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REPORT

MPRESAS

CMPC S.A



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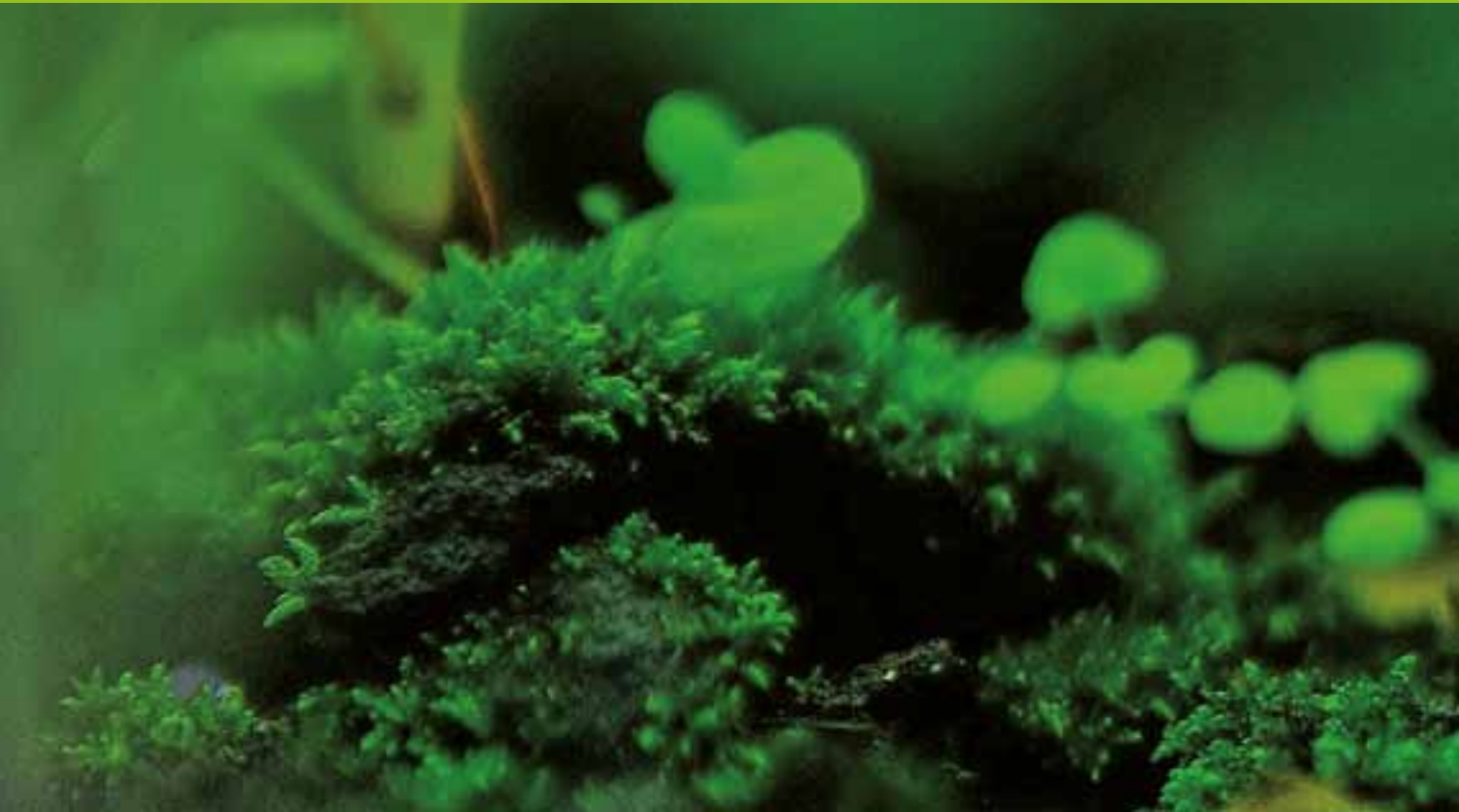
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# CMPC

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.





cmppc

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.





# MESSAGE FROM THE CHAIRMAN OF EMPRESAS CMPC

I am particularly pleased to present you with the CMPC's Sustainable Development Report for the year 2009.

This year has been CMPC's 90<sup>th</sup> anniversary. We strongly believe, we have contributed effectively to the development of our country, creating job opportunities and wealth for Chile and that is why this anniversary makes us feel so proud of what we have achieved. It is also an occasion to look back and remember the legacy of our founders and of all those who have shown us the way forward, helping to create the hallmark in the way CMPC does business and also in the constant commitment to the development of our country and its people, especially those communities where the company operates.

This anniversary comes at a very special time for CMPC. The purchase of forestry and industrial assets of pulp, papers and tissue in Brazil was hailed as a milestone in the future development of the

company. So, today we operate in eight Latin American countries and remain as committed as ever to the constant development that is even abroad.

Our employees have played a key role in the growth of this company. To December 2009, the number of people working directly for CMPC reached 14,382; 5,943 of which (41%) work abroad. There are 50 unions and 57% of our employees are members; these organisations have been instrumental in creating a constructive and honest relationship between the company and its employees. That is why I would like to take this opportunity to reaffirm my appreciation to all our employees, executive leaders and union representatives, for their constant commitment and loyalty that have made the progress of CMPC possible.

CMPC makes a serious and proactive effort in approaching communities, working together and having an open doors

policy. All this aims at creating opportunities of social and economic growth, especially for the 300 Mapuche communities living close to forests and areas where the company operates in Chile. This programme called "The Good Neighbourhood Plan" has placed special emphasis on developing projects such as direct employment for those neighbours from Mapuche origin, educational support programmes, and encouragement of productive development and microenterprises projects, as well as providing the communities with tools to improve their quality of life.

Another aspect of CMPC's constant commitment to working with the community is The CMPC Foundation which supports schools located near the areas where the company runs industrial operations. The work of this organisation aims at improving the provision of the education children receive to make sure they have access to more opportunities in life and can in return help their

community grow. The CMPC Foundation runs 3 programmes: teacher training, libraries and early stimulation, which in 2009 helped around 7,000 students, 400 teachers and principals in 51 schools located in 9 different areas. Apart from the direct work with schools organised by the foundation there are also educational, cultural and leisure activities available at the Jorge Alessandri Educational Park in Concepcion which had 121,000 visitors in 2009.

We strongly believe in the actual realisation of the Sustainable Development principle, which essentially means to make productive activities, required for the growth of our countries, compatible with the legitimate right that future generations have to live in a suitable environment. Our environmental agenda observes this principle and contains four priority areas: development of renewable forest plantations, substitution of fossil fuels for biomass, certification of our clean production processes and increase in the recycling of paper.

There is a growing demand from the society to protect and preserve the environment and the biodiversity of natural ecosystems; there is also universal concern over world climate change and how it is

affecting every aspect of modern life, from everyday activities to complex industrial processes. Our answer to these pressing matters is the sustainable development of all the forestry and industrial processes that CMPC carries out which are all certified to meet markets standards.

A key asset for the company is the 147,000 hectares in Chile which were allocated to the protection and preservation of biodiversity. Of these, 7 areas with high environmental value protect endangered species of native flora and fauna.

We are monitoring the carbon footprint of our products, initially pine and eucalyptus pulps. The result of this work will shortly be made available to our clients, suppliers and anybody else who might be interested.

I would welcome your views - shareholders, clients, suppliers, employees as well as government authorities and the community's in general - about the content of this report. Your feedback is much valued and appreciated since it will allow us to improve in those areas which show weaknesses.

For the last 90 years we have moved forward in the path of



progress with both our forestry practices and industrial processes, always working towards the future but at the same time facing Today's challenges, efficiently.

A handwritten signature in black ink, reading "E. Matte L." with a horizontal line underneath.

**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 2009, in 220 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, tissue 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 over 55 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 BBB+, 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

- > 8,439 workers in Chile and 5,943 abroad.
- > Industrial operations in Brazil, Argentina, Peru, Uruguay, Mexico, Colombia and Ecuador, in addition to Chile.
- > Forest reserves of 499,000 planted hectares in Chile, 65,000 planted hectares in Argentina and 95,000 in Brazil.
- > Consolidated sales for US\$ 3,124 million.
- > Assets for US\$ 12,248 million and shareholder's equity of US\$ 7,258 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 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: Jorge Gabriel Larrain B., Martín Costabal LI., Patricio Grez M., Juan Claro G., Eliodoro Matte L. (Chairman), Gonzalo García B. (General Secretary), Arturo Mackenna I. (Chief Executive Officer), Jorge Marín C. and Bernardo Matte L.

## 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 the development of the company in economic, social and environmental matters.
- > The shareholders may express their points of view on the company's performance in legally convened ordinary and extraordinary meetings.
- > All decisions taken by the Board of Directors that affect the corporate interests as well as any relevant fact 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 Annual Report 2009, you will find a detailed description of the activities of the Board of Directors and the Committee of Directors in the year 2009, as well as the operations with related parties and different matters concerning the company's corporate governance, on pages 10, 11, 48 to 59.

#### BOARD OF DIRECTORS OF EMPRESAS CMPC

CHAIRMAN	Eliodoro Matte L.
DIRECTORS	Juan Claro G. Martín Costabal Ll. Patricio Grez M. Jorge Gabriel Larraín B. Jorge Marín C. Bernardo Matte L.
COMMITTEE OF DIRECTORS	Martín Costabal Ll. Patricio Grez M. Jorge Marín C.
MANAGEMENT	
CHIEF EXECUTIVE OFFICER	Arturo Mackenna I.
GENERAL SECRETARY	Gonzalo García B.
CHIEF FINANCIAL OFFICER	Luis Llanos C.
EXTERNAL AUDITORS	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. Those boards meet on a monthly basis.

> 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.

> At [www.cmpc.cl](http://www.cmpc.cl) in the document Annual Report 2009, you will find a detailed description of the operations of the five business centers and their supporting areas, as well as the business development, production figures, sales, investments and main projects, on pages 14 to 25, 32 to 45.

THE ACQUISITION DURING 2009, OF FORESTRY AND INDUSTRIAL ASSETS RELATED TO PULP, PAPER AND TISSUE PRODUCTS IN BRAZIL, CONSTITUTES A RELEVANT MILESTONE FOR THE COMPANY'S FUTURE.

# REGIONAL PRESENCE OF THE CMPC BUSINESS CENTERS







# CORPORATE SOCIAL RESPONSIBILITY

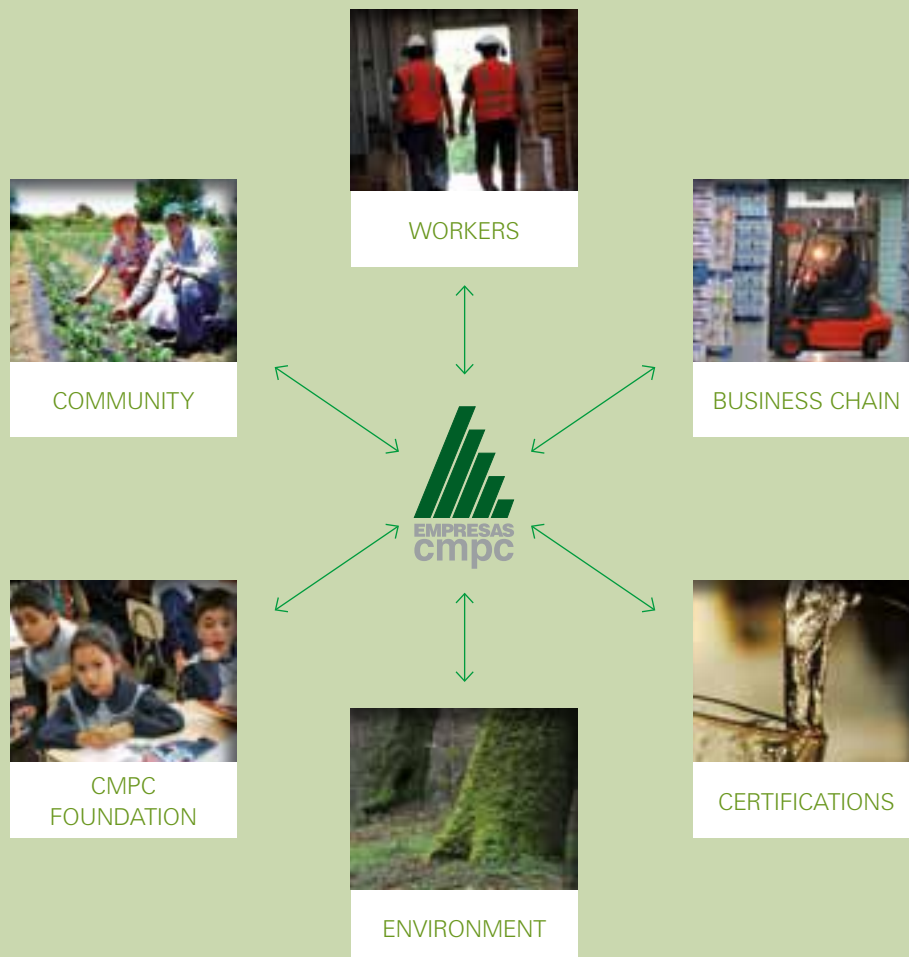
> CMPC DEVELOPS STABLE AND LONG-TERM RELATIONSHIPS WITH ITS EMPLOYEES, BUSINESS CHAIN, THE LOCAL COMMUNITIES AND THE ENVIRONMENT. ALL OF THEM PLAY A KEY ROLE IN THE CORPORATE SOCIAL RESPONSIBILITY POLICY.



# SOCIAL RESPONSIBILITY POLICY

> SOCIAL RESPONSIBILITY CONSTITUTES AN ESSENTIAL PART OF THE CMPC'S BUSINESS MODEL WHEREBY THE COMPANY ESTABLISHES LONG-TERM RELATIONSHIPS WITH THE COMMUNITIES WHERE IT RUNS ITS OPERATIONS, CONTRIBUTING TO THEIR SOCIAL AND ECONOMIC DEVELOPMENT, HELPING THE NEW GENERATIONS TO IMPROVE THEIR EDUCATION AND EMPLOYING SKILLED WORKERS WHO CARRY OUT THE PRODUCTION PROCESS USING 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, bringing about employment and wealth.
- > It manages its business operations efficiently.
- > It produces and markets high quality products.
- > It establishes strong business relationships with customers and suppliers.
- > It is a strong competitor in the market with quality products and competitive costs.
- > It provides clear, reliable and audited financial information.
- > It complies with legal, tax and market competition regulations.



### WORKERS

- > CMPC makes training and professional development opportunities available to its employees.

- > It puts great emphasis on risk prevention in complex industrial processes.
- > It establishes a very good working environment which in turn stimulates creativity and high performance levels.
- > It looks after its employees and their families by creating welfare programmes.
- > It fully complies with legal, social and employment regulations.

### COMMUNITY

- > CMPC has an open doors policy, intended to create development opportunities for the communities where it operates.
- > It encourages the creation of job opportunities for local residents.
- > It supports the education of local children and helps their



- families through scholarships programmes.
- > It develops training programmes for local residents with courses that foster the establishment of microenterprises and cooperatives.

### THE CMPC FOUNDATION

- > The CMPC Foundation actively supports the education in communities where the company has operations.
- > It helps primary school children from state schools to improve their academic results.
- > It develops teacher training programmes in the areas of Language and Mathematics and it runs school management workshops for principals.
- > It sets up school libraries and reading encouragement programmes.
- > It runs workshops that teach mothers how to support their small children's development.



### ENVIRONMENT

> CMPC bases the sustainable development of its production processes on the generation of renewable energy with biomass, the efficient consumption of water and raw materials, the use of recycled fibres

and the technical management of its renewable forest plantations.

- > It certifies the forest plantations management and industrial processes.
- > It protects the biodiversity in 147,000 hectares of native forests and basin protection areas.
- > It fully complies with the environmental law.



### DIALOGUE WITH STAKEHOLDERS

> Due to the diverse nature of CMPC's business centres and the different realities of the neighbouring communities, the way in which the company carries out its public relations is

a reflection of that diversity. The educational programmes developed by The CMPC Foundation and by The Jorge Alessandri Educational Park, the Good Neighbourhood Plan developed by Forestal Mininco and the permanent support to local communities by CMPC Pulp mills, are all examples of CMPC's proactive approach and unstinting support to



actively contribute to both the community social and economic growth.

> As follows, there is a list of CMPC's interest groups and how the company relates with them:

#### Shareholders

- > Ordinary and Extraordinary Shareholders Meetings.
- > Annual Financial Report, Quarterly

Financial Statements and communication of essential and relevant issues.

#### Investors

- > Regular meetings, telephone conferences and debt instruments issuing processes.
- > Regular reporting to the regulatory authority and to the stock market.





### Workers

> Coordination meetings with unions, collective bargaining, joint committees on health and safety at work, and training programmes.

> Mi Papel Magazine; corporate intranet; leisure activities for employees and their families.

### Contracting Companies

> Regular communication and meetings with contracting companies.

> Training to guarantee the compliance with forest management, health and safety and environmental certification standards.

### Customers

> Regular follow-up visits, after-sales assistance, regional encounters, attendance at meetings and seminars on the Paper Industry.

> Newsletters at CMPC Pulp and at Cartulinas CMPC.



### Local Authorities

> Regular meetings between mill managers and local community

authorities.

> Meetings with government organisations to discuss issues on the company activities.

> Coordinating the CMPC Foundation activities with local and regional educational authorities.

> Taking part in public-private sector meetings, called by the local community authority, intended for supporting the local development by promoting entrepreneurship initiatives.

### Local Communities

> The CMPC Foundation is aimed at supporting primary state school children for

improving their performance in Language and Mathematics.

> The Good Neighbourhood Plan programmes, intended to create local employment, support school curriculum and the Mapuche communities.

> CMPC Pulp has developed programmes to help and support communities established in neighbouring areas from its pulp mills.

> CMPC actively participates in traditional, agricultural and forest festivals,



which take place every year in the communities.





### Student Community Support Network

> A website to support students and people in general is available;

[www.papelnet.cl](http://www.papelnet.cl) contains detailed information on the forest, pulp and paper industry as well as on renewable forest plantations, clean production processes, paper recycling, the biodiversity and the environment protection.

### Universities and NGOs

> Research projects carried out by CMPC and universities, mainly intended to protect and conserve the native flora and fauna's biodiversity.

> The participation in CorpAraucanía, a public-private organisation whose objective is to foster the productive development in the La Araucanía Region.

> The water-



quality monitoring programme in the Bío Bío River. This programme is carried out by CMPC, the Universidad de Concepción and several regional companies and industries.

> The monitoring of the quantity and quality of the water associated with plantations and native forest in several micro-basins in the Bío Bío Region. This is a long-term project carried out by CMPC and the Universidad Austral de Chile.

> The close collaboration with Etica en los Bosques, a non-governmental organisation, in initiatives intended to preserve and protect the native forests in the South of Chile.

> The presence of NGOs in the audits carried out in the company regarding environmental management and protection of the biodiversity.

> The collaboration with CODEFF in protecting and restoring the habitat of the Huillín, or fresh-water otter.

> Lectures by CMPC executives in several courses and trade fairs.



> In 1953, the small town of Laja had a population of 2,500 people, a train station, vineyards and people who enjoyed a quiet village life. Between then and until 1959, CMPC built what became the first pulp mill in Chile and the second in Latin America. It was opened in 1959 by the President, Mr. Jorge Alessandri. By then Laja was a town whose population reached 20.000 inhabitants in 1965, showing the fastest demographic growth in Latin America, according to ECLAC.

In 2009, CMPC's Board of Directors approved a US\$ 300 million investment to modernise the industrial complex in Laja. This project, currently under way, is the best present the Laja Pulp Mill could receive for its 50th anniversary and which will take it into the future, united in a common destiny with the town it grew up with.

## THE GOOD NEIGHBOURHOOD PLAN AND SUPPORT TO MAPUCHE COMMUNITIES

> CMPC makes a serious and proactive effort in approaching local communities, working together and having an open doors policy. All this aims at creating opportunities of social and economic growth, especially for the 300 Mapuche communities living close to forests and areas where the company operates.

> This project, called “The Good Neighbourhood Plan” has placed special emphasis on a direct employment programme for neighbours from Mapuche origin, educational support programmes and encouragement of productive development and microenterprises projects. All these initiatives have created strong and powerful links with the local communities. A detailed guide to all the

programmes for 2009 can be found from pages 60 to 81 of this report.

> CMPC actively promotes the integration of The Mapuche communities and believes the key element to this is the appreciation of their culture. CMPC genuinely respects The Mapuches’ beliefs, customs, traditions and their lifestyle and supports all the efforts intended to preserve their ancestral knowledge of nature and biodiversity.

> Since these sites are located in forest lands belonging to CMPC, both the identification and mapping processes are key to learning and preserving the sites which are of utmost importance for The Mapuche communities. CMPC will vigorously contribute to the preservation of these areas.

> Generally speaking, The Mapuche sites of cultural interest were created by nature;

and according to The Mapuche view of the Cosmos, influenced by the topography of the land and by the existence of accumulated energies. These sites feature, ritualistic and ceremonial hills, known as “Txen Txen”, waterfalls or “Txayenko”, and wet lands where plants for medicinal purposes grow, known as “Menokos”.

> Additionally, The Mapuche people created special sites for their rituals and ceremonies; the sites for religious ceremonies were called “Guillatuwe” and those for recreational activities were called “Paliwe”. The Mapuches play “palin”, also known as “chueca”, in these recreational places.

> The next page shows some of the sites in which Forestal Mininco is carrying out a research work to preserve them for future generations and bring together both the ancestral Mapuche knowledge and modernity in the timber forests.





> Guillatuwe in Trintre, district of Los Sauces. A Guillatuwe is both an open space regarded as sacred by The Mapuche people, and where religious ceremonies take place.

> CMPC HAS STARTED IDENTIFYING SITES OF CULTURAL INTEREST FOR THE MAPUCHE PEOPLE, EXISTING IN AREAS BELONGING TO THE COMPANY. THE DATA WE HAVE RECEIVED IS BASED ON VALUABLE SOURCES OF INFORMATION, ESPECIALLY THE FEEDBACK FROM NEIGHBOURING COMMUNITIES, PEOPLE WHO KNOW THE AREA AND THE LOCATION OF THESE SITES, WHICH ARE STRONGLY CONNECTED WITH MAPUCHE TALES AND STORIES THAT HAVE BEEN PASSED DOWN FROM GENERATION TO GENERATION.

> Menoko in Trintre, district of Los Sauces. A Menoko is wet land where medicinally used plants with healing powers grow; it is also, according to The Mapuches, inhabited by spirits.



> Txayenko in Elicura, district of Contulmo. A waterfall which represents the purity of The Mapuche people, this is why special ceremonies take place here.



> Txen Txen in Trintre, district of Los Sauces. A Txen Txen is a ritualistic and ceremonial hill. It is also a landmark within a territory whose height allows a panoramic view of the landscape. This hill is connected with a nearby ritualistic place also known as Guillatuwe.







# CMPC AND ITS BUSINESS CHAIN

➤ CMPC'S PRODUCTIVE ACTIVITIES ARE CARRIED OUT BALANCING SEVERAL ASPECTS. THE COMPANY CARES ABOUT ITS EMPLOYEES, 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 FINANCIAL OBLIGATIONS, ARE ALL PART OF THIS STRONG COMMITMENT.



## ECONOMIC PERFORMANCE

> Even though 2009 was a particularly difficult year because of the global financial crisis that hit the markets hard, CMPC was able to move forward into the future by purchasing industrial and forestry assets in pulp, paper and tissue products in Brazil. These acquisitions are the direct result of CMPC's strong financial position and reputation, as well as the sound management of its operations.



> CMPC secured its presence in Brazil's tissue paper industry with the acquisition of Melhoramentos Papéis and did the same to enter the pulp, paper and wood business by purchasing forestry and

industrial assets from the Guaiba unit of Aracruz Celulose S.A.

## ECONOMIC VALUE GENERATED AND DISTRIBUTED

> The negative international environment in much of 2009 caused a decline in pulp prices and the prices and volumes of wood products. Such negative effects were mitigated by the realisation of several expansion projects as well as by the fall in prices of raw materials and relevant supplies, such as fuel, pulpwood and recycled paper.

> In 2009, CMPC economic value



generated reached US\$ 5,142 million, 35% higher than in the previous year, thanks to the financing

activities related to the acquisition of assets in Brazil.

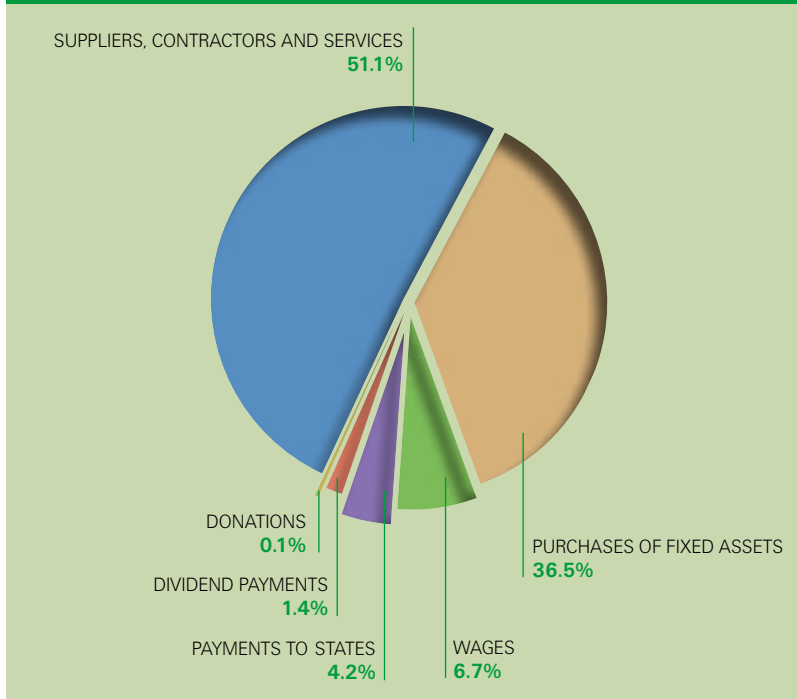
> The economic value distributed of the company reached US\$ 4,655 million, 27% higher than 2008; with a sharp increase in the purchase of fixed assets which was partially offset by a decrease of 12% in the payments to suppliers, contractors and services, due mainly to the lower cost of raw materials and supplies.



ECONOMIC VALUE GENERATED	Millions of US\$	
	2008	2009
Revenues received	3,667.1	3,610.1
Sales of Fixed Assets and Others	68.7	13.9
Subtotal of Operating Income	3,735.8	3,624.0
Net Effect of Financing Activities	70.9	1,517.8
<b>TOTAL ECONOMIC VALUE GENERATED</b>	<b>3,806.7</b>	<b>5,141.9</b>

ECONOMIC VALUE DISTRIBUTED	Millions of US\$	
	2008	2009
Suppliers, Contractors and Services	2,717.7	2,379.8
Purchases of Fixed Assets	275.4	1,698.3
Wages	277.4	311.4
Payments to States	187.1	197.3
Dividend Payments	212.3	63.7
Donations	2.9	4.9
<b>TOTAL ECONOMIC VALUE DISTRIBUTED</b>	<b>3,672.9</b>	<b>4,655.3</b>
<b>TOTAL NET FLOW OF THE PERIOD</b>	<b>133.8</b>	<b>486.5</b>

**> ECONOMIC VALUE DISTRIBUTED 2009**



## PAYMENT TO NATIONAL STATES

> The following chart shows the payments CMPC has made to the countries where the company runs industrial operations, including figures for Chile, Argentina, Brazil, Peru, Uruguay, Mexico, Colombia and Ecuador. In 2009 such payments totalled US\$ 197 million, 5% higher in comparison with 2008; this increase was mainly due to higher payments in value added tax.

## CONTRIBUTION TO PUBLIC INFRASTRUCTURE

> The development of CMPC's operations is characterised by large-scale transport of raw materials and finished products, especially the delivery of high volumes of wood supplies to the mills. That is why every year the company invests in building roads and bridges and paving of rural roads, as part

PAYMENTS TO NATIONAL STATES	Millions of US\$	
	2008	2009
Income Taxes	72.2	78.6
Customs Duties	55.5	34.4
Net Value Added Tax (VAT) Paid	57.4	75.0
Property Taxes	3.8	4.4
Disallowed Expenses Taxes	0.1	0.2
Taxes on Financial Credits	3.1	3.9
Payments of Services Abroad	1.5	2.5
Commercial and Industrial Licenses	4.3	4.1
Minus Tax Exemptions and Credits	-11.0	-5.8
<b>TOTAL NET PAYMENTS TO STATES</b>	<b>187.1</b>	<b>197.3</b>

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

INVESTMENT IN INFRASTRUCTURE BY TYPE OF INFRASTRUCTURE	Thousand of US\$	
	2008	2009
Roads	2,458	2,829
Paving	1,154	1,178
Flood Prevention		95
Others	34	12
<b>TOTAL</b>	<b>3,645</b>	<b>4,114</b>

of the requirements for the appropriate performance of its operations.

> However, the works that CMPC carry out not only raise the standard of the roads but also improve both the

connectivity and the people's, from local villages, quality of life, which means a public benefit to the community. Between 2008 and 2009 CMPC invested US\$ 7,8 million, with the breakdown shown in the upper table.



## SANCTIONS AND FINES

> In 2009 CMPC paid US\$ 171,000 in fines related to administrative, environmental and labour matters, mainly administrative fines in the Tissue and Forest business centres.

SANCTIONS AND FINES BY BUSINESS CENTRE	Thousands of US\$	
	2008	2009
Forest	96.3	75.2
Pulp	0.0	0.0
Paper	12.8	4.0
Tissue	0.0	88.1
Paper Products	13.3	3.9
Shared Services and Others	0.0	0.0
<b>TOTAL</b>	<b>122.4</b>	<b>171.3</b>

> Early autumn in a CMPC protected coigüe and oak forest, located in the district of Tucapel, Bío Bío Region.



## RELATIONSHIP WITH SUPPLIERS AND CONTRACTORS



> CMPC's suppliers' network comprises both national and foreign companies which provide raw materials, equipment and supplies, as well as specialised services for different areas.



> It is worth mentioning that in 2009, 1,400 Chilean contracting companies provided CMPC's

forestry and industrial operations with specialised and intensive services of skilled labour. Around 90% of these companies operate in a small and medium scale and are run by local businesses, making

an important contribution to the local economic growth of the regions where the company has forest plantations and industrial operations.

> 60% of the transport fleet and 90% of the thinning equipment, used in the plantations, belong to or are carried out by local contracting companies. This directly benefits local neighbouring communities by creating job opportunities.

> CMPC works closely with these contracting companies to achieve high standards in labour, health and safety, social and environmental issues. This collaboration



is based on continuous improvement, ongoing training, good rapport, and the emphasis on the adoption of a set of practices that represent the standards the company has on these matters. The following

are of paramount importance for CMPC:



» Compliance with labour and social laws, the creation of good working conditions and the total absence of child or forced labour.

» Strict compliance with environmental legislation and with the high standards included in CMPC's

environmental and safety systems, which are a requirement for its ISO 14001, OHSAS 18001 and CERTFOR-PEFC certifications.



> However, local suppliers provide CMPC with products and quality services at a very competitive cost and delivery times compared to external non local alternatives. By

supporting local businesses, the company contributes to the social and economic growth of the regions where its factories and operational centres are located.

» A constant communication with its contracting companies to ensure high performance standards are met and also to detect any deviation from the established procedures and correct it.

#### PURCHASE OF GOODS AND SERVICES FROM LOCAL SUPPLIERS

> In 2009, CMPC purchased 44% of its goods and services from local suppliers; this figure is slightly lower than the previous year, mainly due to modernisation projects carried out in the pulp mills, which meant a huge increase in the purchases from foreign suppliers.

#### PROPORTION OF PURCHASES OF GOODS AND SERVICES FROM LOCAL SUPPLIERS

##### BY BUSINESS CENTRE

	% Regional Purchasing	
	2008	2009
Forest	85%	82%
Pulp	47%	28%
Paper	46%	32%
Tissue	27%	38%
Paper Products	73%	65%
Shared Services and Others	96%	92%
<b>TOTAL</b>	<b>55%</b>	<b>44%</b>

##### BY COUNTRY

	% Regional Purchasing	
	2008	2009
Chile	57%	44%
Argentina	38%	47%
Brazil		40%
Peru	63%	63%
Uruguay	23%	87%
Mexico	22%	22%
Ecuador		10%
<b>TOTAL</b>	<b>55%</b>	<b>44%</b>

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

## FOREST INVESTMENT PROGRAMME

> Forestal Mininco is developing a business plan which stimulates small and medium land owners to take part in the forestry production chain.

> This programme, called Forest Investment, currently covers 7.000 hectares of land

in which 45 small and medium landowners are growing high-value plantations. Forestal Mininco supports these businesses by providing them with administrative, genetics and technology support as well as with its silviculture expertise.

> With this programme, CMPC shares its good environmental and plantation management

practices, the landowners earn an income from the first year the forest grows on their lands and they also commit the future timber production to the company.

> This programme helps stop natural erosion processes experienced by unproductive soils, by establishing new forests which renew the soil.

> The establishing of Radiata pine seedlings in Mr. Aquiles Meza's estate, located in the district of San Javier. Mr Meza was the first landowner to enter the programme and his motivation to take part in it, was to obtain the forest bonus, to have incomes during the growing period of his plantation and to keep his land as an inheritance to his heirs.





## CERTIFICATION PROGRAMME FOR SUSTAINABLE FOREST MANAGEMENT OF SMALL AND MEDIUM LANDOWNERS

> CMPC Pulp and Forestal Mininco are developing a programme which certifies the sustainable forest management of small and medium landowners who supply CMPC's mills with pulpwood. By December 2009, 17 landowners, covering 37,000 hectares, had been granted the CERTFOR-PEFC certification.

> This programme allows CMPC to share with the certified landowners its good practices related to labour, protection of the environment and relationship with neighbouring communities. All of which are required to obtain the CERTFOR-PEFC certification.

> Certified landowners and their associates visit the Santa Fe Pulp Mill as a part of technical transfer activities, to learn of the importance of getting good quality wood for the pulp production process.



> Visit from certified landowners to CMPC's Rucamanqui estate in the district of Tucapel, where they are being trained in Eucalyptus Nitens plantation management in low temperatures areas.



> CMPC's CERTFOR-PEFC certification programme is annually performed an audit by an international firm. In this picture, auditors interview some forest workers pruning on a certified estate in the district of San Javier, to make sure the labour standards required for the certification are met.





## RELATIONSHIP WITH CUSTOMERS

> CMPC's customers are both Chilean and Foreign companies that operate commercial and industrial businesses, such as manufacture, distribution and retail.



> CMPC maintains a close link with their customers and is aware of the important role they play in the social rating and the economic success of the company. Generally speaking, this relationship involves the commercial aspects as well as the technical development of the company's products.

> Through proactive credit policies that support the development of its customers' businesses,

CMPC builds mutually beneficial relationships with its customers.

> To constantly improve technical performance of its products, CMPC attends fairs and provides tailor made after sales support to its customers.

> Moreover, CMPC actively takes part in trade, business and industry associations, both in Chile and abroad, and is also an active member of binational chambers of commerce.

> The labelling of CMPC products contains all the information required by the industrial field or other type of customer, according to the nature of the product and whether it is destined to industrial use or massive consumption.

> IN CHILE, EDIPAC, A PAPER DISTRIBUTION COMPANY, SUBSIDIARY OF CMPC, WAS AWARDED "BEST PROVIDER OF YEAR 2009" BY THE CHILEAN PRINTERS ASSOCIATION. THIS IS THE RESULT OF THE COMPANY'S PROFESSIONALISM, QUALITY IN SERVICE AND CONTRIBUTION TO THE NATIONAL PRINTING BUSINESS.

> The marketing and advertising of the Tissue products comply with the ethical standards set by the Self-regulatory Advertising Council and come into the line with the values and ethics of the company.

#### CUSTOMERS' HEALTH AND SAFETY

> CMPC constantly monitors the impact that its products have –throughout their life cycle– on customers' health and safety. The analysis applies to tissue and sanitary products, folding boxboards and paper bags intended for food packaging.

» The components in the tissue and sanitary products are subjected to a strict safety analysis, and microbiological testing to ensure their stability throughout time, as well as dermatological testing is run to guarantee they are hypoallergenic.

» The folding boxboard used in food packaging is HACCP certified and ISEGA approved, which makes it suitable to come in direct contact with food.

» The paper bags used in food packaging are also HACCP certified.





# CMPC AND ITS WORKERS

> FOR CMPC IT IS IMPORTANT TO ENABLE ITS EMPLOYEES TO DEVELOP THEIR TALENTS AND SKILLS, SO AS TO MAKE THEM PART OF A HIGH PERFORMANCE TEAM THAT IS ENTHUSIASTIC, COMMITTED, INNOVATIVE, COLLABORATIVE AND HAS A REAL SENSE OF IDENTITY.



## SHARP INCREASE IN THE NUMBER OF CMPC EMPLOYEES IN LATIN AMERICA

> By the end of December 2009, a total of 14,382 people were employed by CMPC and its subsidiaries, 14.4% higher than in 2008. Such an increase - 1,815 people - was mainly due to the purchase of pulp, paper and tissue assets in Brazil, as well as by the growth in the CMPC's tissue operations in Latin American countries.

> The Tissue business centre itself employed 1,765 more people, an increase of 38% over 2008. This rise in the number of workers is a result of the purchase of Melhoramentos Papéis in Brazil and also of the growth in the company's operations in Peru, Mexico, Ecuador, Uruguay and Colombia.

> The employees from the Tissue business centre accounted for

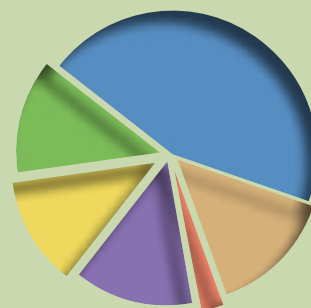
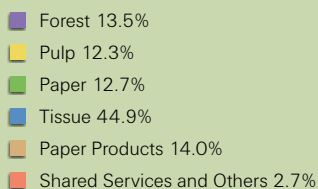
45% of CMPC's total personnel. This business centre has industrial operations in 8 Latin American countries, as shown on the map on page 13.



### CMPC PERSONNEL (as of 31 December of each year)

BY BUSINESS CENTRE	2008	2009
Forest	2,207	1,941
Pulp	1,469	1,767
Paper	1,870	1,821
Tissue	4,686	6,451
Paper Products	1,935	2,009
Shared Services and Others	400	393
<b>TOTAL</b>	<b>12,567</b>	<b>14,382</b>

### > CMPC PERSONNEL BY BUSINESS CENTRE 2009





> In 2009, employees for CMPC working abroad totalled 5,943 people, which represent 41.3%

of the company's personnel. The figure is higher than in 2008: 3,703 employees worked abroad.

> The number of female employees grew from 7.6% in 2007 to 9.2% in 2008 and then by December 2009, it reached 9.5%. The highest number of female employees was observed in Colombia and Mexico with 39% and 26% of female staff respectively.

> CMPC's personnel figures show a balance in the percentage of people employed in relation to age groups.

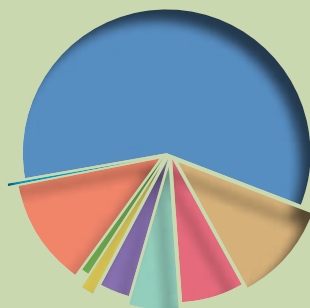
**CMPC PERSONNEL**

(as of 31 December of each year)

BY COUNTRY	2008	2009
Chile	8,864	8,439
Argentina	1,568	1,595
Peru	863	1,034
Mexico	639	773
Uruguay	431	492
Colombia	164	206
Ecuador	14	126
Brazil	15	1,707
United States	9	10
<b>TOTAL</b>	<b>12,567</b>	<b>14,382</b>

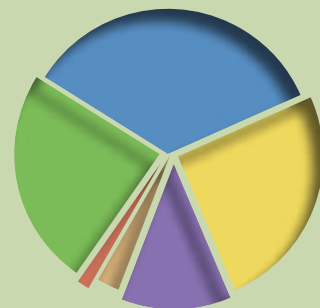
**> CMPC PERSONNEL BY COUNTRY 2009**

- Chile 58.7%
- Argentina 11.1%
- Peru 7.2%
- Mexico 5.4%
- Uruguay 3.4%
- Colombia 1.4%
- Ecuador 0.9%
- Brazil 11.9%
- United States 0.1%



**> PERCENTAGE OF PERSONNEL BY AGES**

- Under 20 years, 1.4%
- Between 20 and 29 years, 24.4%
- Between 30 and 39 years, 34.2%
- Between 40 and 49 years, 25.5%
- Between 50 and 59 years, 12.1%
- 60 years and over, 2.4%



## INTERNAL COMMUNICATION THAT INTEGRATES PERSONNEL FROM ALL THE COUNTRIES

> The CMPC's continuous international growth requires the company to develop and upkeep internal communication systems that promote and strengthen its corporate culture. The Tissue business centre, which has seen a substantial geographic expansion, holds a Regional Workshop where the General Manager meets employees from all the countries. These workshops are held every year and give management and staff a chance to discuss operational, market and strategic issues.

> Continuous, transparent and proactive communication with the Unions from all CMPC subsidiaries.

> "Mi Papel" magazine has



proved to be a very effective communication tool. It features topics related to the daily activities carried out by employees as

well as activities aimed at their personal and professional growth. This magazine is distributed to all CMPC employees, both in Chile and abroad.

> Newsletters, made by each business centre, feature news, activities and also highlight the work of outstanding employees.

> A dynamic intranet portal features both useful contents and online help to carry out professional tasks. In addition, it is a direct communication channel to share ideas, transmit suggestions and concerns.



## EQUAL JOB OPPORTUNITIES AND NO DISCRIMINATION POLICY

> CMPC IS AN EQUAL OPPORTUNITIES EMPLOYER AND WILL, FROM THE START OF THE RECRUITMENT PROCESS, CONSIDER WHETHER THE APPLICANT IS ELIGIBLE OR NOT BASED ONLY ON THEIR EXPERIENCE AND ABILITIES RELEVANT TO THE POSITION APPLIED FOR.

> CMPC FIGHTS DISCRIMINATION BASED ON RACE, RELIGION, GENRE, SEXUAL ORIENTATION, NATIONALITY, AGE, MARITAL STATUS, POLITICAL VIEWS, UNION AFFILIATION OR SOCIAL BACKGROUND.

> FEMALE APPLICANTS ARE NOT REQUIRED TO TAKE A PREGNANCY TEST AS PART OF THE APPLICATION PROCESS; NEITHER ARE THEY ASKED TO DO IT IF THEY ARE SUCCESSFUL. FOR FEMALE EMPLOYEES, THEIR PROGRESSION WITHIN THE COMPANY IS NOT CONDITIONED BY THE ABSENCE OF PREGNANCY.

## EDUCATION AND IN-SERVICE TRAINING: A COMPANY AT CUTTING-EDGE TECHNOLOGY

- > CMPC employees have achieved a high level of specialisation and efficiency, 29% holds an academic degree, or finished tertiary education. A large proportion of our workers are qualified to carry out complex production processes.
- > Low level of staff turnover:

1.5% in 2009, slightly lower than 2008 (1.8%). CMPC offers its employees opportunities to develop a career within the company and encourages them to undergo training. CMPC also offers its employees job security, good working environment and additional benefits.

- > In-service training is essential to guarantee the sustainability of the company's future businesses. Education and ongoing training, which go hand in hand with productivity improvements, also provide

employees with a deep feeling of satisfaction.



### CMPC PERSONNEL 2009: SENIOR MANAGEMENT, PROFESSIONALS AND TECHNICIANS, WORKERS

BY BUSINESS CENTRE	Senior Management	Professionals and Technicians	Workers	Total
Forest	14	563	1,364	1,941
Pulp	28	625	1,114	1,767
Paper	19	647	1,155	1,821
Tissue	77	1,516	4,858	6,451
Paper Products	24	273	1,712	2,009
Shared Services and Others	10	344	39	393
<b>TOTAL</b>	<b>172</b>	<b>3,968</b>	<b>10,242</b>	<b>14,382</b>

> In 2009, 187,000 hours were committed to staff training from all the areas in the company. This is one of CMPC's most outstanding achievements in this matter.

> 31% (out of 187,000 hours), was committed to staff from the company's operations abroad, compared to 16% in 2008.

> CMPC's in-service training programmes are designed taking the long-term into account. This means ongoing training, and when new technology and industrial processes come in, additional reinforcement sessions are introduced. This proves especially useful when a new factory is being set up, as was the case of CMPC Tissue in Colombia.

#### IN-SERVICE TRAINING HOURS 2009

BY BUSINESS CENTRE	Senior Level	Middle Level	Operative Personnel	Total
Forest	1,638	4,793	2,771	9,202
Pulp	3,422	10,952	15,320	29,694
Paper	1,333	11,802	30,061	43,196
Tissue	19,025	15,440	42,186	76,651
Paper Products	812	3,141	12,225	16,177
Shared Services and Others	3,622	7,437	640	11,699
<b>TOTAL</b>	<b>29,852</b>	<b>53,565</b>	<b>103,203</b>	<b>186,619</b>

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



> Workers who will operate the tissue rolls conversion line in the Gachancipá mill, receiving training.



> The assembly of the paper machine by workers and people in charge of the project.

## TRAINING FOR THE GACHANCIPA PEOPLE: A NEW CMPC TISSUE MILL IN COLOMBIA

> The growth in the Tissue operations in Colombia made it necessary to build an industrial plant in Gachancipá, situated 45 Km North of Bogotá. The town of Gachancipá has a population of 10,000 inhabitants and its economy is based largely on flower cultivation.

> CMPC decided to create job opportunities for the local community. The company together with the Gachancipá local authority and the Colombian National Learning Service developed a 7-month programme to train local workers in the operation of

industrial plants. The results obtained at the end of the programme were used to recruit personnel for the newly opened plant.

> While the construction process was underway, the workers recruited started a one-month course on paper machinery and tissue converting lines; the workshop took place at the local council facilities. The technical components of the course were presented by specialised personnel from the Peru Tissue subsidiary, which is familiar with the kind of paper machinery that would be installed in Gachancipá, because it is identical to the one currently being used in Peru.

> Once the theory component

of the course was over, the workers were appointed to work as trainee at the Lima Tissue Mill in Peru. This training went on for 2 months, at the end of which they were fully skilled in the use of paper machinery, fibre preparation processes and auxiliary systems.

> At present, 60 people, coming from Gachancipá, are working in what will soon be the Gachancipá Tissue Mill, and are taking an active role in the operation of the first conversion line and in the assembly of the paper machine, both of which will be fully operational by November 2010. This fact has been regarded, by the community, as a contribution to the economic growth of the region.



## CLOSE PROXIMITY TO LOCAL COMMUNITIES

> Because of CMPC's commitment to the communities where the company is present, it is of utmost importance that operations in these areas are led by high-ranked personnel who either come from these areas or have permanent residence in the communities situated near the company's facilities.

> This improves CMPC's communication with neighbouring communities and has a positive effect on taking part in activities related to the Corporate Social Responsibility, which the company carries out through the CMPC Foundation, The Good Neighbourhood Plan and the support to neighbouring communities.

> In 2009, 89% of CMPC's senior and middle managers came from or had permanent

residency in the areas close to the company's operational plants. This figure is slightly higher than in 2008.

> The figure above is due to CMPC's policy of fostering an

actual integration with local communities and of actively getting involved in their social and economic growth, through a close relationship with local authorities and neighbourhood organizations.

### PERCENTAGE OF SENIOR AND MIDDLE MANAGERS COMING FROM OR HAVING PERMANENT RESIDENCY IN LOCALITIES CLOSE TO THE COMPANY'S FACILITIES

BY BUSINESS CENTRE	2008	2009
Forest	89%	89%
Pulp	77%	90%
Paper	75%	90%
Tissue	85%	82%
Paper Products	90%	91%
Shared Services and Others	100%	100%
<b>TOTAL</b>	<b>85%</b>	<b>89%</b>

BY COUNTRY	2008	2009
Chile	85%	92%
Argentina	70%	63%
Brazil		50%
Peru	98%	97%
Uruguay	94%	95%
Mexico	89%	91%
Colombia	20%	18%
Ecuador		70%
<b>TOTAL</b>	<b>85%</b>	<b>89%</b>

## TRUSTWORTHY LONG-STANDING WORKING RELATIONSHIPS

> CMPC values a good working environment since it believes it has a positive effect on both individual and team work. The company's effective coordination with unions has been instrumental in establishing a continuous, proactive and transparent communication between management and CMPC's employees.

> Regular meetings, written communications and consultation with union representatives, have contributed to strengthen the mutual trust between the company and its workers, and have improved policies related to working conditions and employee benefits.

> There are 50 unions that represent 57% of the CMPC's employees. The oldest unions are:

» The N°1 Workers Union of Papeles Cordillera, dating back from 1927, it is the oldest Chilean Union.

» The N°2 Workers Union of Papeles Cordillera, established in 1931.

» The N°1 Workers Union of Laja Pulp Mill, established in 1961.

» The N°2 Workers Union of Laja Pulp Mill, established in 1966.

### PORCENTAGE OF UNION MEMBERSHIP

BY BUSINESS CENTRE	2008	2009
Forest	64%	62%
Pulp	59%	52%
Paper	52%	53%
Tissue	63%	62%
Paper Products	54%	54%
Shared Services and Others	2%	1%
<b>TOTAL</b>	<b>58%</b>	<b>57%</b>

BY COUNTRY	2008	2009
Chile	61%	58%
Argentina	47%	57%
Brazil		87%
Peru	27%	19%
Uruguay	81%	81%
Mexico	70%	70%
<b>TOTAL</b>	<b>58%</b>	<b>57%</b>

> By the end of December 2009, 69% of CMPC's employees were covered by collective bargaining agreements currently in force.

#### CMPC'S EMPLOYEE BENEFITS

> Scholarships, school bursaries and sports activities for employees' children, as well as leisure activities for staff. Education, birth and death allowance.

> The company offers its employees loans to cover the operational costs of buying a house.

> CMPC has put into practice several healthcare programmes for its employees, such as immunisation, preventive medicine, a welfare service, complementary health insurance, and discounted prescriptions, dental care and prescription glasses. CMPC employees can also get subsidised hospital and private care.

> Leisure and cultural activities for employees and their families, such as sports, drama, music and singing.

#### PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS

BY BUSINESS CENTRE	2008	2009
Forest	64%	64%
Pulp	64%	54%
Paper	66%	67%
Tissue	65%	79%
Paper Products	66%	65%
Shared Services and Others	8%	10%
<b>TOTAL</b>	<b>63%</b>	<b>69%</b>

BY COUNTRY	2008	2009
Chile	62%	63%
Argentina	85%	83%
Brazil		100%
Peru	33%	43%
Uruguay	100%	100%
Mexico	70%	100%
<b>TOTAL</b>	<b>63%</b>	<b>69%</b>

## RISK PREVENTION POLICY: WORKING TOWARDS A HEALTHIER AND SAFER WORKING ENVIRONMENT

> At CMPC, advances in safety and occupational health have been achieved by a joint effort with the workers, their unions and other labour

representatives. This work has experienced some significant advances over time:

- » Appropriate safety elements made available to employees, which allow them to carry on their daily activities safely.
- » Standard operations procedure manuals for employees.
- » Joint Committees, company-employees.



### PERCENTAGE OF WORKERS REPRESENTED IN JOINT COMMITTEES

BY BUSINESS CENTRE	2008	2009
Forest	99%	99%
Pulp	98%	99%
Paper	97%	98%
Tissue	91%	90%
Paper Products	99%	97%
Shared Services and Others	86%	85%
<b>TOTAL</b>	<b>95%</b>	<b>94%</b>

BY COUNTRY	2008	2009
Chile	99%	99%
Argentina	85%	84%
Brazil		100%
Peru	72%	65%
Uruguay	100%	100%
Mexico	100%	100%
Colombia	100%	100%
<b>TOTAL</b>	<b>95%</b>	<b>94%</b>

» Healthcare and health insurance programmes.

> 94% of CMPC's employees actively participate in joint committees dealing with Order, Hygiene and Safety. In Chile, these committees are established in accordance with Law N° 16.744. For the company's operations abroad, the most relevant aspects of the Chilean legislation have been homologated.

## RISK PREVENTION POLICY

> CMPC's Risk Prevention Policy is geared up to protect employees' life and health, neighbouring communities and the environment. We also aim to protect our facilities and the operational continuity of our production processes.

> A special mention for the Zero Fault Plan from CMPC Pulp and for the Corporate Safety System from CMPC Tissue. Both plans have essential elements in common:

- » They are inspired by the OHSAS 18,001 standard and integrate the management of environmental risks, protection of facilities and the coordination of emergency response with institutional and local authorities.
- » They emphasise the cultural change in employees, making them aware of the operational risks for both people and the environment.



> Santa Fe Pulp Mill's annual parade, August 2009. CMPC's employees and staff from service companies wear safety equipment. The event lasted 15 days during which more than 3,000 people took part in essential maintenance work in the mill, as well as repairs and modernisation of equipment and facilities. The team focused mainly on Safety and Environmental issues, and no accidents involving the loss of working hours were recorded.

- » They are designed to incorporate staff from all areas of the company.
- » Both plans are regularly revised and updated in terms of operational and emergency procedures.
- » These plans identify the areas in each mill according to their risk level and allocate teams responsible for delivering a coordinated and prompt response.

**> THE LAJA PULP MILL REACHED 1,000,000 WORKING MAN-HOURS, ACCIDENT-FREE - DONE EFFECTIVELY BY BOTH PERMANENT STAFF AND CONTRACTOR COMPANIES - WITHOUT ANY WASTE OF TIME. THIS REMARKABLE ACHIEVEMENT IN SAFETY WAS ON AUGUST 28<sup>TH</sup> 2009.**



> Regarding safety and occupational health statistics, staff absence levels have

remained low, with an average of 2.0%. In 2009, accidents totalled 551, a figure 5.3%

lower than in 2008. 12,333 days were lost due to accidents, 14% more than in 2008.

#### SAFETY AND OCCUPATIONAL HEALTH STATISTICS

BY BUSINESS CENTRE	2009					
	Rate of Absenteeism	Nº of Cases with Professional Illnesses	Nº of Accidents	Days Lost	Nº of Fatal Accidents	Average Employees in the year
Forest	3.8%	10	40	1,406	0	2,000
Pulp	2.3%	0	9	371	0	1,371
Paper	2.2%	0	93	1,810	0	1,816
Tissue	1.1%	4	251	5,951	0	5,508
Paper Products	2.3%	0	146	2,754	0	1,906
Shared Services and Others	2.4%	0	12	41	0	409
<b>TOTAL</b>	<b>2,0%</b>	<b>14</b>	<b>551</b>	<b>12.333</b>	<b>0</b>	<b>13.009</b>

BY COUNTRY	2009					
	Rate of Absenteeism	Nº of Cases with Professional Illnesses	Nº of Accidents	Days Lost	Nº of Fatal Accidents	Average Employees in the year
Chile	2.3%	10	351	7,483	0	8,491
Argentina	2.6%	0	101	2,889	0	1,298
Brazil	0.5%	1	6	182	0	875
Peru	0.0%	0	36	410	0	946
Uruguay	6.3%	1	40	677	0	465
Mexico	0.1%	1	8	347	0	711
Colombia	0.2%	1	6	330	0	153
Ecuador	0.0%	0	3	15	0	71
<b>TOTAL</b>	<b>2,0%</b>	<b>14</b>	<b>551</b>	<b>12,333</b>	<b>0</b>	<b>13,009</b>

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



# CMPC AND THE COMMUNITY

> CMPC BECOMES INVOLVED IN THE CHALLENGES AND ASPIRATIONS OF THE LOCAL COMMUNITIES WHERE IT RUNS INDUSTRIAL OPERATIONS. TO DO SO, THE COMPANY CARRIES OUT EDUCATIONAL SUPPORT AND COMMUNITY DEVELOPMENT PROGRAMMES THAT BENEFIT THE NEIGHBOURS OF ITS FOREST LANDS AND FACTORIES, IN ORDER TO IMPROVE THEIR QUALITY OF LIFE.



# THE CMPC FOUNDATION: PLANTING THE SEEDS OF THE FUTURE FOR TODAY'S CHILDREN

> Since 2000 the CMPC Foundation has been supporting the educational work in schools situated near the company's premises. This work aims at improving the quality of education the children receive, so that they can have better opportunities in life, as well as development in the local communities.

## TEACHER TRAINING PROJECTS

> The Teacher Training projects are designed to support teaching staff and principals from primary schools and help them improve their teaching practice so that students obtain better results in Language and Mathematics. To accomplish this, CMPC developed several projects:

- » Teacher training in Language, Mathematics and School Management.
- » Revision and planning workshops.

- » Advisory services to both teachers in the classroom and principals at schools.
- » Evaluation of the children's learning.

> 6,746 students benefited from the programme,  
> 51 schools in 9 districts,  
> 370 teachers and principals,  
> 3,356 hours of training and advice, 38% more than in 2008.

*"WE HAVE RECEIVED VALUABLE RETRAINING, WE HAVE BEEN SUPPORTED BY OUTSTANDING TEACHERS AND WE HAVE RECEIVED THE SUPPORT OF SUPERB DIDACTIC MATERIAL. I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK THE CMPC FOUNDATION THAT MADE THIS EXPERIENCE POSSIBLE. THIS CONTRIBUTION HELPS US BETTER BOTH OURSELVES AND THE EDUCATION IN OUR COUNTRY."*

STATEMENT BY MARIA CECILIA ORELLANA,  
PRE-SCHOOL TEACHER AT MANUEL  
RODRIGUEZ SCHOOL, DISTRICT OF  
SAN JAVIER.



> Teachers attending retraining sessions under the guidance of lectures by professionals from the CMPC Foundation. These sessions deal with teaching practice and contents that teachers can apply in Language and Maths lessons.



> Professionals from the CMPC Foundation also advise to principals on School Management and Teaching support follow-up.



> By improving the children's performance in Language and Maths, the foundations are laid to improve their quality of life.





## SCHOOL LIBRARY PROJECT

> The School Library project was designed to encourage children, parents and teachers to read more. Reading is a key element of both learning and cognitive development.

> This project ran from 2005 to 2009 in the districts of Nacimiento and Negrete. During this time the number of book loans grew considerably. Libraries are now open to schools and local communities and have become a very important part of the

educational project in every school.

> 9 libraries opened to 5,052 students and their communities.  
> 281 teachers and principals got trained.

> Reading for pleasure is the basis of children's growth and learning process as it favours communication and language development, creativity and culture.



*"I HAD NO IDEA THAT IMPORTANT THINGS, SUCH AS BEING A MOTHER, COULD BE TAUGHT."*

STATEMENT BY A MOTHER, WHO ATTENDED THE EARLY YEAR STIMULATION WORKSHOPS IN NACIMIENTO.

#### THE GROWING-UP TOGETHER PROJECT

> The Growing-up together project is oriented to stimulate, through the partnership of parents and schools, the cognitive, sensory-motor and socio-emotional development in children between 2 and 6 years old from the district of Nacimiento.

> In 2009 pre-school teachers and practitioners received training; parents were given the opportunity to attend talks and workshops. The local people received counselling, as well as seminars and evaluation sessions.



> 436 mothers and their children benefited from this project.  
> 32 pre-school teachers and principals received training at 5 schools and kindergartens.

> Pre-school children have a huge learning potential, therefore parents must learn how to encourage them to develop their cognitive, emotional and social capabilities.

## CULTURAL PROJECTS IN NACIMIENTO, LAJA AND MININCO

> Throughout 2009, cultural projects were developed for Nacimiento and Laja in the Bio Bio Region and for Mininco in the Araucania Region. These projects included activities such as dance lessons, drawing, belly dance, singing and guitar lessons, Latin-American dance and computer literacy courses. The people also had the opportunity to enjoy movies, plays and outdoor concerts.



> In 2009, the Tree Room was modernized with new interactive games to show the production cycle of wood, pulp and paper and the environmental protection carried out by CMPC.

*"MY NEIGHBOUR  
AND I MADE UP  
OUR MINDS TO GIVE  
THESE ACTIVITIES  
A TRY SO REALISED  
THAT IT IS NEVER  
TOO LATE TO LEARN  
NEW THINGS"*

STATEMENT BY  
NORMA REBOLLEDO,  
A NEIGHBOUR FROM  
NACIMIENTO.

## JORGE ALESSANDRI EDUCATIONAL PARK

> Since its opening in 1993, the Jorge Alessandri Educational Park has received over a million visitors. Located between Concepcion and Coronel, the Park's main purpose is to, through free educational and cultural activities, share the production, forest and

environmental management of Empresas CMPC.

> The Park features the following:

» The Park Trails and The Native Forest give visitors the opportunity to experience nature and enjoy a unique ecosystem.

» At the Tree Room, in a playful environment, children learn





> In 2009, the Jorge Alessandri Educational Park received 121,369 visitors, 11% higher than 2008.



> Families and school groups visiting the Educational Nursery, learn about flora species and the preservation of natural resources.

about the timber industry and the production processes of wood, pulp and paper.

» At the Educational Nursery, visitors learn about tree species and their use in the timber industry, medical science and decorations business.

» At the Cultural Amphitheatre, during summer, visitors can see artistic performances. There are also exhibitions taking place at the central square and at the

showroom.

» The Museum Artequin is an interactive instance for children to get familiar with the main Occidental art works.

### THE FUTURE MUSEUM ARTEQUIN IN LOS ANGELES

> Both CMPC and The Municipal Council in Los Angeles are working out a plan to build a Museum Artequin

in this city. The project will take art closer to children and will open a cultural space for the local community. During 2009 some curatorial work was done as well as the design of educational proposals and architectural studies.

## THE CMPC FOUNDATION AND ITS ACHIEVEMENTS

> The 2009 SIMCE test (Quality of Education Measuring System) in Language and Mathematics, showed some improvements in the results obtained by schools supported by the CMPC Foundation. These results were higher than the national average.

> Some outstanding results were achieved by schools in the districts of Yerbas Buenas, San Rosendo and Negrete; in all three of them the general scores were considerably higher compared to previous years. Negrete has shown a constant improvement since 2006, which



has placed this district among Chile's 20 best performing municipal education system.

> Schools supported by the CMPC Foundation in the districts of Talagante, San Javier and Mulchen achieved their highest ever score in Language.

> The School Luis Ambrosio Concha in Yerbas Buenas is one, out of the 20 schools that improved

significantly between 2008 and 2009.

> The School Toqui Lautaro in Nacimiento is one, out of the 20 municipal schools whose results have dramatically improved in the last 10 years.

> The schools Maintencillo in Yerbas Buenas, Capilla de Caleu in Til-Til, Dollinco in Nacimiento, Callejones in San Rosendo and Bernardo O'Higgins in San Javier, achieved results that are above the average for schools from the same socio-economic level and funding.





*"DURING 2009 THE CMPC FOUNDATION PROVIDED OUR SCHOOLS WITH SUCH A SUBSTANTIAL SUPPORT, THAT SCHOOLS FROM NACIMIENTO COULD STAND OUT AT BOTH LOCAL AND REGIONAL LEVEL. I AM CERTAIN THAT ALL THE HARD WORK DONE BY CMPC PROFESSIONALS WAS SOWN IN FERTILE SOIL, SO THAT ENTHUSIASM, OPTIMISM AND PERSEVERANCE GREW IN ALL OF US".*

STATEMENT BY  
LUZGARDA NOVOA,  
PRINCIPAL AT  
SCHOOL TOQUI  
LAUTARO IN  
NACIMIENTO.

## DONATIONS

In 2009, donations from CMPC totalled US\$ \$4,928 thousands, 69% higher than 2008. The educational projects from the CMPC Foundation together with the support to universities and to education in general, represented 56% of the company's total social contributions.



DONATIONS	Thousands of US\$	
	2008	2009
The CMPC Foundation	1,140	1,334
Universities and Education in General	141	1,408
Academic Foundations, Associations, NGOs	646	939
Cultural Contributions	227	56
Social Contributions	275	328
Donations Law N° 19,712	188	75
Donations Law N° 19,885	304	789
<b>TOTAL</b>	<b>2,922</b>	<b>4,928</b>

# THE GOOD NEIGHBOURHOOD PLAN AND THE SUPPORT TO NEIGHBOURING COMMUNITIES

> CMPC seeks to create opportunities for social and economic development for the communities neighbouring the company's forest operations and facilities. Forestal Mininco has developed an open door policy towards rural communities, especially the Mapuches'. This, known as The Good Neighbourhood Plan, is designed to create job opportunities, educational support programmes, as well as train and up-skill local residents to make the most of their contribution to the community.

> Moreover, the CMPC Pulp Mills

are supporting the neighbouring communities from Nacimiento, Laja, San Rosendo, Collipulli and Renaico districts.

> On the following pages, a summary containing the main programmes that Forestal Mininco and CMPC Pulp have developed to help their neighbouring communities is presented.

## JOB OPPORTUNITIES FOR LOCAL COMMUNITIES

> In 2009, 670 positions were created for residents of

the Mapuche communities, as part of the programme to incorporate local labour to the forestry work carried out by the company.

> Residents are employed by forestry service companies and receive training on health and safety, risk prevention and environmental protection. This enables them to perform different tasks in forest lands, such as plantation establishment, herbicide application and the activities of pruning, thinning and harvesting.

> Forestry tasks being performed by Mapuche residents from the Collipulli district, using traditional harvest methods.



## PROGRAMMES TO SUPPORT THE STUDENTS' EDUCATION FROM NEIGHBOURING COMMUNITIES

### SCHOOL BURSARY PROGRAMMES

> In 2009 the Rural Bursary Programme created by Forestal Mininco helped 102 students from families on a low income to stay in full time education. The money the families receive helps towards the cost of textbooks, toiletries and travel expenses. Students who have the benefit of education come from 45 schools in the Maule, Bio Bio and Araucania regions.

> The El Vergel Bursary Programme, developed in collaboration with the El Vergel Agricultural School - belonging to the Methodist Corporation of Angol - helped 30 students to achieve a technical qualification in agriculture. The funds granted by Forestal Mininco



> Students from the El Vergel Agricultural School and their tutors.

help school students afford uniforms, textbooks, stationery and weekly travel expenses to their homes.

### MUSIC PROGRAMME

> Under the slogan "Music: a bridge between the community and its culture", Forestal Mininco has been carrying out an artistic training programme which encourages the school community, students, parents and teachers to learn about music and to take part in bands.

> This programme gives students the opportunity to learn

a musical instrument and keep local, national and regional folk music alive.

> Through musical expression, students develop skills that facilitate their integration to the social and school environment as well as having a positive effect in their communities, where CMPC runs its operations.

> In 2009, 48 schools - from 24 local districts - and 1,911 students, parents and teachers took part in this programme.





1

- 1 > Band from The Quidico School in Tirua.
- 2 > Band from The Pellines School in Empedrado.
- 3 > Band from The Tapihue School in Pencahue.
- 4 > Band from The Canada School in Collipulli.



3



2



4



## SCHOOL TREE NURSERY PROGRAMME

> This programme allows students from rural schools to grow eucalyptus plants and native species trees in nurseries built within the school grounds.

> With the help of their teachers, students learn how to make plants grow and how to look after trees.

> In 2009, Forestal Mininco supported the building of tree nurseries in 14 schools.

**1** > Students and their head teacher from G-1045 School in Millapoa, district of Nacimiento, showing the nursery where they are growing trees.

**2** > Tree nursery at G-1044 School in Las Corrientes, Nacimiento.

**3** > Tree nursery at N° 7 Private School in El Carrizal, Nacimiento.





SUPPORTING STUDENTS  
TRAINING AT LICEO DE  
NACIMIENTO

**1** > As part of their curriculum, students at Liceo de Nacimiento take part in electro-control and mechanics workshops at the CMPC Santa Fe Pulp Mill. These workshops give students the opportunity to experience a highly demanding industrial environment.

ROBOTICS WORKSHOPS

**2 and 3** > Engineers from CMPC Laja and Santa Fe Pulp Mills work with students on a Robotics workshop which will develop their creativity, innovative thinking and team work.



## PROGRAMMES TO SUPPORT THE MAPUCHE COMMUNITIES

### HORTICULTURE AND FRUIT VENTURE IN CHOLCHOL

> CMPC collaborates with the Mapuche communities to encourage their production

potential and to develop associations that will enable them to reach common targets.

> The Rewe Communities Association in Cholchol, formed by 22 Mapuche communities consisting of 550 families, became part of CorpAraucania, an organisation that promotes

the development of the La Araucania Region. This partnership created a strong link with the business world, which in turn helped the Rewe Association to carry out the plantation of berry orchards in lands owned by the families.

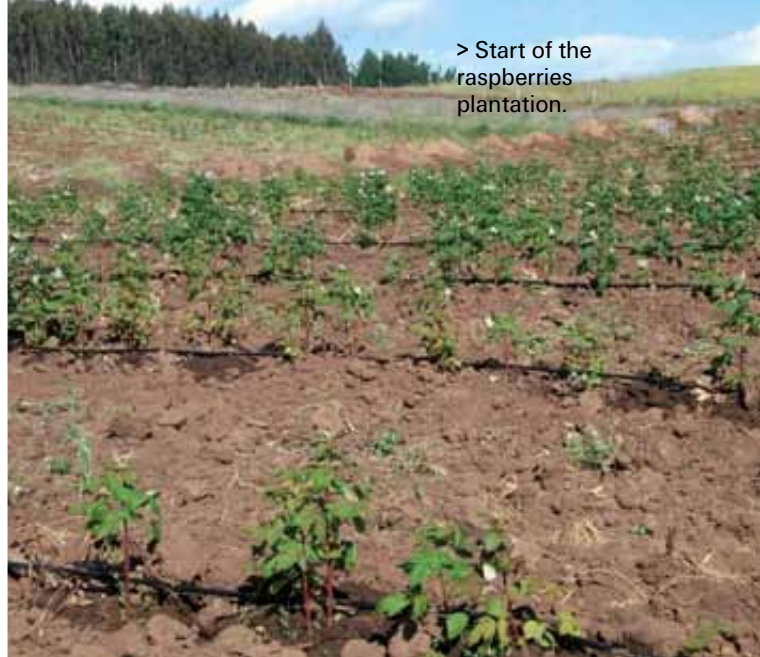
> The signing of the cooperation agreement and the traditional Mapuche rogation ceremony to protect the new business venture.







> The construction of the drip irrigation system.



> Start of the raspberries plantation.



> The orchards first harvest.



> As their very first project, 8 hectares of land owned by the families belonging to the Association were used to grow Heritage raspberries.

> The Rewe Communities Association and Forestal Mininco signed a cooperation agreement by which the latter provided the drip irrigation technology necessary to water the raspberry plantation as well as training the landowners on how to use it.

> This project benefits both the members of the Association and seasonal temporary workers who are in high demand when the harvest time arrives.

## MAPUCHE LOOM COURSES

> Courses on Mapuche loom were introduced as part of an agreement signed by the Cañete Municipal Council, CONAF (the National Forestry Corporation), 8 Mapuche communities from

the Huape-Antiquina area and Forestal Mininco. The courses are intended to recover the Mapuche's ancient techniques of weaving.

> The courses mentioned above were attended by Mapuche

communities from Antiquina, Huape-Puañil, Huape-Epullan and Collico, all in the Cañete district. By attending these courses the communities will be able to turn this new skill into family support income.



**1** > Preparation of the herbs to dye the wool.

**2** > The wool-dyeing process.

**3** > Participants from one of the courses.

**4 and 5** > Crossing threads on a loom.







1



2



3



4

### NOCHA NURSERIES

> The Mawida Nocha programme (Mountain Nocha) has been created to allow the Mapuche communities to grow Nocha in established nurseries in their land.

> The Nocha is a plant that grows in the native forest, far

from populated areas. Its long and thin leaves are used in traditional Mapuche basketry.

> In 2009, 20 Nocha nurseries were built, using materials supplied by Forestal Mininco and labour supplied by local residents. The plants grown in these nurseries will provide the material artisans need to work.

1 > The preparation of the land and the materials to build the nursery.

2 > The newly-built nursery.

3 and 4 > The planting of the Nocha plants.

5 > The Nochas are ready to grow in a controlled environment.



5





## TEACHING THE MAPUDUNGUN

> Mapudungun is the Mapuche's people ancient language that has progressively disappeared; this is not only a loss to the Mapuche community but a loss to the world's linguistic heritage. Luckily, this situation can be reversed by actively contributing to its preservation as a live language.

> Forestal Mininco is currently working on a Multimedia Mapudungun Dictionary, which will help children aged 6 and 7 in the process of learning the language.

> By introducing this interactive dictionary in schools, the project seeks to bring children closer to the Mapuche culture by helping preserve their language and stimulating its everyday use.



1 y 2 > The Interactive Mapudungun Dictionary.



3 > The Fourth Regional Encounter of Mapuche Folklore at Villa Mininco, Araucania Region, on April 18th 2009. The CMPC Pacifico Pulp Mill working with the Communal Union of Mapuche Communities of Collipulli, has carried out many activities for the community such as Mapuche loom classes, Mapudungun language lessons and traditional Mapuche folklore encounters.

## PROGRAMMES TO STIMULATE THE PRODUCTIVE DEVELOPMENT OF NEIGHBOURING COMMUNITIES

### NON-TIMBER FOREST PRODUCTS COLLECTION

> Non-timber forest products include a variety of wild fungi, fruit, vegetables, aromatic and healing herbs, which grow on Chilean forests. It is estimated that the process of these products employs around 220 thousand people, 90% of whom are women.

> In 2000, The Taller de Accion Cultural - a NGO known as The Cultural Action Workshop -, started a programme of wild fruit picking in six communities in the Bio Bio Region. The workers, mainly women, were encouraged to establish committees to organise their work, this later led to the construction of processing plants which added value to

the products. Currently, around 50 different dried products are obtained from this activity and four years ago they began being exported.

> Forestal Mininco actively supports 2,000 neighbours in the process of wild fruit picking in land owned by CMPC. The company grants entry permits, trains the workers on health, safety and fire prevention,

break schedules and provides emergency telephone contact.

> Additionally, the company funded the publishing of the book "Healing plants, sharing experiences and knowledge". The book compiles the knowledge of the Bio Bio Regional Pickers Association which is formed by the 7 picking committees from that region.

> The book "Healing plants, sharing experiences and knowledge".







1 and 2 > The picking process.

3 and 4 > The processing of the picked products.



THE TAGASASTE  
BREEDING PROGRAMME:  
A FODDER PLANT

> The Tagasaste is a leguminous fodder plant (*Chamaecytisus Proliferus*), which grows very well in poor quality soils and can endure dry seasons of up to 5 months.

> Forestal Mininco takes part in the development of nurseries to grow the Tagasaste plants which are afterwards planted onto farm land owned by local residents.

> In 2009, 7,500 Tagasaste plants were bred in 21 nurseries across 17 districts.

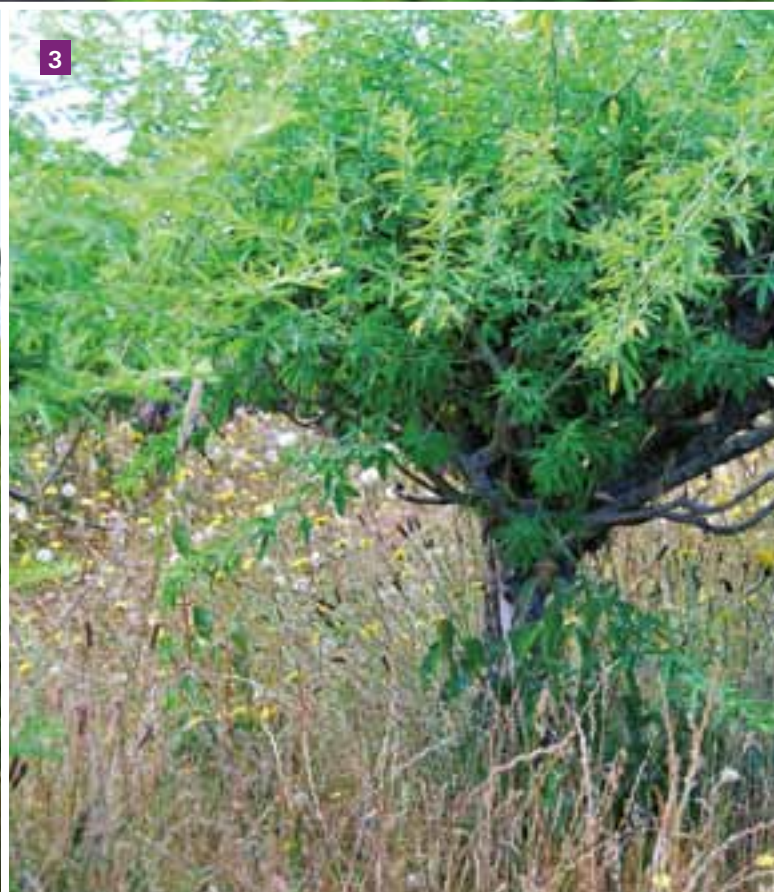
> 119 local residents planted the Tagasaste plants onto their land to feed their livestock as well as to sell it as fodder.

> It is estimated that this programme will produce 52,000 new plants in 2010, which will be bred in 26 nurseries.

**1 and 2** > The planting of the Tagasaste plants onto local residents' lands.  
**3 and 4** > A detailed image of the Tagasaste plant.







## FOREST GRAZING PROGRAMME

> This programme supports cattle breeding in the district of San Nicolas, by taking advantage of the resources available in the forest.



> Tagging the livestock.

> The company is helping small scale cattle producers to ensure they meet the productive and economic targets they have

set for themselves. Ten families are involved in implementing a system to breed about 200 livestock, calves and lambs.

> Livestock producers joining the 2009-2010 programmes.





AGRICULTURAL DEVELOPMENT  
IN THE HUELEHUEICO VALLEY

> CMPC Pulp and the Renaico  
Municipal Authority are carrying

out an agricultural development  
programme in The Huelehueico  
Valley; this programme allows  
small scale farmers who live  
near the Pacifico Pulp Mill,

to implement new farming  
techniques and to use high  
quality inputs. This scheme has  
helped the farmers to improve  
the productivity on their lands.



## TRAINING COURSES FOR NEIGHBOURING COMMUNITIES

> In 2009, 112 courses were attended by 1,100 female residents and by 162 male residents of areas surrounding CMPC's forest lands and facilities.

> These courses were designed after asking the neighbours which areas they would be interested in. A total of 20 areas were identified.

### > OUT OF THE 20 AREAS, THE 12 THAT ATTRACTED MORE INTEREST WERE:

- » CRAFTS AND WICKER BASKETRY
- » COOKING AND BAKING
- » LOCAL PRODUCE PRESERVING
- » DRESSMAKING USING A SEWING MACHINE
- » HAND-MADE DRESSMAKING
- » DEHYDRATION OF FRUITS AND VEGETABLES
- » ELABORATION OF HANDMADE SOAPS AND PERFUMES
- » HOME BASIC ELECTRICS
- » AGRICULTURAL AND LIVESTOCK HEALTH AND MANAGEMENT
- » HIVE PREPARATION AND BEEKEEPING HEALTH
- » EUCALYPTUS PLANT PRODUCTION IN A COMMUNITY NURSERY
- » BASIC WOOL-KNITTING

**1** > Local produce preserving course for neighbours of the Pelehuito sector, district of Los Sauces.

**2** > Cooking and baking course for women of the San Francisco de Millapoa Neighbours' Association, district of Nacimiento.

**3** > Hand-made dressmaking course for local residents of La Quebrada sector, district of Los Angeles.

**4** > Beekeeping for neighbours of the Huelehueico Valley, district of Renaico. 23 people who live near the Pacifico Pulp Mill learnt how to manage the hives and to produce honey.

**5** > 20 neighbours from the Santa Fe Pulp Mill in Nacimiento attended welding classes. At the end of the course and also as a final evaluation, the participants get to make several utensils.

**6** > Chainsaw basic maintenance course for residents of the Mapuche community of Rayen Lafquen in the district of Cunco.

**7** > Course in making handmade soaps and perfumes for neighbours of the Santa Elena Community, district of Angol.









1, 2 and 3 > The Park “El Cisne” is looked after by the Local Neighbours’ Association.

## PROGRAMMES TO SUPPORT URBAN COMMUNITIES

### MULCHEN IN BLOOM

> The city of Mulchen has a population of 30 thousand people. It is situated near a CMPC sawmill and near some of the company’s forest plantations. The Mulchen in Bloom project seeks to give

this city a floristic identity by propagating the existent varieties of Rhododendrons, Azaleas and Camellias that grow in The Park “El Cisne” situated in the outskirts of the city.

> This is an 8-year project that involves the participation of the Municipality of Mulchen, the Forest Technology class at the local high school, the

Neighbours’ Association from El Cisne sector and Forestal Mininco.

> The propagation of these plants is being carried out in nurseries established at the Park “El Cisne”; afterwards they will be planted in parks, gardens and public spaces across the city. All the people mentioned above contribute to make this project a reality.





**4, 5 and 6** > Nurseries for the propagation of the plants.

**7 and 8** > Students from the Forest Technology class work on propagating the plants.

**9** > The first plant which will grow in one of the city's parks.



## CMPC'S SPORTS FACILITIES FOR THE COMMUNITY

> In Nacimiento, CMPC Pulp set

up an indoor sports hall with synthetic flooring which can be used to play different sports. A football pitch, 3 tennis courts and a multipurpose hall were

also built and all these facilities are available for the community and its organisations, through an agreement between CMPC and the Municipality of Nacimiento.





> Neighbours visiting the Laja Pulp Mill.



### CMPC MILLS SITE VISITS

> CMPC production facilities are visited by neighbours, social organisations, students and people from different institutions. Visitors learn about the clean production processes, the strict health and safety regulations and the respect towards the environment. CMPC thinks that rapport with the community is fundamental for a good relationship.



> Visitors at the Talagante Tissue Mill.





# CMPC AND THE ENVIRONMENT

> THE MAIN CONTRIBUTIONS THAT CMPC MAKES TO THE ENVIRONMENT ARE THE RENEWABLE FOREST PLANTATIONS, THE REPLACEMENT OF FOSSIL FUELS WITH BIOMASS, THE CLEAN PRODUCTION PROCESSES AND THE PAPER RECYCLING.





# CMPC AND ITS RESPONSIBILITY TOWARDS THE ENVIRONMENT

> CMPC believes in the actual realisation of the Sustainable Development principle, which essentially means to make productive activities, required for the growth of our countries, compatible with the legitimate right that future generations have to live in a suitable environment.

> CMPC's environmental agenda prioritises four areas: renewable forest plantations, replacement of fossil fuels with biomass, clean production processes and paper recycling. It must also be mentioned:

» Certified wood supply from renewable plantations of controlled origin.

» Efficient use of both electric and thermal power.

» Thermal power generated mainly by renewable biomass.

» Reduction in water consumption and in the volume of the liquid effluent.

» Reduction in the liquid effluent organic content that goes back into the natural watercourses.

» High volume of paper recycling.

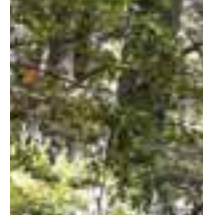


## SUSTAINABLE MANAGEMENT OF FOREST PLANTATIONS

- > The wood CMPC uses comes from fast-growing renewable plantations which were established mainly on eroded land, allowing both the soil to be renewed and the conservation of native forests.
- > To guarantee the protection of native forests and the biodiversity, the sustainable management of CMPC's forest plantations is certified by the CERTFOR-PEFC seal which guarantees the wood comes exclusively from controlled origin plantations, free from controversies and perfectly traceable from the forest to its final destination.
- > The CERTFOR-PEFC seal is the main certification for the bulk of the CMPC plantations whereas the FSC seal certifies plantations covering a smaller area. Since the second half of

2009 all of CMPC's forestry resources in Chile are in the process of being FSC certified, getting the completion of the pre-audit stage which set the tasks to be carried out in the final audit, scheduled for December 2010.

- > CMPC's forest plantations are specialty crops which provide all the wood required in the production processes using a



relatively small area of land. This makes it possible to conserve and protect the rich biodiversity of the Chilean native forests.

- > Wood is the main raw material used at CMPC's sawmills and pulp and paper mills. In 2009, the company produced 7.7 million cubic metres of CERTFOR-PEFC certified logs.

### CMPC'S FORESTRY RESOURCES IN CHILE

#### » Production Area:

- » 499,000 hectares of renewable plantations.
- » 33,000 hectares of land to be planted.
- » 38,000 hectares of land used for administrative purposes, including roads, firebreaks, easements, livestock and agricultural areas, etc.

#### » Protection and Conservation Area:

- » 58,000 hectares of both native forest and vegetation.
- » 89,000 hectares for protecting basins, watercourses, flora and fauna and high environmental value habitats.

> In 2009, the total purchases of wood from external suppliers totalled 1.8 million cubic metres of logs. These purchases were made from small and medium landowners who comply with strict regulations established by the company under a CERTFOR-PEFC certification programme, as can be seen on page 33 of this report.

> 10-year-old Ponderosa Pine plantation in Coyhaique. CMPC has planted 16,000 hectares of this and other species which adapt to the extreme winter conditions prevailing in the region. The soils used in these plantations showed different degrees of erosion.





## SUSTAINABLE USE OF ENERGY

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



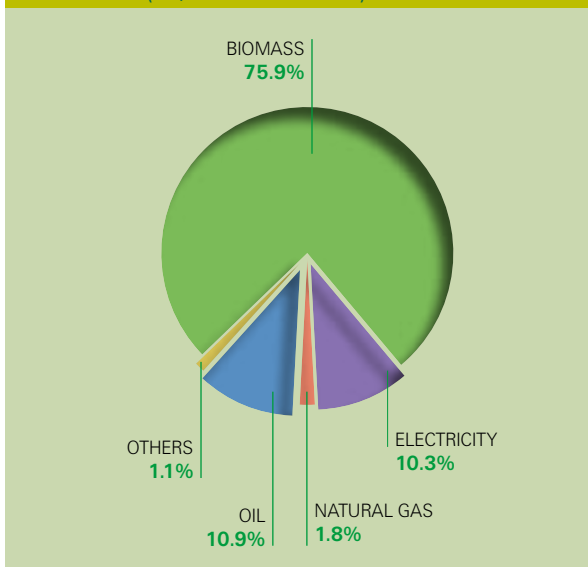
> In 2009, CMPC's production processes of pulp and paper used 67,692 TJ (terajoules) of energy, of which 74.2% came from biomass, 11.6% came from purchasing electricity and 14.2% came from energy generated by fossil fuels, mainly oil and natural gas. This means

that only 25.8% of the energy required was bought, whereas 74.2% was produced by biomass.

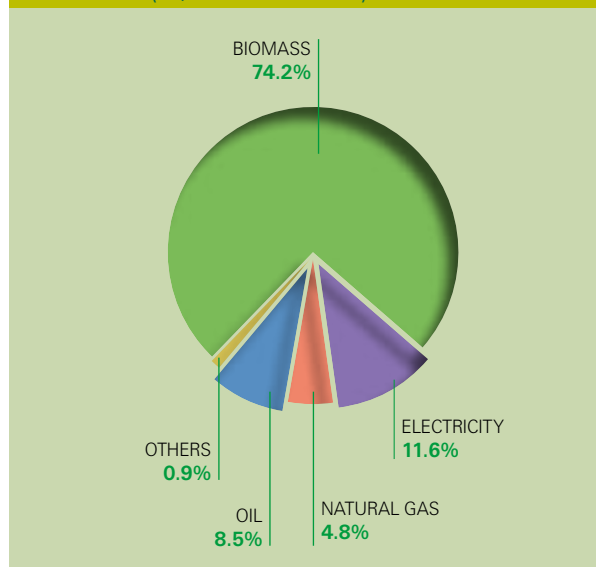


### > CMPC ENERGY CONSUMPTION

» YEAR 2008 (68,936 TERAJOULES)



» YEAR 2009 (67,692 TERAJOULES)



> Energy consumption in 2009 decreased by 1.8% compared to 2008. This was due to a more efficient use of thermal

power and a reduction in the productive capacity of the Laja Pulp Mill.



#### CMPC ENERGY CONSUMPTION

CMPC CONSOLIDATED	in Terajoules	
	2008	2009
Biomass	52,327	50,257
Electricity	7,081	7,832
Natural gas	1,246	3,233
Oil	7,508	5,767
Others	774	603
<b>TOTAL</b>	<b>68,936</b>	<b>67,692</b>

One Terajoule is the energy equivalent to 278 MWh.

> The biomass used to generate energy comes from the sustainable management of the forest plantations and from the reutilisation of organic components found in wood, which result from the pulp production process. The main sources of biomass are:



- » Wood waste coming from managing the forest plantations, resulting from the natural growth of trees and later from their harvesting.
- » Sawdust and wood cuttings generated by industrial sawmills.
- » The bark of trees which is separated from the wood prior to the pulp production process.

» Lignin –an organic component of wood– which is separated from the pulp and thoroughly reutilised as biofuel in the production process.

» Sludge generated by the treatment of liquid effluent.

> This biomass is used in industrial boilers to produce steam, also known as biomass boilers.

Wood lignin is reutilised as fuel for recovery boilers, which are essential in the pulp production process.

> The high pressure steam



produced by these boilers circulates through turbines. This generates electricity which is



enough to thoroughly meet the operational requirements of the pulp mills and even generates surplus electricity for other

CMPC's mills to use.

> IN 2009, THE BOARD OF DIRECTORS APPROVED THE CONSTRUCTION OF TWO BIOMASS BOILERS WHICH WILL GENERATE ELECTRIC POWER FOR BOTH THE SANTA FE AND LAJA PULP MILLS, WITH A US\$ 200 MILLION TOTAL INVESTMENT.

> Biomass being transported to the Pacific Pulp Mill boiler.





**SUSTAINABLE USE OF WATER**

> In 2009, CMPC’s production processes of pulp and paper used 139.7 million m<sup>3</sup> of water, 3% less than in 2008, whereas the pulp and paper production reached 3.177 million tonnes in 2009, slightly higher than in

the previous year.

> The average water consumption per tonne of pulp and paper decreased to 44 m<sup>3</sup> from a level of 45.4 m<sup>3</sup> in 2008, which is a 3% reduction.

> That reduction in water



consumption was mainly due to an improved performance of all the paper mills, especially those of Tissue in Argentina, Uruguay and Mexico.

> CMPC’s water intake did not have a negative impact on the water sources. 89% of the water the company consumed was obtained from surface sources and 11% from groundwater sources.

**CMPC WATER CONSUMPTION**

<b>CMPC CONSOLIDATED</b>	<b>2008</b>	<b>2009</b>
In thousands of cubic metres per year	143,699	139,717
In cubic metres per tonne of end product	45.4	44.0

> The Bio Bio River on its course through the district of Santa Barbara, Bio Bio Region.



## TREATED LIQUID EFFLUENT

> In 2009 a total of 125.3 million m<sup>3</sup> of effluent was treated, 4% less than in 2008, mainly due to lower water consumption in the production processes.

> The liquid effluent generated per tonne of pulp and paper was 39.5 m<sup>3</sup>, a 4% reduction from a level of 41.2 m<sup>3</sup> in 2008.

> Treatment plants are periodically monitored to

check that the liquid effluent parameters meet the respective regulations. In 2009 four of these parameters showed a reduction compared to 2008, as can be seen in the Effluent Quality Parameters chart below, due to the full operation of biological treatment plants in the CMPC's mills.

## TREATED LIQUID EFFLUENT

CMPC CONSOLIDATED	2008	2009
In thousands of cubic metres per year	130,373	125,347
In cubic metres per tonne of end product	41.2	39.5

## LIQUID EFFLUENT QUALITY PARAMETERS

CMPC CONSOLIDATED	2008 Kg/Tonne prod.	2009 Kg/Tonne prod.	% reduction (-) % increase (+)
COD Chemical Oxygen Demand	14.72	11.87	-19%
BOD Biological Oxygen Demand	1.88	1.80	-4%
TSS Total Suspended Solids	2.24	1.85	-17%
P Phosphorus	0.071	0.080	+13%
N Nitrogen	0.222	0.242	+9%
AOX Organochlorine Compounds	0.062	0.060	-3%

> As a result of the liquid effluent treatment, sludge which has a high content of vegetal fibre is obtained. This waste poses no hazard for the environment and can be recycled and used as biomass, mainly in steam generation for the production processes, since the heating power it provides is suitable to be used in biomass boilers.

> The new biological treatment of the liquid effluent at the Pacifico Pulp Mill. The secondary clarifier can be seen foreground. On the left the concentric structure with bioreactors inside and the activated sludge tank as an outer ring can also be observed. The result of this process is a final clarified liquid effluent that has received both primary and biological treatment and which is returned to the natural watercourses.





> New system of incinerating concentrated non-condensable gases at the Pacifico Pulp Mill. At the bottom centre the primary incinerator and the steam generating boiler. At the top, the sulphur dioxide absorption tower and its exhaust stack. On the left, the old incinerator will act as a back-up for the new system.



## AIR EMISSIONS

> Air emissions generated by combustion processes are made up of particulate matter and gases vented into the atmosphere, mainly sulphur dioxide (SO<sub>2</sub>) and nitrogen oxides (NO<sub>x</sub>). These emissions are periodically monitored and passed onto the environmental authority according to the current legislation. The chart below shows the air emissions generated by CMPC's production processes, expressed in kilograms per tonne of pulp and paper.

> In 2009, the particulate matter emitted by the pulp and paper mills was 0.89 kilograms per tonne of product. This figure is 15% lower than in 2008, mainly due to a better performance of the mitigation equipment and the greater availability of natural gas in Chile.

> Sulphur dioxide emissions were reduced to 0.74 kilograms

### AIR EMISSIONS

	2008 Kg/Tonne prod.	2009 Kg/Tonne prod.
<b>CMPC CONSOLIDATED</b>		
Particulate Matter	1.05	0.89
Sulphur Dioxide	1.02	0.74
Nitrogen Oxides	1.49	1.36

per tonne of product, a 27% reduction in comparison to 2008. Again, this is mainly due to an increased availability of natural gas.

> Nitrogen oxides emissions totalled 1.36 kilograms per tonne of product, 9% less than in 2008.

## SOLID WASTE

- > The following chart shows the tonnes of solid waste generated by CMPC's pulp and paper mills:

SOLID WASTE			
CMPC CONSOLIDATED	2008 Tonnes	2009 Tonnes	2009 %
<b>Hazardous Solid Waste</b>			
Sold or recycled	315	300	} 0.3%
Sent to specialized dumps	1,444	1,036	
<b>Non-Hazardous Solid Waste</b>			
Sold or recycled	38,664	41,082	} 17.3%
Sludge used to produce steam	43,290	46,984	
Sent to own landfills	189,001	202,681	} 82.4%
Sent to third parties' landfills	166,447	217,131	
<b>TOTAL</b>	<b>439,162</b>	<b>509,213</b>	<b>100.0%</b>

> In 2009 only 0.3% of the total solid waste was considered to be hazardous. Such a waste is subject to regulations established by the Decree N° 148 of 2003 by the Ministry of Health, stating that every factory has the obligation to declare, manage and carry out follow-up checks on the hazardous waste it generates.

> The remaining 99.7% of the

waste was regarded as non-hazardous, 17.3% of which was recycled either as heating power for biomass boilers or for environmental purposes. Finally, 82.4% of the waste was taken to licensed landfills either owned by the company or by third parties, for the controlled disposal of it.

> The chart above shows a 16% increase in the volume of

the waste generated by CMPC compared to 2008. This is mainly due to the growth in the Tissue operations abroad.

> Worth mentioning is the Zarate Tissue Mill in Argentina, where the non-hazardous solid waste is subjected to a composting process whose end result is an organic product used to improve the quality of agricultural soils.

## HIGH VOLUME OF PAPER RECYCLING

> In 2009, the consumption of recycled paper at CMPC's paper mills totalled 693,000 tonnes, slightly higher than in

2008. This figure means that approximately 46% of CMPC's total paper production in Chile, Argentina, Peru, Uruguay, Mexico and Brazil, was based on recycled fibres.

### RECYCLED PAPER CONSUMPTION

IN THOUSANDS OF TONNES	2008	2009
Mills in Chile	463	465
Mills in Argentina, Peru, Uruguay y Mexico	226	228
<b>TOTAL</b>	<b>689</b>	<b>693</b>

> Paper recycling process in Santiago, Chile.





> Both the recycled and virgin fibres from forest plantations complement each other in papermaking; when paper is recycled the fibres lifetime becomes longer, thus leading to a better use of the forestry resources.

> Since the recurrent recycling processes cause the fibres to deteriorate, hence the need to incorporate virgin fibres into the paper production process, thus showing the complementary nature of both fibres.

> In Chile, Argentina, Peru, Mexico and Colombia, CMPC has organisations that specialise in recycling. These organisations carry out the recovery, sorting out, baling and delivery processes. After taking the used paper to the paper mills, this is turned into useful fibres, thus beginning a new lifecycle.



#### **THE ENVIRONMENTAL AND SOCIAL BENEFITS FROM CMPC'S PAPER RECYCLING PROCESS:**

- > Optimises the forest plantation cycle by using recycled instead of virgin fibres in papermaking.
- > Saves up energy since the process of producing recycled fibres from used paper consumes less energy than using wood to obtain virgin fibres.
- > Regards both used paper and cardboard as raw material, consequently a market that fosters their collection through pricing is opened, preventing them from ending up in a landfill.
- > Reduces the amount of waste in landfills. Methane gas emission from waste decomposition is cut down.
- > Creates job opportunities for urban non-skilled labourers who work in the paper collection process.
- > Helps to keep the cities clean.

## CMPC'S ENVIRONMENTAL INVESTMENTS

> In 2009, the CMPC's environmental investment programme totalled US\$ 69 million, which breakdown is shown in the following chart.

> The bulk of that figure was invested in the environmental updating of the Pacifico and Santa Fe Pulp mills. Such investments were focused on controlling air emissions, the biological treatment of liquid effluent and on making a more efficient use of energy.

### CONSOLIDATED ENVIRONMENTAL INVESTMENTS

IN MILLIONS OF US DOLLARS	2009
Air emission control	36.0
Liquid effluent treatment	24.7
Solid waste management	1.3
Environmental safety of facilities and people, prevention and control	2.1
Energy and water savings	5.3
<b>TOTAL INVESTMENTS</b>	<b>69.3</b>

> Biomass boiler at the Pacifico Pulp Mill.



CMPC'S  
CERTIFICATION  
OF ITS SUSTAINABLE  
PROCESSES

> Forestal Mininco has the ISO 14001 environmental management certification and the OHSAS 18001 for health and safety at the workplace. The CERTFOR-PEFC seal is the main certification for the bulk of the forest plantations whereas the FSC seal certifies plantations covering a smaller area.

> The three CMPC Pulp mills are ISO 14001 and OHSAS 18001 certified.



> CMPC's subsidiaries Papeles Cordillera and Cartulinas CMPC are ISO 14001 certified.

> The Tissue subsidiary in Uruguay is OHSAS 18001

certified.

> The pulp produced at the Laja, Pacifico and Santa Fe mills, the folding boxboard produced at the Maule mill and the sawmill products have the CERTFOR-PEFC Chain of Custody certification.

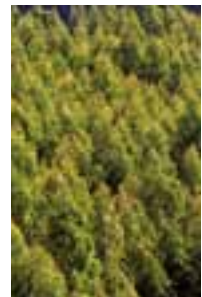
> The eucalyptus pulp produced by the Santa Fe mill, the folding boxboard produced at the Maule mill and the AFH tissue papers produced by Melhoramentos Papeis in Brazil have the FSC Chain of Custody certification.



CMPC'S CONTRIBUTION  
TO MITIGATE  
THE GLOBAL  
CLIMATE CHANGE

> The worldwide concern over climate change affects all aspects of modern life, from everyday activities to the most complex industrial operations. CMPC's

efforts are focused on reducing fossil fuels consumption by replacing them with renewable energies.



> CMPC contributes to reducing the emission of greenhouse gases by:

(1) Growing pine and eucalyptus plantations which are carbon sinks. We estimate that our plantations absorb more than 5 million tonnes of carbon dioxide a year,



compensating for 1.2 million automobile annual emissions.

Confederation of European Paper Industries.

**(2)** Reducing the consumption of fossil fuels and replacing them with biomass which not only is a renewable energy but is also carbon neutral.

Currently 74% of CMPC's annual consumption of energy is generated from biomass.



**(3)** Recycling around 700 thousand tonnes of used paper per year to preventing it to end up in landfills and generate methane gas – a greenhouse gas - emissions because of decomposition.

> Here at CMPC we have measured the Carbon Footprint of both eucalyptus and pine pulp and the folding boxboard, following the guidelines and methodology of CEPI - the

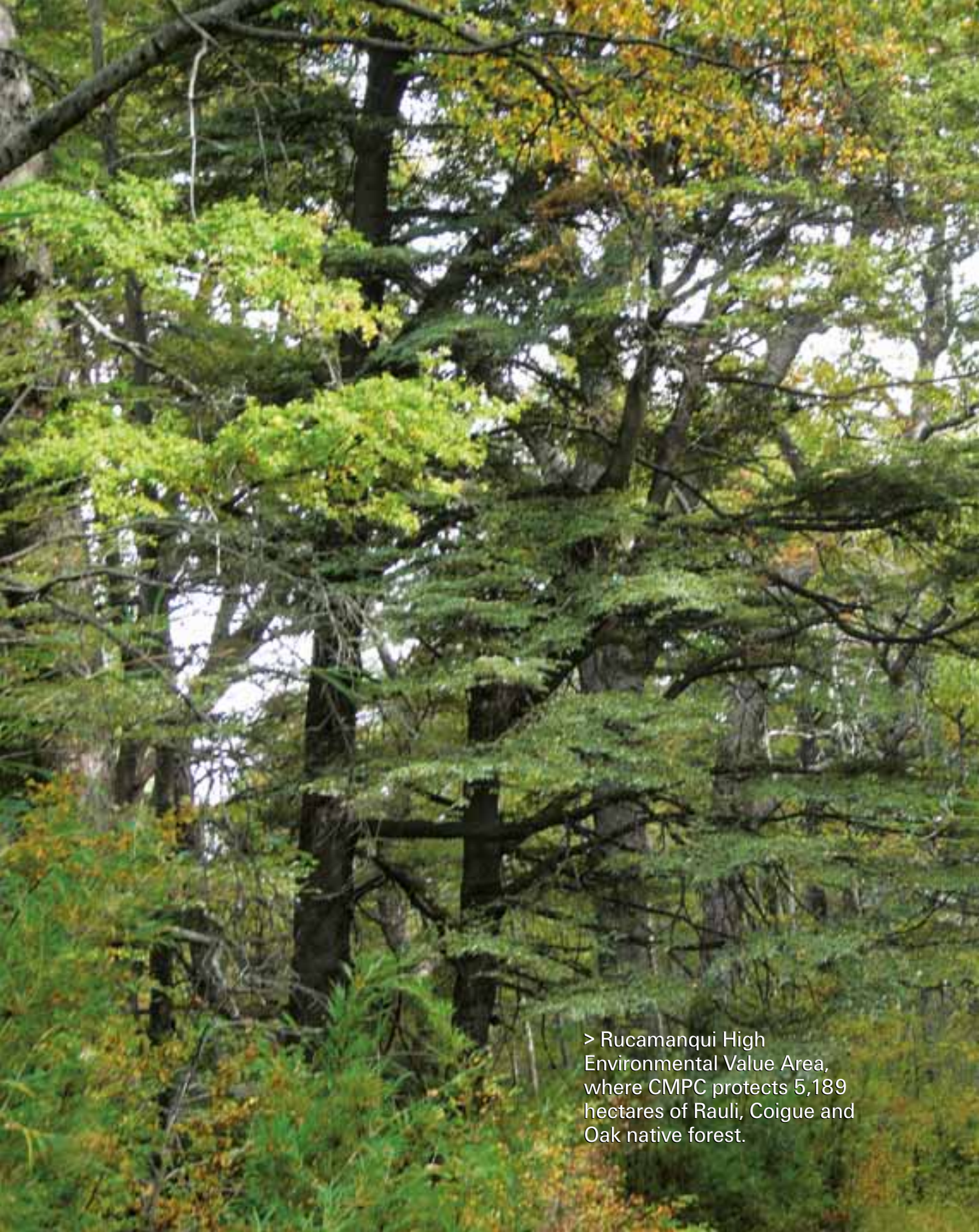
> This piece of work was carried out by a group of professionals from CMPC and counted on the advice and consultancy

from the University of Concepcion through its Technological Research Institute. The results of the present research work will soon be available for CMPC's stakeholders and

anyone interested on it.







> Rucamanqui High  
Environmental Value Area,  
where CMPC protects 5,189  
hectares of Rauli, Coigue and  
Oak native forest.



# CMPC'S FORESTRY RESOURCES BIODIVERSITY

## CENTRAL CHILE IS A WORLD'S BIODIVERSITY HOTSPOT

> Central Chile is one of the World's 25 Biodiversity Hotspots, known as the Chilean Winter Rainfall-Valdivian Forest, which extends from Coquimbo region to the South of Chiloe Island.

> That biodiversity hotspot area contains species of endemic trees that are essential within specific habitats: Araucaria (*Araucaria araucana*), Alerce (*Fitzroya cupressoides*), Hualo or Oak of Maule (*Nothofagus glauca*), as well as two critically endangered species: Ruil (*Nothofagus alessandrii*) and Pitao (*Pitavia punctata*).



## CMPC'S ROLE IN THE PROTECTION AND CONSERVATION OF BIODIVERSITY

> CMPC's forestry resources in Chile include 147,000 hectares for conservation purposes, which are fundamental for the sustainable development of the company:

- » 58,000 hectares of both native forest and vegetation.
- » 89,000 hectares for protecting basins, watercourses, flora and fauna and high environmental value areas.

> As part of the CERTFORT-PEFC forest certification requirements, CMPC works on

protecting native forest, learning and preserving its environmental value, determining the presence

of threatened species of flora and fauna and identifying, conserving and restoring seven high environmental value areas.





## HIGH ENVIRONMENTAL VALUE AREAS IN CHILE

> These areas have relevant values for native flora and fauna conservation, so they are protected to prevent potential damages from forestry operations, fire and other human activities.

> CMPC protects seven high environmental value areas totalling 6,200 hectares, located in the Maule, Bio-Bio and Araucanía Chilean regions. Valuable species from the Valdivian native forest are preserved, including Ruil, Pitao, Araucaria, and also native fauna, such as the Huillín or fresh-water otter.

> Those areas have special conservation and protection plans and they are given priority in the CMPC's fire prevention system.



### LOS RUILES DE EMPEDRADO HIGH ENVIRONMENTAL VALUE AREA

> CMPC protects 60 hectares of Ruil in a pure state, a species of native flora endemic of Chile, declared in critical danger of extinction. It is classified as the most critically endangered tree of Chile. The forest is located in the district of Empedrado, Maule Region, and is part of the "Cardonal-Linda Vista" priority conservation site, declared by the CONAMA - the Chilean environmental authority.

PITAO DE MAITENREHUE HIGH ENVIRONMENTAL VALUE AREA

> CMPC protects 26 hectares of Pitao, a species of native flora endemic of Chile, declared in critical danger of extinction. The forest is located in two areas in the districts of Nacimiento, Bio-Bio Region, and Angol, Araucanía Region. This Pitao population has unique genetic characteristics that differentiate it from other northern populations.



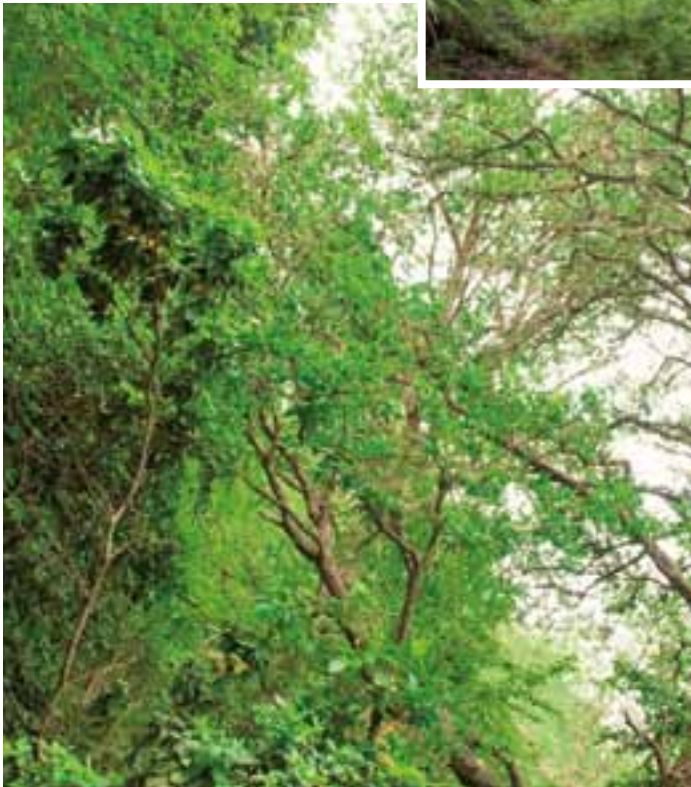
VILLA LAS ARAUCARIAS HIGH ENVIRONMENTAL VALUE AREA

> CMPC protects 85 hectares of Araucaria, a species of native flora endemic of Chile and Argentina, declared as vulnerable. The forest is located in the district of Nueva Imperial, Araucanía Region and is part of the “Villa Las Araucarias” priority conservation site, declared by the CONAMA. This Araucaria population is genetically different from those in the Nahuelbuta Range and The Andes.



ALTO ESCUADRÓN HIGH  
ENVIRONMENTAL VALUE AREA

> CMPC protects 160 hectares of Valdivian native forest, located in a gorge at the beginning of the Nahuelbuta Range, in the district of Coronel, Bio-Bio Region. This area is part of the cultural and educational activities developed by the nearby Jorge Alessandri Educational Park.



HUALOS DE LOANCO HIGH  
ENVIRONMENTAL VALUE AREA

> CMPC protects 680 hectares of Maulino native forest, located in the district of Constitucion, Maule Region. This forest has a population of Hualo or Oak of Maule (*Nothofagus glauca*), a species declared as vulnerable, and its fauna includes the Black Woodpecker, a species declared in danger of extinction. This area is part of the “Galumávida and Hualos de Loanco” priority conservation site, declared by the CONAMA.



#### HUILLÍN HIGH ENVIRONMENTAL VALUE AREA

> It is a protection zone for the Chilean mammal Huillín (*Lontra provocax*), a fresh-water otter declared in danger of extinction. The protected area is a stretch of about five kilometres on the banks of the Boldo or Queule River and in the wetlands of Mahuidanche, district of Tolten, Araucanía Region.

This area is part of the “Mahuidanche-Lastarria” priority conservation site, declared by the CONAMA.



#### RUCAMANQUI HIGH ENVIRONMENTAL VALUE AREA

> CMPC protects 5,189 hectares of Rauli, Coigue and Oak native forest, located in the upper basin of the Cholguan River, district of Tucapel, Bio Bio Region. This area is part of the “Biological Corridor of the Nevados de Chillán-Laguna del Laja” priority conservation site, declared by the CONAMA.

## FERIA EXPONATIVA

> Forestal Mininco took an active part in the Feria Exponativa, "Boundaries of preservation", organised by the NGO Etica en los Bosques (Forest Ethics) and the Municipality of Pucon, Araucanía Region. This event gathered Tradition and Modernity, from wood industry to handicraft and ecotourism. All of them joined by a common view: their practice regarding environmental protection and conservation.



UN SUSTAINABLE

DEVELOPMENT

REPORT

EMPRESA

CMPC S.A.



# GRI INDEX - COMPLIANCE LEVEL A

## PROFILE

GRI INDICATOR	REPORTED IN	PAGE	
<b>1. STRATEGY AND ANALYSIS</b>			
1.1	Statement of senior person responsible	Chairman's message	6-7
1.2	Description of the main impacts, risks and opportunities	Chairman's message	6-7
<b>2. PROFILE OF THE ORGANIZATION</b>			
2.1	Name of the organization	Empresas CMPC S.A.	
2.2	Main brands, products and services	Brands related to tissue and sanitary products: Elite, Confort, Nova, Noble, Higienol, Sussex, Babysec, Ladysoft, Cotidian.	12
2.3	Operational structure	Structure of the organization	12
2.4	Headquarters' location	Santiago, Chile	
2.5	Countries in which the company operates	Regional presence of the business centres	13
2.6	Nature of ownership and legal form	Company's profile	8
2.7	Markets served	Sales over 55 countries	8
2.8	Size of the organization	CMPC in figures for year 2009	8
2.9	Significant changes during the period	There were no significant changes	
2.10	Prizes and distinctions received	Award to Edipac, a paper distribution company, subsidiary of CMPC	34
<b>3. REPORT PARAMETRES</b>			
3.1	Period covered	Year 2009	
3.2	Date of the most recent report	Year 2008	
3.3	Report presentation cycle	Annual	
3.4	Point of contact	About this report	Cover 2
3.5	Report's content definition process	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 2009.	
3.6	Coverage of the report	It includes all the components of the CMPC's Social Responsibility Policy	16
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 growing forest plantations and the generation of renewable energy.	99
3.8	Inclusion of joint ventures	It 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 2008.	
3.11	Changes in relation to previous periods	There were no significant changes	
3.12	Table of contents	GRI Index	108+
3.13	External verification	No external verification was made	
<b>4. GOVERNANCE, COMMITMENTS AND PARTICIPATION OF STAKEHOLDERS</b>			
4.1	Organization's governance structure	Corporate governance	10
4.2	Chairman of the Board	The Chairman of the Board of Directors is not an executive of CMPC	11
4.3	Independent Board members	Of the 7 members of the Board of Directors, two have been appointed by independent shareholders.	11
4.4	Mechanisms of shareholders and employees for making recommendations to the Board	The shareholders may express their points of view on the company's performance in legally convened ordinary and extraordinary meetings.	10

GRI INDICATOR		REPORTED IN	PAGE
4.5	Remuneration of directors and senior executives	The 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 external auditors.	11
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.	10
4.8	Mission, vision and values	Mission, values and ethics in business	9
4.9	Procedures of the Board of Directors to supervise the organization's economic, social and environmental performance.	Corporate governance	10
4.10	Evaluation of the Board's own performance	Corporate governance	10
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 on 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 actively takes part in trade, business and industry associations, both in Chile and abroad, and is also an active member of binational chambers of commerce.	
4.14	List of stakeholders	Dialogue with stakeholders	18-20
4.15	Basis for selection of stakeholders	Dialogue with stakeholders	18
4.16	Approach adopted for the inclusion of stakeholders	Dialogue with stakeholders	18
4.17	Key topics and concerns arising through the participation of stakeholders	Relationship with universities and NGOs	20
		Relationship with the Mapuche communities	22
		Identifying the Mapuche sites of cultural interest	23
		Relationship with suppliers and contractors	30-31
		CMPC Foundation	52-59
		Good Neighbourhood Plan	60-81
		Protection and conservation of Biodiversity	101-106

## ECONOMIC PERFORMANCE

EC1	Economic value generated and distributed	Economic performance	26-27
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	99
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	Purchase of goods and services from local suppliers	31
EC7	Local hiring and resident managers	Job opportunities for local communities	60
		Local residency of senior management of the operations	44
EC8	Infrastructure investment and services provided for public benefit	Contribution to public infrastructure	28
		Programmes to stimulate the productive development of communities	70-77
		Programmes to support urban communities	78-80

GRI INDICATOR		REPORTED IN	PAGE
<b>ENVIRONMENTAL PERFORMANCE</b>			
EN1	Materials used	Wood coming from renewable plantations	85-86
		Recycled paper	95
EN2	Percentage of materials valued	All the raw materials and supplies are valued	
EN3	Direct energy consumption	Sustainable use of energy	87-89
EN4	Indirect energy consumption	Not reported	
EN5	Energy savings	Energy consumption in 2009 was 1.8% lower than 2008.	88
EN6	Products and services based on renewable energies	74.2% of the energy consumed was generated with renewable biomass.	87
EN7	Reduction of indirect energy consumption	In 2009, the Board of Directors approved the construction of two biomass boilers which will generate electric power for both the Santa Fe and Laja Pulp Mills.	89
EN8	Total water intake by sources	Sustainable use of the water	90
EN9	Water sources affected significantly	CMPC's water intake did not affect the water sources.	90
EN10	Recycled and reused water	Sustainable use of water	90
EN11	Protected or high biodiversity areas	CMPC's forestry resources in Chile	85
		CMPC's forestry resources biodiversity	101-106
EN12	Impacts on biodiversity in protected areas	CMPC's role in the protection and conservation of biodiversity	101
EN13	Protected or restored habitats	High environmental value areas	102-105
EN14	Management of impacts on biodiversity	CMPC's role in the protection and conservation of biodiversity	101
EN15	Species whose conservation is threatened	In CMPC's forestry resources there are 5 species of native flora declared in danger of extinction and another two declared as vulnerable, which are protected. There are also two species of native fauna declared in danger of extinction and one species declared as vulnerable.	
EN16	Greenhouse gases emissions	Not reported	
EN17	Other indirect emissions of greenhouse gases	Not reported	
EN18	Initiatives to reduce greenhouse gas emissions	CMPC's contribution to mitigate the Global Climate Change	98
EN19	Ozone-depleting compound emissions	CMPC does not emit gasses that might affect the ozone layer.	
EN20	NO <sub>x</sub> , SO <sub>2</sub> and other air emissions	Air emissions	93
EN21	Total volume of liquid effluent	Treated liquid effluent	91-92
EN22	Weight of the managed waste	Solid waste	94
EN23	Most significant accidental spills	No significant accidental spills have been recorded	
EN24	Hazardous solid waste according to the Basel Convention	Solid waste	94
EN25	Water resources and habitats affected	No water sources or their related habitats were affected	
EN26	Initiatives to mitigate the environmental impact of products and services	CMPC's environmental agenda 2009	84
		Energy generated with renewable biomass	87-89
		Sustainable use of the water	90
		High volume of paper recycling	95
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	Contribution to public infrastructure	28
EN30	Environmental investments	CMPC's environmental investments	97

## LABOUR PRACTICES AND WORK ETHICS

LA1	Composition of workers	By business centre	38
		By country	39
		By type of employment	41



GRI INDICATOR		REPORTED IN	PAGE
LA2	Total number of employees and average turnover	Low turnover level	41
LA3	Social benefits for full-time employees	CMPC's employee benefits	46
LA4	Percentage of employees with collective bargaining agreements	Employees covered by collective bargaining agreements	46
LA5	Minimum period of notice for organizational changes	Trustworthy long-standing working relationships	45
LA6	Workers in joint committees on safety and health	Risk prevention policy	47
LA7	Absenteeism, occupational diseases, days lost	Occupational health and safety statistics	49
LA8	Training, education, risk prevention and control programmes	Risk prevention policy	48-49
LA9	Health and safety topics covered in formal agreements with unions	Risk prevention policy	47
LA10	In-service training hours per category of employee	Education and in-service training	41-43
LA11	Continuous training programmes	Education and in-service training	42
LA12	Regular evaluations on performance and development	Not reported	
LA13	Personnel by genre and age	Personnel by genre and age	39
LA14	Wage distinctions by genre	CMPC does not make wage distinctions based on genre	

## 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.	30-31
HR2	Percentage of distributors and contractors evaluated in human rights matters	CMPC extends its obligations in this matter to its suppliers. Nevertheless, no measurements are made.	30-31
HR3	Training of employees in human rights matters that are relevant to their activities	CMPC forbids any type of discrimination and conduct contrary to human rights. Nevertheless, no training courses are taught.	40
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	Trustworthy long-standing working relationships	45
HR6	Activities that involve child work	CMPC rejects any practice related to child work	9
HR7	Activities that risk forced or compulsory work	CMPC rejects any practice related to forced work	9
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 native tribes	The Good Neighbourhood Plan and support to Mapuche communities	22-23

## SOCIETY

SO1	Management of operational impacts on the communities	Good Neighbourhood Plan	60-81
		Supporting the Mapuche communities	22-23
SO2	Corruption risks	No follow-ups related to this subject are made	
SO3	Training in anti-corruption procedures	Mission, values and ethics in business	9
SO4	Measures in response to corruption incidents	No incidents took place related 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	59
SO7	Lawsuits due to cases against free competition	None took place	
SO8	Sanctions and fines monetary value	Sanctions and fines	29

GRI INDICATOR	REPORTED IN	PAGE
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**PRODUCT RESPONSIBILITY**

PR1	Customers' health and safety impacts	Customers' Health and Safety	35
PR2	Incidents due to nonfulfilment of PR 1	None took place.	
PR3	Information required on the products	CMPC develops a complete labelling of its products, and informs its clients on the technical specifications including composition, raw materials, physical values in tests applied, quality standards and accredited health and safety certifications.	34-35
PR4	Number of nonfulfilments of PR3	None took place	
PR5	Customer satisfaction surveys	The CMPC Tissue business centre carries out periodic customer satisfaction surveys because its products are destined to massive consumption.	34-35
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.	34-35
PR7	Number of incidents due to nonfulfilment of PR6	None took place.	
PR8	Complaints regarding customer's privacy	None took place.	
PR9	Significant fines related to products supply	None reported.	

## PLEASE SEND US YOUR OPINION

We are interested in knowing your opinion of our 2009 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.



