



# CORPORATE GOVERNANCE MANUAL

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## **I INTRODUCTION**

This Corporate Governance Manual (“Manual”) sets out the principles and standards that guide the corporate governance of Empresas CMPC S.A. (“CMPC” or the “Company”).

This Manual stipulates the fundamental norms and principles that the Company intends to use to further a culture of integrity, honesty and accountability, as well as the structures and procedures of corporate governance that have been implemented in order to achieve this goal.

Only the Company Board of Directors can amend this Manual exempt its application in any manner. Any request to do so must be sent in writing to the Chairman of the Board so that this body may consider it and issue its resolution.

This Manual must be fully read and understood. If you have any questions with regard to the meaning or scope of the principles and standards set forth herein, consult with your respective superior.

Employees are required to report to their respective superior any act or omission they become aware of that constitutes an infraction against the contents of this Manual. To this end the Company maintains a confidential whistleblower system.

## **II CMPC MISSION AND VALUES**

The CMPC mission is to produce and sell its products sustainably over time with superior and competitive quality in order to add value for shareholders and customers as well as contribute to the creation of development opportunities for its workers and the community overall.

To fulfil this mission, CMPC has set out five principles in its Code of Ethics that must guide all activities and the behavior of board members and workers:

- Respect for individuals.
- Strict compliance with legal regulations.
- Caring for the environment.
- Considering the needs of all neighbors.
- Fair competition.

The CMPC business strategy must be based on solid and honest commercial relationships in which proper treatment, honesty, fairness, trust and good faith predominate as well as anything that contributes to the good of the Company, its workers and society.

In order to live up to these values and the corporate mission and vision, the CMPC board members and workers shall follow these guiding principles and duties:

- a) Base all corporate management on comprehensive, accountable and fair behavior, respecting all promises made, honesty, work well done and personal effort.
- b) Ensure transparent and respectful relationships with all Company shareholders, the community and authorities basing all interactions on the timely, faithful and adequate provision of information along with accountable decision-making that looks out for the Company's best interests. In its role as issuer of public securities, it is essential that CMPC comply with all laws, regulations and internal standards on the timely and sufficient disclosure of information to the markets, including the Manual on Handling Information of Market Interest.
- c) Safeguard societal interests, making commercial decisions that are based on healthy management practices that coincide with the overall interest of the Company that are never based on arbitrary reasons, personal interest or external pressure.
- d) Treat people with respect in strict adherence with laws and regulations covering personal safety and non-discrimination due to race, religion, sex, nationality or other identity factors. Any and all abusive behavior by any worker

toward another is prohibited. This includes requirements of a sexual nature, comments based on ethnic origin, religion or race, or any other kind of comment on personal characteristics that are rightly viewed as inappropriate.

e) Develop strong commercial relationships with customers based on a commercial structure designed with them in mind.

f) Encourage practices that promote free competition since this benefits consumers, assigns an efficiency level to resources, promotes innovations and impacts the well-being of shareholders.

g) Seek the comprehensive development of workers to achieve a strong identity and high commitment and performance levels in your work teams. Due to its strong people focus, the company intends to be an attractive place to work.

h) Strictly follow rules and laws in all countries where its operations take place.

i) Build collaborative, trust-based relationships with the community in an effort to maximize social and operational benefits.

j) Company information, assets, resources and opportunities must only be used to its benefit and kept under special protection, and whenever applicable, held under due confidentiality.

### CMPC CORPORATE GOVERNANCE

The principles set out in the above section must inform the administrative steps of the board and Company management in regards to Corporate Governance.

Actions that are based either on legal requirements or the voluntary practices the Company has set up for itself are listed below that will enable the aforementioned principles to be put into practice in the various CMPC corporate governance structures.

## 1. SENIOR MANAGEMENT

In compliance with both applicable legislation and regulations, the Board of Directors is tasked with administering the Company. In general, the administration and leadership on everyday matters is executed by the Board via the General Manager who serves as the company's principle executive.

The General Manager is selected by the Board of Directors.

The General Manager holds the role of Vice-president in an executive capacity on the boards of the "Corporate Business Areas".

The General Manager follows the Company policies set out by the Board of Directors and proposes measures for Board approval.

The General Manager keeps the Board fully informed in a timely manner regarding company progress toward the defined goals along with any deviations or problems that may arise.

The general administrative powers delegated by the Board to specific executives include monetary and activity type limits that prevents all executives from accessing Company funds or assets while acting alone.

### **The following executive committees have been set up:**

- The Coordination Committee is made up of the General Manager and the primary company executives. Its purpose is to make sure that they have the performance information regarding all other Business Areas and can effect satisfactory coordination among them with due care paid to all legal restrictions whenever applicable. It holds monthly meetings.
- The Credit Committee is made up of the Finance Manager and executives of the commercial departments of affiliates. Its purpose is to jointly assess the customer credit lines and their matured debt and to define customer credit line approvals and adjustments. It holds weekly meetings.

- The Tax Compliance Committee is made up of the Finance Manager, the Risk Manager and General Counsel, as well as other executives depending on the specific circumstances. Its duty is to assess the tax status of the Company and its affiliates, ensuring all legislation is followed. It holds monthly meetings.

## 2. BOARD OF DIRECTORS

### a) Rules that apply to the CMPC Board of Directors

The Board of Directors approves all business objectives and the policies to be used for managing and assessing performance. The Board will hold regular meetings on a monthly basis and extraordinary ones as applicable in accordance with relevant laws, regulations and the bylaws.

Board members must be aware of, remain informed and faithfully fulfill all duties in keeping with applicable legislation and regulation.

The Board is responsible for having a strategic planning process and to reviewing, examining, validating it and monitoring its execution. Specifically, the Board shall revise the company's strategic plan, approve an annual business plan and budget that is sufficient for carrying out such plans.

Additionally, the Board is responsible for i) the continuance or cessation of business activities; ii) making or terminating relevant investments; iii) monitoring Company progress with respect to reaching objectives, and revising or adjusting them in light of changing circumstances; iv) maintaining talent selection systems and ensuring satisfactory and timely succession of executive functions; v) approving the Company's risk management model and its policies and administration.

Board Members must always make decisions with the general interest of the Company at the heart. Any conflict of interest that may arise must be disclosed and shielded against in keeping with general legal and regulatory provisions, and in compliance with the Procedure on Conflicts of Interest and Related Operations.

At least five business days prior to the respective ordinary session, the General Manager must make available to each of the board members the following minimum information: relevant market events; relevant CMPC events; financial statements; allotment of workers; occupational health and safety statistics; internal audit reports and investment projects underway, projects submitted for their consideration, information on affiliates and the draft minutes from the prior session.

The Board is constantly guided by specialist lawyers who inform the members of key legal matters for carrying out their duties.

#### **b) Special rules for the CMPC Board of Directors**

The member list of the Company Board is the result of the sovereign decisions made by shareholders.

Nonetheless, the Company Board is preferentially made up of a combination of board members selected by the controller and independent board members whether or not they were appointed by a vote from the controller.

#### **c) Special rules for the Boards of Directors of CMPC affiliates**

Company affiliates structured as corporations or another sort of corporate constitution under which the bylaws are administered by its respective board of directors.

It shall be the duty of the CMPC Board to define the composition of the boards of the Business Area Companies, which will include the General Manager of the Company as Executive Vice President. In doing so, it will abide by the following guiding principles: i) diversity of capabilities in consideration of the characteristics of the business in question; ii) that, as circumstances warrant, there is an adequate combination of external directors and executives of the Company; iii) the ability to assert their views in an energetic, frank and independent manner.



There will be an ongoing and timely flow of relevant information from the affiliate to its respective parent company that is sufficient and concise, considering the significant workload of the boards and the time restrictions inherent to their duties.

#### **d) Committees made up of board members**

CMPC has the following committees comprised of board members:

- The Board Committee that was created and follows the duties established in Article 50 bis of Law No. 18.046, and others set out in the bylaws or that have been issued by the Board.
- The Audit Committee is comprised of the CMPC Board Chairman, two Company board members and the General Counsel all directly reporting to the Internal Audit Manager on its behest. Its role is to supervise and coordinate activities whose purpose is to identify, give information about and prevent any risks inherent to CMPC businesses. The Audit Committee reviews the risk matrix and report that is periodically submitted by Risk Management to the Board of Directors and supervises the execution of the annual audit plan approved by the Board.
- Financial Risks Committee made up of the CMPC Board Chairman, two Company board members, the General Manager, the General Counsel the Finance Manager and an external advisor selected by the Board. Its duty is to assess the financial risks of the Company with special attention paid to contracting derivatives and other financial operations. For this reason it will meet quarterly and then present its recommendations to the Company Board.
- Ethics and Compliance Committee comprised of the CMPC Board Chairman, one CMPC board member, the General Manager and General Counsel. Its role is to supervise the execution of the Compliance Strategy (Integrity and Compliance Program) approved by the Board as well as to be informed of any complaints received through Company channels, set out the way and methods to investigate it and, if fitting, recommend the adoption of concrete measures to the Board and Administration once the review is complete.

- The Corporate Affairs Committee is comprised of CMPC Board Chairman, one CMPC board member, the General Manager, Managers of the various Business Areas, the General Counsel and the Corporate Affairs Manager. Its role is to set out objectives and supervise the implementation and fulfillment of strategic objectives regarding sustainability, community relations and the environment for CMPC.

## **IV** SHAREHOLDERS

One of the guiding principles that CMPC board members and employees must follow is to protect the transparent relationship with shareholders. This is manifest in the following way:

- CMPC issues i) quarterly financial reports; ii) it holds telephone conferences with shareholders in Chile and abroad based on such reports; iii) press releases on topics of interest as deemed necessary or useful; iv) A Comprehensive Report that deals with sustainable development matters.
- CMPC has a website ([www.cmpc.com](http://www.cmpc.com)) in Spanish, English and Portuguese with information required by applicable legislation and regulation, as well as information of interest to shareholders and the general public, such as key facts about the Company, its bylaws and shareholder meeting minutes.
- The Company website has a special section for investors that has information on the financial results, sustainability and corporate governance, a calendar of events that the Company participates in, documentation shared at those events, market information, and more.
- The Company website has a confidential complaints system by which shareholders or anyone else can provide information in a safe, confidential, and anonymous way concerning situations that may affect their rights or represent a risk to them or the Company.

- CMPC also has a website for shareholders and brokers ([www.accionescmpr.cl](http://www.accionescmpr.cl)) where frequently used certificates can be requested, share balances checked, and much more.
- The Company publishes relevant information on its website for shareholder meetings, including meeting summons and supporting documents. Furthermore, for the purposes of market publicity, videos of shareholder meetings are shown on the website.
- The experience and professional profiles of candidates for CMPC board members are made available to shareholders and the market in general on the corporate website ahead of regular meetings.
- In terms of internal information that is also accessible by third parties, CMPC issues an internal publication called "Mi Papel", which is available on line in Spanish and Portuguese.



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