



EMPRESAS COPEC A SUSTAINABLE MANAGEMENT MODEL IN ACTION

July 2021

EMPRESAS COPEC AT A GLANCE



Chilean industrial Group, with productive assets in 16 countries, focused in natural resources and energy

FUELS

- Main distributor of liquid fuels in Chile and Colombia
- Largest distributor of liquefied gas in Chile, Colombia, Peru and Ecuador
- Stake in the largest natural gas distributor in Chile

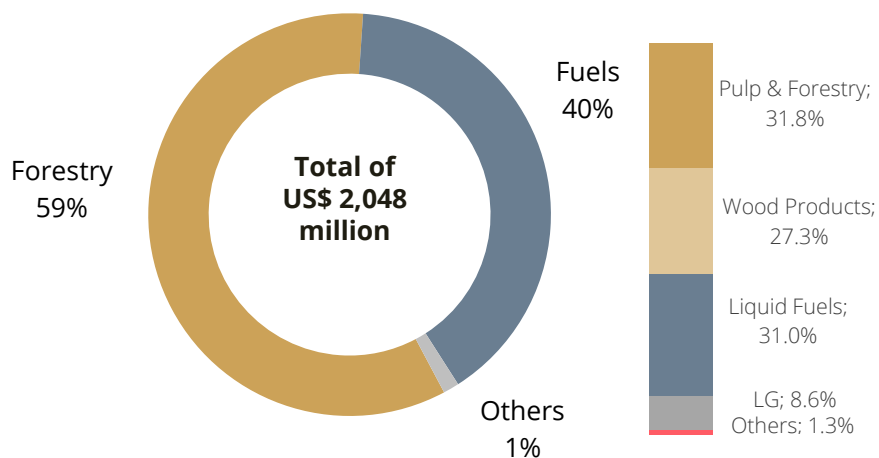
FORESTRY

- Second largest global market pulp producer
- Second largest global wood panels producer
- Largest sawn timber producer in LatAm

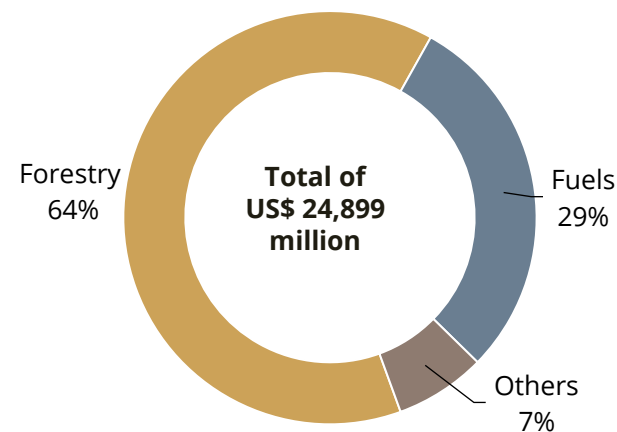
OTHERS

- Relevant operations in the fishing industry
- Participates in metal mining

Consolidated EBITDA



Consolidated Assets



| A SUSTAINABLE MANAGEMENT MODEL IN ACTION



Mission:

- Empresas Copec is a world-class company, seeking to deliver an **attractive level of profitability in the long term** to our investors.
- The company invests primarily in **energy and natural resources** and, in general, in business areas where it creates value in a **sustainable way**.
- We conduct our activities with excellence and act in all decisions according to the **highest ethical and transparency standards**.
- Empresas Copec strives to be a **good citizen** and address and respect the interests of **all stakeholders**.
- The Company **contributes to the development of Chile and the different countries** where it conducts productive and commercial activities.

Vision:

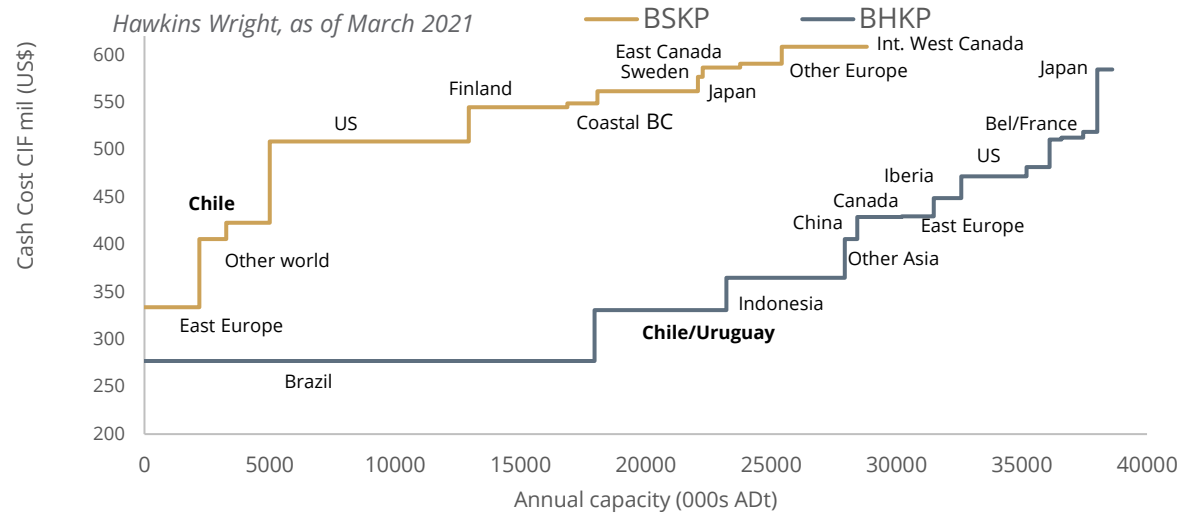
- To build a reliable and **sustainable future for everyone**.

COMPETITIVE ADVANTAGES



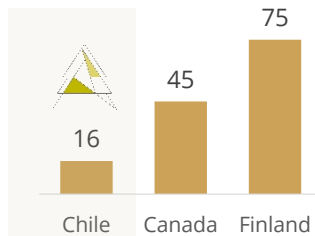
FORESTRY

LOW PULP CASH COST



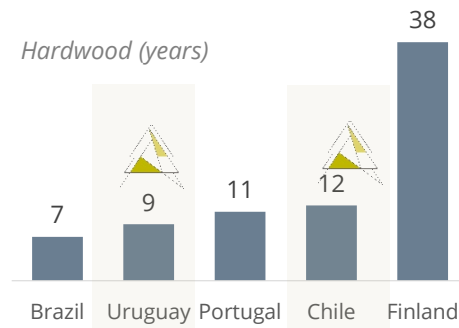
SHORT HARVESTING CYCLE

Softwood (years)



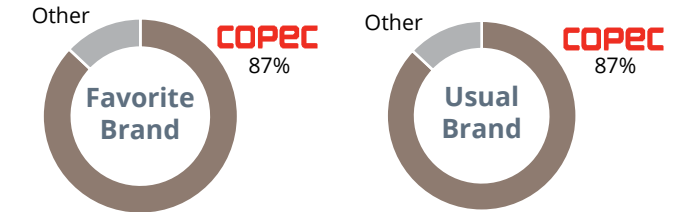
Source: Empresas Copec

Hardwood (years)



FUELS

STRONG BRAND RECOGNITION

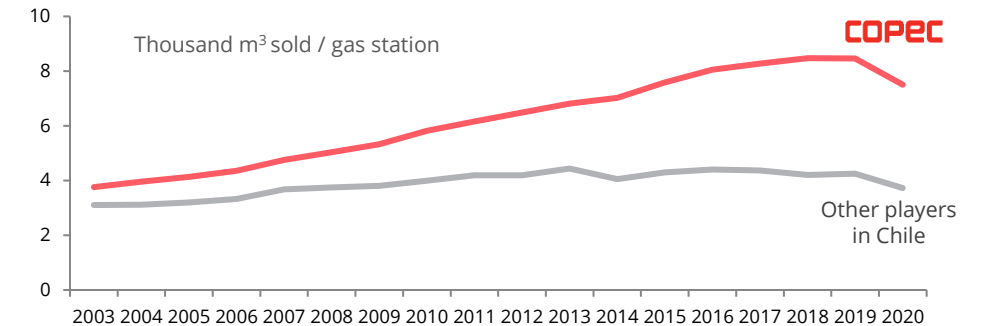


LARGE SCALE, COVERAGE AND SYNERGIES

- More than 3,300 gas stations
- Distribution of 22.9 million m³
- Storage and importing facilities
- Industrial clients
- Convenience stores and lubricants



LOGISTIC EFFICIENCY



CONTRIBUTION TO SUSTAINABLE DEVELOPMENT GOALS



- The Company implements plans and programs with specific goals that are in line with the United Nations Sustainable Development Goals.
- 87% of the energy consumption of Empresas Copec comes from renewable*.
- During 2020, **Arauco was the first forestry company to certified carbon neutrality.**



*Figures for 2019

| EMPRESAS COPEC TAKES THE RECOMMENDATIONS OF TCFD



- Empresas Copec is aware that global climate change may negatively impact business, financial position and operating results, **and takes on board the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD)**, in terms of:
 - **Governance:** The Management is responsible for developing and implementing the necessary policies and procedures to ensure proper management and risk control.
 - Affiliates are responsible for continually monitoring and assessing key risks.
 - **Risk Management:** Management is responsible for continuous monitoring of risks in its daily activities, being always necessary permanent communication and consultation with directors, senior management, operating divisions, committees, etc.
 - Arauco, Copec, Abastible and Orizon are also implementing measures and strategies in terms of prevention and risk management.



EMPRESAS COPEC TAKES THE RECOMMENDATIONS OF TCFD



- **Strategy:** Taking into consideration the nature of the businesses, major climate change-related risks include:
 - Scarcity of water; Fires; Disruption of forests' growth; Less fishing resource; Regulatory, political, legal and technological changes; Consumer expectations.
 - Opportunities to face climate change: forests and wood products ability to store carbon dioxide; studies on forest adaptation to climate change; availability of alternative energy sources; range of products with certifications on sustainable fisheries, including IFFO-RS; Carbon credit sales.
- **Metrics and targets:** Empresas Copec includes annually in its Sustainability Report metrics related to energy and water consumption, greenhouse gas emissions and other emissions, generation of hazardous and nonhazardous waste, effluents, spills and protection to biodiversity.



| SUSTAINABILITY INDEXES AND RATINGS



- Empresas Copec is part of the most relevant global indexes:
 - Member of DJSI Chile and MILA Pacific Alliance. Additionally, Empresas Copec qualified for the Sustainability Yearbook, with the Industry Moving Status distinction.
 - FTSE4Good.
 - “A” grade in MSCI ESG Rating.
- “B” grade in CDP Climate Change, steadily improving in the last 2 years.
- Empresas Copec was one of the top 3 companies with best corporate governance according to the recent study “La Voz del Mercado 2020”, performed by EY and *Bolsa de Santiago*.
- Empresas Copec was one of only four companies nominated on all categories (Corporate Governance, Sustainability, IR) in the Alas20 ranking by GovernArt and Vigeo Eiris.



FTSE4Good



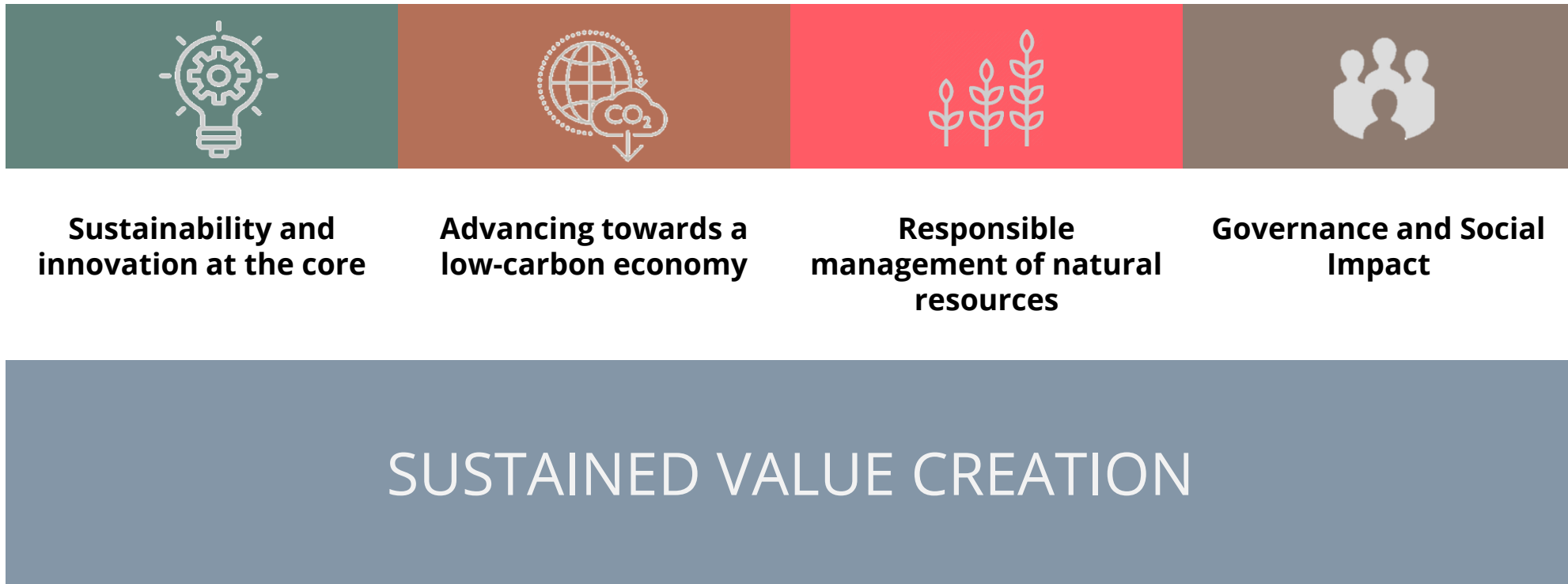
In collaboration with a RobecoSAM brand



TOWARDS A SUSTAINABLE FUTURE



- Empresas Copec has been evolving to ensure its businesses are resilient even under new and volatile conditions, so they can thrive and continue to deliver value for all stakeholders.
- We are doing this in four main ways:





SUSTAINABILITY AND INNOVATION AT THE CORE

| SUSTAINABLE FORESTRY MANAGEMENT

- Trees represent one of the strongest existing strategies to advance climate change mitigation.
- Forestland is managed under Responsible Forest Management practices and is primarily intended to meet the company's own industrial needs.
- Production processes are certified to the highest global standards.
- 100% of Arauco's forests are FSC and/or PEFC certified.
- Entire wood supply comes from non-native forests.
- Native forests and high social and environmental value areas are duly protected.
- Arauco's Biodiversity and Ecosystem Services Policy emphasizes assessment and management of potential effects of production on biodiversity.

Native forests and protection zones, among them the **Oncol** and **Coyanmahuida** natural parks, account for **~30%** of forestland.



| RESPONDING TO SUSTAINABILITY DRIVERS IN PULP



- New uses for pulp are emerging:
 - According to UN, single use plastics represent around 50% of total production of plastics and are facing strong social and regulatory opposition. Material made from pulp is a substitute.
 - WEF states that the fashion industry is the second largest consumer of world water supply. Dissolving pulp represents a more friendly alternative than traditional fibers, as cotton, in terms of land and water usage.
- The MAPA project is increasing Arauco's wood pulp capacity by nearly 30%.
- The Valdivia mill has been converted into dissolving pulp.



WOOD PANELS: RENEWABLES FOR CONSTRUCTION



- Arauco manufactures a wide variety of sawn timber products, plywood, fiberboard and particleboard, remanufactured wood and moldings, for the furniture and construction industries.
- **Solid wood products lock away carbon and replace larger carbon footprint building materials such as steel, concrete and aluminum.**
- Wood construction has several advantages that make it the only natural and renewable resource that can be used at a large scale in construction and furniture.
- Very good seismic, thermal insulation performance and durability.
- Arauco is pioneering a new mindset in standardized construction based on wood, through its affiliate E2E. Its affordability makes it especially attractive for social housing.



LEADING NEW MOBILITY

Copec Voltex is the leader in EV charging infrastructure:

- Network covers 1,400 kilometers in Chile. Most extensive in South America.
- Serves industrial segment via electric bus charging points. Largest terminal outside of China. The terminal uses only energy from renewable source.
- Terpel is also advancing on the Terpel Voltex network.

WIND Ventures is the corporate venture capital arm of Copec:

- Objective is to lead the mobility, energy and retail transformations by opening up Copec's capabilities to develop startups and scaleups.
- Some investments:
 - Turntide: develops efficient, cheap, and green technology for electric motors.
 - Stem: provides solutions of energy storage associated to AI.



| ENABLING TRANSITION TO LOWER EMISSION ALTERNATIVES



- According to CDT*, woodfire represents 40% of Chilean domestic energy consumption, and is the most used fuel in lower income sectors.
- Use of LG as a substitute of other fuels such as coal, oil and firewood, offers several advantages.
- An Innovation and Technology Department was created at Abastible:
 - Study and analyze new trends in the LG and clean energy industry.
 - Anticipate technological changes and identify business opportunities.
- Abastible has developed over 50 projects comprising LG and other energy sources, enabling multiple companies to reduce their energy costs, optimize their productive processes, and improve their environmental profile.



* CDT (2019): Report on household energy use in Chile 2018.



ADVANCING TOWARDS A LOW-CARBON ECONOMY

ARAUCO LEADS IN CARBON NEUTRALITY



- Arauco certified, by PWC with a methodology designed by Deloitte, its carbon neutrality in 2020 and became the first forestry company worldwide to achieve this goal, fulfilling the announcement made at the 2019 UN Climate Action Summit.
- Carbon neutrality was achieved with net absorption of 2.6 MtCO₂e in 2018.
- Calculations includes Scope 1 + Scope 2 + Scope 3 carbon emissions, offset by sequestration and capture in products.
- 92% of Arauco's energy sources in Chile are clean and renewable in 2019.
- Objective is to continue reducing emissions at an annual rate of 2.5%.

**ANTE LOS
DESAFÍOS PARA
UN MUNDO MÁS
SUSTENTABLE
NO SOMOS
NEUTRALES**



 **carbono neutral**

La captura y retención de carbono de nuestros bosques y productos, supera a nuestras emisiones. Y nos comprometemos por más.

ARAUCO, primera empresa forestal del mundo en certificar su carbono neutralidad.

arauco



ARAUCO EXPANDING USE OF RENEWABLE ENERGY



- For more than 20 years, Arauco has been producing clean and renewable energy from forest biomass and is currently one of the main NCRE producers in Chile, with an installed capacity of 606 MW.
- Power plants are registered under internationally recognized standards such as the Clean Development Mechanism (CDM), and annually offset about 650,000 tCO₂e.
- MAPA project, is self-supplied with clean energy from biomass and will generate an estimated surplus of 132 MW.

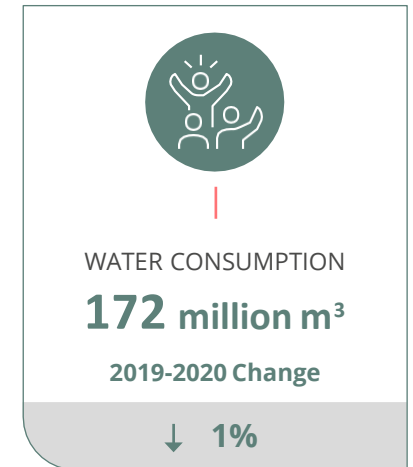




RESPONSIBLE MANAGEMENT OF NATURAL RESOURCES

R&D AND RESPONSIBLE WATER MANAGEMENT

- **Bioforest** is a research center that develops and applies technologies to maximize productivity in forestry activities.
- During the last years, Bioforest has improved tolerance to different hydric conditions, developed new genetic material and started the program for hybrids in pine and eucalyptus, studied formaldehyde-free adhesives made from natural materials for particleboard and MDF, among other initiatives.
- The **Water Management Strategy** of Arauco is a multidisciplinary approach to a complex problem, based on:
 - Prevention and mitigation in forestry activities, by recollecting data, identification of fragile soil, the at most respect of protection zones, and registration and protection of water sources in the company's territory.
 - Contribution to communities with water access points, design and engineering of better water systems.
- Forestry plantations consume water at a similar rate than native forest and are not irrigated.



PREVENTING WILDFIRES

Strong preventive and protective measures are taken in order to take care of the integrity of forestlands, in collaboration with authorities and communities.

- Five pillars: Prevention; Detection; Strengthening combat; Emergency management; Equipment.
- 22 helicopters, 2 firefighting airplanes, 127 crews accounting for +1,600 firefighters, +40 watchtower, 90 trucks.

Investment grew 163% in a 4-year span.



WASTE GENERATION



- Araucos' pilot plan at Constitución Pulp Mill to transform 55% of waste into products.
 - This project will allow the mill to transform 40% of waste in 2021 from the current 10%.
- Recovered pulp business waste is used to produce concrete and cement; soil improver; production of fertilizer, among others.
- Copec's affiliate Via Limpia is the national leader in comprehensive management of hazardous waste. It provides consultancy, transportation and storage services and final disposal of hazardous and nonhazardous waste. During 2020, Via Limpia removed 24,531 tons of waste.





GOVERNANCE AND SOCIAL IMPACT

STRONG CORPORATE GOVERNANCE



Empresas Copec governance is based on solid principles, that translate into contributions that go beyond direct economic benefits:

- Appropriate allocation of Company's responsibilities.
- Consideration of all stakeholders in decision making.
- Equitable treatment of shareholders.
- Complete and timely information to the market.
- Full compliance with existing regulation, going further if possible.

GOVERNANCE FIGURES



9 Board Members, of which 5 are independent*. A diverse board in terms of gender, skills, experience and age.



Committees: Directors' Committee, Ethics Committee, and Information Security Committee .

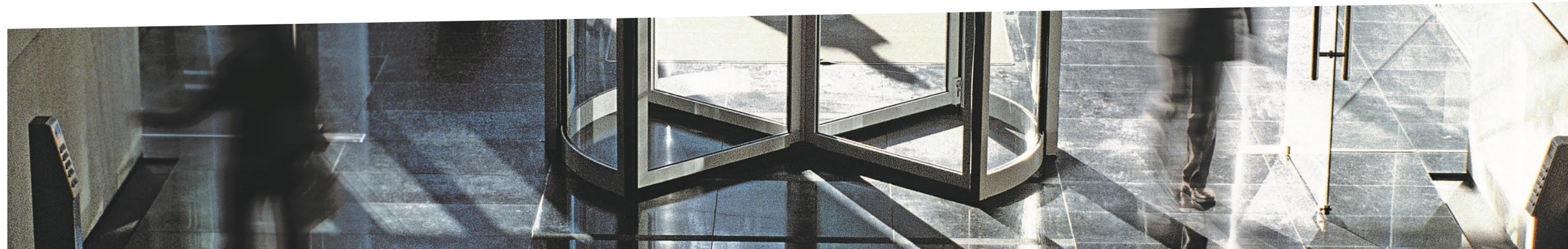


Manual for handling of information, Code of Ethics, Policies for: Risk Management, Sustainability, Community Contribution, Free Competition, Tax



Permanent external evaluation on audits, risk management, and compliance.

*According to SAM definitions, in association with S&P.



TALENT AND SECURITY ARE PRIORITY

- Made health and safety an integral part of our everyday business and culture.
- Created values-based and performance-led culture, providing an engaging employment experience where people can grow and excel.
- During 2019, Copec set a minimum salary above the legal minimum salary .
- Employees figures:
 - 94% of employees with indefinite contract.
 - 35% of new positions were filled by internal personnel.
 - 68% of the workforce with training, with 16.0 hours/person/year and with an investment of approximately MUS\$ 5.9.



OVER 30 YEARS GENERATING SOCIAL IMPACT



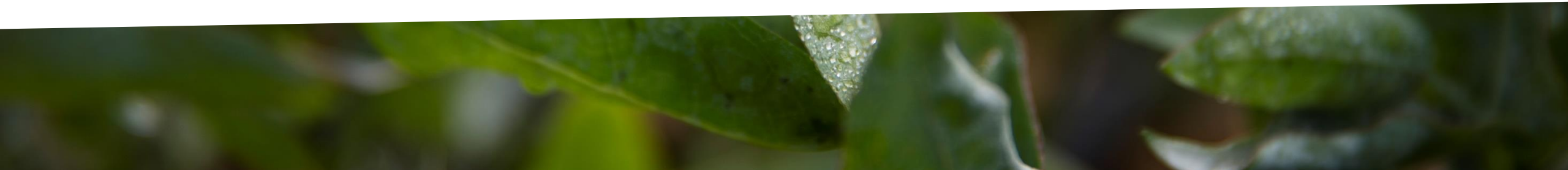
In 2020, social investment reached MUS\$ 23, with 35% destined to educational projects and 24% was allocated to combat the effects of the pandemic.

Educational projects: creating a positive impact on wellbeing and quality of life.

- *Fundación Educacional Arauco:* has trained personnel from local communities during 30 years.
- *Fundación Copec UC:* has boosted applied science and research since 2002.
- *Campus Arauco Duoc-UC:* technical education in a dual format and +150 graduated.

Strengthen community relations: promoting participation and collaborative networks, seeking to create mutual growth and shared value projects.

- *Relationship program with indigenous communities in Chile and Argentina.*
- *Developing the community at the MAPA project:* Arauco founded an E+E Agency to enhance local entrepreneurship and employability. There are several local development projects, designed in conjunction with the community, for around MUS\$ 8.5.





SUSTAINED VALUE CREATION

| NEW SOURCES OF FINANCING



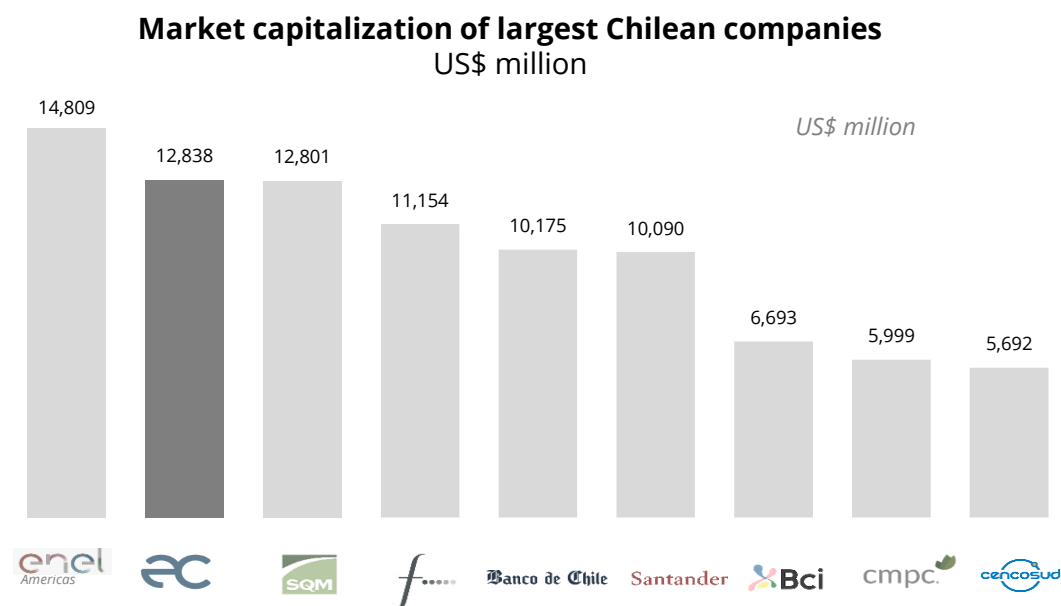
- In 2019, Arauco issued two **sustainable bonds** in the international market, for a total of US\$ 1,000 million.
- Already fulfilled the commitment to allocate an amount equal to the proceeds to finance green and social projects.
- The majority of the projects are related to Sustainable Land Use and Forest Management, Pollution Prevention and Control and Sustainable Water Management.
- First sustainable bond in Chile and Latin America by a forestry company.



VALUE CREATION



- Long-term vision and the work of the Empresas Copec team that have allowed to lead markets and grow sustainably.
- Sustained trajectory of value creation, allowing the Company's stock to achieve an average annual dollar profitability of 12.9% since 1987.
- The Company has maintained its investment grade since 1995, even in the most difficult market environments, showing strong resiliency.
- As of November 24th, Empresas Copec is the second largest company in Chile in terms of market capitalization.



*Market Cap as of June 4th 2021

ANEX 1: DATA



	2017	2018	2019	2020
Empresas Copec consolidated				
Headcount	34.545	36.166	37.757	37.070
% of women	30%	29%	29%	29%
Profit (Loss) ThUS\$	639.322	1.070.698	172.019	190.653
Environmental investment ThUS\$	92.218	98.440	61.315	67.268
% of profits	14%	9%	36%	35%
Social investment ThUS\$	19.875	21.759	17.951	22.837
% of profits	3%	2%	10%	12%
Total suppliers	39.512	41.624	37.712	36.611
% Small and medium size companies (SMEs)		28%	27%	20%
GHG emissions (in tCO2eq) Scope 1**	1.385.162	1.459.575	*	*
GHG emissions (in tCO2eq) Scope 2**	602.255	567.060	*	*
GHG emissions (in tCO2eq) Scope 3**	2.833.521	3.018.789	*	*
Total emissions (in tCO2eq)**	4.820.938	5.045.424	*	*
Non-Hazardous Waste (Tons)	472.840	508.488	549.027	646.169
Forestry division				
High Conservation Value Areas (HCVAs)(Hectares)	126.185	126.025	125.217	132.866
Water consumption (Thousands M3)	165.900	166.600	159.300	157.500
Forest Fires investment ThUS\$	41.850	53.755	52.700	55.300

*No data available yet. **Does not include captured CO2.

ANEX 2: MAIN CERTIFICATIONS

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