



WE ARE

THE FIBER

OF THE FUTURE

INTEGRATED
REPORT
2019

cm³pc 

[102-1; 102-3; 102-5]

Name: Empresas CMPC S.A.

RUT [Chilean Tax ID Number]: 90.222.000-3.

Company headquarters: 1343 Agustinas St, Santiago, Chile

Telephone: +56 2 2441 2000

Corporate website: www.cmpc.com

Incorporation: A publicly traded corporation controlled by the Matte Group which holds a 55.83% stake. It was incorporated on February 5th, 1920 before the Santiago Notary Public Manuel Gaete Fagalde with Decree N° 589 as *Compañía Manufacturera de Papeles y Cartones*.



INTEGRATED REPORT 2019

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[102-53]

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Because our first 100 years are just the beginning

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SETTING SUSTAINABILITY GOALS

CMPC publicly committed to specific corporate sustainability goals. For more information, go to sections 2.3, 4.5, 4.7 and 4.8.



COMMITMENT TO INDIGENOUS PEOPLES

CMPC continuously works with the indigenous communities in proximity to its operations. For more information on the main such programs and projects, go to section 3.3.



GREEN FINANCING

In 2019, CMPC issued its third green bond in the Chilean market and obtained a green loan from Japanese banks. For further information on green financing, refer to section 7.2.

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1.1

LETTER FROM THE CHAIRMAN OF THE BOARD

Dear Shareholders,

It is my great pleasure to share with you the Empresas CMPC Integrated Report, containing the Annual Report, Balance Sheet and Financial Statements for the year 2019, as well as the Sustainability Report prepared in accordance with the guidelines of the Global Reporting Initiative (GRI) and the International Integrated Reporting Council (IIRC).

This Integrated Report also serves as a Communication on Progress (CoP) report for the United Nations Global Compact, a network to which the company belongs since March 2018.

[102-14]

This document is a true reflection of the accomplishments, challenges and difficulties that marked this past year, certainly including the negative impact on our results of lower world pulp prices produced by a combination of factors such as higher inventory levels, slowing Chinese demand and the trade conflict between China and the US, among other factors.

Nevertheless, 2019 will not be remembered for the economic challenges it presented, but for the visibility gained by social movements in a number of countries around the world, including, of course, the events that took place in Chile starting in October and led to a number of news announcements and regulatory modifications by the government, culminating in the decision to organize a referendum on whether or not to rewrite the constitution of the country.

Chairman of the Board and Chief Executive Officer of Empresas CMPC, greeting of fire fighters.

Chilean society has had the opportunity to engage in the discussion of and voice demands related to issues that are still lacking in the country's development. We, too, at CMPC, encouraged this dialogue through a series of discussion groups which resulted in concrete initiatives to support company workers and contractors.

However, the positive aspects of giving visibility and addressing legitimate concerns by the Chilean society have been overshadowed by violence of unseen proportions, which

caused visible destruction in many cities across the country and strongly impacted economic activity and the availability of quality employment.

We expressed this a number of times in connection with attacks on our operations in the south of the country and we would like to reiterate it now: violence does solve anything, it just breeds more violence. It is only through dialogue and peaceful coexistence that we can continue to make progress on the road towards development and better quality of life for all.

In 2019, we enhanced our community engagement by creating new opportunities for employment, business ventures and development for communities neighboring not only our industrial, but also our forestry operations. Unfortunately, there are violent groups that oppose themselves to this mutually beneficial coexistence and end up harming the interests of the very communities they claim to represent.

We trust in the full recovery of public order and our political leaders' vested interest in returning our country onto a path of growth under the reign of law and understanding.

Commercially speaking, as I already mentioned, our company has been impacted by low pulp prices, partly offset by very satisfactory annual sales volumes. We were also affected by slower growth rates of the main global markets and fluctuations in the exchange rates of a number of currencies. As a result, Net Income in 2019 totaled USD 84.4 million, much lower than the USD 502.3 million of the previous year, and EBITDA amounted to USD 1,169 million.

I would like to take this opportunity to point out that we managed to increase our commercial presence in important markets such as the US, China and Europe, where we formed a strategic partnership with the German GUSCO Handel G. Schürfeld + Co. GmbH group to create CMPC Europe GmbH & Co. KG for the marketing of our pulp, solid wood and box-board products.

One of the most important milestones for the company in 2019 was the consolidation of our tissue and personal care products business Softys as the biggest producer in Brazil after the acquisition of SEPAC, created 45 years ago in the state of Parana and recognized both for its excellent industrial facilities and its prestigious brand portfolio. To this was also added the purchase of Papelera Panamericana in Peru, while in Argentina was completed the USD 130 million Zarate expansion project, adding 60,000 tons of tissue paper production capacity.

Biopackaging, on the other hand, introduced a number of improvements in its production processes and added new

business lines, such as retail paper bags for the Chilean market with production facilities in Chillan. These changes were reinforced by a new corporate structure, which merged some subsidiaries in order to improve efficiency and better meet the growing demand for sustainable packaging solutions made from natural fibers.

On the other hand, the level of significance that our Brazilian operations have gained received a recognition by the Valor 100 annual handbook which named CMPC the best pulp and paper company in Brazil. We even added new plantations to our forest assets there. I would like to especially highlight the volumes of production and sales of our pulp and solid wood mills, as well as the positive results reported in terms of occupational safety.

None of this would be sustainable in the long run without the efficient use of resources and protection of the environment. This is why, last year, we also made public our environmental goals to reduce emissions and the industrial use of water in our operations, increase the conservation of native forests, and transition to being a zero waste to landfill company.

CMPC has thus positioned itself among the world leaders in social and environmental matters. As such, we participated in the elaboration of the Forest Sector SDG Roadmap by the World Business Council for Sustainable Development (WBCSD), which was presented before the United Nations by our CEO. Additionally, 2019 marks the fifth consecutive year for CMPC to be included in the Dow Jones Sustainability Index (DJSI) Chile. This past year, we also made it into the Emerging Markets index of the Dow Jones Sustainability Indexes suite for the first time. Furthermore, the global organization CDP

"ENVIRONMENTAL GOALS TO REDUCE EMISSIONS AND THE INDUSTRIAL USE OF WATER IN OUR OPERATIONS, INCREASE THE CONSERVATION OF NATIVE FORESTS, AND TRANSITION TO BEING A ZERO WASTE TO LANDFILL COMPANY. "

granted CMPC the highest possible score, A, inviting us to its prestigious Water Security A List.

CMPC environmental protection efforts were not left unnoticed by investors, either, as was obvious in our third issuance of a green bond, this time in the local securities market, in addition to successfully securing the first syndicated green loan entirely by Japanese banks to be obtained by a Chilean company. I would also like to mention our issuance of a USD 500 million bond in the US market in the early days of 2020 at a record rate, an unequivocal confirmation of our financial stability and the trust international investors place in Chile and in CMPC.

As is well known, CMPC's commitment to the community manifests itself especially in the work that the CMPC Foundation has been doing for almost 20 years now, focusing on early childhood education. In 2019, it continued the expansion of the implementation of the HIPPIY program, designed to stimulate the development of preschoolers in their homes. In Brazil, social and education projects are in the hands of the CMPC Institute.

Our commitment to education and the development of communities neighboring our operations inspired us in 2019 to form a partnership with the DUOC UC University to build the first DUOC UC – CMPC campus in Nacimiento to offer a unique opportunity to young people from the region, as well as extension programs and a center for the support of local entrepreneurs.

Another noteworthy example of a strategic partnership, this time in support of innovation, was the one signed with the University of Concepcion. Further innovation efforts included the development of a digitalization strategy, spearheaded by the corporate department created exactly for the purpose of fostering innovation.

Core values, sustainability, innovation, continuous improvement, development, engagement are some of the concepts that keep CMPC moving forward and have allowed us to achieve our first 100 years of history. We know that these same pillars can serve as the foundation to build our next century by dedicating our efforts to meeting the growing demand for natural, renewable and certified products that contribute to preserving the environment.

The Board that I have the honor of chairing has been working on the CMPC business development strategy for the following years based on this purpose as well as seeking to always remain competitive in the markets where we operate and position ourselves as a company that adds value and promotes growth that is shared with the community, clients, consumers,

workers, contractors, shareholders, and investors.

Big companies play a fundamental role in the economy by creating an entire ecosystem around themselves with opportunities for suppliers of various sizes. This role should be encouraged, valued and safeguarded by legal regulations, acknowledging its contribution to solving the problems and satisfying the needs of the public.

Our contribution to Chilean society have been our 100 years of experience, allowing us to actively participate in addressing challenges, surpassing difficulties and creating open spaces for dialogue and cooperation in order to achieve the development and living standards which we all deserve.

Although this report is of fiscal year 2019, I cannot end this letter without mentioning the current critical global situation resulting from the COVID-19 pandemic declared by the World Health Organization (WHO). All our efforts as a company in all the countries where we operate have been focused on taking care of our direct and indirect employees, while at the same time maintaining operational continuity to ensure the provision of our products which are considered of essential nature.

Nonetheless, we are well aware of the enormous impact this pandemic will have on the world economy. Despite being well prepared for this situation, both financially and operationally, we know that a lot of effort and commitment will be required throughout.

In its 100 years of history CMPC has faced many difficult moments, locally and internationally. Now is the time to put that experience to the service of our employees, clients, consumers, communities and shareholders. Only in unity can we move forward.

Thank you very much.

Luis Felipe Gazitúa A.
Chairman of the Board of CMPC



1.2 OUR FIRST 100 YEARS OF HISTORY

1920: CMPC is founded in Chile to produce paper and cardboard from wheat straw.

1938: Newsprint production starts in Chile.

1940: Acquisition of the *Fundo Pinares* property and first Radiata pine plantations in the Biobio region of Chile.

1951: Ramp-up of paper mill in the city of Valdivia in southern Chile, initially producing newsprint and kraft paper.

1957: Inauguration of the Biobio newsprint production facility in San Pedro de la Paz in the Biobio region of Chile.

1959: Start-up of the Laja mill, the first pulp production facility in Chile, Biobio region.

1960: CMPC exports first Chilean pulp to clients in South America.

1970: Annual production increases to 220 thousand tons of pulp and 150 thousand tons of paper. Exports almost reach USD 30 million.

1972: A modern plant for multi-wall paper sacks starts operating in Chillan (Propa), Chile, with an annual production capacity of 90 million sacks.

1977: A large-scale fire in the municipality of Puente Alto, Chile, destroys industrial facilities for the production of corrugated boxes, printing paper, sacks and multi-wall paper bags.

1978: Despite events from the previous year, 1978 closes with 218,534 tons of paper products sold compared to 198,556 tons in the previous period.

1983: CMPC enters the diaper market by founding the personal care products subsidiary *Prosan*.

1990: Launch of the eucalyptus plantation program in Chile.

1991: Acquisition of the Argentine diaper producer *Química Estrella San Luis S.A.*, the company's first investment outside of Chile.

1992: The *Celulosa del Pacifico* pulp mill is inaugurated. This USD 517 million greenfield project is a joint venture with Simpson Paper.

1994: Acquisition of the tissue paper companies IPUSA and FABI in Uruguay and Argentina respectively.

1995: Restructuring of CMPC as a holding company with five business divisions. The purchase of 20% of the *Santa Fe* pulp mill in the Biobio region of Chile.

1996: Manufacturing of tissue products begins in Peru.

1998: Buyout of 100% of Simpson Paper's shares in the *Celulosa del Pacifico* and *Santa Fe* mills, Chile.

1999: Second paper manufacturing line is installed in Argentina. CMPC becomes one of the leading tissue producers in Latin America.

2000: The CMPC Foundation is created.

2003: Acquisition of *Forestal Monte Aguila* in Chile.

2004: PEFC™ CERTFOR certification granted to eucalyptus and pine plantations in Chile.

2006: Acquisition of the tissue and diaper producer *Absormex*, gaining entry into the Mexican market.

2007: Entry into the Colombian market with the purchase of *Drypers Andina*, specialists in the production and distribution of baby diapers.

2009: Purchase of *Melhoramentos Papéis*, a manufacturer of tissue paper products with factories in Sao Paulo, Brazil.

2009: Acquisition of *Aracruz Celulose's Guaiba* mill in the state of Rio Grande do Sul, Brazil.

2012: All of the company's forest plantations in Chile and Brazil receive an FSC® certification.

2013: Construction of the Guaiba II pulp line begins in the state of Rio Grande do Sul, Brazil.

2014: The corrugated boxes business in Chile is reorganized by merging the *Envases Impresos* and *Envases Roble Alto* subsidiaries.

2014: CMPC is included in the Dow Jones Sustainability Index (DJSI) for the first time.

2015: Ramp-up of the second pulp production line at Guaiba, Brazil.

2015: The first natural gas based cogeneration plant is launched at the Altamira production facility in Tamaulipas, Mexico.

2016: Merger of the Pulp and Forestry business areas. Eliodoro Matte steps down as Chairman of the Board.

2017: A modern Softys tissue production facility is inaugurated in the town of Cañete, Peru.

2017: First Green Bond issuance.

2017: CMPC receives its first Gold level seal for Energy Efficiency by the Chilean Ministry of Energy for the Laja, Pacifico and Santa Fe pulp mills.

2018: Softys investment plan for growth in the Argentine, Brazilian and Mexican markets is put in motion.



We are **100** YEARS

BECAUSE OUR PRODUCTS ARE ENVIRONMENTALLY FRIENDLY

[JULY PANUERA GALINDO]
TECHNICAL OPERATOR, SOFTYS LIMA



BECAUSE THESE 100 YEARS ARE JUST THE BEGINNING

1.3 2019 MILESTONES A YEAR OF CHALLENGES

Softys is growing

January saw the creation of Softys, a CMPC subsidiary which merges, consolidates and gives a new name to the business area for tissue, personal care and away-from-home products. This is part of the business' expansion plan, which started materializing in April with the purchase of the Peruvian company *Papelera Panamericana e Activar* with operations in the Arequipa region of the country, followed by the acquisition of 100% of the ownership in *Serrados e Pasta e Celulose Ltda.* ("Sepac") in Brazil in October.



Creation of CMPC Biopackaging

In June, the subsidiaries dedicated to sustainable packaging solutions were reorganized and restructured, giving birth to CMPC Biopackaging with four business units: Corrugated, Sack Kraft, Boxboard and *Edipac*. This merger aims to consolidate this area's operations in order to benefit from the synergies between different production stages.

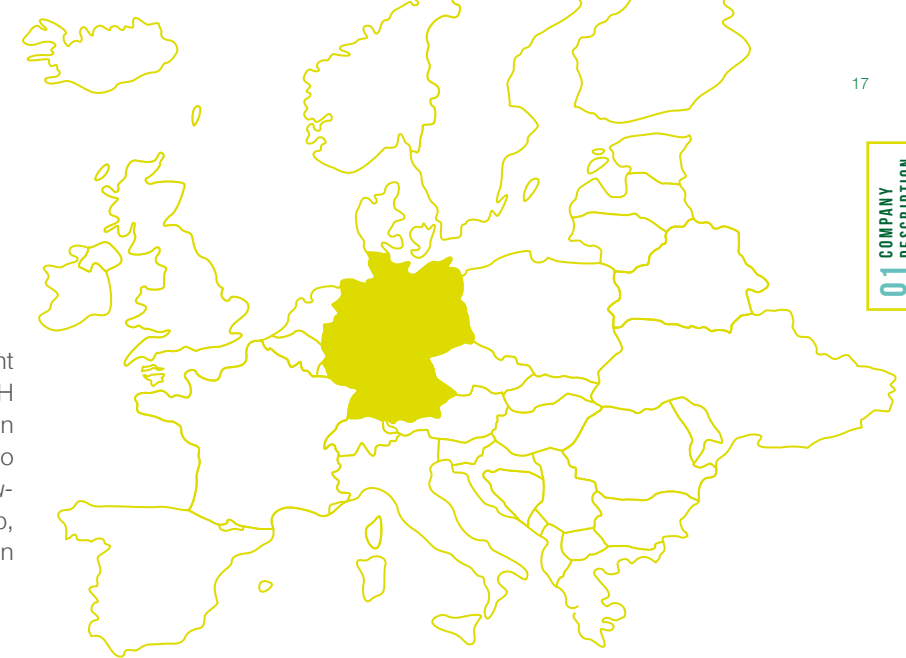
Green financing

In July, CMPC issued its third Green Bond for the amount of USD 93.17 million following previous issuances in Peru in 2018 and the United States in 2017. The 10-year bond issued in the Chilean market obtained a coupon of 1.22% with a spread over the reference rate of 0.57%.

This was accompanied by a Green Loan for USD 100 million obtained in September with a 5-year term. This transaction adheres to the format of a Green Loan and is the first of its kind syndicated entirely by Japanese banks, thus representing a new financing option for the company.

European presence

In August, CMPC signed a partnership agreement with the GUSCO Handel G. *Schürfeld* + Co. GmbH group as a strategic partner for us in Germany in order to bolster its business in Europe. The two formed a joint venture under the name *CMPC Europe GmbH & Co. KG* for the distribution of pulp, wood and boxboard, which began operating in January, 2020.



Award for best pulp and paper company in Brazil

In August, CMPC received this recognition by the Brazilian newspaper *Valor Econômico*. This is an annual award given to companies with the best results according to eight economic and financial criteria including sustainable growth, profitability and EBITDA.

The awards ceremony was attended by the Brazilian Minister of the Economy, Paulo Guedes, the President of the Chamber of Deputies, Rodrigo Maia, and executives from a number of companies.



Maurício Harger, CEO of CMPC Brazil, Guaíba plant, receives award for best pulp and paper company in that country.

Forest Sector SDG Roadmap

Empresas CMPC CEO, Francisco Ruiz-Tagle presented the Forest Sector Roadmap towards the Sustainable Development Goals (SDG), which was elaborated by the Forest Solutions Group (FSG) of the WBCSD, one of the most important institutions in the world for sustainability issues in the private sector.

This document was the result of 18 months of collaborative work between 11 companies with CMPC as one of the three co-presiding companies.

Based on an analysis of the current situation of the forest sector, this manual identified eight impact opportunities in 22 lines of action for closing the gaps in various SDGs.

The roadmap has identified risks and opportunities for the sector and provides solution pathways through which negative impacts can be minimized and efforts can be made towards achieving the SDGs by 2030.

Note: For more information on the Forest Sector SDG Roadmap, review https://docs.wbcsd.org/2019/07/WBCSD_Forest_Sector_SDG_Roadmap.pdf

CMPC Brazil: a year of consolidation and expansion

CMPC celebrated 10 years of presence in Brazil with its Guaíba mill, located in the state of Rio Grande do Sul. During this decade of operations, the mill has brought in more than USD 4 billion in sales and contributed approximately USD 408 million in local taxes with an average annual production capacity of about 1.93 million tons of hardwood eucalyptus pulp, as well as strong ties to neighboring communities and respect for the environment.

Building up on this foundation, CMPC Brazil acquired 423 thousand m³ and 767 thousand m³ of standing forests from the Brazilian companies *Trevisa Investimentos S.A.* and *Celulose Irani S.A.* respectively as a step forward in its strategy to increase its presence in the region. These plantations are located in the south of Brazil and will be used to supply the Guaíba pulp mill. Additionally, the purchase of forest plantations with 9 million m³ of growing stock was completed. The transaction amounted to approximately USD 46 million.

Launching sustainability goals

In September, the company made public its corporate sustainability goals, formalizing its commitment to reducing absolute greenhouse gas emissions by 50% (scope 1 and 2) by 2030 and its industrial water use by 25% per metric ton of production by 2025, as well as becoming a zero waste to landfill company by 2025 and conserving, protecting and/or restoring an additional 100 thousand hectares by 2030 to be added to the already existing over 320 thousand hectares of the company in Argentina, Brazil and Chile. The goals are based on data from 2018 as a baseline.



Highest score on the CDP Water Security evaluation

CMPC was one of 72 companies to obtain the highest possible score on the Water Security questionnaire by the CDP (ex Carbon Disclosure Project). The A score places CMPC among the leading companies and adds it to the A List reserved for the top less than 3% of companies that report on their water management. The company scored above the Latin American regional average, global average and the one for our sector, Wood and Paper Materials.

Inauguration of our Los Angeles office building

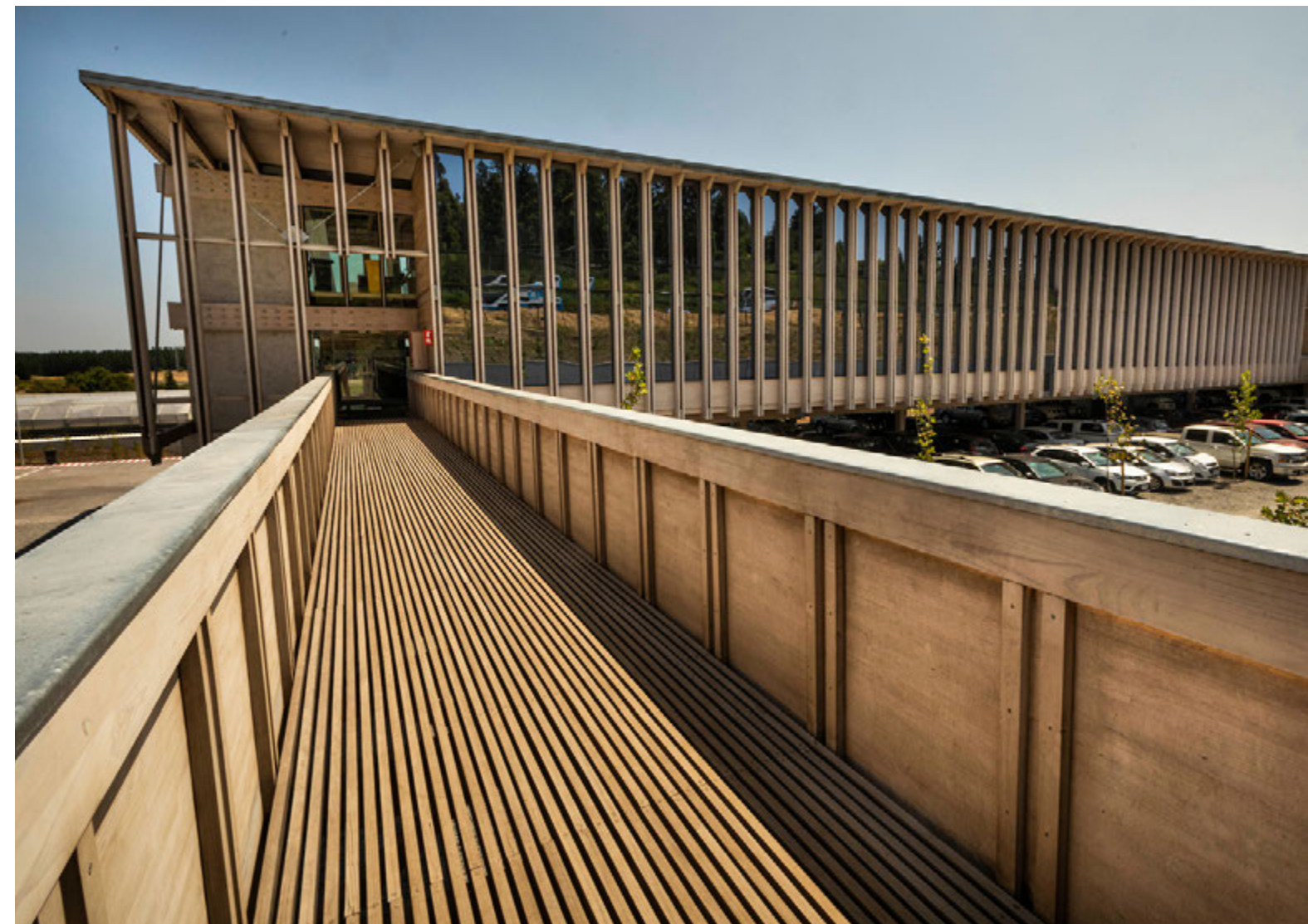
In March, we inaugurated the new CMPC office building in the city of Los Angeles, Biobio Region of Chile. The inauguration celebration was attended by local and regional government officials, business leaders, community representatives, architects and CMPC employees, among others invitees.

The building is largely made from wood, which accounts for almost 100% of the main structure, as well as other materials meeting the highest sustainability standards. It also takes advantage of natural light, thus pioneering innovation in energy efficiency. It is the first building in Chile to receive an FSC Project Chain of Custody Certification as 95% of the wood used including structural wood beams, cross laminated timber (CLT) structures, wall, floor and ceiling paneling, and decorative plywood panels is FSC® certified (2017 RA-PRO-007711), FSC-P001672 .

Listed in the DJSI Emerging Markets Index

At the end of September, CMPC was included for the fifth consecutive year in the Dow Jones Sustainability Index Chile, a stock market index which groups the companies leaders in sustainability. Additionally, for the first time, the company was included in the Emerging Markets index, its third one in addition to Chile and MILA Pacific Alliance.

CMPC office building in Los Angeles, Biobio region, Chile.



1.4 EMPRESAS CMPC

(102-2; 102-7; 102-16; IR1)

CMPC IS A MULTI-NATIONAL COMPANY WITH A GLOBAL FOOTPRINT THAT HAS BEEN PROVIDING SOLUTIONS FROM RENEWABLE SOURCES FOR 100 YEARS, SEEKING TO SATISFY THE VARYING NEEDS OF ITS CLIENTS AND CONSUMERS IN AN ENVIRONMENTALLY RESPONSIBLE WAY.

Its business is the production and distribution of solid wood products, pulp, packaging, tissue and personal care products of the highest quality, market competitiveness and from sustainably sourced raw materials.

As part of its operations, CMPC partners with various organizations to boost local economies, have a positive impact on the development of neighboring communities, and protect ecosystems and biodiversity.

That is why, it continuously works to:

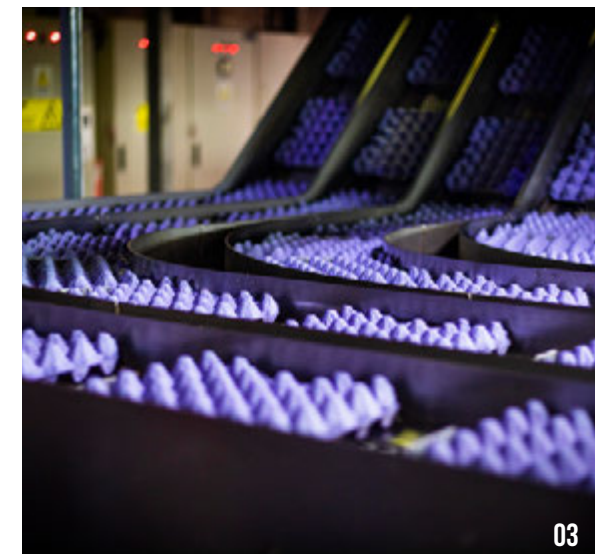
- Recognize the importance of stable business relationships with diverse international clients as the building blocks of an integrated logistic network and a commercial structure of excellence.
- Promote practices that protect fair competition and benefit all consumers, allowing the efficient distribution of resources while at the same time encouraging innovation.
- Develop all of its workforce by fostering identity building, commitment and high performance in its teams.
- Use the latest generation technology in its processes in order to maintain high standards of quality, safety and protection of its people and the environment.
- Strictly comply with the laws and regulations in the countries where it operates through a corporate culture based on compliance, honesty, a job well done and personal effort.
- Condemn child labor, forced labor and any type of discrimination.
- Make progress towards achieving its sustainability goals.



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02



03

01. Workers at Nacimiento sawmill in the Biobio region of Chile.
 02. Plant nursery worker in the CMPC Los Angeles building, Biobio region, Chile.
 03. Production line, CMPC Corrugated molded pulp mill in Metropolitan region, Chile.

1.5 OUR BUSINESS AREAS

CMPC CELULOSA

This is the business area responsible for the company's forest assets and the production and distribution of solid wood products and pulp. It has operations in Argentina, Brazil and Chile.

It is present worldwide with a network of agents and representatives in 16 countries in the Americas, nine in Asia, eight in Europe and one in Oceania and it also supplies raw materials and products to the African continent. To provide support to this network, it has Customer Service offices in the cities of Los Angeles and Santiago in Chile and Guaiba in Brazil. Additionally, since 2019, it has a sales representative office in Atlanta, in the United States, and as of 2019, one in China, as well as one in Europe starting in 2020.

CMPC Celulosa does not have any clients that represent more than 10% of its revenue, nor suppliers that account for more than 10% of its procurement. Some of its main competitors are APP, APRIL, Arauco, Eldorado, Ilim, Klabin, Stora Enso, Suzano, and UPM.

Humus production through vermicomposting

CMPC is constantly on the lookout for new bio-sustainable and renewable solutions from forest-based products that can replace fossil-based ones.

Such an example is the story of this successful pilot program at the Laja mill that recovers sludge from effluents as a raw material for vermicomposting. This technology uses worms to decompose waste, while also preventing malodors. A similar program exists at CMPC Brazil, where byproducts such as wood fibers are converted into an organic fertilizer for agricultural use.

“IN CELEBRATION OF OUR 100TH YEAR ANNIVERSARY, WE MUST FIRST THANK OUR WORKERS WHOSE EFFORTS AND EXCELLENCE BROUGHT US TO WHERE WE STAND TODAY, AND THEN STAND UP AND LOOK TOWARDS THE FUTURE WITH A FOCUS ON THE CONTINUOUS IMPROVEMENT OF OUR PROCESSES AND OPERATIONS.”

(102-2; 102-4)

CEO: Jaime Argüelles A.
Board of Directors: Luis Felipe Gazitúa A. (presidente), Bernardo Matte I., Francisco Ruiz-Tagle E., Osvaldo Burgos S., Jorge Larraín M. and Jorge Matte C.

CMPC Bosques

It has forest assets in Argentina, Brazil and Chile totaling 1,189,680 hectares as of December 31, 2019.

It also has three highly automated nurseries for the production of superior quality saplings using sophisticated programs for genetic improvement that use techniques such as: the selection of superior individuals, cross-breeding, assessment and specimen cloning (genotype propagation), among other practices for the improvement of production. It is this business area that plants and manages the forest assets that support the Company's industrial development with a long-term vision and sustainability.

Its main products are: pulpwood, sawing logs, logs for laminating (pruned and with knots), firewood, wood chips, and biomass. Its subsidiaries are: *Bosques del Plata* (Argentina), CMPC Brazil (Brazil) and *Forestal Mininco* (Chile).

CMPC Maderas

The CMPC Maderas has three production lines: sawmills, plywood and millwork, with a total of six production facilities, all of them in Chile. Three are sawmills (Bucalemu, Mulchen and Nacimiento); 2 millwork mills (Coronel and Los Angeles); and one plywood plant (Collipulli).

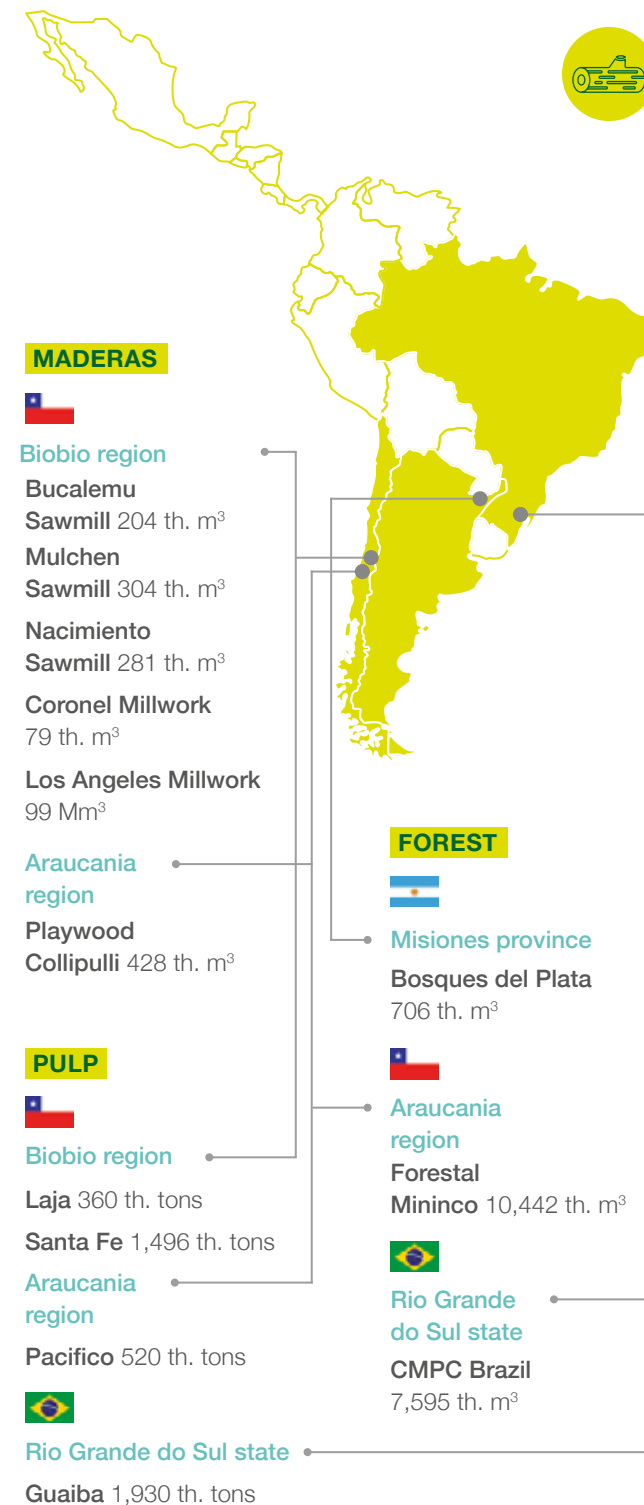
Its main products are: green and kiln-dried sawn wood, plywood, moldings and edge-glued panels.

CMPC Pulp

This is the business unit in charge of the production and distribution of pulp and its derivative products. Its four mills, Laja, Pacifico, and Santa Fe in Chile, and Guaiba in Brazil, have a combined annual production capacity of 4.3 million tons.

Its main products are: bleached softwood kraft pulp from Radiata pine (BSKP), sack kraft paper, unbleached kraft pulp (UKP), bleached eucalyptus kraft pulp (BEKP), and printing and writing paper (P&W).

PRODUCTION CAPACITY 2019



Source: CMPC Celulosa
Note: CMPC Maderas data corresponds to total production.



CMPC Celulosa worker at Nacimiento Sawmill, Biobio Region, Chile.

CMPC

BIOPACKAGING

(102-2; 102-4)

This business area provides sustainable solutions from virgin or recycled natural fibers for the promotion, transportation and protection of its clients' products. CMPC Biopackaging products are made from materials which in most cases can be reincorporated in the production cycle.

It manufactures corrugated products, boxboard, paper sacks and bags, and molded pulp products and distributes P&W paper.

Its brands have a global presence in Africa, the Americas, Asia, Europe and Oceania through a network of commercial representatives. It does not have clients that account for more than 10% of its revenue, nor suppliers of more than 10% of its materials. Neither does it have a single competitor on a global scale.

As of 2019, Biopackaging's structure is subdivided in four major business units: Corrugated, Boxboard, Sack Kraft, and *Edipac*, which have 15 production facilities altogether throughout Argentina, Chile, Mexico and Peru.

The CMPC Corrugated complex located in the municipality of Puente Alto, in the Metropolitan Region of Chile, has Metrogas S.A. as a main supplier which represents over 10% of supplier billing, while International Paper Cartones S.A. is the main supplier for *Edipac* accounting for 10% of its spend.

CEO: Jorge Navarrete¹.
Board of Directors: Luis Felipe Gazitúa A. (presidente), Francisco Ruiz-Tagle E., Vivianne Blanlot S., Andrés Echeverría S., Jorge Matte C., Bernardo Matte I. and Washington Williamson L.

New paper bags with handles

The recent ban on plastic bags in Chile led to an increased awareness of the need to reduce the use of this material in various industries.

CMPC Biopackaging, and in particular, its sack kraft subsidiary, is contributing to the process of substituting plastic with a compostable and renewable solution. For that purpose, it acquired a machine for manufacturing paper bags with double flexible handles, which started operating in September, 2019.

The main segments for which this product was designed are supermarkets, department stores, and others.

“CELEBRATING OUR FIRST 100 YEARS AS A COMPANY IS BOTH A MATTER OF PRIDE AND A CHALLENGE, WHICH MOTIVATES US TO LOOK IN THE FUTURE THROUGH THE LENS OF CONSTANT INNOVATION.”

¹At the time of writing of this Integrated Report, Mr. Cristobal Irarrazaval, CEO of this business division throughout 2019, left the company. He was succeeded in the position of CEO by Mr. Jorge Navarrete in February, 2020.
 Note: In 2019, Sorepa changed its name to Fibras.

CMPC Corrugados

This subsidiary encompasses the entire value chain from collecting paper, through manufacturing corrugated paper, to its conversion into boxes and trays for the fruit and industrial sectors.

It has three factories for packaging, molded pulp and paper production as well as fiber recycling in Chile.

Its main products are corrugated boxes, cardboard edge protectors, molded-pulp trays, corrugated and wrapping paper and bales of recycled paper and board.

CMPC Boxboard

This is the boxboard manufacturing business unit. It uses virgin Radiata pine pulp for the production of its products as this allows it to deliver boxboard products with a perfect ratio of weight/flexibility.

It also offers lighter-weight products, which provide clients with a competitive advantage as they are more easily folded and allow more folds and pockets per unit of boxboard weight. There is also an especially designed line of products of high quality boxboard for graphic design and branding.

Boxboard industrial operations are located in the Maule and Los Rios regions of Chile.

CMPC Sack Kraft

Its products are industrial paper sacks. It offers quality products made from Radiata pine fiber.

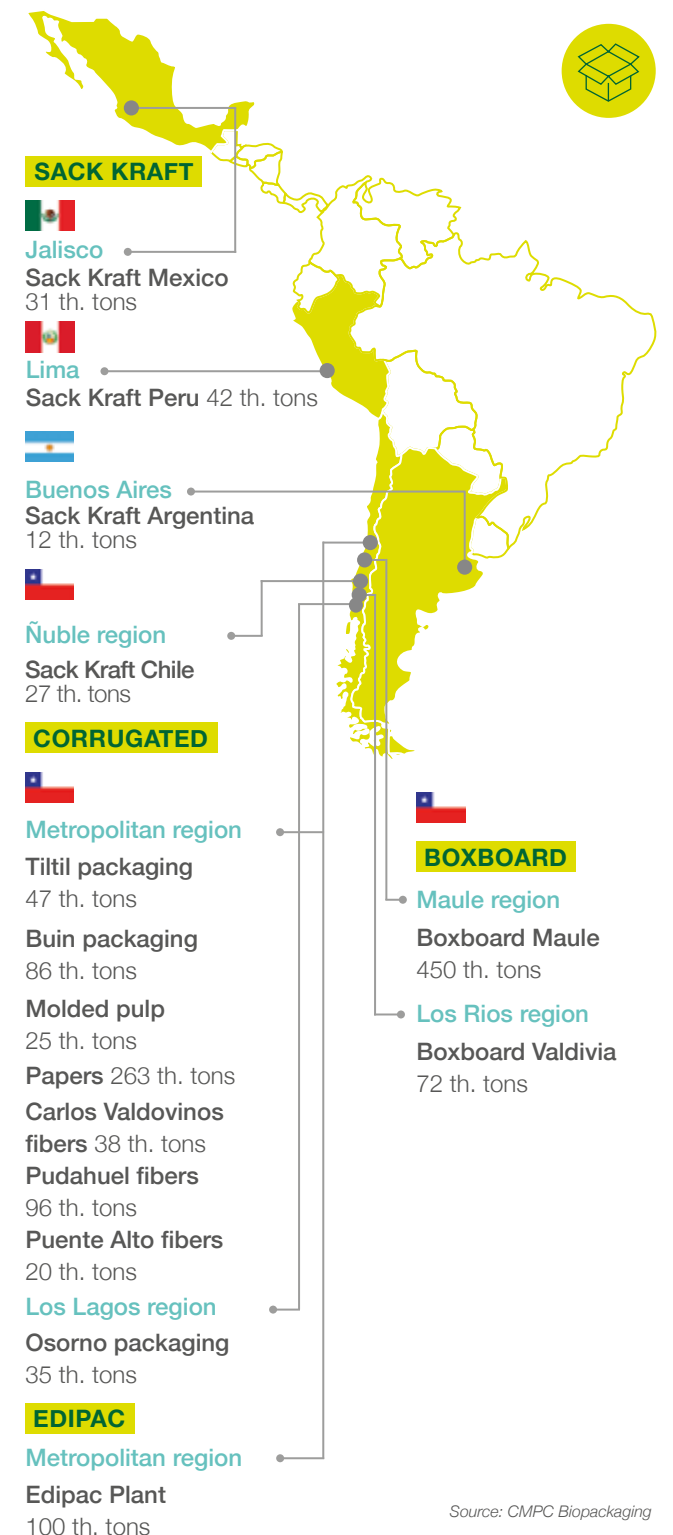
It manufactures packaging solutions at its four strategically located plants in Argentina, Chile, Mexico and Peru and distributes them with the help of a commercial network with an office in the United States and a logistics platform that makes it possible to serve more than 25 countries in the region.

CMPC Edipac

A distributor of printing and writing paper and boxboard, either manufactured by CMPC subsidiaries or imported from international producers.

It currently has presence only in Chile and its main products are: bond paper, boxboard, cut size papers, couche paper, and non-carbon copy paper, among others.

PRODUCTION CAPACITY 2019





Chillan Sack Kraft worker, Ñuble Region, Chile.

SOFTYS

(102-2; 102-4)

This is the business area responsible for the production and distribution of tissue paper, personal care and away-from-home products from virgin fiber and recycled materials.

The business unit currently distributes its products under 25 brand names of tissue and personal care products. It has 19 production facilities across eight countries: Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay. Additionally, it operates a smaller scale plant for collecting paper for recycling in Argentina².

Walmart and Cencosud are the only individual clients that account for more than 10% of the revenues of this business area, while there is no individual supplier responsible for more than 10% of the business' purchases. Its main competitors are Kimberly-Clark and Essity.

In January 2019, this area merged all its subsidiaries in Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay under the name Softys.

It has three business units: for tissue products, personal care products and away-from-home products.

CEO: Gonzalo Darraidou D.
Board of Directors: Luis Felipe Gazitúa A. (presidente), Francisco Ruiz-Tagle E., Verónica Edwards G., Jorge Larraín M., Jorge Matte C., Bernardo Matte I. and Pablo Turner G.

“WE SEEK TO PROVIDE DAILY CARE FOR THE NEEDS OF PEOPLE AT ANY STAGE OF LIFE. THIS CORPORATE PURPOSE IS OUR MOTIVATING FORCE TO CONTINUE BEING SUCCESSFUL FOR ANOTHER 100 YEARS.”

Launching first e-commerce websites

In 2019, Softys launched its first e-commerce platforms, *mitiendacotidian.cl* and *clubsoftys.cl*, following a subscription-based business model for its mass consumption brands.

Both websites allow Softys to learn about its consumers, enabling it to provide them with a better service and build an intimate relationship, unique in the Latin American market.

This is another step in the implementation of the company's e-commerce strategy, which was first introduced in 2017 with the launch of a B2B platform for away-from-home clients that has not stopped growing ever since.

²Corepa plant, recycled paper collector in Argentina, which is currently functioning as a sales office.

Tissue products

Responsible for the consumer tissue product line, including toilet paper, paper tissues and paper towels, among others. These are praised for their high quality, softness, and excellent performance in terms of personal hygiene and cleaning, by wholesale clients and consumers alike.

Its production facilities are located in all eight countries where Softys has industrial presence.



Personal care

Softys develops products for the care, protection and autonomy of people at different stages in their lives. Its products encompass the categories of infant, adult, and feminine care, among others.

Its production facilities are present in all eight countries where Softys has industrial operations and in the case of Argentina, Brazil, Colombia and Mexico are independent of the tissue paper business units by being geographically separated.



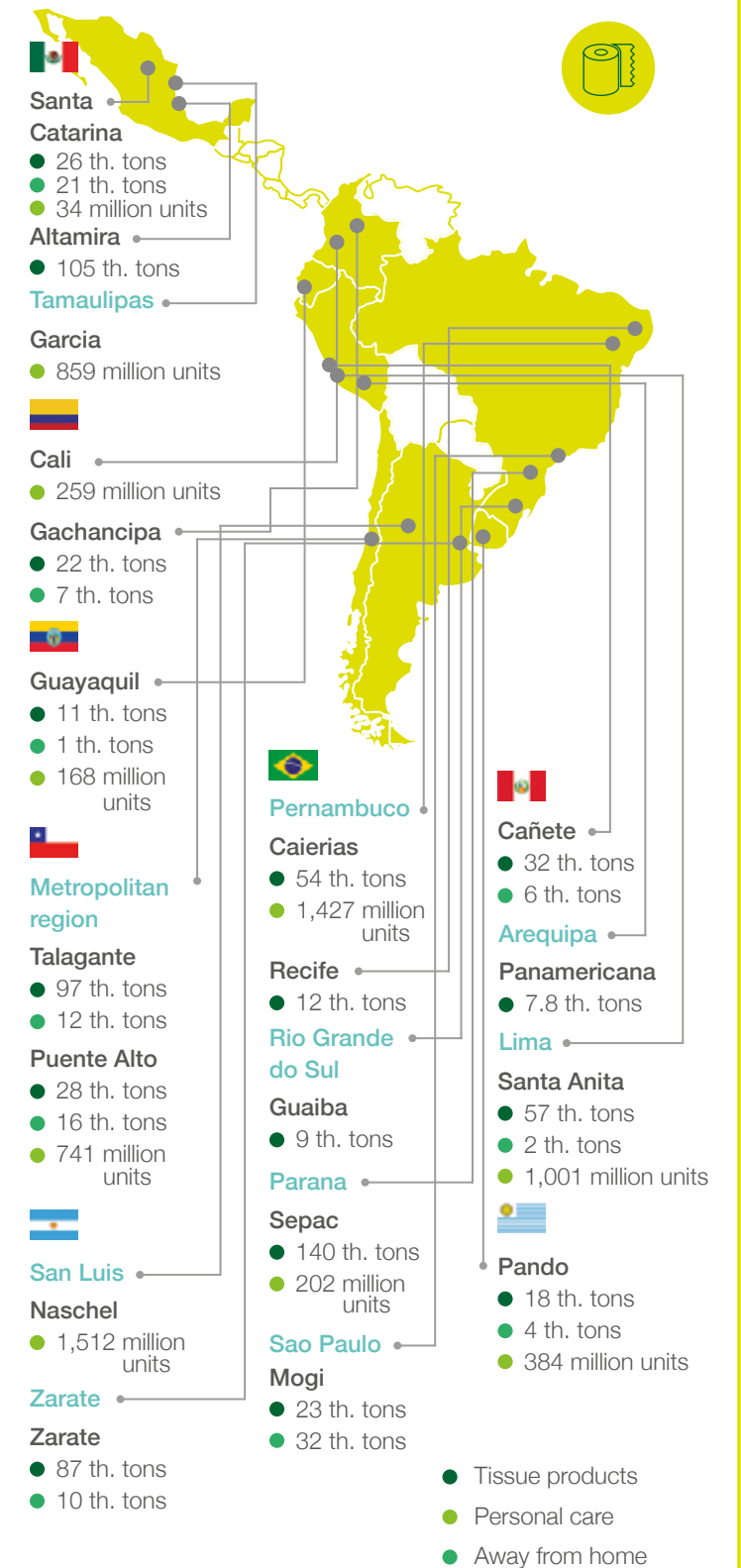
Away from home

This business segment is dedicated to corporate and institutional clients. Its products are marketed under the Elite Professional brand and are characterized by high quality, innovation and efficiency.

These products are manufactured in all eight countries where Softys is present, both at integrated facilities with the other two business lines mentioned above and at its own plants.



PRODUCTION CAPACITY 2019



Source: Softys
 Note 1: The Caierias plant in Brazil produces mechanical pulp (chemo-thermal mechanical pulp, CTMP), which is used in its paper making machines. Production capacity for this product is 6,000 metric tons/month.
 Note 2: The Corepa plant, which collects recycled paper in Argentina, is not included in the production capacity table as it is currently functioning as a sales office.



Softys Talagante plant worker in Santiago, Chile.

1.6 HIGHLIGHTS

(102-7)

8 COUNTRIES WITH PRODUCTION OPERATIONS

45 PRODUCTION FACILITIES

35.6% of GHG emissions belong to Scope 1 and 2

325,995 HA AREAS FOR PROTECTION, CONSERVATION AND RESTORATION

16.4% of water extracted is consumed

1,189,680 HA FOREST ASSETS

63.9% SELF-GENERATED ENERGY

USD 3,283 MILLION (NET FINANCIAL) DEBT

6,815 MSME suppliers

USD 8,136 MILLION IN FOREST ASSETS

17,859 DIRECT COLLABORATORS

90.3% OF OWN FOREST ASSETS CERTIFIED

USD 1,169 million in EBITDA

19,360 average clients

USD 5,670 MILLION THIRD-PARTY SALES

Note 1: All numbers are as of December 31, 2019 except for the percentage of certified own forest assets as of November 30, when the last official audit took place.

Note 2: MSME: micro, small and medium-sized enterprises.
Note 3: GHG: greenhouse gases

1.7 CORPORATE PURPOSE 3C

BEING A COMPANY WITH 100 YEARS OF HISTORY IS THE RESULT OF HAVING A DIRECTION THAT IS CLEAR, DYNAMIC AND IN LINE WITH SOCIETY.

Since 2017, CMPC has a corporate purpose which serves as a declaration of its vision and guides its role beyond profit generation, giving meaning to the actions of each of its collaborators on a path towards a sustainable future.



**CREATE
COEXIST
CONSERVE**

For more details on our Corporate Purpose, visit: <https://www.cmpc.com/en/nosotros/visio-proposito-valores/>

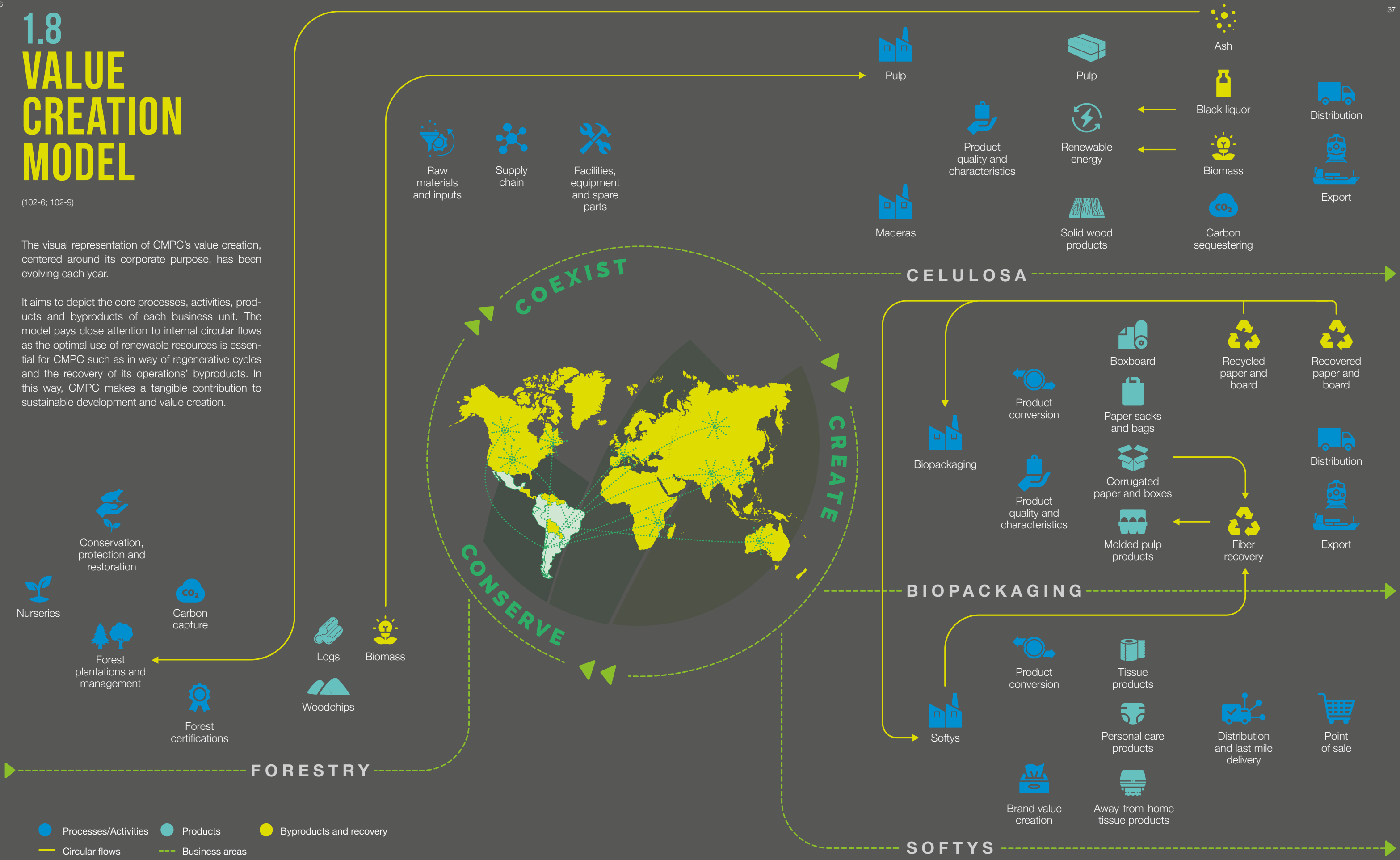


1.8 VALUE CREATION MODEL

(102-6; 102-9)

The visual representation of CMPC's value creation, centered around its corporate purpose, has been evolving each year.

It aims to depict the core processes, activities, products and byproducts of each business unit. The model pays close attention to internal circular flows as the optimal use of renewable resources is essential for CMPC such as in way of regenerative cycles and the recovery of its operations' byproducts. In this way, CMPC makes a tangible contribution to sustainable development and value creation.



02



FORESTS ARE OUR
MOST IMPORTANT ASSET

GROW

2.1

SIX STAGES OF THE FORESTRY CYCLE

1

The CMPC production process begins in the nurseries where saplings are produced from seeds and vegetative propagation. The best genetic specimens in terms of volume, growth rate and density of the wood are selected.

Plant specimens are selected for specific genetic qualities to ensure superior characteristics of the raw material produced and the tree's ability to thrive in the climate conditions of the locations where we operate.

The company owns three nurseries which grow both productive and native species:

- Carlos Douglas, in the Biobio region of Chile;
- Barba Negra, in the state of Rio Grande do Sul in Brazil;
- El Pindó, located in the town of Posadas in the Misiones Province of Argentina.



2

After growing in the nursery, pine and eucalyptus saplings are planted in their assigned forest land. Once they have reached the appropriate age according to the geographic location, climate and other conditions, for some of them the process of forest management begins. It consists of two stages: thinning and pruning, which allow the production of higher quality timber for industrial, construction or other uses.



3

Thinning consists of the removal of a predetermined number of trees in order to leave only the best specimens standing and provide them with better access to nutrients in the soil. This results in better technical characteristics and market value of the timber at harvest.

4

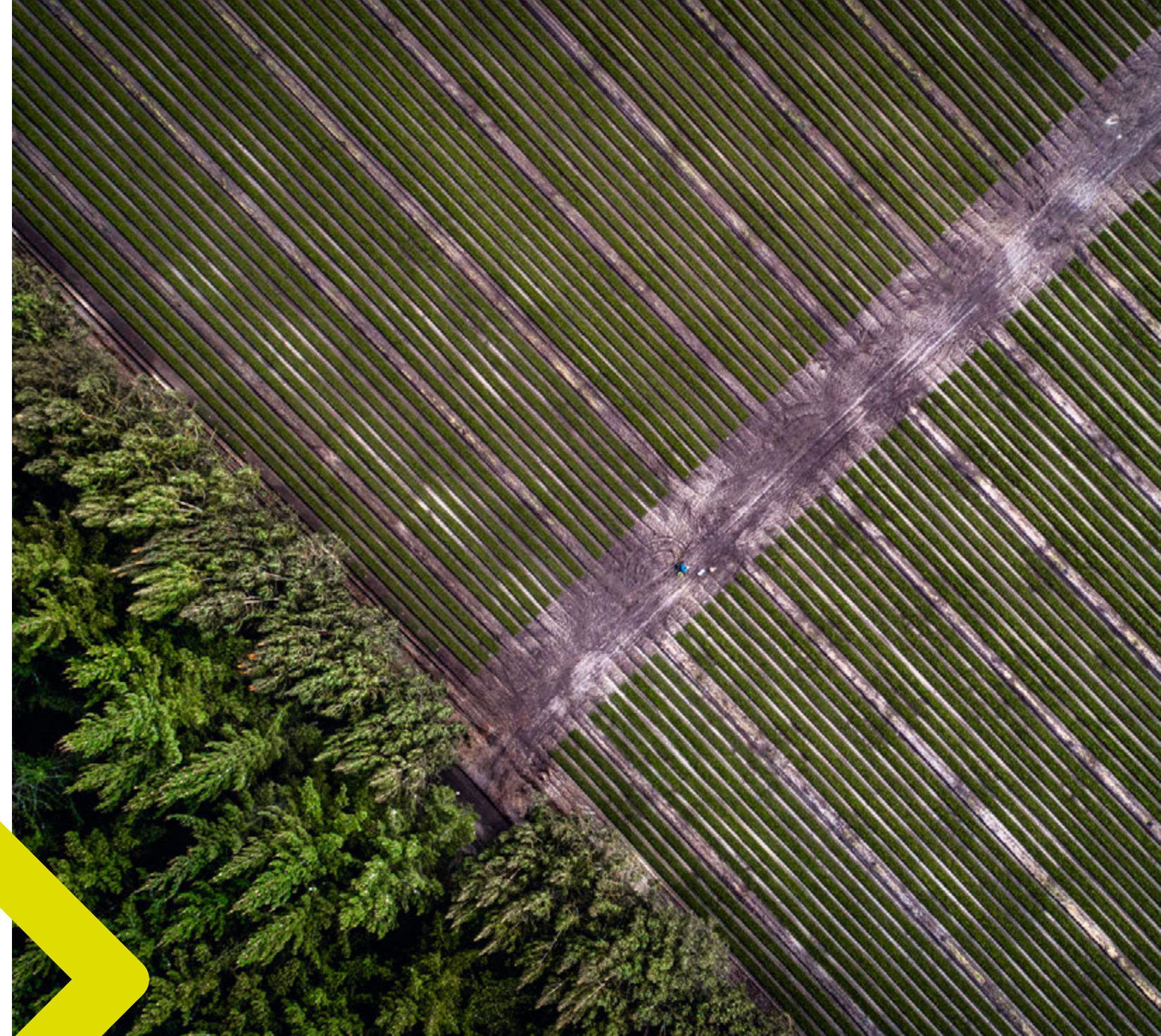
Pruning is used to partially remove the lower branches of the trees, ensuring the production of timber without knots.

5

Adult trees are harvested and the timber is transferred to storage fields spread across production facilities.

6

In the winter after trees have been harvested, the same tract of land is replanted and a new forestry cycle begins with the birth of a new forest.



THE AVERAGE PLANTATION RATE FOR CMPC IN CHILE HAS BEEN OF ABOUT 22 THOUSAND HECTARES PER YEAR, WHICH MEANS 250 MILLION TREES PLANTED IN THE LAST DECADE.

2.2

SUSTAINABLE FOREST MANAGEMENT MAT



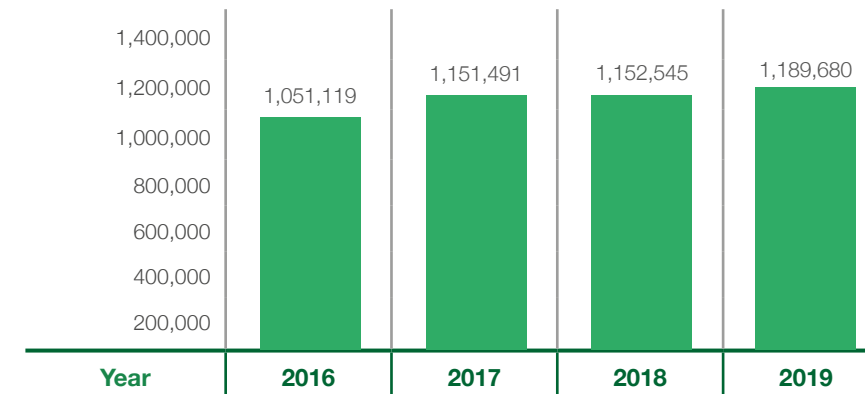
Why is sustainable forest management relevant?

(103-1) (103-2) (103-3)

- Sustainable forest management is the practice of handling forest plantations in compliance with environmental, economic, social and cultural criteria.
- Forest plantations not only allow the creation of economic resources, but also contribute to climate change mitigation by capturing carbon dioxide, regulate water flow, and provide food and shelter to various species.
- All activities related to our forest plantations must be conducted in a sustainable way, contributing to stopping and reversing the degradation and desertification of land and the loss of biodiversity.
- CMPC promotes and ensures sustainable forest management by obtaining international certifications, which require compliance with existing principles and criteria.
- The company department responsible for the adherence to these commitments and their oversight is the Certified Management and Sustainability Department, which is part of CMPC Celulosa.

Forest assets

Total area in hectares



Source: CMPC Celulosa



The CMPC forest assets include productive and non-productive areas. The former, with 73% of the total land area, is reserved for productive plantations for pulp, timber and other wood fiber based products, while the latter, with the remaining 27%, corresponds to areas for protection, conservation, and restoration³.

Productive area (in hectares)

Productive area	Total
Plantations	687,862
Land to be planted	71,897
Right-to-use plantations	42,096
Right-to-use land to be planted	3,495
Land for administrative use	61,030
Total productive area	866,380

Source: CMPC Celulosa



³For more information, go to section 2.3 Ecosystem and biodiversity conservation.

CERTIFICATIONS

(CMPC 5; CMPC 6)

Sustainable forest management certification

According to the United Nations Economic Commission for Europe (UNECE)⁴, the total forest land area operated with a certification for sustainable management in the world was 424 million hectares in 2018-2019, a decrease of 7 million hectares from 2016-2017 or approximately 11% globally.

Certifications protect forests and ensure their sustainable and responsible management. Local and international markets increasingly require and demand renewable products from sustainably managed forests. Despite the voluntary nature of certifications, once a company has chosen to acquire one, it

is obligated to undergo annual audits that certify, quantitatively and qualitatively, that it is adhering to its Principles and Criteria. This guarantees a certain level of structure and uniformity in the process.

90.3% OF CMPC OWN FOREST ASSETS ARE CERTIFIED FOR SUSTAINABLE FOREST MANAGEMENT.

Certified forest assets by category in hectares

Category	2018	2019
CMPC owned forests	1,083,351	1,081,832
Certified CMPC owned forests	976,930	976,649
Percentage of CMPC owned forests that are certified	90.2%	90.3%
Third-party forests	64,720	162,649
Certified third-party forests	64,720	65,885
Percentage of third-party forests that are certified	100%	40.5%

Source: CMPC Celulosa
 Note 1: As of November 30, 2019 when the last official audit took place.
 Note 2: In Chile, certified assets include FSC and CERTFOR certifications.

For detailed information on CMPC forest certifications with specific codes, refer to the Appendices of this Integrated Report or visit our corporate website: <https://www.cmpc.com/en/certifications/>

⁴UNECE, Food and Agriculture Organization of the United Nations. Forest products. Annual Market Review 2018-2019. Annual Market Review 2016-2017.

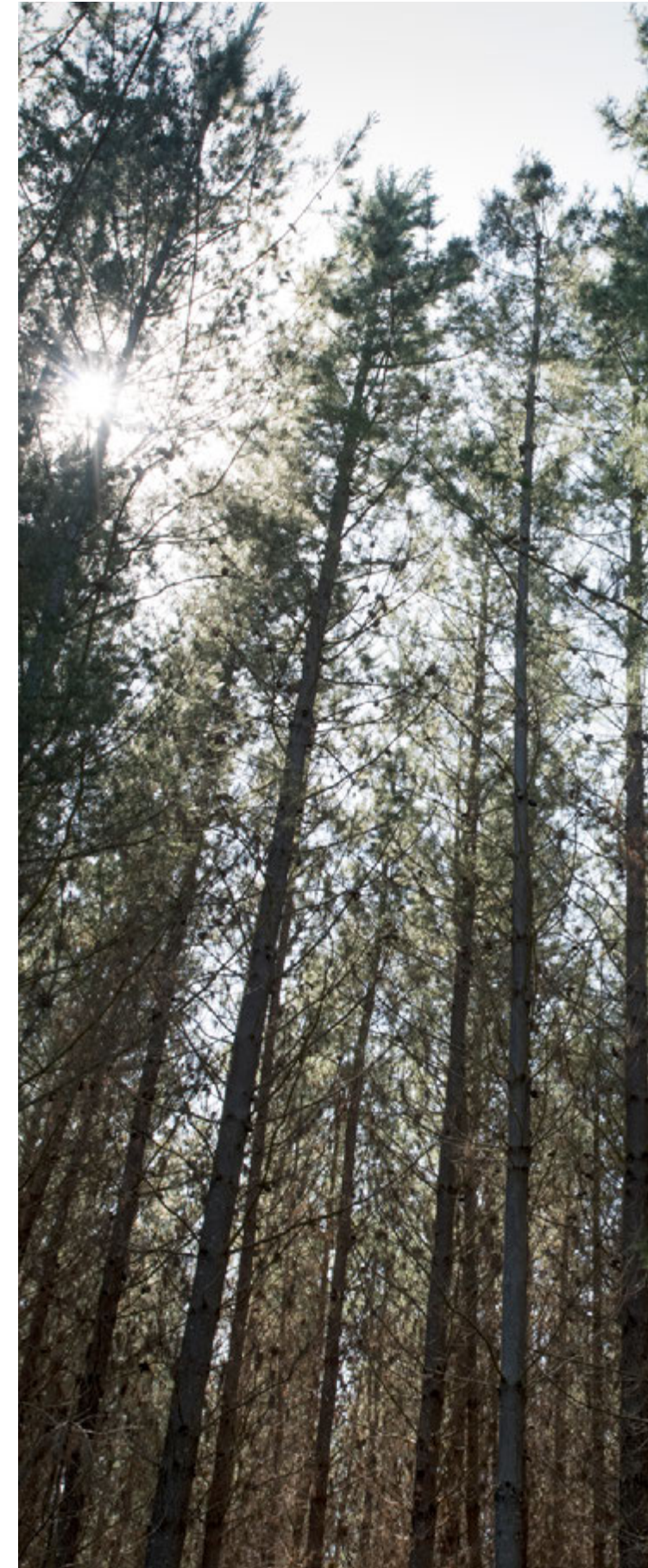
Chain of custody and controlled wood certifications

Chain of custody certifications guarantee the traceability of wood across the entire supply chain and ensures that there is no contamination with timber from controversial sources. This certification applies to all CMPC business areas.

Percentage of raw material certified for chain of custody and controlled wood 2019

- CMPC BOSQUES** > 97%
- CMPC PULP** > 100%
- CMPC MADERAS** > 100%
- CMPC BIOPACKAGING** > 100%
- SOFTYS** > 100%

In addition to sourcing timber from its own forest assets, CMPC also buys raw material from third parties, mostly certified with only a small portion coming from non-certified suppliers. In order to ensure traceability, the company has a Responsible Procurement Program which requires all suppliers of raw materials to undergo a due diligence process verifying: the legality of forest ownership from which the timber originated, the management and harvesting plans granted by the forestry authorities, and compliance with product quality and safety protocols.



Certified raw material (timber/wood) covered by a controlled wood certification (in m ³)	2018	2019
Own raw material produced	17,878,000	17,683,000
Percentage of certified own raw material (from the total)	96.2%	96.4%
Total third-party raw material	3,018,000	3,790,000
Percentage of certified third-party raw material (from the total)	100%	100%
All raw material (own and third-party)	20,896,000	21,473,000
Total certified raw material (own and third-party)	20,217,000	20,838,000
Certified raw material as a portion of the total consumption	97%	97%

Source: CMPC Celulosa

Support programs for small and medium sized timberland owners

In Chile, CMPC supports the sustainable forest management certification of small and medium-sized timberland owners via the administration of a forest management group certified by FSC and PEFC. The company provides a technical team to consult member businesses as well as offers four support programs to small forestry businesses:

CREATION AND PROMOTION OF THE FOREST CERTIFICATION GROUP

CMPC provides support for forest management certifications to two groups of small and medium timberland owners.

The first consists of 13 owners of a total of 15,173 hectares of plantations, while the second one has 19 members with a total of 19,846 hectares of plantations.

A team of experts from CMPC provide consulting services on the sustainable management of forest plantations to members of the program through technical support and training. In 2019, ten such sessions were delivered to 354 people, covering topics such as fire prevention, occupational health and safety, as well as environmental issues.

TECHNICAL TALKS FOR SUPPLIERS

The company offers talks to suppliers on a regular basis to help them update their knowledge on issues such as fire control and prevention and genetic improvements. It also organizes visits to nurseries and experience exchange on forest management methods, and facilitates discussions of current and future forestry and pulp market conditions.

INCENTIVES PLAN FOR THE IMPLEMENTATION OF A DUE DILIGENCE SYSTEM (DDS)

The Due Diligence plan makes sure that a plantation meets the technical, legal, labor and environmental standards that CMPC voluntarily subscribes to through its certifications.

The program focuses on providing incentives to suppliers who do not have or cannot obtain a certification to set up a Due Diligence System for their forest management.

SAWING LOGS PROCUREMENT FROM FORESTRY SMES

This program, launched after large wildfires raged across Chile in 2017, strives to support and give priority to the local economy by the procurement of a certain volume of sawing logs solely from microbusiness from the Chilean regions of Maule, Biobio and Araucania.

Fiber production

Wood is comprised of cellulose or pulp (which has a fibrous structure) and lignin, both are materials that have been in high demand in recent years.

CMPC's goal is to source this material not only via a highly sustainable process, but also in the most efficient way possible to minimize loss and protect forests.

CMPC Celulosa worker, at the Nacimiento sawmill, in the Biobio region, Chile.



Wood fiber production performance

	Argentina		Brazil		Chile	
	2018	2019	2018	2019	2018	2019
Growing stock increment (million m³) Total annual increase in the volume of stemwood in forest plantations	0.99	1.43	7.20	7.6	10.10	10.31
Total trees planted (million) Total number of commercial species trees planted	1.68	1.68	17.20	19.22	31.0	34.44
Average fiber per tree at current age (m³/tree) Median volume per tree at the current average plantation age (11.1 years)	0.39	0.44	0.30	0.30	0.27	0.29
Average fiber per tree at time of harvest (m³/tree) Median volume per tree at the time of harvesting	0.84	0.94	0.40	0.40	0.81	0.65

Source: CMPC Celulosa



2.3 ECOSYSTEM AND BIODIVERSITY CONSERVATION MAT

(103-1; 103-2; 103-3)



Why is ecosystem and biodiversity conservation relevant?

- According to the United Nations (UN)⁵, forests are home to more than 80% of land species such as animals, birds, plants and insects.
- CMPC follows a management and monitoring plan for the conservation and protection of its forest assets and biodiversity in its lands, the wellbeing and equilibrium of the biosphere, and as a result, environmental and social aspects necessary for human development.
- For that reason, in 2019 the company set specific sustainability goals including the conservation, protection and/or restoration of natural habitats.

CORPORATE GOALS



To add 100 thousand hectares of land for conservation, protection and/or restoration by 2030 to CMPC's already existing more than 320 thousand hectares of such land in Argentina, Brazil and Chile (as of 2018).

With these activities, CMPC contributes to target 15.1 of the Sustainable Development Goal (SDG) that postulates: "By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements."

2019	PROGRESS	2030 GOAL
4,466 ha	4.47%	100,000 ha

This corporate goal complements the Commitments for Degraded Landscape Restoration made by Brazil and Chile in 2010. To date, 46,402 hectares have been restored accounting for 63% of the 2026 goal.

⁵New York Declaration on Forests. Declaration and Action Agenda (UNDP).

Conserve, protect and restore

(102-11, 304-1, 304-3, CMPC 1)

According to the International Union for Conservation of Nature (IUCN), **conservation** is the care, management and maintenance of ecosystems, habitats, species, and populations of wildlife, in or outside their natural environment, in order to safeguard natural conditions for their long-term survival. It also defines an area under **protection** as a piece of land or sea dedicated to preserving biological diversity and the associated natural and cultural resources and formalized in a legal or other practical structure.

On the other hand, as the Chilean National Forestry Corporation (CONAF) points out, ecological **restoration** is an activity that initiates or accelerates the recovery of an ecosystem, improving its state of conservation, recovering degraded sites and increasing the flow of ecosystem goods and services.

Area for protection, conservation and restoration (in ha)

Country	2018	2019
Argentina	18,861	18,865
Brazil	136,657	139,599
Chile	166,010	167,531
Total	321,529	325,995

Source: CMPC Celulosa
 Note: In Brazil, restoration takes place in areas which have already been declared for conservation and protection, called Legal Reserves (LR) and Permanent Protection Areas (PPA). In contrast, in Chile restoration activities result in adding new tracts of conservation or protection land, or could even take place within forest plantations.

High Conservation Value Areas (HCVAs)

HCVAS ARE AREAS WHICH POSSESS UNIQUE CHARACTERISTICS OF OUTSTANDING SIGNIFICANCE OR CRITICAL IMPORTANCE TO THEIR NATURAL SURROUNDINGS (HCVRN, 2005). THEIR CONSERVATION IS PART OF THE COMMITMENTS MANDATED BY SUSTAINABLE FOREST MANAGEMENT CERTIFICATIONS.



There are three types:

Biological

Areas protecting vulnerable flora and fauna.

Service

Natural areas providing basic services in critical situations and fulfilling the needs of local communities (for example, water catchment areas).

Socio-cultural

Forests critical to the cultural identity of communities (areas of economic, religious, social or cultural significance).

CMPC has developed certain guidelines for the conservation of its HCVAs:

- Fire control as a priority
- No fire use within the HCVAs or in neighboring areas
- No fishing, hunting, logging or any other illegal activity within HCVA boundaries
- Coordination with scientists and experts to monitor critical conservation indicators
- Clearing the undergrowth around endemic species
- Communication and outreach in local communities about HCVAs
- Training the company's workforce in the care of HCVAs
- Outreach through flyers and pamphlets on biological HCVAs
- Fencing and signage on the ground

Number and surface area (in hectares) of HCVAs

HVCA	2018		2019	
	Number	Area	Number	Area
Biological	26	22,589	26	24,481.5
Service	364	3,661.8	378	3,621
Socio-cultural	28	211.2	28	215.3
Total	418	26,462	432	28,317.8

Source: CMPC Celulosa

Species protection

304-4

CMPC land spans across an incredible variety of ecosystems with numerous flora and fauna species, including some endangered ones. According to UN data⁶, about 30.7% of land surface area is covered by forests with 15% of those designated for protection, evidence of the high risk to which biodiversity is exposed.

⁶United Nations Strategic Plan for Forests 2017-2030
<https://www.un.org/esa/forests/documents/un-strategic-plan-for-forests-2030/index.html>

What does it mean for a species to be endangered?

According to the IUCN Red List, a species is considered endangered (or at risk of extinction) when all of its living members are at risk of disappearing. This could be due to direct predatory activity or the disappearance of a resource on which its life depends (as a result of human activity, habitat change, natural disasters or climate change).

In South America, of the 14,060 species of flora and fauna assessed, 4,445 are at risk of extinction, almost 32%.

CMPC conserves and maintains unchanged the habitat conditions for native species in all of its forest asset and has identified 230 areas that are home to protected flora and fauna within the territory of its operations. Currently, there is only one critically endangered species within the company's land holdings: **the Saffron-cowled blackbird** (*Xanthopsar flavus*) in San Javier, Agua-pey, Argentina.

Number of endangered species by extinction risk category

Category	Total
Critically endangered	1
Endangered	183
Vulnerable	37
Near threatened	13
Least concern	14
Total	247

Source: CMPC Celulosa



Saffron-cowled blackbird (*Xanthopsar flavus*)

SOME PROTECTION INITIATIVES



PROTECTING THE SOUTH ANDEAN DEER: AN ENDANGERED SPECIES

CMPC monitors and protects the most endangered population of South Andean deer (*Hippocamelus bisulcus*), found in the Rucamanqui Park, located in the Nevados de Chillan-Antuco section of the Andes Mountains in the Biobio Region, Chile.

In 2005, the company declared 4,600 hectare of forest under its ownership as an HCVA in order to protect this emblematic species at risk of extinction and as well as other species that call this area home.

In this site, located in high-altitude zones of the Andean Mountains between the cities of Los Angeles and Chillan, threats such as domestic animals and livestock are controlled in order to create the necessary conditions for the South Andean deer population to flourish in its natural environment.

Since 2014, CMPC monitors the specimens with 14 hidden cameras installed throughout the mountain range, measuring indicators such as their footprints and coat with the help of a conservation expert. In order to further improve the quality of this work, in 2019, the company built a dome to shelter the workers who come to the area to collect the audio-video recording.

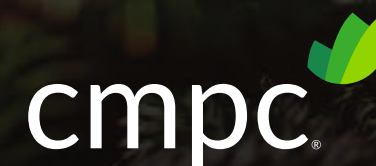
CMPC hopes to continue to contribute to the preservation of this species by safeguarding their habitat in Rucamanqui.



We are **100** YEARS

BECAUSE WE ARE COMMITTED TO ENVIRONMENTAL CONSERVATION

[VICTOR HUGO MIRANDA]
HERITAGE MANAGER



BECAUSE THESE 100 YEARS ARE JUST THE BEGINNING

BIRD MONITORING PROGRAM

This program started with the cataloguing of various species between 2007 and 2008 including the green-chinned euphonia (*Euphonia chalybea*), included in the IUCN endangered species list, the violaceous euphonia (*Euphonia violacea*) – considered vulnerable, and the red-spectacled parrot (*Amazona pretrei*) – listed as endangered by the IUCN.

This was done through constant observation of these birds, which made it possible to come up with an adjusted plan for partial harvesting in the affected forests between January and July when the birds are away from the area.

SAVING THE *RUIL*: A SURVIVOR

What is the *ruil*?

The *ruil* (*Nothofagus alessandrii*) is a tree only found in Chile, in the Coastal Range of the Maule Region. It could grow up to 30 meters in height and live up to 100 years.

This endemic species is endangered and has been protected by the Chilean legislation since 1995 when its felling was first banned. It is designated as a biological relic, as well as a natural monument since 2017.

Where is it found?

It can be found in the Los Ruales Reserve, which was founded in 1982 and is managed by the Chilean National Forest Corporation (CONAF) specifically for the purpose of preserving this species. The protected area spans 100 km between Cauquenes and Curepto and is approximately 40 km wide.

Why is it endangered?

Because of fires, illegal logging, overexploitation and deforestation. While in 1981 there were 800 hectares of *ruil* trees, today its natural habitat has dwindled to less than half of that.

What is being done?

In 2013 CMPC, together with the Chilean Universidad Austral university, developed a restoration project to increase the protected land area covered by *ruil* trees.

Wildfires in 2017 were a turning point for the efforts to save this species. The reserve was then converted into a High Conservation Value Area (HVAC) with a protected area of 311 hectares. This means that it cannot be used for productive activities and is only dedicated to the recovery and protection of native species, making it a priority for firefighting efforts.

Today, CMPC and other land owners have designated areas which were previously used for growing pine trees for the protection of the *ruil*, managing to spread it to other third-party forest tracts as well.

Taking care of protected areas requires clearing the undergrowth from around trees, isolating animals and eliminating the regeneration of pine specimens.



RAPA NUI SACRED TREE

A TREE COMING BACK FROM EXTINCTION



What is the sacred tree of Rapa Nui?

The *toromiro*, or *Sophora toromiro* in Latin, is a very important tree in the Rapa Nui due to its use to carve symbolic figures such as the moai kavakava.

Why did this tree go extinct?

Its overexploitation together with the introduction of new fauna by the colonizers in the XVIII century led to this tree's extinction. The last *toromiro* to grow in the wild was found in the Rano Kau volcano and cut down in 1960, leading to it being declared extinct in its natural habitat. However, thanks to the propagation of seeds collected from this last standing specimen, it can still be found in private collections, in the Viña del Mar botanical garden in the Valparaíso Region of Chile and other parts of the world.

What is CMPC doing?

In 2006, the Valparaíso Region botanical garden offered CMPC six *toromiros* to add them to its program for species restoration at the Carlos Douglas nursery,

which grows various endangered native trees such as the araucaria. There, CMPC was able to clone them with the help of partner institutions such as the University of Concepcion, the Chilean National Forest Corporation (CONAF), Lincoln University and Murdoch University. The company then planted some specimens in the Lago Peñuelas National Reserve and on Rapa Nui or Easter Island.

As a result, out of a total of 3,500 plants provided to the National Reserve, 170 have survived, while CONAF has managed to preserve 78 specimens on Easter Island, 60 of which are located in the crater of the Rano Kau volcano and 18 are still in the nursery.

What are the next steps?

In 2020, these 18 trees which are still in the nursery will be transported to an acclimation plot where they could grow in their native habitat surrounded by native species to protect them from solar radiation and winds.

METRICS:

- 52 SEEDLINGS IN NOVEMBER 2019

- 88% SURVIVAL RATE OF THE 24 SEEDLINGS PLANTED IN THE CARLOS DOUGLAS NURSERY IN 2018

2.4 WILDFIRES MAT

DEDICATING OUR BEST RESOURCES TO PROTECTION

Why are wildfires relevant?

- According to the definition by the **Chilean National Forest Corporation (CONAF)**, a **wildfire** is an unplanned fire affecting **forests and vegetation**, regardless of whether it was started by a natural phenomenon or human activity, and its occurrence and spread are not controlled or programmed.
- Certain environmental conditions increase the probability of higher propagation speed of wildfires, namely when the temperature is above 30 degrees Celsius, relative humidity is below 30% and the wind speed is 30 km/hour or more.
- In recent years, wildfires have become a common occurrence worldwide. In Chile, most wildfires are caused by human activity, about 99.7%⁷, be it as the product of negligence or intentionally.
- **CMPC has enhanced its fire prevention and control plans and programs in all three countries with forestry operations, Argentina, Brazil and Chile**, in order to better safeguard persons and company owned and third-party forest assets.
- The company's commitment to the protection of human life and the ecosystem transpires in its continuous initiatives to prevent, educate on, and combat wildfires, **investing over USD 36 million over the course of the 2018-2019 season**.

Although Chile is the country most affected by wildfires, all company forestry operations are prepared to handle such incidents according to international best practices.

THE COMPANY'S PREPARATIONS FOR EACH SEASON FOLLOW A THREE-PRONGED APPROACH: PREVENTIVE FOREST MANAGEMENT (SILVICULTURE), PREVENTION AND CONTROL - ALL THREE CONSIDERED CLIMATE CHANGE ADAPTATION MEASURES.

⁷Preventive forest management. Forest management for the prevention of wildfires in forested lands. CONAF.

Fire outbreaks and affected surface area

Country	2016 - 2017		2017 - 2018		2018 - 2019	
	Outbreaks	Affected area (in ha)	Outbreaks	Affected area (in ha)	Outbreaks	Affected area (in ha)
Argentina	28	26	46	17	20	3
Brazil	120	265	230	1,339	152	111
Chile	596	19,432	712	1,199	920	3,215
Total	744	19,723	988	2,555	1,092	3,329

Source: CMPC Celulosa
Note: The wildfire season spans June-May of the following year.

What is preventive forest management?

Preventive forest management refers to the alteration, clearing or elimination of green or dry vegetation and plant waste to avoid starting a fire or to slow down its spread and mitigate any damage should a fire start (CONAF 2006).

CMPC has implemented standardized defense systems mainly in interface areas where forestry operations are in prox-

imity with urban zones, to progressively reduce the fuel load and thus debilitate a potential fire.

Depending on the context, there are three lines of defense: a firebreak of mineral soil, reduced fuel zones that would contain the fire's spread and a ring of preventive forest management (thinning and/or pruning).

PREVENTIVE FOREST MANAGEMENT MEASURES WERE TAKEN IN 5,000 HECTARES OF LAND WHERE FIRES TEND TO OCCUR AND IN INTERFACE AREAS ACROSS CHILE.

What is an interface fire?

A wildland/urban interface fire is a fire that starts or spreads in zones where human-made improvements intermix with wildland fuels. (CONAF 2005)⁸.

An interface fire could potentially affect man-made structures, while at the same time burning natural fuels.

⁸Forest Fires Prevention Manual. CONAF.

Our prevention efforts

TO PREVENT WILDFIRES, CMPC PROVIDES YEAR-ROUND TRAINING TO ITS WORKERS AND COMMUNITY GROUPS SUCH AS NEIGHBORHOOD ASSOCIATIONS, SCHOOLS, MUNICIPALITIES, LOCAL AUTHORITIES AND FIRE DEPARTMENTS, AND ASSISTS THEM IN FORMING NEIGHBORHOOD PREVENTION COMMITTEES.

The first step in this process is to create a culture of prevention among the people who live in the affected area by teaching them best practices and instructions to follow in the case of an emergency. To that effect, a network for cooperation on prevention and coordination with local municipalities called the Neighborhood Prevention Network (NPW) was established in Chile.

The NPW brings together 314 neighborhood committees to collaborate on the prevention of wildfires by managing the risks in their respective areas through the use of the measures laid out in their respective prevention plans.

In Chile, fire fighter trainings consist of two parts: theoretic and practical. The first part covers basic fire-related topics

such as fire behavior, combatting principles, and equipment use and maintenance. The second seeks to familiarize them with fire control tools and techniques and how best to use them to create firebreaks. In 2019, 4 fire fighter trainings took place, reaching a total of 80 people.

In addition, the company organized 33 training sessions on fire control and prevention in Brazil instructing 687 workers. These covered wildfire control and prevention as well as first aid instructions.

CMPC allocated almost USD 6.5 million annually to fire prevention efforts.

Combatting wildfires

When fighting a wildfire, the protection of human life is most important. To that effect, our strategic plans focus on fires spreading to urban areas. CMPC allocated close to USD 29.9 million to manage such occurrences.

First, it is important to detect the location of a fire outbreak as quickly as possible. For that reason, in 2019 CMPC installed another 70 observation towers, manned and/or equipped with video surveillance cameras that can pinpoint the exact origin of a fire. As of this year, the company is also equipped with a software that can predict the hourly spread of wildfires in order to improve and strengthen its fire control strategy.

Additionally, the company has at its disposal 21 aircraft (including a massive Chinook helicopter and a heavy-duty Super Puma helicopter), two multipurpose vehicles and 73 firefighting units to combat fires in the central and southern regions of Chile. In Brazil, the company made available three helicopters, three convoy trucks, 20 pick-up trucks equipped with firefighting kits and nine trucks. There are also 74 people involved in these activities, including nine truck drivers, 25 fire fighters and 40 surveillance operatives. In Argentina, the company provided access to one combat aircraft and 222 days of use of a tank truck in addition to the 1,160 workers involved in the program for wildfire control.

CMPC fire fighters

2.5 ADDRESSING CLIMATE CHANGE ^{MAT}

Why is climate change relevant?

(103-1) (103-2) (103-3)

- Among the consequences of climate change are more frequent **extreme temperature occurrences, rising sea levels, faster melting polar ice caps**, as well as an increased frequency of extreme weather events.
- The areas **where CMPC operates** are not immune to these impacts and have been affected by **worsening droughts due to precipitation scarcity, an increase in temperatures, extreme weather events and faster spread of wildfires**.
- That is why, in 2019 **the company formulated its Climate Change Policy**, declaring its commitment to climate action and setting a clear direction for its actions.
- The real or potential impacts of climate change are addressed by the CMPC Sustainability Committee with each business area and unit executing specific measures.

CMPC CLIMATE CHANGE POLICY

We acknowledge our responsibility for climate action in line with our mission, values, and corporate purpose. We rely on scientific data which indicates that human activity has been accelerating global warming. We also understand that deteriorating environmental conditions have an adverse effect on humanity.

That is why we:

- Strive towards a low-carbon economy based on renewable natural resources and a circular business model.
 - Follow applicable international climate change related conventions and principles, while complying with local legislature and existing regulations on the subject matter in the countries where we operate.
 - Work with our people, communities, providers, clients and other stakeholders on building awareness about climate change and its impacts in order to inspire action and develop a shared response.
 - Promote the carbon capture and storage potential of our forest plantations and products.
 - Measure and report our greenhouse gas emissions on an annual basis, as well as publicly disclosing our climate performance.
 - Set quantitative science-based targets for the reduction of our carbon footprint.
- Integrate climate issues into our corporate risk assessment, the design of effective adaptation measures and the search for new business opportunities.

HOW DOES CLIMATE CHANGE AFFECT US?

As a result of climate change, certain CMPC activities could be negatively or positively affected at any stage such as the production processes, factory operations, supply chain stability and requirements from clients and consumers. That is why, **the company focuses its efforts on the constant assessment of related risks and opportunities in order to incorporate effective controls and measures in its operations.**

Droughts, which are exacerbated by climate change, could limit the availability of water for the company's industrial operations as well as affect the growth rate and yield of plantations. On the other hand, heat waves in addition to changes in wind patterns, could create favorable conditions for the spread of wildfires wreaking havoc in forest plantations and local communities. Furthermore, a change in climate conditions could favor the increase of tree pests and diseases posing a risk to CMPC forests. However, variations in weather patterns could increase precipitations in some regions resulting in an increase of fiber availability. Finally, the substitution of plastic in response to environmental concerns, could also present an opportunity by increasing the demand for products derived from natural and renewable sources.

CLIMATE CHANGE IMPACT REPORTING AND TRANSPARENCY



In order to assess the potential financial impacts and opportunities related to climate change and create a strategy to address them, CMPC has been evaluating the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD).

What is TCFD?

Founded in 2015 by the Financial Stability Board and led by Michael Bloomberg, the Task Force on Climate-related Financial Disclosures (TCFD) has developed recommendations for the voluntary disclosure of quantitative and qualitative financial information related to issues of climate change, which would be consistent, comparable, trustworthy, clear and efficient in order to allow the market to price this risk and help make strategic decisions as one of the most significant risks that organizations face.

According to TCFD guidelines, there are two types of risks and opportunities related to climate change: transition and physical:

Transition risks: The transition towards a low carbon emissions economy could entail political, legal, technological and market changes to address the need for mitigation and adaptation to climate change. Depending on the nature, speed and focus of these changes, they could expose a company to different levels of financial and reputational risks.

Physical risks: Related to changes in weather patterns. These could have direct financial implications for companies such as physical damage to fixed assets or indirect ones such as disruptions in the supply chain. The financial performance of companies could also be exposed to changes such as water quality and availability, food security and extreme temperature variations affecting the industrial facilities, operations, supply chain, transport and employee safety. These could either be acute or chronic.

In 2019, the CMPC Risk Management, Finance and Sustainability departments took the first steps towards aligning and deepening these areas' understanding of the TCFD recommendations. To that end, representatives from the three departments agreed on a plan of action, whose first step was reviewing the progress in the development of a new risk management model for CMPC.

Climate change mitigation: forests are essential for capturing carbon

We call climate change mitigation a set of initiatives for reducing and/or eliminating greenhouse gas (GHG) emissions or for increasing its elimination from the atmosphere (UNEP 2009). In order to reduce or eliminate GHG emissions and/or increase carbon capture, there are a number of mitigation measures that could be adopted.

FORESTS, BE IT NATIVE OR PRODUCTIVE PLANTATIONS, ARE AN IMPORTANT RESOURCE FOR THE CAPTURING AND STORAGE OF CARBON FROM THE ATMOSPHERE.

CMPC maintains or increases the contribution of its forests to climate change mitigation with sustainable forest management practices and restoration and reforestation for productive use or conservation purposes. Wood products themselves have the capacity to store significant amounts of carbon, in some cases for a number of decades.

the capture of CO₂. Species that grow slower could take up to 400 years to reach their maximum capture potential (CONAF 2018). For all of the above-mentioned reasons, rapid-growth forest plantations, such as CMPC's, play an important role in compensating emissions from other sectors of the economy by capturing CO₂.

Rapid-growth species, such as eucalyptus and Radiata pine, take between 12 and 60 years to reach maximum capacity for

IN SUMMARY >>>

- CO₂ capture from the atmosphere. At CMPC this is achieved through the forest plantations and the conservation and protection of native forests.
- CO₂ storage out of the atmosphere. At CMPC, this happens as carbon sequestered in its renewable products.

Climate change adaptation: adjustment for the future

The Intergovernmental Panel on Climate Change (IPCC) defines climate change adaptation as “the process of adjustment to actual or expected climate and its effects. In natural systems, human intervention may facilitate adjustment to expected climate and its

effects” (IPCC 2014). Thus, an adaptation strategy aims to limit the risks derived from a changing climate and increase resilience in the face of potential impacts.

CMPC is focused on preventive measures for addressing these impacts and is working to adapt its production processes and forest management practices. The following are the most important ones:

- Measures to protect the company's forest assets and facilities.
- Scientific innovation to create trees that are more resilient to weather fluctuations. For example, the company has developed adaptive features in eucalyptus and pine species that make them better equipped to resist frost and/or lower temperatures, survive in drier soil, and even make their bark thick enough to be able to withstand fire.

These measures are implemented according to local climate, geographic conditions and spatial planning. The goal is to ensure that the natural resources on which CMPC depends for its production can continue to prosper over time despite changes in the local climate conditions.

MITIGATION AND ADAPTATION EFFORTS TODAY ARE ESSENTIAL FOR MAKING OUR BUSINESS RESILIENT FOR THE NEXT 100 YEARS.



03



CON NECT

STAKEHOLDER
ENGAGEMENT



SOFTYS WATER CHALLENGE

A CHALLENGE FOR LATIN AMERICA



What is the Softys Water Challenge?

The Water Challenge is an innovation contest for entrepreneurs and startups to participate with water-related solutions. The goal of its first edition (2019-2020) is to improve access to this resource for communities that do not have it.

For future editions, we expect to move on to sanitation solutions.

How did this initiative come about?

Softys aims to provide the care that people need at every stage in their day-to-day lives. To that end, the company has been developing innovative hygiene and cleaning solutions. However, these are no use without access to water. That is why, the initiative was launched in 2019 to help increase access to clean water.

What is the challenge?

Despite the fact that having access to 60 liters of fresh water a day is a human right, for 263 million people it takes more than 30 minutes to pick up water (from public sources far from their homes). Data shows that due to climate change and the growing population, by 2025 half of the world's population will live in areas with water scarcity. The

Water Challenge seeks ways to improve access to this resource for communities that do not have it.

Where does it take place?

In the eight Latin American countries where Softys operates as 37 million people in the region as a whole lack access to safe drinking water and it is estimated that 110 million do not have access to proper sanitation. In Chile, 47% of the rural population⁹ do not have access to drinking water, while in Peru 28% of people rely on water from rivers, drains or wells. In Brazil, 35 million people are deprived of that right.

What will the winners get?

The 20 semi-finalists will receive mentorship and networking with institutions and key players in this sector and a total of USD 45,000 will be split among the winning teams. The winning startup will also have the opportunity to implement their project.

What are the stages of the challenge?

This initiative is carried out in partnership with the Amulen Foundation and the Center for Innovation of the Catholic University of Chile and is divided into six stages:

STAGES:

1

LAUNCH:

January 13, 2020.

2

APPLICATIONS RECEIVED:

January 13 to March 9, 2020.

3

20 SEMIFINALISTS ANNOUNCED:

March 19, 2020.

4

10 FINALISTS ANNOUNCED:

July 7 and 8, 2020.

5

BOOTCAMP AND AWARDS:

August 3 and 4, 2020.

6

IMPLEMENTATION OF THE WINNING PROJECT:

September 2020 to March 2021.

⁹The Chilean rural population totals 2,149,469 people, 12.2% of the country's total population, according to the 2017 Census.

3.1 OUR COMMUNITIES

03 STAKEHOLDER ENGAGEMENT

CMPC is committed to any place where it operates, which is part of its corporate purpose to coexist in the territories that we share as an opportunity for mutual development.

To this end, a local community is defined as the people, groups and their leaders, authorities and political, territorial and functional representatives, as well as organizations, companies and businesses, which interact or are interested in interacting with the company and/or could potentially be impacted due to their specific needs or dependence on the land where CMPC's diverse operations take place, whether in the forestry, industrial, or logistics sectors.

In areas with forestry operations, CMPC shares the space with other companies, organizations and businesses, while in industrial zones, depending on the location of its productive facilities, it borders homes, neighborhood meeting cen-

ters, sports clubs, cultural centers, senior clubs, family centers, schools and other organizations. In all of these cases, the company strives to maintain close relationships with its neighbors for the purposes of peaceful coexistence and local development.

Operations located in woodlands maintain community engagement mainly through public and private organizations from the area. On the other hand, forestry operations in proximity to residential areas, rely on a relationship with their closest neighbors that allows them to keep communication flowing.

Finally, those operations that are very close to inhabited areas or whose operations are very large and could have a bigger impact, engage with the local communities on a regular and consistent basis over time.

Group walk for Raún Castro Márquez School, Araucanía Region, Chile



Tree Hall, Alessandri Park, Coronel, Biobío Region, Chile





3.2

LOCAL DEVELOPMENT AND COMMUNITY ENGAGEMENT

MAT

How are local development and community engagement achieved?

(103-1, 103-2, 103-3)

- Community engagement initiatives are carried out based on a process of prioritization.
- This process assesses proximity, intensity of operations (potential or real impact) and population density, as well as the defining qualities of each community in the territory they inhabit.
- The Empresas CMPC Corporate Affairs Department has management guidelines for community engagement to be applied in all countries where the company operates.
- The goal is to work on initiatives that encourage local development through socio-environmental solutions in three steps: 1) assessment, 2) social investments, and 3) monitoring and evaluation.

COMMUNITY ENGAGEMENT PROCESS STEPS

ASSESSMENT 1

Collaborative process involving CMPC and the community tasked with identifying engagement opportunities to resolve controversies, contribute to development, and generate local growth, while maintaining fluid communication between the two parties.

It is divided into two stages: collecting information and assessing expectations through socio-demographic studies in the area in order to better understand the issues at hand and the main stakeholders. In addition, local needs and on-going projects are identified.

SOCIAL INVESTMENTS 2

Identifying opportunities for collaboration, the critical points of interaction (or lack thereof) between the company, community and local and/or national authorities, facilitating our work to generate potential impacts that improve the overall wellbeing of communities. To that end, we organize participatory projects and activities in three thematic groups: **education, business ventures, and outdoor life.**

MONITORING AND EVALUATION 3

Definition of metrics to measure the impact of the already implemented initiatives in the areas where CMPC operates. These inform future decisions for the CMPC social investment strategy according to the company objectives and corporate purpose.

In addition to the three steps mentioned above, the company has also developed mechanisms for constant flow of communication:

- Regular meetings with social organizations.
- Keeping the community informed about forestry and industrial operations in the vicinity.
- Meetings with local public authorities.
- Programs and workshops held for the community at large.
- Visits to plants to learn about the production process and address any doubts that the community might have.
- Environmental talks, creating awareness on the topic.
- Updates on ongoing forestry operations.

03 STAKEHOLDER ENGAGEMENT

Step 1: ASSESSMENT

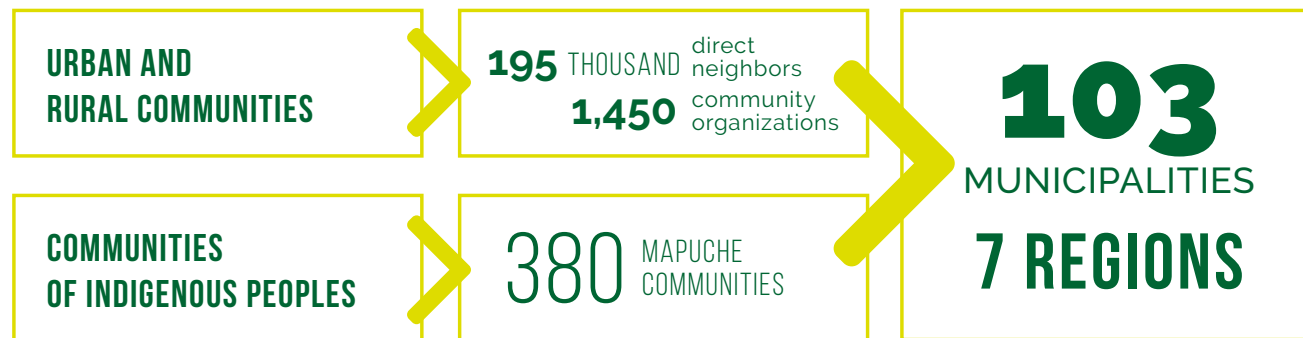
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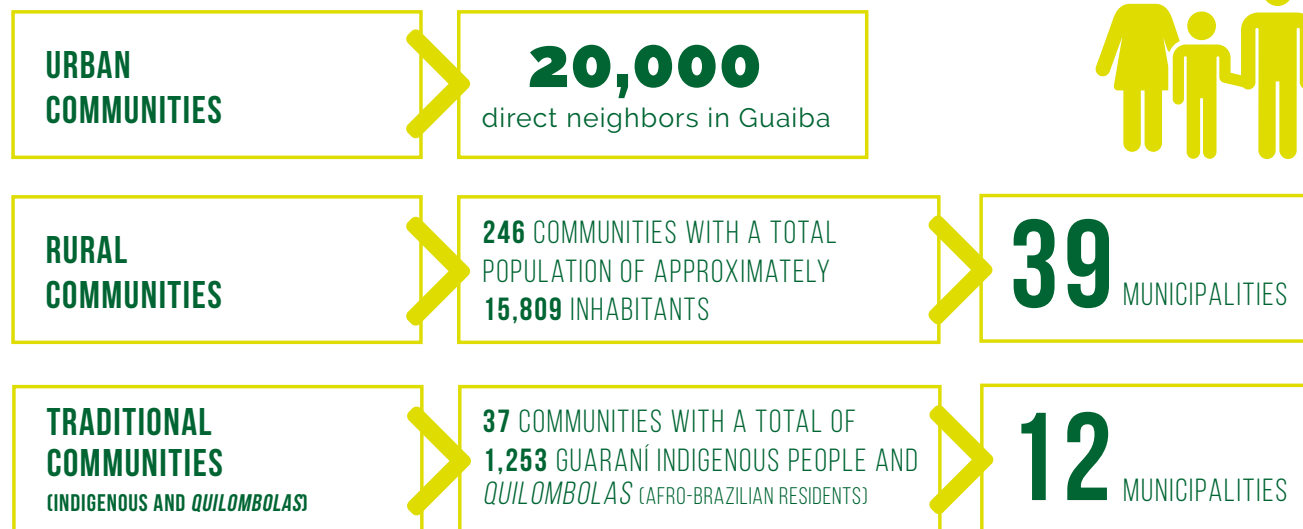
Each operation has its own community engagement plan based on local and sociodemographic differences, which are identified at this step of the process.

COMMUNITIES WITHIN 10KM OF FORESTRY OPERATIONS

IN CHILE



IN BRAZIL



In 2019, Softys completed an assessment of its community relations in the countries where it operates.

As a result of this process, relevant information was gathered on the teams responsible for community engagement at each plant, active work groups, commu-

nication with the local authorities the status of ongoing programs, continuity of plant visits and communication channels for neighbors. The information collected made it possible to create action plans for community engagement in the future.



We are 100 YEARS

BECAUSE WE CARE ABOUT OUR NEIGHBORS

[JUAN CARLOS NAVIA
SOUTH AREA PUBLIC AFFAIRS CHIEF]

CMPC Pulp Brazil carried out an assessment and mapping of the stakeholders adjacent to the Guaiba mill in Porto Alegre and the forestry operations throughout the state.

The assessment concluded that the operations of CMPC Brazil do not interfere with the daily lives of communities located within 10km from forest plantations. Additionally, the study mapped out a total of 18 indigenous communities (Guarani) and 19 quilombolas communities (descendent of slave communities from the past). Of those, six traditional communities were prioritized in 2019 to establish an ongoing dialogue with them and provide adequate social investments for local development.

In 2020, activities benefiting the rest of the local communities will take place.

Step 2: SOCIAL INVESTMENTS

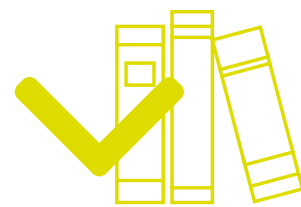
(CMPC 7)



At the social investments step, there are three focus areas for community engagement and local development efforts:

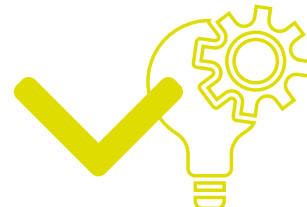
IN 2019, CMPC INVESTED A TOTAL OF USD 14,322,466¹⁰ FOR THE DEVELOPMENT OF MORE THAN 55¹¹ PROGRAMS AND PROJECTS FOR COMMUNITY ENGAGEMENT.

Below are the 36 most significant programs and projects related to:



Education

Support educational initiatives for the community, run directly by CMPC and in some cases in collaboration with other organizations, always with the benefit to the community in mind.



Business ventures

Bring about local development by encouraging business ventures among community members, which directly benefit neighboring communities.



Outdoor life

Promote the creation of outdoor spaces designed for people to enjoy time outside and improve their quality of life.

¹⁰This number corresponds to social investments in communities by CMPC Celulosa in Chile and Brazil, as well as CMPC Foundation spend on social development programs.
¹¹Contains 16 projects by Celulosa Chile and 29 by CMPC Brazil that were externally verified.

CMPC Foundation



Working hand in hand with the company, the CMPC Foundation is responsible for the company's community engagement efforts in Chile. It contributes to education and provides cultural activities for students in various communities by training to local players and building long-term partnerships.

For more information on the CMPC Foundation, visit: <http://www.fundacioncmpc.cl/>

Programs marked **NV** were not included in the external verification of CMPC indicator 7.



EDUCATION

Drinking water for the Sao Gabriel municipal school in Rio Grande do Sul NV	Having identified the supply of clean drinking water to the EMEF Baltazar Teixeira school as a critical issue for the community, CMPC Brazil in cooperation with local institutions developed a permanent solution to provide access to drinking water to the community. Approximately 100 people at the school, including students, workers and teachers benefit from this initiative.
Partnership agreement between CMPC and DUOC UC Professional Institute	This strategic alliance between CMPC and the DUOC UC Professional Institute makes possible the construction of the first such educational institution in the province of Biobio and second in the region. The professional institute campus will be in the municipality of Nacimiento, conveniently located in proximity to students from neighboring communities. It will offers courses in conjunction with the Santa Fe and Laja mills, continuing education and will have an Entrepreneurship Center to promote the professional development of young people and adults. Its classroom seating capacity will be over 700 students. The building is expected to have a total usable area of 2,500 m2 and will enroll its first cohort of 200 students in 2022.
Support for the Paraty Book Fair	The purpose of this initiative is to use literature as a tool for livening up public spaces. The Paraty Book Fair is the most important literary festival in Brazil and has already seen seventeen editions. 26,400 visitors participated in the 2019 edition.
FibraLab NV	Inaugurated in 2019, <i>FibraLab</i> (Fiber Lab) is a space in the CMPC office building in Los Angeles, Chile, open to visitors to walk around, play and learn about the forestry world, science, technology and nature. The facility boasts an interactive room, a trail of <i>Quillay</i> (soapbark) trees, amphitheater, labs, greenhouses and a free-access park. For more information on the initiative, you can visit: www.fibralab.cl

<p>Formando Chile and CMPC Puente Alto NV</p>	<p>A program developed between CMPC and Formando Chile (Educating Chile). It is a free-of-charge university preparatory course for students and young people from the Puente Alto municipality, Santiago, Chile.</p> <p>Classes take place at the CMPC Puente Alto plant, in a specially designated space for students. Thanks to this project, students were able to make up for any lost school material and get ready for the university entrance exam, scoring above their peers from the community. Due to its success, 128 students have already signed up for 2020.</p> <p>50 people benefited in 2019.</p>
<p>Partnership with technical professional high schools</p>	<p>This initiative seeks to build abilities and capacities in students from technical professional schools.</p> <p>73 students benefited.</p>
<p>Scholarships</p>	<p>Financial aid to cover the costs of high school and higher education for the children of neighbors to the company's industrial and forestry operations.</p> <p>256 students benefited.</p>
<p>Employability training program</p>	<p>A program promoting vocational training related to the company's most critical operations oriented towards neighbors of the company's industrial and forest assets.</p> <p>2,478 people received training.</p>
<p>Music schools, bringing communities closer to their culture</p>	<p>A program dedicated to spreading local, regional and national Chilean folklore. It focuses on building social skills and using music as a tool to motivate learning.</p> <p>1,000 children benefited.</p>
<p>Factory for accordion players</p>	<p>A social inclusion project in association with the Renato Borghetti Institute targeting children between 7 and 15 years of age. It teaches student-apprentices how to play the melodeon or diatonic button accordion. Something that differentiates this project is that to help them learn, students are allowed to take the instruments home.</p> <p>The accordions are made from certified eucalyptus wood originating in renewable plantations.</p> <p>530 benefited.</p>
<p>Biobio and Araucania regions in 100 words NV</p>	<p>A literary contest, organized by CMPC in collaboration with the Plagio Foundation (Plagiarism Foundation), for writings on the life in the region. The region of Biobio, Chile, already celebrated the eighth edition of this contest promoting reading and writing. Since its inception, it has inspired the writing of more than 55,000 original stories.</p> <p>In addition, the first edition of the "Araucania in 100 words" competition took place in the city of Temuco. It received more than six thousand submissions of short stories from people of all ages, written both in Spanish and Mapudungun (the language of the mapuche people).</p>
<p>Environmental education workshops</p>	<p>Designed to teach values and attitudes related to the preservation of forests and the environment to kindergarten and/or elementary school children, teachers, principals and their parents or legal guardians.</p> <p>5,000 children benefited.</p>
<p>Forests are life</p>	<p>Supports improvements of school yards combined with environmental education through the inclusion of all members of the school community in a learning space that is environmentally friendly.</p> <p>9 schools and 1,334 students benefited.</p>



Nacimiento Professional School certification, Biobio Region, Chile





We are **100** YEARS

BECAUSE WE SUPPORT THE EDUCATION OF OUR CHILDREN

[DANIELA ARANEDA
PROJECT MANAGER, CMPC FOUNDATION]



BECAUSE THESE 100 YEARS ARE JUST THE BEGINNING



With this program, the CMPC Foundation aims to aid the development of linguistic and socio-emotional abilities in children ages 0-6 from public nurseries and kindergartens by encouraging the use of effective early stimulation through play at home with the family and at educational centers.

1,172 children benefited in 24 educational establishments across 5 municipalities.



The CMPC Foundation promotes language and math learning for children in pre-kinder to 4th grade in neighboring communities to CMPC operations. It helps provide the right tools and experience to the most important vectors in child learning: teachers, educators, parents or legal guardians, principals and financial backers.

In 2019, it benefited from an external review process by the Impulso Docente Foundation (Foundation for the Support of Teachers) and also adopted MentorPro, a web and mobile platform that connects teachers with mentors to help them in their professional development by having videos of their classes observed and receiving feedback as well as having access to other instructional video materials.

The three schools that participate in this program, El Saber, Toqui Lautaro and Dollico, received recognition by the Agency for Quality Education (Agencia de Calidad de la Educación) for their exceptional performance in the period 2005-2019.

5,407 children in 34 schools and 9 municipalities benefited.



BUSINESS VENTURES

Berry gardens	<p>This initiative aims to create and maintain community gardens in the municipalities of Collipulli, Victoria and Tirúa in the Araucanía region of Chile.</p> <p>The project provides support in the form of technical, legal and commercial advice to the entrepreneurs in order to reinforce their ability to form partnerships, formalize their business ventures and find distribution channels for their products.</p> <p>100 small business ventures benefitted.</p>
Collipulli market	<p>A program to collaborate in the construction from wood the structure for the future farmers market of the Collipulli municipality.</p> <p>100 stands benefitted.</p>
Santa Verónica neighborhood	<p>Support for the creation and organization of organic gardens in the Santa Verónica neighborhood of the Santa Margarida do Sul municipality in Brazil to supply an agricultural business venture which is currently getting started.</p> <p>21 business ventures benefitted.</p>
CMPC fund	<p>Contributes to improving the quality of life of the neighbors closest to the company's industrial and forestry operations by offering financial support for projects that directly benefit neighbors and the community as a whole.</p> <p>361 organizations benefitted.</p>
Embrapa farmers day NV	<p>This program consisted in training community leaders on how to improve the management of rural land. The training was led by the Temperate Agriculture division of the Brazilian Agricultural Research Corporation (Embrapa Clima Temperado) and focused on technical knowledge related to agrobiodiversity, biological control, production systems, environmental services and value added to encourage revenue generation practices that can be employed by small family farmers.</p> <p>1,112 community leaders benefitted.</p>

OUTDOOR LIFE

<p>Partnership with sports clubs NV</p>	<p>Partnership between CMPC and the Catholic University of Chile Sports Club to promote initiatives for sports and outdoor activities. Workshops could be in tennis, athletics, volleyball, hockey, and basketball, among others. Organizing a workshop is coordinated with local municipalities based on the interests of its residents.</p> <p>In 2019, two cycles of basketball training were organized for amateur players from Laja, Nacimiento and Collipulli. As part of the agreement, CMPC also committed to the reforestation of the Catholic University's San Carlos de Apoquindo sports center in Santiago, Chile.</p>
<p>WimBelemDon</p>	<p>CMPC Brazil sponsors the WimBelemDon Program, which uses tennis and other educational social activities to promote inclusion and achieve holistic development for high risk children and teenagers from vulnerable social backgrounds.</p> <p>75 students benefitted.</p>
<p>Guaiba eco run</p>	<p>A free running competition open to the community offering distances of 5, 10 and 15 km, developed by CMPC in collaboration with the Ministry of Citizenship of Brazil.</p> <p>2,000 participants.</p>
<p>Construction of holiday centers NV</p>	<p>There will be 2 holiday centers near the Guaiba mill, which are awaiting authorization from authorities.</p> <p>The first one, Alvorada, is a 4,760m² site which will be completely renovated and equipped with a pier, playground, sitting area, new lighting, boardwalk, pet area, and an access ramp for boat maintenance. This project was designed collaboratively the community.</p> <p>The second is Alegria encompassing 12,900m² with a new pier, lighting, boardwalk, sports fields, board games and recreation spaces open to the community, which actively participated in elaborating the project.</p>
<p>Caravana cultural fair</p>	<p>Promotes gaucho traditions in CMPC adjacent communities in the municipalities of Guaiba, Pinheiro Machado, Butua, Piratini, Encruzilhada do Sul and Rio Grande.</p> <p>The fair invites producers to participate with local cuisine, arts and crafts and by doing so creates 25 direct and indirect jobs. It also offers diverse programming, including art, culture and environmental education to better utilize public spaces for the benefit of the community.</p> <p>53 activities took place and 13,500 people benefitted.</p>
<p>Projati orquestra</p>	<p>The Projati Orchestra offers classes to orchestras, choirs and educational and cultural groups. It works with a variety of artistic expressions in a multidisciplinary form. It also organizes a series of socio-educational, cultural and sports activities.</p> <p>150 children from the Guaiba municipality participate.</p>
<p>Rebuilding homes</p>	<p>In January, CMPC together with Desafio Levantemos Chile (A Challenge to Rebuild Chile) committed to the reconstruction of 24 high quality homes, with thermal insulation and fully equipped. This came in response to the damage caused by three concurrent wildfires that affected the municipalities of Carahue, Nueva Imperial and Chol Chol in the La Araucania Region, Chile. The finished homes were handed over in in May, 2019.</p> <p>24 families benefitted.</p>



CMPC Frontera Trail 2019, city of Temuco, Araucania Region, Chile



Sports Clinics, partnership between CMPC and Universidad Catolica Sports Club



Virada Sustentável

This is the largest sustainability fair in Latin America and one of the largest in the world. Thousands of civil society organizations, public authorities and companies, including CMPC, participate in it.

Its agenda is based on the 17 Sustainable Development Goals (SDG) which focus on issues such as reducing social inequality, responsible consumption, health and wellbeing, and climate change.

In 2019, there were more than 1.5 million visitors and more than 1,600 activities took place.

Community approach by Softys Argentina NV

This program focuses on child growth and development. It engages in a variety of activities benefitting children such as the shelter house project, solidary children's day, elementary and middle school workshops and donations of institutional products such as diapers to the Regional and Garrahan Hospitals.

6,000 people benefitted.

CMPC 100 year cup NV

As one of the activities initiating the celebration of the company's first century in existence, the CMPC 100 Year Basketball Cup was organized. The championship consisted of two games. The first one took place in the municipal gym of Puente Alto in Santiago, Chile, the municipality where CMPC built its first plant in 1920, and the second one on the Palestinian Stadium, also in Santiago.

The Catholic University of Chile Sports Club was crowned champion after winning against Puente Alto Basket.

CMPC supports Puente Alto Basket in the lower age range divisions, as well as the adults' team, which competes in the Chilean National Basketball League.

Alessandri Park



The Alessandri Park in Coronel, the Biobio Region of Chile, offers a variety of cultural, recreational and environmental activities such as the Summer Saturdays of Culture, native forest walks and professional internships for young people with disabilities. It is comprised of 11 hectares of free educational spaces open to the public year round such as the Artequin Museum, Tree Hall, trails and an educational nursery. In 2020 will be inaugurated another park with the same name in the municipality of Nacimiento in the same Chilean region.

In 2019, the park received 140,027 visitors.



HIPPY PROGRAM, CHILE



Since its launch in May, 2018, HIPPY which stands for Home Instruction for Parents of Preschool Youngsters, has been providing training to community tutors (parents or legal guardians of children ages 3 and 4) to conduct home visits with other caregivers in the community, so that they can in turn help their own children develop language, motor and spatial exploration skills through activities in the form of play.

The program started with 37 families and in 2019 that number increased to 387 families participating in its various stages with a 30-week curriculum per the year and six activities per week.



HIPPY'S 2019 PROGRESS HIGHLIGHTS IN NUMBERS:

8 municipalities in Chile (Santiago, San Joaquín, Cañete, Angol, Collipulli, Victoria, Lumaco, Traiguén)

6,656 home visits

2,495 books with short stories delivered

387 sets of HIPPY materials distributed

TRAINING:

25 community tutors trained

120 hours of training on average

95% tutor attendance

47 workshops for parents on first aid, storytelling, self-esteem, setting rules and limits.

In 2019, the program entered into an evaluation stage. It is expected to take two years and measures participation rates, loyalty and relevance of its activities. The assessment is conducted by the Center for Early Childhood Education (CEPI) through interviews, focus groups, follow-ups of main activities and parent questionnaires of a representative sample. Additionally, the PICCOLO scale is used to observe the relationship between the caregiver and the child at home.



The evaluation covered activities with 222 children and their families.

Characteristics of the participating families:

- 46 ethnic mapuche families
- 55 immigrant families



Training community tutors for the HIPPY program, CMPC Foundation.

Step 3:

MONITORING AND EVALUATION

At this step, CMPC undertakes an evaluation of its contributions in the areas where it operates. To that end, it conducts a biannual study of the perception that community stakeholders have of the company in order to provide feedback on the social investment strategy in relation to the company purpose.

This study was carried out by the Feedback consulting firm for these business units:

- Puente Alto in Chile, while is an agglomeration of Biopackaging and Softys plants.
- Forestal Mininco in the south of Chile.
- CMPC Brazil.

The results showed a positive perception of the company by stakeholders. In Chile, the company ranked among the top companies according to the people surveyed.

- 35% of interviewees gave Forestal Mininco a positive or very positive evaluation.
- 67% of local interviewees evaluated the Puente Alto subsidiaries in a positive or very positive way.
- CMPC Brazil scored as one of the largest companies in the area being the second most commonly recognized name by those surveyed. It was also one of the best evaluated companies in the Rio Grande do Sul state.

3.3 COMMITMENT TO INDIGENOUS PEOPLES ^{MAT}

Why are indigenous peoples relevant for CMPC?

- In the day-to-day, CMPC coexists with more than 417 traditional communities, including both indigenous and *quilombola* peoples, living in proximity to its zones of influence .
- In Chile, according to the 2017 census published by the National Statistics Institute (INE), 12.8% of the population self-identifies as belonging to an indigenous or native ethnic group, predominantly mapuche representing 9.9% of the country's total population.
- In Brazil, indigenous people did not represent more than 0.47% of the population estimated for 2016 according to the Brazilian Institute of Geography and Statistics (IBGE¹²), the largest group being guarani.
- The company's Social Plan includes a **Policy for Engagement with Indigenous Communities**, whose objective is **to express our absolute respect for the ethnic belonging, traditions and development choices of various cultures**. This consideration for indigenous people comes from the Public Affairs departments of the company's subsidiaries in their efforts to resolve local issues and address historic injustice with respect, trust and communication.

CMPC condemns any violence even if it is used to advocate for legitimate claims by these communities and considers that such actions do not represent the overwhelming majority of the community, neither in sentiment, nor in behavior.

IN CHILE, CMPC WORKS WITH MAPUCHE COMMUNITIES BY ORGANIZING ROUNDTABLES WITH LOCAL AND NATIONAL AUTHORITIES AND MAPUCHE LEADERS.

Efforts are primarily oriented towards identifying development opportunities that respect the cultural identity and customs of this indigenous group.

In 2019, the company together with the community developed a document called **"Propuesta Mapuche"** which maps out important issues for the communities, such as production development, culture, land, water and infrastructure.

¹²The IBGE census from 2010 was the last one that took place in Brazil. The next census is scheduled for 2020.

Some of the social investments are:

Project Name	Description	Number of people or groups benefitted
Project Name Promoting local fibers	This project entails the creation of two spaces where local entrepreneurs from the communities adjacent to our forestry operations can offer their products. The first of these spaces is located in the center of the city of Temuco and also has a coffee shop and co-working space open to the public, while the second one is part of the Alessandri Park in the municipality of Coronel.	35 entrepreneurs and 2 groups benefitted
River route on Río Imperial	An initiative to promote and develop tourism on the Río Imperial river in the Araucanía region, Chile, by improving skills and abilities, local infrastructure and facilities in order to make tourism a strategic pillar for the economic development of the municipality.	20 entrepreneurs benefitted
Kuyulche vegetable charcoal	The project encourages business ventures for the production of vegetable charcoal for the indigenous communities neighboring forest plantations in Lumaco, Chile.	65 entrepreneurs benefitted
Ñocha Malen (Ñocha Woman)	A program supporting a cooperative of ñocha basket weavers to improve their products and services, increase orders, meet with clients, and consolidate their organizational and partnership structure.	75 artisans benefitted

Source: CMPC Celulosa

Monkul river route



Roots – Intercultural Program, getting to know the mapuche people

In July, a cultural exchange workshop was held in Los Angeles, Chile. Five hundred people attended the event, hosted by the mapuche journalist and writer, Pedro Cayuqueo at the CMPC office building in Los Angeles and hundreds more joined online via streaming. The same event was organized again at the company's headquarters in Santiago where 200 people participated in-person and about a hundred joined remotely.

The workshop consisted of learning about the real history of the mapuche people, their traditions, and culture and helped answer various questions from the audience from a historical and journalist point of view.

This talk was one of the activities in the Roots intercultural program. The program also employs, among its many initiatives, a traditional mapuche medicinal woman (machi) to treat company employees.

In Brazil, the number of indigenous peoples in the area of the company's forest assets is low, as the majority of such peoples are found in the Amazon basin. In 2019, CMPC Brazil conducted a thorough assessment to identify any native peoples living close to the company operations and developed a plan for community engagement and building relationships. The peoples identified were guaraní and quilombolas.

The assessment concluded that CMPC operations do not interfere with the way of life or the culture of these traditional communities. Nevertheless, in 2020, the company is planning to open up a dialogue and start making social investments for the development of these communities.

Number of traditional communities in Brazil

Communities	2019
Guarani people	18
Quilombolas	19

Source: CMPC Brazil

A quilombola is an Afro-Brazilian resident of quilombo settlements first established by escaped slaves. These communities are located in vulnerable rural areas and the majority live from cultivating land that was donated, bought or occupied a long time ago.

These social groups share common ancestry, social and political organization, and linguistic, religious or cultural elements, which distinguish them from the rest of society. That is why the company includes them in its programs for engagement with traditional communities.



Interactive workshop, Laja Park, Biobio Region, Chile

3.4 CORPORATE CITIZENSHIP

IN ADDITION TO LOCAL COMMUNITIES, CMPC INTERACTS WITH ORGANIZATIONS AND COMPANIES, WITH WHICH IT COOPERATES TO PROMOTE INNOVATION AND RESEARCH AND DEVELOPMENT. IT CONTRIBUTES TO SOCIETY THROUGH PARTNERSHIPS, MEMBERSHIPS, SPONSORSHIP, DONATIONS AND CORPORATE VOLUNTEER WORK.

Donations and social contributions

The company contributes to a number of institutions for the support of science, culture, social and economic development and education, whether in the form of membership, as a sponsor or benefactor or others. It does not support financially political campaigns, political parties, candidates, public authorities or lobbyist organizations.

In 2019, its donations totaled **USD 12,753,445**, divided in:

Type	Contribution amount (USD)
a) Cash donations	12,613,810
b) Time donations	4,816
c) Product donations	134,819

Source: Various CMPC business areas
 Note 1: Donations for all items contemplate Chile and Brazil.
 Note 2: Time donations were calculated based on two of the four corporate volunteer activities.

a) Cash donations:

Donations by category (in USD)

	2017	2018	2019
Lobby	0	0	0
Political campaigns, organizations, candidates	0	0	0
To industry associations, memberships or other tax exempt groups and think tanks	10,492,087	10,281,934	12,613,810

Source: CMPC Chile and Brazil Public Affairs
 Note: Years 2017 and 2018 incorporate information only from Chile.

The three largest contributions made to industry associations and public policy advocates were:

- Chilean Association of All Trades (Sociedad Fomento Fabril or SOFOFA): USD 570,836
- Chilean Center of Public Studies (Centro de Estudios Públicos or CEP): USD 149,108
- Chilean Institute for Rational Business Administration (ICARE): USD 95.224

These represent 6.5% of total cash donations.

The three largest contributions to social initiatives were:

- Imagine Foundation (Desafío Levantemos Chile): USD 886,358
- My Park Foundation (Fundación Mi Parque): USD 335,554
- Plagio Foundation (Fundación Plagio): USD 147,726

These represent 10.7% of total cash donations.

b) Time donations

There were four corporate volunteer programs in 2019 in collaboration with Chilean organizations dedicated to the social development of different target groups.

	Maria ayuda (South of Chile)	Cottolengo (Santiago de Chile)	Reforestación (Santiago de Chile)	Escuela Villa Coigue (Sur de Chile)
Volunteer days	3	6	2	1
Number of participants in each activity	13	10	5	7
Estimated time (in hours)	1	4	4	8
Estimated time cost (in USD)	N/A	535	N/A	4,281

Source: Public Affairs

Note 1: N/A: No information available. Participants did not register with personally identifying information for this event, so it was not possible to calculate the average monetary value of each person's hour.

Note 2: The estimated time cost in USD is based on an average hourly rate for the participants based on their salaries.

c) Product donations

Throughout the year the company donated some products through the following organizations:

Diapers donations through the Food Network (Red de Alimentos) and Cottolengo: This initiative has been running since 2018 when it was first made possible due to changes in Chilean regulations. It donates to hospitals and foundations for infants and senior citizens the diapers produced by the company that did not meet all quality assurance criteria and cannot be sold on the market but are nonetheless completely usable.

The total value of diapers donated in 2019 was estimated at: USD 99,519.

Donations related to the social unrest in Chile, October 2019: Due to a shortage on the market of hygiene and personal care products during the situation of social unrest in the country over the fourth quarter, CMPC donated Softys products to the municipalities of Puente Alto and Talagante and the Ladies of the Chilean Army Foundation (Fundación Damas del Ejército de Chile). These included diapers, tissues, toilet paper, wet wipes and others.

The total value of the donation was: USD 13,916.

Donations of timber for research and development: In 2019, the company supported the following research projects by supplying them with wood samples:

- Pine and eucalyptus Nitens KD and green lumber wood to the University of Biobio.
- Thermo-treated lumber for cladding to the Project Fourth Skin (Proyecto Cuarta Piel) by CORFO.
- Lumber and TMT lumber for a prototype of Cross Laminated Timber (CLT) of the Polo Madera Program by the University of Concepcion.
- Structural lumber and plywood to the Catholic University of Chile for a prototype of the Rancagua Ayelen School architectural design.
- Lumber as construction material to the Solar Construction Project (Proyecto Construye Solar) of the University of Santiago.
- Lumber as a construction material for the Solar Construction Project (Proyecto Construye Solar) of the Maule Catholic University.

The value of these donations totaled USD 21,384.

In addition, in 2019, 163,448 living native plants were donated to the Let's Reforest Foundation (*Fundación Reforestemos*) and the Chilean National Forest Corporation (CONAF) for reforestation projects.

Partner organizations and institutions

(102-12, 102-13)

- *Acción Empresas*
- Americas Society
- ASIANOR (Association of the Industrial Manufacturers in the North of Chile)
- *Asociación Canalistas del Canal San Miguel* (Association of the San Miguel Canal)
- *Asociación Canalistas del Maipo* (Association of the Maipo Canal)
- *Asociación Consumidores de Energía A.G.* (Association of Energy Consumers)
- *Asociación de Canalistas Canal Biobio Sur* (Association of the Biobio South Canal)
- *Asociación de Industriales del Centro Asicent Maule* (Association of Industrial Manufacturers from the Maule Asicent Center)
- *Asociación de Industriales Gráficos A.G.* ASIMPRES (Graphic Industries Association)
- *Asociación de la Industria del Salmón A.G.* (Association of the Chilean Salmon Industry)
- *Asociación Gremial de Industriales de Malleco y Cautín ASIMCA* (Trade Association of the Industrial Manufacturers of Malleco and Cautín)
- *Asociación Gremial de Industrias Proveedoras* (Trade Association of Suppliers)
- *Asociación Gremial pequeños y medianos generadores* (Trade Association for Small and Medium Energy Generators)
- *Asociación Nacional de Avisadores* (National Advertisers Association of Chile)
- *Asociación Técnica de Celulosa y Papel* (Pulp and Paper Technical Association)
- British-Chilean Chamber of Commerce
- Center for Public Studies (Centro de Estudios Públicos CEP)
- Center of Studies for Latin America CIEPLAN
- *Centro Nacional de Empaques y Embalajes* (National Center for Containers and Packaging)
- CERTFOR (Chilean Sustainable Forest Management Certification System)
- Chile Pacific Foundation
- Chilean-Argentine Chamber of Commerce
- Chilean-Brazilian Chamber of Commerce
- Chilean-Chinese Chamber of Commerce
- Chilean-Mexican Chamber of Commerce
- Chilean-North American Chamber of Commerce
- *Chilegenómico* (Chilean Genomics Project)
- *Club de Innovación* (Innovation Club)
- *Colegio de Ingenieros Forestales A.G.* (Chilean Forest Engineers Trade Association)
- Concepcion Chamber of Production and Commerce
- *Construcción Santa Olga* (Santa Olga Construction)
- *Corporación Chilena de la Madera* (Chilean Wood Corporation)
- *Corporación de Desarrollo Tecnológico de Bienes de Capital* (Capital Goods Technological Development Corporation)
- *Corporación Educacional Colegio San Jorge* (San Jorge School Education Corporation)
- *Corporación Educacional San Juan (Nacimiento)* (San Juan Education Corporation of Nacimiento)
- *Corporación para el desarrollo productivo de La Araucanía* (Corporation for the Economic Development of the Araucanía Region)
- Corporate Leaders Group Chile (CLG Chile)
- Council of the Americas
- *Diálogo Forestal Chileno* (Forests Dialogue Chile)
- Donations to the Community (Earthquake)
- *Feria Computación y Servicios* (Computers and Services Fair)
- FSC Chile
- FSC International
- Global Compact
- Great Place to Work
- ICARE Chilean Institute for Rational Administration of Industries
- *Instituto de Ingenieros de Chile* (Chilean Engineers Institute)
- RADE Regional Administration Institute
- *Junta de Adelanto de Maule* (Maule Advancement Board)
- La Unión Members Club
- Maipo Business Owners Association
- MIT Industrial Liaison Program
- MT Consulting Services
- New Generation Plantations Platform (NGP)
- RISI
- Santiago Chamber of Commerce
- Santiago Stock Exchange
- Sedex Information Exchange Ltd.
- *Sociedad Fomento Fabril SOFOFA* (Chilean Association of All Trades)
- Sustinando Oy
- *Unión Social de Empresarios Cristianos* (Social Union of Christian Business Owners)
- University of Concepcion
- World Business Council For Sustainable Development WBCSD
- World Pulp MarketAcción Empresas

3.5 LOCAL SUPPLIER DEVELOPMENT MAT

(103-1, 103-2, 103-3)

How do we contribute to the development of local suppliers?

CMPC's commitment to the places where it operates can be seen in its efforts to promote the local economy and development. To that end, the company:

- Promotes the establishment and growth of local businesses that can provide services to it;
- Offers talks, training sessions and mentorship programs;

- Organizes local trade fairs as a way to bring together micro-business owners from the area;

- Increases sourcing from local small and medium-sized enterprises (SMEs) in Chilean industrial centers, encouraging them to improve their technical competencies;

- Launched an online portal for suppliers in 2019 to improve communication along the supply chain. The portal is expected to be up and running in all of its countries of operation by the end of 2020.

Due to the nature of its business, CMPC relies on two types of suppliers:
(204-1)

- **Local suppliers**, which represent 96.6% of all suppliers and are defined as the companies based in the same region as the CMPC plant or factory that depends on their products or services for the continuity of its operation.

- **Micro, small and medium-sized enterprises (MSMEs)**, which represent about 26.9% of all suppliers and are defined according to the norms of the respective country of operation.

Number of suppliers and spend by category

Category	2016	2017	2018	2019
Total suppliers	29,415	30,494	31,428	25,339
Local suppliers	28,082	29,211	30,049	24,466
MSMEs	-	-	-	6,815
Total supplier spend (Million USD)	4,096	4,213	4,667	4,629
Local supplier spend (Million USD)	3,497	3,628	3,970	4,837
MSME supplier spend (Million USD)	--	--	--	873

Source: Corporate Administration Department
Note 1: In Chile, there are 8,156 natural persons who provide recycled paper collection services as suppliers to Fibras and on average receive an annual pay of USD 2,988 per person.

A CMPC Celulosa worker at the Nacimiento Sawmill of the Biobio Region, Chile.



PROPYME (PRO SME) SEAL



In Chile, the ProPyme Seal¹³ is a recognition given to companies that are committed to paying off their small and medium-sized suppliers (SMEs) within 30 days receiving their invoice.

IN 2019, CMPC WAS ABLE TO OBTAIN THIS SEAL FOR ITS CHILEAN SUBSIDIARIES AND IS NOW WORKING ON IMPLEMENTING THE SAME PRACTICES AND STANDARDS IN THE OTHER COUNTRIES WHERE IT OPERATES.

This demonstrates the company's commitment to helping MSMEs succeed and prosper and anticipates Chilean law No. 21131 which establishes specific payment deadlines for private companies and is expected to enter into effect in 2020.

In January 2019, a new law No.21131 was passed in Chile, limiting the payment period to suppliers to Net 30 (30 calendar days). After two years from the publication of this law, this term will become obligatory, while for the first 24 months, the payment period will be set at a maximum of 60 calendar days in order to help companies' transition into the terms of this regulation.

AVERAGE CMPC PAYMENT DAYS TO SUPPLIERS BY CATEGORY

34 AVERAGE PAYMENT DAYS

25 AVERAGE PAYMENT DAYS TO MSMEs

Note 1: Average payment days according to accounts payable data for 2019.
 Note 2: In the case of Chile, SMEs are defined as having annual revenue between CLF 2,400 and CLF 100,000.

¹³For more information on the seal, visit: <https://www.sellopropyme.cl/>

Individual recycled paper and cardboard collectors: allies to our business

CMPC works with micro suppliers or natural persons whose daily work local contributes to the collection of papers and cardboard for recycling, an essential raw material for many of the company's operations. In this way, they play an important role in promoting a circular economy model.

In Chile, a law called "REP" was introduced to encourage initiatives that provide training and certification to these people as "individual paper and cardboard collectors" – an important step towards bringing their efforts into the sphere of the formal economy.

The company maintains a close relationship with them. For that reason, it has been organizing the CMPC Recycling Gala for the past two years whose main goal is to provide recognition to paper and cardboard collectors for their efforts, reliability and contribution towards a culture of recycling which could help to address environmental challenges.


In 2019, six collectors received special recognition, some of which have been working with CMPC for more than 30 years.

Currently, the company works with:

- 600 recycled paper and cardboard collectors in Santiago, Chile.
- 1,400 in other regions of Chile.
- Recycling 14,100 metric tons in 2019.



04

A black and white photograph of a woman wearing a hairnet and a dark polo shirt, smiling warmly at the camera. She is in a factory or industrial setting, with machinery and a cart visible in the background. The word 'OPERATE' is overlaid in large white letters across the center of the image.

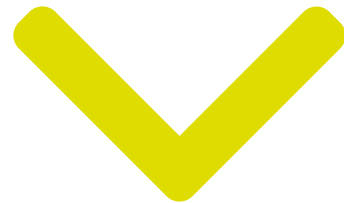
OPERATE

OPERATING
RESPONSIBLY

4.1 OUR PEOPLE

(102-8)

CMPC IN A PICTURE



In 2019, the company employees numbered 17,581. As of December, that number reached 17,859, up 1.7% from the same period last year.



Note: Data in this chapter (both on collaborators and the environment) does not include the Softys subsidiaries *Serrados e Pasta e Celulose Ltda.* (SEPA) and *Papelera Panamericana S.A.* as they were both acquired towards the end of 2019.

1%
PERSONS
WITH DISABILITY

15.4%
WOMEN

172 WOMEN
PROMOTED

0.06%
SILENT
GENERATION

17.6%
BABYBOOMERS

26.4%
generation X

52.9%
MILLENNIALS
(GENERATION Y)

3%
GENERATION Z

22%
more than 12 years
at the company

32%
LESS THAN 3 YEARS
AT CMPC

26,792
CONTRACTORS AND
SUBCONTRACTORS



Source: Corporate Human Resources Department
Note: US employees refer to the sales office that the company has in that country.

Diversity and inclusion in the workplace MAT

(103-1, 103-2, 103-3)



Why are diversity and inclusion relevant?

- The CMPC vision for diversity is multidimensional, recognizing that the highest performing teams draw on the best talent available, regardless of any differences.
- In 2019, with the creation of the Corporate Human Resources Department, the Diversity and Inclusion team also took shape. It conducted a study to help develop its strategy and set measurable goals for 2030.
- In December, the new CMPC Diversity and Inclusion Policy was published to promote respect and equal opportunities and end arbitrary discrimination at the company as well as to ensure continuous growth centered around people.
- Additionally, there were a number of activities that took place over the course of the year to raise awareness, train and orient employees on the issues of diversity and inclusion. This was accomplished through unconscious bias workshops.

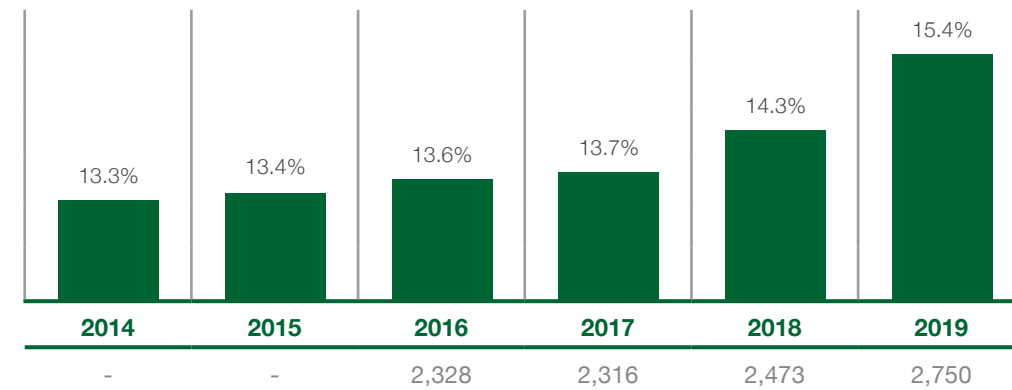


Workers from the CMPC Biopackaging inclusion program at the Buin Corrugated plant in the Metropolitan Region of Chile.

INCREASING FEMALE PARTICIPATION



(102-8, 405-1)



Source: Corporate Human Resources Department.

In recent years, CMPC has been focusing its efforts on increasing diversity by including more women at various positions in its operations.

In 2019, the number of women at the company reached 15.4%, a 1.1% increase from the previous year.

- Since 2017, CMPC has been a member of the Gender Parity Initiative (IPG)¹⁴ in Chile, whose goal is to reinforce the commitment to closing the gender gap, increasing women's participation in the workforce and promoting their career advancement.
- In 2019, in recognition of their excellent work 54 women were promoted to management positions with 57% of them in Chile.
- Additionally, 118 women were promoted to various positions, a clear manifestation of CMPC's intention to foster professional development and encourage career growth for its women.
- Currently, there are 2,750 women employees at CMPC: 8% managers, 55% professional and technical staff members, and 37% operators.

To find out more about gender diversity by country and business division at CMPC, refer to the appendices of this Integrated Report.

¹⁴For more information on the Chilean Gender Parity Initiative, visit: <https://iniciativaparidadgenero.cl/>

PAY GAP

(405-2)

The pay gap between men and women is one of the most important issues on which the Diversity and Inclusion team focuses its efforts.

For the purposes of this Integrated Report, the company conducted a study to identify the gender wage gap between men and women with the same qualifications and in similar positions.

FEMALE-TO-MALE WAGE RATIO

CATEGORY C (MANAGERS)	> 103.5%
CATEGORY D (PROFESSIONAL AND TECHNICAL STAFF)	> 106.5%
CATEGORY F (ADMINISTRATIVE PERSONNEL)	> 137.5%

This analysis considered the following criteria for the sample selection of 78 employees, 38 women and 40 men:

- 1) Persons who joined the company in 2019
- 2) Persons at the corporate level at Empresas CMPC and/or the CMPC Foundation
- 3) Persons at category C, D and F positions according to the CMPC job classification.

Based on the results from this initial study, corporate level hires at CMPC in 2019 did not register a gender wage gap favoring men and in some case, women even received better remuneration.

Source: Corporate Human Resources Department

In 2020, the Corporate Human Resources Department plans to embark on a similar study encompassing all business areas of the company (Celulosa, Biopackaging and Softys) and covering not only new hires during the year.

Collaborator at the Corporate Headquarters in Santiago, Metropolitan Region of Chile.



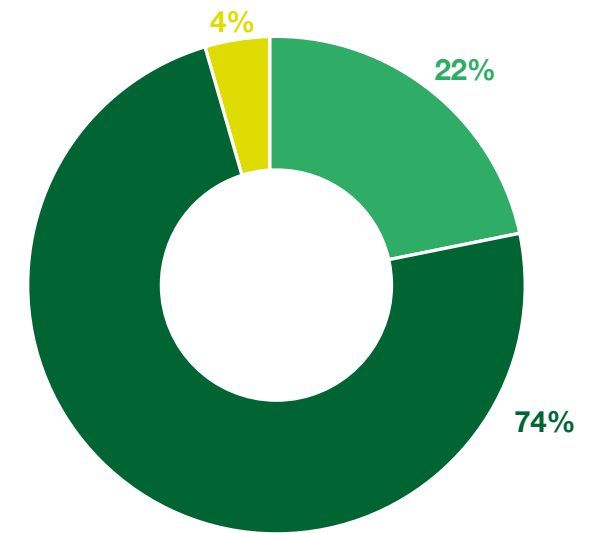
Inclusion of persons with disabilities

- Since the introduction of the Chilean Inclusion Law, the company has conducted a thorough study of positions, competencies and needs of workers. As a result, we reached the 1% representation of persons with disability as is required by local regulations. In fact, in 2019 this number exceeded the legal requirement, adding up to 1.1% of collaborators.
- The purpose of the CMPC Diversity and Inclusion Policy is to help the company proactively build a workforce that is truly representative of the societies in which it operates by encouraging all the necessary changes to be able to attract and retain the best talent that possesses a variety of viewpoints for each and every team in the company.

For more information on the numbers related to workplace inclusion by country and business area, refer to the appendix of this Integrated Report.

ONE IN FIVE CMPC COLLABORATORS IS BELOW THE AGE OF 30

- Throughout its 100 years of history, each year CMPC has been welcoming young professionals who bring new talents, energy and values to a company with a variety of challenges. In 2019, employees below the age of 30 accounted for 22% of the workforce.
- At the same time, CMPC values the work of workers over the age of 60 and considers them experts in their field. This age group represented more than 4% of total employees in 2019, including 10 people who are above 70 but continue actively contributing to the company.
- 65% of female workers at the company are millennials.
- 53% of all workers are millennials¹⁵ and 26% belong to generation X.



■ Below 30
 ■ Between 30 and 60
 ■ Above 60

Source: Corporate Human Resources Department

¹⁵Millennials are people born between the years 1981 and 1996, generation X those born between 1969 and 1980.

4.2 TALENT DEVELOPMENT MAT

(103-1, 103-2, 103-3)



Why is talent attraction and retention relevant?

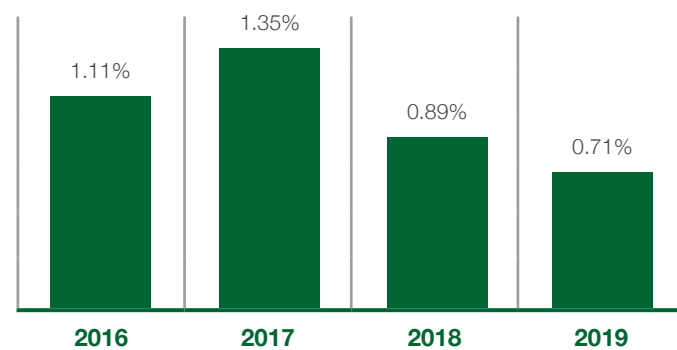
- People are the central axis and a strategic pillar for the operations of a company that has been around for 100 years and plans to be around for another 100, like CMPC.
- Our goal is to establish the company as a great place to work.
- To that end, we attract, recruit, develop, promote, train and compensate our talent as best we can.
- CMPC prioritizes internal mobility through regular performance reviews which serve to guide employees' career path.
- In addition, it invests in improving the working environment and creating excellent working conditions.
- CMPC stands out for the career paths of its collaborators, its low turnover rates, and its progress towards a system of performance reviews at all levels.

• (404-1) In order to improve the performance of its employees, CMPC has designed training and capacity building plans which have proven essential as they create opportunities for growth both within and without the organization.

• In 2019, about 0.71% of hours worked were spent on training.

• Most learning activities focused on foreign language learning (English and Portuguese), crisis prevention, compliance and cybersecurity.

Hours of training as a percentage of total hours worked



Source: Corporate Human Resources Department
 Note 1: Does not include Softys Mexico data.
 Note 2: Hours worked are an estimate, as there is no system to record hours worked such as a punch clock or similar. For that reason, there might be some variability in the numbers from previous years.

We are **100** YEARS

BECAUSE OUR RESEARCH POINTS TO THE FUTURE

[FEMKE LIEVE TEIRLINCK]
 LABORATORY MANAGER, CORPORATE BUILDING



BECAUSE THESE 100 YEARS ARE JUST THE BEGINNING





01

01.- Worker with cutting dies at the Buin Corrugated plant in the Metropolitan Region of Chile.
 02.- Softys collaborator from the Talagante plant, Metropolitan Region, Chile.
 03.- Puente Alto collaborator, Metropolitan Region, Chile.



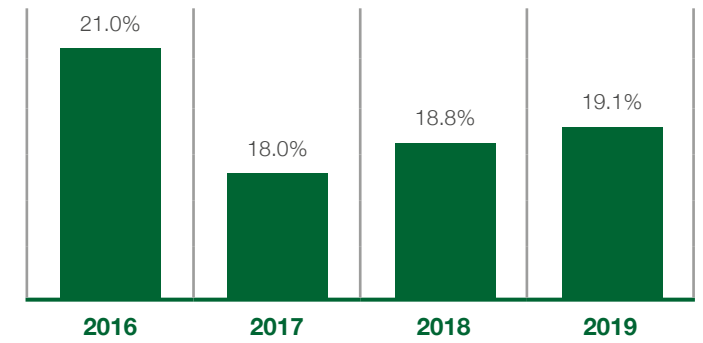
02



03

- (401-1) Turnover rate variations over the past few years are not significant.
- In 2019, the female turnover rate reached 23.3%, which is currently under review by the Corporate Human Resources Department. Overall turnover rate was 19.1%.
- This was offset by the addition of 715 women to the workforce during the year of this report.

Turnover rate



Source: Corporate Human Resources Department
 Note 1: Turnover rates were calculated based on the number of employees as of December.
 Note 2: The turnover rate is calculated on the basis of all employees leaving (voluntarily and involuntarily). Internal mobility is not considered.

FOSTERING CAREER DEVELOPMENT: PERFORMANCE REVIEW

(404-3)

The performance review process at CMPC is two-tiered: one component are individual objectives responsible for 60% of the final evaluation and the other, corporate competencies representing the other 40% of the final evaluation.

Individual objectives and goals are set on the basis of one's contribution towards the overall objectives for the department or business area. After that, they are discussed and agreed upon with one's direct supervisor at the beginning of each year and are then evaluated both quantitatively (responding to the question "What do I do?") and qualitatively through the competencies related to company values (with the question "How do I do it?"). The competencies evaluated are: project implementation skills, orientation towards achievement and excellence, sustainability and CMPC values, teamwork, openness to change and continuous improvement, and leadership and motivational skills.

This model for performance evaluation and management is a continuous cycle comprised of five steps: setting of objectives, goal completion tracking, self-assessment, review/validation, and feedback meeting and conversation. It is carried out on an annual basis, starting in December with the setting of objectives and culminating in February of the following year with feedback and discussion.

This process is designed for technical and professional staff, team leads, management, team leads, department heads, and senior executives (personnel categories: A, B, C, D, E and F).

The majority of our production facilities have their own mechanisms for performance evaluation of operators, suitable for the operations of that particular subsidiary. The Corporate Human Resources Department is working with each subsidiary directly to systematize these methods.

In 2019:

- 5,280 collaborators had been evaluated as of December (79.93% of employees in the categories of executives, professionals and technical staff). At the time of writing of this report, the performance review process is still underway.
- 1,831 operators were evaluated. This represents only 16.27% of all operators, however we expect the number to increase over the next few years.

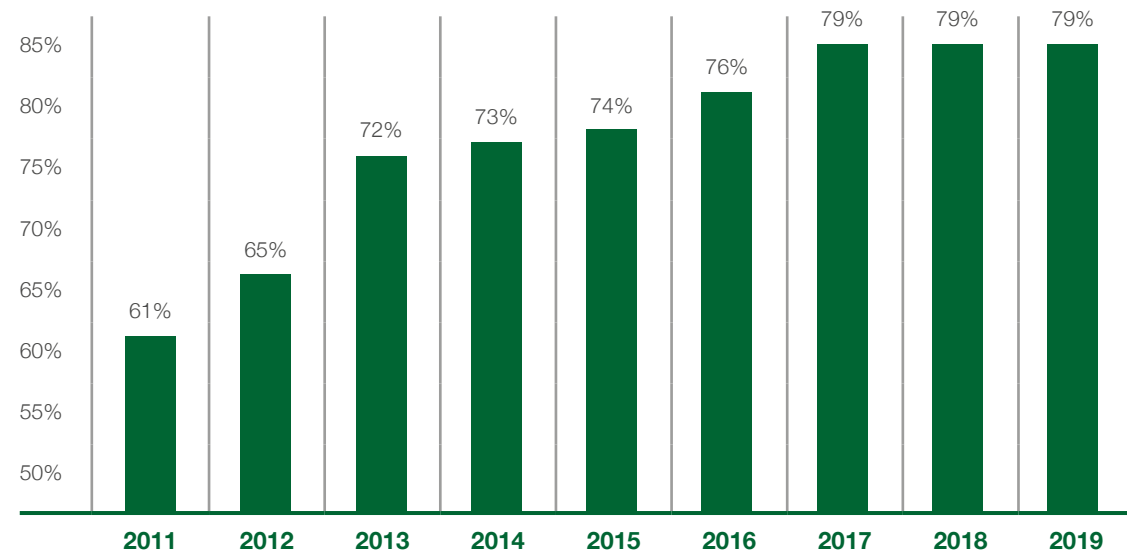
Executives, professionals and technical staff evaluated	%	Operators evaluated	%
5,280	79.93%	1,813	16.27%

Source: Corporate Human Resources Department

Since 2011, the company has been evaluating its organizational climate through the world renowned Great Place to Work (GPTW) survey, which measures employee perception of the work environment.

The GPTW survey is administered annually, between May and June.

Organizational climate score



Source: Corporate Human Resources Department

AT CMPC, WE TAKE CARE OF EACH OTHER ALWAYS THINKING OF OUR COLLABORATORS



As a result of the social unrest in Chile that started in October 2019, CMPC implemented a number of measures to support its collaborators and the community at large. Here are some of the initiatives:

Flexible work hours: For CMPC, the integrity and safety of its workers is paramount. That is why, flexible work hours were introduced for those who were experiencing mobility issues and could perform their work remotely.

Shuttle buses: Due to interruptions in the Santiago public transit system, CMPC organized shuttle buses for employees living far from the company production facilities or administrative offices. It also reinforced this service in parts of the country where it already existed.

Constant assessment: During the first weeks of the events, the CEO and the Chairman of the Board visited all production facilities in order to evaluate the situation at each one of them first hand by listening to people working there as well as from neighboring communities. In addition, all employees received a care package with products and basic necessities.

Communication: The CEO maintained all employees informed about the ongoing events, repercussions for the company and actions being taken via regular emails. The company also organized talks by university professors, psychologists, and various other speakers to discuss the current events, provide information and help people understand the situation.

CMPC Dialogues: Employees were provided with the tools to organize group meetings amongst themselves to discuss recent events in the country and share concerns with coworkers. More than 300 people participated and their suggestions were included in the action plan presented by the CEO to the entire company.

Pay increases: In response to the income inequality in the country, CMPC declared that none of its direct employees or contractors in Chile would earn less than CLP 500,000 or approximately USD 671¹⁶ a month, to be implemented by December 2019.

Support for the community: The municipality of Puente Alto was one with the most heavily affected metro stations and supermarkets, so CMPC donated basic consumer products and provided shuttle buses to complement the sparse public transportation, which turned out to be an important service for local residents. Similar initiatives took place in the municipality of Talagante, where CMPC distributed Softys tissue products.

¹⁶At the exchange rate as of December 30, 2019 as informed by the Chilean Central Bank.

Fair pay

(202-1)

Prompted by the situation in the country, CMPC reviewed the salaries of all its employees and concluded that as of the end of 2019, not a single employee was being paid less than CLP 500,000 or approximately USD 671 per month. CMPC also urged its contractors to follow suit.

- The lowest pay grades at CMPC (categories F and G) receive the following remuneration:
- Administrative personnel at CMPC makes on average 3.5 times the Chilean minimum wage.
 - CMPC operators make on average 2.5 times the country's minimum wage.



4.3 LABOR RELATIONS MAT

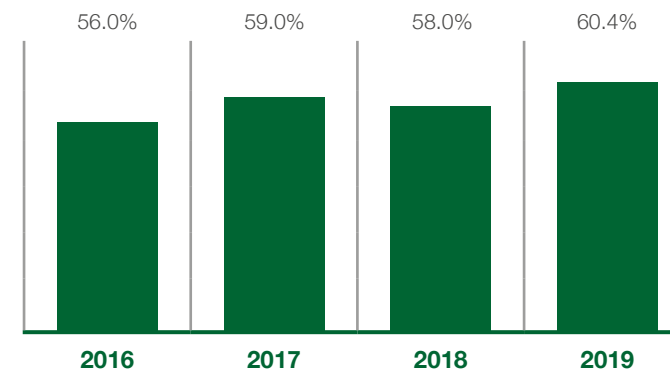
(103-1, 103-2, 103-3)

Why are labor relations relevant?

- Coordination and dialogue between the company and its workers is fundamental for fulfilling its business goals.
- There is freedom of association at CMPC. Each subsidiary is open to reaching a collective agreement with the workers through the mediation of one or more labor unions.
- Collective bargaining is conducted independently of each other and in an atmosphere conducive to achieving labor agreements.
- In 2019, there were no strikes and/or disruptions due to a strike at any of the company locations with a labor union.



Unionization



(102-41; 407-1)
 With its 100 years of history, CMPC is home to the oldest labor union in Chile: Labor Union No. 1, founded in 1927. It was followed by Labor Union No. 2 of Papeles Cordillera, established in 1931, and the Unified Labor Union of the CMPC Laja pulp mill workers resulting from the merger of unions No. 1 and No. 2, created in 1961 and 1966, respectively.

Source: Corporate Human Resources Department

Unionized workers

The company has a total of 10,779 unionized workers, representing 60.4% of the entire workforce, distributed among a total of 55 unions.

Non-unionized workers covered by collective agreements

A total of 550 workers (3% of the workforce) who are not affiliated with any unions are nonetheless covered by union collective agreements.

Total workers covered by collective agreements



Source: Corporate Human Resources Department.
 Note: This number is calculated on the basis of the total workforce and includes positions such as senior executives who by definition cannot join a union.

4.4 HEALTH AND SAFETY IN INDUSTRIAL OPERATIONS

MAT

(103-1, 103-2, 103-3)

Why are occupational health and safety relevant?

- Healthy and safe working conditions are recognized as a human right and are addressed by a number of intergovernmental entities such as the International Labor Organization (ILO), the Organization for Economic Co-operation and Development (OECD), and the World Health Organization (WHO).
- They are covered by SDG #8 “Decent work and economy growth” of the 2030 Agenda for Sustainable Development. More specifically, they form part of target 8.8 that reads: “Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.”
- CMPC creates a culture of safety through a variety of prevention plans, to which both direct collaborators and contractors must adhere.
- This commitment is formalized in the **corporate goal for zero fatalities in any company operations**, which guides work in all CMPC subsidiaries.



**SAFETY,
OUR NUMBER
ONE PRIORITY**

(403-9; CMPC 8)



In a number of its production facilities, CMPC follows the Standard for Occupational Health and Safety Management Systems OHSAS 18001, which defines the requirements for achieving a culture of occupational health and safety.

This management system allows the early detection of the risk factors to which each operation, and most importantly, the people who work there, are exposed in order to protect all employees and contractors. At the same time, it provides a framework for a systematic and structured policy making, strategy building and goal setting for the purpose of preventing and controlling health and safety risks at the workplace, incorporating such practices within continuous improvement processes.

For a detailed information on CMPC certifications that ensure product quality, broken down by production facility, visit: <https://www.cmpc.com/en/certifications/>

Number of accidents per 100 workers

Year	Consolidated accidents per 100 workers
2014	3.0
2015	2.5
2016	1.7
2017	1.3
2018	1.3
2019	1.0

Source: Corporate Human Resources Department
Note: Accidents per 100 workers = Number of accidents *100 / Average workforce size.

ZERO FATALITIES

To reach its yearly zero fatalities goal, CMPC encourages employee participation in the design and implementation of safety procedures as well as the timely reporting of incidents in order to create a culture of health and safety.

Accident incidence rate decreasing to 1.0 accidents per 100 employees in 2019 is the product of company-wide efforts over the past many years.

Occupational health and safety systems protect 100% of CMPC collaborators as well as all employees of service provider companies, as they also come into direct contact with the our facilities and must strictly follow their guidelines.

In terms of occupational illnesses¹⁷, there were 8 cases reported among direct collaborators and none among contractors in 2019.

COMMITTED TO THE SAFETY OF ITS WORKERS, CMPC PUBLICLY DECLARES ITS CORPORATE GOAL FOR ZERO FATALITIES AT ITS OPERATIONS, WHOSE PURPOSE IS TO GUARANTEE THE COMPANY’S UTMOST EFFORTS IN THIS ASPECT. THE GOAL APPLIES BOTH TO DIRECT COLLABORATORS AND SERVICE PROVIDER COMPANIES AT CMPC PRODUCTION FACILITIES AND FORESTRY OPERATIONS.

Occupational safety numbers for 2019

	Direct collaborators	Contractors
Number of accidents with days away from work	171	148
Days away from work due to accidents	6,565	5,374
Fatalities (per year)	1	0
Injury frequency rate	8	3
Injury severity rate	629	113
Lost-time injury rate	321	113
Hours worked	20,455,296	47,470,686

Source: Corporate Human Resources Department
Note: The injury frequency rate is calculated as: Number of lost-time accidents*1,000,000/total net hours worked. The injury severity rate is calculated as: Days away from work due to accidents (including days of statutory sick pay)*1,000,000/ total net hours worked. Lost-time injury rate is calculated as: Days away from work due to accidents *1,000,000/ total net hours worked. Note 2: 12,865 are the days away from work due to accidents including days of statutory sick pay and are used to calculate the injury severity rate.

¹⁷This number includes only those occupational illnesses which were resolved within the reporting period.

Unfortunately, in 2019, the company had one fatality among collaborators in its CMPC Celulosa operations in Brazil.

In response, CMPC has been working on implementing new technology such as robotics and automation and other remotely controlled solutions to replace certain high-risk manual

tasks during the production process in order to safeguard the occupational safety of workers, as well as increase the efficiency of forest and industrial operations.

Softys worker at the Puente Alto plant in the Metropolitan Region of Chile.



COMMITTED TO ELECTRO- MOBILITY



What is electromobility?

It is the use of electricity as the main source of energy for transport and mobility, thus reducing greenhouse gas (GHG) emissions and increasing energy efficiency to help mitigate climate change.

What are we doing?

CMPC, together with only four other Chilean companies, co-signed a voluntary collaboration agreement to participate in the Pilot Program for the Acceleration of Corporate Electromobility run by the Chilean Energy Sustainability Agency and Ministry of Energy.

The pilot project, whose theoretical stage already took place, assessing the introduction of employee shuttle buses to and from the Santa Fe mill in the Nacimiento municipality of Chile. The resulting proposal is to start with launching one 45-seat electric bus with a daily route of approximately 418 km, followed by the installation of a fast-charging electric station as more buses get added to the fleet.

The implementation of this pilot project is expected to reduce annual CO2 emissions by up to 130 tons, which is about 5% of all carbon emissions from burning fossil fuel for the transport of people by the company.

Along the same lines, in 2019 CMPC introduced electric loader cranes for woodhandling at CMPC Maderas wood yards, proving that switching from fossil fuels to electricity is possible.

Additionally, in 2019 CMPC adopted electric log handling machines at the wood yards of CMPC Maderas, showing that replacing fossil fuels with electric energy in industrial operations is already reality.

What further steps will be taken in the following years?

In 2020, the company is planning to run a tender process for employee transport in the Biobio region and expects to completely transition to electric vehicles within the next few years for company owned and third-party vehicles used in its operations such as forklifts, loader cranes, pick-ups and trucks.

This requires continuous cooperation between CMPC and its suppliers, who are the ones that need to incorporate such new technologies in their portfolio of services and equipment in order for us to meet the electromobility challenge together.

- CMPC BECAME ONE OF FIVE COMPANIES TO PARTICIPATE IN THE CHILEAN PILOT PROGRAM FOR THE ACCELERATION OF CORPORATE ELECTROMOBILITY.

- CMPC ADOPTED ELECTRIC LOG HANDLING MACHINES AT THE WOOD YARDS OF MADERAS.

4.5 WATER USE AND QUALITY MAT

(103-1)(103-2)(103-3)

Why are water use and quality relevant?

- Water availability is indispensable for the growth of forests and plantations and its use is essential for many of CMPC production facilities.
- In 2019 were taken the first steps towards measuring the water footprint of the company using the methodology of the Water Footprint Network.
- This long-term process will help us improve the traceability, accuracy and scope of our data, enabling us to focus on the reduction of water used and achieving optimal quality of discharge.
- CMPC's concern for water efficiency is expressed in its corporate water-related goal.

CORPORATE GOAL

We are going to reduce our industrial use of water per metric ton produced by 25% by the year 2025 (using 2018 as baseline). This goal covers all of our production facilities that use water in their processes across the eight Latin American countries where we operate.

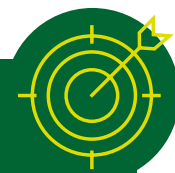
2019
31.33 m³/ton

PROGRESS
-1.2%

2025 GOAL
Reduce by 25%

Through this goal, CMPC contributes to target 6.4 of Sustainable Development Goal (SDG) "Clean Water and Sanitation", which states: "By 2030, substantially increase water-use efficiency across

all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity."



Water withdrawal, consumption and discharge

(303-3; 303-4; 303-5)

Water data by category in m³

Category	2018	2019
Withdrawal	205,870,133	206,541,364
Discharge	176,508,887	172,762,732
Industrial consumption	29,361,246	33,778,632

The water used by the company's production facilities comes from surface or groundwater sources or is provided by sanitation companies or other CMPC plants depending on the location. Our investments in water related issues are focused on permanent improvements such as closing the water cycle and the recycling of water, in order to make our processes more efficient, thus reducing the need for water withdrawal.

Source: Corporate Sustainability and Environment Department
Note: In 2019, the measuring methodology used by pulp mills was modified, resulting in the smaller numbers compared to the ones published in the Integrated Report 2018.

TYPES OF WATER USE ACCORDING TO THE METHODOLOGY OF THE WATER FOOTPRINT NETWORK

1 Green water footprint: water from precipitation that is stored in the root zone of the soil and evaporated, transpired or incorporated by plants. It is particularly relevant for agricultural, horticultural and forestry products. In the case of CMPC, such water is found in its forest assets.

2 Blue water footprint: water that has been extracted from surface or groundwater resources and is either evaporated, incorporated into a product or taken from one body of water and returned to another, or returned at a different time. Irrigated agriculture, industry and domestic water use can each have a blue water footprint. For CMPC, this takes place at its industrial operations.

3 Grey water footprint: the amount of fresh water required to assimilate pollutants to meet specific water quality standards. The grey water footprint considers point-source pollution discharged to a freshwater resource directly through a pipe or indirectly through runoff or leaching from the soil, impervious surfaces, or other diffuse sources. For CMPC, this takes place at its industrial operations.

CMPC Celulosa, and especially its subsidiary Pulp, is responsible for the majority of water used by the company, about 83% of the total. However, all three business areas, Celulosa, Biopackaging and Softys face great challenges in terms of the use of this resource.

Water-related challenges manifest themselves differently depending on the specific location and/or region of the plant, as they are linked primarily with local precipitations and the availability of water in the watersheds used for sourcing it. This causes differences in how the issue is handled by each one of our operations.

The use of water per metric ton produced went up in 2019 due to a slight increase in the extraction of water together with a reduction in production during the year. By 2025, we expect to reach 33.22m³ of water extracted per metric ton of product.

IN 2019, THE COMPANY BEGAN THE IMPLEMENTATION OF VARIOUS INITIATIVES FOR THE REDUCTION OF WATER USE INCLUDING CHANGES IN ITS INDUSTRIAL PROCESSES AND WATER RECYCLING AND REUSE SYSTEMS. IN THIS WAY, WE EXPECT TO SEE PROGRESS TOWARDS THE CORPORATE GOAL IN 2020.

Water withdrawal by source in m³

Fuente	2018	2019
Surface water	188,133,517	188,403,875
Groundwater	14,327,180	14,634,382
Provided by a third party	3,409,437	3,503,107
Total withdrawal	205,870,133	206,541,364
Production (metric tons)	6,650,491	6,593,385
Withdrawal per metric ton of product	30.96 m³	31.33 m³

Source: Corporate Sustainability and Environment Department
 Note: Industrial water withdrawal is measured for all production facilities that use water in their processes. Of the 43 CMPC plants, 29 use industrial water and were included in the calculations. The rest have dry processes and their only water consumption is for domestic purposes by the employees. Three CMPC plants (Softys Chile in Puente Alto, CMPC Corrugados Molded pulp and Plywood) that were included in the "Water provided by a third party" category, are not supplied with water by a utility company, but rather other CMPC plants.

We made it onto the Water Security A List

CDP (ex Carbon Disclosure Project) is a non-profit organization dedicated to creating a global environmental reporting platform, used by companies and cities to disclose information about their climate change, water security and deforestation related risks and initiatives by filling out comprehensive questionnaires. CMPC is the only Chilean company to report on all three issues.

In 2019, close to 2,500 companies from all over the world **disclosed information on Water Security and CMPC was one of only 72 to receive the highest possible score, A**, placing it above the Latin American regional average (B), global average (B-) and the one for our sector, Wood and Paper Materials (B).

Water discharge

CMPC treats and returns a large portion of the water extracted after using it. The discharged water is usually reincorporated in its original source, be it surface water bodies (rivers or lakes), underground, sea or to third parties.

Improvements in the quality of discharge resulted from the implementation of measures for efficient water use as well as investments in treatment facilities and systems.

Water discharge by destination in m³

Destination	2018	2019
Surface water	172,247,382	168,489,812
Groundwater	26,153	6,619
Third parties	4,046,691	3,964,735
Sea	188,661	301,567
Total	176,508,887	172,762,732

Source: Corporate Sustainability and Environment Department
 Note 1: The Softys Cañete plant in Peru is the only one to discharge in the ocean.
 Note 2: Of the 29 production facilities that report their water withdrawal and discharge:
 • 19 have their own effluent treatment plants.
 • 3 treat their effluents at a third-party facility (Softys Puente Alto, CMPC Corrugados Molded Pulp, Plywood).
 • 4 have their effluents treated by third parties.
 • 3 do not report any discharge as they recycle or reuse all of their industrial water.

CMPC adheres to local norms and regulations for the quality of effluents in each country and region where it operates. Some commonly regulated indicators are: Chemical Oxygen Demand (COD), Biochemical Oxygen Demand (BOD) and To-

tal Suspended Solids (TSS). In the case of pulp production, organic halogenated compounds (AOx), a byproduct of the bleaching process, are also monitored.

Water emissions (in metric tons/year)

Indicator	2018	2019
COD	41,799	35,521
BOD	5,024	3,526
AOx	389	400
TSS	4,833	3,952

Source: Corporate Sustainability and Environment Department
 Note: Three Biopackaging plants started measuring these indicators in 2019 and Forsac Peru is the only plant with industrial effluents which does not measure the quality of its wastewater, as it is stored in containers and sent to a landfill. AOx only applies to the 4 pulp mills.

The decrease in water emissions (COD, BOD and TSS) is primarily due to the measures adopted by one of our largest production facilities, the Laja pulp mill, which accounted for a significant overall reduction in these indicators. This mill is un-

dergoing a continuous improvement process for the treatment of its effluents, whose goal is to set production parameters at a level more stringent than required by law, and it will continue into 2020.

4.6 ENERGY GENERATION AND EFFICIENCY MAT

(103-1)(103-2)(103-3)

Why is energy efficiency relevant?

- **CMPC industrial operations require electric and thermal energy.** For that reason, energy is an important factor both in terms of cost and operational continuity.
- The company's energy mix **includes primarily renewable non-conventional energy** and we expect to continue increasing this type of energy as a portion of the total energy consumed in our operations.
- CMPC has taken concrete actions to make its energy management even more efficient. A few examples are:

- Adopting Energy Management Systems (EMS)
- Change and repair of boilers
- Equipment updates
- Change of lighting installations
- In mid-2019, the company decided to proceed with the preliminary studies necessary to obtain an environmental permit for a wind power project in CMPC forest lands in the La Araucania region.

We generate our own energy

(302-1, 302-3)

The company's energy mix includes a large portion of renewable non-conventional energy with biomass as the main source of such energy, accounting for approximately 79% of total energy self-generation. It is generated by using byproducts and waste from the industrial and harvesting processes, recovered wood and other waste streams.

Energy consumption in TJ by year

	2016	2017	2018	2019
Consumption	127,765	120,479	135,177	140,957

Source: Forest Bioenergy Department

Energy consumption by type of fuel in TJ

Type of fuel	Total
Biomass	14,880
Coal	4,143
Diesel	1,348
Natural Gas	12,894
LNG	773
Oil #4	7
Oil #6	4,598
Kerosene	3
Electricity	19,024
Black Liquor	78,318
Methanol	600
Vapor (purchased)	4,414
Total	140,957

Source: Forest Bioenergy Department

Despite an increase in production, the intensity of energy consumption, i.e. energy consumption per unit of output, has remained unchanged thanks to various energy efficiency initiatives and energy management systems introduced by CMPC.

OUR ENERGY CONSUMPTION IS DIRECTLY PROPORTIONAL TO PRODUCTION LEVELS¹⁸ WITH CMPC CELULOSA RESPONSIBLE FOR 85% OF THE TOTAL, BIOPACKAGING 6%, AND SOFTYS 9%.

04 OPERATING RESPONSIBLY

Pulp energy consumption intensity in TJ

Category	2016	2017	2018	2019
Consumption	107,370	101,699	115,500	120,353
Production (ADt)	3,800,950	3,458,387	4,231,333	4,104,726
Intensity (TJ/ADt)	28.25	29.41	27.3	29.32

Source: Forest Bioenergy Department. ADt: Air Dry ton

In terms of electric energy, CMPC also generates a large portion of what it consumes. In 2019, we were 63.9% self-sufficient, less than in 2018 due to failures of the turbo generators at the Santa Fe mill and the closing of the Corrugated Papers cogeneration plant as part of a change in our energy generation strategy.

Consolidated electricity by category in GWh

Categoría	2016	2017	2018	2019
Generation	3,934	3,677	4,221	3,377
Consumption	4,872	4,671	5,191	5,284
Generation/consumption	80.7%	78.7%	81.3%	63.9%

Source: Forest Bioenergy Department

Energy that is not produced by the company, is provided by third-party generation and distribution providers, with whom we have Supplier Agreements requiring some of the energy supplied to be derived from renewable sources.

¹⁸The decrease in 2017 consumption figures is due to 146-day downtime at line 2 of the Guaiba pulp mill.

Progress towards Energy Management Systems

(302-4)

CMPC has been implementing Energy Management Systems (EnMS) since 2013. An EnMS is a series of procedures that allow a more efficient use of energy by optimizing its consumption at industrial facilities, which leads to significant savings in cost. This process involves the assessment and standardization of energy management practices at all industrial facilities, accounting for the various types of fuel and energy sources they use.

The company aims to implement and sustain EnMS at its production facilities as a way to improve the energy performance of its processes by systemically assessing it and setting indicators to track and control.

Since the beginning of this project, 11 plants' Energy Management Systems have been certified to the ISO 50001 standard, while others are currently in the process of assessment, design, implementation and verification of their systems.

Implementation of ISO 50001 Energy Management Systems

Business area	Certified facilities	Actions taken over the course of the year
Celulosa	7	<ul style="list-style-type: none"> • Recertification of Santa Fe, Pacifico and Laja pulp mills (Chile) • Certification of CMPC Maderas plants in Coronel, Bucalemu and Mulchen (Chile) • Implementation of systems at the Guaiba pulp mill (Brazil) and the Maderas plants in Los Angeles, Nacimiento and Plywood (Chile)
Biopackaging	1	<ul style="list-style-type: none"> • Certification of the Sack Kraft plant in Chillan (Chile) • Implementation of systems at the Cordillera, Maule and Valdivia plants (Chile)
Softys	3	<ul style="list-style-type: none"> • Recertification of Pando plant (Uruguay) • Implementation at the Santa Anita (Peru), Caiheiras and Mogi (Brazil) plants • Certification audits for the plants in Talagante and Puente Alto (Chile) were scheduled for 2020

Source: Forest Bioenergy Department

For information on all CMPC certifications by site, visit:
<https://www.cmpc.com/en/certifications/>

Energy Efficiency Seal

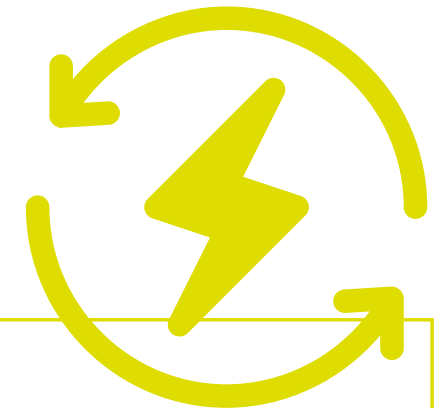
In 2019, CMPC received eleven distinctions from the Chilean Ministry of Energy and the Energy Efficiency Agency for the implementation of energy efficiency measures at its facilities.

More specifically, the CMPC Pulp mills: Santa Fe, Pacifico and Laja, as well as the Sack Kraft plant in Chillan received the Gold Seal for Energy Efficiency, the highest level of recognition.

CMPC also received five Silver Seals for its Softys plants in Talagante and Puente Alto and CMPC Maderas facilities in Bucalemu, Mulchen and Coronel. Additionally, the Biopackaging Sack Kraft in Chillan was chosen to receive the "Distinguished Measures in Energy Efficiency" award among all participating companies for its project "Eliminating Compressed Air Systems Loss".

Finally, CMPC Celulosa received the international *Clean Energy Ministerial Energy Management Leadership Award* for its leadership in energy management.

OVER THE PAST 3 YEARS, CMPC HAS MANAGED TO REDUCE ITS ENERGY CONSUMPTION BY 223 TJ THROUGH INITIATIVES AT ITS PRODUCTION FACILITIES TO IMPROVE OPERATING AND PROCESS EFFICIENCY



ENERGY MANAGEMENT PROFESSIONALS

In 2019, CMPC and the Chilean Sustainable Energy Agency signed an agreement within the policy framework of the Ministry of Energy, allowing 13 of its employees from various business areas to take part in a Certificate Course for Energy Management Professionals in Los Angeles, Biobio Region.

4.7 GREENHOUSE GAS AND OTHER ATMOSPHERIC EMISSIONS

MAT

(103-1)(103-2)(103-3)

How is CMPC working on reducing its emissions?

- CMPC is working to reduce its atmospheric emissions by improving its energy efficiency and incorporating new technology in its processes.
- In 2019, the company measured its carbon footprint of its entire operations for the third time, identifying specific areas with a potential for reduction.
- As a result, the company set a goal to reduce its GHG emissions as a way to address climate change.

CORPORATE GOAL

We will reduce by 50% our greenhouse gas emissions in absolute terms (direct and indirect) by 2030 using 2018 as baseline.

2019	PROGRESS	GOAL 2030
2,387,659 tCO₂e	-3%	Reduce by 50%

With this goal, CMPC is contributing to target 13.3 of the Sustainable Development Goal (SDG) "Climate Action", which dictates: "Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning".



Carbon footprint

(305-1, 305-2, 305-3)

What is it?

A carbon footprint is defined as the total amount of greenhouse gases produced, directly or indirectly, by people, organizations, products, events and geographic areas, usually expressed in terms of metric tons of CO₂. It is used as a tool to understand what behavior and activities are contributing to the increase in a company's emissions and figure out ways to improve certain processes and use resources more efficiently. (Chilean Ministry of the Environment).

How is it measured?

There are different methodologies and protocols that can be used for compiling a GHG inventory depending on the scope or perspective: corporate, product life cycle, and others.

To prepare a GHG emissions inventory from the perspective of a business, CMPC used the GHG Protocol Corporate Accounting and Reporting Standard by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD).

This standard groups greenhouse gas emission into 3 scopes:

- **Direct emissions (Scope 1):** greenhouse gas emissions that occur from sources are owned or controlled by the company, for example, emissions from fossil-fuel combustion in stationary and/or mobile sources, unintentional leaks from air conditioning equipment, etc.
- **Indirect emissions from purchased electricity and steam (Scope 2):** accounts for greenhouse gas emissions from the generation of purchased electricity and/or steam consumed by the company.
- **Other indirect emissions (scope 3):** allows for all other indirect greenhouse emissions from sources not owned or controlled by the company. Some examples are transportation of personnel, air or ground travel for business purposes, transportation of raw materials, generation and transportation of waste, and others.

Total emissions by CMPC corporate offices measured in tCO₂e

	2017	2018	2019
Total emissions	5,892	6,833	7,346

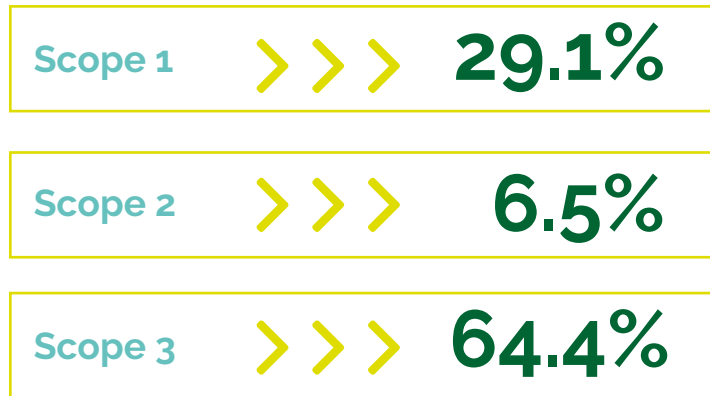
Source: Corporate Sustainability and Environment Department
 Note 1: Starting in 2017, corporate offices do not include the ones located at the site of industrial operations.
 Note 2: Starting in 2018, emissions include all CMPC corporate offices worldwide.
 Note 3: Total emissions include scope 1, 2 and 3.

Carbon footprint of industrial operations by scope measured in tCO₂e

Scope	2017	2018	2019
Scope 1	1,834,294	1,891,066	1,948,516
Scope 2	517,463	425,663	439,143
Scope 3	3,757,346	4,213,360	4,314,816
Total emissions	6,109,103	6,530,089	6,702,475

Source: Corporate Sustainability and Environment Department
 Note 1: Scope 3 emissions for 2019 include: upstream transportation of raw materials, inputs and fuel to the plant, air travel, employee commuting, environmental load of raw materials, chemical, packaging and fuel inputs, transportation of waste for final disposal or to treatment facilities, and transportation of products to warehouses, customers and internationally.
 Note 2: Figures for 2018 were amended to eliminate the double accounting for the emissions related to raw materials and fix a minor error in emissions from biomass combustion.

PERCENTAGE OF EMISSIONS FROM INDUSTRIAL OPERATIONS BY SCOPE



Source: Corporate Sustainability and Environment Department
 Note 1: Scope 3 (other indirect emissions from the supply chain) contemplates the following gases CO₂, CH₄ and N₂O for all three years reported.

When the carbon footprint of industrial operations in 2019 was measured, we noted an increase in Scope 1 emissions compared to 2018, resulting from an increased use of oil fuel at the Guaiba pulp mill by emergency pumps that were used for the construction of rainwater collection lagoons. In addition, there was a failure of the turbo generators at the Santa Fe mill, which led to an increased consumption of diesel by stationary sources (back-up electric generators).

This turbo generator failure, in turn, caused an increase in purchased electricity, driving CMPC Pulp Scope 2 emissions up.

Furthermore, the CMPC Corrugated Chile papers mill experienced a stoppage of its cogeneration plant for the duration of almost the entire year. This resulted in the purchase of electricity to satisfy close to 100% of its needs, instead of the usual self-generation, which increased Scope 2 emissions for CMPC Biopackaging as well.

In terms of Scope 3, the increase from 2018 is due to:

- A slight upwards correction of emission factors for transportation by ship and truck.
- An increased fuel consumption by the Guaiba and Santa Fe mills, which increased their environmental load.
- An increase in emissions from the inclusion of the transportation of all waste, while in previous years only waste for final disposal was considered.

Other atmospheric emissions

(305-7)

CMPC operations generate other emissions that have an impact on the quality of air in the areas where they are located. The company adheres to the current norms and regulations in the countries where it operates in regard to the concentration of air pollutants and emission limits for CMPC.

Most emissions are generated by CMPC Pulp, responsible for close to 95% of CMPC emissions of nitrogen oxide (NO_x), about 59% of sulfur dioxide (SO₂), and around 74% of particulate matter (PM).

Emissions by pollutant type in metric tons

Pollutant	2018	2019
NO _x	8,235	8,134
SO ₂	1,508	1,781
PM	1,556	1,213

Source: Corporate Sustainability and Environment Department
 Note 1: Not all plants measure their emissions. The ones that do not conduct measurements are the ones that do not utilize considerable amounts of stationary sources and therefore, are not required to do so by law. There are also other plants that measure the concentration according to local regulations in each country, but do not record total emissions in metric tons.
 Note 2: The Sack Kraft Argentina plant and CMPC Corrugados P Tiltitl packaging plant started measuring their NO_x emissions in 2019 and therefore were not included in 2018 measurements.
 Note 3: The Softys plant in Pando, Uruguay, is the only one to report SO₂ in this business area.

The reported emissions correspond to stationary sources at each plant (boilers, paper machines, turbines, diaper machines, etc.) and measurements are conducted by external labs, with the exception of Guaiba, which has its own equipment to conduct such measurements online.

GREEN TAX

(CMPC 4)

The green tax on emissions from stationary sources is part of a regulation introduced in Chile's 2014 tax reform that came into force in 2017.

Law No. 20780 imposes a tax on the owners of establishments with stationary sources of over 50MWt that produce atmospheric emissions of particulate matter (PM), nitrogen oxide (NO_x), sulfur dioxide (SO₂) and carbon dioxide (CO₂).

In 2019, the company paid USD 3,685,784 in such tax for 2018, down 1.3% from the previous period.

Green tax paid in USD

	2018	2019
Amount	3,735,979	3,685,784

Source: Corporate Tax Department

4.8

WASTE MANAGEMENT



MAT

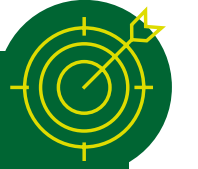
Puente Alto Corrugated plant in the Metropolitan Region of Chile.

Why is waste management relevant?

(103-1)(103-2)(103-3)

- In order to reduce the environmental impact of its waste and generate value from it, the company engages in the following activities:
 - Plans to minimize unused resources and thus reduce waste generation
 - Reincorporation of waste in its own production cycle or its transformation into raw materials that can be used in other processes
 - Constantly looking for opportunities for its waste to be used by other industry sectors
 - Monitoring the volume of waste.
- CMPC's goal is to eliminate the majority of waste from its value chain and transform it into secondary products through innovation and synergies with other organizations.
- CMPC's commitment to the circular economy is enshrined in the **corporate goal** that the company published in 2019 to reduce waste for final disposal.

CORPORATE GOAL



Become a company with zero waste for final disposal, or landfills, by the year 2025, by reducing waste generation, its recovery in the form of byproducts and promoting circular business models.

2019
577,772 t

PROGRESS
14.3%

2025 GOAL
Zero

With this goal, CMPC is contributing to target 12.5 of Sustainable Development Goal (SDG) "Sustainable consumption and production", which states:

"By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse."

Circular economy challenge

(306-2)

CMPC continues working on the challenge to transform its processes and products to adapt to a circular economy model, in which does not exist and resources are continuously reused. In this way, the useful life of products and/or resources can be extended, preserving their value over time while reducing their impact on the environment.

The company makes sure that its waste management is in compliance with current environmental regulations in the countries where it operates. In addition, it looks for strategic partnerships that allow it to recover waste and develop projects focused on reducing environmental liabilities.

In 2019, there was a 4.0% increase in the generation of waste on an aggregate basis by the company in comparison with the previous year (2018 baseline). In terms of fluctuations of waste

according to its categorization as hazardous or non-hazardous, hazardous waste was down 5.7%, while non-hazardous waste (industrial waste, sludge, residential-like, and others) increased by 4%.

The company complies with the respective current environmental regulations for the disposal or treatment of hazardous waste. It is primarily disposed of at hazardous waste landfills authorized by the corresponding environmental and health authorities.

In 2019, hazardous waste accounted for 0.15% of all waste generated and 93.7% of that was disposed of in hazardous waste landfills. Thus, non-hazardous waste accounts for 99.85% of all generated waste.

Total waste by type (in metric tons)

Waste by tipe	2018	2019
Non-hazardous	2,261,390	2,351,481
Hazardous	3,583	3,378
Total waste	2,264,973	2,354,859

Source: Corporate Sustainability and Environment Department

Waste recovery

In recent years, the company has been working to avoid the final disposal of waste in landfills in favor of various recovery alternatives, such as reuse, recycling, composting and energy extraction. In 2019, recovery through such methods increased by 11.7%.

The 2019 performance in terms of the final disposal of non-hazardous waste is explained by changes in each business area. CMPC Celulosa, for example, experienced a re-

duction of 54.8% due to an increase in the commercialization of wood-derived byproducts for energy generation and fertilizers, used internally or by third parties.

On the other hand, CMPC Biopackaging managed to reduce its waste for final disposal by 25.7%, largely as a result of the ramp-up of a new biomass boiler at the Valdivia Boxboard mill, which can extract value from certain waste in the form of energy.

Finally, Softys' final disposal of waste increased by 15.4%, partially explained by an increase in production and the use of recycled fiber in its productive processes. This increases paper sludge generation at effluent treatment plants.

Non-hazardous waste by treatment method (in metric tons)

Treatment method	2018	2019
Recovery		
Reuse	773	1,357
Recycling	189,612	169,647
Composting and biological decomposition	549,399	636,091
Waste to energy	847,791	966,613
Disposal		
Final disposal	673,815	577,772
Total	2,261,390	2,351,481

Source: Corporate Sustainability and Environment Department
 Note 1: The composting and biological decomposition method includes a variety of treatments to reintroduce carbon and other nutrients in the biological cycle.
 Note 2: Data on the disposal methods published in 2018 was rearranged in order to better align reporting with the GRI methodology.

As part of the waste management strategy of CMPC Pulp, the Laja mill started selling the byproducts from its processes, thus reintroducing them as raw materials in the operations of third parties.

SOME CMPC PRODUCTION FACILITIES ARE ALREADY WORKING TOWARDS ZERO WASTE, WHILE OTHERS ARE STILL AT THE ASSESSMENT STAGE FOCUSING ON IDENTIFYING OPPORTUNITIES FOR IMPROVEMENT.

ASH, DREGS AND SLUDGE

CMPC Pulp industrial operations in Chile uses half of the ash from its biomass boilers as fertilizer for the company forest plantations. On the other hand, dregs and grits, fly ash and lime are sold for the fertilization of agricultural land. In addition, biomass waste and most sludge from effluents are incinerated in boilers for energy generation.

Similarly, in Brazil lime, dregs and grits are sold as fertilizers for agriculture, bark and sludge are composted, and ash from the carbon boiler is sold to cement makers.

Some of the actions taken towards meeting the corporate goal are

- **Byproducts:** all production facilities generate byproducts, which can be used as raw materials in other processes, such as biomass for energy generation or soil enrichment.

- **Ash:** CMPC uses ash from its biomass boilers as fertilizer for forest plantations, giving a new use to something that was previously considered waste for the company.

- **Sludge:** sludge is the main waste product from the production of the Biopackaging and Softys businesses, and to a lesser extent Celulosa. Its disposal method varies from plant to plant: at some, it is used for energy generation, at others for compost production or bricks manufacturing when combined with clay.

- **Paper or its derivatives:** some CMPC production processes require paper and cardboard as their raw material, which means reincorporating these products in the production process after the end of their life. Collection is done either by CMPC or third parties.

These activities and their implementation depend on the conditions in each country where the company operates.

Clean Production Agreement (Acuerdo de Producción Limpia, APL)

In 2019, two CMPC plants subscribed Clean Production Agreements (APL) for zero waste: Sack Kraft in Chile and Molded pulp, subsidiary of CMPC Corrugated.

They are joining the five Biopackaging plants for containers and packaging that already had such agreements in place: Corrugated (Buin, Osorno and Tiltil), Sack Kraft Chile and *Fibras*. With these agreements, plants commit to the implementation of a clean production strategy.

RECYCLING MATERIALS

INTERNALLY AND FROM THIRD PARTIES

Fibras, a subsidiary of CMPC Corrugated of the Biopackaging business is a waste collector. Its purpose is to develop the market for collecting and recycling paper and cardboard.

With its help, CMPC is able to use these secondary materials in its production by recycling them into new tissue and packaging products.

Waste collected (purchased) for recycling by *Fibras* in metric tons

2017	2018	2019
317,000	305,000	290,000

Source: Fibras

Waste collected by *Fibras* represents 61.7% of the total paper and cardboard that CMPC recycles. The other 38.3% comes directly from other company facilities or is purchased from third parties domestically or internationally.

Origin of recycled paper in metric tons

Origin	2019
Fibras in Chile, Peru and Argentina	373,368
Third parties	202,311
Intercompany (between subsidiaries of the company)	29,063
Total waste recovered and incorporated	604,742

Source: Fibras
 Note 1: *Fibras* is present in Chile, Argentina and Peru. In Chile, the company is part of CMPC Biopackaging and in Argentina and Peru it belongs to the Softys business.
 Note 2: Third party waste refers to post-consumer third-party waste purchased on the domestic market or imported.



05

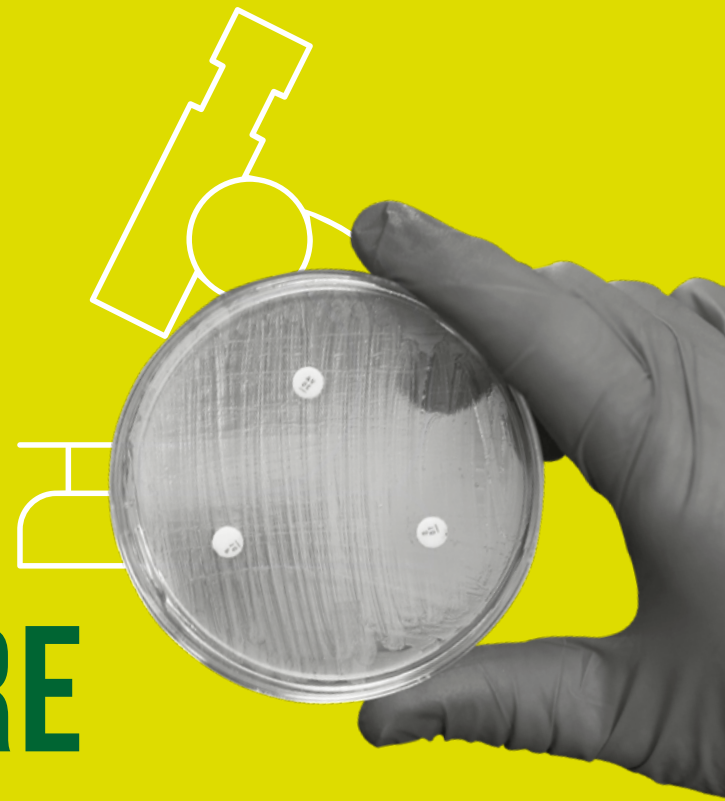
SOL
VE



SOLUTIONS TO
GENUINE NEEDS



NANOCELLULOSE A MATERIAL OF THE FUTURE



What is nanocellulose?

It is a material made out of nano sized cellulose fibers. There are three types of nanocellulose according to its structure and origin: nanocrystalline cellulose (NCC), bacterial cellulose (BC), and microfibrillated cellulose (MFC). CMPC is exploring the entire range of opportunities that these products could offer.

Why is this significant?

Due to its characteristics, microfibrillated cellulose is considered a "supermaterial", as it is 20 times more resistant than steel and almost four times more than Kevlar. It is also light, impermeable, durable, and could even replace some plastic applications.

What is more, its importance is directly correlated to its being both a biodegradable and renewable material, given that it originates in plant fibers.

How is this material derived?

It is derived from pulp, one of the most abundant polymers in the world. It is derived from trees and other plants, such as, for example, eucalyptus. That means that the raw material used for magazines, newspapers, books, paper

tissues, disposable diapers and many others, has the potential to be transformed into something completely different. And the result is a renewable and sustainable supermaterial.

What is CMPC doing?

CMPC is in the process of evaluating the technical and financial viability of using nanocellulose to reinforce paper and board. Additionally, the Research and Development Center is currently testing for other potential uses. One of these could be an isolating barrier for gases and/or liquids, where currently fossil-based polymers are used resulting in packaging that is 100% ecological and biodegradable.

Other applications being researched are in prosthetics, construction materials and automobile parts.

MFC is a high value-added product obtained using mechanical shearing to separate the cellulose fibers into a three dimensional network of microfibrils with a large surface area. This gives it the ability to interact intimately with the surrounding environment. It has many applications such as:

WHAT CAN NANOCELLULOSE BE USED FOR?

1

COATING:

when used in the form of film to cover a surface, it gives isolating properties to packaging making it a more sustainable alternative to plastic.

2

STATIONARY:

incorporated into the composition of papers even in small quantities adds significantly to the product's resilience.

3

RHEOLOGY MODIFIER:

due to its chemical and morphological characteristics, nanocellulose can act as a thickening agent with a number of applications from food and pharmaceuticals to paint and concrete.

4

Other applications being tested are in prosthetics, construction materials and automobile parts.

5.1 PRODUCT INNOVATION

The mission of our company is to produce and market products based on resources from forest plantations such as wood, pulp, paper, and tissue products in a way that is sustainable over time, providing superior quality and competitiveness and

creating value for its shareholders and clients, as well as opportunities for growth for its employees and local communities. To pursue this mission, CMPC focuses on the concept of circular bioeconomy with the next 100 years in mind.

What is circular bioeconomy?

The circular bioeconomy is a system in which renewable biological resources are used for manufacturing products and energy, which are then recovered and reused as many times as possible in a circular economy fashion. In the circular bioeconomy, new products are based on scientific innovation responding to social and environmental challenges and creating economic value.

CMPC is actively exploring opportunities within the scope of the circular bioeconomy that could maximize the value of its raw material, focusing primarily on lignin, nanocellulose and biocomposites, as well as byproducts such as tall oil, methanol, hydrogen and others.

**CELLULOSE IS ONE OF THE MOST ABUNDANT
POLYMERS ON THE PLANET, PLACING IT AMONG THE
MOST EFFICIENT POTENTIAL RESPONSES TO THE
ENVIRONMENTAL CRISIS.**

In order to transition into a circular economy, it is necessary to create renewable materials that can be reused, recycled or, in this case, are biodegradable.

Finding sustainable solutions: a project for new seedling trays

In order to make the connection between the different stages of its industrial processes more circular, CMPC conducted an analysis of the use of non-renewable materials by CMPC Celulosa. As a result, one such case was identified in the millions of plastic trays used for the propagation of pine and eucalyptus seedlings before their outplanting.

The innovation project that CMPC carried out researched alternative solutions to the use of plastic trays and came up with ones made from pulp and waste from the paper production process. This helps avoid the generation of plastic waste, reduce the use of fossil-based products, and diminish the environmental impact of transportation.

The new trays represent a circular solution as they can be decomposed directly in the ground after having been used for about a year showing the same ability to withstand nursery conditions (humidity, irrigation, and weather) as the old plastic ones.



5.2 **INNOVATING FOR THE FUTURE**

MAT

(103-1, 103-2, 103-3)

Why is innovation relevant?

- Innovation is the central concept which allows us to address current and future challenges by providing sustainable solutions to global problems and clients.
- That is why, CMPC is committed to promoting and strengthening innovation efforts within its processes and created a Corporate Innovation Department, which reports directly to the CEO and is in charge of deepening the company efforts in that direction.

CONSOLIDATING INNOVATION EFFORTS

CMPC aspires to lead the way in finding sustainable and innovative solutions which increase the well-being of people and the competitiveness of the company, modernizing the way it works and bringing science and technology closer together. This process has five focal areas:

1 Strengthening innovation skills and processes

The Corporate Innovation Department provides support to CMPC subsidiaries and looks for new ways to promote innovation by forming alliances with startups, the integration of agile methodologies and reinforcing innovation strategies.

2

Innovative product development by subsidiaries

CMPC continuously promotes a strategy for all subsidiaries to develop new products. Many of these innovative solutions have managed to create value and competitive advantages for the company through their unique qualities. CMPC has a robust product portfolio and constantly encourages highly disruptive technological innovations.

3

Commitment to the circular bioeconomy

CMPC renewed its commitment to the circular bioeconomy as the main pillar of its innovation strategy. Currently, research is underway into opportunities such as nanocellulose, lignin and the recovery of side streams of the pulp production process in order to create sustainable and renewable alternatives from forest-based products.

STONE FRUIT INSERT TRAYS

Prompted by new regulations introduced by some countries to reduce plastic use, CMPC Biopackaging initiated a project to develop an innovative solution that would replace polypropylene insert trays used for the protection of fruit during transport (mainly peaches, nectarines, and plums) with ones made from molded pulp.

4

Continue on the road towards digital transformation

CMPC has been encouraging the digital transformation of all of its business units including the digitalization and automation of processes, the use of advanced analytics and other technology that helps capture value and meet the goals set forth in the corporate strategy.

Many back office processes have been automated including the digitizing and use of advanced an-

FOR EXAMPLE, IN 2019 SOFTYS INTRODUCED INTO THE MARKET ITS NEW SOFT TOUCH TECHNOLOGY FOR ELITE BRAND TOILET TISSUE PRODUCTS, WHICH AT THE SAME TIME ADDS SOFTNESS AND RESISTANCE TO THE PAPER.



5

Engage with the ecosystem to boost innovation

CMPC has decided to engage with the public on innovation projects in order to empower novel ideas that have the potential to generate value. To that end, we have been actively communicating with players from the innovation and entrepreneurship ecosystem around the world.

SOFTYS INNOVATION CHALLENGE

A regional competition for innovative ideas by employees from all countries where Softys has industrial operations. Its goal is to develop new products, improve the performance of current products, differentiate the company and reduce costs. More than 1,000 ideas were submitted and evaluated and the best ones received an award.

STARTUP DAY

CMPC launched its first innovation challenge open to the public and received submissions by 189 participants from 18 countries offering their disruptive solutions related to the circular economy and digital transformation of CMPC. Three ideas were chosen to participate in a pilot project together with the company.

Our interaction with startups does not end there. The company is collaborating in a systemic way with startups in various stages of maturity in order to find innovative solutions to its challenges. Such examples are the High Tech challenge, an incubator for early-stage startups with science-based technological innovations, the Inventing the Future meet-up and our constant partnering with entrepreneurs from around the world to test new technologies in practice.

Partnership with the University of Concepcion to promote innovation, sustainable development and entrepreneurship

The University of Concepcion, which was founded in Chile in May 1919, was the first university in the country outside the capital city. CMPC was created in March of the following year and is well-known for its fruitful alliances.

In celebration of the 100 in existence of both organizations, the two signed a collaboration agreement whose purpose is to provide support for innovation, the bioeconomy, culture and entrepreneurship for sustainable development in the next 100 years.



5.3

INCREASING CUSTOMER SATISFACTION

MAT

Why is customer satisfaction relevant?

(103-1,103-2,103-3)

- Recognizing the expectations and opinions of clients and consumers is fundamental for providing quality products that meet all their requirements.
- For that reason, a constant monitoring and evaluation is necessary in order to achieve continuous improvement of industrial processes and customer satisfaction.
- This allows us to form long-lasting mutually beneficial working relationships.
- The most important milestones for CMPC in 2019 were the opening of CMPC Celulosa customer service offices in Shanghai, China and in Hamburg, Germany (as part of a joint venture agreement with the agent GUSCO) to better service various markets.
- All three business areas evaluate their customer satisfaction, each one using their own tools and methodology that best suits their products, customer base and markets.

NET PROMOTER SCORE (NPS)

CMPC CELULOSA

FOCUS:

In 2019, CMPC Maderas and CMPC Pulp conducted their first joint annual customer satisfaction evaluation using the Stakeholders Sustainability Index (SSIndex) survey by ESG Compass after managing to unify their criteria.

Results



Net Promoter Score

Subsidiary	2018	2019	Change
CMPC Maderas	Not evaluated	82%	--
CMPC Pulp	87%	88%	1%

Source: CMPC Celulosa

Joint methodology

The SSIndex survey is a tool for measuring the sustainability risks of various stakeholders. In the case of customers, it includes 19 Likert scale questions in addition to 11 open box ones and considers aspects such as service level perception, product quality, community engagement, corporate integrity, awareness of CMPC environmental policies, response to complaints, etc.

- CMPC Maderas conducted evaluations for its plywood, sawn wood and millwork facilities. Up to 2018 customer satisfaction had been measured with internally designed surveys by each business unit.

- CMPC Pulp, which has already been using this methodology for a number of years, substantially expanded its sample size in 2019 taking advantage of the new languages in which the questionnaire was made available. This allowed it to collect information from markets that had not been surveyed before incorporating about 9% more clients. Total response rate increased to 46% from 45%.

CMPC BIOPACKAGING

FOCUS:

Customer satisfaction evaluation focuses on final consumers. In 2019, CMPC Biopackaging once again evaluated its positioning and brand image, involving all of its subsidiaries in the process this time. Thus, it was able to standardize measurements and results.

Results



Net Promoter Score

	2019
CMPC Boxboard	79%
CMPC Sack Kraft	53%
CMPC Corrugados	84%
CMPC Edipac	84%

Source: CMPC Biopackaging

Joint methodology

The evaluation consists of a survey (Image and Customer Service Experience Study) conducted by phone, online or in person, and covers clients in Chile and other countries, depending on the market scope of each subsidiary.

Net satisfaction percentage was evaluated in order to identify opportunities for improvement and innovation.

SOFTYS

B2C BUSINESS

FOCUS:

Softys uses the Advantage methodology to evaluate its consumer oriented brands. It measures customer satisfaction in terms of the sales process and product perception according to eight dimensions: strategic alignment, people, category development, consumer marketing, trade & shopper marketing, supply chain, and customer service, and identifies the reasons for a certain supplier evaluation by their clients. Participants in the survey are main retailers and the result is expressed in terms of a ranking among the consumer product companies that participated in the study.

Joint methodology

The study is based on annual questionnaires distributed among senior management of the main retailers in order to evaluate the strength of the relationship between the retailer and the supplier, compare service level to that of other suppliers and identify the most critical points for improvement.

The results allow Softys to understand its ranking among other consumer goods companies per country and develop a strategy for improvement based on the opportunities identified.

Results

	2016		2017		2018		2019	
	Current position	Change from previous year	Current position	Change from previous year	Current position	Change from previous year	Current position	Change from previous year
Argentina	23	-	20	+3	19	+1	14	+5
Brazil	9	-	9	0	6	+3	9	-3
Chile	9	-	5	+4	3	+2	4	-1
Mexico	10	-	10	0	12	-2	15	-3
Peru	16	-	12	+4	11	+1	3	+8

Source: Softys
 Note: The Advantage study is only conducted in 5 countries (Chile, Argentina, Peru, Mexico and Brazil).

In addition, Softys conducts an evaluation of the satisfaction of its B2B clients called relationshipTRIM, which measures the corporate image and reputation, service, products, sales process, delivery and post sales experience of the away-from-home brand Elite Professional.

company needs to focus investment to drive customer relationship strength and business performance. It is conducted in the eight markets where Softys operates and the results show how strong the customer relationships of the company are.

The study consists of a bi-annual questionnaire, online or via a phone call, administered to current clients to understand the relationship and service level and pinpoint exactly where the

The last such evaluation was conducted in 2018, so the next one is not due until 2020. Its results are going to be reported in the following year.

CERTIFICATIONS:¹⁹

ENSURING QUALITY AND SAFETY FOR OUR CUSTOMERS

Quality Management System, ISO 9001

CMPC Biopackaging and CMPC Pulp have a system for quality management to effectively conduct and improve the efficiency of internal processes. It takes into consideration administrative elements and is as an objective and quantifiable assessment of the performance of their functions by each employee. An external certification serves to ensure these high standards of quality and production management by providing specific guidance on environmental, labor and responsible procurement matters.

Environmental Management System, ISO 14001

To comply with the environmental laws and regulations of the respective authorities in each country, CMPC adheres to the Environmental Management System standard, ISO 14001. Every stage of the production process from the reception of raw materials to the distribution warehouses where final products are stored is certified to this standard. Following the requirements of this certification benefits the company by providing it with a competitive advantage in front of clients who require it resulting in opportunities for greater profitability.

Food Safety Management, ISEGA and ISO 22001

These standards set out the specific requirements that pulp and paper manufacturing must meet in order to ensure the safety of food throughout the entire food supply and sanitation chain.

For all CMPC product quality certifications detailed by site, visit:
<https://www.cmpc.com/en/certifications/>

¹⁹For Energy Management System certifications, go to section 4.5.

06



**CORPORATE
GOVERNANCE**

Inauguration of CMPC Office Building in Los Angeles, Biobio Region, Chile, March 2019.

6.1 SHAREHOLDERS

(102-5)

CMPC is a publicly traded corporation with 2.5 billion outstanding shares and 21,390 shareholders as of December 31st, 2019.

CONTROL OF THE COMPANY IS EXERCISED THROUGH A JOINT CONTROL AND PERFORMANCE AGREEMENT BETWEEN FORESTAL O'HIGGINS S.A. AND OTHER COMPANIES AND INCLUDES RESTRICTIONS ON THE FREE DISPOSITION OF SHARES.

The Controlling Group is comprised of the members of the Larrain Matte, Matte Capdevila and Matte Izquierdo families, whose holdings, their manner and size, are indicated below:

Name	Rut (Chilean Tax ID)	%
Patricia Matte Larraín y sus hijos	4.333.299-6	6.49
María Patricia Larraín Matte	9.000.338-0	2.56
María Magdalena Larraín Matte	6.376.977-0	2.56
Jorge Bernardo Larraín Matte	7.025.583-9	2.56
Jorge Gabriel Larraín Matte	10.031.620-K	2.56
Eliodoro Matte Larraín y sus hijos	4.436.502-2	7.15
Eliodoro Matte Capdevila	13.921.597-4	3.26
Jorge Matte Capdevila	14.169.037-K	3.26
María del Pilar Matte Capdevila	15.959.356-8	3.26
Bernardo Matte Larraín y sus hijos	6.598.728-7	8.05
Bernardo Matte Izquierdo	15.637.711-2	3.35
Sofía Matte Izquierdo	16.095.796-4	3.35
Francisco Matte Izquierdo	16.612.252-K	3.35

Note: The natural persons listed above belong by family relationship to the same controlling business group.

12 main CMPC shareholders as of December 31st, 2019

Shareholder Name	Rut (Chilean Tax ID)	No. of shares
1 Forestal Cominco S.A.	79.621.850-9	487,492,057
2 Forestal Const. y Com. del Pacífico Sur S.A.	478.715.048	478,715,048
3 Forestal O'Higgins S.A.	229.954.793	229,954,793
4 Banco de Chile (in representation of third parties)	137.733.654	137,733,654
5 Forestal Bureo S.A.	106.457.955	106,457,955
6 Banco Itaú (in representation of foreign investors)	97.854.158	97,854,158
7 Banco Santander-JP Morgan	93.805.017	93,805,017
8 A.F.P. Habitat S.A Pension Fund	66.400.041	66,400,041
9 A.F.P. Provida S.A. Pension Fund	60.849.777	60,849,777
10 A.F.P. Capital S.A. Pension Fund	47.182.753	47,182,753
11 A.F.P. Cuprum S.A. Pension Fund	46.575.370	46,575,370
12 Coindustria LTDA.	41.531.124	41,531,124
		1,894,551,747
		75.78%

Source: Empresas CMPC S.A. Shareholder Register

Trilahue Air Base, Biobío Region, Chile, used for combatting wildfires.



Empresas CMPC S.A. Controlling Shareholders

Name	RUT (Chilean Tax ID)	Dec 2018	Dec 2019
1 Forestal Cominco S.A.	79.621.850-9	487,492,057	487,492,057
2 Forestal, Const. y Com. del Pacifico Sur S.A.	91.553.000-1	476,205,596	478,715,048
3 Forestal O'Higgins S.A.	95.980.000-6	186,526,333	229,954,793
4 Forestal Bureo S.A.	87.014.900 -K	106,457,955	106,457,955
5 Inmobiliaria Nague S.A.	94.645.000-6	39,015,066	2,504,340
6 Coindustria LTDA.	80.231.700-K	46,575,370	46,575,370
7 Forestal y Minera Ebro LTDA.	77.868.100-5	14,408,280	14,408,280
8 Forestal y Minera Volga LTDA.	77.868.050-5	8,823,060	8,823,060
9 Viecal S.A.	81.280.300-K	6,501,641	6,501,641
10 Forestal Peumo S.A.	87.014.500-4	5,141,294	5,141,294
11 Forestal Calle Las Agustinas S.A.	87.014.600-0	3,863,334	3,863,334
12 Forestal Choapa.A.	87.014.700-7	2,332,209	2,332,209
13 Matte Larrain Eliodoro	4.436.502-2	1,187,078	1,187,078
14 Matte de Larrain Patricia	4.333.299-6	961,342	961,342
15 Agrícola e Inmobiliaria Rapel LTDA.	87.014.800-3	617,993	617,993
16 Larrain Bunster Jorge Gabriel	4.102.581-6	134,844	134,844
Total Controlling Group Shares		1,386,243,452	1,395,670,638
% Participation		55.45%	55.83%

Source: Empresas CMPC S.A. Shareholder Register

Shares held by government entities or state owned companies

Shareholder	No. of shares	Comments
1 University of Chile Law School	713,940	Shares acquired in 1942
2 Chilean Treasury	20,500	Shares corresponding to vacant inheritance, provisional balance

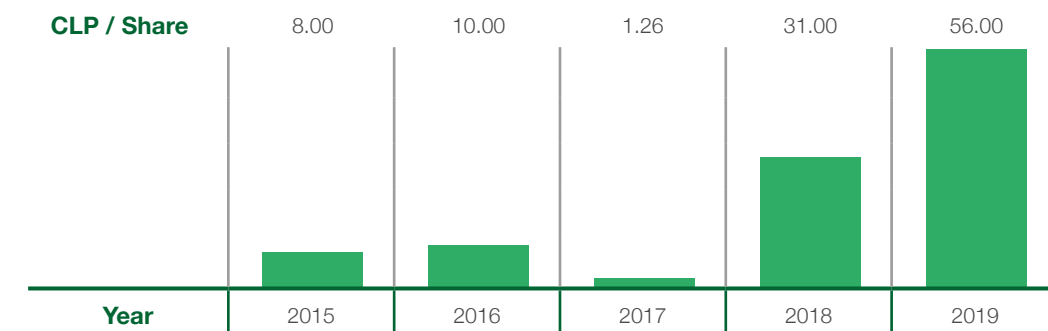
Source: Empresas CMPC S.A. Shareholder Register

Quarterly share transaction statistics in CLP

Quarter	Year	Number of shares	Transaction amount (CLP)	Average price (CLP/share)	Stock market presence (%)	Stock market transactions
1st	2017	99,171,433	147,535,308,210	1,487.6795	100%	BCS; BECH
2nd	2017	91,867,785	147,696,473,980	1,607.7069	100%	BCS; BECH;BC
3rd	2017	95,451,523	155,009,124,500	1,623.9565	100%	BCS; BECH
4th	2017	144,206,068	280,056,823,353	1,942.0599	100%	BCS; BECH;BC
1st	2018	111,582,133	254,059,544,955	2,276.8837	100%	BCS; BECH
2nd	2018	107,705,995	261,103,102,977	2,424.2207	100%	BCS; BECH;BC
3rd	2018	90,757,426	235,533,936,050	2,595.2029	100%	BCS; BECH;BC
4th	2018	101,780,769	244,833,261,165	2,405.4963	100%	BCS; BECH
1st	2019	95,624,399	220,592,464,326	2,306.8638	100%	BCS; BECH
2nd	2019	158,142,923	310,874,191,338	1,965.7800	100%	BCS; BECH
3rd	2019	179,662,992	306,101,024,103	1,703.7511	100%	BCS; BECH
4th	2019	156,219,250	282,581,705,265	1,808.8789	100%	BCS; BECH

Note: Statistics include information from the Santiago Stock Exchange (BCS), the Chilean Electronic Stock Exchange (BECH) and the Valparaiso Stock Exchange (BC).
Source: Certificate issued by the Santiago Stock Exchange and the Chilean Electronic Stock Exchange

Annual dividends per share in CLP



Source: Public information

Details of share transactions in CLP in compliance with Article 20 of Chilean Law No. 18045 (GCN 269, 2009)

RUT (Chilean Tax ID)	Legal Name	Relation	Transaction date (mm/dd/yyyy)	Transaction commu- nicated to the Stock Exchange (mm/dd/yyyy)	Transaction type	Security type	Series	No. of shares traded	Unit Price (CLP)	Transaction amount (CLP)	Stock Exchange
94645000-6	Inmobiliaria Nague S.A.	CO	09/26/2019	09/27/2019	Sell	Share	Sole	13,566,312	1,687.60	22,894,531,062	S
95980000-6	Forestal O'Higgins S.A.	CO	09/26/2019	09/27/2019	Buy	Share	Sole	13,566,312	1,687.60	22,894,531,062	S
94645000-6	Inmobiliaria Nague S.A.	CO	09/24/2019	09/24/2019	Sell	Share	Sole	10,864,443	1,716.13	18,644,830,490	S
95980000-6	Forestal O'Higgins S.A.	CO	09/24/2019	09/24/2019	Buy	Share	Sole	10,864,443	1,716.13	18,644,830,490	S
94645000-6	Inmobiliaria Nague S.A.	CO	09/23/2019	09/24/2019	Sell	Share	Sole	3,061,344	1,740.00	5,326,738,560	S
95980000-6	Forestal O'Higgins S.A.	CO	09/23/2019	09/24/2019	Buy	Share	Sole	3,061,344	1,740.00	5,326,738,560	S
94645000-6	Inmobiliaria Nague S.A.	CO	09/12/2019	09/12/2019	Sell	Share	Sole	2,911,484	1,731.05	5,039,924,378	S
95980000-6	Forestal O'Higgins S.A.	CO	09/12/2019	09/12/2019	Buy	Share	Sole	2,911,484	1,331.05	5,039,924,378	S
94645000-6	Inmobiliaria Nague S.A.	CO	09/11/2019	09/12/2019	Sell	Share	Sole	2,965,740	1,700.20	5,042,351,148	S
95980000-6	Forestal O'Higgins S.A.	CO	09/11/2019	09/12/2019	Buy	Share	Sole	2,965,740	1,700.20	5,042,351,148	S
95980000-6	Forestal O'Higgins S.A.	CO	08/23/2019	08/26/2019	Buy	Share	Sole	100,000	1,546.34	154,634,361	S
95980000-6	Forestal O'Higgins S.A.	CO	08/22/2019	08/23/2019	Buy	Share	Sole	100,000	1,585.00	158,500,000	S
95980000-6	Forestal O'Higgins S.A.	CO	08/16/2019	08/19/2019	Buy	Share	Sole	400,000	1,649.47	659,788,381	S
95980000-6	Forestal O'Higgins S.A.	CO	08/14/2019	08/16/2019	Buy	Share	Sole	693,759	1,669.66	1,158,342,955	S
95980000-6	Forestal O'Higgins S.A.	CO	08/12/2019	08/13/2019	Buy	Share	Sole	500,000	1,683.87	841,934,612	S
95980000-6	Forestal O'Higgins S.A.	CO	08/09/2019	08/12/2019	Buy	Share	Sole	328,920	1,663.06	547,014,520	S
95980000-6	Forestal O'Higgins S.A.	CO	07/19/2019	07/22/2019	Buy	Share	Sole	77,970	1,811.35	141,231,240	S
95980000-6	Forestal O'Higgins S.A.	CO	07/19/2019	07/22/2019	Buy	Share	Sole	882,439	1,811.00	1,598,097,029	S
95980000-6	Forestal O'Higgins S.A.	CO	07/18/2019	07/19/2019	Buy	Share	Sole	250,000	1,815.00	453,749,603	S
95980000-6	Forestal O'Higgins S.A.	CO	07/11/2019	07/12/2019	Buy	Share	Sole	41,162	1,812.00	74,585,544	S
95980000-6	Forestal O'Higgins S.A.	CO	07/11/2019	07/12/2019	Buy	Share	Sole	1,102,000	1,815.00	2,000,130,000	S
95980000-6	Forestal O'Higgins S.A.	CO	07/10/2019	07/11/2019	Buy	Share	Sole	1,400,000	1,815.00	2,541,000,000	S
95980000-6	Forestal O'Higgins S.A.	CO	06/18/2019	06/19/2019	Buy	Share	Sole	147,311	1,812.25	266,964,238	S
95980000-6	Forestal O'Higgins S.A.	CO	06/18/2019	06/19/2019	Buy	Share	Sole	230,799	1,815.00	418,900,185	S
91553000-6	Forestal, Constructora y Comercial del Pacifico Sur S.A	CO	06/07/2019	06/10/2019	Buy	Share	Sole	292,538	1,810.64	529,680,902	S
91553000-6	Forestal, Constructora y Comercial del Pacifico Sur S.A	CO	06/06/2019	06/10/2019	Buy	Share	Sole	433,874	1,808.00	784,444,192	S
91553000-6	Forestal, Constructora y Comercial del Pacifico Sur S.A	CO	06/06/2019	06/10/2019	Buy	Share	Sole	1,408,000	1,814.10	2,554,249,522	S
91553000-6	Forestal, Constructora y Comercial del Pacifico Sur S.A	CO	05/29/2019	05/30/2019	Buy	Share	Sole	375,040	1,805.90	677,284,724	S
95980000-6	Forestal O'Higgins S.A.	CO	05/29/2019	05/30/2019	Buy	Share	Sole	163,374	1,795.39	293,319,704	S
95980000-6	Forestal O'Higgins S.A.	CO	05/28/2019	05/29/2019	Buy	Share	Sole	500,000	1,790.00	895,000,000	S

6.2 BOARD OF DIRECTORS

(102-18; 102-19; 102-20; 102-22; 102-24, 102-26, 102-31, 102-33)

SINCE 2016, THE CMPC BOARD OF DIRECTORS HAS BEEN COMPRISED OF NINE MEMBERS, SOME OF WHOM ARE INDEPENDENT AND OTHERS RELATED TO THE CONTROLLER. DIRECTORS ARE ELECTED AT THE ANNUAL SHAREHOLDER MEETING PURSUANT TO CHILEAN LAW NO. 18046 REGULATING PUBLICLY TRADED CORPORATIONS.

Directors hold office for three years and meet ordinarily once a month and for extraordinary sessions, whenever required by law, in accordance with pertinent regulations and the company bylaws. In 2019, all nine members of the Board of Directors were re-elected for another term.

The Board of Directors is responsible for strategic planning, including the review, amendment and validation of company policy and monitoring its correct execution. The Board is also

responsible for the annual business plan and the corresponding budget for the company administration and the plan's accomplishment. The Board is supported by the Directors' Committee which, among its other functions, meets at least three times a year with the external auditors and without the presence of the CEO, in order to receive a report of all relevant findings on deeds or adverse situations affecting the company that might have been detected.

Among the functions of the Board of Directors are the following:

- Elaborate the company strategy
- Approve business objectives
- Establish management policies
- Evaluate executive performance
- Decide on the development or termination of business activities
- Decide on the appropriate investments or divestments
- Monitor the progress towards achieving the company objectives
- Develop and maintain a system for talent identification and selection for executive positions to ensure proper management continuity
- Approve the risk matrix, its policies and their implementation
- Review and approve the Integrated Report corresponding to each year of business.
- Select an independent External Auditors firm to vote on at the Annual Shareholder Meeting

An independent Director is one who has no relationship or link with the controlling shareholder as stipulated in Article 50 Bis of Chilean Law No. 18046 governing public companies.

The identification and management of economic, environmental and social issues, in addition to critical matters for the company, are in the hands of three committees: Sustainability Committee, Financial Risk Committee and Ethics and Compliance Committee. These are comprised of members of the

Board, the CEO and senior executives of each respective area. The committees analyze, manage and solve matters in the above mentioned subject areas and report their actions at the corresponding Board meeting.



Jorge Marín, Empresas CMPC Board Member, with the Chairman of the Board of Empresas CMPC, Luis Felipe Gazitúa, at the ceremony for the 10-year anniversary of CMPC in Brazil.

Empresas CMPC Board Members Rafael Fernández, Vivianne Blanlot and Ramiro Mendoza, also at the 10-year celebration of CMPC in Brazil that took place in Guaiba, Porto Alegre.



Bernardo Matte, Empresas CMPC Board Member.



Francisco Ruiz-Tagle, Empresas CMPC CEO and Board Member, Jorge Larrain.



From left to right: Ramiro Mendoza, Jorge Marín, Jorge Larraín, Vivianne Blanlot, Pablo Turner, Jorge Matte, Luis Felipe Gazitúa, Francisco Ruiz-Tagle (Gerente General), Bernardo Matte and Rafael Fernández.

Members of the Board

(102-22, 102-23, 102-27)

Luis Felipe Gazitúa A.
Chairman
Business Administration
Rut (Chilean Tax ID): 6.069.087-1
Appointment Date: April 26, 2019

Vivianne Blanlot S.
Director
Economist
Rut (Chilean Tax ID): 6.964.638-7
Appointment Date: April 26, 2019

Rafael Fernández M.
Director
Industrial Civil Engineer
Rut (Chilean Tax ID): 6.429.250-1
Appointment Date: April 26, 2019

Jorge Larraín M.
Director
Business Administration
Rut (Chilean Tax ID): 10.031.620-K
Appointment Date: April 26, 2019

Jorge Matte C.
Director
Business Administration
Rut (Chilean Tax ID): 14.169.037-K
Appointment Date: April 26, 2019

Bernardo Matte L.
Director
Business Administration
Rut (Chilean Tax ID): 6.598.728-7
Appointment Date: April 26, 2019

Jorge Marín C.
Director
Business Administration
Rut (Chilean Tax ID): 7.639.707-4
Appointment Date: April 26, 2019

Ramiro Mendoza Z.
Director
Lawyer
Rut (Chilean Tax ID): 7.578.740-5
Appointment Date: April 26, 2019

Pablo Turner G.
Director
Business Administration
Rut (Chilean Tax ID): 7.056.349-5
Appointment Date: April 26, 2019

Name	Board meeting attendance ²⁰	Independence	Membership in executive committees					Board remuneration '000 USD ²¹			
			DC	ECC	AC	FRC	SC	2018	Directors' Committee 2018	2019	Directors' Committee 2019
Luis Felipe Gazitúa A.	12			●	●	●	●	200		660	
Vivianne Blanlot S.	11		●		●		●	100	33	330	110
Rafael Fernández M.	13	●	●					100	33	330	110
Jorge Larraín M.	13							100		330	
Jorge Matte C.	13							100		330	
Bernardo Matte L.	12					●		100		330	
Jorge Marín C.	12	●	●				●	100	33	330	110
Ramiro Mendoza Z.	13			●	●			100		330	
Pablo Turner G.	13							100		330	

DC: Directors' Committee, carries out the functions established in Article 50 bis of Law No. 18046 and those requested by the Board of Directors.

ECC: Ethics and Compliance Committee, monitors the progress of the company in matters related to ethics and compliance with regulations and internal policies.

AC: Audit Committee, supervises and coordinates activities designed to identify, inform about and prevent risks inherent in the business.

FRC: Financial Risk Committee, analyzes the financial risks of the company, with special attention to derivative contracts and other financial operations.

SC: Sustainability Committee, it was created by the CMPC Board to directly supervise the implementation of the company sustainability strategy in its economic, social and environmental aspects, as well as to propose improvements that would allow to enhance the CMPC long-term commitment to sustainable development. It meets once every two months for a total of six annual meetings. Members of the committee are Bernardo Matte Izquierdo, a Board member of all three business areas, the CEO, Chief Corporate Affairs Officer and Chief Sustainability and Environment Officer.

²⁰ Minimum attendance at Board meetings is not mandated by law. There were 13 Board meetings held in 2019.

²¹ Board remuneration was approved at the Annual Shareholder Meeting on April 26, 2019.

BOARD DIVERSITY

(405-1)

Pursuant to General Common Norm (GCN) No. 386 of the Securities Market Law that is currently into effect in Chile, the composition of the Board of Directors, senior executives and workforce, including the newly acquired *Papelera Panamericana S.A.* and *Serrados e Pasta e Celulose Ltda.*, was the following:

Number of persons by segment and gender

Position	Men	Women	Total
Board members	8	1	9
Senior executives	10	1	11
Employees	15,863	3,059	18,922

There is one woman on the CMPC Board of Directors, accounting for 11% female representation

Number of persons by segment and age

Position	< 30	Between 30 and 40	Between 41 and 50	Between 51 and 60	Between 61 and 70	> 70	Total
Board members	0	1	1	3	4	0	9
Senior executives	0	2	5	4	0	0	11
Employees	4,428	6,694	4,331	2,622	588	10	18,922

Number of persons by segment and seniority

Position	< 3 years	Between 3 and 6 years	Between 6 and 9 years	Between 9 and 12 years	> 12 years	Total
Board members	-	7	0	-	2	9
Senior executives	3	5	-	-	3	11
Employees	6,125	3,587	2,721	2,446	4,043	18,922

Number of persons by segment and nationality

Position	Chilean	Foreign
Board members	9	0
Senior executives	11	1
Employees	9,624	9,298

Gender wage gap

Position	Female to male pay ratio
Senior executives	72%
Professionals and technical staff	86%
Operators	93%

Note 1: This wage gap contemplates all CMPC employees, including the recently acquired Softys plants SEPAC and Panamericana.

Note 2: The difference between this table and the wage gap shown in Chapter 4 is due to the different methodologies and sample size used. Calculations in this table are made on the basis of simple average and do not take into consideration factors such as tenure, education level, job description, etc., which in no way are determined by the employee's gender.

Note 3: This is the average wage gap reported to the Chilean Financial Market Commission (CMF).

MATERIAL FACTS 2019

1

On April 4, the Board agreed to convene an Ordinary Shareholder Meeting to be held on April 26th to cover following matters:

- Decide on the Integrated Report, Annual Financial Statements and their corresponding verification report from External Auditors; all of them as of December 31st, 2019.

- Decide on dividend distribution.

- Elect Board of Directors.

- Inform the shareholders about the Board of Directors' agreements related to operations referred on Title XVI of Law No. 18046.

- Designate External Auditor firm and Rating Agency.

- Determine the Board of Directors' remuneration,

as well as the budget for the Directors' Committee for 2019.

- Inform shareholders about dividend policies and procedures of dividends.

- Hear and resolve any other aspect that may be decided by the Ordinary Shareholder Meeting, according to applicable law and the company bylaws.

Additionally, the Board of Directors agreed to propose to the Annual Shareholder Meeting the payment of a dividend charged to the distributable liquid net income of the year ended December 31st, 2018, in the amount of CLP34 per share. The payment of this dividend, subject to the approval of the Annual Shareholder Meeting, would be carried out on May 7th, 2019. All shareholders of record as of the midnight of April 30th, 2019, would be entitled to this dividend.

On April 26, took place the 100th Ordinary Shareholder Meeting of the company, which agreed to the following items:

- To entirely renew the Board of Directors, which is currently comprised of:

- Vivianne Blanlot Soza
- Rafael Fernández Morandé (Independiente)
- Luis Felipe Gazitúa Achondo
- Jorge Larraín Matte
- Jorge Matte Capdevila
- Bernardo Matte Larraín
- Jorge Marín Correa (Independiente)
- Ramiro Mendoza Zúñiga
- Pablo Turner González

- To approve CMPC's Balance Sheet, Financial Statements and the Annual Report of the year ended December 31st, 2018.

- To distribute of a final dividend No. 270 charged to the distributable liquid net income for the period ended December 31st, 2018 in the amount of CLP 34 per share. The payment of this dividend would be carried out the date previously mentioned.

- To acknowledge CMPC's dividend policy for 2019, which shall consist of the distribution of 40% of the company's Distributable Liquid Net Income for the period ended December 31st, 2019, through two interim dividends, approximately in September and December 2019 or January 2020, and a final dividend which would be voted on at the General Shareholder Meeting and paid on a date determined at the same.

- To appoint KPMG Auditores Consultores Limitada as CMPC's External Auditors for 2019.

At the Board of Directors meeting held on this same date, following the Shareholder Meeting, the Board agreed to the following:

- The above mentioned board members accepted their nomination and appointed Mr. Luis Felipe Gazitúa Achondo as the Chairman of the Board.

- Vivianne Blanlot Soza, Rafael Fernández Morandé and Jorge Marín Correa were appointed as members of the Directors' Committee, with the last two members being independent.

3

On July 4, the company issued a bond on the Chilean market for the amount of USD 93.17 million, whereof Empresas CMPC S.A., in its capacity as parent company of the issuer, has become its guarantor and co-debtor.

The bond issued corresponds to Series O notes with maturity date June 1, 2029 and coupon of 1.22%. The proceeds from this issuance were to be used to refinance current corporate bonds issued by Inversiones CMPC S.A. and for environmental projects.

On August 6, CMPC informed the Chilean Financial Market Commission that on the previous day, its subsidiary CMPC Melhoramentos Ltda. (Softys Brazil) had signed a purchase agreement for all corporate shares of SEPAC - *Serrados e Pasta e Celulose Ltda.* ("Sepac") from the Ferreira Dias family.

The transaction amounted to BRL1.312 billion to be paid at the closing of the deal, estimated to take place approximately 120 days from signing the agreement.

It is estimated that this acquisition would have a positive effect on CMPC results, even though they cannot be quantified at present.

4

On September 5, the Board of Directors of Empresas CMPC S.A. approved an interim dividend No. 271 of CLP 8 per share with charge to the distributable liquid net income of the exercise of the year 2019 and payable on September 26th, 2019

On October 31 was concluded the acquisition of all the equity interest in Sepac – *Serrados e Pasta e Celulosa Ltda.* (SEPAC) by the CMPC subsidiary CMPC subsidiary *Melhoramentos Ltda.* (Softys Brazil).

The transaction Price was BRL 1.3 billion and was paid in full to the vendors on the same date.

With this transaction, Softys Brazil annual installed tissue paper production capacity reaches 269 thousand tons, which is expected to translate into sales of approximately USD 175 million and about 20% market share.

6

7

On December 5, the Board decided not to distribute the interim dividend considered for December in its Dividend Policy informed at the General Shareholder Meeting in April. This decision was based on the fact that third quarter profits for 2019 reported by the company in its financial statements were strongly influenced by the exchange rate fluctuations of the currencies in which CMPC accounts some of its assets and the impact that this variation had on deferred tax provisions.

As established in the Dividend Policy, the Board of Directors will propose the distribution of a final dividend at the next General Shareholder Meeting, tasked with approving the Financial Statements of the company for the year ended December 31st, 2019.

Remuneration of the Board of Directors

(102-35,102-36)

In 2019, members of the Board received remuneration consisting of the greater of either:

- a) 1.5% of dividends paid out from the 2019 distributable net income, duly adjusted for inflation, and equally divided among all Directors, or
- b) fixed monthly remuneration of CLP 5,000,000 payable in any event, to be discounted from the amount detailed in a).

The Chairman of the Board received double the final amount paid to each of the Directors, while members of the Directors' Committee received remuneration in the amount of 1/3 that of a Board member.

The Dividend Policy of the company, proposed by the Board and approved at the 2019 General Shareholder Meeting, dictated the distribution of 40% of Distributable Net Income from fiscal year 2019, by means of two interim and one final dividends, payable on the date determined by the Shareholders.

IN COMPLIANCE WITH THE PROVISIONS OF THE FINAL PARAGRAPH OF ARTICLE 39 OF THE CHILEAN PUBLIC CORPORATIONS LAW, IT IS HEREBY INFORMED THAT DURING 2019, THE BOARD DID NOT INCUR ANY ADDITIONAL EXPENSES SUCH AS CONSULTING SERVICES, ADVISORY AND OTHERS.

5

Board expenses as of December 31st ('000 USD)

	2018	2019
Board	997	3,375
Directors' Committee	100	399

Source: Corporate Administration Department
Note: Expenses include Board remuneration and other administrative expenses.

Board performance evaluation

(102-28)

The Compendium of Corporate Governance Policies and Procedures establishes guidelines approved by the Board of Directors for the implementation of good corporate practices. This document includes "A Procedure for Continuous Improvement of the Board designed to oversee and evaluate the performance of this highest instance of corporate governance.

Additionally, members of the Board are required to answer a questionnaire on an annual basis to detect areas for improve-

ment. The results are analyzed by the Board to identify any weaknesses and take appropriate actions.

In 2019, this process took place during Board meetings at the beginning of the year to evaluate performance from the previous year.

Activities of the Directors' Committee

In 2019, the Directors' Committee met formally on 13 occasions to review and discuss matters covered by Article No. 50 Bis of Chilean Law No. 18046 governing Chilean publicly traded corporations. A detailed account of all activities performed by the Committee over the course of the year can be found in their Annual Activity Report, which includes the following:

The Committee reviewed the Independent Auditors' Report and the company Consolidated Financial Statements prior to the Board meetings at which these would be presented for approval in order to be able to make pertinent recommendations.

The Committee reviewed the Consolidated Financial Statements of CMPC and its subsidiaries for the year ended December 31st, 2018. It also examined the Report on the Audit of Financial Statements prepared by KPMG, the independent external auditors designated by the shareholders for fiscal year 2018, which concluded that the statements were presented fairly. All of the above was presented at the Ordinary Shareholder Meeting held on April 26th, 2019.

In addition, the Committee reviewed the Interim Consolidated Financial Statements for the company and its subsidiaries as of March 31st, June 30th and September 30th, 2019 prior to the Board meetings at which these financial statements were to be presented for approval.

The Committee was also responsible for nominating external audit firms and credit rating agencies for the Board's consideration. To that end, the Committee supervised the CMPC procurement process for these external services.

The Directors' Committee initiated the process for the selection of an External Auditor for the company in January 2019.

EY, KPMG, BDO, Deloitte and PwC were invited to submit a proposal. The process consisted of, among other things, the submission of a proposal and a description of the team of professionals to be assigned to the CMPC account. The evaluation considered various criteria, such as the qualifications and structure of the auditing team, the total number of auditing hours included and their distribution according to seniority, awareness and knowledge of local conditions, experience working in the industry and with big corporations, and the firm's transition plan and previous experience working with CMPC.

Having considered all the proposals, the Committee concluded that the best offers for the company were those presented by KPMG and EY, which stood out not only because of the qualifications and industry specific experience of the proposed teams and their respective managing partners, but also due to their ability to provide global services to CMPC with offices in all the countries where CMPC operates. As a result, the Directors' Committee agreed to propose these companies to the shareholders, indicating a preference for KPMG in consideration of the positive feedback received from their work in the previous reporting period and the convenience of continuing with the same auditing process for a second consecutive year. The Board approved the recommendation and presented the options to the shareholders at the General Shareholder Meeting held on April 26th, 2019, where KPMG was approved as External Auditor for the fiscal year 2019.

The Committee held meetings with the External Auditors of the company in March, August and November 2019. The first of these meetings reviewed the 2019 audit plan which provided a description of the scope of annual services, details of the work team, the audit approach, an analysis of internal

controls, including fraud risk factors, and the calendar of audit activities for the year. It also outlined important reporting deadlines and considerations of independence and compliance with Law No. 20382. Subsequent meetings in August and November focused on the implementation and progress of the audit plan as well as the auditor's analysis and recommendations in relation to internal controls.

The Committee also fulfilled its obligation to inform the Board of the advantages and disadvantages of hiring the external audit firm for the provision of services outside the scope of the external audit, whenever this was not prohibited by law under the provisions of Article No. 242 of Chilean Law No. 18045 considering the risk of loss of independence due to the nature of such services.

At the September Committee meeting, the credit rating agency Fitch Ratings presented an overview of their rating procedures together with their stance on CMPC and the rationale for the rating issued. At the October meeting, Humphreys credit rating agency delivered a similar presentation, which covered many of the same issues with a particular emphasis on the company's ability to make payments as the most important factor for their rating.

At each meeting held throughout the year, the Committee analyzed related-party transactions pursuant to Article XVI of the Chilean Law No. 18046 governing publicly traded corporations.

The Committee took note of the approval and annual budget for transactions between subsidiaries of Empresas CMPC, which are considered exempt by the above referenced law due to their regular nature within the scope of the subsidiary's registered activity in accordance with the Board approved Regularity Policy of the company, and recommended them for approval to the Board. In addition, the execution of these transactions was periodically reviewed by the Committee throughout the year against the previously mentioned budget.

In addition, the Committee also took note of and recommended for approval to the Board all other related-party transactions exempted from the regular approval process in accordance with Title XVI of Law No. 18046. On the other hand, transactions that be approved through the appropriate channels set forth by Title XVI of this law, were reviewed by the Committee and the following of them were recommended for approval:

The procurement process for the renewal of the employee complementary health and accident insurance plan for the period 2019-2020 was reviewed. After carefully assessing each submission, the plan offered by AON with Zurich was chosen for its more extensive coverage at a lower premium. Additionally, the selection process for a personal accident protection

policy was reviewed, choosing Willis with Bice Vida as their offer came at a lower price compared to the current one.

At the October session, the Committee considered and approved a proposal for the leasing of a transformer from Colbun as a temporary solution to the issues caused by the September failure of one of the *Papeles Cordillera* transformers at the Puente Alto industrial complex. This decision was based on finding the proposal beneficial to company interests when considering the cost, time and technical difficulties of the alternatives.

At the November meeting, the Committee reviewed the public procurement process for the renewal of the provision of mobile phone services, mobile Internet and computer devices for the subsidiaries in Chile. After a comparative analysis of the parameters and technical and financial conditions being offered, the Committee concluded that it was beneficial to company interests to renew the existing contract with Entel as it was better than the other two offers received as well the conditions of the current contract with the same provider.

Details of the above mentioned transactions can be found in Note 36 of the Consolidated Financial Statements of the company.

The Committee also assessed the remuneration and benefits plans for CMPC upper management, executives and staff. In particular, at the June meeting, it examined the programs, procedures and changes that the Corporate Human Resources Department is implementing in terms of employee evaluation, salary structure, and talent attraction and development. On that occasion, it also reviewed the model for the variable portion of executive and management remuneration in order not only to better align their objectives with the company's, but also to simplify the existing model making it more compatible with the general CMPC performance evaluation process.

During fiscal year 2019, the Committee made no recommendations to the shareholders. The approved Committee expense budget of USD 100,000 was not used.

6.3 SENIOR EXECUTIVES

Francisco Ruiz-Tagle Edwards
 CEO
 Age: 56
 Business Administration
 Rut (Chilean tax ID): 7.052.877-0
 Appointment: 01/08/2018

Jaime Argüelles Álvarez
 CEO CMPC Celulosa
 Age: 49
 Industrial Engineering
 Rut (Chilean tax ID): 0-E (Foreigner)
 Appointment: 01/01/2019

Jorge Navarrete García
 CEO CMPC Biopackaging
 Age: 60
 Industrial Engineering
 Rut (Chilean tax ID): 7.013.024-6
 Appointment: 14/01/2020

Gonzalo Darraidou Díaz
 CEO Softys
 Age: 58
 Business Administration
 Rut (Chilean tax ID): 8.808.724-0
 Appointment: 01/12/2015

Ignacio Goldsack Trebilcock
 Chief Financial Officer
 Age: 44
 Business Administration
 Rut (Chilean tax ID): 12.722.226-6
 Appointment: 01/02/2016

Rafael Cox Montt
 Chief Legal Officer
 Age: 45
 Lawyer
 Rut (Chilean tax ID): 12.797.047-5
 Appointment: 01/01/2010

Guillermo Turner Olea
 Chief Corporate Affairs Officer
 Age: 49
 Journalist
 Rut (Chilean tax ID): 10.800.982-9
 Appointment: 02/05/2016

José Antonio Correa García
 Chief Development Officer
 Age: 39
 Business Administration
 Rut (Chilean tax ID): 13.882.533-7
 Appointment: 01/12/2018

Rodrigo Hetz Pincheira
 Chief Human Resources Officer
 Age: 45
 Industrial Engineering
 Rut (Chilean tax ID): 12.016.317-5
 Appointment: 04/03/2019

Felipe Alcalde Arrau
 Chief Innovation Officer
 Age: 35
 Lawyer
 Rut (Chilean tax ID): 15.644.559-2
 Appointment: 04/03/2019



From left to right: Rodrigo Hetz, Chief Human Resources Officer; Guillermo Turner, Chief Corporate Affairs Officer; Ignacio Goldsack, CFO; Felipe Alcalde, Chief Innovation Officer; and José Antonio Correa, Chief Development Officer.



From left to right: Gonzalo Darraidou, CEO Softys; Francisco Ruiz-Tagle, CEO; and Rafael Cox, Chief Legal Officer.

Name	Board Committees				Executive Committees				
	ECC	AC	RFC	SC	CC	CreC ²²	TCC	AdmC ²³	SRC
Francisco Ruiz-Tagle Edwards (CEO)	●		●	●	●				●
Rafael Cox Montt (Chief Legal Officer)	●	●			●				●
Gonzalo Darraidou Díaz (CEO Softys)					●				●
Ignacio Goldsack Trebilcock (Chief Financial Officer)			●		●	●	●	●	●
Jorge Navarrete García (CEO CMPC Biopackaging)					●				●
Jaime Argüelles Álvarez (CEO CMPC Celulosa)					●				●
José Antonio Correa García (Chief Development Officer)					●				●
Guillermo Turner Olea (Chief Corporate Affairs Officer)				●	●				●
Rodrigo Hetz Pincheira (Chief Human Resources Officer)					●				●
Felipe Alcalde Arrau (Chief Innovation Officer)					●				●
María Inés Garrido Head of Internal Audit		●							

ECC: Ethics and Compliance Committee.

AC: Audit Committee.

RFC: Financial Risk Committee²⁴.

SC: Sustainability Committee²⁵.

CC: Executive Coordination Committee (meets monthly).

CreC: Credit Committee (meets weekly).

TCC: Tax Compliance Committee (meets monthly).

AdmC: Administration Committee (meets monthly).

SRC: Strategic Risk Committee²⁶.

²²The Credit Committee comprises the CFO and commercial executives.

²³The Administration Committee also comprises the Heads of Administration of each business division (Celulosa, Biopackaging and Softys).

²⁴An external consultant appointed by the Board also sits on the Financial Risk Committee.

²⁵The Chief Sustainability and Environment Office also sits on this committee.

²⁶The Head of Corporate Risk Management also sits on this committee.

Executive remuneration

(102-35)

The company has a Remuneration Policy which clearly establishes severance and incentive payments for the CEO and senior executives. This document is publicly available on the company website: <https://www.cmpc.com/en/nosotros/gobierno-corporativo/>

It also establishes the guidelines for senior executive compensation packages, which include a variable annual bonus tied to company profits and other bonuses during the year

depending on the achievement of strategic objectives and the fulfillment of profitability goals for each business area.

Senior management remuneration
in '000 USD

2017	2018	2019
4,601	4,893	5,835

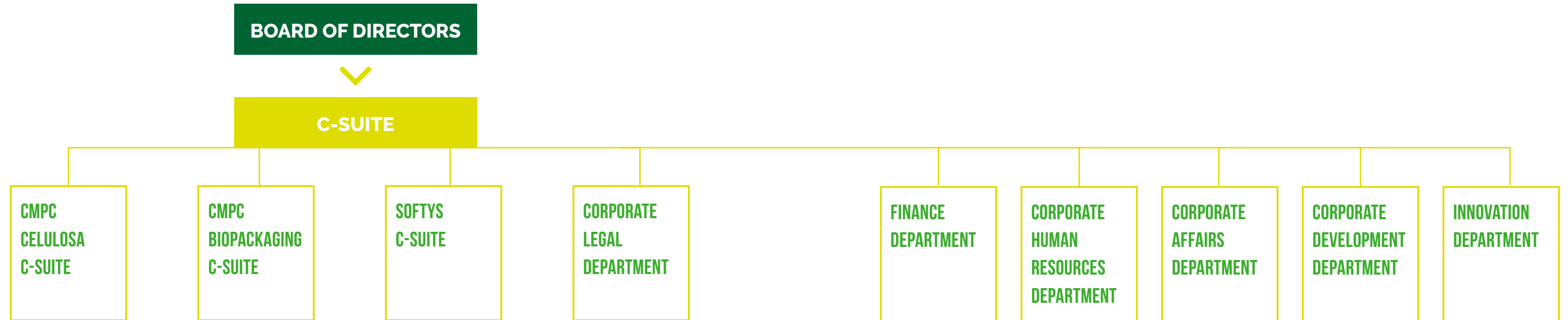
Source: Corporate Administration Department

Shares owned by Board members and senior executives

Name	Position	December 2019
Luis Felipe Gazitúa Achondo	Chairman	500
Jorge Matte Capdevila	Director	-
Jorge Larraín Matte	Director	148,688
Bernardo Matte Larraín	Director	-
Vivianne Blanlot Soza	Director	500
Jorge Marín Correa	Director	5,631
Ramiro Mendoza Zúñiga	Director	500
Pablo Turner González	Director	-
Rafael Fernández Morandé	Director	-
Francisco Ruiz-Tagle Edwards	CEO	-
José Jaime Argüelles	Senior Executive	-
Cristóbal Irrarrázabal Philippi	Senior Executive	-
Gonzalo Hernán Darraidou Díaz	Senior Executive	-
Ignacio Goldsack Trebilcock	Senior Executive	-
José Antonio Correa García	Senior Executive	-
Rafael Ignacio Cox Montt	Senior Executive	-
María Inés Garrido Sepúlveda	Senior Executive	-
Guillermo José Turner Olea	Senior Executive	-
Rodrigo Andrés Hetz Pincheira	Senior Executive	110
Felipe Alcalde Arrau	Senior Executive	-

Source: Information obtained from the Empresas CMPC S.A. Shareholder Register

ORGANIZATIONAL CHART



Chairman of the Board of Empresas CMPC, Luis Felipe Gazitúa, at the inauguration of the new CMPC office building in Los Angeles, Biobío Region, Chile.

6.4

CULTURE OF INTEGRITY

MAT

(103-1) (103-2) (103-3)

Why is a culture of integrity relevant?

- For CMPC, having a culture of integrity means living and breathing its corporate values in the daily actions of each one of its collaborators.
- This is achieved through its policies, training sessions, communication, monitoring and constant assessment in order for every employee to internalize the culture as an integral part of their job function.
- The Board, Ethics and Compliance Committee, Corporate Legal Department and the Compliance Department spearhead these efforts through assessments, training programs and evaluations of ethics and integrity employed in different areas of the company.

Corporate values

(102-16)

The company has identified five basic corporate values, designed to guide employees in their swift incorporation of the culture of integrity and as a result, the corporate mission. These are as follows:

- 1 RESPECT FOR THE INDIVIDUAL
- 2 STRICT COMPLIANCE WITH LEGAL REGULATIONS
- 3 PROTECTION OF THE ENVIRONMENT
- 4 CONSIDERATION FOR THE NEEDS OF OUR NEIGHBORS
- 5 FAIR COMPETITION

These are communicated to employees via different information campaigns and trainings, materials and manuals, and online resources such as e-Learning courses, workshops and talks.



We are 100 YEARS

BECAUSE THERE ARE NO DISTINCTIONS, WE ARE ALL EQUAL

JENNIFER LINS MOSER
CHEMICAL AREA OPERATOR, GUAÍBA BRASIL MILL



BECAUSE THESE 100 YEARS ARE JUST THE BEGINNING

Compliance strategy

In 2017, the Compliance Department conducted a company-wide assessment culminating in the design and implementation of an Integrity and Compliance Program. Its objective is to articulate and systematize all efforts in prevention, detection and reaction to acts and behaviors contradicting the corporate values, internal regulations or current laws.

In accordance with the previously approved work plan, the Board approved the Policy of Integrity which is intended to reinforce CMPC commitment to strictly comply with the active laws in the various jurisdictions where the company has industrial or commercial operations, including pertinent international best practices.

IN ORDER TO COMMUNICATE THE CORPORATE POLICY OF HONESTY AND INTEGRITY, CMPC ORGANIZED 18 IN-PERSON SESSIONS UNDER THE UMBRELLA OF THE “LET’S TALK ABOUT GOOD PRACTICES” CAMPAIGN REACHING A TOTAL OF 1,059 EMPLOYEES WHO ATTENDED THESE PRESENTATIONS.

A number of in-person training sessions on the topic of compliance took place in 2019, including both employees based in Chile and other countries. The topics that were addressed included corruption prevention and fair competition practices, among others. In the case of Chile, there were also two practical workshops: “Updates to the Crime Prevention Model” and “Competition and Anti-Trust” hosted by the Compliance Department.

“Updates to the Crime Prevention Model” workshops

Business division	Attendees	Attendance rate
Corporate Headquarters	84	97.7%
CMPC Celulosa	208	95.9%
CMPC Biopackaging	134	94.4%
Softys	140	95.9%
TOTAL	566	95.9%

Source: Corporate Legal Department – Compliance Department

Note 1: This workshop targeted AD, A, B and C level employees in Chile.

Note 2: The total number of employees invited to the “Updates to the Crime Prevention Model” workshops was 590.

(102-17, 205-2)

“Competition and Anti-Trust” workshops

Business division	Attendees	Attendance rate
Corporate Headquarters	4	100%
Celulosa	135	93.8%
Biopackaging	180	97.8%
Softys	17	89.5%
TOTAL	336	95.7%

Source: Corporate Legal Department - Compliance Department

Note 1: This workshop targeted senior executives from each business division and subsidiary, as well as critical area employees in Chile.

Note 2: The total number of people invited to the “Competition and Anti-Trust” workshops was 351.

40 sessions of the “Updates to the Crime Prevention Model” workshop and 35 sessions of the “Competition and Anti-Trust” workshop took place, organized by the Compliance Department.

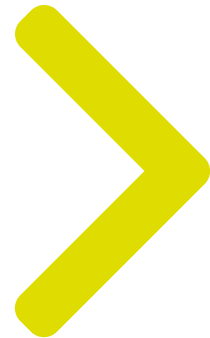
In addition to these initiatives, in the first half of 2019, specialized competition workshops were given to Softys employees in Chile, especially for their commercial and institutional segment departments. This activity organized by the Softys Legal Department in collaboration with the Corporate Compliance Department attracted 93 participants (84% attendance rate among the target group).

The implementation of the Integrity and Compliance Program will continue in 2020 according to plan, including other subsidiaries in Chile as well as in other countries.

INTEGRITY AND COMPLIANCE PROGRAM



POLICIES



Code of Ethics
Policy of Integrity
Crime Prevention Model

CORPORATE LEGAL DEPARTMENT:

The department provides of legal and ethical support to employees.
The role of Crime Prevention Commissioner at Empresas CMPC S.A. is fulfilled by Rafael Cox Montt, Chief Legal Officer, in accordance with Law No. 20393, with the support of the Compliance Department headed by Carlos Villagran Muñoz.

ETHICS AND COMPLIANCE COMMITTEE:

An entity consisting of the members of the Board of Directors and senior executives, responsible, among other things, for reviewing investigation processes resulting from claims submitted through the Hotline and proposing corrective measures to be taken accordingly.

Communication

Active awareness building among collaborators through various activities including, among others, internal newsletters, online resources, distributing materials and manuals, e-Learning courses, as well as organizing workshops and talks.

Hotline:

A tool available to anyone guaranteeing their anonymity and confidentiality (if they so wish). It can be used to report acts or behaviors that can be considered or could lead to a violation of the company values, corporate policies and active laws.

The investigation of any claim is coordinated by the Legal Department, directly reporting to the Ethics and Compliance Committee. In accordance with the established in the Policy of Integrity and Compliance, the company does not retaliate, neither tolerates any retaliation, against any claims made in good faith.

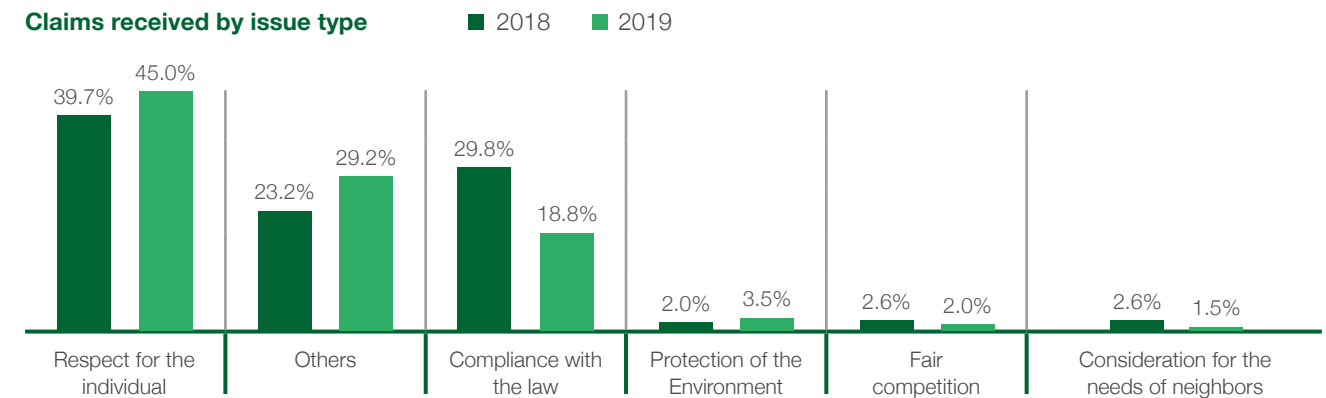


Number of claims received

	2018	2019
Total number of claims received	151	202
Anonymous	83	117
Not anonymous	68	85
Ongoing (in the process of investigation)	0	13
Closed	151	189
Not admissible	111	135
Resolved (investigation concluded)	40	54

Source: Corporate Legal Department – Compliance Department
Note 1: The "Not admissible" category includes items which by their nature are not intended for the hotline and/or present insufficient information in order to conduct an investigation.
Nota 2: Data as of December 31, 2019

Claims received by issue type



Source: Corporate Legal Department – Compliance Department
Note: The "Others" category includes all other claims which do not fall in any of the other categories.

Compliance with the law

(307-1, 417-3, 419-1; CMPC 3)

In 2019, CMPC received no fines for fair competition violations, but made payments totaling USD 671,384 in fines for administrative, environmental, labor, sanitation, tax and other such violations.

Fines by type, amount in USD and share

Type of fine	Amount in USD	Percentage
Tax	589,767	88%
Environmental	57,871	8.6%
Labor	23,746	3.5%
Total	671,384	100%

Source: Corporate Legal Department

Note 1: Fines reported are the ones over USD 10,000 paid during the period. Fines not included in the table (below USD 10,000) do not exceed USD 30,000 in total.

Note 2: Tax related fines were imposed in Brazil, Chile and Colombia.

In addition, CMPC keeps track of marketing and advertisement liabilities. The Softys business is the one most exposed to this type of sanctions due to the nature of its products and the high volume of advertising materials distributed to the general public.

In 2019, the company received ten fines for non-compliance with product labeling requirements (for number of units signaled on the packaging) for the amount of USD 11,048. In the rest of the countries where Softys operates, there were no fines related to product advertising or labelling imposed.

Number of cases of non-compliance with labelling regulations and sanction amount in USD

	2018	2019
Total number of non-compliance cases	6	10
Total amount of sanctions (USD)	17,258	11,048

Source: Softys Legal Department

TO ADDRESS THESE ISSUES, IN JANUARY 2020, SOFTYS ISSUED A DOCUMENT TITLED ETHICS AND ADVERTISING PRINCIPLES, SIGNED BY ALL THE ADVERTISING AGENCIES THAT CMPC WORKS WITH FOR ITS CAMPAIGNS. IT LAYS OUT THE COMPANY COMMITMENTS ON THE SUBJECT.

RESTITUTION FOR CONSUMERS: THE FINAL CHAPTER

(205-3, 206-1)

The Chilean Consumer Protection Agency (Sernac), reported that after the restitution of USD 150 million to consumers in 2018 in relation to the collusion case, the remaining USD 10.7 million were transferred to the Chilean Social Security Institute for the benefit of 589,983 accounts who received CLP 14,000 each.

The beneficiaries are individuals who belong to the bottom 60% of the country's population in terms of income according to data published by the Social Security Institute (IPS) of Chile. 70% of those are senior citizens.

Understanding that the recent leniency program and the restitution process that took place over the past few years could lead to consumer mistrust and negative feelings, CMPC also voluntarily donated 6,517,000 diapers to be distributed to minors in high risk areas as part of the Chile Grows with You (*Chile Crece Contigo*) program by the Ministry of Social Development and Family (Chile) and its Undersecretary for Childhood.

In January 2020, the Chilean Supreme Court ruled on the appeal filed by SCA Chile S.A. against the decision of the Antitrust Court, overturning the exemption from paying a fine that had previously been granted to CMPC Tissue S.A. (Chile). This decision overturned in part the December 2017 ruling of the Chilean Competition Court, which had followed the recommendation of the National Competition Agency (FNE) from October 2015, and ordered CMPC to pay a fine of 20,000 UTA (Chilean Annual Tax Units), approximately USD15.9 million, for the acts described in the original FNE lawsuit filed in October 2015 against SCA Chile S.A. for non-compliance with Article 3, letter a) of Law Decree No. 211 in the tissue business. With the payment of this fine on February 14, 2020, this case is definitively closed.

6.5 RISK MANAGEMENT

(102-15, 102-29, 102-30, 102-34)

In 2019, CMPC conducted a complete review of its risk management model and methodology. As a result of this assessment, a new Risk Management Program was developed based on international standards such as COSO ERM and ISO 31000 as well as best practices. It is comprised of two pillars: risk governance via a Corporate Risk Policy and methodology described in the Corporate Risk Management Manual.

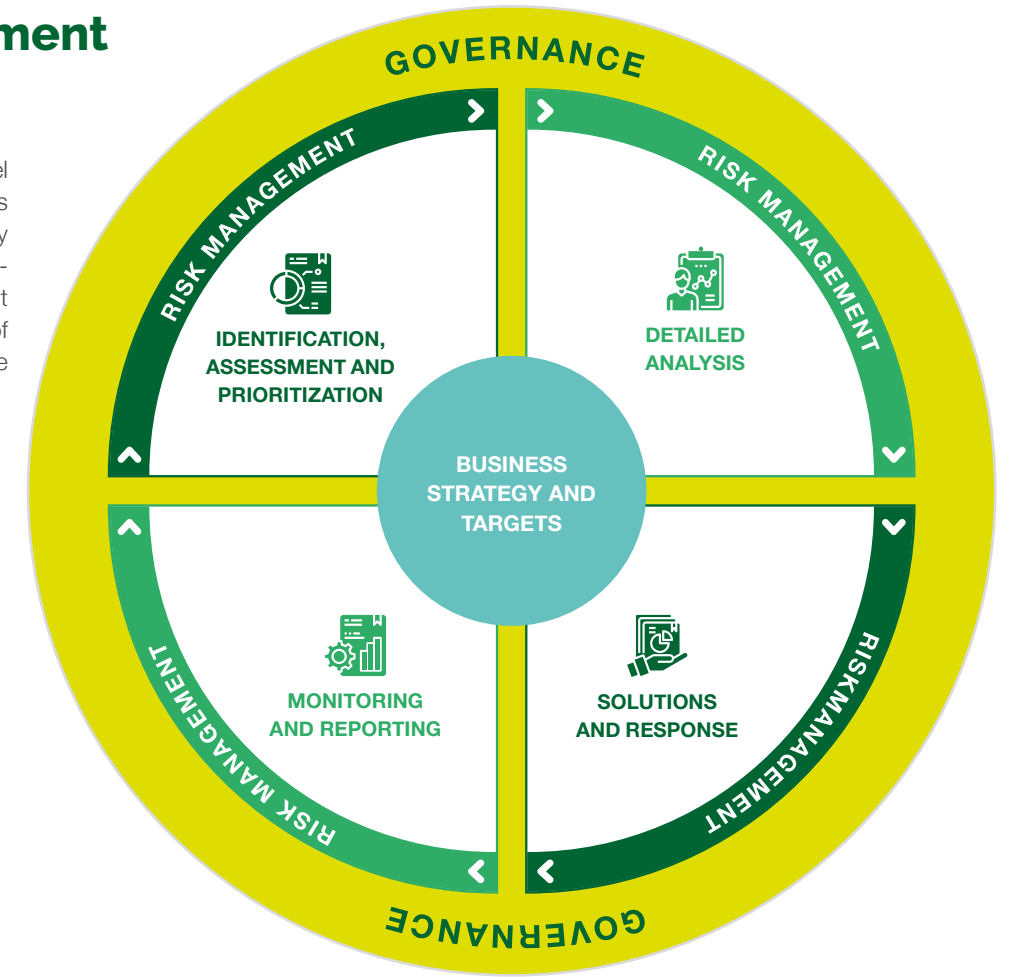
The governance pillar involves specific roles and responsibilities, a clear process for reporting risks, and a mechanism for the oversight of the program and its components. To strengthen risk governance, a new Strategic Risk Committee was formed to lead the efforts on these issues and report directly to the Board for its supervision.

A CORPORATE RISK MANAGEMENT POLICY WAS INTRODUCED IN 2019. IT HAS BEEN REVIEWED AND APPROVED BY THE BOARD AND IS APPLICABLE TO THE WHOLE COMPANY AND ALL ITS BUSINESS LINES.



Risk Management Program

The risk management model used follows four clear steps in order to be able to apply the Risk Management Program consistently throughout the various business units of the company. These steps are as follows:



Risk Management Program

IDENTIFICATION, ASSESSMENT AND PRIORITIZATION

A study of the industry and market environment as well as internal company data including specific information on CMPC business areas led to the identification of the most important risks that could affect the company strategy and meeting its objectives.

DETAILED ANALYSIS

The identified risks were then assessed using the Policy's methodology in order to prioritize the one relevant ones and thus be able to focus on the most critical ones in the following steps of the cycle.

SOLUTIONS AND RESPONSE

The most critical risks are analyzed in detail in order to better understand to which business divisions, subsidiaries, manufacturing facilities and processes they apply, identifying their root causes and preventive measures, as well as possible consequences and mitigating factors. This provides clarity of residual exposure to these critical risks.

MONITORING AND REPORTING

The information gathered during the first two stages of the process is used to determine what the measures to take in response to the risks. It is usually a combination of accepting, mitigating, transferring or eliminating them. Which one to implement is determined on the basis of an analysis of the residual exposure juxtaposed against the company's risk appetite and tolerance.

Creating indicators that allow to monitor these risks and reporting its evolution.

Lastly, being able to address uncertainties affecting the strategy and objectives of CMPC and its business areas is at the core of the Risk Management Program.

Based on the process described above, in 2019 CMPC carried out the first step in the process: an identification of the main risks for the company, which involved an analysis of the industry and market environment complemented by one-on-one interviews with company executives in a top-down order starting with the Chairman of the Board.

This exercise produced a consolidated list of risks, which was then assessed by the new executive Strategic Risk Committee, headed by the CEO, reducing it to a list of the top priority critical risks. This list was then reviewed and approved by the Board.



Category	Risks identified
Financial ²⁷	<ul style="list-style-type: none"> Commodity prices Exchange rate
Strategic	<ul style="list-style-type: none"> Water availability for industrial operations Wildfires Fiber scarcity Community relations and social license to operate Geopolitical changes Positioning of the Forestry Industry Acquisitions and investment projects Product innovation for the market Knowledge and talent management
Operational	<ul style="list-style-type: none"> Cybersecurity Occupational accidents or illness Industrial fire or explosions Natural disasters Environmental incidents Critical equipment failure Attacks on physical assets
Compliance	<ul style="list-style-type: none"> Corruption and fair competition Change in environmental regulations

²⁷The credit and liquidity risks are described in the Earnings Release of the company in the Appendix section of this integrated report.

Risks are broken down into four categories. Should any of these risks materialize, they could have a significant impact on the company strategy or objectives.



FINANCIAL RISKS

Risk	Description and potential impact	Risk management
Commodity prices	<p>A considerable share of CMPC's revenue is derived from products, whose price depends on the prevalent conditions in international markets, over which the company has no significant influence or control.</p> <p>These factors include fluctuations in global demand (mainly driven by economic conditions in China, North America, Europe and Latin America), variations in the industry's installed capacity and actual production, inventory levels, business strategies and competitive advantages of the main players in the forestry industry, availability of substitute products and the stage of the product's life cycle.</p>	<p>CMPC partially benefits from the diversification of its business lines and the vertical integration of its operations to have some flexibility in managing its exposure to fluctuations in pulp prices.</p> <p>The impact of a possible decrease in pulp prices would be partially offset by the resulting reduced input cost of certain other more elaborate products, especially tissue paper and boxboard.</p>
Exchange rate	<p>CMPC is affected by currency fluctuations in three ways:</p> <ol style="list-style-type: none"> 1) Company revenue, costs and expenses, which are directly or indirectly denominated in currencies other than the functional currency. 2) Exchange rate variations arising from a possible accounting mismatch between assets and liabilities, denominated in other currencies than its respective functional currency. 3) The provision taxes: deferred - particularly in Brazil, for those subsidiary companies that use a functional currency different from the tax currency and current - mainly by Softys Chile for its investments outside the country. <p>Additionally, it is estimated that the sales in US dollars or indexed to this currency amount to approximately 59% of the company's total sales. At the same time, on the expense side, raw materials, supplies and replacements required for continued industrial operations, as well as property, plants and equipment investments, are mostly denominated in or indexed to US dollars.</p>	<p>In order to mitigate the currency exchange rate risk, hedging transactions are carried out through derivatives in order to fix the exchange rates in question.</p> <p>As of December 31, 2019, a portion of the estimated 2020 sales of boxboard and wood in Europe, in euros and British pounds, was covered for the current year.</p> <p>Considering that the structure of the company's cash flows is highly indexed to the US dollar, most liabilities have been incurred in that currency. In the case of foreign subsidiaries in the Softys business division, which collect receivables in local currency, part of their debt is denominated in the same currency to reduce financial and accounting mismatches.</p> <p>Other mechanisms used to mitigate the exchange rate risk are: managing the currency denomination of the financial investment portfolio, occasional contracting of short-term future operations and, in certain cases, transactions using options, which are subject to limits previously authorized by the Board of Directors and represent a small amount in relation to the company's total sales.</p>

STRATEGIC RISKS

Risk	Description and potential impact	Risk management
Water availability for industrial operations	Water is an indispensable and strategic resource for the company's industrial operations. Climate change could have an impact on the availability of water due to long-lasting decrease in precipitations and therefore, less accumulation of mountain water in the watersheds, which could lead to a chronic drought.	CMPC is examining new technology and processes for the reduction of its industrial water use. In addition, it currently disposes of permits for the extraction of enough water to feed its operations.
Wildfires	In recent years, conditions aiding the start and spread of wildfires have become more common. This could directly impact our forest plantations, which could in turn suffer losses resulting in fiber scarcity.	The company has developed a program for the prevention of fires as well as systems for fire control in order to minimize their impact. The company allocates funds in its annual budget for the prevention and control of fire, as well as for training its workers and the local community.
Fiber scarcity due to environmental conditions	Precipitations play a fundamental role in the growth and yield of plantations. There are other natural risks, which could affect the availability of fiber, such as strong winds or pest affecting forest plantations. Should these events occur, it would result in the loss of forest assets, which could in turn impact the availability of timber for company operations or sale.	Through proper management and genetic improvements, the company has managed to constantly increase the yield of its forest plantations, but it is not immune to the risk associated with significant weather pattern changes. Some of these potential occurrences have partial insurance coverage limited by deductibles and compensation maximums, determined in accordance with the historical losses and the levels of prevention and protection implemented.
Community relations and social license to operate	CMPC runs forestry and industrial operations in different geographical locations, including the Chilean regions of Biobio and La Araucania, where it borders local communities. It is important for the company to be on good terms with these communities, as it could be considered a risk if these relationships worsen.	CMPC has a Community Engagement Policy, which aims to contribute to the environmental and social sustainability of all these communities, generating programs for employment, education and the furthering of productive development, including support for micro-entrepreneurship initiatives by families that live in these areas, among other initiatives. It should be noted that in Chile, such initiatives take place in more than 380 mapuche communities.
Geopolitical and economic conditions	Changes in the political or economic conditions in the countries where CMPC operates could affect the company's financial and operating performance, as well as the fulfilment of its business plan. CMPC has industrial operations in 8 countries (Chile, Brazil, Argentina, Colombia, Ecuador, Mexico, Peru and Uruguay). The operations located in Chile account for 57% of total assets and originate 51% of sales. In turn, Brazil represents approximately 31% of CMPC's total assets.	The company keeps track of changing economic and political conditions, which could affect it and develops action plans addressing the arising conditions.

Risk	Description and potential impact	Risk management
Positioning of the Forestry Industry	The company has identified the risk of not managing to position forests, the use of biofuels and the creation of bioproducts as important in society.	There are significant opportunities in positioning the forestry industry as one that plays a crucial role in capturing carbon and similarly for the wood industry. In addition, bioproducts have an enormous potential to be positioned as a renewable alternative to substitute fossil-based non-renewable products.
Acquisitions and investment projects	CMPC has an important investment plan with annual budget of approximately USD500 million. Additionally, it carries out capex projects which require large disbursements. In addition, this is a company that bases its expansion not only on organic growth, but also evaluates and could carry out acquisitions of businesses or companies.	All these investments pose the risk of not having been correctly evaluated or it could turn out that the assumptions or scenarios considered as part of the evaluation process never materialized in the expected way. That is why CMPC has a multi-tiered process for the revision and approval of investment and acquisition projects.
product innovation for the market	CMPC identifies as critical the risks associated with not being able to innovate in step with the competition, not anticipating in a timely manner the needs of the market, or the emergence of substitutes and alternatives which would cause our products to lose value.	The company is working on and will continue to be committed to a number of projects in order to increase its capacity and culture of innovation, as well as being market and consumer oriented.
Knowledge and talent management	One of the competitive advantages of the company and what its future prospects depend on is knowledge management and the attraction and retention of talent. CMPC has identified knowledge and talent management as fundamental and strategic, identifying as main risks.	Adequate talent and knowledge management not online eliminates the risk of losing knowledge and the capacity to retain or attract talent, but also allows us to be proactive in capturing various related opportunities.



OPERATIONAL RISKS

Risk	Description and potential impact	Risk management
Cyber risk	<p>The increase in cases of a breach of cybersecurity and cybercrime in Chile and the world present a potential risk to the security of our information technology systems, including those of our productive mills, our service providers, as well as the confidentiality, integrity and availability of information stored in these systems, some of which depend on the services provided by third parties.</p> <p>Should these risks materialize, they could have a significant impact on the continuity of operations, causing stoppages and affecting production goals and the ability to meet the needs of clients.</p> <p>They can also have significant consequences on the occupational health and safety of workers, the environment, communities and the reputation of the company.</p> <p>Additionally, they could also force unforeseen disbursements for asset maintenance and recovery, all of which may adversely affect CMPC's financial results.</p>	<p>CMPC and its main IT service providers have contingency plans and have adopted measures to prevent or mitigate the impact of events such as interruptions, failures or breaches, due to causes such as natural calamities, power outages, security breaches, computer viruses or cybersecurity attacks.</p>
Occupational accidents or illness	<p>Any situation that could pose a risk to the health and safety of CMPC collaborators, both direct and indirect, is an important concern for the company.</p>	<p>CMPC has a plan for identifying situations or occurrences, which could turn into employee accidents or illness, and takes measures to prevent and minimize the probability of occurrence of such events. Risk prevention professionals at each production facility are in charge of this process.</p>

Risk	Description and potential impact	Risk management
Risks affecting operational continuity	<p>Other operational risks identified by the company are fires and explosions at industrial facilities, natural disasters, critical equipment failure, environmental incidents, attacks on physical assets, or environmental accidents.</p> <p>Should these risks materialize, they could have a significant impact on the continuity of operations, causing stoppages and affecting production goals and the ability to meet the needs of clients.</p> <p>They could also force unforeseen disbursements for asset maintenance and recovery, all of which may adversely affect CMPC's financial results.</p> <p>Additionally, the materialization of these risks can have significant consequences on the occupational health and safety of workers, the environment, communities and the reputation of the company.</p>	<p>The purpose of CMPC's operational risks management is to efficiently and effectively protect the workers, assets, processes and systems of the company, the environment and business continuity in general. To this end, accident prevention measures are administered in a balanced way, systematic work is done in loss prevention, which is carried out according to pre-established guidelines, to which periodic inspections carried out by specialist engineers of insurance companies are added.</p> <p>Additionally, CMPC has a plan for a continuous improvement of its operational risk conditions in order to prevent and minimize the probability of occurrence and mitigate the effects of eventual accidents. These plans are implemented by each business unit of the company in accordance with norms and standards defined and coordinated at the corporate level.</p> <p>In addition, CMPC and its subsidiaries have contracted insurance coverage through which a substantial part of their main risks are transferred.</p> <p>All of the company's infrastructure assets (buildings, facilities, machinery, among the main ones) are reasonably covered for operational risks with insurance policies at their replacement value.</p>



COMPLIANCE RISKS

Risk	Description and potential impact	Risk management
Corruption and fair competition	<p>These risks are associated with the company's ability to comply with legal, regulatory, contractual, and any non-contractual obligations and standards which the company has imposed on itself.</p> <p>Any situation that could result in non-compliance with corruption and competition laws is considered of high impact.</p>	<p>The respective organs of CMPC corporate governance regularly review its operating and administrative processes in order to ensure proper compliance with the laws and regulations applicable to it in every country where it operates.</p> <p>The company has implemented and is taking actions that continue to strengthen a series of processes, controls and systems to prevent the occurrence of acts of corruption and anti-competitive practices, and safeguard fair competition. Within the framework of this constant concern, better international practices and modified corporate governance structures have been adopted in order to make related efforts more efficient.</p> <p>Together with the existence of Board committees to oversee the correct identification and mitigation of these risks, there are corporate areas with high levels of independence that participate in these processes, whose objective is to make more effective the controls and preventive actions defined.</p>
Changes in environmental regulations	<p>CMPC operations are regulated by the environmental laws in the countries where it is present.</p> <p>Climate change as well as any future changes in these environmental regulations or their interpretation, could have an impact on the company operations.</p> <p>It should be noted that non-compliance with these and other environmental regulations could incur costs that would affect the business' profitability.</p>	<p>CMPC has been adopting best practices for sustainable development of its businesses, which has meant the voluntary adoption of and compliance with standards stricter than required by local regulations. This has enabled the company to adapt to modifications in environmental legislation and meet the new requirements.</p> <p>In 2019, CMPC announced specific environmental goals. With these efforts, CMPC strives to contribute to mitigate the effects of climate change and prepare itself for environmental regulatory changes which could have an adverse effect on its operations and finances, as well as identify and take advantage of related opportunities which might present themselves.</p>

Note: For more detail on these risks, refer to the 4Q19 Earnings Release attached to this integrated report.



Employee monitors forest assets at the CMPC Los Angeles office building, Biobio Region, Chile.

Emerging risks

Emerging risks are those which have been gaining momentum as critical risks in the course of the past few years due to changes in the surrounding environment. Some of the risks which were given priority meet this requirement more than others, such as, for example, **cybersecurity**. It has been gaining importance as a critical risk for many companies in recent years.

Another risk to gain significance is the one associated with **communities and social license to operate**. This comes in response to the importance of improving the standards of interaction with neighboring communities for companies with industrial operations or natural resources, such as in the forestry industry.

07

BUSINESS
PERFORMANCE



FINANNCES

7.1

FINANCIAL RESULTS

The third pillar on which CMPC bases its operations in order to generate value for all of its stakeholders is a stable economic performance with prudent financial management, coupled with commitment to environmental and social sustainability.

As a result, CMPC celebrates 100 years of history, full of success, growth and continuous improvements despite the challenges of market conditions.

2019 was a challenging year for pulp producers around the world, due to low prices and weaker demand compared to market expectations. Hardwood and softwood prices decreased by 23% and 28% respectively, compared to 2018. Nevertheless, CMPC managed to maintain stable levels of pulp production and sales throughout the year.

This resulted in a decrease of 10% in consolidated sales and 36% in EBITDA compared to 2018.

On the other hand, the Softys and Biopackaging business divisions benefited from the lower fiber costs, which led them to report higher EBITDA generation and better margins (9.6% and 7.9% respectively).

Net Income for the year ended December 31st, 2019 totaled USD 84 million, compared to USD 502 million in the same period 2018, primarily explained by lower operating earnings, partly offset by lower income taxes.

Consolidated earnings

Consolidated earnings (Million USD)				
	2016	2017	2018	2019
Third-party sales	4,866	5,143	6,274	5,670
EBITDA	970	1,078	1,816	1,169
Net Income	-18	103	502	84
Net Debt	3,573	3,198	2,853	3,283
Free Cash Flow	19	429	702	-258

Source: Investor Relations

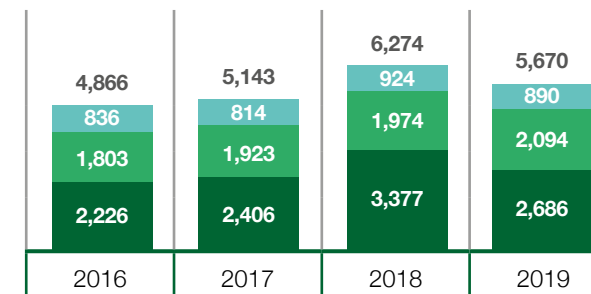
Financial ratios

	2016	2017	2018	2019
Net Debt/ EBITDA	3.7x	3.0x	1.6x	2.81x
Debt/Tangible Net Worth	0.53x	0.51x	0.47x	0.50x
Liquidity Ratio	2.47x	1.1x	2.17x	1.29x
Interest Coverage Ratio	4.60x	4.98x	8.50x	6.09x

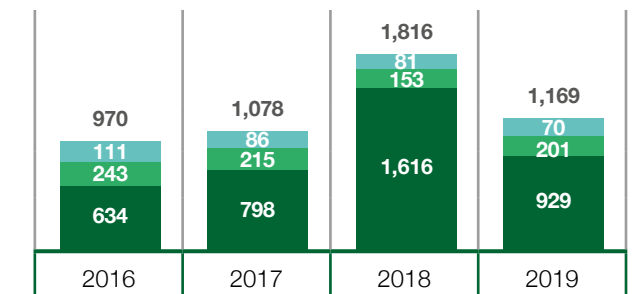
Source: Investor Relations.

Results by business division

Sales by Business



EBITDA by Business



■ Biopackaging ■ Softys ■ Celulosa

Results by business for the last 4 years

Sales volumes by business ²⁸

	2016	2017	2018	2019
Celulosa				
Pulp ('000 tons)	3,188	3,005	3,558	3,641
BSKP	623	679	644	693
BHKP	2,656	2,326	2,914	2,948
Solid wood products ('000 m ³)	1,376	1,191	1,398	1,243

Source: Investor Relations

²⁸Third-party sales volumes.

Sales volumes by business

Softys	2016	2017	2018	2019
Tissue paper ('000 tons)	645	671	682	726
Personal care products (Million units)	5,318	5,241	5,497	6,337

Source: Investor Relations

Biopackaging	2016	2017	2018	2019
Biopackaging products ('000 metric tons)	789	780	839	843

Source: Investor Relations

Consolidated taxes ²⁹**Consolidated financial information for fiscal years 2018 and 2019 ('000 USD)**

Categoría	2018	2019
Revenue	6,221,464	5,596,093
Net Income before tax	880,197	221,262
Income tax expense for the year	(115,043)	(340,496)
Tax payable	(361,195)	(100,187)
Effective tax rate	42.94%	61.86%
Reconciliation of income tax expense with effective rate	(107,748)	(62,315)

Source: Corporate Administration Department

Financial information by country in 2019 ('000 USD)

	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	USA	Uruguay
Revenue	379,848	1,646,467	4,732,471	116,239	40,198	450,018	406,165	352,494	91,747
Operating Net Income	(20,715)	304,899	(30,439)	(2,507)	(3,492)	12,936	31,841	10,771	8,151
Tax Expense	(750)	(108,727)	(225,275)	(565)	(507)	(1,004)	(2,727)	(941)	0

Source: Corporate Administration Department

²⁹ For more information on taxes, refer to Note 33 of the Consolidated Financial Statements.

7.2 GREEN FINANCING

The proceeds of this type of financing are used exclusively to finance or refinance, in part of in full, new and/or existing projects with environmental benefits, according to the Green Bond Principles.

Through this kind of financing, CMPC seeks to continue growing its investor base by attracting the environmentally conscious and socially responsible ones with a long-term vision.

Green bonds and loans

In 2019, CMPC issued its third green bond for the amount of approximately USD 93.17 million on the Chilean market. The 10-year term bond obtained an effective annual placement rate of 1.22% with a spread of 0.57% over the reference rate. In addition, the company procured a green loan for

USD 100 million with a 5-year term. This transaction was executed in compliance with the format of a Green Loan and is the first green syndicated loan granted completely by Japanese banks, opening the door to new financing opportunities for the company.

Emission year	2017	2018	2019	
Country	USA	Peru	Chile	Japan
Term	10 years	6 years	10 years	5 years
Amount (in USD)	500,000,000	30,000,000	93,170,000	100,000,000

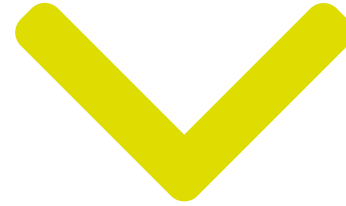
Source: Investor Relations

Green bond issuance aligns to the four pillars of the Green Bond Principles (GBP), which promote integrity in this market through guidelines that recommend transparency, disclosure

and reporting. The four pillars are: use of proceeds, project evaluation and selection, management of proceeds, and finally, annual impact reporting.

PROJECTS FUNDED

Environmental benefits 2019



Eligible category	Description	Funds allocated/ disbursed (USD)
Sustainable forest management	Building and maintaining a forest base which captures and stores CO2. This process includes producing and acquiring seedlings, preparing the soil for planting using subsoiling and harrowing, planting the seedlings, and protecting and taking care of trees until they reach harvesting age. The sustainable management of pine and eucalyptus forest plantations is certified through CERTFOR-PEFC™ or CERFLOR-PEFC™, FSC® or other equivalent certification.	70,243,354
Sustainable water management	Reduction of industrial water consumption, the installation of systems for reusing industrial water and the development and installation of systems and technologies that improve the quality of water discharge. Additionally, continuous efforts to reduce the content of organic compounds and volume of effluents.	21,159,432
Preservation of Biodiversity and Restoration of Forest	Protection and conservation of existing native forests, identification and protection of endangered flora and fauna, and conservation and restoration of High Conservation Value Areas (HCVA).	679,900
Pollution prevention	Projects for the prevention and control of liquid and solid waste, as well as the capture and incineration of gas emissions in industrial facilities.	4,231,539
Energy efficiency	Projects that increase energy efficiency such as the substitution of land transport of timber with barges which are more efficient in their energy consumption.	2,496,157
Eco-efficient and/or circular economy adapted products	Projects for the development and introduction of environmentally sustainable products, with an eco-label or environmental certification, resource-efficient packaging and distribution.	2,882,315
Green buildings	Energy efficient buildings which meet regional, national or internationally recognized standards or certifications such as LEED (Leadership in Energy and Environmental Design).	2,358,969

Funds allocated to green projects by year

Year	2017	2018	2019
Investments in projects with environmental benefits	358,708,347	159,363,416	104,051,666

Source: Investor Relations



We are **100** YEARS

BECAUSE WE INNOVATE WITH RENEWABLE MATERIALS FOR THE FUTURE

[HUBERTO PALMA
SACK PRODUCTION OPERATOR, SACK KRAFT]



BECAUSE THESE 100 YEARS ARE JUST THE BEGINNING

7.3

SUMMARY OF FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Inversiones CMPC S.A. and its Subsidiaries		CMPC Celulosa S.A. and its Subsidiaries		CMPC Papeles S.A. and its Subsidiaries		CMPC Tissue S.A. and its Subsidiaries		Inmobiliaria Pinares SpA		CMPC Papeles Forestal S.A.		CMPC Papeles Tissue S.A.		Inversiones CMPC Cayman Ltd.	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD
Assets																
Current Assets	3,625,713	3,893,906	2,460,687	2,317,899	615,320	619,532	814,343	765,245	1,477	1,472	-	-	-	-	229	255
Property, plant and equipment	7,770,808	7,653,136	5,414,628	5,602,517	865,919	837,620	1,444,465	1,132,873	277	297	-	-	-	-	-	-
Non-current biological assets	3,041,258	3,073,955	3,041,258	3,073,955	-	-	-	-	-	-	-	-	-	-	-	-
Intangible assets and others	764,007	569,774	226,940	224,065	22,783	16,322	379,321	192,344	2,779	2,889	8,125	8,398	14,367	15,927	497,659	497,663
Non-current Assets	11,576,073	11,296,865	8,682,826	8,900,537	888,702	853,942	1,823,786	1,325,217	3,056	3,186	8,125	8,398	14,367	15,927	497,659	497,663
Total Assets	15,201,786	15,190,771	11,143,513	11,218,436	1,504,022	1,473,474	2,638,129	2,090,462	4,533	4,658	8,125	8,398	14,367	15,927	497,888	497,918
Equity and Liabilities																
Current Liabilities	1,501,709	1,481,660	1,454,056	726,836	192,756	200,917	877,241	818,317	1,302	1,273	-	-	-	-	1,197	1,198
Non-current Liabilities	5,294,787	5,086,546	3,706,757	4,410,304	266,420	222,649	743,535	551,924	1,616	1,835	-	-	-	-	-	-
Equity attributable to owners of the parent	5,435,137	5,606,080	5,421,069	5,503,892	1,024,485	1,028,414	1,016,782	719,635	1,615	1,550	8,125	8,398	14,367	15,927	496,691	496,720
Non-controlling interest	2,970,153	3,016,485	561,631	577,404	20,361	21,494	571	586	-	-	-	-	-	-	-	-
Total Equity	8,405,290	8,622,565	5,982,700	6,081,296	1,044,846	1,049,908	1,017,353	720,221	1,615	1,550	8,125	8,398	14,367	15,927	496,691	496,720
Total Equity and Liabilities	15,201,786	15,190,771	11,143,513	11,218,436	1,504,022	1,473,474	2,638,129	2,090,462	4,533	4,658	8,125	8,398	14,367	15,927	497,888	497,918

SUMMARY OF STATEMENT OF CHANGES IN EQUITY

	Inversiones CMPC S.A. and its Subsidiaries		CMPC Celulosa S.A. and its Subsidiaries		CMPC Papeles S.A. and its Subsidiaries		CMPC Tissue S.A. and its Subsidiaries		Inmobiliaria Pinares SpA		CMPC Papeles Forestal S.A.		CMPC Papeles Tissue S.A.		Inversiones CMPC Cayman Ltd.			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018		
	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD		
Share capital	399,272	399,272	1,883,299	1,883,299	274,840	274,840			1,298,046	1,030,923	1,558	1,558	8,518	8,518	16,100	16,100	574,265	574,265
Foreign currency translation reserve	(786,218)	(690,094)	64	59	(13,590)	(13,590)			(133,134)	(205,150)	124	128	-	-	686	971	(36)	(36)
Cash flow hedge reserve	24,748	25,868	35,798	37,791	3,375	6,041			788	1,109	-	-	-	-	(21)	22	-	-
Actuarial net income or (loss) on defined benefit plan reserve	(25,110)	(19,241)	(2,607)	(464)	(4,202)	(3,872)			(11,838)	(8,760)	-	-	-	-	-	-	-	-
Other miscellaneous reserves	294,780	294,956	3,001,809	3,001,749	3,264	3,264			(3,277)	(3,531)	-	-	(3)	(4)	(139)	(15)	(46,933)	(46,933)
Accrued profit (loss)	5,527,665	5,595,319	502,706	581,458	760,798	761,731			(133,803)	(94,956)	(67)	(136)	(390)	(116)	(2,259)	(1,151)	(30,605)	(30,576)
Equity Attributable to Owners of the Parent	5,435,137	5,606,080	5,421,069	5,503,892	1,024,485	1,028,414			1,016,782	719,635	1,615	1,550	8,125	8,398	14,367	15,927	496,691	496,720
Non-controlling interest	2,970,153	3,016,485	561,631	577,404	20,361	21,494			571	586	-	-	-	-	-	-	-	-
Total Equity	8,405,290	8,622,565	5,982,700	6,081,296	1,044,846	1,049,908			1,017,353	720,221	1,615	1,550	8,125	8,398	14,367	15,927	496,691	496,720

SUMMARY OF STATEMENT OF COMPREHENSIVE INCOME


	Inversiones CMPC S.A. and its Subsidiaries		CMPC Celulosa S.A. and its Subsidiaries		CMPC Papeles S.A. and its Subsidiaries		CMPC Tissue S.A. and its Subsidiaries		Inmobiliaria Pinares SpA		CMPC Papeles Forestal S.A.		CMPC Papeles Tissue S.A.		Inversiones CMPC Cayman Ltd.		
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	
Gross Profit (Loss)	1,109,152	1,797,072	469,631	1,181,401	96,279	114,828	549,354	504,583	-	-	-	-	-	-	-	-	
Other operating income and expenses	(837,401)	(890,957)	(252,671)	(240,122)	(91,299)	(92,013)	(551,290)	(558,263)	126	149	(274)	(116)	(443)	(1,151)	(29)	(29)	
Income (Loss) before Tax	271,751	906,115	216,960	941,279	4,980	22,815	(1,936)	(53,680)	126	149	(274)	(116)	(443)	(1,151)	(29)	(29)	
Income tax expense	(149,040)	(382,507)	(121,890)	(349,058)	(2,184)	(12,318)	(19,143)	(28,261)	(56)	(71)	-	-	-	-	-	-	
Income (Loss) from continuing operations	122,711	523,608	95,070	592,221	2,796	10,497	(21,079)	(81,941)	70	78	(274)	(116)	(443)	(1,151)	(29)	(29)	
Income (loss) attributable to owners of the parent	67,789	211,207	95,677	549,425	3,577	11,404	(21,113)	(81,950)	70	78	(274)	(116)	(443)	(1,151)	(29)	(29)	
Income (loss) attributable to non-controlling interest	54,922	312,401	(607)	42,796	(781)	(907)	34	9	-	-	-	-	-	-	-	-	
Net Income (Loss)	122,711	523,608	95,070	592,221	2,796	10,497	(21,079)	(81,941)	70	78	(274)	(116)	(443)	(1,151)	(29)	(29)	
Comprehensive Income Statement																	
Net Income (Loss)	122,711	523,608	95,070	592,221	2,796	10,497	(21,079)	(81,941)	70	78	(274)	(116)	(443)	(1,151)	(29)	(29)	
Other comprehensive income (loss)	(105,414)	(40,003)	(4,131)	7,951	(2,996)	2,402	(9,628)	(23,424)	(4)	19	1	(4)	(452)	978	-	(3)	
Comprehensive Income	17,297	483,605	90,939	600,172	(200)	12,899	(30,707)	(105,365)	66	97	(273)	(120)	(895)	(173)	(29)	(32)	
Comprehensive income (loss) attributable to owners of the parent	(35,500)	121,827	91,546	557,376	581	13,806	(30,741)	(105,374)	66	97	(273)	(120)	(895)	(173)	(29)	(32)	
Comprehensive income (loss) attributable to non-controlling interest	52,797	361,778	(607)	42,796	(781)	(907)	34	9	-	-	-	-	-	-	-	-	
Comprehensive Income	17,297	483,605	90,939	600,172	(200)	12,899	(30,707)	(105,365)	66	97	(273)	(120)	(895)	(173)	(29)	(32)	

SUMMARY OF CASH FLOW STATEMENT

	Inversiones CMPC S.A. and its Subsidiaries		CMPC Celulosa S.A. and its Subsidiaries		CMPC Papeles S.A. and its Subsidiaries		CMPC Tissue S.A. and its Subsidiaries		Inmobiliaria Pinares SpA		CMPC Papeles Forestal S.A.		CMPC Papeles Tissue S.A.		Inversiones CMPC Cayman Ltd.	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD	MUSD
Net cash flows from (used in) operating activities	678,670	1,010,874	603,154	1,147,133	77,828	(40,249)	40,962	(101,460)	(33)	(138)	-	-	-	-	(27)	(27)
Net cash flow from (used in) investing activities	(747,060)	(483,289)	(302,950)	(215,961)	(63,662)	8,959	(408,324)	(115,702)	1	7	-	-	-	-	-	(1)
Net cash flow from (used in) financing activities	(277,253)	(368,370)	(266,936)	(936,405)	(13,003)	29,520	417,811	85,377	38	131	-	-	-	-	-	1
Net Increase (Decrease) in Cash and Cash Equivalents before the Effect of Changes in the Exchange Rate	(345,643)	159,215	33,268	(5,233)	1,163	(1,770)	50,449	(131,785)	6	-	-	-	-	-	(27)	(27)
Effect of changes in the exchange rate on cash and cash equivalents	(6,826)	(22,080)	(8,024)	(4,179)	(322)	(829)	3,720	(886)	(6)	-	-	-	-	-	1	-
Cash and cash equivalents at beginning of the period	967,502	830,367	19,437	28,849	6,013	8,612	52,249	184,920	-	-	-	-	-	-	142	169
Cash and Cash Equivalents at the End of the Period	615,033	967,502	44,681	19,437	6,854	6,013	106,418	52,249	-	-	-	-	-	-	116	142

08

ELABORATION OF THE
INTEGRATED REPORT



**METHO
DOLO
GY**

8.1 METHODOLOGY

(102-21, 102-31, 102-40, 102-42, 102-43, 102-44, 102-46, 102-47, 102-50, 102-51, 102-52, 102-54, 102-56)

CMPC has resolved to issue a sequence of annual Integrated Reports for the benefit of its various stakeholders. This fourth edition comprises information for the period from January 1st to December 31st, 2019 covering the Celulosa, Biopackaging and Softys business division across the eight countries where CMPC operates.

The company has adopted a number of international standards, including the principles of the International Integrated Reporting Council (IIRC), the Dow Jones Sustainability Index suite (DJSI) recommendations, and the indicators and explanations of the Global Reporting Initiative (GRI), to assess CMPC impact and contribution on all social, environmental and financial matters. Finally, this report adheres to the essential agreement of the latest versions of the GRI Standards from 2016 and 2018.

Additionally, it complies with the obligatory regulations for annual reports currently in force in Chile established by the

Financial Market Commission (Comisión para el Mercado Financiero, CMF) under General Common Norm (GCN) No. 30, GCN No. 386 and GCN No. 385 on the disclosure of good corporate governance practices.

This report was verified by the external auditor KPMG in terms of the 20 sustainability Indicators and the Financial Statements attached to this document. The 2019 carbon footprint data were verified by the external audit firm Deloitte.

In addition, CMPC has decided to align its sustainability strategy and objectives with the United Nations Sustainable Development Goals (SDGs) of the Agenda 2030. The company uses these objectives as the framework for its corporate purpose: Create, Coexist and Conserve.

This document also serves as a Communication on Progress (CoP) for the UN Global Compact, of which CMPC is a member since 2018.

(102-10, 102-48, 102-49)

This report restates previously communicated information and contains some changes in classification criteria for the purpose of more robust traceability in relation to the company strategy. Any changes will be duly marked as such.

That is why, some indicators may not be compatible with previous years'.

Materiality analysis 2019

An exercise in Materiality Analysis was undertaken over the entire value chain of the three CMPC business areas to update, assess in detail and prioritize the material issues identified in 2018. This process followed the GRI principles for the selection of quality content and was carried out in three steps: Identification, Definition and Prioritization.



IDENTIFICATION

The 2018 materiality analysis followed the Due Diligence Guidance for Responsible Business Conduct process, recommended by the Organization for Economic Cooperation and Development (OECD). It is a three-step process including: gathering information from CMPC business divisions, environmental analysis by country, and interviews with main executives from the company.

Information collection also included secondary sources and a benchmark analysis for each business division, considering the reportability of each indicator.

For the context analysis by country, information on critical risks and geographical context was collected by organizing interviews and roundtables with local experts, authorities, clients and community representative in each country.

Finally, interviews were conducted with line managers from each subsidiary to analyze and cross reference material issues for each CMPC business area and unit. This led to the identification of 30 relevant issues.

ASSESSMENT

The material issues that the above described process identified in 2018 were further assessed for disclosure in 2019. This was done in three steps:

First step: Analysis of global sustainability frameworks of reference

During this step of the process, the frameworks and standards for sustainability of the following organizations and initiatives were assessed:

- CMF: Chilean Financial Market Commission
- GRI: Global Reporting Initiative
- IIRC: International Integrated Reporting Council
- SDG: Sustainable Development Goals
- DJSI: Dow Jones Sustainability Index
- CDP: ex Carbon Disclosure Project
- WBCSD: World Business Council for Sustainable Development
- Global Compact

Second step: Analysis of best practices within our industry

A benchmark analysis was carried out during this step, using sustainability and integrated reports by nine companies, three each corresponding to our business divisions. This analysis focused on material issues, indicators, and other relevant information published.

Third step: Interviews with executives and an evaluation of the perspectives of each business division

A series of semi-structured interviews were conducted with 36 executives from both the CMPC corporate administration and each business division.

Additionally, 30 articles from international newspapers were reviewed in order to identify the most relevant news for the company throughout the year.

PRIORITIZATION

The information gathered at the previous stage was analyzed qualitatively within the context of fiscal year 2019 and as a result, material issues were reorganized, regrouped or renamed, taking into consideration industry trends, operations management in the three business areas and their unique perspective on economic, social and environmental matters.

All material issues y their evolution can be found in the following table



MATERIALITY ANALYSIS



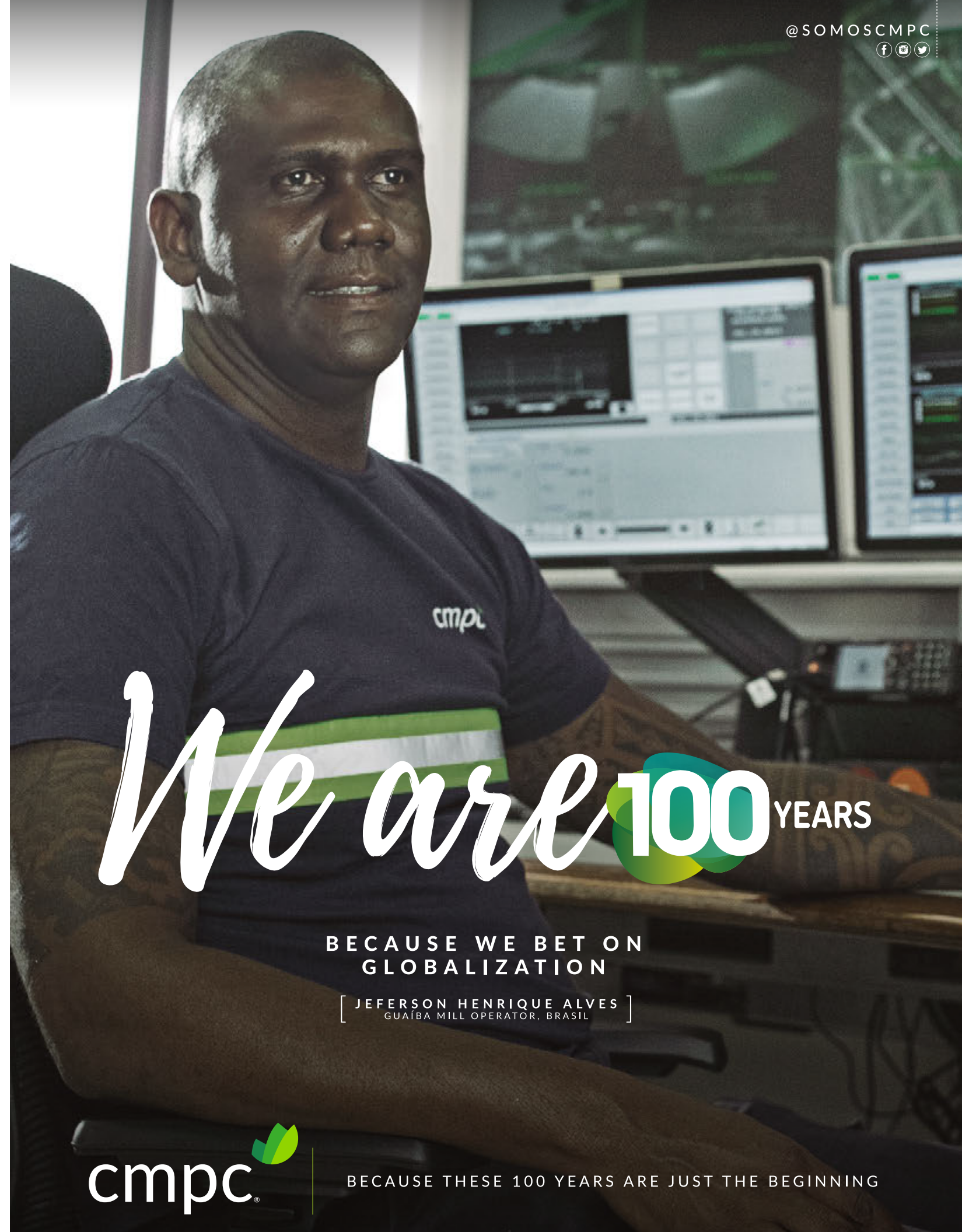
Identified in 2018	Prioritization	2019 material issues
Culture of integrity	Unchanged	Culture of Integrity
Talent attraction, retention and development	Renamed	Talent attraction, retention and development
Labor relations	Unchanged	Labor relations
Diversity and inclusion in the workplace	Unchanged	Diversity and inclusion
Occupational health and safety	Modified to include employees and suppliers	Occupational health and safety
Automation	Incorporated into talent attraction and retention	-
Environmental regulations compliance	Incorporated into culture of integrity	-
Forest and biodiversity conservation	Renamed	Ecosystem and biodiversity conservation
Climate change adaptation	Renamed	Climate change
Wildfires	Unchanged	Wildfires
Water	Unchanged	Water
Energy	Unchanged	Energy
Greenhouse gas emissions	Unchanged	Emissions
Waste	Unchanged	Waste
Sludge	Incorporated into waste	-
Community engagement	Merged with local development	Community engagement and local development
Transport	Incorporated into local supplier and contractor development	-
Local development	Merged with community engagement	-

Indigenous peoples	Unchanged	Indigenous peoples
Chain of custody guarantee	Covered by certifications	-
Customer satisfaction	Unchanged	Customer satisfaction
Innovation	Unchanged	Innovation
Product quality and safety	Covered by certifications	-
Advertising ethics	Incorporated into culture of integrity	-
Brand reputation	Incorporated into culture of integrity	-
Personal care and hygiene	Incorporated into community engagement and local development	-
Local contractor and supplier development	Unchanged	Local supplier and contractor development
Procurement process	Incorporated into local supplier and contractor development	-
Health and safety of contractors and service providers	Incorporated into health and safety	-
Labor regulations compliance of contractors and service providers	Incorporated into local supplier and contractor development	-
	New material issue	Sustainable forest management

THIS PROCESS DETERMINED 18 RELEVANT TOPICS TO BE INCLUDED IN THE INTEGRATED REPORT 2019.

ABBREVIATIONS USED THROUGHOUT THE REPORT

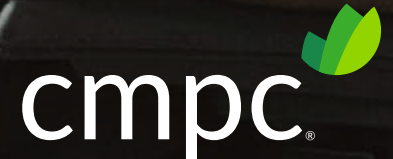
- > '000 USD = thousand USD
th. = thousand
- m² = square meters
m³ = cubic meters
'000 m³ = thousand cubic meters
million m³ = million cubic meters
ton = metric tons
'000 ton = thousand metric tons
- ha = hectares
km = kilometers
tCO₂e = metric tons of carbon dioxide equivalent
GWh = gigawatt-hours
MWt = thermal megawatts
TJ = terajoules
ADt = Air Dry ton (metric)



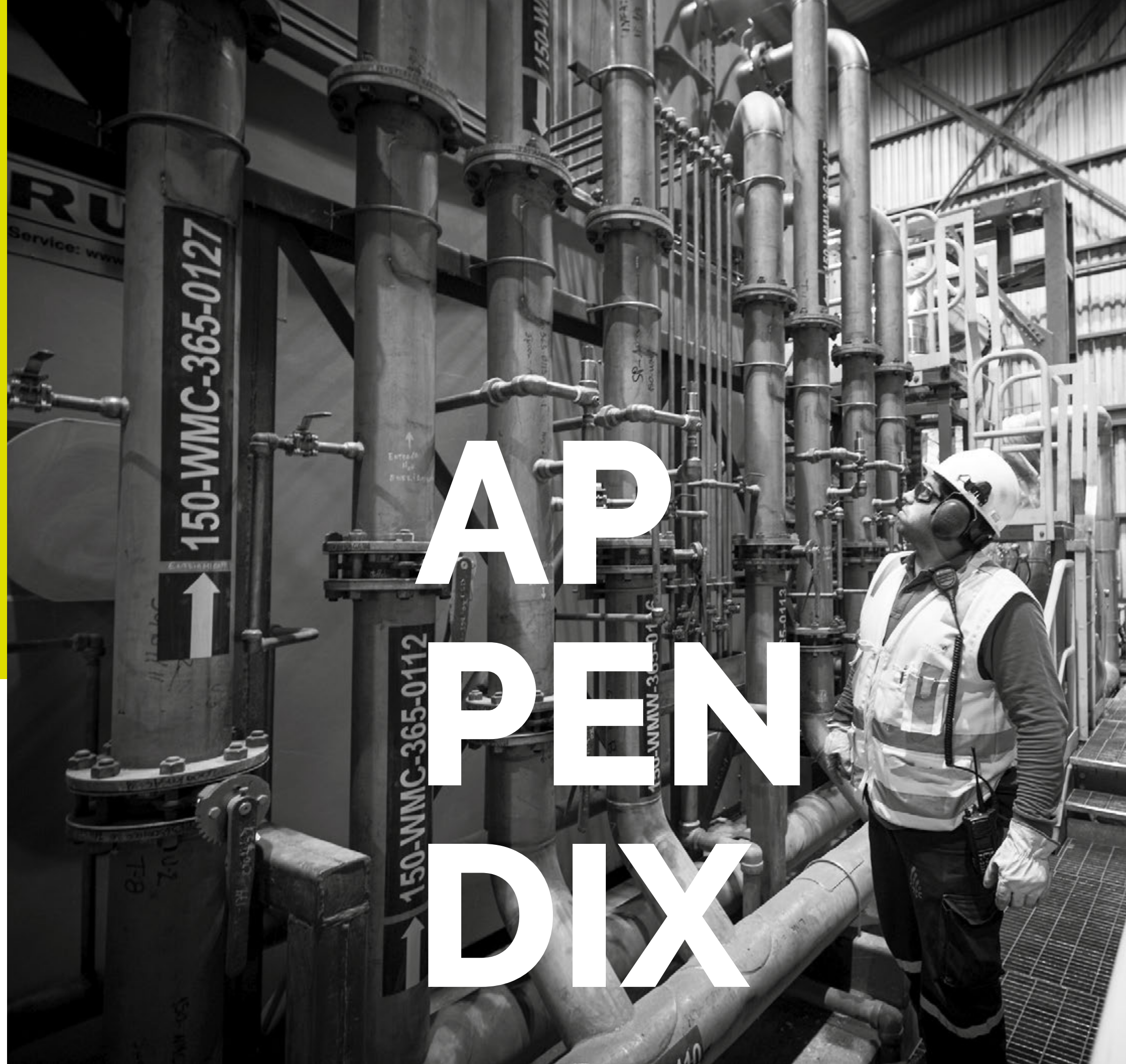
We are **100** YEARS

BECAUSE WE BET ON GLOBALIZATION

[JEFERSON HENRIQUE ALVES]
GUAÍBA MILL OPERATOR, BRASIL



BECAUSE THESE 100 YEARS ARE JUST THE BEGINNING



APPENDIX

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9.1 STATEMENT OF RESPONSIBILITY

The Members of the Board and Chief Executive Officer of Empresas CMPC S.A., under oath, do hereby declare themselves each individually responsible for the veracity of all the information in this present Integrated Report 2019, which adheres to the standards of the [Chilean] Financial Market

Commission [Comisión para el Mercado Financiero (CMF)], as well as the recommendations of the Global Reporting Initiative (GRI) and the principles of the International Integrated Reporting Council (IIRC).



Francisco Ruiz-Tagle E.
(CEO)
7.052.877-0



Luis Felipe Gazitúa A.
(Chairman of the Board)
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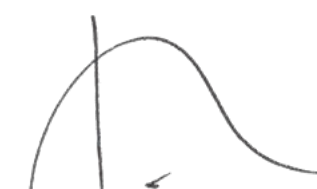


Vivianne Blanlot S.
(Board Member)
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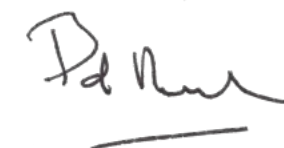
Rafael Fernández M.
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Bernardo Matte L.
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Ramiro Mendoza Z.
(Board Member)
7.578.740-5



Pablo Turner G.
(Board Member)
7.056.349-5

9.2 EMPRESAS CMPC DATA BY CHAPTER

CHAPTER 2

Forest assets

Forest assets by category in ha

Country	Argentina	Brazil	Chile	Total
Plantations	58,220	180,566	449,076	687,862
Land to be planted	7,053	8,866	55,978	71,897
Right-to-use plantations	-	21,079	21,017	42,096
Right-to-use land to be planted	-	1,137	2,358	3,495
Land for administrative use	10,159	14,671	36,200	61,030
Land for protection and conservation	18,865	138,751	165,685	323,301
Total forest land area	94,297	365,069	730,314	1,189,680

Forest certifications

Certified CMPC owned forest assets by category in ha

Country	Argentina		Brazil		Chile		Total	
Year	2018	2019	2018	2019	2018	2019	2018	2019
CMPC owned forests	94,297	94,297	282,326	282,338	706,728	705,197	1,083,351	1,081,832
Certified CMPC owned forests	0	0	278,757	279,813	698,173	696,836	976,930	976,649
Certified CMPC owned forests (%)	0%	0%	98.7%	99.1%	98.8%	98.8%	90.2%	90.3%

Certified third-party forest assets by category in ha

Country	Argentina		Brazil		Chile		Total	
Year	2018	2019	2018	2019	2018	2019	2018	2019
Third-party forests	0	0	40,996	137,532	23,724	25,117	64,720	162,649
Certified third-party forests	0	0	40,996	40,768	23,724	25,117	64,720	65,885
Certified third-party forests (%)	0%	0%	100%	30%	100%	100%	100%	41%

Certifications

Sustainable forest management	%
Share of certified forest assets	90.3%
Share of certified raw material	97%

Chain of Custody and Controlled Wood

Forestry	Brazil Chile	<ul style="list-style-type: none"> • Florestal Celulose Riograndense • Florestal Mininco
Pulp	Brazil Chile	<ul style="list-style-type: none"> • Guaiba, • Laja, Pacifico and Santa Fe
Maderas	Chile	<ul style="list-style-type: none"> • Sawmills, Millwork and Plywood
Biopackaging	Chile	<ul style="list-style-type: none"> • Boxboard Maule, Valdivia; Corrugated Tiltit packaging and papers facilities; and Edipac
	Peru	<ul style="list-style-type: none"> • Sack Kraft
Softys	Brazil Chile Mexico	<ul style="list-style-type: none"> • Caierias, Guaiba, Recife and Mogi • Talagante and Puente Alto • Santa Catarina and Altamira

Certified raw material sourced from third parties by category in '000 m³

Country	Argentina		Brazil		Chile		Total	
	2018	2019	2018	2019	2018	2019	2018	2019
Own raw material produced	679	635	7,044	6,385	10,155	10,663	17,878	17,683
Certified own raw material produced	0	0	7,044	6,385	10,155	10,663	17,199	17,048
Third-party raw material	0	0	267	570	2,751	3,220	3,018	3,790
Certified third-party raw material	0	0	267	570	2,751	3,220	3,018	3,790
Total raw material (Own + Third-party)	679	635	7,311	6,955	12,906	13,883	20,896	21,473
Total certified raw material (Own + Third-party)	0	0	7,311	6,955	12,906	13,883	20,217	20,838
Share of certified raw material of total consumption	0%	0%	100%	100%	100%	100%	97%	97%

ECOSYSTEM AND BIODIVERSITY CONSERVATION

Native forests restored by country in ha

Country	Accumulated between 2010-2018	Restored in 2019	Total accumulated to date	Progress towards goal
Brazil	31,648	12,466	44,114	68%
Chile	1,890	398	2,288	26%
Total	33,538	12,864	46,402	63%

Number and surface area (in ha) of HCVA's

	2017		2018		2019	
	Number	Area	Number	Area	Number	Area
Argentina						
Biological	5	9,430	5	9,430	5	9,426
Service	-	-	-	-	-	-
Socio-cultural	1	-	1	-	1	4.3
Brazil						
Biological	5	2,339	7	2,947	7	4,091
Service	6	180	7	181	7	181
Socio-cultural	0	0	0	0	0	0
Chile						
Biological	14	10,220	14	10,212	14	10,964.5
Service	358	2,455.3	357	3,480.8	371	3,440.0
Socio-cultural	27	234.8	27	211.2	27	211.0
Total	416	24,859.1	418	26,462	432	28,317.8
Biological	24	21,989	26	22,589	26	24,481.5
Service	364	2,635.3	364	3,661.8	378	3,621
Socio-cultural	28	234.8	28	211.2	28	215.3

Number of endangered species by extinction risk category

Category	Argentina	Brazil	Chile	Total
Critically endangered	1	0	0	1
Endangered	8	3	172	183
Vulnerable	12	15	10	37
Near threatened	7	4	2	13
Least concern	9	0	5	14
Total	37	22	189	248

CHAPTER 3

LOCAL SUPPLIER DEVELOPMENT

Average CMPC payment days to suppliers by category

Business area	Celulosa	Biopackaging	Softys	Total
Average payment days	20	54	50	34
Average payment days to MSMEs	13	24	37	25

Number of suppliers and average payment days by category

Country	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay	USA	Total
Number of MSMEs	767	-	4,593	115	47	424	552	317	0	6,815
Average supplier payment days	45	31	31	46	63	50	50	40	33	34
Average payment days to MSMEs	40	-	15	13	55	44	39	43	-	25

MSME definition by country

- Argentina: According to sector (Construction: Sales ARS 568.3 million and 590 employees, Services: Sales ARS 412.8 million and 535 employees, Retail: Sales ARS 1,431.2 million and 345 employees, Industry and mining: Sales ARS 1,212.8 million and 655 employees, Agriculture and fishing: Sales ARS 363.1 million and 215 employees)
- Brazil: Annual sales under BRL 4.8 million
- Chile: Businesses with annual sales under CLF 100,000
- Colombia: Total assets under UVT 610,000 (UVT=Tax Value Unit for 2019 COP 34,270) and max. 200 employees
- Ecuador: Annual sales under USD 5.0 million and maximum 199 employees
- Mexico: Annual sales under MXN 1,250 million and up to 250 employees
- Peru: Net revenue under UIT 1700 (UIT="Unidad impositiva tributaria", tax unit) in the taxable period
- Uruguay: Annual revenue under UI 305,000 (UI = UYU 4.0275)

CHAPTER 4

4.1 OUR PEOPLE

Employees by country

Country	Female	Male	Total
Argentina	185	1,341	1,526
Brazil	335	2,052	2,387
Chile	1,340	8,295	9,635
Colombia	147	371	518
Ecuador	74	188	262
Mexico	412	1,325	1,737
Peru	196	1,239	1,435
Uruguay	55	290	345
USA	6	8	14
Total	2,750	15,109	17,859

Employees by business area

Business area	Female	Male	Total
Celulosa	588	4,482	5,070
Biopackaging	435	2,952	3,387
Softys	1,534	7,426	8,960
Corporate administration	193	249	442
Total	2,750	15,109	17,859

Note: Corporate administration includes Empresas CMPC and the CMPC Foundation.

Employees by job level

Level	Female	Male	Total
Executives	230	858	1,088
Professional and technical staff	1,506	4,012	5,518
Operators	1,014	10,239	11,253
Total	2,750	15,109	17,859

Employees by type of employment

Employment type	Female	Male	Total
Full-time	2,746	15,104	17,850
Part-time	4	5	9
Total	2,750	15,109	17,859

Employees by type of contract

Work contract	Female	Male	Total
Indefinite	2,528	13,913	16,458
Fixed-term	222	1,179	1,401
Total	2,750	15,109	17,859

Share of women in the workforce by year

Year	Percentage
2014	13.3%
2015	13.4%
2016	13.6%
2017	13.7%
2018	14.3%
2019	15.4%

Diversity and inclusion in the workplace

Number of women promoted to management level positions by country

Country	2016	2017	2018	2019
Argentina	4	1	1	4
Brazil	2	4	0	2
Chile	28	25	28	31
Colombia	4	0	0	5
Ecuador	0	0	1	1
Mexico	7	2	4	4
Peru	4	0	0	7
Uruguay	0	0	1	0
USA	0	0	0	0
Total	49	32	35	54

Share of persons with disability by country

Country	2018			2019		
	Female	Male	Total	Female	Male	Total
Argentina	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil	3.0%	2.9%	2.9%	3.0%	2.4%	2.5%
Chile	0.8%	1.2%	1.1%	0.8%	1.1%	1.1%
Colombia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Ecuador	1.3%	2.9%	2.4%	1.3%	2.7%	2.3%
Mexico	0.0%	0.2%	0.2%	0.0%	0.0%	0.0%
Peru	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Uruguay	0.0%	0.6%	0.6%	0.0%	0.3%	0.3%
USA	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total	0.8%	1.1%	1.1%	0.8%	1.0%	1.0%

Share of persons with disability by job level

Level	2018			2019		
	Female	Male	Total	Female	Male	Total
Executives	0.6%	0.0%	0.1%	0.9%	0.5%	0.6%
Professional and technical staff	0.2%	1.3%	1.0%	0.3%	0.7%	0.6%
Operators	2.1%	1.2%	1.2%	1.5%	1.1%	1.2%
Total	0.8%	1.1%	1.1%	0.8%	1.0%	1.0%

Share of persons with disability by business area

Business area	2018			2019		
	Female	Male	Total	Female	Male	Total
Celulosa	1.1%	2.0%	1.9%	1.2%	2.0%	1.9%
Biopackaging	0.2%	1.2%	1.1%	0.2%	0.9%	0.8%
Softys	0.8%	0.5%	0.6%	0.7%	0.4%	0.5%
Corporate administration	1.1%	0.0%	0.5%	1.0%	0.4%	0.7%
Total	0.8%	1.1%	1.1%	0.8%	1.0%	1.0%

Legally required minimum of persons with disabilities by country

2019	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay
Private sector	N/A	5% of the workforce of companies with over 1,001 employees	1% of the workforce of companies with over 100 employees	N/A	4% of the workforce of companies with over 25 employees	N/A	3%	N/A*
Public administration	4%	N/A	N/A	N/A	N/A	5%	5%	4%

Note: In Uruguay, the requirement for the private sector is currently under discussion. In Mexico, 5% for public administration is only applicable to the Mexico City.

Employee distribution by age

2019	Total
Below 30	22%
Between 30 and 40	37%
Between 41 and 50	24%
Between 51 and 60	15%
Between 61 and 70	3%
Over 71	0.06%

Employee distribution by generation

2019	Total
Silent generation	0.06%
Baby boomers	17.59%
Generation X	26.35%
Generation Y	52.98%
Generation Z	3.01%

4.2 TALENT DEVELOPMENT

Training

Employee hours of training by gender and job level

		Employees trained		Hours of training		Percentage of total hours worked	
		2018	2019	2018	2019	2018	2019
Gender	Male	-	13,507	-	235,130	-	0.71%
	Female	-	2,589	-	42,083	-	0.71%
Job level	Executives	733	912	21,025	19,392	1.05%	0.83%
	Professional and technical staff	4,949	4,659	124,530	85,329	1.02%	0.71%
	Operators	9,067	10,525	174,392	172,492	0.79%	0.70%
Total		14,749	16,096	319,946	277,213	0.89%	0.71%

Turnover rate

Hires

	2018		2019	
	Female	Male	Female	Male
Number of hires	715	3,109	689	3,272

Employees who left the company and turnover rate

		2018		2019	
		Employees	Turnover (%)	Employees	Turnover (%)
Gender	Female	715	20.4%	2,767	23.3%
	Male	3,109	18.6%	640	18.4%
Age	Below 30	1,900	32.4%	1,259	31.6%
	Between 30 and 60	1,913	39.6%	2,046	19.1%
	Above 60	11	50.7%	102	3.2%
Total		3,824	18.8%	3,407	19.1%

Performance review

Performance reviews conducted by job level and business area

Business area	Executives, professional and technical staff		Operators		Total	
	People evaluated	Share (%)	People evaluated	Share (%)	People evaluated	Share (%)
Celulosa	1,672	93.04%	485	14.82%	2,157	42.54%
Biopackaging	961	63.22%	321	17.19%	1,282	37.85%
Softys	2,301	80.34%	1,025	16.81%	3,326	37.12%
Corporate administration	346	93.80%	0	0%	346	90.58%
Total	5,280	79.93%	1,831	16.27%	7,111	39.82%

Note 1: Executives and professional and technical staff are evaluated through SuccessFactors Operators are evaluated using Openagora or Google Forms, depending on the subsidiary
 Note 2: Corporate administration includes employees of Empresas CMPC and the CMPC Foundation.

Performance review by job level by gender

Categoría	Female	Male	Total
Total collaborators	2,750	15,109	17,859
Evaluated collaborators	1,725	5,386	7,111
Share of total collaborators	62.72%	35.65%	39.82%

Organizational climate

Organizational climate score by business area

Business area	2018	2019
Celulosa	79	79
Biopackaging	78	78
Softys	80	80
Corporate administration	79	79
Total	79	79

4.3 LABOR RELATIONS

Unionized workers and workers covered by collective agreements by country

Country	Number of unions	Unionized workers	Non-unionized workers to whom union benefits are extended	Total workers covered by collective agreements	Unionization	Share of workforce covered by collective agreements
Argentina	4	1,112	0	1,112	72.9%	72.9%
Brazil	5	1,510	480	1,990	63.3%	83.4%
Chile	38	6,272	70	6,342	65.1%	65.8%
Colombia	1	50	0	50	9.7%	9.7%
Ecuador	0	0	0	0	0.0%	0.0%
Mexico	3	1,204	0	1,204	69.3%	69.3%
Peru	3	389	0	389	27.1%	27.1%
Uruguay	1	242	0	242	70.1%	70.1%
USA	0	0	0	0	0.0%	0.0%
Total	55	10,779	550	11,329	60.4%	63.4%

4.4

HEALTH AND SAFETY IN INDUSTRIAL OPERATIONS

Collaborators

Occupational illnesses
by job level

Level	Occupational illnesses
Executives	-
Professional and technical staff	3
Operators	5
Total	8

Occupational illnesses
by business area

Business area	Occupational illnesses
Celulosa	4
Biopackaging	4
Softys	-
Corporate administration	-
Total	8

Note: All reported occupational illnesses correspond to employees in Chile.

Health and safety indicators by country

Country	Accidents with days away from work	Days away from work due to accidents	Days away from work + days of statutory sick pay	Injury frequency rate	Injury Severity rate	Lost-time injury rate	Hours worked
Argentina	15	1,094	1,094	26	1,903	1,903	574,798
Brazil	13	961	6,961	6	3,449	476	2,018,543
Chile	101	3,063	3,138	6	194	190	16,141,814
Colombia	4	100	100	41	1,025	1,025	97,536
Ecuador	-	-	-	-	-	-	47,808
Mexico	21	955	1,180	29	1,607	1,301	734,314
Peru	16	380	380	21	492	492	772,515
Uruguay	1	12	12	15	177	177	67,968
Total	171	6,565	12,865	8	629	321	20,455,296

Health and safety indicators by job level

Level	Accidents with days away from work	Days away from work due to accidents	Days away from work + days of statutory sick pay	Injury frequency rate	Injury Severity rate	Lost-time injury rate	Hours worked
Executives	1	1	1	1	1	1	1,480,993
Professional and technical staff	2	6	6	0	1	1	4,676,747
Operators	168	6,558	12,858	12	899	459	14,297,556
Total	171	6,565	12,865	8	629	321	20,455,296

Health and safety indicators by business area

Business	Accidents with days away from work	Days away from work due to accidents	Days away from work + days of statutory sick pay	Injury frequency rate	Injury Severity rate	Lost-time injury rate	Hours worked
Celulosa	20	975	6,975	2	678	95	10,292,074
Biopackaging	63	1,902	1,902	8	247	247	7,714,885
Softys	87	3,687	3,987	50	2,311	2,137	1,725,344
Corporate administration	1	1	1	1	1	1	722,993
Total	171	6,565	12,865	8	629	321	20,455,296

Contractors

Health and safety indicators by country

Country	Accidents with days away from work	Days away from work due to accidents	Days away from work + days of statutory sick pay	Injury frequency rate	Injury Severity rate	Lost-time injury rate	Hours worked
Argentina	1	22	22	1	14	14	1,557,561
Brazil	11	894	894	1	70	70	12,815,744
Chile	118	4,219	4,219	4	128	128	32,939,135
Colombia	1	60	60	48	2,867	2,867	20,928
Ecuador	-	-	-	-	-	-	5,126
Mexico	12	118	118	204	2,008	2,008	58,752
Peru	3	43	43	45	651	651	66,048
Uruguay	2	18	18	271	2,435	2,435	7,392
Total	148	5,374	5,374	3	113	113	47,470,686

Note: All contractors are operators.

Health and safety indicators by business area

Business	Accidents with days away from work	Days away from work due to accidents	Days away from work + days of statutory sick pay	Injury frequency rate	Injury Severity rate	Lost-time injury rate	Hours worked
Celulosa	77	4,073	4,073	2	96	96	42,614,449
Biopackaging	40	1,042	1,042	9	230	230	4,531,607
Softys	31	259	259	95	798	798	324,630
Corporate administration	-	-	-	-	-	-	-
Total	148	5,374	5,374	3	113	113	47,470,686

4.5 WATER USE AND QUALITY

Water withdrawal by source and business area in m³

Business	Celulosa		Biopackaging		Softys		Total	
	2018	2019	2018	2019	2018	2019	2018	2019
Surface water	170,674,674	171,052,557	6,051,221	6,476,948	11,407,622	10,874,370	188,133,517	188,403,875
Groundwater	764,619	1,652,703	7,497,336	7,334,699	6,065,225	5,646,980	14,327,180	14,634,382
Provided by a third party	442,244	479,656	797,852	843,817	2,169,341	2,179,634	3,409,437	3,503,107
Total	171,881,537	173,184,916	14,346,408	14,655,464	19,642,188	18,700,984	205,870,133	206,541,364

Water discharge by destination in m³

Business	Celulosa		Bioackaging		Softys		Total	
	2018	2019	2018	2019	2018	2019	2018	2019
Surface water	144,759,159	143,328,947	12,630,484	12,516,708	14,857,739	12,644,157	172,247,382	168,489,812
Groundwater	0	0	26,153	6,619	0	0	26,153	6,619
Third parties	279,534	262,650	758,754	817,855	3,008,403	2,884,230	4,046,691	3,964,735
Sea	-	-	-	-	188,661	301,567	188,661	301,567
Total	145,038,693	143,591,597	13,415,391	13,341,182	18,054,803	15,829,954	176,508,887	172,762,732

Water consumption by business area in m³

Business area	2018	2019
Celulosa	26,842,844	29,593,319
Biopackaging	931,018	1,314,283
Softys	1,587,385	2,871,030
Total	29,361,247	33,778,632

4.6 ENERGY GENERATION AND EFFICIENCY

Energy consumption by business area

Energy consumption	Celulosa	Biopackaging	Softys	Corporate administration	Total
Net energy consumption (TJ)	120,353	7,646	12,945	14	140,957
Net energy consumption (GWh)	33,431	2,124	3,596	4	39,155
Net energy consumption (%)	85.4%	5.4%	9.2%	0.01%	100%

Energy consumption by business and fuel type in TJ

Fuel type	Celulosa	Biopackaging	Softys	Corporate administration	Total
Biomass	13,937	297	646	-	14,880
Coal	4,143	-	-	-	4,143
Diesel	1,312	26	10	-	1,348
Natural gas	2,625	1,921	8,303	-	12,849
LNG	129	253	391	-	773
No. 4 fuel oil	7	0	-	-	7
No. 6 fuel oil	4,011	584	4	-	4,598
Kerosene	-	-	3	-	3
Electricity	13,133	2,617	3,260	14	19,024
Black liquor	78,318	-	-	-	78,318
Methanol	600	-	-	-	600
Steam (purchased)	2,138	1,949	327	-	4,414
Total	120,353	7,646	12,945	14	140,957

Electric energy generation and consumption by business area

	Celulosa	Biopackaging	Softys	Corporate administration	Total
Electricity generation (GWh)	3,096	0.8	279	-	3,377
Electricity consumption (GWh)	3,648	727	906	4	5,284
Generation / Consumption	84.9%	0.1%	30.9%	0.0%	63.9%

4.7 GREENHOUSE GAS AND OTHER EMISSIONS

Total corporate office emissions

	2017	2018	2019
Total emissions tCO ₂ e/Year	5,892	6,833	7,346

Annual carbon footprint of industrial operations

	2017	2018	2019
Scope 1 in t CO ₂ e/year	1,834,294	1,891,066	1,948,516
Scope 2 in t CO ₂ e/year	517,463	425,663	439,143
Scope 3 in t CO ₂ e/year	3,757,346	4,213,360	4,314,816
Total t CO₂e/Year	6,109,103	6,530,089	6,702,475

Other emissions by type of pollutant type in metric tons

Type of pollutant	Celulosa		Bioackaging		Softys		Total	
	2018	2019	2018	2019	2018	2019	2018	2019
NOx	7,821	7,691	293	284	121	159	8,235	8,134
SO ₂	871	1,044	628	737	8.7	0.1	1,508	1,781
PM	1,209	898	172	100	175	215	1,556	1,213

4.8 WASTE MANAGEMENT

Waste by type in metric tons

	Celulosa		Bioackaging		Softys		Total	
	2018	2019	2018	2019	2018	2019	2018	2019
Non-hazardous	1,647,177	1,668,966	196,021	186,443	418,191	496,072	2,261,390	2,351,481
Hazardous	2,359	2,048	516	315	709	1,014	3,583	3,378
Total	1,649,536	1,671,015	196,537	186,758	418,900	497,086	2,264,973	2,354,858

Non-hazardous waste by treatment method in metric tons

	Treatment method	Celulosa		Bioackaging		Softys		Total	
		2018	2019	2018	2019	2018	2019	2018	2019
Recovery	Reuse	0	0	342	633	431	724	773	1,357
	Recycling	132,630	76,140	20,885	30,506	36,096	63,001	189,612	169,647
	Composting and biological decomposition	464,728	556,010	59,281	61,602	25,390	18,479	549,399	636,091
	Energy generation	812,126	929,422	35,665	34,377	0	2,815	847,791	966,613
	Sub-total	1,409,484	1,561,572	116,174	127,118	61,917	85,019	1,587,575	1,773,708
Disposal	Final disposal	237,694	107,394	79,848	59,325	356,274	411,053	673,815	577,772
	Total	1,647,177	1,668,966	196,021	186,443	418,191	496,072	2,261,390	2,351,481

Note 1: In 2019, Brazil introduced a new environmental regulation which necessitated the recategorization of some of the Guaiba pulp mill's waste as byproducts, which previously had been considered waste for recycling. That is why there can be observed a 43% decrease in the waste reported by CMPC Celulosa.

Note 2: The composting and biological decomposition method is an agglomeration of a variety of treatments that reincorporate carbon and other nutrients into the lifecycle.

Note 3: CMPC Celulosa considers reused waste as recycling.

CHAPTER 5

Certifications

Quality management system, ISO 9001

Pulp	Brazil Chile	<ul style="list-style-type: none"> Guaiba Laja, Pacifico, Santa Fe
Biopackaging	Chile Chile Peru Chile	<ul style="list-style-type: none"> Boxboard Maule and Valdivia Sack Kraft Sack Kraft Pulpa, Papeles and Fibras facilities

Occupational Health and Safety Management System, OHSAS 18001

Forestry	Chile	<ul style="list-style-type: none"> Forestal Mininco
Pulp	Chile	<ul style="list-style-type: none"> Laja, Pacifico y Santa Fe
Maderas	Chile	<ul style="list-style-type: none"> Plywood; Coronel and Los Angeles millwork facilities; Mulchen, Nacimiento and Bucalemu sawmills
Biopackaging	Chile	<ul style="list-style-type: none"> Boxboard, Sack Kraft, papers and Fibras facilities
Softys	Chile Peru Mexico Argentina Uruguay Colombia Ecuador	<ul style="list-style-type: none"> Talagante and Puente Alto Santa Anita Altamira Zarate Pando Cali and Ganchancipa Guayaquil

Food Safety Management ISEGA and ISO 22001

ISEGA certification coverage

Pulp	Brazil Chile	<ul style="list-style-type: none"> Guaiba Laja, Pacifico and Santa Fe
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ISO 22001 certification coverage

Biopackaging	Chile Peru Argentina	<ul style="list-style-type: none"> Sack Kraft, Molded pulp and Fibras facilities Sack Kraft Sack Kraft
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Environmental Management System, ISO 14001

Forestry	Argentina	<ul style="list-style-type: none"> Bosques del Plata
Pulp	Brazil Chile	<ul style="list-style-type: none"> Guaiba Laja, Pacifico and Santa Fe
Biopackaging	Chile	<ul style="list-style-type: none"> Boxboard, papers and Fibras facilities
Softys	Chile Mexico Peru Argentina Colombia Ecuador Uruguay	<ul style="list-style-type: none"> Talagante and Puente Alto Altamira Santa Anita Zarate Cali and Ganchancipa Guayaquil Pando



Energy Management System, ISO 50001






Pulp	Chile	<ul style="list-style-type: none"> Laja, Pacifico and Santa Fe
Maderas	Chile	<ul style="list-style-type: none"> Mulchen, Coronel, Los Angeles
Biopackaging	Chile	<ul style="list-style-type: none"> Sack Kraft Chillan
Softys	Chile Peru Uruguay	<ul style="list-style-type: none"> Talagante and Puente Alto Santa Anita Pando

9.3 TABLE OF CMPC HOLDINGS



CMPC holdings

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	CMPC Inversiones de Argentina S.A.	Involvement in financial activities, independently or on behalf of third parties and their associates.	A private limited company. Established by deed dated June 29th, 1992, Argentina. CUIT 30-65451689-4	51,661	(2,582)	100.00	Juan La Selva De Lisio	Juan La Selva De Lisio	Paula Jimena Cecchini
	Forestal Bosques del Plata S.A.	Agricultural forestation and livestock use of real estate holdings. Purchase and sale of real estate, urban or rural. Industrial exploitation of wood, its serrated fractionation, conditioning and conservation.	A private limited company. Established by public deed on August 30th, 1993 and registered at the Argentina Inspector General for Justice on September 23, 1993, under the name Proyectos Australes S.A. The Company Name was changed to Forestal Bosques del Plata S.A. by a decision reached at the Extraordinary General Meeting of Shareholders on January 2, 2001, recorded in a public deed dated May 9, 2001 and registered at the Inspector General for Justice on May 22, 2001, Argentina.	162,771	(32,356)	99.9	Raúl Vicente Pezzutti	Juan La Selva De Lisio	Paula Jimena Cecchini
	Forestal Timbauva S.A.	Involvement in financial activities, independently or on behalf of third parties and their associates.	"A private company. Established by public deed on August 5, 2011 and registered at the Argentine Inspector General for Justice on August 17, 2011. Tax ID number CUIT currently being processed at AFIP."	158,655	(31,573)	99.9	Raúl Vicente Pezzutti	Juan La Selva De Lisio	Paula Jimena Cecchini
	Naschel S.A.	Printing of rolls of paper, polyethylene and polypropylene.	A private company. The social statute was approved by Decree of the National Executive Power on November 24th, 1955, granting legal status, transcribed in the definitive public deed dated January 23 rd , 1956, before the notary public Weinich Waisman, in Buenos Aires, Argentina, and later modified by division and reduction of capital by means of a deed dated January 2th, 1996, before the notary don Raúl Félix Vega Olmos, Buenos Aires, Argentina. CUIT 30-50164543-1	494	19	100.00	Juan La Selva De Lisio	Juan La Selva De Lisio	Paula Jimena Cecchini
	Fabi Bolsas Industriales S.A.	Manufacture of paper and cardboard bags.	A private company. Established by public deed on January 2, 1996, before the Notary Public Raul Felix Vega O., Buenos Aires, Argentina.	8,019	(1,155)	100.00	Adrian Saj	Juan La Selva De Lisio	Paula Jimena Cecchini
	La Papelera del Plata S.A.	The manufacture, industrialization, production and marketing of all kinds of paper, boxes, cardboard, products and byproducts thereof in all their forms. Forestry and timber exploitation, industrialization and marketing of their products.	A private company. Approved by the Executive Power of the Province of Buenos Aires on September 2, 1929, Argentina. CUIT 30-50103667-2	63,820	(3,166)	99.9	Juan La Selva De Lisio	Juan La Selva De Lisio	Alfredo Bustos Azócar Paula Jimena Cecchini

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Melhoramentos CMPC Ltda.	The manufacture and/or conversion of hygiene products, diapers, towels, napkins, handkerchiefs, facial wipes and other tissue products and the like, finished or semi-finished. The sale, import, export, scheduling, distribution, representation and marketing, both independently and on behalf of third parties, of the products listed, as well as spare parts, raw materials and equipment. The manufacture, production, processing and marketing in any of its forms of pulp and its derivatives.	A private limited company established and registered on August 29, 1974 under the N° 35.200.929.860 at the Trade Board of the State of São Paulo, Brazil; under the name dde K.C. do Brazil Ltda. The Company Name was changed on September 22, 1994, to Melhoramentos Papéis Ltda. During the June 01, 2009 meeting, control of the company was transferred to CMPC Participações Ltda., which was incorporated into Melhoramentos Papeis in March of 2010. In October 2019, capital was increased by R\$ 360.000,00. CNPJ 44.145.845/ 0001-40	552,984	(18,502)	100.00	Luis Delfim de Oliveira	Gonzalo Darraidou Díaz	Felipe Arancibia Silva Cristóbal Somarriva Quezada
	CMPC Celulose Riograndense Ltda.	Forestation and reforestation; industrialization and trade location of forest products, pulp, paper and their by-products; the exploration of renewable energy sources; the exercise of industrial, commercial and agricultural activities in general; production, purchase, sale, import, export and marketing of products made and derived from paper, cosmetics and hygiene products for adults and children, utensils and containers for daily use; the operation of the port terminal, participation in other companies and businesses as partner, shareholder or member of the consortium, including investment in industry, trade and other areas of the economy.	"A company established on 10/15/2009, whose social contract is archived at the Trade Board of Rio Grande do Sul under the number 43.206.502.899, at the 10/19/2009 meeting under the name of CMPC Celulosa do Brazil Ltda. The Company Name was modified on 6/12/2010 to CMPC Celulose Riograndense Ltda., record of which was filed on 07/20/2010 at the Trade Board of Rio Grande do Sul under the number 3332804. After consecutive alterations in the share capital, the modification number 4754659 dated 05/21/2018 changed the General Director and the Administrative Director. The last modification to the Social Contract was presented under number 5233077 dated 12/20/2019."	2,514,072	187,138	100.00		Mauricio Harger	Juan Pablo Damián Errázuriz Guzmán
	CMPC Riograndense Ltda.	The production, purchase, sale, import, export and marketing of products made and derived from paper, cosmetics and hygiene products for adults and children, utensils and containers for daily use; forestation and reforestation; the industrialization and marketing of forest products and pulp; the exploration of renewable energy sources; the exercise of industrial, commercial and agricultural activities in general; participation in other companies and entrepreneurs as a partner, shareholder or member of the consortium, including investment in the industry, trade and other areas of the economy.	A established founded on March 5th, 1999 with its social contract filed at the TradeBoard of São Paulo under the number 35.215.672.118 at the November 5th, 1999 session under the name of Boise Cascade do Brazil Ltda. The headquarters of the Company was modified on January 9th, 2000 to Rio Grande do Sul, at the July 23rd, 2008 session under the number 43.204.523.520. The Company Name was modified on July 23rd, 2008 to Aracruz Riograndense Ltda., the record filed at the Trade Board of Rio Grande do Sul under the number 3005323. Finally, the Company Name was changed to CMPC Riograndense Ltda. during the January 20th, 2010 session under the number 352959. The last Social Contract modification presented with the number 4823934 on August, 2018.	24,326	(669)	100.00		Mauricio Harger	Juan Pablo Damián Errázuriz Guzmán

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Guaiba Administração Florestal Ltda.	A management company for the sole purpose of objectives, research and management.	A company established on October 22nd, 2009, with registered constituent record at the State of Commerce of Rio Grande do Sul - JUCERGS, numbered 43206511251, dated October 29th, 2009, and the last Social Contract modification presented with the number 4827456 on August, 2018. CNPJ: 11.308.600/0001-38	64,166	(1,149)	100.00		Mauricio Harger	Juan Pablo Damián Errázuriz Guzmán
	SEPAC - Serrados e Pasta e Celulose Ltda.	Manufacturing and/or conversion of processed and semiprocessed personal care products, diapers, paper towels, paper napkins, disposable tissue papers, facil tissue, and other tissue and other similar products. Direct and/or third-party purchase, sale, import, export, consignmnet, distribution, representation and commercialization of the previously named products, as well as spare parts, raw materials and other inputs. Manufacturing, production, transformation and distribution of pulp and its derivatives in any form.	Limited liability company incorporated and registered on October 10th, 1974 under No. 41201663639 of the Commercial Registry of the State of Parana, Brazil. Capital of BRL 360,845.00 billion. CNPJ (tax ID): 75.655.720/0001-94.	91,359	4,839	100.00	Renato Tyski Zapszalka	Gonzalo Darraidou Díaz	Felipe Arancibia Silva Cristóbal Somarriva Quezada
	CMPC Investments Ltd.	Financial investment activities for holdings and subsidiaries.	A private limited company. Established in Guernsey, The Channel Islands, England, May 28th, 1991. Registry office P.O. Box 58, St. Julian Court St. Peter Port.	54,740	(26)	100.00	Currently in the process of Voluntary Liquidation. Sequence has been a liquidator since December, 2015.		
	Inversiones CMPC S.A.	Foreign and domestic investment in all moveable intangible goods and, in particular, participation as a shareholder in any kind of association and investment, domestic or foreign, in immovable goods.	A private limited company. Established as N° 672 on the Securities Register. Registered by public deed on January 2nd, 1991, before the Santiago Notary Public, Ruben Galecio G. R.U.T. 96.596.540-8	5,435,137	67,790	100.00	Ignacio Goldsack Trebilcock	Francisco Ruiz-Tagle Edwards	Rafael Cox Montt Guillermo Turner Olea José Antonio Correa García Rodrigo Hetz Pincheira
	Inmobiliaria Pinares SpA	The acquisition of land, its subdivision, allotment and urbanization, the construction of council housing, whether independently or on behalf of others, and the disposal of such properties.	"Stock company. Registered by public deed as a limited liability company on April 29th, 1990, before the Notary Public of Concepcion, Mr. Humberto Faundez R. Changed to closed stock company by public deed on December 20th, 2000 before the acting Notary Public of Concepcion Mr. Walter Otarola A., and the summary was filed on January 24th, 2001. This company was transformed into a stock company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 19, 2018, which was reduced to a public deed in the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 21, 2019. R.U.T 78.000.190-9"	1,615	70	100.00	Alejandro Araya Yañez	Does not have a Board.	Does not have a Board.

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	CMPC Celulosa S.A.	The practice of all forms of investment in all types of goods whether tangible or intangible, immovable or moveable, transferrable securities or negotiable instruments, held in stocks, bonds and debentures, rights, investments in mutual funds or participation in any kind of society or association, with the power to enter into any kind of act or contract in Chile or abroad that would lead to the fulfilment of such objectives, including even the power to buy or acquire other companies in any form, whether currently in existence or to be founded in the future or participate in the establishment of the same, manage them and enjoy the profits thereof; and ii) the provision of any kind of remunerated service, advisory or consultancy, in management, logistics or any other support area.	"A private limited company. Established by public deed on May 16th, 2016 before Notary Public Eduardo Diez Morello, as CMPC Sur S.A. On August 29, 2016, in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting before the Santiago notary, Mr. Eduardo Diez Morello, were reduced to a public deed, where it was agreed to change the company name to "CMPC Celulosa S.A.". The extract of said deed was published in the Official Gazette on September 22, 2016. R.U.T. 76.600.628-0"	5,421,069	95,677	100.00	José Jaime Argüelles Alvarez	Luis Felipe Gazitúa Achondo	Francisco Ruiz-Tagle Edwards Osvaldo Burgos Schirmer Bernardo Matte Izquierdo Jorge Matte Capdevila Jorge Larrain Matte Patricio de Solminihac Tampier
	CMPC Papeles S.A.	The manufacture, import, export and general marketing of paper in all its various forms.	A private limited company. Established by public deed on April 20, 1988, before Notary Public Enrique Morgan T. The extract was published in the Official Gazette on May 4, 1988, under the trade name CMPC Capital de Riesgo S.A.. On July 7, 1998, the Extraordinary General Meeting of Shareholders was registered by the Notary Public Raul I. Perry P., in which it was agreed to change the trade name to "CMPC Papeles S.A.". The extract of the aforementioned deed was published in the Official Gazette on July 14, 1998. R.U.T. 79.818.600-0	1,024,485	3,577	100.00	Jorge Navarrete	Luis Felipe Gazitúa Achondo	Washington Williamson Benaprés Bernardo Matte Izquierdo Francisco Ruiz-Tagle Edwards Jorge Matte Capdevila Vivianne Blanlot Soza Andrés Echeverría Salas
	CMPC Tissue S.A.	The manufacture and/or transformation of sanitized products, diapers, towels, servillettes, facial towels and tissues, and other products made of tissue or similar material, finished or semifinished.	A private limited company. Established by public deed on February 24, 1988, before Notary Public of Santiago Mr. Sergio Rodríguez G., under the name "Forestal e Industrial Santa Fe S.A." On January 6, 1998, the Seventh Extraordinary General Meeting of Shareholders of the company agreed to change the trade name to "CMPC Tissue S.A." which was registered/legalized by public deed on January 27, 1998 before the Notary Public of Santiago, Mr. Raul I. Perry P.	1,016,782	(21,113)	100.00	Gonzalo Hernán Darraidou Diaz	Luis Felipe Gazitúa Achondo	Francisco Ruiz-Tagle Edwards Bernardo Matte Izquierdo Jorge Larrain Matte Pablo Turner González Jorge Matte Capdevila Verónica Edwards Guzmán

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	CMPC Pulp SpA	a) The production, marketing, import and export of pulp, paper and their derivatives in all their various forms, as well as any other operations associated with this objective b) the purchase and sale of wood in any state, including standing forests c) and owning shares or investing in companies whose objective encompasses the aforementioned activities. d) the purchase and sale of power and electric power.	"Stock company. Established by public deed on March 31, 1988 before the Notary Public of Santiago, Mr. Enrique Morgan T., under the name ""Celulosa del Pacifico S.A."" On December 31, 1998, the Extraordinary General Meeting of Shareholders of the company agreed to change the trade name to ""CMPC Celulosa S.A."" The extract from said deed was published in the Official Gazette on January 22, 1999. On August 29, 2016, the minutes of the Extraordinary Shareholders Meeting before the notary Eduardo Diez Morello, where it was agreed to change the company name to ""CMPC Pulp S.A."" is reduced to a public deed. The extract of said deed was published in the Official Gazette on September 22, 2016. This company was transformed into a stock company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 21, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 24, 2019. R.U.T. 96.532.330-9"	2,899,338	18,919	100.00	José Jaime Argüelles Alvarez	Does not have a Board.	Does not have a Board.
	Forestal Mininco SpA	Forestation and reforestation, on company or third party property; the purchase and sale of land, forests, wood, seeds, plants and other similar products; the marketing, export and import of wood products and their derivatives; and the provision of forestry, management and other services.	"Stock company. Established by public deed on July 22, 1949 before the Valparaiso Notary Public Ernesto Cuadra M. modified by deed registered on September 20, 1949 before the same notary. Authorized by State Department Decree No. 8044 dated October 20, 1949. This company was transformed into a stock company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 21, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 26, 2019. R.U.T. 91.440.000-7"	2,723,532	(92,121)	99.9	Eduardo Hernández Fernández	Does not have a Board.	Does not have a Board.

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	CMPC Maderas SpA	The exploitation of the sawmill industry, the marketing, export and import of forestry products, and the implementation of any kind of operation relating to forestry; the provision of forestry, management and other services; offer, hire, let or sublet any kind of goods, whether fixed or mobile.	"Stock company. Established by public deed on October 28, 1983 before the Santiago Notary Public Enrique Morgan T. On November 27, 2000 a public deed was registered by the same notary for the Extraordinary Meeting of Shareholders during which the Company Name was changed to "CMPC Maderas SA." The summary of this deed was published in the Official Journal dated December 2, 2000. This company was transformed into a stock company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 21, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 26, 2019. R.U.T. 95.304.000-K"	342,078	9,740	100.00	Eduardo Hernández Fernández	Does not have a Board.	Does not have a Board.
	Cooperativa Agrícola y Forestal el Proboste Ltda.	Perform on behalf of its associates the administration, operation and maintenance of the Proboste and Galumavida estates located in the district of Empedrado and Chanco, Constitucion, especially in terms of carrying out the work of care, forestation and pine forest or other forest species located on the aforementioned properties.	A limited liability company. Authorized by the Ministry of Agriculture's Supreme Decree No. 971 on October 17th, 1958. The statutes in effect since April 28th, 1990, were modified and approved at the General Meeting of Shareholders, this act was registered by public deed dated April 6th, 2004 at the Santiago Notary Public René Benavente Cash, summary of this deed was registered in 2004 with the Register of Commerce of the Real Estate Property Registry of Santiago and was published in the Official Journal dated April 17th, 2004. The Department of Cooperatives from the Ministry of Economy, Development and Reconstruction issued certificate No. 529 dated March 31th, 2004, which leaves a record of the minutes of the General Meeting and the company's statutes amendment. R.U.T 70.029.300-9	7,278	(472)	75.9	Currently in liquidation process. Its administration falls to a liquidation board made up of Victor Fuentes, Hernan Fournies and Fernando Quezada.		
	Bioenergías Forestales SpA	(a) Production, transport, distribution, supply and distribution of energy. (b) Management and operation of energy generating stations. (c) Provision of services and performance of any activity associated with the energy industry. d) Develop projects under the Kyoto agreement or other agreements; e) Buy and sell certified reductions in greenhouse gas emissions, and f) participate in companies.	"Stock company. Company established by public deed dated November 22nd, 2011 before the Santiago Notary Public Raúl Iván Pérez P. This company was transformed into a stock company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 19, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 24, 2019. R.U.T. 76.188.197-3"	1,980	1,636	100.00	Enrique Edgardo Donoso Moscoso	Does not have a Board.	Does not have a Board.

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Inmobiliaria y Constructora San Roque SpA	a) The purchase, sale, rental, temporary stoppage and in general the exploitation of any kind of urban or rural real estate b) the construction whether directly or via third parties of any kind of real estate and c) in general, the performance of any kind of act and entrance into all types of contracts that might be necessary for the fulfilment of the goal of the company or to run its business operations.	"Stock company. A private company established by public deed dated November 4th, 2014 before the Santiago Notary Public Eduardo Diez Morello. This company was transformed into a stock company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 19, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 24, 2019. R.U.T. 76.395.604-0"	7,378	(1,133)	99.9	Pablo Smith Torres	Does not have a Board.	Does not have a Board.
	Cartulinas CMPC SpA	The production, export, import and sale of paper or paper products and their derivatives, forestry activities, the exploitation of forests, the acquisition or disposal of any deeds to agricultural property and the sale of wood; to this end, to carry out the activities, perform all the investments or business practices and subscribe to all contracts that may be deemed necessary.	Stock company. Established by public deed on April 27th, 1995, before the Santiago Notary Public Raul Perry P. The summary was published in the Official Journal on May 16th, 1995 and registered with the Registry of Commerce of Puente Alto on May 22nd, 1995 in FS. 41 No. 41 by the name "CMPC PAPELES S.A.". On June 24th, 1998, before the same notary, the Extraordinary General Meeting of Shareholders, during which the company name was changed to "CARTULINAS CMPC S.A." was registered by Public Deed. This company was transformed into a Stock Company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 19, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 24, 2019. R.U.T 96.731.890-6	596,400	9,155	100.00	Francisco García-Huidobro Morandé	Does not have a Board.	Does not have a Board.
	Papeles Cordillera SpA*	Manufacturing, export, import and distribution of paper, paper products and its derivatives, forestry activities in any form and investment in company resources, related to any of the indicated activities.	Stock company. Established by public deed on March 9th, 1998 before Santiago Notary Public Gonzalo de la Cuadra F. Registered in the Registry of Commerce on March 13th 1998, in FS. 5993 NO. 4812. R.U.T 96.853.150-6	196.633	(734)	100,00	Carlos Eduardo Cepeda Oettinger	Does not have a Board.	Does not have a Board.

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Forsac SpA	The manufacture of paper products and materials for packing, wrapping and other purposes, and articles related to paper, as well as the purchase, sale, import or export of the aforementioned, or similar, products.	<p>"Stock company. On January 21st, 2010, the Company Name change dated October 4th, 1989, was approved before the Santiago Notary Public Aliro Veloso M, under the name Forestal Angol Ltda. By means of public deed dated April 3rd, 1998, before the Santiago Notary Public Jaime Morandé, the company name and its business were changed to Papeles Angol S.A. dated May 5th, 1998, the First Extraordinary General Meeting of Shareholders, after absorbing PROPA S.A. R.U.T 79.943.600-0. At PROPA's Fifth Extraordinary Meeting of Shareholders on January 21st, 2010, the Company Name change to ""FORSAC S.A."" was approved and registered by public deed on March 10th, 2010 before Notary Public Raul Ivan Perry Pefaur.</p> <p>This company was transformed into a stock company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 19, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 24, 2019. R.U.T. 79.943.600-0"</p>	37.677	(4.161)	100,00	Fernando José Hasenberg Larios	Does not have a Board.	Does not have a Board.
	Empresa Distribuidora de Papeles y Cartones SpA (Edipac)	The purchase, sale, consignment, marketing and distribution, whether for the company itself or for third parties, of paper, cardboard and other products derived from pulp and paper.	<p>"Stock company. Established by public deed on December 24th, 1981, before the Santiago Notary Public Jorge Zañartu S. as a limited liability company. On October 25, 1993, the resolutions adopted at the Extraordinary Shareholders' Meeting in which the transformation to a Closed Company was recorded were reduced to a public deed. The extract of said deed was published in the Official Gazette on November 8, 1993.</p> <p>This company was transformed into a stock company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 21, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 24, 2019. R.U.T. 88.566.900-K."</p>	16,023	1,320	100.00	Nicolás Sergio Moreno López	Does not have a Board.	Does not have a Board.

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Envases Impresos SpA	The production of printed and watermarked corrugated cardboard boxes.	"Stock company. Incorporated by public deed dated December 28, 1982, before the notary of Santiago, Don Patricio Zaldivar Mackenna as a limited liability company. On October 25, 1993, the agreements adopted at the Extraordinary Shareholders Meeting in which the transformation of the company into a Public Limited Company was recorded in a public deed in the Santiago Notary Public Office of Don Raúl Perry Pefaur. The extract from said deed was published in the Official Gazette on November 8, 1993. This company was transformed into a Stock Company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 21, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 24, 2019. R.U.T. 89.201.400-0."	96,782	(2,244)	100.00	Carlos Eduardo Cepeda Oettinger	Does not have a Board.	Does not have a Board.
	Chilena de Moldeados SpA (Chimolsa)	Manufacturing and selling wholesale and retail the manufacture and wholesale/retail sale of export fruit trays, trays and cartons for eggs and other products; in general, molded packaging of different types, sizes, and styles; the import, export, purchase and sale of these same items.	Stock company. Established by public deed on March 31st, 1976, before the Santiago Notary Public Enrique Zaldivar D. This company was transformed into a Stock Company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 19, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 24, 2019. R.U.T. 93.658.000-9	36,033	1,859	100.00	Carlos Eduardo Cepeda Oettinger	Does not have a Board.	Does not have a Board.
	Sociedad Recuperadora de Papel SpA (Sorepa)	The recovery of paper and cardboard and the sale and purchase of new or used paper, the export and import thereof and the recovery of metals, aluminum and bottles.	"Stock company. Incorporated by public deed dated October 1, 1979, before the Santiago notary Don Patricio Zaldivar M. as a limited liability company. On June 30, 1993, the resolutions adopted at the Extraordinary Shareholders' Meeting in which the transformation of the company into a limited company was reduced to a public deed before the Santiago Notary Public of Santiago, Raul Perry Pefaur. The extract from said deed was published in the Official Gazette on July 8, 1993. This company was transformed into a stock company in accordance with the agreements adopted at the Extraordinary Shareholders' Meeting held on December 19, 2018, which was reduced to a public deed by the Notary of Santiago of Raul Undurraga Laso on December 28 of 2018. The extract of said deed was published in the Official Gazette on January 25, 2019. R.U.T. 86.359.300-K."	20,232	512	100.00	Bernardo José Serrano Reyes	Does not have a Board.	Does not have a Board.

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Inversiones Protisa SpA	The realization of all types of investments, in particular the buying and selling of shares or debt, operations on the capital market and application of their resources to all types of financial businesses related to their own.	Stock company. Established by public deed on March 4th, 1998, before the Santiago Notary Public Gonzalo de la Cuadra F. R.U.T 96.859.760-5	274,562	12,672	100.00	Gonzalo Hernán Darraidou Díaz	Does not have a Board.	Does not have a Board.
	CMPC Papeles Tissue S.A.	The realization of all types of investments in all kinds of goods, and all acts and contracts in Chile or abroad conducive to the fulfilment of this objective.	Stock company. Established by public deed on November 26th, 2018.	14,367	(443)	100.00			Francisco Ruiz-Tagle Edwards Rafael Cox Montt Ignacio Goldsack Trebilcock
	CMPC Papeles Forestal S.A.	The realization of all types of investments in all kinds of goods, and all acts and contracts in Chile or abroad conducive to the fulfilment of this objective.	Stock company. Established by public deed on November 26th, 2018.	8,125	(275)	100.00			Francisco Ruiz-Tagle Edwards Rafael Cox Montt Ignacio Goldsack Trebilcock
	Drypers Andina S.A.	The production, import, marketing, advertising, sale and export of disposable baby diapers and other related consumer products.	A limited private company. Established by public deed number 0000374 before Notary number 49 in Bogota on February 16th, 1999. The legal entity Drypers Andina & Cias S.C.A. was formed. It was agreed to change the limited joint-stock partnership to a private company by way of public deed No 0001598 before Notary 15 in Cali on September 7th, 2001. RUC 817.002.753-0	22,113	(3,792)	100.00	Andrés Ortega		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada
	Protisa Colombia S.A.	The production, import, marketing, advertising, sale and export of disposable diapers for babies, paper products, health products, including but not limited to diapers, toilet paper, paper towels, napkins, general health products (diapers adult, feminine pads, towelettes, protectors, etc.) and other related consumer products.	"A limited private company. Established by public deed number 0002539 before Notary 16 in Bogota on October 28th, 2008. The legal entity Protisa Colombia S.A. was formed. RUC 900.251.415-4"	64,888	(960)	100.00	Andrés Ortega		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada
	Productos Tissue del Ecuador S.A.	The manufacture, processing, sales and any form of marketing for all types of paper, including but not limited to: napkins, paper towels, paper tablecloths, disposable paper towels, and in general all types or forms of paper or paperbased products for which paper is a primary or secondary material.	A private limited company. Established by public deed on April 24th, 2007, before Notary Forty of the Metropolitan District of Quito. RUC 1792083354001	22,580	(5,120)	100.00	José Luis Aravena Aguirre		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada


Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	CMPC USA Inc.	Marketing and distribution of forest products, wood, cellulose, cardboard and multiply paper bags; as well as any operation approved by the Board that is related to forest products, included in the Georgia Business Corporations Code.	Corporation incorporated on January 9, 2002, pursuant to the Georgia Business Corporations Code, under the laws of the State of Georgia, USA.	18,314	7,920	100.00	Ryan Wolters	Juan Francisco Mizgier Rojas	Juan Pablo Pereira Sutil Ignacio Goldsack Trebilcock Francisco García-Huidobro Morandé Eduardo Hernández Fernández Jose Antonio Correa García Raimundo Varela Labbé Pablo Navarrete Saffie Vinicius Balogh Tanaka
	CMPC Europe Ltd.	The promotion and distribution of pulp and wood products.	Established on January 7th, 1991 under registration No. 2568391 of London, England.	113	(77)	99.9	Kiran Dhanani	Guillermo Mullins Lagos	
	Inversiones CMPC Cayman Ltd.	The realization of all types of commercial and financial investments and participation, in particular, as shareholder in all kinds of companies.	A private company established under the laws of Cayman Islands, according to record N° 77890 dated November 21st, 1997, before the Cayman Island's Companies Registry.	496,691	(29)	100.00		Ignacio Goldsack Trebilcock	Rafael Cox Montt Andrés Parker Parada
	Grupo ABS Internacional S.A. de C.V.	Participation in the creation of or investment in other civil or commercial companies, both domestic and foreign. The acquisition, import, export and marketing of all kinds of raw materials, parts and components to comply with its corporate objective.	A Variable Capital Company. Established by public deed policy number 1,802, on October 31st, 1997, before Francisco Javier Lozano Medina, Public Broker No. 19, in the city of Monterrey, Nuevo Leon, Mexico. RFC.- GAI971031RD7.	244,016	7,935	100.00	François Xavier Bouyra	Gonzalo Darraidou Díaz	Alfredo Bustos Azócar (Member in process of change) Hernán Rodríguez Wilson (Member in process of change) Rafael Cox Montt (Secretary in the process of change) Rafael Schmidt (Member in process of change)
	Absormex S.A. de C.V.	Manufacture of absorbent hygiene items. The acquisition, sale, import and export of all types of equipment and materials related to company business. Representation in the Mexican Republic or abroad as agent, broker, intermediary, factor, representative and/or consignee/agent for all types of companies and entities.	A Variable Capital Company. Established by public deed policy number 3,532, on November 19th, 1981 before Mario Leija Arzave, Notary Public No. 25, in the city of Monterrey, Nuevo Leon, Mexico. Changed from Private Company to Variable Capital Company via public deed 1,582 dated May 12th, 1982 before Abelardo Benito Rdz de León, Notary Public N° 13 RFC.- ABS811125L52.	4,010	223	100.00	François Xavier Bouyra	Gonzalo Darraidou Díaz	Rafael Schmidt (Member in process of change) Hernán Rodríguez Wilson (Member in process of change) Rafael Cox Montt (Secretary in the process of change)
	Convertidora de Productos Higiénicos S.A. de C.V.	The manufacture of all types of hygienic products, as well as, the import, export and marketing of all sorts of products, independently or on behalf of third parties.	A Variable Capital Company. Established by public deed policy number 4,131, on December 1st, 1992, before Fernando Treviño Lozano, Notary Public No. 55, in the city of Monterrey, Nuevo León, Mexico. RFC.- CPH921201LE6.	(2,191)	68	100.00	François Xavier Bouyra	Humberto Narro Flores (Member in process of change)	Rafael Schmidt (Member in process of change) Alfredo Bustos Azócar (Member in process of change) Rafael Cox Montt (Secretary in the process of change)

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Convertidora CMPC México S.A. de C.V.	The manufacture of all types of hygienic products, as well as, the import, export and marketing of all sorts of products, independently or on behalf of third parties.	A Variable Capital Company. Established by public deed policy number 12,568 on December 28th, 2012, before the Licentiate Carlos Montano Pedraza, Notary Public N°130, in the city of Monterrey, Nuevo Leon, Mexico. RFCCM1212191KA.	2,549	(24)	100,00	François Xavier Bouyra	Humberto Narro Flores (Member in process of change)	Rafael Schmidt (Member in process of change) Alfredo Bustos Azócar (Member in process of change) Rafael Cox Montt (Secretary in the process of change)
	Absormex CMPC Tissue S.A. de C.V.	"Manufacturing, conversion, export, import and marketing of hygienic products. Import, export and sale of all kinds of raw materials, parts and components required to comply with the social object. The representation or agent of all types of commercial and industrial companies and intervention in the sale and marketing of their corporate purpose."	A Variable Capital Company. Established by public deed policy number 1,552, on July 17th, 1997 before Francisco Javier Lozano Medina, Public Broker No. 19, in the City of Monterrey, Nuevo Leon, Mexico. RFC.- IPG970717QU9.	244,531	7,741	100,00	François Xavier Bouyra	Gonzalo Darraidou Díaz	Rafael Cox Montt (Secretary in the process of change) Alfredo Bustos Azócar (Member in process of change) Hernán Rodríguez Wilson (Member in process of change)
	Forsac México S.A. de C.V.	Purchase, sale, production and marketing of goods and products, including those related to the paper, wood and other forestry industries.	A commercial company, established on January 10th, 2008, in accordance with Mexican laws.	32,291	(1,681)	100,00	Francisco Javier Barrera González	Luis Llanos Collado	Cristian Barrera Almazán Rolf Zehnder Marchant
	CMPC Maderas México S.A. de C.V.	The Company purpose is the "purchase, sale, production, exchange, distribution, promotion and marketing of all kinds of goods and products, including, but not limited to declarative form, all goods and products related to the forest industry".	"The Company CMPC Woods Mexico was established on November 22nd, 2016, before Notary Public Vallarta and Associates."	1,408	288	100,00		Fernando José Hasenberg Larios	Juan Pablo Pereira Sutil Raimundo Varela Labbé José Ignacio Goldsack Trebilcock Rafael Cox Montt
	CMPC Tissue Perú S.A.C.	A holding company for the purpose of structuring capital expenditure and other investments.	Private limited company. "Tissue Cayman LTD" was redomiciled in Peru and renamed "CMPC Tissue Perú S.A.C. by public deed before notary public Eduardo Laos de Lama dated Decemer 27, 2018. RUC (Peruvian tax ID): 20604661197.			100,00	Ricardo José Venegas Padilla	In accordance with the bylaws, this company does not have a Board.	
	Propa Perú S.A.C.	The realization of all types of commercial and financial investments and participation, in particular, as shareholder in all kinds of companies.	Private company established under the laws of Cayman Islands, according to record N° 92447 dated September 9th, 1999, before the Cayman Island's Companies Registry.	40,395	1,674	100,00		Gonzalo Darraidou Díaz	Felipe Arancibia Silva Cristóbal Somarriva Quezada
	Productos Tissue del Perú S.A.	Manufacturing, industrialization and development of all types of papers, cartons, cardboards, products and their by-products in all their forms. Forestry and wood harvesting, and the industrialization and commercialization of their products.	"A private limited company. Established by deed on July 21st, 1995, before the Notary Public Gustavo Correa M., Lima - Peru. This produced a division of the patrimonial block Forsac Peru S.A. according to record dated October 1, 2002. RUC. 20266352337"	182,834	16,813	100,00	Ricardo José Venegas Padilla		

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Forsac Perú S.A.	Manufacturing and provision of manufacturing services for multiply paper sacks.	"A private company. Established by public deed on June 5th, 1996, under the name Fabi Peru S.A., before Notary Public Gustavo Correa M., Lima, Peru. The Company merged with Forsac Peru S.A. and absorbed the latter, also changing its name Fabi Peru S.A. to ""Forsac Perú S.A.". This fusion was established by public deed on December 1st, 2000, before Notary Public Gustavo Correa M., Lima, Peru. This produced a division from patrimonial block Forsac Peru S.A. according to records dated October 1st, 2002. On April 17, 2019, the agreements adopted at the General Shareholders' Meeting held on March 14, 2019, in which the transformation of the company to be reduced to public deed before the Lima Notary Public of Lima, Don Eduardo Laos de Lama Closed Corporation without Directory."	35,378	1,676	100.00	Eduardo Nicolás Patow Nerny	Does not have a Board.	Does not have a Board.
	Softys Arequipa S.A.C.	Manufacturing, industrialization, development and any kind of distribution of all types of paper, cardboard, and boxboard products and their by-products in all their versions and forms. Purchase, procurement, gathering, division, processing, handling, recycling, reuse and or marketing of all types of solid waste. Additionally, management consulting, advising and provision of services to third parties dedicated to the manufacturing and/or distribution of paper products.	Private limited company. Incorporated with public deed dated February 9th, 2019 before notary public Eduardo Laos de Lama. RUC (Peruvian tax ID): 20604381011.	14,659	134	100.00	Ricardo José Venegas Padilla	In accordance with the bylaws, this company does not have a Board.	
	Activar S.A.C.	Purchase and sale of movable and immovable property, shares, participation, securities, credit notes, trademarks and patents, possession of movable property and any other activity that contributes to the realization of its corporate purpose and objectives even if it is not expressly indicated herein.	Private limited company. Incorporated with public deed dated July 10th, 2000 before Arequipa notary public Carlos Gómez de la Torre Rivera. RUC (Peruvian tax ID): 20497199221.	5,666	242	100.00	Jorge Navarrete García [Jorge Navarrete's resignation and the appointment of the new CEO, Ricardo José Venegas Padilla, is pending.]	Gonzalo Hernán Darraidou Díaz [The Board is currently in the process of being included in the Public Registry.] Previous Board: Chair: María Belén Benjamina Marcela Mejía Palacios de Bedoya. Members: Gonzalo Alberto Mejía Palacios and Miguel José Francisco Mejía Palacios	Felipe Arancibia Silva Cristóbal Somarriva Quezada

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Papelera Panamericana S.A.	Manufacturing and distribution of paper, board, and related and/or derived products therein. Additionally, purchase and sale of goods and/or services related to the above-referenced activities, personal care and any other industrial or commercial activity that is legal and agreed upon by the Ordinary Shareholder Meeting.	Stock corporation. Incorporated with public deed dated February 28th, 1980 before Arequipa notary public Carlos Gomez de la Torre. RUC (Peruvian tax ID): 20100189942.	10,299	440	100.00	Pedro Alberto Muñoz Najar	Gonzalo Hernán Darraidou Díaz [The Board is currently in the process of being included in the Public Registry.] Previous Board: Graham Searles Roden, Carlos Aníbal Armando García Delgado, Mateo Mejía Ricketts, José Antonio Velarde Telleri and Pedro Alberto Muñoz Najar Friedrich	Felipe Arancibia Silva Cristóbal Somarriva Quezada
	Industria Papelera Uruguay S.A. (IPUSA)	Manufacturing, processing and marketing in all forms of paper and its derivatives, as well as those related to the graphic arts.	A private limited company. Established by public deed dated January 14th, 1937, in Montevideo, Uruguay. Statutes were approved on April 29th, 1937 by the Executive Power, and entered in the Register of Contracts on May 14th, 1937. RUT 21 006645 0012	52,027	8,131	99.73	Ricardo Pereiras Formigo		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada

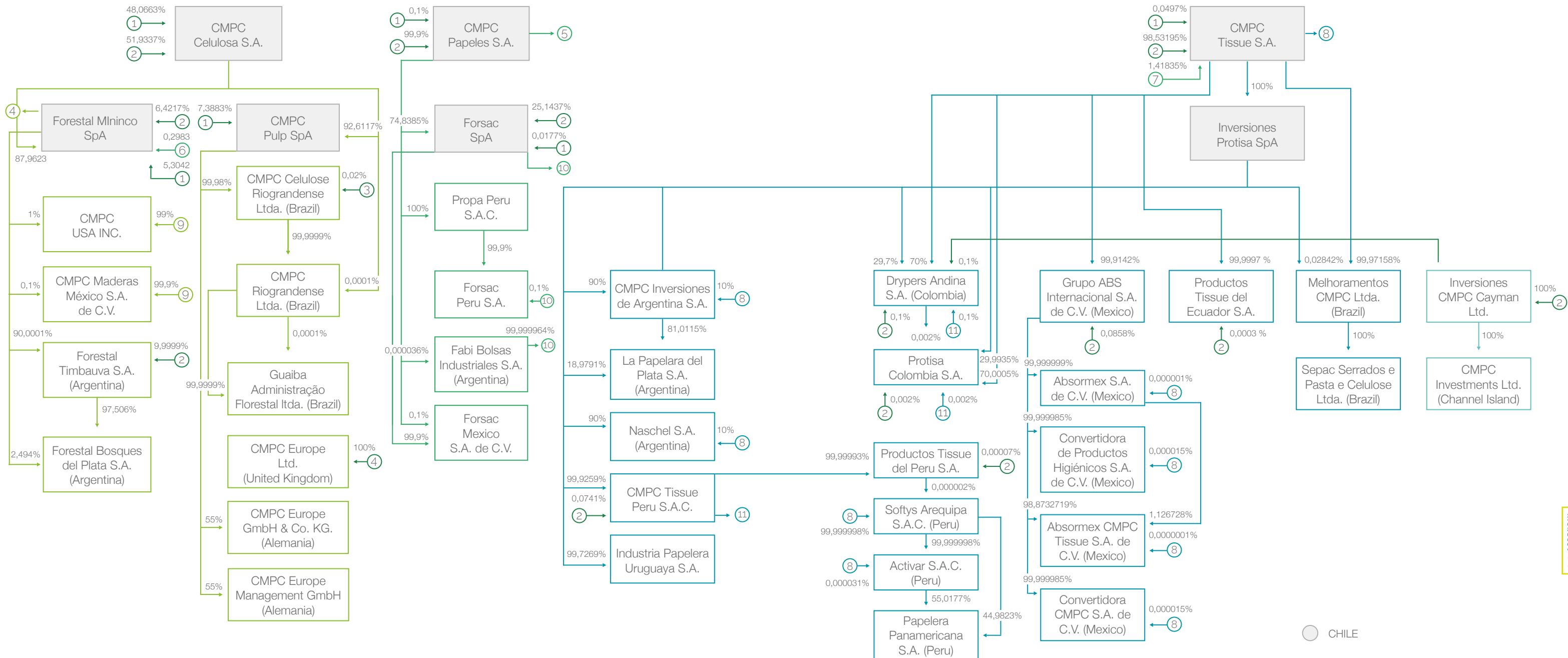
Associated companies of CMPC, in Chile

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	Net Income (Loss) ('000 USD)	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	Consortio Protección Fitosanitaria Forestal S.A.	Production, purchase and sale of items, and the provision of services, to protect and improve the cultivation and development of tree species of any kind; production, research and training in forest resources, and activities related to the above, and capable of performing all acts indirectly or directly leading to the fulfilment of said aim.	A private limited company. Established by public deed dated 12th November 1992 before Notary Public Enrique Morgan T., R.U.T 96,657,900-5. (*) On April 29th, 2014, at the Third Extraordinary Shareholders' Meeting, it was decided to change the legal name of CPF S.A. to 'Consortio Protección Fitosanitaria Forestal S.A.	429	(31)	29,01	Claudio Goycoolea Prado	Jorge Serón Ferré	Carlos Ramírez de Arellano Luis De Ferrari Fontecilla Pedro Villar Aliste James Smith Bloom
	Genómica Forestal S.A.	The realization of all kinds of services and activities aimed at the development of forestry genomics through the use of biotechnology, molecular tools and bioinformatics; the provision of services of technology, engineering, biotechnology and bioinformatics; the purchase, sale and marketing of seeds, tools and all tangible and intangible assets necessary to compliance; the management and implementation of projects in Forestry Genomics.	A private limited company. Established by public deed dated October 26th, 2006, in the Santiago Notary Public Iván Torrealba Acevedo. The summary of which is registered in sheets 2039 v. No. 1705 of the Register of Commerce for the year 2006 of the Real Estate Property Registry of Concepción and is published in the November 16th, 2006 edition of the Official Journal. R.U.T 76.743.130-9	(7)	(3)	25,28	Eduardo Rodríguez Treskow	Jean Pierre Lasserre Andrea Rodríguez Sofía Grez Felipe Leiva	
	Consortio Tecnológico Bioenercel S.A.	Develop, obtain and adapt technologies that allow for the implementation in Chile of a biofuel industry, obtained from lingo-cellulosic materials, in addition to developing scientific and technological research for bioprocesses with the aim of converting lingo-cellulosic biomass into biofuel.	The "Consortio Tecnológico Bioenercel SA" was established on August 21st, 2009, by way of a public deed issued by Santiago Notary Public Mr. Félix Jara Cadot. Summary of said deed was registered in Sheets 1,560, No. 1572, of the Register of Commerce of the Real Estate Property Registry in Concepción, in the year 2009, and published in the Official Journal dated September 15, 2009. R.U.T. 76.077.468-5.	8	-	20,00	Fernando Rioseco Schmidt	Eckart Eitner Delgado Eduardo Rodríguez Treskow Jorge Correa Iván Rubio Huerta David Contreras Pérez Germán Aroca Arcaya Andrés Pesce Aron	

Joint Business of CMPC, other countries

Country	Registered Company Name	Business Activity	General Information	Equity ('000 USD)	"Net Income (Loss) ('000 USD)"	% Direct and Indirect Ownership	CEO	Chairman of the Board	Directors
	CMPC Europe GmbH & Co. KG.	Marketing and sales promotion of forest products.	Joint Venture established between CMPC Celulosa S.A. and Gusco Handel G. Schürfeld + Co. GmbH. Dated July 11, 2019, registered and registered in the trade register of Hamburg, Germany.	657	-	55.00			
	CMPC Europe Management GmbH	Administration of the company CMPC Europe GmbH. & Co. KG., Whose purpose is the commercialization and promotion of the sale of forest products.	Joint Venture established between CMPC Celulosa S.A. and Gusco Handel G. Schürfeld + Co. GmbH. Dated July 11, 2019, registered and registered in the trade register of Hamburg, Germany.	27	-	55.00			

Other countries



● CHILE

9.5 INDEPENDENT AUDITORS REPORT



Independent Auditors' Report

The Shareholders and Directors
Empresas CPMC S.A.

We have audited the accompanying consolidated financial statements of Empresas CPMC S.A. and its Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with International Financial Reporting Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Empresas CPMC S.A. and its Subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

The above translation of the auditor's report is provided as a free translation from the Spanish language original, which is the official and binding version. Such translation has been made solely for the convenience of non-Spanish readers.

Alejandro Espinosa G.

Santiago, March 5, 2020

KPMG SpA

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9.6 VERIFICATION LETTER



Independent Review Report "Integrated Report CMPC 2019"

To the President and Directors of
Empresas CMPC S.A.

We have conducted a limited review of the content and data related to the GRI indicators 102-8, 102-41, 204-1, 205-2, 205-3, 303-3, 303-5, 306-2, 307-1, 401-1, 404-3, 405-2, 407-1, 419-1, the number of work related ill health and internal indicators CMPC 1, CMPC 3, CMPC 4, CMPC 5, CMPC 6, CMPC 7 (hereinafter "indicators to be reviewed") disclosed in the integrated Report 2019 of Empresas CMPC for the year ended December 31, 2019.

Empresas CMPC's management is responsible for the preparation of the Integrated Report. Additionally, Empresas CMPC's management is responsible for the contents, affirmations, scope definition and the management and control of information systems which provided the information reported.

Our review was conducted in accordance with attestation engagement standards established by the Colegio de Contadores de Chile A.G. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion over the "Integrated Report CMPC 2019". Accordingly, we do not express such an opinion.

Contents and data related to the "indicators to be reviewed" disclosed in the Integrated Report 2019 of Empresas CMPC were also reviewed considering the criteria established in the Global Reporting Initiative (GRI) Integrated Reporting Standard as well as Empresas CMPC's internal guidelines, which are summarized as follows:

- Determine that contents and data related to the "indicators to be reviewed" disclosed in "Integrated Report CMPC 2019" are duly supported with sufficient evidence.
- Determine that Empresas CMPC has prepared the contents and data related to the "indicators to be reviewed", disclosed in its Integrated Report 2019, in accordance with the Principles on Content and Quality as established by the GRI Standard and its internal guidelines.
- Confirm the essential option stated by Empresas CMPC in its Integrated Report 2019, in accordance with the GRI Standard.

Our procedures considered conducting inquiries with Empresas CMPC's management, Business Units and personnel responsible for the preparation of the Report, as well as performing other analytical procedures and tests, that included:

- Interviews with Empresas CMPC's key personnel, in order to assess the preparation process of the contents and data related to the "indicators to be reviewed" disclosed in the Integrated Report 2019, content definition and information systems used.
- Verification of contents and data related to the "indicators to be reviewed" disclosed in the Integrated Report 2019 through supporting documentation provided by Empresas CMPC.
- Analysis of the collection process and the quality control of contents and data related to the "indicators to be reviewed" disclosed in the Integrated Report 2019 of Empresas CMPC.
- Verification of data reliability using analytical procedures, testing on a sample basis and the review of recalculations.
- Visits to Empresas CMPC's corporate offices located in Santiago, Metropolitan Region, Chile.

Based on our review, nothing came to our attention that caused us to believe that:

- Contents and data related to the "indicators to be reviewed" disclosed in the Integrated Report 2019 are not duly supported with sufficient evidence.
- Contents and data related to the "indicators to be reviewed" disclosed in the Integrated Report 2019 has not been prepared in accordance with the Principles on Content and Quality as established by the GRI Standard and Empresas CMPC's internal guidelines.
- The Integrated Report 2019 of Empresas CMPC's does not comply with the essential option stated in accordance with the GRI Standard.

KPMG, Auditores y Consultores SpA

Tamara Agnic
Partner

Santiago, April 3rd, 2020.

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9.7 CARBON FOOTPRINT VERIFICATION LETTER



Independent Auditor's Report

Santiago, 2nd April, 2020

Mr. Nicolás Gordon Adam
Chief Sustainability and Environment Officer
Compañía Manufacturera de Papeles y Cartones
Hand Delivered

Dear Mr. Gordon,

Please find attached our Independent Auditor's report on Greenhouse Gas Emissions Inventory 2019 in 43 production facilities and 3 forestry operations of the Compañía Manufacturera de Papeles y Cartones (CMPC), which considered the business units located in Chile, Peru, Argentina, Ecuador, Brasil, Colombia, Uruguay and Mexico.

Scope

Compañía Manufacturera de Papeles y Cartones (CMPC) has requested from Deloitte the verification of the Greenhouse Gas Emissions Inventory 2019 in 43 production facilities and 3 forestry operations. The verification process was based on an analysis of each of the emissions sources defined in the report, which are the following: fuel consumption in mobile sources, fuel consumption in stationary sources, electricity and steam purchases, procurement of raw materials and inputs such as chemicals, fuel, containers and packaging, and their transportation to the production facility, **shipments to warehouses and domestic customers, exports**, waste transportation, business trips and employee commuting.

Table 1 presents emissions by scope for the year 2019, grouped by business division.

Table 1. Emissions by business according to scope, year 2019.

Business	Scope 1	Scope 2	Scope 3	Total
	Emissions 2019 (tCO ₂ e)	Emissions 2019 (tCO ₂ e)	Emissions 2019 (tCO ₂ e)	Emissions 2019 (tCO ₂ e)
Forestry	205,494	620	102,830	308,944
Celulosa	1,186,036	89,187	2,376,220	3,651,443
Biopackaging	168,602	163,722	620,498	952,822
Softys	388,384	185,615	1,215,268	1,789,267
Total CMPC	1,948,516	439,143	4,314,816	6,702,475



Table 2 presents the results by production facility for the year 2019.

Table 2. Emissions by production facility according to scope, year 2019.

Production facility	Scope 1 Emissions 2019 (tCO ₂ e)	Scope 2 Emissions 2019 (tCO ₂ e)	Scope 3 Emissions 2019 (tCO ₂ e)	Total Emissions 2019 (tCO ₂ e)	Emissions intensity 2019 (kgCO ₂ e/t)
Forestal Mininco	138,411	452	50,924	189,787	16
Bosques del Plata	4,592	90	20,934	25,616	30
Forestry Brazil	62,491	78	30,972	93,541	16
Mulchen Sawmill	9,146	7,634	59,792	76,572	317
Nacimiento Sawmill	2,366	4,804	71,517	78,687	310
Bucalemu Sawmill	985	6,093	48,188	55,265	345
Los Angeles Clear Manufactured Wood	1,032	3,513	16,964	21,510	420
Coronel Manufactured Wood	457	3,216	16,357	20,030	485
Plywood	3,922	21,559	151,331	176,812	829
Santa Fe Mill	267,690	35,372	666,719	969,780	702
Pacifico Mill	98,019	975	357,727	456,721	891
Laja Mill	92,997	1,979	130,344	225,320	634
Guaiba Mill	709,422	4,042	857,281	1,570,745	850
Maule Boxboard Mill	46,610	106,985	191,326	344,920	951
Valdivia Boxboard Mill	9,408	13,399	45,329	68,136	1,143
Forsac Chile	490	748	20,993	22,232	963
Forsac Perú	897	915	64,510	66,322	2,843
Forsac México	522	1,564	40,012	42,099	1,748
Forsac Argentina	353	284	11,127	11,764	1,867
EDIPAC	125	122	98,313	98,560	1,219
SOREPA	694	330	28,623	29,647	114
CHIMOLSA	12,164	7	9,111	21,282	1,081
Papeles Cordillera Plant	87,336	34,836	73,547	195,719	932
EEII Buin Plant	5,895	2,425	23,808	32,127	423
EEII Tii-Tii Plant	2,608	1,421	6,418	10,446	241
EEII Osorno Plant	1,501	686	7,381	9,568	349
Softys Puente Alto Plant	8,986	17,349	131,533	157,868	1,978
Softys Talagante Plant	101,877	1,645	200,523	304,045	2,796
Softys Naschel Plant	370	6,294	93,935	100,600	1,335

Table 2. Emissions by production facility according to scope, year 2019.

Production Facility	Scope 1 Emissions 2019 (tCO ₂ e)	Scope 2 Emissions 2019 (tCO ₂ e)	Scope 3 Emissions 2019 (tCO ₂ e)	Total Emissions 2019 (tCO ₂ e)	Emissions intensity 2019 (kgCO ₂ e/t)
Softys Zárate	42,169	47,800	118,496	208,465	2,102
Softys Tortuguitas + Wilde	44	342	2,354	2,740	386
Softys Gachancipá Plant	14,598	5,889	17,927	38,414	1,333
Softys Cali Plant	5	502	16,039	16,545	1,448
Softys Guayaquil Plant	92	672	23,969	24,733	1,754
Softys García Plant	5	6,851	43,998	50,854	1,238
Softys Altamira Plant	119,397	29,558	123,219	272,175	2,603
Softys Santa Catarina Plant	363	3,575	14,587	18,525	393
Softys Caieiras Plant	28,409	21,949	167,904	218,262	1,845
Softys Recife Plant	48	167	18,131	18,346	1,518
Softys Mogi Plant	12,423	4,049	36,919	53,391	969
Softys Guaiba Plant	44	175	5,893	6,112	715
Softys Cañete Plant	15,023	11,443	20,400	46,866	1,227
Softys Santa Rosa	38,469	24,898	106,818	170,186	8,619
Softys Rosales Plant	252	1,841	31,445	33,537	585
Softys SOREPA Perú	227	81	8,055	8,364	114
Softys Pando Plant	5,582	534	33,124	39,240	1,454

Standards and Assurance Process

Our review of the Greenhouse Gas Emissions Inventory, period 2019, was conducted in accordance with the guidelines of the GHG Protocol standard and ISAE 3410, Assurance Engagements on Greenhouse Gas statements. It should be noted that limited assurance engagement was carried out, this is not an audit and therefore we do not express an audit opinion in this statement.

Our revision consisted of collecting official information pertinent to this report, in addition to the application of analytic procedures and audit tests, as described below:

- Face-to-face meetings with Ms. Catalina Ebersperger, Sergio Cerda and professionals representing the areas related to the calculation of the carbon footprint for each plant.
- Collecting consolidated information and calculation tools for each asset (folders with information and evidence of the data that was considered in the calculation), starting in february 2020.
- Review of the consistency and coherence of calculations and conversion units for the Greenhouse Gas Emissions Inventory for 43 plants and 3 forestry operations, 2019.
- Requesting and receiving evidence not included in the verification process of the Greenhouse Gas Emissions Inventory.

Conclusions

- There is no evidence to suggest that the Greenhouse Gas Emissions Inventory for 43 production facilities and 3 forestry operations carried out by CMPC in 2019 had not been prepared in accordance with international standards for implementation.
- All inconsistencies found were duly clarified and resolved, therefore, there is no evidence that the information provided for the Greenhouse Gas Emissions Inventory contains significant errors.

Responsibilities of CMPC and Deloitte

- The preparation of the Greenhouse Gas Emissions Inventory 2019, as well as its contents, are the responsibility of CMPC, who is also responsible for defining, adapting and maintaining the internal management and control systems for obtaining the information.
- Our responsibility is to issue an independent report based on the procedures applied in our review.
- This report has been prepared exclusively in the interest of CMPC, adhering to the terms established in the Engagement Letter. We do not assume any liability to third parties other than the Company's Management.
- The verification findings made by Deloitte are valid for the Greenhouse Gas Emissions Inventory for 46 production facilities of Compañía Manufacturera de Papeles y Cartones (CMPC) located in Chile, Peru, Argentina, Ecuador, Brasil, Colombia, Uruguay and Mexico.
- We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of certainty on the respective subject areas. Due to this limited assurance engagement, the level of guarantee that we can provide is less than that of an audit level work.

Sincerely,



Fernando Gaziano

Partner



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9.8 INDICATOR CONTENT INDEX

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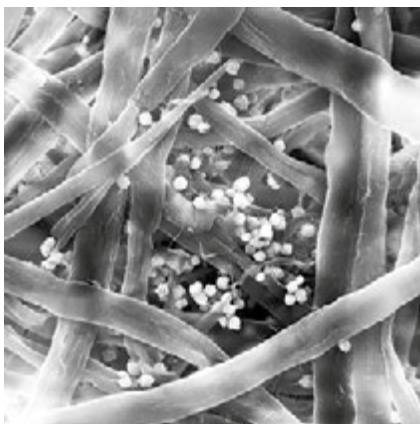
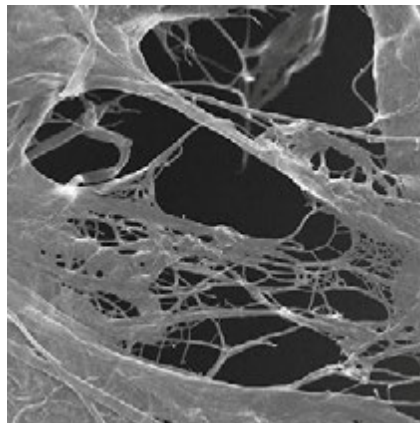
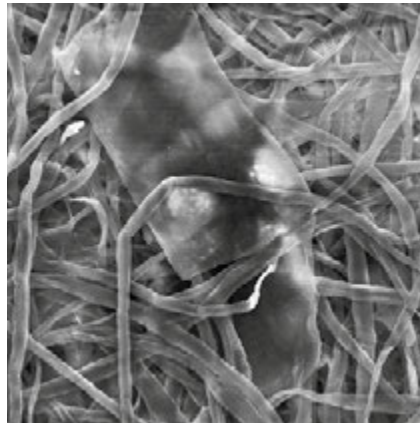
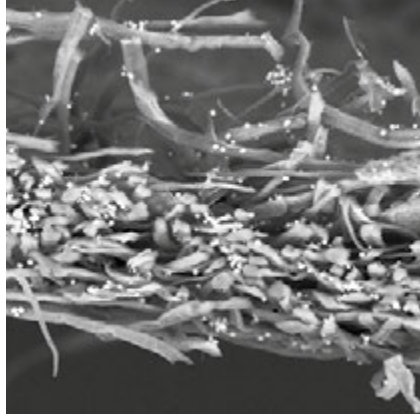
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