



Policy of conflict of interest and relationship with public officials and politically exposed person

version 002 – August 2023

POLICY OF CONFLICT OF INTEREST

1. OBJECTIVE & SCOPE

The purpose of this policy is to establish the criteria when dealing with conflict of interest situations in Arauco North America Inc, Arauco Canada Limited, and its subsidiaries, hereinafter generally referred to as “Arauco” or the “Company”. Furthermore, this policy establishes criteria for dealing with Public Officials and Politically Exposed Person (PEP).

The present policy applies to Arauco’s Directors of the Board and all employees.

2. DEFINITIONS

- **Conflict of Interest:** Any situation in which the Personal Interest of a Director of the Board or employee of Arauco may be set against the interest of Arauco, and where their independence or impartiality in decision-making may be affected or compromised.
- **Personal Interest:** Any benefit that a Director of the Board or employee of Arauco may receive directly or indirectly, or any other person linked to them by family, partner, intimate friendship, ownership or business management.

Personal interest includes “any benefit”, so it is not limited exclusively to obtaining one of an economic nature.

This benefit may be received “directly” or “indirectly”. A **direct benefit** is one that immediately benefits a Director of the Board or employee of Arauco; and an **indirect benefit** is one in which the immediate beneficiary is a person or legal entity, related to the Director of the Board or employee by family relationship, affectivity, ownership or business management.

- **Relationship of Kinship:** Corresponds to the family relationships that a Director of the Board or employee of Arauco maintain. These relationships may be by consanguinity or affinity and, for the purpose of this policy, are understood as those described below:

Kinship by **consanguinity** is based on the relationship that Director of the Board or employee of Arauco has with their ascendants and descendants up to the third degree (i.e.: great-grandparents, grandparents, aunts, uncles, parents, siblings, nieces, nephews, children, grandchildren, and great-grandchildren).

A kinship by affinity is based on the relationship that a Director of the Board or employee of Arauco has with their spouse and with the consanguinity of their spouse or significant other, up to the third degree (i.e.: great-grandparents, aunts, uncles, parents, siblings, nieces, nephews, children, grandchildren, and great-grandchildren of their spouse or significant other).

- **Ownership relationship and management relationship:** An ownership relationship exists when a person has a direct or indirect ownership interest in a company or business. There is a management relationship when a person, without being an owner, participates in the management of a company or corporation in the capacity of: Director of the Board, Representative, Officer, Executive, Manager or any employee with decision-making power.

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- **Public Official:** Any person who performs locally or abroad a public job or role in a public body, enterprise or international organization. National or foreign public officials are also considered to be those who work in private companies engaged in a public function.
- **Politically Exposed Person (PEP):** Any person who has performed prominent public or political functions in a country, which lasts up to one year after the end of the exercise of that role.

This category includes head of state or government, high-ranking politicians, high-ranking government, judicial or military officials, senior executives of state-owned enterprises, members of non-governmental institutions (churches, political parties, trade unions, among others), as well as their spouses, husbands, significant others, their relatives up to the second degree of consanguinity

- **Arauco Employee:** Any person who has an employment relationship with Arauco.
- **External Person:** Any person or legal entity, who is not currently employed by Arauco.

3. SITUATIONS THAT MIGHT CREATE A CONFLICT OF INTEREST

Although there are many situations in which a conflict of interest may arise in the terms described above, the following require special attention:

3.1 Employment-related conflict of interest

(i) **With a person from Arauco:** An employee of Arauco who has a relationship of kinship, partnership or close friendship with another Arauco employee, to the extent that there is a direct or indirect supervisory or dependent relationship between them, or in the event that such person is involved in decision-making in an internal recruitment and selection process for new employees and, moreover, has a relationship of kinship, partnership or close friendship with one of Arauco's internal candidates.

(ii) **With people outside Arauco:** An employee of Arauco who is participating in the decision-making process in the recruitment and selection of new employees, and has a family relationship, partnership, or close friendship with one of the persons outside Arauco who is a candidate at that process.

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3.2 Conflict of interest of an economic or commercial nature

A Director of the Board or employee of Arauco is in a situation of conflict of interest if they have, by themselves or through a family relationship, an ownership or management relationship with a supplier, contractor or customer of Arauco, or with whom Arauco has or expects to have business relations.

4. COURSE OF ACTION IN THE EVENT OF A CONFLICT OF INTEREST

In the event that an Arauco employee finds themselves in a situation of a conflict of interest the employee must refrain from making decisions for Arauco. In addition, they must inform their direct manager and the corresponding Human Resources Representative of the existence of the conflict of interest, so that the necessary measures can be taken to manage the conflict.

If a Director of the Board or employee of Arauco is affected by a conflict of interest, the rules established in the applicable regulations must be observed.

5. RELATIONSHIPS WITH PUBLIC OFFICIALS AND/OR POLITICALLY EXPOSED PERSON

In their relations with Public Officials and Politically Exposed Person, Arauco Directors of the Board and employees must always behave in accordance with the provisions of the Code of Ethics, Company's Policies, and in strict compliance with the current legislation of each country.

In the event that an Arauco employee must meet with a Politically Exposed Person, the Arauco employee must inform their direct manager and save a record of the meeting by email, calendar appointment or other similar means.

If applicable according to the local regulations of each country, meetings with Public Officials shall comply with the requirements and formalities established by the pertinent regulations.

If an Arauco employee, in the performance of their duties, has to deal with a Public Official or a Politically Exposed Person to whom they are related or in a relationship, or with a public body in which a person to whom they are related or in a relationship works, the existence of a conflict of interest will be presumed and, consequently, the course of action indicated in No. 4 of this policy must be followed.

In addition, the Directors of the Board and certain employees of Arauco must complete annually the "Disclose Form of Conflict of Interest" and will have the duty to update the information disclosed in that form as soon as there are changes. Arauco's Compliance Department will review the form and provide the corresponding guidelines for each of the relationships that are disclosed.

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Finally, Arauco's employees and directors may not perform public functions or hold public office positions, except in those cases in which the local legislation allows the possibility of simultaneously holding public and private positions. In these cases, prior authorization from Arauco's President is required. Likewise, external services may not be hired directly or indirectly if they hold public positions or relates to any public function, unless previously authorized by Arauco's President.

6. INTERPRETATION OF THIS POLICY

If unsure about the existence or interpretation of conflict of interest, or about the scope of this policy, the respective Compliance Officer must be consulted.

7. SANCTIONS FOR NON-COMPLIANCE

Arauco employees who don't faithfully comply with the provisions of this policy, may be subject to disciplinary measures, in accordance with the Offer Letter, Code of Ethics and the corresponding Regulation.

8. DISSEMINATION

This policy will be made known to Arauco employees through publication on the Company's intranet.

9. VALIDITY

This policy has been approved by the President of Arauco North America and will be effective as of August 15th, 2023.

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