



> Sustainable Development Report I Empresas CMPC S.A. | 2008

08

> Sustainable Development Report  
Empresas CMPC S.A.





This photograph, winner of the contest to celebrate the 15 years of the Jorge Alessandri Educational Park, was taken in Alto Escudrón, an area with high environmental value.

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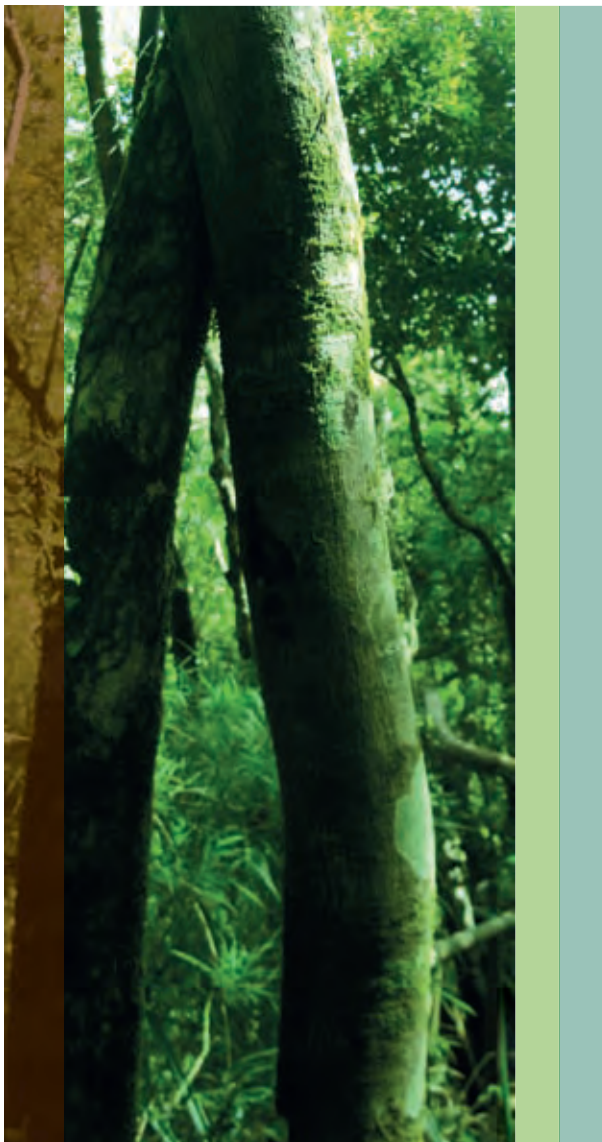
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## 2008 Sustainable Development Report Scope



This photograph, awarded in the contest to celebrate the 15 years of the Jorge Alessandri Educational Park, was taken in Alto Escuadrón, an area with high environmental value.

This Sustainable Development Report of Empresas CMPC is structured on the basis of its social responsibility agenda, that is, the relationship with its workers, its business chain, suppliers and customers, the certification of its operations, caring for the environment, and the relationship with the communities where its industrial work and the work of the CMPC Foundation is carried out.

The report includes the Company's operations in Chile, Argentina, Peru, Uruguay, Mexico and Colombia and it shows the figures for the years 2007 and 2008. This is the fifth version of a sustainable development report of CMPC and for the second time, the guidelines of the GRI/G3 Guide are followed. Its index of indicators can be found on pages 110 - 114 of this text.

This document comprises the different ways in which the business centers relate with its stakeholders, and its central objective is to contribute to the social and economic development of the communities near its operations.

As part of the continuous learning process in the preparation of this report, the measurement of some indicators has been improved; this meant small changes in some figures for the year 2007, presented in the previous year's report. At present we have an efficient information collection and validation process that will continue evolving in the future.

Learning your opinion of the contents of this document is important to us; therefore we would appreciate your answer to the survey on page 115 and sending it to the address indicated there. Moreover, if you should require more data or wish to make additional comments, please contact:

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Empresas CMPC is characterized by having a strong organizational culture, whose seal is keeping one's word, honesty, work well done and personal effort, values that are shared by the entire organization.

The growth of its operations abroad, the diversification of products and markets, is the result of rigorous analysis, the professionalism, seriousness and long-term perspective of its business management.

Its commitment with the education of future generations, with the local communities and with the environment, reflects its flexibility to evolve and produce changes, true to its traditions but innovating when facing each new challenge.

## Letter from the Chairman of Empresas CMPC

To our stakeholders:

We are proud to present you the 2008 Sustainable Development Report of Empresas CMPC that in its fifth version comprises the essence of the business model that allows our company to establish a balanced, long-term relationship with its employees, suppliers, service companies and clients, and also with the neighbouring communities and the environment, all of which are fundamental in CMPC's social responsibility policy.

The year 2008 was darkened by the development of the global financial crisis that led to a scenario of simultaneous slow-down in the main international markets. This situation had a negative effect on demand for the products sold by the Company and required adjustment measures in our operations that were taken to preserve, wherever possible, the jobs of our workers, as well as the activities of the contractors and service companies in view of their contribution to the neighbouring communities, that depend heavily on forestry-related activities.

CMPC completed 88 years contributing to Chile's development, generating employment and wealth. In its history, CMPC has been characterized by the efficient administration of its businesses, the prudence and seriousness in decision making, the development of strong business relationships with clients and suppliers, the production and commercialization of quality products at competitive costs, always keeping an eye on the long term, but facing current challenges in a modern and efficient manner.

Our personnel have been fundamental in the company's evolution. The workforce reached 8,864 people in Chile and 3,703 abroad; this last figure represented 29% of the total that work in the mills in Argentina, Peru, Uruguay, Colombia and Mexico. The workers have achieved a high level of efficiency and specialization, and are fully qualified to operate complex productive processes. The training programmes totaled 251 thousand hours in the year 2008, and involved all levels of the company in a transversal process, one of our outstanding achievements.

CMPC has a long tradition of collaboration with union organizations because it values a good working environment as this favours the spirit of individual and team work. In the Company there are 44 unions in which 58% of the workers were registered in 2008. I draw your attention to the N° 1 Workers Union of Papeles Cordillera, the oldest labour union in Chile. Moreover, progress in safety and occupational health has been achieved as a result of coordinated work with the workers, the unions and the joint committees. The integration of personnel from all levels of the organization into the safety

and risk prevention programmes, destined to protect the life and health of our employees, the neighbouring communities and the environment, is especially relevant.

The company is developing a programme for the construction of Forest Villages in order to improve the quality of life and the welfare of the workers of the forestry service companies. The first six Villages are already in operation, with a high standard of rural accommodation and hotel services, outfitted with solid, modular constructions surrounded by gardens, with ample canteens and recreational areas for the personnel.

Ten years ago, CMPC began a serious and proactive approaching effort, joint work and open doors for the community, destined to generate opportunities of social and economic development for its neighbours, especially the 300 Mapuche communities close to the Company's forest lands and areas of operation. The emphasis of this programme has been the creation of jobs for neighbours of the Mapuche ethnic group who are hired by the forestry service companies, where they receive training in safety



norms, risk prevention and protection of the environment, and they are taken on as qualified personnel in the management of forest plantations.

Twenty training programmes were also carried out for the communities, with productive development courses that provide knowhow, work techniques and favour the flourishing of micro, small and medium enterprises and cooperatives of different types. The courses benefitted 5,300 neighbours in 2008. A third element is the support to education with scholarships for meritorious students and educational learning improvement programmes at rural schools.

The four intercultural development experiences (MOFIN) carried out with the Mapuche communities of Chol-Chol and Cañete, have been highly satisfactory. These experiences allowed the establishment of quality links, combining the Mapuche ancestral knowledge with modernity. It has been a participative and environmentally sustainable effort, carried out with its inhabitants, having the reforestation with native species as the driving force for building up trust, and encouraging the revaluation of the forest as a generator of life.

The operations of CMPC require the large-scale transport of lumber, raw materials and finished products. Therefore the Company carries out an annual programme of road preservation, bridge construction and paving, works that raise the standard of the roads and improve the connectivity and quality of life of the inhabitants of the neighbouring areas. Since 2003 we have developed shared paving and road improvement agreements with the Ministry of Public Works.

Within our network of suppliers, outstanding during 2008 were a total of 1,300 contractor firms in Chile, as they provided specialized and qualified labor-intensive services to our forestry and industrial operations. About 90% of these companies are small and medium, essentially local in nature, and therefore make an important contribution to the economic development of the communities in which they carry out their operations, generating work and adding vitality to the regional economy.

The Company is developing a pioneering business model in order that small and medium land owners may participate in the productive chain, establishing forest plantations with the backing of our technical and financial resources. Thus the tree farming and environmental practices of CMPC are taught, while at the same time the social sustainability of the forestry business is supported. We also have a sustainable forest management certification programme for small and medium owners of plantations, that supply wood to the Company.

The CMPC Foundation has completed nine years of work, collaborating with education in ten counties where CMPC develops its productive activities, benefitting more than 50 educational establishments, 400 educators, teachers and directors and approximately 7,000 children. The Foundation has provided excellent professional support, applying an integral training model, focusing its activities on three programmes: teacher training, libraries and early motivation, and a rigorous evaluation of processes and results. This is why it was distinguished as one of the 50 exemplary cases of innovation in education, a study carried out by the Fundación País Digital and the Santiago Chamber of Commerce.

The progress achieved by the schools participating in the programmes of language and mathematics has been comforting and is the result of public-private collaboration to improve education, in alliance with the regional and provincial departments of the Ministry of Education, and with the municipalities that support the participant schools. To this work we must add the educational, cultural and recreational activities of the Jorge Alessandri Educational Park located in the district of Coronel, which received more than 100,000 visitors in 2008, the year in which it celebrated its 15th anniversary.

Our responsibility towards future generations makes us persevere in the protection and preservation of the environment and biodiversity. The generation of renewable energy from biomass, efficient consumption of water and raw materials, utilization of recycled fibres in paper production, the certifications of our clean productive processes and the management of renewable forest plantations, are the basis for the sustainable development of our company's operations.

I wish to thank our shareholders, customers, suppliers and workers, as well as the authorities and local communities for the trust placed in our organization. We are advancing along the path of continuous improvement of our forest work and industrial processes in order to guarantee future generations the right to live in a suitable environment, while at the same time we are contributing in a decisive way to the social and economic development of the forest regions and our country.



**Eliodoro Matte L.**  
Chairman  
Empresas CMPC



## Profile and Structure of the Organization

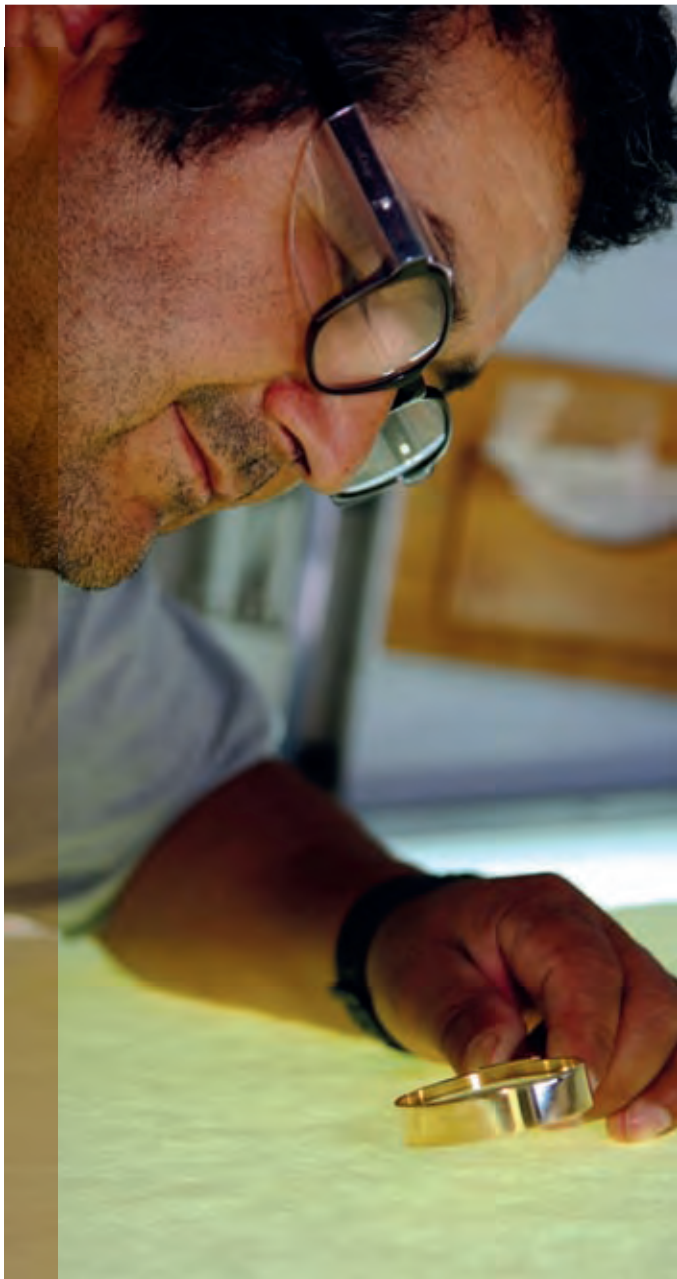
### Profile of the Company

- Empresas CMPC S.A. is a public corporation founded in 1920, of private capital, distributed at 31 December 2008, in 200 million shares and 7,085 shareholders. The company is controlled by the Matte group, with 55.83% of the share capital.
- CMPC is one of the leading Latin American companies in the production and marketing of forest products, pulp, paper and paper products.
- CMPC has diversified and balanced sales, both as regards products and destinations:
  - It sells its products to more than 10,000 clients in 56 countries.
- Solid financial structure:
  - Low leverage and a well structured debt profile.
  - One of the best non government-owned corporate risks in Chile and one of the highest of the forestry sector worldwide: qualification A-, granted by Standard & Poor's and Fitch Ratings.
- World class industrial assets.
- Sustainable advantage in costs in its different business segments.
- Organic and balanced growth.
- Successful track record and proven management capacity.

### CMPC in Figures

- 8,864 workers in Chile and 3,703 abroad.
- Industrial operations in Argentina, Peru, Uruguay, Mexico and Colombia, in addition to Chile.
- Forest reserves of 480,000 planted hectares in Chile and 66,000 hectares in Argentina.
- Consolidated sales for US\$ 3,587 million.
- Assets for US\$ 7,570 million and shareholder's equity of US\$ 5,107 million.





## Mission, Values and Ethics in Business

CMPC's mission is to produce and market, on the basis of cultivated plantations, solid wood, pulp, paper, tissue products and paper products, in a sustainable way over time, with superior and competitive quality, adding value to its shareholders and clients, and creating development opportunities for its workers and the local communities.

To achieve this purpose, CMPC:

- Develops strong business relationships with global and diversified clients, on the basis of a business structure focused on the client and equipped with an integrated logistics network.
- Applies the principle of Sustainable Development, contributing to the economic and social development of the country, while protecting the environment at the same time.
- Develops the talents and skills of its workers, achieving a strong identity, commitment and high performance in its work teams.
- Uses modern technology in its processes, which comply with high standards of safety and protection of people and the environment.
- Complies strictly with the laws and regulations in all the countries where it carries out its operations.
- Has a corporate culture based on the fulfillment of the given word, honesty, work well done and personal effort, values that are shared by the entire organization.
- Rejects child work and forced work, and any type of discrimination.



The Board of Directors of Empresas CMPC: Martín Costabal Ll., Patricio Grez M., Gonzalo García B. (General Secretary), Bernardo Matte L., Eliodoro Matte L., Jorge Gabriel Larraín B., Juan Claro G., Arturo Mackenna I. (Chief Executive Officer) and Jorge Marín C.

## Corporate Governance

- Empresas CMPC S.A. is regulated by Law 18,046 for Limited Companies and the Securities Market, and is subject to the regulatory authority of the Chilean Superintendence of Securities and Insurance.
- The Company is led by a Board of Directors made up of seven members elected at the Annual General Meeting of Shareholders, who hold their seats for three years.
- The Board of Directors meets on a monthly basis to evaluate and decide on the company's development in economic, social and environmental matters.
- All decisions taken by the Board of Directors as well as any relevant fact that affects the corporate interests are communicated to the regulatory authority, the stock exchanges and the public in general.
- CMPC accounts are revised and certified by external auditors, approved by the Board of Directors and reported to the regulatory authority and the public in general.
- CMPC is subject to the supervision of various authorities and regulatory agencies in the different countries in which it operates.
- At [www.cmpc.cl](http://www.cmpc.cl), in the document Financial Report CMPC 2008, you will find a detailed description of the activities of the Board of Directors and the Committee of Directors in the year 2008, as well as the operations with related parties and different matters concerning the company's corporate governance, on pages 10, 11, 64 to 73.



## Board of Directors of Empresas CMPC

<b>Chairman</b>	Eliodoro Matte L.
<b>Directors</b>	Juan Claro G. Martín Costabal Ll. Patricio Grez M. Jorge Gabriel Larraín B. Jorge Marín C. Bernardo Matte L.
<b>Committee of Directors</b>	Martín Costabal Ll. Patricio Grez M. Jorge Marín C.
<b>Management</b>	
Chief Executive Officer	Arturo Mackenna I.
General Secretary	Gonzalo García B.
Chief Financial Officer	Luis Llanos C.
<b>External Auditors</b>	PricewaterhouseCoopers



## Structure of the Organization

CMPC is an integrated forestry company structured as a Holding that operates through five Business Centers. The Holding is responsible for the strategic coordination and centralizes the functions of the areas of finance, internal auditing, legal matters and relationship with shareholders.

The five business centers are: Forestry, Pulp, Paper, Tissue and Paper Products. Each one of them is headed by a limited company and has a Board of Directors made up of representatives of the controller, independent third parties and senior executives of the Company.

Each business center is managed independently, through a Managing Director, and has its own organization, with commercial, technical, personnel and operations structures.

The map on the following page shows the five business centers of CMPC in the different countries in which it carries out its operations.

- In [www.cmpc.cl](http://www.cmpc.cl) in the document Financial Report CMPC 2008, you will find a detailed description of the operations of the five business centers and their areas of support, as well as the business development, production figures, sales, investments and main projects, on pages 14 to 19, 26 to 35.

> The five business centers of CMPC are: Forestry, Pulp, Paper, Tissue and Paper Products.

## Regional Presence of the CMPC Business Centers



**Mexico**  
**Tissue**  
 3 Plants: ABSORMEX

**Colombia**  
**Tissue**  
 1 Plant: Drypers Andina

**Peru**  
**Tissue**  
 1 Mill: PROTISA

**Paper Products**  
 1 Paper Bag Plant: FORSAC

**Chile**  
**Forestry**  
 Plantations | 4 Sawmills | 2 Remanufacturing Plants  
 1 Plywood Plant

**Pulp**  
 3 Mills: Santa Fe (eucalyptus) | Laja (pine) | Pacifico (pine)

**Paper**  
 2 Folding Boxboard Mills: Cartulinas CMPC  
 1 Packaging Mill: Papeles Cordillera  
 1 Newsprint Mill: INFORSA  
 Distribution: EDIPAC  
 Paper Recovery Centers: SOREPA

**Tissue**  
 2 Mills: Puente Alto | Talagante

**Paper Products**  
 4 Corrugated Boxes Plants: Envases Impresos  
 Envases Roble Alto  
 1 Paper Bag Plant: PROPA  
 1 Moulded-Pulp Trays Plant: CHIMOLSA

**Uruguay**  
**Tissue**  
 1 Mill: IPUSA

**Argentina**  
**Forestry**  
 Plantations

**Tissue**  
 2 Mills: Papelera del Plata | Naschel

**Paper Products**  
 1 Paper Bag Plant: FABI



# Corporate Social Responsibility

> CMPC establishes a balanced, long-term relationship with its employees, business chain, neighbouring communities and the environment. All of these are fundamental in its social responsibility policy.





## > Social Responsibility Policy

Social Responsibility is an essential part of CMPC's business model and is based on establishing lasting links with the communities where it carries out its operations, contributing to their economic and social development, collaborating with the education of the new generations, employing specialized workers who carry out the production processes according to high safety standards and in harmony with the environment.

## CSR in CMPC





## Social Responsibility Policy

### Business Chain

- CMPC contributes to the development of the countries where it works, generating employment and wealth.
- It manages its businesses efficiently.
- It produces and markets quality products.
- It develops strong commercial relationships with customers and suppliers.
- It competes in the market with competitive quality and costs.
- It provides audited, verifiable financial information.
- It complies with legal, tax and market competition regulations.

### Workers

- CMPC generates opportunities for training and professional development.
- It emphasizes risk prevention in the operation of complex industrial processes.
- It establishes a working environment that stimulates creativity and a high level of performance.
- It develops benefit programmes for its workers and their families.
- It complies strictly with the law in social and labour matters.

### Community

- CMPC has an open-doors policy designed to create development opportunities for the communities where it operates.
- It emphasizes the creation of jobs for its neighbours.

- It supports the education of pupils from neighbouring communities, with scholarship programmes and improvement of learning in education.
- It runs training programmes for neighbours with courses that encourage small and medium businesses and cooperatives to emerge.

### CMPC Foundation

- It collaborates with education in the communities where CMPC carries out its production activities.
- It contributes towards improving the educational results of the children at the junior level in Chilean public schools.
- It provides pedagogical training for teachers in areas of language and mathematics and for the heads of schools on matters related with educational management.
- It sets up school libraries and programs to encourage reading.
- It organizes workshops to teach mothers how to support the development of their small children.

### Environment

- CMPC bases the sustainable development of its processes on the generation of renewable energy from biomass, efficient use of water and raw materials, use of recycled fibers and technological management of its renewable forestry plantations.
- It certifies the management of its forestry plantations and industrial processes.
- It protects the native forest and biodiversity.
- It complies with legal framework concerned with the environment.



## Dialogue with Stakeholders

CMPC relates actively with its stakeholders in a wide variety of ways, given the diverse nature of its business centers and the differing situations of the local areas in which it carries out its operations. The educational tasks of CMPC Foundation and the Good Neighbourhood Plan of Forestal Mininco are outstanding examples of the serious, pro-active effort being made by the company over the past 10 years to contribute to the social and economic development of neighbouring communities.

Listed below are the CMPC interest groups and the means by which the company relates with them:

### Shareholders

- Ordinary and Extraordinary Shareholders' Meetings.
- Annual Financial Report, Quarterly Financial Statements and information of essential and relevant facts.

### Investors

- Regular meetings, telephone conferences, issuance processes for debt instruments.
- Regular information to the regulatory authority and stock exchanges.

### Workers

- Coordination meetings with union organizations, collective bargaining sessions, joint committees on matters of occupational health and safety, training programs.
- Mi Papel Magazine, corporate intranet, extension programs for workers and their families.

### Service Companies

- Permanent communication and meetings with contractor firms.
- Training to guarantee compliance with the standards of certifications concerning forestry management, safety and environmental management.

### Customers

- Regular visits, post-sales assistance, regional meetings, industry meetings and seminars.
- Bulletins entitled "Newsletter" on CMPC Pulp and Cartulinas CMPC.

### Local Authorities

- Regular meetings of mill managers with municipal authorities.
- Meetings with governmental organizations related with the company's activity.
- Coordination of the work of CMPC Foundation with Municipalities and Provincial Departments of the Ministry of Education.
- Regular meetings with municipal authorities in the context of Forestal Mininco's Good Neighbourhood Plan.

### Local Communities

- CMPC Foundation's work to improve educational results of children at the junior level in Chilean public schools.
- Good Neighbourhood Plan with its local employment programme, scholarships for schoolchildren, learning improvement plan, training courses for neighbours' small-scale business projects, MOFIN experiences with Mapuche communities and the distribution of the Good Neighbour bulletin.



### Student Community

- See the [www.papelnet.cl](http://www.papelnet.cl) site for detailed information about the forestry, pulp and paper industry, renewable forestry plantations, clean production processes, paper recycling, protection of biodiversity and environment, directed mainly towards supporting and educating students.

### Universities and NGOs

- A variety of research projects in conjunction with universities, mainly designed to protect and conserve the biodiversity of native flora and fauna.
- Program for monitoring the quality of water of the Bío Bío river, together with the Universidad de Concepción and regional industries.
- Monitoring the quantity and quality of the water associated with plantations and native forest in various micro-basins of the Bío Bío region, as long-term research, together with the Universidad Austral de Chile.
- Presence of NGOs in audits carried out on the company in matters concerning protection of biodiversity and environmental management.
- Collaboration with CODEFF in measures to protect and restore the habitat of the Huillín, or fresh-water otter.
- Lectures by CMPC executives at various courses and fairs.

### 10 years together with the Mapuche Communities

Ten years ago, CMPC began a serious, pro-active approaching effort, joint work and open-doors for the community, designed to provide opportunities of social and economic development for neighbouring communities, most particularly the 300 Mapuche communities living close to the Company's forest lands and areas of operation.

That effort, called the Good Neighbourhood Plan, put special emphasis on a programme of direct employment for neighbours from the Mapuche ethnic group and on training neighbours with courses that would encourage the creation of small-scale business projects. Initiatives were also implemented that have helped to raise the quality of education in rural schools close to the forest lands.

An essential element of the integration that CMPC is attempting to achieve with the Mapuche communities is the value it places on their cultural diversity. This results in a genuine respect for their beliefs and customs. The four MOFIN experiences carried out under the auspices of the "Origins" programme and the CONAF have been highly satisfactory, using forestation with native plants - a combination of ancestral Mapuche wisdom and modernity - and encouraging in those communities a revaluation of the woodlands as a source of life.

The Good Neighbourhood Plan has made it possible to establish quality links with the Mapuche communities, contributing with perseverance to their social and economic development, while at the same time supporting the conservation of their traditions and ways of life and holding on to the ancestral Mapuche knowledge of nature and biodiversity.

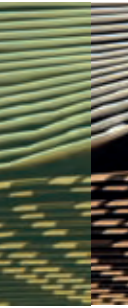


The We Tripantu or Mapuche New Year Ceremony, celebrated by the Luisa Antili community located in the Cayucupil sector of the municipality of Cañete, to which employees of Forestal Mininco were invited. This annual ritual celebrates the winter solstice: a date of special devotion, meditation, physical and spiritual renewal for the Mapuches and for worshipping their gods and spirits. They shared it with CMPC personnel.



# CMPC and its Business Chain

> CMPC carries out its production activities by harmonizing a number of different aspects. The Company has a permanent concern for its workers, suppliers and customers. The fulfilment of contracts and the giving word, the quality of its products and responsible marketing, the good working environment and the timely payment of its obligations are all part of this.







## Economic Performance

In 2008, CMPC's economic performance was influenced by the development of the global financial crisis, which led to a scenario of simultaneous deceleration in the main international markets. This situation had a negative influence on demand for the products sold by the Company, generating a decrease in the volumes and prices of export products, as from the second half of the year.

### Economic Value Generated and Distributed

- Despite the negative international environment of the second half-year, CMPC generated an economic value of US\$3,987 million in 2008, a figure 12% higher than the previous year, due to the input from revenues received and financing activities.
- The distributed economic value amounted to US\$3,914 million, 10% over the year 2007, most noteworthy being the 16% increase in payments to suppliers, contractors and services, due mainly to the higher cost of raw materials, energy, fuel, materials and supplies.

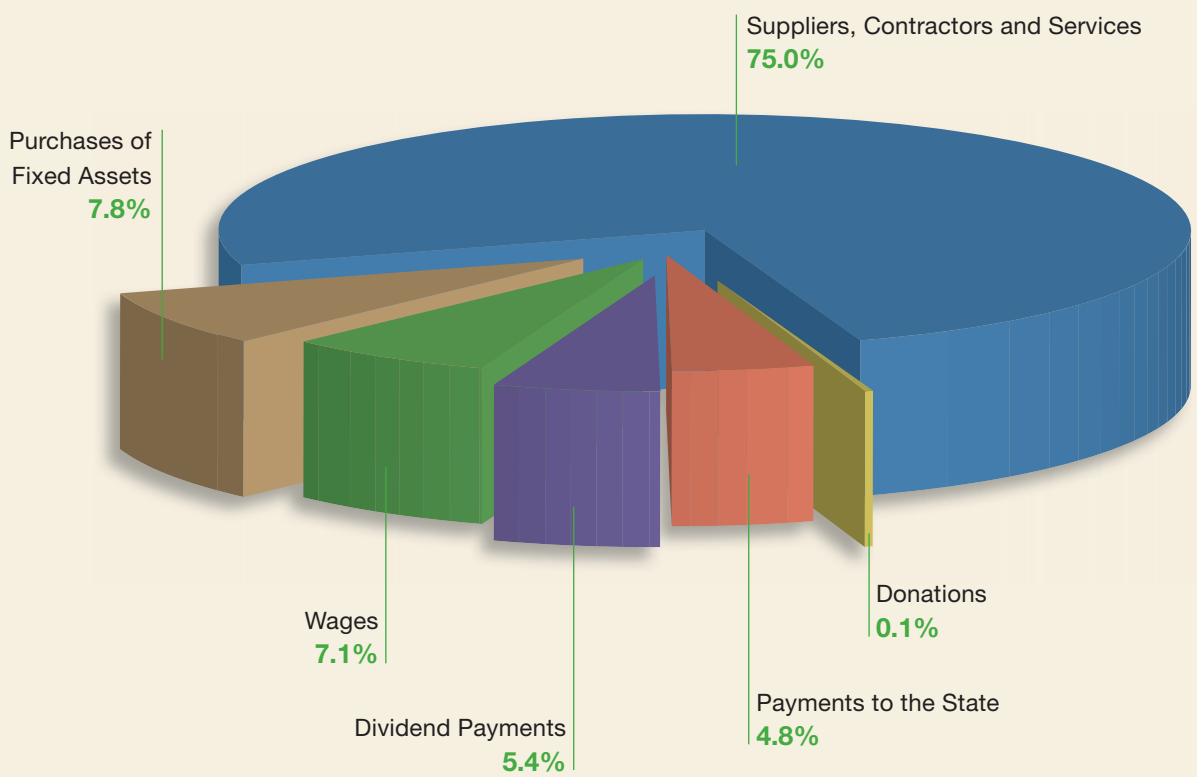


<b>Economic Value Generated</b>	<b>Millions of US\$</b>	
	<b>2007</b>	<b>2008</b>
Revenues received	3,621.1	3,834.0
Sales of Fixed Assets and Others	2.3	0.3
Subtotal of Operating Income	3,623.4	3,834.4
Net Effect of Financing Activities	(51.3)	152.7
<b>TOTAL ECONOMIC VALUE GENERATED</b>	<b>3,572.2</b>	<b>3,987.0</b>

<b>Economic Value Distributed</b>	<b>Millions of US\$</b>	
	<b>2007</b>	<b>2008</b>
Suppliers, Contractors and Services	2,519.3	2,933.7
Purchases of Fixed Assets	432.3	303.6
Wages	263.3	276.3
Dividend Payments	125.9	210.5
Payments to the State	212.9	187.1
Donations	2.8	2.6
<b>TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>3,556.4</b>	<b>3,913.9</b>
<b>TOTAL NET FLOW OF THE PERIOD</b>	<b>15.8</b>	<b>73.1</b>



### Economic Value Distributed 2008





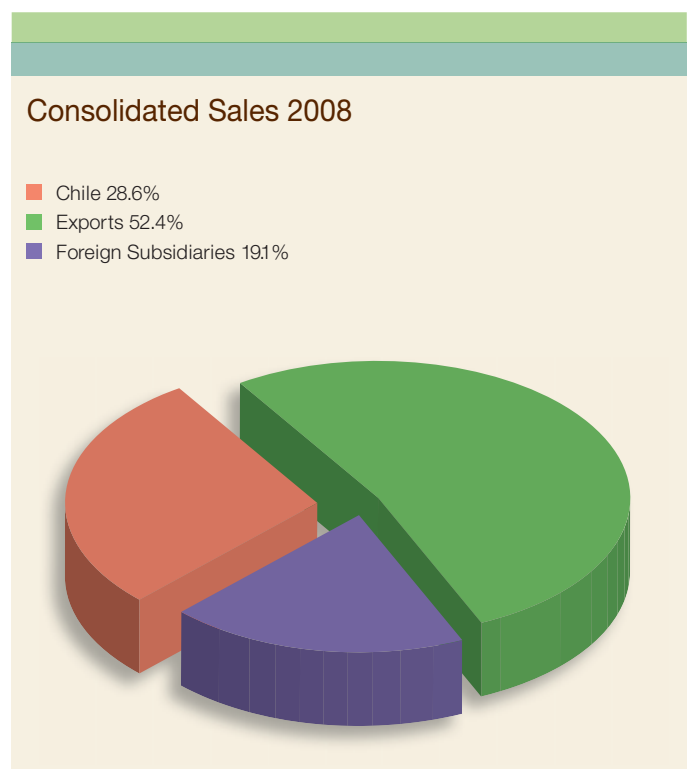
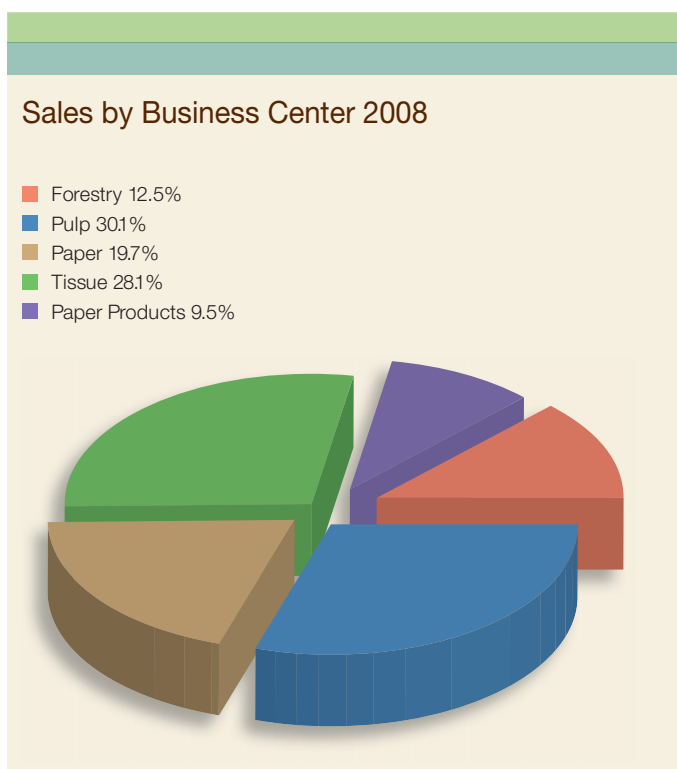
## CMPC Sales

- Consolidated sales of CMPC added up to US\$3,587 million in 2008, with a 7% increase over the previous year.

Sales by Business Center	Millions of US\$	
	2007	2008
Forestry	448	450
Pulp	1,174	1,081
Paper	658	707
Tissue	746	1,008
Paper Products	316	342
<b>CONSOLIDATED TOTAL</b>	<b>3,342</b>	<b>3,587</b>

Sales to third parties at invoice value.

- Sales by business centers shows the diversification achieved in products of solid wood, pulp, paper and folding boxboard, tissue products and packaging, such as corrugated boxes and bags.
- Export sales and sales by CMPC subsidiaries abroad totalled 71.5% of consolidated sales.



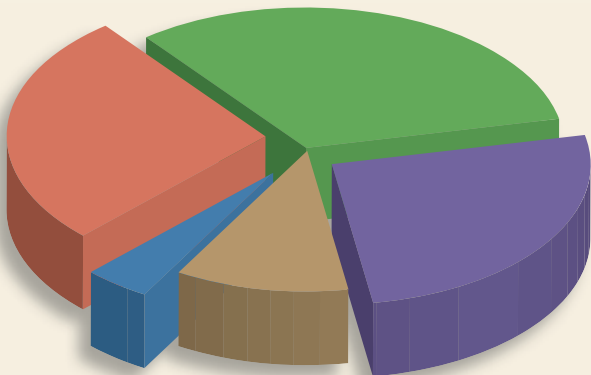


### CMPC Profits

- Export sales diversification in different commercial regions has made it possible to reduce the effect of the global crisis that occurred in the second half of 2008.
- The company's consolidated net profit in 2008 was US\$203 million, a 59% reduction compared with 2007.

#### Export Sales 2008 by Region

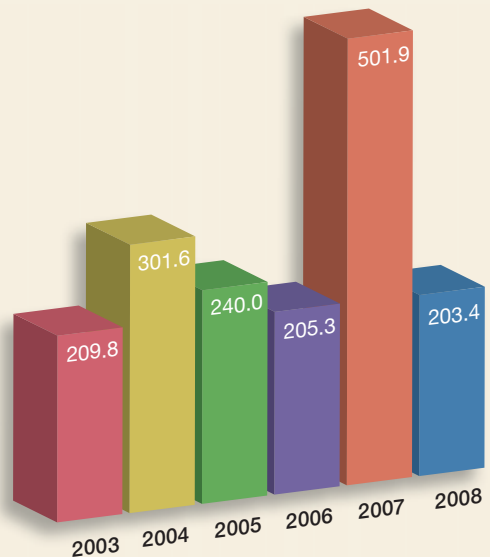
- Europe 27.1%
- Asia 32.1%
- Central and South America 25.8%
- North America 10.9%
- Middle East, Africa and Oceania 4.1%

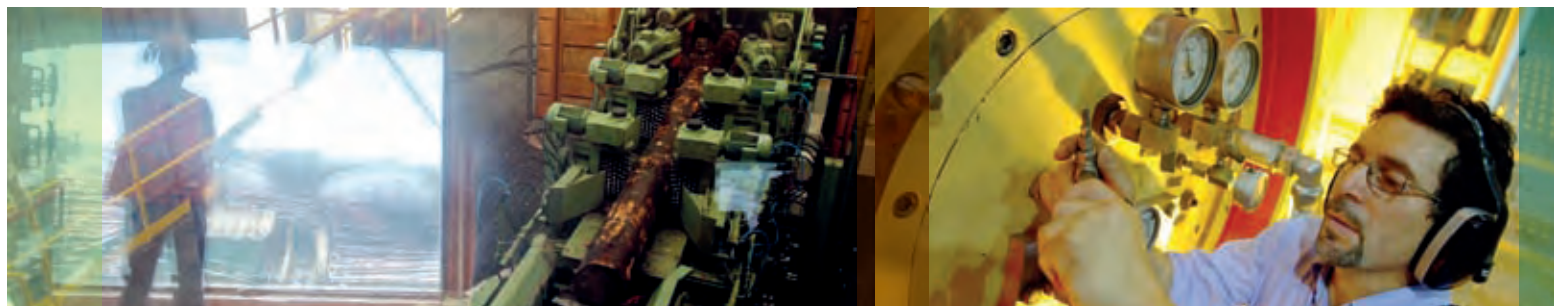


Percentages on net FOB Mill sales.

#### Profits for the Period 2003-2008

Millions of US\$





## Capital Providers

- Company's assets amounted to US\$7,570 million as of 31 December 2008, and shareholder's equity to US\$5,107 million.
- Consolidated liabilities were US\$2,328 million as of 31 December 2008, similar to 2007. Of that value, 36% were short-term liabilities.

Consolidated Debt	Millions of US\$	
	2007	2008
Short-term debt	815	840
Long-term debt	1,504	1,488
<b>TOTAL</b>	<b>2,319</b>	<b>2,328</b>

## Sanctions and Fines

- In year 2008, US\$122 thousand were paid out in fines related with administrative, labour and environmental issues, mainly in administrative fines in the Forestry business center.

Sanctions and Fines		
By Business Center	Thousand of US\$	
	2007	2008
Forestry	17.0	96.3
Pulp	31.3	0.0
Paper	20.6	12.8
Tissue	8.4	0.0
Paper Products	1.0	13.3
Shared Services and Others	0.5	0.0
<b>TOTAL</b>	<b>78.7</b>	<b>122.4</b>



## Payments to National States

- Payments made to the States in which countries CMPC has operations are presented in the following table, including consolidated figures of Chile, Argentina, Peru, Uruguay, Mexico and Colombia. In year 2008, those payments totalled US\$187 million: 12% down on 2007, due mainly to lower payments in income tax and value added tax.

Payments to National States	Millions of US\$	
	2007	2008
In Income Taxes	83.2	72.2
In Customs Duties	55.0	55.5
In Net Value Added Tax (VAT) Paid	65.7	57.4
In Property Taxes	4.8	3.8
In disallowed Expenses Taxes	0.2	0.1
In Taxes on Financial Credits	2.7	3.1
In Payments of Services Abroad	1.1	1.5
In Commercial and Industrial Licences	4.0	4.3
Minus Tax Exemptions and Credits	-3.8	-11.0
<b>TOTAL NET PAYMENTS TO STATES</b>	<b>212.9</b>	<b>187.1</b>

This includes consolidated figures of Chile, Argentina, Peru, Uruguay, Mexico and Colombia.

## Contributions to Public Infrastructure

- The carrying out of CMPC's operations typically involves large-scale transportation of raw materials and finished products, the wood supplied to the factories being particularly noteworthy in terms of volume. For this reason, CMPC carries out an annual programme of investment in road-building, paving and bridges, as part of what is needed for an adequate performance of its operations.
- However, those works raise the standard of the roads and improve the connectivity and quality of life of the inhabitants of neighbouring localities, meaning that they are actually works of public benefit. CMPC's investment in such infrastructure totalled US\$8 million in years 2007 and 2008, with the breakdown shown in the table below.

Investment in Infrastructure	Thousand of US\$	
	2007	2008
<b>By Type of Infrastructure</b>		
Roads	1,508	2,458
Paving	2,646	1,154
Bridges	39	3
Transmission Lines	25	0
Others	119	31
<b>Total</b>	<b>4,338</b>	<b>3,645</b>



## Relationship with Suppliers and Contractor Firms

- CMPC's network of suppliers is made up of Chilean and foreign companies, which provide a variety of raw materials, materials, supplies and equipment, plus specialised services of various kinds.
- Outstanding among this network of suppliers in 2008 was the total of 1,300 contractors in Chile, which provided specialized services with qualified, labor-intensive teams for CMPC's forestry and industrial operations. Around 90% of these companies are small and medium-sized, essentially local in nature, with the result that they make a considerable contribution to the economic development of the regions where CMPC's forestry plantations and factories are located.
- In this way, 60% of transport fleet and 90% of equipment used for thinning work in plantations either belong to, or are executed by local entrepreneurs, with direct benefit for neighbouring communities, mainly regarding the hiring of local labour.
- The Company collaborates closely with such contractors, in order to achieve high standards in labor, safety, social and environmental matters. This collaboration is based on permanent improvement and constant training, with good communication and emphasis on adopting a series of practices that match CMPC's standards in these areas. In particular, CMPC emphasises:
  - ▶ Compliance with labor and social laws, generation of good working conditions, and the total absence of practices that involve child work or forced work.
  - ▶ Strict compliance with environmental legislation and with the high CMPC standards contained in its systems of environmental and safety management, which are requirements for its ISO 14001, OHSAS 18001 and CERTFOR-PEFC certifications.
  - ▶ Permanent communication with contractors, to maintain high standards in their performance, notice possible breaches of established procedures and correct such situations.





## Purchase of Goods and Services from Local Suppliers

- CMPC made 58% of its valued purchases in goods and services from local suppliers in year 2008, as an expression of the company's policy to contribute to the social and economic development of the regions where its factories and operational centers are placed. Over the course of time, it has become possible to rely on local suppliers that provide quality products and services, with competitive costs and delivery times compared with alternatives outside the region concerned.

### Proportion of purchases of goods and services from local suppliers

By Business Center	% Regional Purchasing	
	2007	2008
Forestry	86.1%	85.2%
Pulp	67.2%	60.4%
Paper	35.2%	46.4%
Tissue	14.1%	28.6%
Paper Products	59.2%	73.1%
Shared Services and Others	90.2%	96.4%
<b>TOTAL</b>	<b>56.2%</b>	<b>58.2%</b>

By Country	% Regional Purchasing	
	2007	2008
Chile	59.3%	61.0%
Argentina	32.9%	37.6%
Peru	13.6%	63.0%
Uruguay	25.8%	22.8%
Mexico	15.5%	21.6%
Colombia		22.2%
<b>TOTAL</b>	<b>56.2%</b>	<b>58.2%</b>

A Local Supplier is one located in the same province or region as the factory or head office of the respective business center.





## Forestry Investment, a Programme to encourage more owners to develop High-Value Forests

CMPC's close relationship with the communities where it operates has enabled to know about land owners' limitations in terms of planting forests, due to lack of economic and technical resources and the know-how needed to develop high-value plantations.

For this reason the Company is developing a pioneering business model, the axis of which is the participation of small and medium land owners in the productive chain, with clear economic, social and environmental benefits. During the year 2008, CMPC began this programme, called Forestry Investment, whose aim is to increase plantations on the lands of small and medium owners, with commitment of future production for the company.

In addition to increasing future wood supply, this programme will help to support the social sustainability of the forestry business, by getting a large number of owners involved.



The first agreement of the programme was signed with Mr Aquiles Meza. Forestal Mininco will undertake the activities involved in establishing the plantation, pruning and thinning, management, including a policy of insurance and protection against fire on his 41-hectare estate, located in the municipality of San Javier. Mr Meza's motivation in joining the programme was to obtain the forestry bonus, to have income during the growing period of his plantation and to retain his lands as an inheritance for his heirs.



## Benefits of the Forestry Investment Programme

### For Land Owners

- To take advantage of soil suited for growing high-value plantations, while maintaining the ownership of their lands and taking part in the business over the complete growth cycle of their plantations.
- Being able to create a forest with financial and technical resources of CMPC.
- To obtain income from the earliest years of the forest's growth.
- Having access to the company's expert knowledge and applying the best practices on their lands to establish and develop plantations on the basis of world-class seedlings, with appropriate techniques for preparing and fertilising the soil, prevention and protection against fire, insurance, pest control and management until harvesting.

### For Neighbouring Communities

- Benefitting from a network of forestry investment, with access to technology, genetics, silviculture and administration developed by Forestal Mininco.
- Better development opportunities by creating networks and local service companies.



The National Development Manager of CONAF and his team visited various clients and estates that participate in the Forestry Investment programme in the Maule Region.

## For Forestal Mininco

- Contributing to productive development of the communities by local forestry investment.
- Disseminate CMPC's environmental practices, mainly not replacing native forest, protecting and conserving its biodiversity. The properties entering this programme must not present fines or indications that they have replaced native forest.
- To increase future availability of high-quality wood.
- Disseminate good practices to achieve forestry yields similar to those obtained by the company on its own plantations. This includes preparing the soil, fertilization, control of weeds and pests, forest management, among others.
- Helping to halt the process of soil erosion by establishing forests that enable the land to be renewed.



During the first half of 2008 the platforms of evaluation and service for future clients were developed, and by the end of year there were 14 land owners in the programme, with a total area of 980 hectares, the vast majority of which were unproductive soils presenting varying degrees of erosion. The average area planted was 54 hectares per property.



## Certification of Sustainable Forestry Management for Small and Medium Land Owners



CMPC Celulosa and Forestal Mininco are developing a certification programme of sustainable forestry management for small and medium land owners, which supply wood to the company's pulp mills. As of December 2008, a total of 15 land owners with 17 thousand hectares, had the CERTFOR-PEFC seal. For 2009, the aim is to increase this programme, incorporating 13 new owners with 32 thousand additional hectares.

Participation of the Forestry and Pulp areas of CMPC in this joint working initiative, has allowed plantation owners to complete the certification process at reasonable costs, supporting them in administrative formalities and with the high technical and operational requirements that this process implies.

This certification programme aims to propagate good practices of sustainable forest management in three areas: labour, community and environment.

Visit to certified land owners with the CERTFOR-PEFC seal in the Municipality of Lumaco, who are protecting shoots of native forest in their properties as part of environmental practices for sustainable forest management.



International audits are carried out annually on CMPC Pulp as Administrator of the CERTFOR-PEFC seal for the group of owners taking part in the programme, with emphasis on those who are involved in productive work, such as this thinning operation on a certified estate in the Municipality of Cobquecura.

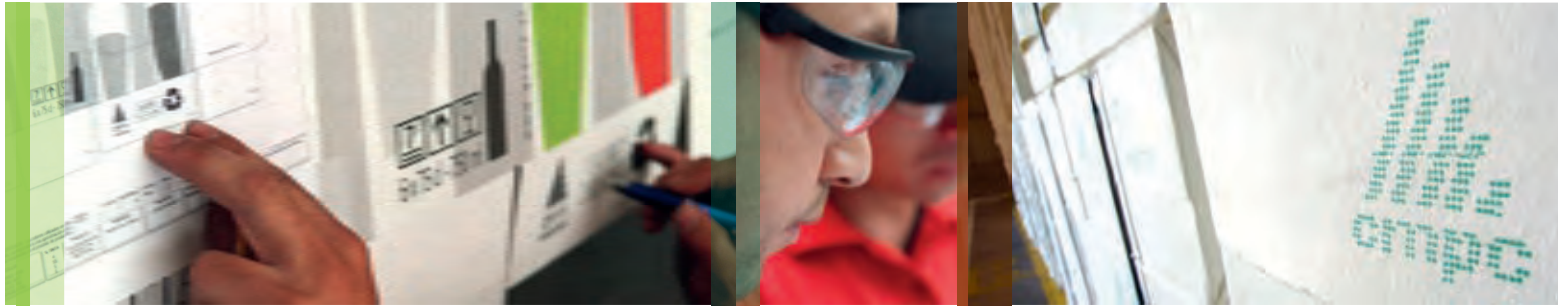
Regarding labour, the aim is to extend the company's practices on responsibility towards workers, strict compliance with law, safety and occupational health rules, training and opportunities for professional development.

With neighbouring communities to the estates included in this certification programme, the aim is to develop local networks, provide technical support in forestry matters and encourage training for rural reforestation programmes in conjunction with INFOR. Seminars and workshops are being held constantly to transmit experiences of the forestry owners who are already participating in the certification programme.

CMPC's environmental practices are transmitted to the group of certified owners by on-going training and by identifying the native flora and fauna through an agreement with the Silviculture Department of the Faculty of Forestry Sciences at the University of Concepción. In addition, educational programmes are being held in neighbouring rural schools, for pupils, teachers and the education community in general.



An activity of the Technical Transference Programme of CMPC Pulp and Forestal Mininco, in which certified land owners visit the company's estates and receive training in forestry work. In the picture, land owners are being taught about planting pines in clay soils in the municipality of Mulchén.



## Relationship with Customers

- CMPC's customers correspond to Chilean and foreign companies that operate in different industrial sectors, including manufacturing, distribution and retail companies.
- CMPC maintains a close link with its customers, aware of the role that they play in the social recognition and economic success of the company. In general, this is a relationship that watches over both commercial aspects and technical development of the product.
- In the commercial area, CMPC builds relationships of mutual benefit expressed through pro-active credit policies that support the development of its customers' businesses.
- In the technical area, especially in case of products for industrial markets, CMPC attends fairs and provides post-sales technical assistance to make it possible to optimise the performance of the product, in accordance with customer's needs.
- In addition, CMPC is developing an active participation in social institutions, business and industrial associations in Chile and abroad, and in binational chambers of commerce.
- The labelling of CMPC's products contains all information required by the industrial sector or end customer, depending on the nature of the product, for industrial use or mass consumption.
- The marketing and publicity of the Tissue products comply with the ethical standards of the Advertising Self-Regulation Council and are coherent with the company's values and ethics.

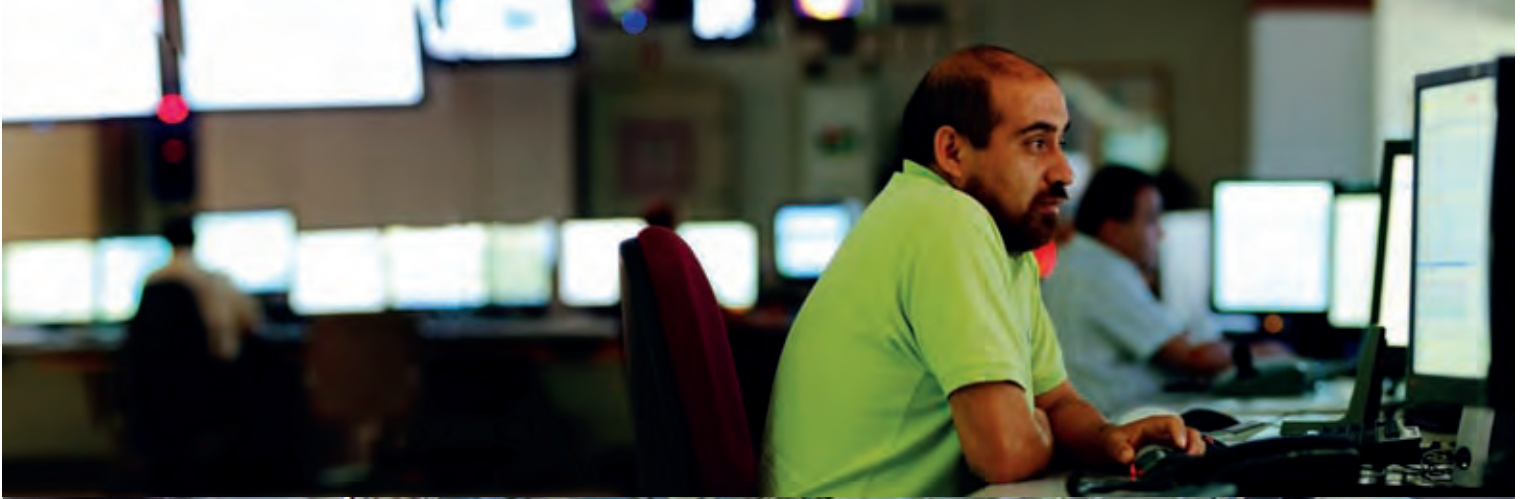
## Customer's Health and Safety

Regarding the impact of products on the health and safety of customers and consumers over their life-cycles, the analysis applies to three types of CMPC products: tissue and sanitary products, folding boxboard and paper bags for packaging foodstuffs:

- Tissue and sanitary products are submitted to strict analysis to ensure the safety of their components, tests to ensure their microbiological stability over time and dermatological tests to guarantee their hypoallergenic character.
- Folding boxboards used for packaging foods have HACCP certification and the ISEGA seal, which authorizes their use for being in direct contact with foodstuffs.
- Paper bags for packaging foods also have HACCP certification.



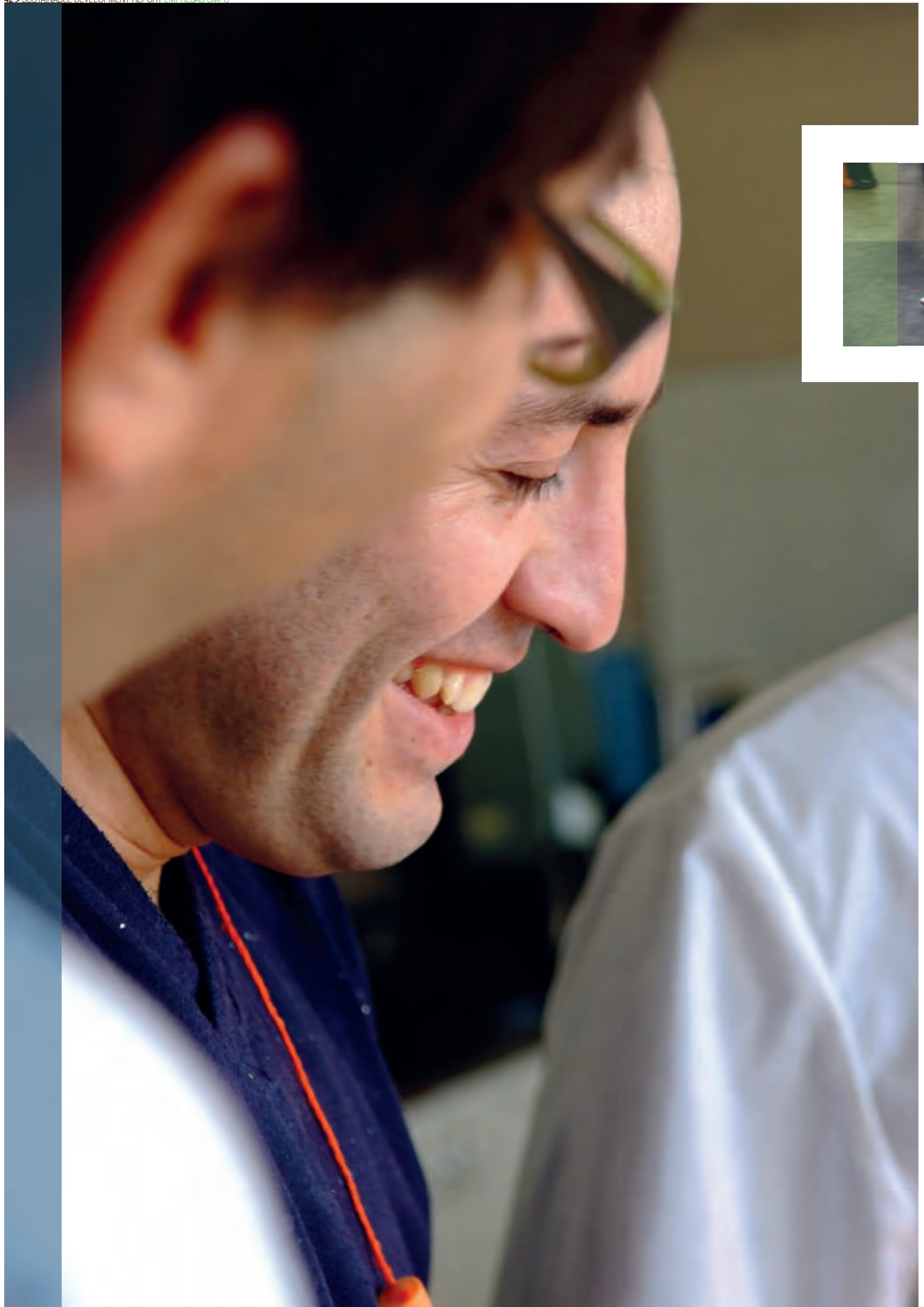




CMPC and its

# Workers

> For CMPC, it is important to develop the talents and skills of its workers, by integrating them into a successful, enthusiastic, committed, innovative and cooperative team with a strong identity.





## CMPC Personnel: Fundamental in the Company's Progress

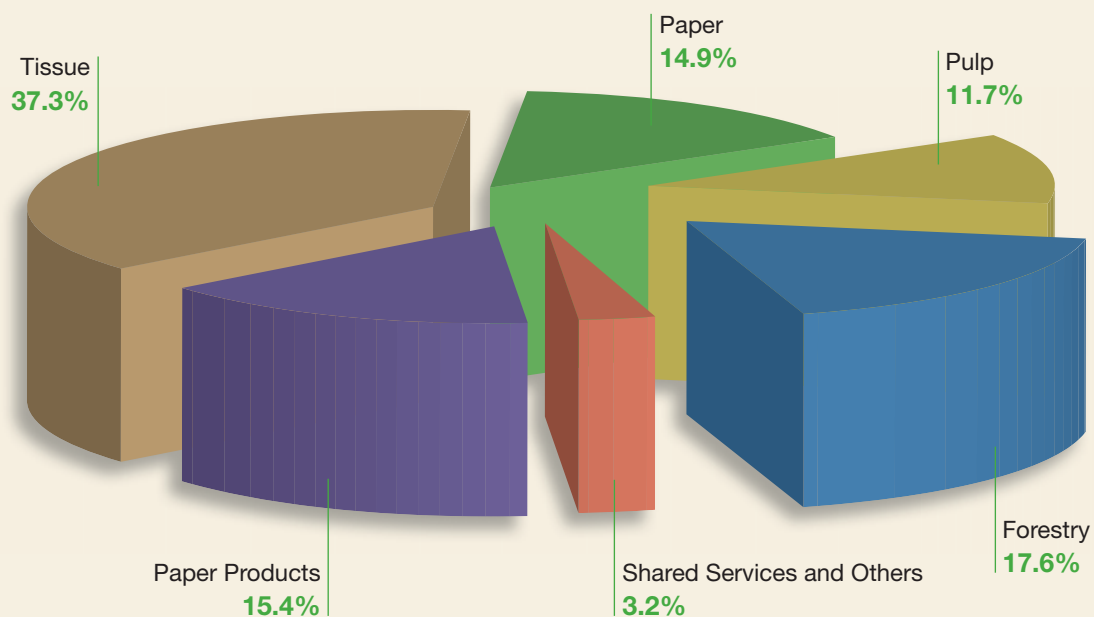
- 12,567 workers were employed by CMPC and its subsidiaries as of 31 December 2008, a figure up 5.4% on 2007.
- The Tissue business center increased its payroll by 709 workers, 18% up on 2007, due to the growth of its operations in Mexico, Colombia, Peru, Uruguay and Argentina. This business center leads the expansion of CMPC operations outside Chile.

### CMPC Personnel

as of 31 December of each year

By Business Center	2007	2008
Forestry	2,231	2,207
Pulp	1,527	1,469
Paper	1,918	1,870
Tissue	3,977	4,686
Paper Products	1,903	1,935
Shared Services and Others	363	400
<b>TOTAL</b>	<b>11,919</b>	<b>12,567</b>

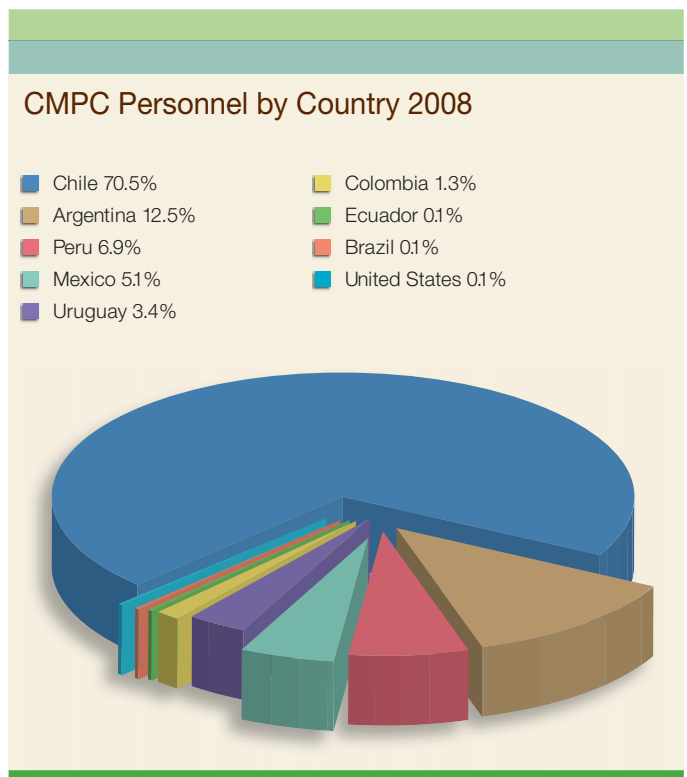
### CMPC Personnel by Business Center 2008





■ CMPC personnel outside Chile accounted for 29.5% of the total in 2008, with 3,703 workers, compared with 3,020 workers abroad in 2007.

CMPC Personnel		
as of 31 December of each year		
CMPC Personnel by Country	2007	2008
Chile	8,899	8,864
Argentina	1,484	1,568
Peru	710	863
Mexico	476	639
Uruguay	340	431
Colombia	0	164
Ecuador	0	14
Brazil	0	15
United States	10	9
<b>TOTAL</b>	<b>11,919</b>	<b>12,567</b>

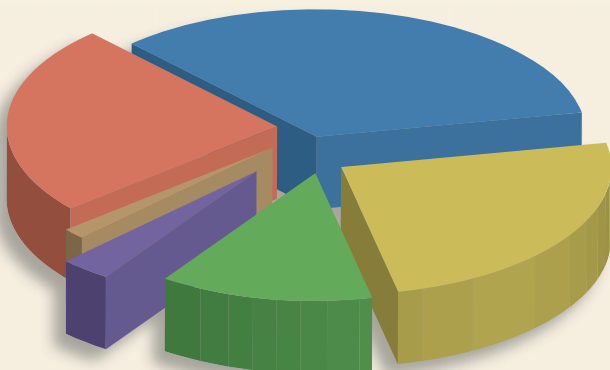




- There was a slight increase in feminine presence: 9.2% of CMPC personnel were female in December 2008, compared with 7.6% in 2007. In 2008, the largest shares of feminine participation are in the Colombian and Mexican operations, with 38% and 27% of the staff, respectively. These are the two most recent operations of CMPC.
- CMPC personnel shows balance in its percentage composition as regards age.

### CMPC Personnel by Ages

- Under 20 years, 1.5%
- Between 20 and 29 years, 24.1%
- Between 30 and 39 years, 33.9%
- Between 40 and 49 years, 24.6%
- Between 50 and 59 years, 13.0%
- 60 years and over, 2.8%



### Effective internal communication

- The growth of operations outside Chile makes it essential to maintain internal communication systems that promote and reinforce the corporate culture. The Tissue business center, with a strong geographical expansion over recent years, holds a Regional Workshop each year in which the Managing Director meets with personnel from all the countries to analyze issues concerning strategy, markets and operations, and a participative dialogue ensues.
- Continuous, transparent and pro-active communication with the workers' unions in all CMPC subsidiaries.
- An effective communication tool is Mi Papel magazine, with articles reporting corporate news and personnel activities, specially those aimed at their comprehensive development. This magazine is distributed to all CMPC personnel, in Chile and abroad.
- A dynamic Intranet portal with useful contents and on-line help for professional tasks, plus direct channels to transmit suggestions and concerns.







An essential and innovative feature is the drying-room for clothing - indispensable in the winter months – equipped with a stove that burns all night, providing dry clothing at the start of each working day. This has meant the replacement of the traditional open fireplaces.

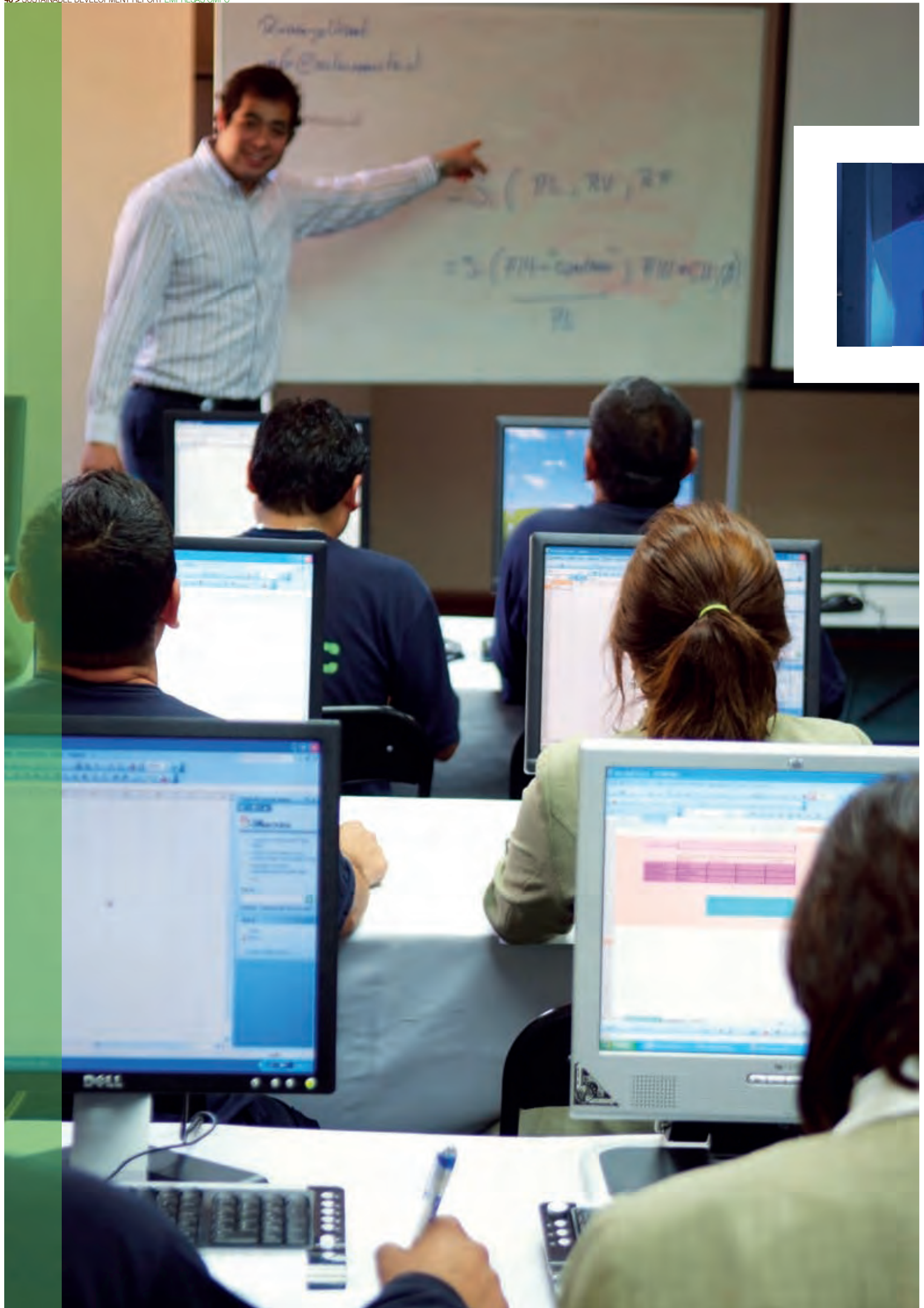
## Forestry Villages

- Forestal Mininco is developing a programme for the construction of Forestry Villages, designed to accommodate the workers who provide services at the company's worksites.
- The aim is to improve the quality of life and welfare of the workers of the forestry service companies, who perform tasks on the lands belonging to Forestal Mininco.
- The first six villages are already in operation in the Bío Bío and Araucanía regions, specifically in the municipalities of Angol, Collipulli, Lumaco, Nacimiento and Mulchén.
- Forestry Villages imply a great advance in terms of security, comfort and hygiene, being equipped with solid, modular constructions surrounded by gardens, with ample canteens and recreational areas for the personnel.
- These villages set a high standard of rural accommodation and hotel services for workers, gradually leaving the image of the old lumber camps behind. The villages have electric light, a plant for drinking-water and sewage treatment, warehouses for tools and materials, and a drying-room for work clothes.



Each village has a modern canteen which provides a diet of food appropriate to the workers' energy requirements and which also offers a space for training sessions and community recreational activities.

Each village has 16 cabins, each of them for six workers, with three bedrooms, a bathroom and a living-room with satellite TV. Meeting areas have been set up outside, with pergolas that are frequently used on sunny evenings in both summer and winter. Gardens and a football pitch with floodlighting complete the picture. The photo shows a general view of Villa La Suerte in the municipality of Nacimiento, Bío Bío Region.





## Emphasis on Formation and Training of Personnel

- CMPC personnel has achieved a high level of efficiency and specialization, with 26% having an academic qualification, higher education at universities, technical institutes or similar. In the same way, a high proportion of the workers are qualified to operate complex productive processes.

### CMPC Personnel 2008: managers and executives, professionals and technicians, workers.

By Business Center	Managers and Senior Executives	Professionals and Technicians	Workers	Total
Forestry	14	585	1,608	2,207
Pulp	60	424	985	1,469
Paper	34	575	1,261	1,870
Tissue	66	864	3,756	4,686
Paper Products	37	267	1,631	1,935
Shared Services and Others	11	337	52	400
<b>TOTAL</b>	<b>222</b>	<b>3,052</b>	<b>9,293</b>	<b>12,567</b>

- There is a low level of staff turnover: 1.8% in 2008, marginally higher than the 1.3% of 2007. Favourable conditions for career development, training, job stability, good labour relations and benefit programmes are the main reasons explaining this low turnover.
- Training of personnel is indispensable for the sustainability of CMPC's future business. Continuous formation and training mean improvements in productivity and create satisfaction in the people trained.



## Equal Job Opportunities and No Discrimination Policy

■ CMPC ensures equal opportunities for those applying for a job, based solely on the personal qualifications and suitability of the applicant.

■ CMPC forbids discrimination on grounds of race, religion, gender, nationality, union membership, age, marital status, political opinion and social background.

■ In the case of women, their contracting, permanence, employment, promotion or labour mobility is not conditioned to the absence of pregnancy, nor are they required to prove that condition by medical examination.

- During 2008, the number of training hours was 251,000, 25% higher than in 2007, and included all levels of the company. This transversal process is one of the most important achievements of CMPC in this area.
- Of the total training hours, CMPC operations abroad reached 16%, a figure which is rapidly increasing.
- CMPC training programmes are designed with a long-term view, resulting in continuous formation plans, which are reinforced as new technologies and processes come into operation.

### Training Hours 2008

By Business Center	Senior Level	Intermediate Level	Operative Personnel	Total
Forestry	3,638	6,677	36,183	46,497
Pulp	9,467	18,790	38,333	66,590
Paper	1,744	13,125	35,542	50,411
Tissue	14,356	10,792	28,372	53,520
Paper Products	1,524	3,853	21,328	26,705
Shared Services and Others	2,315	5,103	583	8,001
<b>TOTAL</b>	<b>33,044</b>	<b>58,340</b>	<b>160,340</b>	<b>251,724</b>

These figures do not include training courses given internally in the mills with their own staff.





## CMPC's close relationship with communities, starting with the operations' supervisors

- CMPC's close relationship with the communities where it operates means employing supervisors who originate from or are permanently resident in the localities adjoining the company's facilities.
- This improves communication with the local community and has a positive effect on the activities related with Corporate Social Responsibility that the company carries out through the CMPC Foundation and the Good Neighbourhood Plan.
- In 2008, 84.5% of supervisors or top management came from or had permanent residence in the localities neighbouring CMPC's operations, a figure slightly higher than 2007.
- The high figure given above is a consequence of CMPC's policy of promoting integration with the communities and becoming involved in their social and economic development. To achieve this, a close relation with local authorities and neighbourhood organizations is necessary.

### Total of supervisory personnel originating from or permanently resident in the localities neighbouring the company's facilities

By Business Center	2007	2008
Forestry	85.8%	88.5%
Pulp	69.1%	76.9%
Paper	77.0%	75.0%
Tissue	92.7%	85.1%
Paper Products	85.0%	90.0%
Shared Services and Others	98.1%	100.0%
<b>TOTAL</b>	<b>83.0%</b>	<b>84.5%</b>

By Country	2007	2008
Chile	82.2%	85.0%
Argentina	61.1%	69.8%
Peru	95.1%	97.8%
Uruguay	93.8%	94.4%
Mexico	100.0%	89.2%
Colombia	- (*)	20.0%
<b>TOTAL</b>	<b>83.0%</b>	<b>84.5%</b>

(\*) CMPC began industrial operations in Colombia during 2008.



## Long-standing labour relations that generate trust

- CMPC places a high value on the existence of a good working environment, because it favours the spirit of personal and team work. Coordination with union organizations has been fundamental in establishing a continuous, transparent and pro-active communication between top management and employees.
- This relationship comprises working meetings, written communications and collective bargaining days. The result has always been the strengthening of mutual trust, effective coordination between the company and its employees and tuning of policies concerned with working conditions and benefits for the personnel.
- In CMPC there are 44 unions, in which 58% of the workers were registered in 2008. The four unions with the longest history in CMPC are:
  - The N° 1 Workers Union of Papeles Cordillera, established in 1927. It has the honour of being the oldest union in existence in Chile.
  - The N° 2 Workers Union of Papeles Cordillera, established in 1931.
  - The N° 1 Workers Union of Laja Pulp Mill, from 1961.
  - The N° 2 Workers Union of Laja Pulp Mill, from 1966.

### Percentage of Union Membership

By Business Center	2007	2008
Forestry	69.7%	64.4%
Pulp	57.0%	58.6%
Paper	51.5%	52.1%
Tissue	63.1%	62.7%
Paper Products	53.4%	53.9%
Shared Services and Others	2.2%	2.0%
<b>TOTAL</b>	<b>58.1%</b>	<b>57.5%</b>

By Country	2007	2008
Chile	61.0%	60.9%
Argentina	40.6%	46.9%
Peru	33.5%	27.4%
Uruguay	70.5%	80.7%
Mexico	69.5%	70.1%
<b>TOTAL</b>	<b>58.1%</b>	<b>57.5%</b>



- 63% of the employees of CMPC and its subsidiaries were covered by a collective agreement as of December 2008.

### Percentage of employees covered by a collective agreement

By Business Center	2007	2008
Forestry	69.7%	64.4%
Pulp	59.2%	63.7%
Paper	66.3%	66.4%
Tissue	77.7%	65.5%
Paper Products	65.6%	65.6%
Shared Services and Others	8.2%	8.5%
<b>TOTAL</b>	<b>67.5%</b>	<b>63.3%</b>

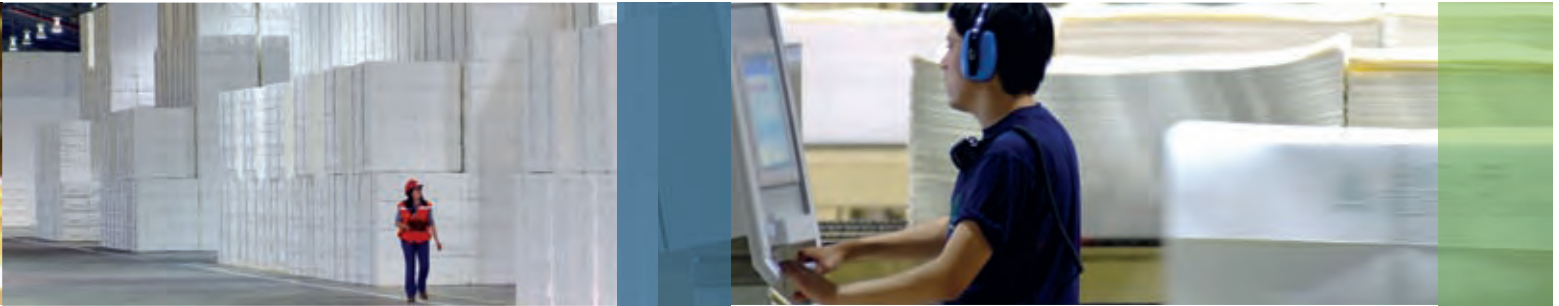
  

By Country	2007	2008
Chile	65.9%	62.0%
Argentina	82.9%	84.7%
Peru	47.9%	33.3%
Uruguay	98.8%	100.0%
Mexico	64.3%	70.1%
<b>TOTAL</b>	<b>67.5%</b>	<b>63.3%</b>

### Benefits for CMPC Personnel

- Scholarships, school subsidies and sports schools for employees' children; monetary contributions for studies, births and deaths; and the organization of recreational workshops.
- Support for employees in obtaining their own homes, by granting loans for the financing of operating expenses involved in the acquisition of housing solutions.
- In the health area: programmes of preventive medicine and vaccination, welfare service, complementary health insurance, arrangements with pharmacies, hospitals, clinics, opticians and dental centers.
- Extension programs in the recreational and cultural area for employees and their families, with sporting activities of various kinds and drama, music and singing groups.





## Risk Prevention Policy Increases Health and Safety in the Workplace

Progress in safety and occupational health has been achieved by coordinated work with the workers, unions and other labour representatives. That work has produced important advances over time:

- Workers equipped with the safety elements required for carrying out their tasks.
- Creation and diffusion of procedures manuals.
- Existence of joint committees.
- Health plans and collective agreements with wide coverage in health-care institutions.

Workers' participation in Joint Committees on Order, Hygiene and Safety has reached a high percentage, growing over time and amounted to 95.4% in 2008. In Chile, such joint committees are established in accordance with Chilean Law N° 16,744. For the other countries where CMPC has operations, the most important aspects of the Chilean legislation have been replicated.

### Percentage of workers represented in joint committees

By Business Center	2007	2008
Forestry	99.1%	98.7%
Pulp	100.0%	98.4%
Paper	100.0%	97.0%
Tissue	73.3%	91.4%
Paper Products	89.3%	98.7%
Shared Services and Others	86.1%	86.1%
<b>TOTAL</b>	<b>89.4%</b>	<b>95.4%</b>

By Country	2007	2008
Chile	99.5%	98.5%
Argentina	13.8%	84.7%
Peru	67.5%	72.2%
Uruguay	100.0%	100.0%
Mexico	100.0%	100.0%
Colombia		100.0%
<b>TOTAL</b>	<b>89.4%</b>	<b>95.4%</b>



### Risk Prevention Policy

CMPC's risk prevention policy is designed to protect the life and health of workers, neighbouring communities and the environment, in addition of protecting the facilities and operational continuity of productive processes.

In this sense, special mention should be made of CMPC Pulp's Zero Fault Plan and the Corporate Safety System of CMPC Tissue. Both schemes contain essential elements in common:

- They are systems inspired by OHSAS 18001 and include management of environmental hazards, protection of facilities and coordination of responses in case of emergencies with local authorities and institutions.
- They emphasize the achievement of cultural change in workers, making them aware of the risks of operations on people and their surroundings.
- They are formative programmes that train personnel at all levels of the organization.
- They systematically review and update operating and emergency procedures.
- They identify areas in each factory according to their level of risk, and appoint people to be responsible for ensuring an effective and coordinated response.

Regarding occupational health and safety statistics, the rate of absenteeism has remained at low levels, with an average of 2.4%. The number of accidents in 2008 was 582, showing an increase of 2.6% compared with 2007, while days lost amounted to 10,779, a reduction of 3.6% compared with 2007.



## Occupational Health and Safety Statistics

2008

By Business Center	Rate of Absenteeism	N° of Cases with Professional Illnesses	N° of Accidents	Days Lost	N° of Fatal Accidents	Average Employees in the year
Forestry	3.0%	1	50	1,281	0	2,194
Pulp	2.6%	0	17	325	0	1,443
Paper	2.3%	2	109	1,618	0	1,895
Tissue	2.0%	2	225	4,552	0	4,163
Paper Products	2.6%	0	174	2,930	1	1,870
Shared Services and Others	1.8%	0	7	73	0	390
<b>TOTAL</b>	<b>2.4%</b>	<b>5</b>	<b>582</b>	<b>10,779</b>	<b>1</b>	<b>11,954</b>

2008

By Country	Rate of Absenteeism	N° of Cases with Professional Illnesses	N° of Accidents	Days Lost	N° of Fatal Accidents	Average Employees in the year
Chile	2.5%	3	360	6,669	1	8,787
Argentina	2.7%	0	105	2,505	0	1,198
Peru	0.1%	0	54	973	0	814
Uruguay	6.9%	1	24	167	0	394
Mexico	0.2%	0	30	346	0	611
Colombia	0.2%	1	9	119	0	150
<b>TOTAL</b>	<b>2.4%</b>	<b>5</b>	<b>582</b>	<b>10,779</b>	<b>1</b>	<b>11,954</b>

Rate of absenteeism = total number of days with medical leave of absence / (average number of employees in the year \* 365 days)



## Corporate Safety System at CMPC Tissue

The need to systematize the issues of safety and the environment and consolidate a shared culture among the different mills of CMPC Tissue, drove this business center to develop a corporate safety system for its mills in Chile, Argentina, Peru, Uruguay, Mexico and Colombia and those that may incorporate in the future.

- It is based on OHSAS 18001 and ISO 14001 standards, covering safety, the environment, fire hazards and the protection of facilities.
- It emphasizes participation of personnel from all levels of the organisation in the program of tasks to be performed.
- Risk Matrices are prepared that identify potential hazards, estimate the risk associated with them and establish plans of preventive action.
- The creation of a Chart of Responsibilities is fundamental, dividing each mill's site into areas, with a hierarchy of people directly responsible for them.
- The responsibility for each area falls on a hierarchical head (management level), a person with specific responsibility (head of department level) and a person who is on duty (head of operating shift).
- In the event of an incident, this must be reported and investigated and corrective measures put in place.
- A Plan of Audits is carried out each year by auditors who are independent of the areas being controlled.
- In auditing each factory, the fulfillment of tasks related with the safety system is checked, a record of improvable aspects is prepared, corrective measures are proposed and tasks are allocated to the people responsible for doing so.





# CMPC and the Community

> CMPC becomes involved in the challenges and desires of the communities in which it carries out its industrial operations. To do this, it implements educational support and communal development programmes that benefit the neighbours of its forest lands and factories, in order to improve their standards of living.

The Teacher and Directive Training programmes provide pedagogical resources at the schools that make easier the task of teaching and that have proved to be effective in achieving student's learning.



## CMPC Foundation: growing the future for the children of today



Through an integral training model a number of advisory sessions are included in each school to support the adequate implementation of the programmes.

CMPC Foundation works to improve the educational results of the children living in communities near to the company's forests and mills. Its conviction is that all children can learn and that schools can do a better job of teaching if they receive adequate support. The work has focused on preschool and grammar school education because what one learns during the first years sets the basis for the future. Moreover, the costs of compensating a poor basic education are very high.

### Teacher and Directive Training Programme

This programme supports teachers and principals to make them more effective and efficient in their educating work. To achieve this, tools are provided for teaching the curricular contents of language and mathematics and improving pedagogical management. Through retraining, planning sessions, individual advisory services, workshops and evaluations, the teachers and principals are offered useful strategies to put into effect in schools and classrooms. The programmes are drawn up in collaboration with Municipalities and Provincial Departments of the Ministry of Education, with the purpose of contributing to national efforts and taking advantage of synergies. Regarding to financing, the projects qualify under the Law on Donations for Educational Purposes.

> “The final winners are the many boys and girls of our community that are working with appropriate material, planned classes and with teachers who are sure about what they teach” –  
Teacher in Yerbas Buenas.





6.700 pupils.

50 schools.

350 teachers,  
heads of UTP  
and principals.

2.437 hours  
of training  
provided.




Reading, writing, oral expression, resolving problems and reasoning mathematically are indispensable tools for continuing learning, having access to well-paid jobs and achieving a better quality of life in the future.

9 libraries  
open to 5,000  
children.

280 principals,  
librarians  
and teachers  
trained in the  
Reading Plan.

247 hours  
of training  
provided.



Only those who enjoy reading  
continue reading when  
they are adults. And only  
those who read a great deal  
become good readers. The  
libraries implemented by the  
CMPC Foundation encourage  
the taste for reading.



## Libraries Programme

This programme seeks to develop a taste for reading in the children through the implementation of libraries with a complete collection of books for children, adults and reference books. Weekly activities of reading and motivation to use the library are carried out through a Reading Plan.

## Growing Together

This programme seeks to provide resources so that mothers can support the adequate cognitive, emotional, physical and social development of their children under 6 years old. In this way, it is hoped that the disadvantages that children from vulnerable sectors have when they enter the school system will be reduced. To achieve this, mothers are taught in motivation strategies that are easy to implement at their homes. Furthermore, educators in kindergartens and preschool education are trained and given material for teaching the essential parts of this programme with parents.

Mothers participate in this programme with their small children and immediately put into practice the motivation activities that they learn in the workshops.

300 mothers  
that influence  
762 children.

52 educators.

177 hours  
of training  
provided.



During 2008, the Jorge Alessandri Educational Park had 109,000 visitors.



## Jorge Alessandri Educational Park

Located at Km 33 of the road from Concepción to Coronel, the Park offers a variety of free cultural and educational activities open to all the community, through various educational spaces. During 2008, a project was implemented for the optimization of equipment and contents of these educational spaces, through the Law on Donations for Cultural Purposes.

Within the educational program, the Parks Trails and the tour to the Native Forest allow the visitors to live the experience of nature while learning about its ecosystems, flora and fauna. In the Tree Room, the children learn about the forestry sector and the productive processes of pulp and lumber while playing games. The Educational Nursery offers an opportunity to know different tree species and their medicinal, decorative and forestry-related uses.

Within the cultural program, the Artequín Museum provides an interactive educational proposal to familiarize children with the principal works of occidental art. Also, artistic events are presented during the summer season in the Cultural Amphitheatre, complemented with exhibitions in the central square and in the Centre of Extension.

The XV anniversary of the Park was commemorated during 2008, at a ceremony presided over by the chairman of Empresas CMPC, Eliodoro Matte, with the attendance of regional authorities who participated in the launching of the company's 2007 Sustainable Development Report.



The Artequín Museum has become a contribution to artistic education in the region, and was visited by 34,800 students and families during the year.



During the tour through the Native Forest, the visitors can enjoy the beautiful views and see different species that are typical of this protected Valdivian type forest, such as ulmo, olivillo, lingue and canelo.



## Achievements of CMPC Foundation

The 2008 test of the National Assessment System of the Quality of Education, taken by fourth grade students in the areas of Language and Mathematics showed progress in the schools participating in the Foundation's programmes, which achieved above-average results for schools of similar socio-economic level and dependence:

- Worthy of mention is the progress made in the schools of the counties of Yerbas Buenas, Talagante, Nacimiento and Negrete, that have shown a sustained increase in their scores regarding its initial evaluations.
- Especially outstanding is the case of the schools of the county of Nacimiento, where all of them obtained above-average results. This county placed second in Mathematics and fifth in Language, at regional level. Three of the schools placed among the 12 best municipal schools in the region in Mathematics.
- Moreover, the Dollinco School in Nacimiento achieved results comparable with those of paid private schools, in spite of being a rural educational establishment whose pupils come from vulnerable backgrounds. This school is an example of advancement, as compared with the results of the 2002 SIMCE test.

These results have been achieved in alliance with the regional and provincial departments of the Ministry of Education and with the municipalities that support the participant schools.

In the Documents section of [www.fundacion.cmpc.cl](http://www.fundacion.cmpc.cl), you will find the 2008 Annual Report of Fundación CMPC, with the description of the three projects: Teacher Training, Libraries and Growing Together, as well as details on the objectives of each program, their educational approach and the schools that participate in each county.





## Donations

The donations made by CMPC totaled MUS\$2,632 in 2008, 4% lower than in 2007. The largest portion was devoted to the Municipal Educational Programme, with 42% of the company's total social contributions.

	Thousand of US\$	
	2007	2008
Non-Government Organizations	556	570
Universities	287	113
Industry Associations	776	407
Municipal Educational Programme	1,013	1,110
Donations Law 19,884	0	243
Others	120	189
<b>TOTAL</b>	<b>2,753</b>	<b>2,632</b>









## Good Neighbourhood Plan

The Good Neighbourhood Plan that Forestal Mininco has been carrying out since 1999 is an open door policy, destined to generate opportunities of social and economic development for the neighbouring communities, preferably Mapuches, with emphasis on creating jobs, training neighbours to encourage communal productive development and contributing to raise the quality of education in rural schools near its forest lands.

### Creation of jobs for the Neighbouring Communities

The programme for incorporating local labour meant the creation of more than 700 jobs for neighbours, of which two thirds are of Mapuche origin. They are hired by the forestry service companies, receiving training in safety norms, risk prevention and environmental protection. This enables them to carry out different tasks in the forestry estates, which include establishing plantations, application of herbicides, pruning, thinning and harvesting.

Additionally, 27 neighbours were hired in 2008 as watchmen for forest fire prevention, because they are familiar with the area.

Following the same line of benefitting the neighbouring communities, 60% of the transport fleet and 90% of the equipment used for thinning work on the plantations belong to or are executed by local entrepreneurs.

Neighbours of Quilaco communities, equipped for winter forest work, Region of Bío-Bío.



Forest work executed by householders of communities close to the company's estates, who receive training in safety norms, risk prevention and environmental protection.





Twelve students benefitted from El Vergel Scholarships throughout their High School education, at their Graduation Ceremony on November 2008.



Rural Scholarship Granting Ceremony on April 2008 at the Liceo Industrial of Los Angeles, for 5 students of Los Angeles, Quileco, San Rosendo and Laja districts.

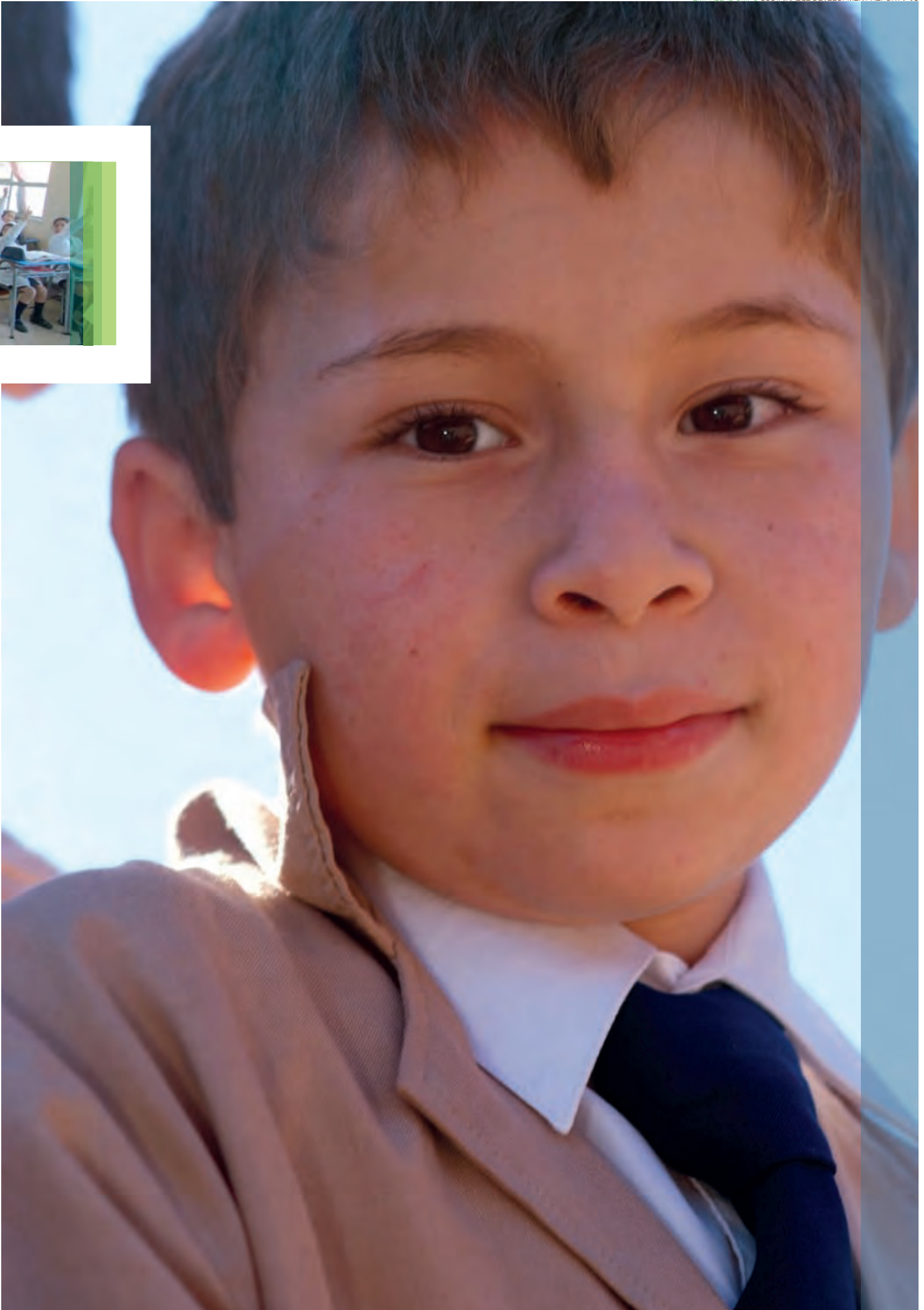


Rural Scholarship Granting Ceremony on April 2008 for 9 students of the Liceo Cornelio Saavedra in the district of Collipulli.

## Educational Support for Students of Neighbouring Communities

Forestal Mininco supports diverse educational programmes for improving the quality of education in rural schools adjoining their estates and permitting meritorious pupils to continue studying by granting school scholarships.

- 103 students benefitted from the Rural Scholarship programme in 2008, destined to the education of neighbour's children whose parents do not have sufficient funds for educating them. The children study in 40 educational establishments in the Eighth, Ninth and Tenth Regions. The scholarships cover the cost of a large portion of their school and personal hygiene supplies and the transport to their homes.
- 30 students benefitted from the El Vergel Scholarship programme, developed in collaboration with the El Vergel Agricultural School of the Methodist Corporation of Angol, that permits them to obtain the title of Agricultural Technician, Middle Level. These pupils receive their high school education totally free of cost, as boarding students.
- 1,703 pupils benefitted from educational learning improvement programmes for 24 rural schools in 11 districts of the Bío-Bío Region.
- 1,604 beneficiaries of cultural development programmes, highlighting the one that teaches traditional Chilean music and promotes the formation of school music groups that perform presentations to the community.





Course on bee-keeping and health for neighbours of Los Guindos, district of Nacimiento, Bío-Bío Region.



Development of tree nursery of the Community Epullán de Huape, in the district of Contulmo, Bío-Bío Region.

### Programmes to encourage the productive development of neighbouring communities

Forestal Mininco carries out 20 training programmes for its neighbouring communities, providing knowhow and work techniques that favour the flourishing of micro, small and medium enterprises and cooperatives of different types, and whose production suits the social, economic and employment needs of the communities.

The training programmes consist of dozens of courses that stimulate skill development, with adequate technical advisory services and providing of materials. A total of 5,359 neighbours benefitted from these programmes in 2008.

Local produce preserve course, taught to women of the Pellines Neighbours' Association, sector Las Cañas, district of Constitución, Maule Region.



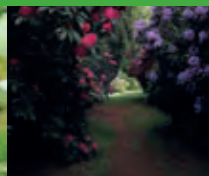
A course on cloth printing for the indigenous communities of Miguel Huetelén, Piutril Catrío Ñancul, Piutril Santa Ema and Rauco, district of Collipulli, Araucanía Region.



Course on greenhouse crops for neighbours of Villa Rivas in the district of Contulmo, Bío-Bío Region.

Among the 20 annual programmes, the most outstanding are:

- Basic agriculture.
- Cooking and confectionery.
- Preserving local produce.
- Dressmaking.
- Dehydration of fruits and vegetables.
- Basic electricity at home.
- Ecological bee-keeping and health.
- Management and health of agriculture and livestock.
- Handling of greenhouses and organic vegetable gardens.
- Production of plants of eucalyptus globulus.
- Technified irrigation.
- Basic knitting with wool.
- Recovery of the Araucanian chicken.
- Community-owned tree nurseries.
- Tree nurseries at schools.



Course on production of eucalyptus globulus plants in nurseries, for neighbours of the Palmilla sector, district of Nacimiento, Bío-Bío Region. Below, the neighbours preparing the site for the construction of the nursery.



Celebration of We Tripantu or Mapuche New Year in the Newen Mapu Los Michales community, Santa Barbara sector, Region of Bío-Bío, on 24 June 2008.



Celebration of the Second Mapuche Song Festival of the Communal Union of Mapuche Communities of Collipullin, on 25 April 2008, at Villa Mininco, Araucanía Region.



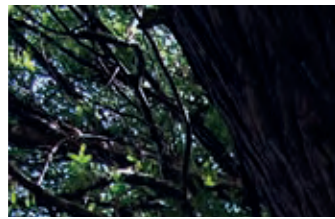
## Respect for Traditions and Customs

An essential element of the integration that CMPC is attempting to achieve with the communities where it carries out its operations, is the value it places on their cultural diversity, which means a genuine respect for their beliefs and customs. This is especially valid for the Mapuche communities with which Forestal Mininco establishes quality links, supporting the preservation of their traditions and way of life.

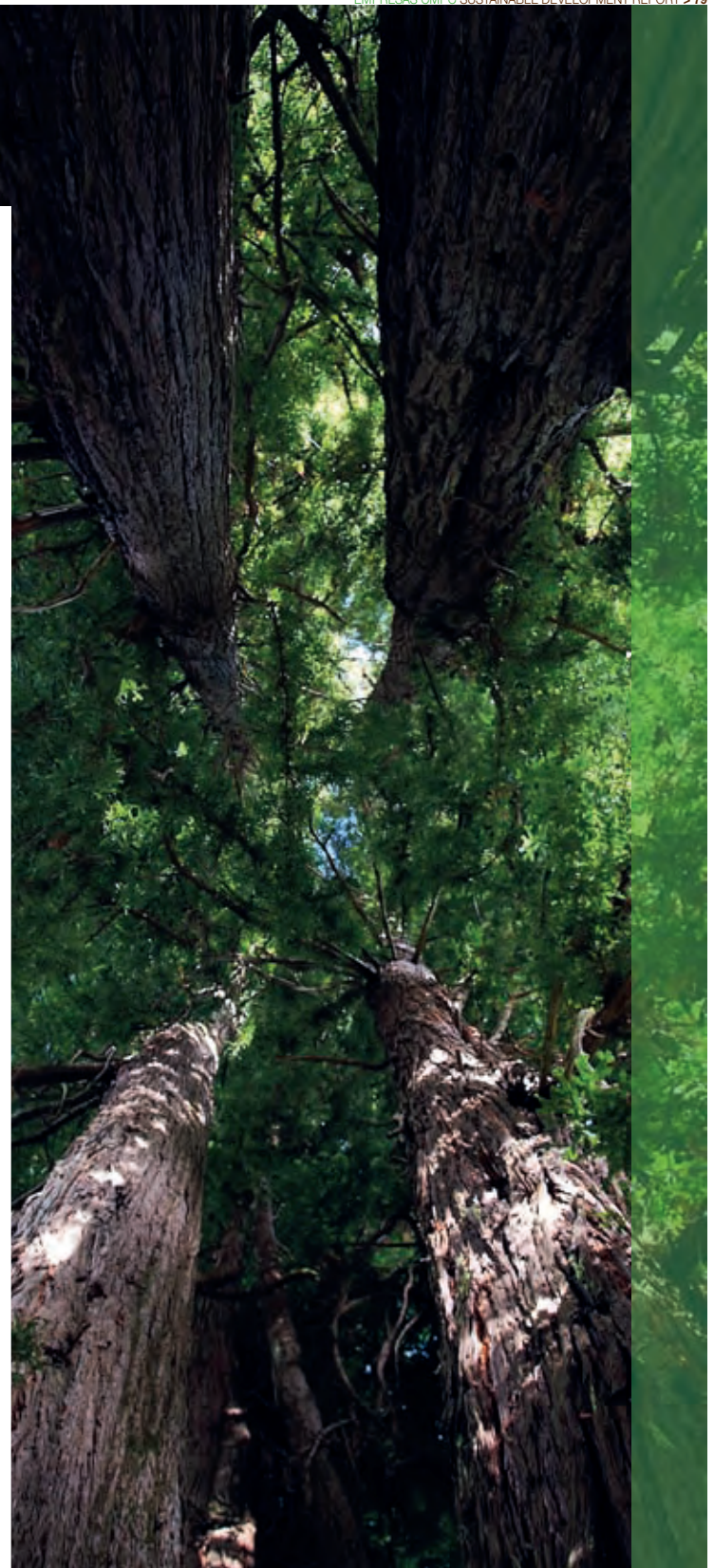
Celebration of We Tripantu or Mapuche New Year in Ruka Lelbüm, in the Elicura Valley, district of Contulmo, together with the Melimán Mahuida Community, Mayor and local authorities, on 24 June 2008.







Training of neighbours of Pelluhue, Region of Maule, so that they may learn the correct establishment of the plants.



## Programmes to support forest development

Forestal Mininco supports the Rural Afforestation Programme promoted by the Chilean Lumber Corporation (CORMA), which transfers knowledge on forestation to the neighbouring communities and donates pine and eucalyptus plants.

The benefits of this programme for the communities are:

- It allows them to establish small forests and windbreaks.
- It has a potential of future income for the family.
- Permits the recovery of degraded soils, exhausted for agricultural crops.

Forestal Mininco donated 700 thousand plants of pine and eucalyptus to neighbours of the regions of Maule, Bío-Bío and Araucanía in the year 2008, as part of the Rural Afforestation and Soil Protection Programmes.



Donation of pine plants to neighbours of the district of Laja, Bío-Bío Region.



Terraces planted with native species in the Rayen Lafken Community, district of Chol-Chol.



### Intercultural Forest Model (MOFIN)

The Intercultural Forest Model, under the auspices of the Orígenes Programme, seeks to contribute to the development of the Mapuche communities, improving the biodiversity, productivity and knowledge associated to the natural resources of their territories by means of public and private investments, incorporating the Mapuche ancestral knowledge about nature.

The MOFIN projects improve the quality of life of the communities through actions and investments that combine the ancestral knowledge and modernity. As essential characteristics, they must be participative, that is, carried out with the people of the communities, and environmentally sustainable.

The MOFIN projects that Forestal Mininco is developing have afforestation as the driving force for approaching two worlds that complement each other:

- The contents, concepts and knowledge of the Mapuche worldview.
- The new knowledge about management and development of natural resources contributed by the company.



Three generations planting native species.

### Objectives of the MOFIN:

- Recover the value of cultural diversity.
- Establish quality links with the Mapuche communities.
- In the communities, encourage the revaluation of the forest as a generator of life.
- Recover knowledge (“Kimün”) of nature.
- Preserve eco-cultural spaces.
- Improve biodiversity (“Ixofil-mongen”).

> Forestal Mininco is developing 4 MOFIN experiences, 3 of them in the district of Chol-Chol and another in Cañete, with a total of 4,600 native plants established together with the Mapuche communities since 2007.





The old local bridge in La Frutilla sector.



Construction of new local wood bridge in La Frutilla sector, district of Loncoche, Region of Araucanía that benefitted 30 people of the locality of Collimallín. Above, the new, more resistant bridge; and to the left, the old and weakened bridge.

Improvement of paving with crushed, compacted material in the local public road from the El Piulo crossing up to Quilahueque hill, a distance of 3,5 kilometers in the Loncopangue sector, benefitting 560 people of the district of Quilaco, Bío-Bío Region.



Watering of local road in Loncopangue sector, district of Quilaco, Bío-Bío Region.

### Conservation programme for local public roads

Each year Forestal Mininco carries out a conservation programme for local public roads that receive a high volume of forestry-related lorry traffic.

- The conservation works cover a total of 1,000 kilometers of roads each year and consist of grading with motor graders, repairing bridges, storm-water sewers and lateral trenches.
- The paving of 30 kilometers of roads is also improved with crushed, compacted material.
- 100 linear meters of wood bridges are built each year, equivalent to between 6 and 10 local bridges.
- Watering and dust control agents are applied to mitigate the adverse effects on neighbouring sectors and crops.
- The cost of this program was 2.5 million dollars in 2008.
- Six districts concentrated 45% of the road conservation works: Lumaco, Collipulli, Mulchén, Nacimiento, Santa Bárbara and Curanilahue.



Local road with application of dust control agent to mitigate the adverse effects on neighbouring sectors and on crops, district of Quilaco, Bío-Bío Region.



Bridge over the Mulchén River, built by Forestal Mininco as part of the construction work of the bypass towards Mulchén city. This bridge is built with a solid structure of steel beams and concrete paving, fitted out for heavy-traffic.

### Shared Paving Programme

Since the year 2003 Forestal Mininco has carried out shared paving and road improvement agreements with the Ministry of Public Works which, at December 2008, totaled 156 kilometers of asphalted roads, raising its standard, improving connectivity and quality of life of the inhabitants of neighbouring areas.

In December 2008, Forestal Mininco and the Ministry of Public Works signed a new agreement to asphalt another 38 kilometers of public roads of the Eighth and Ninth regions. Of these, 19 kilometers were financed and finished by Forestal Mininco in April 2009 and the other 19 kilometers will be executed by the Ministry of Public Works in 2010.



> In the 2003-2008 period, Forestal Mininco's direct investment in the shared paving programme developed with the Ministry of Public Works amounts to 17 million dollars. This figure includes the agreement subscribed in December 2008.

Asphalt paving, 7 meters wide, with stabilized shoulders; paving executed by Forestal Mininco in the sector of the Mulchén bypass towards El Morro, Mulchén district, Bío-Bío Region.

## Promoting Productive Chains: The Local Service Companies



Lorries and facilities of Transportes Río Vergara in Coihue, district of Nacimiento.

CMPC promotes an integration with the communities where it operates, by means of creating opportunities for its social and economic development. There are many service companies, suppliers of raw materials and machinery, consultants, instructors, advisers and researchers linked locally to the forestry and industrial activity of CMPC.

### Transportes Río Vergara

This is a company formed on the basis of a mechanism of associativity and cooperation between 17 small and medium entrepreneurs of Nacimiento and Angol, generating work to 40 drivers and 6 administrative staff.

The company operates a fleet of 17 lorries, under a scheme of associativity that maintains legal independence and managerial autonomy, but with a strategy of working as a team that allows them to combine forces to reach common goals.

Transportes Río Vergara was organized as a company in the year 2005, with the support of Forestal Mininco and the Municipality of Nacimiento, and the advisory services of different independent entities. A total of 17 entrepreneurs of Nacimiento and Angol were chosen because of their capacity to group together, increase in scale and be more efficient.

The company, that started operating in September 2007, has established as its goal the hiring of the largest possible number of workers from the area and adding vitality to the local economy by paying commercial licenses and the purchase of supplies.

At present there are projects to extend this system of association among entrepreneurs in Capitán Pastene and Cañete, with the support of Forestal Mininco.

Personnel of “Desarrollando Crecimiento” establishing plantations. 95% of this company’s staff belongs to the Mapuche ethnic group.



The manager of “Desarrollando Crecimiento Ltda.,” Carlos Antivil, gives his view of the future: “We must be stable and reliable over time, with good clients. Basically, develop growth and include the people, train them, educate them and provide employment”.

### “Desarrollando Crecimiento”: a Mapuche Forestry Service Company

In August 2008, three founding partners organized the forestry services company “Desarrollando Crecimiento” (“Txemklei Taiñ Kdhau” in Mapudungún). The three partners, belonging to the Mapuche ethnic group, had acquired a knowledge of forest work in subjects such as native forests, cartography, plantation establishment, pruning and harvesting.

Forestal Mininco believed in their skills and gave them a first vital impulse, contracting them to plant 500 hectares with pine trees. With this, the partners established their company legally. Once this first contract was completed, two others followed for repair work of wind damage in plantations and application of herbicides.

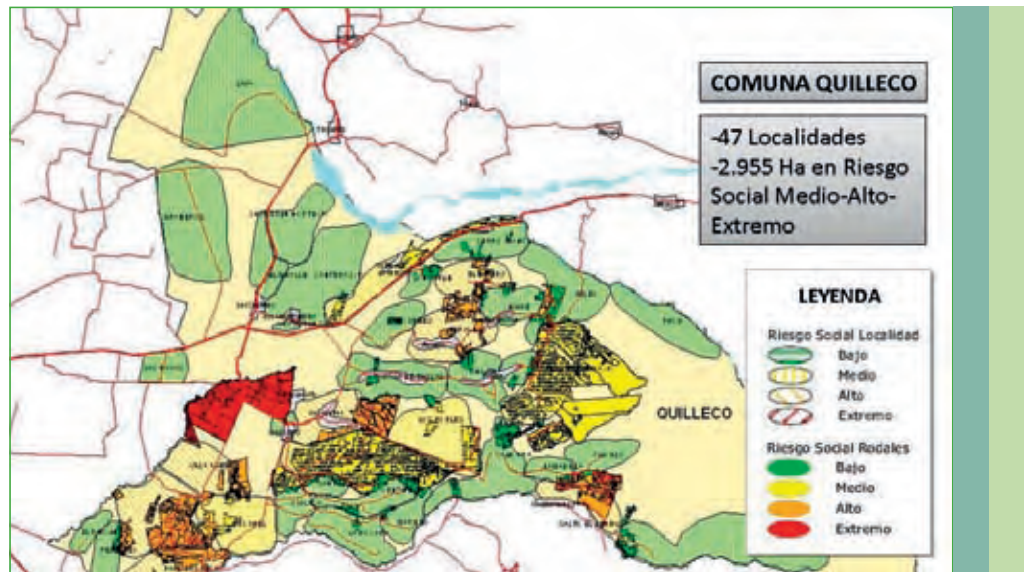
At present, the company provides work to an average of 44 people each month, 40 of them direct workers and four indirect. Of this staff, 95% belong to the Mapuche ethnic group. For its three partners, this characteristic is a quality that distinguishes them as a Mapuche company. In fact, the company’s logo is a Kultrún that represents the Nagche territory.

To carry out the work required in the contracts, the training and certification of its personnel has been necessary, bringing together the respect for their ancestral culture and nature with the essential requirement of being efficient and profitable.



The company’s logo is a Kultrún that represents the Nagche territory.

Map that represents the socioeconomic dimension of a territory, modeled on the basis of indicators that characterize the neighbouring communities, such as: population, demography, employment level, school enrollment, belonging to groups of native people, home ownership and access to basic services. The image corresponds to the Quilleco district, Bío-Bío Region.



## Environmental Management

The Environmental Management that Forestal Mininco is developing seeks to integrate, with a territorial and systematic vision, the complexities of the company's productive work and environmental protection and conservation. These operations are carried out in a wide geographical zone where there are numerous communities and ecosystems to preserve.

Forestal Mininco is aware that it operates in rural surroundings with a latent vulnerability due to multiple conditions of social and environmental fragility; therefore it promotes an integration with the communities that leads to generate opportunities of social and economic development, contributing to the rescue of cultural identities and ways of life, while at the same time preserves the environmental values that society is demanding.

Therefore, the company developed a methodology to characterize the territory by means of social, environmental and strategic indicators for adapting their operational plans on the basis of the territorial values to be protected.

### Objectives of the Environmental Management at Forestal Mininco

- Protect social, environmental and strategic values in the territory where it operates.
- Adapt the company's operational plans.
- Integrate territorial information; facilitate its analysis and coordination between the different areas of the company.
- Anticipate future scenarios.

## Visits to the productive plants

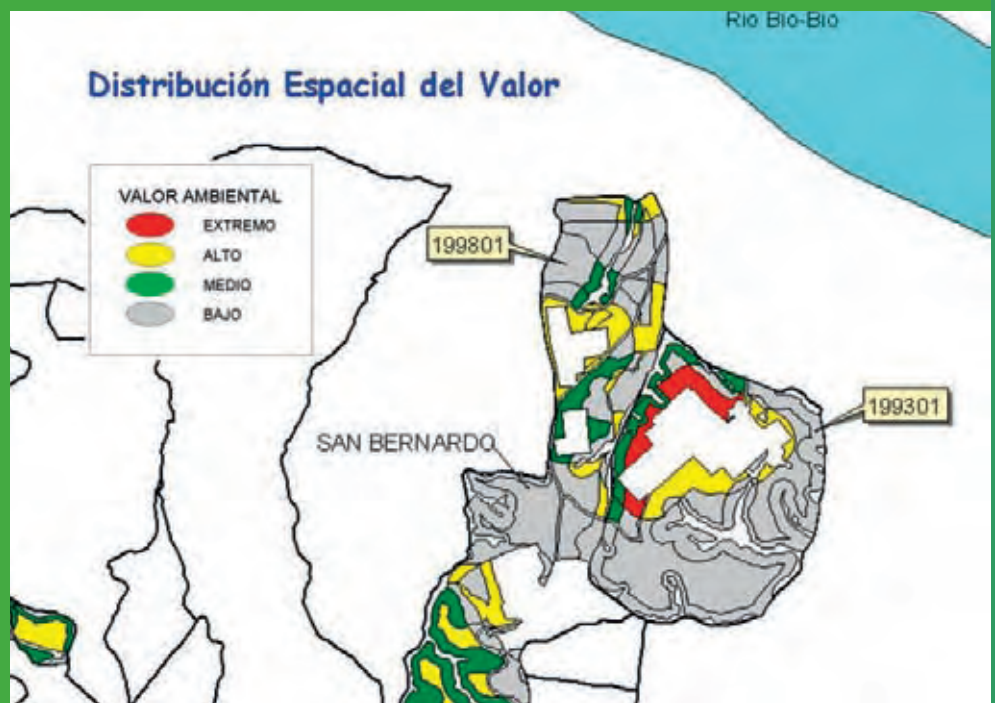
CMPC mills carry out programmes of guided visits to their facilities, directed at community organizations, delegations of students and public entities, among others. The productive processes are shown during these activities and the visitors can learn about the company's daily work.

These programmes of visits are part of the CMPC policy of open doors for the community.

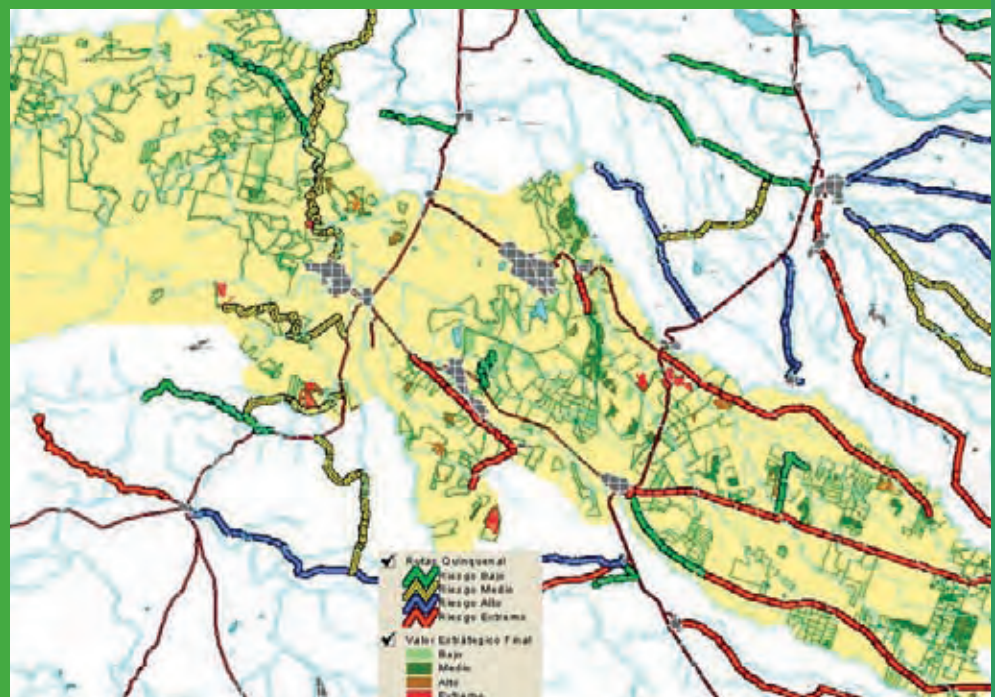


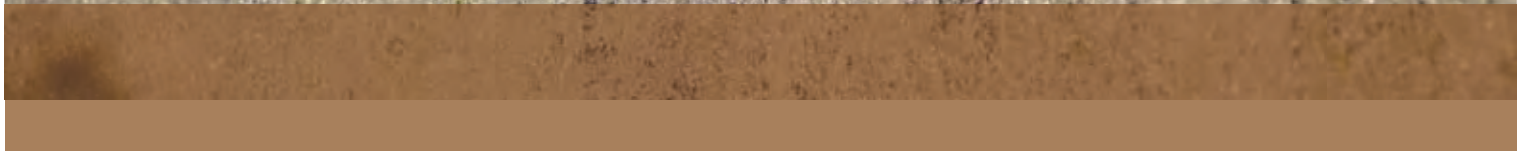


Map that represents the environmental value of a territory, incorporating its water sources and watercourses, the high value areas protected by the company and CONAMA, the native flora and fauna and the landscape values that must be preserved. The preservation of this environmental capital requires minimizing the impacts of the company's productive operations. The image corresponds to the sector of Millaroa, Nacimiento district, Bío-Bío Region.



Map that represents the strategic value of a territory, determined on the basis of indicators such as the risk of forest fires and the generation of dust and noise in the roads with forestry-related traffic. The image corresponds to the macrozone of Angol, Mininco and Collipulli, in the Araucanía Region.



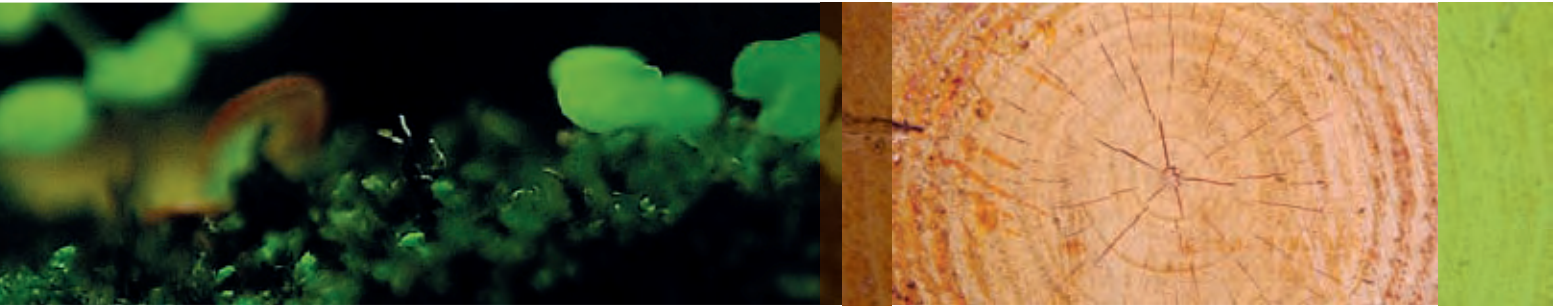


CMPC and the

# Environment

> The main contributions that CMPC makes to the environment are renewable plantations, replacement of fossil fuels with biomass, clean productive processes and recycling of used paper.



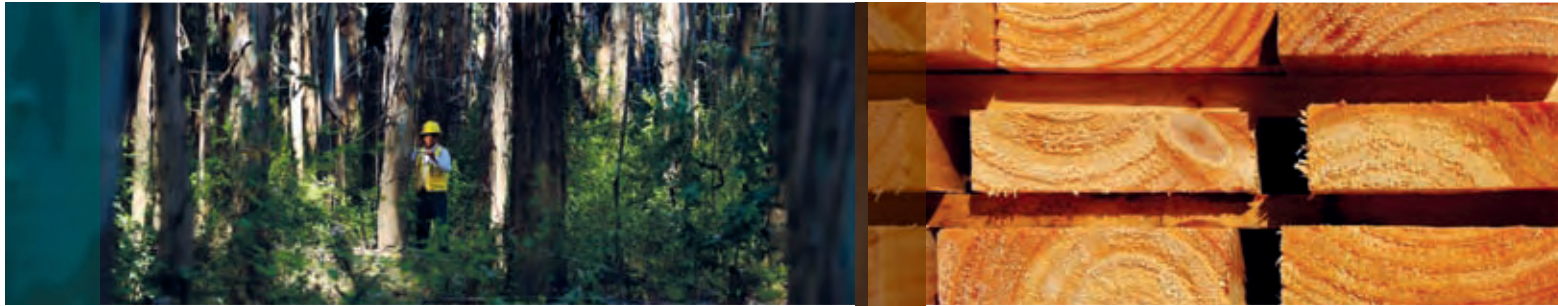


## CMPC Responsible with the Environment

> CMPC believes in the real application of the principle of Sustainable Development. Productive activities should be harmonized with the legitimate right of future generations to live in a suitable environment.

CMPC's environmental agenda in 2008 intensified its progress in four areas: renewable plantations, replacement of fossil fuels with biomass, clean productive processes and recycling of used paper, placing special emphasis on:

- > Supplying CMPC's mills and sawmills with timber of controlled origin, coming from renewable plantations, certified with sustainable forestry management standard.
- > More efficient use of electric and thermal energy.
- > Thermal energy generated mainly with renewable biomass.
- > Reduction of water consumption and volume of liquid effluent.
- > Reduction of the organic content in the liquid effluent returned to the natural watercourses.
- > Sustained increase in paper recycling.



## Sustainable Forest Management of the Plantations

The wood consumed by CMPC's mills comes from renewable, rapid growth plantations that were established mainly in eroded land, renewing the soil and allowing the conservation of native forests.

The sustainable forest management of CMPC plantations is certified to guarantee the protection of native forest and biodiversity. The CERTFOR-PEFC seal guarantees that the wood comes exclusively from plantations of controlled origin, free from controversies and perfectly traceable from forest to its final destination.

■ The renewable plantations of CMPC are specialized crops, where the best practices are applied and technology is focalized. Especially relevant is the concept of Eco-efficiency: CMPC produces all the wood using relatively small areas of land. This attribute permits the protection and preservation of the rich biodiversity of the native Chilean forests.

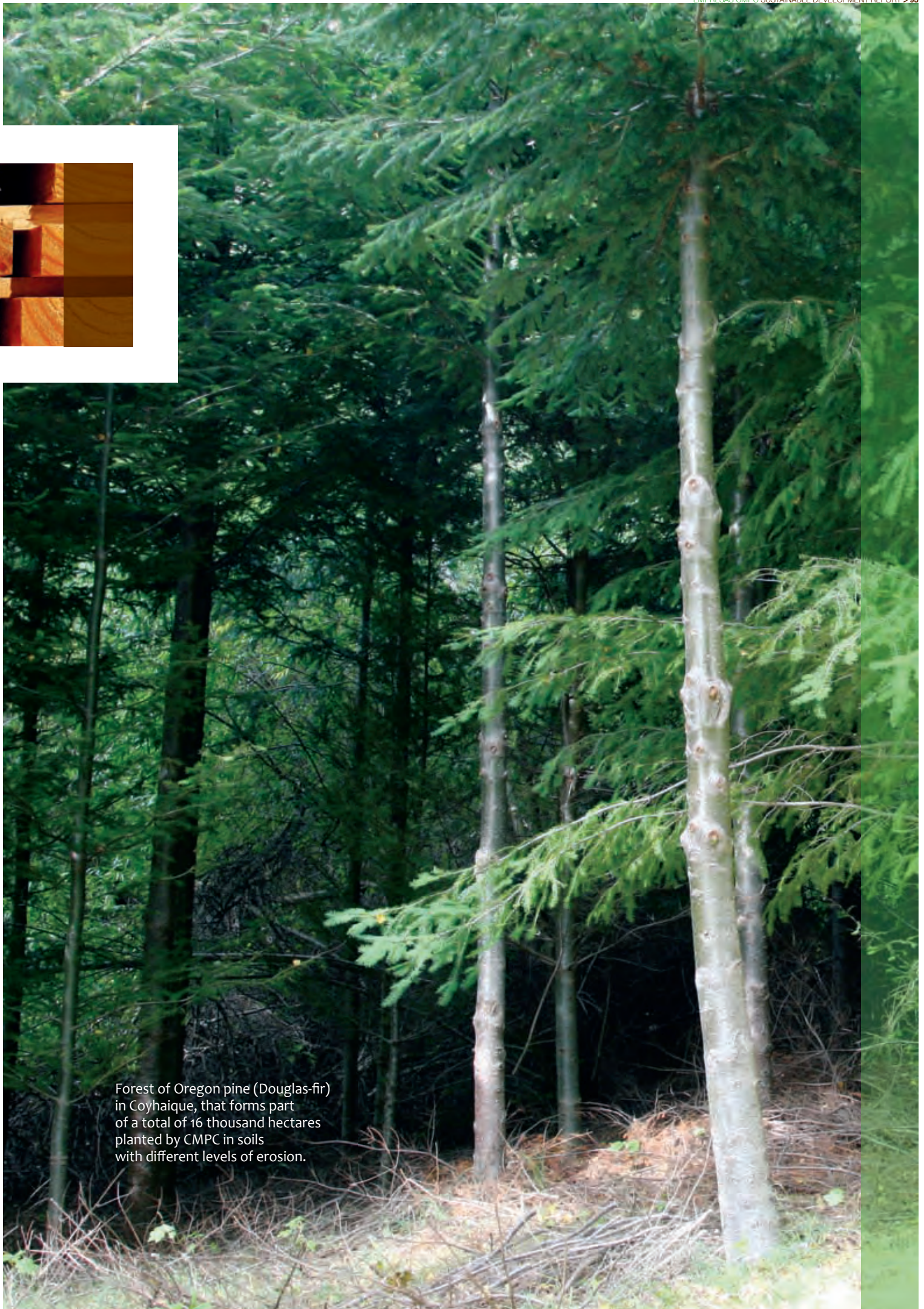
### Forestry Resources of CMPC in Chile

- 480 thousand hectares of renewable plantations.
- 45 thousand hectares of administrative use that include roads, rights-of-way, firebreaks, areas to be used for agriculture and livestock, lands without use for forestry, agriculture and livestock farming.
- 23 thousand hectares of land to be planted.
- 57 thousand hectares of protected native forests and native vegetation.
- 88 thousand hectares of protection of basins, watercourses and riverbanks.

Timber is the principal raw material that supplies the industrial operations of the CMPC sawmills, pulp and paper mills. The production reached 8.9 million m<sup>3</sup> of logs in 2008, coming from CMPC's plantations certified with the CERTFOR-PEFC standard.

Lumber purchased from third parties totaled 2.9 million m<sup>3</sup> of logs in 2008, coming from small and medium forest owners that comply with the CMPC's requirements of controlled origin and traceability. Therefore, CMPC Pulp and Forestal Mininco are developing a CERTFOR-PEFC certification programme, aimed at small and medium owners of plantations that supply lumber to the Company's mills.

The CERTFOR-PEFC seal is the principal certification for most of the plantations, while a comparatively smaller area has the FSC seal. During the second semester of 2009, the FSC certification process will be started for the entire states of CMPC in Chile.



Forest of Oregon pine (Douglas-fir) in Coyhaique, that forms part of a total of 16 thousand hectares planted by CMPC in soils with different levels of erosion.



## Sustainable Use of Energy

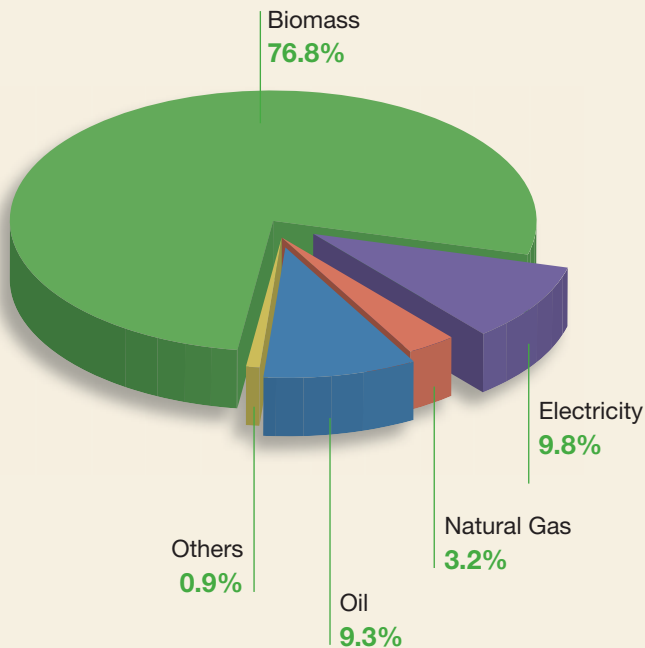
The pulp and paper industry uses a large amount of energy, most of which is obtained from renewable biomass generated by the forestry processes, thus reducing the use of fossil fuels.

In 2008, CMPC used 68,936 terajoules of energy in the

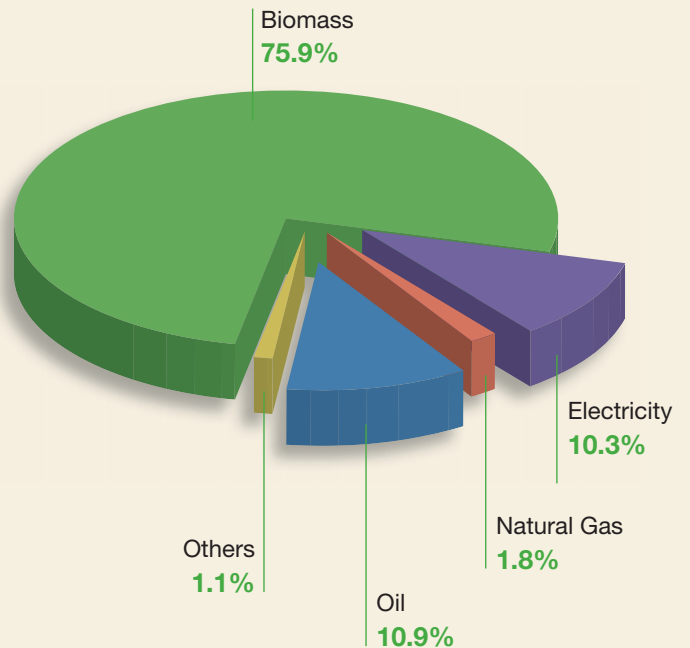
production of pulp and paper, of which 75.9% came from renewable biomass. Another 10.3% was obtained from purchased electricity and 13.8% was energy generated with fossil fuels, mainly oil and natural gas. That is, only 24.1% of the energy required was purchased and 75.9% was generated internally with biomass.

### CMPC Energy Consumption

Year 2007 (69,985 Terajoules)



Year 2008 (68,936 Terajoules)







CMPC's total energy consumption in 2008 was 1.5% lower than 2007, due mainly to a more efficient use of the thermal energy generated from the biomass.

CMPC Energy Consumption		
CMPC Consolidated	In Terajoules	
	2007	2008
Biomass	53,757	52,327
Electricity	6,888	7,081
Natural Gas	2,213	1,246
Oil	6,489	7,508
Others	639	774
<b>TOTAL</b>	<b>69,985</b>	<b>68,936</b>

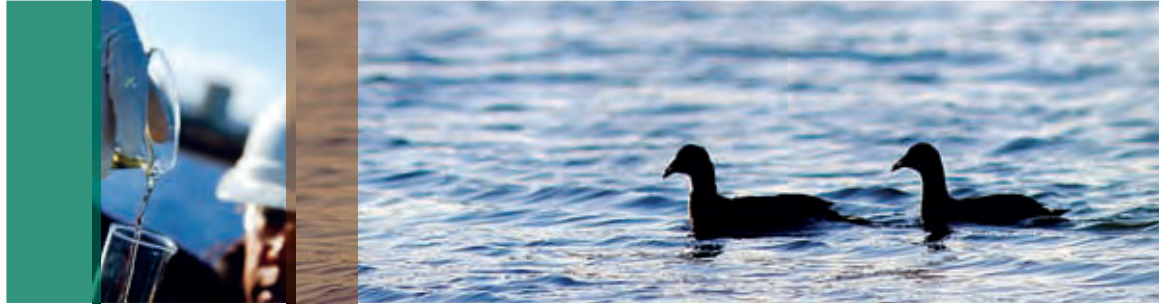
One Terajoule is the energy equivalent to 278 MWh.

The biomass used to generate energy comes from the sustainable management of the forestry plantations and from the reutilization of the organic compounds of wood obtained in pulp production. The main sources of biomass are:

- Tree residues from the management of the plantations, while the trees are growing and later when they are being harvested.
- Sawdust and wood cuttings produced by industrial sawmills.
- Tree bark, which is separated from the wood as a step prior to pulp production.
- Lignin, which is an organic compound of the wood that is separated from pulp and fully reutilized as a biofuel in the production process.
- Industrial sludge generated in the treatment of the liquid effluent.

Biomass is used in boilers to produce steam, also known as biomass boilers. Especially, the lignin of wood is reused as fuel in recovery boilers, equipment that is essential in pulp production.

The high-pressure steam obtained in these boilers is circulated through turbines to generate electricity that fully meets the operational requirements of the pulp mills. In this way, surplus electricity is even produced which is consumed by other mills of the company.



## Sustainable Use of Water

In 2008, CMPC used 143.7 million m<sup>3</sup> of water in the production of pulp and paper, 7% lower than 2007. This reduction is significant considering that the pulp and paper production showed a 2% increase in tonnes, reaching 3,165 thousand tonnes in 2008.

The average water consumption per tonne dropped to 45.4 m<sup>3</sup> of water per tonne of end product, from a level of 50 m<sup>3</sup> in 2007, which is a reduction of 9%.

CMPC Water consumption		
CMPC Consolidated	2007	2008
In thousands of cubic metres per year	154,688	143,699
In cubic metres per tonne of end product	50.0	45.4

The reduction in water consumption was due to increased efficiency, especially in the Santa Fe Pulp Mill, the Folding boxboard Mill in Valdivia, the Puente Alto Complex and the Zárate Mill in Argentina.

- CMPC's water intake did not affect the water sources.
- 90% of the water consumed was obtained from surface sources and 10% from groundwater sources.

## Air Emissions

Air emissions from combustion processes comprise particulate matter and gases released into the atmosphere, mainly sulphur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>). These emissions are monitored periodically and reported to the environmental authority according to current regulations, and are shown in the following table, expressed as kilogrammes per tonne of end product.

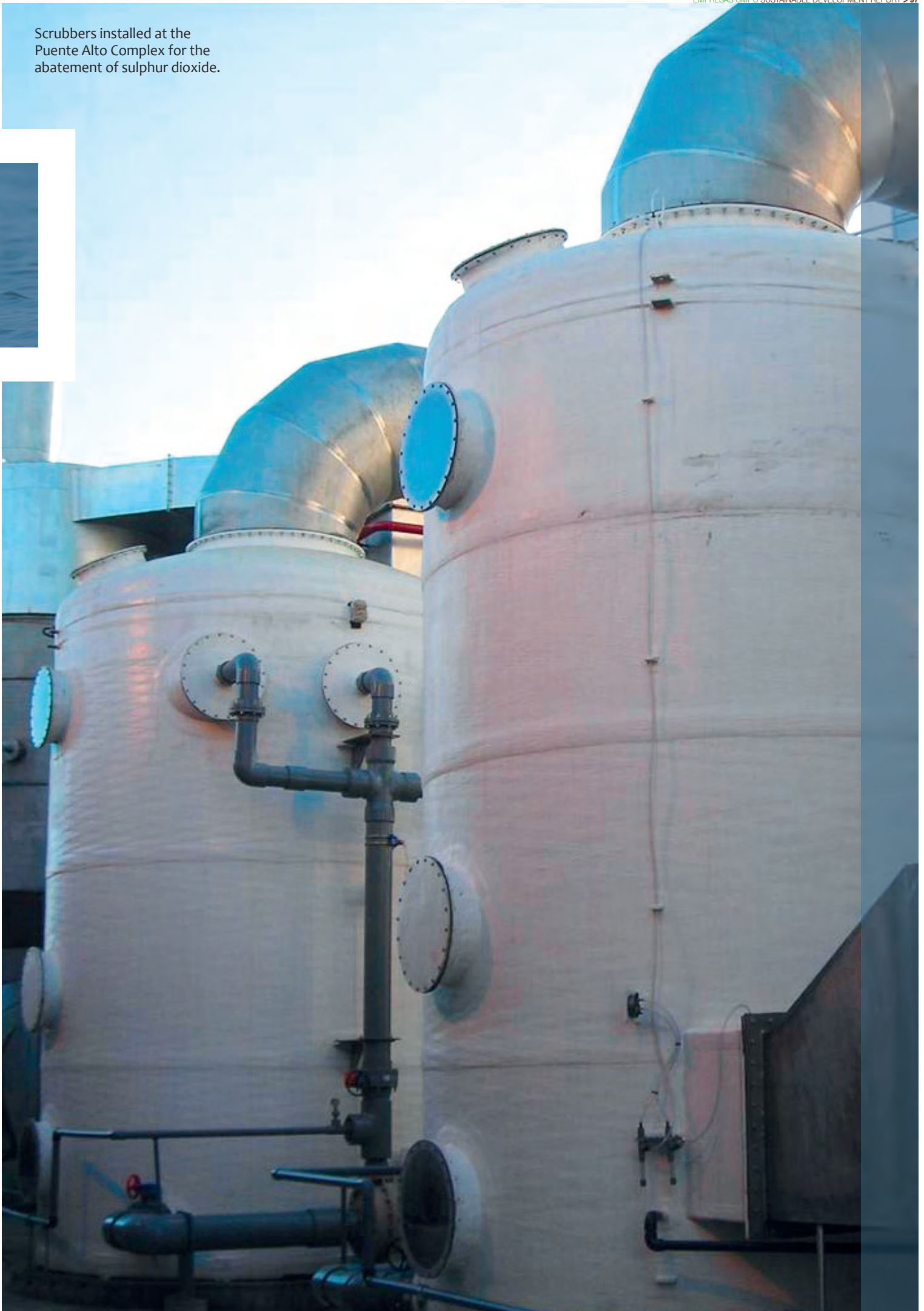
Air Emissions		
CMPC Consolidated	2007	2008
	Kg/Tonne prod.	Kg/Tonne prod.
Particulate Matter	1.33	1.05
Sulphur Dioxide	0.93	1.02
Nitrogen Oxides	1.46	1.49

In 2008, the particulate matter emitted by the pulp and paper mills totalled 1.05 kilogrammes per tonne of product, 21% lower than 2007, due to a better performance of the air emission control equipment used in the mills.

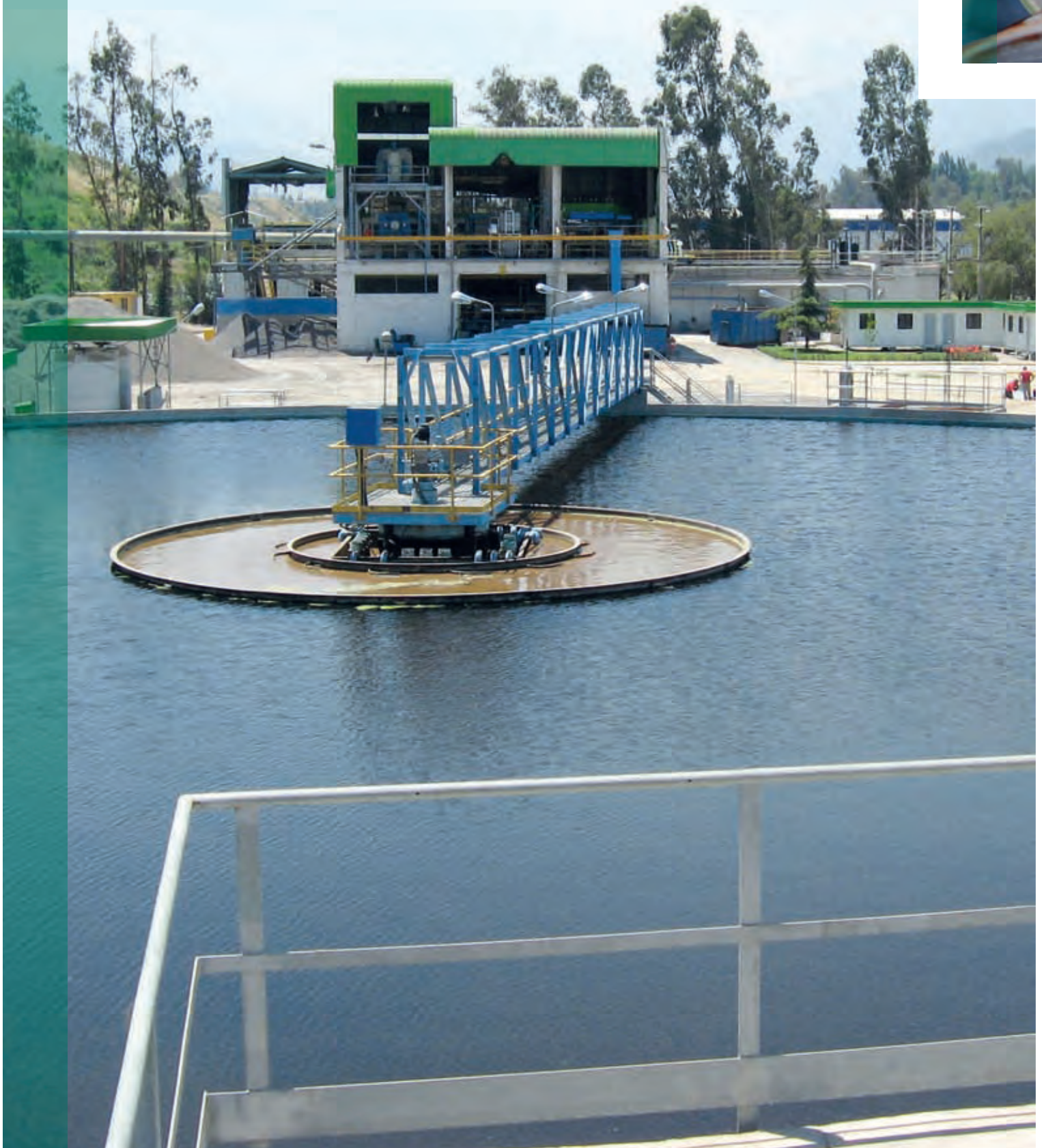
Sulphur dioxide emissions increased to 1.02 kilogrammes per tonne of product, 9.7% higher than 2007 due to the total interruption of natural gas supplies.

Nitrogen oxides emissions were 1.49 kilogrammes per tonne of product, a 2% increase over 2007.

Scrubbers installed at the Puente Alto Complex for the abatement of sulphur dioxide.



Secondary clarifier at the liquid effluent treatment plant of the Puente Alto Complex, where a final clarified liquid effluent is obtained that has received primary and biological treatment and is returned to the natural watercourses.





## Treated Liquid Effluent

In 2008, the treated liquid effluent totaled 130.4 million m<sup>3</sup>, 6% lower than 2007. This reduction is the direct consequence of increased efficiency in water consumption and took place even though the pulp and paper production had a 2% increase in tonnes.

The liquid effluent generated per tonne of pulp and paper dropped to 41.2 m<sup>3</sup> of end product, from a level of 44.9 m<sup>3</sup> in 2007, a reduction of 8%.

The treatment plants are periodically monitored to check that the liquid effluent parameters meet the respective regulations. The year 2008 showed a reduction in 5 of 6 liquid effluent quality indicators with regard to 2007, as can be seen in the table below, due to the full operation of biological treatment plants in the CMPC's mills.

As a result of the liquid effluent treatment, industrial sludge is obtained with a high vegetal fibre content, which is characterized as biomass, that is, non-hazardous solid waste suitable for recycling, mainly in steam generation for the productive processes, as it has a calorific power suitable for burning in biomass boilers.

Treated Liquid Effluent		
CMPC Consolidated	2007	2008
In thousands of cubic metres per year	138,934	130,373
In cubic metres per tonne of end product	44.9	41.2

Treated Liquid Effluent Parameters			
CMPC Consolidated	2007	2008	% reduction (-) % increase (+)
	Kg/Tonne prod.	Kg/Tonne prod.	
COD Chemical Oxygen Demand	16.47	14.72	-11%
BOD Biological Oxygen Demand	2.42	1.88	-22%
TSS Total Suspended Solids	2.95	2.24	-24%
P Phosphorus	0.065	0.071	+9%
N Nitrogen	0.269	0.222	-18%
AOX Organochlorine Compounds	0.068	0.062	-8%

Aerial view of the new area for controlled disposal of non-hazardous solid waste at the Pacifico Pulp Mill, located in the center of the photograph, showing its insulating layers of the natural land. Upper right hand is the liquid effluent biological treatment plant.



## Solid Waste

The following table shows the solid waste generated in the pulp and paper mills of CMPC, in tonnes for per year:

Solid Waste			
CMPC Consolidated	2007	2008	2008
	Tonnes	Tonnes	%
<b>Hazardous Solid Waste</b>			
Sold or recycled	218	315	} 0.4%
Sent to specialized dumps	1,882	1,444	
<b>Non-Hazardous Solid Waste</b>			
Sold or recycled	29,828	38,664	} 18.7%
Sludge used to produce steam	50,574	43,290	
Sent to own landfills	155,534	189,001	} 80.9%
Sent to third parties' landfills	146,464	166,447	
<b>TOTAL</b>	<b>384,500</b>	<b>439,162</b>	<b>100.0%</b>

It can be seen that solid waste characterized as hazardous amounted to only 0.4% of the total generated in 2008. This waste is subject to the provisions of Decree 148 of 2003 of the Ministry of Health, whose regulations created a system of the obligatory declaration, management and follow-up of hazardous waste for each industrial plant.

The rest of the waste (99,6%) was characterized as non-hazardous, of which 18.7% was reutilized, either recycled with environmental benefit or to generate steam in biomass boilers, taking advantage of the calorific power of its high vegetal fibre content. Finally, 80.9% of the waste was taken to authorized controlled disposal areas, company owned as well as of third parties.

The above table shows a 14% increase in the volume of waste over 2007, due to a bigger generation of non-hazardous waste at the Santa Fe Pulp Mill and a substantial increase in the consumption of recycled paper, which generates sludge in the refining process to convert it into useful recycled fibres.

Regarding the non-hazardous solid waste which is recycled, notable is the experience with clear environmental benefits at the Zárate mill in Argentina. At this plant, this waste is submitted to a composting process, whose end result is an organic product that is used to improve agricultural soils.



Paper recycling campaign at schools in Chile, teaching the new generations that recycling is protecting the environment.

### Sustained increase in paper recycling

Total consumption of recycled papers in CMPC’s paper mills was 726,000 tonnes in 2008, 16% higher than 2007. This means that approximately 54% of the company’s total paper production was based on recycled fibres, considering the factories in Chile, Argentina, Peru, Uruguay and Mexico.

Recycled Paper Consumption			
Thousand Tonnes	2007	2008	% increase
Mills in Chile	427	500	17%
Mills in Argentina, Peru			
Uruguay and México	198	226	14%
<b>TOTAL</b>	<b>625</b>	<b>726</b>	<b>16%</b>

The recycled fibres and the virgin fibres from renewable plantations are complementary in the paper manufacturing process. This is because the recycling of used papers lengthens the useful life of the fibres they contain, which produces a more efficient use of the forestry resources.

Nevertheless, with successive recycling, the recycled fibres deteriorate, making it necessary to incorporate new virgin fibres in the production of paper, thus showing the complementary nature of both types of fibre.

### Environmental and social benefits of paper recycling at CMPC:

- Optimizes the forest plantations, by using recycled fibres instead of virgin fibres of pulp in the manufacture of new papers.
- Saves energy, because obtaining recycled fibres from used papers consumes less energy than obtaining virgin fibres from wood.
- Increases the value as raw material of used paper and cardboard, creating a market that encourages their collection through pricing and avoid them from ending up as waste in landfills.
- By receiving less waste, the useful life of sanitary landfills is lengthened and the emissions of methane gas associated to the decomposition of waste are reduced.
- Creates a remunerated source of work for the least qualified urban workforce that operates as collectors in the cities.
- Contributes towards improving cleanliness in the cities.

> In Chile, Argentina and Peru, CMPC has its own companies specialized in recycling work, that carry out the processes of recollection, classification, baling and delivery of used paper to the paper mills, where it starts a new cycle as useful recycled fibres.



## The Environmental Investments of CMPC

CMPC's environmental investment program amounted to US\$23 million in 2008, which breakdown is shown in the following table.

Consolidated Environmental Investments of CMPC	
Millions of dollars	2008
Air emission control	8.0
Liquid effluent treatment	6.7
Solid waste management	3.5
Environmental safety of facilities and people, prevention and control	2.0
Energy and water savings	2.7
<b>TOTAL INVESTMENTS</b>	<b>22.9</b>

Highlights of the year 2008 were the filters installed to reduce the emissions of particulate matter and sulphur dioxide at the Puente Alto Complex, and a new area for the controlled disposal of non-hazardous solid waste at the Pacifico Pulp Mill.

At present the Pacifico and Santa Fe pulp mills are developing a new stage of environmental updating, with a planned investment of US\$83 million. Most of this amount will be spent during 2009.

> In the 2004-2008 period, CMPC's environmental investments totaled US\$138 million, of which US\$79 million were destined to the treatment of liquid effluent, US\$26 million to air emission control, US\$10 million to solid waste management, US\$10 million to the environmental safety of the productive facilities, US\$9 million to water and energy savings, and US\$4 million on smaller projects.





## Certification of Sustainable Processes at CMPC

- Forestal Mininco has the ISO 14001 environmental management certifications, OHSAS 18001 for occupational safety, and CERTFOR-PEFC of sustainable management for most of its forest plantations, while a comparatively smaller area has the FSC seal.
- CMPC Pulp has the ISO 14001 and OHSAS 18001 certifications for its three production mills.
- The subsidiaries Papeles Cordillera and Cartulinas CMPC have the ISO 14001 certification.
- A CERTFOR-PEFC Chain of Custody is certified for: the pulp produced in Laja, Pacifico and Santa Fe mills, the Folding boxboard produced in Maule Mill and the sawmill products.
- A FSC Chain of Custody is certified for: the eucalyptus pulp produced in Santa Fe Mill and the Folding boxboard produced in Maule Mill.

## CMPC'S contribution to mitigate the Global Climate Change

CMPC contributes to the reduction of greenhouse gas emissions in three ways: (a) developing renewable forest plantations, (b) replacing fossil fuels with biomass, (c) recycling used paper. This is detailed below:

(a) Growing plantations of pine and eucalyptus are carbon sinks, because they absorb carbon dioxide from the atmosphere through their needles and leaves, turning the carbon into biomass and releasing oxygen. CMPC has 480 thousand hectares of renewable plantations in Chile, that are in different growing phases, making an important contribution to the mitigation of climate change.

(b) 76% of CMPC's annual consumption of energy is generated using biomass, which is renewable energy and neutral in carbon, thus allowing the replacement of fossil fuels.

(c) The recycling of 726 thousand tonnes of used paper in 2008 avoided them from ending up as waste in sanitary landfills in the cities, reducing the emissions of methane gas associated to their decomposition.

The balance between carbon dioxide absorbed by the plantations and carbon dioxide emitted by the production processes and the transport of products, sets up the Carbon Footprint of CMPC, whose results will be disclosed in the coming months.



This photograph, awarded in the contest to celebrate the 15 years of the Jorge Alessandri Education Park, was taken in Alto Escuadrón, an area with high environmental value.

## Biodiversity in the Forest Resources of CMPC

### Central Chile is a World's Biodiversity Hotspot

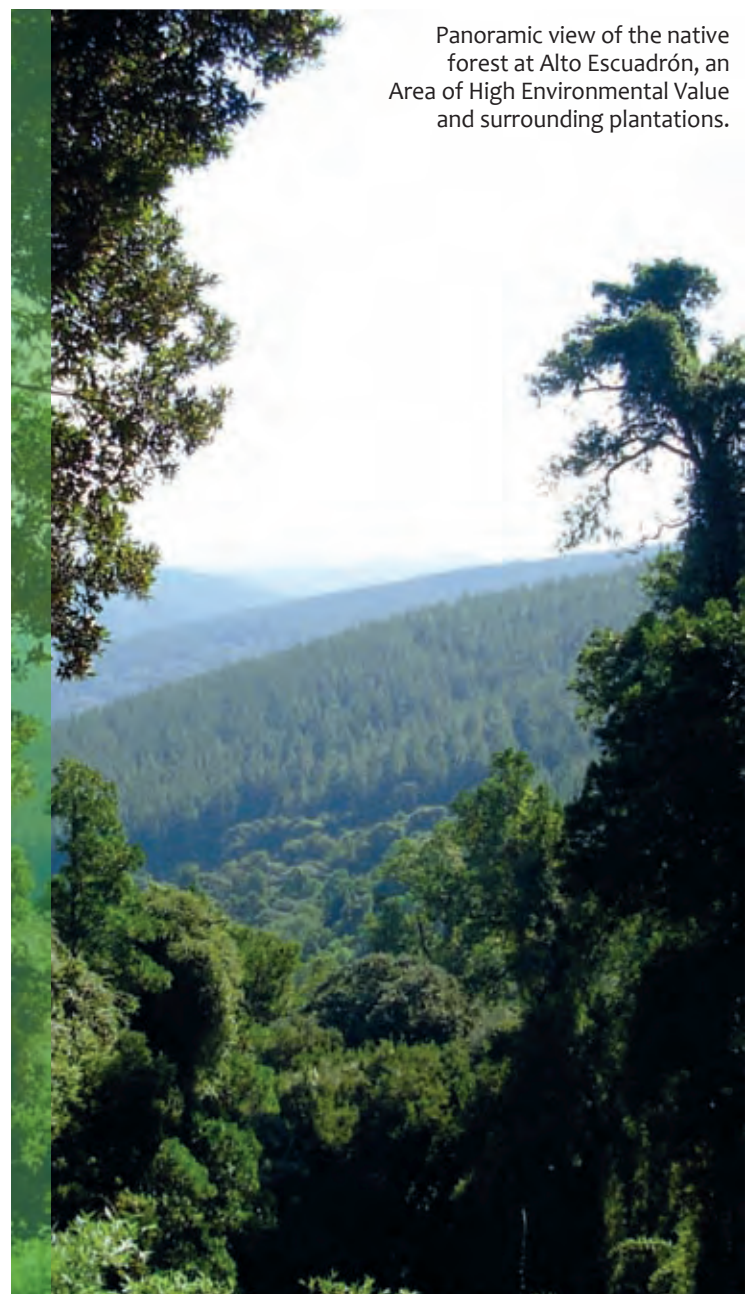
Central Chile has been identified as one of the world's 25 biodiversity hotspots, which is known as the "Chilean Winter Rainfall-Valdivian Forests Biodiversity Hotspot". It extends from Coquimbo to south of Chiloé Island and it contains species of endemic trees that are essential within specific habitats: Araucaria (*Araucaria araucana*), Alerce (*Fitzroya cupressoides*), Ruil (*Nothofagus alessandrii*), Pitao (*Pitavia punctata*), Hualo or Roble del Maule (*Nothofagus glauca*), among other species of native flora.

### CMPC's role in the Protection and Conservation of Biodiversity

CMPC industrial operations are supplied, in 100%, with timber coming from rapid growth, renewable plantations. In Chile, CMPC owns 480 thousand hectares of plantations, established mainly in eroded lands, renewing the soil and allowing the conservation of native forests.

Another 145 thousand hectares correspond to native forests and areas of protection, destined to the conservation of biodiversity, protection of basins, watercourses and riverbanks against the soil erosion. This asset is fundamental for the sustainable development of CMPC.

Forestal Mininco certifies its forest plantations under the requirements of the sustainable forest management standard, CERTFOR-PEFC, thus it works on the protection of the native forest that forms part of its assets, in learning and preserving its environmental value, determining the presence of threatened species of flora and fauna, and in identifying, conserving and restoring Areas of High Environmental Value.



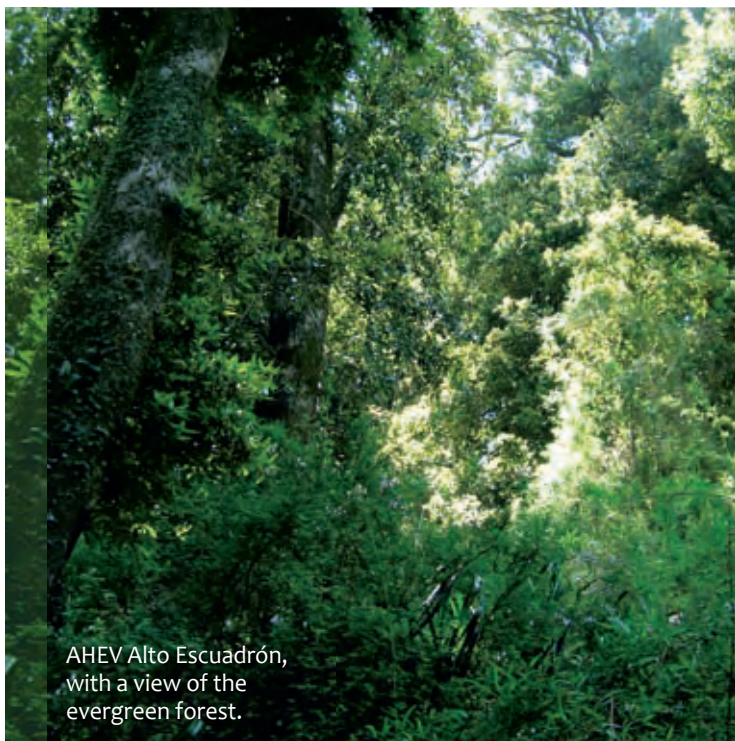
Panoramic view of the native forest at Alto Escuadrón, an Area of High Environmental Value and surrounding plantations.



AHEV Pitao de Maitenrehue, treetops and foliage of Pitao at the Los Barros farm, where the species is located at 850 meters above sea level.



Pitao trees with fruits at the Los Barros farm.



AHEV Alto Escuadrón, with a view of the evergreen forest.



A group of visitors at Alto Escuadrón.

## Areas of High Environmental Value (AHEV)

These areas have relevant values for the conservation of their native flora and fauna, so they are protected for preventing any impact caused by operational activities in the surrounding plantation areas, fires and other undesired actions.

CMPC has seven Areas of High Environmental Value included in its forest reserves, which total 6,200 hectares located in the Maule, Bío-Bío and Araucanía regions. Valuable species are preserved in them of the Valdivian and Maulino native forests, Ruil, Araucaria, Pitao and also native fauna, such as the Huillín or fresh-water otter.

These areas have special conservation and protection plans and they are given priority in the fire prevention system that CMPC has implemented.

**Alto Escuadrón Area of High Environmental Value:** 160 hectares of Valdivian native forest, located in the Escuadrón farm, in a gorge at the beginning of the mountainous chain of the Cordillera de Nahuelbuta, district of Coronel, Bío-Bío Region.

**Pitao de Maitenrehue Area of High Environmental Value:** It is formed by 26 hectares of Pitao, a species of native flora endemic to Chile, declared in danger of extinction. The Pitao area is located in two sites in the Pitrufquén and Los Barros farms, in the districts of Nacimiento, Bío-Bío Region and Angol, Araucanía Region. This population has unique genetic characteristics that make it different to other populations located to the north.

AHEV Villa Las Araucarias, sector Carahue, showing araucarias protected by CMPC. These araucarias have genetic characteristics that are different to those of other populations.

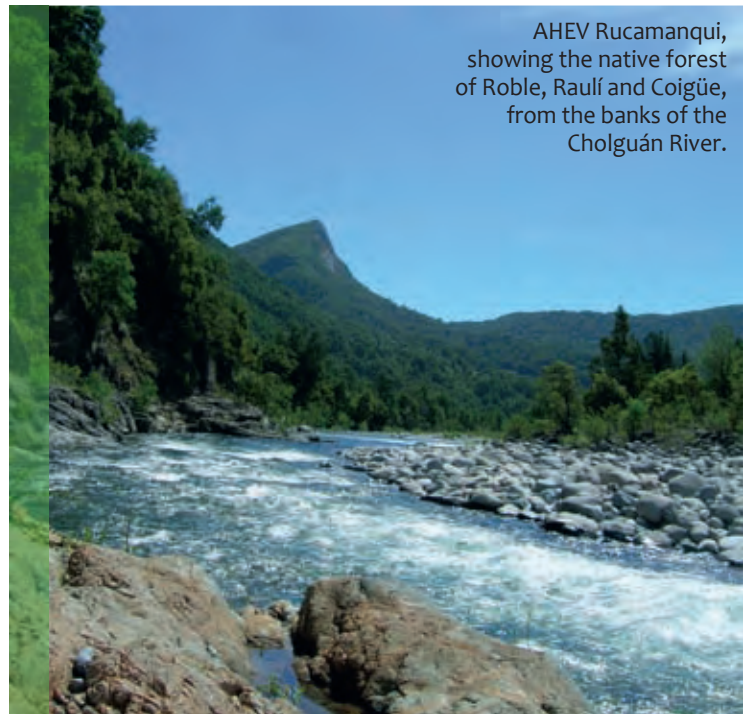


**Villa Las Araucarias Area of High Environmental Value:** 85 hectáreas of Araucaria trees, a species of native flora endemic to Chile and Argentina, declared vulnerable, located in the farms La Cabaña, Las Vacas and Magallanes, in the district of Nueva Imperial, Araucanía Region. The Araucaria population in this area is genetically different to those in the Cordillera de Nahuelbuta and Cordillera de Los Andes. It forms part of the CONAMA priority conservation site, called “Villa Las Araucarias”.

**Rucamanqui Area of High Environmental Value:** 5.189 hectares of native forest of Roble, Raulí, and Coigüe, and their protection areas, located in the Rucamanqui farm, in the upper basin of the Cholguán river, in the district of Tucapel, Bío-Bío Region. The sector forms part of the CONAMA priority conservation site, called “Biological Corridor of the Nevados de Chillán – Laguna del Laja” with limits defined to protect the soil, flora, fauna, landscape and richness in biodiversity.

**Huillín Area of High Environmental Value:** Protection zone for the Chilean mammal Huillín (*Lontra provocax*), which is a fresh-water otter declared in danger of extinction. Its habitat consists of marshy forests or “hualves”, beside watercourses. The protected area is a stretch of about five kilometres, located at farms in the Licancullín sector, on the banks of the Boldo or Queule river and in the wetlands of Mahuidanche, in the district of Toltén, Araucanía Region. It forms part of the CONAMA priority conservation site, called “Mahuidanche-Lastarria”.

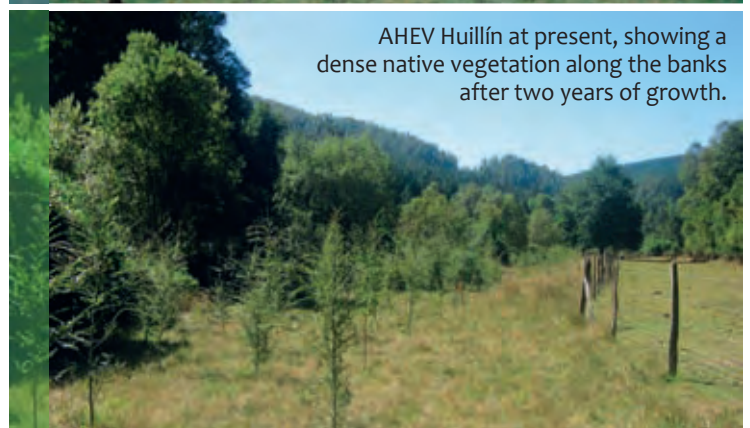
AHEV Rucamanqui, showing the native forest of Roble, Raulí and Coigüe, from the banks of the Cholguán River.



AHEV Huillín, seen from the banks of the Queule river, protected with fences and restored with species of native flora planted by CMPC in the year 2007.



AHEV Huillín at present, showing a dense native vegetation along the banks after two years of growth.





AHEV Los Ruiles de Empedrado, showing young Ruil trees, which the specialists consider to be the one whose conservation is most threatened in Chile.



Detail of leaves and fruits of the Ruil. The serrated borders can be seen and the fruit, 6 – 7 mm long, does not have a stem.



AHEV Hualos de Loanco, showing a path in the forest of Hualo or Roble Maulino.

#### Los Ruiles de Empedrado Area of High Environmental Value:

Formed by 60 hectares of Ruil in a pure state, a species of native flora endemic to Chile, declared in danger of extinction, located in the El Desprecio farm, district of Empedrado, in the Maule Region. It forms part of the CONAMA priority conservation site, called “Cardonal-Linda Vista”.

#### Hualos de Loanco Area of High Environmental Value:

680 hectares of Maulino native forest, located in the San Pedro-Las Cañas farm, in the district of Constitución, Maule Region. The area has a population of native flora of Hualo or Roble Maulino, a species that has been declared vulnerable, and its fauna includes the Black Woodpecker, a species declared in danger of extinction. It forms part of the CONAMA priority conservation site, called “Galumávida and Hualos de Loanco”.

#### Trongol Farm of CMPC: a contribution to the Nahuelbuta biological corridor

The Cordillera de Nahuelbuta is considered a priority site for the conservation of the Valdivian rainforests of Chile. Forestal Mininco owns renewable plantations, native forests and protection areas in this region and has participated in different conservation projects in the central zone of this mountain range, specifically on its eastern slope, in the Trongol - Los Alpes sector.

A biological corridor is one that allows connectivity between protected zones and areas with relevant biodiversity values, and contributes towards the long-term maintenance of a landscape structure that ensures the conservation of native forests and habitats, which would otherwise be isolated and vulnerable.

Panoramic view of the native forest of Roble, Raulí and Araucarias at Trongol farm.



Headwaters of the Carampangue River in Trongol farm. This is a protected area surrounded by Araucarias and native forest.

The Nahuelbuta Biological Corridor connects the CONAMA's Priority Site for Conservation called "Quebrada de Caramávida" with the Nahuelbuta National Park, by means of integration through private properties and forestry estates, among them, Trongol, Las Bandurrias and Los Alpes CMPC's farms. The areas of native forest that are part of these farms contribute towards the formation of this biological corridor. In this respect, one of the most important is Trongol with 2,027 hectares of native forests of Roble, Raulí, Coigüe, Araucaria and other species.

The Nahuelbuta Biological Corridor favours the conservation of species of native fauna such as the Darwin Fox and the Magellan Woodpecker, and of flora, such as the Araucaria, which are considered focal species, that is, they are essential in these ecosystems, limited in their geographical distribution and the focal point of the protection activities.



> Trongol farm protects a richness of 1,400 hectares of native forest of Roble, Raulí and Coigüe and 450 hectares of Araucaria, as the principal species.



Snow-covered Araucarias at Trongol farm.

# GRI Index - Level of Compliance A

## Profile

	GRI indicator	Reported in	Page
<b>1.</b>	<b>STRATEGY AND ANALYSIS</b>		
1.1	Declaration of senior person responsible	Chairman's Message	4-5
1.2	Description of the principal impacts, risks and opportunities	Chairman's Message	4-5
<b>2.</b>	<b>PROFILE OF THE ORGANIZATION</b>		
2.1	Name of the organization	Empresas CMPC S.A.	
2.2	Principal brands, products and services	Brands related to tissue and sanitary products: Elite, Confort, Nova, Noble, Higienol, Sussex, Babysec, Ladysoft, and Cotidian.	10
2.3	Operational structure	Structure of the organization	10
2.4	Location of headquarters	Santiago, Chile	
2.5	Countries in which the company operates	Regional presence of business centres	11
2.6	Nature of ownership and legal form	Company's Profile	6
2.7	Markets served	Export Sales by Region	27
2.8	Size of the organization	CMPC in figures for year 2008	6
2.9	Significant changes during the period	There were no significant changes.	
2.10	Prizes and distinctions received	Special award to the Program for monitoring the quality of water of the Bio-Bio River, made up by the CMPC subsidiaries Pulp and Infora, together with the University of Concepción and other regional companies.	
<b>3.</b>	<b>PARAMETERS OF THE REPORT</b>		
3.1	Period covered	Year 2008	
3.2	Date of the most recent report	Year 2007	
3.3	Report presentation cycle	Annual	
3.4	Point of contact	Scope of the report	1
3.5	Process of definition of report's content	The primary objective was to point out the essence of CMPC's business model and the relationship with its workers, corporate chain, local communities and the environment. The subjects were defined by reviewing the social and environmental performance of the year 2008.	
3.6	Coverage of the report	Includes all the components of its Social Responsibility Policy.	15
3.7	Limitations of the report's scope or coverage	Does not include the quantification of CMPC's contribution to mitigate the climate change, based on the development of renewable forest plantations and the generation of renewable energy.	103
3.8	Inclusion of joint ventures	Includes the information of CMPC's entire business chain.	
3.9	Data measurement and bases for calculation	Methodologies and calculations have been standardized among the different subsidiaries, in a fluid process with rigorous internal verifications.	
3.10	Effect of restating information contained in previous reports.	Improvements have been made in the way some indicators were measured, which produced minor changes in some figures reported in the year 2007.	
3.11	Changes in relation to previous periods	There were no significant changes.	
3.12	Table of contents	GRI Index	110-114
3.13	External verification	No external verification was made.	
<b>4.</b>	<b>GOVERNANCE, COMMITMENTS AND PARTICIPATION OF STAKEHOLDERS</b>		
4.1	Organization's governance structure	Corporate governance	8
4.2	Chairman of the Board	The Chairman of the Board of Directors is not an executive of CMPC.	9
4.3	Independent Board members	Of the 7 members of the Board of Directors, two have been appointed by independent shareholders.	9
4.4	Mechanisms of shareholders and employees for making recommendations to the Board	Shareholders may express their points of view on the company's performance at ordinary and extraordinary shareholders' meetings.	8



GRI indicator		Reported in	Page
4.5	Remuneration of directors and senior executives	Directors do not have a variable remuneration for achieving objectives in the economic, social or environmental areas. The senior executives' remuneration is linked to performance.	
4.6	Procedures to avoid conflicts of interest in the Board	A committee of 3 directors, two of them independent of the controller, revises and pronounces on operations with related parties, examines the financial statements and the reports issued by the external auditors.	8
4.7	Training and experience required from members of the Board	Board members qualifications are determined by the shareholders at the Annual General meeting, who vote the candidates with proved competence and knowledge.	8
4.8	Mission, vision and values	Mission, values and ethics in business	7
4.9	Procedures of the Board of Directors to supervise the organization's economic, social and environmental performance.	Corporate governance	8
4.10	Evaluation of the Board's own performance	Corporate governance	8
4.11	Description of how the organization has adopted a precautionary principle	CMPC applies the principle of Sustainable Development in all its operations and new industrial projects it carries out, complying with high standards of safety, protection of neighbouring communities and the environment.	
4.12	Social, environmental and economic programmes developed externally	CMPC has not subscribed formal commitments with global international initiatives in social, environmental or economic matters.	
4.13	Associations to which the organization belongs	CMPC collaborates permanently with different social institutions, business and industrial associations, universities and binational chambers of commerce, principally in Chile.	
4.14	List of stakeholders	Dialogue with stakeholders	17-18
4.15	Basis for selection of stakeholders	Dialogue with stakeholders	17
4.16	Approach adopted for the inclusion of stakeholders	Dialogue with stakeholders	17
4.17	Key topics and concerns arising through the participation of stakeholders	Relationship with universities and NGOs	18
		Relationship with the Mapuche communities	18-19
		Relationship with suppliers and contractor firms	30-31
		Forestry Villages	46-47
		CMPC Foundation	62-68
		Good Neighbourhood Plan	71-83
		Protection and conservation of Biodiversity	105-109

## Economic Performance

EC1	Economic value generated and distributed	Economic performance	23-25
EC2	Financial consequences and risks due to climate change	This calculation has not been made, although the contribution that CMPC makes towards the mitigation of climate change should be considered.	103
EC3	Coverage of the organization's obligations due to social benefit programmes	CMPC complies with the system of social security obligations in all the countries in which it operates.	
EC4	Significant financial assistance received from the State	No significant financial assistance is received from the State.	
EC5	Range of wage ratios	Not reported	
EC6	Practices and purchases from local suppliers	Relationship with suppliers and contractor firms	30-31
EC7	Local hiring and resident senior executives	Creation of jobs for the neighbouring communities	71
		Local residency of senior management of the operations	52
EC8	Investment in infrastructure and services provided for public benefit	Contributions to public infrastructure	29
		Programmes to encourage the productive development of communities	74-77
		Programme to support forest development	79
		Conservation programme for local public roads	82
		Shared paving programme	83

GRI indicator		Reported in	Page
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## Environmental Performance

EN1	Materials used	Lumber coming from renewable plantations	92
		Recycled paper	101
EN2	Percentage of materials valued	All the raw materials and materials are valued	
EN3	Direct energy consumption	Sustainable use of energy	94-95
EN4	Indirect energy consumption	Not informed	
EN5	Energy savings	Energy consumption in 2008 was 1.5% lower than 2007.	95
EN6	Products and services based on renewable energies	75.9% of the energy consumed was generated with renewable biomass.	94
EN7	Reduction of indirect energy consumption	CMPC plans to build new biomass boilers to reduce its indirect consumption of fossil fuels even more.	
EN8	Total water intake by sources	Sustainable use of the water	96
EN9	Water sources affected significantly	CMPC's water intake did not affect the water sources.	96
EN10	Recycled and reused water	Sustainable use of water	96
EN11	Protected or high biodiversity areas	CMPC's forestry resources in Chile	92
		Biodiversity in CMPC's forestry resources	105-109
EN12	Impacts on biodiversity in protected areas	Role of CMPC in the protection and conservation of biodiversity	105
EN13	Protected or restored habitats	Areas of high environmental value	106-109
EN14	Management of impacts on biodiversity	Role of CMPC in protection and conservation of biodiversity	105
EN15	Species whose conservation is threatened	In CMPC's forestry resources there are 5 species of native flora that have been declared in danger of extinction and another two declared vulnerable, and which are protected. There are also two species of native fauna declared in danger of extinction and one species that is vulnerable.	
EN16	Emissions of greenhouse gases	Not reported	
EN17	Other indirect emissions of greenhouse gases	Not reported	
EN18	Initiatives to reduce greenhouse gas emissions	CMPC's contribution to the mitigation of the climate change	103
EN19	Emissions of ozone-depleting compounds	CMPC does not emit gasses that might affect the ozone layer.	
EN20	NO, SO and other air emissions	Air emissions	96-97
EN21	Total volume of liquid effluent	Treated liquid effluent	98-99
EN22	Weight of the managed	Solid waste	100
EN23	Most significant accidental spills	No significant accidental spills have been recorded.	
EN24	Hazardous solid waste according to the Basel Convention	Solid waste	100
EN25	Water resources and habitats affected	No water resources or their related habitats were affected.	
EN26	Initiatives to mitigate the environmental impact of products and services	CMPC's environmental agenda in 2008	91
		Energy generated with renewable biomass	94
		Sustainable use of the water	96
		Increase in paper recycling	101
EN27	Percentage of products recovered at the end of their useful life	Not reported	
EN28	Significant fines of an environmental nature	There were no significant fines of an environmental nature.	
EN29	Environmental impact from transport	Programme of conservation of local public roads	82
EN30	Environmental investments	CMPC's environmental investments	102

## Labour Practices and Work Ethics

LA1	Composition of workers	By business center	43
		By country	44
		By type of employment	49

	GRI indicator	Reported in	Page
LA2	Total number of employees and average turnover	Low level of turnover	49
LA3	Social benefits for full-time employees	Benefits for CMPC personnel	54
LA4	Percentage of employees with collective bargaining agreements	Employees covered by a collective agreement	54
LA5	Minimum period of notice for organizational changes	Labour relations that generate trust	53
LA6	Workers in joint committees on safety and health	Risk prevention policy	55
LA7	Absenteeism, occupational diseases, days lost	Occupational health and safety statistics	56-57
LA8	Programmes of training, education, risk prevention and control	Risk prevention policy	56-58
LA9	Health and safety topics covered in formal agreements with unions	Risk prevention policy	55
LA10	Hours of training per year per category of employee	Emphasis on personnel training and formation	49-50
LA11	Continuous training programs	Emphasis on personnel training and formation	50
LA12	Regular evaluations of performance and development	Not reported	
LA13	Personnel by gender and age	Personnel by gender and age	45
LA14	Wage distinctions by gender	CMPC does not make wage distinctions based on gender	

## Human Rights


HR1	Percentage and number of investment agreements with human rights clauses	CMPC extends its obligations in this matter to its suppliers. Nevertheless, no measurements are made.	30
HR2	Percentage of distributors and contractors evaluated in human rights matters	CMPC extends its obligation in this matter to its suppliers. Nevertheless, no measurements are made.	30
HR3	Training of employees in aspects of human rights that are relevant to their activities	CMPC forbids any type of discrimination and conduct contrary to human rights. Nevertheless, no training courses are taught.	50
HR4	Incidents of discrimination	No incidents of discrimination have been recorded in the period.	
HR5	Activities in which the right to freedom of association is at risk	Long standing labour relations that generate trust.	53-54
HR6	Activities that involve child labour	CMPC rejects any practice related to child labour	7
HR7	Activities that risk forced or compulsory labour	CMPC rejects any practice related to forced labour	7
HR8	Percentage of the security personnel with training in human rights	CMPC extends its obligations in this matter to the security personnel. Nevertheless, no measurements are made.	
HR9	Incidents related to the rights of the indigenous peoples.	10 years together with the Mapuche communities	18

## Society

SO1	Management of operational impacts on the communities	Good Neighbourhood Plan 10 years together with the Mapuche communities	71-87 18
SO2	Risks of corruption	No follow-ups related to this subject are made	
SO3	Training in anti-corruption procedures	Mission, values and ethics in business	7
SO4	Measures in response to incidents of corruption	No incidents took place in relation to this subject.	
SO5	Participation in the development of public policies	CMPC contributes to the development of public policies, participating actively through industrial associations in the stages of formal consultation that are established while proposed legislation is being discussed in Chile.	
SO6	Financial contributions to political parties	Donations	69
SO7	Lawsuits due to cases against free competition	None took place.	
SO8	Monetary value of sanctions and fines	Sanctions and fines	28

GRI indicator		Reported in	Page
<b>Product Responsibility</b>			
PR1	Impacts on customer's health and safety	Customer's health and safety.	38
PR2	Incidents due to nonfulfillment of PR1	None took place.	
PR3	Information required on the products	CMPC develops a complete labelling of its products, and informs its clients of the technical specifications including composition, raw materials, physical values in tests applied, quality standards and accredited health and safety certifications.	38
PR4	Number of nonfulfillments of PR3	None took place.	
PR5	Customer satisfaction surveys	The CMPC Tissue business center carries out periodic customer satisfaction surveys because its products are destined for mass consumption.	38
PR6	Adherence to marketing communications standards, including publicity, promotion and sponsorships	CMPC adheres to the principles of the National Association of Advertisers of Chile, related to freedom of speech in commerce, self-regulation and advertising ethics.	38
PR7	Number of incidents due to nonfulfillment of PR6	None took place.	
PR8	Complaints regarding customer's privacy	None took place.	
PR9	Significant fines related to products supply	None reported.	

## Report Application Levels

		2002 In Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared			Report Externally Assured		Report Externally Assured		Report Externally Assured
	Third Party Checked			Report Externally Assured		Report Externally Assured		Report Externally Assured
	GRI Checked			Report Externally Assured		Report Externally Assured		Report Externally Assured

# Please send us your opinion

We are interested in knowing your opinion of our 2008 Sustainable Development Report; therefore please fill in the attached sheet and send it by fax to number (56-2) 441 2477 or by e-mail to [fyuraszeck@gerencia.cmpc.cl](mailto:fyuraszeck@gerencia.cmpc.cl).

## 1. In which group of stakeholders would you classify yourself?

- Employee / Contractor
- Shareholder
- Customer
- Supplier
- Authority / Regulator
- NGO
- Community
- Other. Which? \_\_\_\_\_

Please answer the following questions with an evaluation from 1 to 7, where 1 is bad and 7 the best.

## 2. What score would you give to the following aspects of CMPC's Sustainable Development Report?

- Transparency
- Balance
- Contextualization of the industry
- Structure
- Length
- Clarity / Precision
- Coherence with the strategy
- Depth of the information

## 3. Did the CMPC's Sustainable Development Report provide the information you were expecting?

Yes \_\_\_\_\_

No, why not? \_\_\_\_\_

\_\_\_\_\_

If the score of your expectations is below 5, please let us know what additional information you would have liked to receive:

\_\_\_\_\_

\_\_\_\_\_

Thank you for your time.

