





• INTEGRATED REPORT 2018 •

(102-1; 102-3; 102-5)

Name: **Empresas CMPC S.A.**

RUT [Tax ID Number]: 90.222.000-3.

Company headquarters: 1343 Agustinas St, Santiago, Chile.

Telephone: +56 2 2441 2000.

Corporate website: www.cmpc.com

Company Registration: CMPC is a publicly traded company controlled by the Matte Group which holds a 55.5% stake. It was incorporated on February 5th, 1920 before the Santiago Notary Public Manuel Gaete Fagalde under Decree N°589 as *Compañía Manufacturera de Papeles y Cartones*.

Contacts

(102-53)

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► **CMPC** is a multinational corporation almost 100 years in existence delivering sustainable solutions to its customers and consumers. The Company produces and markets wood, pulp, packaging products, household and non-household personal care products, and tissue paper. Its products not only satisfy the needs of customers but are renowned for their quality and competitiveness and for being manufactured from entirely renewable sources.

Company operations are based on international partnerships contributing to the sustainability of the planet, the stimulation of local economies and positive impacts on adjacent communities.

In order to achieve its objectives, CMPC places emphasis on the following principles:

- Recognizing the importance not only of strong trade relations with diversified global customers but also of being equipped with an integrated logistical network and a marketing structure oriented towards the consumer.
- Promoting practices that favor free trade that would benefit customers and enable resources to be allocated efficiently to stimulate innovation.
- Providing comprehensive training for its employees to achieve a strong sense of identity, commitment and high performance in its workforce.
- Using the latest technology in its processes to facilitate the achievement of high safety standards offering protection to both individuals and the environment.
- Strict compliance with the rules and regulations of the countries in which it operates. Likewise, developing a corporate culture based on fulfilling verbal commitments, integrity, performance excellence and individual effort.
- Rejecting child labor, forced labor or any other kind of discrimination.
- Advancing in its commitment to environmental and social sustainability.

This is CMPC



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Forestry plantation

1 THIS IS CMPC

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1.1 LETTER FROM THE CHAIRMAN OF THE BOARD

(102-14)

To our esteemed shareholders:

I am pleased to present the Integrated Report of *Empresas CMPC*, containing the Annual Report, Balance Sheet and Financial Statements for the year 2018, and the Sustainability Report prepared in accordance with the guidelines of the Global Reporting Initiative (GRI) and the International Integrated Reporting Council.

This Integrated Report is also a Communication on Progress report for the United Nations Global Compact, a network in which the Company has participated since March 2018.

It has been a year of great progress for the Company as reflected in such aspects as the record annual pulp production, the culmination of modernization projects at the *Cartulinas* facility in the Maule Region, the issue of a second Green Bond (this time in Peru), and the inauguration of the new CMPC Corporate Building in the city of Los Angeles in Chile.

There is no doubt that all of the aforementioned are the result of the commitment and dedication of the more than 17 thousand workers all over Latin America that form part of *Empresas CMPC*, and of the many contractors that provide the Company with various products and services. For this very reason, they deserve acknowledgement and gratitude.

The fruit of their labor, added to favorable economic and commercial conditions, has resulted in a historic consolidated EBITDA in 2018 of USD 1,816 million, 68% higher than in 2017, as well as net income of USD 502 million: 387% higher than income of the previous year ending December 2017.

Clearly, the Company has benefited from the conjunction of a dynamic global demand for pulp, a stable supply, and prices that reached an annual average of USD 838 CIF for bleached hardwood Kraft pulp and USD 746 CIF for bleached softwood Kraft pulp. Nevertheless, it has been the dedication and commitment of its workforce that has enabled the Company to take advantage of this opportunity, achieving a production record of 4.1 million metric tons altogether from the four CMPC pulp mills, surpassing by 23% the production levels registered in 2017.

Empresas CMPC consolidated annual sales in 2018 totaled USD 6,274 million, a 22% increase on the previous year. This was due mainly to the higher sales volume (+25%) of bleached softwood Kraft pulp and higher prices for both bleached hardwood (+29%) and softwood (+25%) Kraft pulp. Sales in the former Tissue, now Softys Division were also up (+3%) mainly due to higher sales volumes for both tissue paper and personal care products. In the Packaging Division, sales were up 13% relative to the previous year.

The growing demand for environmentally friendly products from renewable sources presents an optimistic outlook for the future. It is obvious that wood and pulp originating from certified renewable commercial plantations provides the best answer to those requirements. Added to those attributes are the natural benefits to be derived from forest plantations, such as carbon absorption, or those arising from the Company's silviculture operations, such as affording job opportunities and community development.

Consequently, over the past few years *Empresas CMPC* has implemented an intense public relations program focusing on the advantages and opportunities arising from the forestry industry, along with the restoration of its corporate image early in 2018.

The new CMPC Corporate Building in Los Angeles, Chile, built entirely of wood and equipped with cutting-edge technology, is another sign of the auspicious future awaiting its products. It is also an example of Company commitment to, and connection with, the environment, made evident by the numerous community representatives attending the inaugural events, and the especially designed new interactive didactic salon available to students of the region.

CMPC is also convinced that this delivers a clear signal of its commitment to the regional and overall development of Chile. Despite the fact that some try to use violence to breed division where there was none that consequently damages and prejudices the entire community, the Company continues to invest and provide opportunities for all its neighbors.

During my three years as Chairman of the Board of Directors of CMPC, I have had the opportunity to witness on the ground the close relations that the Company maintains with neighboring communities in countries such as Chile, Brazil, Argentina and Peru. CMPC offers stable, quality job opportunities and provides productive support to various programs, all the while observing due respect for every culture.

CMPC public relations policy has placed particular emphasis on the training and prevention of rural wildland fires, as well as on the safety of the population and their homes during the unfortunate episodes of fire control. In Chile alone, the Company has provided USD 28 million for the prevention and control of rural wildfires for the season of 2018-2019, which has been an extraordinarily complex one both due to weather conditions and the acts of vandalism that have been the main cause of fires.

The Company focuses its social interaction through the work of the CMPC Foundation which engages in a continual effort to support the quality of early childhood education. In 2018, its efforts were strengthened through the introduction in Chile of the first HIPPY program of training and home-schooling for pre-school infants. In 2019, the plan is to introduce this program not only to the communities in the Araucaria Region and the Province of Arauco but also in the municipality of Santiago where special focus will be on immigrant families.

One of the outstanding events of 2018 has been the launch of Softys, the new name and corporate image that unifies the regional operations of all subsidiaries of CMPC tissue and personal care products and strengthens their internal organization. Both decisions coincide with the aim of *Empresas CMPC* to keep expanding its presence in this area, as well as in Packaging, wood products and, of course, pulp.

To this end, the corporate structure of *Empresas CMPC* has been strengthened by the addition of three departments essential to the future development of the Company, namely, the Human Resources, Innovation and Compliance Departments.

The establishment of a Compliance Department constitutes a fundamental step in reinforcing the Company's integrity culture. During 2018, a Compliance Strategy was designed and approved by the Board of Directors of *Empresas CMPC*. This, in turn, is to be implemented through a Program of Integrity and Compliance whose objective is to harmonize and systematize all efforts concerning the prevention, detection of, and response to, acts or conduct contrary to the principles and values of the Company.



Luis Felipe Gazitúa A.

Integrity is a challenge that requires constant dedication. CMPC has implemented reforms and designed the structures necessary to prevent and control situations that violate its principles and values. At the same time, the Company has taken action in response to general public opinion over past events, as demonstrated by the restitution of close to USD 150 million to every Chilean over 18 years old during 2018.

Finally, there is no doubt that the Company's solid financial position will sustain it into the future. The Net Debt-to-EBITDA ratio closed the year at 1.6 compared to 3.0 in December 2017, marking a downward trend for a seventh consecutive quarter.

The Company totaled a Free Cash Flow of USD 702 million in 2018, compared to USD 447 million in 2017. This increase was associated with the higher EBITDA of the Company for the year, compensated for higher taxes, dividends and a negative change in working capital. In the same way, Company Cash Flow at the end of 2018 totaled USD 968 million, an increase of 16% over the previous year.

All of the above, together with the strong team of employees at CMPC, provide a strong foundation for the development plan devised by the Board of Directors. This plan is oriented towards consolidating the Company's position on the global pulp market, on the regional tissue market and in the growing demand for products derived from wood and for sustainable packaging.

Obviously, there is some concern over the threats to free trade that may emerge as a result of the protectionist policies in a few of the more influential countries. However, CMPC remains confident that the agreements will prevail that would allow it to continue on the path to progress never before seen by humanity that results from an open globalized economy.

Finally, on behalf of the Board of Directors of *Empresas CMPC*, I would like to express my gratitude to Mr. Hernan Rodriguez Wilson, who retired as CEO of the Company in 2018. His position has been taken over by Mr. Francisco Ruiz-Tagle Edwards, whose knowledge of, and trajectory in, the various areas of the Company's business will be fundamental in facing the challenges ahead.

I would like to reassure our valued shareholders that during the past three years as Chairman of the Board of Directors of *Empresas CMPC*, I have had the satisfaction of acquiring an in-depth knowledge of a Company that is undoubtedly a source of pride to Chile and, it goes without saying, to the whole of Latin America.

There are not too many companies in the region of Latin America that have been in existence for almost 100 years, and even less that have done so successfully: profitable, competitive, innovative and, most importantly, contributing to the sustainability of the planet, offering quality employment, having a positive impact on neighboring communities, and creating products that are able to satisfy the real present and future needs of consumers.

All this will enable CMPC to commemorate proudly its first centenary and on firm foundations face the challenges that the next hundred years will bring.

Many thanks



Luis Felipe Gazitúa A.
Chairman of the Board of CMPC



Plywood production facility

1.2 CMPC BUSINESS DIVISIONS

(102-2; 102-7)



This Business Division represents one of the largest forestry operations worldwide, producing and distributing pulp and solid wood products through its subsidiaries. It is responsible for the management of 1,152,545 hectares of CMPC forest assets with operations in Chile, Brazil and Argentina.

Total production capacity at its four pulp mills (*Laja, Pacífico, Santa Fe and Guaíba*) is about 4.1 million metric tons of pulp per year, and the six wood processing factories (one plywood production facility, three sawmills and two remanufacturing facilities) have a total capacity of 1.45 million cubic meters. Principal products include unbleached and bleached hard-wood Kraft (long-fiber) pulp and bleached softwood Kraft (short-fiber) pulp, plywood boards, pulpwood, sawing logs, remanufactured wood, sawn timber, and paper.

There is no one client in this Division responsible for more than 10% of Company revenues, nor is there any supplier responsible for more than 10% of total purchases. Its main competitors in the pulp business are Arauco, APRIL, Suzano, Klabin, APP, Stora Enso, UPM, Ilim and El Dorado.

CEO: Jaime Argüelles A.²
Board of Directors: Luis Felipe Gazitua A. (Chairman), Bernardo Matte I., Francisco Ruiz-Tagle E.³, Osvaldo Burgos S., Jorge Larrain M. and Jorge Matte C.

- Subsidiaries:**
CMPC Pulp, CMPC Maderas, Forestal Mininco, Celulose Riograndense and Bosques del Plata.



This Business Division manufactures packaging products made of natural fibers. Its products are largely made out of recyclable materials most of which can be reincorporated into the production chain. This includes products made from virgin pulp.

Its operations are organized into seven subsidiaries that operate in Argentina, Chile, Mexico and Peru. They produce and sell packaging materials, such as boxboard, corrugated and industrial paper, corrugated cardboard boxes, edge boards, industrial paper sacks, molded pulp trays, graphic paper and other types of printing and board paper.

There is no one single client in this Division responsible for more than 10% of Company revenues, nor any single supplier responsible for more than 10% of total purchases. In addition, the Company has no single main competitor.

The business complex made up of *Papeles Cordillera*, *Chimolsa* and *Softys Chile* located in the district of Puente Alto in the Santiago Metropolitan Region is supplied jointly by *Metrogas S.A.* as the main supplier responsible for more than 10% in payments to suppliers. *Edipac* is supplied by *International Paper Cartons S.A.* which is responsible for more than 10% of supplier payments for the subsidiary.

CEO: Cristóbal Irrarrazabal P.⁴
Board of Directors: Luis Felipe Gazitua A. (Chairman), Francisco Ruiz-Tagle E.⁵, Vivianne Blanlot S., Andres Echeverria S., Jorge Matte C., Bernardo Matte I. and Washington Williamson L.

- Subsidiaries:**
Cartulinas CMPC, Papeles Cordillera, Chimolsa, Envases Impresos, Forsac, Edipac and Sorepa.



This Business Division is responsible for the production and marketing of tissue paper and household and non-household personal care products manufactured from both virgin pulp and recycled materials.

Main products include toilet paper, paper towels, wet wipes, paper napkins and disposable tissues, diapers for babies and adults, and feminine care products.

Currently, the company markets over 25 brands of tissue paper and personal care products. It has 17 production facilities (both of personal care and paper tissue products) spread over eight countries: Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay.

Walmart is the only client individually representing more than 10% of revenues in this area of operations and there is no individual supplier responsible for more than 10% of total procurement. The main business competitors are Kimberly-Clark and Essity.

CEO: Gonzalo Darraidou D.
Board of Directors: Luis Felipe Gazitúa A. (Chairman), Francisco Ruiz-Tagle E.⁶, Veronica Edwards G., Jorge Larrain M., Jorge Matte C., Bernardo Matte I. and Pablo Turner G.

- Subsidiaries:**
Brazil, Mexico, Chile and the Andean Region (Ecuador, Colombia, Uruguay, Peru and Argentina).

² In August 2018, Francisco Ruiz-Tagle E. stepped down as CEO of CMPC Pulp to take up the position of CEO of CMPC. Jaime Argüelles A. was appointed to replace him at CMPC Pulp in January 2019.
³ Francisco Ruiz-Tagle E. replaced Hernan Rodriguez W. on the Board of Directors of the three CMPC Business Divisions.
⁴ Cristobal Irrarrazabal took over from Luis Llanos in March as CEO of CMPC Packaging.
⁵ Francisco Ruiz -Tagle E. replaced Hernan Rodriguez W. on the Board of Directors of the three Divisions.

⁶ Francisco Ruiz -Tagle E. replaced Hernan Rodriguez W. on the Board of Directors of the three Divisions



1.3 KEY STATISTICS

(102-4; 102-6; 102-8)

Business	Operating presence	Product reach	N° of production facilities
<ul style="list-style-type: none">CelulosaPackagingSoftys	8 countries in Latin America	45 countries	43 plants
Average number of clients	Average number of direct collaborators	Average number of indirect collaborators	Total number of suppliers
17,829	17,247	31,500	31,428
Assets	Equity	Consolidated annual sales revenue	EBITDA
USD 14,998 million	USD 8,242 million	USD 6,274 million	USD 1,816 million
Total CO ₂ emissions	Auto-generated energy	Forest assets	Total area under protection and conservation
7,675,279 t CO ₂ e/year	81.3%	1,152,545 ha	325,240 ha

CMPC operates in the following countries:

- CMPC Celulosa: Argentina, Brazil, Chile.
- CMPC Packaging: Argentina, Chile, Mexico y Peru.
- Softys: Argentina, Brazil, Colombia, Chile, Ecuador, Mexico, Peru y Uruguay.



Saplings in the nursery



Productive capacity of CMPC Celulosa

	Facilities	Argentina	Brazil	Chile
		0	1	9
Forests (Thousands of hectares)				
	Total forest assets	94.3	325.3	732.9
	Plantations*	58.2	159	482.9
Wood (Thousands of cubic meters)				
	Sawmills			800
	Plywood			460
	Remanufactured wood			200
Pulp mills (Thousands of metric tons)				
	Laja			343
	Pacífico			520
	Santa Fe			1,496
	Guaiba		1,930	

Main wood and pulp markets






















- Africa
- America
- Asia
- Europe
- Oceania



*Values include plantations under legal arrangements.



Productive capacity of CMPC Packaging

							
	Cartulinas	FORSAC	Papeles Cordilleras	Envases Impresos	CHIMOLSA	EDIPAC	SOREPA
Facilities	 2	 4	 1	 4	 1	 1	 3*
Total production capacity per country (Thousands of metric tons)							
Argentina		7					
Chile	430	27	270	216	24	100	232
Mexico		32					
Peru		29					
CMPC Packaging							
Operations							
	Boxboard	Sack Kraft paper	Corrugated and industrial paper	Corrugated cardboard boxes	Molded pulp trays	Distribution	Recycling of paper, cardboard and plastic

Main markets for Packaging products

- Africa
- América
- Asia
- Europe
- Oceania



*Note: Sorepa has 9 subsidiaries in various regions of Chile that collect material for recycling that is then transported to its facilities in Santiago.



Productive capacity of Softys

	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay
Facilities	2	4	2	2	1	3	2	1
	▼	▼	▼	▼	▼	▼	▼	▼
Products								
Paper (Thousands of metric tons)	97.9	126.6	157.6	30.3	0	129.3	102.6	30.6
Tissue paper (Thousands of metric tons)	110.4	134.4	150.7	27	16.5	112.5	74.9	22.2
Baby diapers (Thousands of metric tons)	82.9	509.2	409.5	184.5	95.2	792.6	471.6	144.5
Feminine hygiene products (Millions of units)	534.6	102	411.9	0	0	0	180	68.6
Incontinence products (Millions of units)	0	48	79.4	0	0	18.8	0	0
Softys								
Softys market share	42%	8%	71%	8%	21%	10%	54%	84%
Market size (Thousands of metric tons)	330	1,180	230	250	74	1,088	174	38

Main markets for
Softys products

• Americas



Production line of Softys products

1.4 98 YEARS OF HISTORY

<div>▶ 1920</div> <div>CMPC is founded in Chile to produce paper and card-board from wheat straw.</div>	<div>▶ 1938</div> <div>Start of newsprint production in Chile.</div>	<div>▶ 1940</div> <div>Acquisition of the <i>Fundo Pinares</i> property and the first Radiata pine plantations in the Biobio region of Chile.</div>	<div>▶ 1951</div> <div>Start of paper milling operations in the city of Valdivia in southern Chile, initially producing newsprint and Kraft paper.</div>
<div>▶ 1957</div> <div>Opening of the Biobio newsprint production facility in San Pedro de la Paz in the Biobio region of Chile.</div>	<div>▶ 1959</div> <div>Operational start-up of the <i>Laja</i> mill, the first pulp producer in Chile, in the Biobio region.</div>	<div>▶ 1960</div> <div>The first exports of Chilean pulp by CMPC made to clients in South America.</div>	<div>▶ 1983</div> <div>The subsidiary PROSAN is established to produce personal care products for the diaper market.</div>
<div>▶ 1990</div> <div>Launch of the eucalyptus plantation program in Chile.</div>	<div>▶ 1991</div> <div>Acquisition of the Argentine diaper producer <i>Química Estrella San Luis S.A.</i>, the Company's first investment outside of Chile.</div>	<div>▶ 1992</div> <div>The <i>Celulosa del Pacífico</i> pulp mill opens, a joint venture with Simpson Paper involving an investment of over USD 517 million in Greenfield pulp.</div>	<div>▶ 1994</div> <div>Acquisition of the tissue paper companies IPUSA in Uruguay and FABI in Argentina.</div>
<div>▶ 1995</div> <div>Restructuring of CMPC as a holding company with five subsidiaries in five business areas. The purchase of 20% of the <i>Santa Fe</i> pulp mill.</div>	<div>▶ 1996</div> <div>Manufacturing of tissue products begins in Peru.</div>	<div>▶ 1998</div> <div>Buyout of 100% of Simpson Paper holdings in the <i>Celulosa del Pacífico</i> and Santa Fe mills.</div>	<div>▶ 1999</div> <div>Installation of the second paper manufacturing line in Argentina. CMPC becomes one of the leading tissue producers in Latin America.</div>
<div>▶ 2000</div> <div>The CMPC Foundation is founded.</div>	<div>▶ 2003</div> <div>Acquisition of <i>Forestal Monte Águila</i>.</div>	<div>▶ 2004</div> <div>PEFC™ CERTFOR certification granted to eucalyptus and pine plantations in Chile.</div>	<div>▶ 2006</div> <div>Acquisition of the tissue and diaper producer ABSORMEX, gaining entry to the Mexican market.</div>
<div>▶ 2007</div> <div>Entry into the Colombian market through the purchase of Drypers Andina, specialists in the production and marketing of baby diapers.</div>	<div>▶ 2009</div> <div>Purchase of <i>Melhoramentos Papéis</i>, a manufacturer of paper tissue products with factories in Sao Paulo, Brazil. Acquisition of the Guaiba unit of <i>Aracruz Celulose</i> in the state of Rio Grande do Sul in Brazil.</div>	<div>▶ 2012</div> <div>FSC® certification is obtained for all of the Company's forests in Chile (FSC-C006246) and Brazil (FSC-C109350).</div>	<div>▶ 2013</div> <div>Construction of the Guaiba II pulp unit begins in the state of Rio Grande do Sul, Brazil.</div>
<div>▶ 2014</div> <div>The corrugated cardboard boxes business in Chile is reorganized by merging the subsidiaries <i>Envases Impresos</i> and <i>Envases Roble Alto</i>.</div>	<div>▶ 2015</div> <div>Operational start-up of the Guaiba II pulp mill in Brazil. Launch of the first natural gas -based cogeneration plant at the Altamira production facility in Tamaulipas, Mexico.</div>	<div>▶ 2016</div> <div>Integration of the Pulp and Forestry Business Divisions. Eliodoro Matte steps down as Chairman of the Board.</div>	<div>▶ 2017</div> <div>A modern CMPC production facility is inaugurated in Peru. CMPC becomes the first company in Chile to issue a Green Bond.</div>

1.5 A REVIEW OF 2018

► Transformation at CMPC: Renewal & experience

Francisco Ruiz-Tagle E. became CEO of CMPC in August 2018. He took over from Hernan Rodriguez W. who had been with the Company for 31 years and CEO from 2011 to 2018. Francisco Ruiz-Tagle E. has been with the Company for over 20 years. He was appointed CEO of *Forestal Mininco* in 2011, then CEO of CMPC *Celulosa* in 2015.

In 2018, Jaime Argüelles A. was appointed as his replacement effective January 1 2019 as CEO of CMPC *Celulosa*, a position that had remained vacant from the time Ruiz-Tagle took over as Company CEO.

At *Celulose Rio Grandense*, Mauricio Harger A. was appointed

Director General following the departure of Walter Lidio at the end of May 2018.

During the year, Jacqueline Saquel M. also left the Company and was replaced by José Antonio Correa G. as the new Head of Development at CMPC. At the same time, the Compliance Department was created under the aegis of Carlos Villagran M. as part of the Corporate Legal Affairs and the Risk Management Department was re-established.

In addition, CMPC announced at the end of 2018 the creation of the Innovation and Human Resources Departments headed by Felipe Alcalde and Rodrigo Hetz, respectively.

► Reorganization of CMPC Tissue & the creation of Softys

The Board of Directors of CMPC approved the reorganization of the Tissue business in keeping with its expansion plans. In addition to carrying out changes in management, an investment plan was devised for the following three years to increase market presence in Argentina, Brazil and Mexico.

Gonzalo Darraidou D. would remain at the head of the management team of Softys and all eight country managers where the Company operates would continue reporting to him. From March 2018 onwards, besides the Heads of the Human Resources, Financial, Development and Legal Affairs Departments, three other managers in the areas of paper tissue, personal care products, and away-from-home products would now become part of his domain.

The reorganization focused on the markets in Brazil, Chile and Mexico. At the same time, it set up a management structure to which the management teams in Argentina, Colombia, Ecuador, Peru and Uruguay would report.

This reorganization and reinforcement unified the Tissue subsidiaries, the purpose being to adjust the business to the growth dynamic of a multinational Latin American company adapted to local conditions.

This was the main reason, apart from strengthening business development in these markets, that in January 2019 CMPC Tissue changed its name to Softys: to unite all its individual country operations under one brand name.

► CMPC joins The United Nations Global Compact

In March 2018, CMPC officially became part of the United Nations Global Compact, the leading global sustainability initiative that calls on companies to align with universal principles in human labor rights, environmental and anticorruption standards.

The Global Compact promotes the 2020 Agenda for Sustainable Development and the 17 Sustainable Development Goals (SDGs) that seek to bring an end to poverty, fight inequality and injustice, and deal with climate change.



► CMPC: Our Fiber

Coherent with its continual process of innovation, the new corporate image of CMPC was introduced on April 27th, 2018. It reflected the scope of Company operations, its commitment to sustainability and the environment, and to connections with individuals, communities and its workforce.

This new image of CMPC portrays the fibers that are obtained from its plantations and that have been the source of the diverse products of CMPC enterprises.

Along with the new image came a new logo and an update of the corporate website. They were presented at the Ordinary Shareholders' Meeting at which the Integrated Report 2017 was also reviewed.

► Green Bonds pioneer in Chile and USA.

On October 22nd 2018, CMPC initialized its first public issue of a Green Bond in Peru for the amount of USD 30 million.

The issue was intended to refinance sustainable projects at the Cañete and *Santa Anita de Protisa* production facilities, subsidiaries of CMPC.

In March 2018, CMPC was awarded the prize for "New Countries Taking Green Bonds Global" in the Green Bond Pioneer Awards for being the first company in Chile to launch a Green Bond in April 2017.

► The establishment of a protection zone for the Dwarf Araucaria in Chile

In April, CMPC joined forces with the faculty of Engineering in Renewable Natural Resources of the Catholic University of Temuco in Chile to establish a High Conservation Value Area (HCVA) for the protection of the Dwarf Araucaria extending over 136 hectares in the district of Santa Juana in the Biobio Region.

Once the private protection area had been created, a land husbandry plan was introduced to take care of the area and reduce any threats to the species. For example, animals were to be kept out, especially cattle and goats which affected the ability of the Araucaria to regenerate.

► Work stoppages in Brazil

At the end of May 2018, due to a truck driver strike in Brazil that had a serious impact on the economy, it became necessary to close operations on Line 1 of the Guaiba pulp mill.

Processes on Line 2 were interrupted for 72 hours, during which time maintenance work was carried out at the mill.

At the beginning of June, Guaiba operations were back to normal.

► New heights on the Stock Exchange in Santiago, Chile

In mid-September, CMPC stock reached new heights on the Santiago Stock Exchange. Price per share rose by 4.47%.

This event crowned a year of remarkable financial results, as profits tripled in the second quarter of operations.

► CMPC donates USD 28 million towards forest wildfire control and prevention in Chile

As a result of the rural wildfires that affected the southern regions of Chile in 2017, CMPC increased its annual contribution to fire prevention and control.

Thus, in the summer 2018-2019 season, there will be 9 combat planes, 1 heavy-duty mega-helicopter (Chinook) and 8 medium helicopters, 8 helicopter-transport brigades, 2 surveillance airplanes equipped with HD cameras, 7 tank brigades, mechanized brigades, more than 17 infantry brigades, as well as 68 outlook towers ranging from 15 to 40 meters in height.

► Record pulp production

In 2018, CMPC reported record production of 4.1 million metric tons of pulp as a result of its mills operating at full capacity.

This represented a 23% increase in production over 2017.



Rural wildland fire control brigade



1.6 RISK MANAGEMENT

CMPC uses a model to manage risk that might impact business development and/or the fulfillment of the strategic objectives of any of its operations.



The Company identifies, evaluates and classifies the risk to which it is exposed. In order to do this, it analyses its causes, impacts, and probability of occurrence. Depending on its classification, certain actions are generated to reduce or mitigate risk, and to establish a permanent monitoring procedure.

- Risks are classified into four main categories:
- Operational risk,
 - Market risk,
 - Financial risk,
 - Risk arising from political and economic conditions.

The Board of Directors establishes the strategy and the general framework under which the Company's risk management operates. At a corporate level, the Departments of Risk Management, Financial Management, and Internal Audit coordinate and control the proper implementation of all prevention and mitigation policies. In addition, there are Audit and Hedging Committees at the Board level that analyze each proposal and its corresponding activities in their area of competence.

1.6.1 Operational Risk

Type of risk	Possible impact on the organization	Risk management
Industrial and forestry operations risk	<p>Industrial and forestry operations risk can prevent customer satisfaction, hinder the achievement of production targets and necessitate non-programmed expenditure on maintenance and investment in assets.</p> <p>Among the most significant occurrences are those natural phenomena such as earthquakes, floods, storms and drought, and any other situation produced by fire, equipment malfunction, supply shortages, spills and so on. The risk of stoppage arising from the illegal activities of third parties, such as squatting, blockades and sabotage, also falls into this category.</p>	<p>CMPC holds insurance policies through which it hedges a substantial proportion of major risk. Risks associated with operational activities are permanently re-evaluated to optimize coverage in accordance with the competitive options on the insurance market.</p>
Risk associated with the environment and climate change	<p>Compliance with current environmental laws and regulations, and their future modifications can have an impact on the Company's operations and/or the activities associated with its value chain.</p>	<p>The Company is known for developing management policies based on the principle of sustainability. This has led to the voluntary adoption of compliance standards that are higher than those established by local regulations.</p> <p>CMPC is taking action to incorporate external parameters such as the use of new technologies that facilitate efficiency and the optimization of productive processes to adapt and face climate change.</p>
Risk associated with community relations	<p>CMPC runs silviculture and industrial operations in several parts of Latin America. It therefore comes into contact with various communities in varying contexts. To date, however, the issues associated with this risk category have been restricted to specific zones and their effects on CMPC have been limited.</p>	<p>The Company has designed a strategy and model for community relations. Its objective is to support the community by generating employment and environmental education programs, and fomenting productive development, fostering micro-enterprise initiatives in families living in the area, and establishing a forum for permanent communication.</p>
Continuity and cost of acquisition of materials and services	<p>CMPC business operations require complex logistics in which the timely supply of quality, cost-effective supplies and services is fundamental to operational continuity and competitiveness.</p> <p>Should the quality of these services not be up to standard, or the contractual relationship with such companies be affected by regulations, labor conflicts or other contingencies, CMPC operations could be adversely affected.</p>	<p>In the specific case of electrical energy, CMPC industrial activities mostly depend on their own energy generated from biomass and natural gas, as well as on third-party supplier contracts. At the end of 2018, internal energy generation represented 81.3% of the energy consumed by its operations in Chile.</p> <p>In addition, each production facility has contingency plans in case of supply failures from external power supply sources.</p>

Type of risk	Possible impact on the organization	Risk management
Cyber risk	The increase in incidents against cybersecurity and cybercrime in the world represent a potential risk to the security of information technology systems, including those of service providers, as well as confidentiality, integrity and availability of data stored in these systems, some of which depend on services provided by third parties.	CMPC and its main information service providers have designed 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 catastrophes, power outages, security breaches, computer viruses or cybersecurity attacks.
Compliance risk	Compliance risk is associated with the Company's ability to comply with its legal, regulatory and contractual obligations, and with its own internal regulations, over and above the risks previously mentioned.	Corporate management periodically reviews operational and administrative processes in order to ensure proper compliance with the laws and regulations applicable in each of its business activities.
	These risks include acts of corruption and the crimes of bribery, money laundering and the financing of terrorism.	<p>The Company is continually taking action to strengthen a series of processes, controls and systems that would prevent the occurrence of compliance risk. Within this framework, the Board has adopted a new corporate integrity policy.</p> <p>The abovementioned rules and controls are being implemented with the support of experts, adding to the existing processes run by the Risk Management and Internal Audit Departments.</p>

1.6.2 Market Risk



Type of risk	Possible impact on the organization	Risk management
Market risk	A considerable percentage of CMPC sales come from products whose prices depend on conditions in international markets over which the Company has no significant influence or control. These factors include fluctuations in global demand (mainly driven by economic conditions in developed economies relevant to CMPC, mainly in China, North America, Europe and Latin America), variations in the installed capacity of the industry, 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>CMPC benefits from the diversification of its business activities and the vertical integration of its operations, which provide the flexibility needed to manage its exposure to fluctuations in pulp prices.</p> <p>The impact caused by any potential fall in the price of pulp is partially offset by the lower costs of production of more highly processed products, especially tissue paper and boxboard. There may be some limited ability to redistribute the volume of exports to different markets in response to adverse circumstances while still maintaining the desired prices.</p>

1.6.3 Financial Risk



Type of risk	Possible impacts on the organization	Risk management
Risks owing to financial market conditions: exchange rates and interest rates	<p>The ability to access loans in local or international capital markets may be restricted when financing is needed, which could have material adverse effects on the flexibility to react to different economic and market conditions.</p> <p>(1) Exchange rate risk: CMPC is affected by currency fluctuations, which are felt in three ways. The first is due to those incomes, costs, expenses and investments made by the Company that, either directly or indirectly, are denominated in currencies other than the operating currency. The second is due to exchange rate differences originating as a result of an accounting imbalance existing between assets and liabilities on the Balance Sheets denominated in currencies other than the operational currency, which in the case of CMPC is the United States dollar. The third instance affects the Provision for Tax Differentials in Brazil for those companies that use an operating currency distinct from the currency of taxation.</p> <p>Exports by CMPC and its subsidiaries represented approximately 55% of sales in 2018. The majority of these export sales were invoiced in US dollars.</p> <p>At the same time, domestic CMPC sales in Chile and in its subsidiaries in Argentina, Brazil, Colombia, Ecuador, Mexico, Peru and Uruguay represented 45% of total sales by the Company in the Fiscal Year. The aforesaid sales were invoiced mainly in the local currencies.</p> <p>On the other hand, it is estimated that the flow of income in US dollars or indexed to that currency achieved a percentage greater than 67% of total sales by the Company. Likewise, on the expenses side, raw materials, supplies and spares required by operational processes such as investments in fixed assets are also mainly denominated in dollars or indexed to that currency.</p> <p>(2) Interest rate risk: CMPC is affected by variations in interest rates in the market.</p>	<p>(1) Exchange rate risk: Given the nature of CMPC business operations, the Company invoices sales or acquires accounts payable in currencies other than the US dollar. In order to avoid exchange rate risk in currencies other than the US dollar, hedging operations through derivatives are carried out with the aim of fixing the rates in question. As of December 31st, a significant proportion of the estimated sales of boxboard and wood products in Europe were covered, in Euros and Sterling, in addition to the sales in Chilean pesos of the subsidiary EDIPAC in Chile, through to the year 2019.</p> <p>Considering the fact that the structure of cash flows in CMPC is highly indexed to the US dollar, liabilities have been contracted mainly in that currency. In the case of the foreign subsidiaries in the tissue paper business, due to the fact that their income is in local currency, part of their debt is held in the same currency with the aim of minimizing any financial or accounting discrepancies. Other mechanisms used to reduce accounting variances are: managing the currency designation in the financial investment portfolio, occasional trading in near-term futures operations and, in some cases, pricing structures with subscription options, subject to limits previously authorized by the Board that, in any case, represent a minimal amount in relation to the Company's total sales.</p> <p>From an accounting perspective, variations in the exchange rate of local currencies have an impact on the Provision for Tax Differentials. This impact arises out of the differences in value of the assets and liabilities in the financial account with respect to those in the tax account, when the functional financial currency (USD) is different from the tax currency (local currency of the respective subsidiary operations). This is the situation in the pulp industry in Brazil. In this case, a devaluation of the local currency relative to the dollar implies a higher Provision for Tax Differential. While the adjustments in the provision do not represent actual flows, they do introduce some volatility to the Financial Statements.</p>

Type of risk	Possible impacts on the organization	Risk management
		(2) Interest rate risk: The Company's financial investments are preferably linked to fixed interest rates, eliminating the risk of interest rate variations by the market. Financial liabilities are held mainly at fixed interest rates. For any debts with floating interest rates, CMPC minimizes risk by hedging up to 99% of the debt in derivatives at fixed interest rates, corresponding mainly to debt in Brazilian reals.
Credit risk	<p>Credit risk arises mainly in the event of insolvency of any client of a CMPC subsidiary and, therefore, in their ability to collect outstanding accounts payable and finalize transactional commitments.</p> <p>Credit risk also arises in the implementation of financial operations (counterpart risk). This type of risk to the Company arises when the possibility exists that the counterpart in a financial transaction defaults on its financial obligations causing CMPC to incur a loss.</p>	<p>CMPC manages its exposure by permanently revising and evaluating the debt servicing capacity of its customers, through a Corporate Credit Committee and the transfer of risk (using letters of credit or credit insurance) or guarantees that together cover the greater part of both export and local sales.</p> <p>In order to reduce counterpart risk in its financial operations, CMPC establishes individual exposure limits for each financial institution that are approved periodically by the Board of <i>Empresas CMPC</i>.</p>
Liquidity risk	<p>This risk is generated when the Company cannot meet its obligations as a result of insufficient liquidity.</p> <p>The Company concentrates the majority of its financial debt operations, investments, money exchange and hedge fund derivatives through its subsidiary <i>Inversiones CMPC S.A.</i> that in turn finances the operations of the subsidiaries. The debt is contracted through bank credits and bonds invested both on the local Chilean and international financial markets. The goal is to optimize resources, achieve economies of scale, and improve operational control.</p>	<p>This risk is managed through an appropriate distribution, extensions of payment deadlines and establishing limits on the amount of indebtedness, as well as maintaining a sufficient liquidity reserve and the prudent management of operational and investment flows.</p> <p>In addition, CMPC maintains the permanent policy of keeping a sufficient liquidity reserve and real cash flow position that is compatible with the risks arising from limited liquidity.</p> <p>In March 2017 in the event of possible liquidity restrictions, <i>Inversiones CMPC S.A.</i> was granted a Committed Line with Banco Santander, Export Development Canada, Scotiabank & Trust (Cayman) Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting as structurer. This line amounts to USD 400 million and has a maximum term of three years from the date of approval.</p> <p>In August 2018, the original expiry date was extended by two years (from September 13th, 2020 to September 14th, 2022) for a total of USD 200 million, with only Banco Santander and Export Development Canada, Scotiabank and Trust (Cayman) Ltd. As of December 31th 2018, the line of credit has remained unused.</p>

Type of risk	Possible impacts on the organization	Risk management
		The Company's prudent financial policy as outlined in the CMPC Financial Objectives Policy, together with its solid market position and the quality of its assets has enabled <i>Empresas CMPC S.A.</i> to receive the Standard and Poors international credit rating of BBB- (stable outlook), Baa3 according to Moody's (stable outlook) and BBB according to Fitch Ratings (stable outlook), one of the best ratings in the global forestry, paper and pulp industry.

1.6.4 Risk arising from political or economic conditions



Type of risk	Possible impact on the organization	Risk management
Risk arising from political or economic conditions	<p>Changes in the political or economic conditions in the countries where CMPC operates could affect the Company's financial and operational performance, as well as the implementation of its business plan.</p> <p>Each country has substantial influence over many aspects of the private sector through changes in tax regulations, monetary policy, the exchange rate and public spending. It also controls regulatory aspects, such as labor and environmental regulations.</p> <p>In recent years, countries such as Chile, Mexico, Peru and Colombia have implemented tax reforms, while Brazil is debating the matter, the outcome of which still remains uncertain. All these legal modifications do or will impact the financial performance of the Company, decreasing its cash flows destined to pay off its investments, as well as affecting its savings and the ability to make future investments.</p> <p>The introduction of any restrictions to international trade through protectionist actions, as recently threatened by some larger economies, may affect the implementation of commercial strategies.</p>	<p>The Company periodically analyzes any changes in economic and political conditions that might affect it and establishes suitable plans of action to deal with each specific contingency.</p> <p>Company operations in Chile concentrate 61% of total assets and 53% of sales while operations in Brazil represent approximately 28% of total assets.</p> <p>CMPC keeps communications channels permanently open with the customers in its product markets in each country.</p>

1.7 CORPORATE PURPOSE

It is generally accepted that the *corporate purpose* is the *reason for a company's existence*. The strategy is focused more on the 'why' than on the 'what', considered essential to guide crucial decision-making and determine the future of the company.

This is what makes it different from other companies in the same industry: it is its reason for existing, along with the vision and mission, going beyond making a profit to the decisions making a future sustainable.

CORPORATE PURPOSE: "THE 3 C": CREATE, COEXIST, AND CONSERVE

CMPC owes its existence to the natural environment, which is the source of its business and whose fruits enable the Company to contribute to the future wellbeing of society. The Company Statement of Corporate Purpose guides its actions and vision of sustainability into the future.



▼ **CREATE** the best solutions for the real needs of individuals, because the Company is present in everyday life through its pulp, wood or recycled paper products.

▼ **COEXIST** with its stakeholders, generating opportunities for mutual development. The Company knows that it is privileged to be able to make a positive transformation in the communities in which it operates. It endeavors with strength and determination to provide better living conditions for both present and future generations.

▼ **CONSERVE** the environment. The Company is fully aware of this global concern, part of a new paradigm that challenges companies and citizens to transform traditional production, consumption and coexistence patterns in order to migrate from a linear to a circular economy.

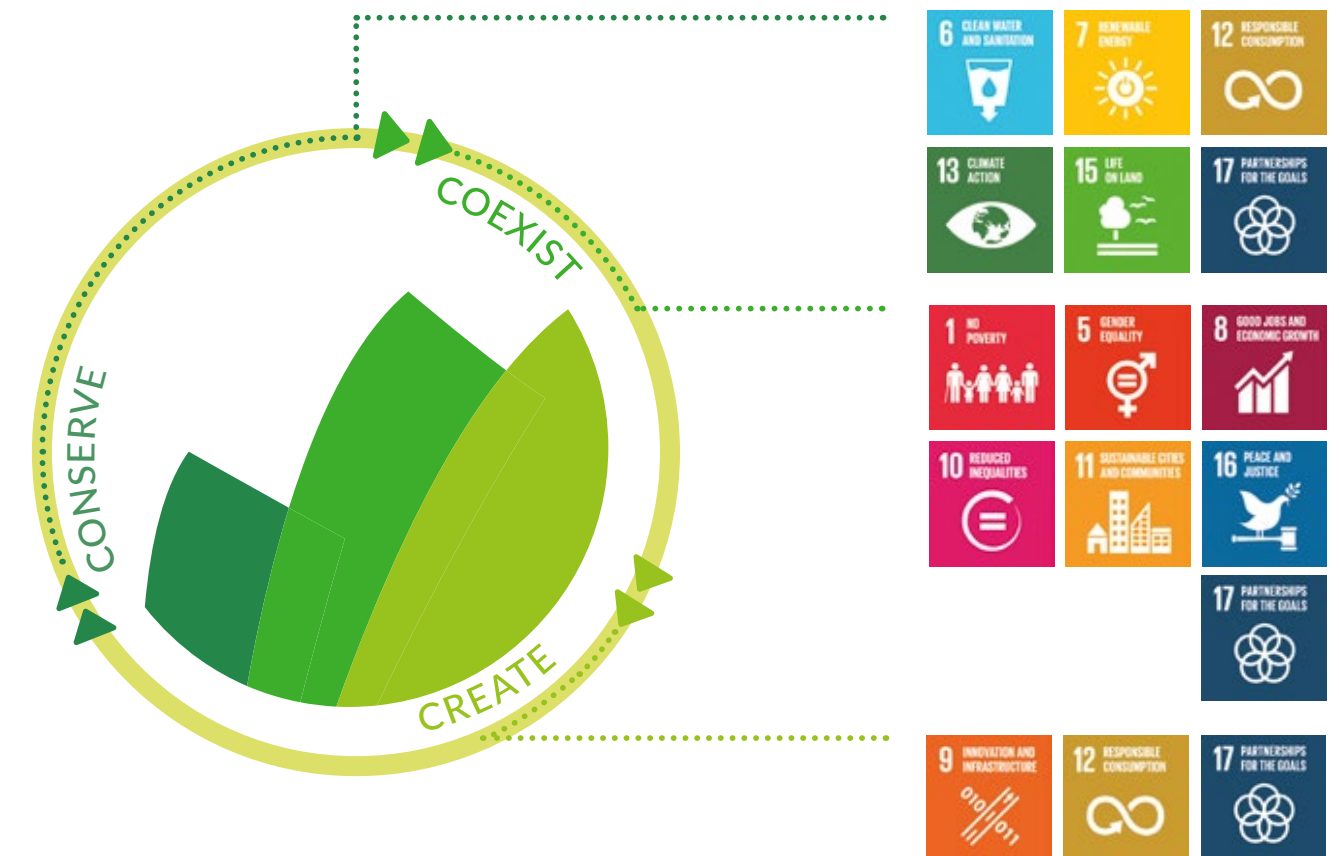
The 3Cs and the Sustainable Development Goals

CMPC has been a member of the United Nations Global Compact⁷ network since 2018, committed to providing an annual Progress Report on its performance in The Ten Principles of the Global Compact that encompass four main domains: human rights, labor rights, the environment and anti-corruption, and which are detailed in this Integrated Report.

Likewise, the Company subscribes to, develops and participates actively in projects and initiatives that have the ca-

capacity to contribute to the Sustainable Development Goals (SDGs) that offer a continuation of the 2030 Agenda following on from the Millennium Development Goals (MDGs). For this reason, the Company has linked its corporate purpose to the SDGs, in order to gain a better understanding of those areas holding greater potential for making a contribution in some of the 169 specific targets detailed in the 17 Goals.

The Sustainable Development Goals are a universal call for the adoption of measures to put an end to poverty, protect the planet and guarantee that each individual enjoys peace and prosperity. For more information on the SDGs, see: <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>



⁷ Global Compact is a United Nations initiative in which over 10,000 companies participate worldwide. For more information on the Global Compact Network, see: <https://www.unglobalcompact.org>

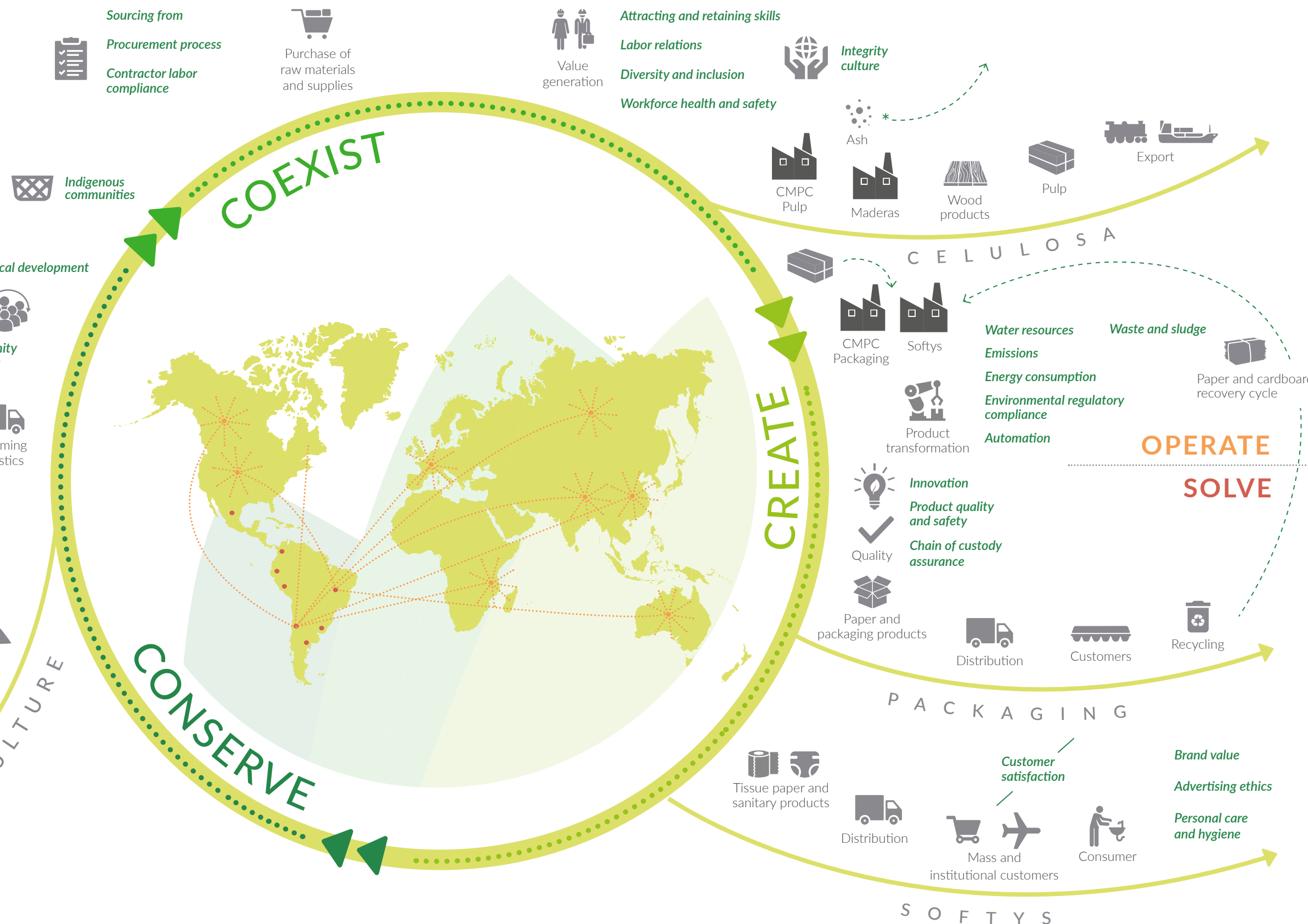
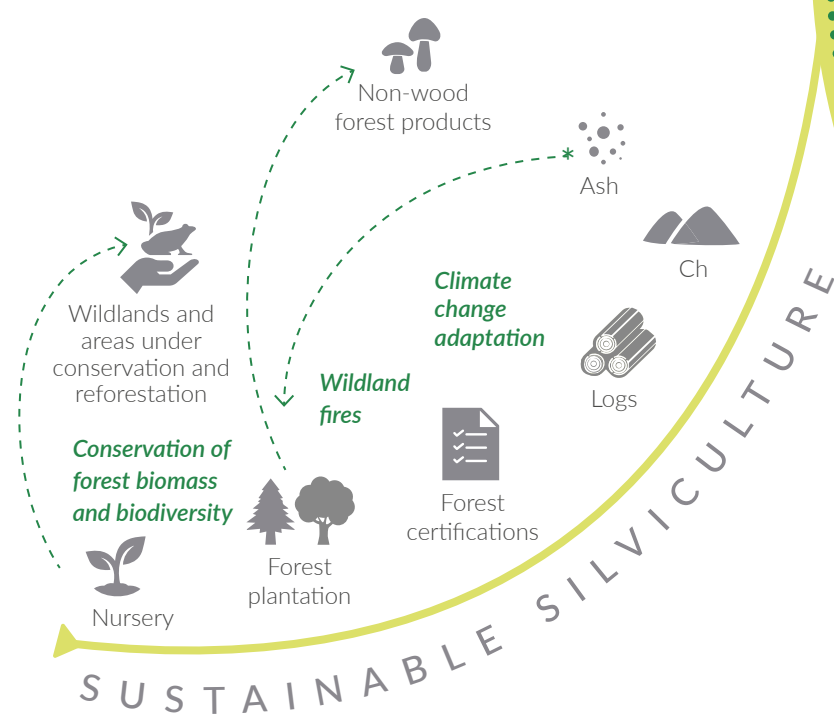
1.8 VALUE CREATION MODEL

(102-2; 102-6; 102-7; 102-9; 102-15)

CMPC developed its shared value creation model on the basis of its products derived from renewable sources, which deliver genuine solutions to the needs of individuals and arise from a legitimate concern for society and the environment. The value creation model illustrates the stages of the productive process to determine how each material issue⁸ is linked to the value chain.

In order to demonstrate the relationships between the business operations themselves along the whole value chain and the various Company stakeholders, the Integrated Report 2018 was organized in accordance with the main stages of the productive process Grow - Connect - Operate and Solve which together form a virtuous circle.

CONNECT GROW



⁸The material issues in the present report can be seen in Chapter 8. Preparation of the Integrated Report



2 GROW

Forestry operations commence in the plant nurseries of the Forestry Division and the cycle continues with thinning, pruning and harvesting. This chapter provides information on CMPC forest assets and sustainable silviculture practices.

2.1 Forest assets
2.2 Forest and biodiversity
conservation

2.3 Rural wildland fires
2.4 Adaptation to
climate change

2.1 FOREST ASSETS

(102-4, CMPC 1)

Plant fiber (pulp) is the main raw material of CMPC products. It is derived from certified forest plantations that comply with strict social, economic and environmental criteria of respect for the ecosystem.

WHAT IS FOREST CERTIFICATION?

Sustainable forest plantation management is certified through CERTFOR-PEFC™ (Program for the Endorsement of Forest Certification) and the Forest Stewardship Council (FSC) to guarantee the protection of native forests and biodiversity. This ensures that wood intended for industrial use is obtained solely from registered plantations and is completely traceable from source to destination.

This certification helps CMPC find the synergy between the economic, social and environmental aspect of its operations. Therefore, all production facilities must consult neighboring communities and establish long-term links to improve integration between productive operations and social support programs in order to ensure the preservation of forest assets.

Forestal Mininco

- FSC Forest Management (FSC-C006246), certified by NEPCon.
- FSC Forest Management – Aysen Project (FSC-C107775), certified by NEPCon.
- CERTFOR/PEFC™ Sustainable Forest Management (PEFC/24-23-100), certified by SGS Chile.
- (FSC-STD-30-010) FSC for forest owners (FSC-C120695), certified by NEPCon.

CMPC Pulp

- Forest management CERTFOR / PEFC Forest Group, certified by SGS Chile.
- Forest management FSC Group (FSC-C140582), certified by SGS Chile.

Celulose Riograndense

- Forest management FSC, certified by Imaflora.
- CERFOR/PEFC Sustainable forest management, certified by Imaflora.

CMPC holds forest assets in Argentina, Brazil and Chile.

- Argentina: 94,297 hectares in the Corrientes and Misiones Provinces
- Brazil: 325,286 hectares in the State of Rio Grande do Sul
- Chile: 732,962 hectares extending from the Regions of *Libertador Bernardo O'Higgins* to *Aysén del General Carlos Ibáñez del Campo*
- Total forest assets amount to 1,152,545 hectares

CMPC Forest Assets

Area	Argentina		Brazil		Chile		Total
	2017	2018	2017	2018	2017	2018	2018
Productive area							
Renewable plantations in hectares	58,220	58,159	158,313	159,012	487,986	482,916	700,087
Land to be planted in hectares	7,691	7,434	13,742	12,712	45,293	45,152	65,298
Land for administrative use in hectares, including roads, fire barriers, easements, farming and livestock breeding, trails, nurseries and seed production, unused farmland and so on.	8,356	9,868	14,715	14,865	40,771	37,188	61,921
Total productive land area	74,267	75,461	186,770	186,589	574,050	565,256	827,306
Area under protection and conservation							
Native forest and vegetation cover in hectares	4,150	4,386	73,711	74,893	64,843	70,914	150,193
Catchment areas, river beds, flora, fauna and high conservation value areas in hectares	15,880	14,451	63,908	63,805	93,913	96,791	175,047
Total area under protection and conservation	20,030	18,837	137,619	138,698	158,756	167,705	325,240
Total area under CMPC ownership	94,297	94,297	324,388	325,286	732,806	732,962	1,152,545

Source: CMPC Celulosa.



Corporate purpose: CONSERVE
Business division: CMPC Celulosa



Sustainable silviculture in Chile

Owners of forest plantations supply CMPC industrial operations with wood. The Company objective is therefore to have as many forest plantations certified as possible to be in compliance with sustainable silviculture standards, thereby reducing the need for procuring wood from controversial sources.

The CMPC plantations have PEFC / CERTFOR forest management certification since 2004, and with the FSC Forest Management Certificate since 2012, the highest categories established in each certification.

In 2006, a CERTFOR Forestry Management Group formed currently by 18 owners and 19,500 hectares of plantations for a total patrimony of 36,600 total hectares. To expand the potential supply of fiber by this group, a part of these owners are certified with the FSC Forest Management standard. There are 12 owners with 14,700 has of plantations and a total patrimony of 32,900 hectares.

The estates of these forest owners are distributed between the Maule and Araucania Regions of Chile. The group is managed by the Department of Certification and Sustainable Management of CMPC Celulosa. It ensures compliance both with all legal, financial, environmental and social requirements established un-

der current legislation in Chile, and the voluntary commitments established by each certification body.

The Company has shared its experience with FSC®, promoting the creation of new Forest Management groups for small owners. The aim is to maximize the area under certification and thereby reduce the risks inherent to the sale of fragmented quantities that mainly supply the pulp mills.

Annually, CMPC management undertakes 2 external audits, 8 internal audits, 45 training courses, 58 assessments (environment, security, labor and social), 84 public consultations with stakeholders on properties adjoining the estates of each owner, and permanent mapping and cartographic analysis to maintain its sustainable forest management certification.

Main statistics:

- 90% of the wood delivered to related businesses of CMPC has a Forest Management Certification.
- In 2018, Forestal Mininco and the Aysen Project were re-certified in Forest Management FSC. The Forestal Mininco subsidiary was also certified with the PEFC™ / CERTFOR Forest Management standard.

Pulp Production 2018

	Argentina	Brazil	Chile
Total amount of pulp produced Represents total annual yield of forest plantations (millions)	0.99 M m³ / year	7.2 M m³ / year	10.1 M m³ / year
Number of trees planted Total number of commercial species trees planted in the 2018 (millions)	1.68 M	17.2 M	31.0 M
Average volume of pulp per tree at current age Represents the median volume per tree at the current average age of the plantations (11.1 years)	0.39 m³ / tree	0.30 m³ / tree	0.27 m³ / tree
Average volume of pulp per tree at time of harvest Represents the median volume per tree at the time of harvest	0.84 m³ / tree	0.40 m³ / tree	0.81 m³ / tree

Source: CMPC Celulosa.

2.2 FOREST AND BIODIVERSITY CONSERVATION MAT

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

2.2.1 High Conservation Value Areas (HCVAs)

CMPC has a commitment to biodiversity conservation. The Company manages 150,193 hectares of native forest and vegetation and 175,047 hectares of water catchment areas, river basins, flora, fauna and high conservation value areas (HCVAs). These 325,240 hectares under protection and conservation represent 28.2% of the total productive land owned by the Company.

HCVAs are areas which possess unique characteristics of outstanding significance or critical importance to their natural surroundings. They are a requirement for the sustainable management of forest plantations.

CMPC protects three kinds of HCVAs:



BIOLOGICAL HCVAs:



Areas protecting vulnerable flora and fauna



SERVICE HCVAs:



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



SOCIO-CULTURAL HCVAs:



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

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

- Fire control and prevention as a priority
- Prohibition of the use of fire 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 biological HCVAs
- Training its workforce in the care of biological HCVAs
- Outreach through brochures and pamphlets on biological HCVAs
- Fencing and signage on the ground



Adesmia Bijuga

Biological HCVAs

Biological HCVAs represent the highest percentage of CMPC land area under HCVAs. For this reason, the Company has placed all its knowledge and experience at their service, safeguarding threatened species of flora and fauna and identifying, administering and monitoring the HCVAs.

- Argentina: 15 biological HCVAs
- Brazil: 7 biological HCVAs
- Chile: 14 biological HCVAs
- Biological HCVAs covered 22,594 hectares in 2018, some 2% of total CMPC land area

Number and surface area of biological HCVAs

Country	2017		2018	
	Number	Surface area (ha)	Number	Surface area (ha)
Argentina	15	9,430	15	9,430
Brazil	5	1,808	7	2,947
Chile	14	10,220	14	10,217
Total	34	21,459	36	22,594

Source: CMPC Celulosa

2.2.2 Regeneration of native forests

Native forests cover five times more territory than forest plantations in Chile. Over 90% of CMPC plantations have been planted on soils that had been abandoned due to erosion after decades of farming and fire.

It became illegal to cut down native forest cover after 2003 and all areas previously subject to illegal logging are now part of reforestation schemes.

Ecological restoration is an activity that initiates or accelerates the recovery of an ecosystem. Its objectives are to improve the state of conservation, recover degraded sites and increase the flow of products and services of the ecosystem. Each year, CMPC restores some amount of native forest.

The Company has established a goal for the restoration of native forest cover by 2026. It plans to reforest 65,086 hectares in Brazil and 8,738 hectares in Chile.

Restoration of native forest canopy in hectares

Country	2017	2018	Restored to date	Percentage of goal achieved
Brazil	19,542	12,106	31,648	49%
Chile	1,437	453	1,890	22%
Total	20,979	12,559	33,538	45%

Source: CMPC Celulosa

Corporate purpose: CONSERVE
Business division: CMPC Celulosa



Restoration in the Forestry Department

CMPC has been implementing programs to regenerate native species in Chile since 2006 and in Brazil since 2009 in the plant nurseries at the Carlos Douglas Nursery and Forestal Celulose Riograndense, respectively. Since then, 57 native species have been restored.

The daily tasks at the CMPC nurseries consist in seeking solutions to some of the problems affecting the species and restoring species that are in danger of extinction. In this same context, CMPC has contributed to the search for a remedy for the disease that dries the branches of the Araucaria trees and recovery of the Toromiro bush (endemic to Rapa Nui and extinct in that zone).

The Toromiro regeneration program began in 2006 when the Viña del Mar Botanical Gardens handed over six plants to CMPC to be protected and used for carrying out preliminary analyses. The Company established a partnership with the Catholic University of Chile to work on the project, an alliance whose success led on to an agreement in 2013 between CMPC and CONAF (the National Forestry Corporation of Chile) to reintroduce the species on Easter Island and return to the Rapa Nui people the tree used by their ancestors for sacred works of art.

Over 800 thousand saplings of native species and ornamental plants are produced annually at the Carlos Douglas Nursery. The Nursery is able to produce this volume by using various high-quality technological processes and mechanisms, such as

greenhouses with automatic climate control, mechanized equipment for planting and an automated transplanting machine of Dutch fabrication totally unique to Latin America.

Forestal Mininco in Chile has made a commitment to good environmental management as an essential part of its silviculture operations. Therefore, the enterprise has taken on the responsibility for protecting and conserving its assets, with special emphasis on the protection and conservation of biodiversity and ecosystem services.

In 2018, CMPC embarked on the restoration of two HCVAs, planting 139 hectares of Ruil trees in Empedrado and 704 hectares of Hualo trees in Loanco situated in the municipalities of Empedrado and Constitucion, respectively, which had been devastated by the mega forest fire in the 2017/2018 season.

The Ruil (*Nothofagus alessandrii*) is a species endemic to the Maule region of Chile defined as a biological heritage whose felling has been prohibited since 1995, and that was later declared a Natural Monument in 2007. The species has also been classified as rare and in danger of extinction (D.S. 151_2007).

The Hualo (*Northofagus glauca*) is a species endemic to the Central zone of Chile and is classified as vulnerable and almost threatened (D.S.42_2011).



2.2.3 Reforestation

In Chile, reforestation involves the prevention, replanting and recovery of native species in their natural habitats. This includes:

- Creating and increasing the number of HCVA's and priority areas as defined by the Chilean environmental authority
- Stimulating native vegetation and planting indigenous species
- Increasing the surface area and forest cover in degraded areas and prioritizing those native species that most require conservation
- Creating protected areas that act as corridors between fragments of indigenous forest critical to conserving biodiversity
- Creating buffer zones between forest plantations and native forest zones
- Planting about 500 thousand native plants on neighboring properties, equivalent to 10 thousand m³ of wood
- Conserving 10 thousand hectares of High Conservation Value Areas
- The removal of eucalyptus plots from protected areas (riverain/riparian zones)
- The control of invasive exotic species
- The creation of areas suitable for the harvesting of medicinal plants and non-timber products from the forests
- The recovery of other forest benefits such as recreation and scenery
- The restoration of indigenous vegetation in small catchment areas and waterways that supply neighboring communities with potable water

2.3 RURAL WILDLAND FIRES MAT

(CMPC 2)

The past few summers in Chile have been impacted by devastating wildland fires. Fires threaten vegetation, flora, fauna, soil, water and carbon cycles, climate control, the economy of the affected areas, their recreational and aesthetic value and the lives and livelihoods of their inhabitants. Fires can destroy biodiversity, the economy and society.

The Company's preparatory efforts for the season start in the preceding months and are based on a three-pronged strategy: residential community prevention efforts and preventive silviculture and the use of state-of-the-art technology.

- Indigenous forests take from 10 to 70 years to recover from a fire.
- 99% of wildland fires are caused by human activity whether carelessness, negligence, agricultural practices or intentionally for a variety of reasons.
- The conditions most prone to triggering a fire (fire weather) are temperatures of over 30o C, relative humidity below 30% and a wind speed of more than 30 km/hour: a combination of conditions denominated '30-30-30'.

Outbreaks and areas affected by rural wildland fires

Country	Number of outbreaks		Affected surface area in hectares	
	2016 / 2017	2017 / 2018	2016 / 2017	2017/ 2018
Argentina	28	46	20	18
Brazil	120	230	265	1,339
Chile	596	712	19,432	1,199
Total	744	988	19,717	2,556

Note: The 2017/2018 season extends from June 2017 through May 2018.
The 2016/2017 season extends from June 2016 through May 2017
Source: CMPC Celulosa.

2.3.1 Controlling rural wildland fires

In controlling wildland fires, CMPC has established as its top priority its commitment to the protection of human life. That is why interface fires are the priority of the strategy to accomplish this purpose.

In order to reduce wildland fires in Chile, CMPC has allocated almost USD 28 million annually towards fire prevention and control. CMPC has contributed significantly towards con-

trolling forest fires in the center-south regions of Chile, donating 65 units of 954 firefighters, 20 airplanes including the heavy-duty Chinook mega-helicopter, and a multipurpose fire truck to put out fires.

In Brazil, CMPC has made available 3 shear helicopters, 8 tank trucks, 15 vans to control fires and 3 firefighter brigades of 5 individuals each. Finally, in Argentina, the Company has

1 combat plane that operates mainly in the summer season and 250 hours of water cistern trucks that are activated on the basis of risk index that is handled by the Company that

also includes task force personnel of the rural wildland fire program who, although not professional firefighters, help control fires if the emergency plan is activated.

2.3.2 Community rural wildland fire control

CMPC and CMPC Foundation have developed an environmental education workshop on the topic "The Forest, a Natural Refuge" with the objective of raising awareness about the importance of forests to the environment and to life itself. It also serves to make participants aware of the consequences of their actions in these areas (such as littering, indigenous trees felling or behaviors that could start fires).

In 2018, workshops were held at 23 schools in 11 municipalities around Chile with the participation of 2,362 students.

This CMPC educational activity was offered jointly with the Chilean Wood Corporation (CORMA) and the National Forestry Corporation (CONAF) in an effort to avoid the duplica-

tion of efforts and reach the greatest number of schools in forested territories around Chile.

In addition, fire departments, the army and pilots were provided with training. Over 300 committees were set up all over the country for organization and training in preventive duties.

Neighborhood Watch groups have also been established in wildland urban interface areas. These are in charge of monitoring the active vigilance zones within the interface areas with 80 permanent look-outs per day during the peak fire season and special block arrangements activated in situations of high alert.

2.3.3 Preventive silviculture

Preventive silviculture refers to the alteration, clearing or elimination of green or dry vegetation and of vegetable waste and residues to avoid the ignition of forest fires or to slow down their spread and mitigate any damage should a fire start.

Therefore, CMPC has introduced a standardized system of defense mainly in interface areas which are areas where human development meets wildland or forest plantations and where persons living in the vicinity could be affected. The purpose is to progressively reduce fuel loading and thus influence the behavior of a potential fire. Depending on the

context, three lines of defense apply: a fire line of mineral soil, reduced fuel zones and a ring of preventive silviculture (thinning and /or pruning).

The aforementioned systems, together with the actions developed in 2017, have resulted in over two thousand additional protected hectares of wildland urban interface areas in the Regions of Maule and Araucanía in Chile, mainly including residential, agricultural and industrial human developments. This implies intervention on around 300 CMPC agricultural properties and the direct protection of close to 8,500 homes.



Rural wildland fire brigade



Cutting-edge technology: action plans generated to address wildfires

- **Applied Meteorological Service:** allows the Protection program to access timely information, enabling early alerts and the simulation of the spread of fires with high damage potential
- **CMPC Analysis and Forecast Unit:** : the Wildfire Analyst® software analyses wildfire behavior in real time in order to simulate the spread of forest fires over a period of one to six hours. This facilitates real-time decision-making and determines the risk of rural fires, enabling early alerts to be issued and adequate resources assigned to each event.
- **Sending and receiving live-feed images and videos via high-resolution cameras** a tool that helps improve decision-making concerning the resources assigned to control emergencies and evaluate the corresponding risks.
- **Protocols to establish a coordinated chain of command to face emergencies:** permits prior knowledge of the roles and functions that all stakeholders involved (from public and private organizations) are expected to fulfill in a forest emergency. The objective is to achieve better coordination of efforts in controlling the fire.

• **Incorporation of heavy-duty mega-helicopter for broad-spectrum fire control**

The Chinook, a heavy-duty mega-helicopter, is geared to respond to any wildfire both in CMPC forest plantations and those of third parties as well as in inhabited areas and indigenous forests. It can discharge 10 thousand liters of water at a time and can carry 12 tons of cargo (for fire control). Loading time is 60 to 90 seconds.

The Chinook became part of the forest fire control fleet in 2017.

• **Incorporation of multipurpose fire truck for interface fire control**

This aims to serve fires in interface zones. They are fire trucks equipped with water equipment (hoses) and both rapid and durable fire-retardant products that are especially designed to fight structural fires such as fires in houses, buildings, malls and the like.

2.4 ADAPTATION TO CLIMATE CHANGE MAT

According to the Intergovernmental Panel on Climate Change (IPCC), climate change is described as the phenomenon that affects every country, disrupting economies and impacting lives, communities and the natural environment.

In Chile, this phenomenon can be observed in an intensification of periods of drought, especially in the center-south areas of Chile, rainfall deficit and rise in temperatures. These events are constantly becoming more extreme, increasing the number of natural disasters in recent years. According to IPCC, Chile will be one of the ten countries most affected by the impacts of climate change.

The private sector is not exempt from its consequences. Climate change generates economic impacts as well as in the societies and the environments where companies operate. The most vulnerable sectors are those dependent on natural resources, generating new risks and opportunities as the operational context changes.

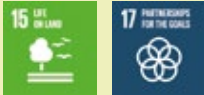
CMPC realized that its operations could suffer as a result of climate change and began to determine the risks affecting its operations: impacts on the value chain both in productive processes and on supplier operations and client expectations, with the consequent reduction in efficiency and earnings.

The forestry business currently represents the highest risk for the Company. A reduction in precipitation in the forest plantation zones can result in reduced water availability which impacts species growth. Drought results in low river flow reducing the amount available for plant production. High temperatures provoke forest fires which in combination with the wind factor can have a disastrous effect on forest assets and the community. Lastly, changes in weather conditions increase pest infestations and as a result the vulnerability of forest plantations to exposure.

CMPC is taking the necessary actions to adapt its operations by incorporating external factors via new technologies that promote efficiency and the optimization of productive processes. Some measures to deal with climate change that the Company has adopted include:

- The design, development and implementation of software to simulate and analyze fire spread and remote sensors to allow better evaluation and coordination in the event of fire.
- Development of the Eucahydro Project designed to optimize water use through early selection of Eucalyptus globulus, Eucalyptus nitens and hybrid genotypes. The initiative promotes the selective use of genotypes with lower environmental impact in conditions of water scarcity.
- Communication with the community in the event of adverse climate events or fires to increase readiness to confront natural disasters.

ASSISTED MIGRATION OF THE ARAUCARIA



In April 2016, there were reports of a condition affecting the foliage of Araucaria trees in Chile in mountainous locations around Nahuelbuta: more specifically, necrosis of the leaves, and to a lesser extent the branches, resulting in their death. This was the result of the change in normal weather conditions necessary for the growth of the Araucaria and its survival over time.

In an effort to find a solution to a long-term problem, the Forestry Institute joined forces with CONAF and CMPC to develop a strategy denominated assisted migration which consisted in taking the trees to a zone in which they could grow in the climate needed for their survival.

This collaborative agreement postulates that CMPC keep the small Araucaria saplings for 18 months in the Carlos Douglas Nursery in the Yumbel municipality of the Biobio Region of Chile until they have grown sufficiently to be transplanted in a place that meets the ecological conditions necessary for their growth.

The University of Chile collaborated by designing a study to identify the ideal climate for the planting of Araucaria trees using a 50-year projection.

This was an emblematic project not only for ecological reasons but also for the social connotations of this tree: the Araucaria is the main food staple of the Pehuenche people, the indigenous group that inhabits these territories.



Dwarf or Bonsai Araucarias



CMPC corporate building in Los Angeles, Chile

3 CONNECT

This chapter looks at the various links that CMPC has established with communities and indigenous peoples living in territories adjacent to Company operations. It also considers the relationships that CMPC has built with local suppliers and contractors.

- 3.1 Community relations and local development
- 3.2 Indigenous peoples
- 3.3 CMPC Foundation
- 3.4 Donations

- 3.5 Transport
- 3.6 The procurement process
- 3.7 Building relationships with local contractors and suppliers

3.1 COMMUNITY RELATIONS AND LOCAL DEVELOPMENT MAT

(413-1)

3.1.1 Community relations

CMPC interacts directly and openly with the local communities in the areas in which it operates. Each of its Business Divisions and their subsidiaries has implemented programs, projects and activities to meet the needs of each community. However, Company involvement is confined to the extent that respects clearly local identity in each municipality.

The following are some of activities linking CMPC with the community:

- Regular meetings
- Keeping the community informed about forestry operations
- Meetings with local authorities
- Programs and workshops held for the community
- Visits to production facilities to learn about the production process and address any doubts that the community might have
- Environmental talks

In 2018, the Company established new formal processes for the reception of comments, complaints or suggestions especially geared towards nearby communities.

Community relations plan

The community relations plan was established across the board during the year, consisting of five stages that would guide the relationship.



First of all, studies were carried out to become familiar with the area and its challenges and collect information about key stakeholders and the community in general. The second stage involved a diagnosis of the needs of the local population and of any existing projects. The third stage consisted

of designing projects that resolved issues, took into consideration local needs, and promoted community development. The fourth stage encompassed project implementation. Finally, the fifth stage dealt with impact evaluation and compiling suggestions.

Corporate purpose: COEXIST
Business division: CMPC Celulosa



Online environmental data for the Municipality of Laja

In keeping with the commitment made by CMPC with the regions where it operates, the Company has established a program of permanent collaboration with the Municipality of Laja in the Biobio Region. A significant step has involved the establishment in 2017 of a tripartite Environmental Working Group that in 2018 formulated a series of measures to benefit the Municipality of Laja directly.

One noteworthy example of these measures is the installation of a giant digital screen in the Municipality that would enable local authorities to monitor the environmental data of the facility in real time. This includes access to data on ambient air emissions and immissions from fixed sources.

With the aim of encouraging civil participation, CMPC will provide training in air-quality monitoring to members of the community, creating an environmental brigade that could signal the alert, assemble in timely manner in the affected area, and inter-

act with the community. CMPC already has similar civil environmental brigades at its other industrial facilities.

Moreover, the Laja plant will offer a pro-active visitation plan to its operations for members of the community, to familiarize them more closely with the characteristics and internal workings of the facility.

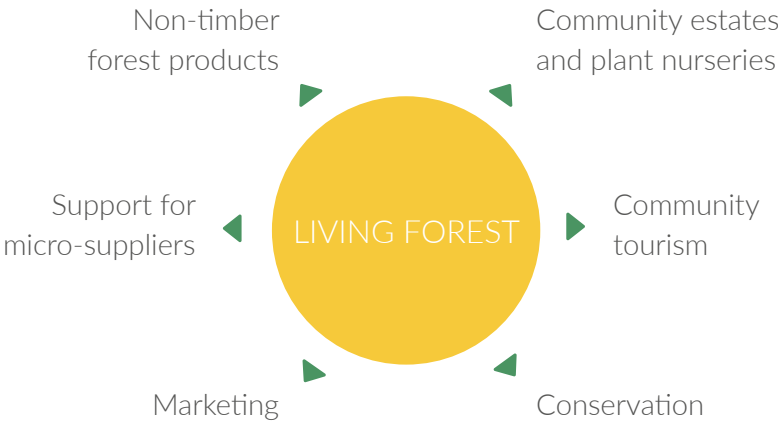
Additionally, in the spirit of transparency and environmental monitoring, CMPC will move ahead with the integration of ambient air-quality data from the Laja pulp mills into the monitoring network of the National Air Quality Information System (SINCA). In this way, CMPC will become part of the national network that the State of Chile runs through the Ministry of the Environment. The parameters that SINCA currently monitors are particulate matter, sulphur dioxide (SO2), nitrogen dioxide (NO2), and carbon dioxide (CO2).

3.1.2 Local development

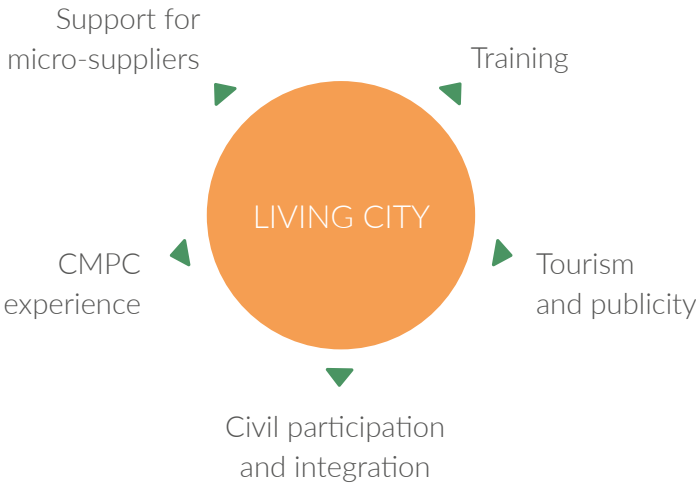
CMPC has set the following goals for its community development projects: to generate initiatives of greater impact associated with Company operations, to offer the public access to the productive processes, to transform forests and productive vegetation into development catalysts in rural territories, to contribute to conservation, and to establish a new relationship paradigm with the Mapuche people.

During 2018, CMPC initiated new courses of action with its surrounding communities, that fall into two categories known as Living Forest and Living City, respectively. Projects are either associated with the value chain of forest plantations or with the value chain of production facilities. These lines of action group the various community programs in categories with a common focus, with the aim of joining forces in initiatives that add value both to the community and to the Company.

The following courses of action were identified for Living Forest:



The following courses of action were identified for Living City:



Community projects in 2018

The activities carried out by CMPC in the community can be categorized as follows:

Living Forest

Activity	Country	Project name	Project description
Community plantations and nurseries	Chile	Red fruit orchards in Huapitrio	Creation of approximately 100 berry orchards; provision of raw materials for a period of 12 months; maintenance technical support; and construction of a collection and holding center for the fruit.
Community plantations and nurseries	Chile	South Tirua orchards	Support for the agricultural development of eight indigenous communities belonging to the Inche Tañi Mapulafken Association of South Tirua. The project involves planting red fruit orchards, providing raw materials and technical support to run the project and help in finding distribution channels.
Non-wood forest products	Brazil	Favos do Sul Program	Allow beekeepers to install their hives near the Eucalyptus plantations. 8% of the honey harvested is handed over to Special Education Schools in 28 localities. Each year, the project generates income for 150 beekeepers.
Non-wood forest products	Brazil	Bagpipe factory	A social inclusion project in association with the Renato Borghetti Institute targeting children between the ages of 7 and 15. The objective is to train diatonic button accordion (bagpipe) student-apprentices. Nine schools in eight municipalities are involved with 320 students enrolled.
Non-wood forest products	Peru	Productive community workshops	Productive workshops began in 2018 in Santa Angela and El Molle attended by 25 to 30 women from each community. For the past two years this program has taught handcraft in Trupan, hairdressing, manicure and pedicure and the design of hair bows. The materials and instruction are provided by CMPC and each course lasts four months.

Living City

Activity	Country	Project name	Project description
Supporting micro-enterprise development	Chile	Collipulli market	Community construction of the architectural design in wood of the future farmers/open air market for the Municipality of Collipulli.
Tourism and publicity	Chile	River tour of Imperial river in Chile	Developing and promoting destination tourism on the Imperial River, strengthening the abilities and skills of the people in the area and providing equipment and infrastructure to make tourism a strategic axis of economic development for the community.
Tourism and publicity	Chile	Tourism center	Building a new commercial tourism nucleus based on sports in Angol and establishing a forum in Temuco for open workshops, co-working and the distribution of community products.
Civil participation and integration	Chile	Rural potable water project design in Molco	Community construction of the project design for rural potable water for the Molco community in the Municipality of Loncoche for the benefit of 92 families.
Civil participation and integration	Chile	CMPC Fund	The objective of the Fund established for 15 communities and 35 priority neighborhoods in the Biobio and Araucaria Regions of Chile is to improve the quality of life in neighborhoods close to the Company's industrial and forestry operations by training and providing support to the members of community organizations that present projects directly benefiting its members, neighbors and the general vicinity.
Civil participation and integration	Brazil	Clean Guaiba	Educational activities related to the collection of litter in Lake Guaiba in conjunction with the Guaiba Canoe Association. The objective is to raise awareness of the pollution in the lake through workshops led by student canoeists.
Civil participation and integration	Brazil	Cachoeira do Sul	Community Health Education Program (Programa de Educación para la Salud en las Comunidades, PESCC). Supports school health education projects in the municipalities where CMPC has forestry operations, the objective being to promote the general well-being of the population through the spread of healthy eating habits.
Civil participation and integration	Brazil	Forest is life	This project encourages schools in the municipalities of the regions where CMPC operates to develop environmental responsibility programs. It encompasses mainly training workshops for school children and invites them to create organized activities to deal with local environmental issues. In 2018, this project involved 17 cities, 18 schools, 423 events and 4,600 students.

Activity	Country	Project name	Project description
Civil participation and integration	Peru	Itinerant Municipal Defense League for Children and Adolescents (DEMUNA)	This project was conducted on a half-yearly basis in the Arena Alta and Clarita primary schools and the Hebay Bajo secondary school. It involved the participation of students in the mornings and their parents in the afternoons. It offered orientation and counseling through classes for parents. The consultations were resolved by the Municipal Defense League for Children and Adolescents (DEMUNA) of the provincial municipality of Cañete. About 70 students from the three educational institutions and their parents participated.
Training	Peru	Hiring an Agronomist	In 2016, the Company began to train farmers. To do this, it signed an agreement with La Molina Agrarian University and invited farmers from Clarita, Herbay Bajo, Arena Baja, Santa Angela and Molle. Prior to the start of the training, a diagnostic workshop determined what subjects to include according to the needs in the area. These included: <ul style="list-style-type: none">▪ Comprehensive pest management and the safe use of pesticides, herbicides, fungicides and insecticides;▪ Soil management, organic and inorganic fertilizers and soil fertility.
Training	Chile	Technical Professional Colleges Agreement	This initiative seeks to close the gap in skills and abilities of students in the technical professional system in the municipality of Nacimiento.
Training	Brazil	Technical course in pulp and paper	A training course recognized by the Education Ministry of the Rio Grande do Sul State and led by Company professionals was taught both at the Gomes Jardim school and at CMPC.

Corporate purpose: COEXIST
Business division: CMPC Celulosa



Eco-sustainable village: A public-private partnership for better housing

An ecologically sustainable village consists of a housing complex that combines environmental, social and economic sustainability. There have been three initiatives of this kind in Chile, developed in partnership with CMPC in the Regions of Atacama and Araucanía. They demonstrate the commitment of the Company to projects using environmentally friendly materials that enable hundreds of families to fulfill the dream of owning their own home.

CMPC, conscious of the importance of institutional partnerships in dealing with climate change and coexisting in harmony with communities and the environment, participated in the construction of eco-sustainable housing in partnership with the Municipality of Collipulli, the Wood Innovation Center of the Catholic University of Chile, Madera 21, the Ministry of Housing and Urbanization and the housing committees of Villa Mininco. CMPC embarked on the project to build a housing complex in the municipality of Collipulli.

The project will be located on a site donated by CMPC. It will benefit 110 families and improve their quality of life. Each two-storey house has two bedrooms and includes a mud room for leaving coats, umbrellas and boots, a common feature of houses in southern Chile.

The houses will be built entirely of wood, with termite and fungus-resistant technology and a series of technological innovations, such as a ventilator wall through which air circulates. The application of this construction solution enables the house to

be cooled during the summer and insulated during the winter months, maintaining an ambient temperature of between 16 and 25 degrees Celsius for most of the time. Added to this, electricity is generated through photovoltaic panels, providing hot water and thermal solar heating to complement external sources of power, thereby contributing to household energy efficiency and savings for its owners. Likewise, the project includes green areas, community kitchen gardens, recycling systems and bike trails.

The wood used for construction has direct benefits both for the individuals and the ecosystem, one reason why CMPC encourages construction in wood, creating products that satisfy not only the demands of the construction industry both domestic and international but also furniture manufacturers and others.

In December, the project "Eco-Neighborhood Oasis of Chañaral" was awarded the 2018 Urban Contribution Prize for the Best Innovation and Sustainability Project. This initiative emerged in response to the families in the Region who had lost their homes in the 2015 landslide in the north of Chile. It also involved housing built mainly of wood and equipped with the latest technological innovations.

Important statistics:

- 440 beneficiaries in the municipality of Collipulli.
- 1m³ of wood captures between 627 & 1,136 kilograms of carbon dioxide.

Investment in the Community

CMPC endeavors to generate sustainable impacts in the localities in which it has established a presence. In 2018, the Company invested USD 1,328,952 in community-oriented programs and activities.

This investment was allocated as follows:

- USD 1,084,065 in Celulosa in Chile.
- USD 152,260 in Celulose Riograndense in Brazil.
- USD 22,500 through the Packaging and Softys Divisions in Chile.
- USD 70,127 in both Softys facilities in Peru.

In Chile, through Forestal Mininco CMPC interacts with 195,000 immediate neighbors from 1,450 community organizations located in 133 municipalities in 6 regions of the country. In the Maule Region, it relates with 7 communities in the districts of San Javier and Yervas Buenas through the Packaging and Softys Divisions. Likewise, in the Santiago Metropolitan Region, it has established programs in the municipalities of Puente Alto, Til til, Buin and Talagante.

In Argentina, the Softys Division production facility located in Zarate has focused its community relations on supporting

the growth of the Zarate Public Hospital and the Garrahan Foundation that funds the Garrahan Pediatric Hospital in Buenos Aires.

In Brazil, the Company has links with 8 municipalities in the Rio Grande do Sul State and is involved in several initiatives with them. Some of these, such as "Good Neighbor", include community relations programs that seek to keep communications open permanently through several channels to show the benefits attached to the work done by the Company in its surroundings.

In Peru, CMPC operates in 7 localities through the Softys Division production facilities in Cañete and Santa Anita. There, it is developing a corps of corporate volunteers, donation campaigns and visits to schools to offer training, talks and workshops to the community, keeping close ties with its neighbors by working together.

The mills and production facilities located in industrial areas far from residential areas have no permanent links with communities.

RECONSTRUCTION OF THE AREAS DESTROYED BY WILDLAND FIRES

Following the wildland fires in Chile in 2017/2018, the Company offered to support the reconstruction of both the community of Empedrado and the area most devastated by the fire, Santa Olga. Therefore, the Company has been in constant contact with both residents and local authorities.

In the community of Santa Olga in the Maule Region of Chile, thousands of people lost their homes despite the efforts of firefighters and forest brigades from several organizations, both public and private. Once the catastrophe was over, CMPC promised to help rebuild the community by contributing materials, timber and building the social centers, an educational complex and more than 100 houses.

In addition to this undertaking, CMPC is also working on a 1.5 hectare park.



KUYULCHE OR VEGETABLE CHARCOAL



65 startups benefited

The project promotes the production of vegetable charcoal for the indigenous communities neighboring the Lumaco forest plantations in the Araucania Region of Chile.

It seeks to consolidate neighboring charcoal projects through technical assistance and the generation of distribution channels. Likewise, it includes technical support, equipment (machinery and technology) and silviculture (planting Acacia trees for raw material) on adjoining lands.



ÑOCHA MALEN OR ÑOCHA WOMAN



75 artisans benefited

The project aims to improve the products and services offered by Ñocha artisans in the communities of Cañete, Contulmo and Tirua in the Biobio Region of Chile. Ñocha is the plant fiber used in the Mapuche culture for weaving artisanal products such as baskets and hats.

In 2018, CMPC focused on improving communication channels, making the cycles of orders and interaction with customers more efficient, incorporating tourism experiences and establishing artisans' organizations and associations.

Ñocha Malen Collective <http://petlamp.org/chile/>

3.2 INDIGENOUS PEOPLE MAT

According to the 2018 Census, some 12.8% of the population of Chile consider themselves part of an indigenous or native community, predominantly Mapuche which represent 9.9% of the total population of the country. The indigenous populations are settled mainly in the Regions of Arica and Parinacota (37.5%), Araucania (34.3%) and Aysen (28.7%), with the Araucania Region having the largest concentration of Mapuche people.

CMPC complies with demanding external certification standards that include the recognition and support for the common laws, customs and culture of the indigenous peoples. Likewise, within the framework of this policy of relationships, the Company has publicly and repeatedly made clear its disposition to dialogue on all matters, to deal with the demands and concerns of the over 380 Mapuche communities in the vicinities adjoining its operations.

In consequence, CMPC was the only private enterprise to participate during 2017 in the Presidential Advisory Commission on the Araucania set up by the Government of Chile. Here, it registered its recommendations, including those pertaining to the land claims of the communities which have remained unattended by the executive and legislative powers.

This has not stopped CMPC from holding several Round Table talks with local and national authorities, Mapuche leaders and community members, intended mainly to identify and improve development opportunities while fully respecting indigenous cultural identity and customs.

CMPC rejects any kind of action that intends to use violence to appropriate the legitimate demands of the Mapuche communities, bearing in mind that these violent minority groups do not represent the vast majority of communities.

As a result, the Company has been working with neighboring Mapuche communities to develop cooperation projects that help uphold the Mapuche cultural heritage. The most outstanding of these are: the red fruit orchards in Huapitrio, the rural potable water project in Molco, the river route on the Imperial River, market gardens in South Tirua and the CMPC Fund. There are two projects in particular that benefit the indigenous communities exclusively: Kuyulche (vegetable charcoal) and Ñocha Malen (Ñocha Woman).

3.3 CMPC FOUNDATION

The CMPC Foundation, along with Business Divisions, embodies the relationship of the Company with the community in Chile. It contributes to the education and culture of rural children through building the skills and abilities of local stakeholders and generating long-term alliances.

The staff of 58 professionals at CMPC Foundation has been working since 2000 to carry out its educational and cultural programs in four regions of the country, reaching 14 municipalities and making an impact in 52 educational establishments. In 2018, total investment in Foundation programs was USD 5,709,899.

Educational activities

- Literary Promotion Program
- Teacher Training
- Raising and Growing
- HIPPPY Chile (Pilot)

Cultural activities

- Alessandri Park in Coronel
- Artequin Museum in Los Angeles
- Alessandri Park in Nacimiento

Educational activities

Literary Promotion Program: The Foundation holds a storybook and comic book competition for children from 2nd to 8th grade in different primary schools. The winners attend a literary workshop led by a local specialist who prepares them to compete once again with their literary works.

Teacher Training Program: The aim is to help schools improve the quality of their teaching through the provision of material support and various skills-improvement workshops for both teachers and administrative staff. In 2018, there were several successful cases, such as the schools of San Rosendo which received national recognition and Yervas Buenas which achieved the highest SIMCE scores in the district.

Raising and Growing Program: This initiative is oriented towards socio-emotional and language skills development in children. It consists of educational psychology afternoons with families, one-day skills improvement training, workshops, consultations with kindergarten teachers and teaching assistants, workshops for parents/guardians and interactive parent-child workshops.

THE HIPPY RAISING AND GROWING AT HOME INITIATIVE IN CHILE (PILOTED IN THE MUNICIPALITY OF SAN JOAQUIN)



The CMPC Foundation launched the international program HIPPY dedicated to training mothers of 3-year-old children to be community instructors. The community instructors then carry out weekly house calls to other mothers/parents or childcare providers in the community to teach them how to play educational games with their children to help them develop language and motor skills and explore their environment.

The pilot program took place in the municipality of San Joaquin in collaboration with the Chile Crece Contigo program and the local municipality. It began with the selection of five community instructors who then received weekly training to be able to visit several parents in the community and teach them games they could play with their children.

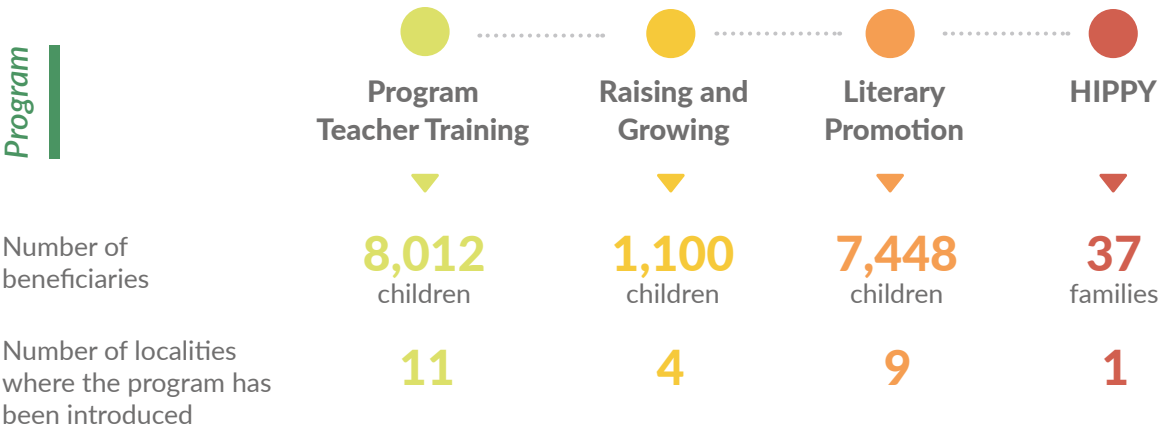
After that, four workshops were held with the families to evaluate infant development and parental skills.

In 2019, HIPPY was introduced in the Araucania and Biobio Regions of Chile. The program was launched in the munic-



Student Callejones School, Biobio Region

Main statistics of the CMPC Foundation in 2018



Source: CMPC Foundation

Cultural activities

The Alessandri Park in Coronel. Holds various cultural, recreational and environmental activities, such as the Cultural Summer Saturdays, treks to the Native Forest and internships for youth with disability. There was a record number of visitors to the park in 2018.

The Artequin Museum in Los Angeles. Holds temporary and year-round activities such as school workshops, art competitions and short-term exhibitions such as, for example, Chilean trees around the world.

The Alessandri Park in Nacimiento. Was still under construction during 2018 awaiting the installation of a sustainable irrigation system before its inauguration and opening to the public.

Locations where the programs are held

Talagante, San Joaquín, San Javier, Yerbás Buenas, Villa Alegre, Coronel, Laja, San Rosendo, Mulchén, Nacimiento, Negrete, Los Ángeles, Renaico, Collipulli and Villa Mininco.



Source: CMPC Foundation



Corporate purpose: COEXIST
Business division: CMPC Celulosa



Sustainable classroom for the Maitencillo School in Yerbás Buenas

As part of its commitment to protecting the environment and the well-being of the neighboring communities, CMPC embarked on a project/competition launched by the Ministry of Education of Chile (MINEDUC) and the National Development Corporation (CORFO) whose objective was to improve classroom environment through the benefit of the materials of which it is made. Using wood as the construction material has direct benefits both for the ecosystem and for people.

One of the benefits to the ecosystem is the fact that one cubic meter of wood absorbs between 627 and 1,136 kilograms of carbon dioxide, the main chemical compound of greenhouse gases that trigger global warming. Additionally, wood is a renewable element with a low level of electrical transmission and good thermal regulation, resulting in less need for heating and therefore generating more savings and less atmospheric pollution.

The CORFO/MINEDUC project proposed the building of three types of classroom in designs based on wood, one for northern Chile, one for the central zone and another for southern Chile.

These project modules would then be donated to a public school where they would remain permanently.

Consequently, CMPC handed over the modular classroom in October to the Maitencillo School in the Municipality of Yerbás Buenas in the Maule Region, a municipal educational establishment that the CMPC Fund has been supporting for the past 15 years.

The 92 m² classroom is built of cross-laminated timber (CLT) and will be used by the school for music classes and instrument workshops during the Whole-Day Primary School term. It will provide 228 teaching hours per year for practical lessons in playing the violin, guitar, flute, charango or Andean lute, metallophone and piano, for example, enabling the students to develop their musical talents and other artistic skills.



3.4 DONATIONS

The Company makes yearly donations to several social, cultural and academic institutions that contribute to national scientific, cultural, social, educational and economic development. These donations benefit institutions functioning in the areas where CMPC operates.

In 2018 alone, CMPC contributions under this framework in Chile, Peru and Uruguay amounted to USD 5,130,774.

Donations in 2018

Institution	Amount in USD	Percentage
Social donations	1,259,188	25%
CMPC Foundation	1,126,254	22%
Universities and general education	904,596	18%
Research centers, associations, institutes and others	858,769	17%
Cultural donations	794,405	15%
Other donations	187,562	4%
Total	5,130,774	100%

Source: Corporate Affairs Department

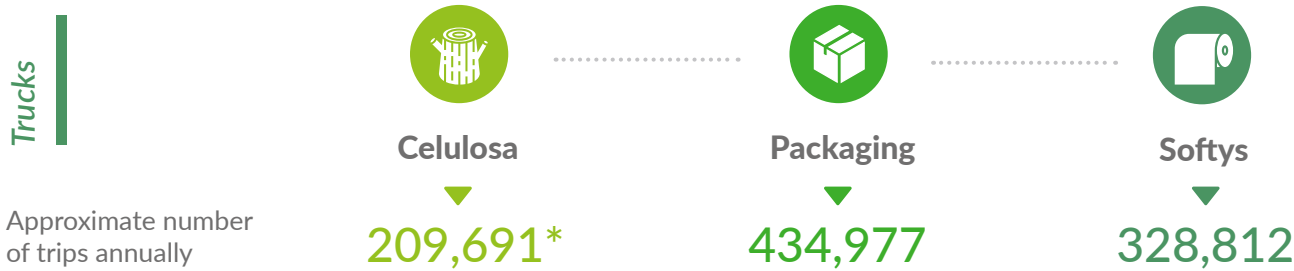
3.5 TRANSPORT MAT

(413-2)

The transport of raw materials, supplies and products has been identified as one of the main impacts on the community, due to the noise, dust in suspension, deterioration of urban and rural road systems, quantity, speed, schedules, and loss of sense of security produced by the high volume of traffic in such small localities. The Environmental Permits (*Resoluciones de Calificación Ambiental, RCA*) of production facilities have strict requirements in terms of trucking operations.

The number of trips made by a truck to and from each facility could have a direct impact on any nearby community through which it passes. In CMPC Celulosa, transport is not only by truck but also by train (in Chile) and by barge (in Brazil) which have less impact on community and environment.

Number of trips by truck per Business Division



Note: One trip is considered to be the entrance and exit of a truck from the facility
*Excluding Celulosa Argentina, transport by train in Chile and by barge in Brazil
Source: Compiled using data from CMPC Business Divisions

In order to mitigate these impacts, the Company has been working on several solutions adapted to each specific site. In Brazil, the focus is on repairing fencing, dampening the soil, electronic speed traps and soil correction and compacting. In Chile, meetings are held with neighboring communities to

brainstorm solutions depending on locality, GPSs have been installed to monitor speed, water sprayed on unpaved roads, public thoroughfares repaired and improved and, in some communities, restrictions established on the hours permitted for the procession of trucks.

3.6 THE PROCUREMENT PROCESS MAT

(102-10)

CMPC procurement policy establishes corporate guidelines for the procurement of goods and services in each country. This document outlines each of the steps through which every purchase order must go to ensure that the bidding processes remain competitive and properly designed for the mutual benefit of the supplier/contractor and the Company.

The Service Contracts Department checks each potential supplier based on the following criteria: financial analysis, tax compliance, obligatory records and technical evaluation.

3.7 BUILDING RELATIONSHIPS WITH LOCAL CONTRACTORS AND SUPPLIERS MAT

(102-9, 204-1)

The relationships between CMPC and its local contractors and suppliers are crucial: these groups are of primary concern to the Company due to their ability to generate shared value and contribute to the development of the community. They represent 96% of the total number of suppliers.

The Company considers as local supplier to be *any business entity located in the same region as the mill or production facility that helps with the supply of raw materials and services to the business in order for it to continue operating*. This definition

does not apply to the operations run by the Company in big cities such as Santiago or Lima.

CMPC drives the creation of local businesses that provide products and services in the vicinity of its operations. Moreover, it is committed to its local suppliers and actively supports them through education and training, thereby generating a virtuous cycle that contributes to the local economy.

Annual amount of expenditure on local suppliers in millions of US dollars

	2016	2017	2018
Total number of suppliers	29,415	30,494	31,428
Number of local suppliers	28,082	29,211	30,049
Total expenditure on suppliers	4,096	4,213	4,667
Expenditure on local suppliers	3,497	3,628	3,970

Source: Administration Department

Average number of days payable outstanding



Source: Consolidated information from the three Business Divisions



4 OPERATE

The present chapter on responsible operations provides information on the administration of natural and human resources that contribute to CMPC operations.

- 4.1 Human resources
- 4.2 Attracting and retaining skills
- 4.3 Diversity and inclusion
- 4.4 Use of natural resources

4.1 HUMAN RESOURCES

(102-8, 401-1)

The CMPC workforce totals 48,747 persons including both employees and contractors. Employees alone averaged 17,247 in 2018, rising to 17,558 by the end of December.

Average number of employees by gender, country, division and job position

		2016			2017			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Country	Argentina	157	1,397	1,554	154	1,367	1,521	185	1,313	1,498
	Brazil	316	1,971	2,287	344	2,071	2,415	335	2,056	2,391
	Chile	1,152	8,404	9,556	1,109	8,081	9,190	1,194	8,158	9,352
	Colombia	133	325	458	124	280	404	129	319	448
	Ecuador	60	171	231	61	177	238	75	175	250
	Mexico	344	1,133	1,477	344	1,163	1,507	355	1,201	1,556
	Peru	121	1,057	1,178	135	1,149	1,284	155	1,233	1,388
	Uruguay	44	359	403	45	344	389	45	319	364
	Total	2,328	14,817	17,145	2,316	14,633	16,949	2,473	14,774	17,247
Division	Celulosa	513	4,471	4,984	510	4,469	4,979	545	4,474	5,019
	Packaging	421	3,170	3,591	397	3,003	3,401	403	3,014	3,417
	Softys	1,215	6,913	8,128	1,240	6,932	8,172	1,344	7,058	8,402
	Corporate Offices	179	262	441	169	229	397	181	228	409
	Total	2,328	14,817	17,145	2,316	14,633	16,949	2,473	14,774	17,247
Position	Executive Staff	152	838	990	121	707	828	181	820	1,001
	Professional& Technical Staff	1,116	3,400	4,516	1,200	3,553	4,753	1,512	4,421	5,933
	Operators	1,060	10,579	11,639	996	10,373	11,369	780	9,533	10,313
	Total	2,328	14,817	17,145	2,316	14,633	16,949	2,473	14,774	17,247

Source: CMPC Development Department.

- **Executive staff:** refers to positions associated with Job Position Levels A, B & C. This includes: Senior Executives, Department Heads, Deputy Department Heads and Managers.
- **Professional and Technical Staff:** refers to positions associated with Levels D, E & F.
- **Operators:** refers to positions associated with Level G. This includes employees in production facilities and secretaries.

Proportion of workforce by position at CMPC



Source: CMPC Development Department.

The total CMPC workforce as of December 2018 amounted to 15,006 male employees and 2,552 female employees.

- The Celulosa workforce numbers 5,005 employees
- The Packaging workforce numbers 3,442 employees
- The Softys workforce numbers 8,702 employees
- The Corporate Office workforce numbers 409 employees

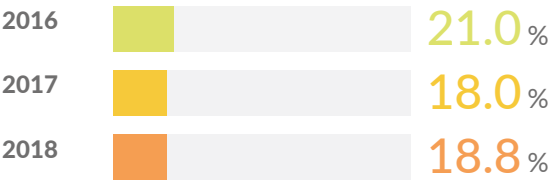
Average number of contractors by Business Division and gender

		2016			2017			2018		
		Female	Male	Total	Female	Male	Total	Female	Male	Total
Business Division	Celulosa*	1,100	14,392	19,759	1,182	15,514	20,819	1,831	19,002	20,833
	Packaging	377	3,244	3,621	425	3,319	3,744	500	3,113	3,613
	Softys	587	2,702	3,289	2,310	4,718	7,028	1,888	4,904	6,792
	Corporate Offices	101	283	384	91	161	252	95	167	262
	Total	2,165	20,621	23,764	4,008	23,712	31,843	4,314	27,186	31,500

*Note: Celulose Riograndense (CR) does not categorize its contractors by gender. The totals include all data of contractors in the Celulosa Division. The total number of contractors for 2016 including the 4,267 contractors from Celulose Riograndense that are not categorized by gender, would be 27,053.
Source: CMPC Development Department.

Employee turnover rate at CMPC

Consolidated turnover rate

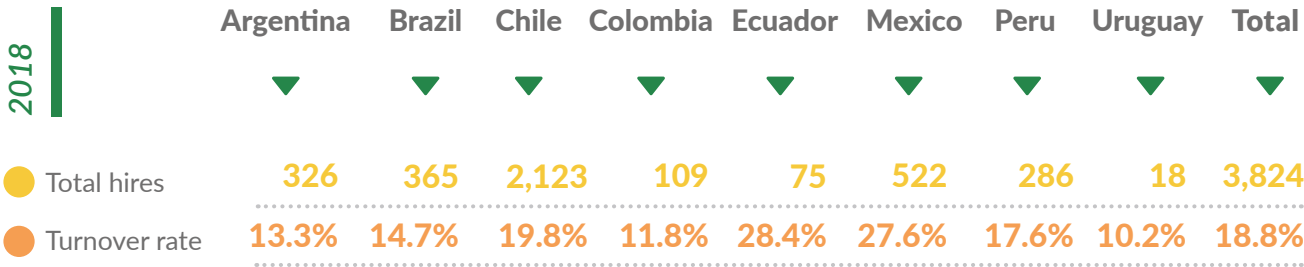
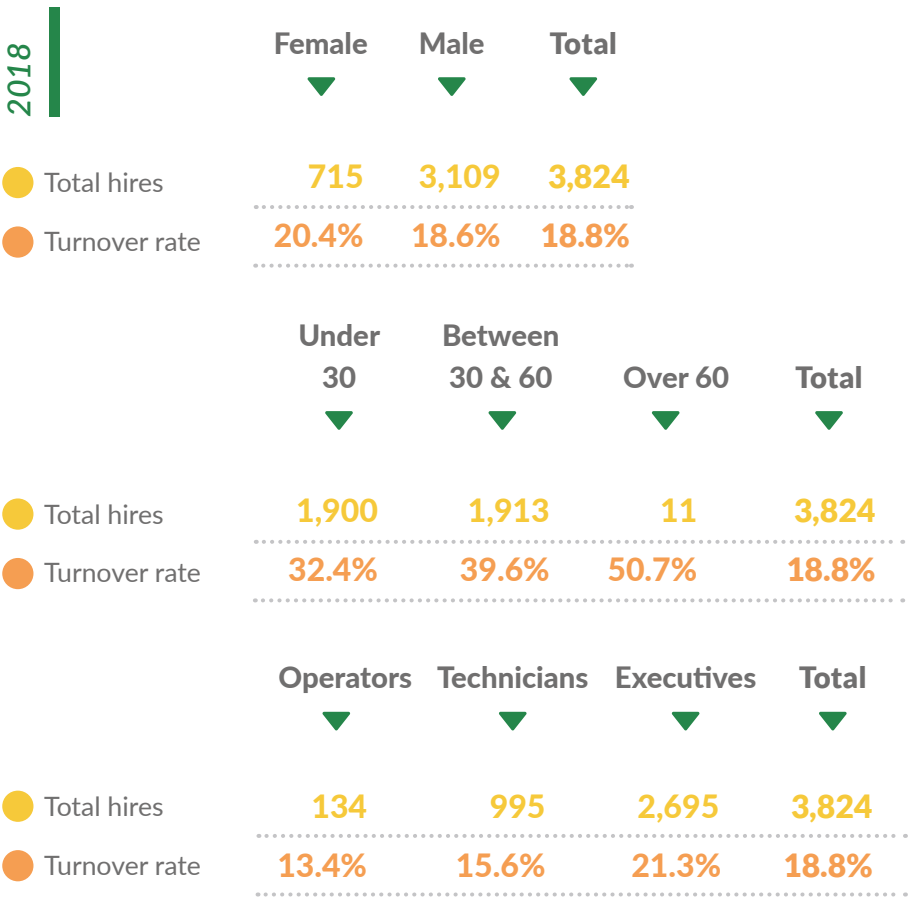


In 2018, the consolidated Company turnover rate was 18.8%. This was primarily due to the higher turnover rate at 32.4% for persons under the age of 30. Operators represented the highest turnover rate by job position at 21.3%, having the most terminations for the year.

Across countries, turnover rates for Ecuador and Mexico were higher than 20% whereas the rate did not exceed 16% in the remaining countries.

*Turnover Rate: Total exits / Average number of employees. Values include both voluntary and involuntary terminations.
Source: CMPC Development Department.

Employee turnover rate by country, gender, age range, and job function in 2018

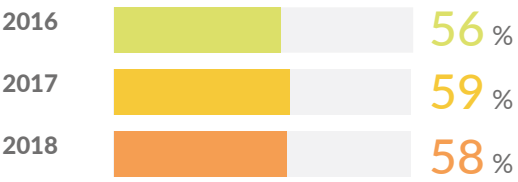


Note: the percentage of workers by age group is based on the workforce at December 2018
Source: CMPC Development Department.

4.1.1 Labor relations MAT

(102-41)

Percentage of unionization*



*Unionization = Number of unionized employees / Workforce as of December
Source: CMPC Development Department.

There is labor union association freedom at CMPC. In each subsidiary, one or more labor unions can represent workers when negotiating agreements with the Company. The labor unions negotiate collectively on their own schedule independently of each other and in an atmosphere conducive to achieving labor agreements of varying scope that satisfy both parties.

The Company is 58% unionized with 53 different labor unions. Operators have the highest percentage of unionized workers.



Unionization at CMPC by country 2018

	Number of unionized workers	Number of workers represented by labor unions	Number of labor unions by country*	Percentage of unionization	Percentage of labor union representation
Argentina	661	1,479	3	43%	96%
Brazil	1,504	2,439	6	62%	100%
Chile	6,292	6,337	39	66%	67%
Colombia	55	55	1	12%	12%
Ecuador	-	-	-	-	-
Mexico	1,045	1,045	2	65%	65%
Peru	383	383	3	27%	27%
Uruguay	266	266	1	75%	75%
Total	10,206	12,004	53	58%	66%

*Note: The same labor union represents workers at Forsac Argentina and Softys Argentina. The same labor union represents workers at Celulose Riograndense and Softys Guaiba. Therefore, the total number of labor unions by country is 53 and not 55. Percentage of unionization: Number of unionized workers / Workforce at December 2018. Percentage of labor union representation: Number of employees represented by a labor union / Workforce at December 2018.

4.1.2 Health and safety of employees and contractors MAT

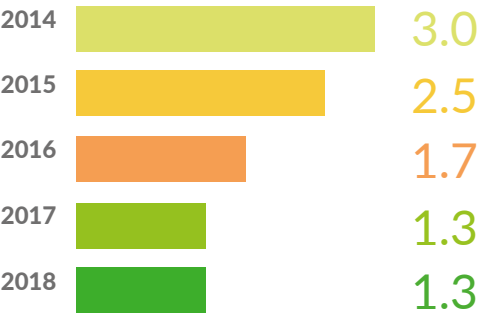
(403-2)

Occupational health and safety is a key concern at CMPC. The promise that workers can return home safely each day requires the creation of a corporate culture of safety with a number of preventive plans obligatory for all employees and contractors.

Various initiatives have been developed at each subsidiary to improve organizational safety by encouraging the kind of leadership that considers safety to be as important as any other business parameter.

During the past few years, the workforce accident incidence rate (for both employees and contractors) has decreased.

Consolidated accident incidence rate among employees*



*Note: Accident Incidence rate = Number of accidents *100 / Average workforce size.
Source: CMPC Development Department.

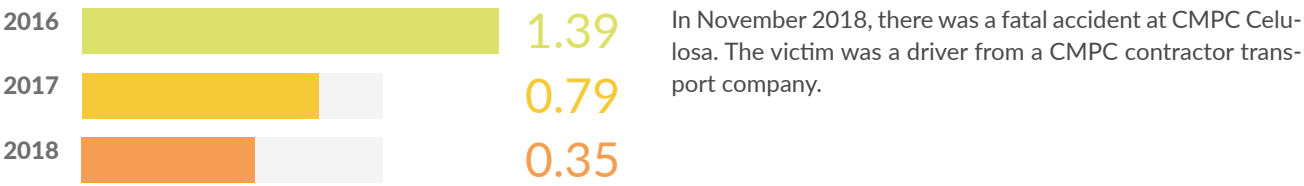
There have been no direct workforce fatalities at CMPC in over three years.

Health and safety data of employees

		Absentee reports	Number of accidents with down time	Days lost due to accidents	Rate of absenteeism*
Country	Argentina	1	24	770	3%
	Brazil	0	16	441	0%
	Chile	6	124	3,202	4%
	Colombia	5	6	143	2%
	Ecuador	0	1	2	1%
	Mexico	0	30	698	1%
	Peru	0	13	140	1%
	Uruguay	0	8	298	4%
	Total	12	222	5,694	3%
Gender	Female	4	22	401	5%
	Male	8	200	5,293	3%
	Total	12	222	5,694	3%
Division	Celulosa	4	41	1,514	4%
	Packaging	1	60	1,596	4%
	Softys	7	121	2,584	2%
	Corporate Offices	0	0	0	2%
	Total	12	222	5,694	3%

*Rate of absenteeism: Days absent / (Average workforce size * average of 280 working days).
Source: CMPC Development Department.

Consolidated contractor accident incidence rate



*Accident Incidence Rate: Number of accidents * 100 / Average workforce size.
Source: CMPC Development Department.

Contractor health and safety data

		Number of accidents with down time	Days lost due to accidents
Country	Argentina	1	5
	Brazil	29	876
	Chile	148	4,409
	Colombia	9	47
	Ecuador	0	0
	Mexico	7	43
	Peru	12	79
	Uruguay	2	12
	Total	208	5,471
Division	CMPC Celulosa	112	3,864
	CMPC Packaging	39	915
	Softys	52	670
	Corporate Offices	5	22
	Total	208	5,471

Source: CMPC Development Department.

4.2 ATTRACTING AND RETAINING SKILLS MAT

The focus of the Company is to develop the skills and talents needed to form part of a high-performance team with a strong Company culture in each country in Latin America.

Moreover, technological progress and innovation require CMPC to attract cutting-edge knowledge such as the use of sophisticated state-of-the-art machinery, processes, and security. Along these lines, process automation allows CMPC to offer more and better work tools, training and studies to operators of this equipment in order to take the Company on a growth trajectory.

Company policy therefore favors both internal mobility to retain existing skills and greater visibility on the labor market to attract new talent. That is why CMPC participates in job fairs and similar events at schools and universities.

Additionally, CMPC conducts regular assessments and measures the organizational climate annually to determine whether its efforts have achieved greater well-being for its workforce.

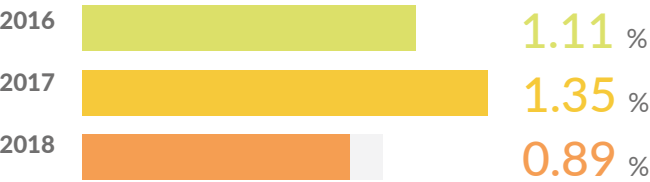
4.2.1 Education and training

(404-1)

Human resource development contributes to continual improvement. Therefore, CMPC runs annual training courses adapted to the needs and profile of each individual employee.

In, 2018, the Company provided its employees one hour of training for every 100 hours worked.

Percentage of total hours worked allocated to training*



*Note: Percentage of total hours worked = total hours allocated to training / total hours worked
Source: CMPC Development Department.

- In 2018, about 84% of the entire workforce received some kind of training.
- For every 2,000 hours worked, there were 17 hours of training offered per person.
- Training programs of all kinds were offered, including e-learning on the job.

Hours of training and individuals trained by job position during 2018

Job position	Number of persons trained	Total hours of training	Percentage of the total number of hours worked
Executives	733	21.025	1.05%
Professional and technical staff	4,949	124,530	1.02%
Operators	9,067	174,392	0.79%
Total	14,749	319,946	0.89%

Source: CMPC Development Department.

4.2.2 Performance evaluation

(404-3)

The performance evaluation system adheres to the Corporate Competency Model which establishes criteria aligned with CMPC strategy. It is based on decision-making in the various areas of human resource management: selection, training, mobility and development.

This process is carried out annually in all country operations with employees who have been with the Company for more than six months.

Executives and technical staff are evaluated via the Company intranet portal (Personas CMPC) for competencies and the achievement of objectives set for them by their direct supervisors. Evaluations of contractor operators depend on the objectives and competency criteria of each subsidiary.

In 2018, evaluations have been conducted so far on 59% of the entire workforce. Performance evaluations continued to be carried out throughout the preparation of the present report.

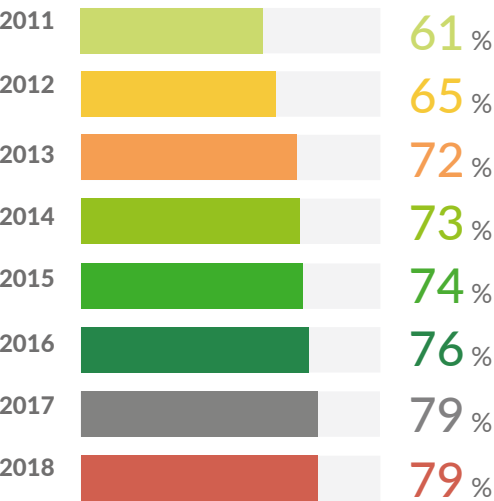
Number of individual performance evaluations

Business Division	Executive, professional and technical staff		Operators		Total	
	Number of evaluations	Percentage*	Number of evaluations	Percentage*	Number of evaluations	Percentage*
CMPC Celulosa	1,526	60%	484	20%	2,010	40%
CMPC Packaging	894	79%	1,326	57%	2,220	64%
Softys	2,018	75%	3,886	65%	5,904	68%
Corporate Offices	307	79%	0	0%	307	75%
Total	4,745	70%	5,696	53%	10,441	59%

*Percentage of evaluations = Number of evaluations / Workforce in December.
Note: The percentage of evaluations corresponds to the data collection cut-off date (December) for this Integrated Report. The remaining evaluations were being finalized in the first quarter of 2019.
Source: CMPC Development Department.

4.2.3 Organizational climate

Evaluation of organizational climate



Organizational climate is evaluated via the Great Place to Work (GPTW) questionnaire. This system of assessment was introduced in CMPC in 2011 to estimate the working environment using 58 statements grouped in 5 categories: credibility, fairness, respect, camaraderie and pride.

In 2018, the Company as a whole achieved a 79% score on organizational climate, similar to that of 2017.

Source: CMPC Development Department.





Evolution of the organizational climate evaluation score (percentage)

Business Division	Organizational pride			Trust in the organization			Respect for the organization			Fairness			Organizational camaraderie			Total CMPC		
	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018	2016	2017	2018
Celulosa	85	87	85	79	81	79	77	79	76	73	75	73	83	85	82	79	81	79
Packaging	81	82	82	78	79	78	75	76	75	72	73	72	82	83	82	77	78	78
Softys	80	84	85	74	79	80	71	76	77	70	75	76	78	82	83	74	79	80
Corporate offices	78	85	82	78	82	80	74	76	73	73	79	77	83	86	84	77	81	79
Total	82	85	84	76	80	79	74	77	76	71	74	74	80	83	83	76	79	79

Note: Does not include CMPC Foundation.
Source: CMPC Development Department.

4.2.4 Automation MAT

Automation is understood to be the process of technological progress that uses mechanization at some stages of the productive process: the procurement of new machinery to replace manual labor that definitively introduces improvements to the efficiency of silviculture, industrial operations and product efficiency.

The growing demands of CMPC markets have induced the Company to add new technologies to its operations, improving efficiency and reducing production lead-times. By generating this competitive advantage, the Company can handle the demands of new customers more effectively and introduce best practices in the silviculture and paper manufacturing sectors.

However, automation is not exclusively about efficiency. Technological progress has allowed machines to carry out high-risk tasks and therefore reducing the accident incidence rate among operators. This can be seen in the reduction of

industrial accidents at CMPC in recent years due to reduced worker exposure to unnecessary risks and accidents, using automation as an opportunity to reach higher health and occupational safety standards.

The introduction of new specialized technology and/or machinery brings on a new challenge: the scarcity of highly trained, qualified workers capable of keeping pace with growth processes within the Company. This is why CMPC helps train its workforce in new skills by offering courses and training programs that teach employees how to add more value by producing better products instead of just performing automatic tasks. It not only improves current employability in the Company but also equips employees for the globalized labor market where the use of new technologies is an imperative.

CMPC grows at the same rate as its contractors resulting in higher productivity and lower costs that improve customer access to its products.

Ongoing project: the Zarate production facility

The expansion of the Zarate production facility in Argentina was initiated in 2018 with the installation of new paper manufacturing machinery with a capacity of 60,000 metric tons with three conversion lines. The project will require a total investment of approximately USD 130 million and is expected to start operations in the third quarter of 2019. By December 31st 2018, the amount of USD 45 million had already been invested.

4.3 DIVERSITY AND INCLUSION MAT

(405-1, 405-2)

4.3.1 Diversity

CMPC is aware that in a multinational enterprise the diversity of its workforce is the means by which efficient, innovative, pioneering companies can survive over time. The Company's multidimensional perspective includes matters such as the gender makeup of the workforce at different levels along with equal pay and equal conditions, the hiring persons with disabilities, youth, migrants and seniors over the age of 60. The underlying assumption is that every employee can achieve their maximum potential and career development at CMPC.

In 2018, the Company announced the creation of a Human Resources Department at the corporate level to support human resource management in all Divisions, reinforcing CMPC commitment to staff development and placing greater emphasis on issues of gender and inclusion.

Workers at CMPC by age group

	Female	Male	Total	Percentage
Under 30	700	3,235	3,935	23%
Between 30 and 60	1,759	11,025	12,784	74%
Over 60	14	514	528	3%

Note: The percentage of the workforce by age group is based on the average size of the workforce.
Source: CMPC Development Department.

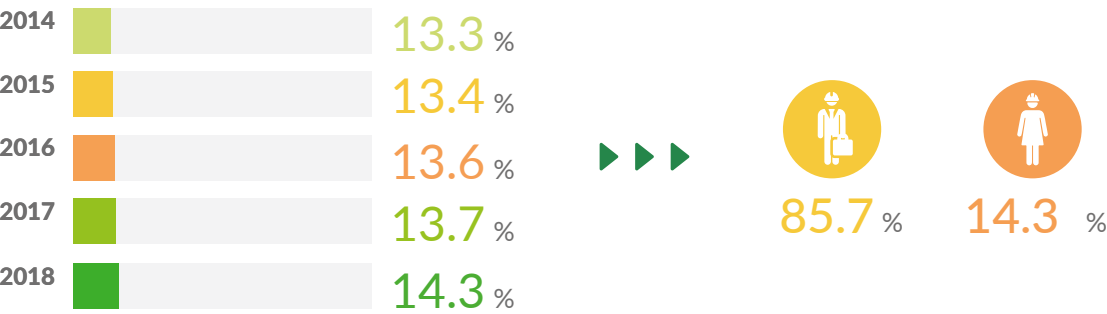
- At least 1 in every 5 workers at CMPC is under 30. This proportion is higher in females at 28%.
- Some 3% of workers at CMPC are over 60.



CMPC subscribed to the Gender Parity Initiative Chile in 2017. This initiative is a public-private partnership promoted by the Inter-American Development Bank (IADB) and the

World Economic Forum to close the gender gap and increase the economic participation and progress of women in the labor market.

Women as a proportion of the average total workforce



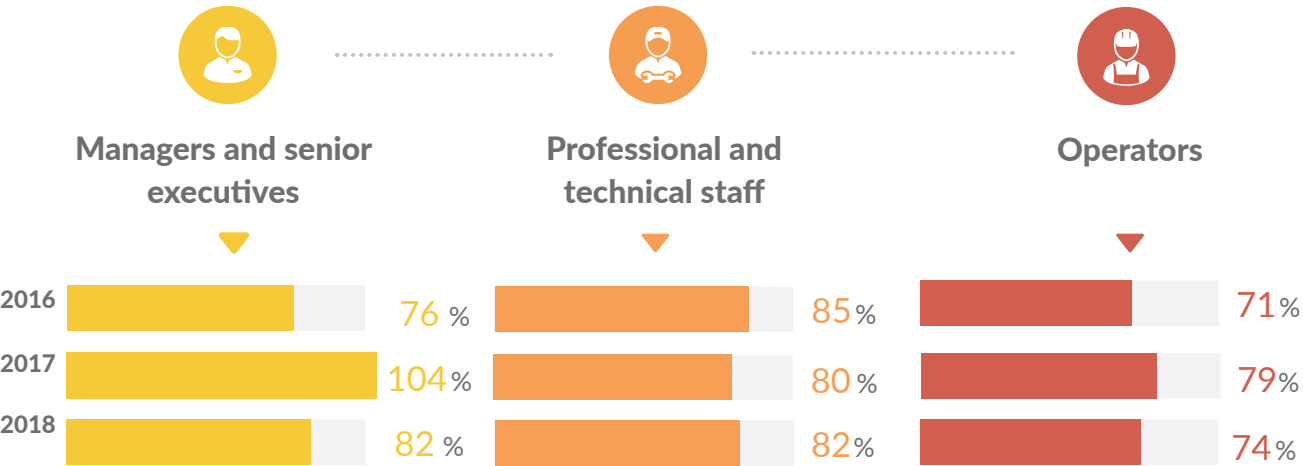
Source: CMPC Development Department.

Wage gap between men and women

There is no gender wage gap in the CMPC salary policy. Any salary differences can be attributed to job seniority and the professional training of its employees.

As a consequence of the Company's line of business, a greater proportion of employees are men (85.7%), with job position being the reason for the overall differences in female-to-male salary ratio.

Female-to-male salary ratio



Note: Information through December 2018.
Source: CMPC Development Department.

- In general terms, female Department Heads earn on average about 82% of the salaries of male executives and Department Heads.
- Female professional and technical employees earn on average 82% of male salaries.
- Finally, female operators earn on average 74% of the pay of male operators.

PROMOTION OF WOMEN
TO LEADERSHIP POSITIONS

The promotion of women to positions of leadership is an important priority for the Company in order to progress in gender parity and equal opportunity.

In 2018, 35 women were promoted to leadership positions.

Country	2016	2017	2018	Country	2016	2017	2018
Argentina	4	1	1	Mexico	7	2	4
Brazil	2	4	0	Peru	4	0	0
Chile	28	25	28	Uruguay	0	0	1
Colombia	4	0	0	Total	49	32	35
Ecuador	0	0	1				

Source: CMPC Development Department.

4.3.2 Inclusion

According to the latest figures from the National Disability Study II (derived from 2017 Census data), 16.7% of the adult population in Chile present some degree of disability and only 42% of them are employed.

CMPC collected data in 2017 on disability among its employees in order to establish a baseline that would enable the Company to develop a disability inclusion policy.

The outcome indicated that 0.6% of contractors had some degree of disability. The analysis also indicated variations between country operations.

This matter is regulated by law in Chile since 2018. It stipulates that any company with a workforce of more than 100 must employ at least 1% of persons with some degree of disability, a regulation inexistent in any other country in which CMPC operates. Throughout the year 2018, the number of persons with disabilities in the Chilean CMPC workforce reached 1.1%.

Mandatory workforce quotas for persons with disabilities: legal framework by country

2018	Argentina	Brazil	Chile	Colombia	Ecuador	Mexico	Peru	Uruguay
Private sector	N/A	5% of any workforce greater than 1,001 persons	1% of the workforce of companies with more than 100 employees	N/A	4% of the workforce of companies with more than 25 employees	N/A	3%	N/A*
Public sector	4%	N/A	N/A	N/A	N/A	5%	5%	4%

*The quota for the private sector is still under negotiation.
Note: In Mexico, the 5% quota for the public sector workforce applies only to the Federal District.
Source: CMPC Development Department.

Workers with disabilities by country, job position, and Business Division

		2017			2018		
		Female	Male	Total	Female	Male	Total
Country	Argentina	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Brazil	2.6%	3.2%	3.1%	3.0%	2.9%	2.9%
	Chile	0.1%	0.6%	0.5%	0.8%	1.2%	1.1%
	Colombia	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Ecuador	0.0%	4.0%	2.9%	1.3%	2.9%	2.4%
	Mexico	0.0%	0.1%	0.1%	0.0%	0.2%	0.2%
	Peru	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Uruguay	0.0%	0.0%	0.0%	0.0%	0.6%	0.6%
	Total	0.4%	0.8%	0.8%	0.8%	1.1%	1.1%
Job position	Executives	0.0%	0.4%	0.4%	0.6%	0.0%	0.1%
	Professional & technical staff	0.0%	0.9%	0.7%	0.2%	1.3%	1.0%
	Operators	1.0%	0.0%	0.8%	2.1%	1.2%	1.2%
	Total	0.4%	0.8%	0.8%	0.8%	1.1%	1.1%
Division	Celulosa	0.6%	1.7%	1.6%	1.1%	2.0%	1.9%
	Packaging	0.3%	0.6%	0.6%	0.2%	1.2%	1.1%
	Softys	0.5%	0.4%	0.4%	0.8%	0.5%	0.6%
	Corporate Offices	0.0%	0.0%	0.0%	1.1%	0.0%	0.5%
	Total	0.4%	0.8%	0.8%	0.8%	1.1%	1.1%

*Note: the percentage of the workforce with disabilities is based on the average size of the workforce.
Source: CMPC Development Department.

4.4 USE OF NATURAL RESOURCES

CMPC operations require significant amounts of water and energy resources. The Company strives through the efficiency of its operations to minimize the volume of emissions and waste generated through the efficiency of its operstions,

reducing and recycling natural resources and raw materials and eliminating sources of contamination detected at any stage of the production chain.

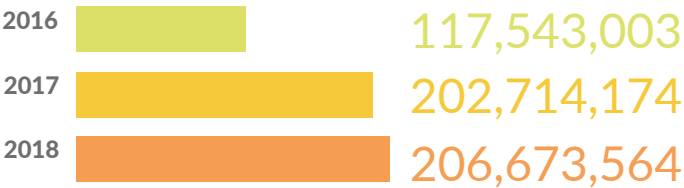
4.4.1 Water usage MAT
(303-3; 303-4; 303-5)

CMPC dedicates increasing efforts to sustainable water usage at its facilities. Not only is safeguarding water catchments essential to its operations but so is taking constant action to reduce water consumption and encourage reuse, so reducing Company exposure to the adverse impacts of hydroclimatic risks.

The Company water supply comes from surface water or groundwater and/or the public water supply system, depending on the site of its operations. CMPC investments are focused both on reducing water consumption and on proper water treatment to return the water to its original source (river, sea, underground spring or public water supply system), achieving continuous progress on both fronts. The Pulp Division, through its subsidiary CMPC Celulosa, uses the largest proportion of water for its operations, some 83% of the total water consumption of the Company.

Waterways are protected by native plants along their banks. This helps maintain the availability and quality of the water since vegetation minimizes the drag of sediments generated by forestry operations into the river bed.

Total water consumption by CMPC in m³/year



Source: Sustainability Department

- Erratum: In 2017, total water consumption was reported at 205,883,867 m³ for the year, a figure that was overestimated due to a reporting error for the whole Puente Alto complex including Packaging. This has been corrected and total water consumption in 2017 was reduced to 202,714,174 m³/ year.
- The increase in water consumption at its facilities is due to increased production during 2018.



Total water extraction in 2018 by source and Business Division in m³/year

Source	Celulosa	Packaging	Softys	Total
Surface water	170,877,505	7,183,041	11,350,558	189,411,104
Underground water	231,356	7,516,589	9,325,481	17,073,426
Municipal water supply	121,064	67,971	0	189,035
Total water extraction	171,229,952	14,767,600	20,676,039	206,673,564

Source: CMPC Sustainability Department.

Water intake, discharge and consumption in m³/ year by Business Division in 2018

Division	Intake	Discharge	Consumption
Celulosa	171,229,952	141,342,479	29,887,479
Packaging	14,767,699	13,431,108	1,336,591
Softys	20,676,039	18,960,190	1,715,849
Total	206,673,564	173,733,777	32,939,930

Source: CMPC Sustainability Department.

The forest plantations of CMPC have been awarded the highest standards of international certification for their water policy: Sustainable Forest Management by CERTFOR/PEFC™ and Responsible Forest by FSC in safeguarding the efficiency of water consumption and reducing the consequent environmental impact. These certifications impose highly demanding standards for the sustainable use of water.



4.4.2 Energy MAT

(302-1, 302-4)

The Company requires both electrical and thermal energy for its industrial operations. Given the nature of the pulp and paper industry, CMPC has its own energy grid that generates a significant quantity of non-conventional renewable energy, some 79% of which is from biomass. This means that the cost and volume of emissions of greenhouse gases from energy generation are a significant issue for the Company.

The Company generates enough electricity to satisfy 81.3% of its operational needs due to the fact that it generates 100% of the energy required for its Pulp operations.

CMPC has implemented a series of concrete actions to manage its energy performance more efficiently. In 2018, it made great progress towards the implementation of the Energy Management System (*Sistema de Gestión de Energía SGE*) in 28 industrial facilities, of which:

- ▶ 4 are ISO 50001 certified
- ▶ 7 are currently under assessment for certification
- ▶ 5 are at the implementation stage
- ▶ 6 are at the system design stage
- ▶ 6 have completed the gap analysis

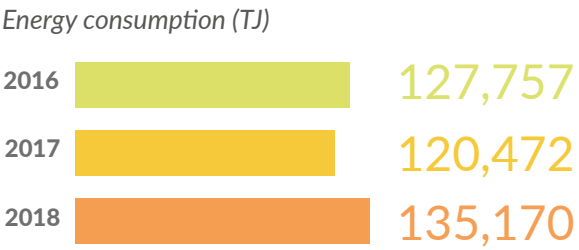
In this context, the pulp mills of Santa Fe, Laja and Pacifico in Chile have maintained their excellent performance. After receiving the Gold Seal for Energy Efficiency by the Ministry of Energy of Chile in 2017, they went on to receive the Energy Management Insight Award in 2018 from Ministerial Clean Energy, an organization comprising the 24 countries that represent 90% of global investment in clean energy and 75% in reducing greenhouse gas emissions. The successful case study presented at the forum highlighted the 22% improvement in energy performance achieved in 2017 with respect to the 2013 baseline, resulting in cost savings of more than USD 40 million and a reduction in GHG emissions by 198 thousand tons of CO₂ equivalent. Additionally, the three pulp plants obtained outstanding results once again in the reduction of specific external energy consumption by 2.3% in comparison with 2017. The Softys certified facility in Uruguay also received significant recognition for energy performance.

Energy generation⁷ and consumption

Total consolidated energy consumption by CMPC was 135,170 TJ, representing a level of energy consumption 12.2% higher than in 2017. This was mainly due to a production stoppage of 146 days in 2017 on line 2 of the Guaiba pulp mill.

As a result, production in 2018 was 64.9% higher than in 2017 with a corresponding rise of 54.5% in energy consumption at that mill. This implied a 6.3% improvement in global energy performance. Isolating this effect showed that CMPC consumed 2.2% less energy.

CMPC energy consumption



Source: Forestry Bioenergy Department

Energy consumption by source, consolidated and by Business Division

	Celulosa	Packaging	Softys	Total
Energy consumption				
Net energy consumption (TJ)	115,500	8,309	11,361	135,170
Net energy consumption (GWh)	32,083	2,308	3,156	37,547
Net energy consumption (%)	86%	6%	8%	100%
Type of fuel (TJ)				
Biomass	104,012	2,278	545	106,835
Natural gas natural & liquid natural gas (LNG)	2,874	4,532	7,492	14,898
Oil	4,606	415	11	5,032
Coal	4,665	-	-	4,665
Electricity	-656	1,419	2,978	3,741
Other*	-	-334	334	-
Total	115,500	8,309	11,361	135,170

*Includes only steam not originating from biomass.
Source: Forestry Bioenergy Department.

⁷Generation refers to total energy generated, including internal consumption and energy sold to the grid.

Evolution of CMPC Celulosa energy consumption in TeraJoules (TJ)

Type of fuel	2016	2017	2018
Biomass	94,969	86,660	104,012
Natural Gas & LNG	2,430	3,539	2,874
Oil	6,189	7,026	4,606
Electricity	-559	-176	-656
Coal	3,909	4,081	4,665
Other	432	569	-
Total	107,370	101,699	115,500
Production in air-dried tons (ADT)	3,800,950	3,458,387	4,231,333
Specific consumption in Gigajoules/ air-dried ton (GJ/ADT)	28.25	29.41	27.3

Note: Negative values for electricity correspond to surplus that is fed into the grid.

Electrical energy generation and consumption

CMPC generated 81.3% of its own electricity consumption .

Consolidated electrical energy CMPC (GWh)

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

Source: Forestry Bioenergy Department.

CMPC generated a total of 4,221 GWh of electrical energy. The pulp mills together generated 85% of this amount and Packaging and Softys the remaining 15%.

Electricity consumption reached 5,194 GWh in 2018 most of which was consumed by the Celulosa pulp mills which represented 66% of total CMPC electricity consumption. Packaging and Softys consumed 1,768 GWh of electricity corresponding to the remaining 34%.

CMPC Electrical energy generation and consumption 2018

	Celulosa	Packaging	Softys	Total
Breakdown of electricity generation				
Electricity generation (GWh)	3,608	325	288	4,221
Electricity generation (%)	85%	8%	7%	100%
Electricity consumption				
Electricity consumption (GWh)	3,426	719	1,049	5,194
Electricity consumption (%)	66%	14%	20%	100%
Generation/Consumption (%)	105%	45%	27%	81%

Source: Forestry Bioenergy Department.

4.4.3 Greenhouse gas emissions MAT

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

Global greenhouse gas emissions reached a record level in 2018. World Meteorological Organization (WMO) data indicate that the average global concentration of carbon dioxide (CO₂) reached 405.5 parts per million (ppm) in 2017 compared to 403.3 ppm in 2016 and 400.1 in 2015. Methane and nitrous oxide emissions also increased.

Carbon footprint

The carbon footprint is one way to quantify the impact on climate change of industrial activity or processes over and above the major transmitters. It is defined as the total volume of greenhouse gas emissions produced directly or indirectly by persons, organizations, products, events or geographical regions, in terms of CO₂ equivalent.

In 2017, CMPC began to measure its carbon footprint for the year 2016 for all its industrial operations and administrative and corporate offices. This information was presented in the previous Integrated Report. In addition, the Company undertook to publish in the 2018 Integrated Report the measurements for the years 2017 and 2018 which had increased in scope. The 2018 carbon footprints will serve as the baseline for CMPC efforts to reduce greenhouse gas emissions in the medium to long term.

Carbon footprint of CMPC administrative offices

The standardized ISO 14064 calculation methodology was used to quantify administrative office emissions. The emission factors were derived from the recommendations of the Inter-governmental Panel on Climate Change (IPCC) and validated European databases such as ECOINVENT, DEFRA and GHG.

The quantification considered the consumption of electricity for heating and other fuels for corporate vehicles in 10 installations corresponding to the corporate offices and the local headquarters of the various Company subsidiaries in all of Latin America (not located within production facilities). It also included the emissions of contractors working in these offices both in transportation between place of residence and place of work and total annual amount of air travel.

This measurement considered the emissions from the three sources described below:

► Direct emissions:

combustion of fossil fuels in fixed (heating) and mobile (corporate vehicles) sources.

► Indirect emissions:

Purchase of electrical energy and steam in offices.

► Other indirect emissions:

contractor transport to the workplace, business air travel and fuel transport.

The results of quantifying the carbon footprint for the administrative offices were as follows:

Total carbon footprint of CMPC corporate offices in kg CO ₂ e/year			
	2016	2017	2018
Direct emissions	58,612	263,433	331,655
· Fixed sources	58,612	79,125	126,869
· Mobile sources	0	184,308	204,787
Indirect energy emissions	1,748,609	1,120,228	3,067,395
· Electrical energy	1,748,609	1,120,228	3,067,395
Other indirect emissions	1,044,557	4,508,569	4,657,882
· TFuel transport	9,877	48,491	50,270
· Transport of employees to workplace	215,121	1,383,486	1,383,486
· Business travel	819,558	3,076,592	3,224,126
Total	2,851,779	5,892,230	8,056,932

Note: Since 2017, only offices not on the premises of production facilities were included in the emissions calculations.
Note 2: In 2016, only emissions for Chile were measured. In 2017 and 2018, emissions were measured for all corporate offices throughout Latin America.
Source: CMPC Corporate Sustainability Department.

The table demonstrates that indirect emissions associated with both national and international executive business travel represented the most significant part of emissions, some 52% of total emissions in 2017 and 40% in 2018.

The increase in indirect energy emissions compared with 2017 is due not only to the incorporation in the calculations of the new corporate building in Los Angeles, Chile, but also to the increase in the electricity emissions factor in Chile (SNE) and increased consumption by the Brazilian offices.

Carbon footprint of industrial operations

This measurement process covered all activities at 43 industrial facilities and silviculture operations in three countries that in total represent 100% of all Company operations. It considered the types of products manufactured by subsidiaries using the standardized definitions of the ISO 14067 methodology. It also considered the exchange of raw materials, sub-products and finished products between business units along the entire production chain.

The same emission factors' database used for calculating the footprint of the administrative offices was used. The primary data employed for the calculations were: process inputs, inputs of raw materials, chemical and packaging materials, fuels and their transport, transport and air travel for fixed contractors, purchase and sale of electricity and steam, fuel combustion, dispatches to domestic and overseas customers, exports and transport of residues for final disposal.

Biogenic emissions, carbon captured in the product and emissions avoided by the non-consumption of electricity were also quantified.

► Upstream module emissions:

This stage considers the emissions associated with those processes that take place prior to production.

► Central module emissions:

This stage takes into consideration the emissions in the production process of the product whose carbon footprint is being calculated.

► Downstream module emissions:

This stage takes into consideration the emissions associated with the phases subsequent to the manufacture of a product or the provision of a service. In this case, transport of the products to domestic and international customers is considered, together with the transport of both toxic and non-toxic waste to their places of final disposal.

Total emissions by CMPC production facilities in metric tons CO₂e/year

	2016	2017	2018
Upstream module emissions	2,532,200	4,293,164	4,558,702
Central module emissions	958,752	1,884,971	1,942,188
Downstream module emissions	363,494	957,454	1,166,332
Total	3,854,445	7,135,590	7,667,222

Note: The figures in the 2017 report on emissions for the year 2016 showed weighted averages. That information has been rectified in this table so that the data are comparable with subsequent years.
Source: CMPC Corporate Sustainability Department.

The increase in emissions between the years 2017 and 2018 in comparison to the year 2016 is due to the increased scope of the measurement procedure: coverage grew from 22 productive processes to 46 to encompass 100% of CMPC operations.

Total emissions by Business Division for the years 2017 and 2018 in metric tons CO₂e/year

	Forestal		Celulosa		Packaging		Softys		Total	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Production (t/year)	15,998,136	16,608,761	4,575,533	5,122,876	1,206,910	1,299,397	1,064,753	1,105,530	22,845,332	24,136,564
Upstream module emissions	49,695	89,657	1,763,182	1,782,265	1,062,188	1,088,852	1,418,099	1,597,927	4,293,164	4,558,701
Central module emissions	187,704	174,268	1,027,376	1,083,811	226,567	231,563	443,324	452,546	1,884,971	1,942,188
Downstream module emissions	40,385	38,625	590,719	793,095	141,298	143,839	185,052	190,773	957,454	1,166,332
Total emissions	277,784	302,550	3,381,277	3,659,171	1,430,053	1,464,254	2,046,475	2,241,246	7,135,589	7,667,222
Total emissions per ton	0.017	0.018	0.739	0.714	1.185	1.127	1.922	2.027	0.312	0.318

Source: CMPC Corporate Sustainability Department.



Breakdown of emissions per ton of product by CMPC division in 2017 & 2018 (kg CO₂e/year)

	Forestry		Pulp		Packaging		Softys		Total CMPC	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Production (t/year)	15,998,136	16,608,761	4,575,533	5,122,876	1,206,910	1,299,397	1,064,753	1,105,530	22,845,332	24,136,564
Purchase of electric power and steam	0.07	0.09	24.4	14.7	139.9	87.7	239.7	215.4	23.5	17.7
Consumption of inputs	2.9	5	214.3	201	627.2	626.3	893.8	977.6	117.7	121.2
Transport of inputs	0.12	0.32	145.6	124.5	108.6	114.1	182.9	226.9	43.4	43
Emissions by collaborators	0.01	0.01	1.1	1	4.4	4.2	15.5	14.7	1.2	1.1
Upstream module emissions	3.1	5.4	385	348	880	838	1,332	1,445	186	185
Burning of fossil fuels	11.7	10.5	213.8	200.3	187.7	178.2	416.4	409.3	72.1	70.9
Burning of biomass/black liquor	0	0	14.1	13.9	0.4	0.4	0.6	0.5	3	3
Energy sold between CMPC facilities*	0	0	-3.3	-2.6	-31.8	-26.3	0	0	-2	-2
Central module emissions	11.7	11.7	224.5	211.6	187.7	178.2	416	409	74	73
Transport of waste	0	0	0.6	0.9	1.3	0.8	4.9	5.9	0.4	0.5
Domestic transport of product	3	2	6	6.7	39.2	32.6	163.7	163.9	10.9	10.7
International transport of product	0	0	122.5	147.3	76.6	77.3	5	2	29	36
Downstream module emissions	2.5	2.3	129	155	117	111	174	173	40	47
Total emissions	17	18	739	714	1,185	1,127	1,922	2,027	312	318

*Corresponds to the energy sold by one CMPC facility to another, as in the case of the Páficico to the Plywood facility.
Source: CMPC Corporate Sustainability Department.

The upstream emissions are the most significant for most operations, with the main environmental emissions coming from raw materials and their transport. These are followed by emissions from the central module, mainly arising from the burning of fossil fuels. The lowest emissions are produced in the downstream module mainly through the domestic and international dispatch of products.

CMPC biogenic emissions and immissions per kg CO₂/ ton by Business Division

	Celulosa		Packaging		Softys		Total	
	2017	2018	2017	2018	2017	2018	2017	2018
Biogenic carbon emissions	1,754	1,874	20	19	0.03	0.03	352	399
Emissions avoided by energy generation	149	182	51	75	46	55	35	45

Source: CMPC Corporate Sustainability Department.

Biogenic emissions correspond to the burning of renewable biofuels such as biomass and black liquor to generate energy for operations. In contrast, biogenic immissions refer to the emissions avoided through the generation of energy from facilities that produce their own energy and avoid consumption from the grid.

Total emissions according to GHG Protocol

	2016	2017	2018
Annual production	15,526,874	22,845,332	24,136,564
Scope 1 in t CO ₂ e/year	515,525	1,884,971	1,942,188
Scope 2 in t CO ₂ e/year	180,552	536,972	428,943
Scope 3 in t CO ₂ e/year	1,252,203	4,713,646	5,296,090
Total t CO ₂ e/year	1,948,280	7,135,590	7,667,222
Scope 1 in t CO ₂ e/ton	0.062	0.074	0.073
Scope 2 in t CO ₂ e/ton	0.012	0.023	0.018
Scope 3 in t CO ₂ e/ton	0.175	0.206	0.22
Total t CO ₂ e/ton	0.25	0,312	0.318

Note: The sale of electricity was included in calculating scope 2 in 2016, resulting in a negative net value when subtracted from. In 2017 and 2018, the aforesaid calculation was omitted, considering only electricity purchased.
Source: CMPC Corporate Sustainability Department.

Total emissions by GHG Protocol in 2017 & 2018 by CMPC division

		Forestal		Celulosa		Packaging		Softys		Total CMPC	
		2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
Annual production	t/year	15,998,136	16,608,761	4,575,533	5,122,876	1,206,910	1,299,397	1,064,753	1,105,530	22,845,332	24,136,564
Scope 1	tCO ₂ e/year	187,704	174,268	1,027,376	1,083,811	226,567	231,563	443,324	452,546	1,884,971	1,942,188
Scope 2	tCO ₂ e/year	1,042	1,446	111,848	75,332	168,847	114,007	255,235	238,158	536,972	428,943
Scope 3	tCO ₂ e/year	89,038	126,836	2,242,054	2,500,028	1,034,639	1,118,684	1,347,916	1,550,542	4,713,646	5,296,090
Total emissions	tCO ₂ e/year	277,784	302,550	3,381,278	3,659,172	1,430,053	1,464,254	2,046,474	2,241,246	7,135,590	7,667,222
Scope 1	t CO ₂ e/ton	0.0117	0.0105	0.225	0.212	0.188	0.178	0.416	0.409	0.074	0.073
Scope 2	tCO ₂ e/ton	0.0001	0.0001	0.024	0.015	0.140	0.088	0.240	0.215	0.023	0.018
Scope 3	tCO ₂ e/ton	0.006	0.008	0.490	0.488	0.857	0.861	1,266	1,403	0.206	0.219
Total emissions	tCO ₂ e/ton	0.017	0.018	0.739	0.714	1.185	1.127	1.922	2.027	0.312	0.318

Source: CMPC Corporate Sustainability Department.

The above tables show the outcomes according to GHG methodology, demonstrating the two methods to be comparable.

Environmental compliance ^{MAT} (CMPC 3)
CMPC received no fines for environmental violations in 2018. Therefore, no payments were made in this category for the year.

GREEN TAX

(CMPC 4)

The green tax on emissions from stationary sources forms part of the legislation enacted in Chile's 2014 tax reform that came into force in 2017. It assesses the tax on establishments that produce atmospheric emissions of particulate matter (PM), nitrous oxide (NOx), sulphur dioxide (SO₂) and carbon dioxide (CO₂) in their industrial operations using boilers or turbines of 50MWtt or more.

In 2018, CMPC paid USD 3,735,979.40 in environmental tax, corresponding to the atmospheric emissions produced by its operations in 2017.

Corporate purpose: CONSERVE
Business division: CMPC Celulosa



New corporate building in Los Angeles, Chile

CMPC Celulosa has inaugurated new local corporate headquarters in the city of Los Angeles in Chile. The building has the capacity for 470 persons, bringing together under one roof employees from San Pedro de la Paz in Concepcion, Nacimiento, Los Angeles and Temuco, all located in southern Chile where the Company concentrates most of its operations.

The building was conceived as an icon of sustainable architecture and engineering, a hallmark of responsible, environmentally friendly silviculture. It was created to be a national emblem upholding the highest standards in environmental efficacy at the cutting edge of innovation and energy efficiency, favoring the use of wood in its construction and infrastructure and taking advantage of natural light.

This is the first building in Chile and only the fourth in Latin America with FSC® Chain of Custody Certification Project 2018 (FSC-P001672) NC-PRO-007711. It also has Leadership in Energy and Environmental Design (LEED) green building certification declaring it to be an energy-sustainable building, equipped with thermal insulation and effective climate control to diminish energy consumption.

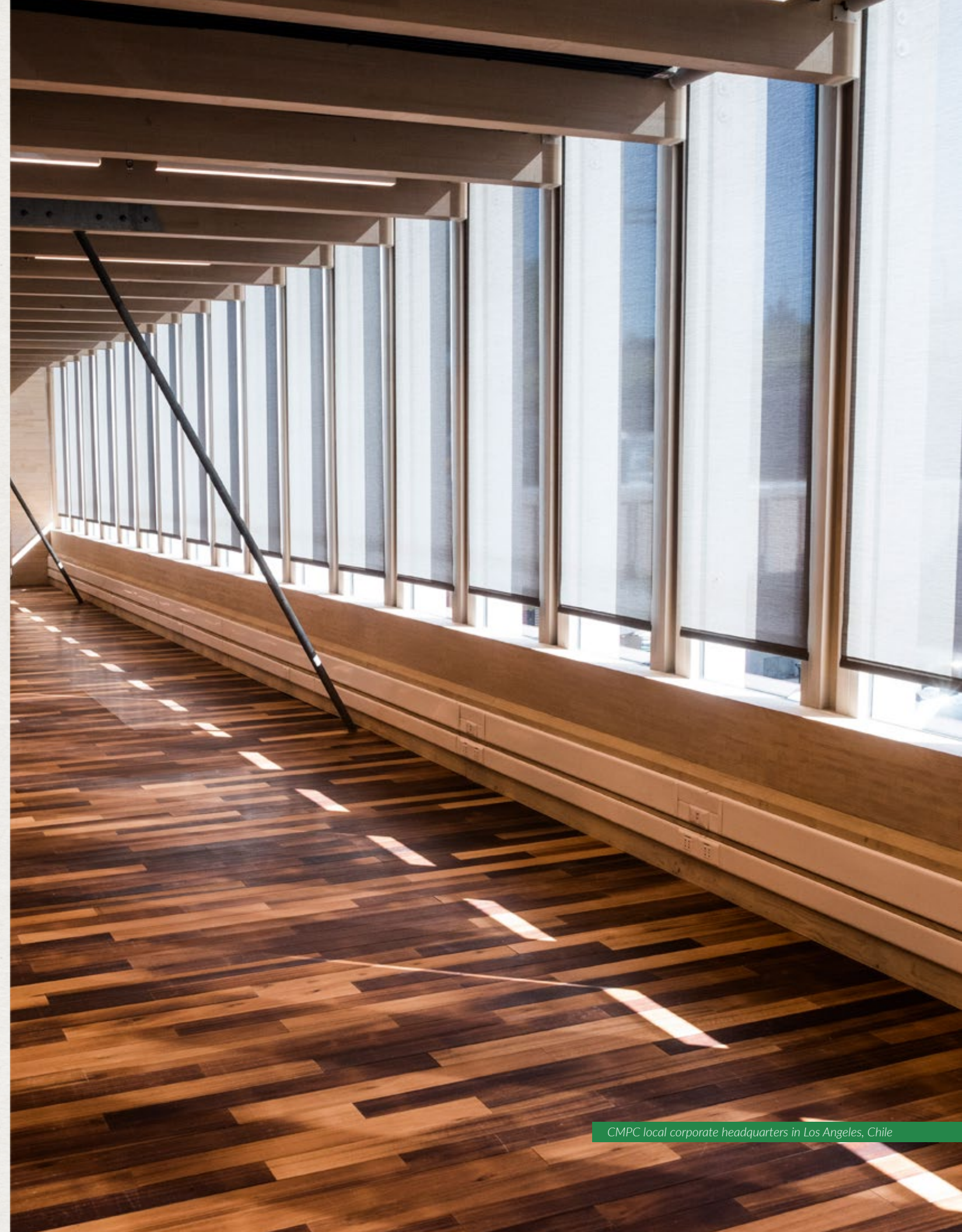
The building began to be used in 2018 and was officially inaugurated on March 14 2019. The entire complex covers an area of 5.8 Ha with a built area 203 meters long and 16 meters wide. It consists of three storeys, two for offices and one for parking, and is equipped with 35 conference rooms, 3 teleconference media press newsrooms, 10 videoconference rooms, 1 auditorium for an audience of 100, a refectory and a 1,183m² gymnasium. Moreover, one of its main features integrates the areas

of research and technological silviculture to include 1,300 m² of biotechnology laboratories and 1,150 m² for 6 aisles of greenhouses. Both the laboratories and greenhouses fall under the Technology and Planning Department of the CMPC Pulp Division. There is also an especially fitted FibraLab for receiving visitors, where students can interact didactically to understand the wood cycle, the silviculture industry and other concepts. Likewise, the building is fully equipped with a modern Fire Control Room through which it can monitor live the forest assets of the Company and coordinate the deployment of aerial and terrestrial fire control brigades.

Leading figures in the Company, the Minister of Social Development of the Government of Chile Alfredo Moreno, the regional Governor, and more than 20 Mayors, ancestral Mapuche Leaders and neighbors attended the inauguration on March 14. The official opening featured a concert by the Chilean band Los Jaivas and a junior symphony orchestra and was attended by over two thousand people from the vicinity of Los Angeles.

Key statistics:

- The complex covers an area of 5.8 Ha. with a built area 203 meters long and 16 meters wide.
- It is the first building in Chile and the fourth in Latin America to obtain FSC Chain of Custody Certification Status.
- It has LEED certification rating as a green building.
- It was designed by architect Luis Izquierdo of Izquierdo & Lehmann Architects.
- It represents a total investment of USD 32 million.



CMPC local corporate headquarters in Los Angeles, Chile



CMPC GREEN BOND

In 2017, CMPC became the first enterprise in Chile to issue a Green Bond on the United States Stock Exchange for the amount of USD 500,000,000 over 10 years. A Green Bond is one whose proceeds are intended exclusively to finance or refinance, partly or entirely, either new or existing, eligible projects having positive environmental impacts.

In 2018, the Company issued a second Green Bond in Peru. This unmistakably the commitment of CMPC to sustainable development, enabling environmentally responsible projects to be financed and refinanced.

By means of these Green Bonds, CMPC hopes to continue increasing its investor base especially by attracting those conscientious and socially-responsible environmentalists with long term vision.

The Green Bond issue in Peru

In 2018, the subsidiary PROTISA of the Softys Division in Peru issued that country's first Green Bond on the Lima Stock Exchange for USD 30 million. The proceeds will be used to refinance sustainable projects at the Cañete and Santa Anita facilities, costs generated in the 36 months prior to the bond issue and/or to be generated in the 12 months subsequent to it.

Eligible green projects fall into the following categories:

- Energy efficiency
- Sustainable water management
- Pollution prevention and control

The issue of Green Bonds aligns with the four pillars of the Green Bond Principles (GBP) promoting integrity in the Green Bond Market through voluntary process directives that recommend transparency, disclosure and the presentation of reports. These pillars establish criteria for the use of proceeds, processes for project evaluation and selection, the management of proceeds and finally, the reports that provide information on the actual use of proceeds during the year.

Green Bond projects in Peru

PAPER MACHINE FOR CAÑETE

Energy efficiency / Pollution prevention and control

.....

The paper machine is unlike the conventional kind in that it produces double-width paper i.e. two jumbo rolls at a time. This means that it is capable of producing double the amount with a marginal increase in energy consumption. It is efficient in resources such as energy, water, chemical products, and so on. In addition, the investment included less acoustic and atmospheric contamination to help maintain pre-installation levels. These characteristics reduce local pollution standards considerably.

- Investment: USD 32,713,000



SANTA ANITA PP2 WATER TREATMENT SYSTEM

Sustainable water management

.....

The effluent plant implemented several improvements to its waste water treatment process, leading to the incorporation of a secondary treatment system. As a result, the quality of the effluent water is considerably higher than required either by Peruvian law or for indicators such as Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD). This also enables a significant quantity of water to recirculate in the process, reducing the consumption of fresh water.

- Investment: USD 2,200,000

CAÑETE WASTE WATER TREATMENT PLANT

Sustainable water management

In an effort to maintain good relations with neighboring communities, PROTISA invested in a waste water treatment plant that discharged into the ocean, despite having the environmental permits to discharge into a local river under less stringent water quality standards.

The Cañete waste water treatment plant was built to surpass water quality standard parameters stricter than the global norm. For example, the effluent produced by the plant has significantly lower indices of BOD and COD than those required under Peruvian law. In addition, industrial and household effluents are treated separately.

- Investment: USD 2,666,000

CAÑETE CLEAR WATER RECIRCULATION

Sustainable water management

The objective of this project is to reduce water consumption at the plant through recirculation. The Ultra Filtration & Reverse Osmosis (UF / OR) Project is a system that reduces water conductivity in the manufacturing circuit to increase recirculation. Ultrafiltration is an additional stage in the process at the current sewage waste water treatment plant. It takes in over-clarified water and treats low-conductivity water that is fed back into the paper machine. Reverse osmosis is a treatment at the point of exit of water from the well or at the point of entry of water into the plant that reduces the conductivity of fresh water.

- Investment: USD 410,000



Total cost of Green Bond projects in Peru

Project	Total cost at year ending December 31 st 2018 in thousands of USD
Energy efficiency / Pollution prevention and control	32,713
Cañete paper machine	32,713
Sustainable water management	5,277
Santa Anita PP2 water treatment system	2,200
Cañete waste water treatment plants	2,666
Cañete clarified water recirculation	410
Total	37,990

Source: CMPC Corporate Financial Department.

Green Bond issue in the USA

The funding of eligible projects in Chile and Brazil continued throughout 2018 and as of December 31 CMPC assigned the sum of USD 159,325,426 to the following categories:

1. Sustainable silviculture
2. Biodiversity preservation and restoration of high conservation value forests
3. Pollution prevention and control
4. Energy efficiency

During the year, there were no sustainable water management projects similar to those in 2017 and the total expenditure on those projects went down by 1.25% compared to the previous year. A total of USD 518,033,773 has already been spent on projects from Green Bond proceeds.

Project	Costs 2017 USD	Costs 2018 USD	Total cost USD
Sustainable silviculture	326,345,608	133,798,424	460,144,032
Radiata Pine, Eucalyptus and others	192,687,678	74,393,700	267,081,378
Guaiba & Losango	129,548,257	57,794,678	187,342,935
Hybrid Eucalyptus development	4,109,673	1,610,046	5,719,719
Sustainable water management	2,333,827	-	2,333,827
Valdivia fiber recovery	2,333,827	-	2,333,827
Land and water biodiversity conservation	1,005,613	732,948	1,738,561
Classification, characterization and conservation of native forest	272,429	732,948	1,005,377
Native forest restoration program (undertaken with FSC & CERTFOR)	503,339	-	503,339
Maintenance of high conservation value areas	229,844	-	229,844
Pollution prevention and control	14,053,558	24,769,168	38,822,726
Capture and burning of TRS WLP gases Pacifico mill & Burning and capture of TRS gases Laja facility & Reduction of effluents @ Laja facility	14,053,558	24,769,168	38,822,726
Energy efficiency	14,969,741	24,886	14,994,627
Energy efficiency projects (Plan EE 20/20 + iCel)	5,846,557	24,886	5,871,443
Transport of pulpwood by barge to Guaiba mill	9,123,184	-	9,123,184
TOTAL	358,708,347	159,325,426	518,033,773

Source: CMPC Corporate Financial Department.

4.4.4 Waste MAT
(306-2)

The production process generates various types of waste at each CMPC subsidiary according to its operations. Waste materials have specific disposal methods depending on the type of material and whether it is hazardous or not. CMPC produces a total of 1,799,865 metric tons of waste, and primarily recycles paper, metal, plastic, wood and glass.

Methods of waste disposal (Metric tons)

	Celulosa		Packaging		Softys		Total	
Method of disposal	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Composting	496,490	32%	56,113	27%	-	-	552,603	32%
Final disposal	254,545	16%	45,431	22%	33,352	68%	333,328	19%
Recycling	109,315	7.1%	20,254	10%	15,780	32%	145,349	8.1%
Recovery	392	0.03%	162	0.10%	-	-	5,542	0.03%
Reuse	-	-	799	0.40%	81	0.16%	880	0.05%
Energy valorization	627,402	40.7%	36,240	18%	-	-	663,642	38%
Third party sales	46,774	3.0%	-	-	-	-	46,774	2.7%
Landfill	6,136	0.4%	46,429	23%	-	-	52,559	3.0%
Other	4,130	0.3%	-	-	-	-	4.130	0.2%
Total	1,545,184	100%	205,429	100%	49,213	100%	1,799,865	100%

Source: Data compiled from all CMPC Business Divisions.

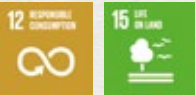
About 99.3% of the waste produced at CMPC is classified as non-hazardous and 0.7% as hazardous.

Types of waste (Metric tons)

	Celulosa		Packaging		Softys		Total	
Type of waste	Quantity	%	Quantity	%	Quantity	%	Quantity	%
Non-hazardous	1,543,186	99.87%	195,958	95%	48,287	98.7%	1,787,431	99.3%
Hazardous	1,998	0.13%	9,471	5%	647	1.3%	12,116	0.7%
Total	1,545,184	100%	205,429	100%	48,934	100%	1,799,547	100%

Source: Data compiled from all CMPC Business Divisions.

Corporate purpose: CREATE
Business division: CMPC Celulosa



Using the ash

During 2018, CMPC focused on the design of a Zero Waste Plan to reduce the quantity of waste and attain waste management independence. In order to achieve this goal, projects have been designed that reduce the generation of environmental debt and seek alternative uses and/or reprocessing, aiming always at a Circular Economy Strategy.

Therefore, CMPC has been carrying out joint studies with the University of Concepcion in Chile since 2010 to use slaked lime sludge and effluents, dregs and grits and biomass ash. All are solid waste from the pulp manufacturing process that until now has had no productive use.

In 2013, most of the solid waste from the pulp manufacturing process was classified as sub-products that presently possess the necessary environmental permits for other uses: e.g. in forest plantations, sales to third parties, incineration in biomass boilers, and internal disposal.

Therefore, the studies that began in 2010 were transformed into innovative projects for the use of solid waste to improve soil quality on forest plantations and agricultural land.

So CMPC uses the ash derived from the biomass boilers to improve the soil of its forest plantations, finding a new use for something that the Company used to consider as waste.

- In 2018 the following goals were achieved:
- Incineration of 100% of the effluent sludge from the biomass boilers.
 - Sale of lime sub-products (lime sludge and lime kiln dust).
 - Transfer and application of ash to forest plantations.
 - Collection of 12,236 metric tons of ash from the Pacifico and Santa Fe mills.
 - Disposal of almost 200 metric tons of ash; and in 2019, expected disposal of 1,865 metric tons of ash .

Ash collection August- December 2018 (metric tons)

Santa Fe mill	Pacifico mill	Total
9,019	3,217	12,236

Ash collection January - February 2019 (metric tons)

Santa Fe mill	Pacifico mill	Total
1,449	706	2,155

4.4.5 Sludge MAT

Sludge is the main waste product generated by the Packaging and Softys Divisions' production processes. In 2018, CMPC studies evaluated the technical feasibility of several waste disposal options designed to reduce the amount of sludge produced by its operations. At the boxboard facility in Valdivia, the decision was made to burn the sludge for waste energy valorization. Another subsidiary is evaluating the op-

tion of making compost or bricks. The studies carried out at all CMPC operations will be finalized by mid-2019.

The operations at the Softys Division produce more sludge than Packaging; both divisions together produce 468,668 metric tons of this type of waste.

Sludge disposal by business division (metric tons) in 2018

Business Division	Amount of sludge produced	Final disposal	Compost	Energy valorization
Packaging	117,720	42,284	57,167	18,269
Softys	350,948	285,913	23,526	13,197
Total	468,668	328,197	80,693	31,466

Source: Sustainability Department.

The amount of sludge produced has been growing due to increased production relative to the preceding year. In spite of this, there was a percentage reduction in final disposal compared to 2017. In 2018 some 30% of the sludge was converted to compost and used for energy valorization and the remaining 70% was sent to landfills.

Production and disposal of sludge by Business Division in 2017 and 2018 (metric tons)

	2017	2018
Sludge produced	448,521	468,668
Final disposal	326,802	328,197
Final disposal (%)	73%	70%

Source: Sustainability Department.

Corporate purpose: CREATE
Business division: CMPC Celulosa,
CMPC Packaging y Softys



Zero waste facilities

The Softys Division has proposed converting its facilities to zero waste and to this end has begun to make changes to its manufacturing processes to reduce the quantity of waste produced. The first step was to define the types of waste generated by the tissue paper and personal care products production facilities, and then to look for alternative waste disposal methodologies apart from sanitary landfills, and find uses for this waste either in the form of final products or as raw materials.

The Gachancipa (tissue paper) and Santander (personal care products) factories located in Colombia have achieved this by reprocessing 100% of their waste paper sludge.

The Gachancipa facility used the sludge to manufacture architectural bricks that improve the efficiency of brick baking and reduce both the consumption of clay and the weight of each brick. It also produces compost for farmers in the area who use it to improve the productivity of their crops that are mainly for feeding livestock.

The Santander plant also managed to reprocess through a third party 100% of its sludge by converting them into Super Absorbent Polymers (SAP) (slush powder) and cellulose for the gradual release of crop fertilizers. The SAP powders are used for the collection and elimination of pet urine, non-woven fabrics for anti-spill kits, polyethylene for the manufacture of plastic wood and wood pellets, while the cellulose is used to manufacture systems for the collection of petroleum spills in aquifers.

The facilities also have waste management systems for paper, cardboard, wire, plastic and other waste that can be re-used and recycled. Consequently, the Softys facilities have set the benchmark for the other CMPC facilities by integrating circularity to their processes.

In the Celulosa Division, the Guaiba mill in Brazil recycles 99.7% of its waste from the pulp manufacturing process. The excess materials such as wood fibers, hemicelluloses and so on are converted into organic manure and fertilizers for agricultural production. The waste is treated by the company Vida Productos y Servicios en Desarrollo Ecológico and subsequently marketed as agricultural inputs.

Finally, the subsidiaries of Packaging, FORSAC Chile, Envases Impresos and SOREPA have obtained Clean Production Agreement certification (APL in Chile) on container and packing material operations, for focusing on clean production aimed at reducing and optimizing waste in container and packing manufacture and thereby improving waste management.

Main achievements in 2018:

- The Gachancipa operations generated 26,362 metric tons of waste of which 89% was paper sludge.
- The Santander facility generated 568 metric tons of non-hazardous waste of which 297 t were disposable diapers.
- The Guaiba mil recycles 99.7% of its waste.

4.4.6 Waste recovery

In some production processes, CMPC uses own or third-party paper and cardboard inputs that can be recovered and reintegrated into the production cycle. The Company reintegrated approximately 305 metric tons of such waste at its production facilities in 2018, less than in previous years.

SOREPA is the leading subsidiary for the recovery, handling and disposal of paper and cardboard waste. It has 11 facilities in Chile and supplies CMPC with the different quality

trimmings it requires, thus integrating recycled materials into the production processes of the Company. The quantity of paper waste recovered comes both from Chile and abroad.

The subsidiary functions through a network of recyclers who derive their income from the sale of recyclable and reusable material to companies. In 2018 the recyclers delivered 15 thousand metric tons of waste to CMPC.

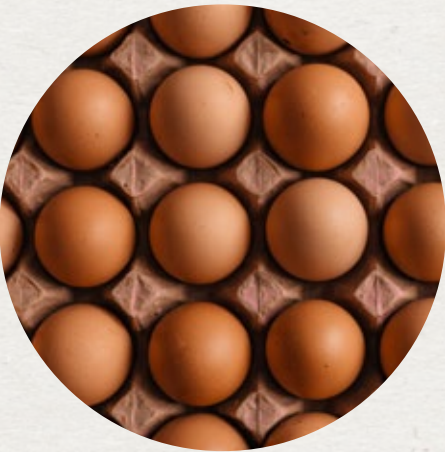
Annual recycling from recovered or imported waste in metric tons

Recycling	2016	2017	2018
Annual tonnage recycled	358	317	305

Source: SOREPA



Corporate purpose: CREATE
Business division: CMPC Packaging



Manufacture of 100% recyclable packaging

For CMPC manufacturing products that meet the needs of consumers is necessarily accompanied by a focus on being sustainable and environmentally friendly. Using this approach, Packaging produces and sells molded pulp products of 100% recycled materials for packaging, transport, and the display of products for the health care industry and the poultry, fruit and vegetable markets.

The raw materials for their manufacture are mainly newspaper, recovered egg boxes and all types of recovered paper that then become part of the production process and find new life as food support. This in itself requires exigent regulations in quality and innocuousness such as ISO 22000.

Chimolsa uses over 20 thousand metric tons of recycled paper per year in production. Some of its products are: egg cartons, fruit and vegetable trays for apples and avocados, kidney dishes and bedpans made out of recycled paper and cardboard in high demand in hospitals in Chile. These products not only reduce the risk of infection and facilitate patient hygiene but are biodegradable.

CMPC has been outstanding for its leadership role in the development of technology using safer and more efficient processes to reincorporate into the production cycle products that previously had been discarded during manufacture.

Additionally, the subsidiary Envases Impresos uses recycled material for the manufacture of boxes such as, for example, the cases for packing wine that Chile exports to all corners of the globe;

likewise, the subsidiary Cartulinas makes boxes for pharmaceuticals that safeguard the health of millions of people around the world. What is more, those trimmings from the boxes that are of no use in the final product are returned to the productive cycle to be used as raw material by Chimolsa.

CMPC Packaging has also developed a new box for transporting salmon that keeps the product fresh and replaces the expanded polystyrene (EPS) thermoplastic containers derived from petroleum, a non-renewable resource. This new box is recyclable since it is made from recycled paper and pulp fibers from certified plantations: so it fulfils sustainability standards and prevents the box being dumped in a sanitary landfill. In 2018, Packaging received an award for environmental innovation from the British-Chilean Chamber of Commerce that was presented by HRH Princess Ann of the United Kingdom.

Main achievements in 2018:

- Manufacture of 330 million units of support/trays made from 100% recycled materials.
- 22 thousand metric tons of paper were used to manufacture the products.
- Chimolsa products: 41% apple trays, 43% egg trays, 11% egg boxes, 5% avocado trays.
- Ecobox reduced emissions by 75% to 1,160 kg CO₂e avoided.
- Higher volumes: 13% more Ecoboxes transported per truck than EPS containers.



Araucaria trees in Nahuelbuta National Park

5 SOLVE

CMPC creates sustainable products that provide innovative solutions and add value to meet the needs of its customers around the world. To this end, it fulfills various certification criteria and standards that ensure quality.

- 5.1 Innovation
- 5.2 Products for clients and consumers
- 5.3 Customer satisfaction
- 5.4 Product safety

5.1 INNOVATION MAT

Innovation is an essential element in competitive companies. CMPC is a pioneer in the innovation of production processes and above all, outstanding in business competitiveness through its adaptation to climate change and product range that satisfies the many needs of its customer base.

In a move to innovate further both in terms of processes and products, the Company announced in 2018 the creation of a new Innovation Department to be led by Felipe Alcalde. Its goal is to create transformative projects for the digitalization and modernization of CMPC processes in a variety of operations.

Main innovations in 2018



Celulosa

Biomass ash in woodlots and agricultural land

Since 2010, CMPC has joined with the University of Concepción to conduct studies regarding the use of lime sludge and effluents, dregs and grits, and biomass ash. All of these are solid waste from the pulp production process that to date have had no productive use.

In 2013, the majority of solid waste from pulp production from the three CMPC pulp mills was classified as “sub-products” through Resolutions passed by the Environmental Authority. Today, environmental permits allow it to be used in

woodlots, sold to third parties, and incinerated in biomass boilers in addition to internal disposal.

In this way, the studies which begun in 2010 translated into innovation projects in 2018 to use solid waste to improve woodlot and agricultural soils.

As a result of this process, nearly 2,000 tons of ash were disposed of in woodlots and other lands in the 7 months since this project has been implemented.



Packaging

Salmon EcoBox

In 2018, Packaging received recognition for environmental innovation from the British Chilean Chamber of Commerce (BRITCHAM) when a new type of salmon container box was granted their highest honor.

Ecobox is used for the long-distance transport of salmon. It does so without changing the freshness and taste of the salmon. Ecobox thereby replaces EPS containers which are made from a thermoplastic derived from petroleum and are a non-renewable resource.

This box is 100% recyclable and repulpable, made from recycled paper and fiber from FSC-certified plantations, thus making use of renewable and sustainable raw materials throughout the product’s lifecycle. Additionally, the Ecobox adheres to Chile’s local standards, such as the Producer Recycling and Extended Responsibility Law for manufacturers as it prevents boxes from ending up in landfills and dumps.

Benefits

- EPS-based containers take 500 to 1,000 years to biodegrade, while the Ecobox takes only 1 year.
- 75% less emissions = 1,160 kg of CO₂ kept from release into the environment.
- Larger volume: 13% more Ecoboxes transported per truck than those made from EPS.



CMPC Packaging receives an award in innovation for its Salmon Ecobox



Softys

Elite Professional Bioactive

CMPC launched a toilet paper with new technology (biologically active tissue paper) ideal for public bathrooms in frequent use in malls, office buildings, hotels, and public transportation vehicles, solving the issues created by a steady flow of users.

The paper used disintegrates once in contact with water, activating bio-active microparticles that multiply and break down the material that sticks to the interior walls of pipes and the sewage system. This results in cleaner pipes, lower maintenance costs, and less bad odor.



Benefits

- Helps clean pipes
- Reduces bad odors
- Lowers maintenance costs
- Environmentally friendly

5.2 PRODUCTS FOR CLIENTS AND CONSUMERS

5.2.1 Brand equity MAT

Perception of the CMPC brand was measured in 2018 through a study by Feedback.⁸This study revealed that positive perception of the Company grew from 40% in 2016 to 49% in 2018 while negative perception fell from 53% to 42% over the same period. The confidence index increased from 19% in 2016 to 30% in 2018. Survey takers pointed out that the qualities most responsible for creating confidence were the Company's contribution to the well-being of the areas near its operations, its creation of environmentally friendly products, and its ability to listen to all its stakeholders.

⁸ A strategic communications company that carried out the quantitative study through national public opinion telephone surveys with a sample of 1,620 people.

Furthermore, Softys is the Business Division responsible for products oriented toward mass consumption. It has different brands positioning it within the market that aim to satisfy the various needs of consumers and differentiate it from the competition.

Its current products are:

- **Toilet Paper:** Elite, Duallete, Confort, Higienol, Premier, Sublime, Noble, Elite Professional, Rendipel (Institutional).
- **Paper Towels:** Nova, Elite, Sussex, Kitchen, Snack, Premier, Abolengo, Elite Profesional, Rendipel (Institutional).
- **Napkins:** Nova, Elite, Sussex, Kitchen, Lips, Premier, Abolengo, Noble, Elite Professional, Rendipel (Institutional).
- **Tissues:** Elite, Duallete, Softys, Elite Professional.
- **Diapers:** Babysec, Softdreams, Bebex.
- **Sanitary Napkins:** Ladysoft.
- **Adult Diapers:** Cotidian.
- **Pet Care:** OK Pet.

Softys products are positioned according to the purpose for which they were created with brands that offer the best care for customers' daily needs during each stage of their lives. To attain this goal, the business is focused on three areas:

► Quality innovation

Brainstorming processes and strategies with an emphasis on continuous improvement at the technological and personal levels, and in terms of addressing customer needs. For example: *Confort DUO Toilet Paper and Evolution Paper Towels, tissue paper brands that offer families more for their money.*

► Accessibility and responsiveness

Concern with consistently being responsive and accessible to individual needs, in any place and at a price within their budget. For example: *The Babysec pledge: the accessible brand of diapers, competitive in both quality and price.*

► Commitment to sustainability

Ensure that all actions fall within the framework of social, community, and environmental respect. For example: *Elite Professional Bioactive, a brand that offers professional solutions to Latin American businesses.*

Corporate purpose: CREATE
Business division: CMPC Packaging



Spreading the use of paper bags

Plastic bags bring negative environmental and biodiversity impacts. Plastic waste severely impacts marine fauna severely and the ecosystem in general. According to recent United Nations Organization estimates, over 13 million tons of plastic bags are dumped in the ocean annually.

Latin America has pioneered initiatives and public policies to restrict the use of plastic bags in certain circumstances. Therefore, on August 3rd 2017, a law was passed in Chile that prohibited the use of plastic shopping bags following the estimate that 3,400 million plastic bags per year were used nationwide.

The implementation of this law is progressive. In February 2019, large companies were prohibited from using plastic shopping bags. Small and medium-sized shopkeepers would be fully prohibited as of 2020.

Following the passing of this new bill, there was a considerable increase in the demand for paper bags, mainly from the retail industry. It provided an enormous opportunity for the CMPC Packaging Division.

Up until 2017, the market was supplied in diverse ways by suppliers with their own machines not for paper, or by direct im-

ports. This outlook was a promising one for CMPC since it had stocks of its own paper.

In keeping with this concept, in 2018 the Company supported the universal usage of paper bags as a sustainable alternative to the plastic bag. It signed a two-year letter of intent with the Chamber of Commerce of Cañete, Peru, promoting the use of paper bags in that municipality through the delivery of 40 thousand bags to local shops between 2019 and 2020. In Chile, the Company joined the local Mayor in an initiative sponsored by the Municipality of Las Condes to distribute recycled paper and cardboard containers in an open-air market. It is planning a similar initiative with small shopkeepers in the Biobio Region.

In order to position itself in this new market, the Company has acquired new machinery for the production of paper bags with handles that will begin operations at the Forsac production facility in Chillan in the second semester of 2019.

In addition, the Company is evaluating other potential investment options that would make it a stronger protagonist in this market segment.



Advertising ethics MAT

(417-2, 417-3)

Due to their mass consumption nature, some products are heavily advertised and thereby liable to non-compliance in terms of product labeling and marketing communications requirements, which can vary by district and country.

In 2018, Softys received six fines for non-compliance with product labeling and marketing communications norms. These fines totaled USD 17,258.

Non-compliance with marketing ethics for Softys 2018

	Number of cases	Country	Amount	Description
Non-compliance with product labeling requirements	5	Brazil	USD 1,224	Sanctioned for declaring a different number of products (napkins).
		Mexico	USD 1,600	Two fines for non-compliance with labeling standards.
		Peru	USD 1,843	Two fines for non-compliance with technical specifications (width and pH of diapers).
Non-compliance with marketing communications requirements	1	Argentina	USD 12,591	Fined for failing to provide true, clear and detailed information, in not indicating the maximum amount that the company would donate to the Garrahan Hospital Foundation in advertisements associated with the campaign "Babysec + FG + Vos" (You).

Source: Softys.

Personal care and hygiene MAT

Softys is aware that society is entering a new age, one which challenges companies and citizens alike to change their manufacturing, cohabitation and consumption patterns, moving away from a linear to a circular economy. For this reason, Softys works alongside communities, society and consumers to incorporate personal and hygiene patterns to improve the health, and wellbeing of its consumers, especially in the case of those with less access to information.

HEALTH AND HYGIENE
CAMPAIGNS



At the Cañete plant in Peru, campaigns were carried out in areas with limited access to and supply of health services in order to contribute to their inhabitants' personal care and hygiene.

1. Health campaigns

During 2018, there were 7 campaigns carried out in villages near the Cañete plant, offering health-care in general medicine, obstetrics, anemia screening, orthodontology, and psychology, and medications were distributed free of charge. This campaign was run in collaboration with the provincial Health Network and reached approximately 750 people, most of whom were children and senior citizens.

2. Hand-washing and teeth-brushing presentations

These activities focused on local preschools and elementary schools and taught children routines for washing their hands and brushing their teeth. This initiative was also carried out in collaboration with the Health Network and benefited approximately 200 boys and girls.

Corporate purpose: CONSERVE
Business division: Softys



Donation of diapers in Chile

In July 2018, the Income Tax Service (Servicio de Impuestos Internos, SII of Chile) introduced a modification to the tax legislation that allowed diapers that were not suitable for sale due to minor damage in packaging incurred during transport to be donated to non-profit institutions to help persons in vulnerable situations. This change in regulations allowed the companies that donated such products to deduct their value from total taxable earnings.

Prior to this modification in the law, diapers and other first aid articles now covered by the new law had to be destroyed or taken to sanitary landfills even though they could still fulfill their purpose. Despite the fact that they could not be sold due to quality issues, their function remained unaltered.

The fact that they could not be sold or donated increased the amount of waste produced by the Company since they could not be used anywhere else. Therefore, this initiative signified an opportunity from both social and environmental perspectives.

Since then, CMPC has been donating baby and adult diapers through the Softys Division. The donation is coordinated through the Food Network, a private non-profit organization that has been present in Chile since 2010 as the first Food Bank and is supported by CMPC. To date, the organization coordinates donations from 90 companies to 223 charitable organizations. The Food Bank rescues products still apt for human consumption that previously used to be thrown away and distributes them to people in places of greater need.

CMPC also donates directly to foundations diaper products that still serve their purpose.

In 2018, the Company made in total donations of :

- 568,666 adult and infant diapers since the initiative
- Was launched for a total value of over USD 93,040.

5.3 CUSTOMER SATISFACTION MAT

At CMPC, each business has its own process and methodology for product evaluation based on feedback from clients and/or final customers. While there may not be one common definition throughout the Company on the manner of measuring customer satisfaction, there is consensus on the importance of so doing.

Evaluations are conducted with the goal of monitoring client perception of services and/or products in order to incorporate proposals for improvement.

Softys participates in the development of modern channel customer surveys at a regional level, which includes the

countries of Argentina, Brazil, Chile, Mexico, and Peru. With this instrument, customer satisfaction levels are measured in terms of the sales service provided as well as their perception of products in terms of innovation and communication. From these results, a ranking of mass consumption brands is developed. In nearly every country analyzed, progress was measured in terms of the brand's position as compared with competitors. The exception was Mexico, where it fell from position 12 to position 10 in 2018.

Measurements have evolved in the following manner over the last three years:

Evaluation of customer satisfaction with Softys

País	2016	2017	2018
Argentina	23 (of 24 businesses analyzed)	20 (of 23 businesses analyzed)	19 (of 22 businesses analyzed)
Brazil	9 (of 16 businesses analyzed)	9 (of 16 businesses analyzed)	6 (of 15 businesses analyzed)
Chile	9 (of 25 businesses analyzed)	5 (of 25 businesses analyzed)	3 (of 26 businesses analyzed)
Mexico	10 (of 17 businesses analyzed)	10 (of 14 businesses analyzed)	12 (of 22 businesses analyzed)
Peru	16 (of 25 businesses analyzed)	12 (of 23 businesses analyzed)	11 (of 23 businesses analyzed)

Source: Advantage Survey for Softys.

CMPC Celulosa conducts a client satisfaction survey for wood and pulp products.

Evaluation of customer satisfaction with CMPC Maderas and CMPC Pulp



CMPC MADERAS



Markets its products to more than 135 regular clients located in 40 countries around the world distributing products to the retail, construction, furniture, packing, and finishing industries.

Currently conducts a satisfaction survey that focuses on 3 pillars: product and packaging quality, sales services, and delivery compliance. In 2018, 72% of its clients were satisfied. This falls within the range considered “good.”



CMPC PULP



Conducts a client survey that is part of the Stakeholders Sustainability Index (SSIndex), a risk and sustainability index that applies to its interest groups. The survey includes contractors, clients, suppliers, and the community.

In the case of clients, the evaluation considers 12 variables: 6 associated with the classic measurement of client commitment such as loyalty (NPS), complaints, satisfaction, etc., and another 6 that complement the risk and sustainability evaluation such as integrity, anti-corruption, employer commitment, etc. It was interesting to find correlations among the results for the client, contractors, suppliers, and community surveys. This allowed for the elaboration of an integrated action strategy at a lower cost and shorter analysis timeframe.

Average satisfaction: 87% considered “good”.

Source: CMPC Celulosa.



In Packaging, four of the seven subsidiaries have conducted client satisfaction evaluations. Methodologies varied by area. The surveys are as follows:

Evaluation of customer satisfaction with Packaging

	Description of methodology for customer satisfaction evaluation	Percentage of client satisfaction 2018
Papeles Cordillera	The customer satisfaction methodology consisted of a telephone interview with domestic and international clients.	62%
Envases Impresos	An interview and survey was conducted with clients and non-clients from the corrugated cardboard box industry selected from the Company's database.	53%
Chimolsa	Quantitative method via a telephone questionnaire.	66%
Forsac Chile	Client satisfaction survey.	56%
Forsac Peru	Surveys were conducted with more than 95% of customers after which a plan of action was created for each with monthly follow-ups.	2017 > 5.9 / 7.0 2018 > in process
Forsac Mexico	An email survey was conducted with all customers, including these important points: quality, problem and complaint resolution, technical support, cleanliness, and general satisfaction.	88%

Note: There are subsidiaries such as CMPC Cartulinas, Forsac Argentina, Edipac and Sorepa, which do not evaluate clients.
Source: CMPC Packaging.

5.4 PRODUCT SAFETY

CMPC delivers products that meet high quality standards which comply with safety and health standards for consumers and meet client needs.

5.4.1 Chain of Custody Certification MAT

Chain of Custody Certification is the process by which the production process of a product is verified to ensure its quality and safety for the client and/or consumer according to regulatory standards which must be met before the product reaches the consumer.

Forestal Mininco	<ul style="list-style-type: none">FSC (FSC-C107774) Chain of Custody, certified by NEPCon.OHSAS 18001 Management System Certification, certified by SGS Chile.
CMPC Maderas	<ul style="list-style-type: none">FSC (FSC-C110313) Chain of Custody Multi-site Certification, certified by NEPCon.CERTFOR/PEFC (CL06/0005FC) Multi-site Chain of Custody Certification, certified by SGS Chile.OHSAS 18001 Management System Certification, certified by SGS Chile.
CMPC USA, Inc.	<ul style="list-style-type: none">FSC (FSC-C119321) Chain of Custody, certified by NEPCon.PEFC(CL11/2010206) Chain of Custody, certified by SGS Chile.
CMPC Pulp	<ul style="list-style-type: none">PEFC™ Multi-site Chain of Custody Certification, certified by SGS Chile.FSC (FSC-C007488) Chain of Custody & FSC Multi-site, certified by NEPCon.FSC (FSC-C005102) Chain of Custody (trader), certified by SGS Chile.CMPC Pulp Certified Group (FSC-C140582), certified by SGS.Scheme of Certification in Group CERTFOR / PEFC™, certified by SGS.
Celulose Riograndense	<ul style="list-style-type: none">FSC Chain of Custody, certified by Imaflora.CERFLOR/PEFC Chain of Custody Certification, certified by Imaflora.

CHAIN OF CUSTODY CERTIFICATIONS
FOR OPERATIONS BY COUNTRY

CERFOR/PEFC™ Chain of Custody Certification, certified by Imaflora

In Argentina

- Bosques del Plata has ISO 14001 certification.

In Brazil

- Guaíba has ISO 9001 and ISO 14001 certification for the production and sale of pulp and paper and the associated technical assistance.

In Chile

- The production facilities have Integrated Management Systems Certification (*Sistemas Integrados de Gestión SIG*), including ISO 14001, ISO 9001, ISO 50001 and OHSAS 18001 standards

Certifications adopted by Softys subsidiaries

In 2018, the production facilities in Chile obtained ISO 9001 quality certification.

Facilities	ISO 9001	ISO 14001	OHSAS 18001	FSC
Argentina*		●	●	
Brazil	●			FSC-C089458
Chile	●	●	●	FSC-C106570
Colombia		●	●	
Ecuador		●	●	
Mexico				FSC-C140356
Peru*		●	●	
Uruguay		●	●	

*In Argentina, only the Zarate plant is certified; in Peru, only the Santa Anita plant.
Source: Softys.

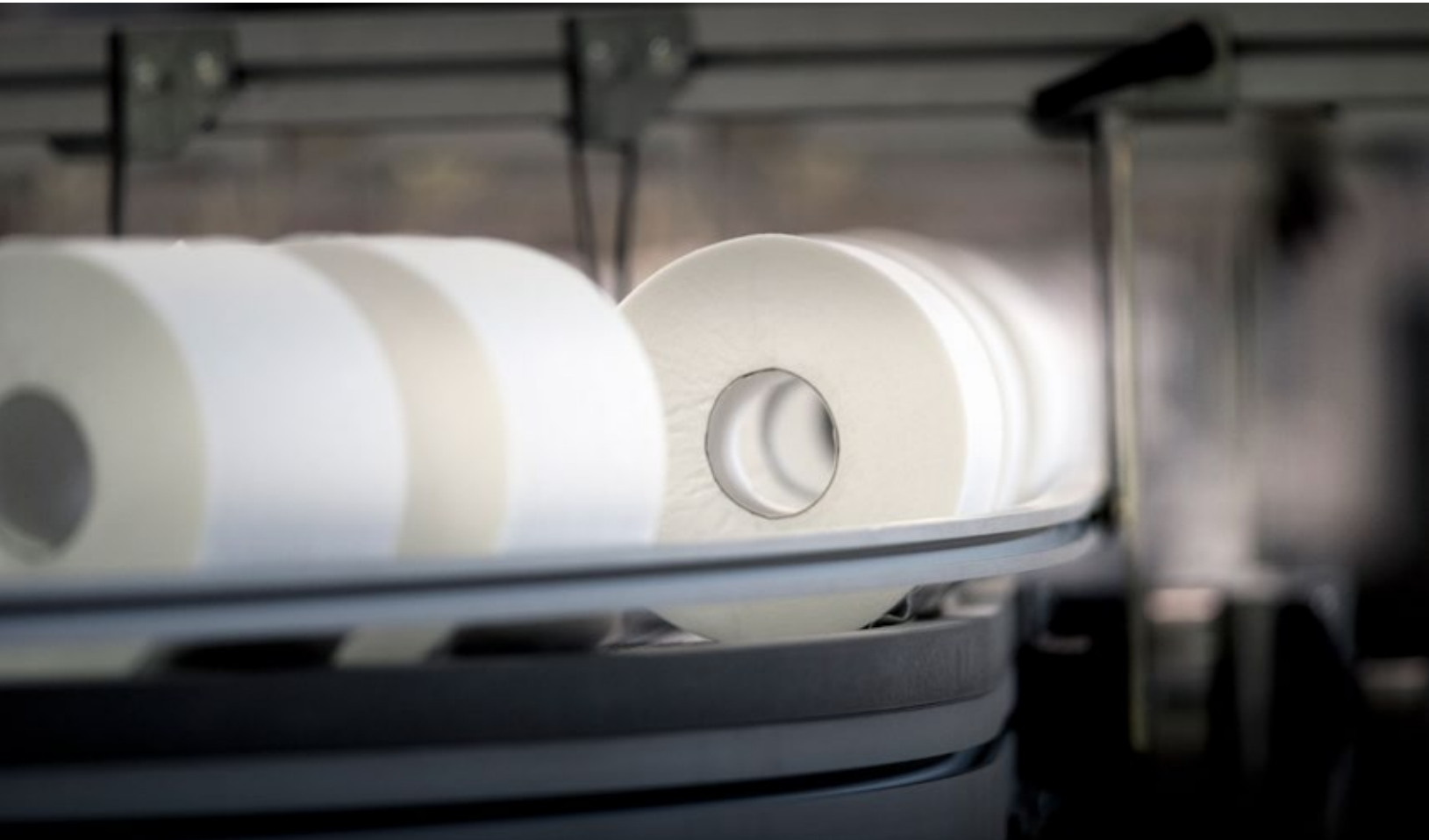
Certifications adopted by Packaging subsidiaries

100% of Packaging plants and factories have certifications that indicate they operate under the standards of their sector and location. The main ones are:

- ISO 9001 which lists the requirements of product quality management.
- ISO 140001 for environmental management systems.
- OHSAS 18001 guides health and safety practices for workers.

Subsidiary	ISO 9001	ISO 14001	ISO 22000	OHSAS 18001	HACCP	RESY	APL	Authorized collection center
Forsac Chile	●			●	●		●	
Forsac Peru	●		●					
Forsac Argentina			●					
Envases impresos	●							
Sorepa	●	●						●
Chimolsa	●		●	●	●	●		
Papeles Cordillera	●	●		●				
Cartulinas	●	●		●	●			

Source: CMPC Packaging.





Envases Impresos production facility

6 OWNERSHIP AND GOVERNANCE

- 6.1 Main Shareholders
- 6.2 Board of Directors
- 6.3 Senior Executives
- 6.4 CMPC Integrity Culture

6.1 MAIN SHAREHOLDERS

(102-5)

CMPC is a privately owned, publicly traded company, with 2.5 billion shares and 22,443 shareholders as of December 31st, 2018.

Control of the company is exercised through a Joint Control and Performance Agreement formulated to include Forestal O’Higgins S.A. and other companies and includes restrictions on the free disposal of shares. The Controlling Group is comprised of the members of the Larrain Matte, Matte Capdevila and Matte Izquierdo families, whose holdings the manner and proportions are indicated below:

Name	Rut		%
Patricia Matte Larraín and her progeny	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 and his progeny	4.436.502-2	►	7.21
● Eliodoro Matte Capdevila	13.921.597-4	►	3.27
● Jorge Matte Capdevila	14.169.037-K	►	3.27
● María del Pilar Matte Capdevila	15.959.356-8	►	3.27
Bernardo Matte Larraín and his progeny	6.598.728-7	►	7.79
● Bernardo Matte Izquierdo	15.637.711-2	►	3.44
● Sofía Matte Izquierdo	16.095.796-4	►	3.44
● Francisco Matte Izquierdo	16.612.252-K	►	3.44

Note: The Private Individuals listed above belong by family relationship to the same Controlling Group.

The 12 main shareholders of CMPC as of December 31, 2018

Shareholder	Rut (Tax ID N°)		N° of shares
Forestal Cominco S.A.	79.621.850-9	►	487,492,057
Forestal Const.y Com.del Pacífico Sur S.A.	91.553.000-1	►	476,205,596
Forestal O’Higgins S.A.	95.980.000-6	►	186,526,333
Banco de Chile representing third parties	97.004.000-5	►	122,934,021
Forestal Bureo S.A.	87.014.900-K	►	106,457,955
Banco Itaú representing foreign investors	97.023.000-9	►	104,948,628
Banco Santander-JP Morgan	33.003.217-0	►	93,072,254
A.F.P. Habitat S.A Pension Fund	98.000.100-8	►	74,303,864
A.F.P. Provida S.A. Pension Fund	76.265.736-8	►	64,462,450
A.F.P. Capital S.A. Pension Fund	98.000.000-1	►	48,897,849
A.F.P. Cuprum S.A. Pension Fund	76.240.079-0	►	47,749,237
Coinustria LTDA.	80.231.700-K	►	46,575,370
			1,859,625,614
			74.39%



Greenhouses in Los Angeles local corporate headquarters complex

Details of CMPC shares

1. CMPC shareholders

Shareholder	Rut (Tax ID N°)	Dec 2017	Dec 2018
Forestal Cominco S.A.	79.621.850-9	487,492,057	486,392,057
Forestal, Const. y Com. del Pacífico Sur S.A.	91.553.000-1	476,205,596	476,205,596
Forestal O'Higgins S.A.	95.980.000-6	186,526,333	186,526,333
Forestal Bureo S.A.	87.014.900-K	106,457,955	106,457,955
Inmobiliaria Nague S.A.	94.645.000-6	39,015,066	39,015,066
Coindustria LTDA.	80.231.700-K	46,575,370	46,575,370
Forestal y Minera Ebro LTDA.	77.868.100-5	14,408,280	14,408,280
Forestal y Minera Volga LTDA.	77.868.050-5	8,823,060	8,823,060
Viecal S.A.	81.280.300-K	6,501,641	6,501,641
Forestal Peumo S.A.	87.014.500-4	5,141,294	5,141,294
Forestal Calle Las Agustinas S.A.	87.014.600-0	3,863,334	3,863,334
Forestal Choapa.A.	87.014.700-7	2,332,209	2,332,209
Puertos y Logística S.A.	82.777.100-7	1,475,040	-
Matte Larraín Eliodoro	4.436.502-2	1,187,078	1,187,078
Matte Larraín Bernardo	6.598.728-7	961,352	-
Matte de Larraín Patricia	4.333.299-6	961,342	961,342
Agrícola e Inmobiliaria Rapel LTDA.	87.014.800-3	617,993	617,993
Larraín Bunster Jorge Gabriel	4.102.581-6	134,844	134,844
Total Shares Controlling Group		1,387,579,844	1,386,243,452
% Ownership		55.50%	55.45%

2. Quarterly share transaction statistics in Chilean pesos (CLP)

Quarter	Year	Number of shares	Transaction amount (CLP)	Average price (CLP/share)	Market presence (%)	Stock market transactions
1st	2016	93,948,926	\$147,273,917,450	1,567.5955	100%	BCS; BECH
2nd	2016	114,688,427	\$167,563,937,896	1,461.0362	100%	BCS; BECH;BC
3rd	2016	79,638,700	\$108,509,811,985	1,362.5262	100%	BCS; BECH
4th	2016	78,179,882	\$106,116,238,944	1,357.3343	100%	BCS; BECH;BC
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

Note: Statistics include information from the Santiago Stock Exchange (BCS), the Chilean Electronic Stock Exchange (BECH) and the Valparaíso Stock Exchange (BC).

3. CMPC dividends per share in CLP (Chilean pesos)

Year	\$ / Share
2014	\$ 14.00
2015	\$ 8.00
2016	\$ 10.00
2017	\$ 1.26
2018	\$ 31.00

4. Details of share transactions in compliance with Article 20 of Chilean Law N° 18045 (G.C.N. N° 269 of 2009) in CLP (Chilean pesos)

RUT	Legal name	Relation	Transaction date	Date transaction communicated to the S.A.	Trans-Action Type	Security type	N° of shares traded	Unit price	Transaction Amount (CLP)
76621850-9	Forestal Cominco S.A.	CO	20-12-18	21-12-18	A	Share	100,000	\$2,170.00	\$217,000,000
76621850-9	Forestal Cominco S.A	CO	11-12-18	12-12-18	A	Share	1,000,000	\$2,176.29	\$2,176,288,190
82777100-7	Puertos y Logística S.A.	CO	17-04-18	17-04-18	E	Share	187,400	\$2,381.69	\$446,328,719
82777100-7	Puertos y Logística S.A	CO	16-04-18	17-04-18	E	Share	12,600	\$2,378.90	\$29,974,145
82777100-7	Puertos y Logística S.A	CO	13-04-18	13-04-18	E	Share	475,040	\$2,368.34	\$1,125,054,521
82777100-7	Puertos y Logística S.A	CO	12-04-18	13-04-18	E	Share	800,000	\$2,355.01	\$1,884,005,378

Note: All share transactions correspond to Legal Entities trading on the Stock Exchange and the series of all transactions are in CMPC shares.

6.2 BOARD OF DIRECTORS

(102-18; 102-19; 102-20; 102-22; 102-23; 102-26; 102-32)

The composition of the Board of Directors is a result of the decision of the shareholders. There have been nine directors on the Board since 2016 either related to, or independent of, the Controller. Directors hold office for three years and meet ordinarily once a month and for extraordinary sessions when required by law, in accordance with the law, the pertinent regulations and the Company statutes.

The Board of Directors supervises the management of CMPC, as established by Chilean Stock Corporations Law N° 18,046.

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 its achievement. The Board is supported by the Directors' Committee which meets at least thrice yearly with the firm of External Auditors and without the presence of the CEO or other senior executives, in order to receive a report of all relevant findings on deeds or adverse situations affecting the Company that might have been detected.



The functions of the Board of Directors include the following:

- 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 purposes of the Company .
- Maintain the systems of skills selection and establish the proper succession planning for executive positions.
- Approve the risk matrix, its policies and their management.
- Review and approve the Integrated Report corresponding to each year of business.
- Select the independent External Auditors.

An independent Director is one who has no relationship or link with the controlling shareholder as stipulated in Article 50 Bis of Chilean Law N° 18,046 governing private limited corporations.



Carlos Douglas Plant Nursery

Organizational chart

BOARD OF DIRECTORS



EXECUTIVE OFFICE



6.2.1 Members of the Board of Directors

(102-22, 102-23)



► Luis Felipe Gazitúa A.
Chairman
Business Administration
Rut: 6.069.087-1
Date appointed: 29/04/2016



► Vivianne Blanlot S.
Independent
Economist
Rut: 6.964.638-7
Date appointed: 29/04/2016



► Rafael Fernández M.
Independent
Industrial Civil Engineer
Rut: 6.429.250-1
Date appointed: 29/04/2016



► Jorge Larraín M.
Director
Business Administration
Rut: 10.031.620-K
Date appointed: 29/04/2016



► Jorge Matte C.
Director
Business Administration
Rut: 14.169.037-K
Date appointed: 29/04/2016



► Bernardo Matte L.
Director
Business Administration
Rut: 6.598.728-7
Date appointed: 29/04/2016



► Jorge Marín C.
Independent
Business Administration
Rut: 7.639.707-4
Date appointed: 29/04/2016



► Ramiro Mendoza Z.
Independent
Lawyer
Rut: 7.578.740-5
Date appointed: 29/04/2016



► Pablo Turner G.
Independent
Business Administration
Rut: 7.056.349-5
Date appointed: 29/04/2016

	Attendance at Board meetings	Membership of Executive Committees					Director remuneration in MUSD ⁹		Executive committees 2018
		CD	CEC	CA	CRF	CAC	2017	2018	
Luis Felipe Gazitúa A.	12		●	●	●	●	\$120,000	\$127,500	
Vivianne Blanlot S.	12	●		●			\$60,000	\$65,000	\$20,000
Rafael Fernández M.*	12	●					\$60,000	\$65,000	\$20,000
Jorge Larraín M.	12					●	\$60,000	\$63,750	
Jorge Matte C.	11						\$60,000	\$63,750	
Bernardo Matte L.	12				●		\$60,000	\$63,750	
Jorge Marín C.*	10	●			●		\$60,000	\$65,000	\$20,000
Ramiro Mendoza Z.	11		●	●			\$60,000	\$105,750	
Pablo Turner G.	12						\$60,000	\$63,750	

CD: Directors' Committee: Carries out the functions established in Article 50 bis of Law N° 18,046 and those requested by the Board of Directors. (*) Independent director in the Directors' Committee
CEC: Ethics and Compliance Committee: The entity that monitors the progress of the Company in matters related to ethics and compliance with regulations and internal policies.
CA: Audit Committee: Supervises and coordinates activities designed to identify, inform about and prevent risks inherent in the business.
CRF: Financial Risks Committee: Analyzes the financial risks of the Company, with special attention to derivative contracts and other financial operations.
CAC: Corporate Affairs Committee: establishes the objectives and evaluates the implementation of sustainability, environmental and community relations programs.

⁹ Directors' remuneration was approved at the Shareholders' Meeting of April 27 2018.



Pacifico pulp mill, CMPC Celulosa

Number of persons by segment and age

Position	Less than 30	Between 30 and 40	Between 31 and 40	Between 41 and 50	Between 51 and 60	Over 70	Total
Directors	0	1	1	3	4	0	9
Senior executives	0	1	3	5	0	0	9
Workforce	4,152	6,234	4,077	2,540	539	7	17,549

Note: Data as of December 2018.

Number of persons by segment and seniority

Position	Less than 3 years	Between 3 & 6 years	Between 6 & 9 years	Between 9 & 12 years	More than 12 years	Total
Directors	7	0	0	0	2	9
Senior executives	1	4	0	0	4	9
Workforce	5,852	3,530	2,203	2,010	3,954	17,549

Note: Data as of December 2018.

Number of persons by segment and nationality

Position	Chilean	Foreign
Directors	9	0
Senior executives	9	0
Workforce	9,477	8,072

Note: Data as of December 2018.

This includes the following:

- **Directors:** Members of the Board of Directors of CMPC.
- **Senior executives:** The top tier of senior executives.
- **Workforce:** Total employees except the top tier of senior executives.



6.2.2 Composition of the Board of Directors

(405-1)

The following information refers to NCG N°385 on Good Practices in Corporate Governance on matters of social responsibility and sustainability. Information is provided on Directors, senior executives and workforce.

There is one woman on the Board of Directors at CMPC representing an 11% female participation.

Number of persons by segment and gender

Position			Total
Directors	8	1	9
Senior executives	8	1	9
Workforce	14,998	2,551	17,549

Note: Data as of December 2018.

Material facts 2018

On April 5th, 2018, the Board of Directors of Empresas CMPC S.A. agreed to hold an Ordinary Shareholders' Meeting on April 27th 2018, for the following purposes:

- Review the Integrated Report and Consolidated Financial Statements for the year 2017.
- Distribution of dividends.
- Agreement of the Board of Directors on matters regulated by Article XVI of Chilean Law N° 18,046.
- Designation of the Company External Auditor and credit rating agencies for the next Fiscal Year.
- Remuneration for the members of the Board in 2018.
- Remuneration and budget for the Directors' Committee in 2018.
- Report on the policies and procedures for dividends.
- Resolve any other matter within the area of competence of the Ordinary Shareholders' Meeting in conformity with the law and company statutes.

On April 27th, 2018, at the 99th Ordinary Shareholders' Meeting of the Company, the following resolutions were reached:

- To approve the Integrated Report, the annual Financial Statements and the report by the External Auditors.
- The distribution of dividend N° 267 to be charged against distributable profit for 2017 amounting to CLP 17.00 per share, to be distributed to the shareholders as on May 9th, 2018.
- To take note of the dividend policy established by the Board of Directors for the Fiscal Year 2018.
- To designate the firm KPMG as the External Auditor of the Company for the Fiscal Year 2018.

On June 7th, 2018, the Board of Directors of Empresas CMPC S.A. accepted the resignation of Mr. Hernan RodriguezWilson from the position of Chief Executive Officer of the Company presented on that date.

At the meeting, the Board gave special recognition to the achievements of Mr. Rodriguez in all his various responsibilities at CMPC since he joined the Company in 1987, and especially since he became CEO in 2011.

In addition, the Board agreed to appoint Mr. Francisco Ruiz-TagleEdwards as the new CEO of Empresas CMPC S.A.. Mr. Ruiz-Tagle, at the time CEO of the subsidiary Celulosa, has held several executive positions both in Chile and abroad since he joined the Company in 1991.

Both the resignation of Mr. Rodriguez and the appointment of Mr. Ruiz-Tagle became effective on August 1st, 2018.

On Sept 6th, 2018, the Board agreed to distribute provisional dividend N° 268 of CLP 14.00 per share as on September 27th, 2018, to be charged against distributable profit for 2018.

On December 6th, 2018, the Board agreed to distribute provisional dividend N° 269 of CLP 14.00 per share on January 10th, 2019, to be charged against distributable profit for 2018.

6.2.3 Remuneration of the Board of Directors

(102-35; 102-36)

In 2018, members of the Board of Directors of the Company received in 2018 remuneration consisting of the greater of either (1) 1.5% of dividends paid out during the year, duly adjusted for inflation, divided into equal parts for each Director, or (2) a fixed monthly remuneration of CLP 5,000,000 payable in any event, to be discounted from the amount detailed in item (1). The Chairman of the Board received double the final amount paid to each of the Directors.

The policy established by the Board for the Fiscal Year 2018 consisted of the distribution of dividends equal to 40% of Distributable Net Profit for the Fiscal Year ending December 31st, 2018, by means of the issue of two provisional divi-

dends, approximately in the months of September and December 2018 or in January 2019, and a final dividend payable on a date to be determined by the Shareholders' Meeting.

In compliance with the provisions of the final paragraph of Article 39 of the Chilean Corporations Law governing private limited companies, it is hereby confirmed that during 2018 the Board did not incur any other expenses.

Expenses for remunerations of the Board of Directors totaled USD 1,155 million while the remunerations of the Directors' Committees amounted to USD 93 million.

Expenses for remuneration of the Board of Directors
as of December 31st in USD

	2017	2018
Board	USD 931 million	USD 1,155 million
Directors Committee	USD 98 million	USD 93 million

Source: SAP.

Evaluation of Board performance

(102-28)

The *Compendium of Corporate Governance Policies and Procedures*⁹ establishes guidelines approved by the Board of Directors for the implementation of good corporate practices.

The compendium includes “A Procedure for Continual Improvement of the Board” designed to evaluate Board performance.

It requires Company Directors to answer a questionnaire every year to detect areas for improvement in the way the organization operates as a whole. The results of the questionnaire are analyzed by the Board to identify any weaknesses and take appropriate actions.

Activities of the Directors’ Committee

In 2018, the Directors’ Committee met formally on sixteen (16) occasions to review and discuss the matters indicated in Article N° 50 of the Chilean Stock Corporations Law N° 18,046.

The Committee reviewed the External Auditors’ Report and the Consolidated Financial Statements prior to the Board meetings at which these would be approved in order to give their opinions at these meetings.

Therefore, the Committee analyzed the Consolidated Statement of Financial Position for CMPC and its subsidiaries as of December 31st, 2018. The Committee also examined the Report on Financial Statements prepared by Ernst & Young (E&Y), the independent External Auditors designated by the shareholders for the Fiscal Year 2017, which presented no observations. The Committee reported on these matters at the Ordinary Shareholders’ Meeting held on April 27th, 2018.

In addition, the Committee analyzed the Interim Consolidated Financial Statements for the Company and its subsidiaries as of March 31st, June 30th and September 30th, 2018 prior to the Board Meetings during which these financial statements were to be considered and approved.

The Committee was also responsible for proposing to the Board candidates for the designation of CMPC external audit firms and private credit rating agencies. For this purpose, the Committee supervised the tender process for contracting these external audit services for CMPC.

The Directors’ Committee initiated the process for the selection of the External Auditor for the Company in January 2018. Therefore, they invited offers from EY, KPMG, BDO, Deloitte and PwC. Selection of the External Auditor involved site inspections by the auditors of the CMPC offices and industrial operations and the presentation of proposals and of the team of professionals to be potentially involved. The evaluation process considered various criteria, such as the qualifications and structure of the team of auditors, the total number of hours of auditing involved and their distribution by level of seniority, the awareness and knowledge about local conditions, experience working in the industry and with big corporations, and the transition plan and experience of the firm in offering prior services to CMPC.

Having evaluated the proposals, the Committee agreed that the best offers for the Company had been those presented by KPMG and EY, which were exceptional not only due to the fact that they had offices in each country in which CMPC operated and had experience in the industry, but also because of the outstanding qualifications and experience of their proposed audit team members and partners in charge, and the capacity of these firms to provide global services to CMPC. Following the above considerations, the Directors’ Committee agreed to propose these companies to the Board as options to be presented to the shareholders, indicating a preference for KPMG in keeping with the principle of a five-year rotation of external audit companies, the period for which EY had been associated with CMPC. The Board approved the recommendation and presented the options to

the shareholders at the Shareholders’ Meeting held on April 27th, 2018, where KPMG was chosen to be the firm of External Auditors for the Company for the Fiscal Year 2018.

The Committee held meetings with the External Auditors of the Company in March, August and November 2018 to monitor their progress. These meetings reviewed the implementation and advancement of the audit plan and the main findings, especially the audit team’s analysis and recommendations on internal controls, which was presented to the CMPC Board at its meeting on November 15th, 2018.

The audit plan for the 2018 period included a description of the scope of annual services, details of the work team, the focus of the audit, an analysis of internal controls, comments about fraud risk factors, and the calendar of auditing activities for the year. It also established key deadlines for the report and considerations about independence and fulfillment of Law N° 20,382. Subsequent meetings in August and November considered the progress of the audit and the fulfillment of the audit plan, and the auditor’s recommendations on internal controls.

The Committee also fulfilled its obligation to inform the Board on the convenience of hiring the external audit firm for the provision of services that were outside the scope of the external audit, whenever this was not prohibited under the provisions of Article N° 242 of Chilean Law N° 18,045 considering the risk of loss of independence due to the nature of such services.

At the September Board meeting, S&P Global Ratings Credit Rating Agency presented the Committee with a review of the rating procedures of the agency together with their vision of CMPC, and the rationale for the credit ratings issued. At the October Board meeting, a similar presentation was made by the Fitch Credit Rating Agency, covering the same issues.

At each meeting held during the year, the Committee carried out an analysis of the transactions with related parties in which some of the premises contained in the norms of Article XVI of Chilean Stock Corporation Law N° 18,046 were to be found. Here, the Committee took note that transactions approved by the Board of Directors of the respective subsidiary subsequently became exempt from normal approval procedures, for being considered standard or regular company operations conforming to standing policies established by the Board of the Company, and whose approval was made annually prior to their occurrence by each corporate body.

The process of approving the exempt transactions was carried out so that the respective Boards of Directors were informed about and approved them annually prior to their implementation; and, those Boards of Directors and the Committee were subsequently informed that the said exemptions had been approved. Any standard or regular transaction that had not been included in the approval process described above, or else, that did not fall within the category of exemptions, would follow

⁹ The compendium may be accessed via the following link:
<http://www.empresacmpc.cl/wp-content/uploads/2016/03/Compendio-de-Politicas-y-Procedimientos-de-Gobierno-Corporativo-CMPC.pdf>





Plywood Plant, CMPC Celulosa

the normal approval procedures established by the law. Reports on the monitoring of standard or regular transactions were presented at Committee meetings and to the respective Boards of Directors.

The Committee was also responsible for the review and approval of modifications to the contract with *Nexos Comunicaciones SPA*. It examined the details of the financial proposal and of the services to be provided in accordance with the plan drafted by the CMPC Corporate Affairs Department.

In addition, the Committee considered and authorized, with the abstention of Director Mr. Jorge MarinCorrea, complementary health coverage for CMPC employees with Vida Security, the company awarded the contract for having made the best bid.

At the May meeting, the Committee received all the participating bids to supply liquefied petroleum gas (LPG) and natural gas (NG) to the subsidiaries in Chile. Following consideration of each of the bids, the supply contract for LPG was awarded to *Abastible* for the bid that best suited the interests of the Company. The same meeting approved the contract with the associated company First Security that had presented the bid most suited to the interests of the Company in the selection process for the supply of industrial security services for CMPC Pulp in Chile.

The Committee also approved the contract with Entel to supply mobile telephone services to the operations in Peru, as the company had presented the proposal best suited to the interests of the Company in the respective bidding process.

At the August meeting, the Committee considered and approved a proposal concerning the rental by Entel of specific areas on some forest plantations for the installation of mobile telephone antennae, in view of the fact that the price offered, the duration of the contract and the rest of the conditions agreed on were similar to the standard conditions prevailing in the market, and that the operation was beneficial to Company interests.

At the September meeting, the Committee considered and approved a proposal to exchange two forest estates situated in the district of Constitucion in Chile with *Forestal Arauco*, with which there existed an association for the joint ownership of this land through the acquisition of shares and Company equity. In order to put an end to that association, the two parties agreed on the transfer was agreed of the same shares and Company equity together with a piece of land so that the Company would retain 100% ownership of a property that due to its location and valuation was to the benefit of the Company.

At two meetings during November, the Committee analyzed various contractual relationships held with *Colbun* for CMPC subsidiaries, complete with background information. Once reviewed, the Committee approved a series of modifications to the aforementioned contracts, as outlined below:

(i) Authorize the granting of all contracts for reserve transformer capacity at Sub-Station Maipo and Electrical Easement by Colbún S.A. to its subsidiary *Colbún Transmisión S.A.*, for the purposes of reallocation of energy transmission assets.

(ii) Authorize the granting of all contracts between *Cartulinas CMPC* and *Papeles Cordillera*. It also authorized the granting of the contract between *Papeles Cordillera* and PINE SpA, the company awarded the turnkey (EPC) (Engineering, Procurement and Construction) contract by CEN to build a segment of the Pirque Sub-Station line.

(iii) Authorize the award of all electricity easement contracts between *Cartulinas CMPC* and *Colbún* relating to the line joining Sub-Station *Colbún* with the Maule plant, due to the transfer of transmission assets to *Colbún Transmisión S.A.* and finally,

(iv) Approve the increase in reserve capacity in the electricity supply contract signed in 2017, from 630 GWh/year to 662 GWh/year, in order to provide greater capacity for consumption.

The Committee reviews remuneration systems and compensation plans for CMPC upper management, senior executives and staff on a permanent basis. In particular, at the July meeting, it examined the modifications being made in personnel management under the aegis of the Corporate Executive Development Division. On that occasion and together with CMPC Head of Executive Development, it reviewed the basic design characteristics of the variable income model for executives and supervisors, with the objective not only of achieving better alignment between individual and Company objectives, but also simplifying the present model to make it more compatible with performance evaluation methodologies already in use at CMPC.

During the Fiscal Year 2018, the Committee made no recommendations to the Board. Likewise, over the same period, neither the Committee nor the Board made any recommendations to the Shareholders' Meeting.

6.3 SENIOR EXECUTIVES



► Francisco Ruiz-Tagle Edwards

Chief Executive Officer
Age: 55
Business Administration
Rut: 7.052.877-0
Date appointed: 01/08/2018



► Rafael Cox Montt

Chief Legal Officer
Age: 44
Lawyer
Rut: 12.797.047-5
Date appointed: 01/01/2010



► Gonzalo Darraidou Díaz

CEO Softys
Age: 57
Business Administration
Rut: 8.808724-0
Date appointed: 01/12/2015



► Ignacio Goldsack Trebilcock

Chief Financial Officer
Age: 43
Business Administration
Rut: 12.722.226-6
Date appointed: 01/02/2016



► Cristóbal Irrarrázabal Philippi

CEO CMPC Packaging
Age: 51
Business Administration
Rut: 10.216.082-7
Date appointed: 26/03/2018



► Jaime Argüelles Álvarez

CEO CMPC Celulosa
Age: 48
Industrial Engineering
Rut: 0-E (Foreign)
Date appointed: 01/01/2019



► José Antonio Correa García

Chief Development Officer
Age: 38
Business Administration
Rut: 13.882.533-7
Date appointed: 01/12/2018



► Guillermo Turner Olea

Corporate Affairs Manager
Age: 48
Journalist
Rut: 10.800.982-9
Date appointed: 02/05/2016

Directors' Committee

Executive Committee

	CEC	CA	CRF	CAC	CC	Ccre ¹⁰	CCT	CAdm ¹¹
Francisco Ruiz-Tagle Edwards ¹²	●		●	●	●			
Rafael Cox Montt	●	●	●	●	●		●	
Gonzalo Darraidou Díaz				●	●			
Ignacio Goldsack Trebilcock			●	●	●	●	●	●
Cristóbal Irrarrázabal Philippi				●	●			
Jaime Argüelles Álvarez ¹³				●	●			
Jose Antonio Correa García ¹⁴					●			
Guillermo Turner Olea				●	●			
Maria Ines Garrido (Head of Internal Audit)								

CEC: Ethics and Compliance Committee.

CA: Audit Committee.

CRF: Financial Risk Committee.

CAC: Corporate Affairs Committee.

CC: Executive Coordination Committee: meets monthly.

CCT: Tax Compliance Committee: meets monthly.

Cadm: Administration Committee: meets monthly.

Ccre: Credit Committee: meets monthly.

¹⁰ Members of the Credit Committee include the Chief Financial Officer and executives from the sales department.

¹¹ The Heads of Administration of each business unit (Celulosa, Packaging and Softys) also participate in the Administration Committee.

¹² Until July 31 2018, this position was held by Mr. Hernán Rodríguez Wilson.

¹³ Until July 31 2018, this position was held by Mr. Francisco Ruiz-Tagle. Since January 2019, this position has been occupied by Mr. Jaime Argüelles.

¹⁴ In 2018, this area was headed by Mrs. Jacqueline Saquel Mediano.

6.3.1 Executive remuneration policy

(102-35)

The CMPC remuneration policy clearly establishes severance and incentive payments for the CEO and senior executives. This document, *A Compendium of CMPC Corporate Governance Policies and Procedures* is available on the Company website: <https://www.cmpc.com/gobierno-corporativo/> Senior executives have an incentive plan consisting of an annual variable bonus depending on Company profits, and oth-

er bonuses during the year depending on the achievement of strategic objectives and the fulfillment of business profitability goals. Total gross remuneration received by executives, including incentive payments, amounted to USD 4,893 million in 2018 and USD 4,601 million in 2017

6.3.2 Share ownership by Directors and senior executives (# of shares)

Name	Job Position	Dec 2017	Dec 2018
Luis Felipe Gazitúa Achondo	Chairman	500	500
Jorge Matte Capdevila	Director	-	-
Jorge Larraín Matte	Director	148,688	148,688
Bernardo Matte Larraín	Director	961,352	-
Vivianne Blanlot Soza	Director	500	500
Jorge Marín Correa	Director	5,631	5,631
Ramiro Mendoza Zúñiga	Director	500	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	-	-

Note: All the directors indicated are holders of at least 500 shares of the company, as a requirement to be elected as director.

Source: Data obtained from the Shareholders' Register of Empresas CMPC S.A.

6.4 CMPC INTEGRITY CULTURE

MAT

Crime prevention model

(102-17, 205-2)

CODE OF ETHICS

A corporate norm that states the essential principles and values of the Company that must guide the conduct of all its collaborators.

REPORTING HOTLINE

A confidential and anonymous mechanism is available on request to collaborators and third parties for the reporting of any conduct or behaviour that might represent a violation of the crime prevention model, the principles and values of CMPC or of the law.

Link to the reporting hotline:
"http://lineadenuncia.cmpc.cl/LD/Default.aspx"

The Crime Prevention Commissioner at Empresas CMPC S.A. is Rafael Cox Montt, Chief Legal Officer of CMPC, who fulfils this role in the manner described in Law N° 20,393, with the support of the Compliance Department headed by Carlos Villagran Muñoz.

CRIME PREVENTION SYSTEM

A set of policies, procedures and control activities designed to prevent, detect and respond to criminal acts as defined by Chilean Law N° 20,393.

ETHICS AND COMPLIANCE COMMITTEE




A module consisting of the members of the Board of Directors of the Company and senior management executives responsible for supervising compliance and application of the crime prevention model and other such tasks.



CMPC carried out various training and dissemination activities targeting collaborators or the organization at both local and foreign Company operations so that the workforce would be informed about the internal regulations and the expected standards of conduct. The course material focused on such matters as the Code of Ethics, the crime prevention model, fair competition, conflict of interest issues, risk management, information security, personal safety, personnel management and workplace security.

One of the most outstanding training modalities on the eLearning platform is the course on “Ethics and Good Practices” which requires a test to be passed after each module. It was launched in 2017 and has been extended into 2018 to be made available to new collaborators joining CMPC.

Percentage of participation of collaborators* -eLearning Course on “Ethics and Good Practices”

		Percentage of workers participating in eLearning course	
		2017	2018**
	Celulosa	93%	62%
	Packaging	97%	85%
	Softys	96%	87%
	Corporate	88%	89%

*Course assigned only to collaborators with user profiles in the Success Factors system (SAP).
**In 2017 the course was offered to all Company collaborators, whereas in 2018 it was offered only to newcomers. The percentage corresponding to 2018 corresponds to the percentage participation of the total number of new CMPC collaborators in that year.

RESTITUTION TO CIVIL SOCIETY: FULFILLING A COMMITMENT

(205-1, 205-3, 206-1)

Collective mediation

CMPC accepted the proposal made by the National Consumer Service (SERNAC) of Chile and by other consumer organizations to offer a voluntary compensation to consumers for the amounts unduly or excessively charged during the period of collusion. The sum agreed was close to USD 150 million, almost six times the maximum penalty to which the Company would have been liable in the event of no compensation agreement. In March 2017, CMPC deposited the agreed amount into an account in the Banco Estado, and in August 2018, the amount of CLP 7,000 was transferred to every individual over the age of 18 on May 31st, 2018 holding a valid Chilean identity card. Finally, information will be provided in May 2019 on any amount of unclaimed balance and its redistribution mechanism.

Judicial process

At the end of 2017, the Free Competition Tribunal of Chile (TDLC) issued its verdict upholding the accusation of collusion presented by the National Financial Crimes Prosecutor against CMPC Tissue and SCA Chile. The TDLC imposed on the latter a fine for tax benefits equivalent to USD 18.3 million, exempting CMPC from the payment of any fine for having complied satisfactorily with the program of compensated delation. In addition, TDLC directed both companies to fulfill a strict program of fair competition compliance in accordance with the directives of Financial Crimes Prosecutor’s Office during a period of five years. SCA appealed against the verdict which is pending resolution by the Supreme Court.

6.4.1 CMPC Corporate Policy

CMPC guides and regulates its main processes and operations by means of internal regulations, establishing checks for the sufficient mitigation of risks to which Company business and operations are exposed. The following is a list of some of the more important regulations:

- Code of Ethics
- Corporate Governance Manual
- A Compendium of Policies and Procedures in Corporate Governance
- Data Management Manual
- Standard Policy
- Crime Prevention Model
- Fair Competition Manual
- Corporate Probity Policy

CREATION OF THE COMPLIANCE DEPARTMENT

As part of the strategy developed to strengthen corporate governance in the Company, CMPC created the corporate Compliance Department consisting of a team of specialists in the matter. This Department forms part of Corporate Legal Affairs and is headed by Carlos Villagran M.

The first task of the new Department was to design a CMPC Compliance Strategy with the advice of national and international experts. This strategy, once approved by the Board of Directors of Empresas CMPC, would be implemented through an Integrity and Compliance Program with the objective of articulating and systematizing all efforts in matters pertaining to the prevention, detection and response to acts or conduct contrary to the principles and values of the Company. This would facilitate the effective implementation of corporative culture aimed at maximizing the performance of the business.

In accordance with the established action plan, the Board approved the Integrity Policy on Matters of Corporate Probity and Fair Competition, which will strengthen the commitment of the Company in the face of any form of corrupt or anti-competitive practice, respectively, offering basic standards of behavior that are expected and required of its collaborators.

Legal compliance

In 2018, CMPC received no fines associated with fair competition violations. The Company paid fines amounting to USD 371,956 for infringements relating to administrative, labor, sanitation, tax and other such matters.



Duqueco River, Biobio Region, Chile



7 SUSTAINABLE PROFITABILITY

7.1 Consolidated Financial Results
7.2 Results by Business Division
7.3 Table of ownership

7.4 Table of Holdings by Subsidiary
7.5 Summary of Financial Statements

The successful performance of a company is measured according to three sustainability parameters:

- **Social:** impacts on the stakeholders with whom it interacts, including communities, individuals, employees, suppliers and contractors
- **Environmental:** responsible management of its natural resources, monitoring and mitigating adverse impacts, and
- **Financial:** a company that is profitable can be considered sustainable in the long term.

At CMPC, sustainable profitability is considered to be one of the fundamental pillars of its operations, not merely in terms of quantitative growth. It also generate positive results for the Company by strong, competitive and efficient productivity growth. In fulfilling its strategic objectives, a company must use available resources efficiently and safeguard scarce resources at all times thereby maintaining the balance between social, financial and environmental factors.

7.1 CONSOLIDATED FINANCIAL RESULTS

2018 was a record year for CMPC, entirely due to the superb operational performance of its production facilities. This contributed to increased sales volumes for the majority of its products.

The Company also benefited from favorable conditions of the pulp market during the year, which resulted in a 29% increase in the price of bleached hardwood kraft (long-fiber) pulp and a 25% price increase in bleached softwood kraft (short-fiber) pulp. As a result, sales reached the sum of USD 6,274 million and EBITDA of USD 1,816 million, both record amounts for CMPC.

Third-Party Sales (millions of USD)



Free Cash Flow (millions of USD)



EBITDA (millions of USD)

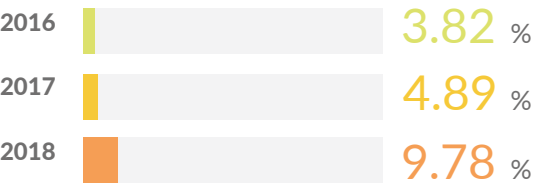


Net Income amounted to USD 502 million, a considerable increase over preceding years. Meanwhile, profitability measured by Return on Invested Capital (ROIC) registered a significant increase during the year, reaching 9.78%. This is a reflection of the Company's efforts to increase operational productivity and efficiency.

Net Income (millions of USD)



ROIC



ROIC= (EBITDA – Depreciation – Stumpage) / (Accounts Receivable + Inventory + Net Property, Mills and Equipment + Biological Assets (Stumpage Value) – Operating Liabilities).

Net Debt (millions of USD)

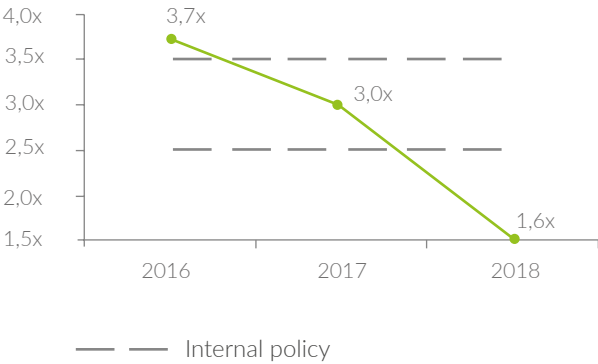


Net Debt amounted to USD 2,853 million as of December 31st 2018, representing a 3% reduction over September 30th 2018 and an 11% reduction with respect to December 31st 2017.

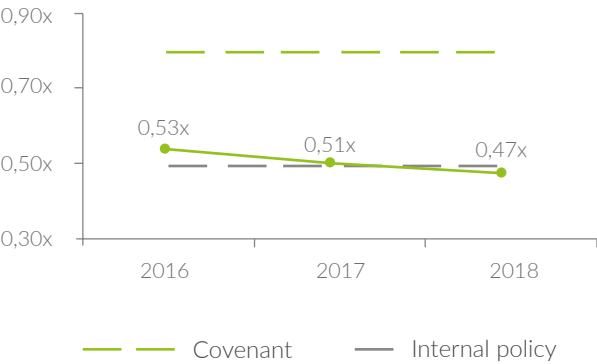
Financial ratios

CMPC has a reputation for prudent financial management, in keeping with its commitment to be an Investment Grade company. Consequently, the Company's financial policy is conservative, ensuring the sustainable profitability of the business. In the past few years, CMPC has consistently improved its main financial ratios, fulfilling the Company's internal policy goals by a wide margin.

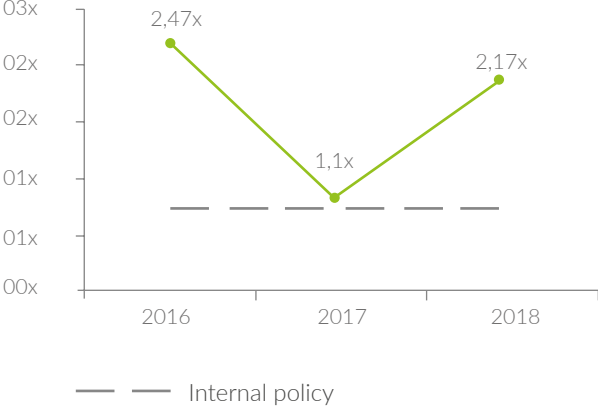
Net Debt / EBITDA



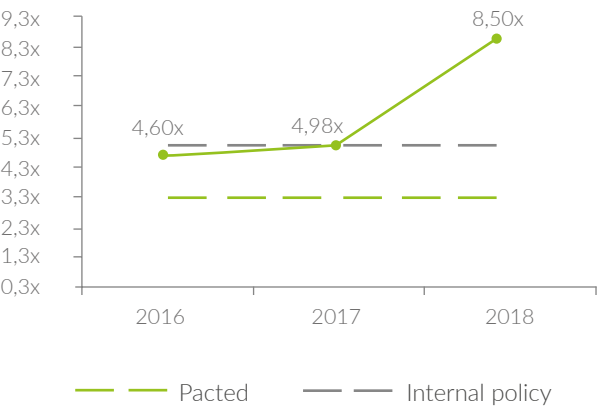
Debt/ Tangible Net Worth



Liquidity Ratio



Net Interest Coverage



Liquidity = Cash and Cash Equivalent / Amortization 18m & Net Financial Expenses 18m

7.2 RESULTS BY BUSINESS DIVISION

7.2.1 Celulosa

Production

Pulp Production (Thousand of metric tons)



Solid Wood Products (Thousands of cubic meters)



Solid wood products = sawn wood + remanufactured wood + plywood

Sales Volume

Market Pulp (Thousands of metric tons)



Sales & EBITDA

Celulosa Sales (Millions of USD)



Celulosa EBITDA (Millions of USD)



7.2.2 Packaging

Packaging Volume

Volume Packaging (Thousands of metric tons)

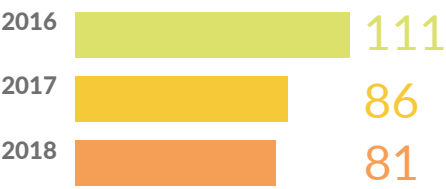


Sales & EBITDA

Packaging Sales (Millions of USD)



Packaging EBITDA (Millions of USD)



7.2.3 Softys

Sales Volume

Tissue Paper (Thousands of metric tons)



Personal Care Products (Millions of units)

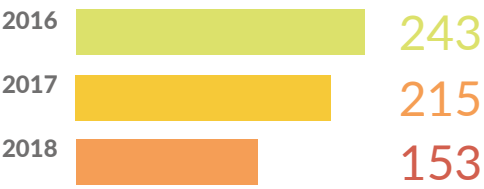


Sales & EBITDA

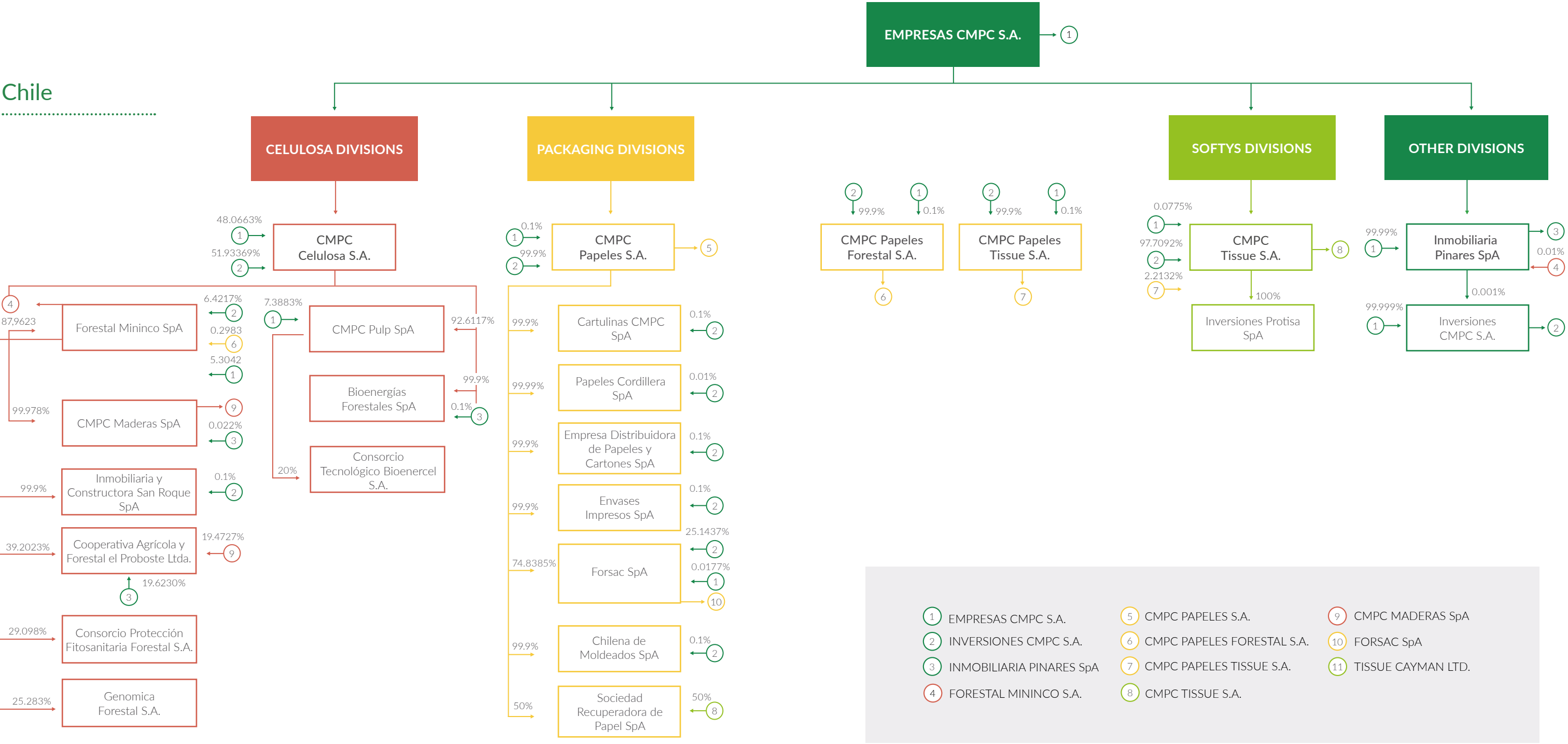
Softys Sales (Millions of USD)



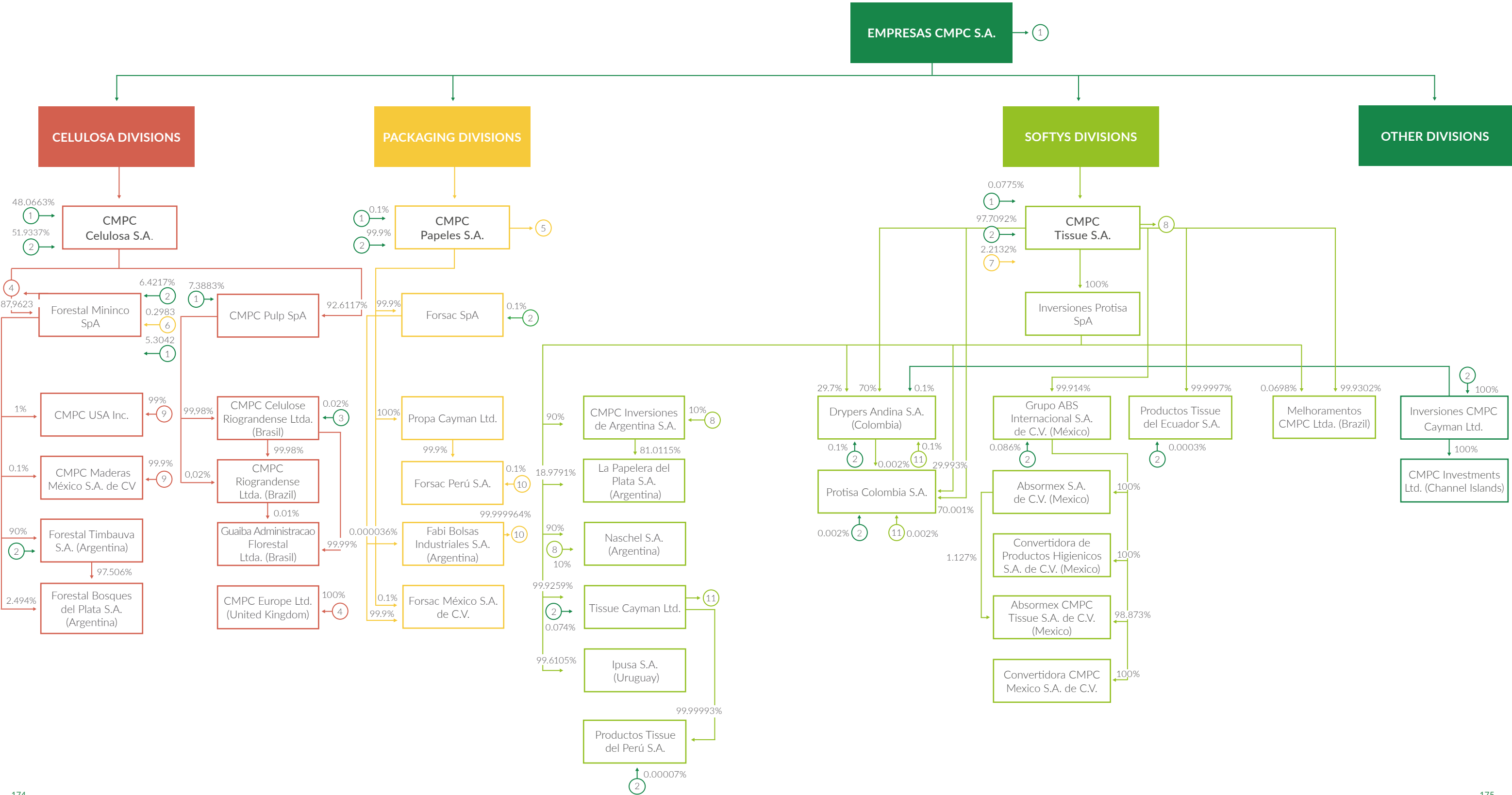
Softys EBITDA (Millions of USD)



7.3 TABLE OF OWNERSHIP



Abroad



7.4 TABLE OF HOLDINGS
BY SUBSIDIARY

CMPC subsidiary companies in Chile

Company Name	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
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 2 nd , 1991, before the Santiago Notary Public, Ruben Galecio G. R.U.T. 96.595.540-8		5,606,080	211,207	100%	Ignacio Goldsack Trebilcock	Francisco Ruiz-Tagle Edwards	Rafael Cox Montt Guillermo Turner Olea
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 29 th , 1990, before the Notary Public of Concepcion, Mr. Humberto Faundez R. Changed to closed stock company by public deed on December 20 th , 2000 before the acting Notary Public of Concepcion Mr. Walter Otarola A., and the summary was filed on January 24 th , 2001. R.U.T 78.000.190-9		1,550	78	100%	Alejandro Araya Yáñez	Not applicable	Not applicable
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 16 th , 2016 before Notary Public Eduardo Avello Concha R.U.T. 76.600.628-0		5,503,892	549,425	100%	José Jaime Argüelles Alvarez	Luis Felipe Gazitúa Achondo	Francisco Ruiz-Tagle Edwards Osvaldo Burgos Schirmer Bernardo Matte Izquierdo Jorge Matte Capdevila Jorge Larraín Matte Patricio de Solminihac

Company Name	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
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.		1,028,414	11,404	100%	Cristóbal Irrarrázabal Philippi	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 semi-finished.	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.		719,635	(81,950)	100%	Gonzalo Hernán Darraidou Díaz	Luis Felipe Gazitúa Achondo	Francisco Ruiz-Tagle Edwards Bernardo Matte Izquierdo Jorge Larraín Matte Pablo Turner González Jorge Matte Capdevila Verónica Edwards Guzmán
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 Pacífico 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." R.U.T. 96.532.330-9		2,920,821	681,378	100%	José Jaime Argüelles Alvarez	Not applicable	Not applicable
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 Valparaíso 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. R.U.T. 91440.0D00-7		2,815,084	(72,954)	99.987%	Eduardo Hernández Fernández	Not applicable	Not applicable
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. R.U.T. 95.304.000-k		333,228	(2,801)	100%	Eduardo Hernández Fernández	Not applicable	Not applicable

Company Name	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
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 17 th , 1958. The statutes in effect since April 28 th , 1990, were modified and approved at the General Meeting of Shareholders, this act was registered by public deed dated April 6 th , 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 17 th , 2004. The Department of Cooperatives from the Ministry of Economy, Development and Reconstruction issued certificate No. 529 dated March 31 th , 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		7,614	(883)	78.29%	Currently in the process of Liquidation. Its administration is in the hands of a liquidating association led by Víctor 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.	Stock company. Company established by public deed dated November 22 nd , 2011 before the Santiago Notary Public Raúl Iván Pérez P. R.U.T. 76.188.197-3		344	(5,394)	100%	Enrique Edgardo Donoso Moscoso	Not applicable	Not applicable
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 4 th , 2014 before the Santiago Notary Public Eduardo Diez Morello. A summary of this deed was recorded in sheets 90,718, Number 55,359 of the Real Estate Property Registry of Santiago in 2014. It was published in the Official Journal on the edition date December 4th of the same year.		8,511	(1,851)	100%	Pablo Smith Torres	Not applicable	Not applicable
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 27 th , 1995, before the Santiago Notary Public Raul Perry P. The summary was published in the Official Journal on May 16 th , 1995 and registered with the Registry of Commerce of Puente Alto on May 22 nd , 1995 in FS. 41 No. 41 by the name "CMPC PAPELES S.A.". On June 24 th , 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. The summary of the public deed for the Fourth Extraordinary Meeting of Shareholders, registering expansion of the company's business activities, was registered before Santiago notary Iván Torrealba A. Summary of said deed was published in the Official Journal on October 10 th , 2003. R.U.T 96.731.890-6		590,834	4,067	100%	Francisco García-Huidobro Morandé	Not applicable	Not applicable

Company Name	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
Papeles Cordillera SpA*	La producción, exportación, importación y comercialización de papeles o productos de papel y sus derivados, la actividad forestal en cualquiera de sus formas y la inversión de recursos en empresas, relacionadas con algunos de los giros indicados.	Stock company. Established by public deed on March 9 th , 1998 before Santiago Notary Public Gonzalo de la Cuadra F. Registered in the Registry of Commerce on March 13 th 1998, in FS. 5993 NO. 4812. R.U.T 96.853.150 - 6		197,959	11,505	100%	Edgar Adolfo González Tatlock	Not applicable	Not applicable
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.	Stock company. On January 21 st , 2010, the Company Name change dated October 4 th , 1989, was approved before the Santiago Notary Public Aliro Veloso M, under the name Forestal Angol Ltda. By means of public deed dated April 3 rd , 1998, before the Santiago Notary Public Jaime Morandé, the company name and its business were changed to Papeles Angol S.A. dated May 5 th , 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 21 st , 2010, the Company Name change to "FORSAC S.A." was approved and registered by public deed on March 10 th , 2010 before Notary Public Raúl Iván Perry Pefaur.		42,036	(2,648)	100%	Rolf Adolfo Zehnder Marchant	Not applicable	Not applicable
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.	Stock company. Established by public deed on December 24 th , 1981, before the Santiago Notary Public Jorge Zañartu S. R.U.T. 88.566.900-K.		17,271	273	100%	Nicolás Sergio Moreno López	Not applicable	Not applicable
Envases Impresos SpA*	The production of printed and watermarked corrugated cardboard boxes.	Stock company. Established by public deed on October 25 th , 1993, before the Santiago Notary Public Raul Perry P. R.U.T. 89.201.400-0.		99,141	599	100%	Carlos Eduardo Cepeda Oettinger	Not applicable	Not applicable
Chilena de Moldeados SpA (CHIMOLSA)*	Manufacturing and selling wholesale and retail the 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 31 st , 1976, before the Santiago Notary Public Enrique Zaldívar D. R.U.T. 93.658.000-9		34,330	935	100%	Bernardo José Serrano Reyes	Not applicable	Not applicable
Sociedad Recuperadora de Papel SpA (SOREPA)*	The recovery of paper and cardboard and the sale of new or used paper.	Stock company. Established by public deed on October 1 st , 1979, before the Santiago Notary Public Patricio Zaldívar M. R.U.T. 86.359.300-K.		20,312	129	100%	Juan Carlos Eduardo Gildemeister Meier	Not applicable	Not applicable
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 4 th , 1998, before the Santiago Notary Public Gonzalo de la Cuadra F. R.U.T 96.859.760-5		275,270	(19,112)	100%	Gonzalo Hernán Darraidou Díaz	Not applicable	Not applicable

Company Name	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
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 26 th , 2018.		15,927	(1,151)	100%			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 26 th , 2018.		8,398	(116)	100%			Francisco Ruiz -Tagle Edwards Rafael Cox Montt Ignacio Goldsack Trebilcock

CMPC subsidiary companies, abroad

Country	Company name and legal status	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
Argentina	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 29, 1992, Argentina. CUIT 30-65451689-4		61,583	(15,455)	100%	Juan La Selva De Lisio	Juan La Selva De Lisio	Jorge Luis Pérez Alati Paula Jimena Cecchini Sergio Daniel Bregman
Argentina	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 30, 1993 and registered at the Argentine 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.		195,127	(19,446)	99.99%	Sergio Álvarez	Juan La Selva Da Lisio	Jorge Luis Pérez Alati Paula Jimena Cecchini Sergio Daniel Bregman
Argentina	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.		190,238	(18,946)	99.99%	Sergio Álvarez	Juan La Selva Da Lisio	Jorge Luis Pérez Alati Paula Jimena Cecchini Sergio Daniel Bregman
Argentina	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 24, 1955, granting legal status, transcribed in the definitive public deed dated January 23, 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 2 January 1996, before the notary don Raúl Félix Vega Olmos, Buenos Aires, Argentina. CUIT 30-50164543-1		722	35	100%	Juan La Selva De Lisio	Juan La Selva Da Lisio	Juan Pablo Rueda Paula Jimena Cecchini Sergio Daniel Bregman
Argentina	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 Raúl Félix Vega O., Buenos Aires, Argentina.		9,206	(2,845)	100%	Adrian Saj	Juan La Selva Da Lisio	Jorge Luis Pérez Alati Paula Jimena Cecchini Sergio Daniel Bregman

Country	Company name and legal status	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
Argentina	La Papelera del Plata S.A.	The manufacture, industrialization, production and marketing of all kinds of paper, boxes, cardboard, products and by-products 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		76,075	(19,051)	99.9906%	Juan La Selva De Lisio	Jorge Luis Pérez Alati	Alfredo Bustos Azócar Paula Jimena Cecchini Sergio Daniel Bregman Juan La Selva Da Lisio Santiago Daireaux
Brazil	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 Melhoramientos Papéis Ltda. During the June 01, 2009 meeting, control of the company was transferred to CMPC Participações Ltda., which was incorporated into Melhoramientos Papeis in March of 2010. In September 2010, capital was increased by US \$50 million (R\$ 85 million). CNPJ 44.145.845/0001-40		258,020	(27,798)	100%	Pedro Urrechaga C.	Gonzalo Darraidou Díaz	Felipe Arancibia Silva Cristóbal Somarriva Quezada
Brazil	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.		2,416,235	316,572	100%	Walter Lidio Nunes	Francisco Ruiz-Tagle Edwards	Bernardo Matte Izquierdo Guillermo Turner Olea Hernán Rodríguez Wilson Luis Felipe Gazitúa Achondo Osvaldo Burgos Schirmer Sergio Colvin Truco

Country	Company name and legal status	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
Brazil	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 5 th , 1999 with its social contract filed at the Trade Board of São Paulo under the number 35.215.672.118 at the November 5 th , 1999 session under the name of Boise Cascade do Brazil Ltda. The headquarters of the Company was modified on January 9 th , 2000 to Rio Grande do Sul, at the July 23 rd , 2008 session under the number 43.204.523.520. The Company Name was modified on July 23 rd , 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 20 th , 2010 session under the number 352959.		24,995	(3,326)	100%	Walter Lidio Nunes	Walter Lidio Nunes	Fernando Hasenberg Larios
Brazil	Guaiba Administracao Florestal Ltda.	A management company for the sole purpose of objectives, research and management.	A company established on October 22 nd , 2009, with registered constituent record at the State of Commerce of Rio Grande do Sul - JUCERGS, numbered 43206511251, dated October 29 th , 2009. The last Social Contract modification presented with the number 3581427 on January 27 th , 2012.		65,316	(5,092)	100%	Walter Lidio Nunes	Walter Lidio Nunes	Fernando Hasenberg Larios
Brazil	Losango - FBR Florestal Ltda.									
Channel Island	CMPC Investments Ltd.	Financial investment activities for holdings and subsidiaries.	A private limited company. Established in Guernsey, The Channel Islands, England, May 28 th , 1991. Registry office P.O. Box 58, St. Julian Court St. Peter Port.		54,765	(26)	100%	Fernando Hasenberg Larios	Hernán Rodríguez Wilson	Luis Llanos Collado
Colombia	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 16 th , 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 7 th , 2001. RUTH 817.002.753-0		25,211	(4,857)	100%	Andrés Ortega		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada

Country	Company name and legal status	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
Colombia	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 28 th , 2008. The legal entity Protisa Colombia S.A. was formed RUT 900.251.415-4		66,557	(1,575)	100%	Andrés Ortega		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada
Ecuador	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 paper-based products for which paper is a primary or secondary material.	A private limited company. Established by public deed on April 24 th , 2007, before Notary Forty of the Metropolitan District of Quito. RUC 1792083354001		28,968	(1,394)	100%	José Luis Aravena Aguirre		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada
England	CMPC Europe Ltd.	The promotion and distribution of pulp and wood products.	Established on January 7 th , 1991 under registration No. 2568391 of London, England.		186	(34)	99.99%	Mr. Kiran Dhanani	Guillermo Mullins Lagos	Cristóbal Somarriva Quezada Rodrigo Gómez Fuentes Washington Williamson Benapres
Cayman Islands	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 21 st , 1997, before the Cayman Island's Companies Registry.		496,720	(29)	100%		Luis Llanos Collado	Rafael Cox Montt Jorge Alejandro Araya
Cayman Islands	Tissue Cayman Ltd.	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° 92448 dated September 9 th , 1999, before the Cayman Island's Companies Registry.		207,477	16,499	100%		Gonzalo Darraidou Díaz	Felipe Arancibia Silva Cristóbal Somarriva Quezada
Cayman Islands	Propa 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° 92447 dated September 9 th , 1999, before the Cayman Island's Companies Registry.		38,773	638	100%		Gonzalo Darraidou Díaz	Felipe Arancibia Silva Cristóbal Somarriva Quezada

Country	Company name and legal status	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
Mexico	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 31 st , 1997, before Francisco Javier Lozano Medina, Public Broker No. 19, in the city of Monterrey, Nuevo Leon, Mexico. RFC.- GAI971031RD7		228,115	922	100%	Humberto Narro Flores	Gonzalo Darraidou Díaz	Alfredo Bustos Azócar Fernando Javier Riquelme Nejasmic Hernán Rodríguez Wilson Rafael Cox Montt Rafael Schmidt Zaldívar Rodrigo Hidalgo Matute
Mexico	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 19 th , 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 12 th , 1982 before Abelardo Benito Rdz de León, Notary Public N ° 13 RFC.- ABS811125L52		3,731	49	100%	Humberto Narro Flores		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada
Mexico	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 1 st , 1992, before Fernando Treviño Lozano, Notary Public No. 55, in the city of Monterrey, Nuevo León, Mexico. RFC.- CPH921201LE6		(2,137)	(9)	100%	Humberto Narro Flores		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada
Mexico	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 28 th , 2012, before the Licentiate Carlos Montano Pedraza, Notary Public N ° 130, in the city of Monterrey, Nuevo Leon, Mexico. RFCCM1212191KA.		2,463	(426)	100%	Humberto Narro Flores		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada
Mexico	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 17 th , 1997 before Francisco Javier Lozano Medina, Public Broker No. 19, in the City of Monterrey, Nuevo Leon, Mexico. RFC.-IPG970717QU9		228,685	1,221	100%	Humberto Narro Flores		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada

Country	Company name and legal status	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	Directors
Mexico	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 10 th , 2008, in accordance with Mexican laws.		33,983	(2,140)	100%		Luis Llanos Collado	Cristian Barrera Almazán Rolf Zehnder Marchant
Mexico	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 22 nd , 2016, before Notary Public Vallarta and Associates.		1,120	373	100%		Hernán Fournies Latorre	Juan Pablo Pereira Sutil Raimundo Varela Labbé
Peru	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 21 st , 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		164,766	11,531	100%	Jorge Navarrete García		
Peru	Forsac Perú S.A.	Manufacturing and provision of manufacturing services for multi-ply paper sacks.	A private company. Established by public deed on June 5 th , 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 1 st , 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 1 st , 2002.		33,755	639	100%	Eduardo Nicolás Patow Nerny	Luis Llanos Collado	Jorge Navarrete García Rolf Zehnder Marchant Eduardo Nicolás Patow Nerny
Uruguay	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 14 th , 1937, in Montevideo, Uruguay. Statutes were approved on April 29 th , 1937 by the Executive Power, and entered in the Register of Contracts on May 14 th , 1937. RUT 21 006645 0012.		37,213	1,876	99.61%	Ricardo Pereiras Formigo		Gonzalo Darraidou Díaz Felipe Arancibia Silva Cristóbal Somarriva Quezada
United States	CMPC USA Inc.	Marketing and distribution of forest, wood and related products; and any operation approved by the Board of Directors that is associated with forest products, included in the Georgia Business Corporation Code.	A corporation established on January 9 th , 2002, according to the Georgia Business Corporations Code, under the laws of the State of Georgia, USA.		10,433	3,323	99.99%	Ryan Wolters	Francisco Ruiz-Tagle Edwards	Juan Pablo Pereira Sutil Ignacio Goldsack Trebilcock Mario Aguilera Astudillos Eduardo Hernández Fernández José Antonio Correa García Fernando Hasenberg Larios Manuel Opazo Irrarazaval Raimundo Varela Labbé Pablo Navarrete Saffie

CMPC associate companies, in Chile

Company Name	Business Activity	General Information		Equity Th USD	Net Income (Loss) Th USD	% Direct and indirect participation	CEO	Chairman	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.'		494	6	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 26 th , 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 16 th , 2006 edition of the Official Journal. R.U.T. 76.743.130-9		(5)	9	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 lingocellulosic materials, in addition to developing scientific and technological research for bioprocesses with the aim of converting lingocellulosic biomass into biofuel.	The "Consortio Tecnológico Bioenercel SA" was established on August 21 st , 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 Concepcion, in the year 2009, and published in the Official Journal dated September 15, 2009, R.U.T. 76.077.468-5.		33	(4)	20%		Fernando Rioseco Schmidt	Eckart Eitner Delgado Eduardo Rodríguez Treskow Jorge Correa Iván Rubio Huerta David Contreras Pérez Germán Aroca Arcaya Andrés Pesce Aron

7.5 SUMMARY OF FINANCIAL STATEMENTS

CMPC Subsidiaries Classified, Summarized Financial Statements

(In thousands of US Dollars - Th USD)

	INVERSIONES CMPC AND ITS SUBSIDIARIES		CMPC CELULOSA AND ITS SUBSIDIARIES		CMPC PAPELES AND ITS SUBSIDIARIES		CMPC TISSUE AND ITS SUBSIDIARIES		INMOBILIARIA PINARES SPA			CMPC PAPELES FORESTAL S.A.		CMPC PAPELES TISSUE S.A.		INVERSIONES CMPC CAYMAN LTD. AND ITS SUBSIDIARIES		FORESTAL Y AGRICOLA MONTE AGUILA S.A.		COOPERATIVA AGRICOLA Y FORESTAL EL PROBOSTE LTDA.	
	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD		2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD
ASSETS																					
Current Assets	3,893,906	3,341,349	2,317,899	1,456,357	619,532	551,885	765,245	853,203	1,472	1,463		...	...	...	...	255	283	...	15,473	...	7,881
Property, Plant and Equipment	7,653,136	7,800,200	5,602,517	5,700,692	837,620	855,724	1,132,873	1,111,171	297	297		...	...	...	...	...	...	...	76,713	...	1,334
Non-current biological assets	3,073,955	3,061,910	3,073,955	2,889,082	...	...	...	...	195,190	...		...	...	...	...	...	...	...	119,195	...	...
Intangible Assets and others	569,774	633,426	224,065	243,255	16,322	41,465	192,344	195,190	2,889	3,020		8,398	...	15,927	...	497,663	497,644	...	3,661	...	...
Non-current assets	11,296,865	11,495,536	8,900,537	8,833,029	853,942	897,189	1,325,217	1,306,361	3,186	3,317		8,398	...	15,927	...	497,663	497,644	...	199,569	...	1,334
Total Assets	15,190,771	14,836,885	11,218,436	10,289,386	1,473,474	1,449,074	2,090,462	2,159,564	4,658	4,780		8,398	...	15,927	...	497,918	497,927	...	215,042	...	9,215
EQUITY AND LIABILITIES																					
Current liabilities	1,481,660	1,423,724	726,836	829,609	200,917	160,478	554,620	683,021	1,273	1,312		...	...	...	...	1,198	1,175	...	1,049	...	819
Non-current liabilities	5,086,546	5,379,611	4,410,304	4,349,053	222,649	236,377	815,621	647,277	1,835	2,015		...	...	...	...	...	...	...	62,446	...	...
Equity attributable to property of controlling interests	5,606,080	5,489,151	5,503,892	4,945,347	1,028,414	1,041,311	719,635	828,669	1,550	1,453		8,398	...	15,927	...	496,720	496,752	...	151,547	...	8,396
Non-controlling interests	3,016,485	2,544,399	577,404	165,377	21,494	10,908	586	597	...	...		...	...	...	...	...	...	...	...	...	...
Total Equity	8,622,565	8,033,550	6,081,296	5,110,684	1,049,908	1,052,219	720,221	829,266	1,550	1,453		8,398	...	15,927	...	496,720	496,752	...	151,547	...	8,396
Total Equity and Liabilities	15,190,771	14,836,885	11,218,436	10,289,386	1,473,474	1,499,074	2,090,462	2,159,564	4,658	4,780		8,398	...	15,927	...	497,918	497,927	...	215,042	...	9,215

Statement of Changes In Equity

(In thousands of US Dollars - Th USD)

	INVERSIONES CMPC AND ITS SUBSIDIARIES		CMPC CELULOSA AND ITS SUBSIDIARIES		CMPC PAPELES AND ITS SUBSIDIARIES		CMPC TISSUE AND ITS SUBSIDIARIES		INMOBILIARIA PINARES SPA			CMPC PAPELES FORESTAL S.A.		CMPC PAPELES TISSUE S.A.		INVERSIONES CMPC CAYMAN LTD. AND ITS SUBSIDIARIES		FORESTAL Y AGRICOLA MONTE AGUILA S.A.		COOPERATIVA AGRICOLA Y FORESTAL EL PROBOSTE LTDA.	
	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD		2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD
Share capital, Ordinary shares	399,272	399,272	1,883,299	1,883,299	274,840	299,458	1,030,923	1,165,115	1,558	1,558		8,518	...	16,100	...	574,265	574,265	...	45,214	...	1,091
Reserves for exchange rate variation	(690,094)	(600,530)	59	90	(13,590)	(12,091)	(205,150)	(309,436)	128	109		...	...	971	...	(36)	(33)	...	...	...	...
Reserves for cash flow hedges	25,868	23,371	38,415	28,964	6,041	1,695	1,109	(285)	...	...		...	...	22	...	...	...	...	...	...	...
Reserves for profit and losses due to benefit plans	(19,241)	(17,292)	(464)	381	(3,872)	(3,427)	(8,760)	(7,769)	...	...		...	...	...	...	...	...	...	...	...	...
Other reserves	294,956	295,320	3,001,749	3,000,830	3,264	3,912	(3,531)	(3,991)	...	...		4	...	(15)	...	(46,933)	(46,933)	...	350	...	...
Accrued profits (losses)	5,595,319	5,389,010	581,458	31,783	761,731	751,764	(94,956)	(14,965)	(136)	(214)		(116)	...	(1,151)	...	((30,576)	(30,547)	...	105,983	...	7,305
Equity attributable to controlling interests	5,606,080	5,489,151	5,504,516	4,945,347	1,028,414	1,041,311	719,635	828,669	1,550	1,453		8,398	...	15,927	...	496,720	496,752	...	151,547	...	8,396
Non-controlling interests	3,016,485	2,544,399	576,780	165,337	21,494	10,908	586	597	...	...		...	...	...	...	...	...	...	...	...	...
Total Equity	8,622,565	8,033,550	6,081,296	5,110,724	1,049,908	1,052,219	720,221	829,266	1,550	1,453		8,398	...	15,927	...	496,720	496,752	...	151,547	...	8,396

Summarized Financial Statements

(In thousands of US Dollars - Th USD)

	INVERSIONES CMPC AND ITS SUBSIDIARIES		CMPC CELULOSA AND ITS SUBSIDIARIES		CMPC PAPELES AND ITS SUBSIDIARIES		CMPC TISSUE AND ITS SUBSIDIARIES		INMOBILIARIA PINARES SPA			CMPC PAPELES FORESTAL S.A.		CMPC PAPELES TISSUE S.A.		INVERSIONES CMPC CAYMAN LTD. AND ITS SUBSIDIARIES		FORESTAL Y AGRICOLA MONTE AGUILA S.A.		COOPERATIVA AGRI- COLA Y FORESTAL EL PROBOSTE LTDA.	
	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD		2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD
Net Profit	1,797,072	1,025,478	1,181,401	344,835	114,828	106,684	504,583	579,099	...	...		...	...	...	...	...	...	(2,761)	(283)	(4)	(246)
Other profit	(890,957)	(909,414)	(240,122)	(291,851)	(92,013)	(74,451)	(558,263)	(468,069)	149	(1,021)		(116)	...	(1,151)	...	(29)	(16)	2,186	1,523	(899)	(2,801)
Profit (loss) before taxes	906,115	116,064	941,279	52,984	22,815	32,233	(53,680)	111,030	149	(1,021)		(116)	...	(1,151)	...	(29)	(16)	(575)	1,240	(903)	(3,047)
Income (expense) due to income taxes	(382,507)	(14,626)	(349,058)	(11,253)	(12,318)	(7,049)	(28,261)	(549))	(71)	82		...	...	...	...	...	...	644	(965)	...	(432)
Profit (loss)	523,608	101,438	592,221	41,731	10,497	25,184	(81,941)	110,481	78	(939)		(116)	...	(1,151)	...	(29)	(16)	69	275	(903)	(3,479)
Profit (loss) attributable to controlling interests	211,207	76,028	549,425	31,693	11,404	25,405	(81,950)	107,692	78	(939)		(116)	...	(1,151)	...	(29)	(16)	69	275	(903)	(3,479)
Profit (loss) attributable to non-controlling interests	312,401	25,410	42,796	10,038	(907)	(221)	9	2,789	...	...		...	...	...	...	...	...	...	...	...	...
Profit (loss)	523,608	101,438	592,221	41,731	10,497	25,184	110,481	(16,347)	78	(939)		(116)	...	(1,151)	...	(29)	(16)	69	275	(903)	(3,479)
Ecomprehensive income statement																					
Profit (loss)	523,608	101,438	592,221	41,731	10,497	25,184	110,481	(16,347)	78	(939)		(116)	...	(1,151)	...	(29)	(16)	69	275	(903)	(3,479)
Other comprehensive income	(89,380)	37,587	8,575	20,959	2,402	(3,200)	(23,444)	(36,912)	19	(10)		(4)	...	978	...	(3)	1	...	...	...	...
Comprehensive income	434,228	139,025	600,796	62,690	12,899	21,984	(105,385)	73,569	97	(949)		(120)	...	(173)	...	(32)	(15)	69	275	(903)	(3,479)
Comprehensive income attributable to controlling interest	121,827	113,615	557,376	52,652	13,806	22,205	(105,374)	66,577	97	(949)		(120)	...	(173)	...	(32)	(15)	69	275	(903)	(3,479)
Comprehensive income attributable to non-controlling interest	312,401	25,410	43,420	10,038	(907)	(221)	(11)	6,992	...	...		...	...	...	...	...	...	...	...	...	...
Comprehensive income	434,228	139,025	600,796	62,690	12,899	21,984	(105,385)	73,569	97	(949)		(120)	...	(173)	...	(32)	(15)	69	275	(903)	(3,479)

Statement of Summarized
Cash flows

(In thousands of US Dollars - Th USD)

	INVERSIONES CMPC AND ITS SUBSIDIARIES		CMPC CELULOSA AND ITS SUBSIDIARIES		CMPC PAPELES AND ITS SUBSIDIARIES		CMPC TISSUE AND ITS SUBSIDIARIES		INMOBILIARIA PINARES SPA				CMPC PAPELES FORESTAL S.A.		CMPC PAPELES TISSUE S.A.		INVERSIONES CMPC CAYMAN LTD. AND ITS SUBSIDIARIES		FORESTAL Y AGRICOLA MONTE AGUILA S.A.		COOPERATIVA AGRICOLA Y FORESTAL EL PROBOSTE LTDA.	
	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD			2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD	2018 Th USD	2017 Th USD
Net cash flows from (used in) operating activities	1,010,874	1,044,514	1,147,133	86,210	(40,249)	142,298	(101,460)	104,934	(138)	36			...	...	...	...	(27)	(10)	(108)	14,148	4,716	(53)
Net cash flows from (used in) investment activities	(483,289)	(449,821)	(215,961)	(289,116)	8,959	(54,330)	(115,702)	(103,192)	7	...			...	...	...	...	...	1	(2,273)	(5,257)	(6,602)	(56)
Net cash flows from (used in) financing activities	(368,370)	(370,160)	(936,405)	(593,873)	29,520	(84,348)	85,377	132,547	131	(36)			...	...	...	...	1	...	(2,377)	(8,892)	...	195
Net increases (decreases) in cash and cash equivalents before the effect of changes in the exchange rate	159,215	224,533	(5,233)	(13,779)	(1,770)	3,620	(131,785)	134,289	...	...			...	...	...	...	(27)	(9)	(4)	(1)	(1,886)	86
Effect of the change in exchange rate on cash and cash equivalents	(22,080)	12,091	(4,179)	(1,003)	(829)	132	(886)	9,718	...	...			...	...	...	...	...	...	4	1	(496)	206
Cash and cash equivalents at the beginning of the year	830.367	593.743	28,849	43,631	8,612	4,860	184,920	40,913	...	...			...	...	...	...	169	178	...	...	2,382	2,090
Cash and cash equivalents at the end of the year	967.502	830.367	19,437	28,849	6,013	8,612	52,249	184,920	...	...			...	...	...	...	142	169	...	...	...	2,382



Research on Adesmia Bijuga



PREPARATION OF THE INTEGRATED REPORT

8.1 Methodology
8.2 Partner Organizations and Institutions
8.3 Statement of Responsibility
8.4 Report by Independent Auditors KPMG

8.5 Letter of Verification KPMG
8.6 Carbon Footprint Letter of
Verification Deloitte
8.7 Table of indicators

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. This third edition comprises information for the period from January 1st to December 31st, 2018 on the Pulp, Packaging and Softys (formerly Tissue) Business Divisions in eight countries where the Company and its 56 subsidiaries operate, as listed in Chapter 7 on Sustainable Profitability.

The Company has adopted international standards to assess CMPC impact and contribution on all matters social, environmental and financial. It has incorporated the principles of the International Integrated Reporting Council (IIRC), the recommendations, argument and indicators of the Global Reporting Initiative (GRI) in the latest GRI Standards (2016 & 2018) versions under the option of essential agreement, and 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) N°386 (which replaces GCN N°30 and GCN N°385 on the disclosure of good corporate governance practices). In addition, CMPC has decided to align

(102-10, 102-48, 102-49)

This Report does not reiterate information presented in previous reports. However, it does present some modifications to classification criteria more appropriate to Chilean statistical data which will be pointed out case by case: for this reason, some indicators will not be comparable with those of previous years.

its sustainability strategy and objectives with the United Nations Sustainable Development Goals (SDGs) by using them as the framework for its corporate purpose: Create, Coexist and Conserve.

The 2018 Integrated Report has been verified by the External Audit firm KPMG, in terms of both the 20 Sustainability Indicators and the Statements of Financial Situation. The 2017 and 2018 Carbon Footprint data were verified by the firm of External Auditors, Deloitte.

8.1.1 Materiality Analysis process

An exercise in Materiality Analysis was undertaken over the entire value chain of the three CMPC Business Divisions.

The Due Diligence Guidance for Responsible Business Conduct process recommended by the Organization for Economic Cooperation and Development (OECD) was used as the basis for the methodological framework, the objective being to avoid any negative impacts generated by the Divisions. Therefore, the analysis evaluated the real and potential impacts that CMPC could generate on interest groups, society and the environment in order to identify the Material Issues.

The identification of the Material Issues would guide the management of each subsidiary with the aim of closing any strategic gaps and marshalling forces to achieve the sustainability objectives of the Company.

In this context, there was a massive data collection drive to collate secondary information, other companies' benchmarks, contextual country analyses, and interviews with interest groups, Directors and senior executives of the Company to put the main impacts of its operations into perspective.

In fact, this was the first Materiality Analysis exercise ever carried out outside the headquarters in Chile and across all country operations. It generated a considerable list of matters that the Company needed to address.

The Materiality Analysis process was developed over four stages:

► Stage 1: Corporate CMPC and Business Divisions

- Analysis of internal and external secondary information: Revising a total of 86 internal documents and 62 external publications.
- Internal consultations were held with 30 Directors and the top echelon of senior executives of CMPC.

► Stage 2: Environmental Analysis

- Competition benchmarking. Analysis of companies' performances in the sector in each division leaders in sustainability according to the Dow Jones Sustainability Index (DJSI). A total of five (5) documents reviewed.
- Analysis of geographical context. The aim was to pinpoint aspects likely to produce sustainability risks and identify critical factors in each country.
- Consultations with local experts. A total of eight (8) consultations were held with external local sustainability experts to validate the challenges identified in each country.
- Consultations with interest groups. Discussions were held with twenty-eight (28) local authorities, union leaders, contractors, suppliers, customers and community representatives to determine Company impacts on third parties.



Carlos Douglas Nursery

► Stage 3: Perspective of CMPC subsidiaries

- Consultations with the CEOs of CMPC subsidiaries. A total of twenty-one (21) operational heads of CMPC subsidiaries interviewed: CEOs, Department Managers, Operations Managers and other Departmental Heads.

► Stage 4: Consolidation

- Analysis of Material Issues.
- Validation workshops. Three (3) sessions were held, one for each Business Division, with the participation on 38 executives.
- Corporate Affairs Committee Workshop.

The following international standards and publications that uphold the integration of sustainability into both processes were used both to determine the Material Issues and to draft the Integrated Report:

- Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, International Labour Organization (ILO).
- Guiding Principles for Business and Human Rights, UN Global Compact.
- Guidelines for Multinational Enterprises, OECD.
- The Ten Principles of the UN Global Compact, United Nations Organization.
- ISO 26000:2010 Guidance on Social Responsibility, International Organization for Standardization (ISO)
- Approach to Materiality & Standards Development, Sustainability Accounting Standards Board (SASB)
- Reporting Matters 2017, 2018. Dashboard report. World Business Council for Sustainable Development (WBCSD).
- Corporate Sustainability Assessment 2018. Dow Jones Sustainability Indexes (DJSI).

CMPC Materiality Analysis

Governance	Human resources	Environment	Community	Customers, consumers and society	Suppliers and contractors
Culture of integrity	Sourcing, hiring and developing skills	Environmental regulations compliance	Community relations	Chain of custody guarantees	Develop links with local suppliers and contractors
	Labor relations	Forestry and biodiversity conservation	Transport	Customer satisfaction	Procurement processes
	Human resource diversity and inclusion	Climate change adaptation	Local development	Products and services innovation	Health and safety of contractors and service enterprises
	Occupational health and safety	Rural wildfires	Indigenous communities	Product safety and quality	Labor compliance of contractors and service enterprises
	Automatization	Water usage		Advertising ethics	
		Energy		Brand reputation	
		Emissions and effluvium		Sanitation and hygiene	
		Waste			
		Sludge			

Material Issues symbols by impacts on Business Divisions:

- Celulosa ● Softys ● Celulosa and Softys ● Packaging and Softys ● All Divisions

8.2 PARTNER ORGANIZATIONS AND INSTITUTIONS

(102-12, 102-13)

In keeping with its interest groups, CMPC has also established partnerships with the following research centers, universities, institutes, enterprises and organizations to ensure the sustainability of Company operations through continual dialogue and interaction.

American Society
Asianor (Asoc. Industriales zona Norte)
Asociación de la Industria del Salmón A.G.
Asociación Gremial de Industriales de Malleco y Cautín ASIMCA
Asociación Canalistas del Canal Maipo
Asociación Consumidores de Energía AG
Asociación de Canalistas Canal Biobío Sur
Asociación de Industriales del Centro ASICENT Maule
Asociación de Industriales Gráficos A.G. (ASIMPRES)
Asociación Gremial de Industrias Proveedoras
Asociación Gremial Pequeños y Medianos Generadores
Asociación Nacional de Avisadores
Asociación Técnica de Celulosa y Papel
Bolsa de Comercio Santiago
Bolsa de Corredores de Bolsa
Cámara Chileno Argentino de Comercio A.G.
Cámara Chileno Brasileña
Cámara Chileno Británica
Cámara Chileno China de Comercio
Cámara Chileno Mexicana
Cámara Chileno Norteamericana
Cámara de Comercio de Santiago
Cámara de la Producción y el Comercio de Concepción
Centro de Estudios Públicos
Centro Nacional de Empaques y Embalajes
Certfor Chile
CIEPLAN
Club la Unión
Colegio de Ingenieros Forestales A.G.
Construcción Santa Olga
Corporación de Bienes Tecnológicos de Bienes de Capital

Corporación Educacional Colegio San Jorge
Corporación para el Desarrollo Productivo de la Araucanía
Corporación Chilena de la Madera
Corporación Educacional San Juan (Nacimiento)
Corporación Empresarios del Maipo
Council of the Americas
Diálogo Forestal Chileno
Donaciones a la Comunidad (Terremoto)
Feria Computación y Servicios
FSC Chile
FSC Internacional
Fundación Chilena del Pacífico
Genomica
Great place to work
ICARE
Instituto de Ingenieros de Chile
Instituto Regional de Administración IRADE
Junta de Adelanto de Maule
MT Consulting Services
Plataforma Plantaciones de Nueva Generación (NGP)
RISI (Membership)
Sedex Information Exchange Ltd. (Membership)
Sociedad de Fomento Fabril
Sustinando OY (Membership fee)
Unión Social de Empresarios Cristianos
World Business Council for Sustainable Development (WBCSD)
World Market Pulp

8.3 STATEMENT OF RESPONSIBILITY

The Directors and Chief Executive Officer of CMPC S.A., under oath, do hereby declare themselves each individually responsible for the veracity of all the information in the present Integrated Report 2018, which complies with the standards of the [Chilean] Financial Market Commission [Comisión para el Mercado Financiero (CMF)], as well as with 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
6.069.087-1



Vivianne Blanlot S.
Director
6.964.638-7

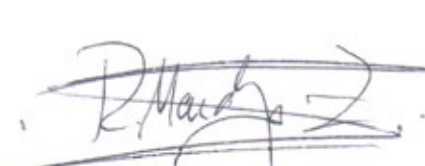

Rafael Fernández M.
Director
6.429.250-1



Jorge Larraín M.
Director
10.031.620-K


Jorge Matte C.
Director
14.169.037-K


Bernardo Matte L.
Director
6.598.728-7


Jorge Marín C.
Director
7.639.707-4


Ramiro Mendoza Z.
Director
7.578.740-5


Pablo Turner G.
Director
7.056.349-5

8.4 REPORT OF THE INDEPENDENT AUDITORS KPMG



Independent Auditors' Report

To the Shareholders and Board of Directors of
Empresas CMPC S.A.

We have audited the accompanying consolidated financial statements of Empresas CMPC S.A. and its Subsidiaries which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year 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 audit. We conducted our audit in accordance with Auditing Standards Generally Accepted in Chile. 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 CMPC S.A. and its subsidiaries as of December 31, 2018, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matters, Consolidated Financial Statements as of December 31, 2017

The consolidated financial statements of Empresas CMPC S.A. and its subsidiaries as of and for the year ended as of December 31, 2017 were audited by other auditors whose report thereon dated March 8, 2018, expressed an unmodified opinion on those financial statements.

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 7, 2019

KPMG Ltda.

8.5 LETTER OF VERIFICATION KPMG



Independent Assurance Report
“Integrated Report CMPC 2018”

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, 205-2, 303-3, 303-4, 303-5, 304-3, 306-2, 307-1, 405-1, internal indicators CMPC 1, CMPC 2, CMPC 3 and CMPC 4 (hereinafter “indicators to be reviewed”) disclosed in the Integrated Report 2018 of Empresas CMPC for the year ended December 31, 2018.

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 2018”. Accordingly, we do not express such an opinion.

Contents and data related to the “indicators to be reviewed” disclosed in the Integrated Report 2018 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 the “Integrated Report CMPC 2018” 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 2018, in accordance with the Principles of 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 2018, in accordance with the GRI Standard.

Our procedures considered conducting inquiries with Empresas CMPC’s management, Business Units and the 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 2018, content definition and information systems used.
- Verification of contents and data related to the “indicators to be reviewed” disclosed in the Integrated Report 2018 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 2018 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 2018 are not duly supported with sufficient evidence.
- Contents and data related to the “indicators to be reviewed” disclosed in the Integrated Report 2018 have not been prepared in accordance with the Principles of Content and Quality as established by the GRI Standard and Empresas CMPC’s internal guidelines.
- The Integrated Report 2018 of Empresas CMPC does not comply with the essential option stated in accordance with the GRI Standard.

KPMG, Auditores y Consultores Ltda

Luis Felipe Encina
Partner

Santiago, April 5, 2019

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8.6 CARBON FOOTPRINT LETTER OF VERIFICATION DELOITTE

Deloitte.

Independent Auditor’s Report

Santiago, 15th of April, 2019

Mr.
Nicolás Gordon Adam
Manager of Sustainability and environment.
Compañía Manufacturera de Papeles y Cartones
Present.

Dear Mr. Gordon,

Independent Auditor’s Report on Carbon footprint emissions– 2017 and 2018-, in 46 productive plants of the Compañía Manufacturera de Papeles y Cartones (CMPC), which considered the business located in Chile, Perú, Argentina, Ecuador, Brasil, Colombia, Uruguay and México.

Scope

Compañía Manufacturera de Papeles y Cartones (CMPC) has requested from Deloitte the verification of the Report on Carbon footprint emissions– 2017 and 2018 in 46 productive plants. The verification process was carried out considering the analysis of each of the sources of emissions defined in the report, which are: fuel consumption in transportations and statics sources, electricity consumption, raw materials, transportations of supplies, delivery to the clients and Business trips.

Table 1 and Table 2 show the results of emissions by scope for the years 2017 and 2018, respectively, grouped by business.

Table 1. Emissions per business according to scope, year 2017.

Business Unit	Scope 1 (KgCO ₂ e)	Scope 2 (KgCO ₂ e)	Scope 3 (KgCO ₂ e)	Total Emissions (KgCO ₂ e)	Production Total (t)	Emissions intensity (KgCO ₂ /t)
CMPC Forestal	187,703,920	1,042,381	89,037,752	277,784,052	15,998,136	17
CMPC Celulosa	1,027,376,473	111,847,516	2,242,053,936	3,381,277,925	4,575,533	739
CMPC Papeles	226,567,257	168,847,141	1,034,638,934	1,430,053,332	1,206,910	1,185
Softys	443,323,749	255,234,932	1,347,915,686	2,046,474,366	1,064,753	1,922
Total CMPC	1,884,971,398	536,971,970	4,713,646,307	7,135,589,675	22,845,332	312

Table 2. Emissions per business according to scope, year 2018.

Business Unit	Scope 1 (KgCO ₂ e)	Scope 2 (KgCO ₂ e)	Scope 3 (KgCO ₂ e)	Total Emissions (KgCO ₂ e)	Production Total (t)	Emissions intensity (KgCO ₂ /t)
CMPC Forestal	174,267,849	1,446,371	126,835,886	302,550,105	16,608,761	18
CMPC Celulosa	1,083,811,457	75,331,746	2,500,028,339	3,659,171,542	5,122,876	714
CMPC Papeles	231,562,923	114,006,870	1,118,684,461	1,464,254,254	1,299,397	1,127
Softys	452,545,897	238,158,383	1,550,541,728	2,241,246,008	1,105,530	2,027
Total CMPC	1,942,188,126	428,943,369	5,296,090,414	7,667,221,909	24,136,564	318

In the Table 3 and Table 3a show the results classified according to the norm ISO 14064-1, that is to say Upstream Emissions, Core Business Emissions and downstream Emissions, by plant for the years 2017 and 2018

Table 3. Emissions per plant according to ISO 14064-1, years 2017 and 2018.

Productive Plants	Upstream Emissions 2017 (KgCO ₂ e)	Upstream Emissions 2018 (KgCO ₂ e)	Core Business Emissions 2017 (KgCO ₂ e)	Core Business Emissions 2018 (KgCO ₂ e)	Downstream Emissions 2017 (KgCO ₂ e)	Downstream Emissions 2018 (KgCO ₂ e)	Emissions intensity 2017 (KgCO ₂ e/t)	Emissions intensity 2018 (KgCO ₂ e/t)
Forestal Mininco	32,362,908	33,139,984	103,484,290	106,380,204	21,292,329	22,042,759	13	15
Bosques del Plata	975,034	989,071	4,200,149	4,403,419	19,092,291	16,582,459	31	32
Bosques Brasil	16,357,571	55,527,983	80,019,480	63,484,225	0	0	28	25
Aserradero Mulchén	44,819,693	49,107,981	3,936,444	3,791,390	13,511,693	28,991,954	359	373
Aserradero Nacimiento	48,875,791	49,400,070	2,697,053	2,610,454	13,317,096	25,562,679	389	349
Aserradero Bucalemu	27,389,309	31,411,373	1,089,521	1,189,601	7,708,597	14,684,900	326	304
Remanufactura Clear	25,608,925	23,879,017	940,393	1,086,906	4,192,430	8,856,848	701	682
Remanufactura Coronel	28,276,987	17,176,261	495,990	736,783	3,373,653	5,482,750	823	583
Plywood	189,214,788	177,796,007	4,380,830	4,286,184	20,924,827	30,872,438	1,038	1,001
Planta Santa Fe	563,222,012	476,465,919	231,420,956	235,849,610	215,677,740	213,529,422	702	635
Planta Pacifico	241,766,625	243,907,996	80,675,159	86,729,202	98,009,732	96,925,885	809	823
Planta Laja	117,146,135	184,337,375	106,023,969	92,415,713	37,419,939	33,515,948	779	948
Planta Guaíba	476,861,609	528,783,320	595,716,157	655,115,615	176,583,871	334,671,941	811	791
Planta Cartulinas Maule	276,281,149	286,734,288	35,462,531	41,461,429	53,384,493	71,817,844	1,354	1,156
Planta Cartulinas Valdivia	52,653,781	66,331,902	4,595,074	2,997,913	34,356,816	22,338,876	1,350	1,439
Forsac Chile	26,106,742	28,232,862	702,529	581,878	2,805,858	3,458,843	1,010	1,243
Forsac Perú	31,880,541	36,389,698	717,816	664,899	5,033,931	4,631,461	1,151	1,386
Forsac México	29,531,440	34,824,114	926,682	491,770	11,378,396	11,384,261	1,527	1,648
Forsac Argentina	15,617,667	11,846,412	464,328	371,753	2,282,550	1,266,742	2,088	1,749
EDIPAC	116,562,168	130,371,336	142,480	168,742	3,872,701	7,753,049	1,440	1,449
SOREPA	48,834,956	44,423,810	569,308	594,324	59,373	103,019	193	167
CHIMOLSA	24,761,357	24,788,327	11,126,103	11,487,030	1,737,948	1,736,826	1,802	1,856
Planta Papeles Cordillera	171,935,556,4	165,087,094,6	161,799,891	162,073,943	8,821,191	11,033,709	1,364	1,360
EEII Planta Buin	142,284,783	143,557,619	5,555,633	6,403,412	5,509,746	5,224,526	1,819	1,708
EEII Planta Til-Til	77,940,181	65,180,209	2,984,299	2,617,645	2,103,686	1,812,601	1,672	1,591
EEII Planta Osorno	47,797,596	51,084,675	1,520,583	1,648,183	9,951,468	1,277,225	2,364	1,980
Softys Planta Puente Alto	150,078,662	148,887,972	9,929,134	9,128,988	11,829,812	9,403,657	2,375	2,390
Softys Planta Talagante	144,780,875	144,327,737	101,809,363	101,323,347	9,620,267	25,096,645	2,583	2,537
Softys Planta Naschel	87,850,259	75,065,873	102,271	322,144	6,177,389	13,594,639	2,910	2,687

Table 3a. Emissions per plant according to ISO 14064-1, years 2017 and 2018.

Productive Plants	Upstream Emissions 2017 (KgCO ₂ e)	Upstream Emissions 2018 (KgCO ₂ e)	Core Business Emissions 2017 (KgCO ₂ e)	Core Business Emissions 2018 (KgCO ₂ e)	Downstream Emissions 2017 (KgCO ₂ e)	Downstream Emissions 2018 (KgCO ₂ e)	Emissions intensity 2017 (KgCO ₂ e/t)	Emissions intensity 2018 (KgCO ₂ e/t)
Softys Tortuguillas + Wilde	53,613,595	44,994,482	45,077	45,077	1,583,309	986,815	2,441	2,423
Softys Planta Gachancipá	28,608,811	27,604,564	14,332,800	13,934,930	6,470,676	5,213,309	1,441	1,048
Softys Planta Calí	14,586,629	13,751,162	8,460	5,640	280,435	903,336	1,669	1,762
Softys Planta Guayaquil	37,666,268	30,735,302	83,738	45,392	1,981,308	2,938,003	2,713	2,511
Softys Planta García	20,541,407	61,387,289	28	37	29,675,867	2,900,694	1,967	1,707
Softys Planta Altamira	123,118,193	144,849,019	115,658,892	120,336,934	16,960,868	38,484,926	2,494	3,409
Softys Planta Santa Catarina	81,498,141	97,442,701	251,641	313,751	5,257,299	5,408,944	2,010	2,444
Softys Planta Caeiras	146,863,466	241,530,411	32,124,088	36,537,636	34,590,083	34,590,083	2,271	2,693
Softys Planta Recife	24,934,240	11,461,044	53,230	14,673	3,880,749	3,094,915	1,679	2,337
Softys Planta Mogi	86,641,672	134,757,768	65,982,889	66,306,487	15,901,382	10,685,642	2,454	1,110
Softys Planta Guaíba	18,166,553	22,884,952	54,584	26,545	3,737,585	3,577,761	3,023	2,529
Softys Planta Cañete	34,154,115	45,525,159	14,506,750	14,911,766	2,439,414	1,925,848	2,463	3,146
Softys Santa Rosa	124,030,876	117,904,734	38,286,698	39,628,118	4,812	3,289	2,674	2,114
Softys Planta Rosales	21,339,422	22,444,165	357,533	230,247	13,011,491	15,616,404	1,724	1,622
Softys SOREPA Perú	30,269,272	19,743,712	145,728	192,323	2,761,717	2,759,347	457	576
Softys Planta Pando	36,821,063	33,021,604	6,626,829	5,616,795	1,290,566	1,378,880	488	335

Standards and Assurance Process

We have based our work on the GHG Protocol e ISAE 3410, Assurance Engagements on Greenhouse Gas Statements and the international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). It should be noted that this verification does not constitute an audit and, consequently, we do not express an audit opinion on this statement.

Our revision consisted of requesting information regarding processes related to products included in this report, as well as in the application of analytic procedures and audit tests, which are described below:

- Face-to-face meetings with professionals – Ms. Paulina Martinez and Catalina Ebensperger- representing the areas related to the implementation of each of the Indicators of the Carbon footprint emissions.
- Receiving the consolidated information and calculation tools for each assets (folders with information and evidence of the data that was considered for calculation), from December 2018.
- Review of consistency and coherence of calculations and conversion unit for each products of the Report Carbon footprint emissions for 46 plants, 2017 and 2018.
- Requesting and receiving uncovered evidence in the verification process of the Report on Carbon footprint emissions by plants.

Conclusions

- There is no evidence to suggest that the Report on Carbon footprint emissions for 46 plants – 2017 and 2018 had not been prepared in accordance with international standards of implementation.
- There is no evidence to suggest that the information provided about the Report on Carbon footprint emissions for 46 plants – 2017 and 2018 contains significant errors.

Responsibilities of CMPC and Deloitte

- The preparation of the Report on Carbon footprint emissions by plants – 2017 and 2018, as well as the content, is CMPC´s responsibility, who is also responsible for defining, adapting and maintaining the internal management and control systems to obtain 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, regarding 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 Report on Carbon footprint emissions for 46 productive plants to the Compañía Manufacturera de Papeles y Cartones (CMPC) located in Chile, Perú, Argentina, Ecuador, Brasil, Colombia, Uruguay and México.
- We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of safety in the respective subject areas, In this context, less guarantee is obtained than would be the case if an audit-level work had been carried out,

Sincerely,



Fernando Gaziano

Partner

Deloitte.

Independent Auditor's Report

Santiago, 15th of April, 2019

Mr.
Nicolás Gordon Adam
Manager of Sustainability and environment.
Compañía Manufacturera de Papeles y Cartones
Present.

Dear Mr. Gordon,

Independent Auditor's Report of Corporate Greenhouse Gases Emissions Inventory for the periods 2017 and 2018 for *Compañía Manufacturera de Papeles y Cartones (CMPC)*, which considered the following CMPC business units CMPC Celulosa, CMPC Packaging, Softys y CMPC Forestal.

Scope

Compañía Manufacturera de Papeles y Cartones (CMPC) has requested from Deloitte the verification of the Greenhouse Gases Emissions for the periods 2017 and 2018 of the Corporative Offices. This report includes the estimation of the Corporate Carbon Footprint of its headquarters and head offices in different subsidiaries. The report included information from the period between January 1st 2017 to December 31st 2018.

The verification process was carried out considering the analysis of each of the sources of emissions defined in the report, which are: fuel consumption, electricity consumption, personnel transportation and business trips.

The total emission declared in Greenhouses Gases Emission Report 2017 and 2018 were as follows:

Business Unit	Scope 1 (KgCO ₂ e)	Scope 2 (KgCO ₂ e)	Scope 3 (KgCO ₂ e)	Total Emissions (KgCO ₂ e)
Corporative Offices 2017	263,433	1,120,228.26	4,508,569	5,892,230
Corporative Offices 2018	331,655	3,067,395.36	4,657,882	8,056,932

Standards and Assurance Process

We have based our work according to the ISO 14064 Part 3 e ISAE 3410, Assurance Engagements on Greenhouse Gas Statements and the international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). It should be noted that this verification does not constitute an audit and, consequently, we do not express an audit opinion on this statement.

Our revision consisted on requesting information regarding processes from different units and management areas, which have been involved in the development of the report, as well as in the application of analytic procedures and audit tests, which are described below:

- Face-to-face meetings with professionals – Ms. Paulina Martinez and Catalina Ebensperger - representing the areas related to the implementation of each of the Indicators of the Greenhouses gases emission with scopes 1, 2 and 3.
- Receiving the consolidated information and calculation tools for each assets (folders with information and evidence of the data that was considered for calculation), from December 2018.
- Review of consistency and coherence of calculations and conversion unit for each scope of the Report of Corporate Greenhouses gases emission inventory – 2017 and 2018.
- Requesting and receiving uncovered evidence in the verification process of the Report of Corporate Greenhouses gases emission inventory – 2017 and 2018.


Conclusions

- There is no evidence to suggest that the Report of Corporate Greenhouses gases emission inventory – 2017 and 2018 has not been prepared in accordance with international standards of implementation.
- There is no evidence to suggest that the information provided about the Report of Corporate Greenhouses gases emission inventory – 2017 and 2018 contains significant errors.

Responsibilities of CMPC and Deloitte

- The preparation of the Report of Corporate Greenhouses Gases Emission Inventory – 2017 and 2018, as well as the content, is CMPC responsibility, who is also responsible for defining, adapting and maintaining the internal management and control systems to obtain 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, regarding 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 Report of Corporate Greenhouses Gases Emission Inventory – 2017 and 2018.
- We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of safety in the respective subject areas. In this context, less guarantee is obtained than would be the case if an audit-level (financial) work had been carried out.

Sincerely,



Fernando Gaziano

Partner

8.7 TABLE OF INDICATORS

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Content name	Page	GRI	IR Framework	CMF	SDGs	Global Pact	Verified
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Content name	Page	GRI	IR Framework	CMF	SDGs	Global Pact	Verified
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Content name	Page	GRI	IR Framework	CMF	SDGs	Global Pact	Verified
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