FINANCING POLICY
EMPRESAS COPEC S.A.

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Financing Policy

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Free translation from the original in Spanish

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1. General Concepts

1.1 General information

This Policy is approved by Empresas Copec Board of Directors and its enforcement shall be supervised by the Management. The policy must be ratified or updated at least once every three years.

1.2 Objectives

The objective of this policy is to guide decision making related to financing, seeking sustainable management in this area. Capital management is sought to ensure:

- The normal functioning of operations and business continuity in the long term;
- Secure financing for new investments in order to maintain sustained growth over time;
- Maintain an appropriate capital structure, in line with the economic cycles that impact the business and the nature of the industry;
- Maximize the value of the Company, providing appropriate long-term return to shareholders.

In order to meet the above objectives, three key pillars are considered:

- Financial Strength:
    - Efforts will be made to maintain credit metrics at levels consistent with an Investment Grade risk rating.
    - The dividend policy should remain stable as long as the Investment Grade is not at risk.
    - Liquid funds must be able to cover short-term commitments.

- Optimal allocation of capital:
    - Exercising its rights as shareholder and controlling company in accordance with the law, the parent company will ensure that the net debt of the subsidiaries is kept at reasonable levels in accordance with the approved investment projects, and without unjustified excess cash. It is in the interest of Empresas Copec S.A. that the metrics of its main subsidiaries are in line with the requirements to be an investment grade company.
    - Borrowing channels shall be the most appropriate, considering all available options and conditions in terms of maturities, rates, domestic or foreign financial institutions, direct borrowing with placements of securities in the market, diversification of sources, etc. Management will plan financial needs in a timely manner to anticipate access to financial markets and secure the best conditions.
    - Transfers of financial resources to subsidiaries shall follow market criteria.

- Strategic flow matching:
  - Debt maturities should be properly distributed over time and reasonably matched with the cash flows generated by operations.
  - Debt must be mainly denominated in its corresponding functional currency, as indicated in point 2.4.

1.3 Scope

This policy is applicable to Empresas Copec S.A. In addition, its general guidelines will be made known to the main subsidiaries, so that they can be evaluated by them.

It is worth mentioning that, by including metrics and targets for debt levels, this policy also has an impact on Empresas Copec's investment decisions. Therefore, it is considered appropriate that all relevant investment projects be accompanied by an analysis of the impact on financial metrics.

In the event of an unexpected event, occurrence, fact or change that individually or jointly could have a material adverse effect on the business, financial conditions, assets, financial or operating results, cash flow and/or on the fulfillment of Empresas Copec's contractual obligations, guidelines set forth in this policy may be revised.

2. Debt Structure

2.1 Maximum debt levels

There will be two debt measures to be monitored:

NFD/EBITDA: This metric indicates operating cash flows necessary to cover net financial debt. Given the volatility of EBITDA, a simple 5-year average NFD/EBITDA will be used (two years back, the current year, and two years projected), based on projections by the Finance Management. A consolidated target range between 2.0 and 3.0 times EBITDA will be sought, and contingency measures should be designed once this ratio exceeds 3.5 times, in order to avoid exceeding a value of 4.0.

NFD/EQUITY: This metric indicates the ratio between the Company's current equity and net financial debt. The maximum amount for this consolidated ratio will be 1.2 times, but a target value of less than 1.0 times is sought.

2.2 Maturities

Empresas Copec's consolidated debt maturities must be properly distributed over time. For consolidation purposes, the parent company will monitor the debt of its subsidiaries and, exercising its rights as shareholder and controlling company in accordance with the law, will ensure that significant refinancing risks are avoided and that maturities are reasonably matched to the cash flows generated by operations.

It seeks that the maturities for the current year and the next four years should not exceed 70% of gross debt. Additionally, no more than 30% of the total debt should mature during a specific year. Exceptions to this point can be made as long as the excess debt is backed by future cash flow, such as asset sales.

2.3 Liquidity

Empresas Copec will seek to maintain at least enough liquidity to cover the expected cash deficit for the next 12 months. Liquidity means funds held in cash or cash equivalents, outsourced portfolios, lines of credit and other instruments that allow quick access to funds.

In addition, it will ensure that a minimum cash balance equivalent to 0.5% of consolidated assets is maintained in the parent company.

2.4 Debt in Functional Currency

The net debt exposure must be mainly in the same currency in which the cash flows for debt repayment will be received. In the event that these sources are not specified, the company's functional currency shall be preferred.

3. Contingency Plans

This section proposes examples of action plans to be implemented in case any of the above requirements may not be met.

3.1 Debt levels

In the event that debt levels exceed those stated in the above criteria, one or more actions related to the following will be considered:

- Cut investments.
- Operational efficiencies.
- Empresas Copec dividend policy.
- Asset sale.
- Capital increase.

Additionally, in the event that any subsidiary has adjusted metrics, actions may be considered, such as:

- Capital contributions to the subsidiary.
- Modify subsidiary dividends.

3.2 Maturities

In the event that the maturity profile is not within the established parameters, the following is recommended:

- Refinance debt.
- Prepay debt.

3.3 Liquidity

In the event that liquidity is below expectations, debt, lines of credit or other instruments to improve liquidity will be considered.

3.4 Currencies

In the event that the currency profile of the debt does not fall within the parameters set forth in the preceding chapters, the following will be evaluated in order to have it nominated in the appropriate currencies:

- Taking derivatives and hedging debt.
- Refinance debt.

4. Efficiency in Financing sources

Lower financial costs and better loan conditions

Borrowing channels shall be the most efficient for each term, and they shall be the most appropriate to meet the maturity distribution objectives. Empresas Copec will consider banking and public sources (when applicable) when making financing decisions.

Empresas Copec shall make available to its subsidiaries access to public debt markets, since this may allow them to borrow on better terms at certain maturities. In the event that this alternative is chosen, the subsidiary will be granted an internal loan at market rates.

In compliance with the applicable legal requirements, Empresas Copec may provide guarantees for debts taken by subsidiaries and/or related companies, provided that this does not put the Company's financial stability and the indicators mentioned in this policy at risk. To calculate them, guarantees in force will be included.

Excess cash and subsidiary dividend policy

Unjustified excess cash may be withdrawn from certain subsidiaries and made available to the parent company to help finance or support business opportunities within the group, or to strengthen subsidiaries that may be in a more vulnerable credit situation. Cash analyses will consider the nature of each industry and the corresponding investment plans, among other factors.

This will be materialized through payment of dividends from the subsidiaries to the parent company, which will vary according to the situation and needs of each of them at any given time. It is in Empresas Copec's interest that the metrics of its main subsidiaries are in line with the requirements to be an investment grade company.

Funds raised through dividends will be managed at the parent company and invested and/or distributed in accordance with the Company's Financial Investment Policy and Dividend Policy.

Subsequently, the parent company may allocate funds for the use of its subsidiaries, as they request, subject to the approval of Empresas Copec's Management and Board of Directors.

5. Definitions

Financial Debt: (Other current financial liabilities + Current lease liabilities + Other non-current financial liabilities + Non-current lease liabilities + Non-current lease liabilities)

Cash: Cash and Cash Equivalents + Other current financial assets - Derivatives or other non-cash items (Forwards and Swaps)

Net Financial Debt: Financial Debt - Cash

EBITDA: Income from activities - Cost of sales - Distribution costs - Administrative expenses + Depreciation and Amortization + fair value of timber harvested

EQUITY: Equity attributable to owners of the controlling company + Non-controlling interests

Net Financial Debt/ Ebitda (NFD/EBITDA): Net Financial Debt/ (EBITDA last twelve months)

Net Financial Debt/ Equity (NFD/EQUITY): Net Financial Debt / Equity

Functional Currency: Currency of the primary economic environment in which the Company operates