



EMPRESAS COPEC

2022

# ESG ANNEX - SUSTAINABILITY HIGHLIGHTS



## ABOUT THIS DOCUMENT

Empresas Copec's first ESG Annex covers the period from January 1 to December 31, 2022 and complements the content disclosed in the 2022 Integrated Report, presenting the consolidated information related to its management and that of its subsidiaries in environmental, social and economic matters.

This annex includes the impacts of the operations of Empresas Copec and its subsidiaries in each of the countries where they operate and, unless otherwise indicated, consolidates the information of all those affiliates where the Company has more than 50% ownership.

For the preparation of this document, a diverse team, composed of Empresas Copec's Sustainability and Corporate Affairs Deputy Management and external consultants specializing in ESG matters, was in charge of compiling, consolidating and validating the data contained.

## VERIFICATION

The consolidated environmental, social and governance information shown in this report was not verified.

Meanwhile, the subsidiaries are working to verify their ESG information, as follows:

COMPANY	ANNUAL REPORT EXTERNALLY VERIFIED	CARBON FOOTPRINT EXTERNALLY VERIFIED
EMPRESAS COPEC	NO	n/a
ARAUCO	NO	✓
COPEC	✓	✓
ABASTIBLE	NO	✓
ORIZON	NO	✓
LAS SALINAS	n/a	n/a
ALXAR	n/a	n/a



SUSTAINABILITY AND  
INNOVATION AT THE CORE

GOVERNANCE  
AND INTEGRITY

CLIMATE ACTION AND RESPONSIBLE  
MANAGEMENT OF NATURAL RESOURCES

SOCIAL VALUE  
CREATION

## SUSTAINABILITY MANAGEMENT MODEL





# 01 SUSTAINABILITY AND INNOVATION AT THE CORE



# MATERIALITY

Empresas Copec follows the guidelines of the General Standard No. 461 of the Financial Market Commission (CMF), the Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) for climate change risks.

The Company reviews and updates its material issues on an annual basis. A double materiality approach is considered, including the disclosure of issues that have a potential impact on the financial performance of Empresas Copec and its subsidiaries, together with issues arising from their activities that have a potential socioenvironmental impact on their surroundings. Environmental, social and governance factors are measured and reported in line with SASB standards, for each sector of the Sustainable Industry Classification System® (SICS®). The latest materiality process is described in the next page.

SECTOR	SICS® CLASSIFICATION FOR SASB
Forestry	Forestry management Pulp and paper products
Energy	Oil and gas - refining and marketing
Fisheries	Meat, poultry and dairy

STRATEGIC PILLAR	EMPRESAS COPEC MATERIAL ISSUES	SASB SECTORIAL TOPICS	SECTOR (SICS®)	REASON FOR RELEVANCE
Sustainability and innovation at the core	Profitability and economic growth			Contribute to society through the creation of the greatest possible value.
	Innovation			Deliver innovative products and services of the highest quality.
Governance and integrity	Compliance and ethics	Competitive behavior		Promote a culture of ethics and unrestricted compliance with the law.
	Risk management	Critical incident risk management		Ensure effective identification of material risks and establish an adequate and effective internal control and management system.
	Regulatory and policy environment	Management of the legal and regulatory environment		Ensure compliance with laws and regulations.
	Diversity and equity			Ensure respect for people's dignity and reject discriminatory attitudes.
	Employee welfare	Employee health and safety		Create a values-based, performance-oriented culture. Provide an attractive work experience where people can grow and develop.
	Labor relations			Maintain an open dialogue and grant benefits and compensation in accordance with the company's reality and that favor workers.
Social value creation	Social and environmental management of the supply chain	Supply chain management		Promote a sustainable behavior throughout the supply chain.
	Customer relationship management	Customer welfare		Exceed customer and consumer expectations.
	Certifications	Product quality and safety		Ensure excellence in social, environmental and governance performance.
	Sustainable community relations			Contribute to the sustainable development of communities, through commitments and partnerships, and invest in initiatives that have a positive and permanent impact.
	Relationship with indigenous people	Human rights and community relations		Maintain a process of permanent dialogue and consultation with indigenous peoples.
	Energy transition	Energy management		Accelerate the transition to clean energies.
Emissions and climate change	Physical impacts of climate change			Reduce the intensity of greenhouse gas (GHG) emissions and move towards a low-carbon economy.
	GHG emissions			
Air quality	Air quality			Adequately manage air emissions, avoiding negative impacts on nearby territories and communities.
Climate action and responsible natural resource management	Water management	Water management		Offer innovative business solutions that care for the environment and ensure efficient management of operations, avoiding or minimizing the inadequate management of resources.
	Circular economy	Product design and lifecycle management		An attractive alternative that seeks to redefine what growth is, with emphasis on the benefits for society as a whole.
		Sourcing and efficiency of materials		
Hazardous materials management	Waste and hazardous materials management			Seek efficiency in the removal, transportation and disposal processes, and the implementation of measures to minimize their generation.
Biodiversity protection	Ecological impacts			Preserve ecosystems and protect biodiversity.



## MATERIALITY PROCESS

STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
<b>Set parameters</b> <p>Determine the material issues of Empresas Copec and its subsidiaries using three parameters: importance, impact and influence. Each parameter includes clearly defined criteria to improve the robustness of the process, as well as to eliminate subjectivity to the greatest extent possible. The Company collaborated with a specialized external consultancy to define the impact criteria and thresholds.</p>	<b>Identify issues</b> <p>Create a list of issues for stakeholders to consider and rank, including:</p> <ul style="list-style-type: none"><li>• Relevant ESG frameworks and standards (including Global Reporting Initiative GRI, SASB, TCFD and NCG-CMF); current legislation; global, market and industry trends; media;</li><li>• Empresas Copec 2020 matrix, its subsidiaries, and new and emerging issues.</li><li>• Sustainability frameworks, ratings and standards.</li></ul>	<b>Prioritize</b> <p>Stakeholder engagement to prioritize material issues, included 15 interviews that were carried out with Empresas Copec's Board of Directors, subsidiaries' main executives and external NGOs.</p> <p>The prioritization criteria included diverse index weightings, ESG analyst questionnaires, and risk rating reports, among others, as secondary sources to measure stakeholder sustainability priorities.</p>	<b>Define impact &amp; influence</b> <p>The results of the interviews were weighted based on the relevance of the secondary sources, while the impact and influence of each topic was reviewed using the prioritization criteria. This was carried out in order to guarantee a balanced and representative point of view of the different stakeholders.</p>	<b>Analyze and validate</b> <p>A qualitative analysis was used to extract issues before consolidating them, in order to create a list of the most important topics.</p> <p>The final results were validated by crossing with the WEF risk matrix for each sector, including experts in human rights, social performance and the environment, risk and measurement.</p> <p>Results were validated with other relevant internal and external stakeholders, including Empresas Copec's Board of Directors.</p>



## MATERIAL ISSUES FOR ENTERPRISE VALUE CREATION

MATERIAL RISK OR OPPORTUNITY	EMISSIONS AND CLIMATE CHANGE
<b>Business Case</b>	<p>Due to the sectors in which Empresas Copec operates, one of the main material issues is to reduce the intensity of greenhouse gas emissions and move towards a low-carbon operation. Future changes in environmental laws, or in the interpretation and enforcement of these laws, including stricter requirements related to emissions, can result in substantial capital increases, operating costs and restriction of operations. On the other hand, subsidiaries are exposed to physical changes generated by climate change. In the forestry business, global warming will affect the growth cycles of trees, as well as the availability of water and likelihood of unpredictable natural events, like forest fires. Studies show that the marine ecosystems will also be affected. This will have a direct impact on costs, including creating a risk for the biological assets. That is why Empresas Copec's best interest is to do everything within its power to prevent global warming by managing its emissions.</p> <p>The Company recognizes that regulatory developments concerning climate change can potentially lead to adverse financial, operational, and cash flow implications. A pertinent example is Chile's "Green Tax," which took effect in 2019 and imposes taxes on thermal power generated in boilers and turbines. Starting in 2023, the tax will be directly tied to pollutant emissions.</p>
<b>Business Impact</b>	Cost
<b>Business strategies</b>	<p>Empresas Copec and its subsidiaries are committed to implementing climate change initiatives and goals. To achieve its goal of reducing its carbon footprint by 1 million tons CO<sub>2</sub>e, ARAUCO plans to increase its production and purchase of renewable energy. For example, ARAUCO currently has a development plan for wind power generation projects on its land with an installed capacity of approximately 1 GW. Additionally, the subsidiary plans to continue its residual forestry biomass-based cogeneration. Meanwhile, to achieve carbon neutrality, Copec Combustible will, among other initiatives, continue to support the electrification of the Chilean transport sector with the construction of Voltex chargers in service stations and the construction of electro-terminals for buses. Additionally, it plans to decrease its use of fossil fuels, increase its use of renewable energy, and reduce energy consumption in its plants and service stations. In 2022, the company invested more than US\$20 million in innovation, entrepreneurship and projects related to renewable energy, new mobility and new convenience.</p>
<b>Target/Metric</b>	<p>Target of 59.3% reduction from base year 2019. The target is a combination of the individual 2030 targets of ARAUCO and Copec. ARAUCO has committed to reducing its Scope 1 + 2 carbon footprint by 1 million tCO<sub>2</sub>e by 2030, while Copec Combustible has committed to achieving carbon neutrality in its Scope 1 + 2 footprint by 2030. This amounts to a combined reduction in the Scope 1 + 2 footprint of Empresas Copec of 1,163,597 tCO<sub>2</sub>e from the 2019 baseline.</p>
<b>Target Year</b>	2030
<b>Progress</b>	4.1% of target achieved.
<b>Executive Compensation</b>	<p>The compensation of the CEO and key executives is determined based on an evaluation that considers variables such as market aspects, financial performance, team leadership, achievement of milestones, conflict resolution, M&amp;A, among others. The strategies and actions mentioned above, that focus on cost reductions through eco-efficiency, have a direct impact on these variables, particularly on financial performance.</p> <p>Additionally, There is a sustainability-related incentive for the corporate Director of Sustainability &amp; Corporate Affairs.</p>



## MATERIAL ISSUES FOR ENTERPRISE VALUE CREATION

MATERIAL RISK OR OPPORTUNITY	INNOVATION AND ENERGY TRANSITION
<b>Business Case</b>	For Empresas Copec, innovation plays a fundamental role in achieving financial success and positive returns for shareholders, and as a differentiating factor that enables businesses to anticipate and adapt to a challenging and evolving social, environmental and economic context. Among the opportunities that have been identified as a result of climate change transition, is the increase in the distribution and use of renewable energies, for example through electromobility. Indeed, the transport sector has seen simultaneous disruptive innovations in the forms of mobility and collaborative transport technologies, as well as changes in user preferences, which represents an opportunity for Copec and Terpel (new revenues/markets). Therefore, it is key to accelerate the transition to offering clean energies, innovating and generating new opportunities with the delivery of innovative products and services of the highest quality.
<b>Business Impact</b>	Revenue
<b>Business strategies</b>	Copec is committed in its Climate Change Statement to investing US\$70 million annually in innovation, entrepreneurship and renewable energy projects, new mobility and new convenience. With this, by 2050, most of Copec's EBITDA is expected to come from the commercialization of renewable energies and businesses other than the distribution of fossil fuels. In order to address this new challenge, the Company created a new business model, of an international nature. Through the New Mobility area, the affiliate implemented South America's most extensive electric vehicle fast charging network in Chile, and Terpel began replicating this model in Colombia in 2019. Meanwhile, significant partnerships and key investments in segments, including energy storage and energy efficiency systems, have been made by the New Energies area.
<b>Target/Metric</b>	In 2021, the subsidiary Copec announced its long term target to have a majority of renewable energies (vs. fossil fuels) distributed by 2050.
<b>Target Year</b>	2050
<b>Progress</b>	Electro Pipau's electroterminal was launched during 2022, the largest in South America for electric delivery fleets, with 5,000 m <sup>2</sup> that allow Copec Voltex to simultaneously power 100 vehicles that perform logistics operations in the Metropolitan Region. Renewal of the "Public-Private Agreement for Electromobility 2022", led by the Ministry of Energy, for the development of electromobility in the country. The subsidiary was awarded 100% of the tender for chargers for 180 electric buses that Codelco has at three sites, for a 10 year-period.
<b>Executive Compensation</b>	The compensation of the CEO and key executives is determined based on an evaluation that considers variables such as market aspects, financial performance, team leadership, achievement of milestones, conflict resolution, M&A operations, among others. The strategies and actions mentioned above, that focus on new business opportunities and revenue generation, have a direct impact on these variables, particularly on financial performance and achievement of milestones.





## MATERIAL ISSUES FOR ENTERPRISE VALUE CREATION

MATERIAL RISK OR OPPORTUNITY	EMPLOYEE HEALTH, SAFETY AND WELLBEING
<b>Business Case</b>	For a company with over 41,000 workers, across more than 16 countries, and involved in complex industrial processes in forestry, fuels and fishing, the health, safety and wellbeing of employees is a central concern. All of Empresas Copec's businesses face a range of risks, in terms of potential accidents and safety incidents, and their eventual consequences could materially affect not just its supply chain, operational continuity and costs, but also its reputation and ability to attract and retain talent, funding and clients. That is why, as it is publicly recognize, protecting worker's safety and health and ensuring their wellbeing constitutes a central concern for both Empresas Copec and its affiliates, while seeking to promote safe working environments where people can grow and develop, enabling to attract and retain talent.
<b>Business Impact</b>	Risk
<b>Business strategies</b>	Empresas Copec and its affiliates seek to promote safe working environments and develop a culture of protection and safeguarding of life. The Company focuses on continuous improvement, in particular on prevention efforts for its own employees and contractors. In this regard, each of the subsidiaries complements their health and safety programs with training sessions that address regulatory, normative and operational aspects. On an aggregate basis, during 2022, more than 19 thousand health and safety courses were given to direct employees, equivalent to 59 thousand hours of training. Contractors received 31 thousand hours of health and safety training.
<b>Target/Metric</b>	Each subsidiary sets its targets separately, aligned with their specific priorities. As a group of companies, Empresas Copec has the long-term objective of "safeguarding occupational health and safety and striving to continually reduce safety risks in our operations and services"; and aims to improve the health and safety KPIs tracked and disclosed across its subsidiaries. This is a permanent, ongoing goal and 2023 has been indicated below as reference year. The main long-term metrics that are tracked for this issue are the number of health and safety committees established, the absentee rate and the accident rate (for employees and contractors).
<b>Target Year</b>	2023
<b>Progress</b>	In terms of fatal work-related accidents, in 2022 ARAUCO had to mourn the death of one contractor in Chile. Terpel grieved the death of a contractor in Colombia. Empresas Copec and the rest of its subsidiaries did not suffer any fatalities during the period.
<b>Executive Compensation</b>	The compensation of the CEO and key executives is determined based on an evaluation that considers variables such as market aspects, financial performance, team leadership, achievement of milestones, conflict resolution, M&A operations, among others. The strategies and actions mentioned above, that focus on ensuring the health, safety and wellbeing of the teams, have a direct impact on these variables, particularly on team leadership.



## MATERIAL ISSUES FOR EXTERNAL STAKEHOLDERS

MATERIAL RISK OR OPPORTUNITY	INNOVATION AND ENERGY TRANSITION
Cause of the Impact	Empresas Copec’s energy sector is largely focused in the distribution of liquid fuels and liquefied gas, which despite their environmental disadvantages, continues to be highly demanded by the population. Although Copec has set the goal of distributing and selling a higher proportion of renewable energies than fossil fuels by 2050, the subsidiary acknowledges that in the short and mid term, its products will continue to originate a significant environmental impact.
External stakeholder(s)/ impact area(s) evaluated	The CO <sub>2</sub> footprint of burning fossil fuels impacts our planet and society at large, which is a global issue.
Topic relevance on external stakeholders	Across all geographies and sectors of society, there is growing awareness about climate change and the need to evolve the current consumption and production patterns towards a low-carbon economy.
Output Metric	Empresas Copec’s total CO <sub>2</sub> footprint, including upstream and downstream emissions (Scope 3) is the way to measure and manage this variable. As the Company evolves its product portfolio to a greater proportion of renewable energies, it simultaneously expects to reduce this footprint.

MATERIAL RISK OR OPPORTUNITY	BIODIVERSITY AND FIRE PROTECTION
Cause of the Impact	A key component of the operations of ARAUCO is the 1.7 million hectares of forestland it manages in Chile, Argentina, Brazil and Uruguay. This land is the basis of its business, since it is where the subsidiary obtains the raw materials for the products it manufactures and distributes. 30% of this land is native forest and protection and conservation areas of high social and environmental value, duly protected and preserved for future generations. Therefore, safeguarding biodiversity is key, particularly considering the risk of forest fires.
External stakeholder(s)/ impact area(s) evaluated	Biodiversity is key for the health of the planet and society at large, although of course the communities that surround these forests are more closely invested in their preservation.
Topic relevance on external stakeholders	For the communities that surround these forests, the ecosystemic services enabled by the resident flora and fauna are highly valuable and in many cases, their livelihood is largely dependent on them. On the other hand, the risk of forest fires can be a serious threat to the population at large, but of course those most highly affected could be the surrounding communities, who might suffer from loss of production means, housing or even life itself.
Output Metric	On one hand, a key metric is the identification and protection of High Conservation Value (HCV) areas. Currently, 26% of ARAUCO's forest assets in Chile corresponds to native forest or protected areas, and of this surface area, 21% has been declared as areas of HCV. On the other hand, to assess the effectiveness of the fire prevention and fighting activities, the subsidiary monitors the investment in this topic, which in 2022 exceeded US\$84 million.



# 02 GOVERNANCE AND INTEGRITY



## BOARD OF DIRECTORS

### NOMINATION 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.

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.

However, shareholders are recommended to consider the following principles when nominating a candidate for the Company's Board of Directors:

- A strategic vision must prevail, taking into account the context of the business.
- In order to add value to the Company, members of the Board of Directors must possess the appropriate skills and experience.
- The choice of a candidate for director should be based on his ability, experience and soundness.
- Incorporate multiple visions into the Board of Directors that enrich the vision of the Company, considering diversity factors such as gender, race, ethnicity, country of origin or nationality.

### BOARD EFFECTIVENESS

The meetings of the Board of Directors will be held with the attendance of five directors and the agreements will be adopted by the absolute majority of the attending Directors with the right to vote. In the event of a tie, the vote of the chairperson of the meeting will decide.

#### DESCRIPTION OF THE PERFORMANCE EVALUATION PROCESS

The Directors respond to an evaluation on corporate governance, which considers the following dimensions:

- Role of the Board of Directors
- Board Structure
- Effectiveness of processes and practices
- General satisfaction and possible improvements
- Internal control systems
- Ethical Code and Practices



NAME	POSITION	INDEPENDENT		ANNUAL AVERAGE ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS	PARTICIPATION IN OTHER BOARDS IN PUBLICLY LISTED COMPANIES	NUMBER OF OTHER MANDATES OF THE BOARD IN PUBLICLY LISTED COMPANIES
		Under Chilean Law 18,046	Under S&P criteria (* )			
Roberto Angelini	Chairman	NO	NO	100%	AntarChile S.A., Inversiones Nutravalor S.A., Inversiones Siemel S.A.	3
Jorge Andueza	Vice-Chairman	NO	NO	90%	AntarChile S.A., Inversiones Nutravalor S.A., Inversiones Siemel S.A.	3
Marcela Achurra	Director and member of the Directors Committee	✓	✓	100%	Cementos Bio Bío S.A.	1
Maurizio Angelini	Director	NO	NO	95%	AntarChile S.A.	1
Manuel Bezanilla	Director	NO	NO	100%	AntarChile S.A., Inversiones Siemel S.A.	2
Juan E. Goldenberg	Director and member of the Directors Committee	NO	✓	100%	AntarChile S.A., Banco de Crédito e Inversiones	2
Karin Jürgensen	Director and member of the Directors Committee	NO	✓	100%		0
Andrés Lehuedé	Director	NO	✓	100%		0
Francisco León	Director	NO	✓	100%	PazCorp S.A.	1

(\*) Criteria and application are detailed on pages 14 and 15 of this document.



## BOARD OF DIRECTOR INDEPENDENCE ACCORDING TO S&P GLOBAL'S CORPORATE SUSTAINABILITY ASSESSMENT CRITERIA

At least two of the three criteria defined below must be met:	ROBERTO ANGELINI	JORGE ANDUEZA	MARCELA ACHURRA	MAURIZIO ANGELINI	MANUEL BEZANILLA	JUAN E. GOLDENBERG	KARIN JÜRGENSEN	ANDRÉS LEHUEDÉ	FRANCISCO LEÓN
1) The director must not have been employed by the Company in an executive capacity within the last year.	✓	✓	✓	✓	✓	✓	✓	✓	✓
2) The director must not accept or have a “Family Member who accepts any payments from the company or any parent or subsidiary of the Company in excess of \$60,000 during the current fiscal year”.			✓				✓		✓
3) The director must not be a “Family Member of an individual who is [...] employed by the Company or by any parent or subsidiary of the Company as an executive officer.”			✓			✓	✓	✓	✓



At least two of the six criteria defined below must be met:	ROBERTO ANGELINI	JORGE ANDUEZA	MARCELA ACHURRA	MAURIZIO ANGELINI	MANUEL BEZANILLA	JUAN E. GOLDENBERG	KARIN JÜRGENSEN	ANDRÉS LEHUEDE	FRANCISCO LEÓN
1) The director must not be (and must not be affiliated with a firm that is) an adviser or consultant to the Company or a member of the Company's senior management.			✓				✓	✓	✓
2) The director must not be affiliated with a significant customer or supplier of the Company.			✓			✓	✓		
3) The director must have no personal services contract(s) with the Company or be a member of the Company's senior management.	✓	✓	✓	✓		✓	✓	✓	
4) The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.	✓	✓	✓	✓	✓	✓	✓		
5) The director must not have been a partner or employee of the Company's outside auditor during the past year.	✓	✓	✓	✓	✓	✓	✓		
6) The director must not have any other conflict of interest that the board itself determines to not be considered independent.			✓				✓		



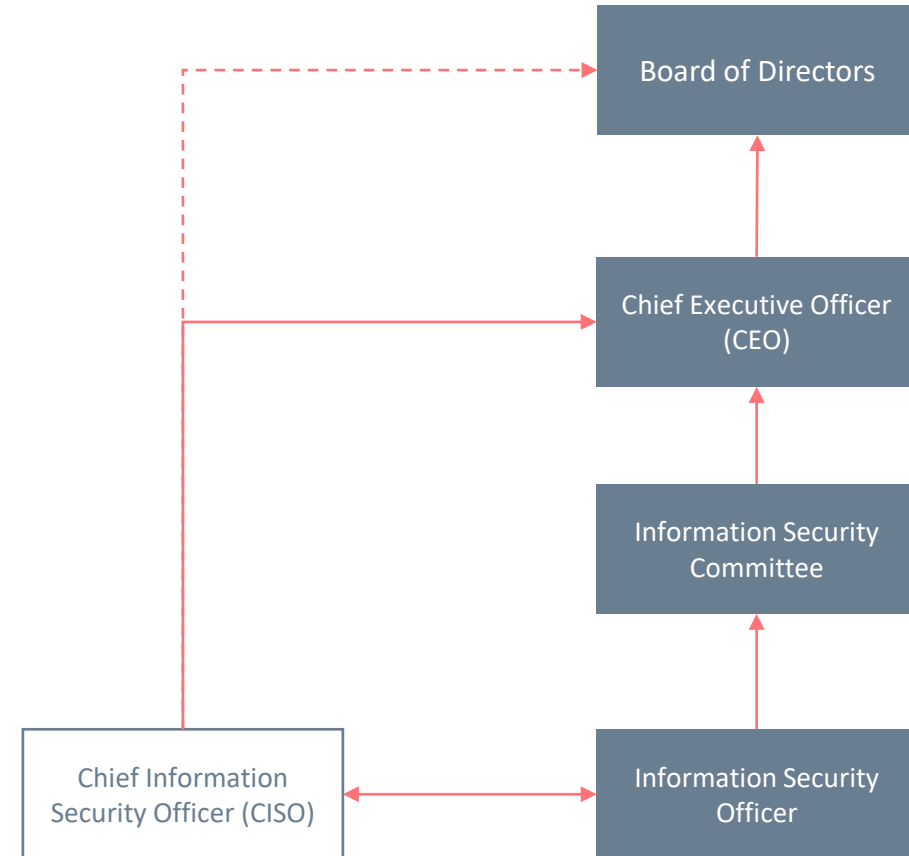
## IT SECURITY/ CYBERSECURITY GOVERNANCE

Empresas Copec's General Information Security Policy establishes that safeguarding data involves a continuous process to protect information assets against threats that jeopardize their integrity, availability or confidentiality

Also, the Company has an Information Security Model containing the rules and procedures established to guarantee information security. It is important to notice that through this Model, Empresas Copec establishes different policies and guidelines that allow the Company to drive employees' behavior and accomplish worldwide standards such as ISO 27001.

The Information Security Committee is responsible for this model, reporting directly to Empresas Copec's Chief Executive Officer, whose responsibility is to implement improvements and controls in the different processes, thus guaranteeing protection of the Company's information assets. Additionally, the Officer must oversee that all employees comply with the guidelines established in the Policy.

On the other hand, to address relevant IT experience involved in the cybersecurity strategy process, the Board of Directors appointed the role of Corporate CISO, in order to manage and supervise the Group's cybersecurity. The CISO heads the Corporate Safety Committee (which meets twice a year), attended by executives from the Company and its subsidiaries.







## RISK MANAGEMENT

### RISK GOVERNANCE

At Empresas Copec S.A., risk management is carried out in an integral manner, including the Board of Directors, the Committee of Directors, the Chief Executive Officer and the different units that make up the Company.

The Risk Management Unit at Empresas Copec is responsible for ensuring compliance with the Risk Management Policy and developing the necessary plans and procedures for the identification, evaluation, monitoring, control and mitigation of both internal and external risks. This Unit meets periodically with the different heads of each area, in order to monitor compliance with the different controls.

The Risk Management Unit is structurally independent of business lines and reports directly to the Company's Board of Directors twice a year.

Highest ranking area with dedicated risk management responsibility on an operational level	Risk Management Unit
Highest ranking area with responsibility for <b>monitoring and auditing</b> risk management performance on an operational level	Internal Audit Unit

The Board considers all material issues that have an impact on the markets in which the Company operates, such as climate change and technological advances.

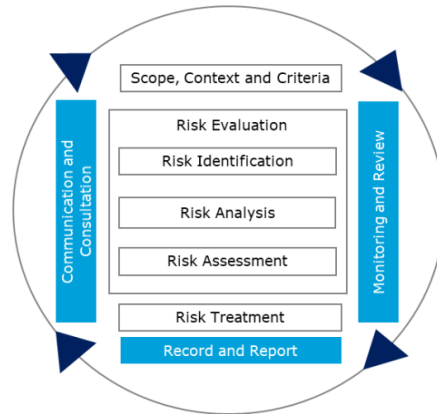
Meanwhile, the Management and each of the employees must apply control or mitigation measures.

In addition, the internal audit area develops an annual program of reviews to evaluate the effectiveness of the existing controls, based on the relevant risks discussed. During all stages of this process, there is constant monitoring of the adequacy of the activities, as well as permanent communication and consultation with directors, senior management, functional management and committees, among others.

Meanwhile, the Management and each of the employees must apply control or mitigation measures.

## RISK MANAGEMENT PROCESSES

Empresas Copec S.A. has adopted the following risk management methodology, based on the ISO 31000:2018 standard.



### RISK TOLERANCE

Risk tolerance is the amount of risk that Empresas Copec S.A. is willing to accept in order to fulfill its mission, achieve its objectives and preserve and create value in line with its strategy.

It is important for the Company to manage its risks within the impact and probability limits set.

The criteria for defining probability may be statistical, based on the experience and/or knowledge of management personnel on the subject, or determined by simulation or other techniques.

Category	Risk	Origin	Severity (inherent <sup>1</sup> )
Financial	Commodity price	External	High
	Macroeconomic conditions	External	High
	Increase in interest rates	External	High
	Financial instruments	External	Medium
	Lack of access to finance	Internal	Medium
	Risk rating downgrade	Internal	Low
Strategic	Changes in the business model	Internal	High
	Political/social risk	External	High
	Climate change	External	High
	Group risk	Internal	High
	Environmental issues	Internal	Medium
	International crisis	External	Medium
	Corporate Governance	Internal	Low
Compliance	Tax reform	External	Medium
	Antitrust	Internal	Medium
	Regulatory changes	External	Low
Operational	Information disclosure	Internal	Low
	Informatic security	Internal	Low
	Loss of operational continuity	Internal	Low

<sup>1</sup> Inherent Risk: Any activity that, just by the fact of being performed, has an implicit risk associated with it, that is, before applying controls. It is also called pure risk.



## EMERGING RISKS

NAME	DESCRIPTION	CATEGORY	IMPACT/OPPORTUNITIES	MITIGATING ACTIONS
<p><b>Changes in the National Energy Matrix</b></p>	<p>Globally, in the last 40 years, energy consumption and production have doubled. The determining factors of this increase are world economic growth, the expansion in the productive capacity of the countries, the larger size of the transport sector and an increase in the world population, among others.</p> <p>The development of the energy sector cannot be dissociated from caring for the environment. In this sense, the countries are implementing policies that simultaneously address two great challenges: the promotion of a renewable energy matrix and the development of guidelines to address environmental, local and global impacts.</p> <p>The Chilean Energy Policy includes goals that seek to implement the necessary measures so that renewable energies constitute 60% of the country's generation by 2035, and at least 70% of the electricity generation matrix by the year 2050 .</p> <p>Although Copec has already embarked on a determined path to evolve its product portfolio, changes in demand could occur before the company has implemented its transition plans.</p>	<p>Environmental and Economic</p>	<ul style="list-style-type: none"> <li>• The demand for low carbon products could increase, outpacing the speed of adaptation of the business. The subsidiary Copec currently generates more than 90% of its EBITDA from fossil fuels.</li> <li>• Increased distribution and use of renewable energies.</li> <li>• Regulatory, political, legal and technological changes: they could raise the costs of productive operations.</li> </ul>	<p>Currently, 99% of energy consumption in the transport sector comes from imported fossil sources.</p> <p>Electric vehicles are a huge opportunity since they offer greater energy efficiency and, at the same time, allow to reduce GHG emissions by obtaining their energy from an energy matrix with a growing participation of renewable sources.</p> <p>Copec has defined itself as a comprehensive mobility company, and took strategic steps in electromobility through Copec Voltex, a subsidiary that seeks to position itself as a leading electromobility company in all its segments, delivering quality and competitive products and services to all people who interact with electric vehicles: users of public transport, operators of company fleets, taxis, buses and natural persons.</p> <p>At the end of 2022, the subsidiary had 36 fast charging points in Chile, with a network of 498 chargers in companies, for public transport buses, urban public access and residential buses, which connect more than 1,400 kilometers.</p>



## EMERGING RISKS

NAME	DESCRIPTION	CATEGORY	IMPACT/OPPORTUNITIES	MITIGATING ACTIONS
<p><b>Exponential increase in Green Taxes</b></p>	<p>According to the UN, current national climate plans – for all 193 Parties to the Paris Agreement taken together – would lead to a sizable increase of almost 14% in global GHG by 2030, compared to 2010 levels. There is an urgent need to match near-term ambition with credible policy action, as the updated NDCs remain insufficient to meet the Paris target of limiting global warming to “well below 2°C”.</p> <p>International Monetary Fund (IMF) analytical work also suggests that additional measures equivalent to a global carbon price exceeding US\$ 75 per ton by 2030 are needed to limit global warming below 2°C. Therefore, G20 countries should adopt measures equivalent to a carbon price of over US\$ 75 per ton by 2030, on top of existing policies, to cut emissions at least 30 percent below business as usual (BAU) levels.</p> <p>While the carbon tax rate in Chile is similar to that in some countries in Latin America (e.g., Argentina and Colombia), it is well below other countries in the southern cone and the OECD.</p> <p>Through its subsidiaries, Empresas Copec emits more than 1.3 million tCO<sub>2</sub>e, therefore part of these emissions could be subject to a higher tax.</p>	<p>Environmental and Economic</p>	<ul style="list-style-type: none"> <li>Regulatory, political, legal and technological changes: they could raise the costs of productive operations.</li> <li>Increased demand for services and/or products with certifications.</li> <li>Higher tax rates related to the emission that could increase the cost of productive operations. In 2022, the subsidiary ARAUCO paid more than US\$3.8 million in green taxes.</li> </ul>	<p>ARAUCO carries out continuous monitoring of emissions, from equipment chimneys to lime kilns and recovery boilers.</p> <p>In addition, it pays special attention to emission abatement systems, through rigorous control of operation and maintenance, and a system of internal reports and records, along with a respective analysis to identify opportunities for improvement.</p> <p>During 2023, the company will address a series of improvement projects, such as emission control adjustments, interventions in electrostatic precipitator discharge strips, among other initiatives.</p> <p>On the other hand, in 2021 Orizon began to use liquefied gas as the main fuel and diesel oil as an alternative fuel in the industrial boilers of the Coronel Industrial Fishing Complex, discontinuing the use of bunker oil.</p> <p>The use of liquefied gas in its boilers makes it possible to reduce emissions into the environment (19.6% less CO<sub>2</sub>e in 2022).</p> <p>Abastible is developing alliances with its customers, accompanying them with customized solutions and energy conversion and efficiency projects in the 16 regions of the country.</p>



## TAX MANAGEMENT

### MAIN ACTIVITIES OF THE GROUP DURING 2022 ACCORDING TO CBCR CLASSIFICATION

Country - Tax Jurisdiction	Number of companies	Business Area	Research and Development	Manufacturing or Production	Sales, Marketing or Distribution	Administrative or Management Support Services	Provision of Services to Third Parties	Other	OTHER RELEVANT INFORMATION			
									N° of employees (including contractors)	Total Revenues ThUS\$	Profit (Loss) Before Taxes ThUS\$	Cash Flow Tax ThUS\$
Argentina	2								3,505	497,068	(109,172)	19,348
Brazil	9								4,250	842,768	99,689	15,876
Chile	62								46,945	19,488,503	965,297	323,992
Colombia	11								12,144	5,911,987	118,015	33,045
Ecuador	4								1,240	998,972	6,129	5,478
United States	9								4,055	4,116,422	252,888	17,496
Mexico	3								1,217	431,245	61,209	21,630
Panama	7								1,301	1,863,334	26,524	14,058
Peru	6								2,375	934,863	23,188	20,750
Uruguay	8								1,916	695,951	229,624	14,355
Other countries	11								405	1,158,840	130,164	(5,095)



## CONTRIBUTIONS & OTHER SPENDING

ISSUE	CORPORATE POSITION	DESCRIPTION OF POSITION / ENGAGEMENT	TOTAL SPEND IN 2022
Defense of the private sector in general and promotion of a promarket view	Support	Empresas Copec contributes towards this topic through membership and active participation in entities such as Icare, Fundación Libertad y Desarrollo (LyD) and Centro de Estudios Público (CEP). These contributions enable the promotion of the principles, values and concepts that inspire the development of the private company as an agent of national progress. These organizations are active in the political discussion and promote, through collaboration and public policy, the development of Chile as a modern and inclusive country. They seek to validate the company as a reliable and relevant player in the project of making Chile a more developed, modern and inclusive country.	US\$ 140,072
Defense of the industrial sector	Support	Empresas Copec supports this cause through its participation in Sofofa.  Sofofa was created in 1883 as Sociedad de Fomento Fabril, with the objective of promoting the manufacturing industry in Chile. Since then, it has evolved to become the most important, representative and diverse business institution in the country. Its mission is to validate the private sector as a reliable and relevant actor in the project of making Chile a more developed, modern and inclusive country, focusing specially on the interests of the manufacturing and industrial sectors. It groups 47 sectoral unions, which represent the main industrial/manufacturing sectors of the Chilean economy, such as mining, forestry, pulp and paper, agribusiness, salmon farming, fishing, infrastructure and logistics, energy suppliers, wine, food and beverages, bread, among many others.	US\$ 49,238

For more detail about the largest contributions & expenditures clic below. 



## POLICY INFLUENCE ALIGNED WITH THE PARIS AGREEMENT

Empresas Copec and its subsidiaries are publicly committed to the Paris Agreement and are taking decisive actions steps to work towards this vision.

- In 2021, Copec published its Climate Change Statement, making a public commitment to achieve carbon neutrality by 2030. As part of this public statement, the company declared its commitment to develop public-private initiatives, such as the Scale 360 initiative (led by Sofofa and the World Economic Forum).
- ARAUCO has also publicly acknowledged its corporate commitments to external initiatives. The company seeks to participate in the development and implementation of public policies or regulations on issues related to its business or the aspects contained in the Sustainability Strategy. Either as an individual company or through trade associations, it states its position on regulations that have an impact on operations and economic performance.
- In line with its commitment, ARAUCO had a very visible participation in COP27 held in Egypt in 2022. In fact, this was the third time the company participated in this global summit. Reinforcing its commitment, ARAUCO announced the measurement of its natural capital with the ambition to be Nature Net Positive.
- Terpel is also committed to the global climate ambition established in the Paris Agreement, and it publicly presented its commitment and strategies to achieve carbon neutrality by 2050.

To ensure the above commitments, the subsidiaries have processes and mechanisms in place, such as:

- ✓ Management systems for lobbying activities and trade association memberships.
- ✓ Governance frameworks for public policy engagements.
- ✓ Reviewing and monitoring processes to assess alignment with the Paris Agreement, both for direct lobbying activities as well as trade associations.
- ✓ Frameworks for addressing misalignments.



## BUSINESS ETHICS - REPORTING ON BREACHES

The Whistleblower Channel of Empresas Copec is available in the Corporate web and allows any person to report, confidentially and anonymously, an act or event that constitutes a violation of Law No. 20,393 and its amending laws, a conduct that deviates from the principles established in the Code of Ethics, the Human Rights Policy or the Diversity and Inclusion Policy. To safeguard the confidentiality and anonymity of the denounces, this line is managed by an external provider and the reports are received and managed directly by the Company's Crime Prevention Officer.

It is important to notice that in 2022, at consolidated level, 93% of the denounces received were investigated and resolved.

REPORTING AREAS	NUMBER OF BREACHES AGAINST THE CODES OF CONDUCT/ETHICS IN 2022
Corruption or Bribery	3
Discrimination or Harassment	19
Customer Privacy Data	1
Conflicts of Interest	5
Money Laundering or Insider trading	0
<b>TOTAL</b>	<b>28</b>



# 03

## CLIMATE ACTION AND RESPONSIBLE MANAGEMENT OF NATURAL RESOURCES

## ENVIRONMENTAL MANAGEMENT SYSTEMS

### SUSTAINABILITY POLICY

Empresas Copec regularly assesses the performance of all its processes in order to reduce and minimize possible risks caused by its operations on the community, the environment and its stakeholders, and implement any needed corrective measures on time.

The Sustainability Policy of Empresas Copec S.A. establishes:

- The principles, guidelines and general directives that ensure that the development of the Company's activities is carried out under the highest sustainability standards regarding its environmental, social and governance performance.
- The Board of Directors of Empresas Copec is responsible for ensuring that the Sustainability Policy is fulfilled, and monitoring any sustainability initiatives that are established by regulating bodies for the Parent Company.
- The Company permanently promotes the adherence to high national and international standards in this matter, to reduce possible impacts that may be caused by activities, products and/or services.
- In addition, the Company fosters an innovation culture to respond in a timely and efficient manner to the requirements made by customers, the market and the community. Empresas Copec also seeks to incorporate long-term environmental objectives that conform to the corporate management model.
- Safeguard the personal development of all the Company's members; foster diversity, collaboration and provide ongoing training in sustainability issues.
- Implement community engagement programs and projects that create value in the locations where the Company maintains its activities.

### CLIMATE CHANGE ROADMAP

Empresas Copec developed a Climate Change Roadmap based in three pillars to reduce carbon intensity:

-   
1. ENERGY EFFICIENCY  
& LOW-CARBON  
SOURCES
-   
2. LOW-CARBON  
PORTFOLIO
-   
3. CARBON CAPTURE

For more details visit <https://www.empresascopec.cl/Climate-Change-Roadmap>



## ENVIRONMENTAL-RELATED POLICIES IN SUBSIDIARIES

Empresas Copec and its subsidiaries are firmly committed to operating responsibly and in harmony with their natural environment. To this end, the company frames its performance in management systems that seek to go beyond regulatory compliance, promoting innovation, sustainable resource management and emissions reduction at a global level.

- ARAUCO's Environmental, Health & Safety Policy has the vision to contribute to improving people's quality of life, developing forest products for the challenges of a sustainable world, always considering that the protection of the environment, the quality of its products, as well as the occupational safety and health of its workers and collaborators, are necessary conditions for the sustainable development of its activities, products and services.
- Copec made a statement in its Code of Ethics to take care of the environment in all its operations, complying with current regulations and environmental commitments, challenging themselves to be a benchmark in the energy transition industry as an alternative to mitigate the consequences of climate change.
- Terpel's Environmental Position defines three pillars of action to become an environmentally sustainable company: Management of climate change and energy efficiency, Safe operation, and Circular economy & waste management.
- Orizon's Sustainability Policy declares that it operates seeking to minimize the environmental footprint of its processes and products, promoting the conservation of resources, adopting the best practices, values and commitments. The company promote strict compliance with legal and existing administrative requirements, and applies the best practices that allow to ensure a balance of the ecosystem.



# CLIMATE CHANGE

## TCFD REPORTING FRAMEWORK: CLIMATE-RELATED GOVERNANCE, STRATEGY, RISK MANAGEMENT AND METRICS

### EMPRESAS COPEC MANAGEMENT

The Board of Directors of Empresas Copec approves and oversees the strategic and management directives, establishes and oversees the risk strategy and risk management policies, including the management of climate change issues. The Board approves and oversees the Sustainability Policy and Annual Integrated Report, and monitors sustainability initiatives established by regulating bodies for the Parent Company.

The Director of Sustainability & Corporate Affairs (CSO&CA) is the highest management level position responsible for addressing climate-related issues. Climate change is one of the main material issues for Empresas Copec, so the CSO&CA is responsible for integrating sustainability and climate-related issues into the strategy, including the assessment and management of risks & opportunities, and the development of a [Climate Change Roadmap](#). The CSO&CA is responsible for driving environmental performance, legal compliance with environmental reporting and acting as an ESG and sustainability expert, sharing knowledge and expertise within Empresas Copec. The CSO&CA reports the sustainability progress to the CEO on a monthly basis. Additionally, the CSO&CA is leading the implementation of the TCFD recommendations for the disclosure of climate change risks and opportunities. The CSO&CA is also responsible for engaging with the subsidiaries to share ESG best practices, and for monitoring progress against climate change commitments.

### SUBSIDIARIES MANAGEMENT

Regarding the governance of subsidiaries, significant companies have separate Boards of Directors with oversight of climate-related issues, which are responsible for ensuring that any policies adhered to on this matter are fulfilled.

ARAUCO has integrated climate-related issues into their business management. The subsidiary's Board of Directors oversees and monitors material climate-related issues, for instance:

- 1) Risks are reported to the Board of Directors by the COO;
- 2) Regulatory and compliance issues are reported semiannually to the Ethics and Compliance Committee of the Board of Directors by the Ethics and Compliance Manager;
- 3) Annual progress on sustainability goals is reported every year by the Corporate People and Sustainability Manager, or
- 4) If there is a specific climate-related issue, it is reported to the Board of Directors by the Sustainability Committee. Additionally, the main climate-related issues addressed by the Climate Action Committee, such as scenario analysis, the reduction of emissions from scopes 1, 2, and 3, and the commitment to be a "Nature Net Positive" company, among others, are reported directly to senior management by the Climate Action Leader/Communications Manager.

Copec's Board of Directors oversees and monitors the ESG and climate-related commitments. Since Copec launched its Climate Change Declaration in October 2021, its efforts have been focused on initiatives that will allow it to achieve carbon neutrality by 2030 – considering scopes 1 and 2 – and have, by 2050, half of its EBITDA coming from renewable energies and new businesses. In addition, it has the goal of achieving "zero waste" by 2029 and has committed to preserving 39 ecosystems near Copec's operations by 2034. These goals are monitored by the Board to the extent that initiatives require such oversight. For example, the Board approved 100% renewable energy consumption in 2022. In order to integrate the sustainability strategy into operations, Copec has established a Sustainability Committee, which meets bi-monthly, and it is led by the CEO and comprised by other executives and leaders.

a. GOVERNANCE



CLIMATE-RELATED INCENTIVES

a. GOVERNANCE	BUSINESS UNIT	WHO IS ENTITLED OF THIS BENEFIT?	TYPE OF INCENTIVE	DETAILS
	Empresas Copec	Director of Sustainability & Corporate Affairs (CSO&CA)	Monetary	The Director of Sustainability & Corporate Affairs (CSO&CA) has a variable remuneration linked to the fulfilment of annual objectives. The annual bonus is determined based on business results and individual performance against annual objectives. Among the objectives set for the CSO&CA, is the development and implementation of the corporate sustainability strategy, and company performance on sustainability indexes. Incentives related to the development and implementation of the corporate sustainability strategy contribute to the progress of Empresas Copec towards its sustainability commitment.
	Copec	Business Unit Managers: Corporate Manager, Development and Management Area	Monetary	<p>Copec's Development and Management Area seeks to accelerate the company's transition towards an integrated mobility model, in order to drive alternative energy sources in Chile and support decarbonization of the transport sector.</p> <p>The Corporate Manager of this area has the objective of evaluating startups linked to the area of energy, mobility and retail that have the potential for growth. Copec's Development and Management Area has made several investments since 2019 in companies including Stem, Flux Solar, Ampere Energy, Turntide, Willbox, Picafuel, Emoac, H2Pro, Yummy, Source, Resonant Link, Xeal and many more.</p> <p>In 2021, through its Climate Change Declaration, the company committed to invest US\$70 million annually in innovation, entrepreneurship and renewable energy projects, as part of its 2050 goal that aims for the majority of Copec's EBITDA to come from the commercialization of renewable energies and businesses other than the distribution of fossil fuels. Successful accomplishment of this objective brings recognition, as this is a strategically important project for Copec.</p>
	ARAUCO	Employees: Bioenergy employees	Recognition	The team responsible for Bioenergy projects at Arauco, receives incentives for achieving emissions reductions in operations. This group is made up of the Area Chief and the Senior Engineers. The team delivers an emission reduction program across all business areas of the Company (pulp, wood and panels). This is awarded based on the volume of Emission Reduction Certificates (CERS) successfully issued by emission reduction projects registered in programs such as the Clean Development Mechanism and the Verified Carbon Standard. This incentive is linked to Arauco's commitment to net-zero emissions by 2030.



TYPE OF CLIMATE-RELATED RISK	DETAILS
Current Regulation, Legal Risk, etc	<p>Compliance with stringent environmental regulations is of utmost importance in Empresas Copec’s primary sectors of activity, which encompass the distribution and marketing of oil and gas products, forestry, and fishing. Given the industry-specific nature of many risks, conducting thorough risk assessments at the company level is imperative.</p> <p>Empresas Copec recognizes that regulatory developments concerning climate change can potentially lead to adverse financial, operational, and cash flow implications for the organization. A pertinent example is Chile's "Green Tax," which took effect in 2019 and imposes taxes on thermal power generated in boilers and turbines. Starting in 2023, the tax will be directly tied to pollutant emissions.</p> <p>To safeguard its operations and maintain compliance, Empresas Copec prioritizes continuous monitoring and proactive measures to adapt to evolving environmental regulations and potential risks. By staying vigilant and responsive to these changes, it aims to uphold its commitment to sustainable practices and environmental responsibility in all facets of business.</p>
Emerging Regulation	<p>In light of the escalating focus on environmental concerns, Empresas Copec’s primary industries of activity, which include oil and gas distribution, forestry, and fishery, are expected to face more stringent environmental regulations.</p> <p>Given the diverse operations and environmental impact of the businesses across various sectors, these risks could potentially originate from a wide range of areas. In the fishing industry, for instance, the introduction of the new Fishing Law may require companies to make substantial investments in plants, technologies, and equipment to meet the regulatory expectations.</p> <p>This makes emerging regulation a key driver not only for assessing and defining the strategy in the markets where Empresas Copec and its subsidiaries operate, but also in the decision making regarding new markets and in the development of new technologies.</p> <p>In this context, different topics may potentially influence the Company’s financial performance, such as use of low-emissions energy sources, more stringent emissions limits, rise in the price of carbon, reduced exposure to fossil fuels or increasing interest of stakeholders on climate change. These regulations may entail taxes and heightened reporting requirements.</p> <p>Moving forward, it is essential to proactively assess and address these evolving regulatory challenges. By anticipating and adapting to the changing landscape of environmental regulations, it can be ensured that businesses remain compliant, sustainable, and environmentally responsible, thereby safeguarding the Company’s long-term success.</p>
Technology	<p>Strategic risks, particularly those associated with emerging technologies, fall under the purview of the Board, because they are an important driver not only for the development of the portfolio and operational efficiency, but it is also relevant in setting expectations about what can be achieved as the economies seek to reduce emissions of CO<sub>2</sub> and other pollutants, which are typically long-term considerations. The liquid fuels face competition from alternative energy sources, and the growing focus on emissions reduction, such as the rise of electromobility, could significantly impact the distribution of liquid fuels.</p>

b. STRATEGY



b. STRATEGY	TYPE OF CLIMATE-RELATED RISK	DETAILS
	Legal	<p>Legal risks primarily revolve around compliance with environmental regulations in various countries, as outlined earlier. These risks are generally managed by the respective management teams within the business areas, under the decision-making authority of the Board, and typically span a medium-term horizon. Potential risks involve facing financial penalties due to noncompliance with regulations governing air, soil, and water environmental variables.</p>
	Market	<p>Market developments are a relevant risk because they originate from both the supply and demand side. Therefore, the Company monitors this type of risk and assess their implication, specially those related to changes in commodities and energy prices, the energy mix evolution and changes in the competitive environment, that could have a strong impact on the revenues of Empresas Copec and its subsidiaries. An example of such a risk is a possible change in demand for certain oil and gas products in the market, or the identification of new opportunities in alternative fuels for transportation and electromobility, which has been a trend in recent years.</p> <p>The subsidiaries closely monitors these risks and assesses their impact by reviewing them periodically and including them as a part of the overall risk assessment.</p>
	Reputational Risks	<p>Reputational risks are related to possible non-compliance or performance against the environmental regulations in force in each country, as described above, as well as to the growing public expectations and social concern about climate change. Operating in the oil and gas sector (downstream), there are clear reputational risks associated with the impact of these products, in addition to non-compliance with regulations, which are managed by the boards and committees mentioned above.</p>
	Acute Physical	<p>Acute physical risks are relevant due to the reliance of the subsidiaries on natural resources. This is particularly important for the forestry operations, where extreme events, such as forest fires, pose a permanent and substantive risk. In recent years, the Company’s operations have been subject to several damaging events. Accordingly, ARAUCO invests in comprehensive risk assessment and mitigation in this area.</p> <p>Example of this type of risk is when extreme events may expose the ARAUCO subsidiary to potential unavailability of assets and infrastructure, service restoration costs, inconvenience for customers, etc.</p> <p>Through the subsidiary Bioforest, a research center that develops and applies the best technologies to maximize the productivity of forestry and industrial resources, the subsidiary has made great progress, including the use of the LiDAR (Light Detection and Ranging) tool, which validates the results of the process-based Forest Productivity Model, as a basis for forestry decision-making. Also in 2023, together with Universidad Austral de Chile and other companies in the industry, it launched the study "Impact of climate change on Pinus radiata plantations."</p>
	Chronic Physical	<p>Chronic physical risks are relevant due to the dependence of the subsidiaries on natural resources. Forestry activity is sensitive to changes in weather patterns, as these regulate the seasonal growth cycles of plants, in addition to affecting other variables of the production process, such as water availability and the increased risk of spreading forest fires.</p>



c. RISK MANAGEMENT	<p>At Empresas Copec, Management is responsible for the continuous risk monitoring process in its daily activities, and permanent communication and consultation with directors, senior management, functional management, committees, etc. is always necessary.</p> <p>Regarding the supervision of sustainability issues, the Company has a Sustainability area under the Sustainability and Corporate Affairs Deputy Management, which reports directly to the General Manager. In turn, the General Management is responsible for reporting to the Board of Directors on a monthly basis on the relevant matters of this area. In addition, the Board of Directors annually subscribes to the information contained in the Integrated Report. ARAUCO implements several strategies that, under a preventive approach, allow to address these impacts and adapt both its industrial and forestry processes. Thus, its risk matrix takes into consideration the impact and results of global warming on its operations.</p> <p>Copec has a Risk Committee, which is composed of one member of the Board of Directors, the General Manager, Comptroller, Chief Financial Officer, Operations Manager, Commercial Manager, Corporate and Legal Affairs Manager and the Head of Risk Management, whose purpose is to maintain, review and update the risk matrix for proper management and mitigation, among other functions.</p>
d. METRICS AND GOALS <sup>1</sup>	<p>On page 25 of the <u>Integrated Report</u>, the overall emissions targets related to climate change are disclosed.</p> <p>By 2050, Empresas Copec aims to be Net Zero for GHGs, through a science-based plan which includes natural climate solutions and others. GHGs include Scope 1, 2 and the most relevant elements of Scope 3.</p> <p>By 2050, Arauco aims to be a Nature Net Positive company, through an ABC strategy: water care, biodiversity conservation and reduction of CO<sub>2</sub> in the atmosphere, and by 2030 aims to reduce 1 million tonCO<sub>2</sub>eq aligned with Science Based Targets.</p> <p>Before 2030, Copec aims to achieve carbon neutrality, considering all of the emissions of scopes 1 and 2, and, by 2050, wants to distribute and market a higher proportion of renewable energy than fossil fuels.</p>

<sup>1</sup> Empresas Copec developed a **Climate Change Roadmap** based in three pillars to reduce carbon intensity: energy efficiency & low-carbon sources; low-carbon portfolio, and carbon capture:

For more details visit <https://www.empresascopec.cl/Climate-Change-Roadmap>





## ENVIRONMENTAL IMPACT MONITORING

The management of environmental regulatory compliance in Copec is carried out through multidisciplinary teams, which timely identify those projects that can generate a significant environmental impact and manage the respective environmental evaluation process, which involves obtaining all the environmental permits required for the execution of a project. Additionally, control and mitigation measures are implemented that consider the installation of infrastructure and engineering equipment.

In 2022, the subsidiary had 10 plants, 62 service stations built and six under construction with an Environmental Qualification Resolution (RCA), evaluated through the Environmental Impact Assessment System (SEIA), in accordance with the ones established by the current environmental regulations of Chile's Ministry of the Environment.

On the other hand, in accordance with Law No. 19,300, ARAUCO is obliged to submit to the environmental authority, studies or environmental impact statements of any project or activity (or its significant modifications) that could affect the environment, in accordance with the criteria of said regulation, and can only execute those projects or activities once the presentations are approved through an environmental qualification resolution (RCA).

This, along with other related regulations, also establishes procedures so that citizens can make observations on the content of the statements or studies presented by the project owners, as well as challenge the validity of the respective RCAs.

For example, ARAUCO has a Continuous Monitoring and Evaluation System, which systematically captures and delivers information for the different decision-making processes required by forest management.

The results of the evaluations and the monitoring information are reviewed periodically in the Integrated Management System Councils (CSGI) in each one of the Forest Zones, which makes it possible to alert problems, make opportunities visible, draw lessons and guide improvement efforts. This way, with the performance results set by the monitoring indicators, the subsidiary establishes the work plans and specific actions for the continuous improvement of its processes, thereby ensuring compliance with the requirements of sustainable forest management and coherence with its corporate values.



## MAIN ENVIRONMENTAL IMPACT STUDIES

COMPANY	PROJECT NAME	PRESENTATION DATE	LINK	STATUS
Celulosa Arauco y Constitución S.A.	Modernization Expansion Arauco Plant	April 2012	<a href="https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=6856586">https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=6856586</a>	Approved
Inmobiliaria Las Salinas Ltda.	Las Salinas land regeneration	December 2018	<a href="https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2141894991">https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2141894991</a>	Approved
Arauco Bioenergía	Viento Sur Wind Farm	April 2019	<a href="https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2142831870">https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2142831870</a>	Approved
Abastible S.A.	Expansion of LPG storage capacity in Arica Plant	July 2022	<a href="https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2156387649">https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2156387649</a>	In Qualification
Maderas Arauco S.A	OSB Manufacturing Trupán Plant (Sawmills and wood processing plants)	October 2022	<a href="https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&amp;id_expediente=2157298712">https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=ficha&amp;id_expediente=2157298712</a>	In Qualification
Abastible S.A.	Expansion of LPG storage capacity in Lenga Plant	January 2023	<a href="https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2158058731">https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2158058731</a>	In Qualification
Vía Limpia SpA	Vía Limpia PLUS - Lubricant Oil Regeneration Plant	January 2023	<a href="https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2158440405">https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&amp;id_expediente=2158440405</a>	In Qualification
ARAUCO Celulose do Brasil S/A	Pulp mill in Inocência (Mato Grosso do Sul, Brazil)	May 2023	<a href="https://www.imasul.ms.gov.br/wp-content/uploads/2023/06/RIMA-Relatorio-de-Impacto-Ambiental-Arauco.pdf">https://www.imasul.ms.gov.br/wp-content/uploads/2023/06/RIMA-Relatorio-de-Impacto-Ambiental-Arauco.pdf</a>	In Qualification



## GHG EMISSIONS IN TCO<sub>2</sub>E

	DIRECT EMISSIONS (SCOPE 1)				INDIRECT EMISSIONS (SCOPE 2)				OTHER EMISSIONS (SCOPE 3)			
	2022	2021	2020	2019	2022	2021	2020	2019	2022	2021	2020	2019
ARAUCO <sup>1</sup>	1,129,734	1,284,524	1,276,321	1,240,267	318,028	390,319	420,932	486,647	2,760,375	2,389,191	2,388,617	2,732,931
COPEC <sup>2</sup>	141,124	53,775	45,339	58,022	40,977	34,252	45,079	55,544	301,346	134,849	97,298	117,092
ABASTIBLE <sup>3</sup>	21,827	22,135	25,601	17,347	3,663	4,506	5,479	1,525	5,572	5,389	4,864	N/D
ORIZON	50,297	31,335	56,251	53,051	7,767	8,203	10,150	9,244	28,357	7,639	16,782	Not available
LAS SALINAS	Not available	0	N/D	N/D	Not available	21	N/D	N/D	Not available	11	N/D	N/D
ALXAR	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D	N/D
<b>TOTAL</b>	<b>1,342,982</b>	<b>1,391,769</b>	<b>1,403,512</b>	<b>1,368,687</b>	<b>370,435</b>	<b>437,301</b>	<b>481,640</b>	<b>552,960</b>	<b>3,095,650</b>	<b>2,537,079</b>	<b>2,507,561</b>	<b>2,850,023</b>

<sup>1</sup> ARAUCO's 2022 Footprint is in the verification process, so the data could be subject to changes.

<sup>2</sup> It considers Copec operations in Chile and Terpel in Colombia, Peru, Panama and the Dominican Republic.

<sup>3</sup> Includes Abastible's operations in Chile, Colombia, Ecuador and Peru. Also, information 2022 does not consider operations in Ecuador



## INDIRECT GREENHOUSE GAS EMISSIONS (SCOPE 3)

SCOPE 3 CATEGORY	EMISSIONS 2022 (TCO <sub>2</sub> E)
Purchased Goods and Services	1,987,304
Fuel-and-energy-related-activities (not included in Scope 1 or 2)	224,049
Upstream transportation and distribution	171,544
Waste generated in operations	62,081
Business travel	5,901
Employee commuting	157,916
Downstream transportation and distribution	478,847
Other downstream	8,007
<b>TOTAL SCOPE 3</b>	<b>3,095,650</b>



## OTHER EMISSIONS IN TONS

	NOx			SOx			CH4			VOC		
	2022	2021	2020	2022	2021	2020	2022	2021	2020	2022	2021	2020
FORESTRY <sup>1</sup>	6,863	9,767	7,071	894	3,337	3,301	0	0	0	4,695	10,980	9,247
ENERGY	14	99	60	3	0	0	77	20	0	214	384	372
FISHING	110	81	93	52	48	116	0	0	0	0	0	0
<b>TOTAL</b>	<b>6,987</b>	<b>9,947</b>	<b>7,224</b>	<b>949</b>	<b>3,385</b>	<b>3,417</b>	<b>77</b>	<b>20</b>	<b>0</b>	<b>4,909</b>	<b>11,364</b>	<b>9,619</b>

<sup>1</sup> ARAUCO's 2022 air emissions only consider five pulp mills in Chile and one in Argentina.



## WATER CONSUMPTION IN WATER-STRESSED AREAS

	2022			TOTAL NET FRESHWATER CONSUMPTION IN WATER-STRESSED AREAS (THOUSAND M <sup>3</sup> )		
	THOUSAND M <sup>3</sup> OF FRESH WATER EXTRACTED FROM PLACES WITH HIGH INITIAL WATER STRESS (40-80%)	THOUSAND M <sup>3</sup> OF FRESH WATER WITHDRAWN FROM PLACES WITH EXTREMELY HIGH WATER STRESS (>80%)	NUMBER OF PRODUCTION PLANTS IN WATER-STRESSED AREAS	2021	2020	2019
FORESTRY <sup>1</sup>	5,087	14,843	6	23,508	23,059	23,322
ENERGY	72	758	10	935	759	613
FISHING	0	7	1	5	14	13
<b>TOTAL</b>	<b>5,159</b>	<b>15,608</b>	<b>17</b>	<b>24,448</b>	<b>23,831</b>	<b>23,948</b>

On an aggregate basis, in 2022, 14% of the water extracted came from water-stressed areas. Likewise, 25% of production plants are located in water-stressed areas.

<sup>1</sup> 2022 data does not include ARAUCO's business in Argentina and Mexico.



## HAZARDOUS WASTE BY DESTINATION (IN TONS)

	2022				2021				2020	2019
	FORESTRY	ENERGY	FISHING	TOTAL	FORESTRY	ENERGY	FISHING	TOTAL		
RECYCLED/REUSED	7,471	96	63	7,630	3,286	741	0	4,027	266	5,291
TRANSFER TO A LANDFILL	3,371	64	55	3,489	1,050	235	0	1,285	46	3
INCINERATION (WITH ENERGY RECOVERY)	3,092	1,663	0	4,755	52	283	0	334	277	244
INCINERATION (WITHOUT ENERGY RECOVERY)	0	144	0	144	0	0	134	134	53	47
OTHER WAYS OF WASTE DISPOSAL	0	9,321	0	9,321	0	227	2	229	8,960	14,830
UNKNOWN WASTE DISPOSAL	1,814	1,955	0	3,769	1,380	146	0	1,526	266	520
<b>TOTAL HAZARDOUS WASTE</b>	<b>15,748</b>	<b>13,242</b>	<b>118</b>	<b>29,108</b>	<b>5,768</b>	<b>1,632</b>	<b>136</b>	<b>7,535</b>	<b>9,868</b>	<b>25,705</b>

## HYDROCARBON SPILLS

	VOLUME OF HYDROCARBON SPILLS GREATER THAN ONE BARREL (BBL) THAT REACHED THE ENVIRONMENT
<b>2022</b>	170.7
<b>2021</b>	626.8
<b>2020</b>	597.1
<b>2019</b>	127.0



## NON-HAZARDOUS WASTE BY DESTINATION (IN TONS)

	2022				2021				2020	2019
	FORESTRY	ENERGY	FISHING	TOTAL	FORESTRY	ENERGY	FISHING	TOTAL		
RECYCLED/REUSED	248,305	1,828	1,625	251,758	247,850	3,706	166	251,722	224,713	132,706
TRANSFER TO A LANDFILL	97,004	6,534	4,965	108,502	166,516	0	0	166,516	216,889	21,686
INCINERATION (WITH ENERGY RECOVERY)	60,684	3	10	60,697	32,337	1,367	2,156	35,860	194,230	174,187
INCINERATION (WITHOUT ENERGY RECOVERY)	0	0	0	0	330	146	0	476	0	0
OTHER WAYS OF WASTE DISPOSAL	244,236	0	1,231	245,467	71,245	2,906	1,054	75,204	101	0
UNKNOWN WASTE DISPOSAL	45,832	0	0	45,832	37,154	53	2,767	39,974	368	0
<b>TOTAL NON-HAZARDOUS WASTE</b>	<b>696,061</b>	<b>8,365</b>	<b>7,831</b>	<b>712,257</b>	<b>555,431</b>	<b>8,178</b>	<b>6,143</b>	<b>569,752</b>	<b>636,301</b>	<b>523,779</b>





## BIODIVERSITY

### BIODIVERSITY AND NO DEFORESTATION COMMITMENT

Empresas Copec S.A. has a commitment to biodiversity in its direct operations and new business development:

- Promote biodiversity conservation.
- Avoid operational activities within areas containing globally important biodiversity, such as IUCN Category I-IV protected areas and UNESCO World Heritage natural sites, as well as other nationally protected areas.
- Not to deforest or degrade the forest and native vegetation, promoting their conservation.
- Apply the principle of mitigation hierarchy when operating in the vicinity of critical biodiversity areas, preventing, minimizing, restoring and offsetting any negative impact through:
  - Compliance with local legislation and voluntary agreements derived from adherence to certification schemes or other specific good practices commitments.
  - Ensure strict compliance of the legislation and the company voluntary commitments, avoiding any illegal activity within the heritage, especially in the Areas of High Conservation Value.
  - Creation of capacities within the company for the care of High Conservation Value Areas and dissemination of information to all stakeholders, especially to local communities.

- Carry out risk assessments of new businesses and their dependencies and impacts on biodiversity and ecosystem services. Identify operations with a high degree of exposure to potential biodiversity and ecosystem service risks, aimed at mitigating potential environmental and social risks.
- Work jointly with internal and external stakeholders, to fulfill the commitment.

## BIODIVERSITY RISK ASSESSMENT

Protecting the environment and caring for biodiversity and the resources and processes of natural ecosystems are necessary conditions for sustainable development and are the basis of ARAUCO's Biodiversity and Ecosystem Services Policy.

The subsidiary participated in a study called "Impact of climate change on Pinus radiata (D. Don) plantations", along with government institutions such as CORFO and the Ministry of Agriculture, as well as the Universidad Austral de Chile and pulp company CMPC. This study evaluates different climate change scenarios (RCP8.5 and RCP4.5), assessing average temperatures and rainfall, and biodiversity risks due to forest fires for five regions near to its sites.

This study is available at: [Impacto de Cambio Climático \(encrcv.cl\)](http://encrcv.cl)

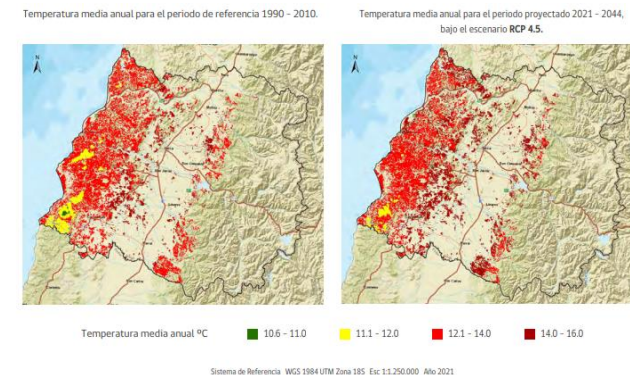
### Example 1

The next table reports the average temperature and annual accumulated precipitation for the reference period and anomalies for the projected periods relative to the reference period for the Maule Region under two scenarios RCP 4.5 & RCP 8.5. This same approach is used on different regions and for average temperatures and rainfall, and biodiversity risks, such as the probability of forest fires for five regions near to our sites.

Maule	Ref. 1990 - 2010		2021 - 2045 RCP 4.5		2046 - 2070 RCP 4.5		2021 - 2045 RCP 8.5		2046 - 2070 RCP 8.5	
	Temp. (°C)	Pp. (mm)	Temp. (°C)	Pp. (mm)	Temp. (°C)	Pp. (mm)	Temp. (°C)	Pp. (mm)	Temp. (°C)	Pp. (mm)
Promedio regional	13.8	854.6	0.6	-161.9	1.3	-186.8	0.8	-148.4	2.0	-186.8
Costa	13.0	800.9	0.6	-147.5	1.3	-172.2	0.8	-130.9	1.9	-169.0
Secano interior	14.3	733.9	0.6	-140.3	1.3	-161.2	0.8	-128.7	2.0	-162.0
Depresión intermedia	14.4	995.8	0.6	-188.4	1.3	-218.6	0.9	-175.6	2.1	-221.2
Precordillera	13.6	1,364.1	0.7	-268.5	1.4	-303.4	0.9	-258.7	2.1	-309.7

### Example 2

The study reports the mean annual temperature for the reference period versus the mean annual temperature for the projected period 2021 – 2044 on a specific region, under the RCP 4.5 or RCP 8.5 scenarios. Projected changes in temperature and other industry-relevant KPIs are shown in this report.





## LOW-CARBON PRODUCTS

	SALE OF ENERGY FOR ELECTROMOBILITY	GENERATION OF RENEWABLE ENERGY
<b>Type &amp; Description of product(s)</b>	Through Copec Voltex, charging solutions for electric vehicles are delivered in both public and private spaces. Copec seeks to position itself as a leading electromobility company in all its segments, delivering quality and competitive products and services to all people who interact with electric vehicles: public transport users, company fleet operators, taxis, buses and individuals.	ARAUCO uses renewable fuels such as forest biomass sub-products in power plants that co-generate the steam and electricity required for its manufacturing operations, thus contributing to reducing greenhouse emissions. In addition to meeting its own energy needs, ARAUCO generates in Chile a significant amount of surplus power, which is supplied to the grid (SEN). This renewable energy enables third-parties to reduce their carbon footprint in the energy use-phase.
<b>% of total revenues from "climate change" product(s) in FY 2022</b>	0.005%	0.29%
<b>Estimated total avoided emissions per year (tCO<sub>2</sub>e)</b>	4,939	194,494
<b>Comment</b>	<p>The product is an electric charging service for electric vehicles both in electro-terminals or in chargers from the public network.</p> <p>At the end of 2022, Copec had 36 fast charging points in Chile, with a network of 498 chargers in companies, for public transport buses, urban public access and residential buses, which connect more than 1,400 kilometers.</p>	<p>Across all countries where ARAUCO operates, the total installed renewable energy capacity in 2022 was 779 MW, of which around 284 MW of surplus power was supplied to the grid. This makes the subsidiary one of the main renewable energy generators in Chile.</p> <p>In 2022, ARAUCO generated US\$89.8 million in revenue from domestic energy sales. In 2022, the average emissions factor of the SEN grid in Chile was 0.3006 tCO<sub>2</sub>/MWh. Based on surplus energy sales to the grid of 647 GWh in 2022, it is possible to estimate its carbon savings impact.</p>



# 04 SOCIAL VALUE CREATION



# SUPPLY CHAIN MANAGEMENT

## PARTNERING WITH SUPPLIERS FOR A SUSTAINABLE VALUE CHAIN

The subsidiaries of Empresas Copec have policies and procedures aimed at a fair and sustainable management of their supply chain. The Company seeks to create shared value, while keeping in mind the unique circumstances of each business, its geographic location and the needs and challenges in the surrounding community.

The examples below illustrate how the different subsidiaries integrate ESG factors in their supply chain management programs:

- Terpel has formalized and published its Sustainable Supply Chain Management, clearly defining governance of the supplier ESG program, processes, key risks that are monitored, supplier evaluation processes and results, and much more.
- Copec has a Supplier Evaluation Procedure that establishes ESG Management as one of the key variables that are assessed, with a weight of 7% within the overall assessment.
- Also, in 2022, Copec implemented a new supplier development program, and helped to build capacity for 47 SME suppliers. Mentors from within Copec were specifically trained and put in charge of accompanying and advising these suppliers, helping them to increase their turnover while enabling their growth as suppliers of excellence and their relevance in the market.
- ARAUCO has a local supplier program that considers development activities, including training in digital skills, accounting, inventory management and more. This enables them to participate effectively in bidding processes, ultimately building ongoing commercial relations with ARAUCO and other companies in the region.

- In the case of ARAUCO, Copec and Terpel, the purchasing practices towards suppliers are regularly reviewed to ensure alignment with their respective Supplier Codes of Conduct. And in the case of ARAUCO, those suppliers that cannot achieve a certain minimum threshold of ESG performance are excluded.

Regarding supplier screening, the companies across the group implement supplier screening programs according to their own business contexts and needs. Among the variables considered are the value of purchases, their impact on the process, their replaceability, and more. Likewise, the specific risks considered vary according to the different businesses, considering the risks inherent to the geographic location of each company, i.e. the most relevant local issues in each country and region are taken into account, and on the other hand, the particularities of the each sector are also considered (energy, forestry, etc). The critical risks associated with specific commodities, such as oil, are also taken into account.

Suppliers are assessed both through desk-based assessments and evidence verifications, and site visits. The results of these assessments trigger specific actions, for example in Terpel:

Suppliers whose rating is "In Development"	Improvement action plan is developed and agreed.
Suppliers whose rating is "Not Suitable"	Can lead to a blocked supplier, or in qualified cases, an improvement plan.



## WORKFORCE BREAKDOWN BY GENDER

DIVERSITY INDICATOR	2022
Share of women in total workforce (as % of total workforce)	29.7%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	25.3%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	26.7%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	27.0%
Share of women in management positions in revenue-generating functions (e.g. sales) as % of all such managers (i.e. excluding support functions such as HR, IT, Legal, etc.)	19.3%
Share of women in STEM-related positions (as % of total STEM positions)	22.2%

### GOALS

- ARAUCO committed to promoting the diversity and empowerment of women within the company, through a work plan that includes seven dimensions: infrastructure, organizational culture, sexual harassment protocol, recruitment and selection of people, compensation; conciliation of work, family and personal life, and professional development.
- The subsidiary Copec commits to having 40% female hiring and reaching 25% women in leadership positions by 2024.



## HIRING

TOTAL NUMBER OF NEW EMPLOYEE HIRES BY GENDER 2022	
Men	5,185
Women	1,868
<b>TOTAL</b>	<b>7,035</b>
<b>TOTAL COST OF HIRING</b>	<b>US\$ 1,374,859</b>

TOTAL NUMBER OF NEW EMPLOYEE HIRES BY AGE GROUP 2022	
Less than 30 years	3,636
30 to 50 years	3,020
More than 50 years	397
<b>TOTAL</b>	<b>7,053</b>

TOTAL NUMBER OF NEW EMPLOYEE HIRES BY NATIONALITY 2022	
Chilean	3,319
Brasilean	1,496
Colombian	1,533
Other nationalities	705
<b>TOTAL</b>	<b>7,035</b>

NUMBER OF VACANCIES THAT WERE FILLED BY INTERNAL CANDIDATES DURING 2022	
Number of vacancies filled by internal candidates	3,270
<b>% POSITIONS FILLED WITH INTERNAL CANDIDATES</b>	<b>14,7%</b>



## EMPLOYEE TURNOVER RATE

TURNOVER RATE BY GENDER 2022		
	TOTAL	VOLUNTARY
Men	12.3%	49.6%
Women	17.1%	30.8%
<b>TOTAL</b>	<b>13.3%</b>	<b>44.5%</b>

TURNOVER RATE BY AGE GROUP 2022	
Less than 30 years	24.2%
30 to 50 years	11.3%
More than 50 years	8.1%
<b>TOTAL</b>	<b>13.3%</b>

TURNOVER RATE BY NATIONALITY 2022	
Chilean	6.3%
Brasilean	23.5%
Colombian	42.4%
Other nationalities	46.3%
<b>TOTAL</b>	<b>13.3%</b>





## PERFORMANCE APPRAISAL

Every year, Empresas Copec and its subsidiaries conduct different types of performance appraisal, recognizing those employees who stand out for their performance and, in some cases, providing opportunities for internal mobility.

On an aggregate basis, 48.3% of the employees were evaluated in 2022.

It is important to notice that in 2022 and for the first time, Empresas Copec included sustainability competences in the performance assessment, in order to strengthen the Company's goals and commitments. Respect for the equality and diversity of people, an active contribution to information security were some of the competencies evaluated in this area.

	NUMBER OF PEOPLE WHO RECEIVED PERFORMANCE APPRAISAL IN 2022
Men	15,367
Women	4,472
<b>TOTAL</b>	<b>19,839</b>

TYPE OF PERFORMANCE APPRAISAL	PERFORMANCE APPRAISAL FREQUENCY
Management by objectives	At least yearly
Multidimensional performance appraisal	At least yearly
Team-based performance appraisal	Ongoing
Agile conversations	At least yearly



## EMPLOYEE BENEFITS

Complementing what is indicated in the Integrated Report, Empresas Copec and its subsidiaries have a series of benefits for their collaborators, which may vary depending on the nature of each company.

Among the benefits are:

- ✓ Modalities of flexible schedules, part time and remote work.
- ✓ Access to medical check-ups and complementary health plans, including sports and mental health initiatives.
- ✓ Initiatives to manage stress and mental health, including timely care with mental health professionals.
- ✓ Facilities for the care of newborn children that include access to cribs and flexibilities for breastfeeding.
- ✓ Special permits for the care of relatives and close of keen in case of illness.

It is important to notice that most of our employees are subject to a total of 18 weeks of parental leave for the primary caregiver (the mother) which includes 6 weeks (42 days) before the birth and 12 weeks (84 days after the birth), in accordance with Chilean law.

In the case of the father, as secondary caregiver, it considers 1 week (5 business days) after the birth of the child.



## EMPLOYEE DEVELOPMENT PROGRAMS

The subsidiary Copec has developed a series of programs to generate human capital value. Some of them are:

### PRO LEADERS

This is a leadership academy for all the leaders of the Company, which seeks to provide tools to promote the development of corporate competencies that they must have for the proper development of the organization.

The objectives are to develop the necessary skills and provide tools that ensure the leaders' proper work, thus generating leadership that can be beneficial for the area management and their direction towards the Company's strategic goals.

In terms of business KPIs, the % increase is measured in the question "Year-over-year increase in the category direct manage relationship" in the climate measurement (86% satisfaction by 2022).

In year 2022, 278 leaders took part in this program.

### "CRECER+" PROGRAM

This is a talent management program that seeks to identify workers with high potential and performance.

In terms of objectives for the business, the program seeks to retain and develop workers with high performance and potential, generating actions and decisions that mitigate the risk of flight, understanding the contribution they make to the Company.

In this sense, in terms of business KPIs, turnover rates are identified as an indicator, especially in those well-evaluated workers. On the other hand, it is also measured by the question of the climate survey "I have development opportunities in this organization" (80% satisfaction in 2022).

In 2022, 250 employees took part in this program.



## WORK ENVIRONMENT

During 2022, Empresas Copec and its subsidiaries applied organizational climate measurement instruments obtaining high levels of favorability (between 72% and 96%).

- Copec is in charge of promoting good relations among its employees and ensuring that there is a positive work environment. This goal was reflected in the 2022 Work Environment and Satisfaction Survey, prepared by PeopleFirst, which once again surpassed the results of the previous period, achieving an overall satisfaction level of 85.2%, with an 89% participation rate.
- Due to the continuous concern to improve measurement processes, since 2021 ARAUCO has implemented a new measurement tool, based on agility, experience and relevance for teams and leaders. This survey is applied simultaneously in Argentina, Brazil, Chile, Mexico, North America and in the different commercial offices.

The strategy that accompanies the climate survey is focused on strengthening and managing teams. To comply with this, the leaders are prepared with e-learning material and accompaniment for the communication and analysis of the results. Also, they are provided with a broader analysis of performance, safety and other variables that underlie the team, since a comprehensive view is key to ensuring a pertinent approach. Lastly, the management of improvement plans and actions are available on the same platform where the results are found.



# OCCUPATIONAL HEALTH & SAFETY

## OHS PROGRAMS




### TOGETHER FOR A BETTER LIFE – ARAUCO

The most important value at ARAUCO is safety and this is reflected in its corporate management model “Together for a better life”, which has been implemented in every country and contains three guiding principles: Empowered Employees, Safe Teams and Work Done Well.

This program develops complementary practices that bring about cultural change, correct behaviors, generate learning and promote the role of teams' leaders regarding safety.

This model contains four commitments and 16 working areas to organize daily tasks, so that teams can take an active role in caring for their safety.

The subsidiary successfully strengthened this model during 2022, with the goal of becoming a world-class company in terms of safety. Also, it is important to notice that all ARAUCO’s indicators improved with respect to 2021.

<p><b>ABC Practice</b> </p> <p>It aims to identify precursor unsafe behavior or conditions that may cause serious injuries, permanent disabilities or fatalities, also defined as high potential incidents (HPI). Employees are encouraged to be aware of safety as they fulfill their daily duties or within their shift working conditions. These should be evaluated with a letter A, B or C depending on their response.</p>	<p><b>123 Practice</b> </p> <p>Three steps apply to high potential incidents. First, investigate the incident to determine its causes. Second, communicate those causes and any potential mitigation measures to peers at other mills. Third, prepare a Learning Sheet as a preventive approach to communicating learnings to all employees in ARAUCO’s mills and forests.</p>	<p><b>Visible leadership</b> </p> <p>Leaders play a vital role in reinforcing safe behavior. Therefore, this is strengthened with on-site activities that guide teams towards a job well done.</p>
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## OHS PROGRAMS

### OPERATIONAL EXCELLENCE AND INTEGRITY MODEL (OIEM) - ABASTIBLE

Behind each order for liquefied gas that Abastible receives, intense work is carried out that seeks to protect the health of collaborators in their jobs and guarantee a quality supply to customers.

To this end, the company has been implementing a world-class process safety management system for three years, which promotes the commitment of leaders, strengthens critical infrastructure and encourages continuous improvement as a development axis towards a higher management position of operational risks.

The Operational Excellence and Integrity Model (OIEM) guarantees robust operational procedures and competent work teams in their jobs. It incorporates elements of risk assessment and management, facility design and construction, mechanical integrity, documentation, incident investigation and analysis, emergency preparedness, community relations, and change management.

For its part, the GO Methodology deals with an operational management system focused on prevention, safety and continuous improvement, and establishes individual and group behaviors within the facilities, which must be aligned with OIEM safety management.

The OIEM and the GO Methodology are relevant in terms of legislation and operational safety, which are complemented by the development of projects that increase the company's capacity to meet the ever-increasing demand for liquefied gas. In 2022, important milestones were recorded in this area.

One of them was the incorporation of scales to increase the cylinder filling capacity, in eight of the ten plants that Abastible operates. Also, a project aimed at aligning production with demand was successfully implemented, through process controls every 5 to 10 minutes and a standardized application for real-time data collection.

New trucks are added for the bulk segment and trucks with greater capacity for the packaged segment. At this point, it should be noted that the subsidiary received the "Safer Fleet in Chile, non-mining category" award in 2022, granted by the National Traffic Safety Commission (Conaset), for having obtained the best indicators in Accident Risk for excessive speed.



## OHS RATES<sup>1</sup>

	2022		2021		2020		2019	
	EMPLOYEES	CONTRACTORS	EMPLOYEES	CONTRACTORS	EMPLOYEES	CONTRACTORS	EMPLOYEES	CONTRACTORS
Total Recordable Injury Frequency Rate (TRIFR)	14.2	7.7	17.7	14.4	26.3	11.0	24.9	11.0
Lost-Time Injury Frequency Rate (LTIFR)	7.6	3.2	6.6	4.0	4.3	7.4	11.4	9.2

## PROCESS SAFETY EVENTS (PSE)<sup>1</sup>

	2022
Major Consequence (Tier 1)	0.16
Minor consequence (Tier 2)	1.80
Other threats to security systems (Tier 3)	16.76

<sup>1</sup> Number per million hours worked.