



CORPORATE GOVERNANCE  
PROCEDURES  
EMPRESAS COPEC S.A.

## INDEX

1. DIRECTOR INDUCTION PROCEDURE .....	3
2. BOARD TRAINING PROCEDURE .....	9
3. POLICY ON HIRING BOARD ADVISORY SERVICES.....	12
4. DIRECTOR APPLICATION POLICY AND PROCEDURE .....	15
5. ANALYSIS AND ASSESSMENT MANUAL ON INFORMATION OF MARKET INTEREST .....	18
6. CEO AND/OR SENIOR MANAGER REPLACEMENT PROCEDURE.....	23
7. GUIDELINES AND POLICY ON SALARIES, SEVERANCE AND INCENTIVES FOR SENIOR MANAGERS AND MANAGERS .....	27

## 1. DIRECTOR INDUCTION PROCEDURE

### 1.1 Introduction

This document sets out the induction process for new directors joining the Company.

The aim of the induction process for a new Director is for him or her to get to know and understand the Company, its business, risks, including sustainability, policies, procedures, main accounting principles and the most important current legal framework applicable to the Company and Board of Directors.

This process as a minimum entails delivering an Informative Dossier about the Company, conducting induction talks, interviews and possibly visits to facilities.

The Company CEO is the person in charge of the induction process. For this, he must co-ordinate with staff under his direct supervision the delivery of information on the important specific aspects mentioned in this Procedure.

## 1.2 Informative Dossier about the Company

As part of the induction process and so the new Director knows the legal framework applicable to the Company and Board, and how its organization is structured, the director will receive the Informative Dossier about the Company from the CEO, which shall at least contain the following:

### a) Regulations:

- Law N°18.045 – Law on the Securities Market
- Law N°18.046 – Law on Corporations
- Regulation on Corporations
- Law N°20.393 and its amending laws– Law that establishes the criminal liability of companies
- Decree Law N°211 – Promotion and Defense of Free Competition
- SVS-NCG N°30: Regulations for the registry of issues and securities of public offering in the Securities Registry, their dissemination, placement and information obligations. This also includes regulations on essential events and of market interest and their disclosure.
- SVS-NCG N°270: Dissemination of policies and procedures on the purchase or sale of securities of the entity and the handling and disclosure of information for the market.

- SVS-NCG N°385: Disclosure of information on the corporate governance standards embraced by publicly traded corporations.
- SVS-NCG N°386: This adds the requirement of information on corporate social responsibility and sustainable development in the annual report of publicly traded corporations.

b) Corporate Documents:

- By-laws
- Code of Ethics
- Offence Model and Prevention Policy
- Manual on Handling Information of Market Interest
- Annual Report of the last three years
- Risk Management Policy
- Updated Risk Matrix
- Community Contribution Policy
- Sustainability Policy
- Non-discrimination and Diversity Policy (if it exists)
- Internal Control Policy
- Board Advisory Policy
- Order, Hygiene and Safety Regulation

- Whistleblowing channel – “Hotline”
- Board meeting minutes of the last two years
- Directors’ Committee minutes of the last two years
- Any other procedure, policy or manual on the framework of NCG N°385

### 1.3 Induction Talks

The CEO, eventually with the support of senior managers, must make a presentation to the new Director which at least addresses the following issues:

- Company history/description
- Mission/vision and strategic objectives
- Ownership structure
- Company organization chart, including descriptions of the key functions
- Code of Ethics
- Conflicts of interest and how they are resolved
- Business environment: markets, competition, trends, etc.
- Significant stakeholders and mechanisms for getting to know their expectations
- Review of the balance sheet, statements of income and cash flows

- Review of cash management and the treasury
- Main investment projects
- Main accounting principles
- Investment policy
- Audit reports
- Internal control model
- Risk management
- Applicable legal and regulatory framework
- Offense prevention model

#### 1.4 Interviews

The CEO shall, upon the request of a new director, arrange interviews with the senior managers indicated by him. The aim of these interviews shall be to provide further information about the financial statements, performance of the main businesses, investments, and projects of the company, and financial investment policy, among others.

#### 1.5 Visits

Likewise, the CEO may arrange visits to the facilities of subsidiaries when he deems it fit for suitable understanding of their business.

## 1.6 Approval and Modifications

This procedure was approved by the Company Board in a meeting held on April 30, 2020, and it shall replace the previous document that was in force as of December 30, 2015. Should any modifications be made, the date of the Company Board meeting approving such modification shall be stated in this section.

## 1.7 Effectiveness

This document shall come into force as of the date indicated above and shall have indefinite duration unless the Company Board reaches another decision about it.

## 1.8 Disclosure Mechanisms

The full and updated text of this document shall be made and kept available for Directors.

## 1.9 Safekeeping

The Secretary to the Board shall be responsible for the safekeeping of the Director Induction Procedure.



## 2. BOARD TRAINING PROCEDURE

### 2.1 Introduction

This document sets out the permanent training procedure for the members of the Board.

The aim of the training procedure is once a year to update the knowledge of each one of the members of the Board on the following issues:

- The best corporate governance practice embraced by other Chilean and international entities.
- Main Chilean and international progress on inclusion, diversity and sustainability reports.
- Main risk management tools, including those for sustainability, put in place in Chile and internationally.
- The most important court verdicts, penalties or judgements that have occurred in Chile and abroad on obligations of care, confidentiality, loyalty, diligence and reporting.
- Situations that could lead to a conflict of interest and how they can be avoided or resolved in the best social interest.

## 2.2 Procedure

Once a year, the Company shall conduct with at least three consultants a tender for the Board training program on the issues mentioned.

The bids shall be presented to the Board for its choice and approval.

Details about the topics and dates of the training program selected and undertaken by the Board shall be published on the Company website.

## 2.3 Approval and Modifications

This procedure was approved by the Company Board in a meeting held on December 30, 2015. Should any modifications be made, the date of the Company Board meeting approving such modification shall be stated in this section.

## 2.4 Effectiveness

This document shall come into force as of the date indicated above and shall have indefinite duration unless the Company Board reaches another decision about it.

## 2.5 Disclosure Mechanisms

The full and updated text of this document shall be made and kept available for Directors.

## 2.6 Safekeeping

The Secretary to the Board shall be responsible for the safekeeping of the Board Training Procedure.

### 3. POLICY ON HIRING BOARD ADVISORY SERVICES

#### 3.1 Scope

The Board may hire consultants for accounting, economic, tax, financial, investment and legal issues, or for those it deems it is necessary to get the opinion of an expert. The fact that the company management already has an advisory service for this does not limit this faculty of the Board.

In any case, the Board shall have the expertise and experience of its members, striving so the specific competencies that its own members may have make a contribution to the development of corporate activities.

Notwithstanding the foregoing, it should be recalled that it is the company managers who, as part of their faculties, usually request advisory services on specific issues when they ask for the opinion of an expert. The result of such advisory services shall be made available to directors, if they so require.

#### 3.2 Policy

It is the Company's policy that advisors be selected from entities or experts with renowned prestige and experience on issues to be consulted so as to get a top-rate service.

Advisors must be independent when giving their opinion. The Company will therefore give preference to hiring advisors with no conflicts of interest.

When selecting the advisory service provider, the Company will give preference to technical aspects and suitability over economic factors.

The cost of the advisory service commissioned must be in line with market values and the works requested must be documented suitably.

### 3.3 Advisory Service Hiring Procedure

To agree on the hiring of advisory services, any director is entitled to propose this in a Board meeting. The Board shall assess the merits of the request and the estimated cost. The agreement or rejection reached, which shall be stated in the Board meeting minutes, shall be made by simple majority.

### 3.4 Budget

The Board shall always have a sufficient and suitable budget to hire advisory services.

### 3.5 Approval and Modifications

This policy was approved by the Company Board in a meeting held on December 30, 2015. Should any modifications be made, the date of the Company Board meeting approving such modification shall be stated in this section.

### 3.6 Effectiveness

This document shall come into force as of the date indicated above and shall have indefinite duration unless the Company Board reaches another decision about it.

### 3.7 Disclosure Mechanisms

The full and updated text of this document shall be made and kept available for Directors.

### 3.8 Safekeeping

The Secretary to the Board shall be responsible for the safekeeping of the Advisory Service Hiring Procedure.

## 4. DIRECTOR APPLICATION POLICY AND PROCEDURE

### 4.1 Policy

Any natural person who is the free administrator of his or her goods and is not included in any of the cases expressly indicated in articles N°35 and N°36 of Law N°18.046 can be elected a company director. To be an independent director, the conditions set out in article 50 bis of Law N°18.046 must also be met.

Shareholders who wish to promote an application by anyone to be a director or who wish to apply directly, can send their personal information or that of the person they are proposing to the Company CEO at least two business days before the Shareholders' Meeting is held, be this by means of electronic mail to the address: [wmaster@empresascopec.cl](mailto:wmaster@empresascopec.cl), or by letter delivered directly in person.

To such end, applicants shall provide the following information:

- Candidate's experience and professional profile.
- Declaration by the candidate stating acceptance of his or her nomination and meeting the requirements to fill the position laid down by law and its regulation.

The Company shall not be responsible for the truth of the information provided but shall be limited to receiving it and making it available to shareholders through the website.

It is the Company's policy not to influence its shareholders by indicating the skills, conditions, experience and vision candidates must have to be a director. It is understood that shareholders have the knowledge and criteria to define the director profile.

## 4.2 Procedure

The CEO shall make available the information received about the experience and professional profile of candidates to shareholders on the Company's website at least two business days before the Shareholders' Meeting.

## 4.3 Approval and Modifications

This policy was approved by the Company Board in a meeting held on December 30, 2015. Should any modifications be made, the date of the Company Board meeting approving such modification shall be stated in this section.

## 4.4 Effectiveness

This document shall come into force as of December 30, 2015 and shall have indefinite duration unless the Company Board reaches another decision about it.



## 4.5 Disclosure Mechanisms

The full and updated text of this document shall be made and kept available for directors and shall be posted on the website.

## 4.6 Safekeeping

The Secretary to the Board shall be responsible for the safekeeping of the Director Application Policy and Procedure.

## 5. ANALYSIS AND ASSESSMENT MANUAL ON INFORMATION OF MARKET INTEREST

### 5.1 Definitions

For the effects and purposes of this document, the terms and abbreviations indicated below are defined and shall be construed as follows:

- Stock Markets or Stock Exchanges: these are the stock markets in which the company operates or is registered.
- Company: Empresas Copec S.A.
- Board of Directors: the Company Board of Directors.
- Information: essential information, information of market interest, that which is for shareholders, and that delivered to the Superintendency of Securities and Insurance (SVS), insider information and confidential information, as such terms are defined in the Information Handling Manual.
- LMV: Law N°18.045 on the Securities Market.
- LSA: Law N°18.046 on Corporations.
- Information Analysis and Assessment Manual: This manual approved by the Board on this date, issued pursuant to section 2.f) of NCG N°385.

- Information Handling Manual: the manual approved by the Board in a meeting held on March 30, 2010, issued pursuant to NCG 270 of the SVS.
- NCG: General Regulation.
- SVS: Superintendency of Securities and Insurance.

Other terms not defined in this section shall, for the effects and purposes of this Manual, have the meanings given them in the Information Handling Manual, the LMV, LSA, SVS and other applicable laws and regulations.

## 5.2 Purpose

The purpose of this manual is to create mechanisms that facilitate the analysis, detection and assessment of there being enough, timely, pertinent and easiness of knowledge of the various disclosures the Company makes to the market so the Board possibly determines the need of improving the information provided.

### 5.3 Application and Implementation Scope

- The provisions of this manual apply to any disclosure of information to the market made in accordance with the Company's Manual on Handling Information of Market Interest.
- The provisions of this manual shall be mandatory for directors, the CEO, senior managers, administrators, employees and advisors with access to confidential information, and the Company's internal and external auditors.
- The CEO, and replacing him the CFO, shall be in charge of disseminating, enforcing and safeguarding the execution of the regulations and procedures of this manual. Notwithstanding this, and only in qualified and extraordinary cases, such managers may delegate one or more of their functions under this manual to other company managers, but they are always responsible for such delegation to the Board and must inform it of the or those delegations in the next Board meeting closest to the date of the delegation date.
- The content of this manual shall be construed notwithstanding the legal obligations and responsibilities applicable to the Company, its directors, managers and senior executives.
- The provisions of this manual shall come into force when it has been approved by the Board.

## 5.4 Procedure

- a) The analysis and assessment of whether there is sufficient, timely, pertinent and easiness of understanding of the information shall be undertaken according to the following procedure:

The CEO shall maintain a chronological, physical or virtual record of any disclosure of information to the market made by the Company, which shall contain (i) the date and time of the disclosure and its publication if this is different from the former<sup>1</sup>; (ii) medium or media to which the disclosure is made; and (iii) the person that made the disclosure.

Likewise, the CEO shall maintain a chronological, physical or virtual record of all communications received from the SVS, Stock Markets or similar public bodies concerning information that has been disclosed, which shall contain (i) the date and time of the communication; (ii) medium or media in which the communication was received; and (iii) the person that made the communication.

The CEO shall inform the Board of the information disclosed by the Company.

The Board may request additional or complementary information from the CEO and shall analyze whether the information disclosed is sufficient, clear, timely and pertinent.

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<sup>1</sup> For example, the date and time when the communication is made to a newspaper, and date and time when it is published.

- b) In the January Board meeting of each year, the Board shall review whether there is sufficient, timely, pertinent and easiness of understanding of the information disclosed to the market and, should it deem it necessary, it shall propose improvements of such information.

## 5.5 Approval and Modifications

This policy was approved by the Company Board in a meeting held on December 30, 2015. Should any modifications be made, the date of the Company Board meeting approving such modification shall be stated in this section.

## 5.6 Effectiveness

This document shall come into force as of the date indicated above and shall have indefinite duration unless the Company Board reaches another decision about it.

## 5.7 Disclosure Mechanisms

The full and updated text of this document shall be made and kept available for Directors.

## 5.8 Safekeeping

The Secretary to the Board shall be responsible for the safekeeping of the Analysis and Assessment Manual on Information of Market Interest.

## 6. CEO AND/OR SENIOR MANAGER REPLACEMENT PROCEDURE

### 6.1 Definitions

For the effects and purposes of this document, the terms and abbreviations indicated below are defined and shall be construed as follows:

- Company: the publicly traded corporation called Empresas Copec S.A., registered in the Securities Registry of the SVS.
- Board of Directors: the Company Board of Directors.
- Senior managers: just for the effect of this procedure, the CEO and those managers who report directly to him are the senior managers.
- LMV: Law N°18.045 on the Securities Market.
- LSA: Law N°18.046 on Corporations.

Other terms not defined in this section shall, for the effects and purposes of this document, have the meanings given them in the LMV, LSA, Code of Trade, the SVS and other applicable laws and regulations.

## 6.2 Purpose

The Company's Board has approved the following CEO and/or Senior Manager Replacement Procedure.

Its aim is to have a mechanism that facilitates the right operation of the Company in the absence of the CEO or senior managers.

## 6.3 Application and Implementation Scope

The provisions of this manual apply to the CEO and senior managers.

## 6.4 Procedure

In cases of unforeseen non-appearance, need of replacement, absence, resignation or for any other case or circumstance entailing the absence of the CEO or one or more of the senior managers of the Company, the following procedure shall be applied:

- a) The CEO, who is appointed by the Board, shall propose a potential replacement for his position and for the senior managers. The person may be different from the one replacing him in usual situations, like vacations or sick leave.
- b) The Board shall issue a decision on the CEO's proposal. If it rejects the proposal, other alternatives shall be presented. Notwithstanding this, the CEO or corresponding senior manager shall be responsible for keeping the person who usually replaces him duly trained and informed about his work in usual situations, such as vacations or



- sickness, and must in any case not breach the confidentiality obligations inherent to the exercise of his position.
- c) In cases of non-appearance, absence, resignation or for any other case or circumstance entailing the permanent and unforeseen absence of the CEO or one or more of the senior managers of the Company from their functions in the company, the person appointed for this as stated in letters a and b shall temporarily act in such position.
  - d) For the definitive appointment, and in the case of the CEO, the Board shall ratify the person appointed to act temporarily or will launch a process to find other candidates, be they internal or external, with or without the help of professional headhunting companies.
  - e) In the case of senior managers, the Board, knowing the opinion of the CEO, shall ratify the person appointed to act temporarily or will ask for a process to be started to find other candidates, be they internal or external, with or without the help of professional headhunting companies.
  - f) Lastly, and notwithstanding the foregoing, the foreseeable replacement processes, or which can be managed in due advance, shall be undertaken by means of normal job position selection systems, which shall be managed by the Board for the case of the CEO, and by the latter for senior managers.

## 6.5 Approval and Modifications

This policy was approved by the Company Board in a meeting held on December 30, 2015. Should any modifications be made, the date of the Company Board meeting approving such modification shall be stated in this section.

## 6.6 Effectiveness

This document shall come into force as of the approval date already indicated and shall have indefinite duration unless the Company Board reaches another decision about it.

## 6.7 Disclosure Mechanisms

The full and updated text of this document shall be made and kept available for Directors.

## 6.8 Safekeeping

The Secretary to the Board shall be responsible for the safekeeping of the CEO and/or Senior Manager Replacement Procedure.

## 7. GUIDELINES AND POLICY ON SALARIES, SEVERANCE AND INCENTIVES FOR SENIOR MANAGERS AND MANAGERS

### 7.1 Objective

To align, with the right compensation policy, the quality of the management and priorities of the Company's senior managers to the Company's mid- and long-term objectives.

As a result of this, the acts of senior managers that are not in keeping with the Company interests should be eliminated, or those that expose it to risks that breach the Company's policies, and cases when this occurs should be detected timely.

### 7.2 Scope

These guidelines particularly apply to the CEO and senior managers of the Company.

### 7.3 General Policies

- a) The salaries of the CEO and senior managers must essentially be governed by market factors.
- b) The salaries of the CEO and senior managers shall have a fixed component and may also have a variable one too. The Company should strive for the variable salary to motivate managers to obtain large achievements that meet the company's mid- and long-term expectations.

- c) The fixed salaries of the CEO and senior managers should be for performance that leads to reasonably satisfactory achievements of profitability and sustainability of the company in the long term, with the variable salaries related to getting large benefits above the basic performance expected.
- d) On determining the salaries of senior managers, the general interests of the Company should be considered, along with the specific targets and incentives for the respective areas.
- e) The performance of senior managers shall, whenever possible, be assessed with measurable performance factors of an objective nature that are related to the Board's guidelines.
- f) When variable salaries are established, the Company should take special care for this not to lead to managers to tend to present inflated profits, or endanger the company's financial health or sustainability.
- g) Due to this, it is the Company's policy not to establish incentives or severance based on achieving profits or accrued but unrealized benefits, whose final situation could change in the future. The Company will also strive to avoid establishing incentives based on measuring partial aspects, whose achievement could lead to the deterioration of other aspects that are also necessary for the Company. An illustration of this is the incentive to increase sales without a suitable price policy, or in the credit quality of the

portfolio, or achieve project termination dates without considering the quality of their design and construction.

- h) The severance pay for senior managers for termination of work contracts shall be subject to market conditions for managers of a similar level in equivalent companies.

#### 7.4 Approval and Modifications

This policy was approved by the Company board in a meeting held on December 30, 2015. Should any modifications be made, the date of the Company board meeting approving such modification shall be stated in this section.

#### 7.5 Effectiveness

This document shall come into force as of the date indicated above and shall have indefinite duration unless the Company Board reaches another decision about it.

#### 7.6 Disclosure Mechanisms

The full and updated text of this document shall be made and kept available for Directors.

## 7.7 Safekeeping

The Secretary to the Board shall be responsible for the safekeeping of the Guidelines and Policy on Salaries, Severance and Incentives for managers and/or senior managers.