

# 2020

**SUSTAINABILITY REPORT**





Empresas Copec places sustainability at the center of its business management, in order to connect economic development with the generation of social value and care for the environment.



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# Letter from the Chief Executive Officer

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## DEAR FRIENDS:

I am pleased to present the sixth Empresas Copec Sustainability Report, in which we set forth our management and that of our affiliates in the social, environmental, economic and corporate governance areas.

This 2020 Report was prepared under the GRI methodology and also incorporates new perspectives and international standards, in line with current transparency and quality of information requirements on sustainability, such as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). The equation is simple: more standards, more information and more transparency for better decision making.

This certainly responds to a constantly evolving concept of sustainability in line with deep, fast transformations that societies are undergoing, especially in recent times when the planet has faced one of its deepest crises.

The pandemic has tested everyone's resilience. Despite the deep sorrow for the victims of the coronavirus, we have also been able to bring out the best in ourselves. We have learned the value of collaboration, solidarity and empathy. We have learned that we are part of a delicate network in which we depend on each other.

Although during this extraordinary period, our main efforts have been focused on contributing, in the countries where we are present, to overcoming the impacts of this health crisis, we have continued to incorporate the highest environmental standards in our operations, to develop initiatives allowing us to face the effects of climate change and, of course, to adapt to a new reality for our employees and customers.

In particular, at Empresas Copec we have continued to move forward guided by a business strategy based on a comprehensive vision of sustainability, ensuring that each of our actions are capable of creating social,



**» THE PANDEMIC HAS TESTED EVERYONE'S RESILIENCE. WE HAVE LEARNED THE VALUE OF COLLABORATION, SOLIDARITY AND EMPATHY «.**

economic and environmental value. We are focused on today's challenges and also those of tomorrow. This is where introducing the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD) becomes particularly important. This series of recommendations, created in 2015 in the wake of the Paris Agreement, seeks to provide investors with more information on those companies that are best prepared to address the risks and opportunities of climate change.

In addition, we also include in our analysis of relevant or material issues the Sustainability Accounting Standards Board (SASB) standards, specific metrics that seek to better explain how aspects of sustainability have financial relevance. Given the nature of our operations, we are using the indicators related to the Oil & Gas - Refining & Marketing, Forestry Management and Pulp & Paper Products industries.

This path we have taken as a Company to strengthen our corporate transparency standards also considers greater inclusion for better decision making. Thus, for example, the presence of women on our different boards of directors has grown steadily. Currently, in our Abastible subsidiary, 29% are women;



14% at Orizon, and most recently, at our Shareholders' Meeting, two new female board members were incorporated, one of them as an independent director.

We are convinced that companies with a strong sense of purpose and a long-term focus, where diversity is key, are navigating this crisis better and will be able to face the complexities of the future more robustly.

2020 was also a year of great progress in terms of environmental management systems for Empresas Copec. At the consolidated level, the Company and its affiliates invested US\$ 67.3 million in environmental improvements, a 9.3% increase from the previous year.

The affiliate Copec, in line with its sustainability strategy, created a new environmental management structure for of its entire operation. Terpel developed a new technological tool that facilitates the consolidation of its entire environmental management system. Orizon, for its part, along with launching its Sustainability Strategy and the Quality, Food Safety and Environment Policy, developed a new environmental management program that establishes its priorities in this area.

Empresas Copec's various efforts to carry out concrete actions to address climate change reached a milestone of enormous significance in 2020. The subsidiary ARAUCO, fulfilling a commitment made in 2019, became the first forestry company worldwide to be certified as carbon neutral. In other words, the carbon dioxide it captures exceeds the carbon dioxide it emits.

On its way to accelerate the energy transition, Copec is strongly promoting new energies through an innovation platform that incorporates a comprehensive offer of distributed generation, marketing of renewable energies, smart storage and massification of charging solutions for electromobility. Thus, in 2020, Copec Voltex inaugurated the world's largest electroterminal outside China, in Maipú, which is contributing to democratize the benefits of electromobility in public transport, reducing CO<sub>2eq</sub> emissions by 38,000 tons per year and mobilizing more than 600,000 people per day.



**» WE ARE CONVINCED THAT COMPANIES WITH A STRONG SENSE OF PURPOSE AND A LONG-TERM FOCUS, WHERE DIVERSITY IS KEY, ARE NAVIGATING THIS CRISIS BETTER AND WILL BE ABLE TO FACE THE COMPLEXITIES OF THE FUTURE MORE ROBUSTLY «.**

Abastible, meanwhile, has developed a full portfolio of efficient energy solutions, including the optimization of steam thermal power plants, heat pumps, cogeneration projects and thermal and photovoltaic distributed generation. And in Colombia, Terpel established the goal of reducing its carbon footprint by 10% by 2025, incorporating more and more alternative energies in its operations and offsetting its emissions through reforestation projects.

In terms of innovation, the different affiliates of Empresas Copec have deployed new technologies, enabling them to push the limits in their respective industries, optimizing processes, improving products and services, and making concrete contributions to society.

For example, with the aim of connecting different initiatives to combat the effects of Covid-19, Innova Arauco opened its platform to the public, generating new capabilities and energizing the Chilean innovation ecosystem. Projects including smart thermometers, hospital kits, masks with filters or the use of drones to sanitize, to name a few, emerged from this initiative.

Abastible, meanwhile, launched the "Legado Creativo i-NOW 2020" initiative, as an invitation to reactivate and strengthen creativity, with a focus to solve problems arising from the crisis. Terpel, in turn, created the Innovation and Disruption Committee to share good practices for economic rebound in each of the countries where it operates.

Empresas Copec witnessed the historic alliance between the Universidad Católica and the Sinovac laboratory to evaluate the development of a vaccine against Covid-19 in our country. These studies will be carried out by a group of scientists from the Millennium Institute, headed by Dr. Alexis Kalergis, who for several years have been supported by the Fundación Copec-UC for the study of various vaccine prototypes and, during 2020, received an additional contribution for the study of a vaccine against this new virus.

In terms of investments, the Modernization and Expansion of the Arauco Mill (MAPA) project, the largest project in the company's history, will run 100% with clean energy, with excess being injected into the grid. During the year, the project reached 70% completion and is expected to begin operations at the beginning of the last quarter of 2021.

ARAUCO also produced, for the first time in Chile, dissolving pulp, which has great environmental advantages, by converting the Valdivia mill into a reversible facility, that is, one capable of also producing paper pulp. The affiliate also completed acquisition of a majority stake in Odd Industries, an expert in Industrial Artificial Intelligence (IAI), which will enable it to establish development tools to help mitigate climate change.

Similarly, during the period Copec launched its digital platform Nuevo, designed to bring the shopping experience at service stations directly to the customer's cell phone. This is very valuable in a scenario where physical distance is still necessary.

Another key investment is that of our affiliate Alxar, which continued to promote the Mina Justa project,



**» WE UNDERSTAND THAT CREATING OPPORTUNITIES FOR ALL IS PART OF OUR PURPOSE OF PROMOTING INCLUSION WITHOUT DISTINCTIONS «.**

whose construction will total US\$ 1.6 billion, and which is currently completing its commissioning work and starting its ramp-up, with the production of its first commercial batches.

In terms of our support to communities, as the crisis unfolded, we made significant donations and concrete contributions to the communities. To mention a few, ARAUCO focused its efforts on hospital and educational support for local communities; Copec took its vocation of service to a new level with its "Copec al servicio de Chile" program, which involved donations of fuel for emergency vehicles; Abastible supported the most vulnerable groups with a series of donations, in collaboration with its network of distributors; Orizon, meanwhile, was able to maintain the production chain for the benefit of the country's food security, and delivered its products to the Banco de Alimentos del Mar, to go to the aid of senior citizens.

Empresas Copec also maintained its strong commitment to quality education, mainly through programs carried out by Enseña Chile, Fundación Belén Educa or Fundación Educacional Arauco. We understand that creating opportunities for all is part of our purpose of promoting inclusion without distinctions.





» COMPANIES HAVE A LOT TO CONTRIBUTE, WHICH IS WHY WE MUST BE PART OF THIS FORCE FOR CHANGE THAT SEEKS TO BUILD A BETTER FUTURE FOR ALL «.

Thus, in 2020, Empresas Copec and its subsidiaries' investment in supporting communities totaled US\$ 22.8 million, 21% more than in 2019.

All these important breakthroughs, which are materializing our vision of building a reliable and sustainable future for all, have been worthy of recognition by the main indicators at a global level.

Among others, in addition to joining the Dow Jones Sustainability Index Chile for the fifth consecutive year, and the DJSI MILA Pacific Alliance for the third time, the Company secured a "B" rating in the Climate Change program of the Carbon Disclosure Project (CDP), and was also included in the FTSE4Good Index Series and the MSCI Sustainability Index, which evaluate the environmental, social and corporate governance performance of the world's major listed companies.

On the other hand, it is important to note that today ARAUCO, Abastible, Copec and Orizon are preparing sustainability reports, in order to better communicate their business management.

We are certainly proud of what we have achieved, but at the same time we are aware of the great challenges that lie ahead. Our country continues to face enormous difficulties, and will soon begin a constituent process that will rewrite the framework of our coexistence in society for the coming decades.

Companies have a lot to contribute, which is why we must be part of this force for change that seeks to build a better future for all and ensure that the benefits of responsible corporate action effectively reach all our stakeholders.

Eduardo Navarro  
Chief Executive Officer





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# Who we are

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# Presentation

Empresas Copec is a world-class company with 85 years of experience, seeking to deliver an attractive level of profitability in the long term to its investors, and contribute to the sustainable development of each of the countries where it operates. It is present in two major areas of activity: resources and energy, both closely linked to the growth and productive development of the countries.

The Company currently has major production platforms in Chile, Germany, Argentina, Brazil, Canada, Colombia, Ecuador, Spain, the United States, Mexico, Panama, Peru, Portugal, the Dominican Republic, South Africa and Uruguay, and sells its products in more than 80 countries across five continents.

As an open stock corporation, Empresas Copec is subject to the supervision of the Financial

Market Commission (CMF)<sup>1</sup> in Chile and its shares are listed on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange.

In addition, in Chile it is part of the SPCLXIPSA<sup>2</sup> and the Dow Jones Sustainability Index and internationally, it participates in major indexes that distinguish the environmental, social and corporate governance performance of companies: Dow Jones Sustainability Index MILA, FTSE4Good Emerging Index and MSCI Sustainability Index.

Additionally, since January 2021, the Company joined the new S&P IPSA ESG Tilted index, which follows selection criteria based on relevant environmental, social and governance principles, in order to select and weight the components from the S&P IPSA, Chile's main stock market benchmark.

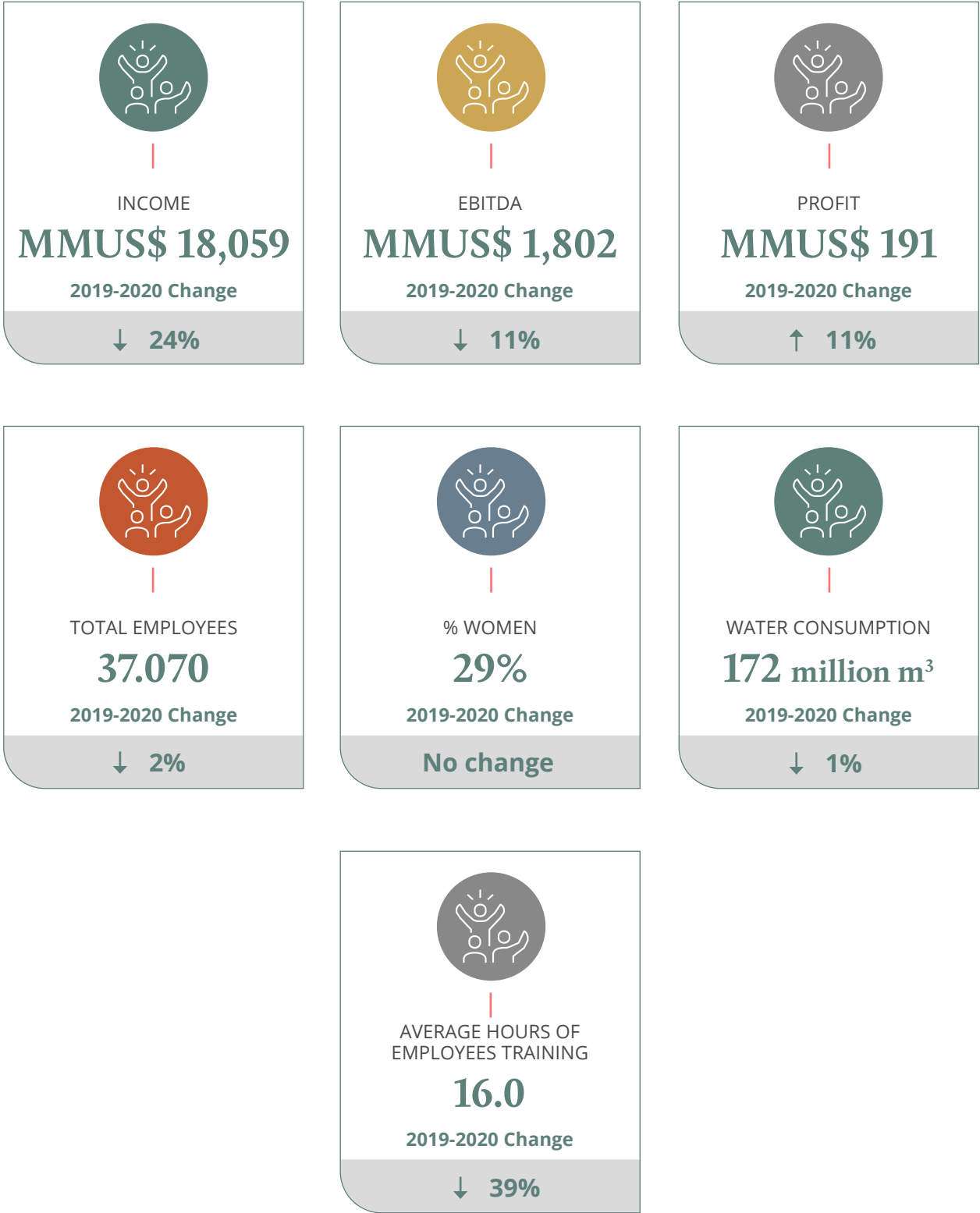


»THROUGH A SUSTAINABLE MANAGEMENT MODEL, WE DEVELOP OUR INVESTMENTS WITH A LONG-TERM VISION, ASSUMING A RESPONSIBLE COMMITMENT TO THE ENVIRONMENT AND ALL OUR STAKEHOLDERS«.

<sup>1</sup> [www.cmfchile.cl](http://www.cmfchile.cl)  
<sup>2</sup> SPCLXIPSA: Selective Stock Price Index, which is a representative measure of the price variation of the largest and most liquid Chilean issuers listed on the Santiago Stock Exchange.



2020 PROGRESS AT A GLANCE



2.2

Corporate principles

VALUE CREATION

To contribute to society through the creation of the greatest possible value that sustainably benefits shareholders, employees, suppliers, customers and the communities in which it operates, thanks to efficient, responsible, innovative and quality management.

PROFESSIONAL GROWTH AND TEAMWORK

To create the conditions for the development of all members of the Company, promoting work environments based on respect, honesty, professional quality, training and teamwork.

INNOVATION AND SUSTAINABLE USE OF RESOURCES

Promote sustainable use of natural and energy resources, investing in research, technological innovation and training to prevent and reduce progressively, continuously and systematically the environmental impacts of activities, products and services.

COMMUNITY ENGAGEMENT

To build permanent and mutually collaborative relationships with the communities where operations are located, in order to support their development.

QUALITY OF PRODUCTS AND SERVICES

To deliver quality products to all customers, in a timely and sustained manner over time, in addition to encouraging suppliers to become part of the value chain.

CORPORATE TRANSPARENCY

To have in place and implement systems and procedures to manage business risks, regularly assessing performance in all processes and taking timely corrective actions as necessary.

HEALTH AND SAFETY PROTECTION

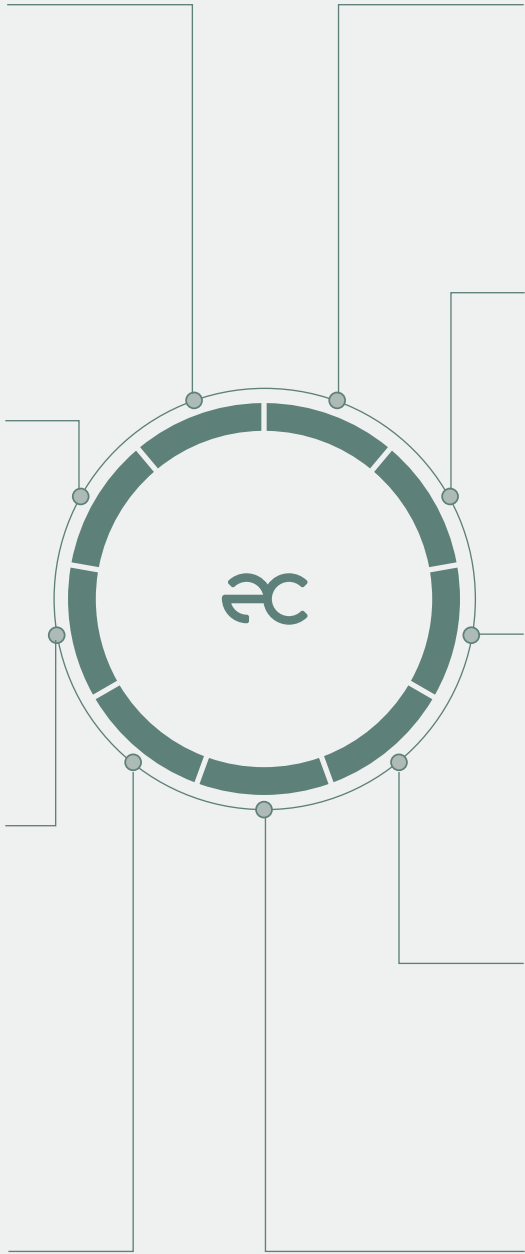
To ensure occupational health and safety, seeking to continuously and progressively reduce the risks of its operations and services.

EFFECTIVE RISK MANAGEMENT

Maintain transparent, timely and effective communication with the different stakeholders relevant to the Company.

REGULATORY COMPLIANCE

Comply with current legislation, contractual obligations and other commitments that regulate the business and, to the extent possible, exceed the established standards.





# 2.3

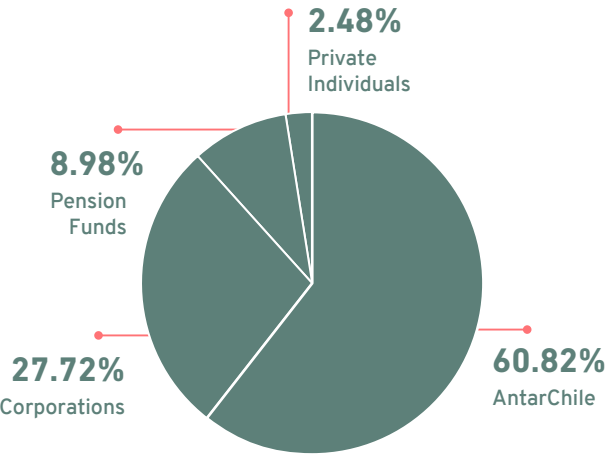
## Empresas Copec and its affiliates

### OWNERSHIP STRUCTURE

As of December 31, 2020, Empresas Copec had 6,841 shareholders and 1,299,853,848 common shares, all of the same value. Meanwhile, the percentage of the Company that was not in the hands of the controller was 39.18%.

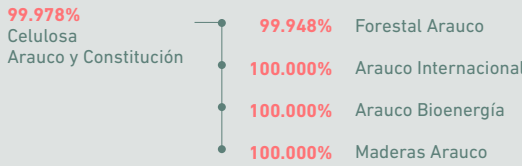
#### OWNERSHIP STRUCTURE

December 31, 2020

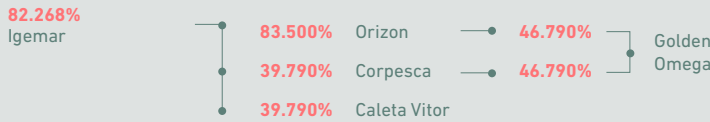


### GROUP STRUCTURE

#### FORESTRY SECTOR



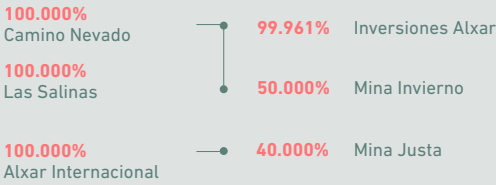
#### FISHERIES SECTOR



#### ENERGY SECTOR



#### OTHER INVESTMENTS





MAIN AFFILIATES



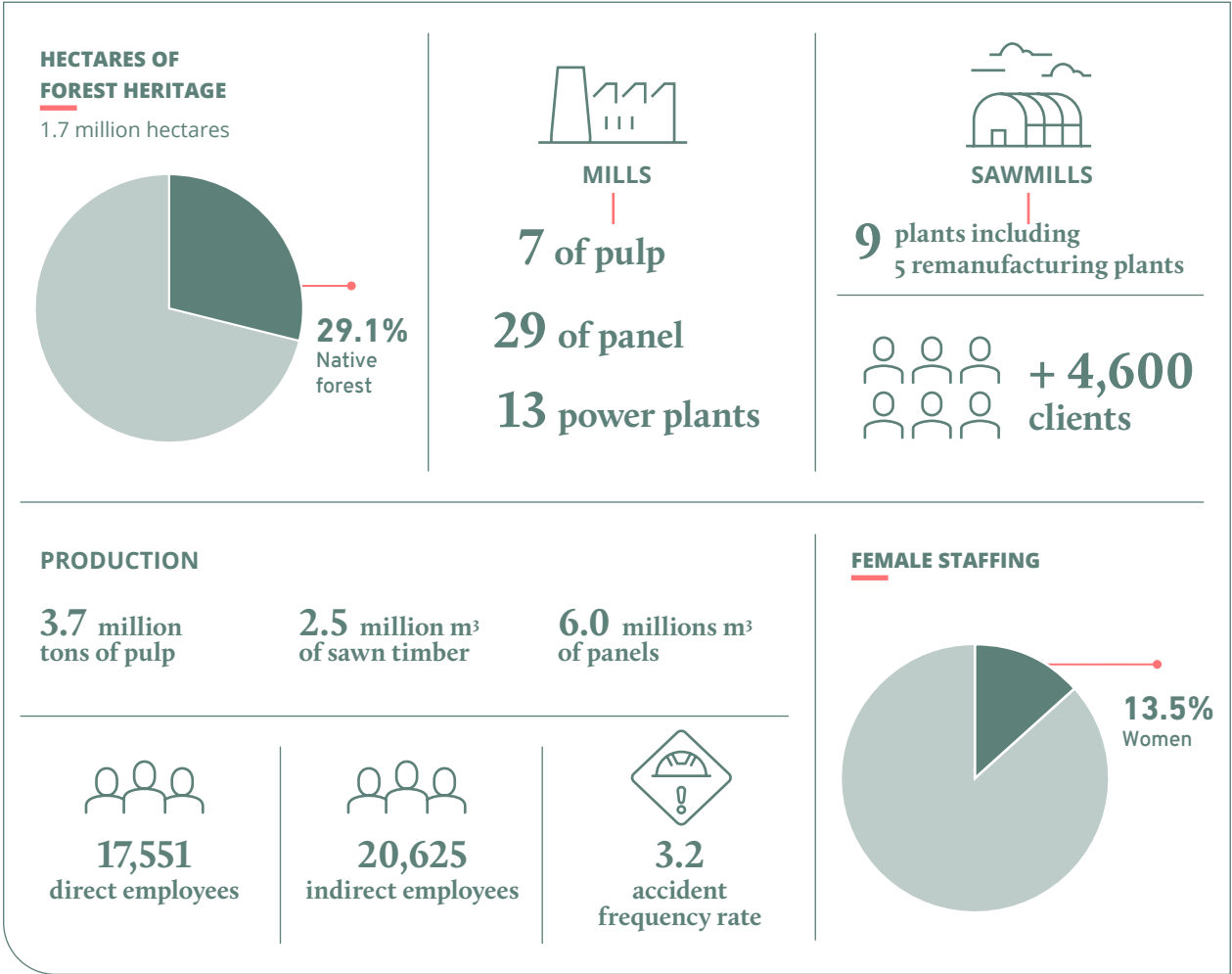
Forestry



**ARAUCO**  
www.arauco.cl

- » One of the leading forestry companies in Latin America in terms of area and yield of its plantations, pulp, timber and panel production.
- » Major player in the generation of clean and renewable energy in Chile's energy matrix.
- » It has the highest standards of forest management and responsible operational management.
- » Its products are sold across five continents through sales representatives located in Australia, Bangladesh, China, India, Indonesia, Japan, South Korea, Malaysia, New Zealand, Pakistan, Philippines, Saudi Arabia, Thailand, Taiwan, Turkey, United Arab Emirates, United Arab Emirates and Vietnam, and sales offices located in Argentina, Australia, Brazil, Canada, Chile, China, Colombia, Costa Rica, United Arab Emirates, United States, Mexico, Netherlands and Peru.
- » Empresas Copec owns 99.98% of ARAUCO.

ARAUCO IN FIGURES



Latest sustainability report 2020



HIGHLIGHTS

- Start of operations of the dissolving pulp mill in Valdivia, an initiative that required an investment of close to US\$ 190 million with an estimated production of 500 thousand tons per year.
- FSC® (Forest Stewardship Council) Forestry Management finding closing audit.
- Carbon neutrality certification, becoming the world's forestry company to achieve this goal.
- Acquisition of Odd Industries, an ethically-driven industrial artificial intelligence pioneer company.
- Launch of a new line of VESTO boards, antimicrobial melanin with copper particles capable of reducing up to 99.9% bacteria and germs.
- Closure of the MDF mills in Bennettsville and Eugene, and shutdown of the PB line in Moncure, North Carolina, in order to achieve higher levels of efficiency in a highly competitive market.
- Publication of the "Sustainable Bond Report 2020", that shows that the resources obtained from the issuance of this type of financial instrument in 2019 were allocated taking into account environmental and social variables.



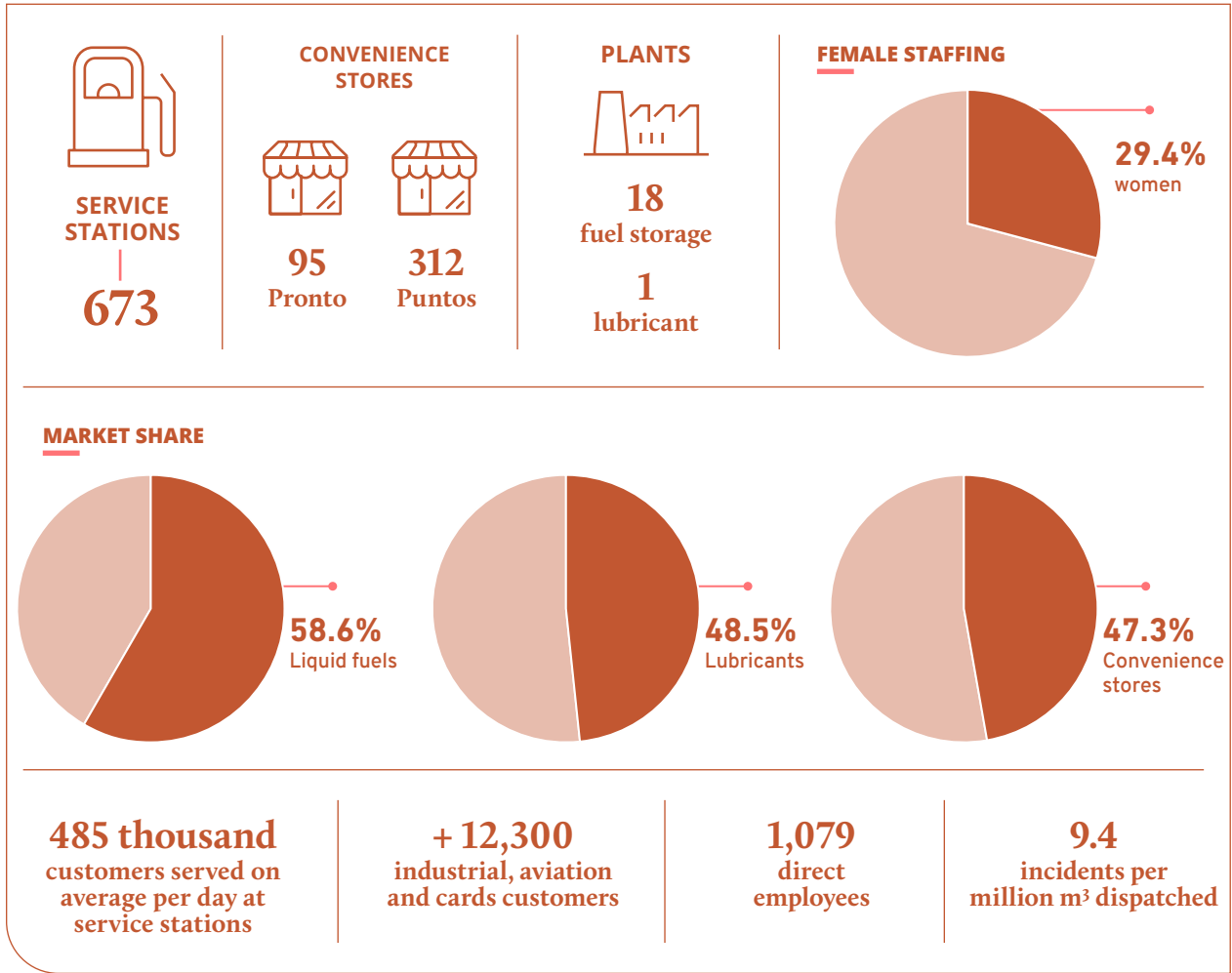
Energy



**COPEC**  
www.copec.cl  
www.prontocopec.cl

- » Marketing and distribution of liquid fuels and lubricants in Chile.
- » It also offers electricity charging services and sells renewable energies.
- » In addition to service stations, it has convenience stores and oil change and car wash facilities.
- » Operates under a dealership model that generates employment for more than 10,000 people.
- » It owns several companies associated with new mobility and renewable energies including Stem, Ampere Energy, Emoac and Flux Solar.
- » Its affiliate Arcoprime is in charge of managing the Pronto convenience store network.
- » It supplies fuels, lubricants and other services to industries of various areas and sizes.
- » It has a lubricants plant in Quintero, with a capacity to produce 124 million liters per year.
- » It has the representation of ExxonMobil to distribute the entire Mobil product portfolio.
- » Empresas Copec owns 100% of Copec.

COPEC IN FIGURES



Latest integrated report 2020



HIGHLIGHTS

- Inauguration of the country's largest electric bus terminal, El Conquistador, in Maipú, Metropolitan Region. It is an US \$80 million investment, with a surface area of 15 thousand m², 57 high-power chargers and a fleet of 215 electric buses.
- Acquisition of 80% of the start-up EMOAC SpA, a leading company in integrated energy intelligence.
- Expansion of WIND's offering with new linked products with clean energy and mobility, forming alliances with different start-ups such as Cargo, Stem, Ampere, TurnTide, Chiper, Wallbox and 75F.
- Inauguration of eight new urban service stations located in the towns of Hualpén, Malalhue, La Florida, Ovalle, Pelluhue, San Carlos, Tierra del Fuego and Tortel, as well as a highway service station in Antofagasta.
- Two new storage tanks at the Maipú Plant were added, reinforcing fuel delivery capacity for the entire Metropolitan Region.
- Launch of the Nuevo App, Copec's virtual store and kerosene home delivery service.
- Launch of Arcoprime's website www.prontocopec.cl, starting its own e-commerce channel.
- Creation of the new Full Copec loyalty program, which offers a point accumulation and discount system to customers.





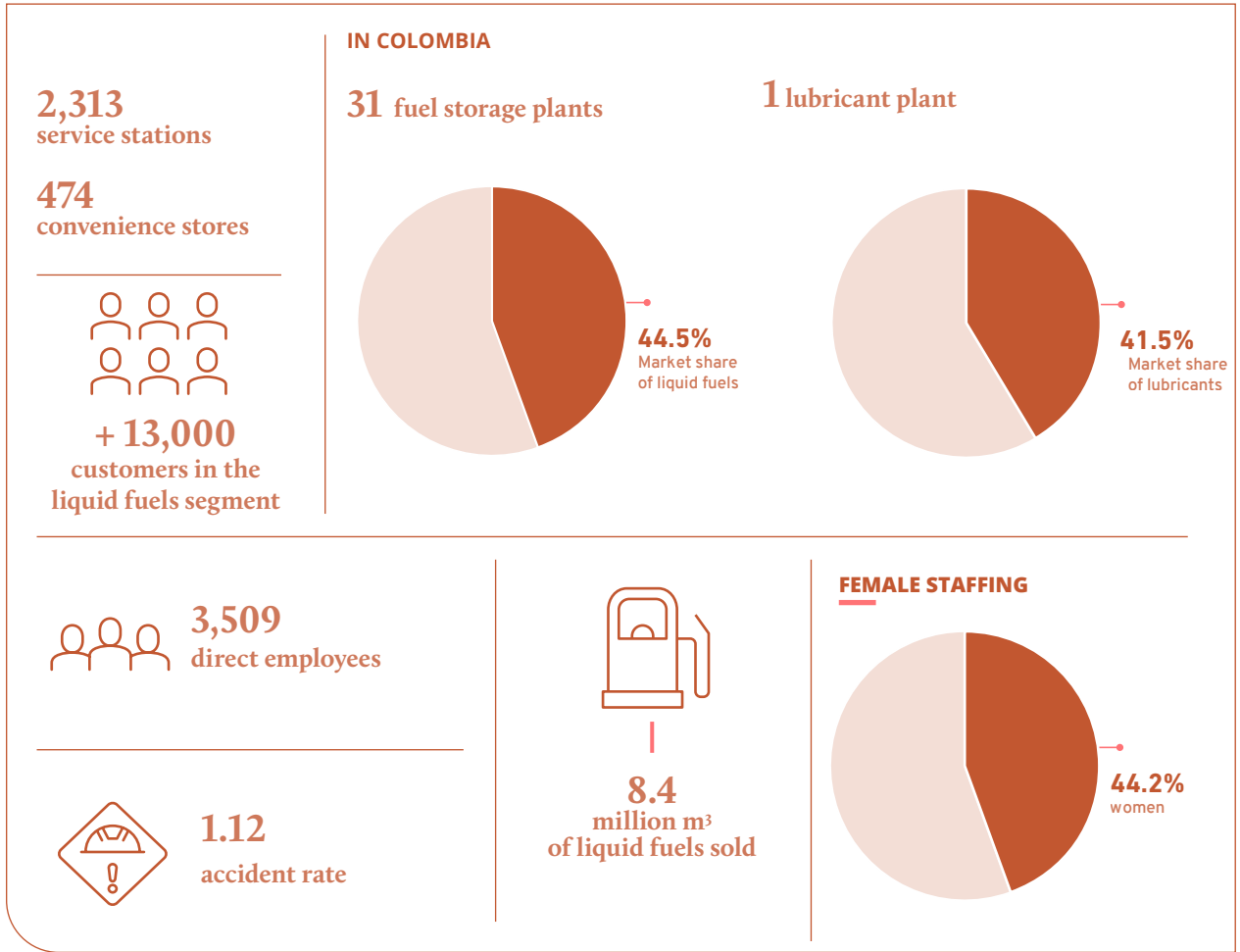
Energy



**TERPEL**  
www.terpel.com

- » Distributor of liquid fuels and lubricants in Colombia, Panama, Peru, Ecuador and the Dominican Republic; natural gas for vehicles in Colombia and Peru; and aviation fuel in the main airports of Colombia, Panama, Peru and the Dominican Republic.
- » It has a lubricant plant in Cartagena, Colombia, with a production capacity of approximately 10 thousand m<sup>3</sup> per month.
- » It is authorized by ExxonMobil to distribute the entire Mobil product portfolio.
- » Empresas Copec owns 58.51% of Terpel through Copec.

TERPEL IN FIGURES



Latest management and sustainability report 2020



HIGHLIGHTS

- Three series of bonds for COP\$470,000 million sold on the Colombian Stock Exchange.
- Installation of five Terpel Voltex electric charging stations at service stations in Bogotá and Medellín.
- Creation of a digital transformation strategy called Virtual Network, which has led to significant progress and updates to improve the efficiency, and quality of processes and electronic invoicing at the retail point of sale.
- Inauguration in Bogotá of the first electric charging terminal, under the Terpel Voltex brand, with a capacity to serve 13 electric buses of the Public Transportation Service.
- Creation of the affiliate Stem Terpel for the development of energy storage projects.
- Implementation of three pilot projects with Ampere Energy batteries for the residential sector.
- Inauguration of a fast-electric charging station on the Medellín-Bogotá highway.
- Launch of five new lubricants in the Mobil Super 2000 and 3000 line, and two semisynthetic products for the Mobil Super Moto MX category.
- Construction of seven service stations and a convenience store.



Energy



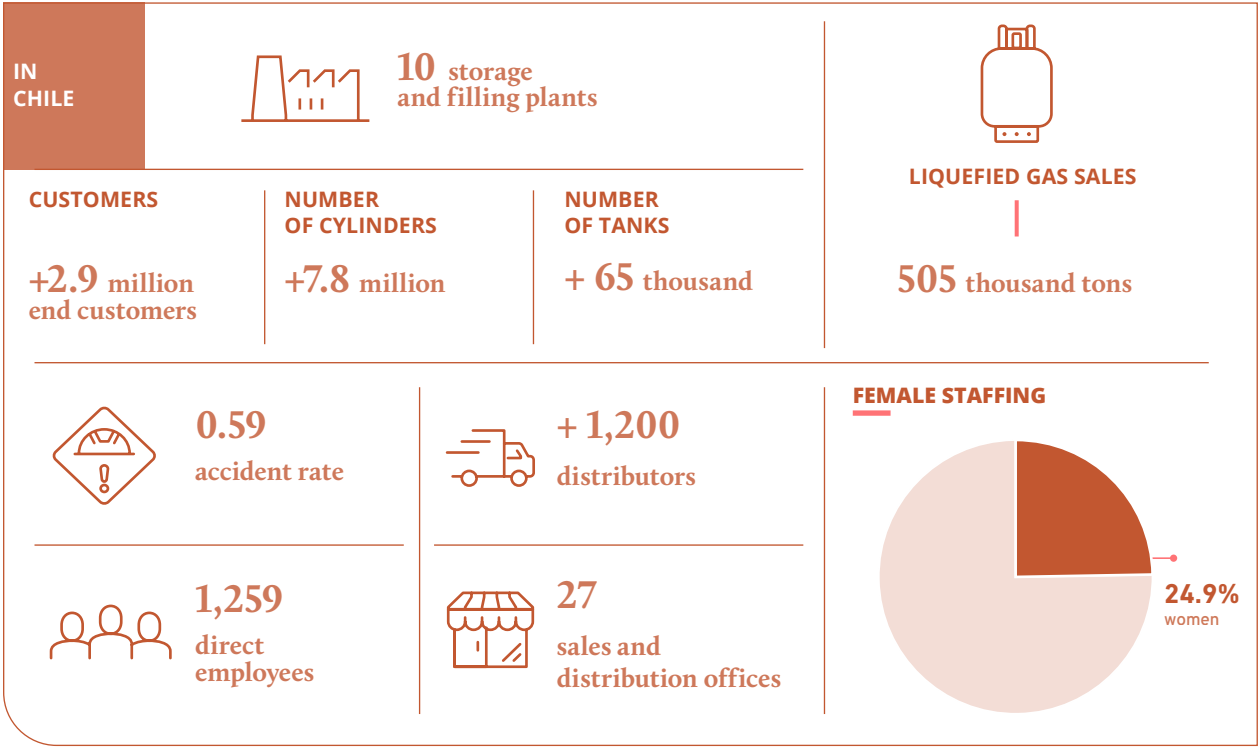
ABASTIBLE

www.abastible.com  
www.norgas.com.co  
www.solgas.com.pe  
www.duragas.com.ec

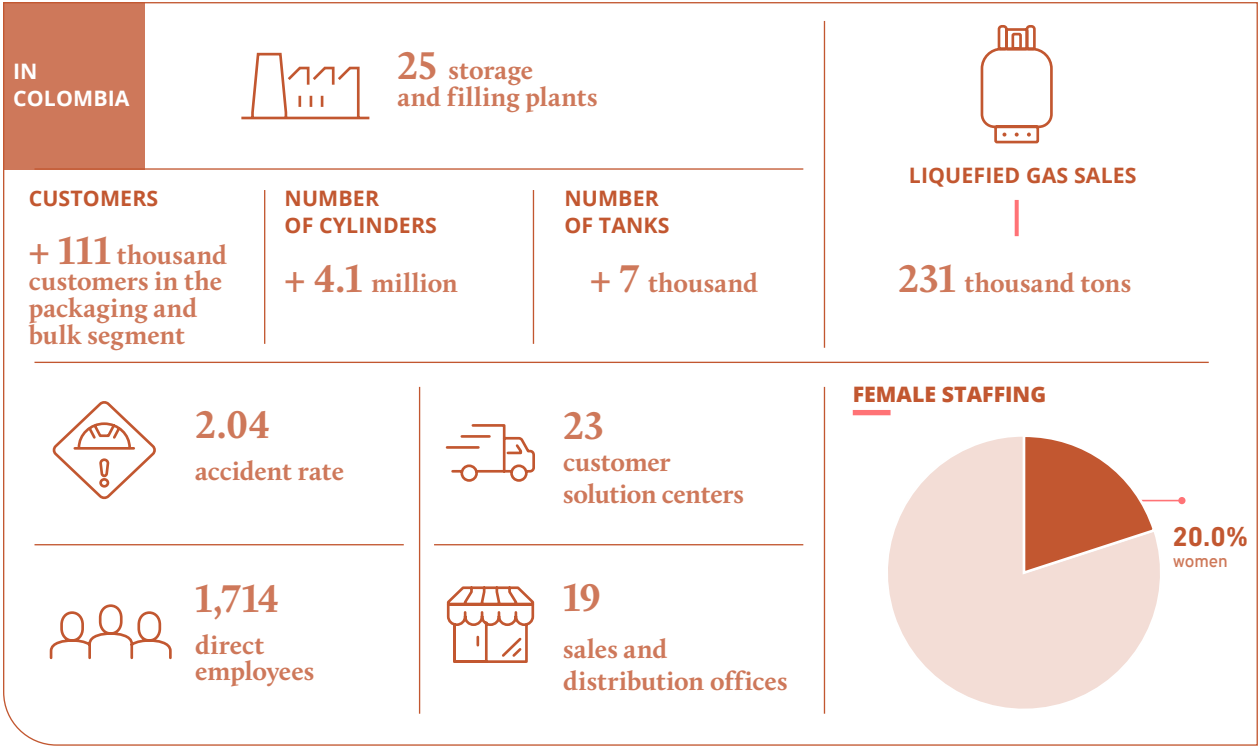
- » Sells liquefied gas for residential and industrial use in cylinders and bulk formats; for taxis and company fleets; and nautical vessels.
- » It offers its customers dual-use solutions for liquefied gas and solar energy; electric power through liquefied gas generators; and cogeneration of electricity and heat.
- » It has a marine terminal that provides fuel wharfage, reception and storage services for liquefied gas.
- » In Colombia, through its affiliate Norgas, it sells liquefied gas for residential and industrial use and participates in the development of energy solutions.
- » Duragas, an affiliate of Abastible in Ecuador, sells liquefied gas for residential, commercial, industrial and vehicular use.
- » In Peru, through Solgas, it sells liquefied gas for residential, industrial and automotive use.
- » It has 13 gasoline to liquefied gas conversion shops for commercial vehicles and collective taxi (and, as of June 2020, also available for private vehicles), and a network of 52 stations from Arica to Puerto Montt.
- » Empresas Copec owns 99.20% of Abastible<sup>3</sup>.

<sup>3</sup> Through Abastible, Empresas Copec owns 51.00% of Norgas, 99.97% of Solgas and 100.00% of Duragas.

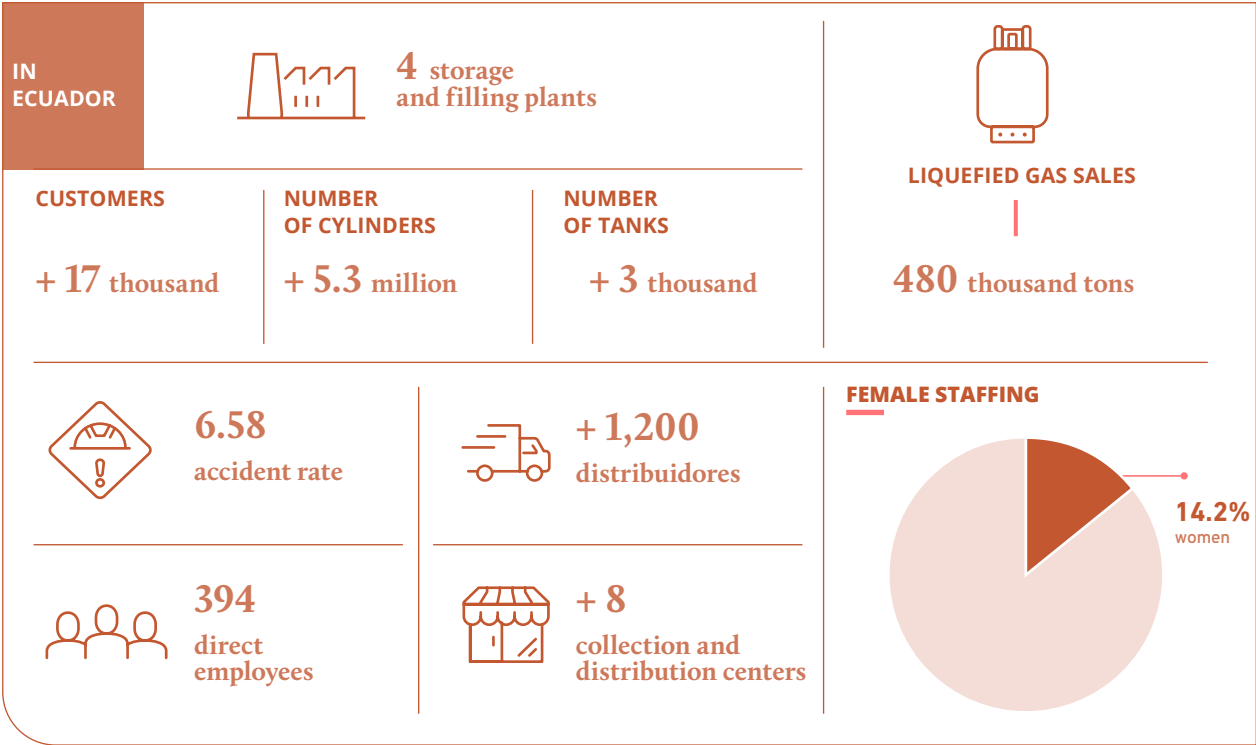
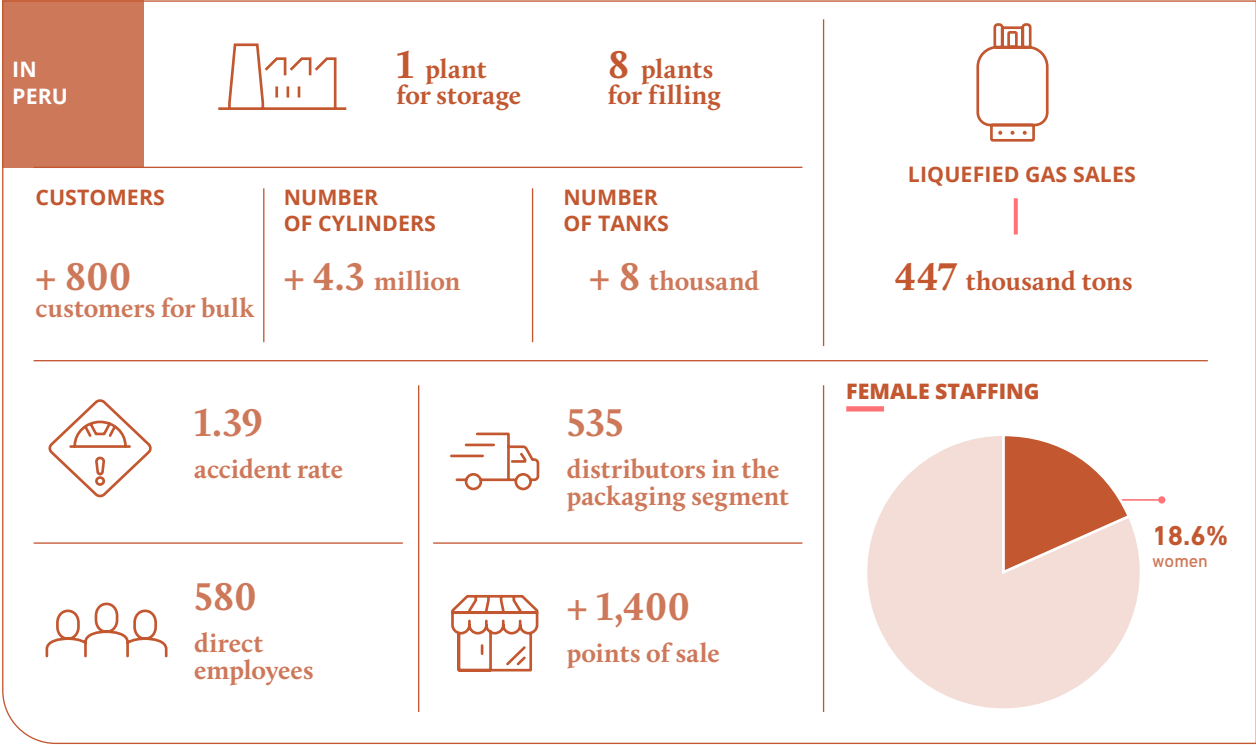
ABASTIBLE IN FIGURES



 [Latest sustainability report 2020](#)







HIGHLIGHTS

- First own imports of liquefied gas by sea, through the San Vicente maritime terminal in Chile. This allowed supplying operations in the country and the affiliate Solgas in Peru, enabling regional synergies and greater operational and logistical flexibility.
- Launch of the Energy and Environmental Consulting Service, providing advice to clients on energy efficiency and environmental improvements in Chile.
- Carbon neutrality certification of Duragas' Santo Domingo Plant in Ecuador, and ISO 14001:2015 recertification for the company's Environmental Management System.
- Consolidation of the photovoltaic electricity supply business, strengthening and increasing Abastible's participation in the solar photovoltaic energy market in Chile.
- In Colombia, Norgas began the project to expand Puerto Okianus, a liquefied gas terminal in Cartagena, with an investment of approximately US\$ 3 million, increasing storage capacity from 702 to 2,653 tons.
- Centralization of bottled gas deliveries to distributors throughout Chile and consolidation of a continuous improvement methodology in production processes.
- Purchase of the remaining 50% interest in Hualpén Gas.
- Launch of the first integrated energy solutions project for hotels in Colombia.





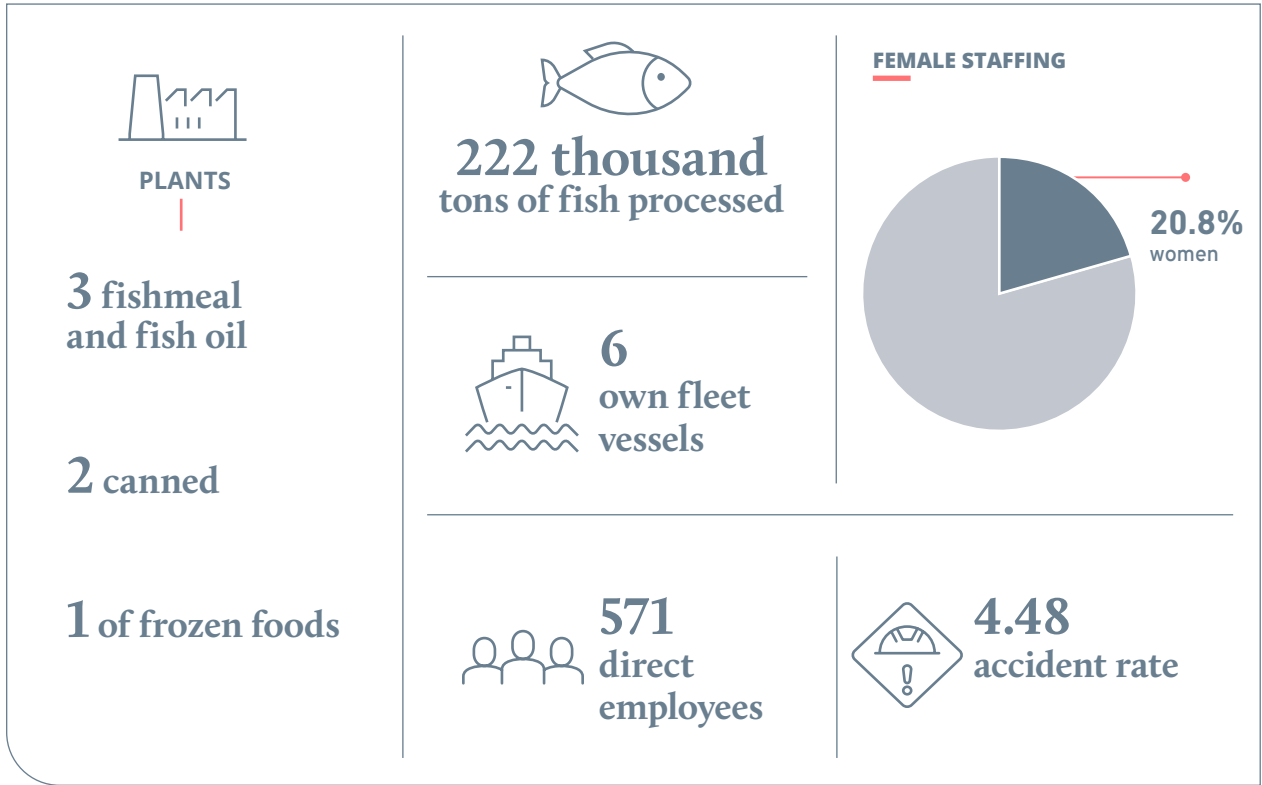
Fisheries



ORIZON  
www.orizon.cl

- » Producer of fishmeal and fish oil, frozen jack mackerel and canned fish, sells mainly under the San José, Colorado and Wirenbo brands.
- » Sells:
  - Tuna loins under the San José and Colorado brands.
  - Rice and legumes under the San José brand.
  - Avocado pulp from the American-Mexican company Megamex.
  - General Mills products, with its Nature Valley and Fiber One brands for cereal bar, HaagenDazs ice cream, Betty Crocker for baking mixes, and Old El Paso tortillas and Mexican sauces.
- » Empresas Copec, through Igemar, owns 68.69% of Orizon.

ORIZON IN FIGURES



Latest sustainability report 2020



HIGHLIGHTS

- Approval of Orizon's new strategy for 2025 and redesign of corporate purpose and brand image.
- Creation of the Animal Nutrition Technical Unit (UTNA), aimed at studying and developing high quality nutritional feed, in addition to providing technical assistance services to industrial input customers.
- Launch of "La Mesa de Todos" site, a new e-commerce sales channel.



2.4

# International Presence

SALES REPRESENTATIVES

- |                        |               |
|------------------------|---------------|
| » South Korea          | » India       |
| » Australia            | » Pakistan    |
| » New Zealand          | » Bangladesh  |
| » Japan                | » Indonesia   |
| » China                | » Thailand    |
| » United Arab Emirates | » Philippines |
| » Saudi Arabia         | » Taiwan      |
| » Malasia              | » Vietnam     |
| » Turkey               |               |

COMMERCIAL OFFICES

- |                 |                        |
|-----------------|------------------------|
| » United States | » Brazil               |
| » Canada        | » Argentina            |
| » Netherlands   | » Costa Rica           |
| » Peru          | » Australia            |
| » Chile         | » China                |
| » Mexico        | » United Arab Emirates |
| » Colombia      |                        |





# 2.5 Sustainability at Empresas Copec

## SUSTAINABLE MANAGEMENT MODEL

Empresas Copec's management model transversally integrates the concept of sustainability into its business strategy and seeks to ensure that its actions create social value and care for the environment and the integrity of its operations.

In this way, it contributes with initiatives that contribute to achieving the goals established by the 2030 Agenda of the UN Sustainable Development Goals (SDGs). This is essential in a context where the world's population will have surpassed 8.5 billion by that year, and the threat of climate change, together with the growing demand for critical resources, will add considerable stress to society and the environment. Certainly, the future depends on urgent actions, new business models, innovative technology and behavioral changes, in order to provide solutions to stakeholders, and thus generate value and positive impact for society in the long term.

### SOCIAL VALUE CREATION

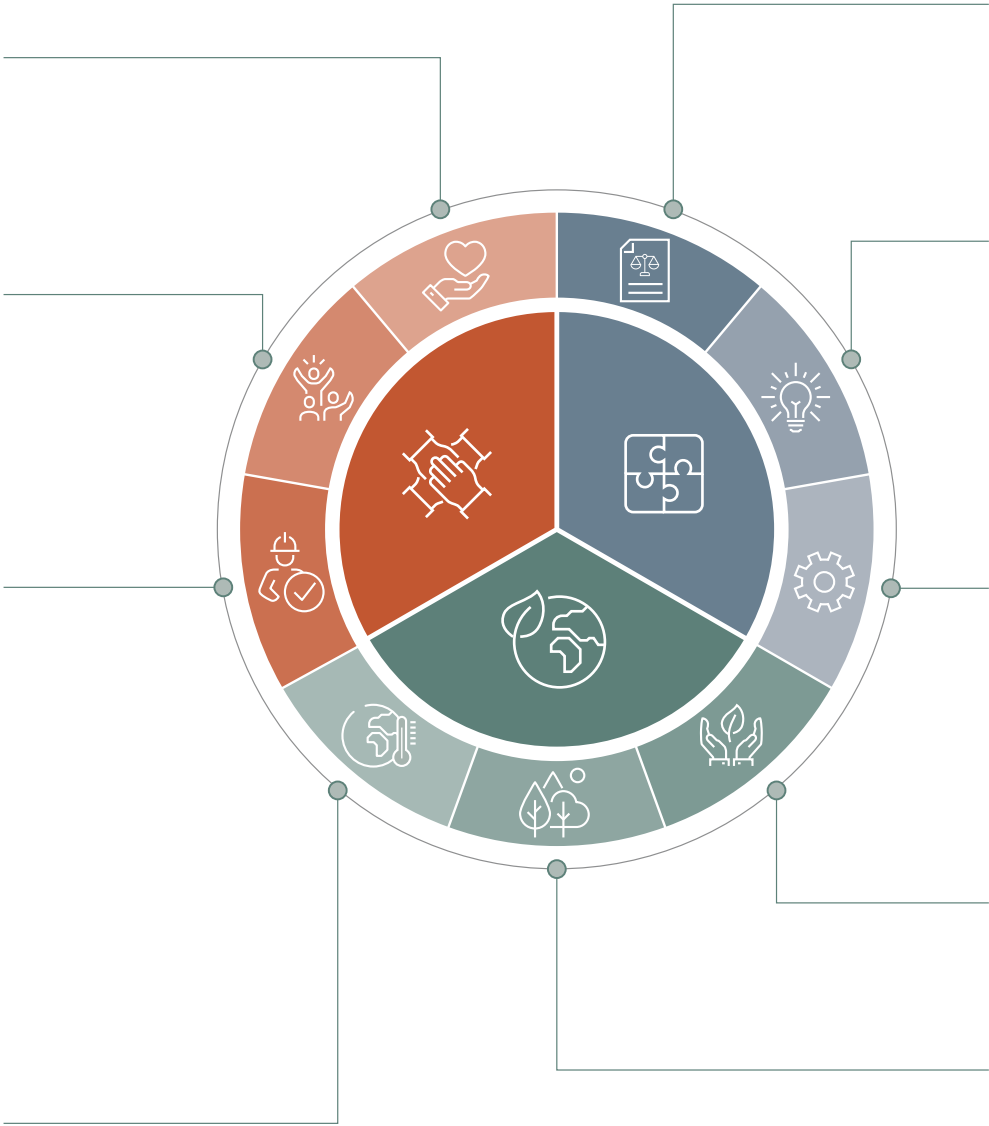


- Community**  
Contribute to the sustainable development of communities, through commitments and partnerships, and invest in initiatives that have a positive and permanent impact.
- People**  
Create a culture based on values and oriented to performance. Provide an engaging work experience where people can grow and excel.
- Health and security**  
Make health and safety an important part of the Company's culture and business strategy.

### CARE FOR THE ENVIRONMENT



- Climate change**  
Reducing the intensity of greenhouse gas (GHG) emissions and moving towards a low-carbon economy.



### BUSINESS INTEGRITY

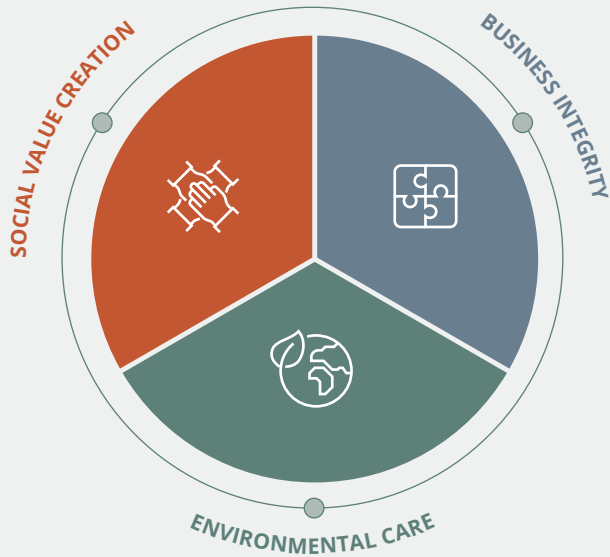


- Corporate Governance, ethics and compliance**  
Maintain an effective governance and decision-making structure and foster a culture of ethics and compliance with the law.
- Satisfaction and innovation**  
Exceed customer and consumer expectations by delivering innovative products and services of the highest quality.
- Risk management**  
Ensure effective identification of material risks and establish an adequate and effective internal control and management system.
- Environmental protection**  
Minimizing environmental impacts and ensuring the highest standards of environmental management.
- Resource management**  
Innovate and grow through commercial solutions that take care of the environment and guarantee efficient management of operations avoiding or minimizing the inadequate management of resources.



STAKEHOLDERS

The identification of the Company's main stakeholders was carried out under the AA1000<sup>4</sup> Stakeholder Engagement Standard methodology (SES, 2015), which considers the level of influence, dependence and tension.



SOCIAL VALUE CREATION

Main stakeholders	Relationship methods	Main expectations
EMPLOYEES	<ul style="list-style-type: none"><li>» Internal communication media, including strategic alignment meetings, press releases, newsletters, conversation and dialogue instances, among others</li><li>» Trainings</li><li>» Corporate magazine</li><li>» Corporate website</li><li>» Code of Ethics, Internal Rules and other corporate documents</li><li>» Whistleblowing channel</li><li>» Social networks</li><li>» Sustainability Report</li></ul>	<ul style="list-style-type: none"><li>» Employment: stability and development</li><li>» Occupational health and safety</li><li>» Work environment</li><li>» Work-family life balance</li><li>» Commitment and contribution to the country</li><li>» Fair compensation</li></ul>
STRATEGIC ALLIES (DEALERS, ATTENDANTS AND DISTRIBUTORS)	<ul style="list-style-type: none"><li>» Work meetings</li><li>» Visits, audits and specific reviews</li><li>» Development programs</li><li>» Satisfaction surveys</li></ul>	<ul style="list-style-type: none"><li>» Development of joint projects</li><li>» Commercial conditions</li><li>» Product quality</li><li>» Fair compensation</li><li>» Working conditions</li><li>» Health and security</li></ul>
SUPPLIERS AND CONTRACTORS	<ul style="list-style-type: none"><li>» Corporate website</li><li>» Corporate magazine</li><li>» Whistleblowing channel</li><li>» Sustainability Report</li></ul>	<ul style="list-style-type: none"><li>» Timely payment</li><li>» Respect of contractual conditions</li><li>» Fair treatment</li><li>» Development of joint projects</li><li>» Health and security</li></ul>

<sup>4</sup> <https://www.accountability.org/standards/>

ENVIRONMENTAL CARE

































Main stakeholders	Relationship methods	Main expectations
CIVIL SOCIETY AND NEIGHBORING COMMUNITIES	<ul style="list-style-type: none"><li>» Corporate website</li><li>» Corporate magazine</li><li>» Annual Report and Sustainability Report</li><li>» Environmental programs</li><li>» Social networks</li></ul>	<ul style="list-style-type: none"><li>» Regulatory compliance</li><li>» Contribution to the country's development</li><li>» Innovation</li><li>» Dialogue with stakeholders</li><li>» Corporate ethics</li><li>» Climate change</li><li>» Local social and economic development</li><li>» Minimization of negative impacts of operations</li></ul>

















BUSINESS INTEGRITY

Main stakeholders	Relationship methods	Main expectations
SHAREHOLDERS	<ul style="list-style-type: none"><li>» Investor Relations area</li><li>» Corporate website</li><li>» Investor website</li><li>» Stock department</li><li>» Corporate magazine</li><li>» Annual Report and Sustainability Report</li><li>» Social networks</li></ul>	<ul style="list-style-type: none"><li>» Profitability</li><li>» Transparency</li><li>» Regulatory compliance</li><li>» Comprehensive risk management</li><li>» Sustainability of operations</li></ul>
INVESTORS AND FINANCIAL ANALYSTS	<ul style="list-style-type: none"><li>» Investor Relations area</li><li>» Corporate website</li><li>» Investor website</li><li>» National and international conferences</li><li>» Corporate magazine</li><li>» Annual Report and Sustainability Report</li><li>» Social networks</li><li>» Quarterly video "Message from the Chief Executive Officer"</li></ul>	<ul style="list-style-type: none"><li>» Profitability</li><li>» Transparency</li><li>» Comprehensive risk management</li><li>» Sustainability of operations</li></ul>
REGULATORS	<ul style="list-style-type: none"><li>» Periodic reports</li><li>» Annual Report and Sustainability Report</li></ul>	<ul style="list-style-type: none"><li>» Regulatory compliance</li><li>» Contribution to the country</li><li>» Transparency</li></ul>
CUSTOMERS AND CONSUMERS	<ul style="list-style-type: none"><li>» Corporate website</li><li>» Corporate magazine</li><li>» Satisfaction surveys</li><li>» Social networks</li></ul>	<ul style="list-style-type: none"><li>» Product and service quality</li><li>» Satisfaction and claims</li><li>» Innovation</li><li>» Minimization of the negative impacts of products and/or services</li></ul>


































# GOAL COMPLIANCE




















Subject	Company	Goal set in 2019	SDG	Compliance level 2020
 <b>New projects</b>	ARAUCO	Continue the construction process of the MAPA project and start operations in the last quarter of 2021.	 	In progress
		Start the operations of the dissolving pulp project at the Valdivia Plant.	 	Completed
 <b>Transparency</b>	EMPRESAS COPEC	Design a Tax Policy.	-	Completed
 <b>Climate Change</b>	ARAUCO	Achieve carbon neutrality by 2020.	 	Completed
		Verify the carbon footprint.		Completed
		Sign a commitment to adhere to the Science Based Targets.		Completed
	COPEC	Reduce energy consumption from non-renewable sources by 34% by 2030 (base year 2018).	 	In progress
		Implement an agreement with Cerro Dominador for the supply of solar thermal energy.	 	In progress
		Reduce total GHG emissions by 2030 (base year 2018).	 	In progress
	TERPEL	Reduce direct GHG emissions by 2025.	 	In progress
	ABASTIBLE	Implement an Energy Management System in the Lenga Plant.	 	Completed
 <b>Electromobility</b>	COPEC	Expand the network of fast charging points for electric vehicles.	 	Completed
	TERPEL	Expand the network of fast charging points for electric vehicles.	 	Completed
 <b>Other environmental progress</b>	ARAUCO	Standardize the operational criteria and management of environmental incidents, risks and emergencies.	 	In progress
		Recover 50% of the non-hazardous industrial solid waste from the pulp business by 2020.		The project is 38% complete, lower than budgeted. It is expected to reach 55% in 2021.
	ORIZON	Reduce PM10, NOx, SOx and CO <sub>2</sub> emissions by changing boilers to oil for liquefied gas.	 	The project has been delayed by the pandemic. It is expected to its implementation during 2021.

Subject	Company	Goal set in 2019	SDG	Compliance level 2020
 <b>Customers</b>	COPEC	Launch the new app Nuevo.		Completed
	TERPEL	Consolidate the QR payment system in 300 service stations in Colombia.		Completed
 <b>Value Chain</b>	ARAUCO	Implement the "strategic partners" model with contractors in the forestry area.		In progress
	SOLGAS	Deliver 70 trucks during 2020 as part of the dealer donation program.		Completed
 <b>Community</b>	COPEC	Deploy the community relationship standard for service stations.		It was implemented in 26 service stations. The goal for 2021 is to reach 100%.
 <b>Employees</b>	COPEC	Launch a diversity and inclusion policy.	 	The launch was postponed to 2021.
		Achieve in 2020 that the training programs reach a percentage greater than 90% in attendance, recommendation, applicability and satisfaction.		Completed
	ARAUCO	Carry out internal communication campaigns linked to strengthening the organizational climate.	-	Completed
	TERPEL	Increase the favorability index of its employees to 68% by 2020.	-	For health reasons, a Regional Census of Remote Employees was carried out, instead of the climate survey.
	ABASTIBLE	Obtain a favorable level of more than 80% in the climate survey.	-	Completed
 <b>Health and security</b>	ARAUCO	Continue promoting the culture of "Job Well Done" and prevent High Potential Incidents.		In progress
		Expand the scope of the Incident Processing and Notification System (EHSM SAP) in all businesses and countries.		Completed
		Implement the program "Together for a better life" in the United States and Canada.		In progress



COMMITMENTS ASSUMED 2020

Subject	Company	Goal	SDG
 Transparency	EMPRESAS COPEC	Design a Financial Policy that establishes the financing actions of the Company.  Keep investors informed about the Company's financial results, main progress and milestones for the period, through the "Message from the CEO" video.	-  -
	EMPRESAS COPEC AND AFFILIATES	Join the UN Global Compact initiative and its 10 universal principles on human rights, labor relations, the environment and anti-corruption.  Continue to strengthen a culture of sustainability.	  
 Climate Change	ABASTIBLE	Certify the Lenga Plant Energy Management System under the ISO 50001 Standard.  Reduce electricity consumption by 5% compared to 2020.  Measure the carbon footprint by incorporating all the company's facilities into the scope.	 
	ARAUCO	Advance in reducing GHG emissions.  Certify the Energy Management System of the St. Stephen MDF Plant in the United States, under the ISO 50001 Standard.	 
	COPEC	Launch a Climate Change strategy.	 
	ORIZON	Complete the installation process of the Energy Management System.	 
	TERPEL	Measure the carbon footprint and define reduction goals.  Reduce by 2025 the carbon footprint of scope 2, in Colombia, by 10% compared to 2020.	 
 Electromobility	COPEC AND TERPEL	Expand the network of fast charging points for electric vehicles.	 
 Other environmental progress	ABASTIBLE	Certify the Maipú Plant under the ISO 14001: 2015 standard, within two years.	 
	ARAUCO	Reduce water consumption by 5% compared to 2020.  Optimize compliance with operational criteria on environmental management, continually improving its standards.	 
	COPEC	Implement a soil monitoring system in Argentina.	 
	COPEC	Develop a project for the reception and recycling of organic waste at service stations.	 
	ORIZON	Carry out a study of emission and reduction of odoriferous particles.  Implement programs to reduce the generation of waste and increase the percentage of recyclability of them.	 
 Customers	ABASTIBLE	Launch a low-cost telemetry solution on the market that allows remote monitoring of the level of liquefied gas remaining in bulk tanks.	
	COPEC	Continue to deploy the "Copec a domicilio" strategy.	-
	ORIZON	Obtain IFS Food certification for canning and frozen plants.	-

Subject	Company	Goal	SDG
 Value Chain	ABASTIBLE	Continue with the process of implementing the Process Safety Excellence Model (OIEM).  In 2022, implement a classification of installers according to criteria of risk, quality, execution times, among others, in order to have a better categorization by segment and type of project, along with reinforcing the quality of service.	 
	COPEC	Develop a strengthening model for SME suppliers and incorporate sustainability factors in the evaluation and allocation of tenders.  Implement software to facilitate customer relationship management and continue promoting digital channels.	 
	DURAGAS AND NORGAS	Evaluate critical suppliers incorporating environmental, labor, and health and safety aspects.	 
	ORIZON	Carry out shared value programs through the development of specific projects and new products with local suppliers.	 
 Community	ABASTIBLE	Summon at least 600 collaborators in volunteer activities.  Make community contributions for more than US\$ 1.3 million.	- 
 Employees	ABASTIBLE	Carry out the "3D Leaders Program" in all the countries where the company operates.  Develop a Competency Training program in the operations area.	- -
	EMPRESAS COPEC	Through the "Diálogos EC" program, continue to inform the Company's employees on contingent and relevant issues, such as the health crisis, gender equity and mental health.  Continue promoting the development and internal training through various training and financing of graduates and master's degrees in various subjects.	- 
	ORIZON	Redesign the performance management system, through a new scale of evaluation and competencies.	-
 Health and security	ARAUCO	Consolidate a culture of safety, implementing management standards and encouraging active participation in cultural change committees.	 
	EMPRESAS COPEC	Work on a plan to return to face-to-face activity, following the gradual and safe return protocol of Law 21,342, within the framework of the health alert decreed by Covid-19.  Develop a wellness campaign aimed at improving the quality of life of employees.	 
	EMPRESAS COPEC	Carry out an external evaluation of compliance with the ISO 27001-27002 Standard on Information Security in the Company's procedures.  Document and evaluate vulnerability management procedures on information assets.  Carry out information security awareness campaigns among employees.  Perform an audit of the relevant procedures and assets.	- - - -
 Security of the information	EMPRESAS COPEC	Carry out an external evaluation of compliance with the ISO 27001-27002 Standard on Information Security in the Company's procedures.  Document and evaluate vulnerability management procedures on information assets.  Carry out information security awareness campaigns among employees.  Perform an audit of the relevant procedures and assets.	- - - -



# Main awards

Different stakeholders have recognized the work of Empresas Copec and its affiliates, awarding distinctions in different areas of business.

## Abastible



First place in the Corporate Reputation measurement in the Gas Companies category.  
**Awarded by**  
Ipsos-INC 2020



Best Liquefied Gas company in the Consumer Loyalty study.  
**Awarded by**  
Alco Consultores



Recognition among the 50 best companies with Corporate Reputation.  
Recognition among the 30 best companies with Talent 2020.  
First place in the Energy and Distribution sector.  
**Awarded by**  
Merco



Procalidad 2020 Customer Satisfaction Award, being distinguished with the first place in two categories: Gas Cylinder and Gas Meter.  
**Awarded by**  
Praxis and Universidad Adolfo Ibáñez



15<sup>th</sup> place in the ranking of Best Companies for Interns 2020 Chile.  
**Awarded by**  
Firstjob Platform

## ARAUCO



Distinction in the "Building Materials" category for its quality as a supplier in North America.  
**Awarded by**  
Home Depot



Sistema Araucaria received the Special Achievement in GIS 2020 Award as one of the best technological projects worldwide.  
**Awarded by**  
ESRI

## Arcoprime



Procalidad Award in the Minimarket category, for the excellence and quality of its service.  
**Awarded by**  
Praxis and Universidad Adolfo Ibáñez



Distinction in the Chile 3D study, in the category of Gas Station Stores, for its Punto stores.  
**Awarded by**  
GfK

## Copec



Procalidad Award in the Service Station category, for the excellence and quality of the service provided.  
**Awarded by**  
Praxis and Universidad Adolfo Ibáñez



Distinction among the 20 citizen brands with the greatest impact on society and quality of life.  
**Awarded by**  
Cademo



Recognition in the Merco Consumo ranking for its commitment and social responsibility during the pandemic.  
8<sup>th</sup> place among the companies with the best corporate reputation, according to the Merco Empresas ranking.  
First place in the Corporate Responsibility and Governance ranking in the Energy and Distribution category.  
Recognition among the 50 best companies with Talent 2020 and third place in the Energy and Distribution sector.  
**Awarded by**  
Merco



Distinction awarded by the Chile 3D study to Copec, in the fuel category, and to Mobil, in car oil, as one of the brands most valued by Chileans.  
**Awarded by**  
GfK



National Mining Supplier of the Year Award for Copec, and Supplier of the Year Award in the Shovel Lubricants segment for Mobil.  
**Awarded by**  
Phibrand



Recognition for Commitment to Integrity  
**Awarded by**  
Fundación Generación Empresarial



7<sup>th</sup> place in the ICREO 2020 ranking, which recognizes trust generated by brands.  
**Awarded by**  
Alma Brands

## Empresas Copec



Leader of the Holding Company sector in the Merco Empresas ranking.  
Recognition among the 60 best companies with Talent 2020 and third place in the Holding Company sector.  
Second place in the Merco Corporate Responsibility and Governance ranking in the Holding Company sector and top 50 at company level.  
Recognition among the 100 best companies with Talent 2020 and third place in the business holding sector.  
**Awarded by**  
Merco



"La Voz del Mercado" award for its corporate governance practices.  
**Awarded by**  
EY and la Bolsa de Santiago



Nomination in all Alas20 categories related to excellence in ESG reporting and practices.  
**Awarded by**  
Alas20



B rating in CDP climate change.  
**Awarded by**  
Carbon Disclosure Project




Solgas



Distinction as a 2020 Leader of Change Company.

**Awarded by**  
Good Employers Association of the American Chamber of Commerce of Peru.


Terpel



Now a Part of **S&P Global**

Inclusion in the SAM Sustainability Yearbook 2020 for its sustainable management, ranked 14<sup>th</sup> in the retail sector.


**Awarded by**  
S&P Global



Bolsa de Valores de Colombia

IR Recognition, awarded for the adoption of best practices in disclosure and investor relations.


**Awarded by**  
Colombian Stock Exchange



Premios Portafolio 2020

Portafolio 2020 Award, in the category of Human Labor Management, for its work during the pandemic.

**Awarded by**  
Portafolio



EMPRENDER PAZ PREMIO 2020

Emprender Paz Award for the development of initiatives that contribute to the construction of peace in Colombia.

**Awarded by**  
Emprender Paz Corporation



Second place in the Merco Colombia ranking of Corporate Responsibility and Governance in the hydrocarbons sector, part of the top 30 companies.

31<sup>st</sup> place in the Merco Talento ranking and 32nd in the Merco Empresas ranking.

**Awarded by**  
Merco



Recognition as one of the three most gender-equitable companies in the trade sector in the PAR 2020 ranking.

**Awarded by**  
Aequales



el valor de las marcas

16<sup>th</sup> place in the ranking of Colombian brand value in the services segment.

**Awarded by**  
Compassbranding

2.7

# Current certifications

In order to provide assurance to the different stakeholders, Empresas Copec and its affiliates submit their environmental, social and economic performance to evaluation and certification in accordance with the highest management standards.



	Areas	Scope
<b>Empresas Copec</b>		
» Crime Prevention Model (MPD)	The MPD meets the requirements established in paragraphs 1), 2) and 3) of Article 4 of Law No. 20393 on the Criminal Liability of legal entities.	Corporate level



FORESTRY SECTOR

	Areas	Scope
<b>ARAUCO</b>		
» Forest Management FSC®, CARB, OHSAS 18001, ISO 14001, ISO 9001, CERTFOR/PEFC	To know the details of the current ARAUCO certifications see: <a href="https://www.arauco.cl/chile/sostenibilidad/certificaciones/">https://www.arauco.cl/chile/sostenibilidad/certificaciones/</a>	In all business segments.



ENERGY SECTOR

	Areas	Scope
<b>Copec</b>		
» ISO 14001:2015	Environmental Management Systems	Two industrial deposits and 24 mining deposits are certified under this standard.
<b>Duragas</b>		
» ISO 14001:2015	Environmental Management Systems	All work centers.





ENERGY  
SECTOR

	Areas	Scope
<b>Solgas</b> <ul style="list-style-type: none"><li>» ISO 9001:2015</li><li>» ISO 14001:2015</li><li>» ISO 45001:2018</li></ul>	Integral certification in quality, industrial safety, occupational health and environmental management.	Callao storage plant.
<ul style="list-style-type: none"><li>» ISO 14001:2015</li><li>» ISO 45001:2018</li></ul>	Certification in environmental management, industrial safety and occupational health.	Storage plant, the packaging plants in Lima, Arequipa, Trujillo and the company's main office.
<b>Norgas</b> <ul style="list-style-type: none"><li>» ISO 9001:2015</li></ul>	Quality management systems.	Process of bottling liquefied gas in cylinders and transportation in all of its bottling plants and distribution trucks.
<ul style="list-style-type: none"><li>» ISO 45001:2018</li></ul>	Certification of occupational health and safety processes.	Liquefied gas storage process, transportation, assembly, operation and maintenance of stationary tanks.
<b>Terpel</b> <ul style="list-style-type: none"><li>» ISO 9001:2015</li><li>» ISO 14001:2015</li><li>» ISO 45001:2018</li><li>» NORSOK: 100%</li></ul>	Integral certification in quality, industrial safety, occupational health and environmental management.	Aviation fuels operation process.
<ul style="list-style-type: none"><li>» Sello de bioseguridad</li></ul>	Systematic application of biosafety protocols that minimize risks for employees, clients, visitors and suppliers.	Aviation fuel operation process at 20 airports in Colombia.
<ul style="list-style-type: none"><li>» ISO 9001:2015</li><li>» ISO 14001:2015</li><li>» ISO 45001:2018</li></ul>	Integral certification in quality, industrial safety, occupational health and environmental management.	Lubricant production, marketing and distribution process.
<ul style="list-style-type: none"><li>» ISO 14001:2015</li><li>» ISO 45001:2018</li></ul>	Certification in environmental management, industrial safety and occupational health.	Analysis process for lubricating oils in MobilServ Bogotá laboratory.



FISHERIES  
SECTOR

	Areas	Scope
<b>Orizon</b> <ul style="list-style-type: none"><li>» IFFO-RS 2.0<sup>5</sup></li></ul>	Sustainable management of renewable natural resources and catch compositions.	Coquimbo and Coronel fishmeal and fish oil plants.
<ul style="list-style-type: none"><li>» BRCv8<sup>6</sup></li></ul>	Food safety, safety, authenticity, quality and legality of food.	Canning plants and frozen food plants.
<ul style="list-style-type: none"><li>» MSC<sup>7</sup></li></ul>	Sustainability, traceability and application of best fishing practices.	For the chain of custody of jack mackerel (plants for human consumption).



COVID-19 SEAL

It certifies that the management plan for the prevention of Covid-19 virus infection implemented by the companies meet the standard defined by the Chilean Safety Association (Achs), which considers the protocols of the Ministry of Health (Minsal), the recommendations of its specialists and the best international practices.

The standard is based on four stages:  
1) Work center assessment  
2) Development of a plan of action  
3) Implementation of measures  
4) Follow-up and verification of preventive and control measures.

This seal was awarded in 2021 to the following companies and work units, taking into account the protocols implemented during 2020.

Copec

- » 100% of fuel storage plants
- » San Fernando and San Vicente offices
- » Antofagasta and Maipú Laboratories
- » Maipú distribution center

Abastible

- » Filling plant in Maipú

Arcoprime

- » Implemented in 100% of the service stations it operates and is in the process of being implemented in 100% of the convenience stores.

<sup>5</sup> IFFO-RS: The Fishmeal and Fish Oil Organisation; Responsible Supply of The Marine Ingredients Organisation.

<sup>6</sup> BRC: British Retail Consortium.

<sup>7</sup> MSC: Marine Stewardship Council.



102-13	102-23
102-16	102-24
102-17	102-25
102-18	102-27
102-19	102-30
102-20	205-2
102-22	206-1

# Transparency

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3.1

# Corporate Governance Model

## PRINCIPLES OF CORPORATE GOVERNANCE<sup>8</sup>



<sup>8</sup> For more information on Empresas Copec's Corporate Governance, see page 42 of the Annual Report 2020.



COMPOSITION OF CORPORATE GOVERNANCE



A. BOARD OF DIRECTORS

Empresas Copec main Corporate Governance body:

- » The Board of Directors is made up of nine members, who are elected at the General Ordinary Shareholders' Meeting. The members of the Board of Directors serve for a three-year term.
- » There is no limit to the number of times they can renew their mandate, nor is there an obligation to hold shares of the Company in order to be elected.
- » Current members were elected at the Ordinary General Shareholders' Meeting held on April 25, 2018. Seven of them were proposed by the controlling shareholder (AntarChile S.A.), one by Servicios y Consultoría Ltda. and one by AFP Habitat (Independent Director). Meanwhile, the positions of Chairman and Vice-Chairman were appointed at the Board Meeting held on April 26, 2018.
- » None of them hold executive positions in the Company.
- » The members of the Board of Directors have an outstanding professional profile and the capacity to contribute to the development of the organization with complementary, independent and diverse visions of the business environment.
- » Their responsibilities include: define and evaluate the Company's general strategy, approve key financial decisions and analyze major investment projects, ensure compliance with the law and self-regulatory standards, among other.
- » Directors' compensation is defined and approved by the Annual Ordinary Shareholders' Meeting. It is worth mentioning that they do not receive variable remuneration or incentive plans such as bonuses, stock compensation, stock options or others. During 2020, they received a monthly remuneration of 300 UF for the Directors, 600 UF for the Vice-Chairman and 900 UF for the Chairman.
- » Empresas Copec's Board of Directors meets on an ordinary basis once a month. In 2020, this body held 19 meetings, with an average attendance of 99.4%. It is worth mentioning that 84.2% of them were virtual meetings.
- » To support the Board of Directors, there is a technological platform where minutes and documents of each of the meetings are backed up and can be accessed securely, remotely and whenever required. In addition, the Board of Directors has an online technological system enabling digital and encrypted signature of these documents.
- » During 2020, its members attended refresher training courses to update on crisis management, innovation, new challenges of work in companies and cybersecurity and personal data protection.
- » At the beginning of 2021, a self-review of the Board's performance is scheduled to be carried out, a biennial practice established in the Company's Corporate Governance procedures. This process considers an individual, private and confidential consultation to each of its members regarding issues such as operation, behavior and management of the Board of Directors.



COMPOSITION OF THE BOARD OF DIRECTORS

Name	Position	Seniority	Independent under Law 18,045	Independent according to S&P definition	Average attendance at Board of Directors' meetings (annual %)
Roberto Angelini	Chairman	Since April 1986	No	No	100.0%
Jorge Andueza	Vice-Chairman	Since April 2011	No	No	100.0%
Manuel Bezanilla	Director	Since April 2016	No	No	94.7%
Andrés Bianchi*	Director	Since September 2007	No	Yes	100.0%
Gabriel Bitrán*	Director	Since April 2016	Yes	Yes	100.0%
Juan Edgardo Goldenberg*	Director	Since April 2005	No	Yes	100.0%
Arnaldo Gorziglia	Director	Since April 2006	No	Yes	100.0%
Andrés Lehuedé	Director	Since April 2018	No	Yes	100.0%
Francisco León	Director	Since April 2018	No	Yes	100.0%

\* Member of the Committee of Directors.



1.

**Roberto Angelini**  
Chairman  
Industrial Engineer  
5.625.652-0
2.

**Jorge Andueza**  
Vice-Chairman  
Civil Engineer  
5.038.906-5
3.

**Manuel Bezanilla**  
Director  
Lawyer  
4.775.030-K
4.

**Andrés Bianchi\***  
Director  
Economist  
3.367.092-3
5.

**Gabriel Bitrán\***  
Director  
Industrial Engineer  
7.033.711-8
6.

**Juan Edgardo Goldenberg\***  
Director  
Lawyer  
6.926.134-5
7.

**Arnaldo Gorziglia**  
Director  
Lawyer  
3.647.846-2
8.

**Andrés Lehuedé**  
Director  
Commercial Engineer  
7.617.723-6
9.

**Francisco León**  
Director  
Civil Engineer  
6.655.380-9



1. Roberto Angelini



2. Jorge Andueza



3. Manuel Bezanilla



4. Andrés Bianchi



5. Gabriel Bitrán



6. Juan Edgardo Goldenberg



7. Arnaldo Gorziglia



8. Andrés Lehuedé



9. Francisco León

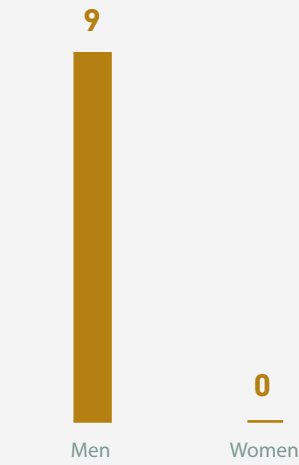


\* Member of the Committee of Directors.

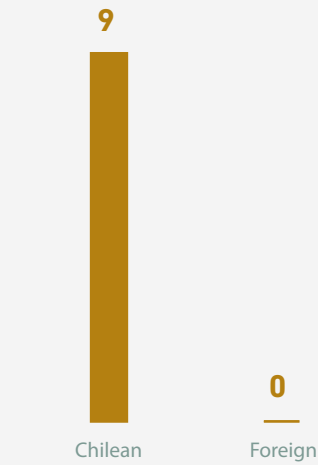


BOARD OF DIRECTORS IN FIGURES

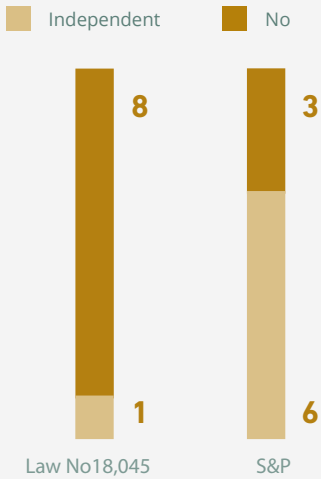
DIRECTORS BY GENDER



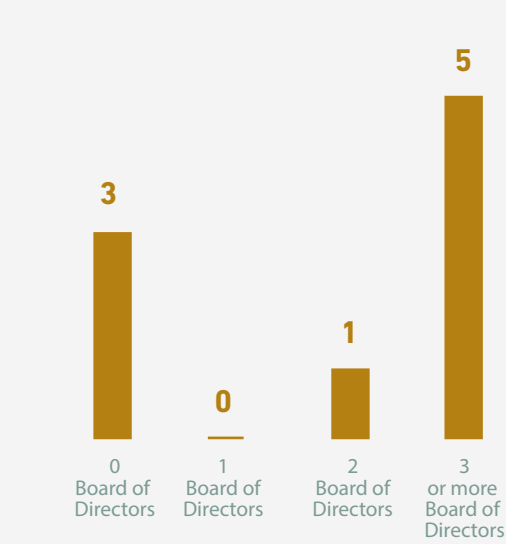
DIRECTORS BY NATIONALITY



INDEPENDENCE OF THE BOARD OF DIRECTORS

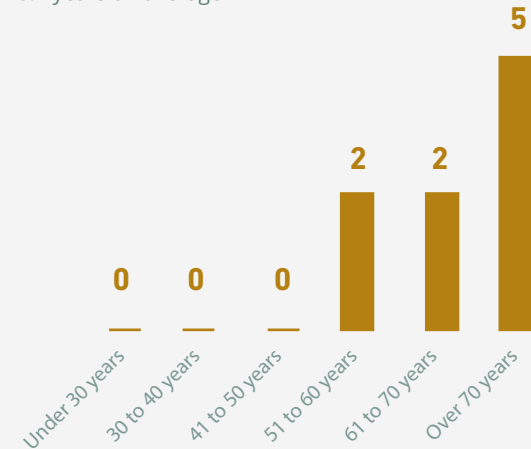


NUMBER OF MANDATES IN OTHER BOARDS



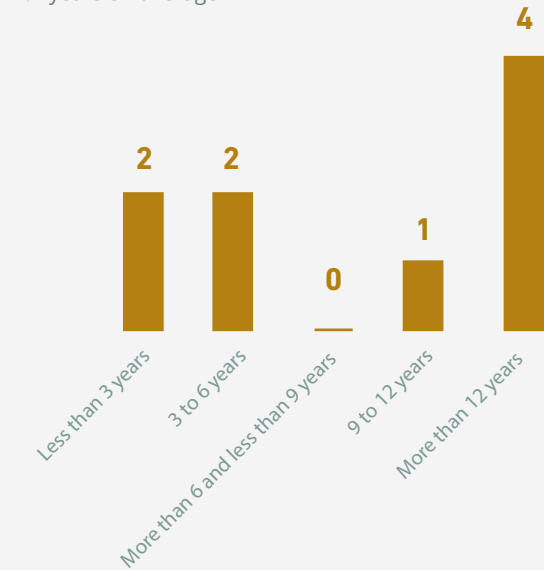
DIRECTORS BY AGE RANGE

70.1 years on average



DIRECTORS BY SENIORITY

11.4 years on average



B. BOARD COMMITTEE

- » This body is comprised of three members elected by the Board of Directors and chaired by the independent Director, in accordance with Article 50 bis of Law No. 18,046. Its current members are Andrés Bianchi, Gabriel Bitrán (Chairman) and Juan Edgardo Goldenberg.
- » Its main duties include: analyze strategic issues, review the reports submitted by the external auditors and the financial statements, and analyze compensation

- schemes for top executives and operations with related parties, among others.
- » In 2020, the Committee held six meetings, five of which were virtual due to the health contingency.
- » In 2020, each member of the Committee received a monthly remuneration of 100 UF, with a total budget for this Committee amounting to 5,000 UF.





C. MANAGEMENT

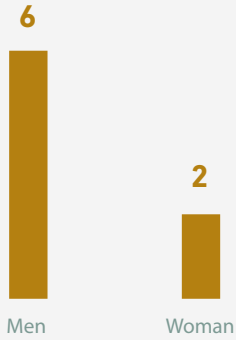
- » The Chief Executive Officer together with a team of seven executives is responsible for implementing the corporate strategy and ensuring compliance with the goals set by the Board of Directors in economic, social and environmental matters.
- » The Chief Executive Officer is appointed by the Board of Directors and is responsible for submitting its performance on a monthly basis.
- » The Chief Executive Officer's compensation is set by the Company's Chairman, who assess fixed compensation and defines variable compensation on an annual basis. The latter is voluntary and is determined based on market aspects, financial performance, team leadership, achievements, conflict resolution and M&A transactions, among other factors.
- » Annually, the Chief Executive Officer submits to the Directors' Committee the fixed compensation scheme for all executives and its variations from the previous year, market benchmark and individual performance. It should be noted that variable compensation does not include environmental or occupational health and safety metrics, as it is a financial holding company that is not directly engaged in commercial or productive operations<sup>9</sup>.
- » Executives do not receive incentives or stock-based bonuses. Nor are they specifically required to hold stocks.
- » Compensation and bonuses received by the Company's executives during the year 2020 amounted to ThUS\$ 2,568 (ThUS\$ 2,676 in 2019). On average, the team received variable compensation that was equivalent, in its currency of payment, to 30.2% of their total compensation (32.5% in 2019).

<sup>9</sup> In accordance with Empresas Copec's policy, variable compensation of the Chief Executive Officer and senior executives may not exceed 50% of their total compensation.

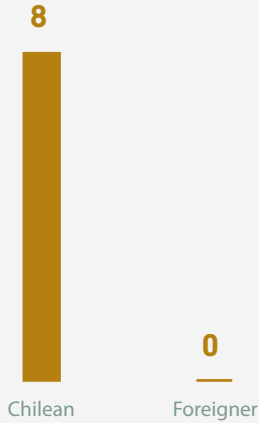
MANAGEMENT IN FIGURES

EXECUTIVES BY GENDER

25% female executives

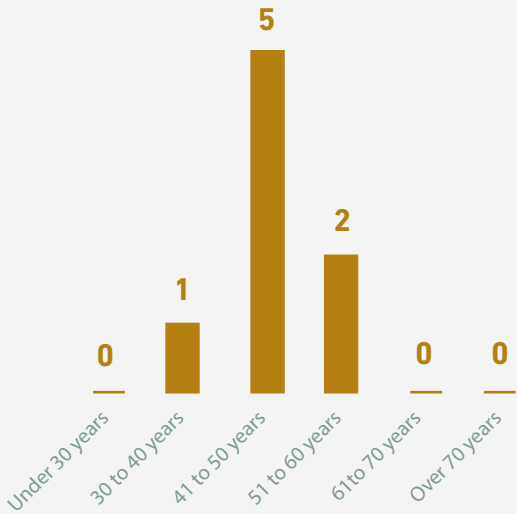


EXECUTIVES BY NATIONALITY



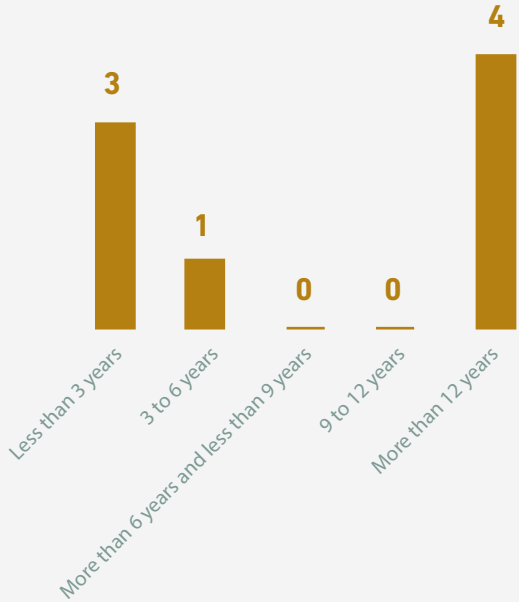
EXECUTIVES BY AGE RANGE

47.1 average age



EXECUTIVES BY SENIORITY

12.0 years on average





1.

**Eduardo Navarro**  
Chief Executive Officer  
Commercial Engineer  
10.365.719-9
2.

**José Tomás Guzmán**  
Corporate Counsel and Secretary  
of the Board of Directors  
6.228.614-8
3.

**Rodrigo Huidobro**  
Chief Financial Officer  
Industrial Engineer  
10.181.179-4
4.

**Jorge Ferrando**  
Chief Development Officer  
Industrial Engineer  
12.059.564-4
5.

**Cristián Palacios**  
Director of Finance and IR  
Commercial Engineer  
13.234.980-0
6.

**Pamela Harris**  
Director of Corporate Affairs  
Industrial Engineer  
14.119.104-7
7.

**Francisca Riveros**  
Director of Communications  
Journalist  
13.635.013-7
8.

**Sebastián Dittborn**  
Director of Business Development  
Civil Engineer  
13.472.228-2
9.

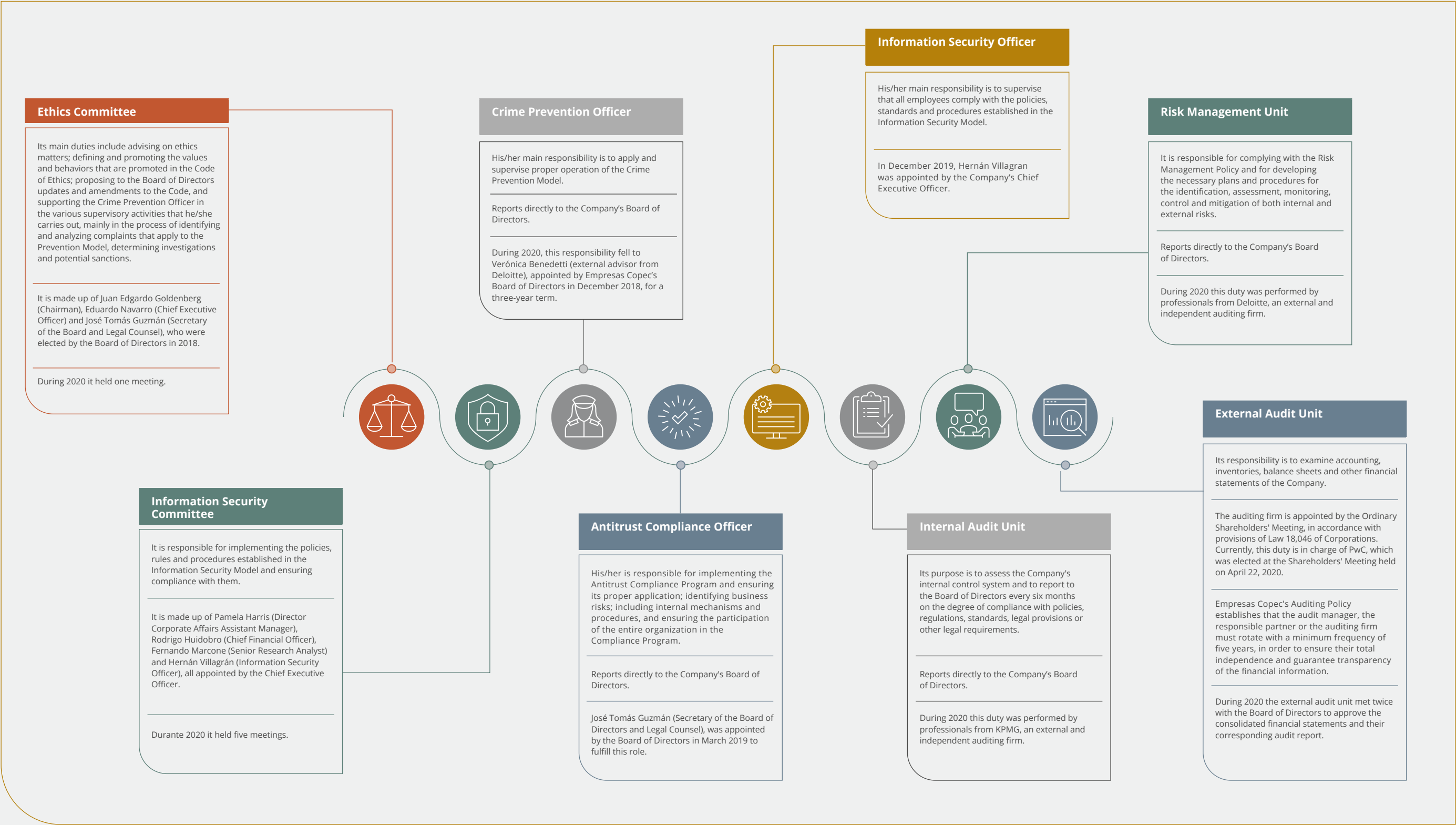
**Ricardo Vargas**  
General Accountant  
Accountant Auditor  
8.547.497-9







D. Other components of Corporate Governance





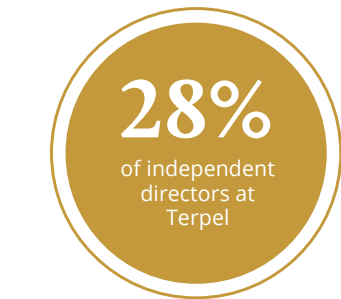
### 3.2

# Corporate Governance in affiliates

Empresas Copec and its affiliates share the same principles of Corporate Governance, which respond to an ongoing concern to create value in a sustainable manner and to carry out a reflective and informed decision-making process, with a clear long-term vision, and committed to social, human and economic development.

Both the Parent Company and its affiliates participate in a Corporate Governance Committee, which brings together the top executives, with the aim of promoting and analyzing the adoption of best practices. During 2020, this Committee held four meetings.

In recent years, the different affiliates have continued to strengthen their transparency and diversity standards in decision-making. This is reflected in the following figures:



The Board of Directors is composed of seven members and seven alternates.



The Board of Directors is composed of seven members, with four being independent.



Board of Directors is composed of seven members.

### 3.3

# Risk Management

Empresas Copec and its affiliates have good risk management practices in order to strengthen effective and transparent corporate governance in line with today's context.

- » Empresas Copec's Risk Management Policy<sup>10</sup>, approved by the Board of Directors in 2017, establishes the corporate guidelines to systematically identify and evaluate internal or external events that may represent risks to the achievement of business objectives. It also establishes the mechanisms to quantify their effects, so as to monitor and mitigate them. It was developed based on the principles of ISO 31000:2009.
- » The risks identified are classified according to their impact and probability of occurrence, and are reflected in a Risk Map. In 2020, this Map was

reviewed and updated with regard to strategic, operational, Crime Prevention Model and Compliance risks.

- » The Risk Management Unit, composed of professionals from an external and independent auditing firm, is responsible for developing plans and procedures required to identify, assess, monitor, control and mitigate both internal and external risks. Every six months it reports to the Board of Directors on the main progress in its management.
- » Empresas Copec's management is responsible for the process of continuous monitoring of risks in its daily activities.
- » During the period the implementation of a risk management platform was completed, a system that optimizes the flow of risk

collection from business units, helps to prioritize risks, tracks mitigations, consequences and automates the follow-up process.

- » In 2020, national and international risk rating agencies affirmed Empresas Copec's rating.

#### International Risk Rating

Standard & Poor's	BBB-
Fitch Ratings	BBB

#### National Risk Rating

Feller-Rate	AA/First Class Level 1
Fitch Ratings	AA-/First Class Level 1

<sup>10</sup> <https://www.empresascopec.cl/wp-content/uploads/2019/12/Risk-Management-Policy.pdf>



PROGRESS ON RISK MANAGEMENT IN AFFILIATES

- » During 2020, ARAUCO updated its operational and non-operational risk matrix, incorporating the phenomenon of a pandemic as a cause serious accidents and fatalities, economic slowdown or recession and a decrease in pulp prices, among others. With this, the company defined work plans to prevent the occurrence or reduce its impact.
- » Copec has a Risk Management Policy and a matrix that is updated on an annual basis, integrating reviews and controls of the different strategic processes, business lines and markets. Particularly, in 2020, risks associated with social and technological changes and biological risks linked to the pandemic were incorporated. The Risk Committee is responsible for overseeing each of these matters.
- » Terpel, meanwhile, in order to strengthen the identification of present and future risks in all business lines and in line with the company's strategy, created the Risk Management Department. This unit has implemented a series of work plans, which are in process and are expected to be consolidated during 2021.
- » On the other hand, Orizon continued to gradually implement action plans to close existing gaps in certain key risks. In addition, in order to make progress in this area, it created risk indicators (KRI), which are periodically analyzed in the risk committees held by the company every four months.

TCFD CLIMATE CHANGE RECOMMENDATIONS

Empresas Copec is aware that global climate change has contributed, and will continue to contribute, to the unpredictability, frequency and severity of natural disasters (such as hurricanes, droughts, tornadoes, frost, storms and fires) in certain parts of the world. Although it is not possible to predict the impact of changing global weather conditions, and the resulting regulatory and social consequences, the Company recognizes that these events may adversely impact business and financial results.

Against this backdrop, Empresas Copec embraces the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), for governance, strategy, risk management and metrics and objectives.

EMPRESAS COPEC AND TCFD RECOMMENDATIONS



Governance

- Empresas Copec has a Risk Management Policy enabling it to systematically recognize internal or external events that may represent risks to the achievement of business objectives. It has also implemented tools to evaluate them consistently, determine their consequences and develop mitigation actions to keep them at an acceptable level.
- Management is responsible for developing and applying the necessary policies and procedures for proper risk management and control. Meanwhile, each area and employee must apply control or mitigation measures. In the case of affiliates, each of them is responsible for constantly monitoring and evaluating the risks that they have identified as relevant to the business.



Strategy

- Taking into consideration the nature of Empresas Copec and its affiliates' businesses, major risks associated with climate change include:
  - a. **Reduced availability or scarcity of water resources:** scenarios of deep and extended droughts, such as those experienced in Chile in recent years, can seriously affect forestry and industrial operations, with the latter having to be temporarily paralyzed due to low river flows.
  - b. **Alteration of the forest growth cycle:** numerous studies have shown a correlation between climate change and reduced radial growth of forests, mainly due to higher average annual temperatures, changing rainfall patterns and more frequent occurrence of extreme weather events.
  - c. **Large-scale fires:** the increase in global temperature impacts the frequency and scale of extreme events, which can significantly affect forestry activities.



**d. Reduced availability of fishery resources:** climate change impacts marine ecosystems and the availability of species in different fishing areas due to acidification and increased ocean temperatures, leading to greater fish migration and increased mortality of low-resistance species.

**e. Regulatory, political, legal and technological changes:** new legal and regulatory measures associated with promoting the reduction of greenhouse gases and other carbon emissions could raise the costs of production operations. In Chile, for example, the "Green Tax" on installed thermal power in boilers and turbines came into force in 2019, and that, as of 2023, will be imposed directly based on the emission of pollutants. Likewise, in the fishing industry, the new Fisheries Law could mean that companies will have to make new investments in plants, technologies and equipment to meet regulatory expectations.

**f. Changes in consumer expectations:** recently, customers have begun to put pressure on companies to reduce energy costs, emissions and environmental impacts.

In turn, the Company and its affiliates are presented with significant opportunities to address climate change and contribute to its mitigation. These include:

- a.** Forests and wood products are characterized by their ability to trap and store carbon dioxide, significantly contributing to mitigating climate change.
- b.** It is possible to develop studies on forest adaptation to climate change, such as projection of soil and climate zones, using different scenarios, and analysis of watershed management, biodiversity, ecosystems, coastal wetlands and endangered species, allowing, in turn, the development of initiatives that preserve or improve the current condition of the environment.
- c.** Increased availability of alternative energy sources will reduce the costs of the transition to more environmentally friendly sources. Some examples are electromobility as an alternative to traditional liquid fuels, complementary technologies to the use of liquefied gas, and cogeneration plants using forest biomass.
- d.** Having a supply of products with certifications ensuring that they come from sustainable fisheries, such as the IFFO-RS standards, "The Fishmeal and Fish Oil Organization"; Responsible Supply of The Marine Ingredients Organization", and Marine Stewardship Council (MSC).
- e.** The sale of carbon credits from greenhouse gas emission reduction projects under the Kyoto Protocol's Clean Development Mechanism.



## Risk management

At Empresas Copec, Management is responsible for the continuous risk monitoring process in its daily activities, always requiring permanent communication and consultation with directors, senior management, functional management, committees, etc.

In this context, ARAUCO implemented various strategies that, under a preventive approach, allow it to address these impacts and adapt both its industrial and forestry processes. Thus, its risk matrix takes into consideration the impact and results of global warming on its operations. Copec, on the other hand, updated its risk matrix incorporating the impact of climate change and the Board of Directors approved its sustainability strategy, which includes the pillars of biodiversity, circular economy and climate change. The Climate Change pillar includes the development of low-carbon products and services, acceleration of the transition to clean energy and carbon neutrality. For its part, Abastible is working on the development of a climate change strategy to identify the risks and impacts associated with its business. Meanwhile, Orizon, through its participation in Sonapesca, is concerned about the existence of a strong institutional framework enabling to articulate concrete actions and tools to have greater certainty about the potential impact of climate change on the industry.



## Metrics and targets

Empresas Copec presents in its annual Sustainability Report metrics related to energy and water consumption, greenhouse gas emissions and other emissions, generation of hazardous and non-hazardous waste, effluents, spills and biodiversity protection.

Specifically, with regard to the carbon footprint, most affiliates calculate it on an annual basis, taking into account the standard established by the GHG Protocol and submit it to external verification.

It should be noted that ARAUCO certified its carbon neutrality in 2020, meaning that the carbon dioxide it captures exceeds its global emissions. In addition, both ARAUCO and Copec are adhering to the Science Based Targets, a global initiative that seeks to encourage companies to adopt a trajectory of reducing their emissions on a scientific basis, thereby limiting the increase in global temperature. Terpel has set a goal to reduce its carbon footprint by 2025 in terms of direct emissions.



### 3.4

# Compliance and Integrity Model



## BUSINESS ETHICS

Adherence to ethical principles, personal integrity and unrestricted respect for current legislation are fundamental and non-negotiable values for all those who form part of the team of Empresas Copec and its affiliates.

- » Empresas Copec and its affiliates explain their ethical guidelines in their respective Codes of Ethics.
- » The Company's Ethics Committee reviews the validity of this document on an annual basis, which was last modified in August 2019.
- » As internal best practice, Empresas Copec requires its employees to renew on an annual basis their commitment to compliance and knowledge of the rules established in the Code of Ethics and other corporate policies and standards.

Company	Code of Ethics	Whistleblowing channel
Empresas Copec		
ARAUCO		
Copec		
Terpel		
Abastible		
Arcoprime		
Orizon		

Click on the icon to access the documents and the website.







CRIME PREVENTION

- » Empresas Copec<sup>11</sup> and its affiliates ARAUCO, Copec, Arcoprime, Abastible, Terpel and Orizon have Crime Prevention Models certified by external entities.

» Its purpose is to avoid and reduce the risk of occurrence of the crimes under Law 20,393 on Criminal Liability of Legal Entities and its amending laws.

» Each of the models incorporates a Crime Prevention Policy and a Crime Prevention Officer.

» At Empresas Copec, the position of Crime Prevention
- Officer is held by a professional from an external, independent auditing firm.

» The Crime Prevention Models of Empresas Copec and its affiliates include confidential and anonymous whistleblowing channels, so that stakeholders can report any potential violation, both to these guidelines and to those contained in the Code of Ethics.

» ARAUCO also has a Chief Compliance Officer, who periodically reports to the Board of Directors and the Ethics and Compliance Committee. Its mission is to
- ensure efficient and effective compliance with ethical and regulatory standards in all its activities, both in Chile and abroad. Among them, those related to antitrust, ethics, policy ordering and the Crime Prevention Model stand out. It is worth mentioning that, during 2020, the affiliate certified its Crime Prevention Model in Chile and incorporated into its controls the new crimes introduced by Law 21,121, such as corruption between individuals, incompatible negotiation, misappropriation and unfair administration.

	Number of complaints of violations of the Code of Ethics	Number of Complaints for violations of the Crime Prevention Model	Complaints resolved
Empresas Copec	0	0	0
ARAUCO	N/D	N/D	N/D
Copec	40	1	36
Terpel	0	3	3
Abastible <sup>12</sup>	22	61	82
Arcoprime	10	0	10
Orizon	3	0	3



<sup>11</sup> Empresas Copec's Crime Prevention Model was recertified by ICR Clasificadora de Riesgos Ltda. for the period from July 2020 to July 2022.  
<sup>12</sup> It considers complaints from Abastible in Chile and affiliates in Colombia, Ecuador and Peru.



ANTITRUST

- » Since 2018, Empresas Copec has had a Antitrust and Competition Compliance Guide<sup>13</sup> and a General Antitrust Policy<sup>14</sup>, documents that describe the importance of complying with this principle due to its role in the creation of wealth, equal opportunities, efficiency in production and promotion of innovation.
- » Prior to the amendment of the Antitrust Law (of August 2016), Empresas Copec changed the composition of the Boards of Directors of its affiliated companies, with the purpose of avoiding horizontal interlocking or "simultaneous participations of a person in relevant executive or director positions in two or more companies that are competitive with each other".
- » The Antitrust Compliance Officer oversees effective compliance and identifies risks that the Company may face in these matters.
- » ARAUCO, Abastible, Copec, Terpel and Orizon have their own compliance programs adapted to the reality of each business.

Progress on Antitrust



**Empresas Copec**

The Antitrust Officer successfully carried out its dissemination and training program. No complaints were received in this area.



**Copec**

The position of Ethics and Compliance Officer was created, dedicated exclusively to lead the Corporate Ethics and Compliance Program in the areas of Antitrust, Personal Data Protection and Consumer Protection.



**Abastible**

The company provided training to different groups of employees by lawyers specializing in antitrust matters.



**ARAUCO**

During 2020, the company conducted dissemination talks, training and audits in all countries where it has operations.

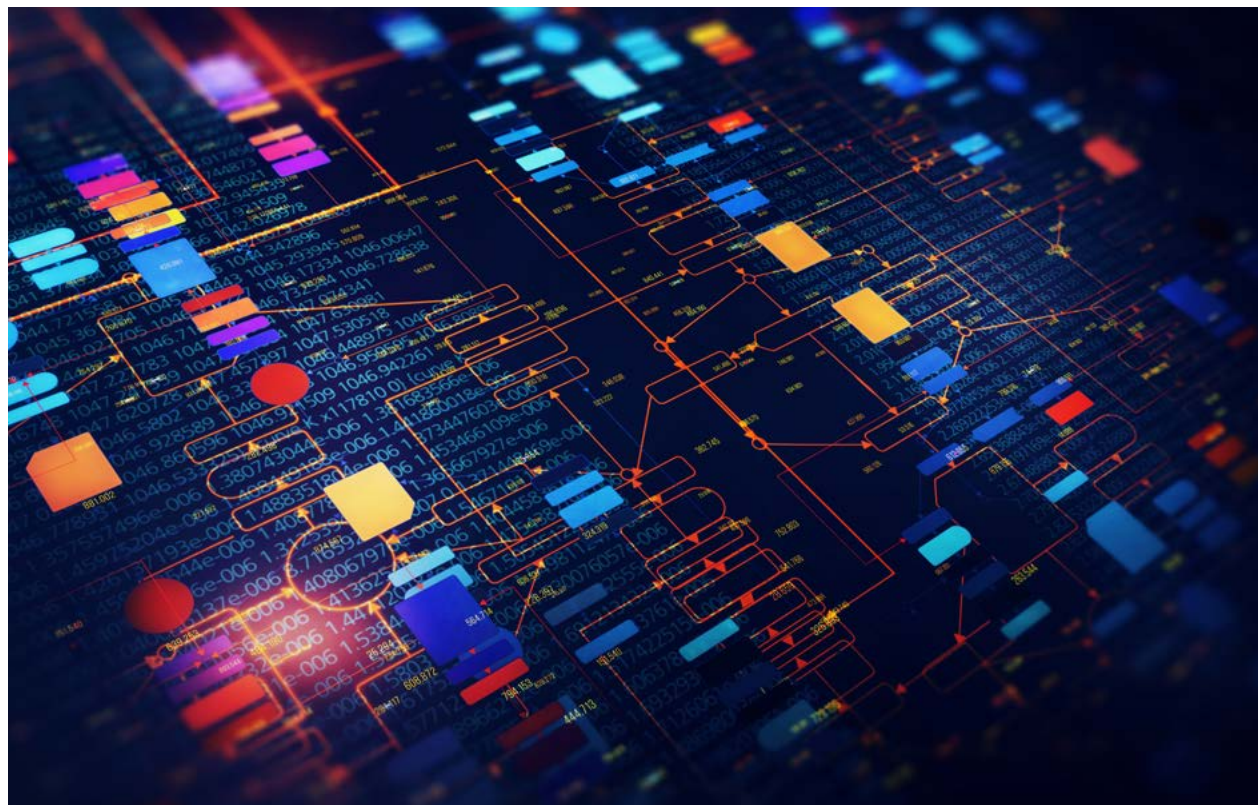


**Terpel**

In accordance with the Antitrust program, the company incorporated employee competency profiles and conducted an information-gathering process in the commercial area.

<sup>13</sup> <https://www.empresascopec.cl/wp-content/uploads/2019/12/Antitrust-and-Competition-Compliance-Guide.pdf>  
<sup>14</sup> <https://www.empresascopec.cl/wp-content/uploads/2019/12/General-Antitrust-Policy.pdf>





## INFORMATION SECURITY

- » Empresas Copec's General Information Security Policy<sup>15</sup> establishes that safeguarding data involves a continuous process to protect information assets against threats that jeopardize their integrity, availability or confidentiality.
- » The Information Security Officer is in charge of monitoring compliance with the Policy and its adaptation to corporate processes.
- » Given the implementation of the remote working format and based on a detailed diagnosis, the Information Security Committee approved during 2020 a new action plan based on the NIST<sup>16</sup> methodology.
- » In addition, external ethical hacking and vulnerability analysis services were contracted and processes were implemented to classify information according to its level of confidentiality.
- » Another noteworthy milestone is the creation of a business continuity plan, which seeks to reduce the financial and reputational impact of the Company in the event of possible incidents that may occur, minimizing the impact of an unforeseen interruption of critical processes and restoring them within the defined time limits.
- » Empresas Copec and ARAUCO have Information of Interest to the Market Management Manuals, which indicate the provisions related to the use and/or disclosure of inside information<sup>17</sup>, which are mandatory for Directors, Chief Executive Officer, senior executives and employees, as well as for external advisors and auditors with access to inside information.

<sup>15</sup> <https://www.empresascopecl.cl/wp-content/uploads/2019/12/General-Information-Security-Policy.pdf>

<sup>16</sup> Methodology developed by the National Institute of Standards and Technology under the U.S. Department of Commerce to help companies improve their cybersecurity risks, manage and reduce their risks, and protect their networks and data.

<sup>17</sup> Pursuant to General Rule No. 270 of the Financial Market Commission (Comisión para el Mercado Financiero).

## OTHER ELEMENTS OF COMPLIANCE

### A. Tax Policy

- » In 2020, Empresas Copec's Board of Directors approved the General Tax Policy<sup>18</sup>, which reflects the corporate commitment to responsible economic-financial management and compliance with current tax legislation in the different jurisdictions in which the Company operates.

### B. Conflicts of interest

- » Empresas Copec's Conflict of Interest Policy<sup>19</sup> establishes the procedure for identifying and regulating potential situations that constitute or could constitute a conflict when making decisions, in order to protect the interests of all shareholders.
- » Compliance is mandatory for Directors, Chief Executive Officer, senior executives and employees.
- » This Policy and the Code of Ethics specify that if a person is in a position to influence corporate policies or decisions and at the same time has a significant investment or holds a management position in another company with which Empresas Copec maintains commercial relations, either directly or through his/her spouse or relatives up to the second degree of consanguinity, he/she has the duty to refrain from making decisions that involve a conflict of interest and to communicate his/her position to his/her boss or superior.

- » In 2020, Arauco approved the General Habituality Policy<sup>20</sup>, which applies to the company's transactions with related parties, which will be considered ordinary in consideration of the company's line of business for the purposes of Article 147 letter b) of Law 18,046 on Corporations.

### C. Contributions to third parties

- » Empresas Copec's Community Contributions Policy<sup>21</sup> establishes as a general framework that the contributions made must directly benefit the country and, in particular, its most vulnerable stakeholders. In addition, they must be aimed at initiatives in the social, cultural, environmental, sports, artistic, and scientific and technological dissemination fields.
- » All requests for contributions must be made by legal entities and institutions that are formally constituted and duly authorized by current legislation.
- » The main contributions made by Empresas Copec include the Centro de Estudios Públicos, Fundación Libertad y Desarrollo, Sociedad de Fomento Fabril (Sofefa) and Icare. In 2020, contributions to these entities amounted to US\$ 177,521.
- » It is worth mentioning that the Company has not made any contributions to political parties in the reported period.
- » Affiliates contribute to various initiatives in accordance with their business and context, in accordance with their internal policies. They also actively participate in associations and memberships, which are featured on the next page.

GOAL



Empresas Copec is developing a Financial Policy that seeks to ensure that capital management ensures the normal functioning of operations and business continuity in the long term; the financing of new investments that allow us to maintain sustained growth over time; an appropriate capital structure according to the economic cycles of the business and the nature of the industry; and maximize the value of the Company, delivering an adequate return in the long term for the shareholders. This Policy is expected to be approved during 2021.

<sup>18</sup> <https://www.empresascopecl.cl/wp-content/uploads/2021/01/General-Tax-Policy.pdf>

<sup>19</sup> <https://www.empresascopecl.cl/wp-content/uploads/2019/12/Conflict-of-Interest-Policy.pdf>

<sup>20</sup> [https://www.arauco.cl/chile/wp-content/uploads/sites/14/2017/07/Pol%C3%81tica\\_Habitudinal\\_CASA\\_-\\_julio\\_2020-1.pdf](https://www.arauco.cl/chile/wp-content/uploads/sites/14/2017/07/Pol%C3%81tica_Habitudinal_CASA_-_julio_2020-1.pdf)

<sup>21</sup> <https://www.empresascopecl.cl/wp-content/uploads/2019/12/Community-Contribution-Policy.pdf>



ASSOCIATIONS AND GUILDS

Empresas Copec

- » Acción Empresas
- » Instituto Chileno de Administración Racional de Empresas (ICARE)
- » Sociedad de Fomento Fabril (Sofofa)

Copec

- » Acción Empresas
- » Advancing Convenience and Fuel Retailing
- » Association of Companies of the Valparaíso Region (ASIVA)
- » Industrial Association of Antofagasta (AIA)
- » Association of Industries in Mejillones (AIM)
- » Chilean North American Chamber of Commerce (AMCHAM)
- » Santiago Chamber of Commerce
- » Puerto Montt Chamber of Commerce, Industry and Tourism
- » Chamber of Commerce, Services, Industries and Tourism of Coyhaique
- » Chamber of Production and Commerce of Concepción
- » National Chamber of Tourism
- » Chilean College of Engineers
- » Industrial Corporation for Development, CIDERE Biobío
- » Private Development Corporation of the Biobío Region
- » Fuels Institute
- » Chilean Institute of Rational Business Administration (ICARE)
- » Chilean Institute of Engineers (IING)
- » Regional Institute of Business Administration (IRADE)
- » Organization Crisis and Resilience Management Service (SECRO)
- » Latin American Society of Maritime Petroleum and Monobuoy Terminal Operators, SLOM

Orizon

- » Association of Shipowners and Fisheries Industries (ASIPAC)
- » Trade Union Association of Fisheries and Marine Cultures (ASIPEC)
- » Santiago Chamber of Commerce (CCS)
- » Chamber of Industry and Commerce Biobio (CPCC)
- » Technological Center for Food Innovation (CeTA)
- » Fisheries Research Institute (INPESCA)
- » Escuadrón Industrial Park
- » National Fisheries Society (SONAPESCA)

Abastible

- » Abastible - Chile
  - Acción Empresas
  - Fundación Generación Empresarial (FGE)
  - Sociedad de Fomento Fabril (Sofofa)
- » Norgas - Colombia
  - Colombian LPG Association (Gasnova)
  - The World LGP Association - Mujeres en el GLP
- » Duragas - Ecuador
  - Association of Hydrocarbon Industries Ecuador (AIHE)
  - Asogas
  - Guayaquil Chamber of Commerce
  - Quito Chamber of Commerce
  - Guayaquil Chamber of Industries
  - Official Spanish Chamber of Commerce of Ecuador
- » Solgas - Peru
  - Ibero-American LPG Association (AIGLP)
  - American Chamber of Commerce of Peru (AmCham)
  - National Society of Mining, Oil and Energy (SNMPE)
  - Peruvian Society of Liquefied Gas (SPGL)

ARAUCO

- » Acción Empresas
- » Argentina Green Building Council (AGB)
- » Association of Pulp and Paper Manufacturers, Argentina (AFCP)
- » Association of Industrialists of the Center
- » Argentine Forestry Association (AFOA)
- » Association of Forest Contractors (ACOFOR AG)
- » Brazilian Association of Technical Standards
- » Association of Companies of the Industrial City of Araucária
- » Computer and Telecommunications Users Association
- » Paraná Association of Forest-Based Companies (APRE)
- » Association of Woodworking & Furnishing Suppliers
- » Argentine Chamber of Lumber, Deposit and Related Sawmills
- » Argentine Chamber of the Agglomerated Wood Industry (CAIMA)
- » Chilean Chamber of Construction of Valdivia
- » Chilean-Argentine Chamber
- » Chilean-Brazilian Chamber of Commerce
- » Chilean North American Chamber of Commerce
- » Chilean-British Chamber of Commerce
- » Chilean-Chinese Chamber of Commerce, Industry and Tourism
- » Colombo-Chilean Chamber of Commerce
- » Chamber of Commerce and Industry of Valdivia
- » Italian Chamber of Commerce of Chile
- » Chamber of Biobío Production and Commerce
- » Mexican-Chilean Chamber of Commerce and Investment
- » Peruvian Chamber of Construction
- » Atlantic Forest Research Center (CEIBA)
- » Composite Panel Association
- » Argentine Business Council for Sustainable Development (CEADS)
- » Forest Pest Controller
- » Chilean Wood Corporation
- » Advancement and Development Corporation of the Province of Arauco
- » Industrial Corporation for the Regional Development of Biobío
- » Corporation for Productive Development of La Araucanía
- » Corporation for the Development of Valdivia
- » Private Development Corporation of the Biobío Region (CORBIOBIO)
- » Fedemaderas
- » Argentine Federation of the Wood and Related Industry (FAIMA)
- » Glue Laminated Timber Association of Australia

- » Brazilian Tree Industry (IBÁ)
- » Chilean Institute of Rational Business Administration (ICARE)
- » Regional Institute of Business Administration (IRADE)
- » North American Building Material Distribution Association
- » North American Wholesale Lumber Association
- » Pontificia Universidad Católica de Chile
- » Chile Global Compact Network
- » Sociedad de Fomento Fabril
- » Faculty of Economics and Business, Universidad de Chile
- » Visión Valdivia
- » WMA - World Millwork Alliance

Terpel

- » Colombian Petroleum Association (ACP)
- » Colombian Association of Natural Gas in Colombia (NATURGAS)
- » Ecuadorian Lubricant Producers Association (APEL)
- » Guayaquil Chamber of Commerce
- » Dominican Association of Companies of the Fuel Industry (ADEIC)
- » National Association of Entrepreneurs of Colombia (ANDI)
- » American Chamber of Commerce and Industries Panama chapter (PANAMCHAM)
- » Panama Pacific Business Association (ADEDAPP)
- » Chamber of Commerce, Industries and Agriculture of Panama (CCIAP)
- » United Nations Global Compact in Panama
- » Association of the Hydrocarbon Industry of Ecuador (AIHE)
- » United Nations Global Compact, Global Compact Network Colombia
- » Colombia Network Against Child Labor
- » The Association for Convenience and Fuel Retailing (NACS)



3.5

# Training in the compliance model



% people trained in antitrust, anticorruption, crime prevention and compliance with ethical standards	2018	2019	2020
Empresas Copec	100%	100%	100%
ARAUCO	N/D	N/D	N/D
Copec	34%	53%	94%
Arcoprime	21%	47%	0%
Terpel	23%	44%	34%
Abastible	33%	28%	47%
Orizon	84%	95%	74%
Total	31%	43%	32%

3.6

# Investor Relations

The Investor Relations area is in charge of replying inquiries and providing guidance on market performance and the progress of Empresas Copec's business.

- » It has a team of three professionals, headed by a Director of Investor Relations (IR), fully fluent in English.
- » Its main duties include timely presentation of financial results and the issuance of communications of interest to investors and analysts. In addition, this area provides the Board of Directors with a detailed monthly analysis of

its participation in national and international conferences and seminars.

- » As best practice, two weeks prior to issuing earnings, all interactions with investors and analysts are suspended in order to protect the confidentiality and sensitivity of this information.
- » During 2020, the Investor Relations area launched new communication platforms in order to promote a more direct, fluid and transparent contact with the different stakeholders. These include

the webcast system, enabling investors to connect to earnings presentations via the Internet and make written queries online, and an institutional video, in which the Chief Executive Officer analyzes the Company's financial scenario and provides a strategic vision of the main progress, milestones and challenges. In addition, a "save the date" feature was enabled on the website, which allows sending electronic notifications reminding of earnings presentations, specific conferences or dividend distribution dates.

## 2020 KEY INDICATORS



100% virtual



one of them corresponds to a specific conference on ESG issues



SUSTAINABILITY INDICES AND RATINGS

MEMBER OF

Dow Jones Sustainability Indices

In collaboration with

ESAM

Environmental Sustainability Assessment Method

CDP

DISCLOSURE INSIGHT ACTION

FTSE4Good

Empresas Copec was selected, for the fifth consecutive year, to join the Dow Jones Sustainability Index Chile and, for the third time, the DJSI MILA Pacific Alliance, which brings together the stock exchanges of Chile, Colombia, Mexico and Peru.

At the beginning of 2021, the Company was included in the Sustainability Yearbook and was awarded the "Industry Mover" distinction for having made the greatest progress in the Oil & Gas industry compared to the previous year.

The Company secured a "B" rating in the Carbon Disclosure Project (CDP), specifically in the Climate Change program, which aims to promote the reduction of greenhouse gas emissions in companies and thus mitigate the risks of climate change. The score obtained is the result of continuous improvement in recent years.

Empresas Copec was included in the FTSE4Good Index Series, which evaluates the ESG (environmental, social and governance) performance of the world's leading publicly traded companies.

MSCI

La Voz del Mercado

2020

SANTIAGO

ID

EY

ALAS20

The Company was rated "A" within the Oil & Gas Refining, Marketing, Transportation & Storage industry for having a solid environmental strategy and an ongoing commitment to the development of clean technologies.

Empresas Copec was recognized as one of the three companies with the best governance, according to the study "La Voz del Mercado 2020", conducted by EY and the Santiago Stock Exchange.

The Company was nominated in all categories of the Alas20 ranking (Corporate Governance, Sustainability, Investor Relations), which is prepared annually by GovernArt and Vigeo Eiris.





102-10
201-1
419-1
207-1
207-4

# Sustained Growth

Key economic figures	81
Generation of sustained value	83
Tax Management	85
Mayor investments, extensions and internationalization	86
Fines and penalties	89

## 4.1 Key economic figures

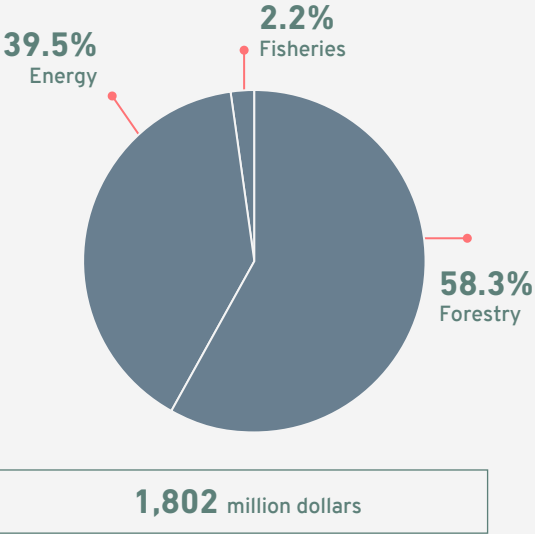


<sup>22</sup> Net financial debt / equity  
<sup>23</sup> EBITDA / net financial expenses



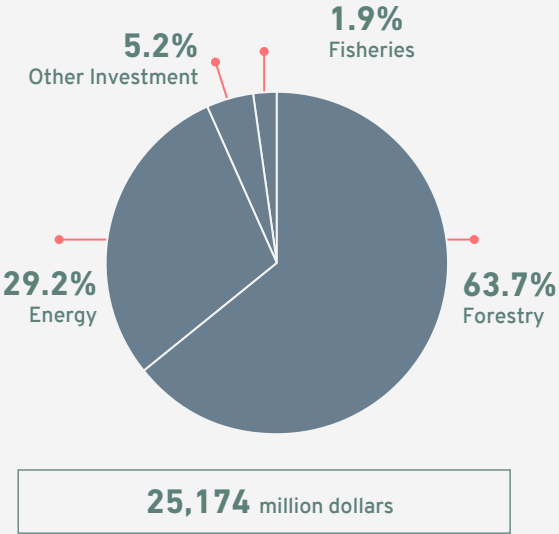
CONSOLIDATED EBITDA

2020



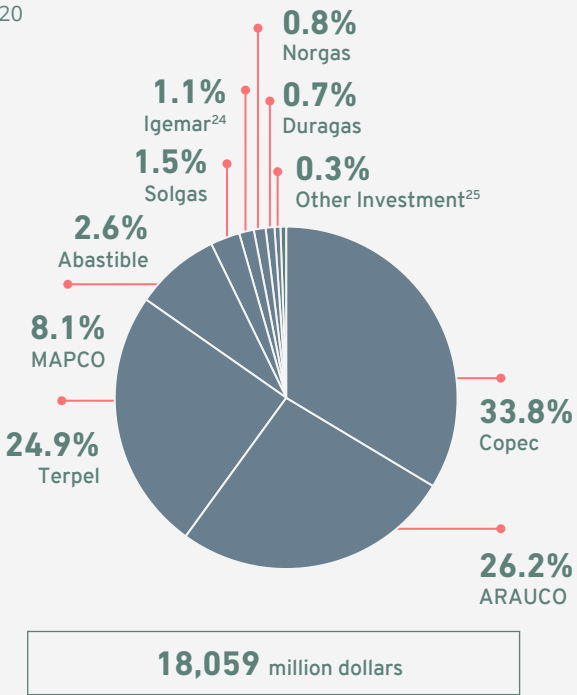
CONSOLIDATED ASSETS

December 31, 2020



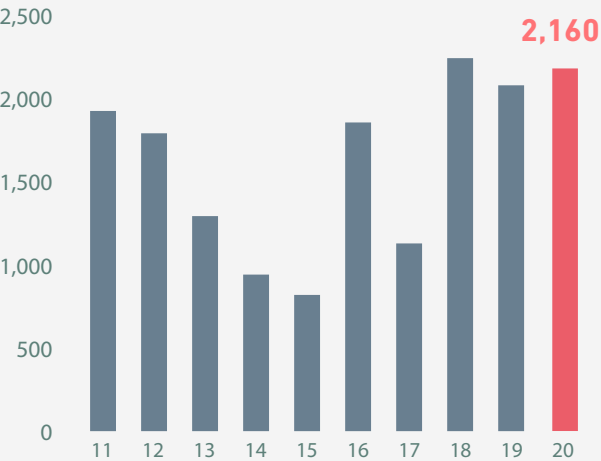
INCOME PER AFFILIATE

2020



CONSOLIDATED INVESTMENT

million dollars

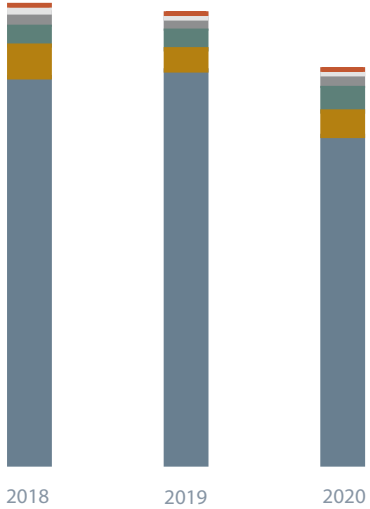


<sup>24</sup> Pesquera Iquique-Guanaye S.A. (Igemar) consolidates affiliate Orizon S.A.  
<sup>25</sup> Includes Sonacol, Alxar Internacional, Inmobiliaria Las Salinas, among others.

4.2

# Generation of sustained value

ECONOMIC GENERATED AND DISTRIBUTED VALUE



Distribution	2018	2019	2020
Suppliers	85.7%	88.7%	86.6%
Company withholding	7.0%	4.7%	5.4%
Employees	4.1%	4.1%	5.2%
Financial creditors	1.2%	1.5%	1.8%
State	1.9%	0.9%	0.9%
Community	0.1%	0.1%	0.1%
Million dollars generated	23,970	23,716	18,059

At the close of 2020, the economic value generated by Empresas Copec and its affiliates reached US\$ 18,059 million, 23.9% lower than in 2019, mainly due to the effects of the pandemic and the economic slowdown in all markets where the different business areas are present.

In particular, ARAUCO recorded a sharp drop in revenues as a result of lower prices and volumes in the pulp segment. Meanwhile, in the energy sector, affiliates Copec and Terpel recorded lower sales due to the effects of lower mobility caused by the pandemic.

This was slightly offset by the better performance of Abastible's operations in Chile and Colombia.

Despite the above, the Company, at the consolidated level, reported earnings of US\$ 191 million, 10.8% higher than those obtained the previous year, due to lower losses from associates and taxes.

For its part, investment was 5.0% higher than in 2019, totaling US\$ 2,160 million, which is mainly explained by two large investment projects: Modernization and Expansion of the Arauco Mill (MAPA), which involves resources

in the order of US\$ 2,350 million, and the development of Mina Justa, a metallic mining initiative in Peru, whose construction will require an investment of US\$ 1,600 million.





## 4.3

# Tax Management

In December 2020, Empresas Copec's Board of Directors approved the General Tax Policy<sup>26</sup>, a document that guides those in charge of tax functions to execute them respecting the Company's principles and safeguarding the social interest.

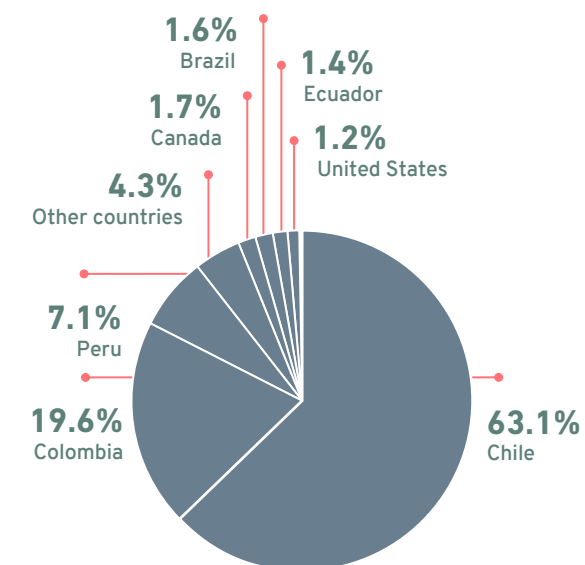
This document is based on the following principles

- » To ensure compliance with current legislation.
- » Act in good faith in all transactions and interaction with the tax authority.
- » Establish internal controls and hire external professionals to ensure that the tax positions adopted are supported by legal, economic and documentary basis.
- » Prepare and file tax returns in the required time and form, complying in a timely and complete manner with the tax payment obligations established by law.
- » Develop a robust and mutually respectful relationship with the tax authorities, based on trust and transparency.

At the consolidated level, income tax expenses totaled ThUS\$ 90,039 in 2020, lower than ThUS\$ 124,507 in 2019. This decrease is mainly explained by lower income in the pulp business, as a result of lower prices and volumes.

## TAXES PAID BY COUNTRY<sup>27</sup>

2019



<sup>26</sup> <https://www.empresascopec.cl/wp-content/uploads/2021/01/General-Tax-Policy.pdf>

<sup>27</sup> Due to the reporting deadlines established by the Chilean tax authority, the information on taxes paid by country is presented with a time lag of one year.



4.4

# Mayor investments, extensions and internationalization

EMPRESAS COPEC

Obtained a US\$ 360 million international loan from Scotiabank, Credit Suisse, SMBC, MUFG and Mizuho.

EMPRESAS COPEC

Beginning of divestment processes of some large-scale logistics infrastructure assets that no longer play a strategic role, including the stakes in Gasmar and Sonacol. This adds to the assessment of a potential divestiture of shares in Metrogas and Agesa.

TERPEL

Placed three series of bonds for COP\$ 470,000 million in the Colombian Stock Exchange. The 5-year series amounted to COP\$ 100,000 million, the 15-year series was COP\$ 144,000 million and the 25-year series totaled COP\$ 226,000 million.

TERPEL

Start of operation of the first charging terminal, under the Terpel Voltex brand, to serve electric buses of the Public Transportation Service in Bogota, Colombia.

ARAUCO

70% progress in the construction of the Arauco Mill Modernization and Extension (MAPA) project, which involves an investment of US\$ 2,350 million, the largest in the company's history. The initiative, which continued to be developed with all the safety protocols in place during 2020 in the midst of the pandemic, will enable it to reach a production capacity of 2.1 million tons of pulp per year, equivalent to 30% of the company's production. The project also includes a cogeneration plant that will supply renewable energy to the new operations and produce a surplus of up to 166 MW of electric power that will be injected into Chile's energy matrix.

ARAUCO

Start of operations of the dissolving pulp plant in Valdivia, a unique facility in the country with a projected production of 500 thousand tons per year. This initiative required an investment of close to US\$ 190 million and produces a type of pulp used as raw material in the manufacture of textile fibers such as rayon and viscose, and cellophane paper and filters, among other end products.

ARAUCO

Acquisition of Odd Industries, an ethically-driven industrial artificial intelligence pioneer, enabling less-digitized industries to become data-driven organizations.

ARAUCO

Capital increase of up to US\$ 700 million, of which US\$ 250 million was raised during 2020. The proceeds were mainly used to finance the MAPA project and strengthen the company's financial position.

ARAUCO

Begins importing its own liquefied gas through the San Vicente Maritime Terminal in the Biobío Region, receiving 12 vessels from the United States during the year. It is worth mentioning that nine of them also delivered this product to the affiliate Solgas in Peru, which translates into greater operational flexibility and logistical efficiencies.

COPEC

Acquisition of 100% of the ownership of Copec Aviation, whose activity is oriented to the purchase, sale and distribution of aviation fuel.

COPEC

Copec inaugurated in Chile the largest electroterminal in the country, with 57 high-power chargers for a fleet of 215 electric buses of the Metropolitan Mobility Network. This investment will benefit close to 600 thousand people from 17 districts of Santiago who use public transport on a daily basis.

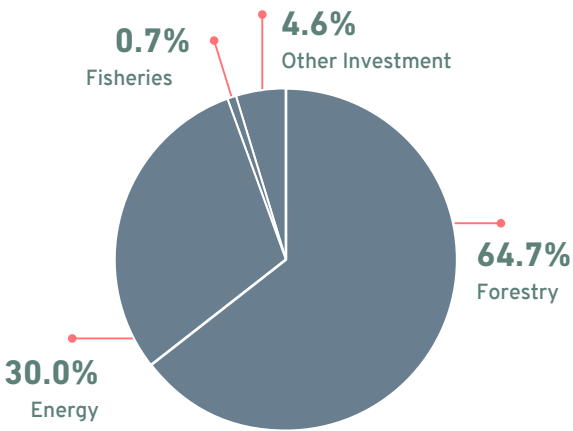
ABASTIBLE





The Base Investment Plan for 2021 commits resources of approximately US\$ 1,880 million. It should be noted that these figures could vary during the course of the year due to the current contingency that could cause delays and/or postponements in some of these projects.

**INVESTMENT PLAN**  
2021



US\$ 1,880 million

4.4

# Fines and penalties

During 2020, Empresas Copec and its affiliates were not subject to significant fines or sanctions by the authority.

Company	Fines <sup>28</sup> and Penalties
EMPRESAS COPEC	No significant fines were received.
ARAUCO	No significant fines were received.
COPEC	No significant fines were received.
TERPEL	No significant fines were received.
ARCOPRIME	No significant fines were received.
ABASTIBLE AND AFFILIATES	No significant fines were received.
ORIZON	No significant fines were received.

To know the details of lawsuits and other legal actions in progress, at the end of 2020, see Note 19 of the Consolidated Financial Statements.

 [Consolidated Financial Statements](#)



<sup>28</sup> A significant fine is defined as one that is greater than US\$ 50,000 and/or has a high media impact.



# Responsible management of the Value Chain

Customers	91
Dealers and attendants	96
Distributors	98
Suppliers and Contractors	99

## 5.1 Customers

### RESPONSIBILITY THROUGHOUT THE VALUE CHAIN

Empresas Copec and its affiliates promote sustainable behavior in all their operations and encourage contractors, suppliers, distributors and dealers to incorporate best management practices.

During 2020, the affiliates continued to develop commercial and operational initiatives focused on improving the quality of the products and services delivered to their customers and consumers, while responding efficiently, timely and effectively to each of them.

### ARAUCO

The company developed various digital experience initiatives to bring its products closer to customers and users.

- » In Argentina, it developed Marketplace Faplac Online, a portal to sell boards in full or sized format, with more than six thousand registered users.
- » In Chile, the company created ARAUCO E Stock, a platform for the sale of inventory to distributors, and Brandcenter ARAUCO, a portal to share marketing material with customers.
- » In North America, a new website was implemented, integrating functionalities to facilitate the search for distributors, products and complements, as well as to consult order history, among others.
- » In Mexico, a website was launched with the same features as the North American site, and another one for the Tablered store network. In addition, market research was conducted to determine the ideal customer profile for the Tablered and Especialistas Multimarca channels.

Likewise, the use of various streaming platforms was activated in all markets, to continue training clients and users through webinars and lives on the different ARAUCO products.

Additionally, the "United to Build in Chile" program was carried out, which was born thanks to an alliance with other complementary brands to offer training and promotions jointly.



COPEC

The company focused its efforts on overcoming the effects of the health crisis with early implementation of safety measures, protocols and procedures in order to ensure operational continuity. These measures aimed at protecting and caring for employees, dealers and service station and convenience store attendants, haulers, suppliers and contractors.

In parallel, and motivated to respond to the needs of its customers and meet their expectations, Copec strengthened its digital offering with new products and services.

An example of this was the new Muevo app, under the slogan "The new Copec experience in your pocket". It is a contactless digital solution, available in all Pronto stores and service stations, with functionalities and benefits designed to take advantage of e-commerce and physical stores. By the end of 2020, the app had one million users.

In addition, the affiliate launched the Muevo Empresas app, with functionalities specially designed to provide greater control and flexibility for small and medium-sized companies with vehicle fleets.

Also aimed at continuing to improve the experience, Copec created a new loyalty program called Full Copec, which operates in all Pronto service stations and stores and has its own benefits plan.

In 2020, Copec also launched its first e-commerce through its online store ([www.tiendacopec.cl](http://www.tiendacopec.cl)), offering a wide range of products and promotions to customers. The Mobil website and social networks were also inaugurate, in order to increase the digital presence of these lubricants. Similarly, the Fórmula Mobil app was created for the distributor channel to facilitate direct service and loyalty. Finally, the affiliate Arcoprime also launched its own e-commerce, called [www.prontocopec.cl](http://www.prontocopec.cl), bringing customers closer to the products sold in convenience stores.

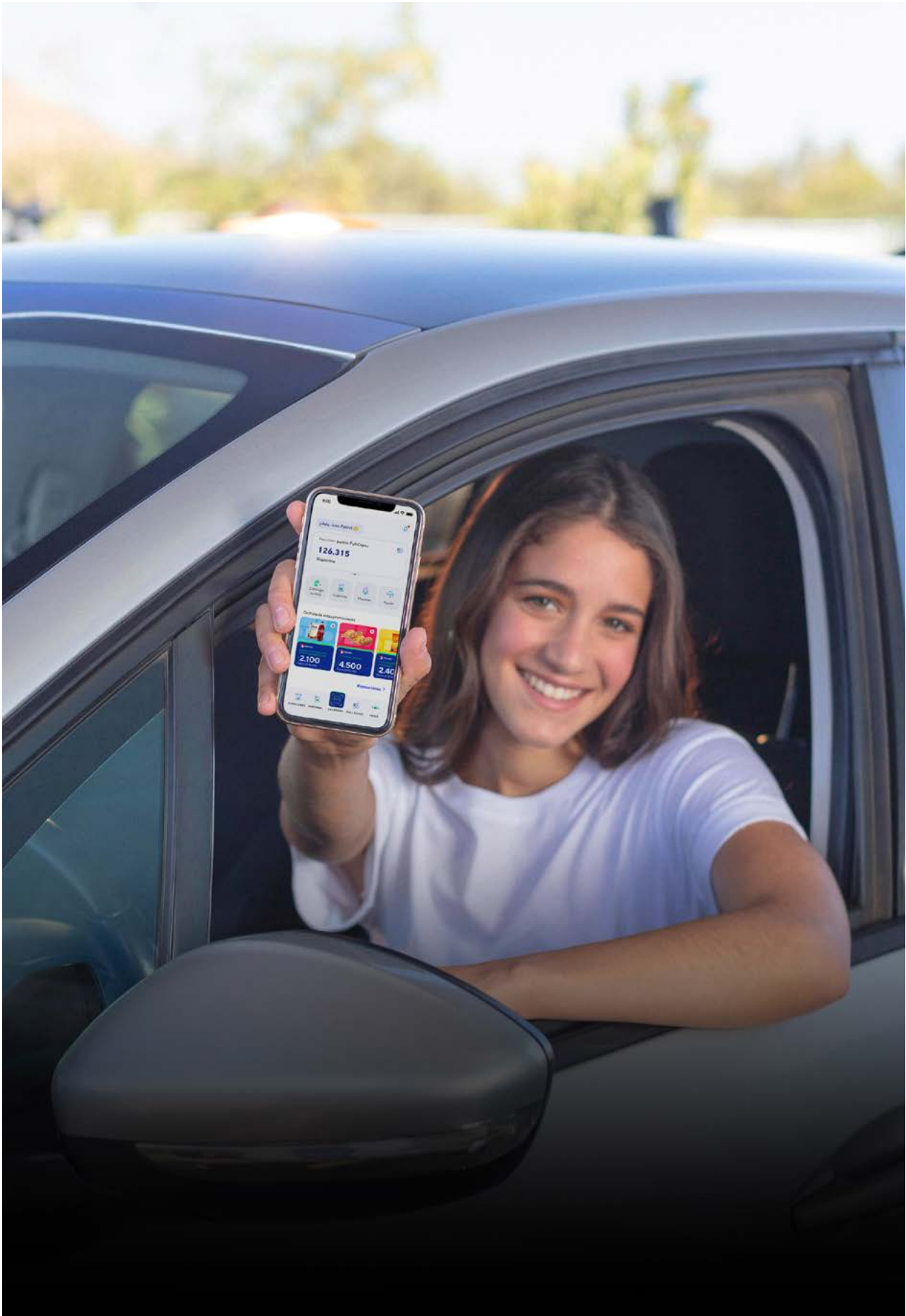
On the other hand, Copec has multiple customer service channels (chat, telephone, social networks, web form) to channel complaints, queries and suggestions from its customers. For example, in 2020, the Llámanos channel, available throughout the year, 24 hours a day, recorded 84,640 cases, 5% more than the previous year. Of this total, 71% were complaints, which were solved in an average of 7.1 days, with an average score of 6.3 for the solution provided.

In the industrial channel, the company had 12,300 customers at the end of 2020, totaling a 72% share in the mining sector, 62% in transportation and 48% in aviation. Copec also maintained its leadership in the industrial chemicals market through its Bluemax solution, a catalyst that is injected into exhaust gases to reduce nitrogen oxide (NOx) emissions. In the case of Solvex, used in copper refining as an industrial solvent, it achieved a 66% market share.



GOAL

In 2021 Copec expects to implement a software to facilitate customer relationship management (CRM) and further enhance digital channels.





TERPEL

The affiliate has several loyalty programs for each of its markets:

- » Club Terpel LifeMiles: loyalty program that rewards consumer loyalty earning LifeMiles miles for fuel purchases at service stations and altoque stores.
- » Comunidad Terpel: a program for corporate clients that allows the benefits provided by Terpel to be transferred to the client's employees and/or families.
- » Club gazel: loyalty program for NGV customers through which the affiliate allows cubic meters purchased to be exchanged for different prizes. At the end of 2020, more than 195 thousand customers were part of this program, 34% of which redeemed prizes.
- » CEL Program - Club de Especialistas en Lubricación (Lubrication Specialists Club): a program aimed at expert lubricators and brand connoisseurs that seeks to provide its members and their families with exclusive benefits and events for them.

Terpel's Rumbo program, with more than 10 years of experience managing and controlling the supply of liquid fuels and NGVs for transportation fleets, added Rumbo Digital, a web service solution that allows industrial customers to consult their sales in real time, schedule checkups and restrictions according to their routes, and thus assign specific amounts and refueling stations to the vehicles in their fleet to optimize their operations.

ABASTIBLE

The company maintained its market leadership, recording 4.3% growth in the bottled area, in line with the domestic market, which grew 4.6%.

On the other hand, in 2020, Abastible launched its offer of consulting services in energy diagnosis and management.

In order to face the effects of the pandemic, the company made available to its customers in the commercial or small industrial segment a benefit to pay in six installments without interest, an initiative that benefited 4,800 customers.

In addition, discounts on gas charges were given to those who lost their jobs as of March 31, 2020 and, for Medidor customers who belong to the 40% most vulnerable of the population, are unemployed or are senior citizens, they were granted the possibility of deferring payment of their bills in 12 installments without adjustments or interests. It is worth mentioning that the company has not cut supply for non-payment during the pandemic.

ORIZON

Orizon's products were in high demand in 2020, with 784 active customers in the domestic market and 120 abroad. This resulted in a 6% increase in sales compared to the previous year.

The affiliate also opened a representative office in Spain, which will allow it to have a greater reach for customers in the Iberian Peninsula. In addition, the commercial office in the United States has sold canned jack mackerel and loins in 10 and three supermarket chains, respectively.

The efforts made by each of the companies allowed to close the year with the following outstanding figures:





## 5.2

# Dealers and attendants

Dealers manage Copec and Terpel's service stations and, therefore, are considered key players for the success of the business. Thus, both companies promote among their dealers the implementation of continuous improvement projects on issues such as service quality, customer experience, and service protocols, safety, attendant management, image and relationship with the environment of the service stations, among others.

During 2020, Copec and Terpel dealers were strongly impacted by the health crisis, which in some cases led to up to 90% decline in fuel sales. Against this backdrop, the Service Station Management in Chile launched the "Juntos pero no Revueltos" (Together but not scrambled) initiative, a program aimed at listening to and accompanying the country's 549 dealers.

For its part, Terpel, through the Terpel Entrepreneurs Network (RET), made up of 373 entrepreneurs (allies or franchisees), implemented a program of meetings with the purpose of seeking solutions to the economic crisis and providing support through virtual talks related to the management of the pandemic. In addition, a virtual diploma in sales was implemented which was attended by 34 service station owners and franchisees.

Another key player in the Copec and Terpel value chain are attendants, employees hired directly by dealers

who are responsible for customer service at the service stations. Thus, the 9,988 Copec attendants (84% men and 16% women; 37% foreigners) and 11,397 Terpel franchisees received different instances of support to deal with the pandemic. For example, in Chile, 13,081 food and hygiene kits were distributed to attendants and their families (a project co-financed by the dealers, Copec and its employees) and all employees over 60 years of age or with health risks were sent to their homes, among other initiatives.

Additionally, Academia Copec has a four-pillar model: Copec Training, consisting of the delivery of training to people who work in service stations and convenience stores, in the skills required to perform their role; Leveling Training, which seeks to provide solid foundations so that employees and their families can complete their studies and achieve digital literacy; Future Training, which aims to offer higher education programs, vocational training and entrepreneurship development to employees at service stations, lubricants and convenience stores and their families; and Extension Training, a pillar that seeks to build and promote educational programs aimed at the families of those who work at the points of sale and the community surrounding the service stations. During 2020, it carried out 17 training programs and courses, in which 9,231 people participated. In addition, a learning platform was launched which, through content and training material,

seeks to enhance job skills. In addition, volunteer initiatives were implemented under the banner of "We are Volunteers", in which different employees of Copec, Arcoprime and concessionaires dedicated part of their time to accompany, in a closer and personalized way, the students of the different programs of the Academia Copec. Specifically, during 2020, 63 volunteers signed up for the "Apoyo Escolar" and "Termina Tu Media" initiatives. To the above, add the first entrepreneurship training program, which delivered the necessary technical knowledge to 30 employees and their families so that they can realize their business idea. After the training stage is complete, the 10 most outstanding projects will be selected, which will receive a seed capital of Ch\$ 500,000.

On the other hand, Copec, as of 2019, promotes the Minimum Guaranteed Wage Plan, which ensures a monthly gross remuneration of Ch\$ 500,000 for all service station and Pronto y Punto store attendants. In addition, the network's attendants can access a complementary medical expenses insurance, enabling them to receive medical care at a lower cost.

Terpel, meanwhile, carried out comprehensive training programs aimed at service station attendants, managers, store managers, drivers and owners, totaling more than 44 thousand hours of training for more than 12 thousand people in 2020.





5.3

# Distributors

Abastible has an important network of bottled distributors in each of the countries where it operates, enabling to maintain supply with a standard of excellence and ensures that it is carried out in a safe and reliable manner. In Chile, the company has 1,220 distributors from Arica to Coyhaique; in Colombia there are more than 680; in Ecuador there are around 1,000 people; while in Peru there are 535.

In Chile, during 2020, a new distributor relationship program was implemented, focused on improving the sales image and providing management tools to make their business more efficient. Specifically, the program began with 47 distributors, providing graphics to renew their vans and sets of uniforms, among other items.

On the other hand, the distributor segmentation programs were continued, including the centralization of bottled gas dispatches at a national level to improve efficiency and service excellence. The joint work and commitment shown by the affiliate's distributors in the context of the pandemic made it possible to maintain the continuity of supply and turn Abastible into an important social player in the country.



5.4

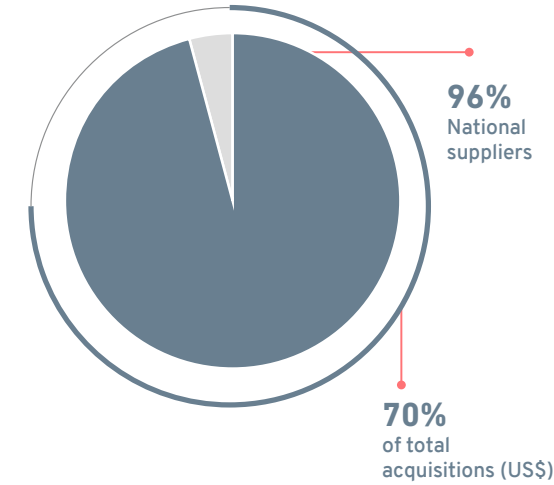
# Suppliers and Contractors

Empresas Copec and its affiliates have policies and procedures in place aimed at providing fair and timely payment to its suppliers, as well as ensuring that the criteria of usefulness, quality, timeliness and budget are prioritized in the selection processes.

During 2020, at the consolidated level, purchases from suppliers of goods and services amounted to US\$ 19,684 million, down 25% from the previous year.

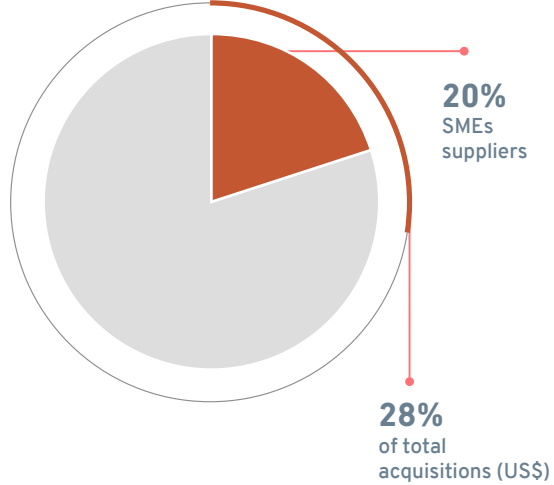
NATIONAL SUPPLIERS

2020



SMEs SUPPLIERS

2020





Company	2018	2019	2020
% SMEs suppliers <sup>29</sup>	28%	23%	20%
% Purchases to SMEs	12%	15%	28%
% National suppliers <sup>29</sup>	85%	95%	96%
% Purchases to national suppliers	73%	71%	70%
Total suppliers <sup>29</sup>	41,624	37,712	36,611

ARAUCO's policy is to prioritize the sourcing of supplies, spare parts, equipment, raw materials and some services mainly from suppliers in the areas where it carries out its forestry and industrial operations. Thus, during 2020, purchases from local suppliers totaled US\$ 1,783 million in all the countries where it operates.

**GOAL**

By 2021, Copec will develop a model to strengthen SME suppliers and incorporate sustainability factors in the evaluation and allocation of tenders.



Juega Local  
ARAUCO initiative to promote development

Through this instance, the affiliate promotes the development of the communes where it operates, connecting local businesses with opportunities derived from the company's operations.



<sup>29</sup> Does not include ARAUCO suppliers.

CONTRACTORS

Another relevant group of interest are contractor companies and their workers, who at the end of 2020 totaled 29,473 people (94% men and 6% women), 10% less than the previous year. This decline is a consequence of the mobility restrictions imposed in the different countries to face the sanitary contingency, which implied changes in work protocols, project planning and delay of initiatives.

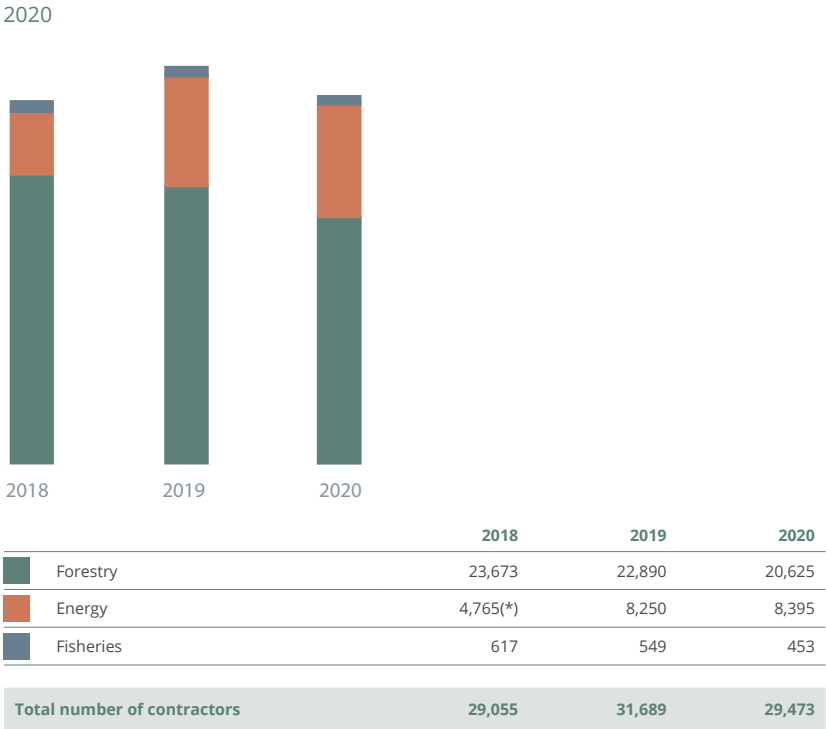
In the case of ARAUCO, the employees of the contractor companies constitute a fundamental pillar in the processes and execution of forestry tasks, for which they are considered as strategic allies of the company. During 2020, ARAUCO worked with close to 200 contractor companies and around 11,000 workers, who worked in different activities, such as forestry, harvesting, transportation, road construction, and heritage conservation and protection.

It is important to point out that ARAUCO, Copec and Abastible carry out monthly monitoring in Chile of compliance with the labor obligations of the contractor companies and pay special attention to the internal standards that they have, such as protocols, regulations and certifications.

Specifically, in ARAUCO this process is carried out on a monthly basis, evaluating the performance of contractors according to productive, economic, environmental, labor and financial goals.

In addition, and if appropriate, action plans and monitoring are generated to address gaps in aspects of productivity, environment, labor or sustainability.

NUMBER OF CONTRACTORS



(\*) Does not include Copec contractors.

ARAUCO, Copec and Abastible contractors are invited to participate in training and awareness-raising activities in health and safety, environmental management and regulatory compliance. In particular, during 2020, ARAUCO trained representatives of its service companies in the framework of the implementation of the LEAN methodology.

During 2020, Copec supported contractor companies that provide cleaning, security, gardening and food services at its facilities so that the minimum gross salary granted to its employees had a minimum floor of Ch\$ 500,000. This initiative covered 18 companies, directly benefiting 93 workers.

Abastible consolidated a control platform to ensure that its

contractors comply with labor and social security obligations, in accordance with provisions of Law 20,123, which regulates subcontracted work, and also incorporates a module for the accreditation of new companies.

**GOAL**

ARAUCO's forestry business will establish a new management system for contractor companies.



# Innovation and digital transformation

Innovation management model	103
Innovative products and services for sustainable development	106
Support for innovation centers	114
Digital transformation	116

6.1

## Innovation

### INNOVATION MANAGEMENT MODEL

For Empresas Copec and its affiliates, innovation is a differentiating variable that allows them to anticipate and adapt to increasingly challenging and constantly evolving environments. Thus, each of them has implemented new technologies and solutions to stay at the forefront of their respective industries, motivated by creating better experiences for their customers while optimizing their processes.

At **ARAUCO**, innovation is conceived as a collaborative and open process, where ideas, technology, science and processes are combined to develop new and better solutions to satisfy a greater number of needs. During 2020, the affiliate invested US\$ 9.6 million in research and development, thus promoting innovation through different initiatives. Examples of these are:

- » Innova ARAUCO seeks to inspire, connect and orchestrate innovation and entrepreneurship. Its work model is based on three pillars:
- Value creation for the company and its environment,
- Development of a culture of innovation, and
- The virtuous relationship with its innovation ecosystem.

During 2020, Innova ARAUCO opened its platform to the public to connect initiatives that were developing solutions to combat Covid-19, creating different capacities and supporting the country's innovators. This led to projects such as hospital kits, masks with filters, smart thermometers, and drones for sanitizing, among others.

- » Bioforest<sup>30</sup>, a unique research center of excellence in South America, develops and applies the best technologies to maximize productivity of the forestry and industrial resource. It has 48 researchers and an open collaboration network with experts in different areas, and also actively participates in a number of national and international organizations that are at the forefront in this area. In 2020, the Center published scientific papers in international journals on topics related to plantations and water, carbon emissions from forest fires, and the role of plantations in climate change mitigation. It also updated the growth model that assess the effect of climate change on ARAUCO's plantations, produced information on carbon storage in the four main reservoirs of the company's assets and developed a new sustainable adhesive for MDF boards from natural raw materials with a

new oxidizing agent. One of the main results of Bioforest has been the increase in the growth rate of radiata pines, eucalyptus globulus and eucalyptus nitens, adding more value to the affiliate's plantations.

- » **Terpel** has an Innovation Policy and Management System, based on the Colombian Technical Standard NTC 5801:2008, with a focus on five areas of work: Segment; Product; Brand and Communication; Networks, and Memorable Experiences.
- » In 2020, the affiliate created the Innovation and Disruption Committee to share best practices for business recovery in each of the countries where it operates.
- » The Únicos program encourages employees to create innovative ideas in order to achieve efficiencies in daily processes and activities. In 2020, 80 people participated and contributed 56 ideas, of which 14 were approved by the Innovation Committee to carry out their pilot stage during the first half of 2021. In addition, the affiliate will move forward with the implementation of technological solutions and automations and will continue to optimize processes with a regional approach, focusing on the needs of the industry.

<sup>30</sup> More information about Bioforest and its contribution to sustainable development on page 49 of the ARAUCO Sustainability Report.



**Copec**, meanwhile, understands innovation as a way of being an agile, collaborative, fast-reacting company that is able to be the first to deliver good answers and new products and services, where the digital and the physical come together to be closer to the customer. Thus, the affiliate's innovation strategy has two focuses:

- » To deepen value creation in the current business. In this way, the local teams in each of the countries where Copec operates strive to create ad-hoc solutions to their customers' needs, while generate good operational results.
  - » To make progress in the development of new businesses and value proposals. To this end, it has a team called WIND (Working on Innovation and New Developments), with an innovation hub - WIND Garage -, and a venture capital fund, WIND Ventures, to produce disruptive ideas, incubate them, make them grow and, if possible, evolve them into a new business. WIND Garage is made up of a team that works with best practices, state-of-the-art techniques and specific management metrics, allowing to speed up the evolutionary process that will bring new alternatives to the energy matrix of each of the countries where Copec is present.
- At **Abastible**, innovation is defined as the ability to continue growing and building a leading company in the region, hand in hand with its employees and strategically focused on meeting the present and future needs of customers. The Development and Innovation Management constantly researches and analyzes new trends and technologies in the liquefied gas industry and other types of clean energy, in order to anticipate technological changes and identify business and product opportunities.
- » The i-NOW program structures and systematizes innovation within the company and annually brings together hundreds of employees around a specific challenge.
  - » In 2020, an activity aligned to teleworking and the circumstances of the pandemic was organized. Thus, "Creative Legacy i-NOW 2020" was launched as an invitation to reactivate and enhance creativity, design to solve problems arising from these new conditions and/or face "old problems" in new ways. With the support of expert professional, advice and techniques were provided to improve the creative process and employees were encouraged to create their own manifesto, i.e. a public declaration of principles, intentions, beliefs or objectives.

The initiative lasted three weeks, during which more than one hundred experiences, reflections and lessons learned in times of pandemic were shared. The best manifestos were published in the i-NOW 2020 Book along with an acknowledgement to each of the participants.

Colombian affiliate **Norgas** has an Innovation Management System, under which ideas, concepts, prototypes, models and projects that contribute to the development of new products and services or to the company's cost and expense efficiency are evaluated in a systematic and organized manner. In addition, the company carried out the i-NOW program, in which nearly 390 employees participated, producing more than 230 ideas.

On the other hand, **Orizon** has set a corporate strategy characterized by permanent innovation. Therefore, the affiliate has implemented diversification projects in its human consumption lines, seeking a better use of raw materials and offering high value-added products in the frozen and canned categories.

**Golden Omega** is characterized by its strong focus on technology, innovation and protection of natural resources. Thus, it has developed and implemented effective technological innovations in the world of

Omega 3 fatty acids, essential compounds for the human body. In particular, the company has processes for purification and concentration of Omega 3 that have three international patents. In addition, it has a team of scientists and engineers exclusively dedicated to research and development, state-of-the-art laboratories and a Pilot Plant to promote new technologies and production scales.

In 2020, and due to the pandemic, there was a high demand for vitamins D and C and fatty acids such as Omega 3, for their proven attributes to increase immunity of the human body.





# INNOVATIVE PRODUCTS AND SERVICES FOR SUSTAINABLE DEVELOPMENT



Innovations for the environment



Innovations for health and safety protection



Innovations for improved customer experience



## INNOVATIONS FOR THE ENVIRONMENT

**Copec and Terpel** made progress in the development of the electromobility business during 2020.

» Copec Voltex is an initiative focused on the development of sustainable mobility for people, through the continuous strengthening of the country's electric charging infrastructure, both in public transport, public spaces and homes, in order to encourage growing use of electric vehicles.

In this way, Copec Voltex has South America's most extensive fast-charging network, connecting more than 1,400 kilometers from the Coquimbo Region to Araucanía, in addition to being present in Antofagasta and on the Santiago - Santo Domingo and Santiago - Viña del Mar routes.

» During 2020, specific solutions were launched for homes and offices, such as Smart Home<sup>31</sup>, and solutions for companies, such as the installation of charging points for industrial vehicles.

» In addition, along with Kaufmann and STP (Servicio de Transporte de Personas), one of the world's largest electro-terminals was inaugurated in the Maipú district of Chile. A 15,000 square meter facility with 57 high-powered chargers will supply a fleet of 215 electric buses with an autonomy to travel close to 300 kilometers, thus transporting more than 600,000 people a day.

» For its part, Terpel started up the first Terpel Voltex electroterminal, a fast-electric charging station located on the Medellín-Bogotá trunk road, which will serve the new fleet of electric buses of Colombia's SITP public transportation service in Colombia.



<sup>31</sup> Intelligent monitoring system that automatically adjusts energy consumption to the specific reality of each home.



» **Copec** acquired 80% of the Chilean start-up EMOAC SpA<sup>32</sup>, a national leader in Integrated Energy Intelligence, which provides its customers with energy marketing and consulting services, as well as monitoring and supply management technologies enabling the digitization of the value chain. This investment is in addition to those made by the affiliate in 2019, when it completed the purchase of the companies Ampere Energy<sup>33</sup> which provides electric batteries for the household segment; Stem<sup>34</sup>, which offers energy storage for commercial and industrial customers, and Flux Solar<sup>35</sup>, which sells photovoltaic panels for household and industrial projects.

» At the same time, Terpel created the New Energies area and the affiliate Stem Terpel, dedicated to the development of energy storage projects. The company also began implementing three pilot projects with Ampere Energy batteries for the residential sector.

<sup>32</sup> <https://www.emoac.cl/>  
<sup>33</sup> <https://ampere-energy.cl/>  
<sup>34</sup> <https://www.stem.com/>  
<sup>35</sup> <https://fluxsolar.cl/>

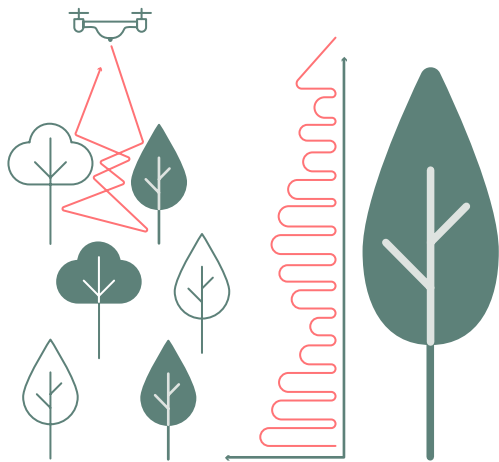


» **ARAUCO** completed the acquisition of a majority stake in Odd Industries, an ethically-driven industrial artificial intelligence (IAI) company. Through this deal, the affiliate seeks to create synergies while developing and applying new technologies to combat climate change, particularly through the use of LiDAR (Light Detection and Ranging) technology for sustainable forestry, a system developed by ARAUCO, in the framework of its alliance with the MIT, to measure the distance between a point of emission and an object or surface and thus create high-resolution 3D maps to quantify the size of the land.

### LiDAR

A laser system that allows to measure the distance between the point of emission of that laser to an object or surface.

The time it takes to reach its target and return from the target is the distance between the two points.



Generating a high-resolution 3D map to measure the land and the trees on it.

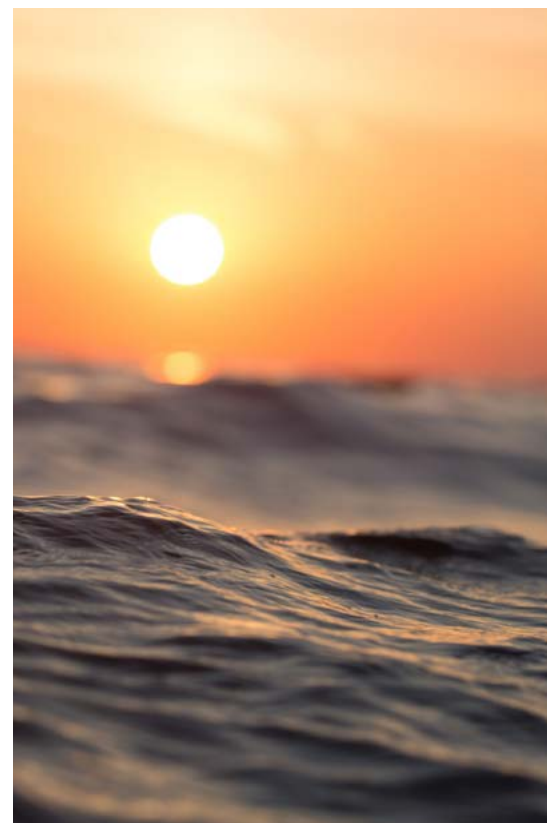




» **ARAUCO** developed a new technological platform called Araucaria, which, thanks to the use of artificial intelligence, consolidates information on its forest heritage in Chile, Argentina and Brazil, and allows digital adaptation (sensorization) of operations and the forest.



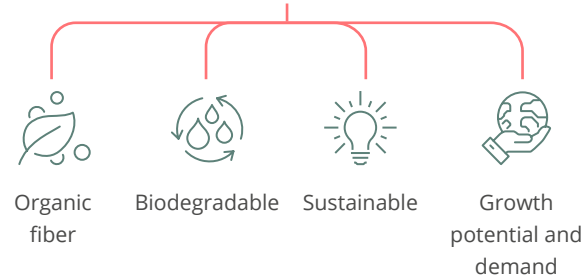
» In June 2020, **ARAUCO** produced dissolving pulp for the first time in Chile. The project, pioneering and to date unique in the country, required an investment of approximately US\$ 190 million and involved converting the Valdivia mill into a reversible facility capable of producing paper and dissolving pulp, according to market needs. Dissolving pulp, which 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 fabric.



» **Orizon** participated in the development of the Good Practices Manual for the industrial jack mackerel fishery, an initiative in conjunction with Inpesca that seeks to become an instrument to lay the foundations for a national policy for the sustainable management of jack mackerel, whose progress in terms of sustainability will allow it to be considered a renewable resource, with a healthy biomass and a positive projection.



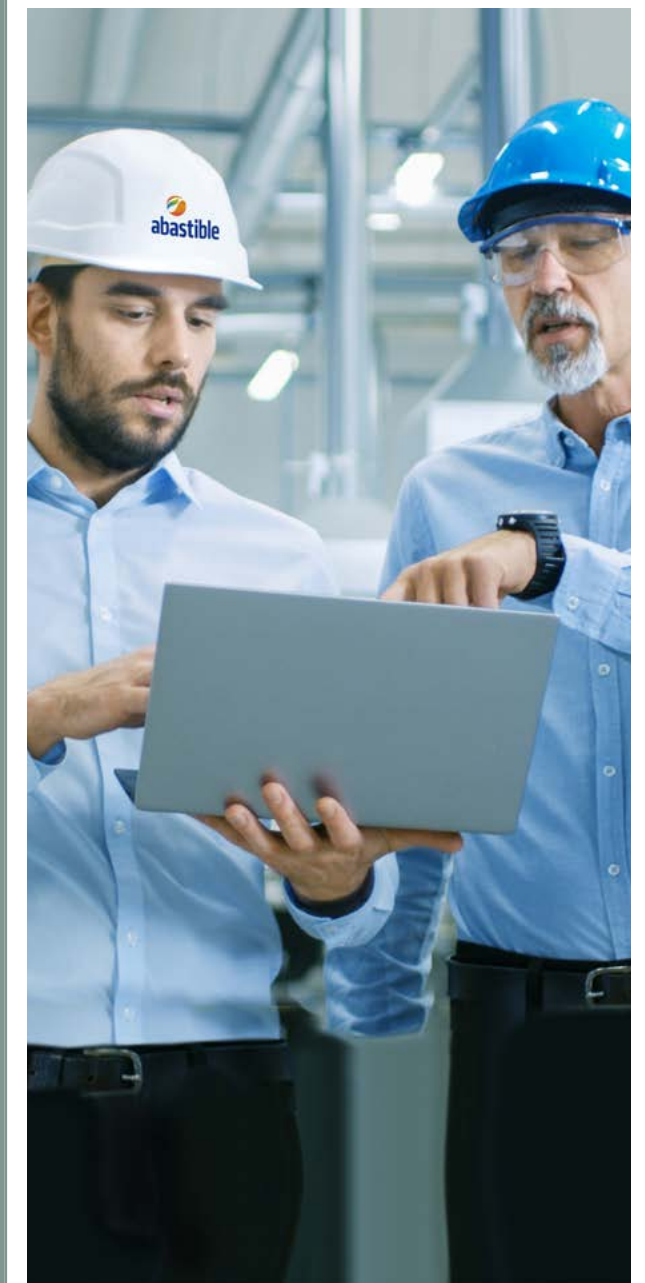
Dissolving pulp



» **Abastible** and its affiliates, in addition to being key players in the Latin American liquefied gas market, offer a portfolio of energy solutions including ultra-efficient thermal power plants, heat pumps, cogeneration (electricity-heat), trigeneration (electricity-heat-cold), and equipment for the optimization of steam thermal power plants and solar photovoltaic thermal and electric power generation.

» In addition, in mid-2020, Abastible created the Electricity Commercialization division to respond to the new needs of non-regulated customers and to national energy regulations and requirements.

» Also, the affiliate added new advisory services in energy and emissions measurement and management, design of remote monitoring and control platforms, and measurement and verification of savings and emissions using Blockchain technology. This technology, unique in Latin America, was developed in collaboration with Roda Energía, and allows storing unalterable and auditable information on the energy and environmental impact of energy efficiency and/or NCRE projects implemented. This diversity of advisory services will allow clients from different industries to adapt to new environmental regulations, such as the Energy Efficiency Law or the Regulatory Framework for Climate Change.







INNOVATIONS FOR HEALTH AND SAFETY PROTECTION



» In 2013, **ARAUCO**, together with Codelco and Copper Andino, developed an innovative solution for the melamine market called VESTO. It is a product that offers microbial protection through the use of copper, inactivating bacteria quickly and continuously to create healthier and safer environments for users. This same technology has been used since 2020 in other affiliate brands such as Melamina and Faplac.

» Following an idea by a group of employees, **Abastible** designed a new roll-up curtain closure system to improve safety conditions in the loading and unloading process of bulk liquefied gas trucks. The commercial prototype was implemented at the Lenga Plant and is expected to be expanded nationwide during the first quarter of 2021.



» **Abastible's** Innovation Management developed the ID Naranja application, a digital alert system that allows maintaining strict control and traceability of possible Covid-19 infections, as well as close contacts, providing greater security to personnel and guaranteeing operational continuity in liquefied gas plants.

ID NARANJA



Digital record



Information in the cloud

THE MOST VALUED



With a tablet, health monitors can scan the QR code of the identity card, which replaces the use of a pencil to register the signature on paper, avoiding a possible source of contagion.



To further strengthen traceability, thermal imaging cameras were installed at the entrance of the plant and the cafeteria that, in addition to measuring the temperature, detect whether the person is wearing a mask or not.

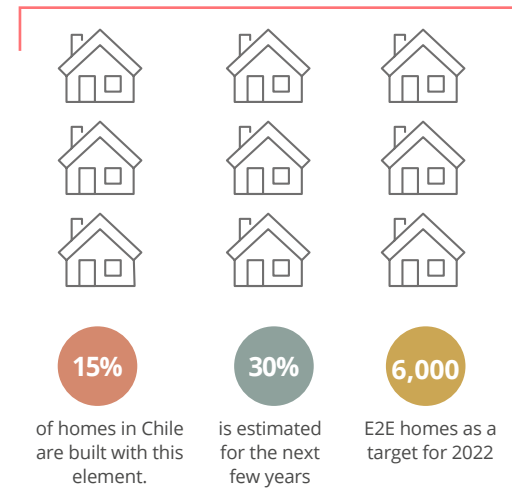
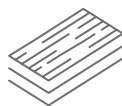




## INNOVATION FOR THE BEST CUSTOMER EXPERIENCE

- » **E2E** was formed by ARAUCO and ETEX Group with the purpose of designing and producing an industrialized construction system based on wood panels, with high thermal, acoustic and resistance performance, and with a strong commitment to the communities and the environment.
- » The company's offer is based on a highly technological and accurate system, enabling to reducing construction time and total costs. E2E is currently working on social housing projects that meet people's needs in order to improve their habitability and, therefore, their quality of life.

### » Wood as a material for the future



### GOAL

Abastible created a low-cost telemetry solution that allows remote monitoring of the level of gas remaining in bulk tanks. This tool was developed in the Innovation Laboratory, tested with customers and validated by Bureau Veritas' Center for Quality Measurement and Certification Studies (Cesmec). It is expected to be launched on the market during 2021.



- » **Orizon** implemented the Animal Nutrition Technical Unit (UTNA), which aims to study and develop high quality nutritional feeds, in addition to providing an excellent technical assistance service for nutritional consultations from its industrial input customers.



- » In order to contribute to sustainable nutrition, **Orizon** introduced a new production line of healthy snacks at its Coronel plant. FlipSnacks, the brainchild of Pedro Bouchon, an academic and Vice Rector of Research at the UC, are sea salt potato chips that have three times less fat than normal chips, but maintain the color and flavor of the original ones. Currently, this product is marketed through the affiliate's e-commerce platform.



# SUPPORT FOR INNOVATION CENTERS

By supporting specialized innovation centers, Empresas Copec and its affiliates demonstrate their commitment to the development of innovative solutions to respond to the environmental, social and economic challenges of an increasingly dynamic and demanding environment.



Ch\$ 8,300 million  
contributed since 2003



21 patents granted  
in 7 countries

» The **Copec-Universidad Católica Foundation**<sup>36</sup> is a strategic alliance between Empresas Copec and the Pontificia Universidad Católica of Chile, created in 2002 to promote and support applied research for the generation of value in the natural resources sector; to promote the creation of strategic alliances to strengthen and foster innovation in this area, and to disseminate advances in science and technology to the national community. Today it is part of Innova Chile's network of collaborators.

The foundation develops its purpose through the following lines of action:

- Support for applied R&D projects through three annual competitions: the Regular R&D Competition, which in its 2020 version awarded UF 12,000 to four projects; the Competition

for young researchers, which called 82 initiatives from universities, research centers, companies and individuals from all over the country, and Apply your Idea for higher education students, which awarded 11 projects. This assistance consists of financing for the development of the project and specialized tutoring for the transfer and commercialization of the results achieved.

- Technology and innovation dissemination activities, the most important of which are the International Seminars, which are open to the entire community. In its 2020 version, it addressed the topic "Science, Technology and Innovation: Engine to promote the sustainable development of post-pandemic Chile", and was attended by five thousand people via streaming.

## EFFORTS TO COMBAT THE PANDEMIC:



During 2020, the Copec-UC Foundation allocated funds on an extraordinary basis for the development of a vaccine against Covid-19 through a group of scientists from the Universidad Católica, led by the academic and doctor Alexis Kalergis.



» The **Anacleto Angelini UC Innovation Center**<sup>37</sup>, under the Vice-Rector for Research of the Pontificia Universidad Católica, is a multidisciplinary meeting space that links academia, business and the public sector to generate knowledge and applied innovation that responds to the needs of the country. The Innovation Center includes outstanding initiatives such as the Chilean Innovation Network (RICh), which connects 80 organizations in the country in this area, and the Laboratory for Research, Development and Innovation Studies (R&D&i). Today, the Center jointly works with the 18 faculties of the Pontificia Universidad Católica

to carry out contracts and R&D projects on commission; it has a network of partners from various industries including over 100 companies; it has strengthened the innovation ecosystem, offering support to entrepreneurs in their various stages of development, and carries out a series of activities on megatrends, disruptive technologies and innovation experiences. In 2020, the dissemination of knowledge focused on the pandemic and the publication of the study Cases of Strategy and Business Implementation Models.

» Orizon's alliance with the **Technological Center for Food Innovation CeTA**<sup>38</sup>, to promote the generation of R&D&i in the food production industry and boost national entrepreneurship through the commercialization of its products. Thanks to this alliance, and the support of Corfo, in 2020, CeTA installed its North Innovation Center in Orizon's facilities in Coquimbo, which will be aimed at valorizing marine products and by-products, adding agricultural raw materials in a second stage.

<sup>36</sup> <https://fcuc.cl/>

<sup>37</sup> <https://centrodeinnovacion.uc.cl/>

<sup>38</sup> <https://cetalimentos.cl/>



# 6.2 Digital transformation

The incorporation of new technological solutions in operations is essential to maintaining competitiveness while integrating innovative practices and excellence, which translate into better products and services for customers.

## MAIN ACHIEVEMENTS IN DIGITAL TRANSFORMATION

1

### ARAUCO

- » Creation of the Digital Transformation division with the mission of detecting those opportunities and spaces where technology adds value to the company, from fire prevention to soil investigation or pest control. For example, the use of big data facilitated the study of the fires happened in 2017 with records of time, location, resources deployed, times committed and results obtained, which meant generating useful knowledge for the formulation of future strategies and programs.
- » Implementation of a Digital Center that provides support in the design of digital projects through the development of work cells, applying tools such as Big Data & Analytics, artificial intelligence, internet of things, among others.
- » Training of an internal team in data management techniques and introduction to data science.
- » Implementation of seven digital applications, two of them with artificial intelligence.

2

### Copec

- » Creation of the Technology Division, with the objective of ensuring and adjusting the systemic infrastructure to drive the digital transformation.
- » Launch of the Nuevo App, under the slogan "The new Copec experience in your pocket", with almost one million customers by the end of 2020.
- » Launch of Nuevo Empresas, a new digital experience for small and medium-sized companies.
- » Launch of Mobil's website and social networks.
- » Launch of the Virtual Store, which provides customers with entertainment, technology, camping, books and other products.

2020 —  **nuevo**  
COPEC

Copec's application that during the pandemic allowed for  
Through mobile devices, refuel without the need for physical contact.



3

### Abastible

- » Creation of the Digital Transformation division.
- » Launch of the Virtual Branch, and strengthening and implementation of new functionalities in the Abastible app, such as contactless and cashless payment, and in the website for order entry.
- » At the internal level, the electronic signature was implemented for labor use and electronic dispatch guides were incorporated.

4

### Terpel

- » Creation of the Vice-Presidency of Technology and Digital Transformation.
- » Design of a digital transformation strategy called Virtual Network, with a portfolio of seven projects in execution phases.
- » Implementation of new digital services in Colombia's airports, electronic check-in and the lubricants business, among others.

5

### Orizon

- » Launch of the e-commerce channel [www.lamesadetodos.cl](http://www.lamesadetodos.cl), which offers its own products as well as food products from alliances, representations and other national enterprises.
- » Implementation of new technological solutions to improve land transportation tracking.
- » Creation of a new reporting platform that connects various sources of information under the concept of business intelligence.

6

### Arcoprime

- » Deployment of Sckuba, a new POS system for Pronto store checkouts.
- » Implementation of a new data storage and centralization platform.



102-11	304-3
302-1	305-1
303-3	305-2
303-4	305-7
304-2	306-2

# Responsible Environmental Management

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7.1

## Environmental management systems

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

THE MAIN MILESTONES  
OF THE YEAR WERE:

COPEC

In line with its sustainability strategy, created a new structure for the development and execution of projects to consider environmental aspects.

DURAGAS

Affiliate of Abastible in Ecuador, conducted an external audit of its environmental management system under ISO 14001.

TERPEL

Developed a technological tool that facilitates the consolidation of the organization's environmental indicators and enables real-time, online storage of evidence of the environmental management system, the Reliable Service Station program, and legal compliance. The company expects this tool to be fully operational during 2021.

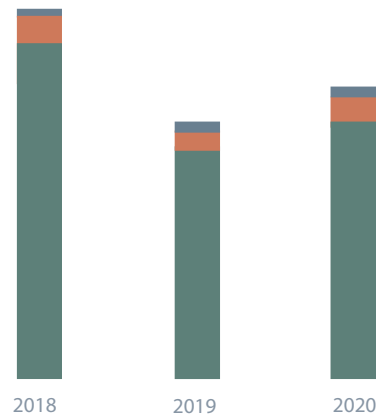
ORIZON

Launched a new Quality, Food Safety and Environmental Policy and developed a new environmental management program.



At the consolidated level, the Company and its affiliates invested US\$ 67.3 million in environmental improvements, 9.3% more than in the previous year. Among these, ARAUCO's disbursements for the implementation of various environmental improvements at its plants, energy optimization, the control and management of hazardous liquid waste and non-hazardous solid waste stand out. Copec also renewed its firefighting network and installed effluent and wastewater treatment plants at its service stations. Abastible, meanwhile, installed warehouses for non-hazardous waste at its Arica, Iquique and Antofagasta plants to improve segregation and establish a transition space prior to final disposal. Finally, Orizon replaced the oil-based boilers at the Coronel plants with liquefied gas boilers, which will reduce atmospheric emissions as of 2021.

ENVIRONMENTAL INVESTMENT  
thousand US\$



**GOAL**

Abastible seeks to certify its operations in Chile under the ISO 14001:2015 standard on Environmental Management Systems within two years. This involves working collaboratively with its suppliers and customers to reduce the environmental impacts of its operations.

ENVIRONMENTAL INVESTMENT (IN US\$)

Company	2018	2019	2020
ARAUCO	94,700,000	56,441,000	61,960,000
Abastible	342,906	450,551	81,956
Copec	595,000	365,422	2,623,030
Terpel	2,629,085	2,729,003	1,350,229
Arcoprime	0	168,366	0
Orizon	172,940	1,370,000	1,252,800
Empresas Copec	0	0	0
Total	98,439,932	61,524,341	67,268,015

Environmental investment by sector	2018	2019	2020
Forestry	94,700	56,441	61,960
Energy	3,567	3,713	4,055
Fisheries	173	1,370	1,253
Total	98,440	61,524	67,268

7.2  
Energy

DIRECT ENERGY CONSUMPTION (IN GJ)

Company	2018					Total energy consumption
	Fuel consumption - Non-renewable	Fuel consumption - Renewable	Purchases of energy for electricity, heating, cooling and steam	Power generation for electricity, heating, cooling, and steam	(-) Sale of energy for electricity, heating, cooling and steam	
ARAUCO	11,180,000	91,220,000	330,000	0	2,230,000	100,500,000
Abastible	26,497	0	57,546	0	0	84,043
Copec	1,585,752	0	359,541	0	0	1,945,293
Terpel	57,685	0	1,783,554	0	0	1,841,239
Arcoprime	13,853	0	173,883	0	0	187,736
Orizon	858,751	0	86,249	0	0	945,000
Empresas Copec	0	0	243	0	0	243
Total	13,722,538	91,220,000	2,791,016	0	2,230,000	105,503,555

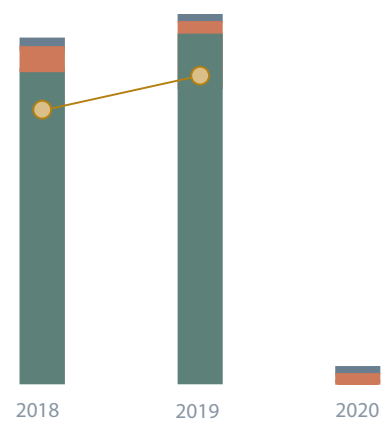
Company	2019					Total energy consumption
	Fuel consumption - Non-renewable	Fuel consumption - Renewable	Purchases of energy for electricity, heating, cooling and steam	Power generation for electricity, heating, cooling, and steam	(-) Sale of energy for electricity, heating, cooling and steam	
ARAUCO	10,279,530	99,843,578	3,732,989	0	3,389,709	110,466,388
Abastible	247,909	0	50,679	0	0	298,588
Copec	1,570,548	0	199,559	0	0	1,770,107
Terpel	75,506	0	1,487,946	0	0	1,563,452
Arcoprime	29,335	0	93,734	0	0	123,069
Orizon	833,179	0	89,297	0	0	922,476
Empresas Copec	0	0	239	0	0	239
Total	13,036,007	99,843,578	5,654,444	0	3,389,709	115,144,319



Company	2020					
	Fuel consumption - Non-renewable	Fuel consumption - Renewable	Purchases of energy for electricity, heating, cooling and steam	Power generation for electricity, heating, cooling, and steam	(-) Sale of energy for electricity, heating, cooling and steam	Total energy consumption
ARAUCO	N/D	N/D	N/D	N/D	N/D	N/D
Abastible	259,534	0	51,451	0	0	310,985
Copec	1,416,047	0	242,952	0	0	1,658,999
Terpel <sup>39</sup>	45,979	599	383,409	19	0	430,006
Arcoprime	14,072	0	78,430	0	0	92,501
Orizon	753,704	0	90,440	0	0	844,144
Empresas Copec	0	0	107	0	0	107
<b>Total</b>	<b>2,489,336</b>	<b>599</b>	<b>846,789</b>	<b>19</b>	<b>0</b>	<b>3,336,743</b>

### TOTAL ENERGY CONSUMPTION

in GJ



	2018	2019	2020
Forestry	100,500,000	110,466,338	N/D
Energy	4,058,311	3,765,001	2,492,492
Fisheries and corporate	945,243	922,715	844,251
Renewable fuel consumption	86%	87%	0%
<b>Total</b>	<b>105,503,555</b>	<b>115,154,104</b>	<b>3,336,743</b>

<sup>39</sup> Information considers only Terpel's operations in Colombia and Peru.

### CONSOLIDATED ENERGY INTENSITY (GJ / THUS\$)



Total energy consumption was mainly influenced by the lower electricity consumption registered in plants and service stations in Copec and Terpel, as a result of the pandemic.

For more than two decades, ARAUCO has been producing clean, renewable energy from forest biomass. As a result, the affiliate is self-sufficient in electricity and contributes the

surplus from its industrial plants to the energy matrix of the countries in which it operates. ARAUCO is currently one of the leading generators of non-conventional renewable energy (NCRE) in Chile, with an installed capacity of 606 MW, allowing it to contribute 219 MW to the National Electric System (SEN)

Likewise, it has an installed capacity of 82 MW and 8 MW

to be contributed to the energy matrix in Argentina and an installed capacity of 91 MW and 50 MW to be contributed to the energy matrix in Uruguay, which it operates through a joint operation with the Swedish-Finnish company Stora Enso.

### ARAUCO'S POWER GENERATION CAPACITY AND INJECTION TO THE ENERGY MATRIX (IN MW)

Country	Maximum installed capacity	Maximum power generated	Internal consumption	Injection into the energy matrix
Chile	606	481	272	219
Argentina	82	71	63	8
Uruguay <sup>40</sup>	91	90	39	50

<sup>40</sup> ARAUCO owns 50% through Montes del Plata.



## MAIN MILESTONES IN ENERGY MANAGEMENT

### 1 ARAUCO

During 2020, net surplus energy delivered by ARAUCO's plants reached an annual total of 755 GWh, 3% less than in 2019, as a result of lower availability of generation plants. In Chile, the production of energy surpluses accounted for approximately 1% of the total generation of the National Electric System (SEN), and the installed power was 1% of the total installed power of the system. Energy sales amounted to 922 GWh, 2% lower than the previous year. In turn, valued sales associated with surpluses delivered to the system fell by approximately 30% compared to 2019, as a result of spot prices 24% lower than the previous year.

### 2 ARAUCO

Continued its project to reduce energy consumption in North America, achieving an overall decrease of 11% kWh/m<sup>3</sup> of production over the last three years from the 2018 baseline. On the one hand, the Albany PB mill (Duraflake), became part of the Energy Trust of Oregon's "Energy Management System" program and on the other, at the St. Stephen MDF mill, the Energy Management System (EnMS) was implemented under ISO 50001 standard with a view to becoming certified by the second quarter of 2021.

### 3 ARAUCO

In Chile, at the Arauco Plywood Mill, a system for detecting blockages was implemented, achieving savings in steam consumption in the order of 119 tons/month. In Argentina, ARAUCO's Puerto Piray MDF mill completed the installation of multi-cyclones to treat ash emissions from its biomass boiler at its power plant.

### 4 COPEC

Implemented the renewable energy supply model in 23 service stations and five storage plants thanks to the PPA (Power Purchase Agreement) signed the previous year with Cerro Dominador, a solar thermal power generator located in the Atacama Desert. This allowed 6.29 GWh of the company's consumption to come from renewable sources, equivalent to 9.3% of total requirements.

### 5 ABASTIBLE

In line with its Energy Policy, Abastible successfully implemented the first Energy Management System (EMS) at the Lenga Plant, which allows it to monitor and manage energy consumption more effectively, in addition to generating economic savings and operational efficiencies and reducing environmental impact.

### 6 ABASTIBLE

Through its affiliates in Ecuador and Colombia, developed awareness campaigns to reduce energy consumption. Particularly in Ecuador, energy saving leaders were also appointed, encouraging best practices and managing cases of unnecessary use.

### 7 ARCOPRIME

Started its Clickie project, which seeks to create initiatives that contribute to the energy efficiency of its convenience stores, through the management of refrigeration systems, changes in lighting, among others.

### 8 TERPEL

Continued to promote the efficient use of water and energy at its facilities, through the incorporation of renewable energies and awareness campaigns. At the end of 2020, the affiliate had 1,054 solar panels in nine work centers located in Colombia.

### 9 COPEC

Copec's Renova Program, which promotes the use of non-conventional renewable energies and energy efficiency systems at service stations, had 21 facilities with wind energy, nine with photovoltaic panels, four with solar thermal panels and two with geothermal energy at the end of the period.

### 10 GOLDEN OMEGA

Obtained the Green-e™ Energy certification, which certifies that all processes at its Arica plant are carried out using electrical energy from renewable sources and free of carbon emissions. With this, it became the first company in the industry globally to obtain this certification, which adds to the commitment made in 2018 to ensure that its operations until 2026 use only electricity generated by hydroelectric, wind and solar sources.



In Chile, Abastible will reduce its energy consumption by 5% in 2021 (compared to 2020).



7.3

# Water

Company	Water Consumption 2018 (thousands of m³)			
	Surface Water	Groundwater	Municipal Supply	Total Consumption
ARAUCO	158,100	5,000	3,500	166,600
Abastible	2	51	137	190
Copec	N/D	N/D	N/D	N/D
Terpel	45	67	1,567	1,639
Arcoprime	0	0	1,058	1,058
Orizon	9,995	0	398	10,393
Empresas Copec	0	0	0	0
Total	168,102	5,118	6,660	179,880

Company	Water Consumption 2019 (thousands of m³)				
	Surface Water	Groundwater and rainwater	Marine Water	Municipal Supply	Total Consumption
ARAUCO	154,400	3,400	0	1,500	159,300
Abastible	2	23	0	115	140
Copec <sup>41</sup>	N/D	N/D	N/D	N/D	N/D
Terpel	3	47	0	748	798
Arcoprime	N/D	N/D	N/D	N/D	N/D
Orizon	0	0	11,454	1,077	12,531
Empresas Copec	0	0	0	0	0
Total	154,405	3,470	11,454	3,440	172,769

<sup>41</sup> Copec started a project to measure water extraction and consumption, which will be defined as the baseline in this area. This information will be available during 2021.

Company	Water extraction 2020 (thousands of m³)					
	Surface Water	Groundwater and rainwater	Marine Water	Produced Water	Municipal Supply	Total Consumption
ARAUCO <sup>42</sup>	157,400	100	0	0	0	157,500
Abastible	25	22	0	0	132	179
Copec	N/D	N/D	N/D	N/D	N/D	N/D
Terpel	2	50	0	0	469	521
Arcoprime	0	0	0	0	778	778
Orizon	0	0	12,672	0	742	13,414
Empresas Copec	0	0	0	0	0	0
Total	157,427	172	12,672	0	2,122	172,393

During 2020, water consumption at the consolidated level experienced a 1% decrease, mainly due to lower consumption at Terpel's supply plants, service stations and offices, due to mobility restrictions imposed by the pandemic. This was slightly offset by the higher consumption of Abastible due to the entry into operation of a new distribution office in Puerto Montt, which has an emergency pool.



<sup>42</sup> Consider only the water consumption in the pulp business.



# USE OF WATER RESOURCES

» ARAUCO's Water Management Strategy is structured into four pillars:

- Knowing, i.e., promoting knowledge about watersheds, forests and plantations present in its heritage, mainly through scientific research conducted by Bioforest. In 2020, the affiliate organized a day on forest hydrology with national and international experts taking part.
- Manage, this implies planning or developing and monitoring in a way that does not affect water quality and collaborates with the supply of neighboring communities.
- Contribute, a pillar that seeks to improve the supply of drinking water in neighboring communities.

- Develop various communication actions, such as training, seminars or scientific tours, among others, to inform about initiatives and projects focused on water conservation, in addition to providing information to internal public, neighbors, academia, NGOs, authorities and public opinion in general.

» In Argentina, ARAUCO carries out actions to recover

watersheds and other critical or sensitive areas associated with steep slopes, slopes and watercourses and/or biological corridors necessary to provide continuity and avoid fragmentation of the landscape. Thus, over a period of 16 years more than 3,300 hectares have been recovered. In addition, the affiliate monitors and protects aquifers in areas where its operations are located and in indigenous communities in the areas of its influence.

» ARAUCO's industrial facilities are supplied with surface or groundwater. For this reason, the affiliate is concerned about implementing initiatives that promote the reuse and reduction of water consumption.

» Copec, in its service stations and plants, uses water mainly for domestic use and to supply the firefighting network.

» During 2020, Copec had no incidents of non-compliance related to water quality permits, standards and regulations.

» Orizon extracts seawater from the bays of Concepción,

Coronel and Coquimbo for the production of frozen foods, canned foods, fishmeal and fish oil, and the requirements of its fleet. In addition, all the facilities obtain drinking water from concession companies.

» Abastible and its affiliates use water in their cylinder washing processes, which comes mainly from public or private water supply systems.





MAIN MILESTONES IN WATER MANAGEMENT

1 ARAUCO

Implemented a water recirculation project at its Licancel pulp mill in Chile. At the Trupán mill, industrial tests were conducted to determine the feasibility of reusing part of liquid waste. In Mexico, improvements were made to correct water leaks so that they could be reused in the processes.

2 COPEC

Began measuring the baseline of its 2019 water consumption. This measurement includes service stations, plants, offices, laboratories, distribution centers and the most relevant subsidiaries.

3 COPEC

Started to develop projects to manage water use more efficiently in vehicle washing and implemented water collection processes in Lavamax self-service car washes. In 2020, the first pilots were carried out and it is expected that during 2021 these solutions will be implemented in the entire network of service stations.

4 ARAUCO

ARAUCO's "Desafío Agua" program seeks to guarantee the availability of drinking water and sanitation services in rural areas that are severely affected by the scarcity of water resources, a trend that is becoming increasingly evident as a result of climate change, where wells and streams have dried up. Seeking to provide an effective solution, ARAUCO began this initiative more than five years ago, based on dialogue with neighbors and where the affiliate's forestry area plays both a technical and articulating role, in addition to carrying out diagnoses with neighbors, it brings together and coordinates players and

contributes to the execution of studies and engineering designs, supports the purchase of water rights and provides usufructs for the execution of works that are demanded on land that in some cases is part of the company's heritage. This initiative is active from the Maule Region to the Los Lagos Region and has managed to implement more than 80 local-scale projects, benefiting almost 1,000 families and close to 200 individual projects. In addition, initiatives have been developed for entire communities and large towns, such as the Florida Quillón and Santa Olga projects.



GOAL

In Chile, Abastible defined to achieve a 5% reduction in water consumption by 2021, using 2020 as the base year.



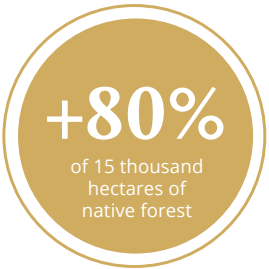
7.4

# Biodiversity

For Empresas Copec and its affiliates, the preservation of ecosystems and the protection of biodiversity are priorities in management. For this reason, it invests annually in various preservation programs and in the development of research studies.



corresponds to  
native forest



have recovered their coverage  
after being affected by fires

» ARAUCO applies the highest international standards in the responsible management of its forestry assets, paying special attention to land use; the conservation and improvement of conditions for biodiversity; the ecosystemic balance in the territories, and the protection of water, both in terms of quality and quantity. Thus, it has a Monitoring and Evaluation System, allowing it to establish work plans and specific actions for continuous improvement. In Chile, Argentina and Brazil, the company participates in the Forestry Dialogue, which brings together different companies in the industry, NGOs, universities and other interested parties.

» 29% of the affiliate's forest heritage is native forest. In each of the countries, this territory is protected, preserved, restored and/or managed, taking into account the guidelines of the authority responsible for the industry, scientific research, the community and environmental organizations for its conservation. The company maintains its commitment to non-substitution and monitors

fauna and flora, conducts endangered species censuses, safeguards protected areas, and identifies, manages, and monitors areas of high conservation value. These forests are managed as private parks open to the public, High Conservation Value Areas (HCVAs) and/or protected areas.

» ARAUCO's Native Forest Restoration program in Chile seeks to restore 25 thousand hectares. To date, 7,563 hectares have been covered since 2012. In addition, 80% of the 15 thousand hectares of native forest affected by fires have been recovered, in some cases even reaching pre-fire levels, and 10,000 hectares of cover in protection zones. In Argentina, about 45% of the heritage are natural areas, including native forests, HCVAs, ecological belts, wetlands, drainage areas and protective forests. In Brazil, 78 thousand hectares of native forest are preserved, which are protected by the Brazilian Forest Code (Federal Law 12651/2012) and are considered Permanent Preservation Areas and Legal Reserves.

» Within the framework of the Biodiversity and Ecosystem Services Policy, ARAUCO conducted a global carbon balance, identified sites of Mapuche cultural relevance and sites relevant to other communities, and continued to develop the Non-Timber Forest Product Collectros (PFNM) program, among others. During 2020, two ecosystem services in Argentina and two in Chile were incorporated into FSC® Forest Management certification<sup>43</sup>.

Through the agreement that ARAUCO signed with the Universidad Austral de Chile to generate knowledge about the native forest, a report and diagnosis of the heritage was prepared. In the first stage of the study, it was concluded that out of a surface area of more than 200 thousand hectares of native forest, there is a significant area of about six thousand hectares of high priority for management.



<sup>43</sup> For more information, see page 127 of the ARAUCO 2020 Sustainability Report.



» Within ARAUCO's forestry assets there are conservation areas around watercourses. These areas act as repositories of biodiversity in the central zone of Chile, which is why a constant effort is made to monitor and detect the presence of threatened species of flora and fauna, and specific protection measures are in place in the event of the discovery or sighting of such species. The most critical and significant sectors have the status of High Conservation Value Area and are categorized according to their attributes in biological, ecosystem services and cultural HCVAs. The company has HCVAs distributed over 133 thousand hectares of heritage, 36 biological and 131 social, cultural or religious. The identification and characterization of HCVAs must follow the premises of FSC Principle 09 and the PROFOREST Guidelines. Together with communities and specialists, the aim is to identify new HCVAs with social characteristics.

NATIVE FOREST AND HIGH CONSERVATION VALUE AREAS (HCVAS)

Country	Area of native forest (in hectares)	% of native forest over forest estate	High Conservation Value Areas (in hectares)	HCVA		
				Biological	Social	Cultural or religious
Chile	294,000	26	59,662	36	19	51
Argentina <sup>44</sup>	118,942	45	64,717	0	48	0
Brazil	77,840	37	8,487	0	13	0

<sup>44</sup> In Argentina, most social HCVAs include cultural or religious attributes and some are included within biological areas (areas of interest to aboriginal communities).

» Meanwhile, the affiliates Copec and Terpel have biodiversity protection programs designed under the highest standards of safety and control, and whose main purpose is to minimize the impact that fuel storage and distribution processes could have on the environment. Thus, since 2018, Copec and the Kennedy Foundation have implemented a project for recovery and conservation of La Chimba Wetland, a four-hectare ecosystem located in the northern sector of the city of Antofagasta. The project promotes research, monitoring and the implementation of activities to promote and disseminate social and environmental initiatives. In 2020, it was visited by 215 students, totaling 518 people since its creation. On the other hand, in 2020, the Wetland was declared a Nature Sanctuary by the Council of Ministers for Sustainability. At the same time, Copec and the Kennedy Foundation began a diagnosis of the state of conservation of El Bato Wetland in the commune of Quintero.



**Orizon**  
In its new sustainability and business strategy, installs and reaffirms its concern for the care and protection of the marine ecosystem.

For the company, responsible fishing is key to achieve sustainable nutrition. In this sense, Orizon has not only been concerned that its jack mackerel operations fully comply with current regulations, but is also continually innovating to achieve the best environmental standards and international certifications. As a result, Orizon's jack mackerel is now 100% renewable.

To ensure health and sustainability of resources, in Chile the jack mackerel, sardine and anchovy fisheries are regulated by quotas, set based on different parameters that account for the state of the resource, such as total biomass, spawning and recruitment (specimens that join the fishery for the first time), in addition to the levels of exploitation to which the resource is subjected. This adds to closed fishing seasons, which are applied to protect the resource in the reproductive stages and with a high presence of juvenile specimens.

Orizon also has various independent and international certifications, such as that of the Marine Stewardship Council (MSC), which ensures that the jack mackerel fishery is carried out under strict quality standards and complies with the sustainability standards set by the Food and Agriculture Organization of the United Nations (FAO).





Fire prevention

ARAUCO's forest fire protection and prevention program has three focuses: social prevention, fuel management, and response coordination.

Social prevention is carried out through awareness-raising, education and outreach to neighbors, workers and organizations about the use of fire, fuel management, prevention measures and how to react in case of an event. Each year in Chile, more than 400 activities are carried out in higher risk sectors. The efforts are carried out in coordination with the Community Prevention Network, which brings together 345 Local Prevention Committees from 81 of the country's municipalities, CONAF and the Fire Department, Carabineros and other companies.

For fuel management, ARAUCO created a structural network that covers the entire

national territory, generating barriers and control points through protection belts in inhabited areas adjacent to plantations and industrial complexes. A fuel-cutting strip and a buffer strip (plantation with preventive forestry actions) are maintained there to reduce the spread and facilitate combat.

Finally, in order to achieve a coordinated reaction, patrols are carried out on alert days due to high temperatures, winds and low humidity, there are community brigades in close coordination with The Fire Department, and training is carried out through emergency drills.

The company allocated US \$ 55.3 million in 2020 to the forest fire prevention and protection program, 5% more than the previous year.

FOREST FIRE PROTECTION PLAN RESOURCES

Type of resource	Chile	Argentina	Brazil
Towers	0	27	14
Surveillance and prevention people	125	22	99
Brigades	100	6	21
Number of brigade and tower staff	1,404	41	250
Trucks	74	2	14
Skidders	10	0	0
Airplanes	2	0	0
Helicopter	21	0	1
Support vehicles	0	8	27





# 7.5 Climate Change

Empresas Copec and its affiliates are committed to implementing specific climate change initiatives and goals.

ARAUCO, for its part, has significant forestry assets, enabling it to mitigate the effects of climate change. Thus, five years ago, the affiliate designed a work plan that is structured along two lines: increase operational efficiencies and boost CO<sub>2</sub> capture through native forests, plantations and forest products. As a result, the company committed in 2019 to achieve carbon neutrality

by 2020, i.e., to ensure that greenhouse gases captured exceed its global emissions.

This important breakthrough, in addition to making a significant contribution and a concrete step toward addressing climate change, positions ARAUCO as the world's first forestry company to achieve carbon neutrality.


In 2020, the affiliate secured third-party certification of its carbon neutrality. PwC was in charge of auditing the calculation

of CO<sub>2</sub> capture from forests and carbon sequestration in forest products while Deloitte developed a neutrality protocol, applied to verify the company's global operation, taking 2018 as a base. In this context, the subsidiary achieved neutrality by generating a net surplus of 2,599,753 tons of CO<sub>2eq</sub>, accounting for 27.9% of the emissions of the vehicle fleet in the Metropolitan Region in 2016.

Along the same lines, ARAUCO will seek to generate more clean, renewable energy by replacing fossil fuels that have a high carbon footprint, will encourage its suppliers to reduce their footprint, and will increase the reuse of waste from its industrial processes, among other things.


It is worth mentioning that the affiliate is responsible for 7.68% of the cumulative emissions reduction in the period 2007-2020, in the category of energy generation projects from residual biomass, registered worldwide under the CDM standard.

In 2020, ARAUCO made progress in the revalidation of the fourth emissions reduction project, the "Horcones biomass power plant", registered under the Clean Development Mechanism (CDM) for a period of seven years, with an estimated annual reduction potential of 51,956 tCO<sub>2</sub>. Additionally, the revalidation processes of the Trupán, Valdivia and Nueva Aldea cogeneration plants, which consolidate a reduction potential of 385,279 tCO<sub>2</sub> per year, were approved by the United Nations Framework Convention on Climate Change.



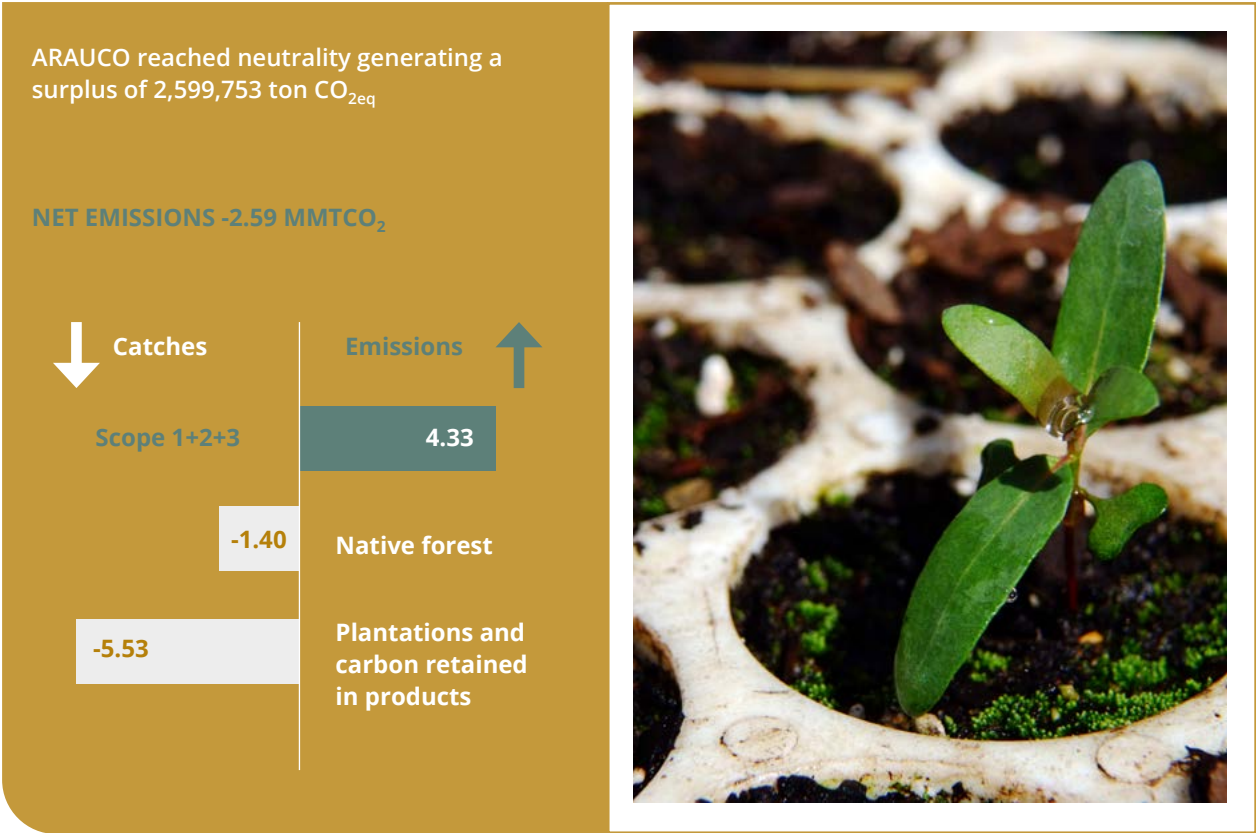
GOAL

Terpel in Colombia set a climate change goal to reduce the carbon footprint of scope 2 by 10% by 2025 compared to 2020.



GOAL

Orizon, Abastible in Chile and Duragas in Ecuador will measure their carbon footprint, including in the scope all their facilities.



Copec and Terpel's commitment to mitigating the impacts of climate change is mainly reflected in the development of the new energy and electromobility business. In this regard, both affiliates seek to be at the fore in the process of change for the countries where they operate, with solutions that have a positive impact on people and the planet.

Specifically, during 2020, Copec carried out the consolidation of a portfolio of energy intelligence solutions, which will support mobility in the region in a cleaner and more sustainable manner, contribute to decarbonization and reduction of greenhouse gases and provide customers with more clean energy alternatives.



Duragas, an affiliate of Abastible in Ecuador, certified carbon neutrality at the Santo Domingo de los Tsáchilas Plant at the end of 2020, becoming the first liquefied gas bottling plant in the country to achieve it. To offset its emissions, it financially sponsored 40 hectares of a protective forest in Guayaquil and included a natural area owned by the company.

At the consolidated level, Empresas Copec increased its rating to "B" in CDP (Carbon Disclosure Project), specifically in the Climate Change program, aimed at encouraging and promoting reduction of greenhouse gas emissions by companies and mitigating the risk of climate change.

GHG EMISSIONS<sup>45</sup> (IN TCO<sub>2eq</sub>)

Company	2018			2019			2020		
	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Other Emissions (Scope 3)	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Other Emissions (Scope 3)	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)	Other Emissions (Scope 3)
ARAUCO	1,187,647	407,642	2,555,924	N/D	N/D	N/D	N/D	N/D	N/D
Abastible <sup>46</sup>	17,594	N/D	N/D	N/D	1,525	N/D	17,232	1,826	333
Copec <sup>47</sup>	50,680	57,462	82,571	52,942	32,837	75,689	43,790	27,400	65,137
Terpel	3,382	17,783	30,399	5,079	22,707	41,403	1,553	17,679	32,161
Orizon	60,739	8,493	N/D	53,051	9,244	N/D	56,251	10,150	16,782
Total	1,320,042	491,380	2,668,894	128,420	66,313	117,092	118,826	57,055	114,413

<sup>45</sup> The carbon footprint of Copec reported in 2019 was modified due to the corresponding external verifications.  
<sup>46</sup> The GHG emissions reported in 2018 are modified due to methodological changes in the measurement of Duragas.  
<sup>47</sup> Includes data on Copec and Arcoprime.





The carbon footprint of ARAUCO, Copec and Terpel is verified by external entities, using the GHG Protocol as a reference.

It should be noted that forestry plays a key role in the sustainability of the planet, as trees have the potential to contribute up to 37% of the emissions reductions required by 2030 to keep the climate within reasonable parameters. Likewise, responsible management of forests and plantations can be a significant solution to address the urgent challenges of climate change, as they are the largest biological infrastructure on the planet, the best CO<sub>2</sub> capturers and because they reduce pressure on natural forests, considering that deforestation and degradation account for 20% of global CO<sub>2</sub> emissions.



During 2020, ARAUCO signed a letter of commitment to adhere to Science Based Targets, a global initiative that seeks to have companies adopt a science-based emissions reduction trajectory to limit the increase in global temperature.

In addition, the affiliate joined Race to Zero in the carbon neutral category, a COP26 global campaign to mobilize the leadership and support of companies, cities, regions and investors to achieve a healthy, resilient, fair and carbon neutral recovery that will create jobs, drive inclusive and sustainable growth and reduce the risk of future shocks.

In addition, ARAUCO promotes several scientific research programs related to climate change, in conjunction with universities, public institutions and NGOs; promotes innovation through the development of projects; and manages environmental monitoring associated with biodiversity, atmospheric emissions, watershed monitoring, marine bodies and research programs related to the fulfillment of environmental commitments.



Copec began to develop its climate change strategy, which will be issued during 2021.



7.6

Other emissions

Company		2018					
tons	NO <sub>x</sub>	SO <sub>x</sub>	COV	PM10	CO	TRS	PM2.5
ARAUCO	9,704.0	2,390.0	2,106.0	5,609.0	7,262.0	35.0	N/D
Abastible	3.3	0.2	469.0	0.0	0.1	-	N/D
Copec	1.9	0.1	52.7	-	2.2	-	N/D
Terpel	520.0	127.2	N/D	28.0	70.0	-	28,0
Orizon	775.8	199.5	57.5	62.3	162.0	-	N/D

Company		2019					
tons	NO <sub>x</sub>	SO <sub>x</sub>	COV	PM10	CO	TRS	PM2.5
ARAUCO	9,441.0	2,235.0	6,459.0	1,447.0	7,779.0	33.1	N/D
Abastible	3.7	0,2	1,121.00	0.2	0.5	-	N/D
Copec	1.8	0.1	51.3	0.1	-	-	-
Terpel	610.4	276.5	N/D	50.0	N/D	-	30.0
Orizon <sup>48</sup>	125.2	117.5	N/D	14.0	25.0	-	N/D

Company		2020					
tons	NO <sub>x</sub>	SO <sub>x</sub>	COV	PM10	CO	TRS	PM2.5
ARAUCO	9,046.9	3,403.9	9,247.0	3,215.9	5,915.0	30.1	N/D
Abastible	2.8	0.1	332.8	0.1	0.4	-	N/D
Copec	3.4	0.0	26.2	0.0	1.6	-	-
Terpel	357.2	1,449.1	N/D	0.8	N/D	-	0.0
Orizon	93.2	115.6	N/D	11.7	18.2	-	N/D

ARAUCO monitors TRS gas emissions from its pulp mills on an ongoing basis and implements controls to minimize odor events that may be caused when these gases come into contact with the atmosphere. During 2020, adjustments and improvements were made to the TRS gas washing system at the Constitución Mill, to the digester valves at the Valdivia mill and to the TRS gas collection and handling system at the Arauco mill.

Particulate matter emissions are controlled through mitigation equipment, such as gas scrubbers and electrostatic precipitators with efficiencies close to 100%. Meanwhile, emissions generated at the lumber mills, sawmilling and remanufacturing processes are minimized through bag filters.

ARAUCO in Brazil, during 2020, started a diagnosis of its biomass burning process to identify possible actions to improve the process in order to reduce VOC emissions in the boilers and dryers of MDF/MDP panels.

As part of the company's investment plan, it has continued to improve the performance of its emissions abatement equipment

and to install new equipment, such as an electrostatic precipitator in the recovery boiler at the Arauco pulp mill in Chile.

During 2020, the affiliate paid US\$ 6.3 million in green taxes for the last two years' emissions from the pulp mills' stationary sources.

Copec and Terpel generate emissions of volatile organic compounds (VOCs) that are produced in the storage of fuel in tanks and in the truck loading process. To mitigate these emissions, Copec has floating roofs and membranes in the tank area, a Vapor Recovery Unit (URV)<sup>49</sup> at the Maipú plant and a Vapor Burning Unit at the Concón plant.

The main sources of emissions from Orizon's production process are those generated by burning fuel from its own fleet and from the boilers of the processing plants. They are mitigated thanks to the incorporation of improvements in the uncondensable incineration system, changes in the seawater adduction pipeline sections, optimization of onboard fish treatment and the installation of evaporative condensers in the cold room of the freezer plant.

<sup>48</sup> Data reported in 2019 is modified by using as reference "Methodology Guide for the Estimation of Emissions from Point Sources, PRTR 2019".

<sup>49</sup> The URV is a closed system that captures the vapors emitted when refueling trucks at the loading table and the vapors recovered at service stations, and transforms them back into liquid gasoline that is diverted to storage tanks. This technology makes it possible to recover 0.5 liters per cubic meter dispensed, the equivalent of 24 trucks per year.



7.7

# Waste

The approach to hazardous and non-hazardous waste management is based on three pillars: unrestricted compliance with current regulations, the search for efficiency in the removal, transportation and disposal processes, and the implementation of measures to minimize waste generation.

- » ARAUCO has a short-, medium- and long-term strategy for industrial waste recovery, where, through various strategic alliances, commercial agreements have been generated for different uses. Major non-hazardous industrial wastes from the pulp industry are ash, sand, solid wastes from the causticizing process, lime carbonate, sludge from effluent treatment plants, and dirty bark. These recovered residues or new by-products are mainly used in the production of concrete and cement, soil and pH improver in forestry and agricultural land, and the production of fertilizers and microfertilizers. In addition, the company has pilot plants for waste recovery at its production facilities and has made improvements for the recovery of bark and its subsequent use as biomass in cogeneration plants. For hazardous waste, the main management refers to the recovery of used oils into alternative fuel for boilers.
- » The timber business has a specific strategy to increase the percentage of recycling, reuse and reduction of waste for final disposal. To this end, the company has started the design of programs to co-process or revalue non-recyclable waste.
- » It is worth mentioning that ARAUCO's production processes do not generate hazardous waste, and the waste that does exist comes from products purchased from third parties that are necessary for the operation. Among them is the oil that once used is transformed into alternative fuel for boilers.
- » In the affiliates related to the distribution of liquefied gas, the waste with the greatest potential impact on the environment is generated in the activities of maintenance and painting of cylinders. These hazardous wastes are disposed of by authorized environmental managers under current environmental regulations, who make the statements and present the corresponding final disposal vouchers. At each of the facilities, awareness campaigns are carried out to minimize and correctly segregate waste. In addition, the affiliate Abastible has a non-hazardous waste separation system implemented at the Maipú plant and Central Office.
- » Orizon does not generate waste with significant impacts. Thus, certain non-hazardous industrial waste such as scrap metal, cardboard, plastics, and wood are recycled and incinerated (with energy recovery) as established in its Environmental Management Program. In addition, Orizon is part of the Clean Production Agreement (APL by its Spanish acronym) together with other fishing companies in the area, reaffirming its commitment to waste reduction. Through this program, the companies participate in beach cleanup activities, contributing to a waste-free environment and raising awareness in neighboring communities about aquatic environmental protection issues.
- » Terpel has an Integrated Waste Management Program whose objective is the proper management of hazardous and non-hazardous waste generated at its facilities, ensuring proper separation at the source, adequate temporary storage and proper disposal, so as not to endanger human health, not to contaminate the environment and to comply with current environmental regulations.



- » Copec has introduced the circular economy concept into its sustainability strategy, focusing on waste generated both in the operation (fuel and lubricant storage plants) and at service stations. In 37 Pronto stores, recycling systems for different types of waste, managed by REMBRE, have been implemented. To date, more than 365 tons of cardboard, 2.6 tons of metals, 19 tons of paper, 31 tons of plastic, 20 tons of glass, 8 tons of Tetra and 25 tons of organic waste have been recycled.
- » Copec's Bluemax plant generates approximately 90 tons of waste per year, including pallets, drums, maxi sacks, film, cardboard, lids and organic waste. Starting in 2019, the plant set the goal of becoming a zero-waste facility and to this end, developed a project that involves reuse, recycling, composting and use of alternative fuels. Thus, during 2020, 97% of the waste generated will be revalued.

GOAL

Copec will implement a project to receive and recycle organic waste at service stations in 2021.



HAZARDOUS WASTE

Company		2019 (in tons)						
	Incineration (with energy recovery)	Incineration (without energy recovery)	Transfer to a landfill	Preparation for reuse	Recycling	Other recovery operations	Other non- recovered destinations (e.g., Safety Landfill)	Total
ARAUCO	0	0	0	0	0	0	12,718.0	12,718.0
Abastible	243.7	38.0	0	28.4	1.0	0	324.7	635.8
Copec	0	0	0	0	0	0	1,258.3	1,258.3
Terpel	0	8.9	3.5	702.9	4,320.3	0	451.3	5,486.9
Arcoprime	0	0	0	0	0	0	0	0
Orizon	0	0	0	231.2	6.5	0	77.5	315.2
Empresas Copec	0	0	0	0	0	0	0	0
Total	243.7	46.9	3.5	962.5	4,327.8	0	14,829.7	20,414.1

Company		2020 (in tons)						
	Incineration (with energy recovery)	Incineration (without energy recovery)	Transfer to a landfill	Preparation for reuse	Recycling	Other recovery operations	Other non- recovered destinations (e.g., Safety Landfill)	Total
ARAUCO	0	0	0	0	0	0	5,676.0	5,676.0
Abastible	208.1	53.00	0	3.3	2.5	0	321.0	587.9
Copec	0	0	0	0	0	0	351.5	351.5
Terpel	68.9	0	46.2	0	89.9	0	2,524.6	2,729.6
Arcoprime	0	0	0	0	0	0	0	0
Orizon	0	0	0	167.4	2.7	0	86.6	256.7
Empresas Copec	0	0	0	0	0	0	0	0
Total	277.0	53.0	46.2	170.7	95.1	0	8,959.7	9,601.7

NON-HAZARDOUS WASTE

Company		2019 (in tons)						
	Incineration (with energy recovery)	Incineration (without energy recovery)	Transfer to a landfill	Preparation for reuse	Recycling	Other recovery operations	Other non- recovered destinations (e.g., Safety Landfill)	Total
ARAUCO	194,138.0	0	212,778.0	135,342.0	0.1	0	0	542,258.1
Abastible	0	0	158.3	48.7	1,515.6	0	59.3	1,781.9
Copec	0	0	394.0	0	52.0	0	0	446.0
Terpel	0	0	2.1	0.2	2.8	0	60.3	65.4
Arcoprime	0	0	1,421.4	484.5	0	101.4	0	2,007.3
Orizon	91.7	0	2,135.6	0	450.1	0	248.8	2,926.2
Empresas Copec	0	0	0	0	0	0	0	0
Total	194,229.7	0	216,889.4	135,875.5	2,020.6	101.4	368.4	549,484.9

Company		2020 (in tons)						
	Incineration (with energy recovery)	Incineration (without energy recovery)	Transfer to a landfill	Preparation for reuse	Recycling	Other recovery operations	Other non- recovered destinations (e.g., Safety Landfill)	Total
ARAUCO	0	0	0	0	0	0	638,330.0	638,330.0
Abastible	65.7	0	155.3	1.0	1,284.5	0	69.92	1,576.5
Copec	6.6	0	0	0	189.3	20.4	1,024.0	1,240.3
Terpel	0	0	0	0	0	0	11.6	11.6
Arcoprime	0	0	899.4	366.0	200.4	95.0	0	1,560.9
Orizon	37.7	0	1,801.2	0	1,127.6	0	483.4	3,449.9
Empresas Copec	0	0	0	0	0	0	0	0
Total	110.0	0	2,855.9	367.0	2,801.9	115.4	639,918.9	646,169.1



KEY 2020 MILESTONES

1 ARAUCO

At the Celulosa Constitución Mill in Chile, a 1,200 m<sup>2</sup> dome came into operation to transform 55% of waste into products. This is a pilot plan that is expected to be replicated in other plants and will enable this facility to increase from the current 8%-10% revaluation rate to 40% in 2021.

2 ARAUCO

In collaboration with Bioforest, a process was designed to mix green sludge from the caustication area and boiler ashes inside the dome to generate other products, such as landfill sealing layers and micro-fertilizers.

3 ARAUCO

During 2020, ARAUCO's pulp mill in Argentina signed agreements with INTA and the Ministry of Ecology for the use of ash and other residues for soil amendment.

4 GOLDEN OMEGA

The Olas Zero Plástico (Zero Plastic Waves) campaign, carried out by Golden Omega in association with the Plastic Pollution Coalition Alliance<sup>50</sup>, has the slogan "Let's take care of Arica's beaches" and seeks to raise awareness among the local population about the impact of plastic waste on marine fauna, as well as to promote recycling and cleaning activities on the area's beaches. To this end, volunteer work has been organized with neighbors and the company's employees, and various informative activities have been carried out to raise awareness of this problem.

<sup>50</sup> <https://www.plasticpollutioncoalition.org/>

Vía Limpia: leader in the integrated management of hazardous waste nationwide

Copec's affiliate Vía Limpia provides consulting services, transportation, storage and final disposal of hazardous and non-hazardous waste from Arica to Punta Arenas, offering a responsible and highly specialized solution for the removal of used lubricating oils, greases, containers, water and solids. The waste is disposed of at authorized destinations for subsequent storage, recycling or final disposal.

For this purpose, the affiliate has a fleet that meets the highest quality and safety standards, incorporating

information technologies that allow constant monitoring and traceability from the client's request to final disposal, and the associated document management (Standard DS 148/2003 MINSAL Generator-Transport-Final Destination). In addition, the company has a management system certified under ISO 9001, ISO 14001 and OHSAS 18001 standards, and a highly qualified team to assure clients of regulatory compliance and traceability of their waste.

During 2020, Vía Limpia removed 24,531 tons of waste, of which 45% was oil, 20% solids and 35% liquids. In addition, the affiliate implemented a new professional cleaning and disinfection service designed for sanitary emergencies.





7.8

Effluents

All of ARAUCO's pulp mills have primary and secondary treatment systems for their liquid effluents, and two of them additionally incorporate tertiary treatment: Valdivia, on a permanent basis, and Nueva Aldea, when the effluent is discharged into the river and not into the sea. Additionally, timber mills treat their effluents in the pulp mills' systems or in biological reactors, activated sludge, sedimentation and/or equalization lagoons.

In addition, the affiliate carries out monitoring, sampling and measurement of environmental variables of the liquid effluents generated, in which laboratories recognized by the competent

authorities participate. At the same time, through operational improvements in the industrial plants, the aim is to ensure the containment of possible spills and thus prevent them from reaching the effluent treatment system.

In 2020, construction began on the new submarine outfall at the Arauco Mill, and the Licancel Mill began to reuse effluents in fertigation of forestry land through a partial recirculation system. In Brazil, construction began on an effluent treatment plant at the Ponta Grossa unit and the start-up of the Pien tailings treatment plant's equalization pond.

THOUSANDS M³ OF EFFLUENTS

Company	2018
Total	
ARAUCO	132,400
Copec	N/D
Orizon	13,265
Terpel	956
Abastible	6
Total	146,627

Company	2019				
	Surface water	Groundwater	Sea water	Third party water	Total
ARAUCO	N/D	N/D	N/D	N/D	136,041
Copec	N/D	N/D	N/D	N/D	N/D
Orizon	37	0	4,199	0	4,236
Terpel	147	0	0	0	147
Abastible	6	0	0	1	7
Total	190	0	4,199	1	140,431

Company	2020				
	Surface water	Groundwater	Sea water	Third party water	Total
ARAUCO	N/D	N/D	N/D	N/D	137,900
Copec	N/D	N/D	N/D	N/D	N/D
Orizon	40	0	5,821	0	5,861
Terpel	N/D	N/D	N/D	N/D	N/D
Abastible	4	0	0	1	5
Total	44	0	5,821	1	143,766

Copec, meanwhile, discharges wastewater from its hydrocarbon plants in accordance with the provisions of Supreme Decree 90/2000, Standard for LIW Discharged into Marine and Continental Surface Waters. The Pronto stores have wastewater and

liquid industrial waste treatment plants that remove 99% of the pollutants, thus minimizing the environmental impact. As a result of this process, water suitable for irrigation and worm humus, a natural fertilizer with high nutritional value, are obtained.



7.9

Operational integrity

One of the main environmental risks of fuel distribution affiliates are product spills.

Thus, Copec has 3,147 storage tanks, of which 99% are underground, in order to prevent any leakage, emanation or residue that causes danger or damage to people or the environment. It is worth mentioning that they were built in accordance with current Chilean regulations (UL 58 and DS 160) and the safety standards established by the National Fire Protection Association (NFPA 30 and 30A).

In addition, Terpel and Copec have action plans that allow them to act in a timely manner in the event of this type of event, in addition to emergency brigades and programs of drills and training for staff, in order to minimize the

impact on the environment and the risk to people's safety.

During 2020, Terpel conducted talks on good practices and installed overfill alarms in the fuel tanks, in addition to mini-damps located at the base with a capacity to receive nearly 2,000 gallons of fuel in the event of a spill (47.62 barrels). During this period, there were 56 events of varying degrees of severity, four of which involved accidents that affected the natural resource. Thus, total amount of fuel spilled was 355.0 barrels.

Copec, meanwhile, reported to the authority a spill totaling 61.0 barrels of lubricant. This event did not generate significant impacts thanks to the existence of a damp that allowed containing the totality of the spilled product. The

company also recorded the overturning of a fuel transport truck, which fortunately was not accompanied by incapacitating injuries or significant impacts on the environment, but involved the spillage of 2.5 barrels of diesel oil, which was contained in a timely manner. Meanwhile, Transcom, an affiliate of Copec, suffered two fuel spill incidents.

Norgas suffered a spill of 178.6 barrels of liquefied gas in a rural area of the municipality of Junin, department of Cundinamarca, causing slight damage to the local fauna.

On the other hand, Arauco, Abastible in Chile, Colombia and Peru, and Orizon did not have any significant spill incidents in their operations.

Process safety of Copec

The affiliate has a process security management system that, among other functionalities, facilitates permanent monitoring of operations and promptly notifies any deviation or non-conformity in the processes. Incidents

are evaluated under the ICAM (Incident Cause Analysis Method) methodology for high potential events and, in this way, prevention plans and continuous improvement are promoted.

Process safety	2019		2020	
	N ° of process safety events (PSE)	Rate	N ° of process safety events (PSE)	Rate
Process Safety Events (PSE) - Tier 1 <sup>51</sup>	0	0.00	0	0.00
Process Safety Events (PSE) - Tier 2 <sup>52</sup>	2	0.05	4	0.08
Process Safety Events (PSE) - Tier 3 <sup>53</sup>	77	1.78	72	1.48

<sup>51</sup> Process Safety Events (PSE) for Loss of Primary Containment (LOPC) with higher consequences (level 1).  
<sup>52</sup> Process Safety Events (PSE) for Loss of Primary Containment (LOPC) with higher consequences (level 2).  
<sup>53</sup> Defect in the internal technical security systems that has had consequences below the level 1 or level 2 loss of primary containment impact threshold.





# Community engagement

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## 8.1 Social investment

Empresas Copec and its affiliates seek to contribute on an ongoing basis with concrete initiatives that play a part in people's well-being and quality of life.

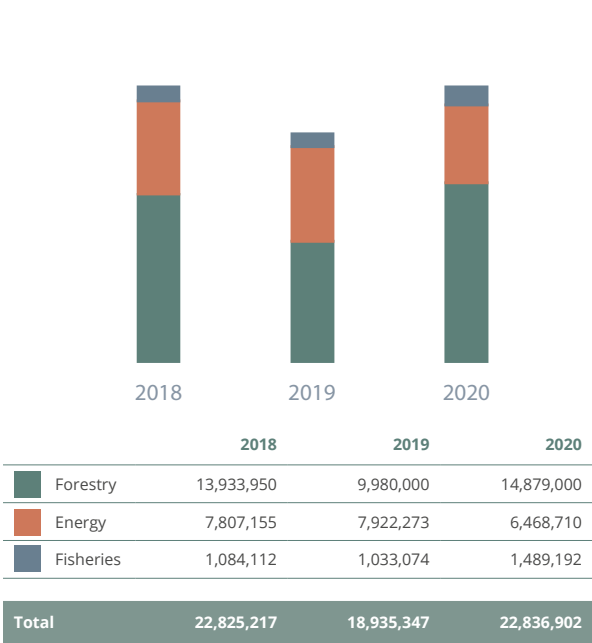
### COMMUNITY CONTRIBUTION (US\$)

Company	2018	2019	2020
ARAUCO	13,933,950	9,980,000	14,879,000
Abastible	433,981	970,411	1,746,572
Copec	5,515,982	5,179,894	3,129,631
Terpel	1,827,355	1,769,736	1,567,343
Orizon	18,270	48,324	585,331
Arcoprime	29,837	2,233	25,164
Empresas Copec	1,065,842	984,750	903,861
Total	22,825,217	18,935,347	22,836,902

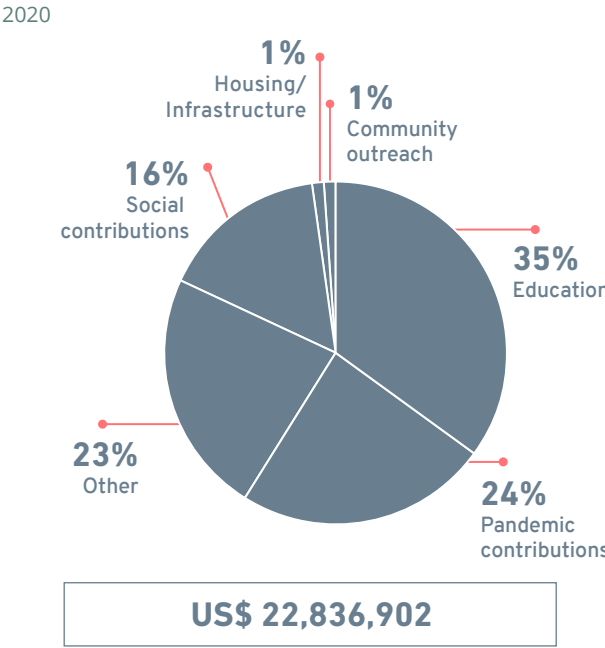
During 2020, social investment reached US\$ 22.8 million, 21% higher than the amount invested the previous year. Of this amount, 35% was allocated to educational initiatives and 24% to projects to overcome the health crisis, including the contribution to

the Private Fund created by the CPC to purchase rapid tests and mechanical ventilators, the donation of fuel for ambulances of the Emergency Medical Care Service and hospital beds for ICU patients in regional hospitals, among others.

### COMMUNITY INVESTMENT



### DESTINATION OF CONTRIBUTIONS





# Engagement and support to neighboring communities

The affiliates have community engagement strategies encouraging collaboration and development of alliances in order to contribute to the local growth of the different areas where their operations are located.

## 2020 BREAKTHROUGHS

1

### ARAUCO

In the forestry area, a participatory monitoring program was carried out to ensure that operations are carried out in accordance with the results of the community consultation processes and the commitments made.

Additionally, in Chile, the company applied the Local Reputation Index in order to understand the perception of neighbors regarding present and future of their localities.

ARAUCO carried out a number of community engagement activities within the framework of the MAPA project, which are listed in the box "Progress in the MAPA project's community engagement".

2

### Copec

In the context of the pandemic, support was provided to local and social organizations, such as firefighters and municipalities, which required personal protection items and hygiene kits, and public spaces were sanitized to prevent contagion. In addition, the "Copec al Servicio de Chile" program was implemented, which includes the donation of fuel to municipalities where the plants operate, and contributions were made for the development of enterprises, infrastructure improvement, and other joint projects with companies located in areas neighboring the operations.

In Coronel, a relationship model was developed with different community stakeholders and a process of open and transparent dialogue with neighbors was launched. In addition, the company contributed to "Locales Conectados", a trade network with a public vocation that seeks

to strengthen the link with the communities, in order to benefit the neighbors most affected by the pandemic within the area of influence of the Terminal de Productos Pacíficos (TPP) project. As a result, 70 neighborhood stores were able to deliver food to 430 people.

An engagement pilot program with the community neighboring the service station located in Villa Francia, in the district of Estación Central, Metropolitan Region was developed, where a working group was formed with representatives of the neighborhood councils, the service station manager, the municipality and Copec, to facilitate the application of neighbors in the selection process for this service station and to open Espacio Academia, a place for participation and meeting for social leaders.

3

### Terpel

The implementation of an engagement plan with the community neighboring the Neiva supply plant began, identifying the needs of local authorities, the community and plant personnel. In addition, socialization meetings, community tours and training projects on the generation of sustainable enterprises were carried out. During 2021, the technical assistance process will be completed, which is expected to benefit more than 50 families.

4

### Orizon

The process of building the Community Engagement Strategy and a feedback mechanism with the communities was started. At the same time, through the "We help with the best we have" campaign, the company delivered boxes of products, protection materials, tablets and other technological devices to neighboring communities. It also provided resources for the development of the coastal area of Coronel, in the Biobío Region.

5

### Abastible

The process of developing the Community Engagement Strategy and a feedback mechanism with neighboring communities began and is expected to be implemented during 2021.





## PROGRESS IN COMMUNITY ENGAGEMENT OF THE MAPA PROJECT

To promote employability, entrepreneurship and human capital, ARAUCO's MAPA project has a set of initiatives specifically focused on the development of four priority communities in the Biobío Region (Arauco, Lota, Los Álamos and Curanilahue).

On the one hand, the Employability and Entrepreneurship Agency - E+E seeks to promote local entrepreneurship, linking the supply of goods and services in the area with the needs of employees and contractors. Thanks to this initiative, during 2020, Ch\$ 5,248 million in local services were provided, especially in lodging and agricultural programs.

At the same time, the agency promotes employability in the area and thus, as of December 2020, 3,021 employees were from the area surrounding the project (Arauco: 1,371, Los Álamos: 123, Curanilahue: 355, Lota: 1,172).

On the other hand, MAPA has a broad portfolio of local development projects, exceeding 210 thousand UF of investment, and which was designed in conjunction with the community, within the framework of the citizen participation process and in subsequent collaborative work processes. They include community infrastructure projects for social integration

and community development, improvements to the health system and urban development for quality of life. In the area of social development, initiatives were incorporated to promote tourism, community environmental management, health promotion and quality of life, strengthening of artisanal fishing, and promotion of Mapuche community activities, among others.

## ENGAGEMENT PROGRAM WITH INDIGENOUS COMMUNITIES IN CHILE AND ARGENTINA

ARAUCO has a policy that lays the foundation for its relationship with indigenous communities. In Chile, this document establishes the following commitments to the Mapuche people:

1. Promote knowledge and learning within the company of the various aspects of the Mapuche culture.
2. Maintain a process of ongoing dialogue and consultation to identify the impacts of operations, concerns and opportunities and, together, establish with the communities how to manage them.
3. Identify sites of religious, cultural and economic interest for the Mapuche communities that are located within ARAUCO's forestry heritage, setting access criteria and mechanisms for safeguarding these sites.
4. To know and manage land requirements of the Mapuche communities with which the company has relations.
5. Seek practices of dialogue and mechanisms for consultation, resolution and administration of controversies that consider the elements of the Mapuche culture.

It is worth mentioning that prior to the start of every forestry operation, the company carries out outreach activities with the communities that could be affected, to identify impacts and address opportunities for collaboration. Likewise, and for decades, the affiliate has been developing various initiatives focused on establishing collaboration and joint development ties with 404 Mapuche communities. Each year, around 50 participation and consultation meetings are held.

Additionally, since 2018, ARAUCO has had a Mapuche Advisory Council made up of territorial leaders, academics, artisans and political leaders, whose focuses of action are to raise awareness and train the Company's employees regarding the history, culture and essential elements of the Mapuche people and, on the other hand, to create co-management initiatives, that is, joint projects in places that have a positive influence on the people who live there. Thanks to the above, the affiliate developed an initiative that brings together 80 Mapuche communities in the Loncoche area, on the border between the Araucanía and Los Ríos regions. It is a project that involves various actors and brings together all the richness of this ancestral culture and embodies in a physical space the value of constructive dialogue and healthy coexistence. ARAUCO provided

the land for the construction and installation of a meeting place for members of the community to dialogue and carry out their cultural activities and discussions. This space was built on an almost two-hectare plot of land, on which there is a special place designated for Künü, a ceremonial site.

ARAUCO also supports the Aitue Foundation<sup>54</sup>, an NGO dedicated to providing knowledge and contributing to the design of public policies related to Chile's indigenous peoples.

In addition, as part of the employee training plan, in 2020 ARAUCO held its first e-learning course, "Effective Communication and Intercultural Relationships", which explained concepts associated with Mapuche issues. Employees from forestry areas in the municipalities of Arauco and Valdivia attended the course.

In Argentina, ARAUCO facilitates access to and use of the resources that are part of the company's heritage as part of its relationship program with the Mbyá Guaraní community. As a result of this relationship, more than 20 High Conservation Value Areas (HCVAs) of mutual interest have been identified. In addition, during 2020, the affiliate built water reservoirs and installed drainage systems for the Isapy I Poty community, one of the 27 indigenous communities of the Mbyá Guaraní ethnic group.

<sup>54</sup> <https://www.fundacionaitue.cl/>



OTHER SUPPORT PROGRAMS FOR NEIGHBORING COMMUNITIES



ARAUCO's Forest Harvesters Program

ARAUCO's Forest Harvesters program impacts more than 300 collectors of non-timber forest products in 20 of Chile's communes. The program consists of encouraging, disseminating and promoting the professionalization of collectors as a sustainable and responsible economic activity, building alliances between different actors and providing tools for entrepreneurship and innovation.

In 2020, groups of neighbors in rural areas such as Sepultura, in the commune of San Javier, were able to get by in times of pandemic thanks to the harvesting of non-timber forest products, increasing their families' income. ARAUCO accompanied them by providing virtual training on the process of making products from the harvest (murta jam, mushroom pickles and mushroom pâté, among others) and on how to promote their products on social networks.



20 communes | + 300 collectors



Desafío Agua Program

The Desafío Agua program, developed by ARAUCO to facilitate access to drinking water, has benefited 27 thousand people in 44 communities in Chile since its inception. To date, 138 projects have been implemented to improve drinking water systems in communities and schools, engineering designs, hydrogeological studies, among others. In 2020, projects were implemented in more than 15 communes and/or localities.



27 thousand benefited | 138 projects



Housing Program



714 homes in process of construction | 1,750 households built

ARAUCO's housing program seeks to support direct employees, workers of service providers and their families, accompanying them in applying for public subsidies and in the search for and evaluation of land for housing. During 2020 progress was made in the execution of the housing project El Portal de Curanilahue, in its two stages (351 and 363 homes). In total, since the program began, 1,750 homes have been built in the municipalities of Constitución, Curanilahue, Yungay, Arauco and Mariquina.



8.3

# Donations and contributions to society



In 2020, Empresas Copec and its affiliates carried out a number of projects focused on responding to the needs caused by the pandemic.

## ARAUCO

AcercaRedes Foundation is an initiative that promotes collaborative solutions to address the challenges faced in territories far from large cities, through the development of programs that connect the skills and experience of the global ecosystem with local entrepreneurs and innovators.

In 2020 the "Emporio Digital" e-commerce platform was implemented, allowing local entrepreneurs to make their products known to employees at ARAUCO's different plants. To date, the organization has impacted more than 700 entrepreneurs and innovators in different regions of Chile.

ARAUCO's Emergency Strategy for Covid-19 involved actions of Health Prevention, Early Detection, Hospital Support and Education. In terms of prevention, initiatives were developed for the sanitization and mass fumigation of public spaces using water trucks and forestry brigades, and sanitary supplies such as thermometers, masks, gloves and alcohol gel were provided. To assist in early detection activities, Bioforest teams and researchers were brought in and essential reagents were provided for diagnostic tests. As for hospital support, the company set up a field hospital and made donations such as mechanical ventilators, cardiac monitors and hospital beds.

In the educational pillar, and through the ARAUCO Educational Foundation, support was provided to communities near the operations in the design of plans to maintain educational continuity.

## Copec

Deployment of the "Copec al Servicio de Chile" project, an initiative that included the delivery of fuel to ambulances, hospitals and municipal emergency vehicles, the creation of areas for taking PCR samples at service stations and the donation of kerosene for senior citizens and heads of household.

Support for the Mujer Impacta Foundation, which seeks to recognize, make visible and thank women leaders who have a positive impact on Chile.

## Abastible

Abastible Solidarity Plan, designed to support the elderly, homeless people, families in camps, children with immune deficiency and the public health system during the pandemic. This was done through donations of liquefied gas, cylinders, stoves, monetary resources and a 300 m² tent for the central health center.

Donations, together with the Ministry of Social Development and Family, to the network of homes administered by the National Service for the Elderly and the Family Health Centers and rural health posts.

"Chile Comparte Calor" campaign, an alliance with Techo para Chile Foundation that provided liquefied gas to 10,000 vulnerable families living in camps.

Extraordinary contributions to the Private Emergency Fund for Chile's health, coordinated by the Confederation of Production and Commerce.

## Norgas

Contributions through Éxito Foundation to feed hundreds of families affected by the pandemic.

"Somos la Energía que Mueve al Chocó" campaign, an initiative that benefited close to three thousand families with food baskets.

Delivery of humanitarian aid and basic foodstuffs to the population of the departments of Guajira, Sucre, Chocó and Norte de Santander; and stoves for the population affected by hurricane Lota.

## Arcoprime

Donation of more than 10 tons of food to the Red de Alimentos Foundation, benefiting 94 social organizations in the country.

## Orizon

Donations of food boxes to various foundations and institutions, especially the contribution to the Banco de Alimentos del Mar.

Delivery of 87 tons of food to the Red de Alimentos and Biobío Solidario, reaching more than 102 thousand beneficiaries from 220 institutions.

## Terpel

"Restoring Dreams" program, an instance that consolidates various reconciliation and peace-building initiatives, especially focused on former combatants and victims of the armed conflict in Colombia. In 2020, virtual talks were held on business administration, innovation, social, cultural and environmental management, with more than 500 attendees and 50 professionals from the Agency for Reincorporation and Normalization (ARN).

Donation of 122 thousand gallons of fuel to Colombian government entities, non-profit organizations and airlines to transport humanitarian aid and contribute to the well-being of vulnerable populations.

"Héroes de la Salud" campaign in Peru, which delivered 1,000 loads of fuel for health professionals.

## Golden Omega

Delivery of part of the production capacity of its pilot plant to produce 1,000 liters of a hand sanitizer, according to the WHO formulation, which was donated to the Regional Government of Arica and Parinacota as a way of collaborating and supporting the protection of the community's health.

Contributions to various institutions in Arica, including the Family Center, the Fire Department, the Health Service and the Regional Intendancy.



# 8.4 Contribution to education

Empresas Copec and its affiliates maintain a strong commitment to quality education and to contributing to the development of students of excellence. To this end, programs are promoted by specialized foundations or directly through the sustainability management of each of the companies.



## BELÉN EDUCA FOUNDATION

Empresas Copec and its affiliates contribute financial resources and actively participate in the projects promoted by the Belén Educa Foundation, an institution with 12 schools in vulnerable districts of Santiago and La Unión, reaching more than 14 thousand students.

Among the initiatives carried out, the Tutoring Program stands out, an instance developed to guide secondary students in their professional development and where executives meet monthly with students to guide and accompany them in their educational careers. This program has increased the interest of students to continue with their higher education. Specifically, in 2018, the percentage of students opting for a technical or professional career reached 89%, while in 2019 this figure

rose to 92%. On the other hand, in 2019, of the total number of students participating in the different Tutoring Programs, 50% entered universities, 38% entered professional institutes and 12% entered technical training centers.

For the fourth consecutive year, a group of executives participated in the vocational talks program, accompanying secondary students in the process of selecting their careers. In 2020, this event took place in a virtual format, where 303 secondary students from the Arzobispo Crescente Errázuriz School in Puente Alto shared their life stories, academic experience and professional growth with four managers. 83% of the students gave a favorable evaluation of the topics and content addressed, and 82% stated that thanks to this

event their interest in learning more about the professional world had increased.

At the same time, each year the Anacleto Angelini Fabbri Scholarship is awarded to the most outstanding student of each establishment to finance the totality of their higher education studies in a Technical Training Center or a Professional Institute. In 2020, 10 students who graduated from the Foundation received this scholarship in recognition of their effort, perseverance and commitment. It is worth noting that this scholarship has financed the careers of a total of 105 students, of which 42 are graduates and 6 have graduated.



## ENSEÑA CHILE

Empresas Copec contributes to Enseña Chile Foundation<sup>55</sup>, an institution present in eleven regions of the country, responsible for selecting and training young professionals who wish to dedicate their first working years to teaching in vulnerable schools, in order to build a network of agents of change capable of having an impact on the educational system. At the end of 2020, the organization had 290 teachers in 129 schools, benefiting a total of 190 thousand students.



benefit from the institution



benefiting 190 thousand students

<sup>55</sup> [www.ensenachile.cl](http://www.ensenachile.cl)





## ARAUCO EDUCATIONAL FOUNDATION

The ARAUCO Educational Foundation<sup>56</sup> is a non-profit organization owned by ARAUCO, which for 31 years has been designing and implementing teacher training programs with the goal of being agents of change and providing better opportunities for the development of children and young people in the communities of Maule, Biobío and Los Ríos.

Since its creation, the Foundation has carried out 79 educational programs focused on strengthening skills and practices of teachers, which ultimately impact learning levels of their students. To date, the organization has impacted more than 101 thousand children in 575 schools in the country.

In 2020, 81 schools, 595 directors and teachers participated and 15,867 students benefited. In addition, through the Fomento Lector program, cultural programs were developed and libraries and bibliomobiles were implemented in 19 communities in the country.

The Foundation also participated in the program Compromiso País<sup>57</sup>, through the working group: Boys, Girls and Young people (NNJ, by its Spanish acronym) between five and 21 years of age, excluded from the school system. In this context, the Foundation implemented the pre-pilot phase of its program "Desafío TEP" (Trayectorias Escolares Positivas) in the Andalién Sur Local Public Education Service, in the Biobío Region, an initiative developed in alliance with the Center for Advanced Research in Education (CIAE) of the Universidad de Chile and the Andalién Sur Local Public Education Service, which seeks to develop knowledge to propose a scalable model at the national level.

The Foundation also participated in the Rural Education 2020 Panel, a public-private instance aimed at identifying the main gaps, opportunities and challenges to improve the quality, access and relevance of rural education in the country.



benefiting more than  
101 thousand boys and girls

### Schools of excellence

Since 1981, ARAUCO has managed the Arauco, Constitución and Cholguán schools, which together have more than 1,200 students. These schools are open to the community and, year after year, are recognized nationally for their performance and academic excellence.

<sup>56</sup> [www.fundacionarauco.cl](http://www.fundacionarauco.cl)

<sup>57</sup> <http://www.compromisopais.cl/>



## CAMPUS ARAUCO

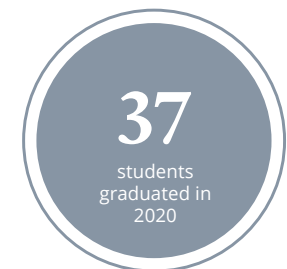
Campus Arauco is a technical-professional training center that links education with practical learning in the workplace. It arose from a strategic alliance between ARAUCO and Duoc UC, the Professional Institute of the Pontificia Universidad Católica de Chile, to provide a professional alternative for the inhabitants of the Arauco province in the Biobío Region.

One of the teaching-learning methodologies used at this Campus is the dual modality, which means that part of the training is given in the classroom and the other in ARAUCO's industrial facilities.

During 2020, the second generation of 130 students of the Maintenance, Administration and Risk Prevention careers graduated, and the first of 37 students of the Maintenance careers with dual mode. It should be noted that in 2019 the dual training option was extended to the Duoc UC San Andrés Concepción Campus and the Nueva Aldea and Trupán Cholguán complexes.



in Maintenance, Administration  
and Risk Prevention careers



in Maintenance careers with  
dual modality





### VIVA LEER

Copec's Viva Leer<sup>58</sup> program was developed with La Fuente Foundation in order to have an impact on the reading habits of children and young people in the country. The program has three lines of intervention; the sale of books at service stations, the installation of school libraries in vulnerable schools and open to the community, and the development

of digital stories. At the end of 2020, there were a total of 95 libraries, 210,000 books donated, more than 65,000 families benefited and 2.8 million books sold under the program. In addition, 8.3 million visits were made to the digital storytelling platform, where more than 915,000 stories have been read.



libraries



books donated



families benefited

<sup>58</sup> [www.vivaleercopec.cl](http://www.vivaleercopec.cl)



### TERPEL FOUNDATION

The Terpel Foundation<sup>59</sup> seeks to strengthen the quality of education in Colombia through the development of basic competencies in leadership, mathematics and language in children and young people in vulnerable conditions. In 2020, the organization had to adjust its educational model from a face-to-face to a 100% virtual one, in order to reach teachers, students and parents remotely and effectively with its programs.

» In the context of the pandemic, one of the most outstanding initiatives was the educational support provided to parents and guardians through the Foundation's social networks. Similarly, students were accompanied virtually thanks to the "Colombia Aprende" platform, developed by the Colombian Ministry of Education, which made available more than 80 thousand video, audio and text contents, as well as training guides for teachers.

» Diseña el Cambio: A global education initiative that offers children and young people the opportunity to express their own ideas to impact the world and put them into practice. During 2020, more than 80 thousand students in 47 municipalities and

20 departments of Colombia benefited, 158 social innovation projects were developed and the first virtual social innovation workshop was implemented, training 372 teachers throughout the country.

» Escuelas que Aprenden®: Comprehensive strategy to strengthen institutions in their management, academic, pedagogical-didactic and community aspects, impacting the mathematics and language teaching that children receive. In 2020, the Foundation benefited more than 50 thousand people despite the pandemic, implementing the program in two new cities, Bello and Pereira, and training more than 800 teachers virtually.

» Líder en Mi: Leadership model based on Franklin Covey's seven habits of effective management. During the year, this program benefited more than 90 thousand students in 55 educational institutions, and was extended to two new cities; Valledupar and Ibagué. In addition, a virtual training model was created based on the practice of habits and a direct coaching model was designed to accelerate change towards a culture of effective leadership.

» Aventura de Letras: Initiative aimed at providing educational institutions with libraries and implementing activities that contribute to promote reading among children and young people. In 2020, more than 9 thousand students in 6 educational institutions were benefited and two new libraries were delivered in the cities of Valledupar and Ibagué. In addition, the Foundation implemented the Aventura de Letras digital library, a website with free educational resources and reading materials available to teachers and students in Colombia.

» Mi Futuro Ahora: Education fund created to support the technical, technological and technical-labor training of promoters, store clerks, and lubricators or their children. This fund finances 80% of the total cost of their education and provides psychosocial support until they graduate. Since the program began, 523 students have benefited in 131 municipalities in the country, 36% of whom have successfully completed their studies. Also, during 2020, 120 new students who decided to fulfill their dream of studying were incorporated into the program.

<sup>59</sup> [www.fundacionterpel.org](http://www.fundacionterpel.org)



8.5

# Corporate volunteering

Company	2018		2019		2020	
	Number of participants	Volunteer Hours	Number of participants	Volunteer Hours	Number of participants	Volunteer Hours
ARAUCO	300	N/I	191	1,934	N/D	N/D
Abastible	762	1,607	450	2,061	1,175	434
Copec	144	576	79	632	100	1,710
Terpel	724	7,566	790	7,040	1,053	1,475
Orizon	39	318	40	295	0	0
Empresas Copec	7	42	19	102	0	0
Total	1,976	10,109	1,569	12,064	2,328	3,619
Average volunteer hours		0.3		0.4		0.1

During 2020, the development of corporate volunteering activities represented a significant challenge due to the complex context caused by the health crisis. In this scenario, 2,328 employees of Empresas Copec and its affiliates participated in various instances, dedicating a total of 3,619 hours.

Some of the main instances developed were the following:

» **Copec** supported the Koinomadelfia home through the "Juntos por la Infancia" initiative, created by the Confederation of Production and Commerce (CPC) and the Community of Solidarity Organizations, with the aim of improving the quality of life of children living in homes run by Sename. The affiliate also carried out the first pilot of the "School Support" program through its Copec Academy, which seeks to provide support to the sons or daughters of a service station worker or complementary

business to help them reinforce the contents of specific subjects and plan their studies. The "Termina tu Media" program, meanwhile, helps service station workers to prepare for exams in order to complete their secondary education studies.

» **Terpel**, through its "Panamá es Nuestra" program, contributed to the improvement of educational infrastructure in Panama City. The affiliate also implemented a virtual volunteering program called ConectaT, in partnership with Unicef and the Red Cross of Panama, to provide emotional support to fathers, mothers, caregivers and the elderly.

» **Abastible's** employees actively participated in the "Chile Comparte Calor" campaign with Techo Foundation, contacting by telephone different families living in camps in order to know their social and economic reality

during the pandemic, and thus identify their main needs. On the other hand, together with the Desafío Levantemos Chile Foundation, the "Árbol de los Sueños" campaign was carried out for the fourth consecutive year, where company employees give a Christmas gift to a child they sponsor. In 2020, 200 children benefited.

» **Duragas** employees participated in community park clean-ups and training on waste management in the community of Rio Verde, in the city of Santo Domingo de los Tsáchilas.





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# A committed team

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## 9.1 Workforce demographics

Empresas Copec and its affiliates promote work environments based on values such as respect and honesty, as well as professional quality, training, teamwork and good interpersonal relations. The Company is also firmly committed to occupational health and safety of its employees, as stated in its sustainability policy, internal regulations, and corporate values.

Respect for people's dignity and the rejection of discriminatory attitudes based on race, religion, gender, age, sexual orientation, nationality, marital status and disability, prevail both in relations with employees and in recruitment processes. To ensure compliance with this commitment, the companies have effective channels for establishing complaints, guaranteeing the protection of the complainant's identity.



<sup>60</sup> Work in a country other than their country of birth.



HEADCOUNT BY COMPANY

Company	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
ARAUCO	14,745	2,507	17,252	15,528	2,591	18,119	15,183	2,368	17,551
Abastible	3,258	808	4,066	3,302	843	4,145	3,128	819	3,947
Copec	712	263	975	743	297	1,040	762	317	1,079
Terpel	1,588	1,379	2,967	1,864	1,537	3,401	1,958	1,551	3,509
Arcoprime	2,050	3,047	5,097	2,382	2,912	5,294	2,116	2,848	4,964
Orizon	793	318	1,111	432	102	534	452	119	571
Empresas Copec	19	7	26	21	8	29	19	9	28
Total	23,165	8,329	31,494	24,272	8,290	32,562	23,618	8,031	31,649

HEADCOUNT BY POSITION AND GENDER

	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives and Managers	663	152	815	703	158	861	697	149	846
Professionals and technicians	6,183	2,755	8,938	6,351	2,881	9,232	6,543	2,859	9,402
Other Workers	16,319	5,422	21,741	17,218	5,251	22,469	16,378	5,023	21,401

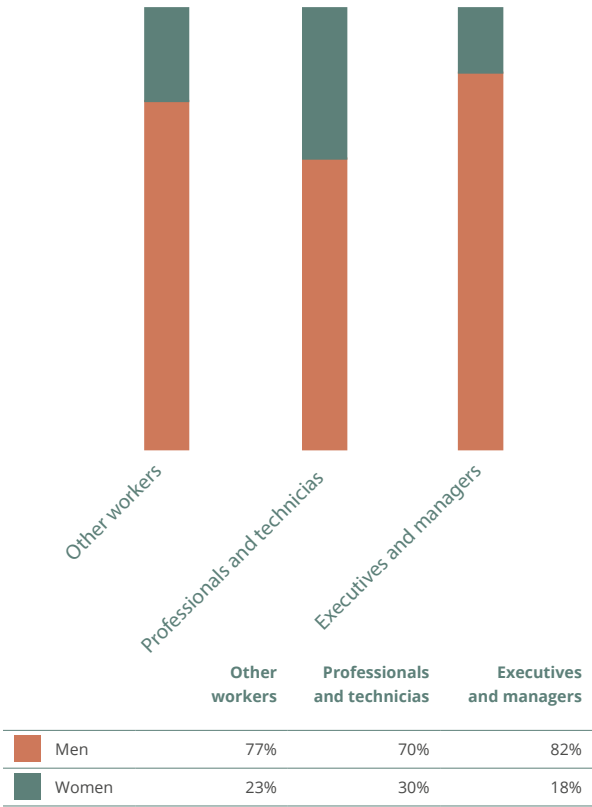
HEADCOUNT BY AGE RANGE

	2018		2019		2020	
			Men	Women	Men	Women
Under 30 years old		25%	17%	8%	16%	8%
30 to 40 years old		36%	26%	9%	27%	9%
Over 40 years old		39%	31%	8%	32%	9%



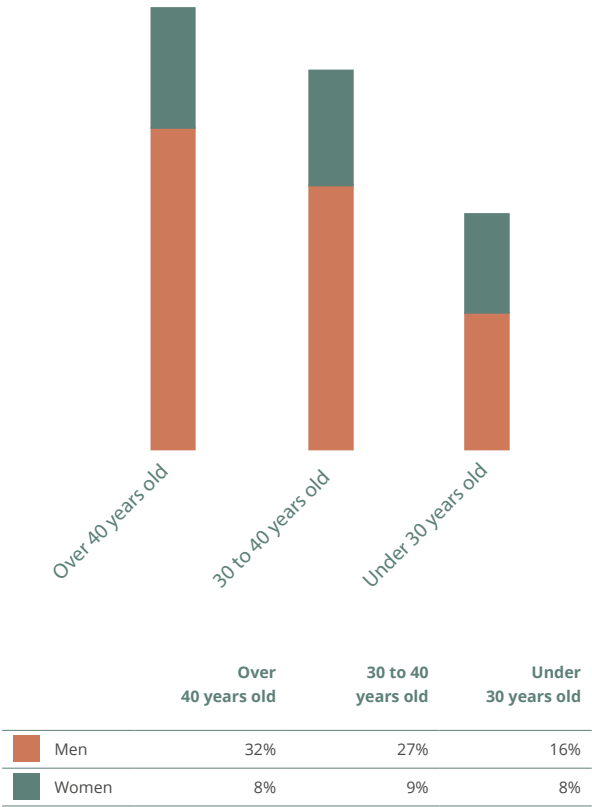
HEADCOUNT BY TIPE OF POSITION

2020



HEADCOUNT BY AGE RANGE

2020





HEADCOUNT BY COUNTRY

TOTAL 2018

31,494

TOTAL 2019

32,562

TOTAL 2020

31,649



COUNTRY	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Chile	13,427	5,449	18,876	13,539	5,135	18,674	13,141	4,958	18,099
Colombia	2,272	852	3,124	2,330	863	3,193	2,338	869	3,207
Brazil	2,563	310	2,873	2,501	306	2,807	2,485	300	2,785
Argentina	1,396	139	1,535	1,567	146	1,713	1,604	155	1,759
Mexico and USA	1,558	307	1,865	2,189	435	2,624	1,529	308	1,837
Panama	436	561	997	454	607	1,061	444	619	1,063
Peru	614	381	995	761	486	1,247	754	424	1,178
Ecuador	364	86	450	421	102	523	548	152	700
Uruguay	458	228	686	432	194	626	433	190	623
Other	78	15	93	78	16	94	342	56	398
Total	23,166	8,328	31,494	24,272	8,290	32,562	23,618	8,031	31,649



HEADCOUNT BY TYPE OF CONTRACT

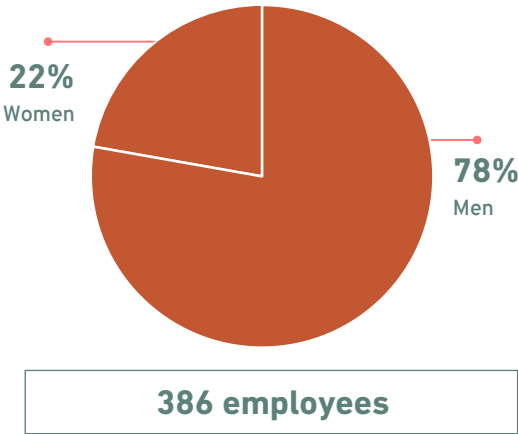
Company	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
Indefinite Contract	92%	86%	95%	93%	94%	89%
Fixed-term Contract	8%	14%	5%	7%	6%	11%

PERSONS WITH DISABILITIES HIRED

Company	2018	2019	2020
ARAUCO	214	209	258
Abastible	24	31	33
Copec	2	5	5
Terpel	19	22	16
Arcoprime	51	71	51
Orizon	8	20	23
Empresas Copec	0	0	0
Total	318	358	386
% of the total	1.0%	1.0%	1.1%

PERSONS WITH DISABILITIES

2020



At the end of 2020, people with disabilities accounted for 1.1% of the consolidated workforce, similar to 2019, of which 78% were men.





# Diversity and equal opportunities

Recruitment and selection policies seek to promote equal opportunities and are based on principles of transparency, equity and non-discrimination. Likewise, human talent management promotes acceptance of diversity and mutual respect.

1 ABASTIBLE

Since 2019, Abastible has a women's leadership program, aimed at promoting diversity and inclusion of women in the company, promoting a culture that values gender complementarity in work teams. In 2020, and in the context of the pandemic, various actions were carried out related to joint responsibility at home, particularly on how to face the new tasks at home and childcare as a family. On the other hand, special leaves were created for female employees, and flexible working hours and teleworking were facilitated for women caregivers or women at risk.

2 NORGAS

Implemented its inclusion and diversity policy and was invited to join the advisory committee "Energy that transforms the Mining-Energy Alliance for Gender Equity" in Colombia. At the same time, the affiliate participated for the second year in the PAR Aequales Ranking which measures corporate evolution in gender equity practices, rising 51 places in the ranking.

4 TERPEL

In 2020, Terpel established a principle of equality in the pension age of its employees. This means that as of 2021, women will be able to voluntarily choose to retire at the same age as men (in Colombia, the legally defined retirement age for men is 62 and for women 57).

6 ARCOPRIME

Arcoprime has a significant share of its employees from different nationalities. Thus, the number of foreigners at the end of 2020 reached 675, or 14% of the workforce.

8 ARAUCO

Contributes to the employability of the localities where it operates through direct channels of communication with the Municipal Labor Intermediation Office (OMIL, by its Spanish acronym) and with industrial high schools to identify potential candidates. In addition, the company has a job training program that seeks to train residents of new industrial projects so that they can later be hired as workers and prioritizes the hiring of local labor, and promotes initiatives to strengthen the labor insertion of neighboring communities.

3 TERPEL

The company has a gender equity policy in line with the seven United Nations Women's Empowerment Principles. It is also part of the Gender Parity Initiative (GPI), led by the Inter-American Development Bank (IDB) and the Colombian Ministry of Labor, the WomeninConnection Association (WIC), a women's group dedicated to creating actions to close gender gaps in the country, and the Gender Equity Committee of the National Association of Colombian Businessmen (ANDI).

5 TERPEL

The company also joined an initiative of the Women's Secretariat of the Mayor's Office of Bogota, through the campaign "Terpel, a safe space against domestic violence". This is an instance to fight against gender violence where men and women who are victims of violence can go to service stations and find a safe space and receive information to access the competent authorities to ensure their protection. For these initiatives, Terpel was recognized as one of the three companies with greater gender equity in the retail industry, according to the PAR 2020 Ranking. At the regional level, it was ranked among the top ten.

7 ARAUCO

The company has a labor inclusion program that promotes employment of people with disabilities and incorporates a benefits plan that increase resources provided at the state level.

Income and benefits of the employees of Empresas Copec and its affiliates are defined taking into consideration normal market remuneration. In each of the countries where they operate, they exceed the National Minimum Wage. It should be noted that the minimum remuneration paid by Empresas Copec during 2020, excluding bonuses and other variables, was equivalent to 216.5% of the gross minimum salary in Chile, which amounted to Ch\$ 326,500 as of December 31, 2020. Additionally, each company reviews its compensation scheme on an annual basis, seeking to adapt income levels to the dynamics of the labor market in each country and considering the development opportunities of each person in relation to their performance.



# Talent attraction and development

In each of the companies, strategies for attracting, retaining and developing talent are implemented. In addition, employees' interest in achieving better professional development opportunities within the Company is promoted and supported.

At the consolidated level, the hiring rate remained constant for both men and women, while the turnover rate decreased 2% compared to 2019.

Of the vacancies available during the year, 35% were filled through internal recruitment, generating mobility and development opportunities for employees.

## MAIN INITIATIVES

### 1 ABASTIBLE

During 2020, participated in Merco Talent and Best Companies for Interns, posted vacancies of its selection processes in social networks and took part in the Labor Inclusion Fair and in six online job fairs from the main universities in the country.

### 2 TERPEL

In Colombia, the company implemented the "Talento en Desarrollo" program, which seeks to reduce the learning curve and retain talent and the "Calibrador de Talento" app, which assesses organizational competencies and values, providing a more comprehensive, neutral and anonymous view of the candidates who apply for internal vacancies.

### 3 ARAUCO

It has a "Plan de vida para un nuevo comienzo" (Life plan for a new beginning), an initiative that seeks to accompany and prepare employees over the age of 50 to positively embrace the transition to retirement, providing them with theoretical and practical tools and, at the same time, motivating them to develop a life plan to plan ahead for the first years of their lives.





HIRING RATE<sup>61</sup>

Company	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
ARAUCO	18%	37%	21%	15%	17%	15%	6%	1%	5%
Abastible	22%	19%	21%	21%	25%	22%	20%	18%	19%
Copec	11%	10%	11%	10%	16%	12%	10%	12%	10%
Terpel	28%	43%	35%	33%	41%	36%	16%	20%	18%
Orizon	5%	7%	6%	9%	23%	11%	7%	9%	7%
Empresas Copec	0%	0%	0%	19%	13%	17%	0%	11%	4%
Total <sup>62</sup>	18%	34%	21%	17%	25%	19%	9%	10%	9%

TURNOVER RATE<sup>63</sup>

Company	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
ARAUCO	11%	15%	11%	14%	17%	14%	12%	19%	13%
Abastible	14%	18%	15%	21%	17%	20%	21%	19%	21%
Copec	6%	6%	6%	7%	6%	6%	6%	6%	6%
Terpel	31%	47%	39%	25%	34%	29%	17%	21%	19%
Orizon	8%	8%	8%	23%	34%	25%	4%	5%	5%
Empresas Copec	11%	0%	8%	14%	0%	10%	5%	0%	4%
Total <sup>62</sup>	3%	7%	5%	16%	22%	17%	14%	19%	15%

POSITIONS FILLED WITH INTERNAL APPLICANTS

Company	2018	2019	2020
ARAUCO	N/D	31%	51%
Abastible	28%	21%	24%
Copec	59%	49%	43%
Terpel	12%	13%	6%
Orizon	22%	13%	18%
Empresas Copec	0%	44%	0%
Total <sup>62</sup>	23%	26%	35%

<sup>61</sup> Hiring rate = People hired during the year / Headcount at the end of the year.  
<sup>62</sup> Due to the dynamics of the business, the affiliate Arcoprime monitors its hiring and turnover rate with other indicators, therefore, they are not included in the same table.  
<sup>63</sup> Turnover rate = People leaving during the year (voluntary and involuntary) / Headcount at the end of the year.

9.4

Career development

Training and career development programs and plans of Empresas Copec and its affiliates are designed considering the specific needs of the industry and their context. In 2020, due to the pandemic, companies had to adapt a large part of their training initiatives to online modalities.

At the consolidated level, 68% of the workforce was trained: 72% of the female workforce and 66% of the male workforce. A total of 494 thousand hours of training were given, which means that each employee received an average of 16 hours of training, and US\$ 5.9 million was spent on various programs.

» **ARAUCO** technical training model seeks to prepare workers for the challenges of the industry, raising their technical level and improving their performance. With this same philosophy, the Forma Network and the “Formador de Formadores” program were created to share knowledge and experiences in the forestry industry. In 2020, the Network reached 1,773 tutors, who were part of the Red de Tutores (maintenance technicians), the MAPA Dual Training program (plant operators and analysts), the CIMA Forestal program (where knowledge on safety, environment and continuous improvement was transmitted)

and the “Programa Operador Tutor de Paneles” in Chile and Brazil.

» **Abastible** strengthened its digital people management platform "Conectados", especially its training module "Aula", where 15 new courses were added and more than 780 employees were trained in an online and flexible manner.

» The main objective of the **Norgas** Corporate University is to strengthen skills through the implementation of knowledge management strategies and leadership training. In 2020, contents were redefined in accordance with the company's strategic axes, particularly on digital transformation.

» **Copec's** employee development program is structured in four areas: the delivery of specific knowledge and skills; normative and transversal training; complementary training; and strengthening of leaders. In 2020, 500 Linkedin learning licenses were delivered, a new flexible, 24/7 training modality that encourages self-development. Meanwhile, the operational training curriculum was redefined, giving priority to those courses that meet legal requirements and can be carried out in e-learning format, and the POS Academy was deployed

to reinforce the 10 pillars of sustainable operation in storage plants and distribution centers. In addition, Copec awarded 33 undergraduate scholarships, 11 postgraduate scholarships in Chile and four postgraduate scholarships abroad.

» **Terpel**, meanwhile, has the Clase T virtual training platform, through which language programs, technical and leadership courses are taught, so that each employee can develop skills in addition to those of the position he or she holds. In addition, the affiliate implemented the Leadership School, a four-month program that includes modules such as "Conversation Management", "Emotional Management" and "Leader Trainer", among others. Twenty managers from the lubricants plant and 28 managers from the company's different regions participated in this school.

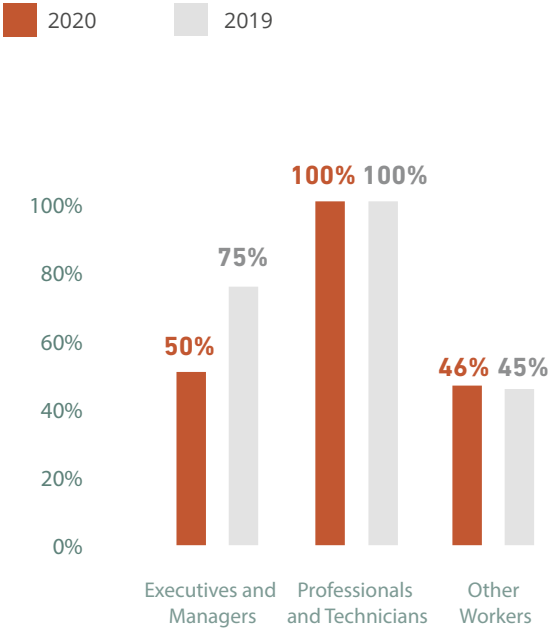


PERCENTAGE EMPLOYEES TRAINED

Company	2018		2019		2020	
	Men	Women	Men	Women	Men	Women
ARAUCO	64%	67%	86%	47%	57%	24%
Abastible	90%	89%	88%	88%	87%	92%
Copec	89%	92%	88%	90%	83%	75%
Terpel	100%	98%	100%	100%	100%	100%
Arcoprime	71%	67%	83%	76%	40%	60%
Orizon	57%	32%	91%	73%	68%	100%
Empresas Copec	95%	100%	100%	100%	100%	100%
Total	73%	74%	88%	75%	66%	72%



PERCENTAGE OF EMPLOYEES TRAINED



2020	% trained			Average hours		
	Men	Women	Total	Men	Women	Total
Executives and managers	44%	76%	50%	16	30	19
Professionals and Technicians	100%	100%	100%	31	13	25
Other Workers	44%	53%	46%	10	14	11
Total	66%	72%	68%	16	14	16



PERFORMANCE REVIEWS

Empresas Copec and its affiliates annually conduct formal performance reviews.

At a consolidated level, in 2020, the percentage of people subject to performance reviews through 360°, objective-based or skill-based methodologies increased from 51% to 57%.

1 ARAUCO

It has a common review model for all the countries where it has operations, through which it assesses five key management skills. The process includes a self-assessment and evaluation stage by leaders regarding the performance of their teams, a calibration stage of the criteria considered in order to ensure consistency among evaluators in the same area, and a feedback stage. Since 2019, the affiliate has been developing the Talent Review program in this process, which seeks to prepare and follow up on individual development plans for both outstanding and poorer performance. Complementarily, in 2020, talks were implemented and guides and tutorials were delivered to facilitate the conversation between leaders and employees in a pandemic context.

2 ABASTIBLE

During 2020, the company deepened its Performance Management Model, which is applied at the regional level, extending it from the executive to the professional level. Duragas and Norgas, meanwhile, promote the development of their employees through Individual Development Plans (PDI), which are updated on an annual basis.

3 COPEC

It renewed its Crecer skills model, integrating new organizational skills at the service of the business, performance indicators and measurement of objectives.

4 TERPEL

The affiliates carried out its review process in Colombia and the Dominican Republic, with the aim of creating action plans to reduce the gaps in its employees' skills.



PERCENTAGE OF EMPLOYEES ASSESSED

Company	2018			2019			2020		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
ARAUCO	N/D	N/D	63%	73%	75%	73%	79%	77%	79%
Abastible	18%	19%	19%	21%	22%	21%	27%	30%	28%
Copec	89%	89%	89%	83%	82%	83%	90%	90%	90%
Terpel	67%	45%	57%	51%	32%	42%	63%	45%	55%
Arcoprime	N/D	N/D	49%	0%	0%	0%	0%	0%	0%
Orizon	12%	7%	10%	17%	0%	13%	13%	18%	14%
Empresas Copec	95%	100%	96%	95%	100%	97%	100%	100%	100%
Total	38%	38%	53%	56%	35%	51%	63%	38%	57%



## 9.5

# Occupational health and safety

Empresas Copec and its affiliates seek to promote safe working environments for people and the development of a culture of protection and safeguarding of life.

» **ARAUCO's** Occupational Health and Safety Model is called "Juntos por una Vida Mejor" and is based on three principles: empowered employees, safe teams, and a well-done job. This model encourages the creation and operation of teams in which workers assume a leading role in their own safety and that of their co-workers. To this end, various "Safe Teams" are formed, responsible for identifying risks in their work and the best way to address them. During 2020, these groups played a key role in dealing with the pandemic and were an essential factor in continuing to reinforce the preventive culture, and their work was extended to safe families.

» In addition, and for the same purpose, **ARAUCO** develops various prevention programs, in addition to implementing Corporate Operational Standards (EOC) and key safety rules, strengthening safety leadership, and conducting audits aimed at confirming standards, processes and roles, and specific campaigns, among other initiatives.

» **Abastible** has a People Safety Management System and a Process Safety Management System. The latter has been implemented in the four countries over the last four years, under a risk-based approach, according to OSHA 1910 standard. In addition, the affiliate has an Integrated Transportation Emergency System, seeking to prevent accidents in the gas transportation process and to prepare the company for possible emergencies. Duragas has begun to implement a "Road Safety Management Model", aligned with the pillars of the ISO 39001 standard.

» **Copec's** Environment, Prevention and Safety area is responsible for overseeing the Safety and Risk Management System and for carrying out a transversal analysis of safety gaps, investigating potential incidents and adopting concrete measures for a "zero fault" model. This system extends to the mining sites where Copec carries out contractual activities, including all its subcontractors. In 2020, the affiliate began to evaluate its critical

processes under the BowTie methodology, with a deeper analysis of its preventive and mitigating controls. Regarding transportation, Copec has implemented digital systems that allow, by means of sensors, to detect the level of drowsiness, distraction and microsleep events of drivers.

» **Terpel's** Health and Safety Management System (SGSST) seeks to prevent accidents and occupational illnesses and generate healthy work and life habits, such as self-care, timely reporting of health and safety news, and physical activity. This system focuses on designing and implementing procedures to prevent and control occupational accidents and illnesses; identifying hazards, evaluating and controlling agents and risk factors; and ensuring compliance with laws, rules and regulations.

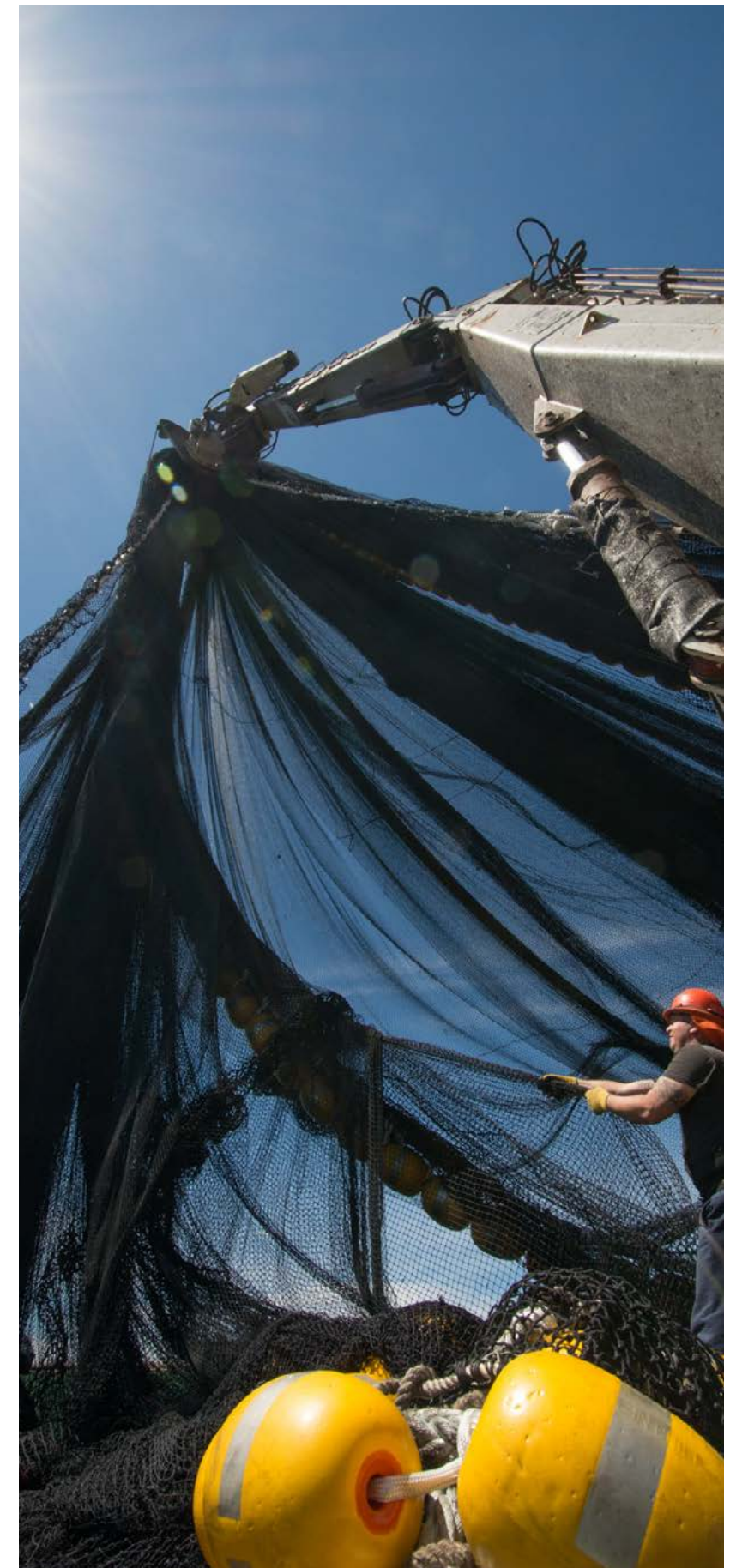
» **Orizon's** Occupational Risk Prevention Program is structured in four areas: Behavior, Learning, Leadership and Preventive Culture. Within the framework of this program, inspections of

unsafe conditions, behavioral observations and follow-up actions and evaluation of the activities performed are carried out. The William Fine method was used to identify and evaluate risks.

» It should be noted that, in Chile, companies have insurance against accidents and occupational diseases, in accordance with provisions of Law 16,744.

» In addition, each of the companies complement their health and safety programs with training sessions that address normative, regulatory and operational aspects. At a consolidated level during 2020, more than 3,100 health and safety courses were given to direct employees, equivalent to 112 thousand hours of training. Contractors received 80 thousand hours of health and safety training.

» During 2020, **ARAUCO** recorded a decrease in the Frequency Index (FI) and Severity Index 3 (IG3) of 16% and 12%, respectively, compared to 2019. It also achieved an index of





3.2 lost-time accidents and 161.4 lost days per million person hours worked. In 2020, eleven facilities recorded severity and/or frequency indicators at World Class level, and eleven facilities recorded more than one year without accidents. However, in this same period, one worker who was working as a finished product warehouse dispatch operator died in a work-related accident at the Puerto Piray sawmill in Argentina.

» **Copec** ended 2020 with an increase in the AMIK Transport indicator, which reached 0.22 incidents per million kilometers transported and 9.4 incidents per million cubic meters dispatched (AMM<sup>3</sup> Plants).

- » In the commune of Talcahuano, a contractor driver for **Abastible** died after his truck loaded with empty cylinders overturned. Meanwhile, two drivers of Duragas contractor companies died as a result of accidents on the road.
- » It is worth mentioning that the rest of the affiliates and Empresas Copec did not suffer any fatalities.
- » On the other hand, at the consolidated level, there are 167 Joint Health and Safety Committees, which are composed of representatives of management and employees. It is intended to support the development, implementation and evaluation

of the health and safety management system, identify, analyze and prevent accidents and occupational diseases, and disseminate relevant information in this area. In 2020, the Joint Committees were actively involved in defining and monitoring safety plans to deal with the pandemic.

JOINT HEALTH AND SAFETY COMMITTEES

Company	2018	2019	2020
ARAUCO	33	67	67
Abastible	24	23	23
Copec	9	7	6
Terpel	5	5	5
Arcoprime	68	67	61
Orizon	5	4	4
Empresas Copec	1	1	1
Total	145	174	167

EMPLOYEES

Company	Total Recordable Incident Rate (TRIFR <sup>64</sup> )		Lost Time Injury Frequency RateE (LTIFR <sup>65</sup> )	
	2019	2020	2019	2020
ARAUCO	N/D	6.35	N/D	0.52
Copec	10.76	9.97	0.21	0.00
Arcoprime	24.71	15.74	14.49	8.59
Terpel <sup>66</sup>	0.05	1.12	0.00	0.22
Abastible	0.00	0.59	1.84	0.59
Duragas	9.18	6.58	5.79	1.94
Solgas	2.75	1.39	2.75	1.39
Norgas	3.17	2.04	0.16	0.04
Orizon	5.38	4.48	3.12	2.32
Empresas Copec	0.00	0.00	0.00	0.00
Total	4.98	5.26	2.28	0.86

CONTRACTORS

Company	Total Recordable Incident Rate (TRIFR <sup>64</sup> )		Lost Time Injury Frequency RateE (LTIFR <sup>65</sup> )	
	2019	2020	2019	2020
ARAUCO	N/D	2.00	N/D	0.67
Copec	4.20	4.84	1.27	9.51
Arcoprime	N/D	N/D	N/D	N/D
Terpel <sup>66</sup>	N/D	0.00	N/D	0.00
Abastible	0.00	3.36	2.92	3.30
Duragas	15.25	18.38	0.87	0.00
Solgas	2.52	2.78	2.52	2.78
Norgas	N/D	0.00	N/D	0.00
Orizon	N/D	N/D	N/D	N/D
Empresas Copec	Does not apply	Does not apply	Does not apply	Does not apply
Total	3.22	2.20	1.83	1.47

<sup>64</sup> TRIFR: Total Recordable Incident Rate.  
<sup>65</sup> LTIFR: Lost Time Injury Frequency Rate.  
<sup>66</sup> Information considers only Terpel's operations in Colombia.



# SUPPORTING EMPLOYEES DURING THE PANDEMIC



In the complex scenario that is experienced globally as a result of Covid-19, Empresas Copec and its affiliates have put, first, health and safety of all its employees.

## EMPRESAS COPEC

Facilitated teleworking among its employees in order to avoid risks of infection and promote self-care. In addition, it carried out the campaign "We take care of ourselves together", where cleaning kits were given out and awareness-raising videos were broadcast. Also, in order to keep the team informed about contingency and interesting topics, the "Diálogos EC" were held, with experts spiking about the management of emotions, the global context marked by the pandemic, among other topics.

## ARAUCO

Launched the Conmigo program, an initiative to promote greater productivity, collaboration, flexibility and quality of life for employees who are teleworking. As a result, 42% of people perceived that the performance of their teams was strengthened and 86% were inclined to have a home office work scheme two or more days a week in the long term.

## ABASTIBLE

The company uses its "Familia Naranja" platform, specially designed to support the packaging distribution chain, to promote preventive actions in distribution centers and public deliveries. In Ecuador, Duragas conducts safety audits at customers' industrial facilities, controls the technical inspections of distributors' vehicles, and on-road inspections of truck drivers.

## COPEC

During the pandemic, the Copec Health Center played an important role in orientation, prevention, accompaniment and follow-up of cases of contagion.

## ARAUCO

It deployed the Emotional Management Program, which seeks to provide spaces and workshops for emotional management in a crisis. Individual virtual sessions led by an internal team of psychologists and online workshops for leaders and teams were held to provide tools for emotional and labor management in times of crisis. This initiative was deployed in Chile, Argentina and Mexico.

## ABASTIBLE

Based on a model of psychological well-being, Abastible implemented support and leadership remote workshops; a cycle of videos on leadership in times of crisis; mailing with tips and advice on different subjects: teleworking monographs, organization, support for children, self-care; a cycle of talks on emotional management; webinars for teleworking parents with children of different ages; data delivery for free time during the quarantine; coaching for field managers; talks with doctors, among others. The company also has the Employee Support Network (RAE), a service that provides free mental health care through psychologists, financial advice, legal consultations (lawyers) and family mediators.

## ARCOPRIME

The company conducted a mental health survey, in conjunction with ACHS, in order to design tools to address the various situations and concerns of employees.





# Human rights and freedom of association

Empresas Copec has a Human Rights Policy that states full rejection of child labor, harassment and discrimination in all its forms, along with respect for legal standards on freedom of association.

Company	2018		2019		2020	
	No. of Unions	Unionization %	No. of Unions	Unionization %	No. of Unions	Unionization %
ARAUCO	43	37%	49	41%	54	42%
Abastible	6	28%	6	28%	5	25%
Copec	3	52%	3	49%	3	48%
Terpel	1	1%	2	2%	2	3%
Arcoprime	4	3%	5	5%	5	5%
Orizon	6	57%	5	63%	5	66%
Empresas Copec	0	0%	0	0%	0	0%
Total	63	28%	70	30%	74	30%

## PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

Company	2018	2019	2020
ARAUCO	40%	58%	79%
Abastible	40%	41%	38%
Copec	97%	98%	96%
Terpel	76%	70%	70%
Arcoprime	3%	3%	3%
Orizon	81%	85%	86%
Empresas Copec	0%	0%	0%
Total	40%	50%	62%

In 2020, ARAUCO conducted collective bargaining with 14 unions and five groups of workers, all within legal deadlines. The agreements reached were in line with a strategy of granting benefits and compensation in line with the company's reality and in favor of the workers. The collective instruments included a 36-month term, bargaining termination bonuses, loans, and improved benefits, considering age and geographic characteristics.

Meanwhile, Arcoprime conducted collective bargaining with Puerto Varas Pronto Union, agreeing to a three-year contract.

Abastible, for its part, approved in 2020 the human rights policy that contains international human rights principles such as non-discrimination, the prohibition of child labor, freedom of association and collective bargaining, and health and safety, among others.

Finally, Orizon completed collective bargaining with the Intercompany Union of Motorist Officers within the legal term, and talks with the Tierra Coronel Union were postponed by mutual agreement due to the pandemic.

Additionally, Terpel developed its own Human Rights guideline, which is aligned with the main international instruments and is applicable to all its operations.





# Work environment



Companies conduct annual diagnostic studies of the work environment. In particular, in 2020, these evaluations were linked to the state of the teams during the pandemic.

During 2020, and despite the effects of teleworking and confinement, the affiliates that applied organizational climate measurement instruments obtained high levels of favorability (between 79% and 95%).

- » **ARAUCO** conducted its annual regional organizational climate survey in Chile, Brazil, Argentina, Mexico, North America and its commercial offices, a tool that contains 64 questions that help identify strengths and opportunities for improvement and provide leaders with information to optimize management of their teams.
- » **Abastible** work environment was measured according to the Great Place to Work methodology, and at Copec, the People First methodology was used.
- » **Abastible, Copec y Empresas Copec** conducted telework surveys to know the perception and opinion of the employees about this work modality, their state of mind and evaluation of the communications provided.
- » **Terpel** conducted the first Regional Census of Remote Workers to know the opinion of employees and their perception of teleworking.

Company	2018		2019		2020	
	% Answers	% Favorability	% Answers	% Favorability	% Answers	% Favorability
ARAUCO	77%	72%	74%	80%	90%	79%
Abastible	88%	88%	89%	89%	84%	89%
Solgas	87%	81%	95%	86%	97%	87%
Norgas	98%	94%	91%	96%	91%	95%
Duragas	99%	93%	98%	95%	97%	95%
Copec	91%	76%	91%	76%	91%	81%
Terpel	81%	66%	Not conducted		Not conducted	
Arcoprime	84%	N/D	89%	84%	Not conducted	
Orizon	100%	73%	Not conducted		88%	81%
Empresas Copec	Not conducted		Not conducted		Not conducted	





102-45	102-51
102-46	102-52
102-47	102-53
102-48	102-54
102-49	102-55
102-50	102-56

# About this Report

# About this Report

The sixth Sustainability Report of Empresas Copec presents in a consolidated way the information related to its management and that of its affiliates in economic, social and environmental matters for the period between January 1 and December 31, 2020, and complements the content disclosed in the 2020 Annual Report.

It is worth mentioning that this report was prepared considering the following voluntary international standards and guidelines, which seek to unify the disclosure of information and in a way to make it clear, complete and comparable:



**GLOBAL REPORTING INITIATIVE (GRI)**  
[www.globalreportinginitiative.org](http://www.globalreportinginitiative.org)

This report has been prepared in accordance with the GRI standards: Core option, the main reference in non-financial information transparency.



**SUSTAINABLE DEVELOPMENT GOALS (SDG)**  
[www.un.org/sustainabledevelopment/es/objetivos-de-desarrollo-sostenible](http://www.un.org/sustainabledevelopment/es/objetivos-de-desarrollo-sostenible)

Throughout this report, the contribution of the Company and its affiliates to the United Nations 2030 Agenda is shown. A roadmap agreed by world leaders to achieve a set of global goals to eradicate poverty, protect the planet, and ensure prosperity for all.



**SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)**  
[www.sasb.org](http://www.sasb.org)

Specifically, this report responds to SASB's specific indicators to measure and communicate performance on ESG issues included in the Oil & Gas industries - Refining and Marketing, Forestry Management and Pulp & Paper Products.



**TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)**  
<https://www.fsb-tcfd.org>

This document considers the disclosure recommendations on financial risks related to climate change, prepared by TCFD, which are presented in the risk management section.

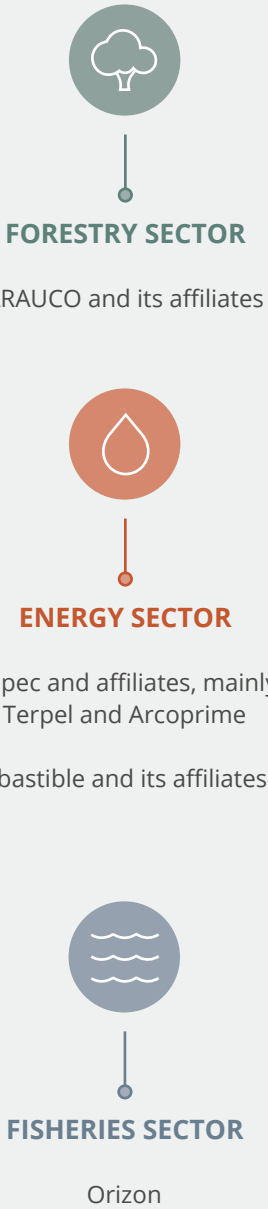


Scope

The Sustainability Report includes the impacts of Empresas Copec's operations in each of the countries where it operates and, unless otherwise indicated, consolidates the information of those affiliates where the Company owns more than 50%.

The techniques and bases for measuring the data, as well as the significant changes related to previous periods, where applicable, are detailed throughout the Report.

It is worth mentioning that this report also includes some specific initiatives of the associate Golden Omega, a company that has shown significant progress in terms of sustainability and that, due to the definition of the scope, is outside the consolidation process.



Materiality analysis

The materiality process was carried out in accordance with the guidelines established by the GRI standard, considering the main expectations of the stakeholders and the most significant impacts on the organization.

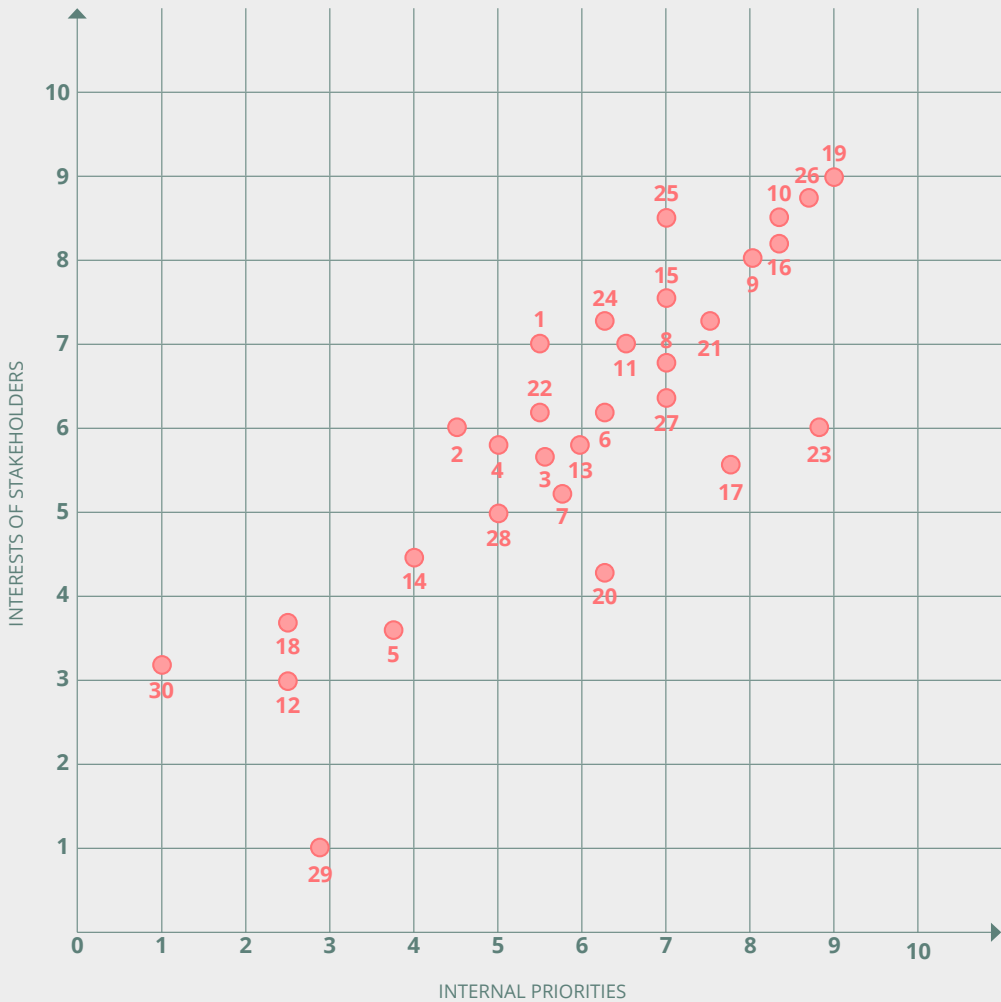
Regarding stakeholders, the results of questionnaires, evaluations and questions from investors and national and international market analysts on ESG (environmental, social and governance) issues were taken into account.

Meanwhile, the impacts were prioritized through interviews with the main executives of Empresas Copec and its affiliates, where strategic objectives and main events of the year were analyzed.

With all of the above, the materiality matrix presented below was constructed, which was validated by the Company's general manager and reported to the Board of Directors.

It should be noted that the Corporate Affairs area is in charge of compiling, consolidating and validating the data included in this document.

CONSOLIDATED MATERIALITY



1. WATER

2. BIODIVERSITY

3. TRAINING

4. CERTIFICATIONS

5. WORKING ENVIRONMENT

6. REGULATORY COMPLIANCE

7. CAREER DEVELOPMENT

8. DIVERSITY AND EQUAL OPPORTUNITIES

9. EFFLUENTS AND SPILLS

10. EMISSIONS AND CLIMATE CHANGE

11. ENERGY

12. SALARY EQUITY

13. ETHICS - ANTITRUST - ANTI-CORRUPTION

14. EMPLOYMENT GENERATION

15. RISK MANAGEMENT

16. CORPORATE GOVERNANCE
17. INNOVATION AND NEW SOLUTIONS

18. FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

19. PANDEMIC - COVID 19

20. ENVIRONMENTAL PRODUCTS AND SOLUTIONS

21. COMMUNITY RELATIONSHIP

22. SENIOR EXECUTIVE REMUNERATION

23. PROFITABILITY AND ECONOMIC GROWTH

24. SOLID WASTE

25. CLIMATE CHANGE RISKS

26. HEALTH AND SECURITY

27. CUSTOMER SATISFACTION

28. INFORMATION SECURITY - CYBERATAKCS

29. PRODUCT SAFETY

30. VOLUNTEERING

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GRI CONTENT INDEX

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		303-2	Management of water discharge-related impacts	128
		303-3	Water withdrawal	127
		303-4	Water discharge	152
Biodiversity	GRI 304: Biodiversity, 2016	304-2	Significant impacts of activities, products, and services on biodiversity	132
		304-3	Habitats protected or restored	134
Training	GRI 404: Training and Education, 2016	404-1	Average hours of training per year per employee	189
		404-2	Programs for upgrading employee skills and transition assistance programs	187
Working Environment	Own indicator	-	Number of responses to the survey	200
		-	Percentage of employees who think their company is a good place to work	200
Energy consumption	GRI 302: Energy, 2016	302-1	Energy consumption within the organization	122
		302-3	Energy intensity	123
Regulatory compliance	GRI 419: Socioeconomic Compliance ,2016	419-1	Non-compliance with laws and regulations in the social and economic area	89
Career development	GRI 404: Training and Education, 2016	404-3	Percentage of employees receiving regular performance and career development reviews	190
Supplier development	GRI 204: Procurement Practices, 2016	204-1	Proportion of spending on local suppliers	99
Local socioeconomic development	GRI 413: Local Communities, 2016	413-1	Operations with local community engagement, impact assessments, and development programs	156
Diversity and equal opportunities	GRI 405: Diversity and Equal Opportunity, 2016	405-1	Diversity of governance bodies and employees	52/55/176
Own Headcount and Contractors	GRI 401: Employment, 2016	401-1	New employee hires and employee turnover	186
Spills	Own indicator	-	Significant spills	154
Emissions and climate change	GRI 305: Emissions, 2016	305-1	Direct (Scope 1) GHG emissions	140
		305-2	Energy indirect (Scope 2) GHG emissions	140
		305-3	Other indirect (Scope 3) GHG emissions	140
		305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	144
Tax Strategy	GRI 207: Tax, 2019	207-1	Approach to tax	85
		207-4	Country-by-country reporting	85



TOPIC	STANDARD	INDICATOR	CONTENTS	PAGE
Ethics - Antitrust - Anti-corruption	GRI 206: Anti-competitive Behavior, 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	89
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Risk Management	Own indicator	-	Risk management system	61
Corporate Governance	Own indicator	-	Progress in the implementation of good Corporate Governance practices	48
Innovation and New Solutions	Own indicator	-	Description of innovation programs and projects and results	102
Internationalization	Own indicator	-	Main investment and expansion projects to other countries	86
Public Policy	GRI 415: Public Policy, 2016	415-1	Political contributions	73
Environmental Production and Services	Own indicator	-	Products and services with a positive environmental or social impact	106
Community Relations	Own indicator	-	Community relations initiatives	156
Investor Relations	Own indicator	-	Transparent investor relations practices	77
Senior Executives Remuneration	Own indicator		Own indicator	54
Solid waste	GRI 306: Effluents and Waste, 2016	306-2	Waste by type and disposal method	146
Health and security	GRI 403: Occupational Health and Safety, 2018	403-1	Occupational health and safety management system	192
		403-2	Hazard identification, risk assessment, and incident investigation	192
		403-3	Occupational health services	192
		403-4	Worker participation, consultation, and communication on occupational health and safety	192
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		403-8	Workers covered by an occupational health and safety management system	194
		403-9	Work-related injuries	195
Information Security - Cyber Attacks	Own indicator	-	Information security safeguarding initiatives	72

# SASB table of contents

As of 2020, the indicators proposed by SASB (Sustainability Accounting Standards Board) are included in the Sustainability Report, an initiative that promotes the dissemination of specific sustainability metrics by industry.

In the case of Empresas Copec, due to the nature of the businesses of its various affiliates, the indicators related to the Oil & Gas - Refinery & Marketing, Forest Management and Pulp and Paper Products industries are taken into consideration.



OIL & GAS – REFINING & MARKETING

Topic	Code	Accounting metric	Unit of measure	Page
Greenhouse Gas Emissions	EM-RM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	tCO <sub>2eq</sub> , %	140
	EM-RM-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	138
Air Quality	EM-RM-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SOx, (3) particulate matter (PM10), (4) H2S, and (5) volatile organic compounds (VOCs)	Tons	144
	EM-RM-120a.2	Number of refineries in or near areas of dense Population	Number	Not applicable
Water Management	EM-RM-140a.1	(1) Total fresh water withdrawn, (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress	tons, %	126
	EM-RM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Number	128
Hazardous Materials Management	EM-RM-150a.1	Amount of hazardous waste generated, percentage recycled	tons, %	148
	EM-RM-150a.2	(1) Number of underground storage tanks (USTs), (2) number of UST releases requiring cleanup, and (3) percentage in states with UST financial assurance funds	Number, %	154
Workforce Health & Safety	EM-RM-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Rate	195
	EM-RM-320a.2	Discussion of management systems used to integrate a culture of safety	-	192
Product Specifications & Clean Fuel Blends	EM-RM-410a.1	Percentage of Renewable Volume Obligation (RVO) met through: (1) production of renewable fuels, (2) purchase of “separated” renewable identification numbers (RIN)	%	Not applicable
	EM-RM-410a.2	Total addressable market and share of market for advanced biofuels and associated infrastructure	US\$ , %	Not applicable

Topic	Code	Accounting metric	Unit of measure	Page
Pricing Integrity & Transparency	EM-RM-520a.1	Total amount of monetary losses as a result of legal proceedings associated with price fixing or price manipulation	US\$	89
Management of the Legal & Regulatory Environment	EM-RM-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	-	Not applicable
Critical Incident Risk Management	EM-RM-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1) and lesser consequence (Tier 2)	Rate	154
	EM-RM-540a.2	Challenges to Safety Systems indicator rate (Tier 3)	Rate	154
	EM-RM-540a.3	Discussion of measurement of Operating Discipline and Management System Performance through Tier 4 Indicators	-	Not applicable

Activity metric	Code	Unit of measure	Answer
Refining throughput of crude oil and other feedstocks	EM-RM-000.A	Barrels of oil equivalent (BOE)	Copec and Terpel do not carry out refining activities
Refining operating capacity	EM-RM-000.B	Million barrels per calendar day (MBPD)	Copec and Terpel do not carry out refining activities



FORESTRY MANAGEMENT

Topic	Code	Accounting metric	Unit of measure	Page
Ecosystem Services & Impacts	RR-FM-160a.1	Area of forestland certified to a third-party forest management standard, percentage certified to each standard	acres <sup>67</sup> , %	43
	RR-FM-160a.2	Area of forestland with protected conservation status	acres	134
	RR-FM-160a.3	Area of forestland in endangered species habitat	acres	132
	RR-FM-160a.4	Description of approach to optimizing opportunities from ecosystem services provided by forestlands	-	132
Rights of Indigenous Peoples	RR-FM-210a.1	Area of forestland in indigenous land	acres	N/D
	RR-FM-210a.2	Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community	-	161
Climate Change Adaptation	RR-FM-450a.1	Description of strategy to manage opportunities for and risks to forest management and timber production presented by climate change	-	63

Activity metric	Code	Unit of measure	Answer
Area of forestland owned, leased, and/ or managed by the entity	RR-FM-000.A	acres	4.3 million (equivalent to 1.7 million hectares)
Aggregate standing timber inventory	RR-FM-000.B	m³	217.3 million
Timber harvest volume	RR-FM-000.C	m³	22 million

<sup>67</sup> According to the local context and current regulations, the indicators are reported in hectares (ha).

PULP & PAPER PRODUCTS

Topic	Code	Accounting metric	Unit of measure	Page
Greenhouse Gas Emissions	RR-PP-110a.1	Gross global Scope 1 emissions	tCO <sub>2</sub> eq	140
	RR-PP-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	-	138
Air Quality	RR-PP-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N2O), (2) SO2, (3) volatile organic compounds (VOCs), (4) particulate matter (PM), and (5) hazardous air pollutants (HAPs)	tons	144
Energy Management	RR-PP-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage from biomass, (4) percentage from other renewable energy	GJ, %	122
Water Management	RR-PP-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	thousand of m³, %	126
	RR-PP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	-	128
Supply Chain Management	RR-PP-430a.1	Percentage of wood fiber sourced from (1) third-party certified forestlands and percentage to each standard and (2) meeting other fiber sourcing standards and percentage to each standard	%	N/D
	RR-PP-430a.2	Amount of recycled and recovered fiber procured	tons	149

Activity metric	Code	Unit of measure	Answer
Pulp production	RR-PP-000.A	Air-dried metric tons (t)	3.7 million
Paper production	RR-PP-000.B	Air-dried metric tons (t)	ARAUCO does not manufacture paper
Total wood fiber sourced	RR-PP-000.C	Metric tons (t)	5.4 million



