

**COMPAÑÍA ELECTRO METALÚRGICA S.A.  
CORPORATE ANTI-CORRUPTION AND FRAUD POLICY**

## **1 Statement of Policy**

It is the Policy of Compañía Electro Metalúrgica S.A., its subsidiaries and affiliates (hereinafter "ME Elecmetal" or "the Company"), has been developed to carry out its global operations ethically and in strict compliance with the "anti-corruption" and "anti-fraud" laws in force in Chile and in the other jurisdictions in which the operations are located.

This Policy is mandatory to all directors, officers, employees, agents and employees of the Company, whatever the contractual or legal relationship that connect with it (hereinafter collectively referred to as "Company Personnel"). Also, is mandatory to the "third parties" acting in representation of the interests of the Company based in contracts or any kind of agreements.

## **2 Purpose and Scope**

All Company Personnel is expected to comply with all applicable laws and in all jurisdictions in which the Company conducts business, and to continue to maintain high ethical standards of business conduct, transparency, accountability, and legal compliance.

The Company does not authorize or tolerate business practices that do not comply with this Policy.

As described in the Company's Standard of Business Conduct, all Company Personnel are expected to act with integrity at all times, including interaction with "public officials" in all countries where the Company's operations are located. Specifically, in compliance with the following provisions: The 18 US Code Chapter 11 (18 US Code); The US Foreign Corrupt Practices Act (FCPA); UK Bribery Act (UKBA); The Criminal Code, The Free Competition Act No. 20,945 and The Criminal Law of Legal Persons Act No. 20,393, all of them from Chile (Chile's Laws); China's Anti-Unfair Competition Law, China's Anti-Monopoly Law and China's Criminal Law, all of them from the People's Republic of China (China's Laws); and in general, as is required in other anti-corruption and fraud laws or related regulations applicable to the Company and which prohibit Company Personnel from engaging in corrupt or fraudulent transactions to obtain or retain business.

This Policy covers every transaction performed by the Company, Company Personnel and third parties acting on behalf of the Company, anywhere.

### 3 Company Commitment against Corruption and Fraud

The Company does not tolerate that Company Personnel and third parties, to engage in acts constituting corruption and fraud. The Company requires those to act with total honesty and integrity at all times, protecting the resources made available to them. It considers reputation as an essential element of the organization; therefore this should be an object of concern to all Company Personnel and third parties acting on behalf of the Company.

#### 3.1 Prohibition of corrupt payments

Neither Company Personnel nor intermediary third parties acting on behalf of the Company shall not give, offer, promise, make or authorize payments or provide "anything of value", directly or indirectly, to a public official in-office, relatives of a public official or individuals who have close relationship with a public official, political party, or political candidate, state-owned enterprise, employee of state-owned enterprise, or to an international organization official ("public official" includes both an official in-office and a former official); to obtain or retain a business or an improper advantage.

It is not allowed to make payments include delivering or promising to deliver anything of value in order to:

- a. Influence them to perform the desired action.
- b. Induce the violation of a lawful duty.
- c. Influence them to not perform a lawful duty.
- d. Ensure any improper advantage.
- e. Influence a government or government instrumentality's decision.

In particular, is prohibited to offer or consent to give anything of value to a public official to perform actions or to incur in omissions indicated below:

- i. Perform an act of his position such as have not assigned rights.
- ii. Execute an act in violation of the duties of his position.
- iii. Omit an act due proper to his position.
- iv. Commit an official offense.

This Policy also prohibits offering or consenting to give anything of value to a public official for having incurred in such actions or omissions.

Due to aforementioned, Company Personnel shall have a prior approval according to this Policy to offer, give or consent delivering anything of value to a public official.

It is the Company Personnel's responsibility to know if those with whom they interact are public officials as defined in this Policy, and in case of any doubt, Company Personnel may contacts to the local Compliance Officer or the Corporate Controlling department.

### **3.2 Facilitation payments**

Some anti-corruption and fraud laws –as the FCPA– include minimal exceptions that allow companies to make facilitation payments, such as small payments, to a domestic or foreigner public official to expedite or facilitate their performance under routine government and non-discretionary action, that (i) the public officer commonly performs, and (ii) to which the Company is entitled under that country's laws (such as for processing government documents, or providing telephone or postal service).

However, such facilitation payments may be illegal under domestic applicable laws in other countries where Company's operations are located. In such cases it shall be understood as prohibited by this Policy, unless expressly approved in accordance with the Company's internal procedures and in accordance with this Policy. Therefore, prior written approval of the Company's Chairman or General Manager or respective subsidiary, is required.

Even payments to public officials that are expressly lawful under the laws and regulations of a country where Company's operations are located, such payments must always be supported by an appropriate official document. In addition, must be made through a transfer or bank check directly into an official government or entity account, unless the applicable laws and regulations expressly provide other method of payment. Thus all types of facilitation payments approved and made must be properly recorded in the Company's accounting records.

Reasonable and good faith expenses incurred on behalf of public officials that are directly related to: (i) the promotion, demonstration or explanation of goods or services, and (ii) a contractual obligation; may be permitted but must be approved in advance by the Company's Chairman or General Manager or respective subsidiary.

It is the Company Personnel's responsibility to know if those with whom they interact are public officials as defined in this Policy, and in case of any doubt, Company Personnel may contact the local Compliance Officer or the Corporate Controlling department.

### **3.3 Prohibition of commercial bribery**

The Company prohibits commercial or private bribery in all its forms. Therefore, the Company Personnel shall not, directly or indirectly, offer, promise, authorize or deliver a financial or other advantage to another person (including bribes, unauthorized commissions, unrecorded discounts or other compensation) or other kind of incentives to obtain or retain business or gain a business advantage or benefit.

No Company Personnel will authorize third party intermediaries to directly, indirectly, offer, promise, authorize or deliver a financial advantage to another person (including bribes, unauthorized commissions, unrecorded discounts or other compensation) or other incentives to obtain or retain business or gain a business advantage, for or on behalf of ME Elecmetal.

Likewise, Company Personnel are prohibited from demanding payments or "anything of value", directly or indirectly, from current or potential transaction counterparties of the Company.

### **3.4 Third party intermediaries**

The Company Personnel shall not use intermediary third parties to make any prohibited act or payments which may violate this Policy in any way. The Company Personnel must perform corporate or individual background due diligence on all intermediary third parties with which it operates in any part of the world. Also, may not hire an intermediary third party if there is any reason to suspect that such third party may attempt to offer, promise, make or authorize payments or provide "anything of value" against this Policy.

In order to carry out a background analysis and verifications on intermediary third parties, ensuring their content's consistency, Company Personnel must request enough information from the intermediary third party, along with a statement regarding the veracity of said information. The Company Personnel responsible for hiring this intermediary third party must store all background information and safeguard the documents before the possible occurrence of later situations.

Once this diligence has been completed and the Company has determined to establish a business relationship with this intermediary third party, the terms and conditions of said relationship must be put in writing in an agreement or contract, which must be signed before the intermediary third party begins working. The Company Personnel responsible for hiring this intermediary third party must submit this agreement to their counterparty, i.e. the intermediary third party to be hired, and explain the content of this "Corporate Anti-Corruption and Fraud Policy", expressly stating that this agreement contains provisions that oblige the intermediary third party to comply with the laws of all the countries where the services will be provided, without exception. By signing said agreement, the intermediary third party promises to comply with all anti-corruption and fraud laws applicable in the respective jurisdiction, and additionally, it must be expressly stated that this obligation must be certified by the intermediary third party on an annual basis. The Company Personnel must refrain from contracting and must consider as a warning sign the third party's refusal or doubt to comply or sign this agreement, immediately reporting this situation to their direct superior, the local Compliance Officer or the Corporate Controlling department.

For the purpose of limit the Company's liability for eventual payments or gifts made by the intermediary third party that may violate the provisions of this Policy, Company Personnel must:

- a. Insist on the justification and documentation of said payment, before reimbursing expenses or paying for services;
- b. Require that the third party submit their invoices indicating separated items that justify the payments made, and which document all the services provided; each payment should be supported by sufficient documentation, such as service contract, project completion notices, or other project descriptions, etc.;
- c. Return or not pay invoices that have generic or unclear individual items (examples, "miscellaneous expenses", "management fees", "commissions and fees", "expense reimbursements", etc.);
- d. Question unusual or excessive expenses; and
- e. Deny payment to the third party and immediately notify the local Compliance Officer, as soon as they suspect that the third party has made or will make an illegal or at least questionable payment or gift.

### **3.5 Mergers, acquisitions and joint ventures**

Any agreement that the Company makes to merge, acquire or enter into a joint venture with an unrelated entity, requires prior approval of the Company's Board of Directors.

In situations in which the Company or a subsidiary merges, acquires a majority participation or controls operations, acquires all or a substantial part of the assets of another unrelated entity, Company Personnel must perform due diligence related to corruption, fraud or commercial bribery before closing the transaction, in order to protect itself against legal, financial and reputational risks that may arise from potential corruption, fraud or commercial bribery due to said transaction. Any agreement to merge, acquire or enter a joint venture with an unrelated entity must include a provision that allows related due diligence to be performed prior to closing the operation, including, but not necessarily limited to, access to relevant employees, documents, and books, as permitted by law.

### **3.6 Prohibition on antitrust**

Prices and costs of the Company must be determined by it alone. Company Personnel must avoid even the appearance of improper action, it is absolutely prohibited to consult or discuss with competitors, supplier or customers; in any manner that could violate an antitrust law in any jurisdiction.

An antitrust violation can include, but not limited to, the following activities of the Company Personnel:

- a. Agreements or understanding, express or implied, formal or informal, oral or written, with competitors concerning pricing policies, allocations of customers, markets or territories, volume of production, or terms or conditions of sale of the Company or any subsidiary;
- b. Price discrimination, as well as other discrimination, between purchasers of commodities for resale.
- c. Agreements with either supplier or customer to allocate specific customer or territory or to boycott any individual; resale price maintenance agreements or even understanding with customers or dealers, as to the price at which they will sell.
- d. Attempt or conspiracy to monopolize in any market. A subsidiary with a strong position in the respective market must be especially concerned regarding all trade practices to avoid being a target of the local antitrust authority.
- e. Reducing competition with tie-in sales; and contracts requiring customers to deal only with one supplier or requiring a supplier to deal only with one customer, including practices of reciprocity requiring to supplier to purchase the Company's products or services as a condition to purchase of such suppliers' products or services.
- f. Agreements with other entity regarding the concentration of market of undertakings that leads, or may lead to elimination or restriction of competition, including agreements of merger, acquisition, or joint venture, unless otherwise approved by the competent authorities in the applicable jurisdictions.

#### **4 Internal control and reliable accounting records**

The Company maintains an internal control system and reliable accounting records in accordance with widely accepted best practices and accounting principles.

All payments, gifts, travel or entertainment (including meals) delivered to public officials (including meetings or mass events with clients and public officials) must be timely and properly recorded in the Company's accounting records. All entries must include a reasonable amount of detail so that the accounting records reflect all transactions correctly. At the least, all financial transactions must:

- a. Performed with the Company's proper authorization and have sufficient documentation to facilitate its traceability;
- b. Be registered in accordance with generally accepted accounting principles, defined by the Company at corporate level; and
- c. Be periodically reviewed to identify and correct any discrepancies, mistakes or omissions, with accounting principles.

The Company will not tolerate false, misleading or inaccurate records in its books. Company personnel who falsify or alter the Company's accounting records will be subject to disciplinary action, including employment termination, in accordance with local employee handbook and applicable domestic labor laws.

The responsibility for maintaining an efficient internal control system falls upon every level of the organization. Therefore the Company's Personnel, in their respective functions, is responsible for an adequate definition and performance of the internal control. Company Personnel shall not permit the annulment of said controls or the improper use of corporate resources.

Both internal auditors and external auditors authorized under the applicable law or regulation, or instructed by the competent regulatory authorities or the Company, shall have unlimited access to all the records, documentation and information needed to perform their independent verification activities of the company's internal control and financial reporting.

## **5 Responsibilities**

### **5.1 Of the entire personnel and third parties**

- a. Comply with this Policy and other Company's guidelines to prevent corruption, fraud and commercial bribery in developing their duties.
- b. Timely ask every doubt that may arise on corruption, fraud and commercial bribery issues, directing them to the corresponding local or corporate level, always avoiding risks of inaction due to ignorance.
- c. Immediately report to immediate superior, to higher level manager, to the local Compliance Officer, to the Corporate Controlling department or file the corresponding complaint through the channels defined for such purpose, as applicable; any real or suspected situations that could constitute an act of corruption, fraud or commercial bribery.

### **5.2 Of the executives**

- a. Carry out all the timely prevention activities for any potential acts of corruption and fraud, in the areas under their responsibility.
- b. Support the local Compliance Officer in their prevention role, implementing adequate internal control over the risks of corruption and fraud.
- c. Apply all the corresponding sanctions for the noncompliance with this Policy, in accordance with local employee handbook and applicable domestic labor laws.

### **5.3 Of the Compliance Officer or equivalent local role**

- a. Promote prevention activities, such as personnel training, ensuring full knowledge and compliance with this Policy.
- b. Conduct independent investigations for corruption and fraud allegations.
- c. Support the rest of the organization in prevention activities for cases of corruption and fraud.

### **5.4 Of the Local Ethics Committee or equivalent local role**

- a. Review the sanctions proposed for cases of serious breaches and evaluate making changes on said sanctions.
- b. Periodically review and update both the Code of Conduct and this Policy, to incorporate improvements.
- c. Evaluate legal actions for cases involving crimes in the respective jurisdiction, while relying on external legal counsel.

### **5.5 Of the Local Board**

- a. Fully adopt this Policy and disseminate it in the local organization, ensuring that it is applied consistently and in accordance with each jurisdiction's laws.
- b. Adopt all additional measures in accordance with applicable local anti-corruption and fraud laws.



- c. Provide the local Compliance Officer with all the authority and resources they need to exercise their role, requiring a periodic report of their activities and complaints.

## **6 Replies**

The Company supports its personnel to take firm steps against corruption, fraud and commercial bribery, and will make sure that its staff doesn't suffer negative performance appraisals, adverse consequences related to their employment or retaliation for reporting suspicions of acts that could constitute corruption and fraud, or for refusing to pay bribes.

Any retaliation against the complainant or victim of a reported situation shall be subject to disciplinary action.

All Company Personnel can report an alleged case of corruption, fraud and commercial bribery to his immediate superior, to higher level manager, to the local Compliance Officer, to the Corporate Controlling department, or file the corresponding complaint through the channels defined for such purpose ([www.me-elecmetal.com](http://www.me-elecmetal.com)).

## **7 Noncompliance with the Policy**

The Company Personnel involved in acts or attempts of corruption, fraud and commercial bribery of any kind will be subject to disciplinary action, including employment termination, and may be reported to the authorities for criminal prosecution depending on the seriousness of the behavior and the damage to the Company and/or related parties.

In addition, the Company has the arbitrary rights to terminate their engagement contracts or agreements with any consultants, representatives, agents, subcontractors or any third party who are unwilling or unable to work with the Company in a manner that is consistent with this Policy.

In cases of non-compliance, the Company will take all legal actions that the applicable laws allow, in the jurisdiction in which they occur.

## 8 Definitions

The following terms, used in this Policy, will be understood as follows:

**"Corruption"**: Corrupt activities includes offering, promising, providing, accepting, soliciting and consent to deliver money, a gift or any other financial or economic advantage, for doing or have done something that is illegal, an abuse of power or authority, a breach of trust or lawful duty, or an act that is otherwise inappropriate, in the process of carrying out the organization's activities. The most common forms of corruption include bribing public officials, improper pressure or extortion, bribery among private persons, exchanging influences, conflict of interest, and collusion, among many other related concepts.

**"Fraud"**: This is any intentional act carried out by a person of the organization or by third parties, characterized by a deception that generates a prejudice to the organization and is therefore a benefit to the perpetrator. It is carried out with the intention of damaging the organization's assets or reputation. For a conduct to be classified as fraud, it does not necessarily need to be treated to a crime under applicable laws, as long as it complies with the above characteristics. Examples of fraud are: unauthorized manipulation of financial and non-financial information, reporting false information, misappropriation of tangible assets, abuse of authority, misappropriation of intellectual property, use of inside information, among others.

**"Commercial bribery"**: According to certain specific laws –as China's law– is defined as where a business operator pays or promises to pay economic interests to the other party in a transaction, or to a third party who may affect the transaction, to induce acceptance of trading opportunities or to gain a competitive advantage for the operator. Payment or a commitment to pay economic interests is offering commercial bribery. Accepting or agreeing to receive economic benefits is accepting commercial bribery. The nature of commercial bribery is unfair competition.

**"Third party"**: It corresponds to any entity (including companies, organizations, institutions, individuals, etc.) that has a connection to the Company, or has any business transaction with the Company, but who carries out its activities independently of the Company's definitions, their ownership is different to that of ME Elecmetal, and they have their objectives and use their own resources to carry out activities. Examples of a third party are representatives, agents, subcontractors, strategic partners in a joint venture, among others.

"Public official" means an official, agent or employee of (i) a government, department, agency or public entity including those wholly or in the majority owned or controlled by the State, (ii) any public international organization such as the United Nations or World Bank; or (iii) any person acting as an official for or on behalf of said government or department, agency, entity or international public organization, even if that person isn't directly employed by the government or international public organization, and is developing a public function or public duty. Under certain anti-corruption and fraud laws – as the FCPA– a public official may include, among others, an employee of a government agency or legislative body (such as a customs clerk or police officer), an employee of a state company or one controlled by the government (such as a national oil company), a candidate for political or public office, an employee of an entity that receives major contributions from the government (such as a university dean or professor or research center). Under certain anti-corruption, fraud and commercial bribery related laws and regulations –as the Chinese Criminal Law– a public official may include, among others, persons who perform public service in the governmental agency, State-owned companies, public institution or people's organizations, persons who are assigned by governmental agency, State-owned companies or public institutions to companies that are not owned by the State or people's organizations to perform public service, and other persons who perform public service as provided by the applicable law.

"Anything of value": includes any economic valuable item or benefit such as cash payments, gifts, property, entertainment, company-sponsored travel, tuition, donations and more. Most anti-corruption and fraud laws, do not establish a monetary threshold for an economic valuable item or benefit can qualify as anything of value.

## 9 Awareness and annual certification

I confirm that I have received a copy, read and understood the present Corporate Anti-Corruption and Fraud Policy from ME Elecmetal, without limitation.

Therefore, I hereby agree to comply with this Policy and agree to revise its definitions before engaging in any activity that could possibly breach the content of the Policy.

If I have any questions on any subject within the scope of this Policy, I will submit it to the corresponding level for due clarification prior to participating in any activity that represent a violation of the Policy.

I confirm that, at least annually, I will re-certify my understanding and commitment to this Policy and its subsequent updates.

Being aware of this:

Name: \_\_\_\_\_

Position: \_\_\_\_\_

Date: \_\_\_\_\_

Company/Subsidiary: \_\_\_\_\_