

# **ABOUT THIS DOCUMENT**

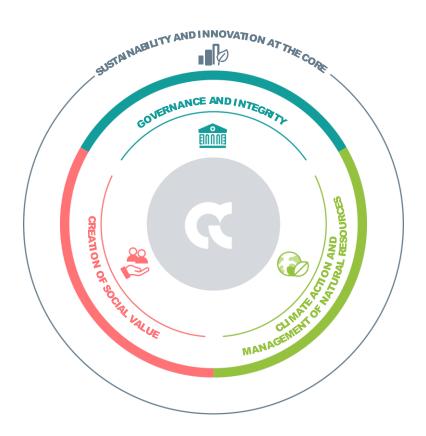
Empresas Copec's ESG Annex covers the period from January 1 to December 31, 2023 and complements the content disclosed in the 2023 Integrated Report, presenting the consolidated information related to its management and that of its subsidiaries in environmental, social and economic matters.

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, the Empresas Copec's Sustainability and Corporate Affairs Deputy Management team was in charge of compiling, consolidating and validating the data contained.



# SUSTAINABLE INVESTMENT AND MANAGEMENT MODEL OF EMPRESAS COPEC AND ITS SUBSIDIARIES



#### STRATEGIC FOCUSES

#### SUSTAINABILITY AND INNOVATION AT THE CORE:

Ensuring the sustainability of the investment portfolio

To sustainably lead sectors with high development potential, with a long-term and innovative vision that guarantees strong competitive advantages.

#### **GOVERNANCE AND INTEGRITY:**

#### **Building trust with actions**

To ensure transparent, efficient and timely management, based on sound governance and robust decision-making systems.

#### **CLIMATE ACTION AND MANAGEMENT OF NATURAL RESOURCES:**

Caring for the planet in investment and production decisions

To consolidate a sustainable supply and production, in line with the requirements of the energy transition and climate demands, while strengthening and preserving natural capital.

#### **CREATION OF SOCIAL VALUE:**

Contributing to the current and future well-being of people

To accelerate development and be a reference in sustainable practices among employees, suppliers, customers and strategic partners.



# SUSTAINABILITY AND INNOVATION AT THE CORE



CREATION OF SOCIAL

VALUE



SUSTAINABILITY AND

**INNOVATION AT THE CORE** 

#### MATERIAL ISSUES FOR ENTERPRISE VALUE CREATION

MATERIAL RISK C	MATERIAL RISK OR OPPORTUNITY: <b>TRANSITION TO CLIMATE CHANGE</b>							
Business Case	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 value chain. 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 along the value chains.							
	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 the emissions associated to its products, services and value chains.							
	The Company recognizes that regulatory developments concerning climate change can potentially lead to adverse financial, operational, and cash flow implications.							
Business Impact	Cost							
Business strategies	Empresas Copec and its subsidiaries are committed to implementing climate change initiatives and goals.  To achieve its goal of reducing Scope 1 and 2 emissions by 40.4% by 2030, compared to the 2019 baseline, 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 2023, the company invested more than US\$43 million in innovation, entrepreneurship and projects related to renewable energy, new mobility and new convenience.							
Target/Metric	Target of 45,6% 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 40,4% by 2030, while subsidiary Copec 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 861,270 tCO <sub>2</sub> e from the 2019 baseline.							
Target Year	2030							
Progress	0% of target acheived (2023 emmisions were 8.6% higher than the 2019 baseline)							
Executive Compensation	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, among others. The strategies and actions mentioned above, that focus on cost reductions through ecoefficiency, have a direct impact on these variables, particularly on financial performance.  Additionally, there is a sustainability-related incentive for the Corporate Director of Sustainability & Corporate Affairs.							



#### MATERIAL ISSUES FOR ENTERPRISE VALUE CREATION

MATERIAL RISK C	OR OPPORTUNITY: INNOVATION IN PRODUCT AND SERVICE OFFERINGS
Business Case	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.
Business Impact	Revenue
Business strategies	In its Climate Change Statement, Copec commits to invest 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.
Target/Metric	In 2021, the subsidiary Copec announced its long term target to have a majority of renewable energies (vs. fossil fuels) distributed by 2050.
Target Year	2050
Progress	During 2023, the subsidiary Copec launched 11 electric charging stations in the Metropolitan Region of Santiago, Chile, which today power 50% of the 2,000 electric buses that circulate in the capital, as part of the public transport network. Copec also implemented the first electric charging station in regions for public transport buses, in the city of Antofagasta. This adds to the more than 900 charging points for electric vehicles existing in the national territory, which make up the most extensive network in the country. In addition, Copec inaugurated the first hydro-fueling station for the supply of a hydrogen bus in the country.
Executive Compensation	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.



SUSTAINABILITY AND

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#### MATERIAL ISSUES FOR ENTERPRISE VALUE CREATION

MATERIAL RISK C	MATERIAL RISK OR OPPORTUNITY: COLLABORATORS' WELFARE, HEALTH AND SAFETY								
Business Case	For a company with over 40,000 employees, across more than 16 countries, and involved in complex industrial processes in forestry, fuels and food, the health, welfare and safety 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.								
Business Impact	Risk								
Business strategies	Empresas Copec and its subsidiaries seek to promote safe working environments and develop a culture of protection and safeguarding of life. The Company focuses on continuous improvement, particularly 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.								
Target/Metric	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 2024 has been indicated below as reference year. The main long-term metrics that are tracked for this issue are the fatal work-related accidents and the accident rate (in both cases, for employees and contractors).								
Target Year	2024								
Progress	In terms of fatal work-related accidents, in 2023 ARAUCO had to mourn the death of one contractor in Chile. Empresas Copec and the rest of its subsidiaries did not suffer any fatalities during the period. This means that the fatality rate for employees was 0.0, and for contractors was 4.7. Regarding accident rate, during 2023 we achieved 3.5 for employees and 1.3 for contractors.								
Executive Compensation	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.								



SUSTAINABILITY AND

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#### MATERIAL ISSUES FOR EXTERNAL STAKEHOLDERS

MATERIAL RISK C	MATERIAL RISK OR OPPORTUNITY: INNOVATION IN PRODUCT AND SERVICE OFFERINGS								
Cause of the Impact	Empresas Copec's energy sector is largely focused on 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 the 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.								

CLIMATE ACTION AND MANAGEMENT



#### MATERIAL ISSUES FOR EXTERNAL STAKEHOLDERS

MATERIAL RISK C	MATERIAL RISK OR OPPORTUNITY: BIODIVERSITY CARE								
Cause of the Impact	A key component of ARAUCO's operations 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. 29% 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 commited 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, 29% 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 2023 exceeded US\$81 million.								

CLIMATE ACTION AND MANAGEMENT



# **RISK MANAGEMENT**

Risk review	Empresas Copec S.A.'s risk management methodology considers the following stages:  I. Scope, context and criteria  II. Risk evaluation  1) Risk identification 2) Risk analysis 3) Risk assessment  III. Risk treatment  IV. Monitoring and review  V. Communication and consultation  VI. Record and report  The details of this process can be reviewed in the Integral Risk Management Policy of Empresas Copec.  To see the risk factors, both in general and for each business, see pages 235-240 of the Integrated Report 2023. See also prioritization of risk factors, according to their degree of severity in page 78.
Risk exposure	This Risk Management Unit reports directly and every six months to the Board of Directors on the progress of its work.  These presentations are carried out in the presence of the Company's Chief Executive Officer. During 2023, the Board of Directors specifically entrusted the Committee of Directors to review, in a supportive and non-resolutive capacity, matters related to Risk Management.
Risk management process audit	The Internal Audit Unit 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.  The internal audit plan is biannual, and the last audit took place in December 2020. The next audit will take place in in the second half of 2024.
Risk culture	Empresas Copec annually trains employees on risk management. In 2023, the session started with an introduction of the risk management principles and focused on new trends in this area, with emphasis on emerging risks.  In addition, the performance appraisal carried out annually on all Empresas Copec employees considers the evaluation of the "Contribution to the continuous and progressive reduction of risks."  On the other hand, the evaluation of projects carried out by the Company's Strategy and Development area considers the incorporation of risk and sustainability criteria.

CLIMATE ACTION AND MANAGEMENT



# INDUSTRIALIZATION OF SUBSTITUTES FOR PRODUCTS MARKETED BY SUBSIDIARIES

#### **Description**

There is an increasing interest in the market in paper and paper products made out of non-wood fiber, sourced from the agricultural and textile sectors. This shift is driven by several factors, including sustainability concerns, resource scarcity, and the desire to reduce environmental impact. For example, synthetic pulp is a material manufactured through chemical processes to mimic the properties of natural wood pulp.

Innovation in wood-free pulp technologies could change market dynamics and pose challenges to companies that rely on wood as a raw material. Some products that are already using wood-free pulp include tissue, hygiene, printing, cigarette, technical, security, and specialty paper, as well as board products, including those for food packaging, and the list could keep growing. As technology advances and awareness of environmental impact grows, this trend is likely to accelerate and expand even further.

#### Category: Economic

Impact/Opportunities: New materials could change market demands and affect the competitive position of traditional pulp companies, such as subsidiary ARAUCO.

#### **Mitigating actions**

For more than 30 years ARAUCO has been researching, developing and applying the best technologies to maximize the productivity of the forest and industrial resources. To this end, the company works intensively to analyze

processes for the Forestry, Pulp and Wood areas in the different countries where it operates.

In this context, where research and development are essential to ensure long-term sustainability, ARAUCO has a Research Centre of Excellence called Bioforest. Today, it has a team of more than 30 people, mainly dedicated to the research of new technologies and products derived from the pulp process and forest improvements.

ARAUCO continuously collaborates with technological partners and invests in R&D as a key strategy to remain competitive and respond to changing market demands and environmental expectations. In this regard, the company plans plans to invest US\$100 million in R&D by 2030.

For example, in 2020, ARAUCO produced dissolving pulp for the first time in Chile. This pioneering project required an investment of approximately US\$ 190 million and involved transforming the Valdivia Mill into a reversible facility, capable of producing paper and dissolving pulp. Dissolving pulp, produced from eucalyptus, has environmental and production advantages over cotton, is marketed mainly in Asia and is used as a raw material in the manufacture of viscose or rayon fabrics. In 2023, the product reached a production of 296,000 tons (Adt), with a market share of 5.8%.

During 2023, the company joined the Emission Free Pulping Program, a partnership between leading companies in the industry, promoted by VTT Technical Research Centre of Finland and RISE (Research Institutes of Sweden). Its main objectives are to increase the efficiency of wood use in the conversion to products, achieve emission-free pulp (especially CO<sub>2</sub>) and significantly reduce water consumption.



#### **Description**

The ocean has absorbed 90% of the heat caused by anthropogenic greenhouse gases, which raises water temperature.

Historical and recent observations show that ocean heat uptake has accelerated dramatically since the 1990s, nearly doubling during 2010–2020 compared to 1990–2000. Of the total ocean heat uptake over 2005–2020, about 89% can be found in global mode and intermediate water layers.

The increase in water temperature can cause the displacement and alteration of species, and variations in ocean circulation. If the water cycle accelerates with global warming, it could have profound impacts on modern society, driving drought and water shortages, as well as greater storms and flooding.

Climate change accelerates the water cycle by increasing the rate of evaporation. This affects the amount of water available for human consumption, agriculture, ecosystems and other uses.

Category: Environmental

#### Impact/Opportunities

- High temperatures can increase soil erosion after wildfires, affecting productivity and soil quality.
- Heat can alter the chemical composition of soil, decreasing the availability of nutrients for trees.
- Warmer waters can create metabolic stress in fish, affecting fish reproduction and foraging.

#### **Mitigating actions**

**CLIMATE ACTION AND MANAGEMENT** 

OF NATURAL RESOURCES

The subsidiary ARAUCO implements water management practices that promote conservation and efficient use of water resources within forestry operations and in surrounding communities.

For example, it maintains a constant commitment to hydrological monitoring, focusing on the development of knowledge for sustainable water resource management and ensuring compliance with emission limits in order to respect the quality of water bodies, both associated with effluent discharges and for the safe supply of plants and the conservation of water bodies.

For a decade, ARAUCO has developed the Desafío Agua management strategy in Chile. This can include techniques such as rainwater collection and storage, the construction of small reservoirs and the implementation of efficient irrigation practices.

Through Bioforest, during 2023, ARAUCO was awarded the CORFO grant for an innovative water treatment project: PEDRO (Pulsed Electrodialysis Reversal Optimized), which will allow the optimization of desalination plants based on electrodialysis, through artificial intelligence.

In Chile, the subsidiary participated in the International Congress "Mega Fires: Multiple dimensions of the effects of fire on forests and the territory", with the work "Planning of ecological infrastructure explicitly considering the risk of fires in Central Chile," which allows updating priority sites for restoration.

For its part, Orizon is committed to the ocean, which is why its ships are equipped with advanced echo sounder and sonar technology. This technological infrastructure is added to the experience of the captains and crew, which allows them to detect whether the fishing area has the fish they wish to catch. This way, they ensure that they do not harm other species and go beyond compliance with Chilean regulations, whose fishing discard law controls and oversees that ships do not discard marine species when fishing.



#### **BIODIVERSITY LOSS**

#### **Description**

Biodiversity loss refers to the decline or extinction of different species, as well as the local reduction or loss of species in a specific habitat. The main causes of biodiversity loss include overexploitation of the natural environment, habitat loss, environmental pollution, the introduction of invasive species and the effects of climate change.

Category: Environmental, economic

#### Impact/Opportunities

- Less biodiversity means fewer ecosystem services, such as pollination, water purification and climate regulation, which could impact the efficiency of forest plantations.
- Environmental degradation can lead to tensions with local communities and affect the company's reputation.
- Overfishing can lead to the depletion of certain species, affecting resource availability and ecosystem functioning. The loss of species affects the food chain and can lead to imbalances.

#### Mitigating actions

ARAUCO, through its Biodiversity and Ecosystem Services policy, ratifies its commitment not to substitute native forest and not to encourage substitution by third parties. In addition, it has 65 Biological HCVAs and established a commitment to count and inventory the natural capital found within Chile's forest heritage by 2024. It has FSC certification, which promotes environmentally appropriate forest management, ensuring that the

production of timber and non-timber products maintains the forest's biodiversity, productivity and ecological processes.

**CLIMATE ACTION AND MANAGEMENT** 

OF NATURAL RESOURCES

Since 2021, ARAUCO has opened access to part of its forest assets so that communities can develop activities that promote the care and conservation of nature, enjoying the environmental, social and cultural values that forests provide.

Copec's goal is to protect a total of 39 ecosystems by 2034, including the La Chimba, El Bato and Vientos del Chelenko wetlands.

Orizon, within its policy of Compliance with the Fisheries Law, declares to comply strictly with the regulations contained in the General Law of Fisheries and Aquaculture, its regulations and resolutions. The law establishes the mechanisms for the administration of hydrobiological resources.

In addition, Orizon is part of the MSC certification for sustainable fisheries, which contains a principle of "Sustainable Fish Stocks" that seeks to ensure that fish stocks remain productive and prosperous.

Empresas Copec participates in Acción Empresas' Biodiversity group, with the aim of building capacity within the group on biodiversity issues, keeping up to date with knowledge and regulations on the subject, and creating alliances with other entities.

As of 2024, the subsidiaries Copec, ARAUCO and Orizon participate in the Strategic Committee of the Business Action Plan on Biodiversity, promoted by the Ministry of the Environment and Acción Empresas, contributing to the updating of the country's strategy in this area.

Within the companies there are environmental teams dedicated to monitoring environmental impact.



#### **Description**

It refers to the increase and intensification of the speed with which the transition to a low-carbon economy is taking place. This could involve taking faster and more effective measures to reduce dependence on energy sources and industrial practices that generate high carbon emissions.

Although the transition to electromobility in Chile is in an initial stage, it is expected to significantly reduce the demand for fossil fuels in the country. This impact is the result of changes in the composition of the vehicle fleet and in prices during the transition period. Electromobility and other sustainable fuels will have positive prospects during transition.

Category: Economic

#### Impact/Opportunities

- Investments in fossil fuel-related assets could face significant financial risks as pressure to reduce dependence on these resources increases. Companies that do not adapt quickly could face asset write-downs and financial losses. Given its dependence on fuel trading, Copec's revenues would be mostly exposed to this risk.
- The company could face disruptions in its supply chains as regulations and consumer preferences change. This could affect the availability and cost of key inputs.

• Decarbonization often involves the adoption of new technologies. Companies that are unable to adapt or adopt emerging technologies could be left behind in terms of competitiveness.

#### **Mitigating actions**

**CLIMATE ACTION AND MANAGEMENT** 

OF NATURAL RESOURCES

Subsidiaries in the energy sector are constantly seeking to invest in renewable energy and clean technologies to reduce dependence on fossil fuels, as well as to generate alliances with different relevant actors along their supply chain to facilitate the transition to a low-carbon economy.

Subsidiaries seek to implement practices to reduce emissions in current operations. For example, Orizon established the goal of using 100% renewable energy by 2024.

Empresas Copec and its subsidiaries communicate efforts towards decarbonization in a transparent manner to investors, collaborators and other stakeholders.

Copec and Roda-e are part of the Public-Private Electromobility Agreement 2023-2024.



#### WATER SCARCITY

#### **Description**

Water scarcity refers to the lack of sufficient water in an area or region to meet consumption demand. Chile is a water-rich country compared to the OECD average, but faces difficulties due to climatic, regulatory and management factors. Water insecurity hinders economic recovery and jeopardizes sustainable development goals such as access to clean water and food safety. Climate change, decreasing rainfall and rising temperatures aggravate this crisis, affecting access to drinking water, agriculture and other productive activities.

In August 2023, the pulp manufacturing process at the Licancel pulp mill in Chile was suspended indefinitely. The reasons for this measure consider the extreme climatic variability, with consecutive flooding of the river, extreme periods of drought that caused repeated stoppages and high impact forest fires that have generated a significant drop in the availability of wood at the industrial level.

At the consolidated level, in 2023, 29% of the water withdrawn came from areas with high and/or extremely high baseline water stress.

Category: Environmental.

#### Impact/Opportunities

- Lack of water can affect the growth and productivity of forest plantations.
- Plantations stressed by water shortages are more susceptible to infestations and diseases.
- Lack of water can affect marine habitats and the availability of food for species, which decreases fish populations.
- Reputational impact.

#### Mitigating actions

ARAUCO maintains a constant commitment to hydrological monitoring, focusing on the development of knowledge for the sustainable management of water resources and ensuring compliance with emission limits. ARAUCO's objective is to conserve the quality of bodies of water, both those into which effluents are discharged and those associated with supplying the Company's plants.

For a decade, the subsidiary has been developing the Desafío Agua management strategy in Chile, which accelerates Rural Drinking Water projects in collaboration with the community and authorities, benefiting more than 40,000 people in 38 municipalities.

In 2023 Bioforest was awarded a CORFO grant for a new water treatment project: PEDRO (Pulsed Electrodialysis Reversal Optimized), which will optimize electrodialysis-based desalination plants through artificial intelligence.

ARAUCO prepared a prioritization and action plan for supply basins affected by fires in the 2023 season.

ARAUCO adheres to the FSC principles and criteria, of which Principle 6.7 establishes that organizations shall protect or restore natural streams and bodies of water, riparian zones and their connectivity. In addition, they shall avoid negative impacts on water quality and quantity and mitigate and repair those that do occur.

ARAUCO's Safety, Occupational Health, Environment and Quality Policy establishes the responsible use of raw materials and inputs, such as wood, water, air, soil, among others. In addition, ARAUCO monitors its operations and their impacts on water, air, soil, among others, and through its policy is committed to protecting the environment.



# GOVERNANCE AND INTEGRITY



# **BOARD OF DIRECTORS**

The Shareholders' Meeting held on April 24, 2024 elected the following Board of Directors:

#### Roberto Angelini Chairman

Since April 29, 1986



Jorge Andueza Vice-Chairman Since April 27, 2011



**CLIMATE ACTION AND MANAGEMENT** 

OF NATURAL RESOURCES

Marcela Achurra Director Since April 28, 2021



Civil Industrial Engineer, with a minor in Chemistry, from Pontificia Universidad Católica. He joined Grupo Angelini in 1976 as engineer and since 1982, he has held executive positions in the main companies of the group. He is currently Chairman of the Boards of Empresas Copec, Copec, AntarChile, Corpesca, Pesquera Iquique-Guanaye, Inversiones Alxar and Servicios Corporativos Sercor, and he is a member of the Board of Forestal ARAUCO, Empresa Pesquera Eperva, Orizon and Inversiones Siemel. He has also launched and participated in several Foundations supporting Chile's economic and social development, promoting scientific and technological investigation, the improvement of education and the quality of social housing.

#### Work experience in Empresas Copec's sector according to GICS classification (Oil & Gas Distribution):

- ✓ Director of Copec S.A. since April 2005.
- ✓ Director of AntarChile S.A. (controlling group of Empresas Copec) since April 2001.

Civil Engineer from Universidad Federico Santa María. He holds a Post-Graduate Degree in Business Management from Universidad Adolfo Ibáñez's Business School. Between 1973 – 1977, he worked at the NASA division of Universidad de Chile. between 1977 - 1980 at IBM Chile, between 1981 -2000 at Sigma and between 1999 - 2017 as CEO of AntarChile (controlling group of Empresas Copec). He is currently a Director of different subsidiaries and related companies.

#### Work experience in Empresas Copec's sector according to GICS classification (Oil & Gas Distribution):

- ✓ Director of Copec S.A. since April 2003.
- ✓ Director of Organización Terpel S.A. since 2010.
- ✓ Director of AntarChile S.A. (controlling group of Empresas Copec) since April 2017.
- ✓ 1999 2017 CEO of AntarChile (controlling group of Empresas Copec).

Lawyer from Pontificia Universidad Católica de Chile. Currently, she is a partner at Parraguez y Marín Law Firm; Arbitrator of the Santiago Chamber of Commerce, and Counselor of the Santiago Bar Association. Expert in advising local and foreign companies in M&A, Corporate Governance, and Compliance issues. She has served as an independent Board Member at Agencias Universales S.A; Counselor of ICARE; Board Member of Compañía Pisquera Bauzá S.A. and Aguas CCU-Nestlé Chile S.A. Additionally, she served as Chief Legal Affairs Officer, Secretary of the Board of Directors, Directors Committee and Audit Committee, and Member of the Conduct Committee of Compañía Cervecerías Unidas S.A.; Head of the Legal Department of Viña San Pedro S.A., and Secretary of the Board of Directors and the Directors' Committee of this holding.



Maurizio Angelini Director Since April 28, 2021



Juan E. Goldenberg Director Since April 27, 2005



**José T. Guzmán R.** Director Since April 24, 2024



Architect from Universidad de Chile. Since 2002, he has been a founding partner of the architectural studio 57STUDIO Ltda., whose work has been published, exhibited, and awarded worldwide. Between 2005 and 2012, he served as Professor at the Universidad de Chile, Universidad Diego Portales and Universidad Andrés Bello. In 2007 he joined the Board of Inversiones Angelini Ltda. and in 2010, he ioined the Board of Elemental S.A. Since 2012 he has been part of the strategic and management team of Inmobiliaria Las Salinas Ltda. This company, a subsidiary of Empresas Copec S.A., works on the land remediation and development of a master plan to convert the site occupied by the oil company in Viña del Mar into a neighborhood integrated with the city and its surroundings. Since 2019 he has been President of the Corporation for the Integration of the Central Coastal Border of Arica, which was born under the auspices of a publicprivate agreement to develop and implement a project that values the city through its integration with the coastal border.

Work experience in Empresas Copec's sector according to GICS classification (Oil & Gas Distribution):

✓ Director of AntarChile S.A. (controlling group of Empresas Copec) since April 2020.

Lawyer from Universidad de Chile, Comparative Law Program of Columbia University, New York and Professor of Business and Tax Law at Universidad Católica de Chile. Speaker at legal conferences and seminars and author of publications and articles on legal analysis. He is an expert in business law, especially on stock corporations, securities legislation, commercial agreements, M&A, foreign investments, tax legislation and free competition. He has been actively involved in tax trials and other economic and commercial ones. He is a Partner of the law firm Yrarrázaval, Ruiz - Tagle, Goldenberg, Lagos & Silva. Legal advisor of national and multinational companies, including financial institutions. Director of publicly traded corporations. Member of the Chilean Bar Association, of the Tax Commission of said Professional Union. Member of the Chilean Institute of Tax Law and of the International Section of the American Bar Association and of Icare.

Work experience in Empresas Copec's sector according to GICS classification (Oil & Gas Distribution):

✓ Director of AntarChile S.A. (controlling group of Empresas Copec) since April 2001.

He holds a law degree from Universidad de Chile and a Master of Comparative Jurisprudence from New York University School of Law. Since 1977, he has worked at the law firm Portaluppi, Guzmán y Bezanilla Abogados and has been a partner since 1993. Throughout his career, he has provided legal counsel, particularly in civil and commercial contracts, acquisition and sale of companies, joint ventures, and regulations applicable to corporate governance, especially regarding publicly traded companies. He has served as Legal Advisor and Secretary of the Board of Directors of Empresas Copec S.A. since 2008.



Karin Jürgensen Director Since April 28, 2021



Andrés Lehuedé Director Since April 25, 2018



Francisco León Director Since April 25, 2018



BSc in Business Administration and MSc in Management, both from Pontificia Universidad Católica de Chile. Currently, she serves as President of the Board of Directors of the Sociedad Administradora de Fondos de Cesantía de Chile II. S.A. (AFC Chile). She also serves as Board Member of the National Mining Company (ENAMI), Dean of the Economics and Business Science Department at Universidad de Los Andes, and Senior Advisor in Women in Finance. She has been a consultant for several companies; teacher of Economics, Markets and Corporate Social Responsibility; Editor of publications for The Economist magazine; and Research Assistant of the World Bank in Washington D.C. Additionally, she has several publications and has participated in important national and international conferences.

Bsc in Business Administration and Fconomics from Pontificia Universidad Católica de Chile and MBA from UCLA (USA). He worked for ten years at Citicorp Chile as an investment analyst, portfolio manager, and Investment Manager. He joined Grupo Angelini in 2002 as CEO of Cruz del Sur AGF. He later became CEO of Cruz del Sur, responsible for the life insurance, wealth management, mortgage, and stock brokerage businesses. He is currently CEO of AntarChile S.A. and Inversiones Siemel S.A. He is chairman of the Board of Rentas y Servicios S.A. (Avis Budget Chile), Agrícola Siemel Ltda, Red to Green S.A., Woodtech S.A., Valle Grande S.A., and Board Member of Colbún S.A., RedMegacentro S.A., A3 Property Investments SpA, and Servicios Corporativos SerCor S.A. He has been a Finance professor at P.U.C., Universidad de Los Andes, and Universidad del Desarrollo, both in the undergraduate and in the MBA programs.

Work experience in Empresas Copec's sector according to GICS classification (Oil & Gas Distribution company):

✓ Current CEO of AntarChile (controlling group of Empresas Copec) since March 2017.

Civil Engineer from Pontificia Universidad Católica de Chile and MBA from Harvard Business School. He has been a Board Member of CorpBanca, ABN Amro Chile, BBVA, Cristalerías Chile, Coca Cola Chile, Embonor, Sociedad Concesionaria Intermodal de La Cisterna, Construmart and Grupo Inmobiliario Beltec, among other companies. Currently, he is a Board Member of Copec S.A.

Work experience in Empresas Copec's sector according to GICS classification (Oil & Gas Distribution company):

✓ Director of Copec S.A. since April 2018.



		INDEP	ENDENCE		NUMBER OF OTHER MANDATES OF THE BOARD IN PUBLICLY LISTED COMPANIES	
NAME	POSITION	Under Chilean Law 18,046	Under S&P criteria (*)	PARTICIPATION IN OTHER BOARDS IN PUBLICLY LISTED COMPANIES		
Roberto Angelini	Chairman	NO	NO	AntarChile S.A., Inversiones Nutravalor S.A., Inversiones Siemel S.A.	3	
Jorge Andueza	Vice-Chairman	NO	NO	AntarChile S.A., Inversiones Nutravalor S.A., Inversiones Siemel S.A.	3	
Marcela Achurra	Director and member of the Directors Committee	<b>√</b>	<b>√</b>		0	
Maurizio Angelini	Director	NO	NO	AntarChile S.A.	1	
Juan E. Goldenberg	Director and member of the Directors Committee	NO	✓	AntarChile S.A., Banco de Crédito e Inversiones	2	
José T. Guzmán	Director	NO	NO		0	
Karin Jürgensen	Director and member of the Directors Committee	NO	✓		0	
Andrés Lehuedé	Director	NO	✓		0	
Francisco León	Director	NO	✓	PazCorp S.A.	1	

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#### 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**

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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**

In previous years, the Directors have participated in an evaluation process focused on corporate governance, which considered the following dimensions:

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



### 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	JUAN E. GOLDENBERG	JOSÉ T. GUZMÁN	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."			✓				✓		<b>✓</b>
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."			✓		✓		✓	<b>√</b>	<b>√</b>

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At least two of the six criteria defined below must be met:	ROBERTO ANGELINI	JORGE ANDUEZA	MARCELA ACHURRA	MAURIZIO ANGELINI	JUAN E. GOLDENBERG	JOSÉ T. GUZMÁN	KARIN JÜRGENSEN	ANDRÉS LEHUEDÉ	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.			<b>✓</b>		✓		✓		
3) The director must have no personal services contract(s) with the Company or be a member of the Company's senior management.	✓	<b>✓</b>	✓	✓	1		✓	✓	
4) The director must not be affiliated with a not-for-profit entity that receives significant contributions from the company.	<b>✓</b>	1	✓	✓	✓	✓	✓		
5) The director must not have been a partner or employee of the Company's external auditor during the past year.	1	1	<b>✓</b>	✓	<b>√</b>	<b>✓</b>	<b>✓</b>		
6) The director must not have any other conflict of interest that the board itself determines to not be considered independent.			✓			✓	✓		



# **CONTRIBUTIONS & OTHER SPENDING**

ISSUE	CORPORATE POSITION	DESCRIPTION OF POSITION / ENGAGEMENT	TOTAL SPEND IN 2023
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 sector 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\$ 155,634
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\$70,799

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See more details about the largest contributions & expenditures.



### POLICY INFLUENCE ALIGNED WITH THE PARIS AGREEMENT

Empresas Copec and its subsidiaries are publicly committed to the Paris Agreement and are taking decisive 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 stated 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 COP28 held in United Arab Emirates in 2023. In fact, this was the fourth time the company participated in this global summit. In this latest edition, ARAUCO's focus was on three key and complementary actions: mitigating the effects of climate change by reducing emissions by 2030, through the Science Based Targets initiative; reversing the loss of biodiversity, preserving nearly 500,000 hectares of native forest and protected areas in Latin America; and reducing pollution, in line with its commitment to zero waste by 2030, by developing biodegradable and recyclable products to replace plastic.

• 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.

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During 2024 Empresas Copec conducted a survey with trade associations on their political influence on climate-related issues. The objective is to have a review and monitoring process to assess whether the institution' commitments in terms of public policies and lobbying are aligned with the Paris Agreement.



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#### MAIN ACTIVITIES OF THE GROUP DURING 2023 ACCORDING TO CCCR CLASSIFICATION

Country - Tax Jurisdiction	Number of companies	Business	h and ment	turing	rketing oution	trative lement ervices	on of to Third es	e.	OTHER RELEVANT INFORMATION					
Jurisdiction		Area	Research and Development	Manufacturing or Production	Sales, Marketing or Distribution	Administrative or Management Support Services	Provision of Services to Third Parties	Other	N° of employees (including contractors)	<b>Total Revenues</b> ThUS\$	Profit (Loss) Before Taxes ThUS\$	Cash Taxes Paid ThUS\$		
Argentina	2	<b>*</b>							7,991	273,950	(53,143)	880		
Brazil	11	<b>*</b>							11,702	923,734	13,975	5,275		
Chile	71	<b>*</b> • • • •							53,827	19,906,166	(111,860)	(102)		
Colombia	10	<b>*</b>							5,724	7,523,657	107,744	60,814		
Ecuador	5	<b>4</b>							1,288	970,679	6,799	380		
United States	6	<b>♦ ♦ ♦</b>							1,205	3,049,047	212,864	(6,810)		
Mexico	3	<b>*</b>							1,272	406,305	36,305	(13,680)		
Panama	7	<b>6 ©</b>							1,384	1,610,027	26,139	(6,158)		
Peru	6	<b>* 6</b>							2,358	998,447	63,966	(15,282)		
Uruguay	8	<b>*</b>							1,988	672,694	182,641	(6.825)		
Other countries	13	<b>♦ 6 %</b>							465	916,746	(44,683)	(17,430)		

CLIMATE ACTION AND MANAGEMENT



# CLIMATE ACTION AND MANAGEMENT OF NATURAL RESOURCES



## **ENVIRONMENTAL MANAGEMENT SYSTEM**

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.

### MAIN ENVIRONMENTAL POLICY FOR EMPRESAS COPEC AND ITS SUBSIDIARIES

EMPRESAS COPEC	Sustainability Policy						
	Code of Ethics						
ARAUCO	Environmental, Health & Safety Policy						
	Climate Change Policy						
COPEC	Sustainability Policy						
	Energy Policy						
	Quality, Safety, Health at Work and Environment Policy						
ABASTIBLE	Sustainability Policy						
ORIZON SEAFOOD	Sustainability Policy						
	Energy Policy						



CREATION OF SOCIAL

**VALUE** 

#### **ENVIRONMENTAL RESOURCES MANAGEMENT PROGRAMS**

Through the <u>Sustainability Policy</u>, Empresas Copec reaffirms its permanent commitment and responsibility with the sustainable management of its business activities.

One of the actions that the Company conducts in relation to its stakeholders is to safeguard the personal development of all the Company's members; foster diversity, collaboration and provide ongoing training in sustainability issues.

In this regard, examples of the initiatives in subsidiaries are described below:

- Copec develops training programs in energy efficiency for collaborators and external parties, whose work is directly involved in the energy performance of the organization.
- The Environment and Cultural Change Training Program of ARAUCO allows employees to be trained in energy conservation, climate actions and waste treatment. Talks and training were also given, and active cleaning breaks were carried out in the work environments. In addition, clean points were set up within the facilities and in neighboring communities.

On the other hand, Empresas Copec has a risk management policy and method in place that allows the Company to identify risks, assess them, weigh their impacts, mitigate and monitor them, in order to improve the decision-making process.

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 and its subsidiaries operate responsibly and in harmony with the environment. To this end, they frame their performance in management systems that promote innovation, sustainable resource management and the reduction of atmospheric emissions. It should be noted that ARAUCO, Copec, Terpel, Abastible and their respective subsidiaries have environmental management systems certified under ISO 14001 and energy management systems certified under ISO 50001:2018.
- ARAUCO has a system of constant monitoring of the resource in basins and has defined controls and mitigation measures in order to continue ensuring strict compliance with applicable standards, both for effluent discharges and for the safe supply of mills.
- Every year, Empresas Copec and its subsidiaries invest in R&D with the aim of creating new products as well as improving efficiency in each area of operation. In 2023, the Company and its subsidiaries allocated ThUS\$ 69,569 to projects to reduce the impact of pollution, waste or the use of resources, to investment in the Corporate Venture Capital (CVC), among others.



### MAIN ENVIRONMENTAL IMPACT STUDIES

COMPANY	PROJECT NAME	PRESENTATION DATE	LINK	STATUS
Celulosa ARAUCO y Constitución S.A.	Modernization Expansion ARAUCO Plant	April 2012	https://seia.sea.gob.cl/expediente/ficha/fichaPrincip al.php?modo=normal&id_expediente=6856586	Approved
Orizon S.A.	Operational Optimization at Coronel Sur Plant	September 2017	http://seia.sea.gob.cl/expediente/ficha/fichaPrincipal .php?id expediente=2132738357	Approved
Inmobiliaria Las Salinas Ltda.	Las Salinas land regeneration	December 2018	https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&id_expediente=2141894991	Approved
ARAUCO Bioenergía	JCO 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.	lle S.A. Expansion of LPG storage capacity in Arica Plant July 2022 <a href="https://seia.sea.gob.cl/expediente/ficha/fichaPrincip_al.php?modo=normal&amp;id_expediente=2156387649">https://seia.sea.gob.cl/expediente/ficha/fichaPrincip_al.php?modo=normal&amp;id_expediente=2156387649</a>		Approved	
Abastible S.A.	A. Expansion of LPG storage capacity in Antofagasta August 2022 <a href="https://validador.sea.gob.cl/validar/2159659782">https://validador.sea.gob.cl/validar/2159659782</a>		Approved	
Abastible S.A.	Expansion of LPG storage capacity in Lenga Plant	January 2023	https://seia.sea.gob.cl/expediente/ficha/fichaPrincipal.php?modo=normal&id_expediente=2158058731	Approved
Vía Limpia SpA	SpA Vía Limpia PLUS - Lubricant Oil Regeneration Plant January 2023 <a href="https://seia.sea.gob.cl/expediente/ficha/ficha/rincip_al.php?modo=normal&amp;id_expediente=2158440405">https://seia.sea.gob.cl/expediente/ficha/ficha/rincip_al.php?modo=normal&amp;id_expediente=2158440405</a>		Approved	
ARAUCO Celulose do Brasil S/A	Pulp mill in Inocência (Mato Grosso do Sul, Brazil)	in Inocência (Mato Grosso do Sul, Brazil)  May 2023  https://www.imasul.ms.gov.br/wp- content/uploads/2023/06/RIMA-Relatorio-de- Impacto-Ambiental-ARAUCO.pdf		In Qualification
Solgas S.A.	New LPG Bottling Plant in Piura	December 2023	https://www.gob.pe/institucion/regionpiura- drem/normas-legales/4927887-269-2023-gobierno- regional-piura-420030-dr	Approved



### ENVIRONMENTAL INVESTMENT

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	US\$ million
Capital Investments	40.274
Operating Expenses	47.042
Total Expenses	87.316
Savings, cost avoidance, income, tax incentives, etc.	0.467



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## **TCFD REPORTING FRAMEWORK**

#### **EMPRESAS COPEC MANAGEMENT**

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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 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.

During 2024, an Executive Sustainability Committee was established, which aims to internalize non-financial factors in the decision-making process and strengthen execution capacities in environmental, social and governance matters.

#### **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:

- Risks are reported to the Board of Directors by the COO;
- Regulatory and compliance issues are reported semiannually to the Ethics and Compliance Committee of the Board of Directors by the Ethics and Compliance Manager;
- Annual progress on sustainability goals is reported every year by the Corporate People and Sustainability Manager, or
- 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. 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.



	CLIMATE-RELATED INCENTIVES				
	BUSINESS UNIT	WHO IS ENTITLED OF THIS BENEFIT?	TYPE OF INCENTIVE	DETAILS	
a. GOVERNANCE	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 and Corporate Affairs Manager.	Recognition	Copec's Development and Management Area seeks to accelerate the company's transition towards an integrated mobility model, in order to promote alternative energy sources in Chile and support the decarbonization of the transportation sector. The Corporate Manager of this area aims to evaluate startups linked to energy, mobility and retail that have growth potential. Copec's Development and Management Area has made several investments since 2019 in companies such as Stem, Flux Solar, Ampere Energy, Turntide, Wllbox, Picafuel, Emoac, H2Pro, Yummy, Source, Resonant Link, Xeal and many more.  In 2021, through its Climate Change Declaration, the company committed to investing 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. The successful fulfillment of this objective brings with it recognition, since it is a project of strategic importance for Copec.  On the other hand, the Corporate Affairs Manager must ensure compliance with the Company's strategic objectives linked to its climate goals, which are: achieving Carbon Neutrality of the Company by 2030, being a Zero Waste company by 2029	
	ARAUCO	Employees: Bioenergy employees	Recognition	and promoting the protection of 39 ecosystems close to its operations by 2034.  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.	



#### **EMPRESAS COPEC AND ITS SUBSIDIARIES**

ARAUCO and Copec have carried out assessments of physical and transition risk scenarios with experts in the area, with the aim of identifying risks and opportunities related to climate change, subsequentially calculating the financial impact they would have on the business and proposing mitigation plans.

In that sence, the assessments considers the following scenarios: Business As Usual (BAU) a 'market expectations' scenario; 2 Degree Scenario (2DS) An orderly global transition limiting warming to well below 2°C by 2100; RCP 4.5 (or SSP2 4.5); RCP 8.5 (or SSP5 8.5), and IEA 2DS.

TYPE OF CLIMATE-RELATED RISK OR OPPORTUNITIES	DESCRIPTION OF ACTUAL AND POTENTIAL IMPACTS	TRANSITION RISK	PHYSICAL RISK	OPPORTUNIT IES
Market price behavior of products	The prices of many of the products sold by the subsidiaries may change significantly, as they are strongly correlated with international prices. Furthermore, if the production, supply and demand of a renewable resource, such as wood, increases or decreases, due to climate change, global population growth and/or the transition to a circular bioeconomy, fluctuations in market prices could positively or negatively affect the company's financial position, operating results and cash flows.	Market		Market
Global competition	Companies face substantial global competition in every geographic market and for every product line, and this may change if market conditions are affected by climate change. Market share and competitive position may be adversely affected if companies do not successfully expand their productivity at the same rate as their competitors. Therefore, in certain cases, global competition may adversely affect a company's business, financial position, operating results and cash flows.	Market / Products and services		
Natural disasters, climate change and pandemics	Natural disasters, climate change and pandemics could result in operational downtime, supply chain disruptions and reduced production that could adversely affect our financial position, operating results and company cash flows.		Acute / Chronic	



b. STRATEGY	TYPE OF CLIMATE-RELATED RISK OR OPPORTUNITIES			PHYSICAL RISK	OPPORTUNIT IES
	Regulatory changes	Increasing regulatory requirements regarding sustainability issues and the resulting costs of complying with them may impact the business, financial position, operating results and cash flows.	Political and legal		
	Ability to access local and international credit and capital markets.	The potential impact of climate change on operations, sales and pricing could affect the ability to access local and international credit or capital markets when financing is required, which could have a significant adverse or positive effect in response to changing economic and business conditions.	Market		Market
	Logistics chain and acquisition of critical materials and services	Climate change may negatively affect the supply of raw materials and critical services for the operations of subsidiaries, and the logistics chain in particular could be affected by global warming and climate change.		Acute / Chronic	
	Reputation of subsidiaries in the local and global industry	The Company is at the heart of the transition towards a sustainable economy.  On the one hand, forest products can capture and store CO <sub>2</sub> , and on the other hand, subsidiaries in the energy sector are working on the transition towards a low-carbon economy. Any event that could positively or negatively affect its reputation or that of the sector to which they belong could have a corresponding effect on the Group's financial results.	Reputational		Market / Products and services
	Global presence	As a Group with a presence on five continents, exposure to natural, economic, political, social and competitive risks worldwide is latent. Therefore, if there were an impact anywhere in the world due to climate change, any of these risks could negatively affect the business, financial situation and operating results of the Company and its subsidiaries.	Market / Products and services	Acute / Chronic	



Empresas Copec and its subsidiaries identify climate change as a catalyst that can impact the nature, severity and magnitude of the other key risks identified in the business management framework. The identification, assessment and management of potential climate risks are carried out within each risk area, under the responsibility of coordinating and monitoring the degree of progress and compliance of these activities.

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. 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 Chief Executive Officer (CEO). In turn, the CEO 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.

During 2024, an Executive Sustainability Committee was established, which aims to internalize non-financial factors in the decision-making process and strengthen execution capacities in environmental, social and governance matters. One of the Committee's tasks is to annually identify the most relevant emerging risks for the next 3 to 5 years, among which climate change has been identified as one of the most material. This process involves the participation of different areas in the identification, quantification and prioritization of risks.

ARAUCO's Risk Management Committee meets twice a year and is responsible for setting risk policy, appetite, structures, responsibilities, and mitigation plans for the company. It must ensure that risk management is integrated into every process and that its objectives are aligned with ARAUCO's objectives, strategies and organizational culture.

Copec has an Audit and Risk Committee whose purpose is to validate the strategy and supervise the correct application of the Risk Management Policy, monitor the implementation of a risk management culture and promote it in the company, monitor the adherence of area managers to the Risk Management Framework and the Risk Strategy, among other functions.

On page 62 of the Integrated Report, the overall emissions targets related to climate change are disclosed.

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.

By 2050, ARAUCO aims to be a Nature Net Positive company, through an ABC strategy: water care, biodiversity conservation and reduction of CO<sub>3</sub> in the atmosphere, and by 2030, reduce scope 1 and 2 emissions by 40.6%, and scope 3 emissions by 35% per dry ton of wood, compared to base year 2019.

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.



## **CLIMATE RISKS MANAGEMENT**

### **FINANCIAL RISKS**

### Risks driven by changes in regulation

Chile implemented a new environmental tax legislation in 2019, which introduced a Green Tax of USD 5 per  $tCO_2$  emitted for the energy sector. This tax is applicable to stationary sources of  $CO_2$ ,  $SO_2$ ,  $NO_x$ , and particulate matter (PM) and is targeted at facilities with boilers or turbines that have a heat output of at least 50 thermal megawatts (MW). As part of its climate change strategy, the Government has committed to increasing this carbon price to 35 USD/ $tCO_2$  by 2030, increasing the cost of emissions generating activities, as well as the potential costs of other goods and services in the economy.

### Risks driven by change in physical climate parameters or other climate-change related developments

Forest fires have a major impact on our operations and assets, and the risk of these events is likely to increase under climate change scenarios. This is already a permanent risk factor for ARAUCO, particularly during the forestry fires season that in Chile typically extends from the last quarter of each year through the southern hemisphere summer to the end of the first quarter of the following year. Changes in precipitation patterns, affecting water availability, and extreme changes in temperature associated with climate change may lead to increased frequency and intensity of these events.

In the 2021-2022 season, the hectares affected by forest fires were 7,566 (18,696 acres) considering Chile, Argentina and Brazil, which represents a total value of US\$ 15 million. Regarding the fires that occurred in Chile at the beginning of 2023 in the regions of Maule, Nuble, Araucanía, Biobío and Los Ríos, ARAUCO saw 47 thousand hectares (116 acres) of productive forest plantations affected, mainly due to the combination of multiple irresponsible actions or intentional actions by third parties and extremely unfavorable weather conditions such as high temperatures, low humidity and gusts of wind.

### **FINANCIAL OPPORTUNITIES**

#### **Carbon credit schemes and offsets**

ARAUCO has been involved in the development of emission reduction projects that generate certified carbon credits for many years, and has five renewable energy generation plants under the Clean Development Mechanism (CDM). These projects allow the annual reduction of around 650,000 tons of  $CO_2$ .

In 2022, 267,720 CERs issued in previous years to corporate businesses were traded under the CDM, directly and through intermediaries, as well as 456,905 million Verified Carbon Units (VCU) from the Viñales cogeneration plant, registered as a CDM under the internationally recognized Verra standard.

In line with achieving a positive impact on the planet, the company bases its strategy on three dimensions: water care, biodiversity conservation and reduction of  ${\rm CO_2}$  in the atmosphere. To achieve this, the company began by measuring its natural capital, which involves making a detailed inventory of the flora, fauna and vital natural resources, such as water.



# **LOW-CARBON PRODUCTS**

	SALE OF ENERGY FOR ELECTROMOBILITY	GENERATION OF RENEWABLE ENERGY
Type & Description of product(s)	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.
% of total revenues from "climate change" product(s) in FY 2023	0.014%	1.644%
Estimated total avoided emissions per year (tCO <sub>2</sub> e)	141,170	204,090
Comment	The product is an electric charging service for electric vehicles both in electro-terminals or in chargers from the public network.  At the end of 2023, Copec had a network of 12 electroterminals and 1,369 total charging points which connect more than 1,800 kilometers.	Across all countries where ARAUCO operates, the total installed renewable energy capacity in 2023 was 1,078 MW, of which around 843 MW of surplus power was supplied to the grid in Chile, representing approximately 1% of the total energy consumed in the National Electric System. This makes the subsidiary one of the main renewable energy generators in Chile.  In 2023, ARAUCO generated US\$98.9 million in revenue from domestic energy sales. In 2023, the average emissions factor of the SEN grid in Chile was 0.2421 tCO <sub>2</sub> /MWh. Based on surplus energy sales to the grid of 843 GWh in 2022, it is possible to estimate its carbon savings impact.



### **BIODIVERSITY**

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:
  - o Compliance with local legislation and voluntary agreements derived from adhesion to certification schemes or other specific good practices commitments.
  - o Ensure strict compliance of the legislation and the company voluntary commitments, avoiding any illegal activity within the heritage, especially in High Conservation Value Areas.
  - o 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.



# CREATION OF SOCIAL VALUE



### **COMMUNITY ENGAGEMENT**

Empresas Copec and its subsidiaries undertake their activities in a business environment in which its employees, suppliers, nature, customs and community idiosyncrasies interact, form part of and affect business development.

In that sense, companies of the Group have their own engagement policies and carry out different programs to identify affected communities, local stakeholders and other vulnerable groups. They also have their own engagement strategy that includes local stakeholders and maintain a complaints and claims mechanism available to communities.

### STAKEHOLDER ENGAGEMENT POLICIES AND PRACTICES

#### **ARAUCO**

 Communities are an essential part of ARAUCO's work, and the subsidiary strives to maintain a formal and ongoing dialogue with them and with the different interest groups. The diversity of perspectives and expectations enriches the subsidiary's work, and therefore encourages the participation of all those linked to its plants and projects. In this way, through transparent and ongoing communication with its neighbors, it ensures the detection and minimization of potential negative impacts of operations, while also seeking opportunities to enhance the company's contribution to

- local development. To assess the effectiveness of these measures, the Local Reputation Index has been implemented in priority communities in Chile for more than a decade, which allows the company to know how it is perceived by the community and the evaluations that neighbors make regarding the present and future of their communities, but also to use this information as input for business management.
- The Mapuche culture is a living and present culture, which is why ARAUCO works to ensure that its relationship with them is one of good faith, horizontal and permanent, respecting their cultural and social values. That is why the company, through strategic management, promotes mutual understanding, through honest and regular channels of participation and dialogue. In this way, they always work to generate long-term bonds of trust that allow to promote mutual development. In 2012 the subsidiary implemented the <a href="Mapuche Relationship Policy">Mapuche Relationship Policy</a> that established five relationship commitments with the surrounding communities, which adds to the Mapuche Employment Stimulation Policy.



#### COPEC

- Copec has a Territorial Management Policy, a framework through which it establishes the paths in which it seeks to leverage the wellbeing of people and communities, contributing to improving their quality of life and listening to their needs.
- To maintain active listening to the problems and impacts of operations, Copec has implemented the role of territorial managers in the areas where they maintain productive activities or plants, whose function is to stay in touch with the representatives and collect their concerns. In addition, there is the "Call Us" line, available free of charge to all stakeholders.
- During 2022, Copec's first social perception study was launched based on its own methodology, with the aim of understanding how citizens view and evaluate the company. In 2023, the questionnaire was applied to a representative sample of more than 2,500 people, which included all regions of the country, with emphasis on those communities where operations are located. This instrument seeks to generate a baseline with objective data to evaluate management and performance indicators in the relationship with communities, as well as to establish measurable goals with social and community impact.

#### **ABASTIBLE**

 Abastible has a Community Relations Strategy, which aims to reduce the possibility of conflicts as much as possible; collaborate to improve local well-being and security through alliances with municipalities, Carabineros and Firefighters; be an ally and reference in environmental care and promote entrepreneurship in the communities where they operate.



### STAKEHOLDER ENGAGEMENT PROGRAMS

### **ARAUCO's Dialogue Tables**

Neighbors of industrial facilities and forest heritage are invited to participate in regular relationship meetings. These meetings, sometimes joined by other institutions, municipalities, companies, and local organizations, discuss socio-environmental issues related to operations, aspects of interest to communities, and local productive development projects.

In Chile, these include: Biobío Artisanal Fishing Dialogue Table, Biobío Health Tables, Laraquete and ARAUCO Tables, Carampangue Wetland Dialogue Table, Arauco Municipality Carrizales Nueva Aldea Dialogue Table, Ranguin Tu Mapu Dialogue Table, Mariquina Municipality Local Tables of San Luis de Alba; Aylin and La Luma, for the Protection and Restoration of Water Supply Basins in the municipalities of San José de la Mariquina, Lanco, and Paillaco.

### **Open Forest by ARAUCO**

Since 2021, ARAUCO has opened access to part of its forest heritage so that communities can develop activities that promote the care and conservation of nature, enjoying the environmental, social and cultural values that forests provide.



### Community consultations and participatory monitoring of ARAUCO's commitments

ARAUCO's global forestry operations have a tool that makes it possible to survey the environmental and social aspects associated with an operational site.

This instrument, called <u>Environmental and Social Risk Analysis</u> (ARAS, for its acronym in Spanish), considers the general background of the site or sites, the identification of communities in the area of influence, and aspects associated with communities (heritage, water intakes, sites of social interest, previous conflicts, etc.), public infrastructure, connectivity, easements and biodiversity, among others.

Based on this information, measures are drawn up to prevent or mitigate the environmental and social impacts detected, set deadlines for their implementation and establish who will be responsible for them.

The company has defined that the following activities require mandatory use of this tool: road strips; road construction; production, stockpiling and transportation of gravel; thinning; harvesting; transportation; utilization; production and transportation of biomass; chemical applications; conglomeration; interface and fuel reduction.

If necessary, Community Participation and Consultation processes are also carried out. These spaces for engagement with stakeholders are aimed at communicating and reaching consensus on preventive and/or corrective measures resulting from operations, which may require the development of ARAS for other operations.

The commitments associated with the ARAS are monitored through the Environment and Communities Unit, which reports to the Integrated Management Council (CSGI) on the progress and closure of these issues.

With the information recorded on the aspects detected and the measures implemented, the company performs periodic analyses in order to update its Aspects and Impacts Matrix and the control measures in its Integrated Management System.

During 2023, 295 community consultations were held, in which 1,777 neighbors of the areas surrounding ARAUCO's operations participated.



### Copec program: "Mueve tus sueños"

In 2023, Copec carried out the second version of Mueve tus Sueños, a local entrepreneurship program that, together with the UC Anacleto Angelini Innovation Center (CIUC), seeks to promote the development and growth of small entrepreneurs from communities near the company's operations, who accessed a series of tools and training that will allow them to strengthen their business.

940 entrepreneurs applied, of which 160 were trained in areas such as formalization, marketing, sales and business finance. The process lasted five months, where participants went through several stages, received personalized support and follow-up in the progress of their businesses, as well as training provided by a group of Copec executives. In these phases, they applied learned concepts, developed business strategies and presented their sales pitches in front of a tripartite jury, made up of representatives of the respective municipality, the CIUC and Copec.

### **Open Companies**

Initiative promoted by Sofofa together with its related associations, where different companies nationwide are invited to open their doors to the community so that they can learn first-hand who they are, what they do and how they do it. In a cross-industry effort, many companies,

from Arica to Punta Arenas, will have guided tours for citizens to learn about the facilities and operation of the different companies.

The subsidiaries ARAUCO, Copec and Abastible joined this initiative.

For example, Abastible received a visit from representatives of different social organizations in the sector where the Maipú Plant is located, who toured the facilities, receiving valuable and useful information about the operation of the plant and the safety protocols in case of an emergency. The Operations Manager and the Sustainability Manager participated in this event, along with the plant manager.



### SUPPLY CHAIN MANAGEMENT

Empresas Copec and its subsidiaries 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:

- At Abastible, each bidding process includes a technical evaluation, which incorporates environmental criteria and levels of compliance; a social evaluation, which establishes compliance with standards for the protection of workers' rights and safety; as well as other aspects relevant to our company in terms of employee relations and care.
- 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 2023 Copec continued with the development of sustainability variables in the procurement processes through the development of a survey aimed at SME suppliers and large companies. The objective of the Sustainability Survey, applied to 832 suppliers, was to gather information on the ethical, social and environmental practices of those who provide services or sell inputs to the Company and incorporate sustainability variables in our bidding conditions and in the respective award processes.
- Terpel has three different assessments depending on the category of purchase: goods, services, or transportation. The percentage weight of

ESG factors in the scores for each category is as follows: 60% in goods, 50% in services and 31% in transportation.

**CLIMATE ACTION AND MANAGEMENT** 

OF NATURAL RESOURCES

• 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 each sector are also considered (energy, forestry, etc).

	2023 <sup>1</sup>
Total number of suppliers supported in corrective action plan implementation	6
Target for 2023	6

Total number of suppliers in capacity building programs	16
Target for 2023	7



### **HUMAN RIGHTS**

SUSTAINABILITY AND

INNOVATION AT THE CORE

Empresas Copec holds an explicit commitment to respect for human rights, in compliance with the United Nations Guiding Principles on Business and Human Rights. The Company also recognizes the ten principles of the Global Compact.

In that sense, the Company commits to prevent/respect at least:

- Human trafficking
- Forced labor
- Child labor
- Freedom of association
- The right to collective bargaining
- Equal remuneration
- Discrimination
- Health and safety

More information about initiatives and goals visit page 113 and 114 of the Integrated Report 2023.

#### **HUMAN RIGHTS PROGRAMS**

"Prevention of workplace harassment, sexual harassment and violence at work"

The Company and its subsidiaries implemented a prevention program to protect employees from workplace harassment, sexual harassment and violence at work.

In Empresas Copec, the implementation process was led by the Human Resources Management Committee, with the support of labour and legal experts and the participation of workers' representatives.

The Company developed a risk matrix to identify the probability and impact of these behaviors a prevention. In order to manage priority risks, a prevention protocol with mitigation/corrective actions was developed. Empresas Copec established an investigation procedure with reporting channels, safeguard measures, an official report to the Labour Inspectorate, and sanctions. These process considers a systematic review. The risk matrix and protocol will be reviewed annually.

All employees, including senior managers and members of the Board of Directors, received training on this matter. In addition, there is a dissemination and awareness campaign that will be carried out twice a year.



**CREATION OF SOCIAL** 

VALUE

### 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, 49.5% of the employees were evaluated in 2023.

It is important to notice that in 2022 and for the first time, Empresas Copec included sustainability competences in the performance appraisal, 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 2023	
Men	15,083	
Women	4,028	
TOTAL	19,111	

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

#### GENDER PAY GAP<sup>1</sup>

**CLIMATE ACTION AND MANAGEMENT** 

OF NATURAL RESOURCES

The income and benefits of the employees of Empresas Copec and its subsidiaries are defined taking into consideration market remuneration. In each of the countries where they operate, the national minimum wage is exceeded.

Every year, Empresas Copec and its subsidiaries publish the average and median wage gap by level in their integrated reports. For 2023 the mean wage gap was 93.3%, and the median wage gap was 93.5%.

It should be noted that all employees receive a bonus proportional to their salary. Therefore, the mean bonus pay gap was 93.3%, and the median bonus¹ qap was 93.5%.



### **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.

During 2023, Copec highlighted the role of the leaders of the entire Copec ecosystem. This was confirmed at the first Leaders Meeting, held in March, in which 380 people participated and where the new corporate image and strategic plan were presented. The latter had to be transmitted by the leaders to their teams.

In terms of business KPIs, the percentage increase is measured in the question "Year-over-year increase in the category direct manager relationship" in the climate measurement (85% satisfaction in 2023).

#### "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" (85% satisfaction in 2023).

In 2023, 231 employees took part in this program.



### **Employee Turnover Rate**

	2023	2022
Total employee turnover rate	19,0%	13,3%
Voluntary employee turnover rate	5,1%	5,8%



## **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 Well Done.

In order for teams to take an active role in caring for their safety, 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.

During 2023, with the goal of becoming a world-class company in terms of safety, safe teams strengthened their active participation through the ABC practice. Additionally, cultural change committees were activated with the aim of ensuring the sustainability of the "Together for a better life" model.

Globally, ARAUCO managed to reduce the number of accidents compared to 2022 and the forestry business reached the "superior" level.

#### **ABC Practice**

unsafe behavior or

It aims to identify precursor

conditions that may cause

serious injuries, permanent

disabilities or fatalities, also

defined as high potential

incidents (HPI). Employees

of safety as they fulfill their

These should be evaluated

daily duties or within their

shift working conditions.

with a letter A, B or C

depending on their

response.



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 are encouraged to be aware 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.

123 Practice

### Visible leadership



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.



#### **OHS PROGRAMS**

### Operational Excellence and Integrity Model (OIEM) - Abastible

Abastible has a Process Safety Model called OIEM, based on Risk Based Process Safety (RBPS) and composed of 12 elements that establish the standards with which Abastible manages the risks in its processes. In addition, the model has 20 critical practices that determine the methodologies to be applied in the field to control operational risks.

The performance of the OIEM model is measured through the OIEM Management System [SG-OIEM] indicator, which in 2023 closed with an average result of 93%. This indicator is measured for all the departments and areas that provide transversal support and also for each of the elements of the OIEM Management System, allowing the level of adherence of the model to operational processes to be measured. Additionally, in order to strengthen the maturity of the model, first-party audits were carried out last year, the results of which show that Abastible maintained the "Advanced" level achieved in the third-party audit carried out by DSS+ in 2022.

Safety Culture is vital to ensure the success of a Process Safety system, which is why, in 2023, Abastible applied an instrument that allowed to build a baseline regarding the organizational culture, whose

main attribute is to be predictive in safety performance. This instrument is called OCDI Organizational Culture Diagnostic Instrument, from the company Dekra.

Around 2,300 people participated in the survey, direct collaborators and, for the first time, personnel from contracting companies, obtaining 85% participation and a result of 4.0 on a scale of 1.0 to 5.0.

In 2024, action plans will be drawn up to manage improvement opportunities in each of the dimensions of the survey. In addition, the measurement will be replicated for the rest of the countries according to the new agreed roadmap.

Additionally, together with Dekra, Abastible has developed plans and programs focused on strengthening the Safety Culture, promoting leadership through the Safe Align and Leading With Safety tools, and also strengthening the work interface through EBS (Exposure Based Safety).



### **OHS RATES**

	2023	
	Employees	Contractors
Total Recordable Injury Frequency Rate (TRIFR)	18.3	5.9
Lost-Time Injury Frequency Rate (LTIFR)	7.5	6.0
Number of fatalities	0	1

### **Process Safety Events (PSE)**<sup>1</sup>

	2022 <sup>2</sup>	2023
Major Consequence (Tier 1)	0.16	0.04
Minor consequence (Tier 2)	1.80	0.76
Other threats to security systems (Tier 3)	16.76	37.29

