

# arauco

competitive strength innovation company background quality sustainability responsibility future commitment



A photograph of a dense forest of tall, thin trees, likely pines or cypresses, with sunlight filtering through the canopy. The ground is covered in grass and fallen branches. The text "Growing the Future" is overlaid in the center in a white, serif font.

# Growing the Future

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# ARAUCO

“Growing the future means being  
a global leader in the development of  
sustainable forest products”

A presence in  
more than 75 countries

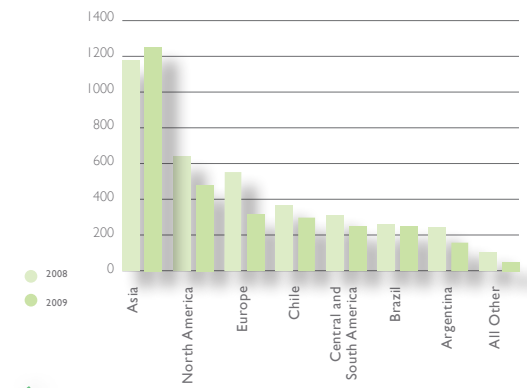


- Business Offices
- Operational Centers
- Sales Agents

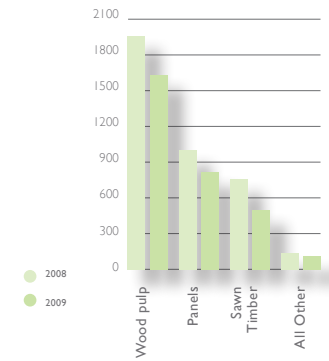
<p><b>Chile</b></p> <p>736,000 hectares of Plantation Forests</p> <p>5 Pulp Mills</p> <p>8 Saw mills</p> <p>3 Panel Mills</p> <p>6 Remanufacturing facilities</p>	<p><b>Argentina</b></p> <p>129,000 hectares of Plantation Forests</p> <p>1 Pulp Mill</p> <p>2 Saw mills</p> <p>2 Panel Mills</p> <p>1 Remanufacturing facilities</p>	<p><b>Brazil</b></p> <p>67,000 hectares of Plantation Forests</p> <p>3 Panel Mills</p> <p><b>Uruguay</b></p> <p>63,000 hectares of Plantation Forests</p>	<p><b>Annual Capacity</b></p> <p><b>Wood Pulp</b> 3.2 million ADt</p> <p><b>Sawn Timber</b> 2.8 million m<sup>3</sup></p>	<p><b>Panels</b> 3.2 million m<sup>3</sup></p> <p><b>Mouldings</b> 750 thousand m<sup>3</sup></p>
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**Consolidated Sales by Market 2009**  
(Millions of US Dollars)



**Consolidated Sales by Products 2009**  
(Millions of US Dollars)



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For more than 40 years, ARAUCO has been driven forward by its vision of being a global leader in the development of sustainable forest products. During this time, we have evolved into one of the most respected forestry companies in the world, not only for the size and health of our plantation forests, the quality of our products, and superior customer service, but for our technical innovation, environmental responsibility and social commitment as well.

# Company Background Company Background

“ARAUCO’s success is based on satisfying our customers while balancing the company’s needs with those of our employees, the environment, and the people who live near our facilities and plantations.”

ARAUCO’s success is based on high quality production that satisfies our customers while balancing the company’s needs with those of our employees, the environment, and the people who live near our facilities and plantations. This is the starting point for the responsible and efficient management of our natural resources, the occupational health and safety of our workers and our active contribution to social development and welfare in the communities in which we operate.



ARAUCO owns 327,000 hectares (807,000 acres) of native forest that are permanently protected under strict international regulations and management standards defined by Bioforest. These conservation set-asides include parcels that are exceptionally rich in biodiversity, and have been designated as High Value Environmental Areas.

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# Commitment Commitment

“ARAUCO protects 327,000 hectares (807,000 acres)  
of native forest in permanent conservation set-asides.”

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In addition, ARAUCO has designated a significant portion of its forest holdings for restoration and conservation activities, environmental education programs, and scientific studies on flora, fauna, habitat and sensitive ecosystems.

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ARAUCO sources its raw material from 1.6 million hectares (3.9 million acres) of proprietary forest plantations located throughout Chile, Argentina, Brazil and Uruguay. These forest holdings, together with our sustainable management policy implemented under strict international standards, and the application of research and innovation to make full use of our fiber resource, provide the foundation for ARAUCO's continued competitive strength in the marketplace.

Through Bioforest, ARAUCO's scientific and technological research center, we apply leading-edge biotechnology to the development of new ways to increase the quality, productivity and performance of our plantations, improvements in the production process of pulp, and safeguarding the rich biodiversity that exists within our forest holdings.

A large-scale pine nursery operation. In the foreground, two workers wearing straw hats, blue aprons, and yellow gloves are tending to pine seedlings in black plastic trays. The background shows a vast field of similar trays, with two large irrigation systems spraying water over the plants. The scene is set in a lush, green environment with a forest in the distance.

# Competitive Strength Competitive Strength

“Making full use of our fiber resource is the key to ARAUCO’s continued competitive strength in the marketplace.”

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The products and services provided by ARAUCO's forestry, wood pulp, sawn timber, panels, and energy business areas embody the company's commitment to sustainable resource management. ARAUCO employs certified production processes that have minimal environmental impact to deliver a broad range of high quality products, meeting the needs of customers in more than 75 countries.

ARAUCO prides itself in its ability to stay ahead of changing market demands. By carefully analyzing market trends, the company is able to anticipate market needs and have the right mix of products available for its customers. Through its sales offices in Argentina, Brazil, Chile, China, Colombia, Holland, Japan, Mexico, Peru and the United States, and sales agents in many other countries, ARAUCO delivers a superior level of customer service. This sales network, together with the company's state-of-the-art global logistics system covering transportation, loading/unloading, storage and distribution, has earned the company a reputation for consistent availability and timely delivery the world over.



# Dependability Dependability

“We employ certified production processes that have minimal environmental impact to deliver high quality products“.

All ARAUCO products are manufactured from raw material originating in sustainably managed plantation forests. Our forests contribute to the mitigation of global warming by naturally absorbing carbon dioxide from the atmosphere. In addition, our products made from processed wood store carbon dioxide during their entire shelf life.

ARAUCO's forest plantations and production facilities are certified to widely-accepted international standards, providing customers with third-party assurance of responsible operations. These certification standards include: ISO 9001 Quality Management System; ISO 14001 Environmental Management System; CERTFOR/PEFC Sustainable Forestry Management and Chain of Custody (in Chile); and both FSC and CERFLOR/PEFC Sustainable Forestry Management and Chain of Custody (in Brazil).



ARAUCO's wood pulp is manufactured exclusively with fiber from pine and eucalyptus forest plantations. ARAUCO's wood pulp business area manufactures bleached pulp, mainly used in the production of printing and writing, and sanitary paper; unbleached pulp, used to make packaging material, fiber cement, and dielectric (electric insulation) paper; and fluff pulp, used in the absorbent core of personal-care products, such as diapers and feminine hygiene pads.

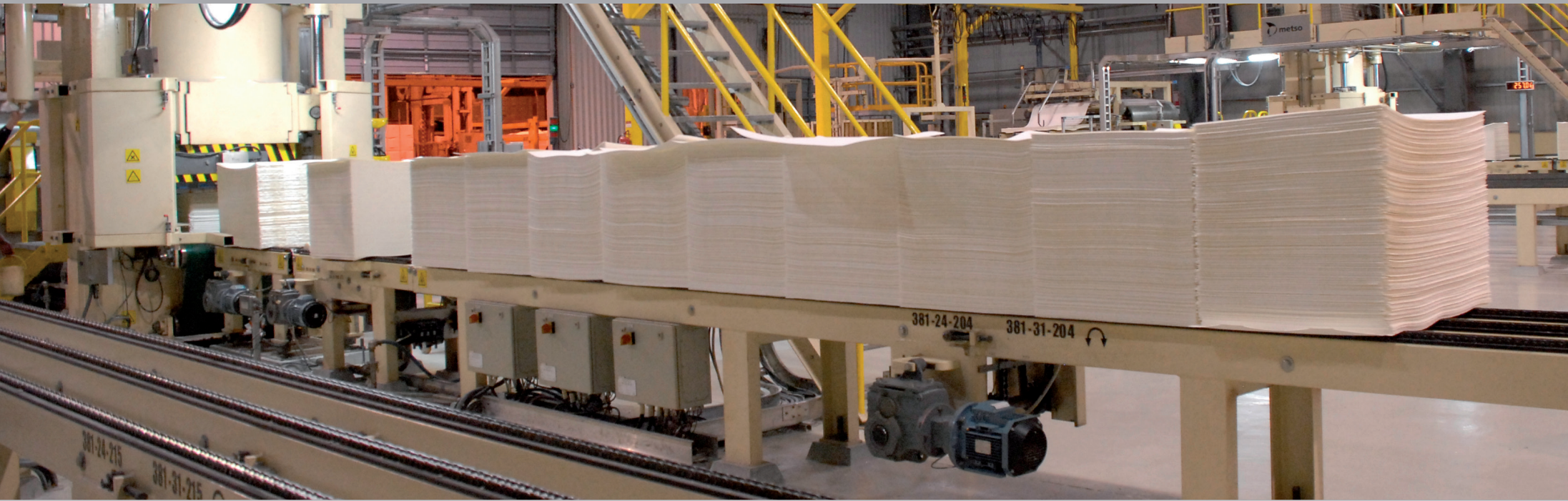
## Quality Quality

“ARAUCO's pulp area has reached a solid position in the global market, while the company's sawn timber area manufactures a broad range of high quality wood products with different finishes”.

Today, ARAUCO's pulp business has reached a solid position in the global market, thanks to its consistent high quality product and superior customer service, making us a reliable supplier for the industry.



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ARAUCO's sawn timber business produces a wide variety of wood and remanufactured wood products with different finishes, appearances and value-added processes, meeting the needs of the furniture, packaging, construction and remodeling industries. This business area also manufactures panels under the Masterplac brand, as well as laminated products under the Hilam brand, all of which are widely used for construction and paneling.



ARAUCO is well-known as one of the leading producers in the global panel market. Today, ARAUCO manufactures four product lines that serve the furniture and construction markets: AraucoPly plywood panels; Trupan MDF panels; Faplac particle board; and Cholguán high density fiber panels.



ARAUCO is also a world leader in the manufacture and sale of wood moulding, sold under the TruChoice brand. TruChoice fingerjoint, solid and MDF mouldings are widely known for their consistent high quality.

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At ARAUCO we know that our forest plantations present a viable solution to environmental issues as well as energy issues. Our sustainably managed forests provide recyclable, reusable and biodegradable raw material. In addition, we make full use of our fiber resource, which allows us to generate clean, renewable energy. The company's Energy area generates its own clean, renewable electricity from forest biomass, reducing the company's greenhouse gas (GHG) emissions that contribute to global warming. ARAUCO has an installed capacity of 538 MW of electric energy, enough to meet the needs of its own industrial processes and deliver 180 MW of surplus energy to Chile's Central Interconnected System.

# Sustainability Sustainability

“ARAUCO generates clean, renewable electricity from forest biomass, helping to fight global warming”.

Our ability to use forestry biomass as carbon neutral cogeneration fuel enabled ARAUCO to become, in 2007, the first Chilean forestry company to issue Carbon Credits. Since then ARAUCO has issued a total of 1.070.851 Certified Emission Reduction bonds (CERs) thanks to the company's four biomass-based cogeneration power plants registered under the Clean Development Mechanism of the Kyoto Protocol: Valdivia, Trupán, Nueva Aldea Phase 1 and Nueva Aldea Phase 2 which, if operating at their maximum capacity, can jointly issue from 600,000 to 700,000 annual Carbon Credits.



ARAUCO's commitment to sustainability encompasses environmental responsibility, the occupational health and safety of our workers, and the social development and welfare of communities in which we operate. Each of these areas of commitment is essential to our sustainable business model.

ARAUCO is an environmentally responsible company. We strive to continuously improve our environmental performance by applying an efficient management strategy that includes values, commitments and standards while employing the best available practices and innovative technologies in the industry.

# Commitment Commitment

“Environmental responsibility, the occupational health and safety of our workers, and the social development and welfare of communities in which we operate are essential to our sustainable business model”.

All of ARAUCO's production units operate under certified environmental management systems that also ensure the traceability of the raw materials we use.

ARAUCO's commitment to the environment is embodied in such initiatives as its Carbon Footprint Assessment (CFA) project and the Forest Stewardship Council (FSC) forest management certification process.

Completed in July 2009 under the guidance of the U.S. company AECOM Environment and Fundación Chile, the CFA project was conducted in order to benchmark the level of greenhouse gas emissions (GHG) resulting from our operations in Chile, Argentina and Brazil.



A pioneering venture among South American companies, ARAUCO's Carbon Footprint Assessment not only identified the company's direct and indirect GHG emissions, but also those resulting from harvesting and the transportation of raw materials and finished products. The CFA also determined the amount of carbon sequestered in our forest holdings and finished products. The valuable and reliable information resulting from this study will allow ARAUCO to evaluate its progress in greenhouse gas reduction and identify opportunities for improvement.



In 2009 ARAUCO decided to begin the FSC forest management certification process for its forest plantations in Chile.

The FSC international certification process requires strict compliance with the highest forest management standards in existence today and reflects the level of corporate responsibility required by our customers in European and North American markets.

ARAUCO maintains a firm Commitment to the FSC forest management certification process, following it responsibly and transparently.

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ARAUCO's commitment to responsible operations includes the Occupational Health and Safety (OHS) of our employees and contractors. OHS procedures for all of the company's business units are certified as compliant with the OHSAS 18001 standard. The company provides intensive training to strengthen risk-prevention management.

In addition to safeguarding the safety of all of our workers, ARAUCO is committed to creating the conditions necessary to foster career advancement and human development. ARAUCO is also committed to promoting a positive workplace based on respect, honesty, professionalism, training and teamwork.



# Responsibility Responsibility

“ARAUCO creates the workplace conditions necessary to foster career advancement and human development”.

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ARAUCO's operations directly benefit 35,000 workers and their families, as well as the workers of about 1,000 contracting companies in more than 100 communities throughout Chile, Argentina, Brazil and Uruguay. In addition to the indirect economic benefits delivered by its presence in these locations, ARAUCO also stimulates economic and social development through a variety of initiatives. Viewing education as the foundation for a country's development, ARAUCO has made its most sizable commitment to teacher training and access to quality municipal education for those children most at risk.

In Chile, ARAUCO provides management and financial support for schools in Arauco, Constitución and Cholguán, three educational institutions known at the national level for their excellent academic results. In addition, ARAUCO supports Fundación Belén Educa, an organization that provides subsidized education for more than 8,000 students in their seven schools.

# Future Future

“We grow together with the surrounding communities”.

We also make contributions through Arauco Educational Foundation, which for more than 20 years has helped provide quality education to some 81,800 students in public schools.

In Argentina, ARAUCO provides educational support and cultural opportunity for young people in the province of Misiones through the Alto Paraná Foundation, established in 1985. The company also supports and participates in the management of Asociación Escolar de Puerto Esperanza, which is administrated by Los Lapachos Educational Institute.



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ARAUCO is much more than just a forestry company. ARAUCO is a comprehensive business that generates employment, produces quality goods and provides clean energy; while furthering the development of workers and communities; creating educational and cultural opportunity in impoverished communities; and promoting sound research, insight, innovation, and respect for our environment.

As it looks to the future, ARAUCO continues to demonstrate its day-by-day commitments: superior service to customers and shareholders; workplace enhancement; positive contribution to the communities in which it operates; and environmentally responsible resource management.

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