

COMPLIANCE PROGRAM MANUAL PRINCIPLES AND REGULATIONS ON FREE COMPETITION

January, 2019

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MESSAGE FROM THE CHAIRMAN OF THE BOARD AND THE EXECUTIVE VICE-PRESIDENT

Free competition among economic agents is one the cornerstones for the correct and natural functioning of markets.

Precisely for this reason, there are various legal provisions around the world that seek to ensure and guarantee healthy, honest and intense competition between the agents that conduct business activities in each country's markets. Thus, legal regimes ultimately seek to safeguard competitively functioning markets and thereby increase consumer welfare.

In light of the above, in its permanent commitment to comply with all aspects of the legal systems of the jurisdictions in which the company operates, ARAUCO has adopted respect for Free Competition as one of its fundamental principles, as is expressly recognized by our Code of Ethics.

For ARAUCO, it is not only important to emphatically prohibit and reject any conduct in breach of Free Competition. ARAUCO, as an additional measure, has also assumed a commitment to promote a culture of Free Competition within the company that allows all of our workers to familiarize themselves with the relevant legal framework, as well as to encourage good practices that should be followed in this regard.





For these purposes, in 2013 we developed a Compliance Program of Principles and Regulations on Free Competition that systematizes, organizes and addresses several initiatives that the company had previously been promoting to highlight the importance of observing such regulations. The development of this Compliance Program was at that time entrusted by the Board to its Legal Director, who, as a guide, used Promotion Guidelines No. 3 issued by the Fiscalía Nacional Económica de Chile (Chile's National Economic Prosecutor), that contain guidelines and suggestions in relation to the contents of these compliance programs, as well as the regulations that are applicable in other countries in which ARAUCO operates through its affiliates.

Year after year we have continued to work constantly to implement and perfect the Compliance Program of Principles and Regulations on Free Competition, since we are certain that this is an important step towards achieving our objective of promoting these principles and encouraging permanent and full compliance with the legal rules that protect them. In this context, the Board has approved this new version of this Manual, which reflects the experience we have gained over time.

We encourage all of the company's workers, both within Chile and abroad, to study and apply this document. In case of any doubt, please enquire freely, via our reports/inquiries channel detailed in the Code of Ethics, which you can access through the company's webpage.

Manuel Enrique Bezanilla Urrutia
Chairman of the Board

Matías Domeyko Cassel
Executive Vice-President

INTRODUCTION



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INTRODUCTION

ARAUCO AND FREE COMPETITION



For Celulosa Arauco y Constitución S.A. and its subsidiaries (henceforth “ARAUCO”), Free Competition is an essential foundation for the development of the markets in which it operates. In this regard, the company is convinced that Free Competition collaborates with the generation of more wealth, equal opportunities, greater productive efficiencies and increased innovation.

Given the relevance of this issue, the Board of ARAUCO has included it in its Code of Ethics, which means that all directors and employees of the company must observe the principles of Free Competition¹.

Additionally, on June 26th, 2012, the Board instructed Management to prepare a Compliance Program on Free Competition Regulations, based on the guidelines issued by the Fiscalía Nacional Económica de Chile (Chile’s National Economic Prosecutor) and international best practices, program that was elaborated by the Legal Director.

ARAUCO’s Legal Director is the person in charge of developing and overseeing the appropriate implementation of this Compliance Program, and shall be fully autonomous and independent in this mandate, being required to present a report of his duties to the Board at least once a year.

Likewise, ARAUCO’s Legal Director is entitled to retain expert counsel for the implementation and management of the Program, thereby granting him the tools to identify and mitigate the risks associated with the protection of Free Competition.

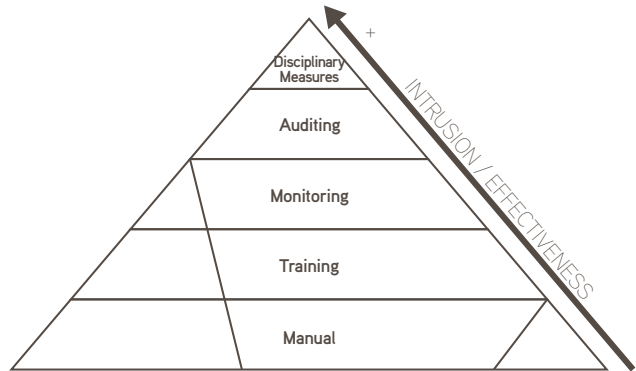
ARAUCO has had a series of initiatives that seek to achieve a better understanding and respect of the principles of Free Competition. Therefore, following national and international best practices, we have decided it is convenient to organize such initiatives in a single program, which facilitates their monitoring, while adding some additional measures.

Pursuant to Promotion Guidelines No. 3 issued by Fiscalía Nacional Económica de Chile (FNE), and other regulations applicable in countries where ARAUCO operates, an effective Free Competition Compliance Program should meet at least four requirements:

- (i) A real commitment by the company to comply with Free Competition regulations;
- (ii) The identification of current and potential risks faced by the company;
- (iii) Inclusion of internal mechanisms and procedures that are consistent with these commitments, and;
- (iv) The involvement of Executives and/or Directors in the Compliance Program.

¹ ARAUCO’s Code of Ethics provides that the company promotes and respects Free Competition, not only to strictly comply with the applicable laws, but also as a healthy business practice and a fundamental principle, which must govern all aspects of its business dealings. Competition stimulates efficiency and creativity, allowing the establishment of fair and equitable relationships with the parties with which we conduct business.

Moreover, in accordance with the same Promotion Guidelines, the following are the elements that may be included in a Compliance Program:



ARAUCO's Compliance Program has been developed with a special focus on the applicable regulations, taking into account the specific characteristics of ARAUCO's business and addressing the specific risks to which the company may be exposed in connection thereof. Moreover, with the collaboration of our international legal counsel, global best practices have been included in the Compliance Program.

According to the opinion of our external Competition Law counsel, both in Chile and in other countries where ARAUCO operates, this Compliance Program amply complies with each and every one of the aforementioned requirements, includes all of the necessary elements that the authorities of the referred countries have deemed necessary, and enshrines the applicable international best standards on this matter.





ARAUCO'S FREE
COMPETITION POLICY

CHAPTER I

ARAUCO'S FREE COMPETITION POLICY



1. General Policy

It is ARAUCO's policy to comply, without restriction, with all laws and regulations on Free Competition of all the jurisdictions in which it develops its operations and businesses, and in any country where it has sales or commercial relationships.

Consequently, ARAUCO rejects any business or activity in contravention of such laws and regulations.

2. Scope

This Policy is applicable to all of ARAUCO's directors and employees, as well as to those of its affiliates in all of the countries where the company operates ("ARAUCO's Personnel"), who will be required to comply with it.

ARAUCO also encourages its suppliers, distributors and collaborators comply with the Free Competition principles and regulations. This Manual will be available on ARAUCO's web page to said suppliers, distributors and collaborators, emphasizing the importance of complying with the principles contained herein in all matters that may be applicable to them.

3. Relationships with Current or Potential Competitors

ARAUCO's Personnel must independently decide, based on the best market alternatives, which products will be manufactured and distributed, to which clients or segment of clients they will be sold, in which amounts, at what prices, and subject to which terms and conditions they will be commercialized.

It is strictly forbidden to look for or enter into verbal or written agreements with current or potential competitors, if such agreements are contrary to Free Competition regulations. In case of doubt, the Legal Affairs Division should be previously contacted.

It is also forbidden to unlawfully disclose or exchange ARAUCO's sensitive or strategic commercial information with ARAUCO's current or potential competitors. Certain precautions must be taken when ARAUCO's Personnel meet with competitors or otherwise contact them for legitimate purposes, such as meetings with competitors that are also suppliers or clients, in relation to potential corporate transactions or joint ventures, or at industry conferences, trade association meetings, collaboration agreements, or other legitimate assemblies. In case of any doubts regarding the information that can be discussed in these meetings, advice should be previously sought from the Legal Affairs Division².

If any current or potential competitor asks ARAUCO's Personnel to be a party to an illegal or questionable agreement, or if they are invited to illegally discuss,

² It is relevant to highlight that the provisions of this section do not prevent ARAUCO from executing collaboration agreements or joint ventures with its competitors, when such arrangements pursue legitimate interests that do not breach Free Competition regulations. However, considering that such agreements could entail regular interaction with competitors, ARAUCO's Legal Affairs Division shall always be previously informed about them, and it shall adopt all necessary measures to avoid the creation of legal risks.

exchange or share sensitive or strategic commercial information, ARAUCO's Personnel shall adopt the following measures:

1. Inform the party that it shall not discuss this matter;
2. Abandon the relevant communication instance immediately (be it a meeting, e-mail exchange, telephone conversation or other), leaving a written record of the circumstances of the discussion, if possible; and
3. Immediately inform the corresponding Legal Affairs Division regarding the incident.

In their relations with current or potential competitors that ARAUCO's Personnel maintains within trade associations, they shall abide by the same principles and rules of conduct set forth in the preceding paragraphs.

4. Relationship with Clients and Distributors

ARAUCO and its Personnel shall ensure that their commercial practices and competitive actions do not infringe Free Competition, nor give the appearance of any such infringement. Therefore, and with the purpose of acting preventively, ARAUCO's Personnel must seek legal advice from the Legal Affairs Division before engaging in any behavior that could encompass any of the following types of conduct:

- Limiting the rights of ARAUCO's suppliers to sell to ARAUCO's competitors or limiting the right of its clients to purchase from ARAUCO's competitors;

- Executing agreements or understandings with distributors or other traders with regards to the minimum price that they shall charge their clients;
- Offering different prices, discounts or other terms to clients or suppliers that exhibit similar characteristics or conditions;
- Demanding that a client purchase ARAUCO products as a requirement to purchase a second ARAUCO product;
- Unjustifiably denying the sale of products that are regularly sold, under the same conditions, to other clients; and
- Imposing contractual clauses or terms that could be considered disproportionate or abusive with regards to the counterparty.

In case of any doubts, ARAUCO's Personnel must previously consult with the Legal Affairs Division.

5. Business Combinations

The applicable regulations of the relevant jurisdictions must be complied with, in the event that ARAUCO participates in any business combinations.

In this regard, it is common that the laws of the countries where ARAUCO is present require prior approval, or that they require the submission of information to the authorities, applicable when parties seek to engage in business combinations.

The cases in which these obligations can be triggered vary according to the country in question, but in general terms they may include mergers, acquisition of rights in companies, associations or joint ventures, and the acquisition of control over the assets of another entity. Depending on the applicable legislation, it is possible that before conducting this type of business, it is necessary to request approvals from the authorities of one or more countries.

Therefore, ARAUCO's Personnel shall request the advice of the corresponding Legal Affairs Division when considering such activities.

6. ARAUCO Personnel's responsibility in terms of complying with legal regulations

All ARAUCO's Personnel shall comply with:

- (1) Laws and regulations that are applicable in the corresponding jurisdictions, and
- (2) ARAUCO's applicable policies, including, without limitation, those comprised in this document and any other specific policy that applies to them.

Moreover, ARAUCO's Personnel shall act diligently to prevent infringements of laws, regulations and policies, including any request for advice from their supervisors or from the corresponding Legal Affairs Division, as applicable.

In this connection, ARAUCO's Personnel should take special care even with the drafting of letters, emails or other written documents, as well as with the wording

of telephone or personal conversations that they hold in relation to the business of the company or the markets in which it participates. In this sense, and even if they are lawful and good faith communications, written communications that could be interpreted by a third party as a proposal or an act that infringes Free Competition should be avoided.

7. Cooperation with investigations conducted by Competition/Antitrust authorities

ARAUCO's Personnel shall fully cooperate with all formal requests duly issued by Competition/Antitrust authorities. The existence of any request of this type must be communicated to ARAUCO's Legal Director, so that he may lead the direction of the relevant information or document submission process.

The foregoing also applies in the event that the request is duly issued by a Court of Justice.

8. Operations in new jurisdictions

ARAUCO's growth policy can trigger various investments, as is the case when deciding to conduct industrial operations in new countries. In this event, the company shall ensure that ARAUCO's operations in said country also comply with the applicable competition laws and regulations of that country.

9. Sanctions in the event of detecting actions or omissions contrary to Free Competition Principles

In the event that ARAUCO's Personnel are found to have participated in any conduct infringing on Free Competition principles, the Ethics Committee shall request an investigation of the matter, proposing the sanction to be applied, which could include the dismissal without severance payment (for example, in Chile), or the dismissal with fair cause (in Argentina, Brazil and Mexico).

The foregoing, considering that the principles of Free Competition are included in the Code of Ethics, whose respect and compliance is an essential obligation of the company's labor agreements.



A professional business meeting taking place in a bright office with large windows. A man in a dark suit stands and points at a laptop screen while talking to a woman in a white shirt who is seated. Another woman in a light blue shirt stands behind them, and a man in a grey suit is seated in the foreground, looking at the laptop. The scene is well-lit with natural light from the windows.

SYSTEM FOR INQUIRIES
AND REPORTS

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CHAPTER II

SYSTEM FOR INQUIRIES AND REPORTS



Inquiries

In the event that there are questions regarding the scope or practical application of the Free Competition regulation, or with regards to any concept included in this Compliance Program, ARAUCO's Personnel shall submit their inquiry, in order to obtain the necessary clarification, guidance or instruction.

Inquiries may be submitted to each country's Legal Affair Division, or to ARAUCO's Legal Director, at the discretion of the person presenting said inquiry.

Inquiries may be submitted via telephone, email, or through the reports/inquiries channel that is mentioned below. When inquiries refer to the legislation of countries other than Chile, Argentina, Brazil, Canada, the United States of America or Mexico, or to actions that shall be executed in, or render their effects outside of said countries, such inquiries shall be submitted to the Legal Director of the ARAUCO Group, or through the reports channel.

Reports

ARAUCO's Personnel have the obligation to report any event, act or circumstance that they have become aware of, in the exercise of their duties, that is an infringement

of Free Competition.

Reports may be submitted through the following three mechanisms, at the discretion of the reporting party:

- (i) telephone or email communication to the Legal Affair Division at each country;
- (ii) telephone or email communication to the Legal Director; or
- (iii) through the complaints and inquiries channel related to the Code of Ethics, which is published on the company's website (www.arauco.cl).

If a plausible report is received, the Legal Director shall duly inform the Ethics Committee, so that the latter can initiate the respective investigation(s).

It is relevant to mention that in case of receiving complaints, they should be treated maintaining the confidentiality and anonymity of the complainant (if requested), and that there should be no retaliation nor discriminatory measures against the worker that submits the report.

FREE COMPETITION
REGULATION

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Regulation and principles of Free Competition, as well as their application to daily operations and decisions, are complex matters. Thus, it is of the utmost importance that ARAUCO's Personnel know and adequately comprehend the principles and laws that govern this matter in the countries in which they conduct their activities, and ask in case of doubts.

As a consequence of the above, we believe that addressing the fundamental principles pertaining to this matter would be beneficial.

What is Free Competition?

In simple terms, the concept of "Free Competition" refers to the natural rivalry that exists amongst the various companies that compete in the same market. Hence, "Free Competition" would exist when the various agents that participate within a certain market act independently from one another, each of them seeking to increase their respective market shares and profits - in the short, medium or long term - free from any illegitimate circumstances that harm some or favor others.

Free Competition laws and regulations in the countries where ARAUCO conducts its business are generally designed to promote and to protect productive and allocative efficiency, barring the performance of certain

acts and conduct where the purpose or effect is to limit, restrict, warp or distort competition or access to the market, ultimately damaging the general public interest.

What defines a Free Competition violation?

The law generally forbids and penalizes any party that engages in any conduct, act or agreement that prevents, restricts or hinders Free Competition, or which tends to produce such effects.

The specific determination of the acts or omissions that could constitute a violation to Free Competition regulations can vary between the various countries, but the general principles that govern these regulations are fairly similar.

It should be noted that the analysis carried out by the competition authorities may even go beyond the anti-competitive effects - actual and potential - or the purpose pursued by a particular conduct. For example, according to some legislations - as is currently the case with the Chilean, Brazilian and Mexican regulations - some practices may be considered anticompetitive "per se", that is, regardless of their effects (e.g. collusion or cartelization).

In general terms, there is no requirement of a specific form or manner of execution in order to constitute a Free Competition violation. For instance, unwritten agreements between competitors, as well as tacit agreements, could be deemed to be infringements of the regulations that protect Free Competition. Likewise, the exchange of information that is competitively sensitive could be construed as being an illicit action.

How can we know whether certain conduct infringes Free Competition?

Certain actions or omissions are, as a general rule, unlawful. However, in other cases, the assessment of whether a given action is legal or illegal in light of Free Competition regulations is a complex task, which involves the analysis of specialized legal and economic issues.

Among the most evident cases of anticompetitive behaviors is collusion or agreements between competitors, carried out with the purpose of obtaining improper economic advantages or of excluding other competitors. However, several other types of conduct - both coordinated with other competitors and unilateral - can also be considered a violation of competition regulations, such as, for example, abuse of dominance.

For this reason, in some cases it is impossible to formulate beforehand a clear rule that allows us to ascertain with certainty whether a given action could be considered a Free Competition violation.

Accordingly, ARAUCO's Personnel should always refrain from carrying out any action that they believe could be unlawful from a Free Competition standpoint.

What is the course of action when it is unclear whether a certain act infringes Free Competition principles and rules?

When in doubt as to whether a certain action or omission could be contrary to Free Competition regulations, ARAUCO's Personnel must always refrain and immediately consult with the local Legal Affair Division or with ARAUCO's Legal Director, who may provide

advice in order to clarify any questions in this regard and jointly determine if the specific act or omission must not be executed, if it can be executed or if certain measures must be adopted along with the conduct in order to ensure compliance with the regulations that protect Free Competition.

Is it true that only written agreements can infringe Free Competition?

No. Any deed, act or agreement that goes against Free Competition violates its principles and rules, whether or not any of them are set forth in writing. In this sense, Free Competition infringements can be perpetrated via individual actions, informal agreements, dealings during meetings, telephone conversations, e-mails, information exchanges or even through mere omissions.

Insofar as an agreement or act may be deemed illegal, it is irrelevant whether or not it has been set forth in writing. Therefore, not only a written agreement, but any form of agreement or understanding—whether explicit or tacit—can be deemed to be illegal.

What consequences could arise from conduct that is contrary to Free Competition?

The sanctions established by the law in this matter are extremely serious, both for the company as well as for the individuals involved.

For instance, in certain cases, Chilean, Brazilian, Mexican and United States laws envisage imprisonment as a penalty for people who violate Free Competition rules.

In addition, breaches of Competition Law may result in

very high fines, both for the company involved, as well as for the individuals who participated in the infractions.

In Chile, fines can amount to up to **30% of the offender's sales, in the line of products or services associated with the unlawful conduct during the duration of the same, or up to twice the economic benefit obtained as a consequence thereof.**³

In Argentina, offenders can be penalized with a fine amounting to up to 30% of the business volume associated to the products or services involved in the unlawful act perpetrated during the last financial year, multiplied by the number of years during which the offense lasted⁴, or up to twice the economic benefit reaped as a result of the offense.

In Brazil, the violation of the economic order by companies may give rise to administrative fines ranging between 0.1% and 20% of the gross turnover of the company in last financial year before the initiation of the administrative procedure, or, if it is not possible to use the criterion of gross billing, the fine will be set between R \$ 50,000.00 and R\$ 2,000,000,000.00. These fines can also be imposed upon individuals. Additionally, in the case of repeat offenders, the fines can be doubled.

In the United States, a company accused of violations of the US antitrust laws may be fined with a sum up to twice the amount of the ill-gotten gains from the illegal conduct, or twice the loss suffered by the victims of the conduct. In Canada, the fines may amount up to C\$25 million.

³ Additionally, in certain cases, the penalty can consist in imposing a prohibition of contracting – under any title – with the entities of the State's centralized or decentralized administration, with autonomous entities, or with institutions, entities, companies or services to which the State provides contributions, Congress, and the Judicial Branch, along with the prohibition of being awarded any concession granted by the State, during a maximum term of 5 years as from the conviction.

⁴ This amount cannot exceed 30% of the consolidated business volume, nationally, recorded by the business group to which the offenders belong to, during the last financial year.

In Mexico, the competent authorities may impose fines amounting up to 10% of income.

These sanctions may not only affect the companies, but also directors, officers, managers, agents, attorneys, legal representatives, executives or employees that have participated in the offense. It is relevant to mention that in some jurisdictions - such as Chile - the law provides that any fines imposed to individuals may not be paid by the legal entity for which they worked, nor by any other entities belonging to the same business group, nor by the partners or shareholders of either one of them.

Besides the fines, the authorities of each country are entitled to impose other measures designed to correct, prohibit or prevent violations of Free Competition laws, such as the amendment or termination of acts and agreements, the modification and dissolution of companies, etc.

In addition to all of the above, both the company and individuals who have been involved in an infringement of Free Competition, may face civil claims for damages filed by the parties who may have been affected by the conduct.⁵

Why is “collusion” frequently referred to as anticompetitive conduct?

Unlawful agreements between competitors - for example those that involve fixing sales or purchase prices, limiting production, allocating areas or market shares, or bid rigging are normally considered one of the most serious violations, because of the gravity of the damages that they can cause.

However, ARAUCO's Personnel must also take into account that the conduct penalized by Free Competition laws include the performance of unilateral actions. Normally, this type of conduct shall be penalized if the party performing certain unilateral actions has market power to such an extent that it is considered "dominant", and to the extent that said party abuses its dominance.

Are all agreements between competitors illegal?

No. There are agreements – such as some collaboration or joint venture agreements – that are perfectly valid and can even promote Free Competition and generate several market efficiencies (for instance, certain agreements for

the development of new technologies).

In any event, any potential agreement with competitors must always be consulted with the Legal Affairs Division.

Besides collusive agreements, what other conduct may be deemed to be contrary to Free Competition?

As indicated, there is no catalogue precisely setting out every form of conduct that may violate principles of Free Competition, since what is prohibited, in broad terms, is any deed, action or agreement that prevents, restricts, or hinders Free Competition, or which tends to produce such effects. In addition, regulations vary depending on the applicable country.

Nevertheless, besides collusion, the following forms of conduct, if deployed by companies with significant market presence, could be considered to be violations of Free Competition in certain cases:

- Arbitrary price discrimination, i.e. a dominant firm charges different prices to customers who are in the same objective position, within the same relevant market.
- Unjustified refusal to deal, i.e., the refusal to sell goods, provide services, or in general to deal with whomever so requires, without reasonable justification.
- Imposition of tying and bundling, in order to condition or subject the sale of one product to the acquisition of another in which the purchaser was not interested.

⁵ What public bodies are entrusted with the defense of competition?

i) In Chile: The Competition Tribunal (Tribunal de Defensa de la Libre Competencia), a special and independent jurisdictional body, is in charge of preventing, correcting and penalizing competition offenses; and the National Economic Prosecutor Office (Fiscalía Nacional Económica) whose main functions are to conduct investigations into presumable anticompetitive practices and to represent the general public interest in the economic order before the Competition Tribunal and other courts of law. ii) In Argentina: Law No. 27,442, the Competition Defense Act (Ley de Defensa de la Competencia or "LDC") provides that the competition authorities are the Competition Court (Tribunal de Defensa de la Competencia) and the Anticompetitive Conducts and Economic Concentration Investigative Secretariats (Secretarías de Instrucción de Conductas Anticompetitivas y la de Concentraciones Económicas). For as long as these authorities are not appointed by the National Executive Branch, is the Secretary of Commerce, assisted by the National Competition Defense Commission (Comisión Nacional de Defensa de la Competencia or "CNDC"), which are in charge of conducting the relevant proceedings, while the Secretary of Commerce must issue the corresponding resolutions, following the opinion issued by the CNDC. iii) In Brazil: The Administrative Council for Economic Defense (Consejo Administrativo de Defensa Económica or "CADE") is the entity in charge of applying the competition defense regulations in the administrative field. This agency is connected to the Ministry of Justice, and comprised by an Administrative Court of Economic Defense, a General Superintendence, and an Economic Studies Department. The CADE has the support of the Federal General Attorney and of a specialized Federal Prosecutor (Pro CADE). iv) In the United States: competition laws are enforced by two federal governmental agencies: The Federal Trade Commission ("FTC") and the Antitrust Division of the Justice Department ("DOJ"), as well as by the various state attorneys general. Additionally, it is quite usual that matters pertaining to competition are privately litigated in the United States (Private Antitrust Litigation). This entails the possibility that parties affected by the perpetration of competition offenses may file claims in order to recover damages and losses in this connection. v) In Canada: the application and enforcement of the Competition Act is entrusted to the Federal Competition Bureau, which is headed by the Commissioner of Competition. Whenever, following an investigation by the Bureau, the Commissioner believes that sufficient evidence exists to prove the perpetration of a criminal offense, the matter is then forwarded to Public Prosecution Service of Canada, an independent entity in charge of evaluating and initiating federal trials. If the Commissioner is of the opinion that a party has breached one or more of the non-criminal provisions of the Competition Act, a request is then filed before the Competition Tribunal. The Competition Tribunal is an administrative court, comprised by a rotating corps of lay and professional members, with experience in business, economics and the law, which holds the exclusive jurisdiction to hear and decide on non-criminal matters under the Competition Act. vi) In Mexico: enforcement of free competition regulation is entrusted to two independent constitutional agencies: the Federal Economic Competition Commission (Comisión Federal de Competencia Económica) and the Federal Telecommunications Institute (Instituto Federal de Telecomunicaciones). The first agency enforces the fulfillment of Free Competition regulation in the generality of economic sectors, with the exception of the telecommunication and broadcasting, in which such enforcement is entrusted to the Federal Telecommunications Institute. Likewise, on a judiciary level, there are federal administrative courts specialized in economic competition, broadcasting and telecommunications, which are responsible for resolving cases related to Mexican economic competition law.

- Imposition of abusive contractual conditions, such as reselling prohibitions, unjustified restrictions to the use of goods or services, etc.
- Imposition of resale prices, whereby distributors are forced to resell the acquired products at a certain minimum price.
- Allocation of market quotas or zones, which, in simple terms, takes place when the supplier divides the market between its distributors; which in certain cases may be illegal.
- Creation of artificial barriers that prevent or impair the entry or exit of competitors to a certain market.
- Predatory pricing policies, that is to say, the sale of products below cost, with the intent to achieve, maintain or increase a dominant position in the market.
- Unfair competition, such as misleading advertising, abuse of trademarks, or harassing or boycotting competitors, provided that such actions aim to achieve, maintain or increase a dominant position.
- Subjecting the purchase or sale to the condition of not using, acquiring, selling or supplying goods or services produced, processed, distributed or marketed by a third party.

Any member of ARAUCO's Personnel who may have doubts regarding any of these matters, must consult the corresponding Legal Affairs Division.

What actions or omissions are prohibited for ARAUCO's Personnel pursuant to the Free Competition laws and regulations?

ARAUCO's Personnel must at all-times act in accordance with the Free Competition laws and regulations of the country where they operate. In this sense, and notwithstanding the other matters addressed in this Manual, ARAUCO's Personnel must avoid any action or omission that may be construed to be:

- a) An illegal agreement with competitors or other conduct in concert with competitors.
- b) An illegal exchange of information with competitors, either directly, through third parties, or even in legitimate instances such as trade associations or joint ventures.
- c) An abuse of a dominant position in the sale or purchase of products.
- d) The establishment of a predatory pricing policy.
- e) The engagement in unfair competition practices.
- f) A violation of the legal rules applicable to market concentrations, such as mergers, associations, acquisitions of companies, or acquisitions of relevant assets.

What can be done if you are unsure whether an activity to be undertaken is contrary to the Principles and Regulations of Free Competition?

There are some sensitive areas where it is necessary to undertake a proper analysis prior to determining whether Free Competition laws and regulations may be breached.

As already expressed, if any member of ARAUCO's Personnel is unsure as to whether a given deed, act or agreement may or may not be a breach of Free Competition regulations, they must contact the Legal Affairs Division of their country or ARAUCO's Legal Director.

The following examples are situations that could give rise to Free Competition concerns, depending on the circumstances:

- a) Joint business or activities with current or potential competitors.
- b) Activities in industry-specific trade associations or unions where competitors gather.
- c) Contractual limitations that are questioned by suppliers or customers.
- d) Exclusivity or non- compete clauses.
- e) Pricing or rebate policies that entail differences in favor of different customers or suppliers.
- f) Concentration operations, such as mergers or acquisitions of companies or significant assets.



A woman with long blonde hair, wearing a light-colored blazer, stands at the head of a conference table, pointing with a black marker at a large whiteboard on an easel. The whiteboard has a grid pattern. Four people are seated at the table, looking towards the whiteboard. From left to right: a woman with dark hair in a blue shirt, a man in a white shirt, a man in a dark blue shirt, and a woman with long dark hair in a white blazer. The table is equipped with laptops, water glasses, and a small metal container. The room has large windows with blinds in the background.

TRAINING AND
COMMUNICATION

CHAPTER IV

TRAINING AND COMMUNICATION



Every year ARAUCO's Legal Director shall prepare an agenda of training sessions on Free Competition affairs. This agenda must include at least the following:

- a) A biannual lecture on Free Competition addressed to the Board members of Celulosa Arauco y Constitución S.A.
- b) A biannual lecture on Free Competition addressed to the Corporate Managers of Celulosa Arauco y Constitución S.A.
- c) Training sessions considering the results of the risk evaluation processes that are carried out periodically.

Likewise, a communications program to discuss Free Competition issues will be implemented, which will include communications to company personnel, addressing key concepts related to Free Competition and risks specific to the company's sector.

For the implementation of these activities, ARAUCO's Legal Director may retain the external advisors he may deem convenient.



A photograph of a business meeting in a modern office. In the foreground, a man with a beard and dark hair, wearing a dark blue shirt, is looking intently at a computer monitor. He has his hands clasped near his chin. To his left, another man in a white shirt is pointing at the monitor with a pen. The monitor displays a line graph with several data series. In the background, other people are visible, slightly out of focus. The overall atmosphere is professional and collaborative.

SYSTEM OF VERIFICATION
OF COMPLIANCE WITH FREE
COMPETITION LAWS

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CHAPTER V

SYSTEM OF VERIFICATION OF COMPLIANCE WITH FREE COMPETITION LAWS



Risk evaluation and mitigation

ARAUCO's Legal Director shall, from time to time, conduct an internal analysis aimed at detecting risks associated with the Free Competition regulations. To this effect, he may retain Free Competition experts, especially within the economic and legal fields.

This task shall be conducted in all the countries where the company has productive activities and relevant sales.

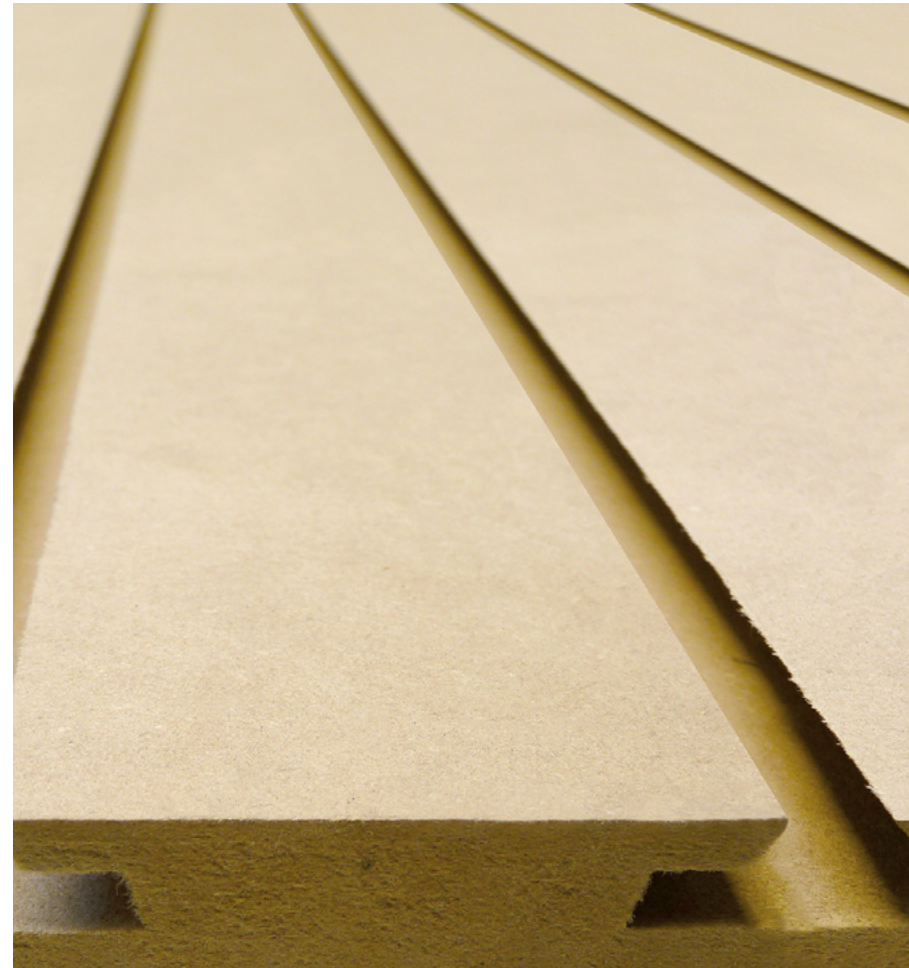
The stages of this analysis are the following:

- a) Research.
- b) Identification of risks.
- c) Determination of the mitigation measures regarding such risks.
- d) Audit of compliance with such mitigation measures.

Inquiries and Reports

The risk evaluation and mitigation program shall take into consideration the inquiries and reports that may have been filed by ARAUCO's Personnel or third parties having

knowledge of an eventual violation to the principles and rules of Free Competition.



A photograph of two men in business attire sitting at a table in a bright office. The man in the center, wearing glasses and a striped tie, is looking down at a tablet. The man on the left is partially visible, looking towards the center. On the table are a glass of water, a laptop, and some papers. A window in the background shows a city view.

OTHER RELEVANT
ASPECTS OF THIS
COMPLIANCE PROGRAM

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CHAPTER VI

OTHER RELEVANT ASPECTS OF THIS COMPLIANCE PROGRAM



Annual Reporting to the Board

ARAUCO's Legal Director shall report to the Board regarding the implementation status of this Program, at least once a year.

Identification of contractual matters that must consider the Free Competition Principles

When applicable, the contracts entered into by the company must contain the clause of Free Competition Defense that has been drafted by the Legal Affairs Division.

Annual Performance Assessment

The violation of the Free Competition principles and rules, and the breach of this Program, shall be considered when assessing the performance of the company's workers.



APPROVAL, EFFECTIVE TERM,
AMENDMENTS AND PUBLICITY

CHAPTER VII

APPROVAL, EFFECTIVE TERM, AMENDMENTS AND PUBLICITY



1. Approval and Amendments

This document was approved by the Board of Directors of the Company in a meeting held on January 22, 2019.

2. Effective Term

This Document shall be effective as from January 22, 2019, and shall remain in force and effect indefinitely, while the Board of Directors of the Company does not adopt another resolution in this regard.

3. Publicity Mechanisms

The complete and updated text of this document will be made available to interested parties on the Company's website (www.arauco.com).





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