

# Letter from the Chief Executive Officer

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## Dear friends:

I am pleased to present the Seventh Sustainability Report of Empresas Copec. This report has been produced in the midst of a period of major changes in Chile and the world, driving a renewed vision and new challenges in the area of sustainability.

This will be the last year that we will publish the report in a separate document. Starting next year, the report will be released on the same date and will be integrated into the Company's Annual Report.

The practice of reporting the sustainable management of Empresas Copec and its subsidiaries, which began in 2005, has evolved in line with the corporations and, as a result, the focus of this Report, produced under the methodologies of the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB), has expanded from the creation of shared value and the contribution to the Sustainable Development Goals of the United Nations, to the global consensus on new metrics of financial transparency currently required by sustainability.

Employees, shareholders, customers, suppliers and citizens are all demanding

that companies play a role in the search for solutions to today's huge challenges, so that the way in which we relate to the environment and communities, and provide ourselves with the appropriate governance for sustainable management, are becoming increasingly important. Our conviction is that sustainability is at the heart of creating long-term value for all our stakeholders.

Today, humanity is facing major crises of various kinds: health, social, political, economic and the most complex of all: the climate change.

Despite the efforts of the public and private sectors, the environmental emergency is affecting the lives of billions of people around the world, as shown by the recent report of the Intergovernmental Panel on Climate Change (IPCC). Unfortunately, until recently unimaginable events have forced the world to rethink its focus, and while climate change continues to be a topic of debate, many of the actions needed to address it have been slowed. Today, it is necessary to move towards a new balance, capable of rebalancing our priorities.

The World Economic Forum's recent Global Risk Report 2022 survey shows

that the three most severe risks on a global scale perceived for the next 10 years are climate-related: failure of climate action, extreme temperatures and loss of biodiversity. We are aware that postponing climate change fight is not an option. The science has been clear, and today it is necessary to insist more strongly than ever on the need for a clear and orderly path to the desired Net-zero.

Thus, with the goal sufficiently agreed upon, the invitation is to focus on how to accelerate the adaptation, in a short period of time, of our production systems to ensure development aligned with a positive social and environmental impact. The task is difficult, but possible.

As a company focused on creating value from natural resources, Empresas Copec has a long history of being close to the environment. Throughout our history, one of the great lessons we have learned has been to understand how the different ecosystems are the basis for creating solutions to climate change.

This is one of the approaches that the Company has embraced for the development of concrete actions and goals that contribute to achieving the new objectives, agreed in November 2021, during the COP 26 held in Glasgow, to

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contain global temperature rise by 1.5°C, based on the Paris Agreement. Against this backdrop, our subsidiaries are showing clear signs of leadership.

Our subsidiary ARAUCO, for example, whose forestry assets include 400,000 hectares of native forest, a home to invaluable endemic flora and fauna but also an essential carbon sink, became the first forestry company in the world to certify its carbon neutrality at the end of 2020. This, of course, is complemented by a broad strategy for the preservation of water resources, as well as permanent reforestation and fire prevention plans.

During 2021, the subsidiary launched an environmental impact study as part of the evaluation of a new medium-density fiberboard (MDF) production line in Mexico. With an estimated investment of US\$ 200 million, which will incorporate state-of-the-art operational and environmental technology and will be supplied through a circular economy model, it will empower small local forestry producers, safeguarding the ecosystemic values of its surroundings.

Copec, meanwhile, released its Climate Change Declaration in 2021, which proposes a planned and realistic path that will enable it not only to achieve carbon neutrality by 2030, but also the goal of distributing and marketing a higher share of renewable energies than fossil fuels by 2050.

Through a strategy that involves placing innovation and technology at the core of its work, the subsidiary is determined to accelerate the energy transition in Chile and the region. Thus, after

creating the most extensive fast-charging infrastructure for electric vehicles in South America, and after expanding the benefits of sustainable mobility to public transport, inaugurating the Electroterminal in Maipú, Copec Voltex was awarded the construction of 10 of the 13 new electric terminals tendered for Greater Santiago in 2021. Therefore, Copec will power more than 1,000 buses in the RED system, that is, nearly 60% of public transport in the entire Metropolitan Region.

At the same time, the creation of a broad innovation ecosystem that connects Silicon Valley with Latin America is enabling Copec to expand the distribution and use of renewable energies at an accelerated pace. A clear example is its subsidiary Flux Solar, which won a tender in 2021 to install 300 photovoltaic panels in the Metropolitan and Maule Regions, as part of a program of the Ministry of Energy and the Energy Sustainability Agency to promote the use of solar energy.

Copec's strong drive towards the transition to renewable energies is also extending to other countries in the region. For example, together with its subsidiary Terpel, it signed a distribution agreement with the Catalan company Wallbox, for the sale and installation of intelligent residential chargers in the different countries where it operates. In Colombia, Terpel installed the first solar self-generation plant at the La Vallenata service station, allowing it to produce close to 50% of its consumption. It also inaugurated the first fast-charging network for electric vehicles in Panama.

Abastible is also developing innovative energy solutions based on a model of strategic alliances with companies from different sectors for the implementation of energy efficiency projects that are enabling them to reduce their carbon footprint. In addition, the subsidiary developed a service with Blockchain technology that allows certifying energy efficiency and emissions reduction.

In the fisheries sector, meanwhile, our subsidiary Orizon was one of the companies that partnered with Abastible to implement, at its Coronel plant, an efficient steam generation project with cutting-edge technology, which will increase efficiency by about 15% and reduce emissions of greenhouse gases, particulate matter, sulfur oxide and carbon dioxide.

Another case that shows the company's transversal drive to promote the energy transition is the Arica plant of our subsidiary Golden Omega, which is using renewable energy in all its processes, thanks to which it became the first company in its field, globally, to obtain the Green-e™ Energy certification.

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In the educational area, for example, in 2021, together with the Belén Educa Foundation, we carried out, for the first time, a Pilot Tutoring Program in English,

which aims to help second and third grade secondary school students to enhance their learning of the language. In addition, outstanding students of the Foundation received the Anacleto Angelini Academic Excellence Scholarship to finance their professional-technical careers.

Abastible, for its part, for the second consecutive year, joined Techo-Chile's "Chile Comparte Calor" campaign, committing an initial donation of 4,500 gas refills for families, community kitchens and shanty towns throughout the country.

To thank the vocation and commitment shown by health workers in the midst of the crisis, the subsidiary Copec carried out the first stage of its "Hospitals" initiative, delivering breakfasts and snacks to all the personnel of the 14 medical centers with the greatest coverage in the Metropolitan Region.

In addition, at Empresas Copec we are aware that sustainable management requires governance with a comprehensive vision, which, while knowing and considering the interests and needs of each of our stakeholders, is capable of aligning the different strategies behind a long-term purpose, located at the heart of our business.

Thus, in recent years the different subsidiaries have continued to strengthen their standards of transparency and diversity in decision-making. For example, while Terpel currently has 28% independent directors, Abastible has 57% and has appointed 29% women. Likewise, in 2021, two new female directors joined



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our board of directors, one of them as independent.

With regard to transparency, during the past fiscal year we achieved important goals. For example, a Financial Policy was designed, which establishes the Company's financing actions, and a "Message from the CEO" was implemented periodically to keep our investors constantly informed of our financial performance.

On the other hand, Empresas Copec joined in 2021 the Global Compact initiative, created by the United Nations to promote sustainability in companies, through the commitment to implement principles, plans and concrete programs around human rights, labor relations, environment and anti-corruption methods.

Initiatives such as these have led the Company to be recognized, for example, by the MERCO Corporate Responsibility and Governance 2021 study, ranking first among holding companies. The same ranking placed Copec and Abastible in first and fourth place, respectively, in the Energy and Distribution category. ARAUCO received second place among forestry companies.

The Company has also been recognized this year by the world's leading sustainability indexes, being selected, for the first time, as part of the S&P Global Sustainability Yearbook, which highlights those companies with the best ESG performance in their industry. In addition, the Company was selected, for the sixth consecutive year, to be part of the Dow Jones Sustainability Index Chile and, for

the fourth time, the DJSI MILA, along with joining the local S&P IPSA ESG Tilted Index, which are based on ESG principles to select and weight the performance of some of the largest and most liquid stocks listed on the Stock Exchange.

For each of these achievements and recognitions, we can be proud. They, certainly, reinforce our commitment, but they are also a source of further responsibility, and we still have important goals to meet. To mention a few, ARAUCO continues to push forward with the construction process of the Arauco Plant Modernization and Expansion (MAPA) project, which will operate 100% with clean energy. Likewise, the subsidiary has also proposed to redouble its efforts in the circular economy, another of the central pillars of the environmental fight, with the goal of recovering at least 50% of the pulp business's waste. Along the same lines, Copec is considering a project for the reception and recycling of organic waste at service stations, and Orizon is working to implement a series of programs to reduce waste generation and increase recycling levels.

I would like to express my gratitude and admiration to the thousands of employees of the Company and its subsidiaries, who every day make possible to achieve ambitious goals. It is they, in their daily effort and talent, who united behind a common purpose work for a more sustainable future.

At Empresas Copec we know that in order to prosper in our efforts, today we must reaffirm our commitment to sustainability. In the context of the changes that Chile is undergoing, our

vision is that we must make them all together, with gradualness, cooperation and stability, listening to each other, in a dialogue capable of promoting levels of continuity that contribute to the necessary process of rebuilding trust.

Today is the time to move forward with a sense of urgency, based on principles, resilience, innovation and collaboration on the road to a more inclusive and sustainable world. We owe it to the next generations.




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**Eduardo Navarro**  
Chief Executive Officer