



Guaíba 2

Now operational

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The learning curve

will last six months or less

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The first shipment

has now arrived in China

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Welcome

Dear Friends

In this edition, we would like to share with you our satisfaction at having brought to fruition one of the most ambitious projects ever developed in the history of our company. It is now five years since an initial investment plan in Brazil was drawn up in December 2009. Empresas CMPC has invested more than US\$4 billion in the project, including the acquisition of the Guaíba Mill, the purchase of forests and the construction of a second line. With all of this, installed capacity has now approximately quadrupled.

We are extremely proud that we have managed to finalize the extension of Guaíba within the set time frame and budget, at the same time achieving excellent results in personnel safety. Our goal was extremely ambitious if we bear in mind that, at one period, over 9,000 people were working on the construction project at the same time.

The project was planned and carried out with the utmost care, and with emphasis on the importance of responding to the concerns and expectations of the local communities in the city of Guaíba and the State of Rio Grande de Sul. We are very grateful for their collaboration, and we value this as a major factor in our achievements. One of the most important objectives of our corporate strategy is to establish long-term relationships. For this reason, we are particularly happy that we will be able to generate a significant amount of direct and indirect employment in both the forestry and industrial sector, once the mill is operating at full capacity.

When we first undertook the expansion project, we set challenging objectives in all spheres. In this newsletter, we report on the fulfilment of these, because it is from this base that we would like to respond to our commitment to contribute to the success of our customers.

Washington Williamson
CEO CMPC Pulp

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The big day



Growing for you
May 2015

At 19:50 on 7 May, Line 2 of the Guaíba Mill produced its first bale of pulp.

Exactly on schedule, on Sunday, 3 May, CMPC Celulose Riograndense started up operations at Line 2 of the Guaíba Plant. This expansion will approximately quadruple its installed capacity, with technology that makes it one of the most efficient pulp mills in the world.

The cycle that led to this landmark moment started in the wood yard and finished four days later in the dryer, with completed production of the first bale of pulp, made up of 8 units and weighing 2 tons.



This first bale was put on exhibition at the mill, as a symbol of the project's success



On the learning curve

The first six months of Line 2 operations will be a period of adjustment, and we will be particularly careful not to generate problems for the community.

The columns of water vapor that have been visible from kilometers away from the Guaíba Mill since the start-up of operations of the new line, have stimulated curiosity from the local community, including in the southern zone of Porto Alegre. The company has explained that this has nothing to do with pollution, but is the vapor produced by the new closed circuit technology, which allows a reduction of up to 40% in the water taken from the Lake Guaíba basin, even when the size of the operation is approximately quadrupled.

Well aware of the complexity of the start-up of leading-edge

equipment, the company is following very closely each stage of the process to avoid any problems with the local community. Nevertheless, problems for local people are very unlikely after the first 15 days of operations.

In order to evaluate any possible impacts in the near surroundings, technical environmental specialists are keeping a record of information from 23 monitoring stations. Noise measurements are taken around the plant, so that compliance with legal standards can be evaluated day and night. Emissions into the atmosphere are measured with instruments that give immediate information

for monitoring. Furthermore, the quality of the air in the area is measured by the Atmospheric Monitoring Station, located next to the Guaíba Regional Hospital.

To monitor waste water, the company is carrying out various chemical analyses on the treated effluent and is checking the quality of the Lake Guaíba water at four different points.



"We hope to keep this period as short as possible."

Walter Lídio Nunes
CEO of CMPC Celulose Riograndense



Targets reached

The Guaíba project has been completed on time and within budget. It has transformed the mill into one of the most efficient pulp producing units in the world.

In December 2015, the new line will have contributed an additional 860 thousand tons of BEKP pulp to the production of line 1. With this, CMPC Celulose Riograndense production will reach 1.31 million tons this year. From 2016, estimated total production of both lines will increase to 1.75 million tons per year. This figure will make CMPC Pulp one of the three largest producers in the world, and the company's production capacity for eucalyptus fiber pulp will have increased by 67%.

Once the mill is operating at full capacity, the company will generate a significant amount of direct and indirect employment. The majority of the jobs will be filled by people from the southern part of the State, where the company has operations in 59 municipal districts.

According to studies carried out by Fundação Getúlio Vargas, the new Guaíba Mill line represents for Rio Grande do Sul an increase of 1.1% of its GDP. Exports will generate

foreign currency earnings for Brazil of around R\$1.4 billion and circulation of wealth in the region of over R\$200 million per year. Of the total investment made in the plant expansion, R\$2.2 billion is related exclusively to the hiring of services, supplies and materials from approximately 600 local companies.



US\$ 2.1

*billion total
estimated investment*



24

*months duration of the
construction phase*



9,648

*people worked at the peak
of construction activities*



2.05

*Was the accident index
(lower than the US Gov Safety Council
Standards of 5.5, and less than the average
for other recent industry projects)*

STATE-OF-THE-ART TECHNOLOGY

From now on, with both lines in operation, only 60% of the water previously required just by line 1 will be consumed. This reduction is thanks to the installation of a closed circuit water system that allows the reduction of consumption from 4m³/s to 2 m³/s. This is the best technology available on the market.

SELF-SUFFICIENCY IN WOOD

The company has an area of planted forests of 167 thousand hectares, which when added to preservation areas, gives a total area of forest owned in Brazil of 323 thousand hectares. With the new scale of operations, the Guaíba Mill will consume 4.7 million m³ of wood per year. The company is capable of supplying this amount in a sustainable manner, within the normal cycle of eucalyptus growth.

ENERGY INDEPENDENCE

With the start-up of Guaíba 2, the company is gradually increasing its energy generation, obtained from the pulp production process. It is estimated that in five months' time, its generation capacity will reach 175 MW. This is sufficient to satisfy the total demand from the mill and to contribute an excess of 30 MW to the public network. This amount could supply a town the size of Guaíba, which today has 100,000 inhabitants.

THREE-STAGE TREATMENT OF EFFLUENTS

Guaíba is one of the ten mills at a world level – from within a universe of one thousand – that has a three stage water treatment process (primary, secondary and tertiary).

RECYCLING OF INDUSTRIAL WASTE

The Guaíba Mill recycles 99.7% of its total industrial waste, which makes it a benchmark for the industry.

COHERENCE WITH CMPC CULTURE

During the whole project development, the company was very clear about the corporate objectives of Empresas CMPC: a strong commitment to environmental sustainability, a solid relationship with all interest groups, the training of workers, and collaboration with the local communities.

Some of the achievements and actions that are related specifically to these principles are as follows:

The obtaining of ISO 9001 quality certification and ISO 14001 environmental management certification for both lines.

A training and job program for 10,000 people, in conjunction with the federal, state and local governmental bodies.

An investment of 43 million dollars in construction work for Guaíba:

- The renovation of 12 km of public highway, the construction of 7 km of cycle

lanes, sidewalks adapted for handicapped people and new bus stops.

- The replacement of fiber cement pipes with PVC pipes, which have been installed under the highway sidewalks; the installation of 4 km of water supply networks and the building of drainage systems, thanks to which 15 thousand people no longer live with limited water and frequent flooding.

- The installation of 350 new street lights with long-life bulbs.

- The complete renovation of the telephone network.

The next step is the implementation of a plan for the restoration of roads that may have been damaged by heavy trucks and vehicles involved in the mill expansion project. The company is committed to providing streets and sidewalks in perfect conditions for the Guaíba inhabitants.



"The termination of the Guaíba 2 project brings six years of careful preparation to an end."

*Carlos Pastrana
Project Manager, Guaíba 2*







The first shipment

Even though the Line 2 is still in its start-up phase, it has already been producing pulp with the quality levels required for commercialization.

The first shipment of pulp produced by the Guaíba Mill's Line 2 was dispatched by road to the Brazilian customer Mejoras Caieras/SP on 25 May. Furthermore, on 12 June at 19.00, the company completed a shipment of 31,000 tons, of which 16,000 tons were produced by Line 2. This production was shipped from the new mill terminal in barges that took it to the Río Grande Port. From here, on 19 June, it was sent on the ship Finch Arrow to the Port of Changshu in China.

SIMPLIFIED LOGISTICS SYSTEMS

Two important initiatives adopted by CMPC Celulose Riograndense will give greater flexibility to the transport of cargo. The first is the

construction of a private access road, which will link the BR 116 highway with the mill, freeing the public roads of heavy trucks. The 4.3 kilometers of the new highway are being surfaced with tarmac and getting the correct markings and signaling. The viaduct that crosses the Southern Collector is ready, and it is expected that the new road will get authorization to be used in August.

The second initiative is the expansion of the storage area at the Guaíba Port Terminal. The former pulp warehouse, which had a capacity of 12,000 tons, has been totally demolished and replaced with a new structure with a capacity of 45,000 tons. Right next to the new warehouse, a covered



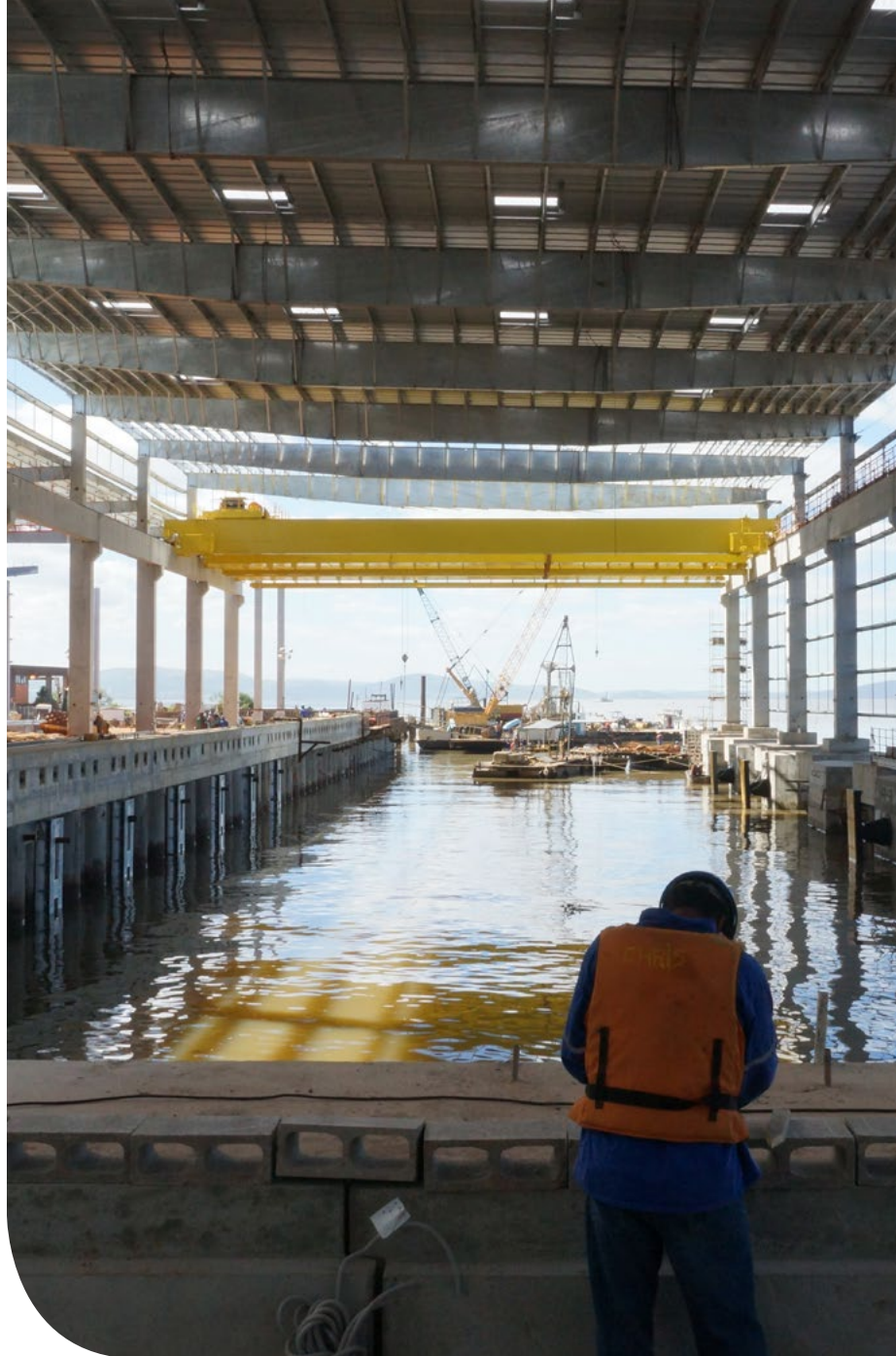
"The new Guaíba production will go out to the world market during a "window" of adequate offer and demand conditions."

Sergio Kilpp
Commercial Director, CMPC Celulose
Riograndense

terminal (AWT) will allow the loading of pulp in all weather conditions.

LARGER PORT CAPACITY

In order to meet new export demand, the company is also investing in improvements at the Río Grande Port. Improvements are being made to the port infrastructure, such as tarmac surfacing for the internal roads, remodeling of the warehouses (with a warehousing capacity of 80,000 tons), the construction of a platform for the consolidation of containers, and the extension of the public wharf. It is estimated that an annual volume of 1.2 million tons of pulp will be loaded onto ships at the public wharf. The shipments of containers will be made from the TECON (Specialized Container Terminal) and the expected volumes will reach 300,000 tons/year.





NEW DESTINATIONS

90% of CMPC Celulose Riograndense production is sent to external markets. In 2014, exports reached 280,000 tons. China received nearly 70% of this volume. The second largest importer was Korea, which has historically been a very regular purchaser of Brazilian eucalyptus pulp. In Europe, a region that has been buying Brazilian pulp since the mid 70's, the main consumers of products produced at Guaíba were Italy and Germany.

For 2015, with the start-up of the new production line, the map of company exports will change. The volume to be sent to international markets should increase to about 1 million tons, and will be destined specially for Asia, which will absorb about 45% of the total (especially China). Other markets which will receive significant volumes of the production from the new line are Germany, Italy, France and the United States. In Latin America, the highest volumes will be sent to Colombia and Mexico.



"We now have sufficient capacity to serve demand from United States and the Gulf of Mexico. We hope to ship approximately 200 thousand tons to this market over the next two years."

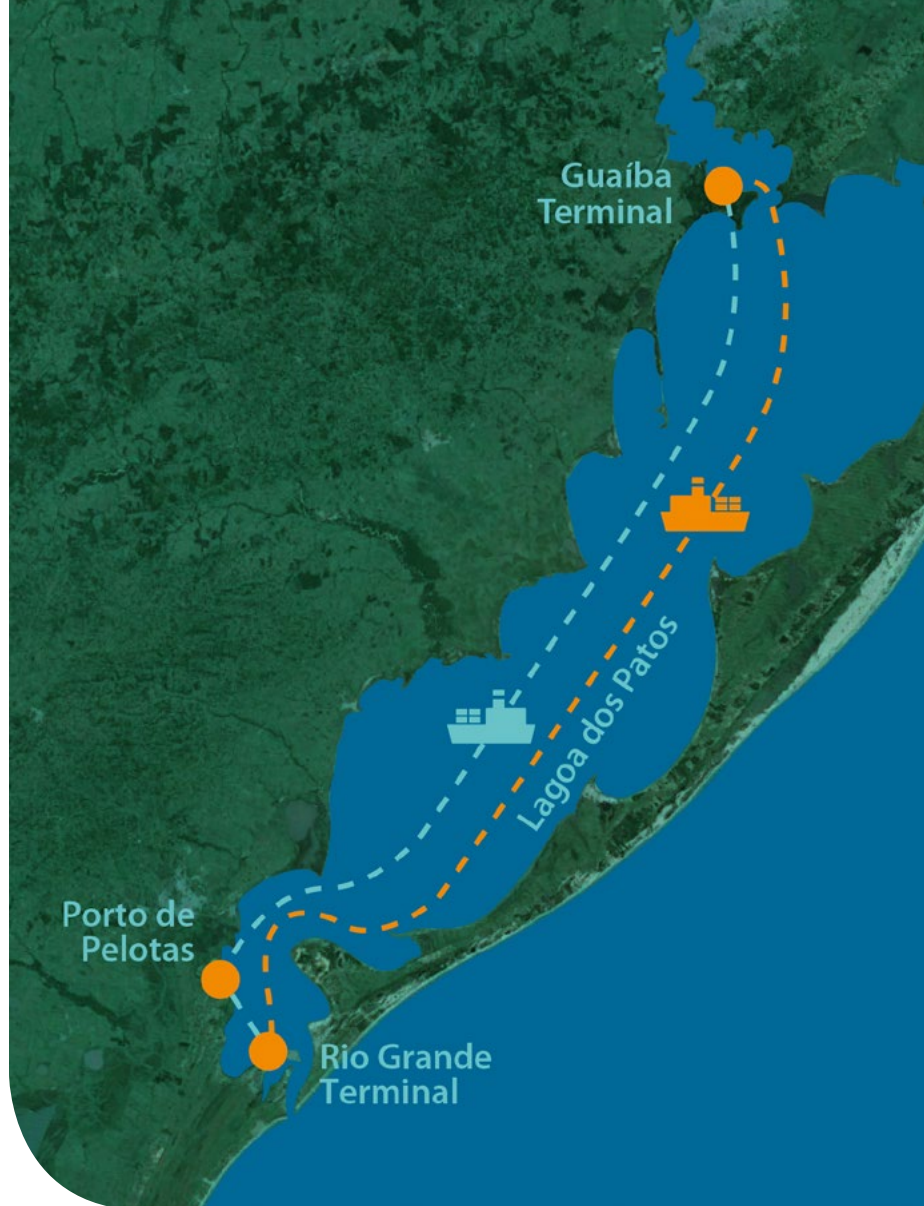
*Raimundo Varela
Supply Chain Director
CMPC Pulp*

FROM THE MILL TO THE PORT

The Guaíba Mill wharf is located on the edge of the Guaíba Lake, which has direct communication with Laguna de los Patos, along the river that connects it with the Puerto de Río Grande public terminal. The company has 4 self-propelled barges with a capacity of 4,000 tons each. They take approximately 24 hours to sail the 260 kms that separate the plant from the Rio Grande Terminal.

From early 2016, the same terminal used for the loading of pulp will receive timber shipped from Puerto de Pelotas when the barges return from the Rio Grande Terminal.

In this way, CMPC Celulose Riograndense will optimize the use of this transport, offering the possibility of sending shipments without interruptions in a very safe manner.





CMPC News

CMPC Pulp obtains ISO 50001 certification

Successfully concluding a process that started towards the end of 2013 at its plants in Chile, in October 2014 CMPC Pulp obtained ISO 50001 certification. This international standard specifies requirements for establishing an energy management system that allows continual improvements in the efficient use of energy resources.

The company is already obtaining benefits from this implementation. In 2014 it obtained an improvement of about 10% when compared to baseline energy consumption. This achievement underlines the company's efforts to reach the self-imposed target of a 20% saving in all its mills in Chile by 2020.



Forestal Mininco receives a world distinction for sustainable management

Rainforest Alliance (RA), an international non-governmental organization that seeks to conserve biodiversity and ensure sustainable development, awarded Forestal Mininco, the forestry arm of CMPC, the Sustainability Track Record Award 2015.

This distinction, awarded for demonstrated commitment to responsible company practices, was received by Francisco Ruiz-Tagle Edwards, CEO of the subsidiary. He explained that "in Forestal Mininco, sustainability is a policy that originated in the corporate spirit of Empresas CMPC, and which motivates

us on a daily basis to do things well. To be recognized with this award makes us very happy and gives a boost to all of us in the company. It also positions us as a reference point in the industry on a world basis."

Forestal Mininco started working with RA in 2009, when it initiated its process for achieving certification from the Forest Stewardship Council™ (FSC™). This certification was obtained three years later. (FSC™ License Codes for Forest Management Certification. FSC-C006246 for Forestal Mininco S.A.)



Dinner at Shanghai Pulp Week

As is now traditional for the company, on 25 March, CMPC Pulp offered a dinner to its customers, as part of the annual event, Shanghai Pulp Week. On this occasion, approximately 50 Chinese customers attended, together with commercial representatives of the company in Korea and Taiwan.

CMPC Pulp was represented by its Commercial Director, Guillermo Mullins; the Sales Director for Asia, Javier Montes and the Sales Manager for Asia, Joaquín Rojas.



Representatives for Latin America and the Caribbean meet in Santiago

In order to identify opportunities and update technical knowledge of the industry, company representatives met for three days in Santiago with representatives for Latin America and the Caribbean. Participants at these seminars and workshops included: Marina Campbell and James Campbell, of Proforsa (Argentina); Eduardo Restrepo, of Herzig (Colombia); Esteban Pérez, of Alter Ecuador (Ecuador); Randall Rotschild, of Jorosa (Costa Rica, El Salvador, Panamá and Guatemala); Mario Cavallero, of Inunsa (Peru); Roberto Rehder, of RERO C.A. (Venezuela and Dominican Republic); Xavier LLamas, of Paxell (Mexico); Selina Nogueira, of Arturo Nogueira Representaciones (Uruguay); and Robert Bos, of Robert Bos (Trinidad & Tobago).

This regional meeting concluded with a golf day, an activity that was enjoyed by the participants, and which also allowed closer relationships to be forged within the CMPC Pulp commercial network.





CMPC PULP

Production and distribution of pulp based on radiata pine and eucalyptus. The mills are Pacifico (500,000 tonnes/year BSKP), Laja (230,000 tonnes/year BSKP + 30,000 tonnes/year UKP), Santa Fe (1,500,000 tonnes/year BEKP), and Guaíba (1,750,000 tonnes/year BEKP). This pulp is exported to countries in Asia, Europe, Oceania and the Americas.

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