

A photograph of a shipping yard with several stacks of containers. The containers are white and blue, with the CSAV logo and name visible on them. The sky is clear and blue.

ORGANIZATION, ADMINISTRATION AND SUPERVISION MANUAL (MOAS, in Spanish)

Act 20.393 Corporate Criminal Liability.

Compañía Sud Americana de Vapores S.A.

MOAS Version 3

Approved by the Board of Directors

During Session held on 27 February 2014.



Compañía Sud Americana de Vapores S. A.
LEGAL COMPLIANCE

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I. PRESENTATION AND PURPOSE.

Act 20.393 of 2 December 2009 sets forth and regulates the criminal liability of the legal entities for money laundering (ML), financing of terrorism (FT) and bribery (BR) crimes.

The legal entities shall be liable for said crimes in view of the following circumstances (Article 3):

- i. That they were committed directly and immediately in the **interest** or for the **benefit** of the company. Therefore, the legal entities shall not be liable for crimes (ML, FT or BR) committed exclusively in the benefit of its perpetrator (accomplice or accessory), or in favor of a third party, other than CSAV.
- ii. That said crimes were committed by its owners, controllers, responsible people, main executives, representatives or those performing administration tasks, or by the people who are under management or direct supervision of some of them, and
- iii. That the crime was committed by the company as a consequence for not complying with the management and supervision duties. Regarding this point, the same article considers (section 4) that the direction and supervision duties have been complied with when, before the crime is committed, the legal entity had adopted and implemented *organization, administration and supervision models* to prevent crimes as the one committed.

Therefore, according to this Act, **CSAV shall only be criminally liable** if the people whom they are responsible for commit any of the crimes of ML, FT, or BR, which exclusive benefit CSAV, and when CSAV does not comply with its duty to supervise and control the actions of its employee.

This Organization, Administration and Supervision Manual (MOAS) arranges and presents the organization, administration and supervision model of Compañía Sud Americana de Vapores S.A. only for money laundering, financing of terrorism and bribery.



Figure No. 1: Responsibility of legal entities

CSAV Group's functions, systems, applications, processes, policies, procedures, instructions (ordered by different authorities or units of the Company), protocols, manuals, regulations (specially the Internal Regulation on Order, Health and Safety of Compañía Sud Americana de Vapores S.A.), which constitutes the model of its organization, administration and supervision activities, are under the management of the CEO. This model goes beyond ML, FT and BR crimes, referring to all the Company's activities in navigation and maritime carriage matters.

CSAV also has a Comptroller's Management and a Legal Compliance Officer, who are in charge, respectively, of CSAV's control and compliance tasks, whose functions go beyond the prevention of crimes classified by Act 20.393: ML, FT and BR, covering the entire shipping business. Comptroller's Office and Legal Compliance are under the direction of Management, but are control units of Management itself in charge of supervising and enforcing the compliance with CSAV's mission, reporting to the Company's senior officials:

- The Comptroller reports to the Board of Directors
- The Legal Compliance Officer reports to the Board of Directors' Committee and he can give recommendations (general or particular) to the Company's Management or any other body of the Company, including the Board of Directors and the Board of Shareholders.

It is worth noting that Compañía Sud Americana de Vapores S.A.'s policy has been to develop its maritime carriage business in strict compliance with the legal framework, striving to continuously improve its commercial and operational systems and processes, thus ensuring the permanent improvement of the quality and reliability of its services, together with the permanent supervision and control of its activities, training its personnel and the rational use of state-of-the-art technology applied to the shipping industry. This is so stipulated in the Quality and Environment Policy, by virtue of which they "undertake to satisfy their customers' requirements and expectations by providing a safe maritime cargo carriage from and to the main areas of the world and to responsibly comply with the terms agreed". This commitment comprises as part of CSAV's activities, "the compliance with the current shipping and environmental acts and regulations and to the prevention of contamination". Rev. No. 3 - 02/ May/2012. Quality Management System, ISO 9001:2008 and Environmental Management System, ISO 14.001:2004, both revised and certified by Lloyd's Register Quality Assurance.

II. APPLICATION SCOPE

1. About the people:

This Manual shall apply to all the people who participate in CSAV Group, understanding as such, all the people who have a work relationship with Compañía Sud Americana de Vapores S.A. (including its subsidiaries, affiliates and other related companies), including its Directors, Managers, Board of Director's Secretary, as well as the consultants (including irregular or occasional) under service-rendering contracts (employment contracts or not), contractors, suppliers, sub-contractors, advisors, etc. within the scope of their relationship with CSAV.

2. About the territory:

According to articles 5 and 6 of the Chilean Criminal Code, the Chilean criminal law is only applicable within national territory (including territorial sea), and crimes perpetrated outside Chile shall not be punished in Chile (except for the cases specified by law); therefore, Act 20.393 only rules within the national territory (the territoriality principle of criminal law).

Conversely, CSAV constitutes a global group of companies (CSAV Group), which performs in the worldwide shipping business by way of a fleet and a network of regional offices and local agencies with operations everywhere in the world, given that maritime carriage is a global phenomenon. Every time a vessel departs from a port, she starts an international voyage, going through territories with different legislations and jurisdictions. Therefore, the Company's organization, management and supervision model, as well as its control and compliance mechanisms, are essentially international and global, and comprise of operations carried out in Chile and abroad.

Therefore, in order to comply with Act 20.393, CSAV has applied its prevention of money laundering, financing of terrorism and bribery processes, systems and global organization and management model to Chile, without this meaning an extraterritorial application of the Chilean criminal law (especially of Act 20.393), or an acknowledgement by CSAV of its applicability outside national territory, although some operation systems, processes and controls mentioned in the MOAS and are applicable outside Chile.

Each CSAV Group's regional office and agency has manuals based on their national, state or federal law, legal resolutions and other regulations, as well as CSAV Group's norms (policies, procedures, systems, instructions, etc.) with worldwide application, according to its structure, function and specificity, including those of this Manual, for which updating and distribution the Legal Compliance Officer shall be responsible .

3. About other laws and regulations:

This is a complementary Manual and its application is compulsory, together with the local law and regulations. In case of any questions as to the consistency between the Manual and the law and regulations, the pertinent regional office, agency or person shall report them to the Legal Compliance Officer or to CSAV's Prosecutor's Office.

4. Duty to inquire into the norms and applicable regulations.

This Manual refers to general regulations and policies, so every individual has the duty to inquire into the specific procedures and obligations applicable in the place he/she works and to the activities he/she performs.

People must use this manual as a general behavior guideline and support for decision making. In order to guide the individual's actions, there are manuals, regulations, policies, procedures, instructions and other written norms.

Even so, and given the complexity and dynamics of the maritime business, there are aspects and situations that may not be described herein or in any other document. In this case, the individual shall inquire and ask the Legal Compliance Officer about his/her doubts about this Manual.

III. CSAV GROUP COMPLIANCE PLAN.

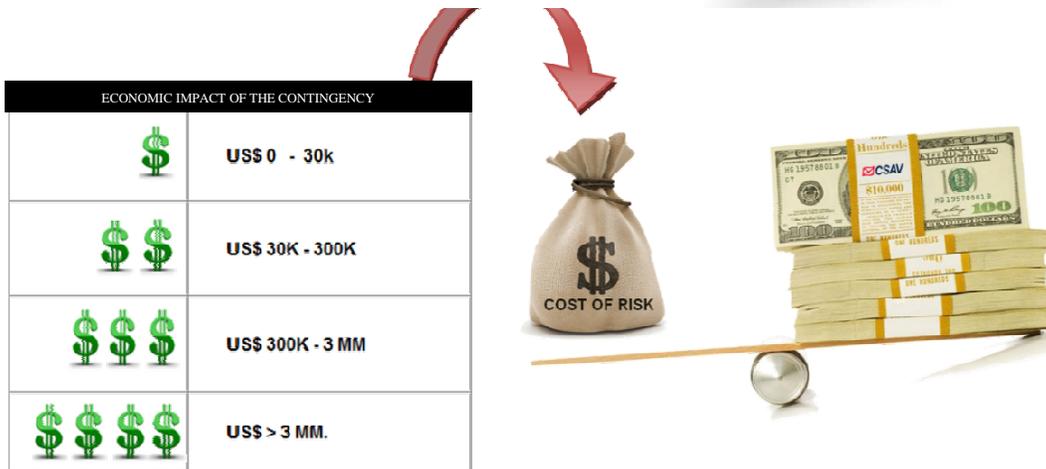
CSAV Group's control and compliance functions are performed based on a risk matrix handled by the Comptroller's Office, and another one under the direction of the Legal Compliance Officer. They both refer to the Company's risks, activities, systems and processes.

Crimes sanctioned by Act 20.393 are included within the Company's legal risk matrix that groups them by risk type and classifies them based on the formula that combines probability with impact¹.

Probability contains 5 levels: High, intermediate-high, intermediate, intermediate-low and low. The impact contains four sections: 0 at US\$30,000, US\$30,000 at 300,000; US\$300,000 at US\$3 millions, and over US\$3 millions.



Figure No. 2: Type of Risks >>>>



¹ (Committee of Sponsoring Organizations of the Teadway Commission, COSO, Spanish version 2005, No. 5 Risks Assessment, page 45).

Figure No. 3: Economic impact of the contingency

CSAV's risks and processes matrix (confidential documents) also refer to the control systems and control verification mechanisms, reports and other subjects and tools related to control and compliance.

As it is a business that experiences constant changes which are followed by the normative and regulatory changes, these matrices are essentially evolving instruments and thus modifiable, as well as the Company's systems and procedures, both for Management functioning and control.

Regarding control, the following operation mechanisms and control tools of the CSAV Group's management and organization model are applicable to the MOAS:

- ISO System
- Partners and Know Your Customer (KYC) databases
- Booking and Documentation System (BDS)
- Security Desk
- Cargo Patrol
- Norms, procedures and instructions of the Company Security Officer (ISPS Code), Preventive Control Systems Unit (SISCOP) and Ownership Managing Office
- ISPS Code
- SCIA and CTPAT
- Policies and Procedures of the Administration and Finance Management
- Procedure for gifts and courtesies
- Oracle System
- Internal Audit
- External Audit
- Legal Compliance Officer
- Compliance IT
- Compliance Entry Points at regional offices, managements and agencies

- Ethic Channel
- Manual for Handling Information of Interest to the Market (MMIIM)
- Internal Regulations: Especially CSAV's mission and principles, confidentiality norms, conflicts of interest and competition

IV. MOAS CONTENT.

This Manual contains:

1. Policy for prevention of money laundering, financing of terrorism and bribery;
2. The appointment of an independent individual in charge of prevention, with resources and means of action, called Legal Compliance Officer;
3. CSAV's model to prevent these crimes, and
4. Explanations about supervision and certification of the system to prevent the crimes.

1. POLICY FOR THE PREVENTION OF MONEY LAUNDERING, FINANCING OF TERRORISM AND BRIBERY.

The policy to prevent these crimes, as well as other violations and infringements, arises from the Principle of Legality, adopted by CSAV Group. This principle is as follows:

CSAV Group has decided to carry out its business in compliance with the regulations in force in the places it operates.

Therefore everyone has to abide by the laws, rules and regulations applicable to CSAV as well as by the stipulations issued by the Company's senior officials aimed at complying with the regulations in force.

CSAV does not expect let alone require its workers and personnel to perform their duties violating the law, not even with the excuse of increasing efficiency and good customer service.

Notwithstanding the criminal norm only refers to the financing of terrorism, money laundering and bribery, any actions aimed at, related or contributing to said activities, essentially and seriously violate CSAV Group Principle of Legality.

In order to apply this policy within CSAV organization, administration and supervision model, the procedures, operation and management and control systems that prevent these crimes from being committed are, on one hand, our customer's database *Partners*, which is frequently compared with the *blacklisted* lists or *pecially designated national (SDN)*, by any national or foreign entity or authority, especially OFAC, HMT, EU and UN. Said black lists supply *Partners*.

In turn, BDS prevents said people from carrying out *bookings* or issue bills of landing. All of this takes place simultaneously with the application of *Know Your Customer* process, carried out for commercial an operational purposes, which go beyond the crimes matter of this Manual, but that undoubtedly contribute to the MOAS' purpose.

Security Desk then revises the bookings and bills of lading from BDS system (double-control principle) and Cargo Patrol revises the goods which carriage is prohibited or restricted, in order to detect them and block the process, or issue a Non-Compliance Notice, if applicable.

On the other hand, there are several instructions by the CSAV Group Security Officer (GSO) and of Prevention and Control Systems (SISCOP) aimed at preventing terrorist acts and activities, and at ensuring the safety throughout the transport chain. There is also the application of the ISPS Code, SOLAS and the other norms governing national and international maritime carriage.

Regarding bribery, there is a current and public Procedure for Gifts and Courtesies in Compañía Sud Americana de Vapores S.A., containing norms and clear limits with respect to relationships with third parties, including authorities, suppliers and sub-contractors. Even though Act 20.393 only applies to public officers.

2. APPOINTMENT OF A LEGAL COMPLIANCE OFFICER AS THE OFFICIAL RESPONSIBLE FOR PREVENTING THESE CRIMES.

Article 4, No. 1, of Act 20.39 stipulates that the model to prevent crimes therein sanctioned shall comprise the appointment of a person responsible for prevention, who has been given the operation mechanisms and tools by the senior administrative authority to comply with said purpose; he/she will hold the position for up to three extendable years.

During Session of 18 December 2009 (Minutes No. 5579), CSAV's Board of Directors, abiding by the recommendations of the CEO, appointed CSAV's Comptroller Manager as Official Responsible for Prevention, complying with said stipulation, undertaking the responsibilities of establishing, supervising and certifying a system to prevent these crimes, supported by the other Company's Management Offices and Departments; Comptroller's Management carried out this task until March 2013. The Certificate for CSAV's Organization, Administration and Supervision Manual (MOAS) – Act 20.393 was issued on 5 February 2013 by law firm Feller Rate and certifies that CSAV's prevention model complies with numbers 1), 2) and 3) of article 4 of Act 20.393.

Subsequently, during Session No. 5639 of 29 January 2013, CSAV's Board of Directors approved the creation of the position of Legal Compliance Officer for Compañía Sud Americana de Vapores and appointed said person. This appointment is recorded in Minute No. 131 of the Board of Directors Committee of 30 January 2013, according to which the Legal Compliance Officer shall be the Responsible for Prevention for the purposes of article 4, No. 1, letter a) of Act 20.393 about Criminal Liability of Legal Entities.

➤ **Autonomy of the Official Responsible for Prevention**

The Official Responsible for Prevention has to be independent from the Management of the Legal Entity, its owners, its partners, its shareholders or its controllers. (Article 4, number 1, letter b).

According to its statute (Minutes 131 of the Committee), the Legal Compliance Officer is one of the Company's employees, and the CEO is in charge of appointing and removing him/her, subject to which the Board of Directors must be duly aware of. In labor and administrative terms,

he/she responds to the Company's Comptroller or his/her deputy. In terms of tasks, he/she reports to the Board of Directors' Committee. Also, he/she is part of the group of permanent advisors of the Company's Board of Directors Committee.

➤ **Resources, means of action and access to the Management of the Official Responsible for Prevention.**

The Administration of the Legal Entity shall provide the Official Responsible for Prevention the sufficient means and faculties to carry out his/her duties, among which there are, at least: (Article 4, number 2):

- (a) The resources and material means necessary to properly carry out his/her duties, considering the size and economic capacity of the legal entity, and
- (b) Direct access to the Administration of the Legal Entity to opportunely inform them, by way of an adequate means, of the measures and plans implemented in complying with his/her task and to account for his/her work and to report at least biannually.

➤ **Resources and financial, tangible/intangible assets, and human resources.**

With respect to the **resources and tangible assets**, the **Legal Compliance Officer** (LCO) has a budget, personnel, systems and procedures to perform his/her duties that have been established. If, as a result of the implementation of this Manual, resources and tangible assets additional to those already existing are required, CSAV's Board of Directors has ordered that they are requested to the Administration of the Company.

➤ **Duties of the Legal Compliance Officer.**

The LCO's statute grants him/her the right to have access to all Administration's information and documents, which has to collaborate and provide the LCO with what they have.

Also, the Legal Compliance Officer is authorized to make general or specific recommendations to Administration and other CSAV's authorities.

➤ **Autonomy of the LCO and access to Senior Management.**

The Legal Compliance Officer reports, regarding the matters of his position and administration, directly to the Board of Directors, sessions of which he/she usually attends and reports the initiatives implemented regarding compliance, news, eventual violations or irregularities detected by the LCO, as well as matters related to legal risks that make up its matrix, controls and training in these areas. The report by the Legal Compliance Officer to the Board of Directors Committee is recorded in the relevant session minutes.

3. ESTABLISHMENT OF A SYSTEM TO PREVENT MONEY LAUNDERING, FINANCING OF TERRORISM AND BRIBERY.

Content:

The legal entity must have a system to prevent such crimes, comprising the following: (Article 4, No. 3):

- (a) Detection of the activities or processes of the Company, whether usual or sporadic, in which context the risk of committing the crimes sanctioned in this law is generated or increased.
- (b) Establishing protocols, rules and specific procedures allowing the people involved in the activities or procedures to program and carry out their work or task in a way that prevents committing the aforementioned crimes.
- (c) Detection of the administration and audit procedures of the financial resources that allow preventing their use in said crimes, and
- (d) The existence of internal administrative sanctions, as well as of reporting and pursuit procedures of financial liabilities against the people who breach the crime prevention system.

Development of the content:

- a) **Detection of the activities or processes of the Company in which context the risk of committing the crimes sanctioned in this law is generated or increased.**

Explanation of the crimes referred to by Act 20.393:

Act 20.393 sanctions money laundering, financing of terrorism and bribery of legal entities:

- **Money laundering** consists of the concealment or dissimulation of the unlawful origin of certain assets or goods, knowing that they directly or indirectly come from the perpetration of crimes, such as the unlawful traffic of narcotics and psychotropic substances; terrorist actions, traffic of weapons, etc. (definition prepared based on article 27, letter a) of Act 19.913 which Creates the Financial Analysis Department (UAF) and modifies several stipulations regarding money laundering).
- **Terrorist crimes** are homicides, injuries, kidnapping, confinement, detention, abduction of minors, sending explosive goods, fire and havoc, infractions against public health, derailment, taking possession or attack against a vessel, aircraft, railway, bus or other public means of transportation, or performing acts that jeopardize the life, body integrity or health of its passengers or crew; attacks against the life or body integrity of the Head of State or other political, judicial, military, police or religious authority, or people internationally protected, due to their positions; placing, launching or shooting any kind of bombs or explosive or incendiary devices that affect or may affect the physical integrity of people or cause damage, all aimed at terrorizing the public, or part of it, the justified fear of being victims of such crimes (Articles 1 and 2 of Act 18.314, amended by Act 19.027 of 1991, which Determines Terrorist Acts).

Next, article 8 of said Act, punishes the person who, by any means, directly or indirectly, requests, collects or provides funds to be used in the perpetration of any of said terrorist crimes, which is called **financing of terrorism**. Now, according to article 20 of the Civil Code, when the legislator has expressly defined words for certain matters, they will bear their legal meaning. Therefore, as

legal concept, the financing of terrorism limits to the collection or supplying of funds to be used in terrorist acts or activities.

“Terrorist behaviors” of Act 18.314/19.027 are different to “financing of terrorism”, referred to by Act 20.393, or, in other words, financing of terrorism is one of the possible terrorist behaviors. Although this Act, regarding Terrorist Behaviors (Act 18.314/19.027) only applies to the financing of terrorism, CSAV Group's policies, procedures and systems comprise the prevention of terrorism in general, that is, any terrorist act or activity or aimed at a terrorist end.

- **Bribery** consists of a crime committed by a national or foreign public officer, within his/her functions, in return for a gift or promise (**indirect bribery**). Bribery is also the commission, by said officer, of an action that is part of his/her duties, but not subject to remuneration, but for a gift or promise (**direct bribery, by action**).

Bribery is also the **omission of an action**, inherent to his/her position, by a national or foreign public officer, in return for a gift or promise (**direct bribery, by omission**).

The national or foreign public officer (officer's bribery) and the briber shall be punished for bribery: who pays or promises the payment of the gift (person's bribery).

The attempt of bribery and attempted bribery are also punished, although the promised action is not carried out.

The gift or promise can be directly offered to the national or foreign officer or by means of another person and may consist of money, goods, courtesies or other services or benefits.

The expression **public officer includes** judges, experts, representatives of the Executive, Legislative, Municipal and Communal administration, and fiscal entities of the State, of the autonomous administration (General Comptroller Officer of the Republic, Banco Central, etc.), the Armed Forces, Ambassadors, Consuls and certified agents of state entities, governments, international or supranational organisms, non-governmental

organisms (NGO), and of any state entity, as well as foreign public officers or who work for the aforementioned authorities and entities.

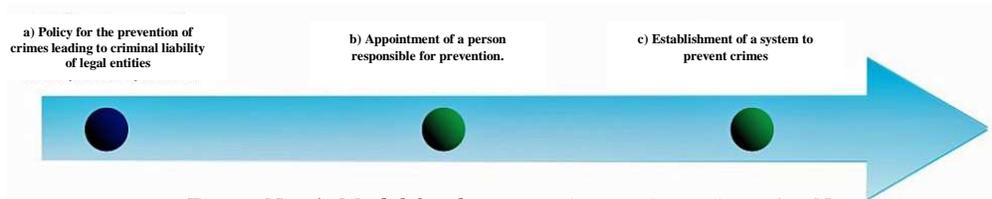


Figure No. 4: Model for the prevention against crimes Act No.

b) **Detection of the activities or processes of CSAV Group in which context the risk of committing the crimes sanctioned in this law is generated or increased:**

CSAV Group operates in the business of the maritime carriage of goods, on their own ships or third parties', operated by CSAV, or by using slots on ships belonging to other Owners or operators, or through joint services with other national or foreign shipping companies. It operates in the business of charter in and out ships, voyages or slots, by means of charters and carriage under a bill of lading issued by any of the companies that make up CSAV Group.

- With respect to **money laundering**, consisting of money and other assets, the maritime carriage does not entail *per se* receiving important amounts of money or goods by CSAV Group other than the payment for the services rendered within the maritime carriage or other related activities (storage of goods, services to the cargo, re-delivery, general average, salvage, etc.). On the contrary, they are payments resulting from the correlative fee in compensation for maritime carriage.

Besides from the money, CSAV Group does not receive payments in species as remuneration for its services. For the same reason, article 3 of Act 19.913, which created the Financial Analysis Unit (UAF in Spanish), does not include shipping companies, ship agents or logistics and service to the cargo companies, among the persons and legal entities that are obligated to inform on the suspicious actions, transactions or operations they notice in the execution of their activities, such as Banks and other companies that render financial services (entities bound by the obligation).

CSAV Group does not qualify as an entity bound by the obligation. In spite of this, CSAV Group has established procedures, systems and policies aimed at detecting suspicious operations that may constitute money laundering and/or financing of terrorism, beyond its financing, such as the incorporation of *blacklisted* and SDN and their respective filters into *Partners*.

Also, there is a Know your Customer procedure that applies, in general, to all the people with whom CSAV has businesses or has relationships within its line of business through any of its managements, offices or areas (due to its commercial scope, this procedure is confidential and secret).

BDS also revises the people who are included in the bill of lading, independently from *Partners* and KYC, through *Security Desk* and *Cargo Patrol*. If an irregular shipment is detected, the process is blocked and stopped, while the corrective measures are taken by Administration.

- **Terrorist behavior in maritime navigation.** Regarding **terrorist crimes**, from the behaviors classified by the law, there is a special one for maritime carriage, and consists of “*taking possession or attacking a vessel, aircraft, railway, bus or other public means of transportation, or carry out actions that jeopardize the life, the body integrity or the health of its passengers or crew*”, these are the hypotheses that get closer or relate to the maritime carriage operations that make up the line of business or business of CSAV Group. (Article 2, No. 2).

Also, and in spite of not being classified as crime by Act 20.393, the transport of terrorists (whether crew, passengers or stowaways), or of weapons, raw material for weapons or other elements that may be used in terrorist attacks, is a risk CSAV Group has identified and regulated in its procedures, systems and controls, both shipowner-related, operational, financial and audit or control.

The prevention of terrorist acts and attacks has always been a special concern for CSAV, and, as an example of this, the Sea Carrier Initiative Agreement (SCIA, 1988) and the Customs Trade Partnership Against Terrorism (C-TPAT, 2002) were signed with

United States Customs and Border Protection, aimed at guaranteeing the safety in maritime matters.

Regarding **bribery**, the activities aimed to this risk are relationships or interactions that, as a result of the maritime business, are generated between CSAV's personnel and the national and international public entities.

- c) **Establishing protocols, rules and specific procedures allowing the people involved in the activities or procedures program and carry out their work or task in a way that prevents the commission of the aforementioned crimes.**

Previous explanation:

CSAV Group organizes and implements its activities through systems (mainly computer systems), operational, nautical, commercial, labor, and other procedures, which regulate certain functions or activities. Also, there are policies enacted by Administration (scope of application of which may be general or specific) as well as manuals, aimed at regulating the CSAV's personnel behavior in the different scopes they work: operational, nautical, port, commercial, financial, etc.

Below is a brief review of the main CSAV's systems, procedures, policies and manuals that contribute to prevent crimes indicated in Act 20.393, breaking them down into those of general application (to the three crimes) and those only referred to some of them: money laundering, financing of terrorism or bribery.

Systems and general application procedures:

➤ **Creation of *Partners***

CSAV Group maintains a database of customers, called ***Partners***, where anyone requesting the navigation and maritime carriage services of CSAV Group is entered. Entering the future customer to ***Partners*** is a previous and *sine qua non* condition to issue a quote and to process its request in our systems.

➤ ***Know Your Customer (KYC)***

CSAV Group has a procedure to select and filter the people entered into their database, whether as customer, supplier, sub-contractor, etc., establishing certain parameters to verify the information. Given the sensitive nature and strategic commercial importance, this is a confidential procedure.

➤ **Processing blacklists and SDN by SISCOP.**

SISCOP, Prevention and Control Systems, unit belonging to Shipowner Management, is focused on performing a permanent monitoring of terrorist lists or blacklists or people and goods that contribute to terrorism and are generated by national, international and supranational organisms, for example, OFAC, UN, EU, etc., in order to feed our databases and to host said names and goods in *Partners*, as “forbidden”, so that *Partners* can neither use them as CSAV’s customers nor in our systems.

Detecting a blacklisted or SDN in our systems activates the immediate blocking of said person or entity in BDS and other CSAV’s systems.

➤ ***Security Desk.***

Currently, the blacklists of people and goods are hosted (apart from *Partners*) in the Booking and Document System (BDS), which is the system used to handle the bookings and issuance the bills of lading and other documents that guarantee the carriage of goods by CSAV Group, so that the system prevents CSAV from rendering any services once a person is created as forbidden customer.

Apart from its functions, which are different, BDS is different from *Partners* because it is part of Operations Management and the latter of CSAV's Commercial Management. BDS has implemented a ***Security Desk***, which is a team (that operates independently from *Partners*) aimed at complying with the enacted (national, international and supranational) regulations on terrorism and to verify that, shipment by shipment, CSAV Group does not render transport service to people or goods that are blacklisted or SDN, or carry goods or use illegal or irregular ships, or participate in illegal or irregular services, agreements or businesses.

➤ ***Cargo Patrol***

Also, BDS has computer application Cargo Patrol, which operates within BDS (and also separately from Partners) to detect blacklisted, restricted or goods requiring special treatment, such as military cargo, dangerous goods, waste, etc., to block or regulate its carriage. When Cargo Patrol detects any blacklisted goods, or subject to special regulations, the issuance and handling of the documents of carriage immediately stops and the user is informed that the information entered the Security Desk and Legal Compliance Officer to adopt or recommend the corresponding corrective actions.

➤ **Compliance IT.**

This Systems and Information Technology Management (IT) Unit is aimed at, among other things, performing compliance controls of the IT processes and, with their support, provide computer, technological and information support necessary for the processes carried out by Administration, through CSAV's management, units, regional offices or agencies, as well as the operation of its Board of Directors and Board of Shareholders.

Regarding crimes of Act 20.393, CSAV IT is developing a project aimed at hosting these blacklists in other CSAV Group systems, such as VCS (Voyage and Control System), Oracle (payment system) and Citypoint (systems for monitoring of containers)

➤ **CSAV Group Security Officer and SISCOP**

This position and unit perform tasks for the prevention and control of terrorist acts and activities, and unlawful acts in general, when they affect the safety of navigation, ships, crew, cargo and other interests of the maritime expedition.

The following are examples of some instructions given by CSAV Group Security Officer and by Prevention and Control System (SISCOP) in these matters:

- Instruction for the assessment of customers.

- Prevention measures for land carriage operations.
- Selection of containers depots.
- Control and submission of seals for containers.
- Selection of agents and service suppliers.
- Instructions regarding US Department of the Treasury OFAC, blacklisted and SDN.
- Sanctions and restrictions applicable to the maritime carriage.
- Etc.

Systems and procedures against terrorism:

➤ **ISPS Code and Company's Security Officer.**

According to the International Code for the Security of Ships and Port Facilities (Code ISPS), enacted by the International Maritime Organization, which came into force internationally on 1 July 2004, CSAV has the following instruments:

- **Ship Security Plan (SSP):** This is a document prepared to ensure the application of measures aimed at protecting the people on board, the cargo, transport units, supplies and the vessel from the risks of an event that affects the maritime protection and safety.
- **Ship Security Officer (SSO):** Person on board who reports to the Master, appointed by the Company and responsible for the security of the ship, including the implementation and compliance with the safety plan.
- **Company Security Officer (CSO):** Person appointed by the Company to ensure assessments and monitoring of the ship's protection and security, and that the plan is developed, implemented and maintained to coordinate the task with the security officers from the port facility.

The authority and duties of the CSO are exerted by Shipowner Manager of Compañía Sud Americana de Vapores S.A. since the ISPS Code came into force.

These Officers and plans have to watch for the protection of the safety on board CSAV Group' ships and their processes, including the prevention of terrorist acts and activities.

➤ **Prevention and Control Systems (SISCOP).**

This is a CSAV Group unit, part of Shipowner Management, that supports the duties of the CSAV's Security Officer and contributes to the safety on ships, processes and activities of CSAV Group.

Especially, this unit is responsible for implementing the SCIA and C-TPAT Agreements to prevent and avoid the use of the Company's ships, equipments and goods to smuggle illegal substances, terrorist actions and activities and develop and implement a protection program to improve the security in the entire transport chain, in order to avoid terrorist acts and activities, and to watch for the safety during navigation, the protection of human life at sea and the protection of the marine environment. SISCOP is responsible for implementing both agreements , which has identified the different areas, people, processes, activities and facilities that are at risk of being violated and/or used to commit attacks, terrorist acts or activities, or to finance or contribute to terrorism, and, aimed at that, SISCOP has issued the corresponding work instructions to mitigate the vulnerability of the CSAV Group's system and has an organizational structure, tools and budget necessary to perform the preventive tasks and audits *in situ*.

Systems and procedures regarding money laundering and bribery:

➤ **CSAV bribery policy.**

CSAV Group rejects and forbids all forms of practice of bribery by its personnel, consultants, contractors and sub-contractors, no matter what act or omission is sought to obtain from the public officer involved, be s/he national or foreign, even if it is beneficial for the interests of CSAV Group or contributes to the fulfillment of its mission.

Furthermore, CSAV Group rejects and forbids the bribery of individuals who are not public officers, be they national or foreign (and consequently, are not under Act 20.39), including (but not limited to) customers, shareholders, contractors, sub-contractors, agents, consultants, relatives, related people, etc.

Bribing a national or foreign public officer, as well as bribing an individual or third party, is against the principles of legality, control and corporate integrity that lead the CSAV's Mission and is a very serious breach of the employment contract, allowing termination pursuant to the labor law. The aforementioned is notwithstanding other legal purposes resulting from those acts for the Company and related organizations.

➤ **CSAV joint powers and dual signature system.**

The Company's Board of Directors has granted powers of attorney, organized in a matrix structure, assigned to different proxies at a Management and Sub-Management level, who can only act jointly with another proxy of the same group or another group depending on the legal action and the amount involved, which is realized by way of the principle of **dual signature**. Individual actions are only allowed exceptionally.

The aforementioned is notwithstanding the legal and conventional powers of Compañía Sud Americana de Vapores S.A.'s CEO and other organizations of CSAV Group.

➤ **CSAV Group Financial Policies and Procedures.**

The payments made and received by CSAV are subject to CSAV Group Financial Policies and Procedures, issued by the Administration & Finance Manager.

➤ **CSAV Group procedure for Gifts and Courtesy.**

CSAV has issued a procedure that regulates the gifts and courtesy offered and given to and received from third parties, including national and foreign authorities.

➤ **Compliance with Organic Constitutional Act 18.575 on General Guidelines for State Administration.**

For preventing the crime of bribery, CSAV Group includes in this Manual the provisions in second sub-paragraph number 5 of Article 62 of the aforementioned Act 18.575, therefore:

It is forbidden to give or promise any kind of gifts, donations, advantages, courtesy or privileges to public officers or their relatives up to a third degree of consanguinity and even a second degree of affinity.

The only exceptions to this prohibition are official and protocol donations and those authorized by custom as a sign of courtesy and good manners.

➤ **The way to relate to authorities and public officers.**

The relationship with authorities and public officers must be channeled within the relevant legal rules and regulations. Communications with them must be carried out in compliance with the procedures, channels and forms established for this purpose. Only the legal and regulatory fees must be paid for the intervention of authorities and public organizations.

Furthermore, interventions that seem to be the offering or promising of an inappropriate incentive, or bribery, must be avoided as well as getting involved in any other activity or situation that may have an undue influence on the judgment of any authority, public officer or organization that must make a decision.

➤ **Instructions for meetings with attention to and visits of authorities to CSAV Group, its premises, documents, equipment and information.**

CSAV has given instructions to regulate the visit and reception of visits attention to and meetings with national and foreign authorities.

➤ **Internal Audit, in charge of the Accountability Management.**

By way of its audit procedures and programs, the Accountability Management checks that no gift or courtesy has been given or carried out, breaching the provisions in this Manual and CSAV Group Procedure for Gifts and Courtesy.

➤ **Obligation of CSAV's staff to report suspicious operations.**

Although maritime transport companies, shipping agencies and logistics, port, terminal and ship & cargo servicing companies are not obliged to report suspicious operations, according to article 3 of Act 19.913, which created the UAF*, which is why CSAV Group is not obliged to do it, this Manual establishes the obligation of its staff to report their relevant superior, manager or sub-manager, regional office, agency, etc. and ultimately to CSAV Legal Compliance Officer, about:

- Any act, business, contract, settlement, agreement, practice, operation or transaction;
- That they are aware of, either as a result of their duties in CSAV Group, or by any other means, and
- That, according to the custom and practice of the shipping, port, logistics business or specific maritime activity, seems unusual, suspicious, strange or lacking economic and legal justification, be they isolated or reiterated.

d) There are internal administrative sanctions as well as procedures to report or prosecute pecuniary liabilities against persons who do not comply with the crime prevention system.

* UAF: Financial Analysis Unit, in Spanish

Mechanisms to monitor the compliance with this Manual:

CSAV Group has the following procedures, tools and steps to watch for the compliance with its policies, procedures, rules, regulations and systems:

➤ **Ethical Channel**

There is a mailbox, canaletico@csav.com, which is available for CSAV Group staff to receive (privately sent) reports, from inside or outside CSAV Group, reporting events or situations that are in breach of the law and regulations, irregularities or that affect people, assets and/or resources of CSAV Group or entail a behavior that goes against the corporate integrity or ethics.

The report is channeled to the Company's Comptroller and Legal Compliance Officer, who receive it separately and report it to Administration so that those reports are quickly transmitted and to safeguard the privacy of those involved, by high-ranking officials of the Company, in order to clarify and solve the report events and situations as well as to take or recommend the implementation of due measures.

➤ **Internal Accountability and Audits**

Accountability Management is a unit in CSAV Group which purpose is to audit internal processes and activities.

In order to reasonably assign the resources, Accountability Management establishes an annual audit program, which is prepared based on an analysis of the Administration processes by using a specific methodology for each Accountability group, namely:

- Carriers Accountability
- Agencies Accountability
- Systems and IT Accountability

➤ **Legal Compliance Officer (LCO).**

Legal Compliance Officer is a position created in March 2013 to map and monitor the legal risks and contingencies of CSAV Group and contribute to developing and improving the procedures and policies (of Administration and other areas) that have an effect upon those with greater importance (*probability v. impact*²), verifying the compliance with the processes and regulations aimed at protecting CSAV Group and preventing legal infractions and irregularities as well as instructing and training Administration in these matters at a global level.

In this context, his/her role is Prevention Commissioner of Act 20.393.

➤ **Corrective measures against legal infractions and irregularities found in CSAV Group's operations.**

The task of Accountability Management and the Legal Compliance Officer is notwithstanding the power and duty of Administration of implementing the relevant corrective, rectifying measures through the Managements, Regional Offices, Agencies or other units of CSAV Group involved in an event or situation entailing illegality or irregularity or affecting the Compliance with CSAV Group's business.

Procedure for investigating and sanctioning non-compliance with this Manual:

Notwithstanding the powers of the Legal Compliance Officer and Accountability Management to report non-compliance with the MOAS, anyone subject to this Manual or related to the activities regulated by it and aware of any event or situation that may be regarded as a breach of this Manual must report it, in written, to the Legal Compliance Officer or Accountability Manager, or via canaletico@csav.com.

² *Committee of Sponsoring Organizations of the Teadway Commission, COSO, Spanish version 2005, No. 5 Risk Assessment, page 45)*

All reports must contain a statement as complete and precise as possible of the events and circumstances of the event or situation, indicating the place, date, time and other information on the events, identifying the people involved and witnesses as precisely as possible.

Once the report is being handled, CSAV will appoint one or more people so that they, jointly or separately, as ordered by the CEO (or the Board of Directors), carry out the investigation and take all the measures to confirm the events and to safeguard and ensure the success of the investigation, which may include the suspension of the position of the accused and/or witnesses. The investigation will be conducted pursuant to the rules and procedures established in the Internal Order, Health & Safety Regulations for actions that constitute work harassment, with the following characteristics:

1. The person in charge of the investigation may appoint one or more assistants so that they, under his/her orders and responsibility, cooperate with the formalities.
2. Witnesses, if any, must be heard.
3. The deadline for the investigation will be counted from the date of admission of the report and can be extended, only once, by CSAV CEO for as many days and times he may deem necessary to guarantee its efficacy.
4. The person subject to measures or sanctions may ask the CEO, only once, to reconsider the measures and sanctions decreed only if based on new information provided after the measure or sanction, or previous information unknown by the claimant, as long as the information is substantial and determining so as to review the measure or sanction imposed.

➤ **Sanctions:**

Legal and regulatory infractions or irregularities or behaviors that breach the corporate integrity or ethics or this Manual will be punished with one of the following action(s):

- Verbal warning;
- Written warning, without copy in the employee's employment record;
- Written warning, with copy in the employee's employment record;
- Fine of up to 50% of the employee's monthly wage;
- Suspension of the position of the accused for up to three months without salary;
- Termination of the employment contract in the pertinent cases pursuant to the Labor Law or applicable regulations.
- Sanctions established by the Internal Order, Health & Safety Regulations of Compañía Sud Americana de Vapores S.A. and by the applicable labor law, which are considered consistent and accumulative with those established by this Manual; and
- Other administrative, criminal or civil sanctions established by the law(s) applicable to any infraction, including indemnity for loss and damage.

The disciplinary faculty and therefore the application of a sanction, is responsibility of the CSAV's CEO (notwithstanding what the Board of Directors do) and does not hinder the compensatory rights and actions and others CSAV is entitled to apply, or its personnel, workers, organisms and officers against the responsible people

V. MOAS APPLICATION, UPDATE AND CERTIFICATION.

The Legal Compliance Officer, together with CSAV Group Administration, must distribute this Manual among the CSAV Group staff, instruct and train them in these matters and in Compliance-related matters in general; watch (together with Accountability Management and the relevant CSAV Group management or unit,

regional office or agency) for the efficient application of control mechanisms; detect and correct their failures and adapt them to the needs, risks and vicissitudes affecting the shipping business and CSAV Group's commercial activity, especially those regarding its legal context.

This Manual was approved by the Board of Directors of Compañía Sud Americana de Vapores S.A., on September 28th, 2010 (Session 5594, 3.h) and certified on February 5th, 2013 by company Feller Rate, which confirmed that the CSAV prevention model and Manual comply with numbers 1), 2) and 3) of article 4 of Act 20.393. The Legal Compliance Officer must maintain this certification with any authorized certification organization. In the meeting of June 28th, 2013, the Company's Board of Directors modified the MOAS, substituting the Manager Comptroller by the Legal Compliance Officer as Prevention Commissioner to comply with Act 20.393.

This Version 3 of the Manual is an update of the MOAS content carried out after 4 years of application and based on the experience developed by CSAV in the areas of Control and Compliance. The LCO must assess the need or convenience of updating it, at least once a year, and update it together with the procedures, systems and manuals mentioned herein.

VI. PUBLISHING AND DISTRIBUTION

This Manual must be published in Compañía Sud Americana de Vapores S.A.'s intranet for knowledge and distribution among all the staff, and the obligation of getting to know it and complying with it must be included in the employment contracts of CSAV Group's employees.

It must also be considered among the contractual conditions with consultants, suppliers, contractors and subcontractors during the processes of hiring, revision and renewal of valid contracts.

This Manual must be distributed among CSAV Group's regional offices and agencies for complete or partial implementation, always in compliance with the labor law and other applicable local regulations, without this entailing a conventional extraterritorial extension of the application of Act 20.393 or a (express or tacit) recognition by any of the companies that made up CSAV Group of the extraterritorial validity of this Act. This distribution operation can be carried out by including the MOAS issues in a Code of Conduct and Compliance of the CSAV

Group or any other body of regulations with global validity, or by including it in the staff training programs with global coverage.

VII. MOAS VALIDITY.

Version 3 of this Manual will enter into force upon approval by the CSAV's Board of Directors or as from the date of entry into force ordered by the Board of Directors, whichever is later.