any irregularity detected to the Board of Directors and the CEO.

## 2.2 Definitions and Classifications

Donation, sponsorship or support shall be understood as any voluntary contribution made by the Company to a third party, which can be made in money, goods or services. These contributions must be distinguished from courtesies and gifts that Company representatives might make for institutional or commercial marketing purposes, which are regulated in the Company's Code of Ethics.

### 2.2.1 Types of Contribution

#### 2.2.1.1 Donation

This is a monetary or in-kind contribution made without there being or the parties binding themselves to a consideration in exchange.

By means of a donation, the Company contributes money or goods to develop an activity, create or improve infrastructure, or for services whose aim is to support the community, by contributions to non-profit organizations formally established and duly authorized to receive donations under current legislation.



Besides from exceptions duly authorized by the Board of Directors, the Company may only make donations when applicable legislation exempts the suggestion proceeding and the institution delivers the corresponding donation certificate.

### Recurring Contribution

Are those donations that are generally related to contributions to institutions with which a long-term commitment is made in the development of their activities. The list of these organizations is found in Annex N° 1. This may be updated and approved by the Board of Directors when necessary.

### Minor Contribution

They are those that are made for smaller amounts. The Board of Directors will define annually the total amount that the Management can allocate for these purposes and the maximum amount that can be delivered individually.

Examples of this type of contribution are: t-shirt game as a prize for a sports championship; solidarity contribution for victims; contributions for a holiday; implements for a registered office; transportation for some educational activity; etc. In any case, these contributions must always be made in accordance with the procedure established.

## Special Contribution

Are those donations that are not recurring and are above the thresholds defined as Minor Contribution. In these cases, the Management must submit the donation request to the Board of Directors, who must approve or reject this initiative.

### 2.2.1.2 Sponsorship

A sponsorship is an economic contribution to a certain project or activity, which commits whoever receives it to include the sponsor's name in dissemination and advertising. Unlike donation, the sponsor receives compensation by means of dissemination of its image, by appearing publicly in the activity or projects.

### 2.2.1.3 Support

This is the support the Company gives a certain project or activity, which does not involve providing resources but support with the Company's name and its prestige, which is understood as adding value to the party supported for the success of their management.

## 2.2.2 Areas Eligible for Contributions

The Company may generally make the contributions it deems suitable based on its business objectives, and senior management is responsible for their approval.

Among the different possible eligible areas, the following should preferably be considered:

- Research and development
- Education
- Culture
- Community equipment
- Environment
- Social welfare
- Health
- Art
- Sport

Any contribution that cannot be classified in any of the above categories must be presented to the Board of Directors for its consideration.

### 3. PROCEDURE

#### 3.1 Contribution Application

Any donation, sponsorship or support must be formally applied for in written document by the beneficiary, be this by letter or arranging a meeting with the Management, where the objectives and destinations of potential donations must be presented.

There may be exceptional cases in which donations are made to institutions that have not requested them. In another words, that the donation decision arises in the Company without an application by the beneficiary institution.

#### 3.2 Evaluation and Approval

Any received application for a donation must be assessed by the general management or the finance and administration management.

As a relevant part of the assessment process, it must be considered the background information of the beneficiary in terms of the established procedure of the organization, the probity of its main members and the destination of the financing or goods to be donated. Priority should be given to those organizations that can subsequently show the use of what they received for the purposes defined in the application. The appraisal should also consider the reasonableness of the amount requested in regard to the objective proposed.

Under the Offense Prevention Model (OPM), Management must verify if the new beneficiary is publicly exposed, is linked to a crime case described in Law 20,393 or has a material history. In case the query warns of any unusual situation, it will be analyzed by the person in charge of the OPM, who, based on the background, will recommend whether it is advisable to continue the donation process or not, documenting his recommendation.

If Management accepts this request, it must first evaluate the amount demanded, since if it exceeds the threshold of Minor Contribution, it must be approved by the Board of Directors.

In the case of Minor or Special Contribution, applicants must complete a form that will be provided by the Management, which will include information with the beneficiary's background and donation destinations. A signature of the CEO or CFO will be required as evidence of donation approval.

For the Beneficiaries of Recurring Contributions, indicated in Annex N° 1, during the year they may request the funds defined in the annual budget, through a formal document, either a letter or contribution agreements, indicating the amount and dates that need resources. The evidence of approval of the donation shall be deemed to be fulfilled with the signature of the proxies in the respective documents.

### 3.3 Contribution Record, Backup and Documentation

The Company should create and keep an updated record of the applications received. Such record should at least contain the following information:

- Full information of the applicant: taxpayer code number, company name, company information, objective of the application, and amount.
- Result of the review of the background information of natural people and companies on the OFAC, PEP and public official lists.
- Details of transactions, disbursements or contributions arising from the resolution.
- Accounting account to record the contributions made.
- Certificates or other formal documents to back up that the donation, sponsorship or support were actually made, and eventually to access the tax exemptions or benefits applied to it.
- Documentation of the follow-up action taken, ideally photographs of what was done, annual reports, press cuttings, videos, interviews of those who benefitted, etc.

In no case may a donation or sponsorship be given in cash. It must always be undertaken by a check with the name of the beneficiary institution and may not be issued in the name of a third party.

There are specific laws that regulate how to provide, record and control certain kinds of donations (sports, culture and others). Should a donation be in the scope of such laws, the record and control action announced are notwithstanding the rigorous oversight established therein.

## 3.4 Annual Budget

3.4.1 Management must submit an annual budget for donations, sponsorship and support, along with an overall budget for minor contributions. Moreover, it shall inform the maximum amount for each one of these budgets, which shall be formally approved in a Board meeting.

3.4.2 Management may process and make the contributions stated in the budget approved by the Board of Directors without needing to request approval for each case.

3.4.3 Any contribution that exceeds the annual budget for donations, sponsorship and support must be formally approved by the Board of Directors.

## 3.5 Report

The CEO shall inform the Board of Directors twice a year and submit copy of the applications for donations, sponsorship or support received, detailing the amounts and / or valuing the goods actually delivered or committed. The report must also indicate the total amount actually delivered to date, compared to the annual amount authorized.

#### 4. APPROVAL AND MODIFICATIONS

This Manual was approved by the Company Board of Directors in a board meeting held on December 20, 2018. Should modifications be made, this section shall contain the date the Company Board Meeting was held approving such modification.

#### 5. EFFECTIVENESS

This Manual shall be effective as of December 20, 2018 and shall be indefinite, provided that the Company Board of Directors does not adopt another resolution about it.

#### 6. DISSEMINATION MECHANISMS

The complete and updated text of this Manual shall be made and kept available for interested parties on the Company website ([www.empresascopec.cl](http://www.empresascopec.cl)).



## 7. ANNEXS

### 7.1 Annex N° 1

Recurring institutions:

1. Fundación Copec – UC
2. Enseña Chile
3. Centro de Estudios Públicos
4. Fundación Belén Educa