FINANCIAL CRIME PREVENTION POLICY

I. OBJECTIVE

The overall objective of the Financial Crime Prevention Policy for Arauco North America Inc., Arauco Canada Limited and Prime Line Inc (collectively, “Arauco North America” or the “Company”) is to convey to all directors, officers and employees of Arauco North America (“Team Members”) an unambiguous message of opposition to the commission of any criminal acts and the desire of the Company to combat them.

This Financial Crime Prevention Policy (“Policy”) demonstrates the Company’s commitment to prevent, deter, detect and investigate the commission of crimes and to develop a corporate culture of ethics and honesty.

II. SCOPE

This Policy is approved by the Board of Directors of each company of Arauco North America (the “Board”) and shall apply to all companies doing business as Arauco North America.

The Policy is to be strictly applied in all cases throughout the entire organization, including without limitation, by members of the Board, officers, executives, managers, representatives or those who carry out management and supervision activities in Arauco North America, as well as individuals under the direction or supervision of the aforementioned persons including all Team Members.

III. GENERAL RULES

All Team Members of Arauco North America must comply with the laws and regulations enforced in the countries in which we operate. In particular, it is expressly prohibited to facilitate money laundering, finance terrorist activities, violate trade sanctions, tolerate any form of corruption, including fraud or bribery (domestic or foreign).

1) Arauco North America shall ensure the proper operation of the Policy in order to promote the prevention of crimes related with money laundering, financing of terrorism, fraud, bribery (domestic or foreign), or sanction violations.

2) The Chief Compliance Officer (hereinafter “CCO”) of Arauco North America shall be in charge of overviewing the implementation of this Policy.
3) When appropriate, control practices and activities shall be applied in the Company’s business development, promoting an environment of prevention and detection of risks of all crimes.

4) Arauco North America shall make all efforts to ensure compliance with all laws, rules and procedures, particularly those relating to money laundering, terrorist financing, fraud, sanctions or bribery.

5) The Policy shall be reviewed by the CCO of Arauco North America annually, or when relevant changes in business conditions occur.

6) The Policy shall be communicated to all Team Members of Arauco North America. Team Members shall have an obligation to:
   
a. Ensure compliance with the law, internal regulations and other Company policies and procedures, and
   
b. Comply with this Policy.

Team Members who fail to adhere to this Policy may be subject to disciplinary action, including termination.

7) Powers of the Chief Compliance Officer for Arauco North America:
   
a) The CCO of Arauco North America shall have autonomy from the Board, the Company, its shareholders, and other Executive Team members, with respect to the administration of this Policy and the execution of the assigned duties.
   
b) Arauco North America shall provide the CCO of Arauco North America with sufficient means and powers to perform the required functions, to fulfill the compliance mission.

ROLES AND RESPONSIBILITIES

1) Board of Directors of Arauco North America
   
a) Endorse the designation of the Chief Compliance Officer of Arauco North America.
   
b) Provide the necessary and reasonable means and resources for the Chief Compliance Officer of Arauco North America to fulfill the roles and responsibilities contemplated by this Policy.
c) Evaluate annually the administration and effective operation of the Policy.

d) Upon detection of any criminal act contemplated by this Policy, the Board shall determine and take such measures as it deems necessary and appropriate and shall ensure the implementation of effective measures to prevent a recurrence of the same or similar act.

2) Chief Compliance Officer of North America

a) Review and monitor the proper implementation and operation of the Policy.

b) The CCO of Arauco North America shall report directly to the CCO of Celulosa Arauco y Constitución S.A. (hereinafter referred to as “CASA”) and every six months deliver to the CCO of CASA a report on the status of activities related to the implementation and effective application of the Policy during the respective period. The CCO of Arauco North America shall report annually to the Board of Arauco North America and deliver an annual report on the status of activities and initiatives of the Compliance Program.

c) Competently perform, request, and review information for the execution the duties assigned by the CCO of CASA.

d) Establish and comply with this Policy and make suggestions to the CCO of CASA and/or to the Board to develop and implement any other policies and/or procedures that it deems necessary to supplement and provide support and effectiveness to the existing Policy.

e) Ensure the updating of this Policy, in accordance with the regulatory changes and changes in the business environment of the entity.

f) Identify and analyze risks. This process will be conducted at least annually or when relevant changes occur in applicable laws or in business conditions. This activity is reflected and documented in the crime risk and controls matrix of Arauco North America.

g) Supervise that the internal processes and activities of the Company have effective controls to prevent the risk of crime and keep a record of compliance and enforcement of these controls.

h) Supervise the training of Team Members in North America on this Policy and the applicable laws.
i) Document, monitor, and safeguard evidence regarding the crime prevention activities.

j) Ensure the communication of the Policy to Team Members and service providers. For this task, the CCO of Arauco North America shall receive support from the Vice President of Human Resources of Arauco North America. This communication should cover the entire organization at least annually.

k) Receive, and take part in the investigation of complaints related with this Policy from the reporting hotline.

l) If the CCO of Arauco North America becomes aware of any situation that could be characterized as a crime, the CCO of CASA and the Board must be immediately notified, so that appropriate measures may be taken.

m) In the event of detection of an act that may be considered a crime included in this Policy, the CCO of Arauco North America must make a presentation to the Board of Arauco North America and the CCO of CASA, so that the latter may determine whether to include legal authorities.

n) Using credible investigation reports and the CCO of Arauco North America shall recommend the application of disciplinary measures to the CCO of CASA. Also, the CCO of CASA and/or the Board shall suggest to the CCO of Arauco North America the measures that it deems necessary or appropriate to prevent such situations.

3) Executive Team

   a) Support the CCO of Arauco North America, ensuring unrestricted access to information and people, as well as coordinating the activities related to the Policy.

   b) Report to the CCO of Arauco North America any observed situation related to non-compliance with this Policy and procedures related to it.

   c) Ensure compliance with the controls established in the Crimes Risk Matrix.

   d) Report emerging risks related to the crimes included in this Policy to the Chief Compliance Officer of CASA.

4) Internal Audit

The controls and procedures related with this Policy will be audited by the internal audit area of Arauco North America Inc., which will have the following duties:
a) Evaluate compliance with the controls related with this Policy.

b) Deliver all information required by the CCO of Arauco North America at the conclusion of the audit.

c) Report emerging risks related to the crimes included in this Policy to the CCO of Arauco North America.

5) All Team Members

a) Comply with the provisions of the Policy, as applicable to them.

b) Every Team Member of the Company shall have the obligation to immediately report that they have become aware of an act that constitutes, or may constitute, one of the crimes mentioned hereabove and/or the emergence of new risks related to the crimes included in this Policy.

Team Members and/or third parties can anonymously report crime related activities or apparent violations to codes, regulations, policies, procedures and other internal and external norms by:

www.arauco-na.ethicspoint.com

1-833-TELL-ANA (1-833-835-5262)
Glossary

**Bribery:** Under this policy, “bribe” means, directly or indirectly, offering, giving or receiving money, gifts or anything of value to influence someone to do something that is improper, in violation of his or her duty or illegal, or to secure an improper advantage.

- Improper payments include bribes, kickbacks, excessive gifts or entertainment, or anything of value improperly offered, given or received
- Anything of value means any form of benefit, and includes, but is not limited to, cash, gifts, entertainment, donations, services or discounts

- In the United States, the *Foreign Corrupt Practices Act (FCPA)*:
  1) prohibits individuals and businesses from bribing foreign government officials in order to obtain or retain business
  2) imposes certain record keeping and internal control requirements, and
  3) prohibits individuals and companies from knowingly falsifying books and records or circumventing or failing to implement a system of internal controls.

- The *Corruption of Foreign Public Officials Act (CFPOA)* is the Canadian legislation implementing its obligations under the UN Convention against Corruption. The CFPOA makes it a criminal offense for persons or companies to bribe foreign public officials to obtain or retain a business advantage.

  Under the CFPOA bribery provision, a person commits an offense if he/she, in order to obtain or retain an advantage, gives, offers or agrees to give or offer a benefit of any kind to a foreign public official or to any person for the benefit of a foreign public official (a) as consideration for an act by the official in connection with the official’s duties, or (b) to induce the official to use their position to influence any acts of the foreign state or public international organization.

  The CFPOA applies to bribery of foreign public officials when the offense is committed in whole or in part within Canada. Its provisions also apply to offenses committed outside Canada by a Canadian citizen, permanent resident, or an entity organized under Canadian law.

- The *UK Bribery Act 2010* is in some respects similar to the FCPA. There are, however, three crucial differences:
  1) In contrast to the FCPA which applies only to the corruption of foreign officials, the *Bribery Act* includes bribes offered or given to any person.
  2) Although the *Bribery Act* contains a stand-alone offense of bribery of a foreign public official, this offense does not require a corrupt intent on the part of the briber. An offense of bribing a foreign public official is committed under the *Bribery Act* by a person if (i) he intends to influence the foreign public official in his capacity as such, and (ii) he intends to obtain or retain business or an advantage in the conduct of business, and (iii) the payment/advantage is not permitted or required by the written law applicable to the foreign public official.

**Crime risk and controls matrix:** The matrix documents the risks related to fraud, bribery, corruption, money laundering, financing of foreign terrorism and violation of trade sanctions, as well as controls necessary to mitigate such risk. It includes the monitoring activities that the Chief Compliance Officer carries out in order to supervise compliance with those controls.
Fraud: Fraud is the deliberate deception to secure unfair or unlawful gain, or to deprive a victim of a legal right. Fraud itself can be a civil wrong, a criminal wrong, or it may cause no loss of money, property or legal right but still be an element of another civil or criminal wrong. The purpose of fraud may be monetary gain or other benefits.

Regulations regarding fraud are defined in US Code Title 18, Chapter 47.

Canada Section 380(1) of the Criminal Code provides the general definition for fraud in Canada. Under this section, everyone who, by deceit, falsehood or other fraudulent means, whether or not it is a false pretense, defrauds the public or any person of any property, money or valuable security or any service,
   (a) is guilty of an indictable offense and liable to a term of imprisonment not exceeding fourteen years, where the subject-matter of the offense is a testamentary instrument or the value of the subject-matter of the offense exceeds five thousand dollars; or
   (b) is guilty:
      (i) of an indictable offense and is liable to imprisonment for a term not exceeding two years, or
      (ii) of an offense punishable on summary conviction, where the value of the subject-matter of the offense does not exceed five thousand dollars.

Money Laundering: Money laundering is the process by which criminals attempt to conceal the illicit origin and ownership of the proceeds of their unlawful activities. By means of money laundering, criminals attempt to transform the proceeds from their crimes into funds of an apparently legal origin. The Money Laundering Control Act of 1986 was designed to achieve the four objectives below:

1. To establish money laundering as a prosecutable federal offense
2. To mandate civil and criminal penalties for violating the Bank Secrecy Act of 1970
3. To prohibit the ability of consumers who structure transactions that are met to evade currency transaction report filings
4. To require banks and financial institutions to develop and maintain Bank Secrecy Act procedures, recordings and compliance policies.

In Canada, the objective of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act is:

(a) To implement specific measures to detect and deter money laundering and the financing of terrorist activities and to facilitate the investigation and prosecution of money laundering offenses and terrorist activity financing offenses

• (b) To respond to the threat posed by organized crime by providing law enforcement officials with the information they need to deprive criminals of the proceeds of their criminal activities, while ensuring that appropriate safeguards are put in place to protect the privacy of persons with respect to personal information about themselves

• (c) To assist in fulfilling Canada’s international commitments to participate in the fight against transnational crime, particularly money laundering, and the fight against terrorist activity; and

• (d) To enhance Canada’s capacity to take targeted measures to protect its financial system and to facilitate Canada’s efforts to mitigate the risk that it’s financial system could be used as a vehicle for money laundering and the financing of terrorist activities.

Sanctions: Sanctions are penalties or other means of enforcement used to provide incentives for obedience with the law, or with rules and regulations.
The Office of Foreign Assets Control (OFAC) of the US Department of the Treasury administers and enforces economic and trade sanctions based on US foreign policy and national security goals against targeted foreign countries and regimes, terrorists, international narcotics traffickers, those engaged in activities related to the proliferation of weapons of mass destruction, and other threats to the national security, foreign policy or economy of the United States.

**Terrorist Financing:** Terrorist financing refers to activities that provide financing or financial support to individual terrorists or terrorist groups. The U.S. Code of Federal Regulations defines terrorism as “the unlawful use of force and violence against persons or property to intimidate or coerce a government, the civilian population, or any segment thereof, in furtherance of political or social objectives.

Officially known as the *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001*, the “USA Patriot Act” is intended to help government agencies detect and prevent possible acts of terrorism, or sponsorship of terrorist groups. While parts of the *USA Patriot Act* expired on June 1, 2015, the *USA Freedom Act* was passed into law the next day, which renewed the expired parts until 2019.