

# Sustainable Financing Framework

September  
2024



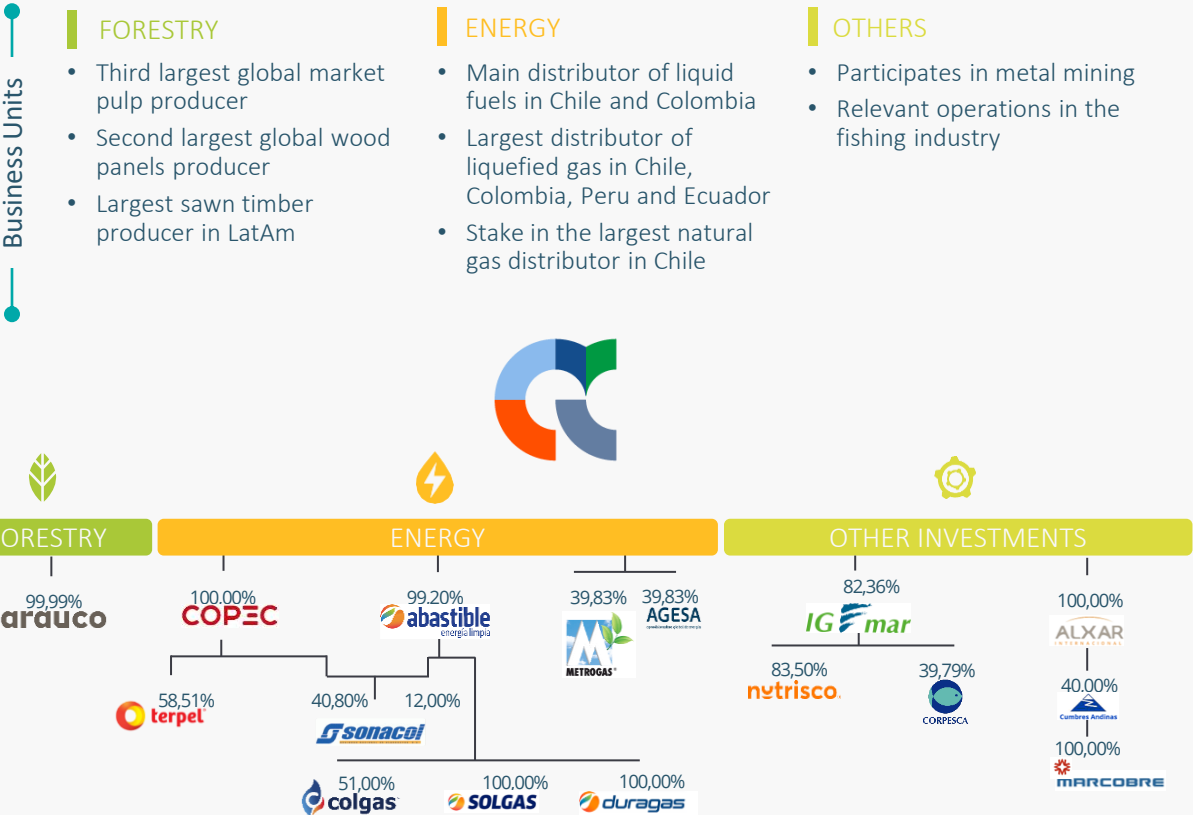
**Empresas Copec**

*For future generations*

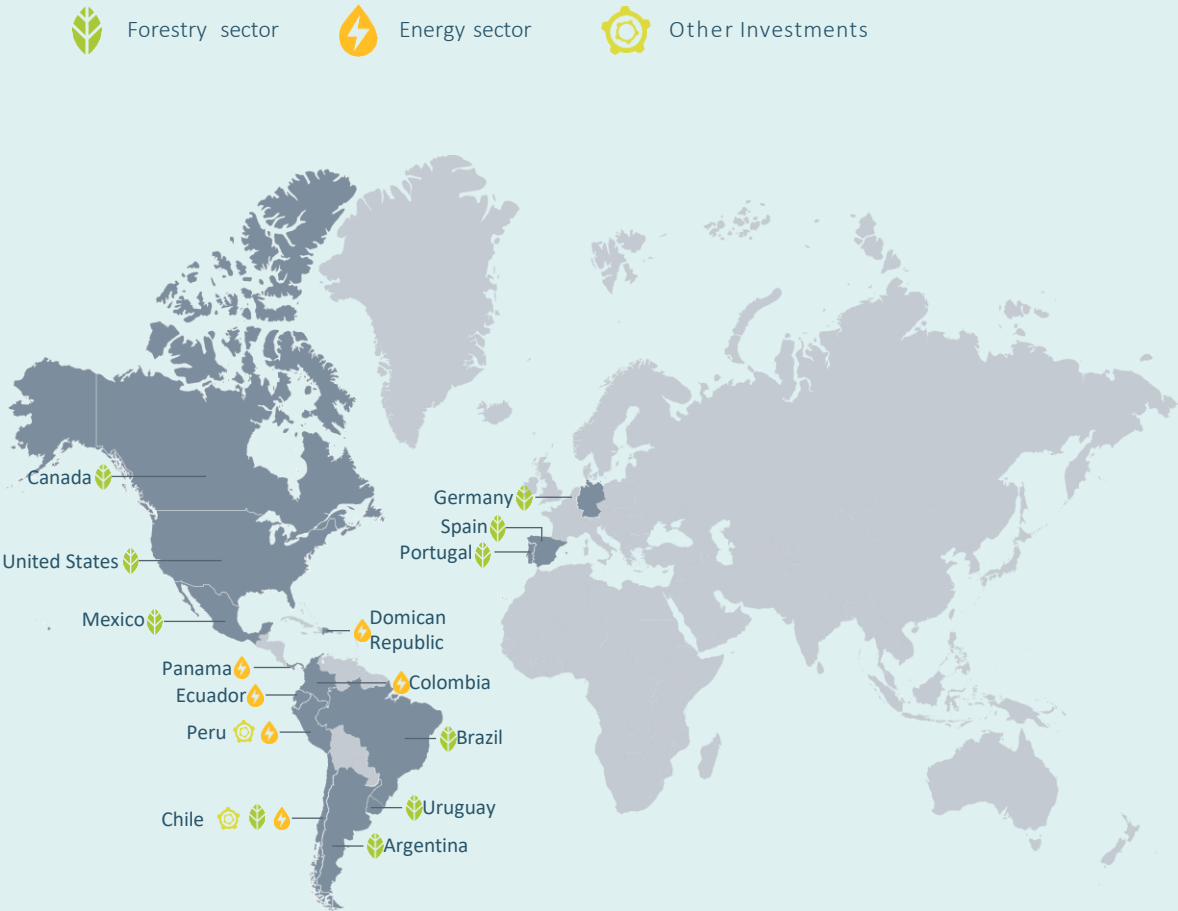
# About Us

Empresas Copec is a Chilean investment holding engaged in two large areas: natural resources and energy. All of its operations consolidate important production platforms in Chile, Germany, Argentina, Brazil, Canada, Colombia, Ecuador, Spain, United States, Mexico, Panama, Peru, Portugal, Dominican Republic, South Africa and Uruguay, which allow the Company to market a wide range of products in more than 80 countries on five continents.

## Corporate Structure



## Global Presence



# Business areas

## **Forestry Sector** **ARAUCO and subsidiaries**

ARAUCO is one of the world's leading forestry companies in terms of area and yield of its plantations, pulp, timber and panel production capacity. It has a presence on five continents in the forestry, pulp, timber, panels and clean and renewable energy sectors, reaching 3,888 customers worldwide.

The company's products are part of a value chain for the paper, clothing, construction, packaging, furniture and energy industries. They are marketed to points of sale through representatives, agents and sales offices in 28 countries.

The management of the logistics and supply chain to the distribution centers and points of sale is done through 176 ports. ARAUCO's competitors in the pulp market vary by geographic area and type of pulp.

## **Energy Sector** **COPEC and subsidiaries**

Coproc develops and delivers products, services solutions and experiences that meet the needs of life on the move. The company has presence in Chile, through Coproc, and in Colombia, Panama, Ecuador, the Dominican Republic and Peru through its subsidiary Terpel.

It markets and distributes fuels and lubricants through its network of service stations. In addition, it sells products in convenience stores and digital channels, delivers electric charging services and markets renewable energies.

## **Other Investments** **NUTRISCO and subsidiaries**

Nutriscio seeks to lead the food business, capitalizing on new trends and investment opportunities at sea and offshore.

The company creates, produces and markets multiple products for human and animal nutrition based on fish and seafood. Additionally, it produces ready-to eat meals, cereals, snacks, groceries, juices and meats.

At consolidated levels, the company exports to more than 60 countries through 50 thousand points of sale. Nationally, it has more than 2,100 customers and sells through 4 thousand points of sale.

## **ALXAR, LAS SALINAS**

**Alxar** - A subsidiary that manages mining operations and projects in a sustainable manner and with recognized standards of excellence.

Through Alxar Internacional, it has a 40% interest in Cumbres Andinas, owner of Marcobre, which in turn owns Mina Justa.

**Las Salinas** - Inmobiliaria Las Salinas is engaged in the remediation of a 16-hectare site located on the coastal area of Viña del Mar, where fuel and lubricant storage and distribution plants were formerly located. To do so, it will use the bioremediation technique, a method that accelerates the natural process of hydrocarbon degradation through microorganisms present in the land.



# Our Sustainability Goals

SUSTAINABLE FINANCING FRAMEWORK



## FORESTRY SECTOR



## ENERGY SECTOR



## OTHER INVESTMENTS

## MATERIAL ISSUE

## IMPACTING SDG

**Innovation in Products and Services**



**ARAUCO**

By 2030, invest US\$ 100 million in R&D

**COPEC**

By 2050, distribute and market a higher proportion of renewable energy than fossil fuels.

**Climate Change Mitigation**



**ARAUCO**

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

**COPEC**

By 2030, to be carbon neutral, considering Scopes 1 and 2.

**TERPEL**

By 2030, to achieve 50% carbon neutrality and by 2050, to be carbon neutral, considering Scopes 1 and 2.

**ORIZON**

By 2024, achieve 100% renewable electricity supply.

**Biodiversity care**



**ARAUCO**

By 2050, restore 25,000 hectares of native forest and maintain the percentage of certified heritage above 96%.

**COPEC**

By 2034, promote the care and protection of 39 ecosystems distributed from Arica to Punta Arenas, through agreements or public-private or private-private alliances.

**Water resources**



By 2023, measure the water footprint by gathering indicators of collected and processed water discharged per unit of product.

**Circular economy**



**TERPEL**

By 2025, reduce plastic in store-processed food packaging materials by 95% and by 2030, reduce it by 100%.

**Waste and effluents**



**ARAUCO**

By 2030, to be a company with zero non-hazardous waste to final disposal.

**COPEC**

By 2029, to be a zero-waste company

**TERPEL**

By 2025, collect 30% of the packaging sold at the stores impacted by the Green Pass program and allocate 80% of the total food waste for donation.

**ORIZON**

By 2023, reduce 65% of household waste in fleets through the Clean Production Agreement (APL, for its acronym in Spanish). Valorize or avoid landfill disposal of 90% of operational waste.

**Equity, diversity and inclusion**



**ARAUCO**

Enhance diversity, increasing the representation of women and moving towards an inclusive culture.

**Employee well-being, Health and Safety**



**ARAUCO**

To be a World Class company in safety indicators.

**Responsible Supply Chain**



**ABASTIBLE**

By 2023, implement seven-day payment for SMEs.

# Our Sustainability Strategy

As a member of the Global Compact, Empresas Copec has embed the goals of the 2030 Agenda and its 17 Sustainable Development Goals (SDGs) across its four strategic pillars: Sustainability and Innovation at the Core; Governance and Integrity; Climate Action and Responsible Management of Natural Resources; and Creation of Social Value.



## STRATEGIC FOCUSES



### 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.



### Building trust with actions

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



### 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.



### 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.

## MATERIAL ISSUES

- Sustainable investments and financing
- Innovation in product and service offerings
- Digital Transformation

- Incident preparedness and response
- Ethics and integrity
- Information Security

- Transition to climate change
- Physical effects of climate change
- Climate change mitigation
- Carbon absorption
- Water resources
- Circular economy
- Waste and effluents
- Biodiversity care

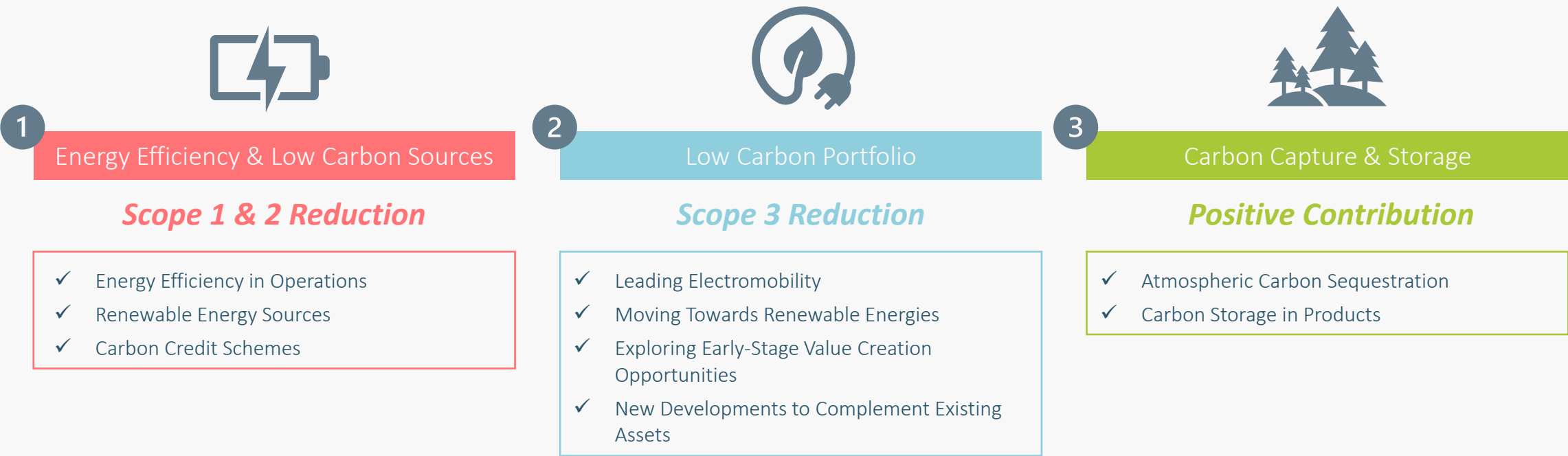
- Employee well-being, health and safety
- Equity, diversity and inclusion
- Fundamental rights
- Responsible supply chain
- Community development and impact
- Customer well-being

# Climate Change Roadmap

Climate change is one of the main challenges facing humanity. Empresas Copec seeks to consolidate a business model that is resilient to climate change through the reduction of emissions and efficient energy management.

In 2021, Empresas Copec stated the goal of carbon neutrality by 2050 and, as a result, is carrying out specific actions in response to climate change. The goal includes scope 1 and 2 greenhouse gas (GHG) emissions, and the most relevant elements of scope 3.

- For its part, ARAUCO established that by 2030, it will reduce Scope 1 and 2 emissions by 40.6%, and Scope 3 emissions by 35% per dry ton of wood, compared to a base year of 2019.
- In the energy sector, the subsidiary Copec defined that by 2050, it will distribute and market a higher proportion of renewable energies than fossil fuels. Likewise, by 2030, it seeks to be carbon neutral, considering scope 1 and 2. Terpel, meanwhile, aims to reach 50% carbon neutrality by 2030, and by 2050, to be carbon neutral, considering scope 1 and 2.
- In the food sector, Orizon Seafood has set a target of 100% renewable energy supply by 2024. To achieve this medium- and long-term objective, the Company and its subsidiaries systematically manage annual GHG emissions from operations. The climate roadmap with three axes towards decarbonization is presented below:



# Climate Change Roadmap

1

## Energy Efficiency and low carbon sources

### Environmental investments to optimize operations



#### Forestry Sector

ARAUCO has invested US\$4.6 million in R&D for low-carbon technologies, emissions and waste reduction, and new products. In 2023, a series of initiatives were implemented to optimize and reduce energy consumption and improve the environmental performance of its facilities.



#### Energy Sector

The Copec subsidiary has an energy efficiency plan that includes obtaining the Giro Limpio seal for cargo transportation, focusing on efficient driving and collaboration with carriers.



#### Other Investments

In 2023, Orizon Seafood established an alliance with Universidad San Sebastián to continue developing energy efficiency and productivity initiatives. Ongoing projects include “Route to carbon neutrality”, “Energy efficiency in the fishing fleet” and “Modernization of production reporting.”

In 2023, environmental investment increased by 45.8% over the previous year. 76% was invested in the forestry sector, 22% in energy and 2% in food.

### Operations with renewable energy



#### Forestry Sector

For more than 20 years, ARAUCO has been producing bioenergy from forest biomass. This form of generation is valued for being safe, efficient and low-emission, and for allowing pulp production to be energy self-sufficient.

ARAUCO has 14 power generation plants with a maximum installed capacity of 1,077 MWh, which implies a surplus contribution of 436 MWh to the energy matrixes of Chile, Argentina and Uruguay. Its installed capacity in Chile is approximately 904 MW and 371 MW are contributed to the National Electric System (SEN), which are generated by eight industrial plants and two backup units. Six plants are registered under international standards, such as the Clean Development Mechanism (CDM), allowing an annual reduction of approximately 650 thousand tons of CO<sub>2</sub>.



#### Other Investments

Orizon Seafood has set itself the goal of achieving 100% renewable electricity supply by 2024, for which it established an agreement with Emoac, a subsidiary of Copec.



#### Energy Sector

Copec obtained the Carbon Neutral seal for its service stations. On the one hand, it increased the self-generation network to 27 stations with solar panels and ten with wind turbines. In addition, 63 service stations and five plants were supplied with renewable energy from Cerro Dominador, one of the world’s most innovative solar thermal projects located in the Atacama Desert.

The company neutralized residual emissions through offset bonds in the Luz Norte (solar in Chile), Tambopata Bahuaja (forestry in Brazil) and Santa Clara (wind power in Peru) projects.

Regarding primary cargo transportation, with the support of Voltex, Copec is evaluating and developing a project to implement electric trucks with a high potential to reduce emissions. Meanwhile, Blue Express has the IMELSA Energía Green Seal, which certifies the use of green energy in its operations.

Along the same lines, Abastible implemented a solar energy generation plan. In 2023, it began a pilot with its first photovoltaic plant, as Small Means of Distributed Generation. The initiative will cover 25% of the facility’s electricity consumption with photovoltaic solar energy and forecasts an overall reduction in emissions of 53 tCO<sub>2</sub> per year.

# Climate Change Roadmap

## 2 Low Carbon Portfolio

Empresas Copec has focused on a diversified offer to address the energy transition.

In addition to actions to reduce its own footprint, the Company and its subsidiaries are relevant players in reducing the footprint of third parties by promoting electromobility and the consumption of renewable energies.

This is reflected in the work carried out, for example, by Voltex, Dhemax, Flux Solar and Emoac. Also, through Copec Wind, the group invests in low-carbon fuels.

### Energy Intelligence Solutions

- ▶ Renewable energy generation
- ▶ Renewable energy storage
- ▶ Energy efficiency
- ▶ Electromobility

### Benefits for customers:

- **Decarbonization:** adoption of renewable energies.
- **Decentralization:** transformation of consumers into prosumers, capable of producing their own energy.
- **Digitalization:** use of technologies such as AI and big data for a better use of natural and technological resources.

### Energy Sector

Copec offers energy intelligence solutions to residential, real estate and business customers, including electric chargers, photovoltaic panels, smart batteries, storage software and energy injection, among others.

Abastible provides comprehensive consulting services that optimize its customers' production processes.

#### Decarbonization of industrial costumers

As part of Copec's mitigation plan, initiatives are planned for 2023-2024 to analyze new developments, including biofuels for ships, sustainable aviation fuel (SAF), electrification and renewable diesel for cargo transportation.

#### Leadership in electromobility

Copec Voltex is a leader in electric vehicle charging infrastructure, with a network covering more than 1,400 kilometers in Chile, operating the largest terminal in Latin

America and the first network of fast charging stations in Panama, Ecuador and Colombia. It serves the industrial segment through electric charging points, mainly in the mining sector. In 2023, ten new electroterminals were put into operation for public transportation in the Metropolitan Region and 13 chargers at service stations. The electroterminal in Antofagasta was implemented, contributing to decentralizing access to electromobility.

#### Green Hydrogen

Copec Voltex implemented a hydrogen service station for the first hydrogen bus in Chile. Together with the Ministry of Energy, Abastible is a pioneer in the development of engineering and design of industrial scale H<sub>2</sub>/LPG blending projects. In order to lay the groundwork for a portfolio of solutions that use green hydrogen in production processes, it has projects to be implemented during 2023-2024. In addition, Wind Venture H2Pro is developing low-cost electrolyzers, while Copec plans to incorporate green hydrogen at the Nuevo Pudahuel airport in ground operations in 2025 and in zero-emission airplanes in 2035.

#### Innovation and emerging developments

Copec has the Wind Garage innovation platform and the Wind Ventures investment fund to generate, incubate and scale new ideas and projects in the areas of mobility, energy and artificial intelligence, accelerating their implementation in Latin America.



Since 2016, Empresas Copec has invested approximately **US\$ 1 billion** in the energy sector in low-carbon businesses.



Along with a process of divestment in fossil fuels over **US\$ 1 billion**



# Climate Change Roadmap

3

## Carbon Capture and Storage



### Forestry Sector

#### Atmospheric carbon capture

ARAUCO is one of the largest forestry companies in South America. It has 1.7 million hectares in Chile, Argentina, Brazil and Uruguay. The company’s forest assets have the capacity to absorb carbon dioxide and transform it into oxygen, contributing to the mitigation of climate change.

#### Carbon Storage in products

Timber is the only renewable resource that can be sustainably produced for large-scale use in construction and furniture, allowing the industrialization of construction with this material.

The benefits of using wood are diverse, including the reduction of CO<sub>2</sub> in the atmosphere, since for every cubic meter used in construction, one ton of this gas is stored; it is friendly to health and well-being; it has a very good thermal and seismic performance; it provides effective acoustic isolation; it has high fire resistance and long durability.

ARAUCO manufactures a variety of products with different degrees of finish, appearance and value-added processes. ARAUCO is one of the world’s leading timber producers, with 29 panel mills and eight sawmills, including five remanufacturing plants.

In 2023, progress was made in the construction of the Vikingo project in Mexico, which includes a new MDF production line with a production capacity of 300 thousand m<sup>3</sup> and is expected to be operational during 2025. ARAUCO acquired Etex’s entire stake in E2E S.A., a company dedicated to providing high-standard dry construction solutions, with presence in Chile and Brazil. In line with its more than 20 years of promoting wood construction and its new HILAM area with engineered wood-based products, ARAUCO is participating in the development of the first Net Zero energy and carbon building in Latin America. Through a series of energy efficiency measures and on-site renewable generation, the building can supply all the energy it uses.

This, together with the incorporation of wood into the building, offsets the CO<sub>2</sub> emitted during construction. Generally speaking, 50% of wood is retained carbon, so by incorporating this noble material in buildings, the main cause of climate change is being stored in their structure.



<sup>1</sup> Negative values indicate the average net removal of CO<sub>2</sub> from the atmosphere.

<sup>2</sup> Carbon emissions in 2022 include Scopes 1, 2 and 3. All emissions of the three scopes are corroborated and certified by AENOR.



# Climate Change Roadmap

## Carbon Footprint Management

### Forestry Sector

Annually, ARAUCO audits and certifies its carbon neutrality by independent third parties: footprint by AENOR, capture by PwC and carbon neutrality by Deloitte.

In 2023, ARAUCO underwent the approval process for its emissions reduction targets under the international Science Based Targets (SBTi) standard for Scopes 1, 2 and 3.

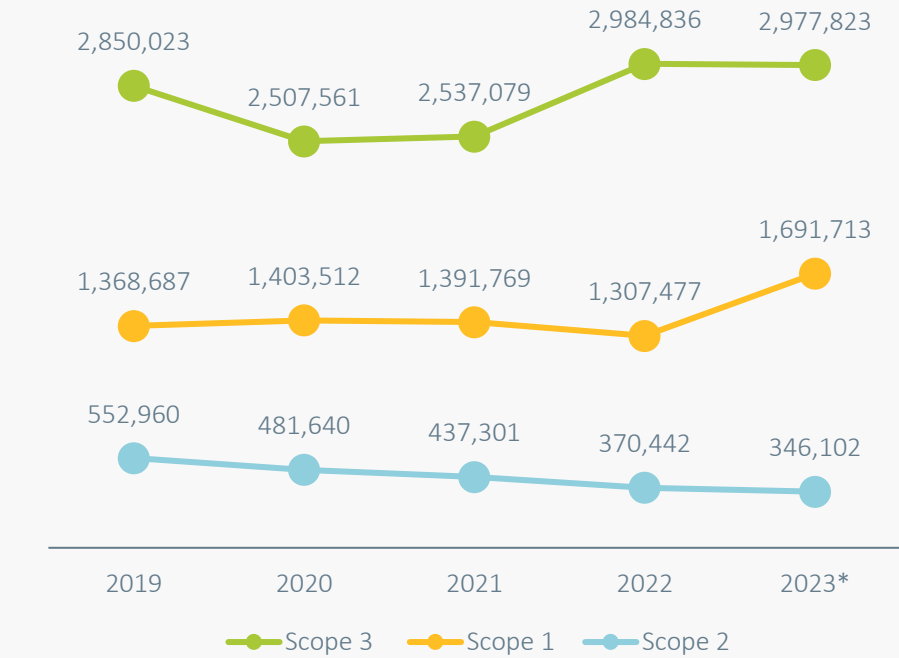
During 2024, the subsidiary will work to include in its footprint downstream Scope 3 measurements, which consider aspects of the life cycle of its products. In addition, it will continue to invest in research and development of low-carbon technologies that contribute to achieving its emission reduction targets.

### Energy Sector

In 2023, Copec developed a comprehensive mitigation plan with the goal of achieving carbon neutrality by 2030.

This program includes several key initiatives mentioned before: renewable energy contract, electric trucks and efficient driving, solar panels at service stations, efficient shipping (bunkering), LEED construction criteria and climate control in convenience stores, among others.

Copec’s 2023-2030 Comprehensive Mitigation Plan is estimated to reduce 40% of Scope 1 and 2 emissions, compared to the business-as-usual scenario. In primary transportation, the implementation of electric trucks represents 49% of the estimated reductions to 2030.



91% of the total footprint comes from the forestry sector, 7% from energy and 2% from other investments. At the consolidated level, there is an increase compared to 2022 due to the start-up of line 3 at Arauco mill, which generated a rise regarding the use of fuels. Additionally, in 2023 there was an increase in forest fires, which directly impacted ARAUCO’s Scope 1 emissions.

# Sustainable Financing Framework

Empresas Copec seeks to be a sustainability leader in sectors with high development potential, with a long-term and innovative vision that guarantees solid competitive advantages.

Sustainable financial instruments make it possible to channel investments into assets and projects in a transparent manner that contributes to climate action, energy transition and social welfare.

In order to enhance its sustainability leadership and its ability to affect positive change, Empresas Copec has established this Sustainable Financing Framework, under which it can issue Green, Social or Sustainable Finance Instruments, including but not limited to bonds, commercial paper, loans and trade finance.

This Sustainable Finance Framework is based on the International Capital Markets Association (“ICMA”) Green Bond Principles (“GBP”) 2021 version, Social Bond Principles (“SBP”) 2023 version, Sustainability Bond Guidelines (“SBG”) 2021 and Loan Syndications and Trading Association (“LSTA”) Green Loan Principles (“GLP”) 2023 version and Social Loan Principles (“SLP”) 2023 version.

These are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of Sustainable Finance Instruments. This Sustainable Financing Framework follows the key four core components as established in the GBP, SBP, GLP and SLP:



# Sustainable Financing Framework

## 1 Use of Proceeds

Empresas Copec, through any of its subsidiaries, intends to allocate an amount equal to the net proceeds from any Green, Social or Sustainable Instrument to finance or refinance, in whole or in part, existing or future investments in eligible green and, or social projects that meet the Eligibility Criteria as outlined below:

### Green Categories

#### Renewable Energy

7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



- Expenditures related to the development, expansion, construction, maintenance, acquisition, and/or operation of renewable energy projects including solar (Photovoltaic generation facilities) and wind
- Investments or expenditures associated with the development, construction, acquisition, operation, and maintenance of renewable energy storage projects

#### Energy Efficiency

7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



- Expenditures related to projects, products or systems that contribute to reduced energy consumption, and the management and storage of energy, including:
  - Energy storage systems connected to low carbon energy
  - Centralized energy control systems, purchase of efficient industrial appliances, smart meters, and energy efficient lighting (LED)
  - Renovation of real estate assets with energy management systems

#### Clean Transportation

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



- Expenditures and/or Investments in clean transportation solutions including:
  - Zero-emission vehicles and low GHG emissions (i.e Hybrid vehicles). To be eligible, hybrid passenger vehicles must meet a threshold of 50gCO<sub>2</sub>/km and hybrid freight vehicles (such as heavy trucks) must meet a threshold of 25gCO<sub>2</sub>/km.
  - Supporting clean transportation infrastructure including electric vehicle charging stations and the associated power delivery and distribution systems for charging stations

#### Green Buildings

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



- Activities related to the acquisition, development, construction, renovation, operation, and maintenance of residential and commercial buildings that have achieved one of the following criteria:
  - Received, or expect to receive based on their design, construction and operation plans, certification according to third party-verified building standards or other international equivalent including: LEED Gold certified or higher, Energy Star ,BREEAM Excellent or higher, HQE Excellent or higher, or other equivalent local or regional sustainability certifications.
  - Achieved or intends to achieve energy savings or emission reduction of at least 30% over baseline such as ASHRAE 90.1 2010 or equivalent
  - A top 15% energy-performing building in the relevant national or regional building stock.

#### Pollution Prevention and Control

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



11 SUSTAINABLE CITIES AND COMMUNITIES



- Expenditures on projects related to pollution and prevention control, such as liquid and solid waste prevention and control projects, reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and enforcement of dust control to reduce fugitive dust emissions.

#### Low Carbon Fuels

7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



- Activities related to research, development, manufacturing, equipment, facilities, and/or distribution of low-carbon intensity fuels, including:
  - Clean fuels < 36.6gCO<sub>2</sub>e/MJ (or in line with the substantial contribution to climate change mitigation criteria of the EU Taxonomy) with eligible fuel types include biofuels, hydrogen, ammonia, ethanol, renewable diesel, co-processing of biocrude, sustainable aviation fuel (GHG emissions reductions up to 80% over the fuel's lifecycle compared to fossil jet fuel) , synthetic fuel and renewable natural gas.

# Sustainable Financing Framework

## 1 Use of Proceeds

### Green Categories

#### Environmentally Sustainable Management of Living Natural Resources and Land Use



- Expenditures related to sustainable forest management plantations certified by FSC, CERTFOR (PEFC), or other similar certification, including the acquisition, planting and maintenance of seedlings up to harvest and the development of species hybrids to improve the productivity of plantations, and the development and/or promotion of programs for fire prevention or control, including implementation of local education and other short-and long-term fire prevention programs.

#### Sustainable Water Management



- Expenditures related to sustainable water management, including the reduction of water consumption in industrial processes, conducting studies relating to the development and implementation of systems facilitating reuse of water in industrial processes and innovation in connection with the reuse of wastewater, and/or the development and installation of technologies and systems to improve the quality of treated water and effluent; the reduction of organic content; the development and implementation of plans for monitoring the quality of effluents and the quality of the waters of the receiving waters and their ecosystems.

#### Preservation of Natural Resources and Biodiversity



- Expenditures related to the conservation or protection of natural resources or biodiversity, including the maintenance, restoration and/or development of High Conservation Value Areas (HCV)<sup>1</sup> and other conservation areas, the conservation of native forests and/or the protection or identification of endangered flora or fauna.

#### Eco-efficient and/or Circular Economy Adapted Products, Production Technologies and Processes



- Investments in R&D that support gains in productivity and product quality, as well as investments in machinery that enable operational eco-efficiency improvements and processes, and technologies for more efficient consumption of inputs
- R&D investments related to the development of next generation biochemicals and biofuels
- Expenditures on projects for the development and introduction of environmentally sustainable products (FSC® Chain of Custody certified), with an eco-label or environmental certification, resource-efficient packaging, and distribution.

#### Climate Change Adaptation



- Investments related to activities related to assessing vulnerabilities and opportunities due to climate change and the means of improving the resilience of forestry, energy and industrial and logistics operations
- Implementing the Forest Fire Prevention and Control Strategy, through preventive operations and innovations in planting methods to reduce the risk of forest fires among other risk reduction strategies,

<sup>1</sup> HCV areas are those that have been identified for preservation in partnership with experts and local communities because of the high value of their native plant or fauna species. The preservation of these species results in maintaining both plant and animal biodiversity. Any area designated for conservation cannot be harvested for pulp. Activities aligned with this use of proceeds criteria include funding studies that identify and evaluate HCV areas; monitoring flora, fauna, and water resources in HCVAs; funding environmental education projects; and funding services.





# Sustainable Financing Framework





## 1 Use of Proceeds

### Social Categories


#### Affordable Housing

-   Expenditures related to the design, construction, development and/or promotion of affordable housing initiatives, including for the benefit of employees and/or members of the communities neighboring the Company's operations.  
**Target population:** Low-Income Population; Low-Income Women; Rural Population, Elderly population (over 65 years old and low income); Vulnerable Population (as a result of natural disaster); Underserved Population



#### Access to Essential Services

-     Expenditures related to community development and/or access to essential services, including:
  - Investments in health programs and healthcare services;
  - Investments in safety services;
  - Projects related to expanding access to drinking water
  - Sanitation sewage treatment systems
  - Waste Management
  - Development of Green Areas and coastal waterfront
  - Job training and vocational services
  - Sports programs**Target population:** Low-Income Population; Low-Income Women; Low-Income Rural Population, Elderly population (over 65 years old and low income); Vulnerable Population (as a result of natural disaster); Underserved Population, Undereducated Population


### Socioeconomic Advancement and Empowerment

-  Expenditures related to the promotion of local entrepreneurship initiatives, including programs to expand opportunities for ventures, employment and/or business development.  
**Target Population:** SMEs; Low Income Population; Low-Income Women; People with Disabilities

#### Food Security

-   Expenditures related to supporting sustainable food systems, food security, and reducing food loss and waste, including:
  - Programs that increase the provision of safe meals for vulnerable groups including low-income populations
  - Equipment and facilities that help prevent food loss and wasteland infrastructure such as warehouses to provide adequate storage, improve food conservation or improve connectivity in the food chain to avoid food losses**Target Population:** Low Income Population

#### Affordable Basic Infrastructure

-  Expenditures related to the development, construction, operation, renovation and/or maintenance of facilities, services, systems, or equipment used for:
  - Development of infrastructure to provide underserved/remote communities that have limited access or no access to services such as clean drinking water, sanitation, transportation, energy and telecommunication infrastructure and services**Target Population:** Low-income Population, Low-income Rural Population, Underserved Population

# Sustainable Financing Framework

## 1 Social Projects Target Population

Target Population	Definition
<b>Low-income</b>	To be eligible, individual must be living below the poverty line, measured as a proportion of the median income of the relevant jurisdiction <ul style="list-style-type: none"> <li>For example, in Chile, an individual would qualify if they fall in the bottom two quintiles (Section 1 and Section 2) of Chile's Socioeconomic Classification system</li> </ul>
<b>Small and Medium-sized Enterprises (SMEs)</b>	To be eligible, enterprise must align with the definition for SMEs within the jurisdiction in which it is built <ul style="list-style-type: none"> <li>For example, in Chile, entities would qualify if they align with the Internal Tax Service of Chile's SME definition: <ul style="list-style-type: none"> <li>Small Enterprise: Invoice between UF 2,400 to UF 25,000 per year</li> <li>Medium-sized enterprise: Invoice between UF 25,000 to UF 100,000</li> </ul> </li> </ul> <p>To be eligible, SME must meet revenue size criteria above and at least one of the following:</p> <ol style="list-style-type: none"> <li>Located in underdeveloped /disadvantaged region where Empresas Copec operates;</li> <li>Majority owned by members of historically/marginalized/disadvantaged groups where Empresas Copec operates; or</li> <li>Face significant adversity as a result of a natural disaster or pandemic</li> </ol>
<b>Low-income Rural Population</b>	To be eligible, individual must meet the following criteria: <ul style="list-style-type: none"> <li>Low-income Individual (per criteria above); and</li> <li>Inhabitant in secondary cities and smaller towns (population under 150,000); OR</li> <li>Inhabitant in urban districts that has majority of population below the jurisdiction's median income; OR</li> <li>Inhabitant in areas of low population density such as rural towns and settlements (even with populations below 150)</li> </ul>
<b>People with Disabilities</b>	To be eligible, individual must have a physical, mental or sensory impairment that substantially limits one or more of its main activities
<b>Elderly Population</b>	To be eligible, individual must be aged 65 or older and be considered low-income (per criteria above)
<b>Vulnerable People as a Result of the Impact Caused by Natural Events</b>	To be eligible, individual must meet the following requirements: <ul style="list-style-type: none"> <li>Affected by hazardous events that create a large numbers of victims, fatalities and/or overwhelming property damage, including but not limited to floods, volcanic eruptions, earthquakes, landslides, droughts, heat waves, tsunamis, tidal waves, cyclones, hurricanes, storms, tornadoes, tropical storms, typhoons, wildfires, insect infestations and epidemics; and</li> <li>Low-income individual (per criteria above); or</li> <li>An individual with disabilities (per criteria above)</li> </ul>
<b>Underserved</b>	To be eligible, individual must lack quality access to essential goods and services, including sanitation, water/waste treatment, electricity, food, health, and education
<b>Undereducated</b>	To be eligible, individual must have limited if any school qualifications or be considered undereducated based on the relevant jurisdiction's definition <ul style="list-style-type: none"> <li>For example, in Chile, the population in First and Second Priority list in Chile's School Vulnerability Index would be eligible</li> </ul>
<b>Low-income Women</b>	To be eligible, individual must identify as a woman and be considered low-income (per criteria above)

# Sustainable Financing Framework

## 2 Process For Project Evaluation & Selection

Empresas Copec has a Financing Policy that aims to comply with the criteria of financial soundness, optimal allocation of capital and strategic matching of cash flows. In this way, it seeks to ensure the continuity of the business in the long term, maintain an appropriate capital structure and sustained growth over time, while maximizing the value of the Company.

Empresas Copec has established a dedicated Executive Sustainability Committee (the Committee) to oversee the implementation of its Framework.

The Committee will identify projects and acquisitions that satisfy the Eligible Green and/or Social Projects criteria set forth in the “Use of Proceeds” section. The Committee will assess environmental and social risks associated with projects / investments financed to ensure alignment with Empresas Copec’s risk management processes and the sustainability priorities outlined in this Framework. Each subsidiary will approve and execute projects in the categories listed in the framework. The Committee will review the list of projects submitted by the subsidiary companies, assess their eligibility according to the Framework, and assign projects to the committed use of proceeds. A list of Eligible Green and/or Social Projects will be maintained and kept up to date.

### Excluded Activities

Empresas Copec will not knowingly allocate proceeds from any issuance of Green, Social or Sustainable Financing Instruments to the following activities:

- Activities involving exploitation of human rights
- Modern slavery (e.g., forced labor or human trafficking)
- Child labor
- Alcohol
- Tobacco
- Weapons and arms trade
- Gambling
- Nuclear Energy
- Inorganic or synthetic fertilizers, pesticides, or herbicides
- Palm Oil
- Activities in protected areas or activities that violate indigenous peoples’ rights
- Activities related to the exploration, production of fossil fuels;
- Development of new fossil fuel-related operations
- Any other activity that Empresas Copec determines is ineligible for allocation of proceeds at the time of allocation

## 3 Management of Proceeds

The net proceeds from a Green, Social or Sustainable Financing Instrument issuance will be deposited to Empresas Copec’s or a subsidiary’s general account and be earmarked for allocation to Eligible Green and/or Social Projects in accordance with the Framework. All relevant information regarding the issuance of Green, Social or Sustainable Financing Instruments and the Eligible Green and/or Social Projects financed by such instruments will be maintained and up to date.

Net proceeds may be used for investments associated with Eligible Green and/or Social Projects made by Empresas Copec or any of its subsidiaries in the last 36 months preceding the issuance of a Green, Social or Sustainable Financing Instrument and until 36 months after the issuance of any instrument, including the development and redevelopment of such projects by Empresas Copec or any of its subsidiaries.

Pending the allocation of an equal amount to the net proceeds from any Instrument issued under this Framework to Green and/or Social Eligible Projects, all or a portion of the net proceeds may be used for the payment of outstanding indebtedness, other capital management activities or may be held on Empresas Copec’s or any subsidiaries’ balance sheet, invested in cash, cash equivalents and/or other liquid instruments, in accordance with Empresas Copec Financing’s Policy.



# Sustainable Financing Framework

## 4 Reporting

Within one year from the financing date and until an amount equivalent of the net proceeds has been allocated in full to Eligible Green and/or Social Expenditures, and later in case of any material change, Empresas Copec will publish annually an allocation report including:

- I. Net proceeds of outstanding Green, Social or Sustainable Finance Instruments;
- II. Amount of net proceeds allocated to Eligible Projects in the portfolio at the category level;
- III. Share of proceeds used for new financing vs refinancing;
- IV. Expected impact metrics
- V. A selection of brief project descriptions; and;
- VI. The remaining balance of unallocated proceeds, if any





# Sustainable Financing Framework

SUSTAINABLE FINANCING FRAMEWORK



## 4 Reporting

### Renewable energy

- Expected annual greenhouse gas emissions avoided in metric tons of CO<sub>2</sub>
- Expected annual electricity output in MWh
- Energy storage capacity added (MW and MWh)

### Energy Efficiency

- Annual efficiency improvements (%) and energy losses avoided (MWh)
- Annual energy savings in GWh (electricity) and GJ (other energy savings)
- # of smart meters installed
- Annual GHG emissions reduced/avoided (in tCO<sub>2</sub> e)

### Clean Transportation:

- Annual GHG emissions reduced/avoided (in tCO<sub>2</sub> e)
- Number of eligible vehicles deployed
- Number of electric vehicle charging stations installed

### Green Buildings

- CO<sub>2</sub> emission avoided (tCO<sub>2</sub>e)
- Floor space of green real estate (m<sup>2</sup>)

### Pollution Prevention and Control

- Reduction of liquid/solid waste (tons)
- Waste recycled (tons)
- CO<sub>2</sub> and/or other emission reduced or avoided (tCO<sub>2</sub>e)

### Low Carbon Fuels

- Low carbon fuels production (t/y)
- Low carbon fuels production capacity (t)
- GHG emissions avoided / reduced (tCO<sub>2</sub>e)

### Environmentally Sustainable Management of Living Natural Resources and Land Use

- Annual Carbon sequestration (tCO<sub>2</sub>eq)
- Annual GHG emissions reduced/ avoided (tCO<sub>2</sub>eq/ton)
- Hectares of land afforested /revegetated
- Reduced Emissions from Deforestation and Degradation (REDD)

### Examples of impact metrics per category

- Area of certified forest (hectares)
- Certified third-party forest area(hectares)
- Total managed area (Ha)
- Land area restored (Ha)
- Hectares Planted (Ha)

### Sustainable Water Management

- Cubic meters per ton of water saved/reduced (m<sup>3</sup> or m<sup>3</sup>/ton)
- Cubic meters per ton of reused water used (m<sup>3</sup> or m<sup>3</sup>/ton)
- Cubic meters per ton of water (provided/cleaned)
- Water consumption (m<sup>3</sup> or m<sup>3</sup>/ton)

### Preservation of Natural Resources and Biodiversity

- Area of land conserved in hectares
- Threatened species protected or conserved
- Number of native species seedlings
- Hectares land restored
- Hectares of owned land area with conserved native vegetation
- Number of springs registered for conservation/restoration
- Fauna and flora species identified
- Endangered animals, according to the IUCN Red List
- Greenhouse gas sequestration (tCO<sub>2</sub>eq/ton)

### Eco-efficient and/or circular economy adapted products, production technologies and processes

- Forest Productivity (m<sup>3</sup>/ha/year)
- Number of studies conducted
- Number of units covered by the Environmental Management System
- Reduction of fossil fuel consumption
- Number of eco-efficient products breakthroughs or in development

### Climate Change Adaptation

- Monitored areas (in hectares) with fire prevention and property protection measures.
- Delivery of adaptation actions

### Affordable Housing

- Number of individuals that received housing and Territorial program
- Number of housing units constructed/preserved

### Access to Essential Services

- Number/volume of loans provided to target group
- Number of new businesses created in low-income areas
- Number of hours in education/training
- Number of people who received education/training
- Number of people benefiting from local community development measures

### Socioeconomic Advancement and Empowerment

- Number of new businesses created
- Number of beneficiaries
- Number of new jobs created
- Number of women hired
- Inclusion and Diversity Recruiting programs
- Number of women in leadership positions

### Affordable Basic Infrastructure

- Number of beneficiaries of social impact projects for the provision of essential services (clean drinking water, sanitation, transportation, energy and telecommunication)

### Food Security

- Number of people from low-income populations and vulnerable groups supported
- Food waste prevented (tons)



# Disclaimer

The information and opinions contained in this Empresas Copec Sustainable Financing Framework (the “Framework”) are provided as at the date of this Framework and are subject to change without notice. None of Empresas Copec nor any of its affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current Empresas Copec policy and intent, is subject to change at Empresas Copec’s sole discretion at any time and is not intended to, nor can it be relied on, to create any legal relations, rights or obligations. This Framework is intended to provide non-exhaustive, general information for illustrative purposes only.

This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by Empresas Copec and accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by Empresas Copec or any of its affiliates as to the fairness, accuracy, reasonableness or completeness of such information. This Framework may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in the Framework.

No representation is made as to the suitability of any Green, Social or Sustainable Finance Instruments to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Green, Social or Sustainable Finance Instruments should determine for itself the relevance of the information contained or referred to in this Framework or the relevant Green, Social or Sustainable Finance Instruments documentation for such Green, Social or Sustainable Finance Instruments regarding the use of proceeds and its purchase of Green, Social or Sustainable Finance Instruments should be based upon such investigation as it deems necessary. Empresas Copec has set out its intended policy and actions in this Framework in respect of Use of Proceeds, Process for Project Selection and Evaluation, Management of Proceeds and Reporting, in connection with the Empresas Copec Sustainable Financing. However, it will not be an event of default or breach of any contractual obligations under the terms and conditions of any Green, Social or Sustainable Finance Instruments if Empresas Copec fails to adhere to this Framework in any respect, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the activities specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as currently contemplated by this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally focused potential investor should be aware that Eligible Projects may not deliver the environmental or sustainability benefits anticipated, and may result in adverse impacts. This Framework does not constitute a recommendation regarding any securities of Empresas Copec or any of its affiliates or any other entity.

This Framework is not, does not contain and may not be intended as an offer to sell or a solicitation of any offer to buy any securities issued by Empresas Copec or any member of Empresas Copec. In particular, neither this document nor any other related material may be distributed or published in any jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution. Any decision to purchase any Green, Social or Sustainable Finance Instruments should be made solely on the basis of the information to be contained in any offering document provided in connection with the offering of such Green, Social or Sustainable Finance Instruments. Prospective investors are required to make their own independent investment decisions.



**Empresas Copec**

*For future generations*

[www.empresascopec.cl](http://www.empresascopec.cl)