

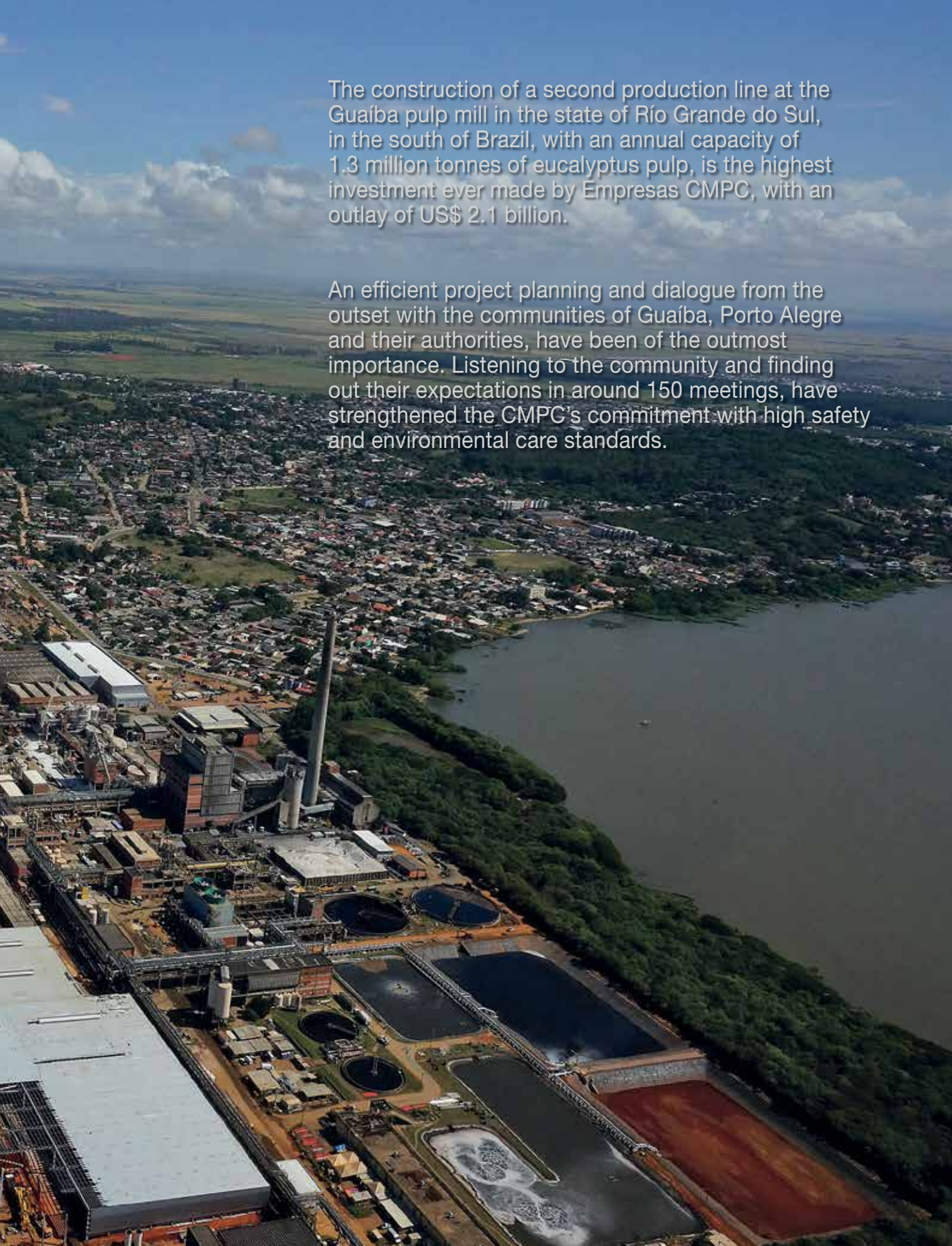
# SUSTAINABLE DEVELOPMENT REPORT 2014



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The construction of a second production line at the Guaíba pulp mill in the state of Rio Grande do Sul, in the south of Brazil, with an annual capacity of 1.3 million tonnes of eucalyptus pulp, is the highest investment ever made by Empresas CMPC, with an outlay of US\$ 2.1 billion.

An efficient project planning and dialogue from the outset with the communities of Guaíba, Porto Alegre and their authorities, have been of the utmost importance. Listening to the community and finding out their expectations in around 150 meetings, have strengthened the CMPC's commitment with high safety and environmental care standards.



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

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

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

## LETTER FROM THE CHAIRMAN

I am very pleased to present to our stakeholders the 2014 sustainable development report of Empresas CMPC, which we have drawn up yearly since 2006. Every day and increasingly, society demands us to report and communicate the performance of companies in the economic, social and environmental matters, especially the way of making a balanced progress on these. We strongly think that reliable and long-term work, credibility and transparency, are the greatest assets for modern business and establish a real imperative going into the future.

CMPC is a forestry company based on industrial facilities in eight countries of Latin America, which annually supplies to 30,000 customers in over 45 countries with a wide range of forestry products. The challenges of globalization are expressed in this significant fact: 45% of our labour force is working abroad and 76% of the company's sales are made overseas. Global companies such as CMPC are learning to do business in different cultures, not only by generating job and wealth, but by supporting the longings of development of the local communities and developing forestry products in a sustainable way.

A milestone in 2014 was the construction of a second production line, which is being developed at the Guaíba pulp mill, in the state of Rio Grande do Sul in the south of Brazil. The project, known as Guaíba II, is the highest investment ever made by Empresas CMPC, with an outlay of US\$ 2.1 billion and an annual capacity of 1.3 million tonnes of eucalyptus pulp. The construction works will take 2 years and have generated employment for around 9,000 people. We have addressed the challenge of engaging with the local communities, which are part of a modern, active



and informed society of the state of Rio Grande do Sul, compelling us to get involved in their progress as well as taking care of the environment. If everything goes according to plan, by late in the first half of 2015, Guaíba II will start its productive and commercial operation.

CMPC's forestry and industrial progress is underpinned by a skilled labour force with strong identity, which amounted to 16,824 people

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in 2014. 60% of the workers are represented by 46 unions, including some of the oldest still operating in Chile. An essential task has been the risk prevention programmes that we are driving in a resolute endeavour to reduce work accidents and protect the life and health of workers, as many of them operate complex productive processes. CMPC's consolidated lost-time accident rate was 3.0 lost-time accidents per 100 workers in 2014, a 45% drop on 2006 but 11% higher than in 2013, which shows this is a daily challenge not exempt from difficulties.

CMPC's industrial operations in eight countries through four business divisions, makes it necessary to address the challenge of getting to know and integrate the thousands of people who work abroad. Bolstering the organisational culture, the human, career and professional development of employees, their mobility and communication, have been the missions of the CMPC's people management. To make progress in this area, we base our work on the results of the Great Place to Work organisational climate survey, which the company applied for the fourth year running to the universe of employees and it had a response rate of 86%. Likewise, our Code of Conduct helps to strengthen relations of trust and credibility, which enhance the growth of the company, its employees and society.

Ongoing communication, dialogue and striving to reach agreements have been essential in CMPC's relations with neighbouring communities. In Chile, the main community organisations include 570 Neighbours' Associations and 358 indigenous communities, with a total of 200,000 inhabitants. In Brasil, Celulose Riograndense carries out its operations across 42 municipalities in the state of Rio Grande do Sul, whose population exceeds 1 million inhabitants. These figures reflect the scope of the task of engaging

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efficiently with this rural population, to respond their concerns and channel their requests for support.

The CMPC Foundation is the pillar of our engagement with local communities, which undertakes educational counselling programmes in primary education schools for language, mathematics and school management, along with an early stimulation programme. In 2014, they benefitted 7,233 children at 56 schools in 11 districts in Chile. It also conducted cultural activities in Laja, Nacimiento and Mininco with over 7,000 attendees. The Foundation is a shining example of a public-private partnership, as it works according to the guidelines and norms of the Ministry of Education, in coordination with the regional ministerial secretaries and the municipalities in charge of the beneficiary schools. A team of 37 professionals provides technical support of excellence, which is rigorously assessed to guarantee its continuous improvement.

The above initiative was complemented with several social programmes, including employment for around 750 people of the Mapuche communities, the support to technical secondary schools in the specialty of industrial electricity in the cities of Nacimiento, Laja and Los Angeles, the start of an incubator for community projects, educational scholarships for deserving

students and training courses for adults. Another initiative that is important to emphasize, is the support of CMPC to the development of berry orchards belonging to 33 Mapuche communities in the districts of Collipulli, Cholchol, Carahue, Tirúa and Cañete. They have formed the Huapitrío agricultural alliance and the Rewe cooperative of Cholchol, as the two main community organizations. This venture is the result of a public-private partnership involving the 2 referred organizations, the Chilean institute for agricultural development (INDAP), the municipalities of Collipulli, Cholchol and Carahue, and CMPC Forestal Mininco. The last supports the families with the construction of ponds, irrigation systems, supply of fertilisers and a phytosanitary programme for the correct use of herbicides and fungicides. Also it gives them continuous technical advice and trains new members who are just starting with their orchards. As of December 2014, the 117 orchards amounted to 68 planted hectares, with a total production of 300 tons of berries.

Since 2004, CMPC is developing a large environmental investment programme, with an outlay of US\$ 668 until December 2014. 47% of this went to install biomass-based co-generation plants at the Santa Fe, Pacífico and Laja pulp mills in Chile, with an investment of US\$ 314 million so far. Such co-generation technology is based on

the comprehensive utilization of forest plantations, which jointly supply the wood for sawmills, pulp mills and all the biomass used as fuelwood to co-generate steam and electricity. Accordingly, CMPC's pulp and paper production used 91,327 Terajoules of energy in 2014, of which 73.9% was generated from renewable biomass; another 6.7% was obtained from purchased electricity and 19.4% came from purchased fossil fuels, mainly oil, natural gas and coal.

Moreover, CMPC is investing a total of US\$ 137 million in 3 natural gas-based CHP (co-generation) units located in 2 paper mills in Chile and one in Mexico, of which US\$ 65 million were invested in 2014. The goal is to produce the electricity and thermal energy demanded by the paper mills. The steam will be condensed in the paper machines, enabling the co-generation process to reach an efficiency of around 75%. The main reason to choose natural gas as the primary energy source was that the 3 CHPs are placed in areas where new biomass sources are not available under the limits of sustainable fiber procurement.

Complementing the investment in co-generation, the company is developing a long-term investment programme to increase the efficient

use of energy and to reduce the water consumption across its operations. We are aware that as it increases the global demand for energy, water and natural resources, the society is putting pressure on businesses to use such resources in a sustainable way. We have therefore set an objective of increase the energy efficiency by 20% in the pulp mills towards 2020, as such mills have the greatest impact on the company's energy consumption. A 9% increase in this metric was reached in 2014. CMPC has also invested US\$ 125 million since 2004 to reduce its water consumption and the organic content of the treated effluent. Until December 2014 a reduction of 29% was achieved in the water consumption per tonne produced and a 62% drop in the biological oxygen demand of the effluent.

There is a growing demand from society to develop clean and low carbon energies, to use cleaner production processes, to get products from sustainably managed forests, where the environment and the biodiversity of natural ecosystems are protected, along with the provision of goods and services for the local communities. We are especially aware that society is demanding that we really step up our focus on the environment and in the communities around the forest

plantations and mills. All of them are the grounds for the consolidation of seals and schemes to certify the sustainable development of companies and its products. Regarding our forestry practices, the CMPC's programme to obtain the FSC™ chain-of-custody certification for its main products is an efficient response to such challenges.

CMPC has 160 thousand hectares in Chile and 84 thousand hectares in Brazil allocated for the protection and conservation of the biodiversity, which are an essential equity for its sustainable development. This surface protects native and high conservation value forest, basins, watercourses and unique species of endemic flora and fauna. The ecosystems services provided for those areas include the provision of water for sustain the livelihoods of local communities, totaling 315 water catchments for human consumption, along with their animals, poultry and orchards. The most remarkable experience on this matter is the restoration project with native forest that is being developed by CMPC in the Chilean city of Angol, where 400 hectares constitute the catchment basin that supplies water to the city.

We know that the sustainable development is a path that is traveled step by step and that every day is presenting us new opportunities and challenges. We look forward with the certainty that our reliable and long-term work, credibility and transparency that have marked the 95-year history of the company, are the greatest assets to make this journey.

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**Eliodoro Matte L.**  
**Chairman**  
**Empresas CMPC**

# PROFILE AND STRUCTURE OF THE ORGANIZATION

## PROFILE OF THE COMPANY

Empresas CMPC S.A. is a public corporation founded in 1920, of private capital, distributed in 2,500 million shares and 27,536 shareholders as of 31 December 2014. The company is controlled by the Matte group with 55.64% of the share capital.

CMPC is one of the leading Latin American companies in the production and marketing of forest products, pulp, paper, tissue and sanitary products and packaging paper products.

The Company has diversified sales on products and markets: it sells its products in over 45 countries and 30,000 clients approximately based on industrial operations in 8 Latin American countries.

Solid financial structure:

- » Qualification BBB- granted by Standard & Poor's and BBB+ by Fitch Ratings.
- » Debt profile suited to the asset growth cycle.

World class industrial assets.

Sustainable advantage in costs in its different business segments.

Organic and balanced growth.

Successful track record and proven management capacity.

## MISSION, VALUES AND ETHICS IN BUSINESS

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

To achieve this purpose, CMPC:

- Develops strong business relationships with global and diversified clients, on the basis of a business structure focused on the client and equipped with an efficient logistics network.
- Applies the principle of Sustainable Development, contributing to the economic and social development of the countries where the company operates, while protecting the environment at the same time.
- Promotes antitrust guidelines, as it considers that fair competition benefits consumers, allocates resources efficiently and fosters innovation.

- Develops the talents and skills of its workers, achieving a strong identity, commitment and high performance in its work teams.
- Uses modern technology in its processes, which comply with high standards of safety and protection of people and the environment.
- Complies strictly with the laws and regulations in all the countries where it carries out its operations.
- Has a corporate culture based on the fulfillment of the given word, honesty, work well done and personal effort, values that are shared by the entire organization.
- Rejects child work and forced work, as well as any type of discrimination.

THE CMPC'S CODE OF CONDUCT IS AN INTEGRAL ELEMENT OF DAILY OPERATIONS AND IS PRESENTED ON PAGES 36 AND 37 OF THIS REPORT.





# CMPC IN FIGURES IN 2014

## INDUSTRIAL OPERATIONS

in Brazil, Argentina, Peru, Uruguay, Mexico, Colombia and Ecuador, in addition to Chile.



**30,000**  
CLIENTS IN  
45 COUNTRIES



**9,276**  
WORKERS  
IN CHILE

**7,548**  
WORKERS  
ABROAD



FOREST  
RESOURCES

**496**  
THOUSAND  
HECTARES PLANTED  
IN CHILE

**57**  
THOUSAND  
HECTARES PLANTED  
IN ARGENTINA

**122**  
THOUSAND  
HECTARES PLANTED  
IN BRAZIL



US\$ MILLION

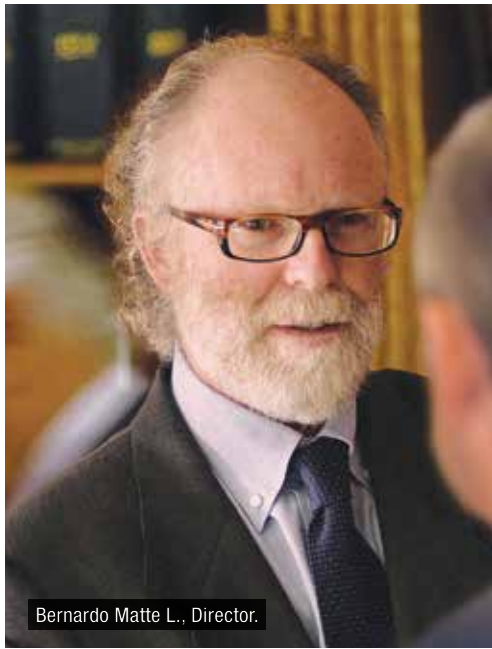
**4,846**  
CONSOLIDATED  
SALES

**15,190**  
ASSETS

**8,204**  
SHAREHOLDER'S  
EQUITY



Eliodoro Matte L., Chairman.



Bernardo Matte L., Director.



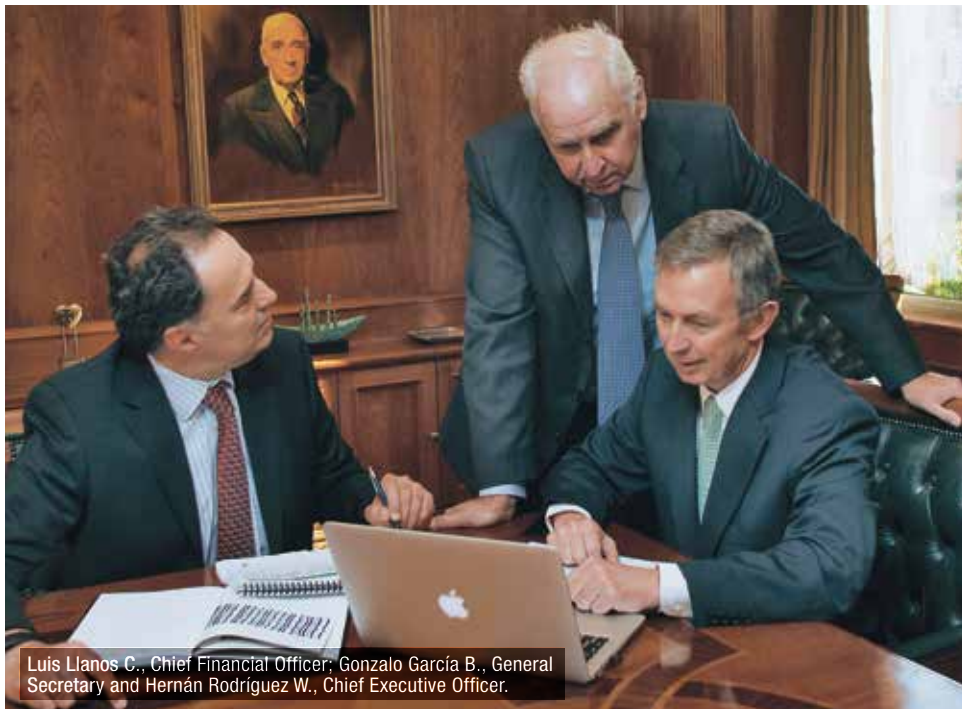
Jorge Gabriel Larraín B., Director.



Erwin Hahn H. and Martín Costabal Ll., Directors.



Arturo Mackenna I. and Jorge Marín C., Directors.



Luis Llanos C., Chief Financial Officer; Gonzalo García B., General Secretary and Hernán Rodríguez W., Chief Executive Officer.



## CORPORATE GOVERNANCE

Empresas CMPC S.A. is a listed corporation regulated by Law 18,046, and is subjected to the regulatory authority of the Chilean Superintendence of Securities and Insurance.

The Company is led by a Board of Directors made up of seven members elected at the Annual General Meeting of shareholders, who hold their seats for three years. Two members are independent of the controlling group.

The controlling group's policy is that their members do not hold senior executive positions in the Company.

The Board of Directors meets on a monthly basis to evaluate and decide the development of the company in economic, social and environmental matters.

The shareholders may express their points of view on the company's performance in legally convened ordinary and extraordinary meetings.

All decisions taken by the Board of Directors that affect the corporate interests as well as any relevant fact are communicated to the regulatory authority, the stock exchanges and the public in general.

CMPC accounts are reviewed and

certified by external auditors, approved by the Board of Directors and reported to the regulatory authority and the public in general.

CMPC is subject to the supervision of various authorities and regulatory agencies in the different countries where it operates.

At [www.cmpc.cl](http://www.cmpc.cl), in the document called Annual Report 2014, you can find a detailed description of the activities of the Board of Directors and the Committee of Directors in the year 2014, as well as the operations with related parties and different matters concerning the company's corporate governance, on pages 45 to 55.



### BOARD OF DIRECTORS OF EMPRESAS CMPC

CHAIRMAN

ELIODORO MATTE L.

DIRECTORS

MARTÍN COSTABAL L.  
ERWIN HAHN H.  
JORGE GABRIEL LARRAÍN B.  
ARTURO MACKENNA I.  
JORGE MARÍN C.  
BERNARDO MATTE L.

COMMITTEE OF DIRECTORS

JORGE MARÍN C.  
ERWIN HAHN H.  
ARTURO MACKENNA I.

### MANAGEMENT

CHIEF EXECUTIVE OFFICER  
GENERAL SECRETARY  
CHIEF FINANCIAL OFFICER  
HUMAN RESOURCES MANAGER  
CONTROLLER

HERNÁN RODRÍGUEZ W.  
GONZALO GARCÍA B.  
LUIS LLANOS C.  
JACQUELINE SAQUEL M.  
RODRIGO GÓMEZ F.

The Company is led by a Board of Directors made up of seven members elected at the Annual General Meeting of shareholders, who hold their seats for three years. Two members are independent of the controlling group.

## SUSTAINABLE DEVELOPMENT IN CORPORATE GOVERNANCE

The decisions made by the Board of Directors on economic, social and environmental matters are transformed into policies and objectives in the Managers' Committee that convenes every month, comprising the CEO, the General Secretary, the managers of the four business divisions (Forestry, Pulp, Paper and Tissue), and the corporate managers: finance, human resources, legal and shared services.

At the four business division level, the public affairs and environmental managements are in charge of developing social and environmental action plans aligned with the policies designed and that have an impact on

all the areas of operations regarding the management of forest plantations and the pulp and paper mills.

Action plans are developed by groups comprising specialists in social, environmental and operation management based on the diverse nature of the mills and the different realities of the urban and rural communities.

CMPC's social agenda considers four priority areas of work with the surrounding communities: **(1)** help to improve the quality of education, **(2)** promote local employment, **(3)** support the development of productive projects and **(4)** respect the Mapuche culture.

The environmental agenda considers

5 priority areas: **(1)** develop certified renewable forest plantations, **(2)** replace fossil fuels with the biomass, **(3)** efficient use of energy, water and raw materials, **(4)** certified industrial processes and **(5)** waste paper recycling.

The main results of such action plans are that they have made a contribution to the social and economic development of the surrounding communities and have promoted a prevention culture at the company's operations, focused on protecting people and the environment.

### SUSTAINABLE DEVELOPMENT IN CORPORATE GOVERNANCE



## THE CMPC'S BUSINESS DIVISIONS

CMPC is an integrated forestry company structured as a holding that operates through four business divisions. The holding is responsible for the strategic coordination and centralizes the functions of the areas of finance, corporate development, controlling, shared services, legal matters, internal auditing and the relationship with the media and investors.

The four business divisions are Forestry, Pulp, Paper and Tissue. Each one of them is organized as a limited company and has a Board of Directors made up of representatives of the controller, independent third parties and senior executives of the Company. Those boards meet on a monthly basis.

Each business division is managed by a Managing Director supervised by the Board and it has its own organization, with commercial, technical, personnel and operational structures.

The map on the following page shows

CMPC is one of Latin America's main forest product manufacturers. Its most relevant products are: sawn and remanufactured wood, plywood, long and short fibre pulp, boxboard, corrugated paper, tissue paper products, diapers, sanitary towels, corrugated boxes, multiwall paper bags and moulded pulp trays.



the four business divisions of CMPC in the different countries where carries out its operations.

At [www.cmpc.cl](http://www.cmpc.cl), in the document called Annual Report 2014, you can

find a detailed description of the operations of the business divisions and its supporting areas, as well as the business development, production figures, sales, investments and main projects, on pages 14 to 43.



CMPC is divided into four business divisions: Forestry, Pulp, Paper and Tissue, which by being coordinated at a strategic level and sharing administrative support functions, work independently to serve several markets with different products and dynamics.

# INTERNATIONAL PRESENCE



# 4

business divisions

## MEXICO

### TISSUE

3 Mills: Absormex

### PAPER

1 Paper Bag Plant: Forsac

## ECUADOR

### TISSUE

1 Mill: Protisa

## PERU

### TISSUE

1 Mill: Protisa

### PAPER

1 Paper Bag Plant: Forsac

## CHILE

### FORESTRY

Plantations | 3 Sawmills | 2 Remanufacturing Plants

1 Plywood Plant

### PULP

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

### TISSUE

2 Mills: Puente Alto | Talagante

### PAPER

2 Folding Boxboard Mills: Cartulinas CMPC

1 Packaging Paper Mill: Papeles Cordillera

Paper Distribution: Edipac

Paper Recovery Centers: Sorepa

3 Corrugated Boxes Plants: Envases Impresos Roble Alto

1 Paper Bag Plant: Forsac

1 Moulded-Pulp Trays Plant: Chimolsa

# OF CMPC

## COLOMBIA

### TISSUE

2 Mills: Protisa

## BRAZIL

### FORESTRY

Plantations

### PULP

1 Mill: Guaíba (Celulose Riograndense)

### TISSUE

2 Mills: Melhoramentos Papéis

## URUGUAY

### TISSUE

1 Mill: Ipusa

## ARGENTINA

### FORESTRY

Plantations

### TISSUE

2 Mills: Papelera del Plata

### PAPER

1 Paper Bag Plant: Forsac

presence in **8** countries

# TRENDS DRIVING THE SUSTAINABLE DEVELOPMENT OF CMPC'S BUSINESSES



## IN SOCIETY

### 1. MORE GLOBALISED ECONOMIES AND SOCIETIES THAT ARE PROGRESSING

- ▶ Latin America, the macro region of CMPC's industrial operations, is a continent that is making progress in its human and economic development rates, albeit with contrasts among countries.
- ▶ The population's purchasing power is gradually increasing and poverty is declining.
- ▶ A large middle class has arisen that aims to carry on raising its wellbeing.
- ▶ Brazil, Mexico, Peru, Colombia and Chile are countries with open economies, which welcome foreign trade and have strong export industries that need to be very competitive.
- ▶ Foreign trade will continue to be heavily driven by demand for raw materials from China, India and other countries in Asia.
- ▶ The expansion of the large markets in Asia and Latin America will drive CMPC to actively operate in them, either as a local producer or by means of exports, and this will compensate the lower growth of markets in Europe.

### 2. DEMOGRAPHICAL CHANGES THAT ARE INCREASING

- ▶ Latin America is undergoing continuous population growth, while also the life expectancy in the region is increasing.
- ▶ People of over 60 years are increasing at higher rates than any other age group.
- ▶ Cities are growing and new city planning is due to continuous migration from rural areas.
- ▶ The region offers CMPC a favourable development outlook based on growing demand for tissue paper and personal care products for small children, women and the elderly. CMPC is playing an active role in eight countries in Latin America, based on cutting-edge local production, product quality and innovation.



### 3. MORE ACTIVE AND INFORMED SOCIETIES

- ▶ Digital social networks not only inform but also shape opinion, create public agendas and mobilise important sectors of society.
- ▶ Growing public scrutiny of all business activities.
- ▶ There is particularly a growing focus on company agendas regarding society and the environment.
- ▶ Greater demand for companies to innovate their business models.
- ▶ For CMPC the challenge is to maintain special consideration for local communities around its industrial operations, and support their aspirations of social, cultural and economic development.



## IN THE ENVIRONMENT

### 4. GREATER COMPETITION FOR WATER AND NATURAL RESOURCES

- ▶ Higher global demand for energy, water and natural resources.
- ▶ Greater pressure on businesses to use natural resources sustainably.
- ▶ Governments are driving the development of renewable energy sources.
- ▶ Access to low cost energy sources will be strategic in the region.
- ▶ The growing water shortage in large areas will accelerate the creation of management bodies of the most affected basins.
- ▶ CMPC is developing a long-term investment programme aimed at increasing the efficient use of energy and reducing the water consumption at its operations.



### 5. CLIMATE CHANGE

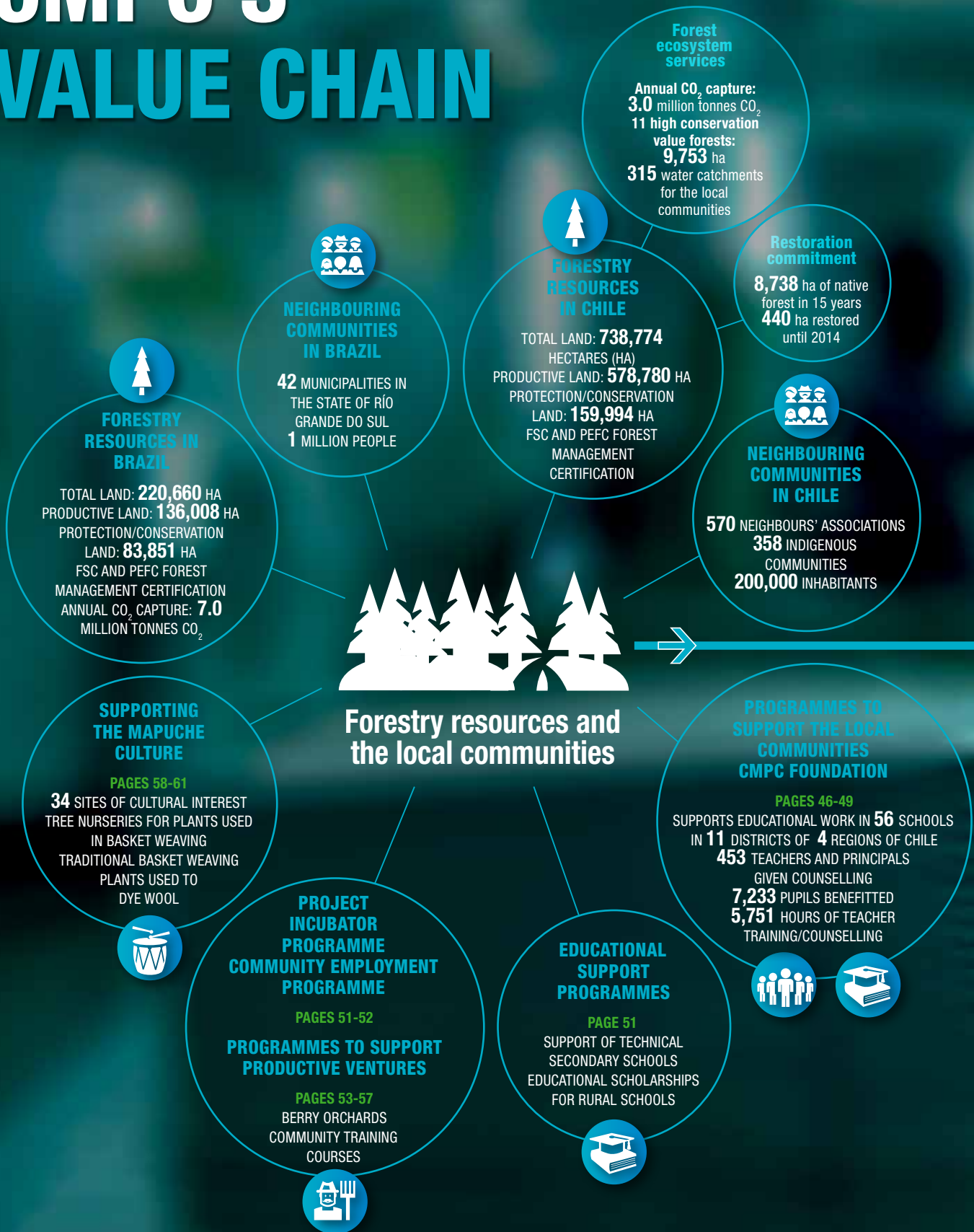
- ▶ Growing demand from society to develop clean low carbon energies.
- ▶ The authorities will set national objectives to reduce CO2 emissions in the countries of the region.
- ▶ Such objectives will be transferred to the companies so they reduce their fossil fuel consumption.
- ▶ Biofuels will be a priority development area.
- ▶ CMPC is participating in a public-private partnership in Chile to develop new technology to obtain ethanol from the biomass of renewable forest plantations.

### 6. GROWING DEMAND FOR SUSTAINABLE PRODUCTS THAT MAKE PROPER USE OF NATURAL RESOURCES

- ▶ Environmentally aware customers and consumers will demand sustainable products.
- ▶ Consolidation of seals and schemes certifying the sustainable development of companies and their products.
- ▶ There will be a greater need of allocating resources to product innovation by means of research and development.
- ▶ Business model and product innovation will require a more skilled and trained labour force.
- ▶ CMPC is developing process and product certification programmes and innovating in its tissue products.



# CMPC'S VALUE CHAIN





### PAPER RECYCLING

RECYCLED PAPER CONSUMPTION: **702** THOUSAND TONNES IN **8** COUNTRIES

GENERATION OF **2,248** GWH OF ELECTRICITY

**Second generation biofuel project**  
Pilot plant from the technology consortium of the Chilean State with **2** universities **3** forestry companies and the Chile Foundation



**SAWMILLS**  
PRODUCTION IN 2014: **1,603** THOUSAND M<sup>3</sup> OF SAWN AND REMANUFACTURED WOOD, AND PLYWOOD

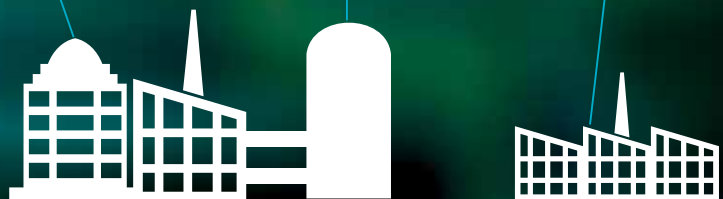
**PULP MILLS**  
PRODUCTION IN 2014: **2,525** THOUSAND TONNES

**BIOMASS-BASED ENERGY GENERATION**  
COMPREHENSIVE UTILIZATION OF CERTIFIED FOREST PLANTATIONS

**PAPER/PAPER PRODUCTS MILLS**  
PRODUCTION IN 2014:  
BOXBOARD: **433** THOUSAND TONNES  
TISSUE PAPER PRODUCTS: **643** THOUSAND TONNES  
CORRUGATED PAPER: **312** THOUSAND TONNES  
CORRUGATED BOXES: **176** THOUSAND TONNES  
PAPER BAGS: **613** MILLION UNITS



**13.5 MILLION M<sup>3</sup> OF WOOD FOR INDUSTRIAL PROCESSES**



## Industrial processes

### FACILITIES AT THE SERVICE OF THE COMMUNITY

**PAGE 52**  
SPORTS AREAS AND CENTRES OPEN TO THE COMMUNITY



### ENVIRONMENTAL INDICATORS

RENEWABLE ENERGY CONSUMPTION: **73.9%**  
FOSSIL ENERGY CONSUMPTION: **19.4%**  
GHG EMISSIONS: **2.0** MILLION TONNES CO<sub>2e</sub>  
WATER CONSUMPTION: **41.1** M<sup>3</sup>/SALEABLE TONNE  
EFFLUENT WATER: **37.3** M<sup>3</sup>/SALEABLE TONNE  
BOD: **0.91** KG/SALEABLE TONNE  
PARTICULATE MATTER: **0.43** KG/SALEABLE TONNE



### ENVIRONMENTAL INVESTMENT

**US\$ 668** MILLION FROM 2004 TO 2014  
RENEWABLE ENERGY: **47%**  
NATURAL GAS-BASED CHP: **10%**  
EFFLUENT TREATMENT: **19%**  
AIR EMISSIONS: **11%**  
ENERGY AND WATER SAVINGS: **7%**  
WASTE/ENVIRONMENTAL SAFETY: **6%**





# RENEWABLE

Renewable energy sources like the biomass accounted for 73.9% of the total thermal and electrical energy consumed at the CMPC's operations in 2014.

# CMPC'S OBJECTIVES FOR 2014-2016

## 1\_ INCREASE RENEWABLE ENERGY GENERATION, REDUCING THE PURCHASE OF FOSSIL FUELS AND ELECTRICITY.

We seek to increase our renewable energy generation to help mitigate climate change, therefore we are developing an investment programme to install biomass-based boilers and their related turbo generators at each of the wood pulp mills in Chile, with an investment of US\$ 314 million so far. Such co-generation technology is based on the comprehensive utilization of forest plantations, which jointly supply the wood for sawmills, pulp mills and all the biomass used as fuelwood.

Besides, CMPC is investing a total of US\$ 137 million in 3 natural gas-based CHP (co-generation) units located in 2 paper mills in Chile and one in Mexico, of which US\$ 65 million were invested in 2014. The goal is to produce the electricity and thermal energy demanded by the paper mills. The steam will be condensed in the paper machines, enabling the co-generation process to reach an efficiency of around 75%. The main reason to choose the natural gas as the primary energy source was that the 3 CHPs are placed in areas where new biomass sources are not available within the limits of sustainable fiber procurement.

CMPC is participating since 2009 in the Bioenercel technology consortium in Chile, which is a public-private partnership of universities, forestry companies and the State, with funding from the Chilean economic development agency (CORFO) through its Innova Chile programme, aimed at producing ethanol and its by-products from lignocellulosic materials. This second generation biofuel was first obtained in a laboratory stage and since 2014 is produced in a scaling

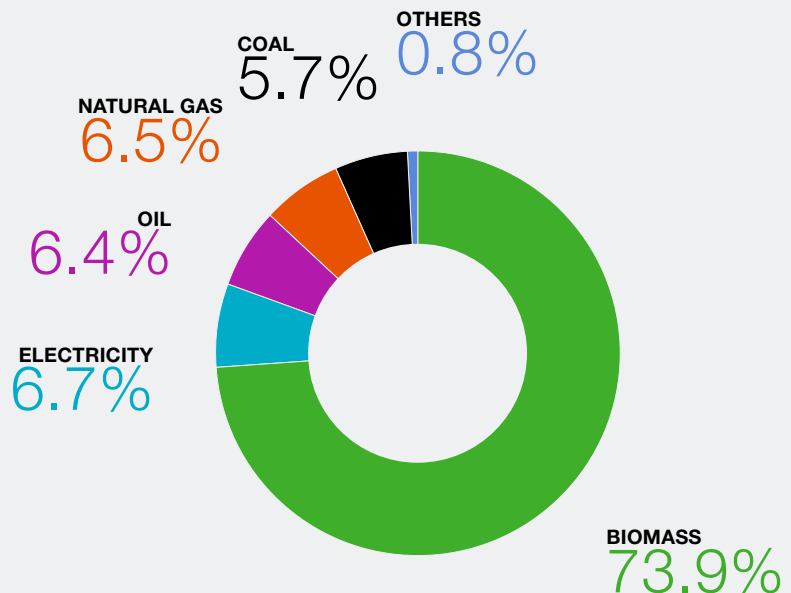
laboratory or pilot plant. This second stage will provide the engineering parameters and the final results to then decide on the investment in a commercial stage of the project.

Renewable energy sources like the biomass accounted for 73.9% of the total thermal and electric energy consumed at the CMPC's operations in 2014, as shown in the graph.

## 2014

### CMPC ENERGY CONSUMPTION

YEAR 2014 (91,327 TERAJOULES)



## **2\_INCREASE THE ENERGY EFFICIENCY OF PULP MILLS BY 20% BY 2020.**

CMPC Pulp has set a target of increasing the energy efficiency of its wood pulp mills by 20% by 2020, by means of a combination of projects including:

- ▶ harnessing residual energy to pre-dry the biomass and heat process water
- ▶ replace equipment with low energy efficiency
- ▶ reduce water circuit losses
- ▶ raise the efficiency of equipment and motors
- ▶ change the lighting systems.

A 9% increase in energy efficiency was reached in 2014, an achievement that is the result of the joint work of all the pulp mills employees, which are providing individual or group ideas for projects that are presented in the *i-cel* programme, that promotes innovation in the company. These ideas are then turned into concrete proposals with the support of work teams and then into projects, that are being undertaken in an order based on how they contribute to the efficiency objective, their investment and the time it takes to put them on stream.

Moreover, CMPC Pulp obtained the ISO 50.001:2011 certification in the second half of 2014. With this energy management system in place, CMPC Pulp will enhance the efficient use of energy at its operations, in accordance with its medium-term goal of a 20% efficiency increase by 2020.

## **3\_COMPLEMENT THE FSC™ CERTIFICATION FOR THE STEWARDSHIP OF RENEWABLE FOREST PLANTATIONS IN CHILE AND BRAZIL WITH THE RESPECTIVE FSCTM CHAIN-OF-CUSTODY CERTIFICATION FOR THE PRODUCTS MADE BY THE COMPANY.**

We are committed to carry on making progress to obtain new FSC™ chain-of-custody certification for our main products, i.e., lumber, pulp, paper and paper products.

We currently have FSC™ chain-of-custody certification for:

- ▶ Processed lumber and plywood panels
- ▶ Pine and eucalyptus pulp produced at the three mills in Chile
- ▶ Eucalyptus pulp produced at the Guaíba mill in Brazil
- ▶ Boxboard produced at the Maule mill
- ▶ Tissue paper of the institutional line (away-from-home use) made by tissue subsidiaries in Brazil and Chile.
- ▶ Mass consumption tissue paper (domestic use) and sanitary products like diapers and women's sanitary towels produced by Tissue Chile
- ▶ Containerboard produced by the subsidiary Papeles Cordillera.

The work done at each mill has been focused on generating a culture of commitment with demanding practices in the production chain, which will enable us to gradually expand the coverage of FSC™-certified forest products.

Continuing this task, we aim to obtain the FSC™ chain-of-custody certification for boxboard produced at the Valdivia mill and corrugated boxes produced by the subsidiary Envases Impresos.

The work done at each mill has been focused on generating a culture of commitment with demanding practices in the production chain, which will enable us to gradually expand the coverage of FSC™-certified forest products.



#### 4 REDUCE THE CMPC'S WATER CONSUMPTION AND EFFLUENT VOLUME BY UPGRADING THE OLDER INDUSTRIAL PROCESSES.

We are committed to upgrading industrial processes and adding new production lines equipped with the best technology available. This decision has been essential to gradually make progress with the steady reduction of CMPC's water consumption, as shown in the graph, expressed in m<sup>3</sup> per tonne produced.

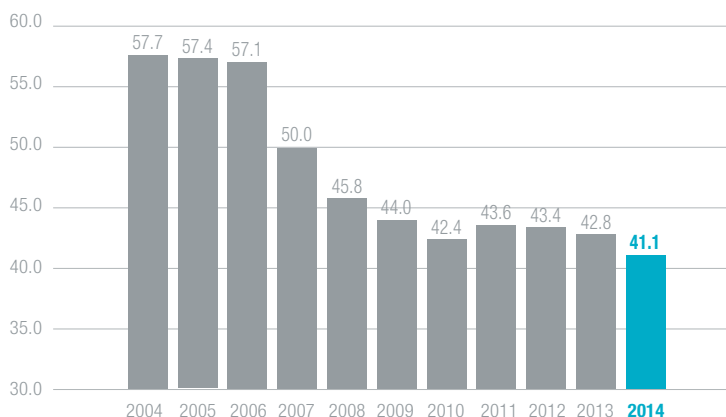
In 2014, the average water consumption per tonne of pulp and paper produced was 41.1 m<sup>3</sup> per tonne of final product, 4% lower than in 2013, which resumes the downward trend that was registered until 2010. It must be considered that the objective of reducing CMPC's water consumption is a demanding task of engineering and requires new process technology and innovation. We know this endeavour will gain great importance in the future, as the forest regions in the centre and south of Chile are becoming increasingly more water-stressed due to global climate change.

Likewise, the operation of biological treatment plants has reduced the organic content of the treated effluent which is returned to natural watercourses. The main indicator, the biological oxygen demand, has dropped 62% on 2007, as shown in the graph, expressed in kilogrammes per tonne produced.

CMPC has invested a total of US\$ 125 million from 2004 to 2014 in this programme to reduce its water consumption and the organic content of the treated effluent.

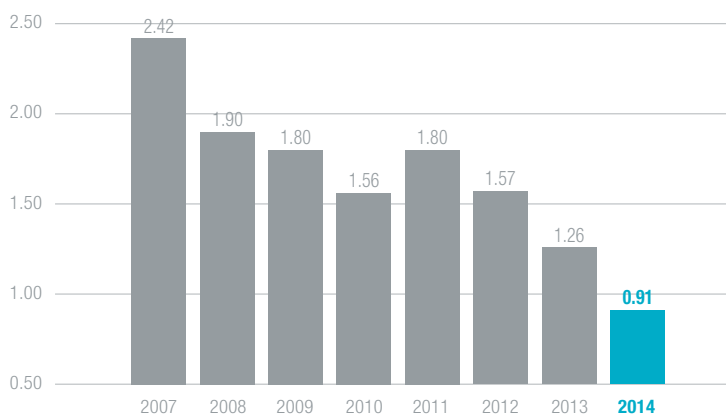
#### SPECIFIC WATER CONSUMPTION (WATER WITHDRAWN)

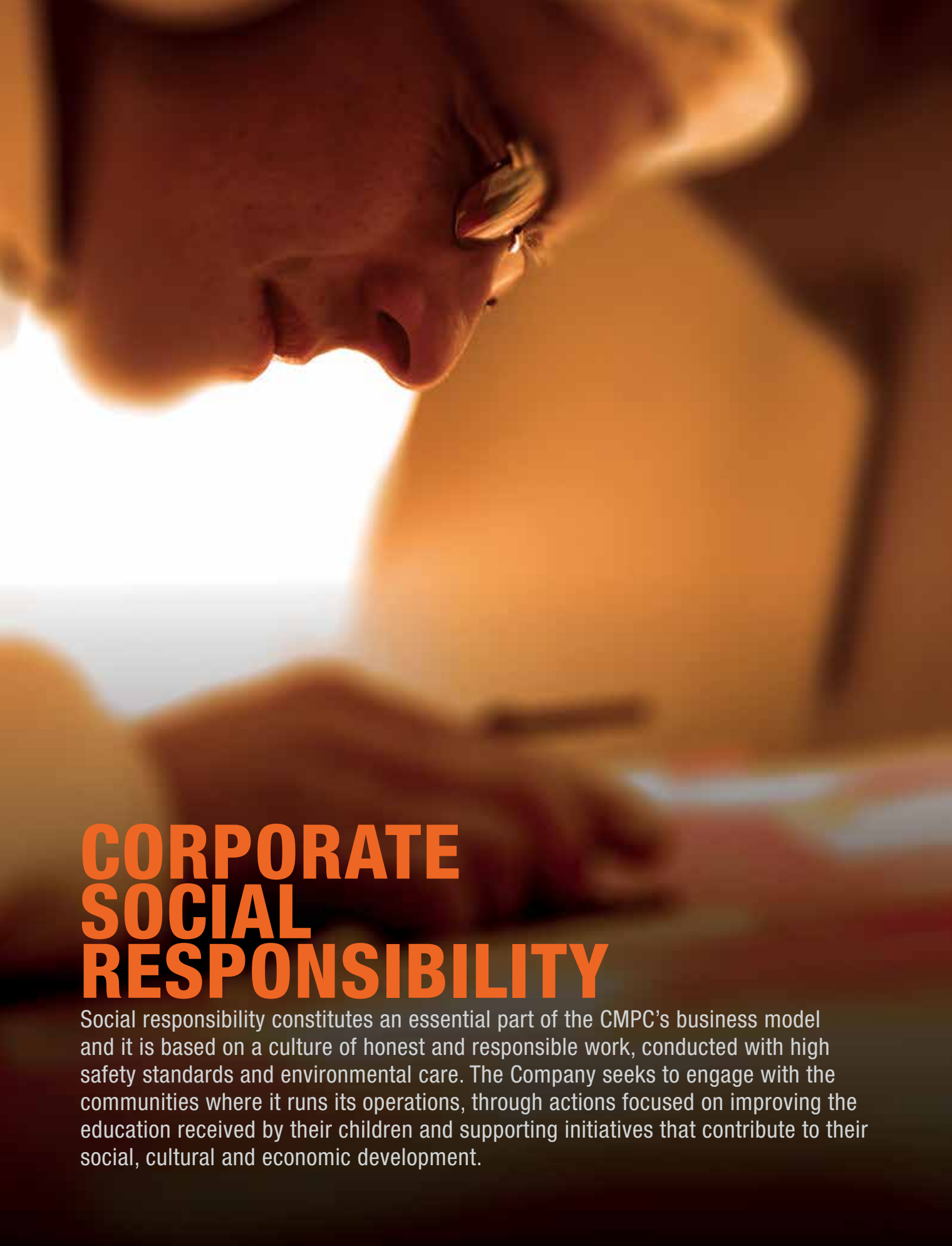
CMPC CONSOLIDATED  
m<sup>3</sup>/ton of final product



#### BIOLOGICAL OXYGEN DEMAND

CMPC CONSOLIDATED  
kg/ton of final product





# CORPORATE SOCIAL RESPONSIBILITY

Social responsibility constitutes an essential part of the CMPC's business model and it is based on a culture of honest and responsible work, conducted with high safety standards and environmental care. The Company seeks to engage with the communities where it runs its operations, through actions focused on improving the education received by their children and supporting initiatives that contribute to their social, cultural and economic development.



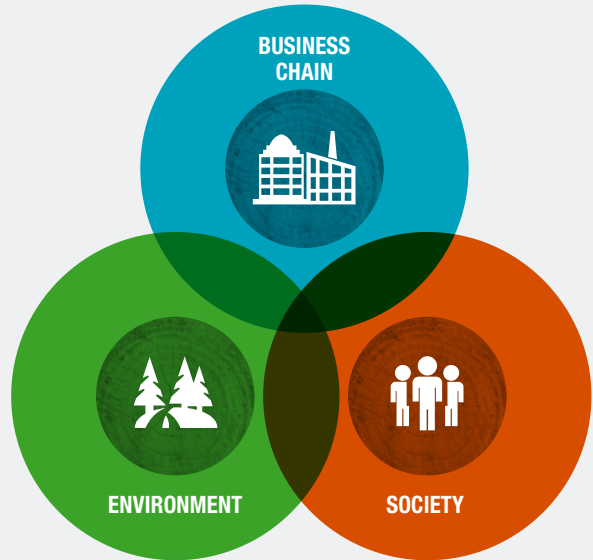
# SOCIAL RESPONSIBILITY POLICY

## BUSINESS CHAIN

- ▶ CMPC contributes to the development of the countries where it works, bringing about employment and wealth.
- ▶ It manages its business operations efficiently.
- ▶ It produces and markets high quality products.
- ▶ It establishes strong business relationships with customers and suppliers.
- ▶ It participates in the market with quality products and competitive costs.
- ▶ It provides clear, reliable and audited financial information.
- ▶ It complies with legal, tax and market competition regulations.

## WORKERS

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



## COMMUNITY

- ▶ CMPC has an open doors policy, intended to create development opportunities for the communities where it operates.
- ▶ It develops a fluid dialog through communication and engagement processes with neighbours and stakeholders.
- ▶ It encourages the creation of job opportunities for local residents.
- ▶ It supports the education of students from neighbouring communities.
- ▶ It develops productive projects jointly with neighbouring communities, as well as training programs that foster the establishment of micro-enterprises and cooperatives.

## THE CMPC FOUNDATION

- ▶ The CMPC Foundation actively supports the education in communities where the company runs operations.
- ▶ It helps primary school children from state schools to improve their academic results.
- ▶ It develops teacher training programs in the areas of language and mathematics and it runs school management workshops for principals.
- ▶ It develops cultural projects, cinema sessions, concerts, plays, workshops for adults and children.
- ▶ It runs workshops that teach mothers how to support their small children's development.

## ENVIRONMENT

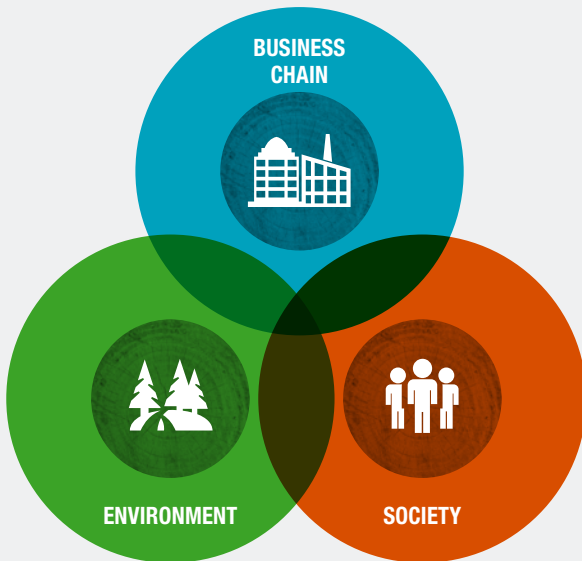
- ▶ CMPC gives priority to the generation of renewable energy with biomass.
- ▶ It fosters the efficient consumption of water and raw materials.
- ▶ It promotes the use of recycled fibres.
- ▶ It certifies the forest plantations management and industrial processes.
- ▶ It protects the biodiversity in 160,000 hectares of native forests and basin protection areas.
- ▶ It fully complies with the environmental law.

## DIALOGUE WITH STAKEHOLDERS

Due to the diverse nature of CMPC's business divisions and the different realities of the neighboring communities, the way in which the company carries out its community programmes is a reflection of that diversity.

The educational programmes developed by the CMPC Foundation and by the Jorge Alessandri Park, the Good Neighborhood actions developed by Forestal Mininco and the permanent support to local communities by CMPC Pulp, are all examples of CMPC's proactive approach and unstinting support to actively contribute to the community social, cultural and economic growth.

Below are the CMPC's stakeholders and how the company relates to them:



### UNIVERSITIES AND NGOS

- ▶ Research projects carried out by CMPC and universities, mainly intended to protect and conserve the native flora and fauna's biodiversity.
- ▶ The water-quality monitoring programme in the Bío Bío river. This programme is carried out by CMPC, the University of Concepción and several regional companies and industries.
- ▶ The monitoring of the quantity and quality of the water associated with plantations and native forest in several micro-basins in the Bío Bío region. This is a long-term project carried out by CMPC and the Universidad Austral de Chile.
- ▶ The close collaboration with the NGO Etica en los Bosques, in initiatives intended to preserve and protect the native forests in the south of Chile.
- ▶ Participation in the international project led by WWF called New Generation Plantations, to define sustainable forest management practices.
- ▶ Participation in technical committees of FSC™ Chile to develop specific proposals for forest plantations management.
- ▶ The collaboration with the NGO CODEFF to protect and restore the habitat of the huillín, a fresh-water otter.

## INVESTORS

- ▶ Ordinary and extraordinary shareholders meetings.
- ▶ Annual financial report, quarterly financial statements and communication of essential and relevant issues.
- ▶ Regular meetings, national and international conferences, corporate presentations.
- ▶ Regular reporting to the regulatory authority and to the stock market.

## CUSTOMERS

- ▶ Regular follow-up visits, after-sales assistance, regional encounters, attendance at meetings and seminars on the paper industry.
- ▶ Newsletters at lumber, pulp and boxboard businesses.

## TRADE AND BUSINESS ASSOCIATIONS

- ▶ CMPC actively takes part in trade, business and industry associations, both in Chile and abroad, and is also an active member of bi-national chambers of commerce.
- ▶ Participation in Corp Araucanía, a public-private organisation whose objective is to foster the productive development in the La Araucanía region.

## WORKERS

- ▶ Coordination meetings with unions, sessions on collective bargaining.
- ▶ Joint committees on health and safety at work, training programmes.
- ▶ Mi Papel Magazine in Spanish and Portuguese; CMPC People website; corporate intranet; leisure activities for employees and their families.

## CONTRACTORS

- ▶ Ongoing communication and training of contractors to ensure compliance with forest management certification, health, safety and environmental standards.



## LOCAL COMMUNITIES

- ▶ The CMPC Foundation is aimed at supporting primary state school children for improving their performance in language and mathematics.
- ▶ The Good Neighbourhood actions, intended to create local employment, support school curriculum, fostering productive development and support the Mapuche communities.
- ▶ CMPC Pulp has developed programmes to help and support the communities established in neighbouring areas from its pulp mills.
- ▶ CMPC actively participates in traditional, agricultural and forest festivals, which take place every year in the communities.

## LOCAL AUTHORITIES

- ▶ Regular meetings between mill managers and local community authorities.
- ▶ Meetings with government organisations to discuss issues on the company activities.
- ▶ Coordinating the CMPC Foundation activities with local and regional educational authorities.
- ▶ Taking part in public-private sector meetings, called by the local community authority, intended for supporting the local development by promoting entrepreneurship initiatives.



# CMPC AND ITS BUSINESS CHAIN

CMPC's productive activities are carried out balancing several aspects. The company cares about its employees, suppliers and customers. The fulfilment of contracts and the given word, the quality of its products and responsible marketing, the good work environment and timely payment of its obligations are part of this.

## ECONOMIC PERFORMANCE

The world economic scene in 2014 was tougher and more volatile. Although the global economy continued to recover, that was uneven in countries and regions. This led to different expectations among countries, leading to a strong US dollar and more volatile financial markets. Emerging economies had a more moderate growth rate, particularly in Latin America. The drop in raw materials prices in the last few months of 2014, especially oil, led to large changes in the global economic outlook and it seems a positive stimulus to initiate a steady recovery in the European Union and China.

In this scenario of weak global growth, CMPC's results were driven by lower export sales price of hardwood pulp, lower sales in the paper business due to the newsprint mill shutdown, lower sales volume of corrugated boxes and graphical papers, and lower sales of electricity to the market. That was partly offset by a higher price of softwood pulp and greater plywood, boxboard, softwood and hardwood pulp sales volumes.

The Pulp business contribution to EBITDA therefore rose to 49% from 46% in 2013, which offset the lower contribution of the Tissue division that dropped from 22% to 20%. This division had lower sales measured in US dollars because of the depreciation of local currencies, despite the higher sales volume of tissue paper products. This offsetting effect aim at stabilizing the company's operating revenue, and it's the outcome of CMPC's risk diversification strategy.

### ECONOMIC VALUE GENERATED AND DISTRIBUTED

CMPC generated economic value of US\$ 6.605 billion in 2014, a 5.6% year-on-year increase, mainly explained by the

greater effect of financing activities which has compensated the lower revenue gained. The revenue attained was 3.1% down on 2013 due to the lower export sales price of hardwood pulp, to lower sales of electricity to the market and to the shutdown of newsprint operations in November 2013.

The economic value distributed amounted to US\$ 6.327 billion, a 10.4% year-on-year increase, on

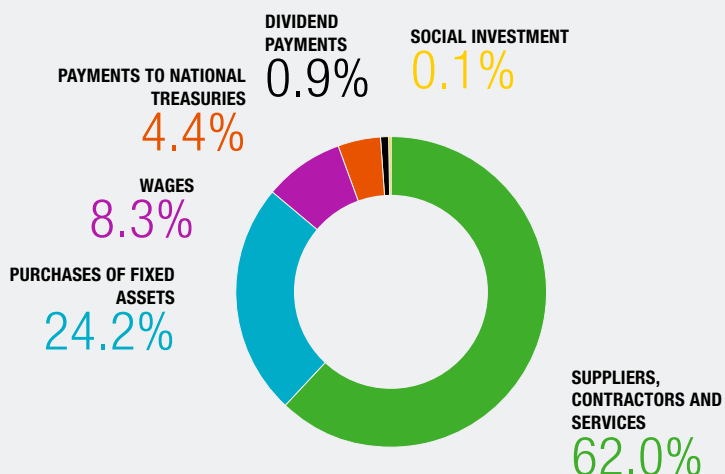
account of higher purchases of fixed assets, mainly due to the Guaiba II pulp project being developed in the state of Rio Grande do Sul in the south of Brazil. Payment of suppliers, contractors and services provided by CMPC in those countries that are part of its extensive commercial network accounted for 62% of the economic value distributed, which shows the importance of the company's business value chain in boosting the economy.

GENERATED ECONOMIC VALUE	MILLIONS OF US\$	
	2013	2014
Revenues received	5,836.1	5,656.6
Sales of Fixed Assets and others	109.9	0.9
Subtotal of Operating Income	5,946.0	5,657.5
Net Effect of Financing Activities	309.4	947.9
<b>TOTAL GENERATED ECONOMIC VALUE</b>	<b>6,255.4</b>	<b>6,605.3</b>

DISTRIBUTED ECONOMIC VALUE	MILLIONS OF US\$	
	2013	2014
Suppliers, Contractors and Services	4,186.2	3,924.8
Purchases of Fixed Assets	677.3	1,533.5
Wages	571.4	527.9
Payments to National Treasuries	217.5	276.8
Dividend Payments	72.7	57.3
Social Investment	7.6	6.4
<b>TOTAL DISTRIBUTED ECONOMIC VALUE</b>	<b>5,732.6</b>	<b>6,326.6</b>
<b>TOTAL NET FLOW OF THE PERIOD</b>	<b>522.8</b>	<b>278.7</b>

## 2014

### DISTRIBUTED ECONOMIC VALUE 2014



## PAYMENT TO NATIONAL TREASURIES

The payments made to the countries in which CMPC runs operations are shown in the table at right, which considers the consolidated figures of Chile, Argentina, Brazil, Peru, Uruguay, Mexico, Colombia and Ecuador. In 2014, such payments amounted to US\$ 277 million, a 27% year-on-year increase, mainly due to higher income tax payments and customs duties.

PAYMENTS TO NATIONAL TREASURIES	MILLIONS DE US\$	
	2013	2014
Income Taxes	78.2	98.4
Customs Duties	7.8	47.3
Net Value Added Tax (VAT) Paid	113.2	111.7
Property Taxes	7.9	7.6
Disallowed Expenses Taxes	0.1	0.5
Taxes on Financial Credits	6.3	10.7
Taxes on Foreign Services	5.8	7.0
Commercial and Industrial Licenses	7.7	8.1
Minus Tax Exemptions and Credits	-9.3	-14.3
<b>TOTAL NET PAYMENTS TO NATIONAL TREASURY</b>	<b>217.5</b>	<b>276.8</b>

## CONTRIBUTION TO PUBLIC INFRASTRUCTURE

The development of CMPC's operations is characterised by large-scale transport of raw materials and finished products, especially the delivery of high volumes of wood supplies to the mills. Therefore, the company annually invests in building roads, paving, bridge repair and stormwater works, as part of the requirements for the appropriate performance of its operations.

The works that CMPC carries out not only raise the standard of the roads but also improve both the connectivity and the quality of life of the people from local villages, which means a public benefit to the community. During 2013 and 2014 CMPC invested US\$ 14.4 million in infrastructure, of which the paving works were 58% of the accrued investment.

INVESTMENT IN INFRASTRUCTURE BY TYPE OF INFRASTRUCTURE	THOUSANDS OF US\$	
	2013	2014
Roads	2,698	3,129
Paving	6,839	1,509
Bridge repair and stormwater works	101	31
Others	93	9
<b>TOTAL</b>	<b>9,731</b>	<b>4,678</b>

SANCTIONS AND FINES BY BUSINESS DIVISION	THOUSANDS OF US\$	
	2013	2014
Forestry	36.0	7.0
Pulp	72.4	184.1
Paper	75.5	65.7
Tissue	212.1	229.0
Shared Services and Others	-	18.1
<b>TOTAL</b>	<b>395.9</b>	<b>503.9</b>

## SANCTIONS AND FINES

In 2014 CMPC paid US\$ 504,000 in fines related to administrative and labour matters, mainly in the Pulp and Tissue business divisions, corresponding to the operations in Brazil.

## RELATIONSHIP WITH SUPPLIERS AND CONTRACTORS

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

It is worth mentioning that in 2014, 1,353 Chilean contracting companies provided CMPC's forestry and industrial operations with specialised and intensive services of skilled labour, totalling 12,440 workers. Around 90% of these companies operate in a small and medium scale and are run by local businesses, making an important contribution to the economic growth of the regions where the company has forest plantations and industrial operations.

CMPC works closely with these contracting companies to achieve high standards in labour, health and safety, social and environmental issues. This collaboration is based on continuous improvement, ongoing training, good rapport, and the emphasis on the adoption of a set of practices that represent the standards the company has on these matters. The following are of paramount importance for CMPC:

- Compliance with labour and social laws, the creation of good working conditions and the total absence of child or forced labour.
- Strict compliance with environmental legislation and with the high standards included in CMPC's environmental and safety systems, which are a requirement for its ISO 14001, OHSAS 18001, CERTFOR-PEFC and FSC™ certifications.

► An ongoing communication with its contracting companies to ensure that high performance standards are met and also to detect any deviation from the established procedures and correct it.

### PROCUREMENT OF GOODS AND SERVICES FROM LOCAL SUPPLIERS

In 2014, CMPC procured 34% of its goods and services from local suppliers, a figure similar to the previous year, mainly due to procurement from foreign suppliers in the Pulp business division, related to the development of the Guaíba II project in the state of Rio Grande do Sul, and lower local procurement from other subsidiaries.

CMPC has local suppliers that provide quality products and services, with

competitive costs and delivery terms in regard to alternatives outside the respective region. The company hereby makes a contribution to the social and economic development of the regions where its mills and operation centres are located.

Of particular note is the case of CMPC Celulose Riograndense in Brazil, which is developing the Guaíba II project to build a second eucalyptus pulp production line of 1.3 million tonnes per year. Part of this investment entailed entering into contracts with a total of 30 local companies to provide project-related products and services, amounting to US\$ 434 million (1 billion reales). Besides this way to boost the economy of the state of Rio Grande do Sul, where this pulp mill is located, the company has generated 9,000 jobs to undertake this project.

PROCUREMENT OF GOODS AND SERVICES FROM LOCAL SUPPLIERS	% REGIONAL PROCUREMENT	
	2013	2014
<b>BY BUSINESS DIVISION</b>		
Forestry	62%	60%
Pulp	30%	31%
Paper	35%	37%
Tissue	34%	35%
Shared Services and Others	92%	89%
<b>TOTAL</b>	<b>35%</b>	<b>34%</b>

BY COUNTRY	% REGIONAL PROCUREMENT	
	2013	2014
Chile	32%	34%
Argentina	42%	41%
Brazil	41%	32%
Peru	60%	58%
Uruguay	68%	65%
Mexico	27%	28%
Ecuador	22%	20%
<b>TOTAL</b>	<b>35%</b>	<b>34%</b>

A LOCAL SUPPLIER IS ONE LOCATED IN THE SAME PROVINCE OR REGION AS THE MILL OR HEAD OFFICE OF THE RESPECTIVE BUSINESS DIVISION.

## GENERATION OF FORESTRY ENTERPRISE

CMPC fosters integration with the communities around its operations, which generates social and economic development opportunities. Regarding this, as of 2008 the company has driven two programmes to promote the emergence of forestry enterprise initiatives: new third party-owned plantations and forest stewardship certification for small- and medium-sized landowners.

### FORESTRY INVESTMENT PROGRAMME

Forestal Mininco is developing a business model to encourage the participation of small- and medium-sized landowners (SMLs) in the forestry productive chain. This programme, called Forestry Investment, amounted to 24,755 hectares of land as of

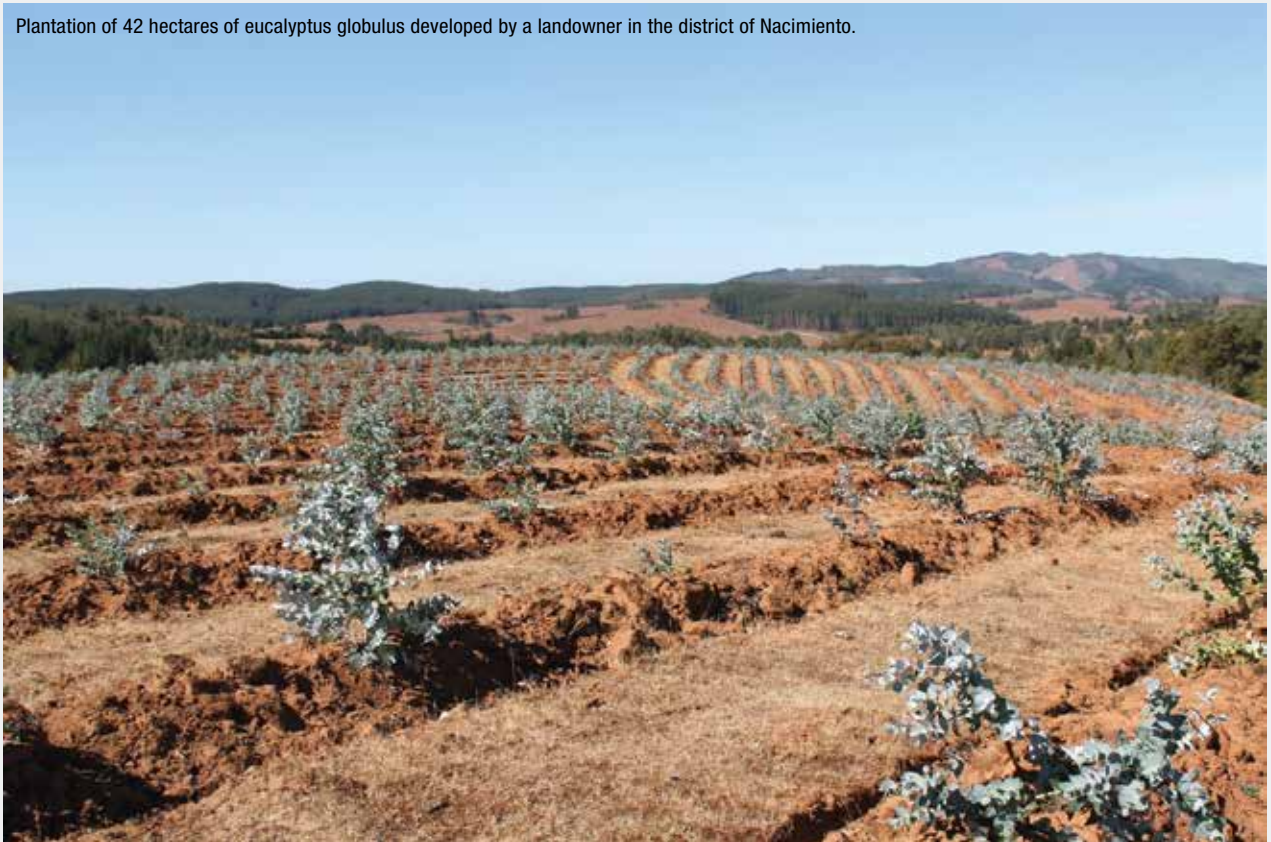
December 2014, on which 221 SMLs are developing high value forestry plantations with the technology, genetics, forestry and management support of Forestal Mininco.

By means of this programme, CMPC disseminates good environmental and plantation stewardship practices,

landowners get revenue from the first few years of the growth of the forest on their lands, and commit the future timber production to the company.

This programme helps to stop the erosion of unproductive soil by establishing forests that renew the soil.

Plantation of 42 hectares of eucalyptus globulus developed by a landowner in the district of Nacimiento.





**SUSTAINABLE FOREST  
STEWARDSHIP CERTIFICATION  
PROGRAMME FOR SMLS**

CMPC Pulp and Forestal Mininco are developing a programme to certify the sustainable forest stewardship of SMLS, who supply CMPC's mills with timber. As of December 2014, 19 landowners with a surface area of 38,000 hectares had achieved certification of the sustainable forest management standard, CERTFOR-PEFC.

The programme enables CMPC to disseminate good labour, environmental protection and community relations practices to certified landowners.



A training session for certified landowners and their workers, on techniques of controlling minor forest fires, given by specialists of Forestal Mininco in the district of Nacimiento, in the Biobío region.



A training session for workers on issues of labour legislation, occupational health and safety standards, and environmental protection practices in forestry operations, in the district of Santa Bárbara, La Araucanía region.



A training session for workers of surrounding communities, who are undertaking a harvesting operation of radiata pine in the district of San Javier, Maule region.

## CMPC'S FIRST INVESTOR DAY

On April 24<sup>th</sup>, Empresas CMPC celebrated its 1<sup>st</sup> Investor Day in Santiago de Chile, with approximately 60 participants. The objective was to increase our investor knowledge about CMPC, its strategy and culture.

The day included a visit to the Talagante tissue mill and individual presentations in which CMPC's executives discussed the strategies of the Pulp and Tissue businesses, as well as the current industry environment. Executives from the Pulp business discussed about the Guaíba Project in Brazil and the global pulp market, whereas Tissue's management talked about the Latam tissue industry and its dynamics. CMPC's CFO referred to our current financial panorama and our CEO closed the event by talking about the challenges that CMPC has over the next years. Finally, an open section of Q&A was conducted.

This event reflects CMPC's efforts and commitment to establish a close, proactive and transparent relationship with each one of its investors.

Hernán Rodríguez, CMPC's CEO in his speech to investors.



A group of investors during his visit to the Talagante tissue mill.

## RELATIONSHIP WITH CUSTOMERS

CMPC has around 30,000 customers which are companies operating in industries of different nature, both of manufacture as well as distribution and retail.

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

Through proactive credit policies that support the development of its customers' businesses, CMPC builds mutually beneficial relationships with its customers.

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

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

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



CMPC maintains a close link with their customers and is aware of the important role they play in the social rating and the economic success of the company.

### ANTITRUST GUIDELINES

CMPC is applying a manual that contains guidelines on antitrust practices, as it considers that fair competition is one of the pillars of the market economy system that promotes the efficient allocation of resources, drives innovation and benefits consumers. Such manual warns about actions or agreements with the aim or effect of curtailing, distorting or eliminating competition in the market or abusing suppliers or customers, activities that are expressly prohibited for all CMPC's executives and employees.

This manual is available on the corporate website [www.cmpc.cl](http://www.cmpc.cl), by entering in the Business Ethics section and then selecting the Antitrust Guidelines, which is available for anyone interested.

### CUSTOMERS' HEALTH AND SAFETY

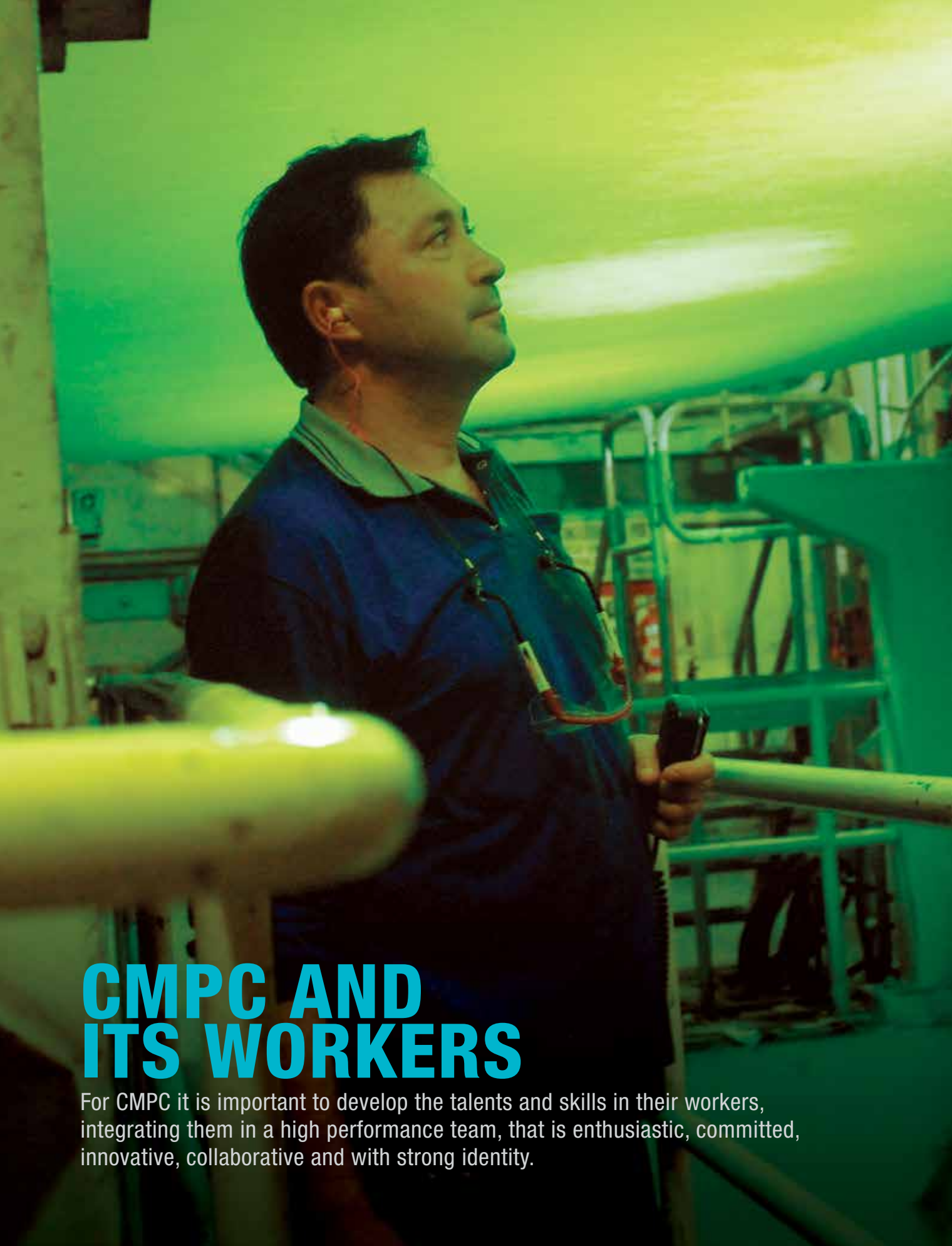
CMPC constantly monitors the impact that its products have - throughout their life cycle - on customers' health and safety. The analysis applies to tissue and sanitary products, folding boxboard and paper bags intended for food packaging.

► Tissue and sanitary products undergo stringent analysis of its components, including dermatological testing to ensure they are hypoallergenic and microbiological stability testing according to the safety requirements.

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

► Paper bags used in food packaging are also HACCP certified.

The bleached eucalyptus kraft pulp (BEKP) produced at the Santa Fe and Guaiba mills in Chile and Brazil respectively, were approved for the usage in paper products by both the Nordic Ecolabel and the EU Ecolabel. These ecolabel schemes assess the entire lifecycle of pulp, thus ensuring that only the products with lowest environmental footprint can use the ecolabel. For achieving this approval, CMPC submitted the documentation concerning its forestry management, along with the emissions to the air, water and ground, the energy consumption, use of chemicals and the procedures for waste disposal of both pulp mills.



# CMPC AND ITS WORKERS

For CMPC it is important to develop the talents and skills in their workers, integrating them in a high performance team, that is enthusiastic, committed, innovative, collaborative and with strong identity.

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

By the end of December 2014, a total of 16,824 people were employed by CMPC and its subsidiaries, a figure slightly higher than in 2013. The increase of 131 people was mainly due to the growth of the CMPC's operations in Brazil.

The employees from the Tissue business division accounted for 47.8% of CMPC's total personnel. This division has industrial operations in 8 Latin American countries, as shown in the map on pages 12 and 13.

CMPC's personnel outside Chile represented 44.9% of the total in 2014, with 7,548 employees, compared to 7,458 people working abroad in 2013. The 83.7% of such personnel serves on the Tissue division.

The number of female employees grew from 12.5% in 2012 to 13.0% in 2013 and then by December 2014, it reached 13.3%. The highest number of female

## CMPC PERSONNEL As of 31 December of each year

BY BUSINESS DIVISION	2013	2014
Forestry	2,597	2,637
Pulp	1,911	2,105
Paper	3,685	3,634
Tissue	8,117	8,047
Shared Services and Others	383	401
<b>TOTAL</b>	<b>16,693</b>	<b>16,824</b>

## CMPC PERSONNEL As of 31 December of each year

BY COUNTRY	2013	2014
Chile	9,235	9,276
Argentina	1,696	1,694
Peru	1,350	1,350
Mexico	1,289	1,307
Uruguay	540	481
Colombia	414	402
Ecuador	210	207
Brazil	1,947	2,095
United States	12	12
<b>TOTAL</b>	<b>16,693</b>	<b>16,824</b>

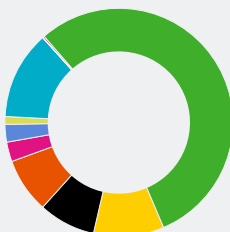
employees was observed in Ecuador, Colombia and Mexico with 35%, 30% and 25% of female staff respectively.

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

Sustained increase of CMPC personnel working outside Chile: from 25% in 2007 to 45% in 2014.

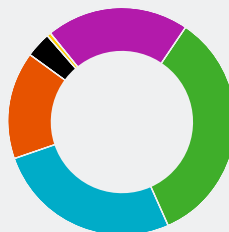
## 2014

### CMPC PERSONNEL BY COUNTRY



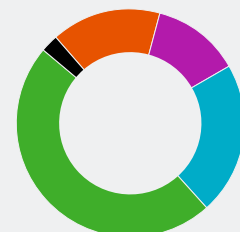
## 2014

### CMPC PERSONNEL BY AGES



## 2014

### CMPC PERSONNEL BY BUSINESS DIVISION



# CMPC'S CODE OF CONDUCT

Empresas CMPC sustains its operations in a strong culture of responsibility and excellence, based on a tradition of over 90 years. This is manifested in its commitment to principles and values that set its course, guiding the relationship with stakeholders and everyday decisions.

For CMPC, excellence in management includes upright conduct, responsible and loyal to each employee in the business chain. We are convinced that an ethical conduct promotes relationships of trust and credibility with our stakeholders. With this perspective, ethics is pivotal to our business strategy based on building strong and honest business relationships, which contribute to the growth of the Company, its employees and society.

The CMPC Code of Conduct is based on 5 General Principles:

1. **RESPECT** for people.
2. **Strict COMPLIANCE** with legal regulations.
3. **CARING** for the environment.
4. **CONSIDERATION** for the needs of the neighbours.
5. **LOYALTY** when competing.

## 1. RESPECT FOR PEOPLE.

CMPC respects and values all people with which it interacts, treating them with dignity, whether they are employees, contractors, suppliers, customers, facility neighbours, shareholders, among others.

We value honesty, loyalty, trust and good faith. In addition, we care for health and integrity of people, and we are committed to providing a safe, hygienic and healthy environment in our facilities.

## 2. STRICT COMPLIANCE WITH LEGAL REGULATIONS.

CMPC values and respects the legal regulations that govern its activities. All the directors, executives and workers are committed to strict compliance with the law applicable to business development of the Company.

This commitment includes compliance with all national and international norms and regulations, applicable to all operations and transactions performed by CMPC subsidiaries.

## 3. CARING FOR THE ENVIRONMENT

CMPC values sustainable development, promoting care for the environment and natural resources so as not to affect future generations. The directors, executives and workers are committed to respecting the environment and perform their duties

in accordance with legal rules and market standards.

CMPC protects the sustainable development of its processes through the generation of renewable energy with biomass, the careful and efficient consumption of water and raw materials, the use of recycled fibers and the certified management of its renewable forest plantations.

We consider a constant mitigation of environmental impacts, while maintaining investment policies that promote a continuous improvement of CMPC production processes.

CMPC is committed to the preservation of biodiversity through the conservation of existing native forest on their land, the protection of fauna and flora that are in danger of extinction and the identification, preservation and restoration of High Conservation Value Forests.

#### **4. CONSIDERATION FOR THE NEEDS OF THE NEIGHBORS.**

CMPC values the building of a collaborative relationship with its neighbors in order to maximize the social benefits of its operations. Managers and executives are committed to progressing and developing neighboring communities. And due to this, we have an open and caring attitude towards our neighbors, constantly identifying with their needs, desires and possible collaborations.

We place special emphasis on supporting education with the educative programs of the CMPC Foundation.

The CMPC executives maintain special consideration for local employment level and to collaborate with the challenges of local authorities.

#### **5. LOYALTY WHEN COMPETING.**

CMPC values free competition as the essence of the market economy due to the fact that it favors the development of more and improved products and services, at a lower price for customers.

We seek to compete fairly, manufacturing and marketing quality products that adequately satisfy, and at a reasonable price, the needs of the consumer and clients.

We are committed to the use of marketing and advertising practices that in no way causes deception or harm to the consumer, distributors and competitors, or which restricts competition.

We are committed to the integrity in handling confidential and privileged information, strictly complying with the respective regulations. Public information provided by the Company is based on the principles of accuracy, reliability, timeliness and adequacy.

We make commercial decisions based on sound administration practices that coincide with the best interest for the Company and not arbitrarily for personal interest or external pressures.

The current Code of Conduct is available at [www.cmpc.cl](http://www.cmpc.cl), selecting Business Ethics.

#### **CONFIDENTIAL WHISTLEBLOWING**

The company has a confidential and anonymous whistleblowing channel so that any situation raised that might breach the Code of Conduct is duly investigated.

This channel can be accessed through the corporate website [www.cmpc.cl](http://www.cmpc.cl), by entering the Business Ethics section and then selecting Whistleblowing Channel, which is available for anyone interested.

#### **PREVENTION OF BRIBERY AND CORRUPTION ACTS**

CMPC has a Prevention Model designed to prevent the commission of crimes related to bribery, money laundering, terrorism financing and acts of corruption, readily available at [www.cmpc.cl](http://www.cmpc.cl), selecting Business Ethics, and then selecting Prevention Manual. This is where the Prevention Model is found, which identifies both the common and sporadic activities of the Company, in which its context can generate or increase the risk of the commission of crimes previously described. There is also a link to send a confidential reporting by any person that has knowledge of said conduct.

## CMPC PEOPLE PROGRAMME



The aim of the CMPC People programme is to enhance the organisational culture, human, career and professional development and communication in the eight countries where CMPC has operations. It is underpinned by five strategic pillars: leadership, development, recognition, benefits and communication.

### LEADERSHIP

We promote leaders who help build a better workplace and an organisational culture which is differentiated by leadership based on trust, closeness and ongoing dialogue.

To make progress in this area, we base our work on the results of the Great Place to Work organisational climate survey, which the company applied for the third year running to the universe of employees in the eight countries in which it operates, and it had a response rate of 86%.

### DEVELOPMENT

We are driving a system of individual objectives and action plans, which facilitate mobility and the development of competencies and skills of each employee, which are essential aspects for CMPC's future sustainability.

CMPC's people management has a world-class technology platform, which facilitates performance evaluations and the setting of individual objectives, which can be measured and are related to the work of each employee.

### RECOGNITION

We promote innovation, and we recognise and distinguish work teams with outstanding results, which are the outcome of motivation and passion for doing a good job.

### BENEFITS

We take care of the comprehensive familiar, professional and social development of people. We understand that satisfaction generates bonds that help to bolster commitment and we therefore develop benefit programmes for our employees and their families.

### COMMUNICATION

Our company's growth in the last few years and the size it has reached requires us to attain timely, direct, close and reliable communication. This enables us to lead projects, mobilise teams, attain interactivity and forge bonds that enhance and facilitate teamwork.

Regarding this, the company recently created an online platform called Paperbook, which is a communication channel that takes the applications and advantages of the social networks but in a work and collaborative context among groups that can be created immediately and permanently. It enables to exchange information, experiences and best practice among work team members.



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

CMPC employees have achieved a high level of specialization and efficiency, 33% holds an academic degree or finished tertiary education. A large proportion of our workers are qualified to carry out complex production processes.

Low level of staff turnover: a 1.9% monthly average in 2014, slightly over the 1.8% in 2013 and 2012. CMPC offers its employees opportunities to develop a career within the company and encourages them to undergo training. CMPC also offers its employees job security, good working environment and additional benefits.

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

In 2014, 257,580 hours were committed to staff training from all areas in the company. This is one of CMPC's most outstanding achievements in this matter.

CMPC's in-service training programs are designed taking the long-term into account. This means ongoing training and when new technology and industrial processes come in, additional reinforcement sessions are introduced. This proves especially useful when a new mill, paper machine or industrial process is being set up.

Training hours for staff working outside Chile were 26.4% of the total.

CMPC PERSONNEL 2014		DISTRIBUTION BY LABOR POSITION		
BY BUSINESS DIVISION	SENIOR MANAGEMENT	PROFESSIONALS AND TECHNICIANS	OPERATIVE PERSONNEL	TOTAL
Forestry	21	720	1,896	2,637
Pulp	32	1,041	1,032	2,105
Paper	45	916	2,673	3,634
Tissue	70	2,317	5,660	8,047
Shared Services and Others	15	360	26	401
<b>TOTAL</b>	<b>183</b>	<b>5,354</b>	<b>11,287</b>	<b>16,824</b>

IN-SERVICE TRAINING HOURS 2014				
BY BUSINESS DIVISION	SENIOR LEVEL	MIDDLE LEVEL	OPERATIVE PERSONNEL	TOTAL
Forestry	6,347	13,808	27,680	47,834
Pulp	2,746	33,407	40,893	77,046
Paper	4,854	18,744	40,534	64,131
Tissue	8,014	19,444	35,043	62,501
Shared Services and Others	1,860	4,146	62	6,068
<b>TOTAL</b>	<b>23,820</b>	<b>89,548</b>	<b>144,212</b>	<b>257,580</b>

THESE FIGURES DO NOT INCLUDE IN-SERVICE TRAINING COURSES GIVEN INTERNALLY IN THE MILLS WITH THEIR OWN STAFF.



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

## INNOVATION PROGRAMME AT CMPC PULP



### INNOVATION PROGRAMME AT CMPC PULP

CMPC Pulp is developing an innovation programme to help maintain its long-term competitiveness. This programme involves all company employees, motivating them to suggest ideas for innovation in various areas based on their competencies, knowledge, creativity and enthusiasm.

The website [www.i-cel.cl](http://www.i-cel.cl) was set up to promote innovation and serve as a communication channel for everybody working in the company, so this innovation programme is built in an environment of collaboration.

Pulp mill workers suggest ideas for projects individually or as a group, which are posted on the website. These ideas then go through a selection and classification process; they are turned into concrete proposals with the help of work teams and then into projects that will be undertaken in an order that considers their contribution to the proposed objective of innovation, implementation timescale and investment, as the main factors.

Seven innovation objectives are being worked on for labour and

technical issues: **(1)** build a better work environment, **(2)** recognise the past stories of ingenuity, **(3)** increase energy efficiency, **(4)** increase operating efficiency, **(5)** attain zero non-compliances on work safety, **(6)** reduce direct costs and **(7)** self-care in the workplace.

**1,399 workers at the three pulp mills in Chile, accounting for 94% of the total personnel, have participated in the innovation programme. They have generated 1,910 ideas, which in the subsequent selection and classification process received 11,797 comments and technical input. The i-cel initiative has obtained approval of 81 projects with a total investment of US\$ 3.3 million.**

### CLOSE PROXIMITY TO LOCAL COMMUNITIES

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

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

In 2014, 85% of CMPC's senior and middle managers came from or had permanent residency in the areas close to the company's operational plants. This figure is similar to the previous years.

The previous percentage is due to the CMPC's policy of fostering an actual integration with local communities and of actively getting involved in their social and economic growth, through a close relationship with local authorities and neighbourhood organizations.

## TRUSTWORTHY LONG-STANDING WORKING RELATIONSHIPS

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

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

There are 46 unions that represented 60% of the CMPC's employees by December 31 2014. The oldest unions are:

- ▶ The N°1 workers union of Papeles Cordillera, dating back from 1927, it is the oldest Chilean union.
- ▶ The N°2 workers union of Papeles Cordillera, established in 1931.
- ▶ The merged workers union of the Laja Pulp Mill, follower of N°1 and N°2 unions that were established in 1961 and 1966 respectively.

By the end of December 2014, 69% of CMPC's employees were covered by collective bargaining agreements currently in force.

### CMPC'S EMPLOYEE BENEFITS

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

The company offers its employees loans to cover the cost of buying a house.

CMPC has put into practice several healthcare programs for its employees, such as immunization, preventive medicine, a welfare service, complementary health insurance, and discounted prescriptions, dental care and prescription glasses. CMPC

employees can also get subsidized hospital and private care.

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

PERCENTAGE OF UNION MEMBERSHIP		
BY BUSINESS DIVISION	2013	2014
Forestry	68%	68%
Pulp	55%	55%
Paper	61%	61%
Tissue	61%	61%
Shared Services and Others	5%	5%
<b>TOTAL</b>	<b>60%</b>	<b>60%</b>

BY COUNTRY	2013	2014
Chile	64%	64%
Argentina	49%	47%
Brazil	88%	86%
Peru	13%	14%
Mexico	74%	73%
Uruguay	82%	80%
<b>TOTAL</b>	<b>60%</b>	<b>60%</b>



46 unions represent 60% of the workers.

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE AGREEMENTS		
BY BUSINESS DIVISION	2013	2014
Forestry	76%	74%
Pulp	65%	66%
Paper	70%	67%
Tissue	72%	72%
Shared Services and Others	8%	4%
<b>TOTAL</b>	<b>70%</b>	<b>69%</b>

BY COUNTRY	2013	2014
Chile	69%	68%
Argentina	76%	77%
Brazil	95%	95%
Peru	46%	40%
Mexico	76%	77%
Uruguay	100%	100%
<b>TOTAL</b>	<b>70%</b>	<b>69%</b>

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

At CMPC, advances in safety and occupational health have been achieved by a joint effort with the workers, their unions and other labor representatives. This work has experienced some significant advances over time:

- ▶ Appropriate safety elements made available to employees, which allow them to carry on their daily activities safely.
- ▶ Standard operations procedure manuals for employees.
- ▶ Joint Committees, company-employees.
- ▶ Healthcare and health insurance programs.

94% of CMPC's employees actively participated in joint committees dealing with Order, Hygiene and Safety in 2014. In Chile, these committees are established in accordance with Law N° 16,744. For the company's operations abroad, the most relevant aspects of the Chilean legislation have been homologated.

### RISK PREVENTION PROGRAMMES

CMPC's risk prevention programmes are geared up to protect employees' life and health, neighboring communities and the environment. We also aim to protect our facilities and the operational continuity of our production processes.

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

- ▶ They are inspired by the OHSAS 18,001 standard and integrate the management of environmental risks, protection of facilities and the coordination of emergency response with institutional and local authorities.
- ▶ They emphasize the cultural change in employees, making them aware of the operational risks for both people and the environment.
- ▶ They are designed to incorporate staff from all areas of the company.
- ▶ Both plans are regularly reviewed and updated in terms of operational and emergency procedures.
- ▶ These plans identify areas at each mill according to their risk level and allocate teams responsible for delivering a coordinated and prompt response.

### OHSAS 18001 AT CMPC

The following subsidiaries have the OHSAS 18001 certification:

- ▶ Forestal Mininco
- ▶ CMPC Maderas for its three sawmills, two remanufacturing facilities and a plywood mill
- ▶ CMPC Pulp for its Laja, Santa Fe and Pacifico pulp mills in Chile
- ▶ Papeles Cordillera
- ▶ Cartulinas CMPC for its Maule and Valdivia boxboard mills
- ▶ Tissue Chile for its Talagante and Puente Alto mills
- ▶ Tissue Argentina
- ▶ Tissue Uruguay
- ▶ Tissue Colombia for its Cali and Bogotá mills
- ▶ Tissue Peru
- ▶ Tissue Ecuador

### PERCENTAGE OF WORKERS REPRESENTED IN JOINT COMMITTEES

BY BUSINESS DIVISION	2013	2014
Forestry	96%	96%
Pulp	100%	100%
Paper	94%	94%
Tissue	90%	92%
Shared Services and Others	100%	100%
<b>TOTAL</b>	<b>93%</b>	<b>94%</b>

BY COUNTRY	2013	2014
Chile	100%	99%
Argentina	76%	77%
Brazil	97%	97%
Peru	73%	77%
Mexico	82%	89%
Uruguay	100%	100%
Colombia	100%	100%
Ecuador	100%	100%
<b>TOTAL</b>	<b>93%</b>	<b>94%</b>

## A 45% decrease in the consolidated lost-time accident rate from 2006 to 2014.

### LOST-TIME ACCIDENT RATE

CMPC's consolidated lost-time accident rate was 3.0 lost-time accidents per 100 workers in 2014, an increase of 11% on the 2.7 lost-time accidents in 2013. This figure highlights the need to emphasize a culture of prevention and self-care of the personnel which operates complex production processes.

CMPC is working to enhance the common accident prevention culture, due to the presence of rolls, cylinders and other moving elements of paper machines that operate at high speed, as is the case of those that make tissue paper and modern paper winders. During 2014, the Talagante mill of

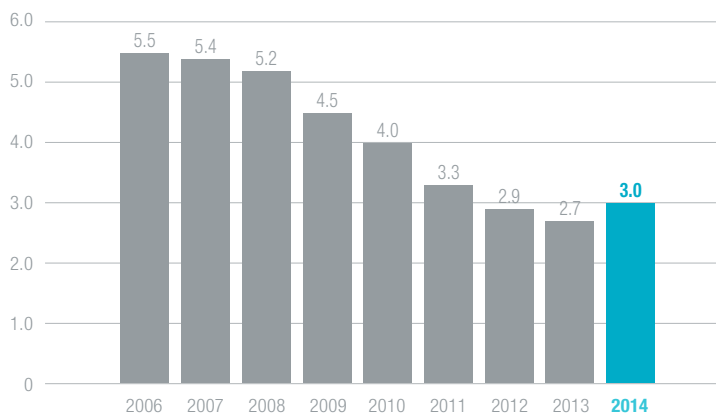
the tissue division led the work of the hygiene and safety joint committees of the CMPC subsidiaries which mills are located in the Metropolitan region of Chile. The objective of that effort was to share the best practices related with improve safety and occupational health, which is a daily challenge not without difficulties.

Regarding safety and occupational health statistics, the work absenteeism rate remained at lower levels with an average of 2.6%. There were 459 accidents in 2014, which was a 10.1% year-on-year increase, and 13,188 days were lost, with an increase of 8.4% over 2013.

### LOST-TIME ACCIDENT RATE

CMPC CONSOLIDATED

Number of lost-time accidents per 100 workers on average.



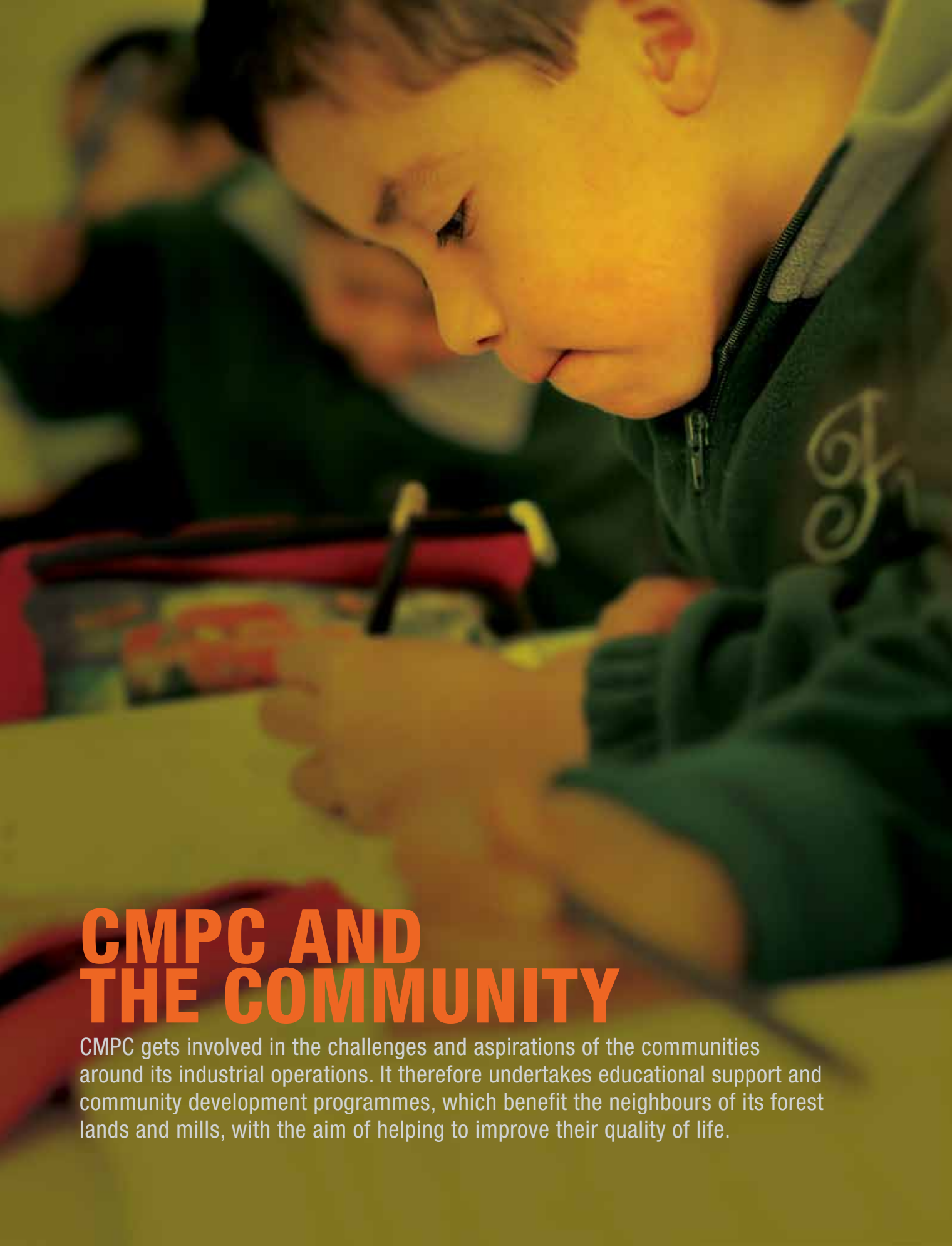
### OCCUPATIONAL HEALTH AND SAFETY STATISTICS 2014

BY BUSINESS DIVISION	RATE OF ABSENTEEISM	N° OF CASES WITH PROFESSIONAL ILLNESSES	N° OF ACCIDENTS	DAYS LOST	N° OF FATAL ACCIDENTS	AVERAGE EMPLOYEES IN THE YEAR
Forestry	2.9%	5	68	1,564	0	2,599
Pulp	2.3%	0	13	416	0	2,018
Paper	3.1%	3	151	3,435	0	3,610
Tissue	2.3%	0	223	7,769	0	7,985
Shared Services and Others	2.8%	0	4	4	0	390
<b>TOTAL</b>	<b>2.6%</b>	<b>8</b>	<b>459</b>	<b>13,188</b>	<b>0</b>	<b>16,602</b>

BY COUNTRY	RATE OF ABSENTEEISM	N° OF CASES WITH PROFESSIONAL ILLNESSES	N° OF ACCIDENTS	DAYS LOST	N° OF FATAL ACCIDENTS	AVERAGE EMPLOYEES IN THE YEAR
Chile	3.1%	8	257	5,180	0	9,189
Argentina	4.5%	0	101	4,759	0	1,622
Brazil	1.5%	0	19	1,707	0	1,993
Peru	1.1%	0	33	450	0	1,404
Mexico	0.6%	0	24	526	0	1,290
Uruguay	3.2%	0	8	335	0	479
Colombia	1.8%	0	17	231	0	400
Ecuador	1.4%	0	0	0	0	213
<b>TOTAL</b>	<b>2.6%</b>	<b>8</b>	<b>459</b>	<b>13,188</b>	<b>0</b>	<b>16,602</b>

RATE OF ABSENTEEISM = TOTAL NUMBER OF DAYS WITH MEDICAL LEAVE OF ABSENCE / (AVERAGE NUMBER OF EMPLOYEES IN THE YEAR \* 365 DAYS)

Strong focus on risk prevention programs and OHSAS 18001 certification.



# CMPC AND THE COMMUNITY

CMPC gets involved in the challenges and aspirations of the communities around its industrial operations. It therefore undertakes educational support and community development programmes, which benefit the neighbours of its forest lands and mills, with the aim of helping to improve their quality of life.



The CMPC Foundation undertakes educational counselling programmes in primary education schools for language, mathematics and school management, along with an early stimulation programme, which in 2014 benefitted 7,233 children at 56 schools in 11 districts in Chile. It also conducted cultural activities in Laja, Nacimiento and Mininco with over 10,000 attendees.

**7,233**  
PUPILS  
BENEFITTED



**5,751**  
HOURS OF TEACHER  
TRAINING AND  
COUNSELLING

**15**  
YEARS OF  
WORK OF THE  
FOUNDATION



**453**  
TEACHERS AND  
PRINCIPALS GIVEN  
COUNSELLING

WORK OF  
**37**  
PROFESSIONALS  
FROM THE  
FOUNDATION



**56**  
SCHOOLS  
BENEFITTED

**11**  
DISTRICTS IN FOUR  
REGIONS IN CHILE





## THE CMPC FOUNDATION

### 1. IT IS A PUBLIC-PRIVATE PARTNERSHIP

► The Foundation works according to the curricular guidelines and bases of the Ministry of Education, in coordination with the regional ministerial secretaries and the municipalities in charge of the beneficiary schools.

### 2. IT PROVIDES PROFESSIONAL SUPPORT OF EXCELLENCE

► A team of 37 professionals applies a comprehensive training and counselling model, which aims to implement effective practice and learning in each school and district by teacher training, application workshops, school classroom and management counselling.

### 3. WORK FOCUS AND RIGOROUS ASSESSMENT

► The main educational programme, called Teacher Training and Counselling, aims to improve the language and mathematics learning by children in pre-kindergarten to 4<sup>th</sup> grade of primary education at schools in the communities around CMPC's industrial facilities, by enhancing the tools and knowledge of their school teachers, coaches, representatives, principals and supporters.

► A second programme, called Growing Together, promotes the cognitive, sociolinguistic and motor development of children of up to 6 years by strengthening effective practice of early stimulation that is worked on with their families, schools, kindergartens and day nurseries.

► The continuous improvement of both programmes requires permanent evaluation of pupils, of the pedagogical material and the teaching techniques of each school.



### 4. WITH A LONG-TERM VISION

► After 15 years of work, we are even more convinced that a better quality of education of children in their early years increases their opportunities in the future and the quality of life of their communities too.

► The aim of the strategic planning 2013-2018 is to professionalise and improve the current programmes, along with greater coverage of the educational programmes for children in 5<sup>th</sup> and 6<sup>th</sup> grade of primary education and the Growing Together programme.

► We are developing new instruments to measure learning, in addition to an innovative technological platform to improve the management of the programme indicators.

### 5. TRANSPARENCY AND RELIABILITY

► The work of the Foundation, its budget and the results attained each year are public, and they are reported to each school and district, and regionally and centrally to the Ministry of Education.

► A management course was also established for 52 principals at the Center for Advanced Training, Experimentation and Pedagogical Research of the Chilean Ministry of Education. This public-private partnership is the result of the reliability and commitment of the Foundation to improve municipal education.

### 6. DECENTRALISATION

► The 37 professionals of the Foundation are divided into a central coordination team, another for the Metropolitan and Maule regions (15 schools in four districts) and a third team for the Bío-Bío and La Araucanía regions (26 schools in seven districts), to handle the specific requirements of each school and district.



## CULTURAL AND OUTREACH PROGRAMMES IN NACIMIENTO, LAJA AND MININCO



Mass cultural events were held in the districts of Nacimiento, Laja and Collipulli: cycles of cinema, theatre plays and children's story contests, along with workshops for adults and children, with a total of over 7,000 participants in 2014.

Mass cultural events were held in the districts of Nacimiento, Laja and Mininco: cycles of cinema, theatre plays and children's story contests, with a total of 5,255 participants in 2014.

Workshops for adults in Nacimiento, Laja and Villa Mininco throughout the year (entertaining dancing, singing and guitar playing, decoupage, technology and Arabic dance) and for children from Nacimiento and Villa Mininco during their winter and summer holidays (dancing, music and drawing). 664 adults and children participated in 2014.

Monthly workshops on local, regional and national folk music were undertaken at 44 primary education schools in 27 districts, with the participation of 1,530 children.

Workshop on teaching zumba dance in the city of Laja.



Workshop on teaching sports in the city of Nacimiento.





The Jorge Alessandri Park offers the community a space for education, culture and recreation of free entry, where the activities carried out by Empresas CMPC and its contribution to the country are spread.

## **THE JORGE ALESSANDRI PARK**

The Jorge Alessandri Park offers the community a space for education, culture and recreation of free entry, where the activities carried out by Empresas CMPC and its contribution to the country are spread.

During 2014 the Park had a total of 150,665 visitors and since its opening in 1993 has received 2.06 million people. The Park features the following cultural and educational spaces:

- ▶ The Educational Trails and the Native Forest allow visitors to experience nature and enjoy a unique ecosystem.
- ▶ At the Cultural Amphitheater artistic performances during the summer are presented, complemented with exhibitions at the central square.
- ▶ In the Educational Nursery visitors learn about the various tree species, and their forestry, medicinal and decorative uses.
- ▶ The Trekking Trail of 3 kilometers long, allows physical exercise while enjoying nature and beautiful panoramic views.
- ▶ In the Tree Hall, children learn about forestry and the production processes of wood, pulp and paper through play, and on environmental care.
- ▶ The Artequin Museum provides an interactive educational proposal, to familiarize children with the main world artworks.

# GOOD NEIGHBOURHOOD ACTIONS

The communities around CMPC's operations:



Ongoing communication, dialogue and striving to reach agreements are essential in CMPC's relationship with the neighbouring communities.

**Educational support programmes / page 51**

- Support of technical secondary schools
- Educational scholarships for rural schools

**Project incubator programme / page 51**

**Community employment programme / page 52**

**Facilities for the community / page 52**

- Sports areas and centres open to the community

**Programmes to support ventures / pages 53-57**

- Fruit orchards developed by Mapuche communities
- Community training courses

**Supporting the Mapuche culture / pages 58-61**

- Tree nurseries for plants used in basket weaving
- Traditional basket weaving
- Plants used to dye wool
- Sites of cultural interest

## GOOD NEIGHBOURHOOD ACTIONS

CMPC seeks to generate opportunities of social, cultural and economic development for the communities around the company's forestry operations and mills. Forestal Mininco therefore has an open-door policy with the rural communities, focused on generating jobs, on educational support programmes, supporting the Mapuche culture, training and the development of productive projects, agreed on with the communities, which help to improve their quality of life.

Moreover, CMPC Pulp is carrying out work to support neighbours of its pulp mills in the districts of Nacimiento, Laja, San Rosendo, Collipulli and Renaico, highlighting the work with the district technical secondary schools, cultural and outreach activities, company facilities for use by the community and projects to support productive ventures.

The main programmes developed by CMPC Pulp and Forestal Mininco to such end are shown below.

### CMPC PULP SUPPORTS A PROJECT INCUBATOR AND ACHIEVED THE APPROVAL OF SEVEN INITIATIVES, WORKING TOGETHER WITH THE COMMUNITY

From April 2014, CMPC Pulp began to develop a joint work with the cities of Nacimiento, Laja and Villa Mininco, benefiting their communities, in order to deliver comprehensive support in the design, development and implementation of social projects, which public funding comes from competitive grants awarded by different institutions of the Chilean State.

During this first year, there were seven approved projects, broken down into community development, security,

culture, environment, sport, elderly, entrepreneurship and innovation. CMPC Pulp counselling is done in venues of the neighborhood associations.

### EDUCATIONAL SCHOLARSHIP PROGRAMMES

129 pupils were the beneficiaries of Forestal Mininco's rural scholarship programme in 2014, which provides education to the children of neighbours. Pupils study at 49 schools in the Maule, Bío-Bío, La Araucanía and Los Ríos regions. The scholarships pay for most of the costs of their school materials and articles of personal hygiene and transport to their homes.

14 pupils were the beneficiaries of the El Vergel scholarship programme, developed by means of a collaboration agreement with the El Vergel agricultural secondary school, from the Methodist Corporation in Angol, which enables them to study for the degree of mid-level agricultural technician.

Forestal Mininco's scholarships help them to pay for their uniforms, study materials and the weekly transport to their homes.

11 pupils of the districts of Collipulli, Tirúa and Lumaco were the beneficiaries of the higher education maintenance scholarship, which enables them to study at universities or higher education institutes.

### CMPC PULP SUPPORTS TECHNICAL SECONDARY SCHOOLS IN THE SPECIALTY OF INDUSTRIAL ELECTRICITY

During 2014, CMPC Pulp, in partnership with the Ministry of Education, developed a program focused on the specialty of industrial electricity, taught in various technical secondary schools in the cities of Nacimiento, Laja and Los Angeles. This training program is based on three lines of action: **(1)** advanced training in the workplace, **(2)** support for official curricular implementation and **(3)** gradual increase of jobs for this specialty.



Working together with neighbours in the incubator for community projects.



### **GENERATING JOBS FOR THE SURROUNDING COMMUNITIES**

In 2014, the company created around 750 jobs for the surrounding Mapuche communities as part of the programme to hire the local labour force for forest operations.

The neighbours are hired by forest service companies, and they receive training on safety regulations, risk prevention and protection of the environment, which qualifies them to perform various jobs on forest lands, including work in tree nurseries, establishing plantations, transport, forest protection and thinning, pruning and harvesting operations.

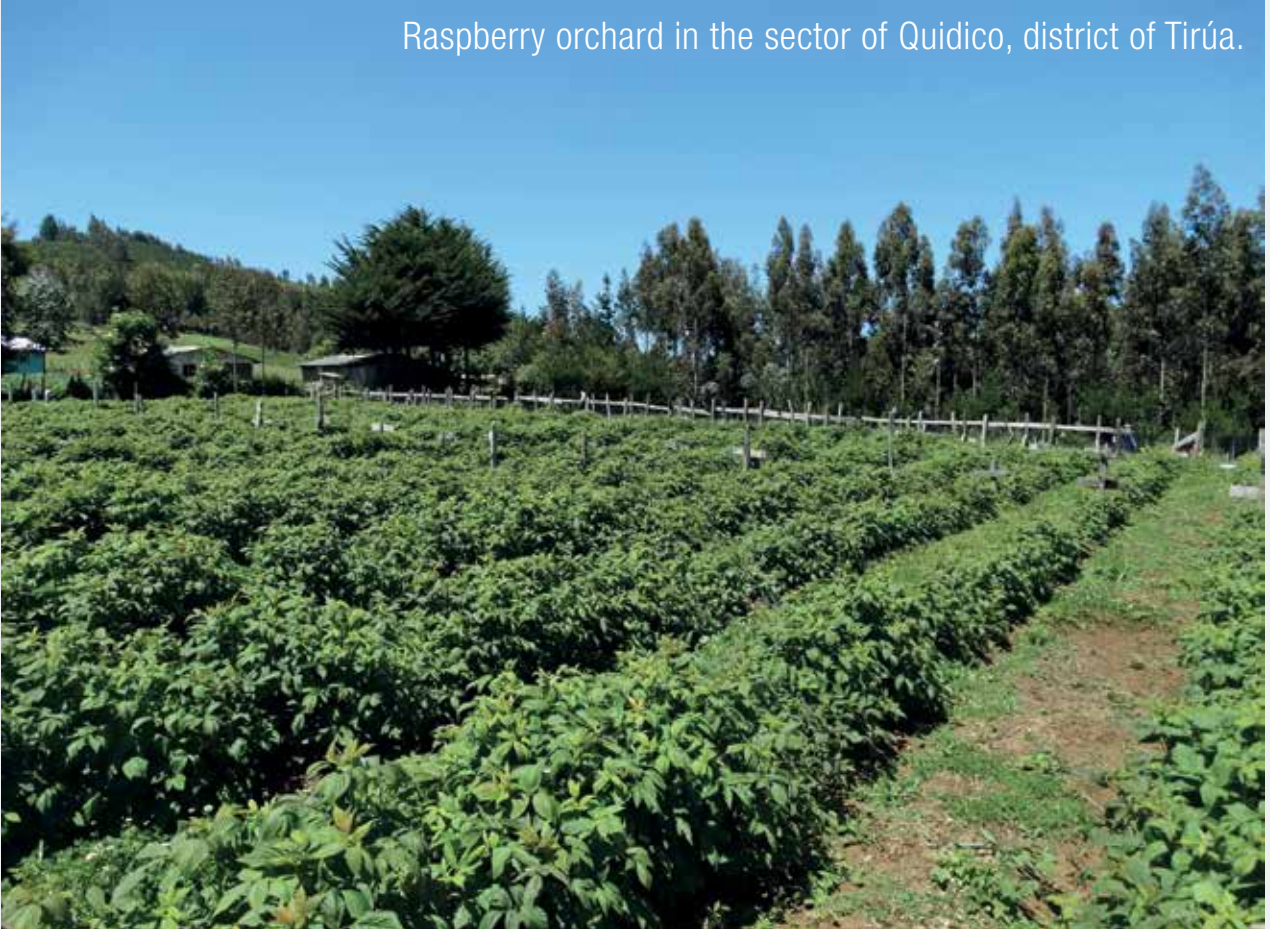
### **FACILITIES OF CMPC PULP AT THE SERVICE OF THE COMMUNITY**

CMPC Pulp has various facilities for cultural and recreational use, which are open to the community and its civil organisations by means of agreements with the local municipalities. The culture centre and events hall at Nacimiento have a varied annual agenda of diverse community events, and there is also a gymnasium with a synthetic polysports surface, a football pitch and three tennis courts. The same is the case at Laja with the small fort and stadium that were refurbished in 2013.

A modern cultural centre benefitted the community at Villa Mininco, equipped with first rate facilities and equipment, i.e., two meeting rooms, a large hall, an area for barbecues and a kitchen. It has been essential to support the events of the neighbours' associations of Mininco, Huelehueico and Manzanares.

## MAPUCHE HORTICULTURE AND FRUIT VENTURE OF 33 TRADITIONAL COMMUNITIES

Raspberry orchard in the sector of Quidico, district of Tirúa.



Pilot orchard of strawberries in the sector of Antiquina, district of Cañete.

A total of 143 families belonging to 33 Mapuche communities are developing raspberry, strawberry and blueberry orchards in the districts of Collipulli, Cholchol, Carahue, Tirúa and Cañete. They have formed the Huapitrío agricultural alliance and the Rewe cooperative of Cholchol, as the two main community organizations that have made possible the progress of the orchards.

The orchards venture is the result of a public-private partnership involving the Huapitrío agricultural alliance, the Rewe cooperative, the Chilean institute for agricultural development, the municipalities of Collipulli, Cholchol and Carahue, and CMPC Forestal Mininco.

Forestal Mininco supports the families with the construction of ponds, irrigation systems, supply of fertilisers and a phytosanitary programme for the correct use of herbicides and fungicides. Also it gives them continuous technical advice and trains new members who are just starting with their orchards.

As of December 2014, the 117 orchards amounted to 68 planted hectares, with a total production of 300 tons of berries.

The whole project benefits the members of the Mapuche communities - all the families are owners of their orchards - and the workers hired during the annual

harvest periods. Moreover, since 2013 the Rewe Cooperative is running a processing plant in the Coihue sector of the district of Cholchol, to produce raspberry jams and sauces.



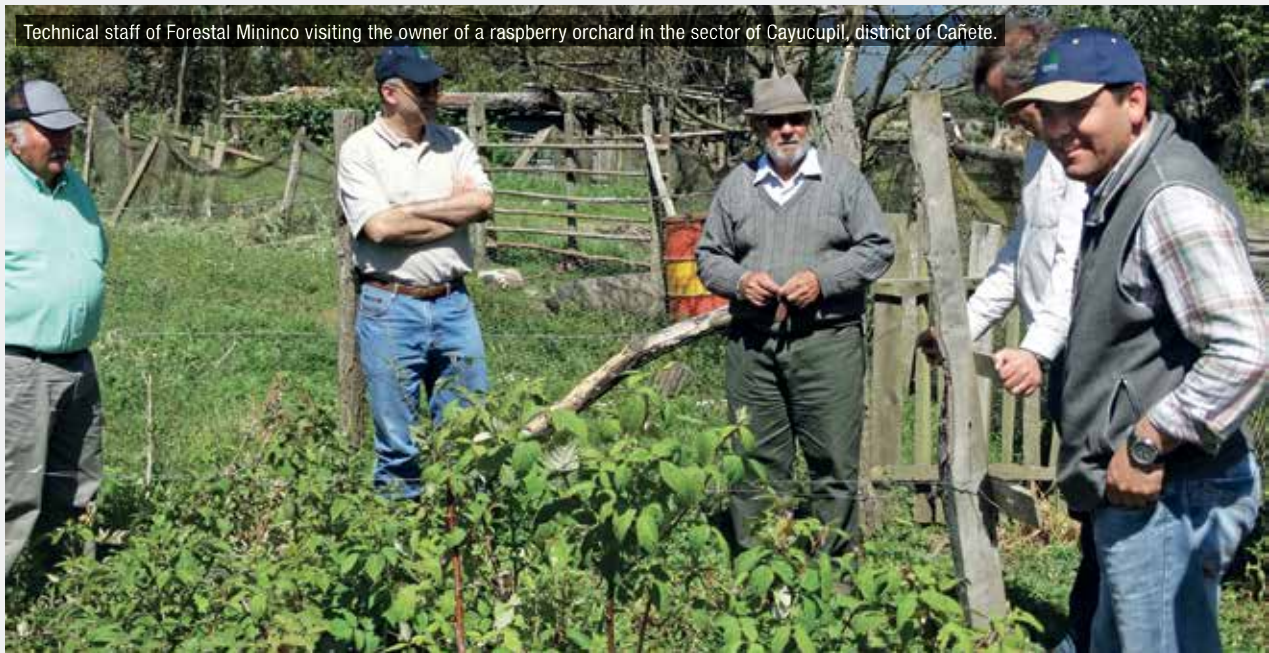
Raspberries harvested by members of the Huapitrío agricultural alliance in the district of Collipulli.



Blueberry harvest period in the sector of Huapitrío, district of Collipulli.







Technical staff of Forestal Mininco visiting the owner of a raspberry orchard in the sector of Cayucupil, district of Cañete.



Meeting of members of the Huapitrio agricultural alliance to agree the marketing of their products in Europe and USA, under the principles of Fair Trade.

## NEIGHBOUR TRAINING COURSES

The neighbour training courses provide knowledge, work methods and materials, and are a meeting point for the communities that promote productive ventures. In 2014, the company gave 95 training courses to 976 women neighbours and 140 male neighbours on the forest lands of CMPC.

These courses are designed after consultation with neighbours about the areas in which they would like to gain knowledge, with 32 special areas that were chosen in 2014.

Since 1999, the company has given 2,918 training courses, with a total of 135,654 hours of teaching for 35,000 people in 274 communities around the forest lands of CMPC.



Course of basic electricity for home in the Mapuche community of Mañil Bajo, district of Santa Bárbara

Since 1999, the company has given 2,918 training courses.

### THE 12 SPECIAL FIELDS WITH THE GREATEST DEMAND WERE:

- ▶ Cooking and pastry making
- ▶ Preserving local produce
- ▶ Dressmaking with sewing machine
- ▶ Soap making with natural products
- ▶ Hairdressing
- ▶ Traditional Mapuche silverware
- ▶ Basic wool knitting
- ▶ Mapuche weaving
- ▶ Leather handicrafts
- ▶ Agricultural and livestock health management
- ▶ Basic electricity for home
- ▶ Textile dyeing



Course for managing organic production in greenhouses and orchards, in the Mapuche community of José Ángel Yevilao, district of Tirúa. The picture shows the erection of the greenhouse.

## SUPPORTING THE REHABILITATION OF INMATES IN THE DISTRICT OF VILCÚN

Convicted inmates are working in the construction of a community nursery for the production of eucalyptus plants. This initiative takes place in the center for education and employment for sentenced offenders, in the district of Vilcún.



## RESPECTING AND SUPPORTING THE MAPUCHE CULTURE

We promote respect for the beliefs, customs and traditions of the Mapuche culture. We believe that by supporting this ancestral culture will help to make it stronger, less prone to losing the vital energy of its language and cosmovision. Valuing its customs, language and beliefs is our way of helping to conserve its cultural heritage.



Ñocha plants growing in a nursery in the Colihuinca Tori Mapuche community, in the Huapitrío sector, district of Tirúa.

### ÑOCHA TREE NURSERY PROGRAMME

The aim of this programme is to grow the ñocha (*Bromeliaceae greigia sphacelata*) in tree nurseries established on the lands of Mapuche communities. The ñocha is a plant that grows in native forest away from populated areas and its long and thin leaves are used in the work of traditional Mapuche basket weaving.

In 2014, the company implemented 24 ñocha nurseries with materials provided by Forestal Mininco and the work of the neighbours to build them. Since the launch of the programme in 2005, 154 ñocha nurseries have been set up; they all have an irrigation system.

## MAPUCHE BASKET WEAVING CULTURAL RESCUE PROJECT

With the support of Forestal Mininco and the Municipality of Cañete, 15 Mapuche craftswomen, symbolic of the Huentelolén area in the district of Cañete, organised themselves into the *Ñocha Malen* (Ñocha Woman) group. They had specialised counselling from the consultant Ideartesana to rescue traditional Mapuche objects made with ñocha fibre and create new models using the ancestral technique but adapting this handicraft to daily life.

In 2014, the group of artisans completed the construction of a meeting centre, with the support of Forestal Mininco, where they have continued their work with the products line called *Ñocha Malen*. The women are creating new models by combining the ñocha fibre with other materials, like clay artefacts. The artisans presented their products in the most important fairs in Santiago and Los Ángeles.



The products created by The Mapuche women artisans.



Picture shows the centre where the artisans create their products. It's a typical construction of the Mapuche people but made of modern wooden materials.





The weaves of the Relmu Witral Association.

### DYEING PLANT PROJECT

The objective of this project is to rescue dyeing plants for the dyeing of natural lambswool, undertaken by artisans of Lafkenche communities in the district of Tirúa and Mapuche communities in Chol-Chol, totalling 232 women artisans.

Since 2012, the company has been working with the Lafkenche “Relmu Witral” group of Tirúa, to determine and propagate the main plants used for dyeing. This work is carried out at the Los Ángeles nursery of Forestal Mininco and it is a unique experience in Chile, which has bred key plants to achieve the shades required by the artisans for their dyeing work. During 2014 the artisans received plants known as “culle” (*Oxalis rosea*) and “relbún” (*Galium hypocarpium*).

This project received funding from the Environmental Protection Fund in 2013, which enabled small gardens to be established on the lands of 80 members, to cultivate the dyeing plants. The technical assistance from Forestal Mininco has been essential to conserve the gardens without deterioration.

The work carried out at the Los Ángeles nursery of Forestal Mininco is a unique experience in Chile, which has bred key plants to achieve the shades required by the artisans for their dyeing work.



New plants of *Oxalis rosea* were achieved after a complex breeding labour.



Receiving the plants at the venue of the Relmu Witral group of Tirúa.

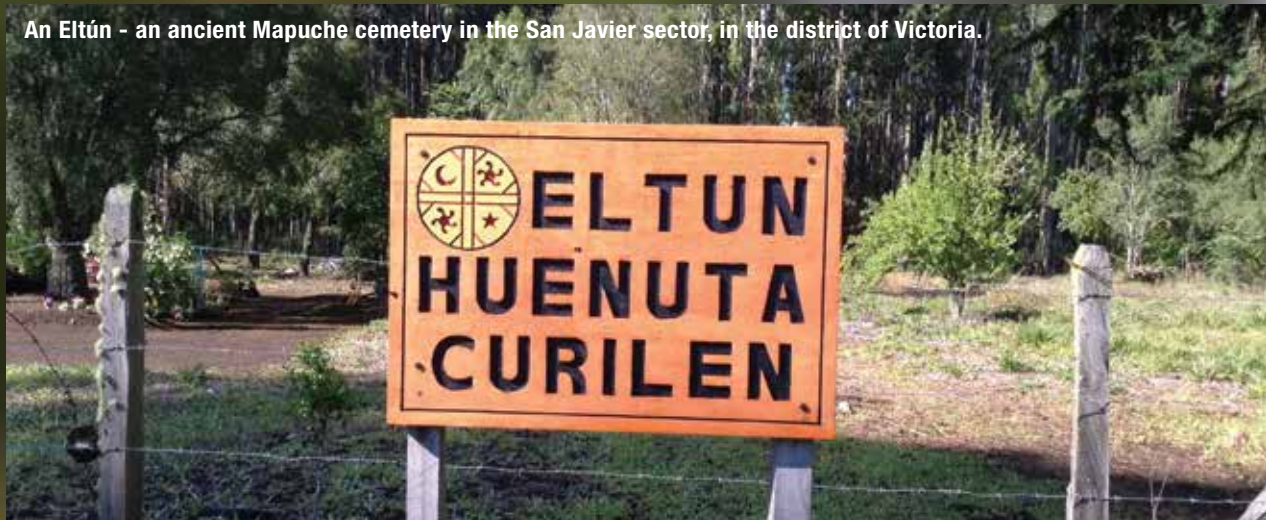


Trayenko - waterfall in the Elicura sector, district of Contulmo.

## SITES OF MAPUCHE CULTURAL INTEREST

There are many toponymic accidents on Chilean forest lands related to different Mapuche cultural meanings like the ko - water category in the form of river, menoko - brooks, trayenko - waterfall, wüfko - spring. Something similar occurs with the knolls of different sizes and features: hills - tren tren, viewpoints - adkintuwe, crags or stones, all accidents of non-productive use but of great cultural and ritual meaning as they are related to socio-religious, individual or collective practices. Other areas are of public use and open collective nature, like the eltun - family cemeteries, nguillatuwe - public prayer fields, trawünwe - meeting areas, paliwe - type of hockey pitches.

34 sites of Mapuche cultural interest were identified on Forestal Mininco's forest lands, which the company is systematically conserving by means of agreements and management plans agreed on with the communities. Forestal Mininco undertakes this work according to an established procedure of identification, consultation and conservation of cultural sites. As of December 2014, there are 19 sites under an agreement and management plan signed with the Mapuche communities.



An Eltún - an ancient Mapuche cemetery in the San Javier sector, in the district of Victoria.

## SOCIAL INVESTMENT

CMPC's social investment amounted to US\$ 6.5 million in the year. The programmes to support municipal education through the CMPC Foundation, to educational projects

with a high social impact, universities and actions to support social and community development, accounted for 45% of the total contributions.

SOCIAL INVESTMENT	THOUSANDS OF US\$
	2014
Municipal education programme and others	1,448
Universities	471
NGOs	2,437
Trade associations	1,012
Actions to support social and community development	1,043
Others	124
<b>TOTAL</b>	<b>6,535</b>

## CMPC CELULOSE RIOGRANDENSE OF BRAZIL AND THE NEIGHBOURING COMMUNITIES


The construction of a second production line at the Guaíba pulp mill in the state of Rio Grande do Sul, with an annual capacity of 1.3 million tonnes of eucalyptus pulp, is the highest investment ever made by Empresas CMPC, with an outlay of US\$ 2.1 billion.

The construction works have taken 2 years and generated employment for around 9,000 people. The company gave priority to hire local product and service suppliers, along with local workers, which has helped to boost the economy of the state.

The highest priority has been to hire local manpower: 35% came from the Guaíba city, its surrounding areas and other municipalities of the state of Rio Grande do Sul. Besides, the company has carried out a qualification manpower program to qualify 3,600 construction workers and 2,400 mechanical workers.







An efficient project planning and dialogue from the outset with the communities of Guaíba, Porto Alegre and their authorities, have been of the outmost importance. Listening to the community and finding out their expectations in around 150 meetings, have strengthened the CMPC's commitment with high safety and environmental care standards.

Other social programmes benefitting the local communities are outlined below:

#### **EDUCATION PROJECT HAS DISTRIBUTED EXERCISE BOOKS FOR 26 YEARS IN BRAZIL**

The Education Project, one of the most traditional social programmes of CMPC Celulose Riograndense, completed 26 years distributing 200,000 school exercise books and 1.5 million sheets of paper for printing and photocopying each year for primary education pupils in the 42 municipalities of the state of Rio Grande do Sul, which is the region where the company undertakes forestry operations to develop the eucalyptus plantations that supply the Guaíba pulp and paper mill.

#### **PROJECT TO MAKE ACCORDIONS AND TRAIN MUSICIANS IN BRAZIL**

CMPC Celulose Riograndense, the Culture and Music Institute and the musician Renato Borghetti have run a project since 2010 to train young diatonic accordion players, and promoted the manufacture of these instruments, which is a real cultural rescue as they stopped being made in the 1980s due to their high cost.

Over 70 accordions have been made since then, whose certified eucalyptus wood comes from the renewable plantations of Celulose Riograndense. Every year classes are given to 200 children and teenagers at Guaíba and four other cities in the state of Rio Grande do Sul. The workshop on making and assembling accordions is

currently run at a new venue, where young musicians are also given theory and practical classes.

#### **EUCALYPTUS HONEY PROGRAMME**

In this programme beekeepers place their beehives next to the eucalyptus plantations of Celulose Riograndense to take advantage of the flowering of the trees, thereby attaining a large honey production, allocating 8% of this to supply special education schools in over 20 municipalities of the state of Rio Grande do Sul.

#### **THE FOREST IS LIFE PROGRAMME**

The aim of this programme is to teach urban school communities about the forestry operations of Celulose Riograndense, motivating them to undertake projects that promote environmental responsibility, with the attendance of more than 6,000 pupils each year.

#### **CLEAN GUAÍBA PROGRAMME**

This programme undertakes activities to make the community aware about the environment and its conservation. Garbage is collected from the shores of lake Guaíba, which borders the cities of Porto Alegre and Guaíba. The company works with community associations

to foster education, particularly among youngsters. The students who participate receive general guidance about the company, workshops with practical activities and environmental education classes.

#### **COMMUNITY HEALTH EDUCATION PROGRAMME**

This programme gives talks to the people of the municipalities of the state of Rio Grande do Sul on issues like hygiene and general disease prevention, abuse of substances, accidents with poisonous animals, domestic and traffic accidents.

#### **THE MUNICIPAL HOSPITAL OF GUAÍBA RECEIVES INVESTMENT FROM CELULOSE RIOGRANDENSE**

Celulose Riograndense and the Municipality of Guaíba signed an investment agreement on works and equipment for the municipal hospital of Guaíba. The investment of 2 million reales is the first social offset project chosen voluntarily and in a solidarity way by the company, as part of compensatory measures agreed with the National Bank for the Economic and Social Development of Brazil (BNDES), which is partially funding the Guaíba II project.

The works have already begun and consist in rebuilding the reception of patients and the adult inpatient unit, with a capacity of 31 beds, the purchase of equipment, a power generator of 750 kVA with automatic connection to the hospital's energy system in the event of lack of public power, the adequacy of a power substation with a 750 kVA transformer and the enabling of a medical gases plant. With this restructuring, it will be possible to resume operations, the obstetrics service and clinical admissions. It is forecasted that the maternity service, closed since 2009, reopens at the end of the first half of 2015.



# CMPC AND THE ENVIRONMENT

The main contributions that CMPC makes to the environment are the development of certified renewable forest plantations, replacement of fossil fuels with biomass, the efficient use of energy, water and raw materials, certified industrial processes and paper recycling.

# ENVIRONMENTAL POLICY

1. We believe 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. We believe 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. A 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 this environmental policy is to state explicitly the company's commitment in this matter to its investors, personnel, customers, suppliers, contractors and the community in general.
6. CMPC 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.
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 this environmental policy, we also commit to:
  - a. Conceive and provide products and services that have no undue impacts on the environment.
  - b. Promote the efficient use of energy, water and natural resources.
  - c. Promote among contractors and suppliers respect for this environmental policy.
  - d. Apply the precautionary principle when arise risk situations for the environment or people.
  - e. Organize emergency plans in those processes where there may be significant risks.
  - f. Contribute to the preparation of reasonable and necessary public policies for the protection of the environment.
  - g. Promote research and development of environmentally-sustainable technology in the forestry sector.

## THE 5 PILLARS OF THE CMPC'S ENVIRONMENTAL AGENDA

The five priority work areas of CMPC's environmental agenda are: **(1)** develop certified renewable forest plantations, **(2)** replace fossil fuels with biomass, **(3)** efficient use of energy, water and raw materials, **(4)** certified industrial processes and **(5)** paper recycling, particularly highlighting:

- ▶ Supply industrial processes with 100% certified and controlled origin wood from renewable plantations.
- ▶ Increase the biomass-based energy generation.
- ▶ Raise the efficiency of electric and thermal energy use.
- ▶ Reduce water consumption and the liquid effluent volume.
- ▶ Reduce the organic content of the liquid effluent returned to the aquatic environment.
- ▶ ISO 14001 certification of productive processes.
- ▶ FSC™ and PEFC chain-of-custody certification for forest products.
- ▶ Maintain a high paper recycling volume.

## SUSTAINABLE MANAGEMENT OF FOREST PLANTATIONS

All the timber utilised by CMPC comes from renewable and fast-growing plantations, which were mainly established on eroded land allowing the soil being renewed and conserve the natural forests. The sustainable management of these forest plantations is certified to guarantee the protection of native forest and biodiversity, and that the wood for industrial use is exclusively obtained from controlled origin plantations, free from controversies and traceable from the forest to its final destination.

In August 2012 Celulose Riograndense received the FSC™ certification for the stewardship of its forest resources in Brazil and the same in December 2012 and May 2013 for the forest management of Forestal Mininco in Chile. Since then, the effort of both companies has been focused on developing actions to make a balanced progress in the economic, social and environmental scopes of its industrial and forestry operations, particularly those actions that increase consultation with the communities surrounding forest lands, seek long-term agreements with them and enhance the integration of productive operations and the social support programmes of CMPC.

In the case of Chile, the responsibilities of Forestal Mininco arising from the FSC™ certification have a favourable outlook with most of the neighbouring communities, with whom the company staff has built up relations of trust and respect. The main community organisations include 570 Neighbours' Associations and 358 indigenous people communities with a total of 200,000 inhabitants. In Brasil, Celulose

Riograndense carries out its operations across 42 municipalities in the state of Rio Grande do Sul, which population exceeds 1 million inhabitants. These figures reflect the scope of the task of engaging efficiently with this rural population, to respond their concerns and channel their requests for support.

### RESTORATION OF 8,738 HECTARES WITH CHILEAN NATIVE FOREST

As part of the commitments undertaken with the FSC™ certification, CMPC will restore 8,738 hectares with Chilean native forest species in a 15-year timescale, with the technical support of forest specialists and universities. This restoration will include:

- ▶ Increasing the surface area and forest stock in degraded areas, particularly regarding those species with conservation issues.
- ▶ Micro basins and watercourses which provide drinking water to the surrounding communities.
- ▶ Important areas for obtaining medicinal

plants and non-timber forest products.

- ▶ Protection areas which enhance the connectivity between fragments of native forest which are important for maintaining the biodiversity.
- ▶ High conservation value areas and priority sites defined by the environmental authority in Chile.
- ▶ Create buffer areas between plantations and native forest zones.
- ▶ Recover other forest services, like recreation and landscape.

As of December 2014, the company had restored a total of 440 hectares, mainly with native species of oak, evergreen beech, soapbark, coigüe and peumo. This is a careful work since the forest regions in Chile have been hit for several years by lower winter rainfall due to the La Niña phenomenon.

One of the most important cases was the ecological restoration project of the El Retiro and Junquillar estates, outlined below.

CMPC'S FORESTRY RESOURCES IN BRAZIL AND CHILE FOR 2014	HECTARES	
	CHILE	BRAZIL
<b>PRODUCTIVE AREA</b>		
A. hectares of renewable plantations	495,484	121,803
B. hectares of land to be planted	26,223	5,351
C. hectares of land used for administrative purposes, including roads, firebreaks, easements, livestock and agricultural areas, nurseries, seed production, testing areas, etc.	57,073	9,654
<b>PROTECTION AND CONSERVATION AREA</b>		
D. hectares of both native forest and vegetation	66,122	45,498
E. hectares for protecting basins, watercourses, flora and fauna and high environmental value habitats	93,872	38,354
<b>TOTAL AREA</b>	<b>738,774</b>	<b>220,660</b>

## ECOLOGICAL RESTORATION OF THE EL RETIRO AND JUNQUILLAR ESTATES

The El Retiro and Junquillar estates are located west of the city of Angol in the La Araucanía region, about four kilometres along the road to the Nahuelbuta National Park, and are part of the watershed that helps supply water to such city of a population of 50,000 inhabitants.

The project envisages restoring 400 hectares, which were mostly affected by a fire in 2005 and subsequently repopulated with radiata pine, while the remaining native forest has degraded for decades due to livestock activities and the illegal extraction of timber. The aim of the project is to restore the native forest of the catchment basin that supplies water to the city of Angol, and support the protection and conservation of the biodiversity in the area, recover its landscape beauty and develop recreational, educational and forestry research areas.

In 2012, the company drew up the baseline and defined the target forest, entailing 50 hectares to be repopulated with native oak, evergreen beech, lingue and hazel tree species. It then collected seeds in the summer of 2012-2013, followed by the production of new native plants and the removal of invasive species since 2013. To date, there are 39 hectares with an advanced level of restoration, as on removing the exotic species those natives responded very well and quickly are covering the site.

The company is undertaking this work with the community to create a close tie-in with the different stages of the restoration project. The community is important to help protect the remaining native forest and for the subsequent care of the native species planted or naturally regenerated, and for the protection of riverside areas and essential streams for the watershed of the city.



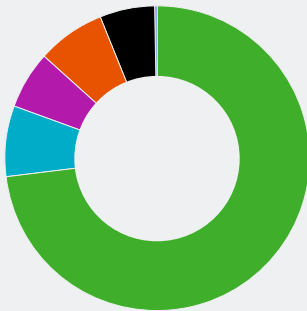
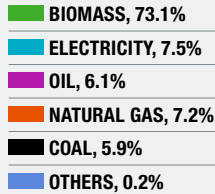
Part of the area to be restored with native oak, evergreen beech, lingue and hazel tree species, of which pine and other invasive flora have already been removed.

# SUSTAINABLE USE OF ENERGY

## 2013

### CMPC ENERGY CONSUMPTION

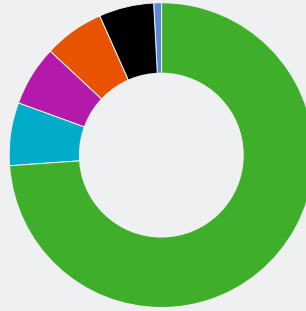
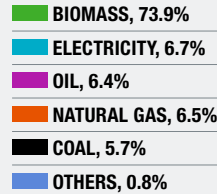
YEAR 2013 (89,975 TERAJOULES)



## 2014

### CMPC ENERGY CONSUMPTION

YEAR 2014 (91,327 TERAJOULES)



CMPC ENERGY CONSUMPTION	2013		2014	
	TERAJOULES	%	TERAJOULES	%
CMPC CONSOLIDATED				
Biomass	65,770	73.1%	67,507	73.9%
Electricity	6,756	7.5%	6,117	6.7%
Oil	5,480	6.1%	5,811	6.4%
Natural Gas	6,466	7.2%	5,949	6.5%
Coal	5,306	5.9%	5,215	5.7%
Others	197	0.2%	729	0.8%
<b>TOTAL</b>	<b>89,975</b>	<b>100%</b>	<b>91,327</b>	<b>100%</b>

ONE TERAJOULE IS THE ENERGY EQUIVALENT TO 278 MWH.

CMPC's pulp and paper production used 91,327 Terajoules of energy in 2014, of which 73.9% was generated from renewable biomass. Another 6.7% was obtained from purchased electricity and 19.4% came from purchased fossil fuels, mainly oil, natural gas and coal. The latter feeds the auxiliary boiler at the Guaíba pulp mill in Brazil, facility where 51.4% of its energy requirements came from renewable biomass, unlike the 92.6% at the Chilean pulp mills.

## NATURAL GAS-BASED CHP PROJECT AT CMPC PUENTE ALTO MILL

CMPC is investing US\$ 70 million to build a co-generation unit at the Puente Alto mill, to produce all the electricity and thermal energy demanded by in-situ paper production. The main reason to choose the natural gas as the primary energy source was that the mill is placed in the Metropolitan area of the capital city, where new biomass sources are not available.

The CHP unit is equipped with a high-efficiency turbo-generator of 50 MW and the exhaust gases are conducted to a heat-recovery steam generator, which produces 60 tons per hour of steam at 20 bar. The steam is condensed in the paper machines at the mill site, enabling the co-generation process to reach a thermal efficiency of 75%. When the project reaches full capacity, no external power will be required at the site.

The heat-recovery steam generator, provided by NEM, will produce 60 tons of steam at 20 bars.



The Rolls-Royce-turbine will be fed with natural gas, to produce 50 MW of electricity, allowing the replacement of the purchased electric energy. The turbine is a high-efficiency model, equipped with a dry-low-emission technology.



The water consumption dropped 28.8% on that in 2004, as a result of CMPC's efforts to increase water consumption efficiency.

**SUSTAINABLE USE OF WATER**

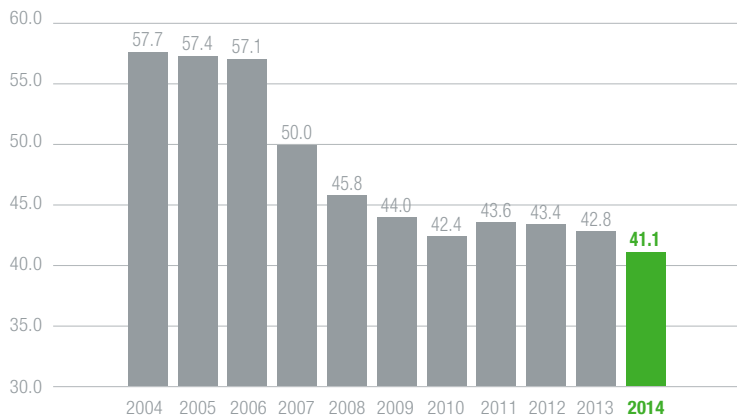
In 2014, the average water consumption per tonne of pulp and paper produced was 41.1 m<sup>3</sup> per tonne of final product, 4% lower than in 2013, which resumes the downward trend that was registered until 2010. It must be considered that the objective of reducing CMPC's water consumption is a demanding task of engineering and requires new process technology and innovation. The water consumption dropped 28.8% on that in 2004, as a result of CMPC's efforts to increase its efficiency. Water consumption is measured as total water withdrawal including the makeup water for cooling purposes.

**TREATED LIQUID EFFLUENT**

In 2014, the liquid effluent generated per tonne of pulp and paper was 37.3 m<sup>3</sup> per tonne of final product, which was 2.1% lower than in 2013 and with a 29% decrease on 2004.

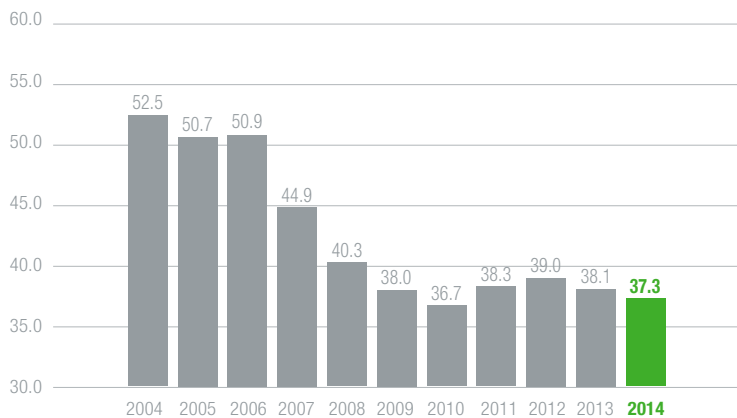
**SPECIFIC WATER CONSUMPTION (WATER WITHDRAWN)**

CMPC CONSOLIDATED  
m<sup>3</sup>/ton of final product



**TREATED LIQUID EFFLUENT**

CMPC CONSOLIDATED  
m<sup>3</sup>/ton of final product

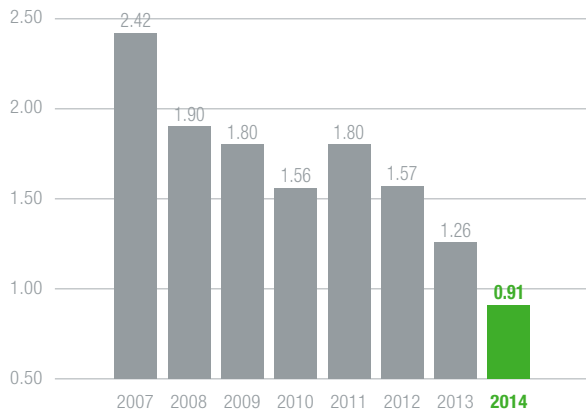




In 2014, 5 of the 6 effluent indicators dropped on 2013, as depicted in the following 6 graphs that show the company's consolidated effluent.

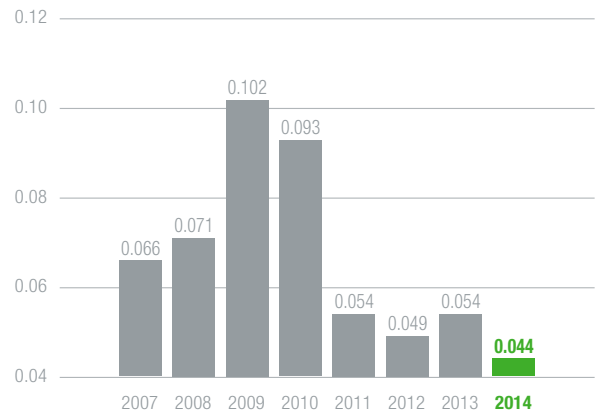
### BIOLOGICAL OXYGEN DEMAND

CMPC CONSOLIDATED  
kg/ton of final product



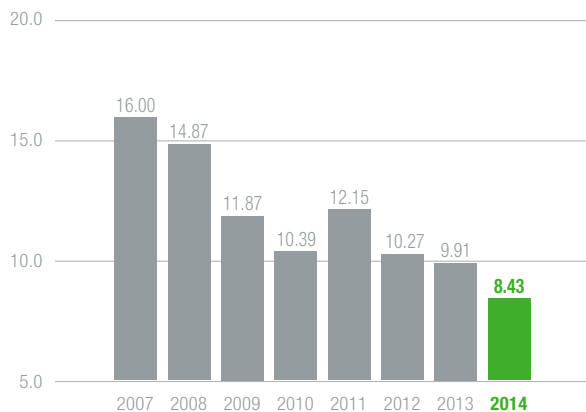
### PHOSPHORUS

CMPC CONSOLIDATED  
kg/ton of final product



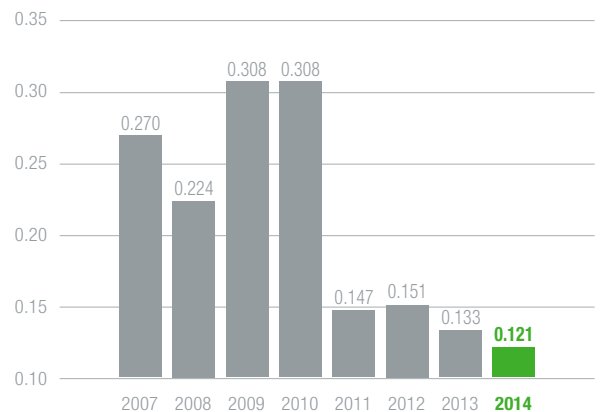
### CHEMICAL OXYGEN DEMAND

CMPC CONSOLIDATED  
kg/ton of final product



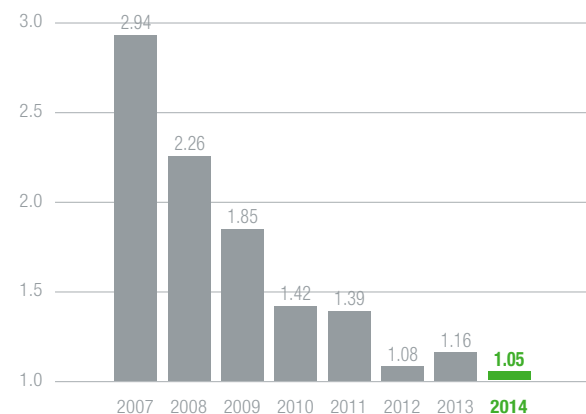
### NITROGEN

CMPC CONSOLIDATED  
kg/ton of final product



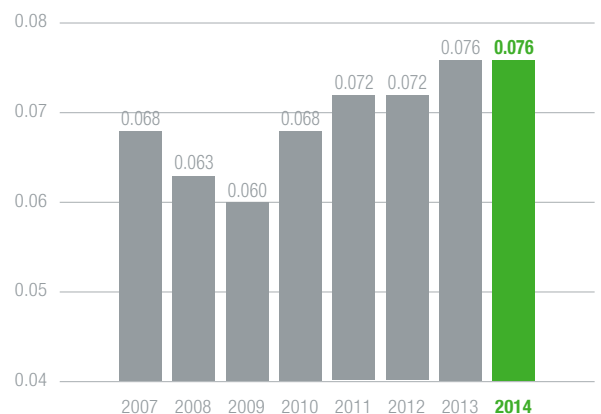
### TOTAL SUSPENDED SOLIDS

CMPC CONSOLIDATED  
kg/ton of final product



### ORGANOCHLORINE COMPOUNDS

CMPC CONSOLIDATED  
kg/ton of final product



## AIR EMISSIONS

Air emissions generated in the combustion processes comprise particulate matter and gases released into the air, mainly sulphur dioxide (SO<sub>2</sub>) and nitrogen oxide (NO<sub>x</sub>). These emissions are monitored periodically and reported to the environmental authority according to current regulations.

The particulate matter emitted by CMPC pulp and paper mills amounted to 0.43 kilogrammes per tonne of product in 2014, a 20.4% decrease on 2013 and 68.6% on 2006, due to the greater supply of natural gas in Chile and the investment made in equipment for emission abatement.

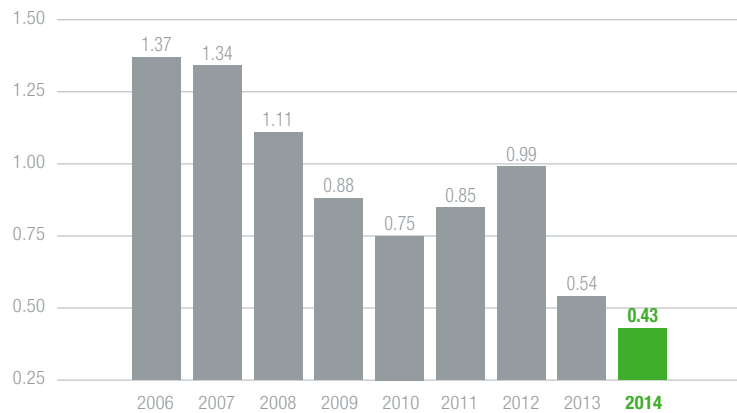
The sulphur dioxide emissions were 1.16 kilogrammes per tonne of product in 2014, due to the consolidation of the Guaíba pulp mill in Brazil, which uses coal in its auxiliary boiler and generates SO<sub>2</sub>. Disregarding such mill, the consolidated value would have been 0.30 kilogrammes per tonne for the remaining CMPC mills in 2014.

Nitrogen oxide emissions were 1.63 kilogrammes per tonne of product, a slight drop on 2013.

## PARTICULATE MATTER

CMPC CONSOLIDATED

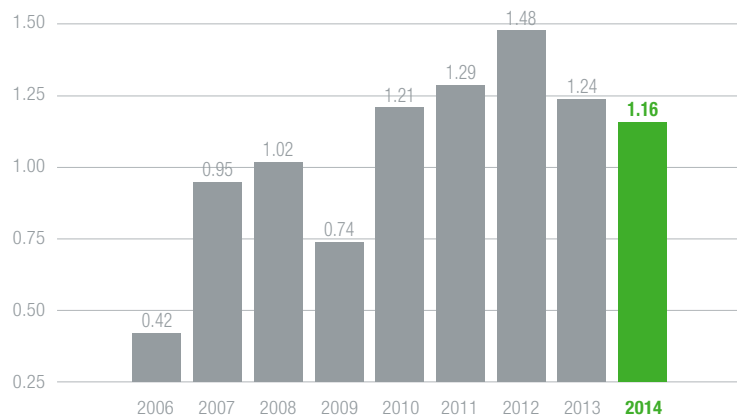
kg/ton of final product



## SULPHUR DIOXIDE

CMPC CONSOLIDATED

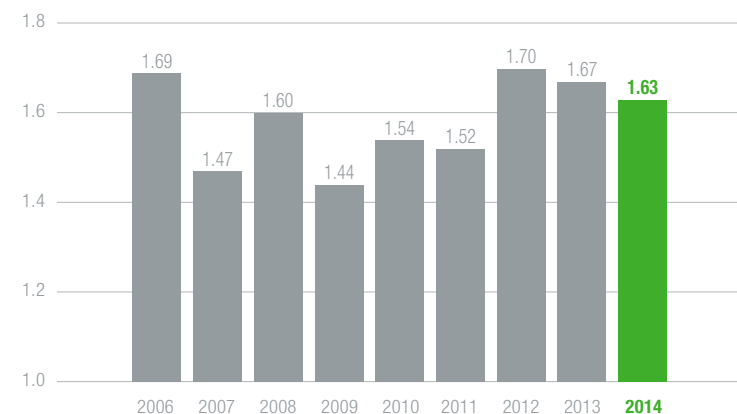
kg/ton of final product



## NITROGEN OXIDES

CMPC CONSOLIDATED

kg/ton of final product





CMPC Pulp is working on a project to reduce the solid waste from its 3 pulp mills in Chile. These wastes are sent to own landfills and represented a total of 162,409 tonnes in 2014.

## SOLID WASTE

The chart shows the tonnes of solid waste generated by CMPC's pulp and paper mills. In 2014 only 0.26% of the total was considered hazardous. Such a waste is subject to regulations established by the Decree N° 148 of 2003 by the Chilean Ministry of Health, stating that every factory has the obligation to declare, manage and carry out follow-up checks on the hazardous waste it generates.

The remaining 99.74% of the waste was considered as non-hazardous, 41.8% of which was recycled either as heating power for biomass boilers or for environmental purposes. Finally, 58.0% of the waste was taken to licensed landfills either owned by the

SOLID WASTE			
CMPC CONSOLIDATED	2013	2014	2014
	TONNES	TONNES	%
<u>Hazardous Solid Waste</u>			
Sold or recycled	338	255	} 0.26%
Sent to specialized dumps	1,263	1,046	
<u>Non-Hazardous Solid Waste</u>			
Sold or recycled	102,306	117,056	} 41.8%
Sludge used to produce steam	89,225	93,988	
Sent to own landfills	146,214	168,167	} 58.0%
Sent to third parties' landfills	113,833	124,822	
<b>TOTAL</b>	<b>453,178</b>	<b>505,335</b>	<b>100.0%</b>

company or by third parties, for the controlled disposal of it.

CMPC Pulp is working on a project to reduce the solid waste from its 3 pulp mills in Chile. These wastes are sent to own landfills and represented a total of 162,409 tonnes in 2014. The

aim of this project is reuse the solid waste in different categories, ranging from steam and power generation in biomass boilers, improvement of agricultural and forest lands, stabilizing material for roads, among others.



Area for controlled disposal of non-hazardous solid waste at the Pacifico pulp mill.

## HIGH VOLUME OF PAPER RECYCLING

In 2014, the consumption of recycled paper at CMPC's paper mills totalled 702 thousand tonnes, with a decrease of 3.4% on the 2013, due to a lower consumption of Tissue operations. This figure means that approximately 42% of CMPC's total paper production in Chile, Argentina, Peru, Uruguay, Mexico, Colombia and Brazil, was based on recycled fibres.

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

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

In Chile, Argentina, Peru, Mexico and Colombia, CMPC has organisations that specialise in recycling. These organisations carry out the recovery, sorting out, baling and delivery

## RECYCLED PAPER CONSUMPTION

IN THOUSANDS OF TONNES	2010	2011	2012	2013	2014
Mills in Chile	458	436	453	443	434
Mills in Argentina, Peru, Uruguay, Mexico, Colombia and Brazil	221	293	286	284	268
<b>TOTAL</b>	<b>679</b>	<b>729</b>	<b>739</b>	<b>727</b>	<b>702</b>

processes. After taking the used paper to the paper mills, this is turned into useful fibres, thus beginning a new lifecycle.

## THE ENVIRONMENTAL AND SOCIAL BENEFITS OF PAPER RECYCLING PROCESS

- ▶ Optimises the forest plantation cycle by using recycled instead of virgin fibres in papermaking.
- ▶ Saves up energy since the process of producing recycled fibres from used paper consumes less energy than using wood to obtain virgin fibres.
- ▶ It values both used paper and cardboard as raw material, consequently a market that fosters their collection through pricing is opened, preventing them from ending up in a landfill.
- ▶ Reduces the amount of waste in landfills. Methane gas emission from

waste decomposition is cut down.

- ▶ It is a source of paid work to collectors in the cities.
- ▶ Helps to keep the cities clean.

## ISO 14001 CERTIFICATION AT CMPC

The following subsidiaries have this certification:

- ▶ Forestal Mininco
- ▶ CMPC Pulp for its Laja, Santa Fe and Pacifico pulp mills in Chile
- ▶ Celulose Riograndense for its Guaíba pulp mill in Brazil
- ▶ Papeles Cordillera
- ▶ Cartulinas CMPC for its Maule and Valdivia boxboard mills
- ▶ Tissue Chile for its Talagante and Puente Alto mills
- ▶ Tissue Argentina
- ▶ Tissue Colombia for its Cali and Bogotá mills.
- ▶ Tissue Peru
- ▶ Tissue Ecuador



## CARBON CAPTURE ON CMPC'S FOREST PLANTATIONS

Current science recognizes the world's oceans, forests and agricultural land as "carbon sinks", due to their positive contribution to mitigating climate change by capturing the carbon dioxide generated by human activity.

Carbon capture on CMPC's pine and eucalyptus plantations in Chile amounted to 21.3 million tonnes from 2008-2014, measured according to the standing forest growth, reducing from this figure the annual timber harvest and the effect of forest fires, as these return carbon to the atmosphere. The annual average in the same period was 3.0 million tonnes of CO<sub>2</sub>, measured in the same way. These values are shown in the table above.

## CMPC'S CO<sub>2e</sub> EMISSIONS

The emissions corresponding to scopes {1+2} of the GHG Protocol were 1,954,371 tonnes of CO<sub>2e</sub> for all CMPC's operations in 2014, and the breakdown is outlined in the intermediate table. This figure can be compared favourably with the CO<sub>2</sub> capture on plantations in Chile, indicated above.

## CMPC'S ENVIRONMENTAL INVESTMENT

From 2004-2014, CMPC launched a large environmental investment programme, with an outlay of US\$ 668 million. Most of this went on biomass-based energy generation at the Santa Fe, Pacifico and Laja pulp mills, besides the biological treatment of liquid effluent and the reduction of air emissions at all the pulp and paper mills. Besides, the company is investing a total of US\$ 137 million in 3 natural gas-based CHP (co-generation) units located in 2 paper mills in Chile and one in Mexico, of which US\$ 65 million were invested in 2014. The goal is to produce the electricity and thermal energy demanded by the paper

## CO<sub>2</sub> CAPTURE IN THE CHILEAN CMPC PLANTATIONS

CO <sub>2</sub> TONNES	ACCUMULATED	ANNUAL AVERAGE
	2008-2014	2008-2014
Radiata Pine	14,677,058	2,096,723
Globulus Eucalyptus	1,610,875	230,125
Nitens Eucalyptus	5,061,854	723,122
<b>TOTAL</b>	<b>21,349,788</b>	<b>3,049,970</b>

## CO<sub>2e</sub> EMISSIONS

TONNES	CHILE	BRAZIL	6 LATIN AMERICAN COUNTRIES*	TOTAL
Scope 1	620,905	645,851	154,058	1,420,815
Scope 2	347,605	32,123	153,829	533,557
<b>TOTAL</b>	<b>968,510</b>	<b>677,974</b>	<b>307,886</b>	<b>1,954,371</b>

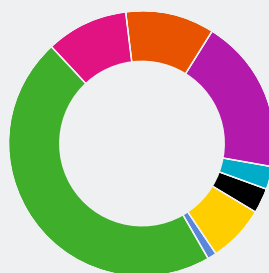
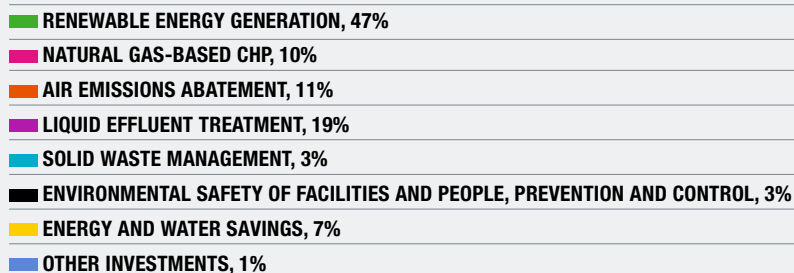
\* ARGENTINA, PERU, URUGUAY, COLOMBIA, MEXICO AND ECUADOR.

## CONSOLIDATED ENVIRONMENTAL INVESTMENTS

IN MILLIONS OF US DOLLARS	YEARS 2004-2014
Renewable energy generation	314.2
Natural gas-based CHP	65.0
Air emissions abatement	72.8
Liquid effluent treatment	124.9
Solid waste management	18.8
Environmental safety of facilities and people, prevention and control	17.3
Energy and water savings	49.1
Other investments	5.4
<b>TOTAL INVESTMENTS</b>	<b>667.7</b>

## YEARS 2004-2014

### CONSOLIDATED ENVIRONMENTAL INVESTMENTS



**US\$668  
MILLION**

mills. The steam will be condensed in the paper machines, enabling the co-generation process to reach an efficiency of around 75%.

## BIODIVERSITY IN THE CMPC'S FOREST LANDS

These forests have special conservation and protection plans, and are given priority in the fire prevention and protection systems implemented by CMPC.

CMPC has 160,000 hectares in Chile allocated for the protection and conservation of the biodiversity, which are an essential equity for its sustainable development:

- ▶ 66,000 hectares of native forest and vegetation.
- ▶ 94,000 hectares to protect basins, watercourses, flora and fauna, and areas of high environmental value.

This equity includes 11 high conservation value forests in Chile of 9,753 hectares in the Maule, Bío-Bío, La Araucanía and Aysén regions. Valuable species of native Valdivian forest, native Maulino forest, rui, pitao, araucaria, and also native fauna, like the huillín or southern river otter are conserved on them. These forests have special conservation and protection plans, and are given priority in the fire prevention and protection systems implemented by CMPC.



### RUCAMANQUI HIGH CONSERVATION VALUE FOREST

- ▶ **Protected species:** mainly oak, raulí (*Nothofagus nervosa*) and coigüe (*Nothofagus dombeyi*).
- ▶ **Surface area:** 4,910 hectares.
- ▶ **Location:** sections 3, 5 and 6 of the Rucamanqui estate in the upper basin of the Cholguán river, district of Tucapel, Bío-Bío region.
- ▶ **Grounds:** the sector forms part of the “Biological Corridor of the Nevados de Chillán – Laguna del Laja” priority conservation site, declared by the environmental authority.

### TRONGOL HIGH CONSERVATION VALUE FOREST

- ▶ **Protected species:** native araucaria (*Araucaria araucana*) forest, ciprés de la cordillera, parrilla de nahuelbuta (*Ribes integrifolium*), oak, raulí (*Nothofagus nervosa*) and coigüe (*Nothofagus dombeyi*).
- ▶ **Surface area:** 2,459 hectares.
- ▶ **Location:** Trongol estate, district of Curanilahue, Bío-Bío region.
- ▶ **Grounds:** this forest is part of the biological corridor which connects the “Quebrada de Caramávida” priority conservation site, declared by the environmental authority, to the Nahuelbuta National Park.

### LOS ALPES HIGH CONSERVATION VALUE FOREST

- ▶ **Protected species:** araucaria (*Araucaria araucana*), parrilla de nahuelbuta (*Ribes integrifolium*), and as native fauna the thicket degú (rat).
- ▶ **Surface area:** 872 hectares.
- ▶ **Location:** farms I and III of the Los Alpes estate, La Araucanía region.
- ▶ **Grounds:** this forest is part of the “Purén” priority conservation site, declared by the environmental authority, and is part of the biological corridor which connects the “Quebrada de Caramávida” priority conservation site to the Nahuelbuta National Park.



**HUALOS DE LOANCO  
HIGH CONSERVATION  
VALUE FOREST**

- ▶ **Protected species:** native Maulino forest with the presence of hualo or Maule oak (*Nothofagus glauca*), a species declared vulnerable, and fauna of the black woodpecker, a species declared in danger of extinction.
- ▶ **Surface area:** 702 hectares.
- ▶ **Location:** Proboste, San Pedro, Las Cañas II and IV estates, in the districts of Empedrado and Constitución, Maule region.
- ▶ **Grounds:** the sector forms part of the “Galumávida y Hualos de Loanco” priority conservation site, declared by the environmental authority.

**PIEDRA SANTA  
HIGH CONSERVATION  
VALUE FOREST**

- ▶ **Protected species:** an entire range of typical Valdivian rainforest flora, including the presence of the *Myrceugenia leptospermoides* (Macolla) threatened species and 26 species of ferns identified so far.
- ▶ **Surface area:** 225 hectares.
- ▶ **Location:** Piedra Santa estate, in the district of Purén, La Araucanía region.
- ▶ **Grounds:** the protected sector is adjacent to the Contulmo Natural Monument and represents a buffer area that maintains a biological richness similar to that State protected area. The sector forms part of the “Purén” priority conservation site, declared by the environmental authority.

**ALTO ESCUADRÓN  
HIGH CONSERVATION  
VALUE FOREST**

- ▶ **Protected species:** native Valdivian forest with species of ulmo (*Eucryphia cordifolia*), olivillo (*Aextoxicon punctatum*), lingue (*Persea lingue*) and winter's bark (*Drimys winteri*).
- ▶ **Surface area:** 196 hectares.
- ▶ **Location:** Escuadrón estate, specifically the ravine at the start of the Nahuelbuta mountain range, district of Coronel, Bío-Bío region.
- ▶ **Grounds:** the sector is part of the work developed by the Jorge Alessandri Park.



**LOS RUILES DE EMPEDRADO**  
**HIGH CONSERVATION**  
**VALUE FOREST**

► **Protected species:** native ruil (*Nothofagus alessandrii*) forest, a species of native flora endemic of Chile, declared in critical danger of extinction. It is ranked as the most endangered tree in the country regarding conservation.

► **Surface area:** 139 hectares

► **Location:** El Desprecio estate, district of Empedrado, Maule region.

► **Grounds:** the sector forms part of the “Bosques de Ruil y Hualo de Curepto” priority conservation site, declared by the environmental authority.

**VILLA LAS ARAUCARIAS**  
**HIGH CONSERVATION VALUE FOREST**

► **Protected species:** araucaria (*Araucaria araucana*) copses, a species of native flora endemic of Chile and Argentina, classified as vulnerable regarding conservation.

► **Surface area:** 125 hectares

► **Location:** Las Vacas, Magallanes and La Cabaña estates, in the districts of Lumaco and Carahue, La Araucanía region.

► **Grounds:** the araucaria stock in this area is genetically different from the stocks in the Nahuelbuta and Los Andes mountain ranges. This sector forms part of the “Villa Las Araucarias” priority conservation site, declared by the environmental authority.

**HUILLÍN**  
**HIGH CONSERVATION**  
**VALUE FOREST**

► **Protected species:** A Chilean mammal, the southern river otter (*Lontra provocax*), declared in danger of extinction.

► **Surface area:** 81 hectares

► **Location:** the protected area is about five kilometres on the Licancullín, San Francisco estates and others on the banks of the river Boldo or Queule and in the Mahuidanche wetlands, in the district of Toltén, La Araucanía region.

► **Grounds:** the sector forms part of the “Mahuidanche” priority conservation site, declared by the environmental authority.





**PITAO DE MAITENREHUE  
HIGH CONSERVATION  
VALUE FOREST**

- ▶ **Protected species:** native pitao (*Pitavia punctata*) forest, a species of native flora endemic of Chile, declared in critical danger of extinction.
- ▶ **Surface area:** 31 hectares
- ▶ **Location:** the pitao stock is on two sites of the Pitrufrquén and Los Barros estates, in the districts of Nacimiento, Bío-Bío region; and Angol, La Araucanía region.
- ▶ **Grounds:** this pitao stock has unique genetic features which differentiate it from other stocks located further north in Chile.

**ADESMIA  
HIGH CONSERVATION  
VALUE FOREST**

- ▶ **Protected species:** *Adesmia bijuga Phil.*, a Chilean vascular woody flora species, with shrub-like growth, declared in danger of extinction.
- ▶ **Surface area:** 14 hectares
- ▶ **Location:** San Pedro y Las Cañas I-II estates, in the districts of Constitución and Empedrado, Maule region.
- ▶ **Grounds:** the area has importance from a scientific point of view, due to the endemic nature, restricted space distribution and vulnerable habitat of the species at risk of extinction.

**BARBANEGRA  
NATURAL RESERVE IN BRAZIL**

- ▶ It is a protected area of 2,400 hectares, declared as a Natural Heritage, located in the municipality of Barra do Ribeiro which was officially given to the community in March 2010. With this initiative, CMPC Celulose Riograndense became a pioneer in the State, because although other private natural reserves exist, they are not as extensive and well preserved as this. The Barbanegra reserve is located on an Atlantic peninsula formed by a salt marsh and dunes, preserving endemic flora and fauna.

# GRI INDEX

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G4-2	Description of key impacts, risks and opportunities	Chairman's letter 3-5
		Trends driving the sustainable development of CMPC's businesses 14-15
		CMPC's objectives for 2014 - 2016 19-21
<b>ORGANIZATIONAL PROFILE</b>		
G4-3	Name of the organization	Empresas CMPC S.A.
G4-4	Primary brands, products and services	Regional brands in tissue and sanitary products: ELITE, BABYSEC, LADYSOFT, COTIDIAN and SELEX in plywood panels. 6, 11
G4-5	Headquarters' location	Santiago de Chile
G4-6	Countries where the company operates	International presence of CMPC 12-13
G4-7	Nature of ownership and legal form	Company's profile 6, 9
G4-8	Markets served	Sales in over 45 countries and 30,000 clients approximately 6
G4-9	Scale of the organization	CMPC in figures & its international presence 7, 12, 13
G4-10	Breakdown of personnel	By business division, country and type of employment 35, 39
G4-11	Percentage of employees covered by collective bargaining agreements	41
G4-12	Description of supply chain	CMPC's value chain 16, 17
G4-13	Significant changes	There were no significant changes during the reporting period
G4-14	Addressing the precautionary principle	In people, society and environment 42, 51, 63, 65
G4-15	External charters, principles and initiatives endorsed	CMPC endorses the principles sustained by the World Business Council for Sustainable Development
G4-16	Memberships in associations	CMPC is a member of the World Business Council for Sustainable Development. Specifically, it integrates the Forest Solutions Group, which brings together 22 companies.
<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>		
G4-17	Report coverage of the entities included in the consolidated financial statements	This report includes all the entities 12, 13
G4-18	Process for defining the report content and the aspect boundaries	This report was structured accordingly to the value chain presented on pages 16-17, which contains the fundamentals of the CMPC's business model. The relationship with its workers, local communities and the environment were the core of its social and environmental agenda in 2014. 16, 17
G4-19	Material aspects identified	CMPC's value chain 16-17
G4-20	Aspect boundary within the organisation	CMPC's value chain 16-17
G4-21	Aspect boundary outside the organisation	CMPC's value chain 16-17
G4-22	Effect of restating information provided in previous reports	Improvements have been made in the way that some indicators were measured, which produced minor changes in some figures reported in previous years.
G4-23	Changes in scope and aspect boundaries	There were no significant changes from previous report
<b>STAKEHOLDER ENGAGEMENT</b>		
G4-24	List of stakeholders groups	Dialogue with stakeholders 24-25

INDICATOR		REPORTED IN	PAGE
G4-25	Basis for identification and selection of stakeholders	Dialogue with stakeholders	24-25
G4-26	Approach to stakeholder engagement	Dialogue with stakeholders	24-25
G4-27	Report key topics and concerns raised	315 water catchments for the local communities	16
		Relationship with suppliers and contractors	29
		The CMPC Foundation	46-49
		Good neighbourhood actions	51-57
		Respecting and supporting the Mapuche culture	58-61
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G4-28	Reporting period	Calendar year 2014	
G4-29	Date of most recent previous report	Year 2013	
G4-30	Reporting cycle	Annual	
G4-31	Contact point for questions	We value your opinion	88
G4-32	'In accordance' option chosen	This report has been structured following the GRI guidelines and its content provides a complete overview of CMPC progress on economic, social and environmental matters.	
G4-33	External assurance for the report	No external assurance was provided	
<b>GOVERNANCE</b>			
G4-34	Governance structure of the organization	Profile of the Company - Corporate governance	6-9
G4-35	The process for delegating authority for sustainability matters	Sustainable development in corporate governance	10
G4-36	Executive-level responsibility on sustainability matters	Sustainable development in corporate governance	10
G4-37	Process for consultation between stakeholders and the Board of directors	Corporate governance	9
G4-38	Composition of the Board and its committees	Corporate governance - two of the seven members of the Board of directors, have been appointed by independent shareholders.	9
G4-39	Chairman of the Board	The Chairman of the Board is not an executive officer of CMPC	
G4-40	Selection processes for the Board and its committees	Corporate governance	9
G4-41	Processes for the Board to ensure that conflicts of interest are avoided and managed	Profile of the Company - Corporate governance	6-9
		A committee of 3 directors, two of them independent of the controller, revises and pronounces on operations with related parties, examines the financial statements and the reports issued by external auditors.	
G4-42	Board's and senior executives' roles in setting mission, values, strategies, policies and goals	Mission and values - Corporate governance - Sustainability governance - Business divisions	6, 9, 10, 11
G4-43	Board's knowledge of sustainability topics	The Board is advised on a case by case basis in all sustainability matters	
G4-47	Frequency of the Board's review of sustainability matters, risks and opportunities	The Board meets on a monthly basis to review all those matters	9, 10
G4-48	Position that formally approves the sustainability report	The Managers' committee reviews and approves the contents and materiality of the report	10

INDICATOR		REPORTED IN	PAGE
<b>ETHICS AND INTEGRITY</b>			
G4-56	Values, principles and norms of behaviour	Mission, values and ethics in business	6
		The CMPC's code of conduct	36-37
G4-58	Mechanisms for reporting concerns about unethical or unlawful behavior	Confidential whistleblowing channel	37
<b>ECONOMIC DIMENSION</b>			
<b>ECONOMIC PERFORMANCE</b>			
G4-EC1	Direct economic value generated and distributed	Economic performance	27
G4-EC2	Risks and opportunities due to climate change	In the environment	15
G4-EC3	Coverage of the organization's defined benefit plan obligations	CMPC complies with the system of social security obligations in all the countries in which it operates.	
G4-EC4	Financial assistance received from government	Not significant financial assistance was received from governments.	28
<b>MARKET PRESENCE</b>			
G4-EC5	Entry level wage by gender compared to local minimum wage	Not reported	
G4-EC6	Local hiring and resident managers	Local residency of senior management of the operations	40
		Generating jobs for the surrounding communities	52
<b>INDIRECT ECONOMIC IMPACT</b>			
G4-EC7	Infrastructure investments and services supported	Contribution to public infrastructure	28
		The Jorge Alessandri Park	49
G4-EC8	Significant indirect economic impacts	Local contractors in the supply chain	29
		Generation of forestry enterprises	30-31
		Generating jobs for the surrounding communities	52
		Programmes to support ventures - fruit orchards - training courses	53-56
<b>PROCUREMENT PRACTICES</b>			
G4-EC9	Proportion of spending on local suppliers	Procurement of goods and services from local suppliers	29
<b>ENVIRONMENTAL DIMENSION</b>			
<b>MATERIALS</b>			
G4-EN1	Materials used	Timber coming from renewable plantations	16-17, 66
		Recycled paper consumption	74
G4-EN2	Percentage of materials used that are recycled input materials	Recycled paper consumption	74
<b>ENERGY</b>			
G4-EN3	Energy consumption within the organization	Sustainable use of energy	68
G4-EN4	Energy consumption outside the organization	Not reported	
G4-EN5	Energy intensity	22.09 GJ (Gigajoule) per metric ton of production in 2014, of which 73.9% came from biomass.	

INDICATOR		REPORTED IN	PAGE
G4-EN6	Reduction of energy consumption	The energy coming from purchased electricity & fossil fuels was reduced from 26.9% of total energy consumption in 2013 to 26.1% in 2014, which is equivalent to 385 TJ (Terajoule).	68
<b>WATER</b>			
G4-EN8	Total water withdrawal	169,736,085 m <sup>3</sup> - 95.2% was surface water and 4.8% ground water.	70
G4-EN9	Water sources significantly affected	CMPC's water intake did not affect the water sources.	
G4-EN10	Water recycled and reused	41,432,578 m <sup>3</sup> - 24.4% of total water withdrawal in 2014	
<b>BIODIVERSITY</b>			
G4-EN11	Operational sites in or adjacent to protected areas or high biodiversity value areas	CMPC doesn't carry operations in or adjacent to such kind of areas	
		CMPC's forestry resources in Chile and Brazil	66
		Biodiversity in CMPC's forest lands	76-79
G4-EN12	Impacts on biodiversity in protected areas or HBV areas	CMPC's role in the protection and conservation of biodiversity	76
G4-EN13	Habitats protected or restored	Restoration with Chilean native forests	66-67
		High conservation value forests (HCVF)	76-79
G4-EN14	Species whose conservation is threatened	In the CMPC's forest lands there are 5 species of native flora declared in danger of extinction and another two declared as vulnerable, which are protected. There are also two species of native fauna declared in danger of extinction and one species declared as vulnerable.	76-79
<b>EMISSIONS</b>			
G4-EN15	Direct GHG emissions (Scope 1)	Scope 1 of GHG emissions	75
G4-EN16	Energy indirect GHG emissions (Scope 2)	Scope 2 of GHG emissions	75
G4-EN17	Other indirect GHG emissions (Scope 3)	Not reported	
G4-EN18	GHG emissions intensity	Scopes (1+2) equal to 473 kg CO <sub>2e</sub> per metric ton of production	
G4-EN19	Reduction of GHG emissions	From 2,084,945 metric tons of CO <sub>2e</sub> in 2013 to 1,954,371 in 2014, due to increasing energy generation from biomass-based CHP plants.	
G4-EN20	Emissions of ozone-depleting substances (ODS)	CMPC does not emit gases that might affect the ozone layer.	
G4-EN21	NO <sub>x</sub> , SO <sub>2</sub> and other significant air emissions	Air emissions	72
<b>EFFLUENTS AND WASTE</b>			
G4-EN22	Total water discharge by quality and destination	154,175,523 m <sup>3</sup> were returned to watercourses after biological treatment	70-71
G4-EN23	Total weight of waste by type and disposal method	Solid waste	73
G4-EN24	Total number and volume of significant spills	No significant spills were recorded	
G4-EN25	Hazardous waste under the terms of the Basel Convention	Hazardous solid waste	73
G4-EN26	Water bodies and related habitats significantly affected	Nor water bodies nor its related habitats were affected	

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<b>PRODUCTS AND SERVICES</b>			
G4-EN27	Mitigation of environmental impacts of products and services	CMPC's objectives for 2014-2016	19-21
		The 5 pillars of CMPC's environmental agenda	65
		Restoration of 8,738 hectares with Chilean native forest	66-67
		Energy generated with renewable biomass	68
		Sustainable use of water	70
		High volume of paper recycling	74
G4-EN28	% of products sold & packaging materials reclaimed	Not reported	
<b>COMPLIANCE</b>			
G4-EN29	Sanctions and fines of an environmental nature	No significant sanctions and fines were recorded	
<b>TRANSPORT</b>			
G4-EN30	Environmental impacts from transport activities	Not reported	
<b>OVERALL</b>			
G4-EN31	Environmental protection expenditures & investments	CMPC's environmental investments by type	75
<b>SOCIAL DIMENSION</b>			
<b>LABOR PRACTICES AND DECENT WORK</b>			
<b>EMPLOYMENT</b>			
G4-LA3	Return to work and retention rates after parental leave	CMPC doesn't condition the return to work after parental leave.	
G4-LA4	Minimum notice periods regarding operational changes	The notice period exceeds 3 months on average and includes relocation of qualified employees, severance pay and outplacement support.	
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
G4-LA5	% of total workforce represented in formal joint management-worker health and safety committees	Risk prevention policy	42
G4-LA6	Rates of injury, occupational diseases, lost days, absenteeism and work-related fatalities	Occupational health and safety statistics for 2014	43
G4-LA7	Workers with high incidence or high risk of diseases	Sawmills, pulp & paper mills provide healthy and safe workplaces.	42
G4-LA8	Health and safety topics covered in formal agreements with unions	Risk prevention policy	42
<b>TRAINING AND EDUCATION</b>			
G4-LA9	Average hours of training per employee by gender & category	Data by employee category provide an average of 15.3 hours per employee in 2014. Data were not broken down by gender.	39
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
G4-LA12	Breakdown of personnel by gender and age	Personnel by gender and age	35
G4-LA13	Wage distinctions by gender	CMPC does not make wage distinctions based on gender	

<b>INDICATOR</b>	<b>REPORTED IN</b>	<b>PAGE</b>	
<b>HUMAN RIGHTS</b>			
<b>INVESTMENT</b>			
G4-HR1	Number and percentage of investment agreements and contracts that include human rights clauses	CMPC extends its obligations in this matter to its suppliers. Nevertheless, no measurements were made.	29
G4-HR2	Hours of employee training on human rights policies or procedures, including % of employees trained	CMPC forbids any type of discrimination and conduct contrary to human rights. Nevertheless, there were no courses on human rights in 2014.	36-37
<b>NON-DISCRIMINATION</b>			
G4-HR3	Total number of incidents of discrimination	No incident of discrimination was recorded in 2014	
<b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b>			
G4-HR4	Operations and suppliers in which the freedom of association and collective bargaining could be at risk	That situation was not registered in own operations nor in the supply chain	29, 41
<b>CHILD LABOR AND FORCED LABOR</b>			
G4-HR5	Operations and suppliers having risk for incidents of child labor	CMPC rejects any practice related to child work. This situation was not registered in own operations nor in the supply chain	6, 29, 41
G4-HR6	Operations and suppliers having risk for incidents of forced or compulsory labor	CMPC rejects any practice related to forced labor. This situation was not registered in own operations nor in the supply chain	6, 29, 41
<b>SECURITY PRACTICES</b>			
G4-HR7	Percentage of security personnel trained in the organization's human rights policies or procedures	CMPC extends its obligations in this matter to the security personnel. Nevertheless, no measurements were made.	
<b>INDIGENOUS RIGHTS</b>			
G4-HR8	Incidents of violations involving rights of indigenous peoples	No incident was recorded in 2014. CMPC has in place a program to respect and support the Mapuche culture.	58-61
<b>SOCIETY</b>			
<b>LOCAL COMMUNITIES</b>			
G4-S01	Percentage of operations with implemented local community engagement, impact assessments and development programs	100% of CMPC's operations and sites are developing good neighbourhood actions, focused on support the economic, social and cultural development of its neighbouring communities.	50-63
<b>ANTI-CORRUPTION</b>			
G4-S03	Number and percentage of operations assessed for risks related to corruption	CMPC has in place a prevention model on bribery, money laundering and corruption acts, and its operations have been assessed on such risks.	37
G4-S04	Communication and training on anti-corruption policies and procedures	CMPC is carrying out an interannual program for training its employees on the issues covered by the prevention model.	37
G4-S05	Confirmed incidents of corruption	No incident of corruption was recorded in 2014	
<b>COMPLIANCE</b>			
G4-S08	Monetary value of fines and number of non-monetary sanctions	Sanctions and fines	28
<b>PRODUCT RESPONSIBILITY</b>			
<b>CUSTOMER HEALTH AND SAFETY</b>			
G4-PR1	% of products for which health and safety impacts are assessed for improvement	Tissue paper products, diapers, sanitary towels, boxboard and paper bags are constantly assessed on its health and safety impacts.	33
G4-PR2	Incidents due to non-compliance of PR1	None took place	

<b>INDICATOR</b>	<b>REPORTED IN</b>	<b>PAGE</b>	
<b>PRODUCT AND SERVICE LABELING</b>			
G4-PR3	Information requirements on products and its labeling	CMPC develops a complete labelling of its products, and informs its clients on technical specifications, including composition, raw materials, physical values in tests applied, quality standards and accredited health and safety certifications.	33
G4-PR4	Incidents due to non-compliance of PR3	None took place	
G4-PR5	Results of customer satisfaction surveys	The CMPC Tissue business division carries out periodic customer satisfaction surveys, because its products are destined to massive consumption.	33
<b>MARKETING COMMUNICATION</b>			
G4-PR6	Sale of banned or disputed products	None took place	
G4-PR7	Incidents due to non-compliance concerning marketing communications standards, including advertising, promotion and sponsorship	None took place. CMPC adheres to the principles of the National Association of Advertisers of Chile, related to freedom of speech in commerce, self-regulation and ethics in advertising.	33
<b>CUSTOMER PRIVACY</b>			
G4-PR8	Complaints regarding breaches of customer privacy	None took place	
<b>COMPLIANCE</b>			
G4-PR9	Fines related to the provision and use of products	None was reported	



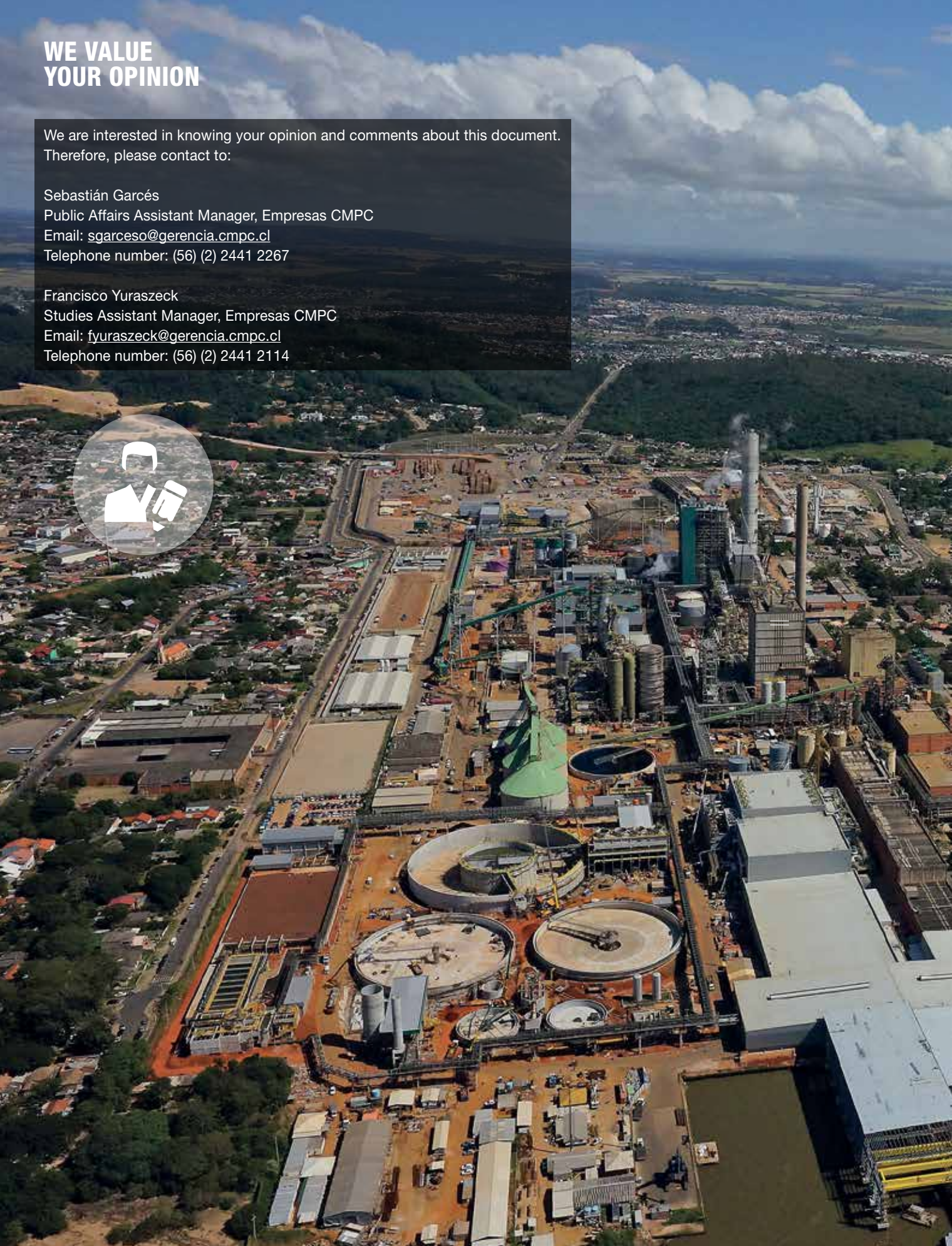


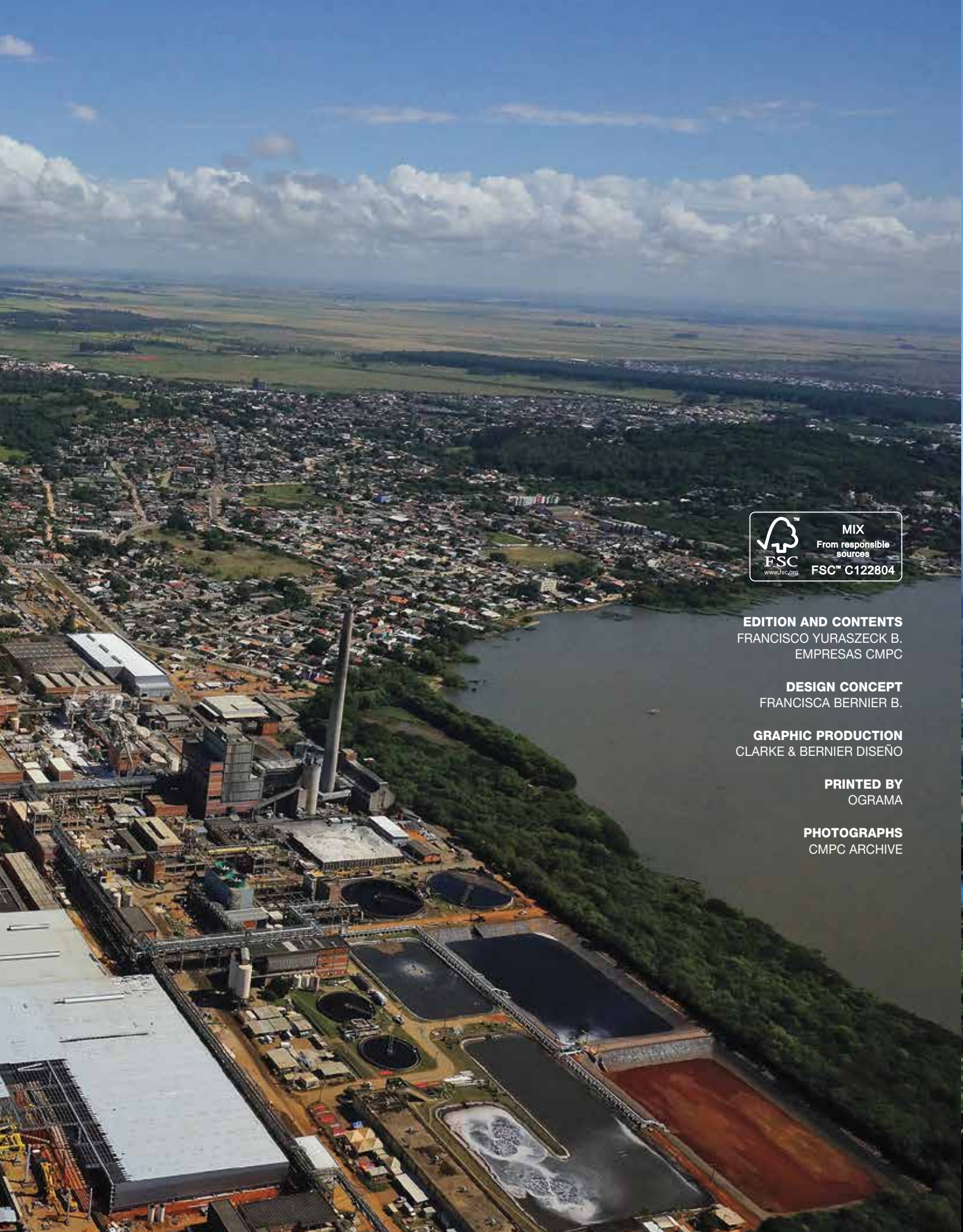
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Therefore, please contact to:

Sebastián Garcés  
Public Affairs Assistant Manager, Empresas CMPC  
Email: [sgarceso@gerencia.cmpc.cl](mailto:sgarceso@gerencia.cmpc.cl)  
Telephone number: (56) (2) 2441 2267

Francisco Yuraszeck  
Studies Assistant Manager, Empresas CMPC  
Email: [fyuraszeck@gerencia.cmpc.cl](mailto:fyuraszeck@gerencia.cmpc.cl)  
Telephone number: (56) (2) 2441 2114





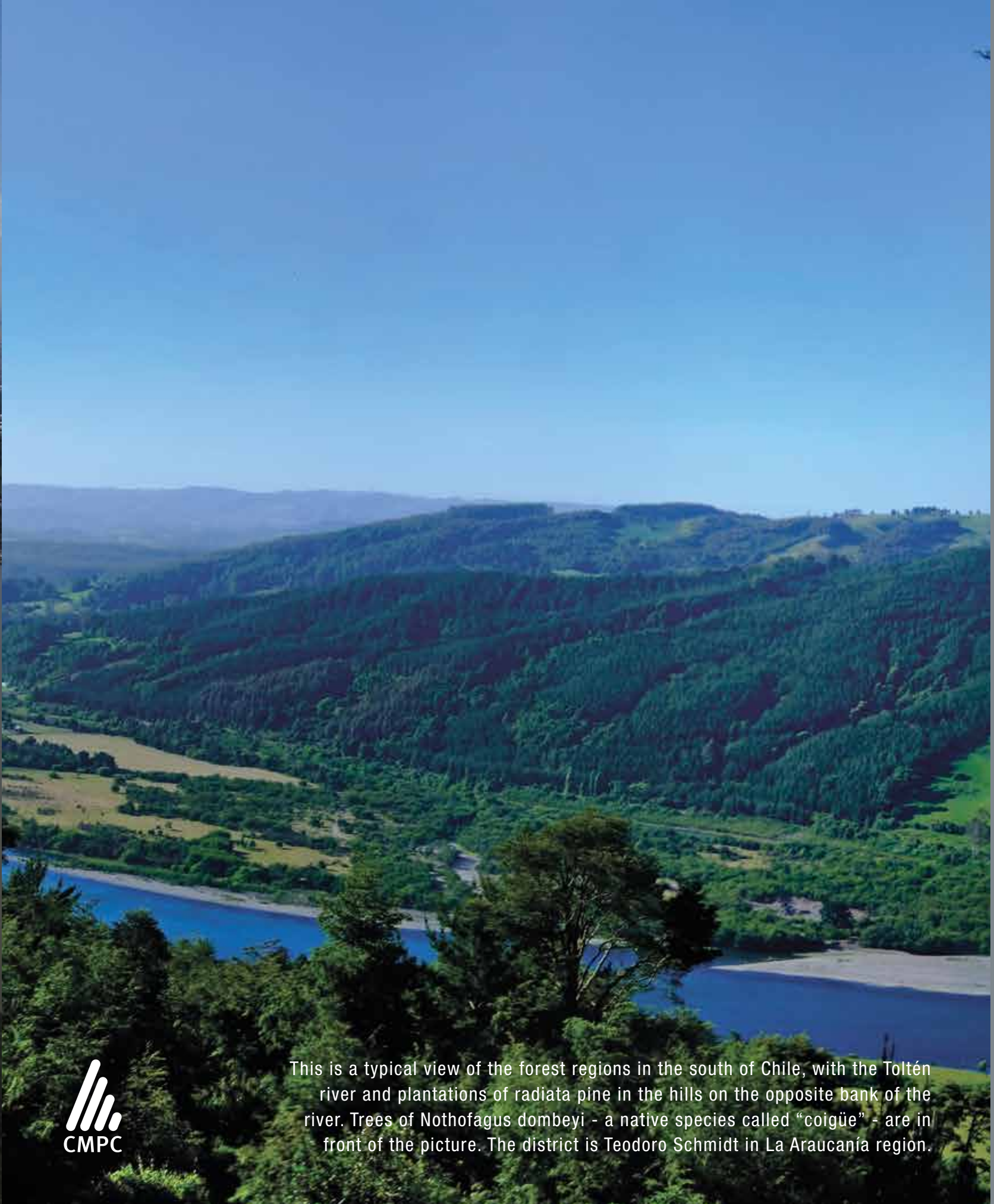
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FRANCISCO YURASZECK B.  
EMPRESAS CMPC

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CLARKE & BERNIER DISEÑO

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This is a typical view of the forest regions in the south of Chile, with the Toltén river and plantations of radiata pine in the hills on the opposite bank of the river. Trees of *Nothofagus dombeyi* - a native species called “coigüe” - are in front of the picture. The district is Teodoro Schmidt in La Araucanía region.