

CORPORATE GOVERNANCE CODE

SIGDO KOPPERS S.A.

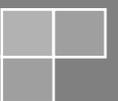




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PURPOSE

The purpose of this Corporate Governance Code is to explain the corporate governance structure of Sigdo Koppers S.A., regulate how it is put into practice, and present the related practices that have been adopted in compliance with governing regulations and international standards to fulfill the Board's mission of maximizing the Company's value.

The Corporate Governance practices of Sigdo Koppers S.A. aim to ensure that the Company provides appropriate, sufficient and timely information to the market; to promote equal participation by all shareholders and a respect for their rights and those of stakeholders; and to strengthen the Company's senior management and administration.

VISION, MISSION AND VALUES

Vision

Be recognized as the best company in the different sectors in which we do business. Be considered a strategic partner by our customers and suppliers, which will help us grow continuously and sustainably.

Mission

Contribute to the progress of Chile by means of the sale of high-quality products and services to our customers through the Company's subsidiaries and associates, which will create value for our shareholders and opportunities for our people to develop.

Values

Excellence

Excellence is the combination of efficiency, continuous improvement and motivation where the outcome is quality. Those who achieve excellence add value to their work that sets them apart from their peers.

Integrity

Actions consistent with the values of transparency, correctness and honesty where everyone is treated equally.

Commitment

A certificate of warranty of the work by Sigdo Koppers S.A. is the highest sense of duty. Each collaborator makes the mission of the Company his or hers.

Teamwork

Every member of the organization commits to attaining the objectives of their work and to prefer working as a team in the Company's interests.

Perseverance

Sigdo Koppers S.A. does everything it must to meet its commitments and ensure satisfaction with its goods and services.

Consistency

Actions by Sigdo Koppers S.A. are consistent with its values and principles.

Each time a responsibility is assumed, it is assumed in good faith based on existing commitments. Efforts are dedicated to achieving goals.

Respect

Appreciating everyone else, respecting their authority and taking into account their dignity all contribute to the growth and development of each of the members of Sigdo Koppers S.A. Respect is an absolute guarantee of transparency and creates a cordial and safe environment.

Honesty

This value is indispensable for human relations to evolve in a setting of trust and harmony as it assures support, safety and the credibility of people.

Accountability

This is a conscientious assumption of the consequences of words, decisions and commitments and, generally, of free and voluntary acts, not only when the results are good and gratifying, but also when they are adverse or undesirable. Accountability also means doing what we must in the best way possible to be effective and to ensure quality and commitment.

SHAREHOLDERS

A joint action and control agreement was signed on July 7, 2005, effective through the year 2020. The signatories were:

- Inversiones Errazú Ltda., whose end controller is Mr. Juan Eduardo Errázuriz Ossa;
- Inversiones Kaizen Ltda., whose end controller is Mr. Naoshi Matsumoto Takahashi;
- Inversiones Jutlandia Ltda., whose end controller is Mr. Norman Hansen Roses;
- Inversiones Cerro Dieciocho Ltda., whose end controller is Mr. Mario Santander García;
- Inversiones Homar Ltda., whose end controller is Mr. Horacio Pavez García;
- Inversiones Busturia Ltda., whose end controller is the Aboitiz family.

The list of shareholders can be viewed on the Company's website (www.sigdokoppers.cl). The Shareholders Register is managed by the SerCor S.A. Shareholders Relations Office, located at Av. El Golf 140, 1st floor, Las Condes. Their contact email is acciones@sercor.cl.

The Company's website provides general information on subjects of interest to shareholders and the public at large.

The Board has also set up a Company website unit which shareholders and investors can contact to ask about the situation, businesses and public information on the Company.

Procedures

Shareholders are convened to regular and special meetings, as the case may be, by the Board of Directors to be informed of, and to decide on, matters inherent to the Company's operations.

Shareholders meetings are held at least once a year, within the four months following the date of the balance sheet.

Special shareholders meetings are convened according to Company needs or at the request of shareholders representing at least 10% of the issued and voting shares, or when requested by the Securities and Insurance Commission.

Shareholders meetings may be validly held if all issued and voting shares are present, even though convocation formalities have not been completed.

Notices of the shareholders meetings are given according to the governing laws of Chile.¹

Shareholders meetings are chaired by the Chairman of the Board. The Chief Executive Officer is the Board's Secretary.

Deliberations and resolutions adopted at shareholders meetings are recorded in minutes that will be stored in media guaranteeing their completeness and fidelity. Minutes can be viewed by shareholders on the Company's website. Documents, appendices, reports and other information forming a part of minutes are also stored in the same way.

Roles and Responsibilities

The main responsibilities of the regular shareholders meeting are, apart from the responsibilities set down in governing regulations:

- ◆ To elect or revoke the Board of Directors.
- ◆ To decide on director compensation.
- ◆ To appoint external auditors and risk rating agencies.
- ◆ To approve bylaw reforms.

¹ Companies Law 18,046 / Decree 702, Companies Regulations.

- ◆ To approve or disapprove the annual report, balance sheet and financial statements.
- ◆ To decide on the distribution of profits in each fiscal year, in particular the payment of dividends.
- ◆ To approve the expense budget for the directors committee and its advisors.
- ◆ To analyze and decide on any matter reserved for the regular shareholders meeting by law or the bylaws or submitted by the Board of Directors.

The main responsibilities of a special shareholders meeting are set down in Article 57 of the Companies Law.



BOARD OF DIRECTORS

Members

The Board of Directors of Sigdo Koppers S.A. is comprised of 7 directors who can be re-elected, one of whom must be independent.

The Board is renewed entirely every three years according to the Company's bylaws.

The Board elects a Chairman and Vice-Chairman.

Sigdo Koppers S.A. has not set down other requirements or conditions for its directors except as required by governing regulations,

and it does not limit the number of memberships of its directors on other boards. However, the Company does require directors to dedicate enough time to the Board of Directors of Sigdo Koppers S.A. to attend regular and special meetings of the Board, unless they present a good excuse, and of the committees of which they are members, to analyze the information necessary to fulfill their duties and responsibilities.

Directors receive compensation for their office, which is set annually by the shareholders meeting.

The composition of the Board can be found on the website of Sigdo Koppers S.A.

Procedures

The Board of Directors of Sigdo Koppers S.A. holds regular meetings monthly and special meetings whenever required by the circumstances. Board meetings are opened if an absolute majority of the board members is present, and resolutions are adopted by an absolute majority of the directors present at the meeting, except as otherwise provided in article 146 et seq. of the Companies Law.

The dates of regular Board Meetings are set in the annual calendar prepared by the Chief Executive Officer, which must be approved by resolution of the Board. So, all directors know of these meetings in advance.

Board Meetings are presided by the Chairman of the Board or his substitute and meetings are conducted following the agenda set for the respective meeting.

The Chief Executive Officer attends Board Meetings unless his presence may have an impact on the decisions by the Board or prevent the Board from performing its duties, such as when they evaluate his performance.

Directors receive the materials on matters to be discussed at meetings sufficiently in advance in the form determined by the Company.

The Company has established standard processes to guarantee an appropriate continuity of the Board of Directors. Policies and procedures have been designed that regulate the decision-making process and the appropriate transfer of duties and information.

The Company has a new-director induction program by which new directors receive information on the Company, its businesses, risks, policies, procedures, main accounting standards and the governing legal framework. The Chief Executive Officer coordinates the candidates for directorships following the *director candidacy procedure*.

The Board of Directors has a training program that covers subjects such as the best corporate governance practices, sustainability, risk management and conflicts of interest.

The subjects discussed and resolutions adopted at Board Meetings are recorded in correlatively numbered minutes. Minutes are prepared by the Board Secretary and filed in the offices of Sigdo Koppers S.A. The Chief Executive Officer is responsible for guaranteeing their completeness. The rationale, elements and information reviewed by the Board are stored according to the *Board information storage procedure*. Minutes and other related documents are available to directors in an information system that each director can access remotely and safely at any time.

Specialists will be retained whenever the Board requires outside assistance according to the *Board external advisor policy*.

The Directors of Sigdo Koppers S.A. declare their conflicts of interest each year and

whenever necessary according to the Company's procedure, and they abstain from voting on the particular matter when relevant.

The Board of Directors of Sigdo Koppers S.A. has established an *annual Board performance evaluation policy* in order to detect opportunities for improvement in its procedures and organization.

The Board of Directors visits the offices of Sigdo Koppers S.A. annually.

Roles and Responsibilities

Apart from the requirements in governing regulations, the roles and responsibilities of the Board of Directors of Sigdo Koppers S.A. are:

- ◆ To be the senior manager of the company.
- ◆ To decide on the vision, missions, values and objectives of the Company.
- ◆ To implant and supervise a corporate governance to encourage the adoption and continuation of healthy corporate governance practices.
- ◆ To establish, review, approve and monitor the implementation of, and compliance with, the business plan and strategic plan.
- ◆ To discuss and approve investment projects and their sources of funding.
- ◆ To provide reliable and timely information to shareholders and the public on the Company's legal, economic and financial position as required by law.
- ◆ To appoint, remove and evaluate the performance of the Chief Executive Officer.
- ◆ To plan and prepare the succession of the Chief Executive Officer and other key executives.
- ◆ To submit the annual report, general balance sheet, income statement and external auditors' opinion to the Regular Shareholders Meeting.

- ◆ To supervise compliance by upper management with the Company's policies and procedures.
- ◆ To propel and ensure the internal control of the Company.
- ◆ To approve and control the risk management policy.

DIRECTORS COMMITTEE

Members

There are three members on the directors committee and at least one of them is an independent director who is also the Committee chairman.

Procedures

At the start of each year, the Chief Executive Officer, who is the Committee Secretary, sets the year's meeting schedule to ensure that the Committee performs its duties, even though other meetings may be held as needed.

The Regular Shareholders Meeting approves an annual expense budget for the work by the Directors Committee.

The deliberations and decisions adopted at Directors Committee Meetings are recorded in minutes that are stored properly.

Roles and Responsibilities

The duties of the Directors Committee are set down in the Companies Law. Nonetheless, their roles and responsibilities are described below:

- ◆ To make recommendations to the Board or management on matters within the committee's purview.
- ◆ To examine the external auditors' opinions, the balance sheet and financial

statements, and approve or disapprove them prior to their submission to the shareholders for approval.

- ◆ To propose the external auditors and risk rating agencies to the Board of Directors so that the Board can, in turn, make its recommendation to the shareholders at a Regular Shareholders Meeting.
- ◆ To examine the information on related-party transactions and issue the relevant report, which will be sent to the Board of Directors.
- ◆ To examine the Company's manager, senior officer and collaborator compensation plans and salary systems.
- ◆ To prepare an annual report on the Committee's work that will include the main recommendations to shareholders.
- ◆ To inform the Board as to whether or not it is convenient to retain an external auditing firm to provide services not forming part of the external audit.

MANAGEMENT

Composition

The management of Sigdo Koppers S.A. is led by the Chief Executive Officer, who is supported by the different managerial divisions.

Procedures

The Chief Executive Officer decides on the managerial structure and the committees needed for the Company to operate correctly.

Roles and Responsibilities of the Chief Executive Officer

Apart from the responsibilities set down in governing regulations, the main responsibilities of the Chief Executive Officer are:

- ◆ To lead the Company's management and represent the Company legally.
- ◆ To ensure compliance with the Company's ethical values.
- ◆ To establish and implement the Company's strategy.
- ◆ To align the Company's business transactions with corporate values, business strategies and internal policies.
- ◆ To present a budget and business plan each year to the Board of Directors.
- ◆ To ensure an appropriate administration of the Company's resources.
- ◆ To evaluate the performance of senior executives and ensure that the compensation system is adequate.
- ◆ To establish appropriate internal and external communications.

ETHICS COMMITTEE

Members

The Ethics Committee is comprised of the Chief Executive Officer, Corporate Comptroller and at least one director of Sigdo Koppers S.A.

Procedures

The Committee meets quarterly and whenever necessary.

Committee meetings are recorded in minutes.

The composition, procedures, roles and responsibilities of the Ethics Committee are set down in its bylaws.

Roles and Responsibilities

The main responsibilities are described below:

- ◆ To promote values and ethical conduct within the organization.
- ◆ To facilitate dispute resolution by applying the Corporate Code of Ethics and arbitrating between the parties.
- ◆ To hear and decide on complaints as indicated in the reporting procedure.
- ◆ To propose updates and amendments to the Corporate Code of Ethics.
- ◆ To issue the necessary instructions for the provisions in the Corporate Code of Ethics to be followed.

RISK COMMITTEE

Members

The Risk Committee is comprised of the Chief Executive Officer, the Corporate Comptroller and the Corporate Financial Officer.

Procedures

The Risk Committee meets quarterly.

Committee meetings are recorded in minutes.

The Chairman of the Risk Committee presents a report every quarter to the Board of Directors on the risk management of the Company, the critical risks identified, their impact and probability, contingency plans, and recommendations and improvements, among other subjects.

One of the quarterly presentations to the Board is made without the Chief Executive Officer of the Company being present. The person designated by the Risk Committee makes that presentation.

The composition, procedures, roles and responsibilities of the Risk Committee are set down in its bylaws.

Roles and Responsibilities

The purpose of the Risk Committee is to define and propose risk management strategies, policies and procedures to the Board of Directors.

The main roles and responsibilities of this committee are:

- ◆ To propose the risk management policy to the Board.
- ◆ To define and propose the risk profile and level of tolerance to the Board.
- ◆ To ensure that risk management is aligned with the objectives and strategic plan.
- ◆ To evaluate risk measurement methods, infrastructure, allocation and prioritization of the resources needed for risk management.
- ◆ To review and present the critical risks in the organization to the Board.
- ◆ To ensure compliance with the risk management policy and procedure.
- ◆ To propose plans to the Board on mitigating relevant risks.
- ◆ To ensure a monitoring of compliance with action plans.
- ◆ To report quarterly to the Board on the status of risk management.
- ◆ To suggest, when relevant, changes to the risk management policy or procedure.

- ◆ To express an opinion on activities entailing risks for the Company.

STAKEHOLDERS

The relationship and commitment that the Company has to each of its stakeholders is of great importance.

Collaborators

Sigdo Koppers S.A. promotes an ethical behavior and collaboration among all members of the organization. It has a healthy and safe-work environment and workplaces because it has implemented management programs for this purpose in compliance with the law. There is a systematic evaluation of risks and preventive measures have been implanted.

It also promotes training to give collaborators the necessary competencies to become skilled individuals, to enrich their knowledge, to improve individual attitudes and abilities, and to create a knowledge base.

In matters of inclusion and diversity, Sigdo Koppers S.A. is aware of the value of accepting differences, so it does not allow discrimination or exclusion based on ethnicity, gender or otherwise that may affect the dignity of individuals.

Community

Sigdo Koppers S.A. endeavors to maintain cordial relations with the communities where it does business. In particular, it promotes relations based on trust and transparency.

Investors and Shareholders

For the SK Group, process efficiency and transparency are fundamental. The Group works at creating a long-term profit for its shareholders and investors according to the highest standards of quality and transparency.



Customers

Sigdo Koppers S.A. is aware of the commitment it has to its customers and it aspires to be considered a strategic partner that focuses on their needs and expectations and provides innovative, competitive products and services of excellence when they need them.

Suppliers

The Company promotes an open and transparent communication with its suppliers and fair treatment for both sides. The goal is to strengthen local suppliers respectful of sustainable development.

The Authorities

The Company is committed to complying with the laws applicable to its operations in the places where it provides its services.

Competitors

Sigdo Koppers S.A. promotes fair competition based on ethical business conduct.

POLICIES

Ethical conduct

The Company adopted a Corporate Code of Ethics. This Code sets down the principles, values and conduct to be followed in performing jobs and behavioral rules for directors, collaborators and external advisors.

Conflicts of interest

Generally, a conflict of interest arises when an occurrence or situation that a person may experience interferes with their decision-making.

Any director or member of senior management who is not sure as to whether a situation is a conflict of interest or for whom a conflict of interest arises must follow the instructions in the *conflict of interest procedure for senior management and directors*.

Directors, collaborators and external advisors must also complete the annual statements on conflicts of interest.



Information management

The premise in Sigdo Koppers S.A. is the commitment to a truthful, sufficient and timely disclosure of all material events or information on the Company.

The Board of Directors of Sigdo Koppers S.A. has therefore developed a *Manual on Disclosure and Material Information Reporting* that regulates the disclosure of material events and information, information subject to specific disclosure or notice requirements, information of interest to the market, and confidential information.

Directors and collaborators must ensure an appropriate protection of the information that is under their guidance and/or control.

Crime Prevention Model (Law 20,393)

Sigdo Koppers S.A. considers it fundamental and ethical to comply with laws and regulations. The Company therefore created a crime prevention model in compliance with Law 20,393 on the criminal liability of legal entities for asset laundering, terrorism financing, bribery of a national or foreign public official and concealment.

In consideration of the foregoing, the Company forbids any conduct by owners, controllers, employees, senior executives or representatives, anyone performing managerial or supervisory duties, any Company collaborator or outside advisor representing the Company that may lead to a criminal charge against the Company under Law 20,393.



Risk Management

Sigdo Koppers S.A. has a *risk management policy and procedure* designed to provide a reasonable certainty that the strategic, operating, financial and compliance goals are achieved and that the company's value is maximized. Those documents required that the existing risks of the Company be identified, analyzed, evaluated, monitored and notified to the corresponding persons according to the risk management structure.

Senior officer compensation and indemnity policies and salary structures of Sigdo Koppers S.A. are reviewed by the Board according to the *senior executive compensation guidelines*.



Internal control

Sigdo Koppers S.A. has a Control Division and an Internal Audit Area to establish, evaluate and maintain an appropriate internal control structure.

The Internal Audit Area presents information quarterly to the Board on the annual audit plan, potential weaknesses, irregular situations that by nature must be notified to regulators or to the Office of the Public Prosecutor, and it makes the pertinent recommendations and improvements in order to minimize irregularities and fraud, among other subjects.

One of the quarterly presentations to the Board is made without the Chief Executive Officer being present.

The main functions of the Internal Audit Area are:

- ◆ To develop and implement an annual work plan based on the Company's goals and risks.
- ◆ To establish policies and procedures to guide internal audits.
- ◆ To evaluate the sufficiency and validity of the internal control systems as concerns the relevant transactions by the Company, in line with generally accepted standards and procedures and the specific regulations that govern this area.
- ◆ To evaluate compliance with laws and regulations applicable to the Company.

The procedures, roles and responsibilities of the internal audit area are set down in its bylaws.

Audit of financial statements

An external auditing firm is retained in order to ensure independence and standards of quality in the audit of financial statements.

The external auditing firm presents an audit plan quarterly to the Board, including eventual differences found in the audit as compared to accounting practices, administrative systems and internal audits, potential serious weaknesses and irregular situations that by nature must be notified to the pertinent regulators; the results of the annual audit program and potential conflicts of interest that may exist for the auditing firm or its employees in the provision of other services to the Company or to other companies in the business group; and any other situations.

One of the quarterly presentations to the Board is made without the Chief Executive Officer being present.

Sustainability

The Sustainability Policy provides guidelines for the sustainable development of all areas of the business. It is aligned with the Company's values and takes into account all its stakeholders.

The members of the Entrepreneurial Social Responsibility Area present a quarterly report to the Board on existing policies, organizational barriers, and stakeholders, among other subjects.

The Company's commitment is to its employees, the environment and the communities where it does business.

Therefore, the Company has established the basic pillar of formalizing a long-term strategy that will implant diverse policies following these guidelines.

The main courses of action by Sigdo Koppers S.A. are listed below:

- ◆ Respect for Human Rights.
- ◆ Care for work practices and respect for individuals.

- ◆ Use of the best ethical and business practices.
- ◆ Fair treatment of all employees, customers and suppliers.
- ◆ Care for the environment and commitment to clean production. Environmental responsibility is promoted in all areas of the business. The aim is to progressively increase the efficiency in the use and management of natural resources, and everyone is encouraged to extend this approach to the entire chain of value in each of the areas of business.
- ◆ The attraction and motivation of talent.
- ◆ The health and safety of employees.
- ◆ Quality and continuous improvement in processes and activities.
- ◆ Support to the social and economic development of the communities where the Company is present.
- ◆ Reduction in the environmental impact of its activities and certification of environmental management.
- ◆ Energy efficiency.
- ◆ Promotion of employability.
- ◆ Support to education.

EFFECTIVE DATE AND UPDATES

This Code will enter into effect upon approval by the Board of Directors of Sigdo Koppers S.A. and it will be updated as needed internally or due to changes in regulations.