

07 Sustainable Development Report



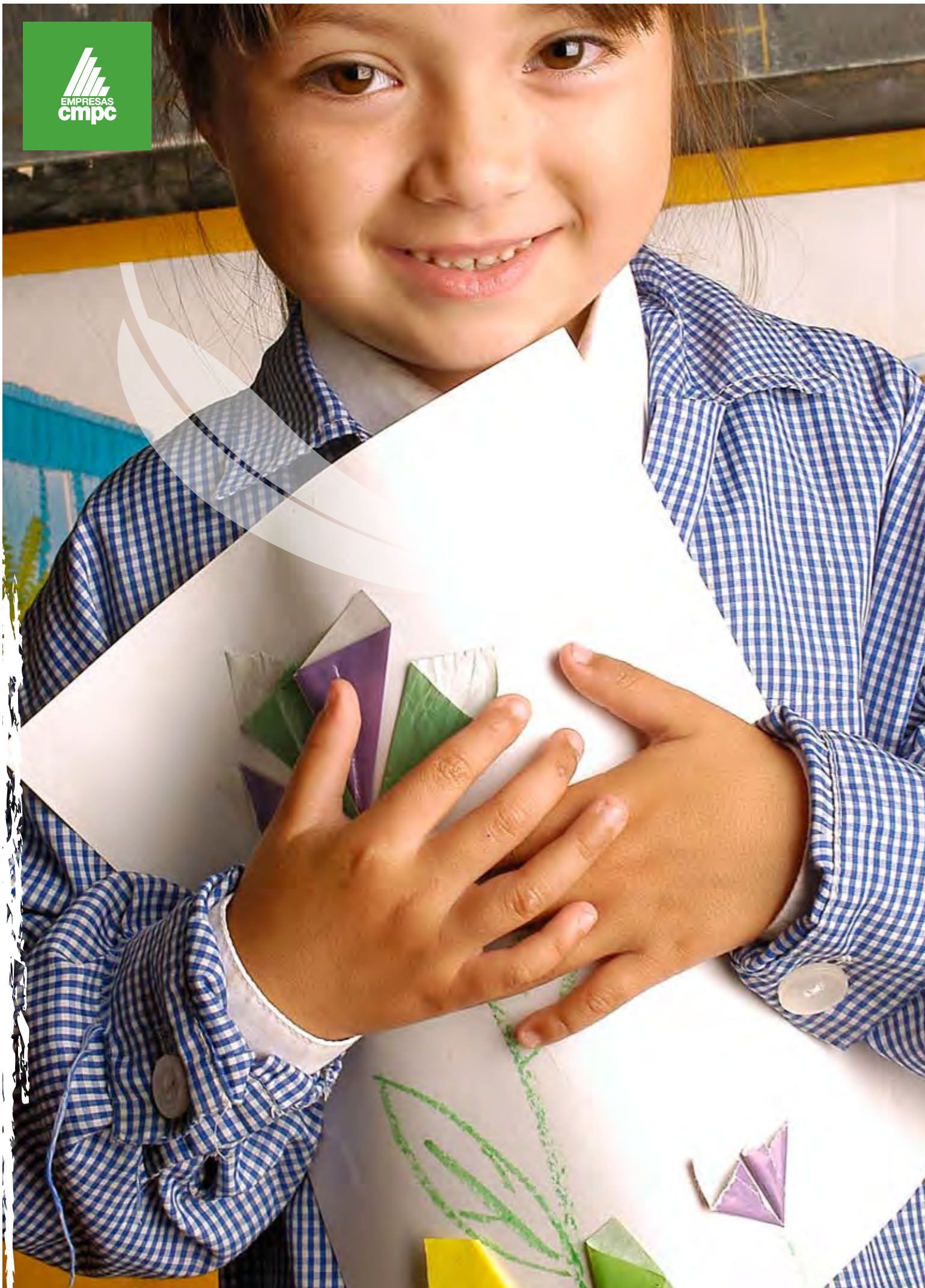


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The key to sustainable development is opening a space for knowing yourself, assuming the legitimacy of the roles of each member of society, accepting different views and interests with tolerance and, from that reciprocity, generating a better future for the new generations.





2007 Sustainable Development Report Scope

Through this Sustainable Development Report, Empresas CMPC S.A. provides its stakeholders with information related to its economic, social and environmental performance for the years 2006 and 2007.

The first CMPC report covering this subject was done in 2001 and the second one, published in 2003, was called the “company’s social and environmental report”. A third document was distributed in 2006 reporting the performance for 2005. CMPC’s reports are bi-annual, a frequency that facilitates the approach to the comparability principles required by the GRI.

Our fourth Sustainable Development Report was prepared through a process of gathering, editing and checking the information, which included the organization of corporate and divisional work teams and the implementation of internal checking systems. The information presented is also related to the interest shown in conversations done by the company’s businesses with the community and the local authorities. The content was prepared under the guidelines contained in Guide G3 for the Preparation of Sustainability or Sustainable Development Reports issued by the Global Reporting Initiative (GRI). In line with this, we have classified this report as a Level A report.

This document provides information on the holding company and the five business areas of Empresas CMPC: Forestal Mininco, CMPC Pulp, CMPC Papeles, CMPC Tissue and CMPC Productos de Papel, in the countries where CMPC has an industrial presence (Chile, Argentina, Peru, Uruguay and Mexico –Colombia is excluded as the Tissue subsidiary began industrial operations there in January 2008). It also includes, in the chapter on social performance, an analysis of the work carried out by CMPC Foundation.

While the environmental cases and activities are focused on initiatives carried out in Chile, the

quantitative information shown in the tables, diagrams and figures includes all the company’s pulp and paper mills in Chile as well as in Argentina, Peru, Uruguay and Mexico. These are the main productive operations of CMPC and the most important in environmental terms. On this occasion, the plants for converting paper into other paper products and other minor operations, are not included as they are of small significance in terms of water and energy consumption and in the generation of liquid effluents, air emissions and solid waste.

The vast majority of the figures have been consolidated to show an overview of the company in the various areas according to G3 guidelines requirements. This work, carried out for the first time in many of the indicators shown in this report, has implied an arduous and rigorous process as it was necessary to work together with the five business units and, at the same time, with each of the subsidiaries involved in them, in order to obtain, check and structure the information for its later consolidation.

Regarding the financial figures, these are shown according to the regulations of the Chilean Superintendency of Securities and Insurance and are audited externally by PricewaterhouseCoopers.

For further information and to facilitate dialogue with stakeholders, the company provides additional information on its web page www.cmpc.cl.

If you require specific information or wish to give suggestions for the development of the next report, please contact:

Mrs. Paula Larrain.
Assistant Manager, Public Affairs, Empresas CMPC
Email: plarrain@gerencia.cmpc.cl
Telephone: (56) (2) 441 2279
Fax: (56) (2) 672 1115

Letter from the Chairman of Empresas CMPC

We are pleased to present to our various stakeholders the fourth Sustainable Development Report of Empresas CMPC for the period 2006-2007. It provides, in a balanced manner, a view of what we are as a company and enables us to compare ourselves with previous years, not only in our economic performance but also in social and environmental areas.

The year 2007 was one of important achievements for CMPC. The start-up and consolidation of new projects, which implied investments of over US\$2,100 million during the last four years and a favourable scenario in the markets where the main products of the company are commercialized, produced a substantial rise in sales and profits, placing the company in a promising position for the future.

CMPC is an active company in the practice of continuous improvement, faithful to its traditions and at the same time innovative. We currently have manufacturing mills in Chile, Argentina, Peru, Colombia, Uruguay and Mexico, 535,000 hectares of planted forests and important investment plans being developed.

One of our main objectives is to constantly work to consolidate ourselves as a world-class company, operating each business efficiently. This target necessarily involves the daily work of each and every one of those belonging to Empresas CMPC, with renewed commitment, loyalty, effort and enthusiasm.

A good work environment in all of its business areas is fundamental for CMPC. Therefore, we are constantly strengthening the spirit of individual and team work. In order to meet this target, it is very important that our employees value the company's ethical principles, feel as an important part of it and share the same identity. Therefore, relations with our union organizations play a crucial role in the establishment of direct and fluid communication, based on trust among senior and middle management and our workers.

This is important to take into account not only with our direct employees but also with those who work for contractor firms and who provide their specialized services at our installations, as it is our responsibility to provide the conditions necessary for them to develop their work efficiently.

Regarding contributions to the community in 2000, we created CMPC Foundation, convinced that support for the education of children in our neighbouring communities was a concrete way of providing them with the necessary elements to improve their lives. We continue to hold this conviction and, moreover, experience has shown us that all the children have an enormous potential to learn and that schools have the capacity and the duty to deliver quality education.



Eight years following the start of the work of CMPC Foundation, we can see how we have progressed in terms of the coverage of our programmes, specialization in the work we carry out and decentralization of the organizational structure supporting them. We have consolidated our work in three regions of Chile and we are present in nine towns and villages with our teacher training projects, libraries and early motivation. Those initiatives directly benefit almost 7,000 children in the neighbouring areas of Empresas CMPC's installations in Chile.

We are characterized by being a company that meets every challenge in a modern and efficient manner. This special sensitiveness, linked to a long-term perspective of our business management, explains our full coincidence with the basis of the concept of sustainable development.

For growth to be sustainable over time, all our projects incorporate environmental variables. Regarding the oldest operations, we have made the necessary investments over the last ten years to adapt them to current requirements.

The forestry business uses soil, water and air to produce timber, pulp and papers. The company therefore directs its development so as to minimize the impacts that could affect future generations, which have the right to live in a suitable environment.

Plantations, clean processes, the replacement of fossil fuels with biomass and the recycling of used paper are the major contributions that this industry develops in favour of the environment and which finally enable it to carry on a business that is sustainable over time.

At the present time, CMPC's solid structure allows to operate its businesses for 88-years on a larger scale, with a better market position and greater efficiency. To

continue along this development and progress path that has positioned us among the leading companies in Chile, we will have to meet challenges that are not just limited to the productive and commercial areas. Companies today certainly face requirements in terms of safety, environment, working conditions and relations with communities. To address these properly, we believe it is indispensable to be strict in compliance with the law, and go even beyond its requirements.

In conclusion, it is important to stress that our challenge today as a company aims to consolidate progress and gaining in efficiency, competitiveness and effectiveness. Our assets and markets base opens up multiple opportunities and options to add value with new developments and investments, which allow us to look to the future with optimism.

I would like to thank our shareholders for their constant trust deposited in our organization, our customers and suppliers for their preference and loyalty, and all the people who work for the company for their dedication and efforts in carrying out their duties.

Additionally, I invite you to contribute with our next Sustainable Development Report by responding to the feedback questionnaire included in this document. Your opinions and comments are valuable to us and enable us to improve our future reports.



Eliodoro Matte L.
Chairman
Empresas CMPC



Profile and Structure of the Organization

Profile of the Company

Empresas CMPC is a public corporation, created by Supreme Decree 589 in 12 March 1920. Its origin was the result of a merger of the paper-producing companies Ebbinghaus, Haensel & Cía. and the Comunidad Fábrica de Cartón Maipú. Its initial annual production capacity was 2,200 tons of wrapping papers and cardboard, made by two paper machines at its Puente Alto mill.

In the 1990s, the company decided to meet the challenges of the future with a long-term view, which led to the search for greater efficiency to handle the global complexity of the businesses, the diversity and size of the operations, more technological innovation and an increase in its presence abroad. Two key processes were developed to achieve this. The first was the internationalization process,

carried out through the purchase of companies and the installation of production mills and own offices in countries of the Latin American southern cone.

The second step was the division of the company into five autonomous business areas: CMPC Forestal, CMPC Pulp, CMPC Papeles, CMPC Tissue and CMPC Productos de Papel.

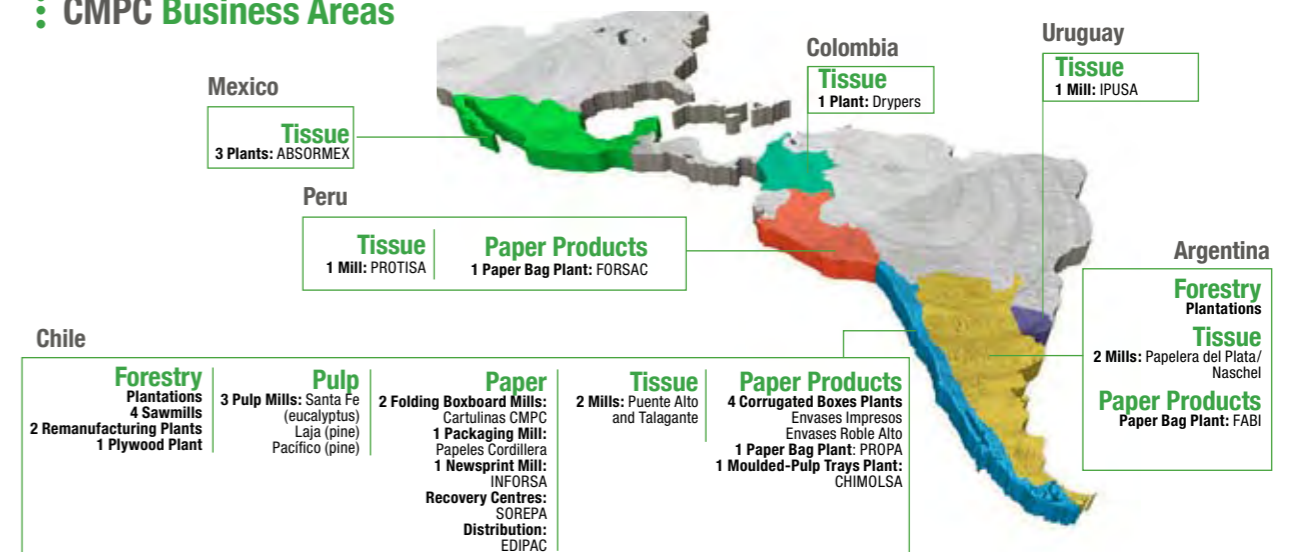
CMPC is today one of the most important companies in Chile, with forest reserves of 535,000 planted hectares, a shareholders' equity of US\$5,474 million and consolidated sales of US\$3,227 million as of December 2007. The company provides employment to more than 11,900 people and had 7,377 shareholders as of 31 December 2007.

Structure of the Organization

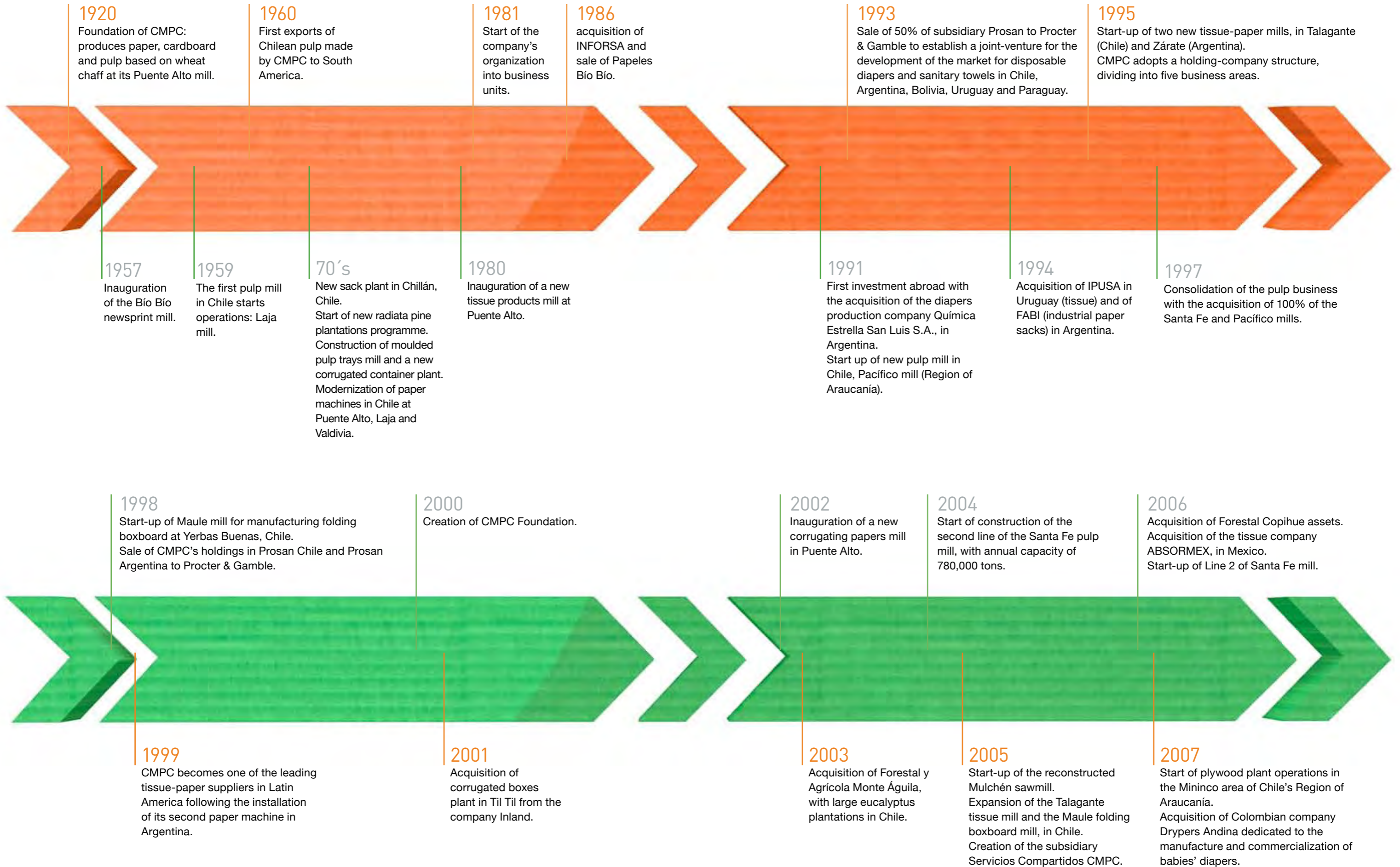
CMPC has an organization structure led by the board of the company and its Chief Executive Officer (CEO), which relates to the five business areas and the service subsidiaries. It functions with a holding company structure in which the financial, internal audit, shares and legal areas are centralized.

Each business area is managed independently and has a board and a managing director, as well as their own commercial, production and administrative teams. In addition, the integral management of human resources falls upon the managements of each subsidiary, which act according to the framework defined by corporate policies and guidelines.

CMPC Business Areas



History





Mission and Values

CMPC produces and markets high quality, competitive priced pulp, solid wood, paper, tissue products and paper products, adding value for its shareholders and clients and creating development opportunities for its workers.

The company has itself the following aims in order to achieve these objectives:

- Consolidate its position as a world-class company, operating its businesses efficiently, using cutting-edge technology, pricing competitively, complying with strict safety measures and protecting the environment.
- Serve a diverse and global group of clients, and striving to develop strong business relationships. Its focus on the client and its integrated logistics network are the resources that meet these needs.
- Develop the talents and skills of its workers, by integrating them into a successful, enthusiastic, committed, innovative and cooperative team with a strong identity. The company seeks to ensure that it is an attractive place to work.
- Protect people and the environment. The concept of sustainable development is the essence of the organization, combining environment conservation with contribution to economic and social development.



Ethics in the Business

Ethics in the business is for CMPC part of a combination of customs, principles and values governing its conduct in the different plans where it has to act. Its actions therefore have as a basis mutually beneficial relations with its personnel, customers and suppliers.

There is a strict respect and compliance in CMPC and its subsidiaries with all the laws and regulations current in every country where the company operates (Chile, Argentina, Peru, Colombia, Uruguay and Mexico).

In addition, it is rigorously applied, especially with respect to keeping one's word, honesty, work well done and personal effort as the means for achieving its objectives. Although there is no written code of behaviour, these imperatives go beyond all the activities and relations and are in the daily actions of every one of the organization's employees and executives.

Similarly, respect and protection of human rights are commitments that form part of the company's corporate culture and are assumed and shared by all the members of CMPC's business areas which, in turn, transmit them to their personnel.

Child work is rejected in all the operations, as is forced or obligatory work, which threatens the quality of life of its workers and their families. CMPC acts in accordance with agreement 138 (signed between

the International Labour Organization (ILO)¹⁾ and the Chilean government) which prohibits the employment of children below the age of 15.

Regarding the principles of non-discrimination, diversity and opportunity, the skills, abilities and capacities of the people are the principal assets for joining the company's work team. This translates into transparent recruitment, selection and contracting processes that respect diversity and value the individual (see page 61).



1) www.oit Chile.cl

Corporate Governance



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

The corporate governance structure is headed by a board of directors comprising seven members, elected by the company's ordinary shareholders meetings, who remain in their positions for three years. Its principal function, regulated by the Corporations Law 18,046, consists in the administration of the company. This law covers, among other things, the way in which the board should function, establishing its powers, obligations and the responsibilities of its members. The board also has the judicial and extra-judicial representation of the company in all acts necessary for compliance with the corporate objects and to achieve this, has all the powers of administration and disposal that the law or the statutes do not reserve for an ordinary shareholders meeting.

The board meets monthly to evaluate and guide the company's development in economic, environmental and social aspects. The directors' remuneration is variable, according to the dividends paid to the shareholders, but otherwise they receive no additional bonuses for the carrying out of objectives in the economic, social or environmental areas. Shareholders may express their points of view on the progress of the company at ordinary and extraordinary meetings called in accordance with the law.

Resulting from the way in which the company is organized, it is subject to the regulatory authority of the Chilean Superintendency of Securities and Insurance (Superintendencia de Valores y Seguros).

The corporations and securities market laws oblige the company to reveal periodically all information considered as material for the development of its businesses. Any resolution adopted by the board or other relevant event that affects corporate interests should be reported to the authority, stock exchanges and the public in general.

Among the mechanisms established to preserve the independence of the external auditors and rating agencies, the board has approved a policy whereby one of three names proposed for the Directors' Committee for approval by the shareholders meeting is chosen and should rotate the partner in charge periodically if the same firm is selected.

Composition of the Board

Of the seven members of the board, two have been appointed by shareholders independent of the controller. The company is also organized by business areas through separate subsidiaries. Each of these subsidiaries is a corporation with a board

of directors whose members are representatives of the controller, independent third parties appointed by the company and senior executives of the company. These boards meet regularly and systematically.

In accordance with the law, the board, immediately following its election, should appoint, from among its members, the chairman of the board who is also the chairman of the company. In order to avoid an excessive accumulation of powers, the directors may only exercise their functions acting in a legally-constituted forum, i.e. respecting the minimum quorums established in the law and the corporate statutes. Neither the chairman nor any other member of the board has the power to act individually on behalf of the company.

The accounts of CMPC are reported periodically, both to the general public and to the regulatory authority. These accounts are approved by the board prior to their publication, after having been revised and certified by the external auditors.

Board Commissions

Part of the functions established for the board's commissions are exercised by the Directors' Committee. This has three members, a majority being independent of the controller. Its functions include:

- Examine the reports of the external auditors and inspectors of accounts, the balance sheet and other financial statements and pronounce on them prior to their presentation to the shareholders.
- Revise and pronounce on transactions with related companies or persons.
- Suggest the external auditors and private credit-rating agencies to the board which will then be proposed to the shareholders meeting.
- Examine the remunerations systems and compensation plans for managers and senior executives.

These functions are complemented by the work of the Audit Committee, formed by the secretary of the board, the general manager of Servicios Compartidos CMPC and the audit manager, whose responsibility is to design and evaluate the results of a complete internal audit plan of all the corporate structures and processes, which is carried out annually.

As CMPC is organized operationally in business areas and subsidiaries, each one of them sets its development and investment policies at its own board meetings.

CHAIRMAN:	Eliodoro Matte L.
DIRECTORS:	Juan Claro G. Martín Costabal L. Patricio Grez M. Jorge Gabriel Larraín B. Jorge Marín C. Bernardo Matte L.
DIRECTORS' COMMITTEE:	Martín Costabal L. Patricio Grez M. Jorge Marín C.
MANAGEMENT:	
Chief Executive Officer:	Arturo Mackenna I.
General Secretary:	Gonzalo García B.
Chief Financial Officer:	Luis Llanos C.

Boards and Managers of the Business Areas

FORESTAL MININCO

Chairman:	Eliodoro Matte L.
Vice Chairman:	Arturo Mackenna I.
Directors:	Gonzalo García B. Jorge Gabriel Larraín B. José Ignacio Letamendi A. Leonidas Montes L. Pedro Schlack H.
Managing Director:	Hernán Rodríguez W.

CMPC PULP

Chairman:	Eliodoro Matte L.
Vice Chairman:	Arturo Mackenna I.
Directors:	Gonzalo García B. Bernardo Larraín M. Luis Llanos C. Bernardo Matte L. Jorge Matte C.
Managing Director:	Sergio Colvin T.

CMPC PAPELES

Chairman:	Eliodoro Matte L.
Vice Chairman:	Arturo Mackenna I.
Directors:	Jorge Araya D. Juan Claro G. Andrés Echeverría S. Luis Llanos C. Bernardo Matte L.
Managing Director:	Washington Williamson B.

CMPC TISSUE

Chairman:	Eliodoro Matte L.
Vice Chairman:	Arturo Mackenna I.
Directors:	Gonzalo García B. Jorge Hurtado G. Jorge Larraín M. Luis Llanos C. Bernardo Matte L.
Managing Director:	Jorge Morel B.

CMPC PRODUCTOS DE PAPEL

Chairman:	Eliodoro Matte L.
Vice Chairman:	Arturo Mackenna I.
Directors:	Juan Carlos Eyzaguirre E. Gonzalo García B. Patricio Grez M. Andrés Infante T. Bernardo Matte L.
Managing Director:	Francisco Ruiz-Tagle E.

CMPC SERVICES SUBSIDIARIES

Servicios Compartidos CMPC	
Managing Director:	Jorge Araya D.
Portuaria CMPC	
Managing Director:	Gabriel Spoerer O.





Information on Related Transactions

Related transactions are subject to a revision and diffusion plan. Related transactions are understood to be those with companies or individuals which have some relationship to the controller, or those carried out with companies which have directors in common.

Before these can be carried out, they must be reported to and approved by the Directors' Committee, which ensures that their terms are similar to those prevailing in the market. Should market conditions not be apparent or the amount of the transaction relevant, the matter should be submitted to independent appraisers, the controller having to provide all the details of the transaction. With that pronouncement, a recommendation is made to the board as to whether or not the transaction should be carried out. The board should pronounce in favour or against. The transaction may only be carried out once it is approved.

However, detailed information concerning each of the related transactions carried out during the year should be read and reported annually at the ordinary shareholders meeting.

In addition, the financial annual report of CMPC includes a description of these transactions, with their date, amount, related parties and the relationships.

Finally, as an exercise in self-regulation, the board recently established a rule regulating the handling of company information by its employees where, among other things, the trading of securities at certain times is prohibited.

Follow Up of Corporate Governance Recommendations

CMPC is constantly trying to adopt good practices with respect to corporate governance. It has for example established the requirement of rotating the firms or the partner that provides external audit services and of independent evaluators, to avoid these services being provided for more than three consecutive years, as a way of ensuring the independence of these evaluation firms.

There is also an internal audit management with offices in Santiago and Los Angeles, in Chile, and in Buenos Aires, in Argentina, which, with their own staff, make annual inspections of all the company's processes so that, through the reports made to the Audit Committee and the board, it is possible to keep a control of the functioning of the company and a follow-up of the policies adopted for improving such processes.

There is also a business controlling management which is constantly revising the financial and operational reports of the business areas and subsidiaries to ensure that these operate and report in accordance with the standards set by the board.

There are also monthly and systematic meetings between the general managers of each subsidiary and the CEO of the company, where the different aspects of the business are explained and a follow-up of the recommendations and policies set by the boards is made. The objectives and targets set by the board are implemented by the company's executive level, which is headed by the Chief Executive Officer.

RESPONSIBILITY



In our business chain we are responsible with our shareholders, customers, suppliers, employees, the community and the environment that surrounds us.





The company has a Corporate Social Responsibility (CSR) Policy which includes its relations and actions with the business chain, workers, community and the environment.



Social Responsibility Policy

1. BUSINESS CHAIN

The company contributes to the country's development by creating jobs and wealth. For this, it provides good management, manufactures and sells quality products, maintains a commitment of seriousness and efficiency with its customers and suppliers, competes fairly in the market, provides transparent financial information, and complies with the payment of taxes due by the company and with current legislation.

2. WORKERS

The company is concerned to maintain dignified working conditions, duly complying with labour obligations related to remunerations, social laws and current regulations. It is also developing benefit policies and programmes for the workers and their families, maintaining a constant concern for their safety and offering opportunities for training and professional development.

3. COMMUNITY

The company develops educational support programmes and communal development for the benefit of the communities close to its forest lands and factories, in order to improve their standards of living.

As a neighbour of various localities, the company has an attitude of collaboration with these communities in order to participate, within its possibilities, in their aims and challenges.

The CMPC Foundation is also conducting educational support programmes in Chilean public schools and provides training for neighbours in order to contribute to improve the children's level of education so that they can accede to better and varied work options.

4. THE ENVIRONMENT

The company's industrial activity and forest management are carried out according to the principles of sustainable development, as an element of competitiveness indispensable for the existence and success of its businesses.

It has an environmental policy that governs its actions and the performance of its personnel, which ensures responsible actions in relation to the surroundings. Protection of the surroundings is for the company an ethical challenge towards future generations and is also a decisive element in its competitiveness. This commitment is the basis of its daily activity and its strategic positioning.

The Sustainable Development Report has been divided to follow the aspects of the CMPC CSR policy. A synoptic table is therefore shown of the CSR aspects covered, the subjects proposed by GRI through its standard discussion and the responsible areas for each of them, as follows.

Aspects Covered by the CSR Policy	GRI Standard Discussion	Responsible Areas
Business Chain	Economic performance. Suppliers & contractors. Customers.	Business managements.
Workers & Safety	Labour relations. Safety. Occupational health.	Administration and human resources management of each business area.
Community	Relations with the community. Support for education. Good Neighbourhood Plan developed in the forestry area.	General Secretary, Public Affairs, businesses managements and CMPC Foundation.
The Environment	Emissions. Water & energy consumption. Waste. Biodiversity.	Managing Directors of each division, operations, plants and the environment.



Dialogue with Stakeholders

There is a permanent relationship and communication in CMPC with its stakeholders through an habitual practice which is not completely systemized. Due to the company's diversity of businesses and installations, each of these has developed its own strategy with respect to its own relevant groups according to the nature of its industrial work.

For example, CMPC has defined its stakeholders and has shaped the principal ways in which it relates to them in the following table.

Stakeholder	Means of Communication
Shareholders	Ordinary and extraordinary shareholders meetings, financial annual report.
Investors	Periodic meetings, press release, conference calls.
Employees	<i>Mi Papel</i> magazine, intranet, periodic coordination meetings, distribution of internal magazines, training, joint committees, health and safety programmes (Zero Fault Strategy, SISECO, etc.), organization and communication with workers unions, welfare programmes and integration of families with work and recreation activities, forestry technician career development, communication workshops.
Services Companies	In the forestry area, there are various bulletins like <i>El Buen Conductor</i> , and others. Health and safety programmes, and meetings of joint committees. Periodic meetings.
Customers	Provision of information through bulletins (Newsletter of CMPC Pulp and Cartulinas CMPC, etc.), quality management systems, visits to industrial mills, periodic meetings, events.
Local Authorities	Periodic meetings with governmental organisms related to the company's business. Mill managers meet with local municipal authorities. Distribution of information on the company's business (Forestry bulletin <i>The Good Neighbour</i>).
Community in General	Development of research projects with universities. Participation in EXPOCORMA, a fair related to the forestry and pulp industries. Web site www.papelnet.cl , providing students in Chile and the world with all the information on the forestry and pulp industries.
Local Communities	Permanent meetings and communication with school principals, teachers and parents in the areas where the company has an industrial or forestry presence; neighbours meetings, fire brigades, among other relevant institutions in each town or village where the company operates. Work of CMPC Foundation (support for the improvement of learning). Good Neighbourhood Plan in the forestry area, supporting preferably Mapuche communities. Provision of scholarships for rural school students. Donations. Course for teachers on renewable natural resources in the south of Chile. CMPC mills' open-doors policy, for visits by the community.
NGOs	Periodic meetings with various NGOs to show the company's work, with major emphasis on forests. Presence of NGOs in audits made to the company in environmental, quality, safety and management terms. Participation of the company in BioRio, a programme for monitoring the Bio Bio river in Chile.

Balanced Scorecard

Forestal Mininco, CMPC Pulp, CMPC Tissue and the plants in the multi-layered sacks businesses of CMPC Productos de Papel are working hard on the transformation process, focused on carrying out their strategy through the Balanced Scorecard (BSC) methodology.

Another example of the application of this tool has been the process carried out by the three CMPC mills located in the county of Nacimiento, in Chile's Bio Bio Region (Nacimiento sawmill, Santa Fe mill and INFORSA) which are constructing a Balanced Scorecard related to the community. This sets out objectives and indicators for being able to provide a better performance and social support to the community. The necessary skills and abilities have

been provided, based on an important development of internal communications and generating leadership by all the departmental heads involved so that they are the people who carry out this strategy. The objective is that the community understands why the company is committed to them and their development.

The development of consolidated BSC reports, strategic meetings for discussing the management and generating initiatives, the preparation of budgets aligned to the strategy, the planning of human resources and information technology around the strategy, are activities that the company is implementing and that have produced a challenge, which the personnel has taken up with a strong commitment and responsibility.

CMPC's Commitment with External Initiatives

CMPC maintains an attitude of constant collaboration with various institutions in the social and business association areas, and adheres to their agreements. In Chile, these include Centro Nacional de Envases y Embalajes (CENEM)², Instituto Chileno de Administración Racional de Empresas (ICARE)³, Centro de Estudios Públicos (CEP)⁴, Corporación Chilena de la Madera (CORMA)⁵, Paz Ciudadana⁶, Sociedad de Fomento Fabril (SOFOFA)⁷, RED Empresarial PROhumana⁸, Fundación Chilena del Pacífico⁹, Instituto de Ingenieros de Chile¹⁰, Cámara de Comercio de Santiago¹¹, Corporación Industrial para el Desarrollo del Bío Bío¹², Asociación de Industriales Gráficos¹³, Corporación Araucanía, Asociación Gremial de Industrias Proveedoras (AGIP), Asociación Chilena

de Seguridad (ACHS)¹⁴, Asociación de Industriales del Centro¹⁵, Asociación Técnica de la Celulosa y el Papel (ATCP)¹⁶, Asociación Nacional de Avisadores (ANDA)¹⁷, Asociación Gremial de Industriales de la IX Región (ASIMCA)¹⁸, Corporación de Bienes de Capital (CBC)¹⁹, and several binational chambers and universities.

At the International level, CMPC's subsidiaries participate in various business and industrial associations including the International Programme for the Conservation of Tropical and Sub-Tropical Forest Species (CAMCORE)²⁰, New Zealand Forest Research Institute (FRI)²¹, North American Wholesale Lumber Association (NAWLA)²² y Technical Association For The Pulp, Paper & Converting Industry (TAPPI)²³.

2) www.cenem.cl / 3) www.icare.cl / 4) www.cepchile.cl / 5) www.corma.cl / 6) www.pazciudadana.cl / 7) www.sofofa.cl / 8) www.prohumana.cl / 9) www.funpacifico.cl / 10) www.iing.cl / 11) www.ccs.cl / 12) www.ciderebiobio.cl / 13) www.asimpres.cl / 14) www.achs.cl / 15) www.asicent.cl / 16) www.atcp.cl / 17) www.anda.cl / 18) www.asimca.cl / 19) www.cbc.cl / 20) www.camcore.org / 21) www.business.govt.nz / 22) www.nawla.org / 23) www.tappi.org

DEVELOPMENT

We respond to the trust deposited on us with responsible actions and quality products for all those who participate in our business chain.





A.- CMPC Responsible in its Business Chain

CMPC is a public corporation. As of 31 December 2007 it had 7,377 shareholders holding a total of 200 million shares. The Matte group is the largest shareholder, with a 55.44% holding, followed by local shareholders (26.57%), Chilean pension funds (AFPs) (16.86%) and foreign investors (1.13%).

The company is one of the principal manufacturers of forestry products in Latin America. Its products are logs (for sawing and pulping) and manufactured wood and plywood, bleached long and short-fibre pulp, writing papers, newsprint, folding boxboard and corrugating

papers, tissue products, diapers and sanitary towels, corrugated boxes, moulded pulp trays and paper sacks.

Many of the trademarks registered by the company are related to tissue products: Confort, Elite, Noble, Nova, Higienol, Sussex and Orquidea for paper napkins, toilet paper, handkerchiefs, and others; Babysec for baby diapers; Cotidian for adult diapers; Ladysoft for feminine sanitary towels and Equalit for photocopying paper.

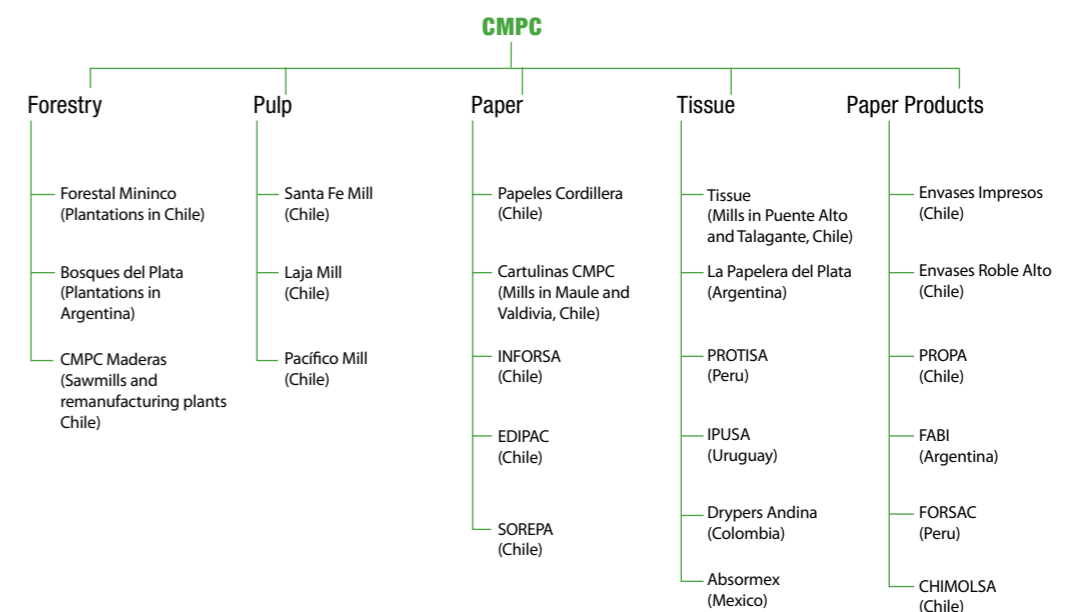


As a business chain, CMPC considers the information related to the Company's economic performance and the relationship this generates with its suppliers and contractors, as well as with its customers.

CMPC Business Areas

CMPC is an integrated forestry business which operates as a holding company with five business areas: forestry, pulp, paper, tissue and paper products.

Each of these areas functions independently, with the holding company being responsible for general coordination and the financial management of its businesses.





Forestral Mininco manages the company's forestry assets which total 535,000 hectares planted in Chile and Argentina.

1. Forestry

Forestal Mininco is the company responsible for managing the company's forest assets. Its subsidiary, CMPC Maderas, operates in the area of solid wood products such as sawn timber, remanufactured wood and plywood.

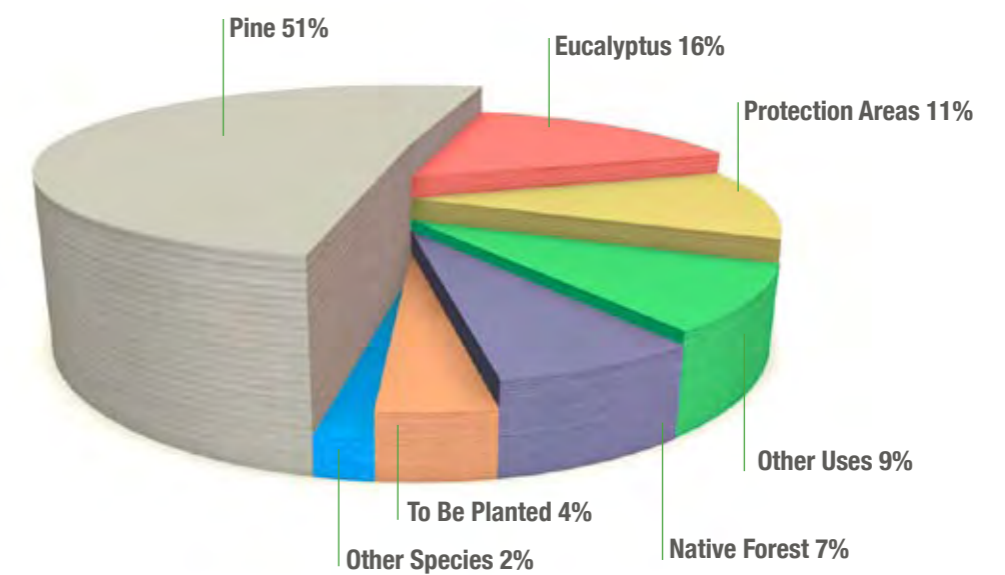
In Chile, the company has forest resources of 468,000 hectares of pine, eucalyptus and other species, 31,000 hectares for planting and 183,000 hectares for other uses, located between the regions of Maule and Aysén.

In the north-east of Argentina, the subsidiary Bosques del Plata has a forest base of 67,000

hectares, basically of taeda and elliotti pine, 1,000 hectares for planting and 26,000 hectares for other uses.

CMPC Maderas has four sawmills in the regions of Maule and Bio Bio, specifically in Las Cañas, Bucalemu, Mulchén and Nacimiento, with an annual production capacity of close to 1.4 million m³ of radiata pine. Maderas exports 83% of its production to the five continents. It also has two remanufacturing plants at Coronel and Los Angeles, in Chile, which produce 180,000 m³ of products prepared from dry sawn timber (mouldings, boards and laminates) and a plywood mill which started up in 2007 with an annual production capacity of 250,000 m³.

Forest Assets 2007 (776,473 Hectares)



2. Pulp

All pulp mills have the certifications ISO9001, ISO14001 and OHSAS18001. Their custody chains are also certified under the CERTFOR- PEFC standards.

Pulp is the principal raw material used in the manufacture of papers and boards. It is a natural fibre that is obtained mainly from wood. Of the total world production of pulp, most is used in the production of paper. It is estimated that in 2007 some 51 million tons of pulp were traded between producers and consumers in a market known as "Market Pulp"²⁴.

CMPC has been in this market since 1960, being the Chilean pioneer in exports of this product. The global pulp market is characterized by having a global coverage: more than 80% of market pulp is exported from producing countries to those needing this raw material.

The company produces almost 2 million tons at its Santa Fe, Laja and Pacífico mill, in Bío Bío and Araucanía Regions in Chile. All of these have the ISO9001, ISO14001 and OHSAS18001 certifications. They also have their custody chain certified under the CERTFOR-PEFC²⁵ standards, thus ensuring that its raw material is exclusively supplied from man made plantations, free of disputes and perfectly traceable from the forest to its final destination.

PULP PRODUCTION CAPACITY

Short-fibre pulp production capacity: 1,140,000 tonnes per year.

Long-fibre pulp production capacity: 855,000 tonnes per year.

²⁴) *Market Pulp* is the international market where pulp is traded for the manufacture of papers and boards.

²⁵) CERTFOR is a seal of Sustainable Forest Management and Custody Chain certification. Certification is made by duly accredited international auditors. The standard was developed in Chile by a group formed by Fundación Chile and the Forestry Institute, with participation by CORMA and with CORFO financing. This is accredited as a national standard by the INN. The standard rules are standardized by the Programme for Endorsement of Forest Certification (PEFC), which constitutes the international seal with the greatest area certified in the world: www.certfor.cl

3. Paper

CMPC Papeles produces more than 810,000 tons annually of folding boxboard, newsprint and corrugating paper, satisfying the requirements of the domestic and foreign markets.

Produces and commercializes papers and folding boxboard in Chile through its subsidiaries INFORSA (Nacimiento mill), Cartulinas CMPC (Maule and Valdivia mill) and Papeles Cordillera (Puente Alto mill). In addition, through SOREPA, it collects used paper, and through EDIPAC commercializes printing papers, folding boxboard, wrapping papers and others. The products of this area are exported principally to Latin America, North America, the Caribbean, Europe and Asia.

Cartulinas CMPC sells 330,000 tons of folding boxboard annually to more than 40 countries in Latin America, Europe, Asia and the United States. This is produced at its mills in Maule and Valdivia in Chile. More than 80% of this production is exported to markets throughout the world. Folding boxboard is a product that is used in the manufacture of packaging for cereals, cosmetics, medicines, detergents and cigarettes, among many others.

Competitive production costs together with the latest technologies employed in its industrial installation enable Cartulinas CMPC to produce high-quality folding boxboard that is very much appreciated in the export markets.

The Papeles Cordillera mill, located at Puente Alto, in Chile, sells different papers for corrugating, wrapping, construction, laminated papers and for industrial use, produced on four paper machines. The most important of these is the one that produces corrugating papers based on recycled fibres, with an annual capacity of 280,000 tons. This type of paper is used mainly in the manufacture of corrugated boxes, and following the installation in 2001 of the new paper machine in Puente Alto, its production increased initially in 118,000 tons per year and later in 130,000 tons per year. Today it produces liner and medium papers, using recycled paper as its principal raw material.

4. Tissue

CMPC Tissue is leader in this business segment in Chile, Argentina, Peru and Uruguay, making it one of the principal companies in this business in South America.

The market for tissue products is split into two groups: mass consumption (for use in homes) and institutional (for use outside the home).

CMPC Tissue produces and sells tissue products (toilet paper, paper towels, paper napkins and face towels), sanitary products (diapers for children and for adults and feminine sanitary towels) and specialized hygienic products for use in institutions and public places in Chile, Argentina, Peru, Uruguay, Colombia and Mexico.

It is one of the principal tissue-paper companies in South America and the company is leader in this business segment in Chile, Argentina, Peru and Uruguay. CMPC offers a wide variety of products in terms of quality and price in the categories in which it participates. The products are mainly sold under their own brand names which have achieved high levels of recognition by consumers. Elite is the regional brand used by the company. Confort and Nova in Chile, and Higienol and Sussex in Argentina, are leading brands in their markets in the toilet paper and paper towels categories respectively. Disposable diapers for children and adults and sanitary towels are sold under the brands Babysec, Cotidian and Ladysoft respectively.

INFORSA, with an annual capacity of 200,000 tons, sells newsprint produced at its Nacimiento mill in the Bío Bío region, both in Chile and abroad, its principal markets being Latin America, North America, the Caribbean, Europe and Asia.

In addition to the paper-producing subsidiaries, there is EDIPAC, a distribution company responsible for commercializing mainly the paper products of CMPC on the Chilean market, and SOREPA, a company responsible for collecting used paper and cardboard boxes in Chile for their recycling and reutilization as raw material in the various mills of the company.

PRODUCTION OF FOLDING BOXBOARD: 330,000 tons per year.

PRODUCTION OF NEWSPRINT: 200,000 tons per year.

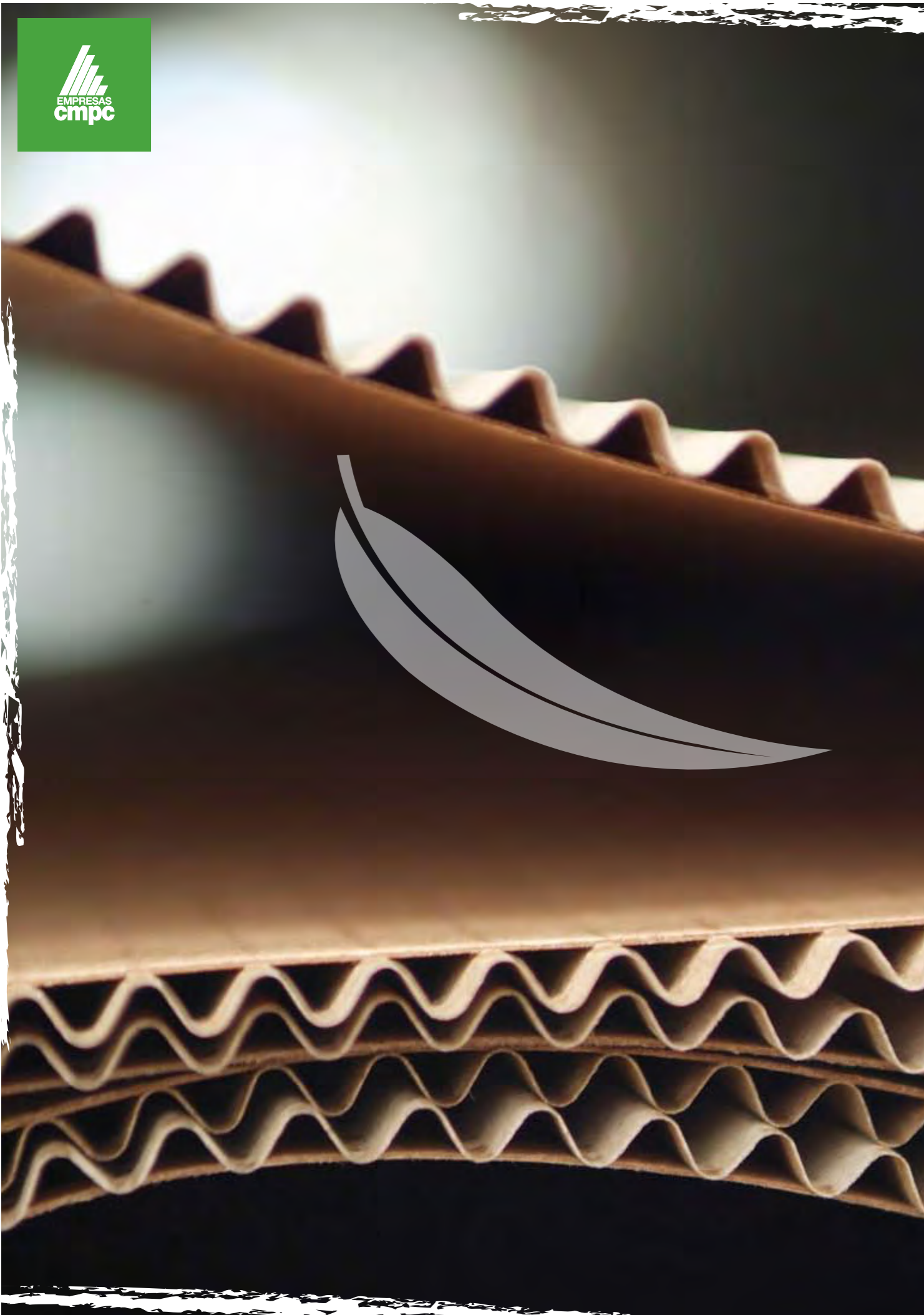
PRODUCTION OF CORRUGATING PAPER: 280,000 tons per year.

MANUFACTURE OF TISSUE PRODUCTS

(toilet paper, towels, paper napkins and paper handkerchiefs):
310,000 tons per year.

MANUFACTURE OF DISPOSABLE SANITARY PRODUCTS

(children and adult diapers and sanitary towels):
1,600 million units per year.



Through its six subsidiaries, CMPC Productos de Papel is focused on meeting the demand for paper products such as corrugated boxes, paper sacks and moulded-pulp trays.

5. Paper Products

CMPC Productos de Papel has six subsidiaries dedicated to the manufacture and sale of products made from paper such as corrugated boxes, industrial bags and paper sacks and moulded-pulp trays.

The corrugated boxes business is covered by the companies Envases Impresos, which manufactures corrugated boxes for the fruit sector and the salmon industry at its two plants located in Chile, in Buin, south of Santiago, and Envases Roble Alto, which produces corrugated boxes for the industrial and wine sectors at its two industrial facilities located in the towns of Til Til and Quilicura in the Metropolitan Region in Chile.

The corrugated boxes industry is focused on different markets and uses, both in Chile and at the global level. There is a large number of products that use this kind of packaging, including the food industry, both perishable and non-perishable (fresh and canned fruit, foodstuffs in general, frozen products and meat), manufacturers of detergents and construction materials. This variety of applications makes it a very dynamic market, which requires a lot of flexibility and capacity for adapting to the requirements of the different industries. Its growth is closely linked to changes in the different sectors of the economy, especially those related to exports like fresh fruit, frozen salmon and wine. In Chile, this market has a quite marked seasonality

because of the fruit and salmon segments, which causes the demand for corrugated boxes to be concentrated on certain months of the year.

The global multi-wall sacks industry has consolidated over time in a number of specialized participants, principally constituted by those producers integrated with the manufacture of sackraft paper. Its main uses are seen in the segments of construction products, chemicals, and human and animal foods.

CMPC has 3 subsidiaries dedicated to the manufacture of multi-wall sacks in Chile, Argentina and Peru.

The moulded-pulp trays business is covered by Chimolsa, which manufactures over 18,000 tons per year.

CORRUGATED BOXES PRODUCTION: over 182,000 tons per year.
MULTI-WALL SACKS PRODUCTION: 430 million units per year.
PRODUCTION OF MOULDED-PULP TRAYS: over 18,000 tons per year.



Economic Performance

During the last four years, the start-up and consolidation of new projects required investments of over US\$2,100 million for CMPC. This period represented the highest four-year investment period in the company's history. This, added to a favourable scenario in the markets for its principal export products, produced a strong increase in both sales and profits, leaving the company in a promising position for the future.

However, the year 2006 provided a complex and challenging macroeconomic environment for CMPC. The expansion of the global economy was in general positive in terms of demand for the company's products. However, this same dynamism translated into high prices for certain commodities like oil (which

increased energy costs) and copper (which influenced the appreciation of the Chilean peso), with the consequent deterioration in the margins of CMPC's export businesses. The Chilean economy saw a relatively weak performance considering the positive international environment which, together with tough competition in some segments of the domestic market, adversely affected the company's results.

The economic environment in 2007 was marked by a global economy that sustained an accelerated growth rate. However, despite this favourable external situation, Chile did not manage to grow significantly. The vast majority of the countries where the company has a presence were affected by the increase in energy and fibre costs, as well as in labour costs.

Economic Value Generated and Distributed

The company produced an important generation of economic value in 2007, reaching US\$3,448 million. Table 1 shows the revenues and expenses for that year.

The value recorded in 2006 is due to important flows associated with investment activities, which were financed with the value generated by the company in previous years.

Revenues reported an increase of 5%, explained by a 22% increase in revenues received and a 112% decrease in financing activities. The latter was related to the financial requirements due to the investment projects carried out by the company in recent years.

Expenses showed increases in payments to suppliers, contractors and services (18%) related to the greater business activity following the maturity of the investment projects and the repayment of loans obtained in previous years to finance these projects. The latter showed an increase in 2007 over the year before, due to the completion of the principal initiatives carried out in the last four years. Dividend payments showed a significant increase due to a different distribution of the payments over time, which meant accounting for an extra dividend for the year 2007, compared to 2006, and the increase in these payments due to the improved results obtained by the company in 2007.

TABLE 1
ECONOMIC VALUE GENERATED

	2006	2007
REVENUES	MILLIONS US\$	
Revenues Received (1)	2,662.7	3,495.6
Sales of Fixed & Other Assets	10.3	2.2
Sub Total Operating Income	2,673.0	3,497.8
Net Effect of Financing Activities (2)	381.3	(49.5)
TOTAL ECONOMIC VALUE GENERATED	3,054.3	3,448.3

TABLE 2
ECONOMIC VALUE DISTRIBUTED

	2006	2007
REVENUES	MILLIONS US\$	
Suppliers, Contractors & Services (3)	1,966.9	2,489.3
Acquisitions of Fixed Assets	744.7	417.3
Remunerations (4)	219.3	266.4
Dividends Paid (5)	60.1	121.6
Payments to the State (6)	121.6	135.9
Donations (7)	3.1	2.6
TOTAL ECONOMIC VALUE DISTRIBUTED	3,115.7	3,433.1
NET TOTAL CASH FLOW FOR YEAR (RETAINED BY THE COMPANY)	(61.3)	15.2

(*) Figures in millions of Dollars at December 2007 relate to the company's consolidated figures, except for Payments to the State and Donations which relate just to Chile.

NOTE 1: Revenues received includes sales collections, customer advances, financial income received, dividends & other distributions received, insurance payments export, VAT refunds & other income received.

NOTE 2: Net effect of financing activities includes loans drawn, bonds issued & other sources of financing, the repayment of loans & the payment of bond issue & placement expenses.

NOTE 3: Include payments to suppliers of physical assets, payments to contractors & to suppliers of services.

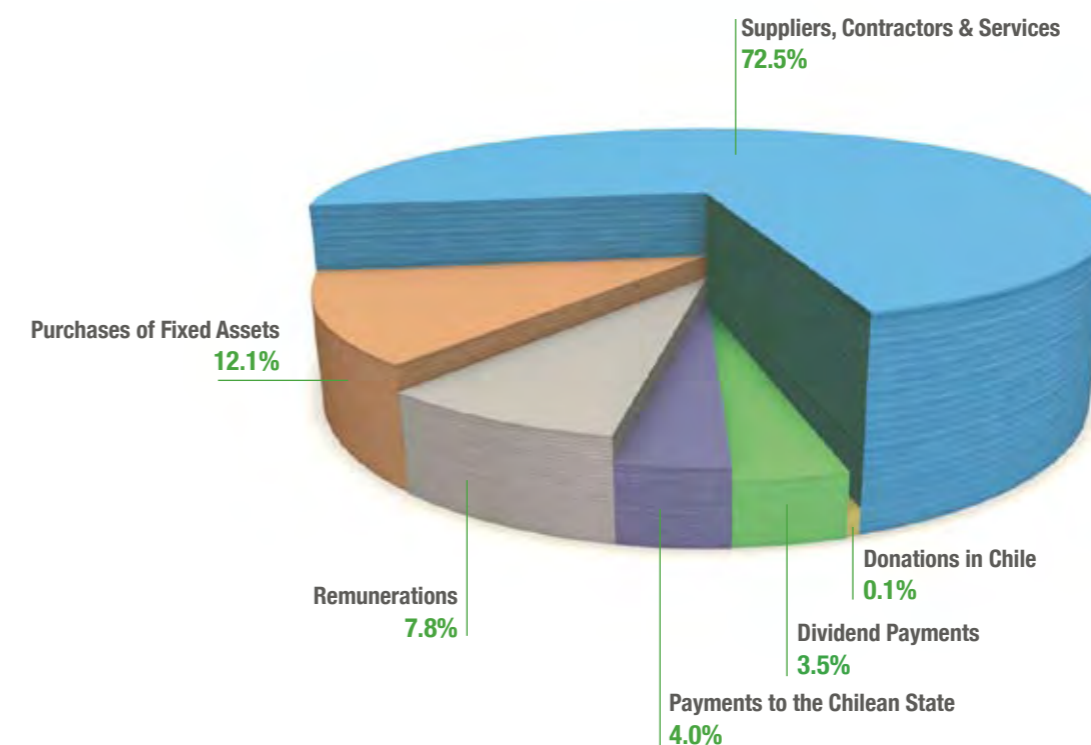
NOTE 4: Remunerations covers total cash flow related to employees.

NOTE 5: Payment of dividends to shareholders of the company.

NOTE 6: Payments to the state relates to all payments made to state entities in Chile such as taxes, property taxes and fines.

NOTE 7: Donations refers to those made in Chile to non-government organizations, universities, industry associations, municipal education programmes, donations for political purposes, etc.

ECONOMIC VALUE DISTRIBUTED



Profits

The company's consolidated net profit in 2007 was US\$501.9 million, more than double than that of 2006.

TABLE 3
PROFITS FOR THE YEAR: PERIOD 2003-2007

YEAR	MILLION US\$
2003	209,8
2004	301,6
2005	240,0
2006	205,3
2007	501,9

CMPC Sales

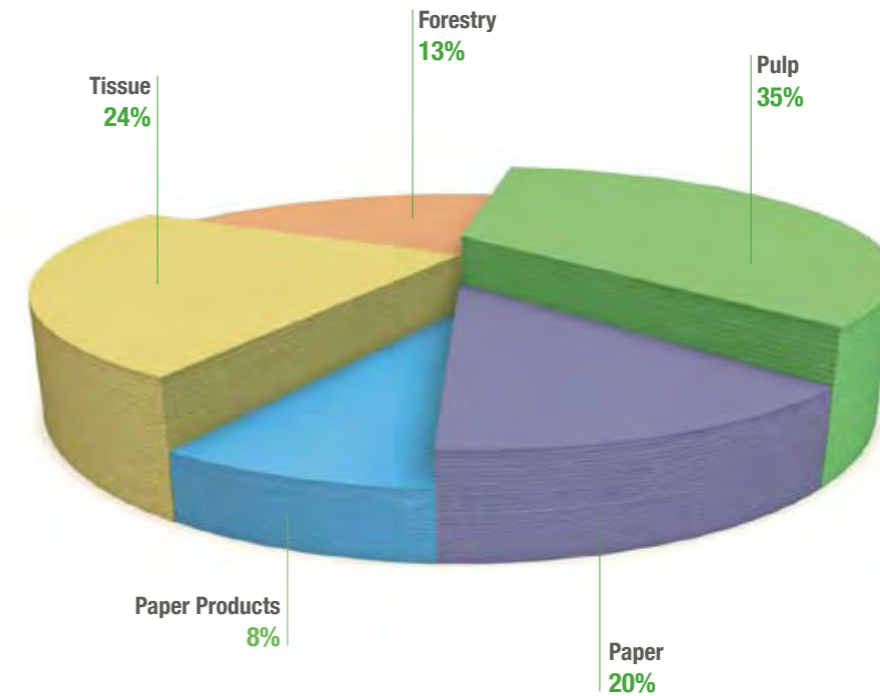
Sales to third parties by each of the business areas of Empresas CMPC and their respective shares for the years 2006 and 2007 are shown in Table 4. In 2007, the company's consolidated sales to customers in Chile represented 29% of the total, while those to foreign markets represented 56% and from foreign subsidiaries 15%.

TABLE 4
CMPC CONSOLIDATED SALES (*)

BUSINESS AREA	2006		2007	
	MILLIONS US\$	%	MILLIONS US\$	%
Forestry	372	16.7%	422	13.1%
Pulp	542	24.4%	1,133	35.1%
Paper	512	23.0%	635	19.7%
Tissue	608	27.4%	780	24.2%
Paper Products	189	8.5%	257	8.0%
CONSOLIDATED TOTAL	2,221	100.0%	3,227	100.0%

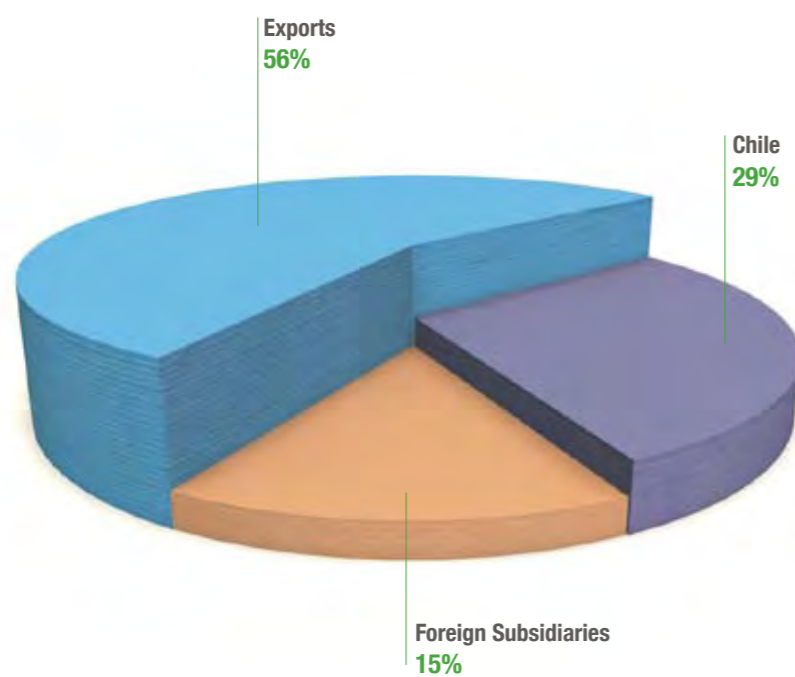
*Corresponds to third-party sales in millions of US\$.

Sales to Third Parties by Business Areas 2007

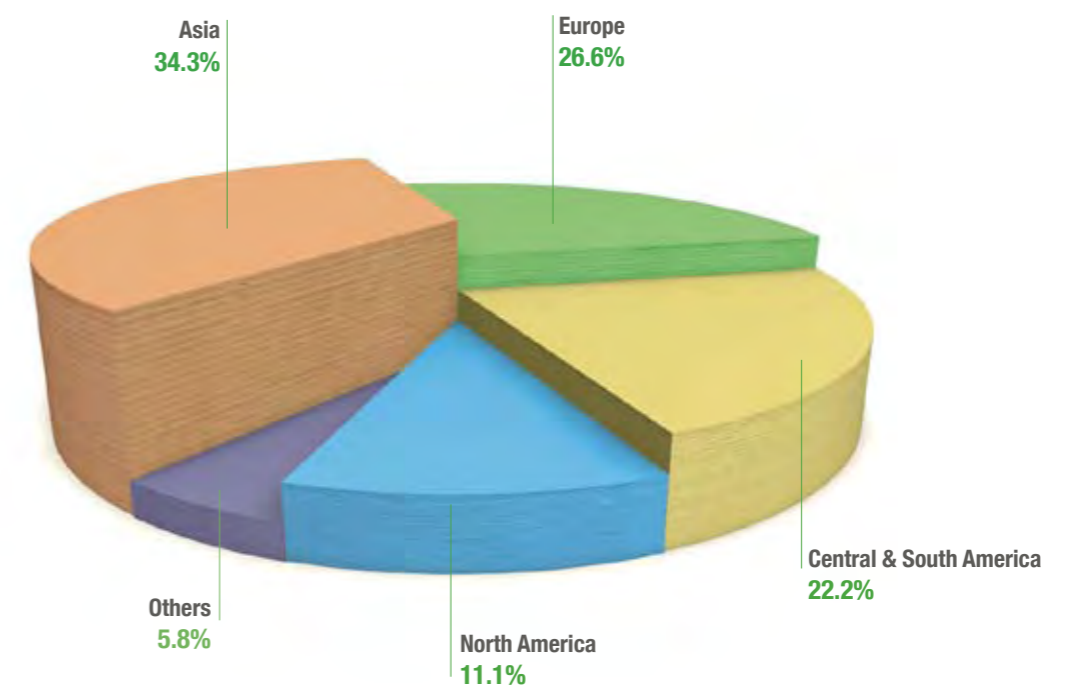


The company has a large international presence, exporting its products to important markets throughout the world. In 2007, 34.3% of its exports (FNVF²⁶) were to Asia, 26.6% to Europe, 22.2% to Central and South America, 11.1% to North America, and 5.8% to other markets.

Consolidated Sales 2007



Sales Distribution by Continent 2007



26) FNVF: FOB mill Net Value.

Providers of Capital

As of 31 December 2007, the company's assets amounted to US\$7,931 million, compared to US\$6,742 million at the end of 2006, the difference being due to the effect of inflation (US\$535 million), the effect of fluctuations of exchange rates (US\$482 million) and US\$162 million due to increase in current assets. Shareholders' equity as of 31 December 2007 was US\$5,474 million, compared to US\$4,496 million in 2006, the difference being the inflation effect

(US\$356 million), the exchange rate effect (US\$321 million) and US\$300 million due to increase in profits.

Consolidated liabilities as of 31 December 2007 reached US\$2,319 million, 9.2% up on the same date of the previous year which were US\$2,123 million. The detail of the consolidated liabilities is shown in Table 5.

TABLE 5 KIND OF DEBT (*)	2006	2007
	MILLIONS US\$	
Short Term	626	815
Long Term	1,498	1,504
TOTAL	2,123	2,319

(*) Consolidated debt.

Sanctions and Fines

The following table shows the amounts of the most relevant fines charged during the years reported, relating mainly to administrative, labour and environmental matters. US\$26,545 (CH\$14.1 million) were paid in 2006 and US\$78,709 (CH\$39.1 million) in 2007.

TABLE 6 SANCTIONS & FINES	2006	2007
	THOUSANDS US\$	
Forestry	1.4	17.0
Pulp	16.0	31.3
Paper	4.2	20.6
Tissue	0.0	8.4
Paper Products	4.9	1.0
Shared Services & Others	0.0	0.5
TOTAL	26.5	78.7

Payments to the State

The payments made to the Chilean State in the years 2006 and 2007 are shown in Table 7.

TABLE 7 PAYMENTS TO THE STATE (*)	2006	2007
	MILLIONS US\$	
Income Tax	30.9	53.7
Customs Duties	63.0	45.9
VAT Net	23.1	32.6
Property Taxes	3.4	3.9
Disallowed Expenses Taxes	0.2	0.2
Financial Credits	2.7	0.3
Payments of Services Abroad	0.8	0.4
Commercial & Industrial Licences	3.8	3.8
Tax Breaks & Credits	(6.3)	(4.9)
TOTAL PAYMENTS TO THE STATE	121.6	135.9

* This table only shows the figures for Chile.



CASE STUDY

Contributions to Public Infrastructure

The company has a series of needs due to the size of its businesses in terms of transportation, roads, etc. and, in the satisfaction of its requirements, contributes indirectly to the development of the neighborhoods where it operates. CMPC and its business areas invested US\$7.4 million in infrastructure of public benefit between 2006 and 2007. The principal investments made were focused on the construction of roads, bridges, transmission lines, paving and mitigation works. Table 8, 9 and 10 shows the amounts invested in these works in both years. The forestry business area is the one which makes the largest investments for these concepts, mainly through the construction of roads and paving, originating from business needs but once built are for the public benefit.

INVESTMENT IN INFRASTRUCTURE OF PUBLIC BENEFIT

TABLE 8 BY BUSINESS AREA	2006	2007
	TH US\$	
Forestry	2,034.4	4,049.0
Pulp	962.2	81.0
Paper	111.3	200.0
Tissue	9.1	5.0
Paper Products	2.5	2.5
TOTAL	3,119.5	4,337.5

TABLE 9 BY INFRASTRUCTURE	2006	2007
	TH US\$	
Roads	2,260.0	1,508.0
Paving	673.7	2,646.5
Bridges	28.7	39.0
Transmission Lines	25.0	25.0
Others	132.1	119.1
TOTAL	3,119.5	4,337.5

TABLE 10 BY COUNTRY	2006	2007
	TH US\$	
Chile	3,104.9	4,323.0
Argentina	3.0	7.0
Peru	2.5	2.5
Uruguay	9.1	5.0
Mexico	0.0	0.0
TOTAL	3,119.5	4,337.5



Suppliers and Contractor Firms

CMPC's suppliers network comprises both national and foreign companies. The latter include companies from Argentina, Brazil, Peru, United States, Canada, Germany, Mexico, Italy, Finland, Sweden and Holland. Among CMPC's multiple suppliers of goods and services, there are more than 1,000 contractor firms that provide specialized support services for its forestry and industrial operations. More than 90% of these service firms are small and medium-sized enterprises of a local nature, which develop important investments in high-technology machinery, equipment and trucks for carrying out these specialized services.

In the same way that the company respects its agreements reached, it demands that the products and services provided meet the established criteria of excellence. This is reflected in the requirements that the company makes to its suppliers in environmental, social and labour matters.

CMPC tries to maintain close relations with its suppliers with whom it has worked in developing high operating standards with emphasis on the safety of the workers and improvements in working conditions in general. This relationship is the fruit of a fluid communication through tools designed to meet this aim. Throughout the year, feedback opportunities were developed for gathering suppliers' opinions on different matters.

The mechanisms for gathering information vary in the different subsidiaries but periodic meetings are the most usual way, thus preferring personal meetings at which evaluations are made of both technical-commercial aspects and alliances. The frequency of dialogue is according to the needs the subsidiaries may have. Over and above the existence of formal mechanisms of communication between the parties, both the suppliers and the company have consolidated a relationship over time which has enabled them to maintain a permanent contact.

The information gathered permits continuous improvement as it makes possible the perfecting of the products and services provided, the construction of strategic alliances and making adjustments to the relationship. This feedback provides relevant data for detecting the possibilities for making future improvements in the quality of the service, thus increasing the contribution of value to the business and the levels of satisfaction in the suppliers' network.

Compliance with Social and Labour Laws

CMPC requires its contractors to be concerned about the working conditions of their employees, checking that these are decent and that no children's or forced work is carried out. The company ensures

that throughout the whole business chain there are no abuses of any kind and that there are good working conditions for all personnel.

Compliance with Environmental Standards

CMPC requires its suppliers to fully comply with current legislation on environmental matters. Based on the certifications that its various businesses have obtained (ISO, OHSAS, CERTFOR, PEFC and FSC), CMPC also ensures that its suppliers comply strictly

with the established environmental requirements. In addition, the business areas, depending on their activity, have set themselves specific requirements that are contained in their own environmental management systems.

Practices with Local Suppliers

It is a practice of the company and its business areas to give preference to the acquisition of goods and services from local suppliers, to the extent that these are considered to be products and services of quality, meet delivery times and are competitive in cost.

CMPC makes a significant portion of its purchases of goods and services from local suppliers, as can be seen from Tables 11 and 12 which shows the proportion of total purchases paid to local suppliers by each subsidiary in the respective year.



Customers

LOCAL SUPPLIERS SHARE OF CMPC'S PURCHASES OF GOODS AND SERVICES (*)

	2006	2007
	% LOCAL	% LOCAL
Forestry	90.4%	86.1%
Pulp	60.0%	67.2%
Paper	46.3%	35.2%
Tissue	17.7%	14.1%
Paper Products	50.5%	59.2%
Shared Services & Others	93.0%	90.2%
TOTAL	55.0%	56.2%

CMPC's customers consist of Chilean and foreign companies belonging to different industrial sectors. The location of the customers and their respective productive sector varies according to the subsidiary to which they are related. In general terms, exports are made to customers in South America, Central America, North America, Europe, Asia and Oceania.

Maintaining a fluid communication with customers is a constant concern and has produced the consolidation of long-term relations which are beneficial to both players. Being conscious of the role played by customers in the economic success and social recognition of a company has led CMPC to seek, from its beginnings, mechanisms and levels of dialogue that enable a tightening and deepening of links with stakeholders.

	2006	2007
	% LOCAL	% LOCAL
Chile	57.9%	59.3%
Argentina	34.8%	32.9%
Peru (**)	10.2%	13.6%
Uruguay	41.1%	25.8%
Mexico (**)	15.5%	15.7%
TOTAL	55.0%	56.2%

Timely Information for Customers

The company is convinced that the provision of timely information generates trust and credibility with its customers. This is why there is a special concern that the labelling of its products contains all the information that the consumer needs, according to requirements of the market served and the demands made by the productive sector to which they belong.

(*) A supplier is considered as local if it is located in the same province or region where the factory or business area head office is located.

(**) In Peru and Mexico, the relative percentages are lower as not all the products and services that the local subsidiaries require are available locally.

Marketing and Publicity

Most of the products prepared by the company are not for mass consumption. Only CMPC Tissue makes products falling within this category, complying

therefore with the ethical standards of the Advertising Self-Regulation Council and being coherent with the company's values and ethics.

Customer Health and Safety

The impact of products on the health and safety of customers and consumers over their life cycles carries greater relevance every day. This analysis is applied especially to three types of CMPC products: tissue and sanitary products, folding boxboard that will be in contact with foodstuffs, and paper sacks for packaging foods.

TISSUE PRODUCTS

Tissue and sanitary products comprise toilet paper, disposable diapers and absorbent sanitary towels. All their components are submitted to a strict safety analysis: pulp and recycled paper fibres, additives, adhesives and absorbents in the case of diapers and sanitary towels. The finished products are then submitted to test a required according to prevailing quality standards, in order to ensure their microbiological stability over time. Finally, dermatological tests are carried out to ensure that the products are hypo-allergenic and suitable for being in contact with sensitive skins.

FOLDING BOXBOARD

Boxboards that will be converted into food packaging have their HACCP⁽²⁶⁾ certification, consisting of the analysis of hazards and control of critical points in the whole production process in order to ensure the innocuousness of the boxboards through the prevention of physical, chemical and biological risks and the adoption of production, packing and distribution practices that are safe for health. This comprises processing water, pulp fibres, mechanical pulp and all the additives included in the manufacture. Apart from the HACCP certification, CMPC's boxboards have the ISEGA⁽²⁷⁾ seal from a prestigious German laboratory which authorizes the use of boxboard for being in direct contact with foodstuffs.

PAPER SACKS

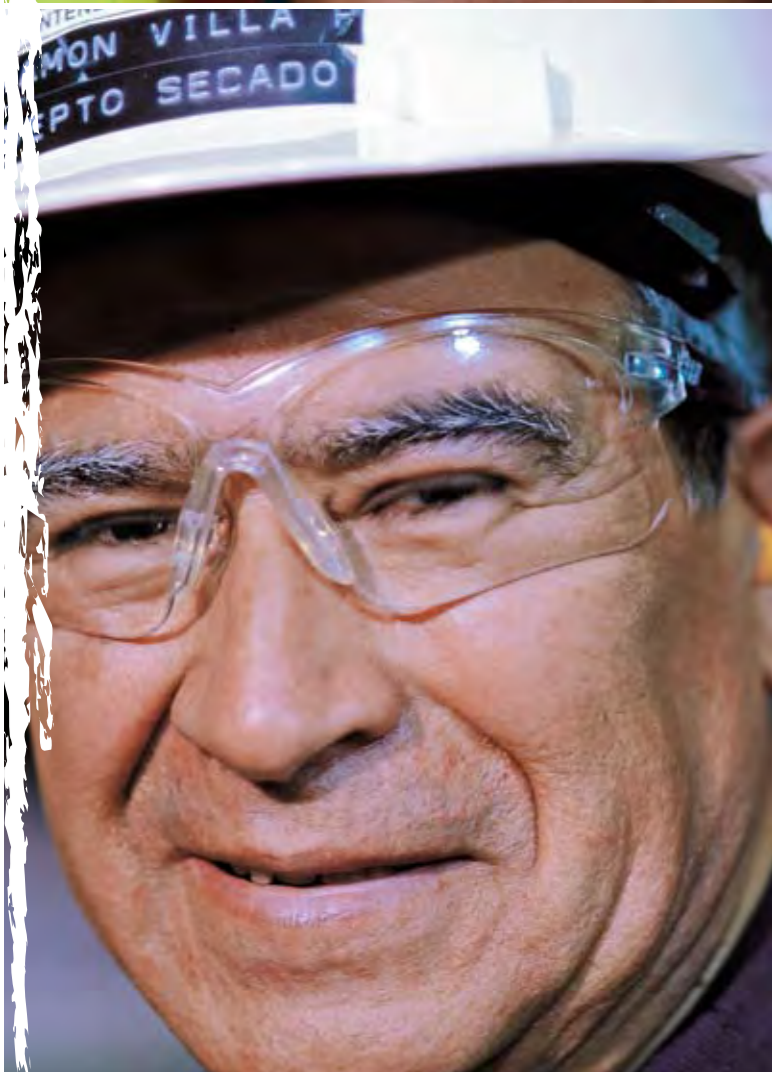
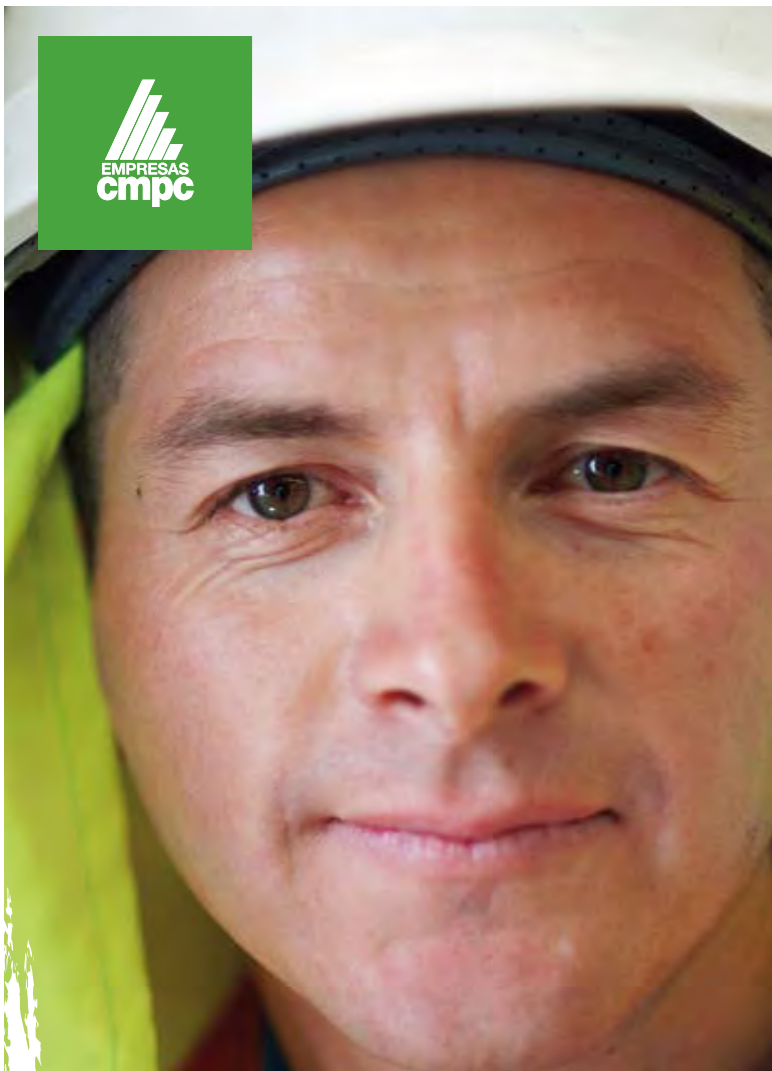
Paper sacks produced by the subsidiaries PROPA (Chile) and FABI (Argentina), to be used for food packaging, also have the HACCP certification which involves the prevention of risks to health starting from the water process, paper used, printing inks, adhesives, to the handling in the production and storage process and transportation to customers.

26) Hazard Analysis and Critical Control.
27) www.isega.de

COMMITMENT

To create a working environment capable of stimulating employee initiative and creativity is a crucial aspect in the road towards sustainable development.





B. CMPC Responsible with its Personnel

CMPC has the conviction that people are a decisive differentiating factor in competitiveness. It is understood that their knowledge and experience are a source of development of their different and inimitable abilities within the company. The organization's management platform is therefore supported by a permanent integral development of its personnel.

CMPC has managed to build an attractive organizational culture that identifies all personnel and permits compliance with demanding targets. A distinctive element is the conviction that an attractive company is not based just on remuneration but good treatment or the benefits granted, concepts that are important, especially in the start of a labour relationship. Later, in the daily routine, intangible elements appear that make up a motivational working environment, capable of stimulating people's initiative and creativity. This is why the company's efforts have been focused on creating a culture characterized by a high degree of trust within the organization, i.e. that the people feel that they are considered, that their suggestions are listened to, that they believe in the

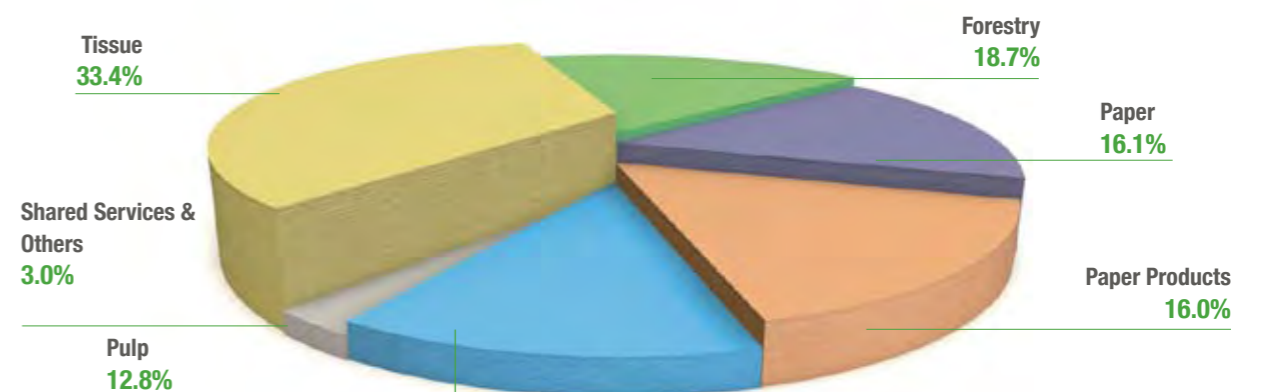
senior management, and feel proud of their work. Each business area therefore has its own human resources management or equivalent, which is responsible for ensuring optimum labour relations.

As of 31 December 2007, CMPC and all its subsidiaries employed 11,919 people, 14.4% more than in 2006 when the workforce reached 10,199. The distribution by business area is shown in Table 13.

CMPC WORKFORCE AT 31 DECEMBER EACH YEAR

TABLE 13 BY BUSINESS AREA	2006	2007
Forestry	1,544	2,231
Pulp	1,285	1,527
Paper	1,798	1,918
Tissue	3,535	3,977
Paper Products	1,697	1,903
Shared Services & Others	340	363
TOTAL	10,199	11,919

CMPC Workforce by Business Areas 2007



Workforce by Country 2007

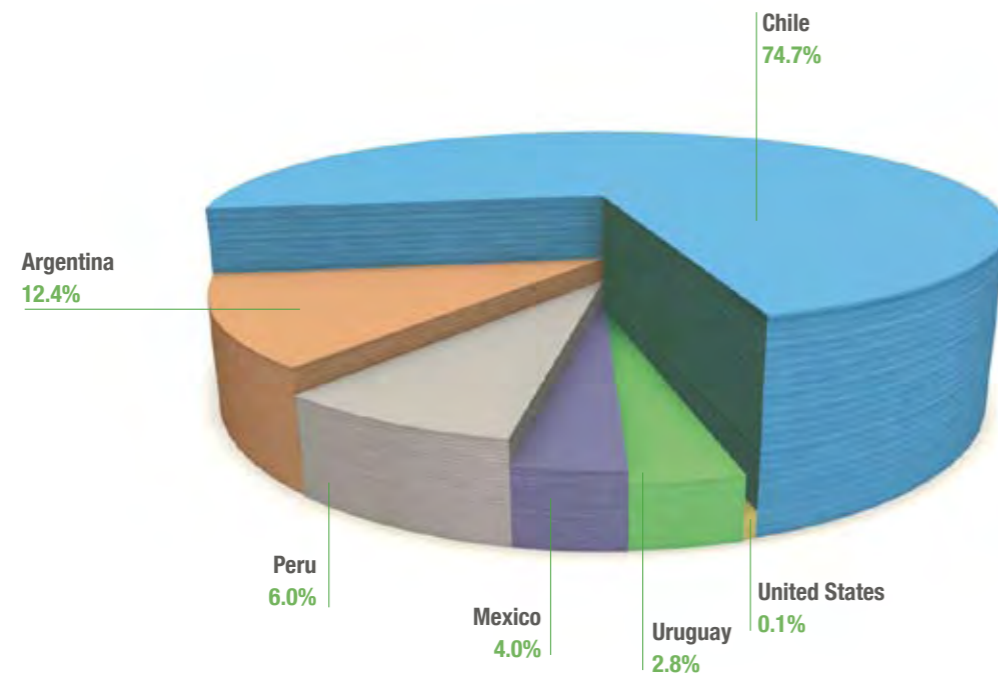


TABLE 14
WORKFORCE 2006: MANAGERS & EXECUTIVES, PROFESSIONALS & TECHNICIANS, WORKERS

By Business Area	Managers & Senior Executives	Professionals & Technicians	Workers	Total
Forestry	22	514	1,008	1,544
Pulp	55	398	832	1,285
Paper	38	503	1,257	1,798
Tissue	57	603	2,875	3,535
Paper Products	34	252	1,411	1,697
Shared Services & Others	11	283	46	340
TOTAL	217	2,553	7,429	10,199

TABLE 15
WORKFORCE 2007: MANAGERS & EXECUTIVES, PROFESSIONALS & TECHNICIANS, WORKERS

By Business Area	Managers & Senior Executives	Professionals & Technicians	Workers	Total
Forestry	23	590	1,618	2,231
Pulp	59	425	1,043	1,527
Paper	38	547	1,333	1,918
Tissue	63	643	3,271	3,977
Paper Products	34	262	1,607	1,903
Shared Services & Others	11	316	36	363
TOTAL	228	2,783	8,908	11,919

Internal Communication

Because of the geographic dispersion of CMPC's operations and offices, communication is a vital tool for connecting all the employees and ensuring that they have timely information. They therefore try to maintain internal communication systems that promote, facilitate and reinforce the corporate culture, like the transmission of the strategic objectives of the business and the feedback from the lowest levels of the organization to their superiors.

An internal communication system has therefore been developed to bring managers and personnel together

around a continuous, transparent and proactive discussion. An example of this is the work carried out at the tissue business centre, with strategic alignment workshops where the Managing Director meets with all the personnel for seven days and transmits to them the company's strategy, objectives and plans. An honest and transparent dialogue is generated in this occasion, when questions on performance and operation are answered directly. The "Breakfast with a Manager" programme is also in effect whose main objective is to bring employees closer together with the company's executive levels.

Other Levels of Internal Communication

1. OPERATIVE COORDINATION

This consists of meetings between heads and their own work team. These serve to transmit specific information related to their own area and improve operative coordination.

2. MEETINGS WITH UNIONS

All CMPC's subsidiaries hold periodic meetings with their unions to discuss general matters, plus specific meetings when the situation requires.

3. MI PAPEL MAGAZINE

Mi Papel magazine is an internal-circulating communication vehicle, now almost 20 years old, through which corporate activities, employees and

future prospects are reported. It is distributed to all personnel in Chile, Argentina, Peru, Uruguay, Colombia and Mexico.

4. INTRANET PORTAL

The company has an intranet portal that covers all labour information of interest to employees, plus practical content related to their work. Each of the company's business areas also has a specialized intranet about its business activities. Through these portals, employees are informed about the company's performance, express their concerns and suggestions through formal channels that ensure their follow-up and response, and accede to on-line tools to help them perform their work.

Labour Turnover

CMPC and its business areas are characterized by having very low turnover levels, of 1.3% in both 2006 and 2007. This shows that career development, training, job stability, good labour relations, safety at work and the broad programme of benefits offered by the company are very much appreciated by the personnel.

The higher turnover shown by the subsidiaries in the Paper Products area, of 2.5%, is due to the seasonal

nature of this business, which implies varying workforces during the year. In the company's principal businesses and with larger workforces, turnover is almost a decimal point lower than the organization's average.

If age is taken into account, it can be seen that turnover reduces with age. If the analysis were made by gender, there are no significant statistical differences between men and women.

TURNOVER BY BUSINESS AREA, AGE, COUNTRY AND GENDER (*)

TABLE 16 BY BUSINESS AREA	2006			2007		
	TURNOVER MEN	TURNOVER WOMEN (**)	TOTAL TURNOVER	TURNOVER MEN	TURNOVER WOMEN (**)	TOTAL TURNOVER
Forestry	0.5%	0.4%	0.5%	0.9%	1.1%	0.9%
Pulp	0.4%	0.7%	0.4%	0.2%	0.3%	0.2%
Paper	1.1%	1.2%	1.1%	0.8%	1.3%	0.8%
Tissue	1.5%	2.1%	1.5%	1.4%	2.5%	1.5%
Paper Products	2.5%	2.1%	2.5%	2.6%	2.5%	2.6%
Shared Services & Others	0.7%	0.5%	0.7%	1.0%	0.9%	0.9%
TOTAL	1.2%	1.4%	1.3%	1.2%	1.7%	1.3%

TABLE 17 BY AGE GROUP	2006			2007		
	TURNOVER MEN	TURNOVER WOMEN (**)	TOTAL TURNOVER	TURNOVER MEN	TURNOVER WOMEN (**)	TOTAL TURNOVER
Under 20	5.8%	4.3%	5.5%	5.2%	11.7%	5.8%
Between 20 & 29	2.3%	2.3%	2.3%	2.2%	2.3%	2.2%
Between 30 & 39	1.2%	1.2%	1.2%	1.2%	1.6%	1.2%
Between 40 & 49	0.5%	0.7%	0.5%	0.7%	0.8%	0.7%
Between 50 & 59	0.3%	0.4%	0.3%	0.5%	0.0%	0.4%
Over 60	0.7%	1.1%	0.7%	0.7%	4.2%	0.7%
TOTAL	1.2%	1.4%	1.3%	1.2%	1.7%	1.3%

TABLE 18 BY COUNTRY	2006			2007		
	TURNOVER MEN	TURNOVER WOMEN (**)	TOTAL TURNOVER	TURNOVER MEN	TURNOVER WOMEN (**)	TOTAL TURNOVER
Chile	1.1%	1.0%	1.1%	1.1%	1.3%	1.1%
Argentina	1.4%	1.7%	1.4%	1.3%	0.3%	1.2%
Peru	1.7%	1.0%	1.6%	2.3%	2.6%	2.3%
Uruguay	0.3%	0.0%	0.2%	0.5%	0.0%	0.4%
Mexico	3.7%	3.5%	3.7%	2.6%	4.5%	3.0%
TOTAL	1.2%	1.4%	1.3%	1.2%	1.7%	1.3%

(*) Turnover was defined as the average of total employees leaving in the year divided by the average workforce for the year. Employees leaving include voluntary resignations, dismissals and contract terminations on their expiry, and intercompany transfers.

(**) At the consolidated level, women represented 7.5% of the total CMPC workforce in 2006. In 2007, they represented 7.6% of the workforce.

Selection, Entry and Work Policies and Principles

Through compliance with their internal order, hygiene and safety regulations, CMPC and its business areas ensure equal opportunities for those applying for a job, including their own personnel, both in the selection of candidates and in their fair treatment in employment, any discrimination being forbidden based on race, colour, gender, age, civil status, unionization, religion, political views, nationality, national ascendancy or social level, except for the exclusions or preferences based solely on the personal qualifications and suitability necessary for the specific job in question.

The company ensures that the contracting, permanence, promotion or mobility of all women applying for a job in the company, and also its women plant workers, shall not be conditioned to the absence or presence of pregnancy and it will not demand in any case a certificate or examination that tends to verify the existence of pregnancy for these purposes.

The company also prefers that the supervisory levels of its operations come from or live in a close radius to the places where they work. Personnel selection processes therefore weigh the "place of residence" variable among all relevant attributes in the evaluation of candidates to occupy vacant supervisory positions.

Tables 19 and 20 shows these proportions by subsidiary and by country, showing that over 80% of operations supervisors originate from the locality or are resident there. In some places this proportion even reaches the whole of the supervisory personnel.

This permits not only a positive impact on the localities involved through high-quality jobs but also helps a better communication with the local community and the consequent participation in activities related to the programmes falling within the corporate social responsibility scheme that the company is following through CMPC Foundation and the Good Neighbourhood Plan, among other channels (see pages 76 and 83).

**TOTAL OF SUPERVISORY PERSONNEL ORIGINATING FROM OR PERMANENT RESIDENT IN THE LOCALITIES NEIGHBOURING THE COMPANY'S FACILITIES**

TABLE 19 BY BUSINESS AREA	2006	2007
Forestry	86.7%	85.8%
Pulp	67.5%	69.1%
Paper	79.1%	77.0%
Tissue	91.5%	92.7%
Paper Products	93.9%	85.0%
Shared Services & Others	98.1%	98.1%
TOTAL	84.3%	83.0%

TABLE 20 BY COUNTRY	2006	2007
Chile	84.1%	82.2%
Argentina	60.0%	61.1%
Peru	91.7%	95.1%
Uruguay	93.3%	93.8%
Mexico	100.0%	100.0%
TOTAL	84.3%	83.0%



Labour Relations

The existence of a good labour climate is fundamental for CMPC in all its business areas as this favours the spirit of personal and team work. It is therefore important that the personnel value the company's ethical principles, feel part of it and share the same identity.

Business areas such as Forestal Mininco and CMPC Tissue have participated in the "Great Place To Work" survey. From the information generated by this ranking, improvement strategies are re-formulated for the internal communication systems and labour climates; training, internal promotion, welfare and personal development systems are revised; risk-prevention, safety and environmental procedures are perfected; and remunerations and benefits are reviewed, which permits constantly redefining the annual work plans in human resources, which are different for each subsidiary.

Regarding relations with union organizations, these perform a fundamental role in the establishment of a direct and fluid communication based on trust between senior and intermediate levels and the employees. Today, the company and its business areas have 44 unions. In 2007, 65% of all employees were unionized, whereas in 2006 58% were union members.

Relations with the unions comprise working meetings, written communications and collective bargaining days. The frequency of these varies from one subsidiary to another but meetings are held monthly on average.

The type of information generated through these meetings permits labour relations feedback and strengthens mutual trust, renovates policies with respect to the working conditions of the personnel and their benefits, improves the labour climate and coordination between the company and employees, and improves action plans based on the negotiations and agreements reached.

Regarding operational transformations, the company tries to integrate the personnel in all the processes implying change. All employees are therefore kept informed of these so that their direct heads detect the concerns and suggestions of employees faced with such events, which contributes to improving the efficiency and quality of the processes.

In addition, CMPC has a policy of communication between the company and its employees through a corporate intranet, the formal and timely communication of various changes to the unions, the constant publication of relevant information and, when appropriate, an explanation by the general manager to all employees of the content and implications. The mechanisms for the diffusion and training of the procedures related to any operational change are established in the system of certified safety, occupational health, environmental and social management.



UNION MEMBERSHIP

**TABLE 21
BY BUSINESS AREA**

	2006	2007
	%	%
Forestry	54.9%	69.7%
Pulp	56.6%	57.0%
Paper	48.7%	51.5%
Tissue	73.4%	78.8%
Paper Products	53.8%	61.7%
Shared Services & Others	8.8%	8.2%
TOTAL	57.9%	64.5%

**TABLE 22
BY COUNTRY**

	2006	2007
	%	%
Chile	57.1%	62.9%
Argentina	64.7%	88.6%
Peru	35.1%	33.5%
Uruguay	71.5%	70.5%
Mexico	70.5%	69.5%
TOTAL	57.9%	64.5%

28) Source: Page 7 of Compendium of Statistics, Labour Authority, Government of Chile.

29) Source: Page 9 of Statistics on Collective Bargaining and Unionization in Peru, Ministry of Labour and Employment Promotion, Government of Peru.

30) Source: "Página 12" Newspaper mentioning Survey of Labour Indicators and Survey of Company Employees.



The N°1 Workers Union of Papeles Cordillera is the oldest one in existence in Chile and was established with the support of by Mr. Luis Matte Larrain when he was chairman of the company.

N°1 Workers Union was founded 25 September 1927, the date on which operators of the Esperanza, Victoria and Construcción mills met to set the bases and organize the Industrial workers Union. The second oldest union in CMPC is the N°2 workers Union of Papeles Cordillera,

which was established on 23 May 1931.

Collective Agreements

Almost 63% of the employees of CMPC and its subsidiaries were covered by a collective agreement in December 2006. This percentage rose to almost 68% by December 2007.

PERCENTAGE OF EMPLOYEES COVERED BY A COLLECTIVE CONTRACT OR AGREEMENT AT DECEMBER EACH YEAR

**TABLE 23
BY BUSINESS AREA**

	2006	2007
	%	%
Forestry	56.5%	69.7%
Pulp	58.3%	59.2%
Paper	59.8%	66.3%
Tissue	74.4%	77.7%
Paper Products	65.2%	68.2%
Shared Services & Others	8.8%	8.2%
TOTAL	62.6%	67.9%

**TABLE 24
BY COUNTRY**

	2006	2007
	%	%
Chile	59.7%	67.1%
Argentina	84.7%	85.5%
Peru	35.6%	33.8%
Uruguay	98.7%	98.8%
Mexico	70.5%	64.3%
TOTAL	62.6%	67.9%

Benefits for Personnel of CMPC

The company's concern for the welfare of its personnel consist in into activities of integration and inter-relations with their families in the areas of recreation and culture, through the holding of symbolic events like anniversaries, national holidays and Christmas. It also promotes and the formation of country-dance groups, theatre groups and polyphonic choirs within the company.

In the sports area, CMPC motivates the participation of its employees in activities permitting the development and maintenance of their physical and mental health. All the company's subsidiaries have sports teams in different disciplines which hold internal competitions, between subsidiaries and with other institutions. These activities include football, tennis, table tennis, volleyball, basketball, golf and rayuela. The company also provides facilities for using gymnasiums and sports facilities under special arrangements.

Regarding health, the company grants benefits like preventive medicine and vaccination, welfare service, complementary health insurance, arrangements with pharmacies, hospitals, clinics, opticians and dental centres.

For those the company subsidiaries and/or mills where there is a lack of public transport services, the company provides facilities for its personnel to travel to and from work in modern and comfortable buses which meet the strictest safety standards.

In housing, CMPC supports employees in obtaining their own homes by granting loans for the financing

of operating expenses deriving from the acquisition of homes.

In the social area, welfare for families is also sought, apart from the direct benefits for the employees. Scholarships, school subsidies and sports schools have been implemented for employees' children; monetary contributions for studies, births and deaths; and the organization of recreational workshops. Access is also facilitated to different centres of recreation and vacation resorts.

CMPC supports knowledge updating for its employees with technical training programmes and pre- and post-graduate study scholarships in Chile or abroad. It has a scholarships committee for this purpose which studies cases of company executives and employees who need to improve their knowledge.

In addition to all this, CMPC recognizes the work of its personnel by granting awards to those completing 10 or more years' service. Since 2004, it has also awarded the CMPC Spirit Award to those employees who better share and follow the principles and values of the company in their daily working lives. The distinction recognizes the attitude of people to their work in aspects like initiative, effort, leadership, team work, commitment, seriousness, relations with customers, suppliers and the community, a positive attitude and contribution to the improvement of the labour climate and innovation. In the years 2006 and 2007, this distinction was awarded to 14 employees coming from CMPC's different business areas.



Formation and Education

Training of personnel is an indispensable tool for the sustainability of the future business of CMPC. Continuous formation and training combines virtuously improvements in productivity together with the generation of satisfaction in the people trained, constituting an opportunity to grow professionally and increasing the levels of commitment, evidenced by more fruitful and long-term relations with the company.

This is reflected in the related figures. During 2006, 260,000 hours of personnel training were given, a record that was influenced by the preparation of personnel related to the operational start-up of large and complex projects. The figure was somewhat lower in 2007, of about 200,000 hours, reflecting a more normal level of activities.

The training courses covered all levels of the company, involving senior and intermediate levels, professionals, technicians, administrative staff and production and maintenance personnel. This demonstrates a transversal process, one of the most important achievements of CMPC in this area.

The criterion for determining the design of the training programmes is the long-term vision, which finally translates into continuous formation plans for which special policies and procedures have been designed and implemented in each of the subsidiaries. The training programmes have also transcended the area of the company and been extended, in some cases, to the families of personnel and the community.

TOTAL TRAINING HOURS 2007 (*)

TABLE 26 BY BUSINESS AREA	2007			
	SENIOR LEVEL	INTERMEDIATE LEVEL	OPERATIVE PERSONNEL	TOTAL
Forestry	6,279	9,682	15,894	31,855
Pulp	4,375	13,178	38,653	56,206
Paper	1,954	11,714	38,161	51,829
Tissue	13,237	1,221	14,265	28,723
Paper Products	2,960	3,710	20,885	27,555
Shared Services & Others	1,459	2,843	151	4,453
TOTAL	30,263	42,348	128,009	200,620

(*) Hours of training shown do not include training courses for operatives made internally by each company with internal teachers.

TOTAL TRAINING HOURS 2006 (*)

TABLE 25 BY BUSINESS AREA	2006			
	SENIOR LEVEL	INTERMEDIATE LEVEL	OPERATIVE PERSONNEL	TOTAL
Forestry	6,220	7,041	17,438	30,698
Pulp	21,350	11,873	74,903	108,126
Paper	1,215	8,423	45,075	54,713
Tissue	10,093	4,260	17,876	32,229
Paper Products	3,567	4,220	15,257	23,044
Shared Services & Others	4,582	5,727	1,006	11,315
TOTAL	47,026	41,544	171,555	260,125

(*) Hours of training shown do not include training courses for operatives made internally by each company with internal teachers.

At the same time, in the forestry area, foresters are trained systematically and constantly, given the difficulties they have to meet in the company's forests. All the foresters take part in effective communication, team work and leadership workshops given by the business area. In some cases, the company finances studies as forestry technicians.



Safety and Health at Work

Advances in safety and health in CMPC have been achieved through various agreements with unions and other labour representatives. These agreements translate into coordinated work for achieving better results. These have special characteristics in the different subsidiaries, as well as common elements. However, over and above the differences and similarities, notable are those that have enabled the provision of safety elements, health plans and collective agreements with health-care institutions that improve the coverage of members, the creation and diffusion of procedures manuals, the creation of joint or similar committees, etc.

The innovations and progress made in the companies are the result of a greater and better knowledge of current health problems that affect or could potentially affect its personnel.

In some of its subsidiaries, like Papeles Cordillera, a formal posture has been adopted with respect to concrete matters like catastrophic illnesses and alcohol and drug addiction. Initiatives have also been developed to focus the value of people towards their skills and abilities through mechanisms that avoid any kind of discrimination.

Safety Committees

In each of its subsidiaries and at the corporate level, the company has internal regulations in order, hygiene and safety which are distributed to all employees. In Chile, joint committees have been formed, in accordance with Chilean Law 16,744, that contribute to ensure compliance with standards which enable the employees to work in suitable conditions.

These committees carry out an important job. Representatives of the employees and the company on the joint committees work together to ensure the compliance and efficiency of prevention, hygiene and safety measures; identify actions that should be adopted to reduce professional risks; investigate the causes of work accidents and professional illnesses; and promote the training of workers, a fundamental tool for contributing to greater safety.

Thanks to the system of recording and notification of accidents and occupational illnesses, which functions in Chile in accordance with Law 16,744, it has been possible to standardized statistics on accidents and accident rates. Similar records are kept by foreign subsidiaries.

Tables 27 and 28 show the levels of participation in joint committees in order, hygiene and safety, which present high percentages, growing over time. In some countries where CMPC is present, there is no legal obligation to operate according to this scheme so the most important aspects of the Chilean legislation are being replicated.

Complementing the above, each industrial plant has a risk prevention policy whose basic objective is to protect effectively the life and health of every person working there. The application of preventive programmes keeps each of the areas free of the risk of accidents and professional illnesses, thus ensuring a harmonious development of work. CMPC also has prevention and protection plans for its installations which ensure a suitable preparation and response to emergencies, becoming a benchmark among Chilean companies.

In the reported period, CMPC obtained two distinctions for its safety performance:

The Papeles Cordillera risk prevention department won the annual award of the Chilean Safety Association (Asociación Chilena de Seguridad) (ACHS).

Forestal Mininco won the Effective Action 2007 Award given by ACHS.

Evidence of this are the various awards obtained to subsidiaries of CMPC related to safety. The risk prevention department of Papeles Cordillera was awarded the annual safety prize of the Chilean Safety Association (ACHS)³¹ for 2006. This was awarded for the 51% reduction in the company's accident rate compared to 2005, thus showing the constant work of Cordillera in this area.

For its part, Forestal Mininco won the Effective Action award for 2007 given by ACHS for labour safety matters.

The CMPC Pulp business area began to develop in 2005 its Zero Fault Strategy in order to adapt its activities to the environmental and safety requirements demanded by the business worldwide. This consists of three essential points:

- A formation programme to ensure that all those working in CMPC Pulp are effective and permanent environmental and safety agents.
- The revision and updating of operating and emergency procedures at the three plants.
- The revision of the present industrial installations in order to identify improvable aspects and propose action plans coherent with current industry demands.

PERSONNEL REPRESENTED ON JOINT COMMITTEES(*)

TABLE 27 BY BUSINESS AREA	2006	2007
	%	%
Forestry	98.7%	99.1%
Pulp	100.0%	100.0%
Paper	100.0%	100.0%
Tissue	56.5%	73.3%
Paper Products	92.3%	90.7%
Shared Services & Others	85.0%	86.1%
TOTAL	84.5%	89.6%

TABLE 28 BY COUNTRY	2006	2007
	%	%
Chile	99.3%	99.4%
Argentina	15.0%	14.2%
Peru	69.5%	67.5%
Uruguay	100.0%	100.0%
Mexico	0.0%	100.0%
TOTAL	84.5%	89.6%

(*) Or equivalent figure for foreign subsidiaries.

31) www.achs.cl



ABSENTEEISM RATE, NUMBER OF CASES OF PROFESSIONAL ILLNESSES, NUMBER OF ACCIDENTS AND NUMBER OF FATAL ACCIDENTS

TABLE 29 BY BUSINESS AREA	2006					
	RATE OF ABSENTEEISM	Nº OF PROFESSIONAL ILLNESSES	Nº OF ACCIDENTS	DAYS LOST	Nº OF FATAL ACCIDENTS	AVERAGE EMPLOYEES IN THE YEAR
Forestry	1.6%	0	300	682	0	1,534
Pulp	2.2%	0	11	186	0	1,214
Paper	1.7%	3	125	1,548	0	1,633
Tissue	1.5%	2	193	3,774	0	2,933
Paper Products	1.3%	0	156	2,118	0	1,640
Shared Services & Others	1.5%	0	3	0	0	303
TOTAL	1.6%	5	788	8,308	0	9,257

TABLE 30 BY COUNTRY	2006					
	RATE OF ABSENTEEISM	Nº OF PROFESSIONAL ILLNESSES	Nº OF ACCIDENTS	DAYS LOST	Nº OF FATAL ACCIDENTS	AVERAGE EMPLOYEES IN THE YEAR
Chile	1.7%	3	613	5,250	0	7,178
Argentina	1.3%	0	131	2,532	0	913
Peru	0.2%	0	22	269	0	415
Uruguay	5.4%	2	12	69	0	266
Mexico	0.0%	0	10	188	0	486
TOTAL	1.6%	5	788	8,308	0	9,257

TABLE 31 BY BUSINESS AREA	2007					
	RATE OF ABSENTEEISM	Nº OF PROFESSIONAL ILLNESSES	Nº OF ACCIDENTS	DAYS LOST	Nº OF FATAL ACCIDENTS	AVERAGE EMPLOYEES IN THE YEAR
Forestry	2.1%	0	38	822	0	2,001
Pulp	2.4%	0	11	275	0	1,464
Paper	1.6%	4	99	1,859	0	1,759
Tissue	1.7%	2	246	4,916	0	3,305
Paper Products	2.0%	0	170	3,313	0	1,591
Shared Services & Others	1.6%	0	3	0	0	364
TOTAL	1.9%	6	567	11,185	0	10,483

TABLE 32 BY COUNTRY	2007					
	RATE OF ABSENTEEISM	Nº OF PROFESSIONAL ILLNESSES	Nº OF ACCIDENTS	DAYS LOST	Nº OF FATAL ACCIDENTS	AVERAGE EMPLOYEES IN THE YEAR
Chile	2.0%	4	375	6,871	0	8,165
Argentina	1.4%	1	128	3,331	0	1,009
Peru	0.4%	0	41	540	0	511
Uruguay	6.3%	1	10	141	0	308
Mexico	0.0%	0	13	302	0	490
TOTAL	1.9%	6	567	11,185	0	10,483

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

Another example is that carried out by CMPC Tissue with respect to its corporate safety system in order to introduce a safety model in all its plants based on OHSAS18001 standards, adapted to the needs and characteristics of the company. In other words, they have been introduced by maintaining the concepts and procedures of the OHSAS safety standard, the management of environmental and fire risks, and the protection of its assets.

This system has been implemented since 2003, following a four-year work programme, by which the tissue mills in Chile (Puente Alto and Talagante) and abroad (PROTISA in Peru, IPUSA in Uruguay and Papelera del Plata in Argentina) have been incorporated.

Performance

Absenteeism has remained at low levels, not exceeding 2%. The highest rates were reported by the pulp business area and, geographically, by Uruguay,

One of the principal objectives of this system has been the introduction of an integral form of implementing safety at the different levels of operation of the mills, seeking a change in culture with the use of safety management tools applied from the management through all the supervisory levels down to the plant floor. The idea is that every employee is continually conscious of the risks to which they are exposed, making them partners in carrying out their tasks and activities. As a fundamental element, the objective is that each process or area has a known and involved person responsible for ensuring safety in the geographic area under their control, which is shown in a chart of responsibilities at each mill.

Regarding accidents, these were reduced by 28%, from 788 accidents in 2006 to 567 in 2007. However, days lost per employee as a result of these accidents rose by 19% over the same period.

OPPORTUNITIES

We set ourselves a target with the neighbouring communities: to participate in their desires and challenges, move in the same direction and provide mutual opportunities to grow.





Regarding its contribution to the community, CMPC has a project structured on the basis of social investment initiatives characterized by the focused use of resources, which is the result of the long-term commitment that the company is building with those forming part of the closest neighbourhood areas.

C. CMPC Responsible with the Community

CMPC has a long history of commitment with its personnel and the community, dating back to the first years of the company in 1920.

Over time, CMPC began to develop a sense of social commitment, promoted by its main shareholders. This has continued throughout the years, imprinting a special character on the administrators and a tradition in the company. This attitude has been adapted to the different circumstances and needs, and why this concern has been extended further than to its own personnel, generating actions in favour of the communities neighbouring its factories and forests.

This relationship involves various aspects. On the one hand, the company with its different subsidiaries enables the creation of local jobs and economic development, and on the other, enables it to know the perception of its operations and create different mechanisms of dialogue and communication for covering its needs in the social, environmental and economic spheres.

Another form of communication is direct dialogue with the community through visits, formal meetings and opinion surveys. The Forestry business area has a system of recording agreements reached at meetings through a special form of reporting communications with neighbours. The environmental impact assessments prepared for the expansion or construction of new installations also contemplate consultation with the community in different areas. There is also an habitual and direct communication with the local authorities. The information gathered from these levels of communication guide the building of strategies in relation to the community and allows the company to define the orientation of the social investment that it could make there.

As a complement, CMPC has evolved from traditional philanthropy to a project structured on the basis of social investment initiatives, characterized by a focused use of resources. This is the fruit of the long-term commitment that the company is building with those who form part of its closest surroundings and where joint work with state entities and civil society organizations permits consolidating local development initiatives.

Donations

In 2007, CMPC made donations for ThUS\$2,631 in Chile, 20.3% less than in 2006 when these amounted to ThUS\$3,082. The largest portion was devoted to the municipal education programme, with 37.1% of the company's total social contributions.

	2006	2007
	TH US\$	
TABLE 33 DONATIONS IN CHILE		
Non-Government Organizations	934	535
Universities	138	277
Industry Associations	907	749
Municipal Education Programme	1,002	976
Donations Law 19,884	50	0
Others	52	94
TOTAL	3,082	2,631



CMPC Foundation

The work of CMPC Foundation falls within the company's social responsibility policy and seeks to establish close and collaborative relations with the neighbours of the company's forests and mills. Through its education programmes, the foundation makes every effort to help children, in the communities where CMPC has a presence, to acquire the basic skills for entering society and overcoming poverty.

The foundation's work is long term and involves rigorous evaluations for measuring the impact of its actions. It is also based on public-private collaboration, by adding to and coordinating efforts with both the central government and the municipalities.

The foundation's mission is to collaborate with education in the communities where CMPC operates, based on the following objectives:

- Improve the educational results of the children at the junior level.
- Promote good relations between the company and the communities where it has a presence.
- Use resources efficiently, leaving the maximum value in the region.

The foundation is developing three specific programmes that cover different work groups and objectives: teacher and principals training projects, libraries and early motivation.

Teacher and Directive Training Programme

In order to provide technical tools for teachers, principals and heads of teacher techniques units (UTP) for improving students' learning, the teacher training projects are focused on their actions in the areas of mathematics, language and educational management.

Preserving the general objective set, each project has been adapted to the own needs of the neighbouring localities in which work has been done in direct collaboration with the communal, provincial and regional education authorities.

With this focus, the principal lines of action implemented are:

- A.** Retraining of school teachers and principals to deepen and update work content, objectives and methods through activities of a theoretical-practical nature or carried out on site, mainly at the communal level with the presence of experts on the matters involved.
- B.** Planning workshops by level or by school through which teaching activities are structured according to the matters covered by the retraining, in order to facilitate their implementation in the classroom, considering expected learning processes, content, activities and corresponding evaluations.

- C.** Assistance in the classroom to support the teachers in their work, favouring the transfer of the learning processes obtained by the teachers so that these are effectively translated into improvements in student learning.
- D.** Diagnostic and final evaluation: Each project has an evaluation of its progress at mid year and at the end of the year in November or December. This determines the achievements in the areas that have been worked and contributes to the detection of needs to develop the work of the foundation in the manner most suitable to the reality of the educational institutions. It also promotes an evaluative culture in the schools, which provides constant information for teachers concerning the learning of their students, strengths and weaknesses at both the grade and school levels, and informed decision-making in order to orient actions to be followed in each area.

These activities are complemented by the provision of teaching materials appropriate to the subjects worked on in the courses and the needs of the establishments. This material supports the introduction of strategies in the classroom, enriching the work of the teachers and giving the children the opportunity to have quality learning materials.

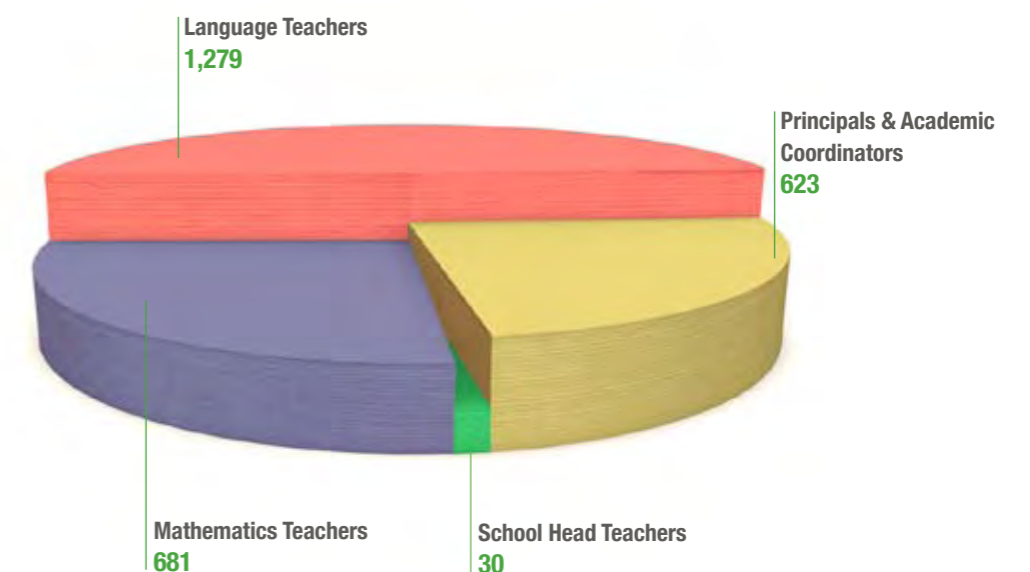
BENEFICIARIES

Teacher training work was expanded in 2007 to three new localities: Til Til, Negrete and Renaico. With this, there are 10 areas of work in the Metropolitan, Maule, Bío Bío and Araucanía regions. The programmes directly benefit a total of 53 establishments and 7,332 pupils. During 2007, a total of 2,613 hours of training were given under the foundation's teacher training projects.

TABLE 34
BENEFICIARIES TEACHER TRAINING PROJECTS 2007

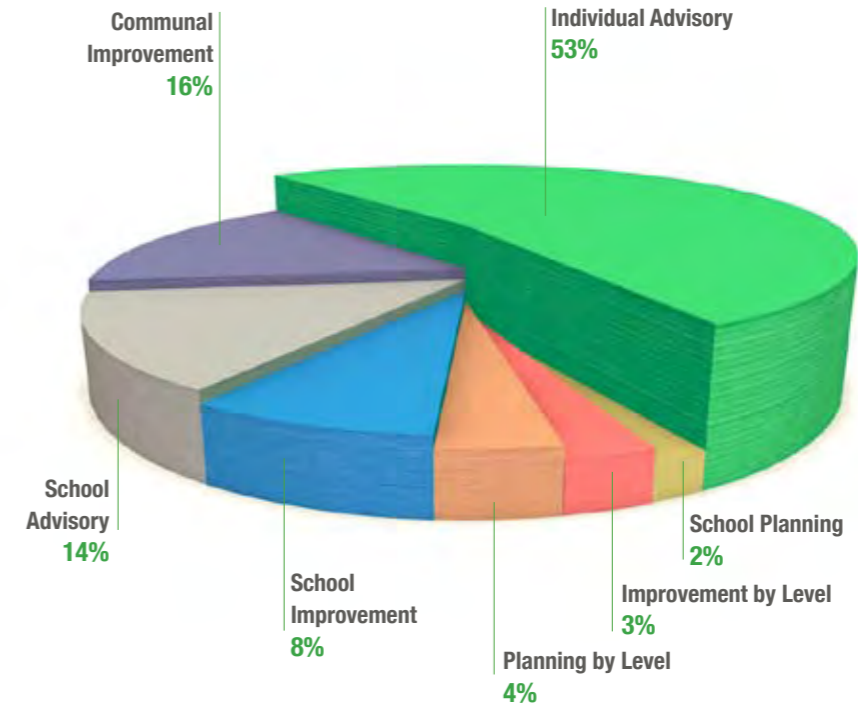
Locality	Pupils	Teachers	Principals & Academic Coordinators	Schools
Nacimiento	1,708	51	13	7
Laja	415	21	8	4
Mulchén	116	5	2	1
San Rosendo	212	14	4	3
San Javier	307	17	4	4
Yerbas Buenas	1,096	46	13	11
Talagante	1,121	45	12	6
Til Til	1,266	56	15	9
Renaico	455	17	8	4
Negrete	636	28	6	4
TOTAL	7,332	300	85	53

Real hours of training by beneficiary





Percentage of real training hours by kind of training



Teacher Beneficiaries Opinion of CMPC Foundation Programmes

"Through systematic and demanding work, and high expectations of success, and with the professional commitment of the teachers making up CMPC's team, we can confirm its notable and praiseworthy initiative of supporting and providing educational quality, especially in the municipal schools", Mario Medina, Principal of El Saber School in the town of Nacimiento.

"Five years have passed and we can now say with pride and confidence, because we have proved through our inter-relations with teachers from other localities, that the teachers at our school and in general in the town of Nacimiento are in the vanguard in education in the province of Bio-Bio, thanks to the real support and presence on site of the whole CMPC Foundation team", Luzgarda Novoa, Principal of Toqui Lautaro School in Nacimiento.

"Each case fills our backpacks with enthusiasm and greater expectations", Armando Herrera, Principal of Juan de Dios Aldea School, county of San Javier.

"It has enabled us to see that we can be effective schools", teacher, Yervas Buenas School.

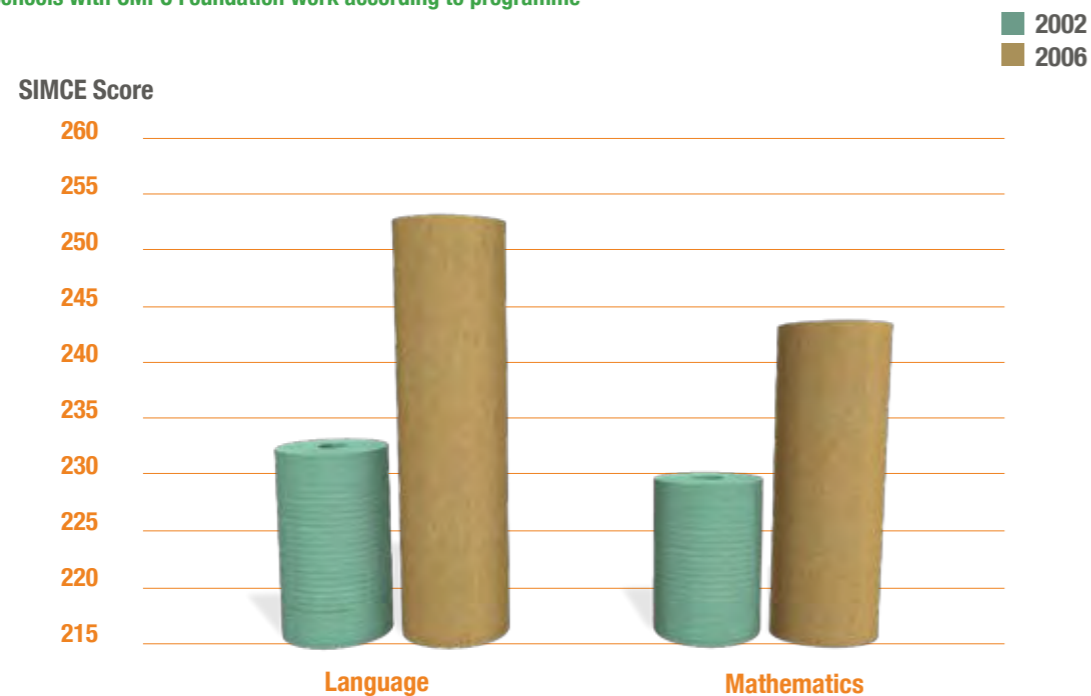
"They taught us to build up what we are and have", Armando Ponce, Principal of Juan de Dios Puga School, Yervas Buenas.



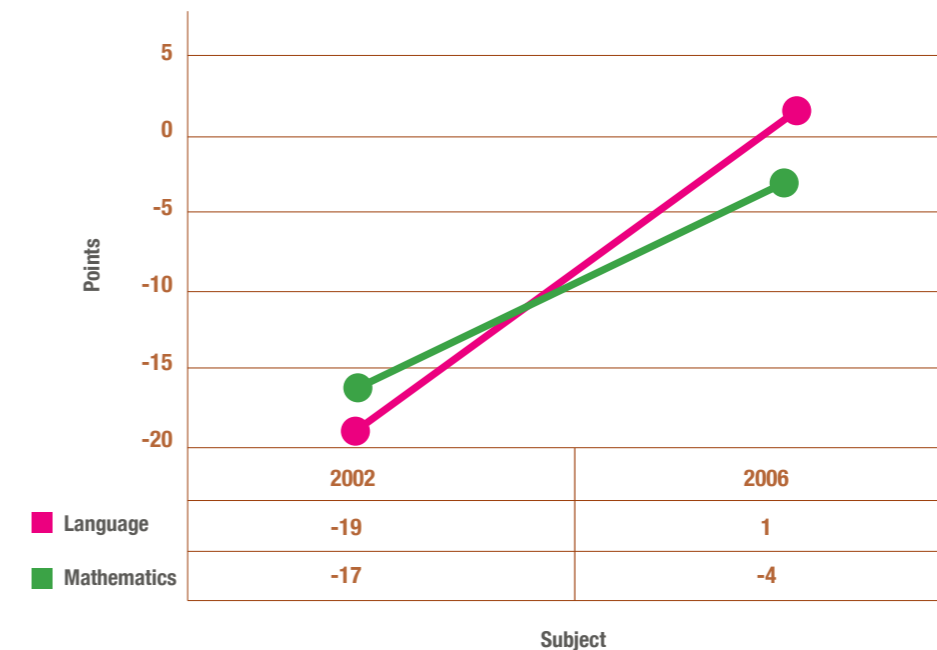
The SIMCE results of Nacimiento, the town in which CMPC Foundation originally introduced its pilot programme, placed it in the first place within both the province and the region, when comparing municipal establishments only.

The teacher training programmes have produced significant advances in the SIMCE (National Assessment System of the Quality of Education) test results reported in 2007 by the schools taking part of the CMPC Foundation teacher training projects between 2003 and 2006.

Average SIMCE 2002-2006
Schools with CMPC Foundation work according to programme



Difference between SIMCE
language and mathematics tests and the national average



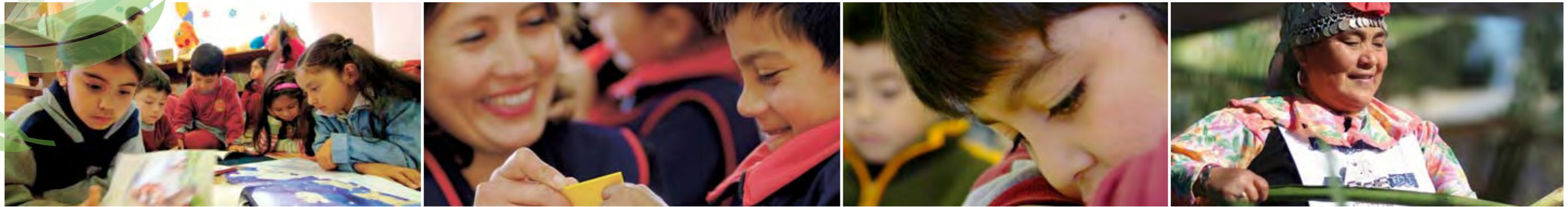
When comparing the results of these establishments in the measurements taken in 2002 and 2006, the difference that existed at the beginning compared to the national average has been reduced in 2006 by 20 points in the area of language and by 13 points in mathematics. The percentage of schools that achieved an average over the national level increased from 17% to 55% in language and from 15% to 40% in mathematics. The percentage of schools with a score above the average obtained by similar establishments³² increased from 44% to 65% in language and from 38% to 67% in mathematics.

This implies that not only is the general average results obtained by the schools improving but also a larger number of establishments are obtaining better results over the years.

Where as in 2002, the language and mathematics results of the schools participating in the programmes averaged 5 and 6 points below their peers, by 2006 these had risen to 12 points above these.

The results of Nacimiento, the town in which CMPC Foundation originally introduced its pilot programme (2000-2002), placed it in the first place within both the province and the region, when comparing municipal establishments only. In this town, notable was the school of Dollinco, which improved by 84 and 72 points in language and mathematics respectively, compared to the measurements taken in 2002, placing it in 2006 in the 98 and 99 percentile of both sub-sectors, in relation to schools of similar social-economic level and dependence.

³²⁾ Establishments similar to those of the same social-economic group and dependence.



Good Neighbourhood Plan

Libraries Programme

In order to provide libraries that favour reading development habits among pupils, teachers and parents, CMPC Foundation began in 2005 its line of work on school libraries.

During 2007, ten schools in the localities of Renaico, Negrete and Nacimiento were supported by this project, benefiting 2,414 of the youngest pupils.

TABLE 35
BENEFICIARIES LIBRARY PROJECTS

Locality	Pupils	Teachers	Principals & Academic Coordinator	Schools
Nacimiento	2,140	65	13	7
Negrete	115	5	1	1
Renaico	159	11	3	2
TOTAL	2,414	81	17	10

The libraries project is based on a recognition of reading as the vehicle for the development of the later learning by children, and also, as a function of the support it means for the community, particularly those in which access to culture is more restricted, affecting the development opportunities of their inhabitants. In 2007, 148 hours of training were given for librarians, teacher coordinators and teachers taking part of this project.

Early Motivation Programme

The objective of the early motivation project of CMPC Foundation in the county of Nacimiento is to develop and strengthen motivation tools in mothers and teachers in order to support an adequate evolutionary development of children under six years old.

The project is therefore focused on developing in the children's learning scores, capacities for providing children with the necessary experiences for developing their potential. This is especially critical in the first six years of life, given the development opportunity present at that stage due to the enormous brain plasticity during this period. This task is even more significant in populations at risk as the development curves start to deviate from the second year of life, according to the social-economic level of the families. Based on these factors, the foundation through this project is focusing its work on preventing the possible deficits and promoting greater development opportunities for children in this community in their first years of life.

In 2007, teachers and parents took part in this project in 10 educational establishments in Nacimiento, six of which relate to municipal schools, a subsidized private school and three kindergarten (of Child Care National Association (Junji ³³ and Integra ³⁴).

CMPC's subsidiary Forestal Mininco manages forest reserves distributed over 80 localities in Chile. This business area has introduced an open-doors policy for the community, carried out through a programme called the Good Neighbourhood Plan, focused on generating jobs and a better productive development in neighbouring communities, preferentially Mapuche, and contributing to raise the quality of education in rural schools near its forest lands. These educational programmes, which began in 1999 in the schools of Pichipellahuén and Capitán Pastene, are being carried out currently in 57 rural junior schools in localities in the Bío Bío and Araucanía regions, benefiting teaching staff and almost 5,000 children.

The Good Neighbourhood Plan also provides work programmes that have improved the living conditions of inhabitants of the communities neighbouring CMPC's facilities. 736 jobs were created for neighbours in 2007, of which 65% were of Mapuche origin.

The main objective of the Good Neighbourhood Plan is to insert the company in the communities where it operates. It is the concrete demonstration of a qualitative change in the business strategy of Forestal Mininco.

Relations with the Mapuche Communities

CMPC has maintained a policy of close relations with the communities where it operates, collaborating in different areas. During the last 16 years, there have been conflicts between Mapuche groups resident in some places in the south of Chile, between the Bío Bío region and the north of the Araucanía region, and farmers and forestry companies in those areas. At the basis of the conflict is poverty and social problems that affect those communities. Less than 10% of CMPC's properties are located in areas close to indigenous communities. In these places, the

company has concentrated on expanding its special employment programme for ethnic Mapuches in all its forestry activities. This has been carried out in addition to government social programmes oriented to improve the social and economic situation of these communities.

On the other hand, the legal actions taken by the government and the private sector to bring to account those responsible for the illegal acts committed by minority groups have been useful in mitigating the conflict.

(33) www.junji.cl

(34) www.integra.cl



THE SPECIFIC OBJECTIVES OF THE GOOD NEIGHBOURHOOD PLAN ARE:

- To insert the company organically in the lives of the communities related to its forest reserves, not only in knowing and respecting their ways of living, their customs and traditions, but also supporting initiatives that seek to improve the quality of their existence, especially through education.
- To avoid that the company's operating activities harm the people and their assets.
- To promote productive chains in order to generate new job opportunities for these communities. This implies, in some cases, preferring certain more labour-intensive and less technically-efficient operating methods, but which generate jobs.
- To correct mistaken perceptions about the company's activities through clear and timely information.

Those to whom these specific objectives are addressed can be classified as direct and indirect workers, local leaders of opinion, neighbours of the company's forest lands, local authorities and the public in general.

THE FOLLOWING PREVIOUS ACTIONS WERE TAKEN IN ORDER TO IMPLEMENT THE GOOD NEIGHBOURHOOD PLAN:

- A specific diagnosis of the communities related to the company's forestry reserves (infrastructure, social indicators, economic indicators, etc.), classifying them according to their forest area, high equity value and the degree of present conflicts.
- Re-positioning of the company's corporate image in the communities where it operates, with a greater knowledge of reality and the perceptions they have of the company. This work was carried out with the participation of personnel from the company's areas. This implied defining and carrying out actions for helping improve the quality of life of the communities.
- Designing and implementing specialized training for direct forest management personnel, consisting on 6 zonal heads, 20 supervisors and 86 foresters.
- Public roads: The deterioration of the roads, dangers along the route and the dust raised by lorries carrying company products on public roads were the negative factors most mentioned by the rural community. Forestal Mininco has developed procedures to minimize these effects and has created measurement and control methods.

The actions that the Good Neighbourhood Plan has carried out to date are:

Forest Byproducts

The company allows controlled access of neighbours to the company's properties in order to collect mushrooms, musk rose, yellow flower, firewood, etc.

Educational Advice

Programme of support for learning language and mathematics for 57 schools.

2007	Nº of Pupils	ThUS\$
Support for Learning Improvements	5,012	229.4

Education Scholarships

Granting of 162 annual scholarships covering accommodation and meals for junior school children of poor neighbouring families in communities with a high rural population.

2007	Nº of Pupils	ThUS\$
Study Scholarships for Rural Pupils	162	40



Local Work

The Forestry area created an average of 305 more new jobs a month in 2007 than in 2006. In its annual planning of operations, the company analyzes the employability conditions of the different areas neighbouring forest lands and asks the various service companies to hire a certain number of local workers. A monthly average of 1,200 workers, from company neighbourhoods, were employed in forestry work in 2007.

2007	Neighbours	ThUS\$
New Jobs	305	1,849.5

Social Courses

Courses are given in different skills like bee-keeping, horticulture, preserved products, nutrition and medicinal plants, handling of greenhouses, animal management and health, knitting and sewing, etc.

2007	Neighbours	ThUS\$
Training Courses	3,135	240.9

Rural Forestation

Collaboration with neighbours through the donation of pine or eucalyptus plants. The foresters advise on the planning and follow-up while the state provides fertilizers, wire and herbicides.

2007	Nº of Plants	ThUS\$
Donations of Plants to Small Owners	483,300	27.6
Donations of Plants to Municipalities	200,000	11.5
TOTAL	683,300	39.1

Cattle Grazing

The company has the capacity for the grazing of over 10,000 cattle. Preference is given to poor neighbours at reduced prices and almost free, in sectors with small resources.

Renewable Natural Resources Course

A course is given annually to 120 teachers in the Jorge Alessandri Educational Park (see page 90).

2007	Nº of Teachers	ThUS\$
Renewable Natural Resources Course	120	64.4

Communicational Record

The forest management supervisors maintain records by community, including all the relevant stakeholders.

Technical Courses

Forestry knowledge is provided to neighbours' associations through courses in order to improve the community's operations and property yields.

School Visits

Talks in schools and visits to the company's nurseries for junior students from schools close to CMPC's properties. Patronage relations have also been generated through the *Mininco's Friends of the Forest* programme, including small nurseries in these schools.

2007	Nº of Pupils	ThUS\$
School Visits	4,004	56.4

The Good Neighbour Bulletin

Information distributed free of charge with contents of great interest to the communities where CMPC operates. It distributes 140,000 copies annually to 70 localities in the country. This bulletin underlines the company's actions for the community and is distributed to suppliers, service workers, neighbours, communal and regional authorities and the communications media.



Other Forestry Initiatives in Support of Third Parties and Neighbours

TRANSPORTES RÍO VERGARA

CMPC's forestry area has promoted an association model based on the productive chain via the association of small forest transport businesses located in the company's operating zone, in order for the region's industry to be supplied in a growing proportion by highly-efficient small businesses and thus generate alliances between suppliers of technology and transport and service businesses.

Forestal Mininco thus organized a group of microbusinesses which it trained. It also created associative management and critical indicator monitoring models for all its stages, a situation that remains until now. The company also invited suppliers of equipment and technology. It thus promoted the creation of Transportes Río Vergara (TRV) which uses development instruments through CORFO.

TRV is an association comprising 17 small transport businesses in the Nacimiento and Angol area of Chile. It is a closely-held company in which each partner has an equitable shareholding; this means that they are not lorry-owners individually but a transport company.

CASE STUDY

“Forestry Investment, Alliance for Forests of Value”

An innovative initiative, expression of the sustainable management of the forestry business based on a territorial view generated in the forestry area of CMPC and which has resulted in a programme called “Forestry Investment, Alliance for Forests of Value”, as a new development concept projected to supply and grow, creating local work networks and forestry investment.

Through this programme, Forestal Mininco agrees association contracts with multiple land and forest owners located between the Bío Bío and Los Ríos regions in order to form high-value forests with third parties. It makes different contributions together with the owners who are mostly those that offer the land or forests.

The specification of the associations is variable, depending on the contributions of each landowner, but their nature is always the same. Forestry Investment provides the knowledge and specialized services that are agreed, being able to cover from the establishment, management and forest management to the harvest. In return, he receives a percentage of the proceeds of the sale of the forest and the first option for purchasing the owner's percentage. As time passes, the customer could become interested in more services which could be added to the initial plan through a modification of the percentages agreed initially with Mininco. This degree of flexibility permits adjusting the requirements of each customer in the different stages of growth of the forest.

This initiative is oriented to those people interested in forming high-value forests. The programme arose from CMPC's vision in terms of investing, improving and creating new business and growth opportunities with third parties. Forestry Investment is a programme that suggests an innovative investment option so that more people and companies share part of the advantages of participating in the forestry business under different investment platforms jointly with a company like CMPC. The market is offered an innovative service that manages to combine the forestry and financial areas, with a high degree of flexibility, its principal strength being the capacity to adapt to the requirements of each customer. We are therefore anticipating growing and changing market needs, taking on a new way of doing business in an open and transparent manner and considering the most important world challenges, like climate change, contamination, exhaustion of resources and globalization.

The programme has clear objectives of productive participation and social development as it is a trend in the business commitment with local forestry development and growth. What Forestry Investment does is add the producer to the forestry circuit, based on alliances with landowners, service companies and the finance area, promoting good productive, economic and environmental-practices criteria in the whole network of the company's forestry partners. In

this way, the company manages to grow in size and volumes based on local production networks and high-value investment. It also supplies the future scale of the business based on a productive-participation model. For CMPC, this programme is a raw-material supply option employing less fixed capital and of high impact on its businesses.

The landowner has access to the present administration, technology and forestry facilities of CMPC, enabling him to achieve high standards of quality and productivity from a leading company in the forestry sector. This initiative is an unbeatable economic and technical alternative for the good use of idle soils, and presents the opportunity of access to the best current genetics, a market with a safe future and having high-value assets. For the forestry-industrial activity, it is the opportunity for consolidating a regional timber market, more competitive in terms of forest quality and productivity.



Educational Park

The Jorge Alessandri Educational Park located in the Bío Bío province in Chile, was inaugurated in 1993 as a natural space open to the community. Since 2000, it has oriented its objectives to culture and especially education, becoming a teaching centre in the forestry and environmental areas.

The park has been visited to date by 1,008,300 people of all ages from the province of Concepción, neighbouring communities and other regions of Chile. It currently has various educational spaces: centre of extension, park trails, cultural amphitheatre, the Tree Room, educational nursery, native forest and Artequín museum, which respond to the same mission: to spread knowledge of the productive, forestry and environmental management of CMPC through free educational and cultural activities open to all the community.

TOTAL JORGE ALESSANDRI PARK VISITORS

	2005	2006	2007
Visitors	132,360	114,898	108,363

The park's activities during 2007 included the following:

First place in Architecture, Landscaping and Improvement in Industrial Surroundings Competition: In 2007, the park won first place in the first Architecture, Landscaping and Improvement in Industrial Surroundings Competition, awarded by the National Environmental Commission (CONAMA)³⁵, the Confederation of Production and Trade (CPC), the

Institute of Architects³⁶ and the Institute of Landscape Architects.

Summer Cultural Saturdays: During January and February, the eighth season of Summer Cultural Saturdays was held, incorporating a new scenario for these activities, located in a rest area. This programme of free artistic shows qualified under the law on donations for cultural purposes.

First International Meeting of Information Management in Science, Technology and Innovation: The park was part of the first international meeting of scientists, academics, professionals and students comprising an international network of science, technology and innovation communicators, in a day organized by the Universidad de Concepción. The park was invited to show the way in which knowledge is transferred on matters related to timber, forests and the environment.

Organized by Explora Bío Bío, its central subject was "Energy and Society". The park offered workshops in its different spaces where children could know about different types of alternative renewable energies, some used in the sawmill production lines, in pulp mills and also in the paper industry. The tree room presented the theme "Biomass energy used in CMPC's production lines"; the educational nursery presented "Solar Energy", and *Artequín en el Parque* presented "Wind-Generated Energy".

The park was also chosen to accommodate several seminars, courses and presentations, notably including "Mills Day Seminar. SAP provides solutions

Papelnet.cl

CMPC offers to the community its web site papelnet.cl, which provides students in Chile and the world with all the information on the forestry and pulp industries.

for local companies", the course "Renewable Natural Resources" for rural teachers, and a presentation by the architect Juan Grimm about his landscaping ideas in Chile and abroad.

Visits to the Plants

CMPC has a policy of open doors for the community. However, due to safety regulations, visits from minors are restricted to some of CMPC's facilities.

CMPC's mills have a programme of guided visits to their installations, showing their productive and industrial processes permitting visitors to learn about the daily work of the company.

These visits consist of an established tour and are carried out with a text used by people in charge to guide the visitors. In the case of CMPC Pulp, next table shows the visits of the community to the mills made in 2006 and 2007.

VISIT TO CMPC PULP MILLS

Mill	2006	2007
Laja	813	839
Pacífico	624	529
Santa Fe	1,600	1,500
TOTAL	3,037	2,868

(*)These people relate to visits requested or community delegations invited by the plants, including residents' associations, senior-citizen groups, wives of personnel, public entities (municipalities, hospitals), students (junior, secondary & university), etc.

35) www.conama.cl

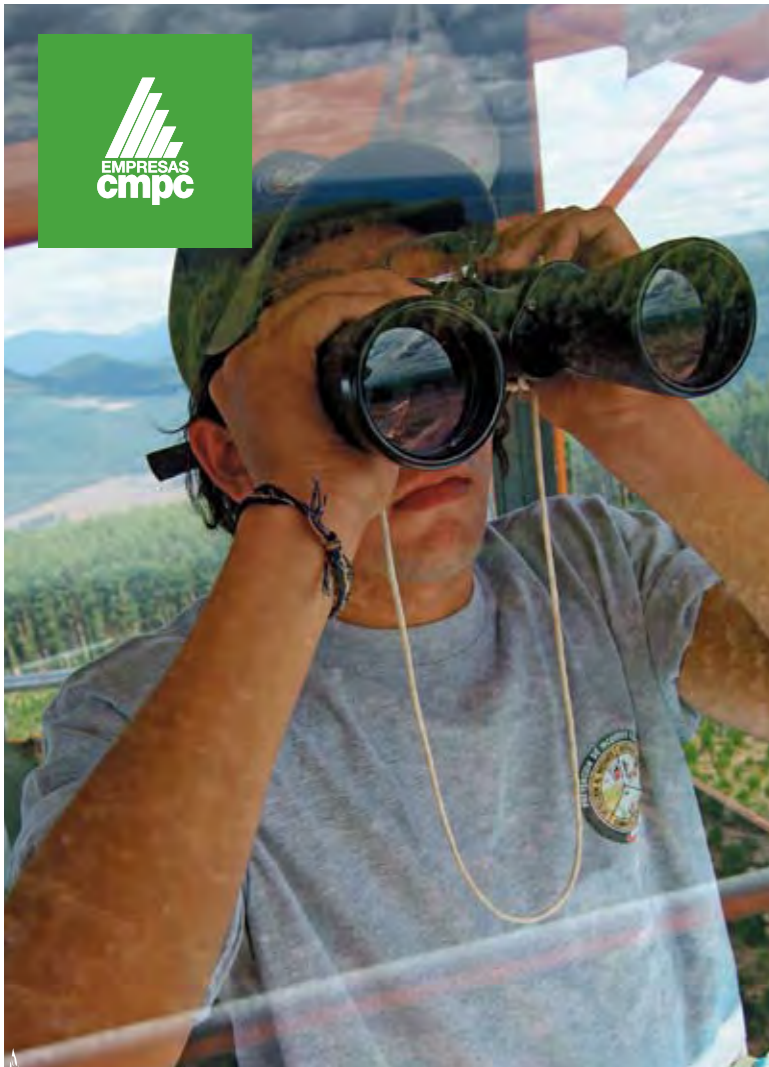
36) www.colegioarquitectos.cl

RESPECT



Future generations have the right to live in a suitable environment. We therefore direct our development in such a way that our impacts are minimized.





D. CMPC Responsible with the Environment

Environmental Information Scope

The environmental information provided in the following pages in tables, charts and figures represents all the pulp and paper mills of CMPC, both in Chile and in Argentina, Peru, Uruguay and Mexico. On this occasion, the plants for converting papers into other paper products and other minor operations are excluded as they have little relevance in water and energy consumption or the generation of liquid effluents, air emissions and solid waste.

The production base considered in this chapter is 3.1 million tonnes of pulp and paper in 2007 and 2.24 million tonnes in 2006. The growth was mainly due to the start-up of a new pulp line at the Santa Fe mill at Nacimiento, Bío Bío Region, which produced 705,000 tonnes in 2007, plus other production increases at the paper mills amounting to 130,000 tonnes.

CMPC's commitment with the environment is based on two fundamental pillars. Firstly, it constitutes an ethical challenge with future generations, and secondly is a decisive element in its competitiveness.

Its market-positioning strategic policy contains as a basic principle the concept of sustainable development. All its industrial activities and forest management are carried out under this seal. These aspects are reflected in the environmental policy which has been designed to perform beyond current legislative requirements.





Environmental Policy

1. CMPC believes in the real application of the principle of sustainable development. Productive activities should be harmonized with the legitimate right of future generations to live in a suitable environment.
2. The company believes in the ethical dimension that the care for the environment presents. Strict compliance with legislation is a duty. Operations should avoid damaging people and nature in general.
3. For the company, good environmental management is an integral part of the forestry business. The soil, water quality and biodiversity should be protected in forestry work.
4. The company's activities should be carried out with high levels of excellence and every new project should incorporate environmental considerations from the outset.
5. The purpose of the company's environmental policy is to state explicitly the company's commitment in this matter to its shareholders, personnel, customers, suppliers and the community in general.
6. The company is concerned to provide its personnel with the necessary training so that these guidelines are assumed in practice and responsibly by every one of them working in it.
7. CMPC should keep a detailed inventory of the environmental impacts of each of its operations, in the legal, physical and risk fields.
8. The company will employ throughout the organization a regular system of environmental audits to measure the effectiveness of the committed actions and resources.
9. As part of its environmental policy, the company also commits to:
 - A.- Conceive and provide products and services that have no undue impacts on the environment.
 - B.- Promote the efficient use of energy and natural resources.
 - C.- Promote among contractors and suppliers respect for the company's environmental policy.
 - D.- Organize emergency plans in those processes where there may be significant risks.
 - E.- Contribute to the preparation of reasonable and necessary public policies for the protection of the environment.
 - F.- Promote research and development of environmentally-sustainable technology in the forestry sector.

Raw Materials in the Production Chain

CMPC Pulp certified its chain of custody with the CERTFOR-PEFC seal which guarantees that its raw material, the pulp, comes exclusively from cultivated forests or plantations of controlled origin, free from controversies and perfectly traceable from forest to its final destination.

CMPC has five business areas. Each of these is focused on a specific area of production. Nevertheless, in many cases their products are related, generating a complementary production process in which one is the supplier of the other.

CMPC's principal raw material is timber, a renewable natural resource that is harvested under the requirements of sustainable forestry management. The management of the cultivated forests is carried out by Forestal Mininco and is environmentally certified under ISO14001. It also has the CERTFOR-PEFC³⁷ seal of forestry sustainability as the principal certification for most of its plantations, and the FSC³⁸ seal for a comparatively minor area of Forestal Monte Águila.

These certifications establish that techniques are used throughout the forestry production process that minimize the environmental impact and convert production into a sustainable process. In the nurseries, seeds are improved genetically to maintain structure, volume and robustness characteristics. In the forests, complex systems of care and quality are used related

to fire protection, illnesses and pest control. Low impact technologies are used in harvesting in order to prevent the generation of waste in the forest, as well as later plantation systems that prevent the start of soil erosion. The production process of Forestal Mininco continues with the delivery of the harvested timber to the sawmills and the mills of CMPC Pulp and Papeles.

CMPC Pulp certified its chain of custody with the CERTFOR-PEFC seal which guarantees that its raw material, the pulp, comes exclusively from cultivated forests or plantations of controlled origin, free from controversies and perfectly traceable from forest to its final destination. Pulp production involves the recycling and reutilization of raw materials. In the preparation of wood, bark is separated and used as biofuel in biomass boilers. The residues generated in the wood cooking process are also used as fuel in special boilers, generating steam and recovering chemicals which are used again, thus making the operation sustainable. The steam produced here is used in the self-generation of electricity and feeding the equipment, in the final stage of pulp drying.

37) Certfor-PEFC: Chilean seal linked to the Programme for the Endorsement of Forest Certification.

38) FSC: seal granted by the Forest Stewardship Council.



Sustainable Use of Energy

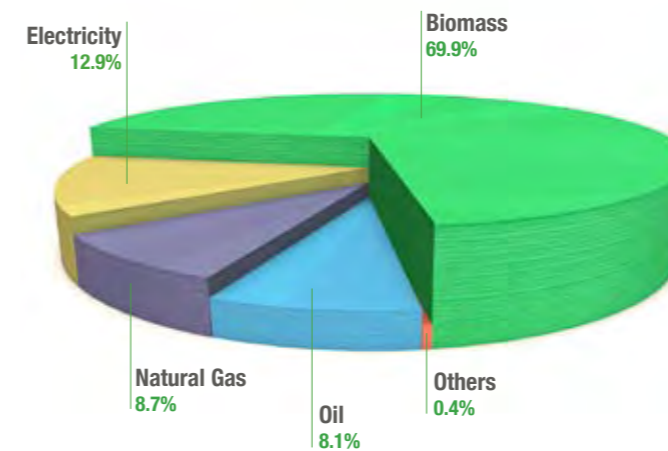
The pulp and paper industry uses a large amount of energy which is mostly obtained from renewable biofuels, i.e. from the residual biomass of the forestry processes and organic compounds of the wood, which are fully reutilized, thus reducing the use of fossil fuels in the production processes and at the same time reducing the waste generated. The biofuels come from renewable sources like forest plantations, making the manufacture of pulp and paper energetically sustainable.

In 2007, all CMPC's pulp and paper production processes used approximately 70,000 terajoules³⁹ of energy, of which 76.8% came from renewable biofuels or biomass. Another 9.8% was obtained from electricity and 13.4% was energy generated with fossil fuels in the production processes and at the same time reducing the waste generated. The biofuels come from renewable sources like forest plantations, making the manufacture of pulp and paper energetically sustainable.

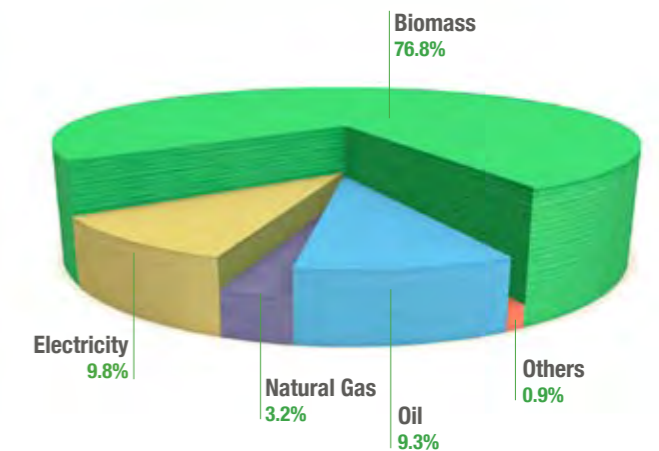
In the subsidiaries INFORSA, Cartulinas CMPC and Papeles Cordillera, industrial sludge and residual biomass are recycled to generate renewable energy in replacement of the consumption of fossil fuels.

CMPC Energy Consumption

YEAR 2006 (51.439 TERAJOULES)



YEAR 2007 (69.985 TERAJOULES)



Wood supplied by Forestal Mininco, recycled paper and pulp are the main raw materials used in the mills of CMPC Papeles. This business area comprises the subsidiaries that manufacture different kinds of paper: INFORSA produces newsprint from wood. Cartulinas CMPC uses wood and pulp as its main raw materials for making folding boxboards. Papeles Cordillera sells corrugating papers made from recycled fibres.

The subsidiary SOREPA, specialized in the recycling of used paper and cardboard, performs an active environmental role by collecting used paper and processing it for recycling, thus avoiding converting it into waste.

CMPC Tissue makes and sells sanitary products for mass consumption, such as toilet paper, paper towels and napkins. The main raw material in these products comes from the recycling of used paper which is prepared for its conversion into useful recycled fibres. This business area also produces diapers and sanitary towels.

Finally, CMPC Productos de Papel operates in the business of corrugated cardboard boxes and multi-wall paper sacks. The main raw material is paper which is transformed into packaging and sacks in processes of low environmental impact. The paper cuttings generated as residues are all recycled in the company's mills. Other raw materials are dyes and starch which meet demanding quality requirements in their acquisition. The moulded-pulp trays plant, Chimolsa, uses recycled paper as its main raw material.

While CMPC's total energy consumption increased by 36% over 2006, due to the increase in the production of pulp and paper, the energy generated from renewable biofuels or biomass also grew significantly, permitting a reduction in the percentage share of energy that was generated by electric energy and fossil fuels. It can therefore be said that the expansion of the company's production in 2007 was fully supported by energy obtained from renewable sources or biofuels.

CMPC ENERGY CONSUMPTION

TABLE 36
CMPC CONSOLIDATED

	Terajoules	
	2006	2007
Biomass	35,958	53,757
Electricity	6,648	6,888
Natural Gas	4,471	2,213
Oil	4,144	6,489
Others	218	639
TOTAL	51,439	69,985

39) A terajoule is the energy equivalent of 278 MWh.



All the biomass used to generate energy comes from the sustainable management of the forestry plantations and the reutilization of the organic compounds of wood obtained in pulp production. The main sources of biomass are bark from the trees, residues and, wood particles produced by the industrial sawmills and plantation management, and lignin, which is an organic compound of the wood that is separated from the pulp and fully reutilized as a biofuel in the production process.

The pulp mills have two kinds of boilers for producing steam from water: biomass boilers that use tree bark, sawmill waste and forest plantation management residues as their fuel, and recovery boilers which use wood lignin as fuel. The high-pressure steam obtained at these installations is circulated through turbines to generate electricity that fully meets the operational requirements of the factories. Surpluses are even produced which are consumed by other mills of the company.

The start-up of the new biomass boiler at the Pacífico pulp mill at Collipulli, Araucanía Region, and a new recovery boiler at the Santa Fe pulp mill in Nacimiento, Bío Bío Region, fully operating with biofuels, generated the additional renewable energy required by the increase in pulp and paper production in 2007.

Regarding the indirect consumption of energy, the company has no monitoring systems of this kind of information which would enable it to calculate the energy that was required to generate the electricity bought by CMPC.



Sustainable Use of Water

Water is one of the most important natural resources in pulp and paper making. An adequate availability of water is therefore a fundamental variable in the daily operations of the company's mills. The sustainable use of water is therefore an integral function of these plants whose practices emphasize the reutilization of water in the production processes.

In 2007, all the pulp and paper production processes used 154.7 million m³ of water, an increase of 21% over 2006, as a result of the increase in production. However, water consumption per tonne produced declined to 50 m³ of water per tonne of end product, compared to 57 m³ in 2006.

TABLE 37
USE OF WATER IN CMPC

CMPC CONSOLIDATED	2006	2007
In thousands of cubic metres per year	127,778	154,688
In cubic metres per tonne of end product	57	50

Given the particular characteristics of pulp and paper manufacturing processes and to make them sustainable, it is necessary to recycle the water in the mills several times. In fact, the most modern of the company's factories reuse water many times. In those that have been operating for many years, the incorporation of technology has been fundamental in increasing the reutilization of water in a sustained way.

The water drawn by the pulp and paper mills has not affected water sources. The water obtained comes 90% from surface water and 10% from groundwater.





Protection and Conservation of Biodiversity

Chile currently has 15.9 million hectares of forests. Of these, approximately 86% are native forests and 14% forest plantations. Of the total native forest area, which covers 13.7 million hectares, some 29% are protected by the National System of Forest Areas Protected by the State (SNASPE⁴⁰), Chile being one of the countries with the highest protection rate in the world. Forest plantations in Chile cover 2.2 million hectares, which supply the timber used for commercial purposes by companies in that industry.

In a public statement signed with environmentalist NGOs in Chile and the United States in 2003, CMPC formalized its permanent commitment to protect the native forest within its properties, a commitment that is auditable and demanded by stakeholders. It also

committed not to replace native forest and not to motivate its replacement by third parties. The NGOs recognize CMPC's leadership in the Chilean forestry industry and its support for the high standards of plantation management.

In 2003, the forestry subsidiary of CMPC, Forestal Mininco, certified its forest plantations under the standards set by CERTFOR-PEFC for sustainable forest management, continuously improving its work plans for the protection of the native forest, knowledge and preservation of its environmental value, for determining the presence of threatened species of flora and fauna, and for identifying, conserving and restoring areas of high environmental value.

Areas of High Environmental Value

The company has forest resources of 468,000 hectares of plantations of pine, eucalyptus and other species located between the Maule and Aysén Regions of Chile. By producing wood from these plantations, CMPC is contributing to the conservation of the native forest. Another 142,000 hectares relate to native forest and protection areas for the conservation of the biodiversity, protection of water courses and protection of river banks against soil erosion. Notable within this category are the seven areas of high

environmental value included in the company's forest reserves, which total 6,200 hectares and whose protection, conservation and restoration management has been recognized by the National Environmental Commission (CONAMA), environmentalist NGOs, universities and researchers. Five of these areas form part of sites that have been declared as priorities for the biodiversity by CONAMA, which is the Chilean state entity responsible for the national biodiversity conservation strategy.

Areas of High Environmental Value in CMPC

- 1. ALTO ESCUADRÓN AREA OF HIGH ENVIRONMENTAL VALUE:** 160 hectares of Valdivian native forest located in the Escuadrón farm in a gorge at the beginning of the mountainous chain of the Cordillera de Nahuelbuta in the area of Coronel in the Bío Bío region.
- 2. PITAO DE MAITENREHUE AREA OF HIGH ENVIRONMENTAL VALUE:** formed by 26 hectares of "Pitao", a species of native flora endemic to Chile, declared to be in danger of extinction. The Pitao area is located in two sites in the Pitrufquén and Los Barros farms in the districts of Nacimiento, Bío Bío region and Angol in the Araucanía region. It has unique genetic characteristics that differentiate it from other populations located to the north.
- 3. VILLA LAS ARAUCARIAS AREA OF HIGH ENVIRONMENTAL VALUE:** 85 hectares of Araucaria trees, a species of native flora endemic to Chile and Argentina classified as vulnerable in the category of conservation, located in the farms La Cabaña, Las Vacas and Magallanes, in the district of Nueva Imperial, Araucanía region. The Araucaria trees in this area are genetically different to those in the Cordillera de Nahuelbuta and the Cordillera de los Andes. They form part of the priority conservation site of Villa Las Araucarias.
- 4. HUILLÍN AREA OF HIGH ENVIRONMENTAL VALUE:** protection zone for the Chilean mammal Huillín (*Lontra provocax*) which is a fresh-water otter declared as in danger of extinction. Its habitat is marshy forests or "hualves", close to water courses. The area protected covers close to five kilometres, located at farms in the Licancullín sector on the banks of the river Boldo or Queule and the wetlands of Mahuidanche in the district of Toltén, Araucanía region. They form part of the priority conservation site called "Mahuidanche-Lastarria".
- 5. RUCAMANQUI AREA OF HIGH ENVIRONMENTAL VALUE:** 5,189 hectares of native forest of Raulí, Roble and Coigüe, and their protection areas, located in the Rucamanqui farm in the upper basin of the river Cholguán in the district of Tucapel in Bío Bío Region. The zone was declared for protection by decrees 295 of 1974 and 391 of 1978 of the Ministry of Agriculture. The sector forms part of the priority conservation site called "Biological corridor of the Nevados de Chillán - Laguna del Laja", with limits defined for protecting the soil, flora, fauna, landscape and richness in biodiversity.
- 6. LOS RUILES DE EMPEDRADO AREA OF HIGH ENVIRONMENTAL VALUE:** formed by 60 hectares of Ruil in a pure state, a species of native flora endemic to Chile, declared in danger of extinction, located in the El Desprecio farm, district of Empedrado in the Maule region. It forms part of the priority conservation site called "Cardonal-Linda Vista".
- 7. HUALOS DE LOANCO AREA OF HIGH ENVIRONMENTAL VALUE:** 680 hectares of Maulino native forest situated in the San Pedro-Las Cañas farm in the district of Constitución, Maule region. The area has a population of Roble Hualo native flora, a species declared as vulnerable, and of Pájaro Carpintero Negro fauna, a species declared as in danger of extinction. It forms part of the priority conservation site called "Galumávida y Hualos de Loanco".

All these high environmental value areas have special conservation and protection plans for preventing their accidental intervention by the operational activities of Forestal Mininco, or their being affected by fires and other activities like hunting, grazing, and the extraction of firewood, seeds and seedlings.

40) www.conaf.cl



CASE STUDY

Forestation in Aysén

For 18 years now, Forestal Mininco has formed a reserve of conifers in the Coyhaique district in Aysén Region. The species established are Ponderosa, Oregon and Contorta pines, which totalled almost 17,000 hectares at the end of 2007, planted on seriously-eroded soils due to fires that affected the region early last century and which destroyed extensive areas of native forest.

Special emphasis was placed on the forestation and recovery of soils devastated by the eruption of the Hudson volcano in August 1991, whose effect on the zone was a loss of approximately 600,000 hectares of forest and pastures in Chile, which were covered by a thick layer of ash. From the point of view of recovery of unproductive soils, this programme is an eloquent example of the restoration that can be achieved through forestry, in a severely-altered environment.

This forest reserve currently constitutes a development centre in the Aysén Region and is a concrete example of the contribution to environmental restoration in which the forestry sector is participating in Chile.

Conservation of Threatened Species of Flora and Fauna

When Forestal Mininco was certified under the CERTFOR-PEFC standard in 2003, it began a programme of monitoring and detecting threatened species of flora and fauna, for which it trained its personnel in the detection and identification of species, characterization of their habitat and the reporting of this information to the cartographical system of Forestal Mininco to be documented in the site plans, in a special coverage of threatened species.

On-site personnel use a Guide for Recognizing Endangered Species which also includes specialized material like the book "Threatened Plants of the Centre-South of Chile", prepared by the Universidad Austral.

Regarding threatened fauna, Forestal Mininco is working on a pilot plan for monitoring the fauna on two company sites, Rucamanqui and Trongol, to establish methods that enable the future identification of "fauna corridors" used by the species.

In the Pitao de Maitenrehue high environmental value area, the restoration and recovery plan began in 2004 with the collection of Pitao seeds, continuing with the production of seedlings in nurseries and later their reintroduction in the conservation area in the winter of 2007. Their soil gripping ability and state of development are being monitored periodically.

In June 2007, in the Huillín high environmental value area, restoration work of the banks was begun by restricting access of cattle and establishing species of native flora on banks without vegetation, in order to recover dense bank-side vegetation areas, an appropriate habitat for a proper conservation of Huillín. CMPC carries out this work with the support and on the basis of studies made by the National Committee for the Defence of Flora and Fauna⁴¹ for the zone of Mahuidanche and tributaries of the river Toltén.

Collaboration with Other Organizations

To carry out these protection and conservation actions, CMPC has taken advantage of joint work with universities, NGOs, state entities and researchers. The following are some of the research initiatives, joint work and collaboration in publications:

- Participation in the CONAMA-CORMA environmental cooperation agreement signed in 2003, for identifying and protecting areas of high biodiversity value and their flora and fauna.
- Environmental cooperation agreement with the Universidad Austral, signed in 2003, for the conservation of threatened species of Chilean flora on properties managed by the company. In 2005, the book "Threatened Plants of Centre-South of Chile" was published.
- Collaboration since 2004 with the Universidad de la Frontera in a study for re-classifying and proposed potential uses of areas of native vegetation of Forestal Mininco. The project lasts until the year 2008.
- In 2006, jointly with the Universidad de Concepción, a diagnosis was carried out of the potential for the conservation of the biodiversity of zones of high biological value in the Cordillera de Nahuelbuta,
- Joint work with CODEFF in protection and restoration measures of the habitat of Huillín in the Mahuidanche-Río Boldo sector.
- Participation in a Project for the conservation of threatened biodiversity sites on the coast of central Chile, jointly with Universidad de Talca, Oxford University (UK), CONAF, CODEFF, CONAMA and other organisms.
- Collaboration in editing the books: "Country guide to Chilean orchids" (2006) and "Austral funguses, Country guide to the most attractive funguses in Chile" (2007).

Prevention of Impacts on the Biodiversity

Regarding the possible impacts on the biodiversity, the CERTFOR-PEFC sustainable forestry management standard, with which the company certifies its forest assets, contains specific criteria for minimizing and/or preventing impacts on the biodiversity, the native forest, soil and water courses. These criteria are incorporated

in the operating instructions of Forestal Mininco and are controlled periodically by the personnel responsible for protecting the forest resources. In addition, internal audits are made twice a year of the CERTFOR and ISO14001 certification processes.

41) www.codeff.cl



Threatened Flora and Fauna

The species of threatened flora and fauna that have been found to date in the company's native forest and protection areas, are as follows:

TABLE 38
THREATENED FLORA SPECIES, BY CATEGORY

ENDANGERED	VULNERABLE	RARE
Pitao	Ciprés de la Cordillera	Lleuque
Michay Rojo	Araucaria	
Parrilla Falsa	Naranjillo	
Guindo Santo	Radal Enano	
Ruil		

These species are subject to the protection measures described above to ensure their conservation and prevent any impact caused by the operational activities of Forestal Mininco in the plantation areas. This is especially valid for the fauna whose species are generally in movement.

TABLE 39
THREATENED FAUNA SPECIES, BY CATEGORY

ENDANGERED	VULNERABLE	RARE
Huillín	Pudú	Monito del Monte
Black Woodpecker	Puma	
Güiña	Quique	
	Black-Necked Swan	

An hectare of radiata pine or eucalyptus absorbs, on average, nine tons a year of carbon dioxide during the productive cycle, which are converted into oxygen and released into the atmosphere, thus reducing greenhouse gas emissions.

Air Emissions, Liquid Effluents and Solid Waste

The company's production of pulp and paper generates air emissions, liquid effluent into rivers and solid waste, whose effects on the environment have to be reduced through the employment of mitigation technologies. CMPC therefore makes the necessary investments for the continuous improvement of the environmental performance of its production facilities in strict compliance with applicable environmental legislation in all the countries where it operates.

Air Emissions

The concentration of gases like carbon dioxide, methane and nitrous oxide at low altitude in the atmosphere maintains the heat of the Earth's surface, thus contributing to the sustained increase in the temperature of the planet, a phenomenon known as the greenhouse-effect. CMPC, through its forestation, contributes to reducing this as trees, by means of their natural process of absorption of carbon dioxide through photo-synthesis, return pure oxygen into the air. An hectare of radiata pine or eucalyptus absorbs, on average, nine tons a year of carbon dioxide during the productive cycle, which are converted into oxygen and released into the atmosphere.

CMPC is a company that, due to the characteristics of its production, does not emit gases classified in the Protocol of Montreal that could affect the ozone layer. Regarding the measurement of greenhouse-effect gases, there is no regulation in Chile for the sector in which the company works, so the

monitoring of this type of gases is not contemplated in the production process. However, as almost 77% of the energy required by CMPC in 2007 was generated from renewable biofuels or biomass, this reduced purchases of electricity and fossil fuels, thus producing the positive effect of a lower generation of greenhouse gases.

With respect to other types of emissions, the company controls them so that they can be absorbed in a sustainable way in the natural ecological cycle. Air emissions from combustion processes comprise particulate matter and gases released into the atmosphere, mainly sulphur oxides (SO₂) and nitrogen oxides (NO₂). These emissions are monitored periodically and reported to the environmental authority according to current regulations, and are shown in the following table, expressed as kilos per tonne of end product.

TABLE 40
AIR EMISSIONS

CMPC CONSOLIDATED	2006 Kg / tonne prod.	2007 Kg / tonne prod.
Particulate matter	1.37	1.33
Sulphur oxides	0.45	0.93
Nitrogen oxides	1.71	1.46

CMPC is a company that, due to the characteristics of its production, does not emit gases classified in the Montreal Protocol that could affect the ozone layer.



The particulate matter emitted by the pulp and paper mills totalled 1.33 kilogrammes per tonne of product in 2007, similar to the 1.37 kilogrammes per tonne in 2006,

Sulphur oxide emissions increased to 0.93 kilogrammes per tonne of product, compared to 0.45 kilogrammes in 2006, due to the almost complete interruption of natural gas supplies. On the other hand, nitrogen oxide emissions in 2007 were 1.46 kilogrammes per tonne of product, lower than the 1.71 kilogrammes per tonne in 2006.

Treated Liquid Effluent

Following the use of water in the production of pulp and paper, all the liquid effluents generated are taken to biological treatment plants in order to reduce their effect on the environment, before returning them to the natural water courses.

The following table shows the figures of effluents in 2006 and 2007 for all CMPC's production of pulp and paper, with an amount of 139 million m³ in 2007, 22% more than in 2006 due to the increase in production that year. However, the effluent in 2007 fell to 45 m³ per tonne of end product, from a level of 51 m³ in 2006.

**TABLE 41
TREATED LIQUID EFFLUENTS**

CMPC CONSOLIDATED	2006	2007
Thousands of cubic metres per year	114,093	138,934
Cubic metres per tonne of end product	51	45

The biological treatment plants are periodically monitored to check that the parameters of the effluent meet the respective regulations. The following table shows a substantial reduction in six quality indicators of the effluent in 2006 and 2007 as a result of the heavy investment made by CMPC in biological treatment plants at its pulp and paper mills, in order to adapt the quality of effluent to the regulatory requirements current in Chile since September 2006.

**TABLE 42
WATER EFFLUENT VALUES**

CMPC CONSOLIDATED	2006 Kg/Tone prod.	2007 Kg/Tone prod.
Chemical Oxygen Demand (COD)	26.0	16.5
Biological Oxygen Demand (BOD)	8.1	2.4
Total Suspended Solids (TSS)	4.9	3.0
Phosphorus (P)	0.12	0.06
Nitrogen (N)	0.43	0.27
AOX	0.10	0.07

As a result of the treatment of the liquid effluent, industrial sludge is obtained with a high vegetal fibre content, which is characterized as biomass,

i.e. non-hazardous solid waste suitable for recycling, principally in the generation of steam for the production processes, as it has a calorific power suitable for burning in biomass boilers.

Solid Waste

It can be seen that solid waste characterized as hazardous corresponded to 0.5% of the total generated in 2007. This hazardous waste is subject to the provisions of Decree 148 of 2003 of the Ministry of Health, whose regulations created a system of the obligatory declaration, management and follow-up of this waste for each industrial plant.

The rest of the waste (99.5%) was defined as non-hazardous, of which 20.9% was reutilized, whether recycled with environmental benefit or used for generating steam in biomass boilers, taking advantage

of the calorific power of its high vegetal fibre content. Finally, 78.5% of the waste was taken to controlled authorized disposal areas for solid waste, both of the company and of third parties.

The growth shown in the non-hazardous waste figures sent to landfills in 2006 and 2007 correlates with the increase in the production of pulp and paper. This can be confirmed by expressing the above figures in kilogrammes of solid waste per tonne of end product indicated in the table 44. It can be seen that in both 2006 and 2007, 124.2 kilogrammes of waste were

**TABLE 43
SOLID WASTE**

CMPC CONSOLIDATED	2006	2007	2007
HAZARDOUS SOLID WASTE	TONNES	TONNES	%
Sold or recycled	149	218	} 0.50%
Sent to specialized dumps	1,365	1,882	
NON-HAZARDOUS WASTE			
Sold or recycled	28,418	29,828	} 20.9%
Sludge incinerated to produce steam	47,366	50,574	
Sent to own landfills	89,221	155,534	} 78.5%
Sent to third-parties' landfills	111,710	146,464	
TOTAL	278,229	384,500	100.0%



generated for every 1,000 kilogrammes of pulp and paper produced and that hazardous waste totaled 0.68 kilogrammes for every 1,000 kilogrammes of product in both years.

TABLE N°44

CMPC CONSOLIDATED	2006 Kg/Tonne Produced	2007 Kg/Tonne Produced
HAZARDOUS SOLID WASTE		
Sold or recycled	0.07	0.07
Sent to specialized dumps	0.61	0.61
NON-HAZARDOUS WASTE		
Sold or recycled	12.7	9.6
Sludge incinerated to produce steam	21.1	16.3
Sent to own landfills	39.8	50.2
Sent to third-parties' landfills	49.9	47.3
TOTAL	124.2	124.2

Regarding the non-hazardous solid waste which is recycled, notable was the experience with clear environmental benefits of the Zárate mill in Argentina, belonging to Papelera del Plata, a subsidiary of CMPC Tissue. This waste is submitted there to a composting process whose end result is an organic product that is used to improve agricultural soils.

Paper Recycling

Total consumption of recycled paper in CMPC's paper mills was 625,000 tonnes in 2007, which compares favourably with the 527,000 tonnes consumed in 2006. These papers are treated to transform them into useful recycled fibres, which are then used to produce new paper. The above figures translate into approximately 50% of the company's total paper production being based on recycled fibres, considering the factories in Chile, Argentina, Peru, Uruguay and Mexico.

The recycled fibres and the virgin fibres from the forest plantations are complementary and essential in the paper-making process. This is because the recovery and recycling of used paper lengthens the useful life of the pulp fibres contained in such papers, which produces a more efficient use of the forestry resources. However, with successive recycling, the fibres recovered start deteriorating, making it necessary to incorporate new virgin fibres in the production of paper, thus showing the complementary nature of both types of fibre.

The use of recycled fibres varies according to the type of paper, some of which use a high percentage of these, such as corrugating and tissue papers. The recycled fibres are obtained from the recovery of all kinds of used paper, boxes and cardboard packaging which otherwise would end up in the landfills of the

cities. The recycling work therefore has important environmental and social benefits, because:

- It optimizes the forest plantations by replacing virgin pulp fibres by recycled fibres in the manufacture of new papers.
- It saves energy as obtaining recycled fibres from used paper consumes less energy than obtaining virgin fibres from wood.
- It values used paper and cardboard as raw material, creating a market that motivates its collection through pricing and avoids them ending up in landfills.
- By receiving less waste, the useful lives of sanitary landfills is lengthened and the methane gas emissions associated with the decomposition of waste are reduced.
- It creates a remunerated source of work for the least-qualified urban workforce that operates as collectors in the cities.
- It contributes to improving the cleanliness of cities.

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

Environmental Aspects of the Production Chain

CMPC is concerned that the whole production chain meets current environmental regulations. This involves from the suppliers of raw materials and inputs to the sale of the products in final markets.

The requirements demanded by CMPC to its suppliers in environmental, social and labour matters are the same as those applied internally, as this is required by current legislation and CMPC's commitments in the management of its different business centers. The company requires its suppliers to comply with

environmental regulations in both their production processes and their products.

Forestal Mininco has ISO14001 environmental management certifications and CERTFOR-PEFC for the sustainable management of its forestry operations, and OHSAS18001 for labour safety aspects. The chain of custody for sawmills products is also certified according to CERTFOR-PEFC standards. These certifications include the integral evaluation of suppliers.



Environmental Investments

Regarding the sustainable management of its forestry resources, CMPC is continually revising the development of the principal certification schemes in order to offer its customers alternatives that are functional for their requirements.

In CMPC Papeles, the subsidiaries Papeles Cordillera and Cartulinas CMPC have the ISO14001 certification, incorporating environmental-management operative systems and practices which include procedures for evaluating their suppliers in different aspects, as well as requiring certification of their processes.

CMPC Pulp has the ISO14001 and OHSAS18001 certifications for its three production mills and has certified its chain of custody according to CERTFOR-PEFC standards, which guarantees that its raw material, pulp, comes exclusively from cultivated forests or plantations, of controlled origin, free from controversies and perfectly traceable from the forest to its final destination. CMPC thus responds to the growing importance that customers are giving to the environmental performance of pulp producers. During 2008, the process of certification of the custody chain of the short-fibre pulp under the FSC seal will begin.

CMPC Pulp is focused on a continuous improvement plan in environmental and industrial safety matters, called the Zero Fault Strategy, through the training of the personnel working in its factories, the updating of operating procedures and the modernization of the facilities. This strategy is perceived as a source of competitive advantage, in the conviction that technology itself is not enough to ensure a good

environmental performance unless it is accompanied by the training of the people and suitable operating procedures.

The environmental and public affairs management of CMPC Pulp is responsible for the supervision of compliance with the environmental regulations, coordination between the plants, and relationships with neighbouring communities and local authorities.

In the area of the personnel working in the mills, a work of training and generation of conduct has been carried out so that each employee is able to evaluate the environmental and safety consequences of their actions. Environmental monitors have been formed and a programme begun of teaching environmental management skills, given jointly with the Universidad de Concepción.

Regarding the procedures, both for normal operations and those for responding to emergencies, they were updated within the factories and with neighbouring communities and authorities.

Finally, in the area of safety of the installations, an investment programme is being carried out for updating the technology, renovation of materials and equipment.

As a result of the preventive measures, CMPC suffered no environmental incidents or accidental spillages in 2007 and 2006 that have affected water resources and their related habitats.

Since 2004, the company has been following an investment plan for increasing the production capacity of pulp and paper and also to modernize the mills in operation, including investments for improving their relations with the environment. Specifically, the investment programme of an environmental nature has

meant an investment of US\$115.4 million in the period 2004–2007 of which US\$ 65 million related to the years 2006 and 2007, the period analyzed in this report.

The detail of the environmental investments according to their objectives is shown in the following table.

TABLE 45
CONSOLIDATED ENVIRONMENTAL INVESTMENTS OF CMPC

MILLIONS OF DOLLARS	2004 - 2005	2006 - 2007	TOTALS
Air emissions control	12.5	5.7	18.2
Liquid effluents treatment	30.6	41.4	72.0
Solid waste management	2.3	4.3	6.6
Environmental safety of facilities & people, prevention & control	1.2	6.5	7.6
Energy & water savings	1.2	5.2	6.4
Other environmental investments	2.5	2.2	4.6
TOTAL INVESTMENTS	50.1	65.3	115.4

The construction of biological treatment plants in all CMPC's mills, plus the investment in technology for the mitigation of air emissions, totalled US\$90 million in the four-year period analyzed. Notable are the investments made in the new pulp line at the Santa Fe mill in Nacimiento, Bío Bío region, and the environmental updating carried out at the Laja pulp and paper plant, also in the Bío Bío Region.

The management of solid waste, with a total of US\$6.5 million invested in the four years, consisted mainly of the preparation of controlled disposal areas for solid industrial waste, waterproofed and equipped with percolated liquid and rain-water collection systems and control of the phreatic level.

Investments made to improve the environmental safety of the facilities and personnel totalled US\$7.6 million in the period, principally focused on the Zero Fault Strategy of CMPC Pulp.

Investments for generating energy and water savings amounted to US\$6.4 million and were used to improve the energy efficiency of the production processes and reduce the consumption of water to produce a tonne of end product, through the recycling and recirculation of used water.

This investment plan will continue in the coming years as part of a continuous improvement strategy.

Information Sources of the Report

- 1 Mi Papel magazines 2000 to 2007.
- 2 Press cuttings 2006 – 2007.
- 3 Sustainability Report 2000 of Empresas CMPC.
- 4 Sustainability Report 2003 of Empresas CMPC.
- 5 Sustainability Report 2006 of Empresas CMPC.
- 6 Annual Report 2006 of Empresas CMPC.
- 7 Annual Report 2007 of Empresas CMPC,
- 8 Book 80 years of Empresas CMPC.
- 9 The environmental figures shown in this report come from statistical data provided by each of the pulp and paper mills, recorded in their operating logs and including their consumption of water, electricity and fuels, steam generation, gas emission and liquid effluents control measurements and the production of solid waste.
- 10 Data and analysis of the biodiversity protection and conservation tasks were provided by the environmental audit and certifications area of Forestal Mininco.
- 11 The environmental investment figures were provided by the development areas of each of Empresas CMPC's subsidiaries.

GRI Index – Level of Compliance A

Profile

1. STRATEGY AND ANALYSIS

GRI Element	Section of the Report	Page N°.
1.1. Declaration of senior person responsible.	Chairman's Message.	8 - 9
1.2. Description of the principal impacts, risks & opportunities.	Chairman's Message.	8 - 9

2. PROFILE OF THE ORGANIZATION

GRI Element	Section of the Report	Page N°.
2.1. Name of the organization.	Profile.	11
2.2. Principal brands, products & services.	Profile of the Company. CMPC Responsible in its Businesses Chain.	31 - 39
2.3. Operative structure of the organization.	Profile of the Company.	11
2.4. Location of the head office of the organization.	Profile of the Company.	11
2.5. Countries in which the company operates.	Profile of the Company. CMPC Responsible in its Businesses Chain.	11 31 - 39
2.6. Nature of the ownership & entity.	Profile of the Company.	11
2.7. Markets served.	Profile of the Company.	11
2.8. Size of the organization.	Profile of the Company.	11
2.9. Significant changes in the period.	In 2006, line 2 of the Santa Fe plant & a plywood plant in the 9th Region started operations. New subsidiaries were also acquired abroad. This caused some indicators to change substantially, as reflected in the tables and graphs.	
2.10. Prizes & distinctions.	Health and Safety.	69

3. PARAMETERS OF THE REPORT

GRI Element	Section of the Report	Page N°.
3.1. Period covered by the information in the report.	Scope.	7
3.2. Date of most recent report.	Scope.	7
3.3. Report presentation cycle.	Scope.	7
3.4. Point of contact.	Scope.	7

SCOPE & COVERAGE

3.5. Process of definition of the contents of the report.	Scope.	7
3.6. Coverage of the report.	Scope.	7
3.7. Indicate existence of limitations on the scope or coverage.	Scope.	7
3.8. Basis for inclusion of joint businesses.	Information on the principal businesses has been taken into account.	
3.9. Data measurement technique & bases for calculations.	Explanations of the calculations are shown at the foot of the pages or notes to the tables.	
3.10. Description of the possible effect of the representation of information in relation to previous reports.	The principal change is related to the application of Guide G-3 in this report. The GRI 2002 guideline was employed the previous year.	
3.11. Significant changes relating to previous periods.	The principal change is related to the application of Guide G-3 in this report. The GRI 2002 guideline was employed the previous year.	

GRI INDEX OF CONTENTS

3.12. Table of contents.	GRI Index.	116 - 122
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VERIFICATION

3.13. Present policy & practice in relation to the request for external verification.	External certification has not been considered for this report. However, to respect this principle, an adviser expert in GRI guidelines was contracted who advised in the way to report to comply with GRI's principles & indicators.	
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4. GOVERNANCE, COMMITMENTS & PARTICIPATION OF STAKEHOLDERS GOVERNANCE

GRI Element	Section of the Report	Page N°.
4.1. Organization's governance structure.	Corporate Governance.	16
4.2. The chairman is also an executive of the company.	Composition of the Board.	17
4.3. Number of members of the top organ of governance who are independent or non-executive.	Composition of the Board.	17
4.4. Mechanisms of shareholders & personnel for making recommendations & indications to the top organ of governance.	Corporate Governance.	16
4.5. Relationship between the remuneration or members of the top organ of governance, senior executives & the performance of the organization.	Corporate Governance.	16
4.6. Procedures introduced to avoid conflicts of interest in the top organ of governance.	Information on Related Transactions.	21
4.7. Procedures for determining the training & experience required from member of the top organ of governance.	Composition of the Board.	17
4.8. Declarations of mission, vision & values. Codes of conduct & relevant principles.	Mission & Values.	14 - 15
4.9. Procedures of the top organ of governance for supervising the identification & management by the organization of the economic, environmental & social performance.	Corporate Governance.	16 - 21
4.10. Procedures for evaluating the performance of the top organ of governance.	Corporate Governance.	16

COMMITMENT WITH EXTERNAL INITIATIVES

4.11. Description of how the organization has adopted a precautionary suggestion or principle.	The new pulp & paper projects built in the world are reaching sizes never seen before. CMPC is not exempt from this development, so it is adopting design and operating criteria in its new projects that guard against potential threats to health & the environment. This has translated, for instance, in strict standards of quality of liquid effluents & gas emissions in its new line at the Santa Fe mill.	
4.12. Social, environmental & economic principles or programmes developed externally.	CMPC's commitment with External Initiatives.	27
4.13. Principal associations to which the organization belongs.	CMPC's commitment with External Initiatives.	27

PARTICIPATION OF STAKEHOLDERS

4.14. Relations with stakeholders that the organization has included.	Dialogue with Stakeholders.	26
4.15. Basis for the identification & selection of stakeholders with which the organization is committed.	While CMPC has not made a formal mapping of its stakeholders, given the complexity of the businesses and because presenting a chart for Empresas CMPC does not reflect the reality of each of the businesses, a table has been made of the principal stakeholders and the means employed by the company to establish relations of dialogue with them.	
4.16. Focus adopted for the inclusion of stakeholders, including the frequency of participation.	As above.	26
4.17. Principal concerns & aspects of interest arising through the participation of stakeholders.	Suppliers and Contractor Firms. Internal Communication. CMPC Responsible with the Community.	50 59 75

Economic Performance**ASPECT: ECONOMIC PERFORMANCE**

GRI Element	Section of the Report	Page N°.
EC1. Direct economic value generated & distributed.	Economic Performance.	41 - 43
EC2. Financial consequences & other risks due to climate change.	No calculation has been made of these implications, considering that the forestry business is an industry that contributes to a reduction in greenhouse-effect gases.	
EC3. Coverage of the organization's obligations due to social benefit programmes.	CMPC does not carry out these kinds of programmes directed to employees.	
EC4. Significant financial assistance received from the state.	Contributions to the State.	47

ASPECT: MARKET PRESENCE

EC6. Policy, practices & proportion of expenses corresponding to local suppliers.	Suppliers and Contractor Firms.	50 - 52
EC7. Procedures for local recruitment & proportion of senior personnel coming from the local community.	Labour Relations. Good Neighbourhood Plan.	61 83

ASPECT: INDIRECT ECONOMIC IMPACTS

EC8. Development & impact of investments in infrastructure & services provided principally for the public good.	Contributions to Public Infrastructure.	49
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Environmental Performance**ASPECT: MATERIALS**

GRI element	Section of the Report	Page N°.
EN1. Materials used by weight & volume.	Raw Materials.	97
EN2. Percentage of materials used that are valued.	Raw Materials. Recycling of Paper.	97 - 98 112

ASPECT: ENERGY

EN3. Direct energy consumption from primary sources.	Sustainable Use of Energy.	99
EN4. Indirect energy consumption from primary sources.	Sustainable Use of Energy.	100
EN5. Energy savings due to conservation & improvements in efficiency.	Sustainable Use of Energy.	99 - 100

ASPECT: WATER

EN5. Total consumption of water by sources.	Sustainable Use of Water.	101
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ASPECT: BIODIVERSITY

EN11. Description of adjacent land or that located within natural protected spaces or of unprotected high biodiversity.	Protection and Conservation of Biodiversity.	102 - 103
EN12. Description of the most significant impacts on the biodiversity in protected natural spaces or areas of unprotected high biodiversity.	Protection and Conservation of Biodiversity.	102 - 106
EN13*. Protected or restored habitat.	Protection and Conservation of Biodiversity.	102 - 106
EN14*. Strategies & actions introduced & planned for managing impacts on the biodiversity.	Protection and Conservation of Biodiversity.	102 - 106
EN15*. Number of species, detailed in function of their danger of extinction.	Protection and Conservation of Biodiversity.	106

ASPECT: EMISSIONS, SPILLAGES & WASTE

EN16. Total direct & indirect emissions of greenhouse-effect gases, by weight.	Air Emissions.	107
EN17. Other indirect emissions of greenhouse-effect gases, by weight.	Air Emissions.	107
EN19. Emissions of substances destructive of the ozone layer, by weight.	Air Emissions.	107
EN20. NO _x , SO _x , & other atmospheric emissions of importance, by type.	Air Emissions.	107 - 108
EN21. Total spillage of waste water, by nature & destination.	Environmental Aspects of the Production Chain.	112
EN22. Total amount of waste by types and treatment method.	Solid Waste.	109 - 110
EN23. Total number & volume of most significant accidental spillages.	Environmental Aspects of the Production Chain.	112

ASPECT: PRODUCTS AND SERVICES

EN26. Initiatives for mitigating the environmental impacts of the products & services, and degree of reduction of the impact.	Environmental Aspects of the Production Chain.	112
EN27. Percentage of products sold & their packaging materials which are recoverable at the end of their useful lives.	Not Reported.	

(*) Additional Indicator.

ASPECT: COMPLIANCE WITH REGULATIONS

EN28. Cost of significant fines for non-compliance with environmental regulations.	Sanctions & Fines.	46
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Indicators of Social Performance of Labour Practices and Work Ethics**ASPECT: EMPLOYMENT**

GRI Element	Section of the Report	Page N°.
LA1. Detail of employees by type of employment, contract & region.	Details are presented with the indicators. Still to be taken into account is information on the type of contract of the employees which will be included in the next report.	57 - 58
LA2. Total number of employees & average turnover.	Labour Turnover.	59 - 60
LA3*. Social benefits for full-time employees.	Benefits.	65

ASPECT: COMPANY / EMPLOYEE RELATIONS

LA4. Percentage of employees covered by collective bargaining agreements.	Collective Agreements.	64
LA5. Minimum period of notice for organizational changes.	Labour Relations.	62
LA6*. Percentage of total employees represented in joint committees on safety & health.	The constitution of joint committees in Chile is governed by Law 16,744 and employees who represent their colleagues are elected by voting. All employees therefore are represented in the activities of these committees. In other countries, similar organizations are formed with similar characteristics.	69
LA7. Rates of absenteeism, accidents & work damages, days lost & number of fatal accidents.	Performance.	70 - 71
LA8. Education, formation, advisory, prevention & risk control programmes applicable to employees, families & community.	Safety Committees.	69 - 70

ASPECT: FORMATION AND EDUCATION

LA10. Average hours of formation per year per employee.	Formation and Education.	66 - 67
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ASPECT: DIVERSITY AND EQUAL OPPORTUNITIES

LA13. Composition of the corporate governance & detail by gender & other diversity indicators.	Labour Turnover.	59 - 60
LA14. Relationship between base wages for men and women, by professional category.	CMPC makes no distinctions between genders.	

Indicators of Human Rights Performance**ASPECT: INVESTMENT & PROCUREMENT PRACTICES**

GRI Element	Section of the Report	Page N°.
HR1. Total percentage & total number of significant investment agreements including human rights clauses or which have been evaluated.	CMPC extends its quality, environmental safeguards & labour obligations to all its suppliers, but no measurements have been made.	
HR2. Percentage of the principal distributors & contractors that have been the subject of analysis in human rights matters.	CMPC extends its quality, environmental safeguards & labour obligations to all its suppliers, but no measurements have been made.	

ASPECT: NON DISCRIMINATION

HR4. Total number of incidents of discrimination & measures adopted.	No incidents of discrimination have been recorded in the period.
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ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE AGREEMENTS

HR5. Company activities in which the right to freedom of association can run risks.	Labour Relations.	62 - 64
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ASPECT: EXPLOITATION OF CHILDREN

HR6. Activities identified that carry a potential risk of incidents of children's exploitation.	CMPC follows the national regulations regarding adherence to the Universal Declaration of Human Rights and conventions of the International Labour Organization, ILO.	61
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ASPECT: FORCED WORK

HR7. Operations identified as of significant risk of originating from episodes of forced work.	CMPC follows the national regulations regarding adherence to the Universal Declaration of Human Rights and conventions of the International Labour Organization, ILO.	61
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ASPECT: SAFETY PRACTICES

HR8*. Percentage of safety personnel who have been trained in the organization's policies or procedures in human rights aspects relevant to their activities.	Formation and Education.	67
HR9*. Total number of incidents related to violations of indigenous rights & measures taken.	Relations with the Mapuche Communities.	83

Indicators of Performance of Society**ASPECT: COMMUNITY**

GRI element	Section of the Report	Page N°.
S01. Nature, scope & effectiveness of the programmes & practices for evaluating & managing the impacts of operations.	CMPC Responsible with the Community.	75 - 91

ASPECT: CORRUPTION

S02. Percentage & total number of business units analyzed with respect to risks related to corruption.	No follow-ups are carried out with respect to this kind of situation.
S03. Percentage or employees trained in the organization's anti-corruption policies & procedures.	No follow-ups are carried out with respect to this kind of situation.



Send us your Opinion

We are interested in knowing your opinion with respect to our Sustainable Development Report 2007. Please therefore complete the attached sheet and send it by fax to (56 2) 6721115 or to the following electronic mail: plarrain@gerencia.cmpc.cl.

1. IN WHAT STAKEHOLDER GROUP DO YOU CONSIDER YOURSELF?

- Employee / Contractor
- Shareholder
- Customer
- Supplier
- Authority / Regulator
- NGO
- Community
- Another - Which? _____

Please answer the following questions with a score of 1 to 7, 1 being bad and 7 the best.

2. WHAT SCORE WOULD YOU GIVE TO THE FOLLOWING ASPECTS OF THE 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? _____

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

Thank you for your time.

S04. Measures taken in response to corruption incidents.	No incidents of corruption were recorded in the period.	
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ASPECT: PUBLIC POLICY

S05. Position in public policies & participation in their development, and lobbying activities.	Environmental Policy.	96
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ASPECT: REGULATORY COMPLIANCE

S08. Amount of significant sanctions & fines and number of non-monetary sanctions deriving from non-compliance with laws & regulations.	Sanctions and Fines.	46
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Indicators of Performance in Responsibility for Products

ASPECT: CUSTOMER HEALTH AND SAFETY

GRI Element	Section of the Report	Page No.
PR1. Phases of the life cycle of the products & services in which their impacts on customers' health & safety are evaluated.	Customers.	52 - 53

ASPECT: LABELLING OF PRODUCTS AND SERVICES

PR3. Types of information on the products & services that are required for the valid procedures & regulations.	Customers.	52 - 53
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ASPECT: MARKETING COMMUNICATIONS

PR6. Programmes of compliance with laws or adherence to voluntary standards & codes mentioned in marketing communications.	Customers.	52 - 53
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ASPECT: REGULATORY COMPLIANCE

PR9. Cost of significant fines resulting from non-compliance with regulations relating to the supply & use of the products & services.	Sanctions and Fines.	46
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(*) Additional Indicator.

Report Application Levels

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