

SUSTAINABILITY



REPORT 2016



ARAUCO®

SUSTAINABILITY



REPORT **2016**

RENEWABLES FOR

A BETTER LIFE



02

At ARAUCO we make quality products that inspire solutions aimed at improving the lives of millions of people. And with every product we make, we seek to stand out through innovation and added value.

We provide the paper, construction, packaging, furniture, and energy industries with a wide variety of sustainable quality products that make complete use of our raw materials, and have a presence in the forestry, pulp, timber, panels, and renewable energy businesses.

ARAUCO has close to 14,000 employees, 1.7 million hectares (4.1 million acres) of forestland in South America, and 55 production facilities located in Chile, Argentina, Brazil, Uruguay, the United States, and Canada, in addition to a 50% stake in Sonae-Arauco with assets in Spain, Portugal, Germany, and South Africa.

We are a diversified international company in the forestry industry operating in compliance to the highest standards: the protection of native forests; the responsible management of our operations; the development of value-added products of the highest quality; strong customer service; people of excellence guided by a common vision and values; and the commitment to be an active agent in the economic and social development of the places where we operate.



Our most valuable resource: close to **14,000** employees.

Sustainable quality products for the paper, construction, packaging and furniture industries.



Production of **clean energy** from forestry biomass.

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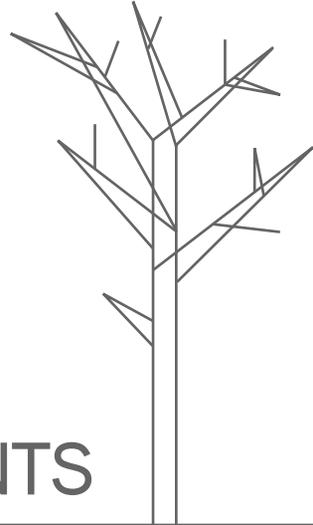


Responsible management of **1.7** million hectares (4.1 million acres) of forestland.

Over **4,300** clients on 5 continents.



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A close-up photograph of a pine tree's branches, showing vibrant green needles and thin brown twigs. The background is a soft-focus forest of similar trees.

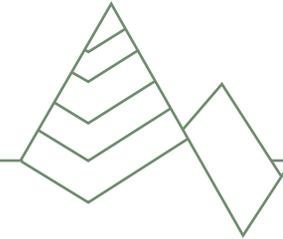
SUSTAINABILITY

STRATEGY



SUSTAINABILITY

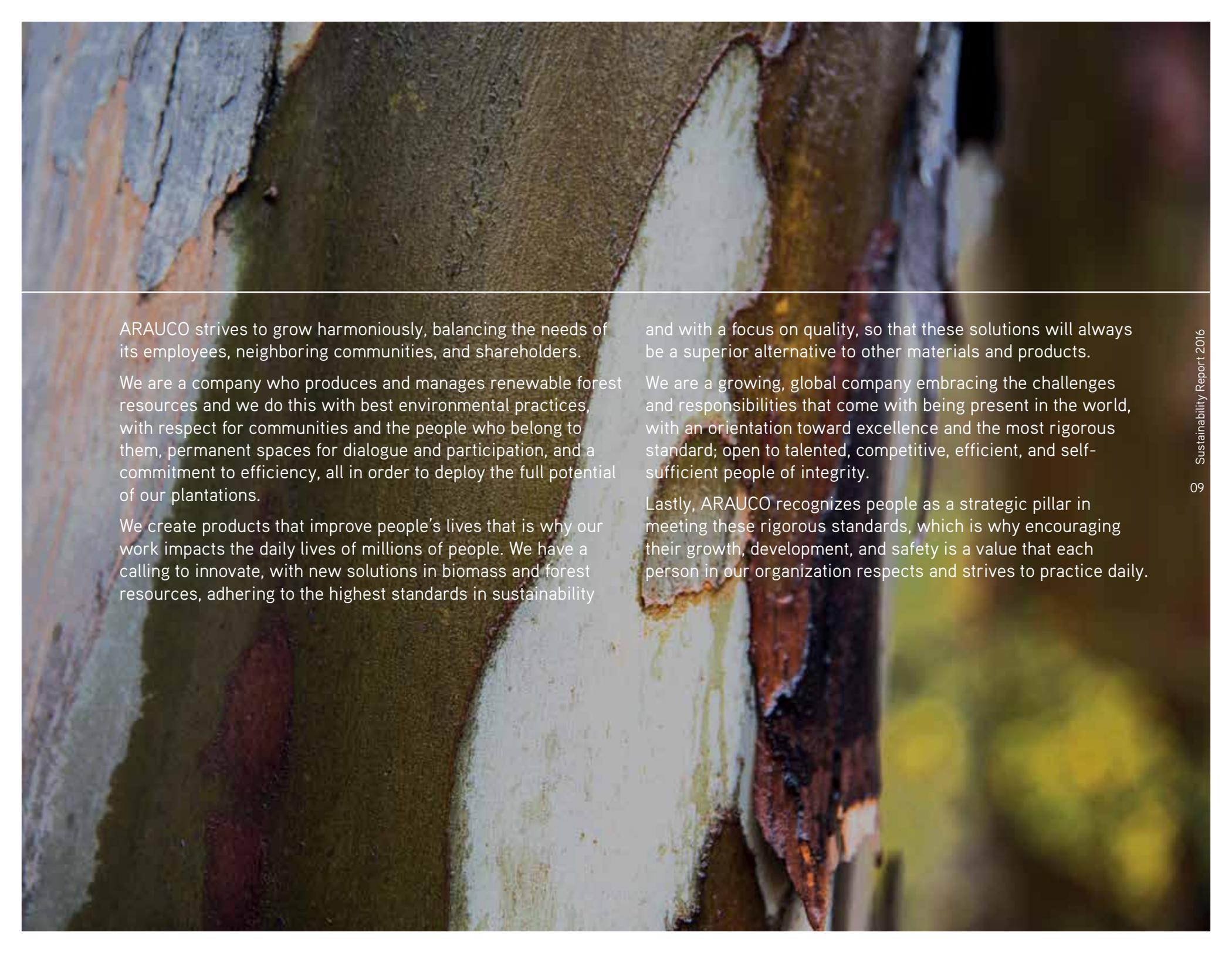
STRATEGY



We produce and manage renewable forest resources and develop products that improve the quality of life for millions of people worldwide. We are a global company that sells its products to over 4,300 customers in over 70 countries, and we embrace the challenges of being present in the world, being a virtuous member of the environment with development investments in 10 countries.

That is why ARAUCO's strategy is centered on sustainably managing its operations and maximizing the value of its forestland; combining science, technology, and innovation to develop materials and products that improve people's lives.

We believe in working to build an economy based on renewable resources, taking on the challenge of responding to the world's while adhering to the highest standards: the protection of native forests; the responsible management of our operations; the development of value-added products of the highest quality; strong customer service; people of excellence guided by a common vision and values; the commitment to be an active agent in the economic and social development of the places where we operate, and the creation of shared values with the goal of maximizing participation and dialogue with communities.



ARAUCO strives to grow harmoniously, balancing the needs of its employees, neighboring communities, and shareholders.

We are a company who produces and manages renewable forest resources and we do this with best environmental practices, with respect for communities and the people who belong to them, permanent spaces for dialogue and participation, and a commitment to efficiency, all in order to deploy the full potential of our plantations.

We create products that improve people's lives that is why our work impacts the daily lives of millions of people. We have a calling to innovate, with new solutions in biomass and forest resources, adhering to the highest standards in sustainability

and with a focus on quality, so that these solutions will always be a superior alternative to other materials and products.

We are a growing, global company embracing the challenges and responsibilities that come with being present in the world, with an orientation toward excellence and the most rigorous standard; open to talented, competitive, efficient, and self-sufficient people of integrity.

Lastly, ARAUCO recognizes people as a strategic pillar in meeting these rigorous standards, which is why encouraging their growth, development, and safety is a value that each person in our organization respects and strives to practice daily.

OUR

VISION

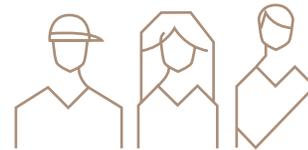
To improve people's lives by developing forest products for the challenges of a sustainable world.



We produce and manage renewable forest resources.



We are a global company that embraces the challenges of being present in the world.



We create products that improve people's lives.

VALUES

 **Safety**
It always comes first

 **Commitment**
We work with passion

 **Excellence and Innovation**
We want to be the best

 **Teamwork**
Together, we are more

 **Good Citizenship**
We respect the
environment and
create value

ACKNOWLEDGMENTS

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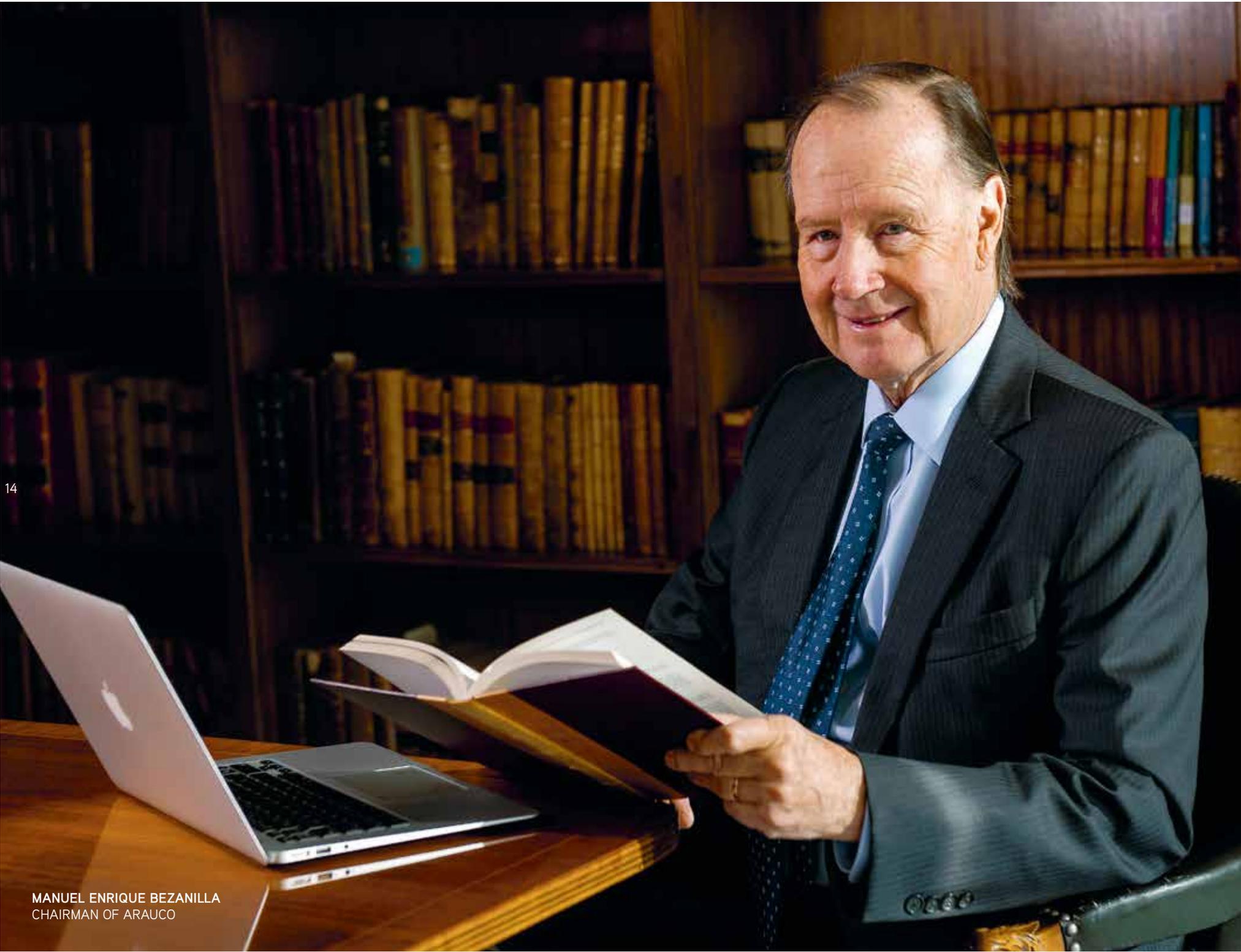
AND AWARDS

- ☆ ARAUCO employees were recognized at the annual awards ceremony of Corporación Chilena de la Madera (CORMA), in addition to other forestry employees and organizations (Chile).
- ☆ ARAUCO received an award recognizing Chile's most innovative exporting companies in the Innovative Behavior category at the Exporting Businesses International Seminar on Competitiveness and Innovation (Chile).
- ☆ First place in the forestry sector for the "Most Innovative Companies in Chile 2016" ranking of the ESE Business School of Universidad de Los Andes and Chilean media outlet La Tercera.
- ☆ "Good Corporate Citizenship Award" from the Chilean-American Chamber of Commerce (AmCham) in the Environment category, for the Territorial Connection Program at Oncol Park (Chile).
- ☆ 2016 Award for Excellence in the "Over 100 Employees" category to ARAUCO's wood business from the Institute for Work Safety (IST) for reducing its accident rate by over 50% between July 2014 and June 2016 (Chile).

- ☆ ARAUCO employees and their children obtained awards in the “Living Safety” painting competition organized by the IST (Chile).
- ☆ The PRES Constitución library, which was designed by Chilean architect Sebastián Irarrázaval, obtained an honorable distinction in the International Wood Design and Building Awards (Chile).
- ☆ The General Education Council of the Province of Misiones declared the Green Club Education Project a “Program of Educational Interest” for its work in developing and promoting children’s involvement in caring for the environment and preventing forest fires (Argentina).



- ☆ The Municipal Prefecture of Rio Negro (PR) recognized ARAUCO with tenth place as an ISS taxpayer for the 2015 tax year. This service tax contributes to the generation of local jobs and income and the development of the municipality (Brazil).
- ☆ The Composite Panel Association (CPA) gave its annual 2015 Safety Achievement Award to ARAUCO’s Malvern, Bennettsville, Moncure, and Sault Ste. Marie mills (North America).
- ☆ The South Carolina Chamber of Commerce gave ARAUCO’s Bennettsville, South Carolina mill a safety award for the mill’s excellent performance in logging two years without serious accidents (North America).
- ☆ Gearbulk recognized Montes del Plata for the performance of its port terminal, in being the most productive terminal with the most shipping activity out of all ports where this shipping company handles pulp loading (Uruguay).



MANUEL ENRIQUE BEZANILLA
CHAIRMAN OF ARAUCO

CHAIRMAN'S

STATEMENT



I believe with great conviction that the quality of ARAUCO's business management is top-notch. But I also believe it wouldn't be enough without a comprehensive, cutting-edge vision of sustainability.

That is, in essence, the subject of this report. Sustainability is the basis we use to evaluate the past and map the future work of ARAUCO, and above all its decision to strive for an approach to business development that balances the requirements of shareholders, employees, and communities as part of our renewable industry.

Our vision is clear in that regard: to improve people's lives by developing forest products for the challenges of a sustainable world.

2016 was a complex year. First, we faced a drop in demand for our wood-derived products in foreign markets, which resulted in less activity in the forestry sphere. Even so, we reported a total of US\$ 4.76 billion in sales.

Second, the magnitude of the 2016-2017 forest fire season was unprecedented in our history. It impacted our organization as well as our employees, collaborators, and communities, so we must dedicate our best efforts to the recovery of the affected areas and to the work of preventing and fighting future fires.

In 2016, we launched the SES project, which is aimed at achieving a Simple, Efficient, and Sustainable organization that will give a fresh boost to our work and competitiveness.

We also advanced in globalization, culminating in the acquisition of 50% of Sonae-Arauco's assets, which enables us to deepen our presence in Europe and Africa. We also began the construction of the panel mill in Grayling, Michigan, United States. On a parallel track, we have continued to develop new products with innovative designs.

In Chile, the ARAUCO Mill Modernization and Expansion Project (MAPA in Spanish) is aimed at expanding our pulp production capacity from 800,000 to 2.1 million tons per year at the Arauco Industrial Complex. This project is enormously relevant for our

country and the region of Bío Bío, because once it is implemented it will inject a fresh new dynamism into the area's economy, renewing and expanding the efficiency and productivity of our oldest facilities. However, this initiative is currently in court proceedings, despite being authorized by the Environmental Authority.

For its part, the textile pulp project at our Valdivia Pulp Mill will enable us to be the first in Chile to produce this type of pulp. It would generate an innovative product of greater added value, diversifying the market's offerings and involving the entire value chain of local suppliers participating in its development. This project, too, has environmental authorization but is in court proceedings.

We continue to support the development of the places where we work. In 2016, we inaugurated Campus Arauco, in partnership with Duoc UC, providing an alternative of excellence in technical/professional training that interfaces with productive activities in Arauco Province. With the contributions of the Company and its customers, the Arauco Cultural Center was also delivered to the community.

We have continued to collaborate in the management and construction of employee housing, and the ARAUCO Educational Foundation maintains an active presence in rural schools of south central Chile. In addition, the Forestry Dialogue process in Argentina is an example of the improvement in the management and generation of new knowledge for sustainability.

The achievements and advancements that have made us respected and competitive in the world are the result of working under the highest standards of management, with employees of excellence. My recognition and admiration go to all those involved in this work.

The rest of 2017 is before us. I firmly believe that in a highly competitive industry, we have the ability and the will to adapt to the new challenges this year will bring.

I invite you all to explore this report, where you can find out more about these and many other projects.

Manuel Enrique Bezanilla

Chairman of ARAUCO



CORPORATE
GOVERNANCE



CORPORATE



GOVERNANCE

ARAUCO is a closely held corporation that is subject to the standards applicable to publicly traded companies with respect to information reporting and disclosure requirements. While the Company's origins date back to October 28, 1970, when it was incorporated via a public notarized instrument recorded before Santiago Notary Public Ramón Valdivieso Sánchez, the ARAUCO we know today was born in September, 1979 as a result of the merger of Celulosa Arauco S.A. and Celulosa Constitución S.A., both of which were created by Corporación de Fomento de la Producción (Corfo)¹.

Today, the Company's legal name is still Celulosa Arauco y Constitución S.A. 99.98% of ARAUCO is owned by Empresas Copec S.A., a holding company whose principal interests are in forestry, fuel distribution, fishing, and mining.

The mission of the Board of Directors of Celulosa Arauco y Constitución S.A. is to maximize the Company's value through responsible social, environmental, and economic management. The Board is made up of nine Directors who serve for three-year terms and do not simultaneously hold an executive position in the Company.

The Board of Directors meets periodically with the Chief Executive Officer and President and Chief Operating Officer, who report on the Company's performance and its different business areas. In accordance with Chile's Corporations Act, ARAUCO must hold a minimum of one Shareholders' Meeting per year².

On April 26, 2016, Juan Ignacio Langlois joined ARAUCO's Board of Directors to replace José Tomás Guzmán Dumas, who left the Board in 2015 after having served on it since 1991 and having been Chairman of the Board for over 20 years. During his many years of service his support, commitment, and dedication were instrumental in ARAUCO's growth, internationalization, and transformation into an industry leader worldwide. In addition, on November 30, 2016, José Rafael Campino left the Board.

¹www.corfo.cl

²For more information on ARAUCO's Board of Directors, see the corporate website at www.arauco.cl.

DIRECTORS³:

Manuel Enrique Bezanilla
Chairman of the Board

Roberto Angelini
Vice Chairman

Jorge Andueza
Vice Chairman

Alberto Etchegaray

Franco Mellafe

Timothy C. Purcell

Juan Ignacio Langlois

Eduardo Navarro



SHAREHOLDERS

Empresas Copec S.A.

113,134,814

SHARES
99.98%

Chilur S.A.

24,746

SHARES
0.02%

Antarchile S.A.

95

SHARES
0.00%

³The Board of Directors was renewed at the Shareholders' Meeting held on April 26, 2016. The Ordinary Meeting of 2017, which will be held in the first quarter of the year, will be responsible for renewing the 2017 Board of Directors and filling the vacancy created by José Rafael Campino's departure.

EXECUTIVE

Appointed by ARAUCO's Board of Directors, the Company's Executive Management is responsible for implementing actions in relation to the Company's economic, social and environmental performance, labor relations, and occupational health and safety.

MANAGEMENT

Matías Domeyko
Chief Executive Officer.

Cristián Infante
Chief Operating Officer.

Álvaro Saavedra
Senior Vice President Forestry.

Franco Bozzalla
Senior Vice President Pulp and Energy.

Antonio Luque
Senior Vice President Wood Products.

Gonzalo Zegers
Senior Vice President International and Business Development.

Charles Kimber
Senior Vice President Commercial and Corporate Affairs.

Gianfranco Truffello
Chief Financial Officer.

Camila Merino
Senior Vice President Human Resources and EHS.

Robinson Tajmuchi
Senior Vice President and Comptroller.

Felipe Guzmán
General Counsel.

Additionally, ARAUCO's foreign management is led by the following:

Argentina: Pablo Mainardi, President of ARAUCO Argentina.

Brazil: Pablo Franzini, President of ARAUCO do Brasil.

United States and Canada: Kelly Shotbolt, President of ARAUCO North America.

Uruguay: Diego Wollheim, President of Montes del Plata.







CORPORATE BEST PRACTICES MANAGEMENT

ARAUCO's directors, executives and employees, as well as all its subsidiaries, are inspired by its vision and values and must abide by the commitments and guidelines set out in the Code of Ethics⁴ and Market Disclosure Manual⁵.

In 2016, the Board of Directors amended the Code of Ethics to incorporate a reference to the use and care of the Company's assets, incorporate the five Corporate Values, expand the categories of individuals who can report non-compliance, and include the crime of "fencing" (receipt of stolen money or goods) in the list of crimes for which legal persons can be held criminally responsible in Chile.

In addition, ARAUCO Argentina operates under that country's Code of Corporate Governance, which was developed to promote business ethics and sets the foundation for sound management and supervision of the Company in Argentina. In Brazil, ARAUCO do Brazil is additionally governed by a Code of Commercial Conduct. Lastly, at ARAUCO North America, employees are trained in the Company's principles through the Leadership for Enhancement and Development (L.E.A.D.) Program.

ARAUCO has adopted a Fraud Reporting Procedure to receive, investigate and, if needed, act on reports submitted by employees, customers, suppliers, shareholders and third parties regarding violations of the Company's Code of Ethics, including but not limited to reports of irregularities found in audits, accounting and internal controls. This procedure provides the option to submit reports anonymously via ARAUCO's Intranet or corporate website (www.arauco.cl).

In addition, ARAUCO is continuing to develop its program associated with the Crime Prevention Model (MPD in Spanish)⁶ established for Celulosa Arauco y Constitución S.A. and

its subsidiaries through Crime Prevention Directors appointed by the boards of ARAUCO's different companies.

In 2016, the crime of "fencing" was incorporated into the MPD and the Company continued the process of implementing this model in corporations established outside of Chile, taking different current local laws into consideration.

With regard to the certification of the MPD, the firm BH Compliance performed a new review, which noted no reservations and verified that the action plans had been implemented promptly and appropriately and that the Company's MPD was in full operation.

In matters of awareness-building, the Company continued to develop its e-learning course, training a total of 1,613 employees. Additionally, an internal communication campaign was launched to publicize the reporting channels made available by ARAUCO and build an awareness that each employee has a role to play in enforcing the law.

In 2013 ARAUCO approved a Program of Compliance with Free Competition Principles and Regulations, which is published on the Company's Intranet and corporate website. In 2016, the Company implemented mitigation measures, held training sessions with its management on changes in free trade legislation, and carried out selective audits. Also, the Compliance Program is being implemented in North America, Argentina, and Brazil.

Another development in 2016 was the approval of the Finance Policy, which presents the treasury-related policies of ARAUCO and its subsidiaries in Chile and abroad in a single document. The Finance Policy contains some modifications to the old Liquidity, Financial Investments and Derivatives Policies and adds a Financing Policy and Counterparty Policy.

4_ARAUCO's Code of Ethics can be viewed at the company's corporate website: www.arauco.cl.

5_The Market Disclosure Manual specifies how ARAUCO's executives should handle the company's financial information, businesses and offerings.

6_The Crime Prevention Model seeks to control and monitor the business processes or activities that could potentially present risks in reference to the crimes of asset laundering, the funding of terrorism, the bribery of national or foreign public servants, and "fencing." More information ARAUCO's Crime Prevention Model can be downloaded at www.arauco.cl.



In addition, 2016 saw the updating and implementation of ARAUCO's corporate policy on contributions to local communities, which defines how ARAUCO will approve and implement contributions for the direct benefit of local communities through donations, loan-for-use arrangements and sponsorships. A similar policy was approved for each of the Company's subsidiaries.

REPORTING PROCEDURES

The Company's mechanisms for best corporate practices include a confidential reporting system that is available on ARAUCO's website.

The Code of Ethics, MPD and Code of Commercial Conduct for Brazil use reporting structures in all of the countries where ARAUCO operates. The Procedure is a confidential mechanism available to employees and outside parties who wish to comment on the actions of the Company's employees and executives⁷.

RISKS AND CHALLENGES⁸

ARAUCO is a forestry company with a global presence that produces and sells renewable forest products. As such, it is exposed to a wide variety of risks. These risks can affect not only ARAUCO's financial performance but also its sustainability over the long term. To minimize the impact and probability of the risks it is exposed to, in 2015 the Company updated its Risk Management Policy, Corporate Risk Management Framework and Corporate Risk Matrix of those risks with the highest potential impact, including strategic, financial, operational and compliance risks. The methodology utilized for these documents is based on international Risk Management standards such as ISO 31.000 and COSO ERM. The development of the Company's business continuity plans is based on ISO 22.301.

⁷For more information, visit the corporate website.

⁸For more information on Risks and Challenges, refer to the 2016 ARAUCO Annual Report at www.arauco.cl.

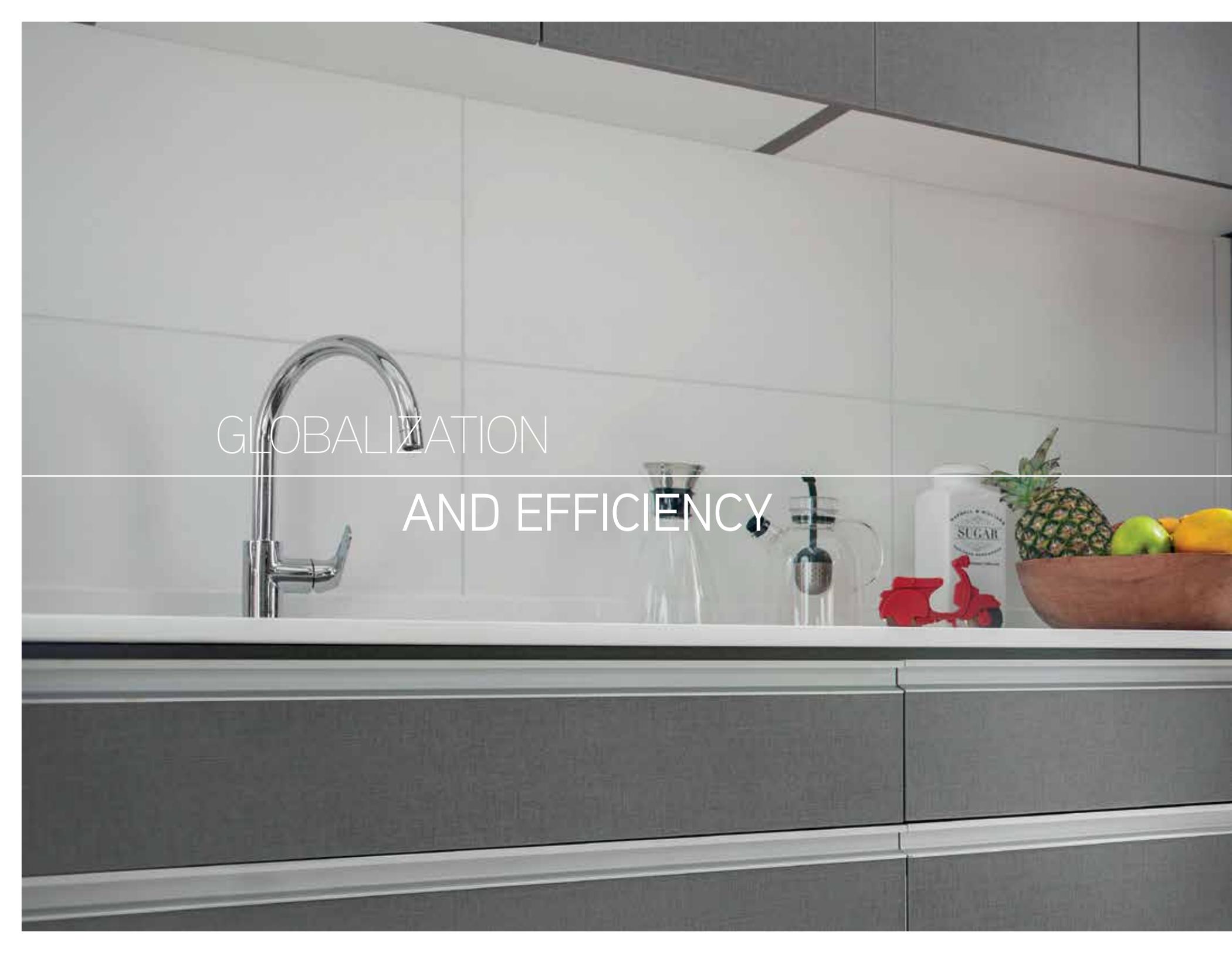


With respect to operational risks, the production of an industrial mill depends on people, inputs, processes, and equipment as key to operational continuity. A scarcity or absence of inputs like wood, water, steam and electrical power, for example, could put a stop to the normal operation of a process area or even an entire industrial forestry complex. Agents outside of the operation such as natural disasters (earthquakes, tsunamis, floods, etc.) also pose risks.

Based on the operational risks identified for the 2014-2015 period, the Company developed specific work plans for preventing the occurrence or reducing the impact of the risks its facilities have in common, such as serious and fatal accidents, natural disasters, fires, environmental damage, climate change, the generation of odors, and the temporary paralysis of

industrial mills. For seven years, we have had a structure, organization and work style for crisis management. Moreover, the Company continued with its execution of the investments plan defined for 2015 and 2016 for making significant improvements to the Company's protection against fires and firefighting in accordance with international standards. In this regard, the Company continued with the improvement and construction of fire suppression networks at its pulp mills, made improvements to firefighting systems and equipment at various facilities, and expanded the technical competencies of our industrial firefighters.

Regarding the Company's most critical risks, a series of action plans was defined for study in 2016 with the goal of eventually implementing other mitigation measures in addition to the existing controls.

A modern kitchen countertop with a white sink and a chrome faucet. The countertop is white, and the backsplash is made of large, light-colored tiles. On the countertop, there is a glass pitcher, a coffee maker, a container of sugar, and a wooden bowl filled with fruit, including a pineapple, an apple, and an orange. The kitchen cabinets are dark grey.

GLOBALIZATION

AND EFFICIENCY



GLOBALIZATION

AND EFFICIENCY

With our work and innovations, we produce a wide range of high-quality renewable products for the paper, construction, packaging, furniture, and energy industries. Our goal is to inspire solutions designed to improve the lives of millions of people, basing our growth in part on the creation of economies of scale and competitive advantages that are sustainable over time.

ARAUCO's products are marketed and sold on all five continents through sales representatives and agents. We also have commercial offices in 11 countries. This system is supported by an efficiently managed logistics and distribution chain that includes transportation, shipment, warehousing, foreign trade, distribution and service, delivering quality products to over 4,300 customers in 2016 and guaranteeing supply to our distribution centers and points of sale through 230 ports in Latin America, Asia, Oceania, Europe, and North America.

ARAUCO's facilities and forest assets are certified under national and international standards in environmental, quality, health and safety, and responsible forest management.

CANADA

- 2 panel mills

UNITED STATES.

- 7 panel mills
- 1 melamine impregnation paper plant
- 1 panel mill under construction

CHILE

- 1,108,611 ha of forestland (2,739,437 acres)
- 4 nurseries
- 5 pulp mills
- 5 panel mills
- 8 sawmills
- 5 remanufacturing mills
- 10 power plants

BRAZIL

- 181,298 ha of forestland (447,997 acres)
- 1 nursery
- 2 panel mills
- 1 resins plant

URUGUAY⁹

- 122,609 ha of forestland (302,973 acres)
- 4 nurseries (1 ARAUCO-owned and 3 contractor-owned)
- 1 pulp mill
- 1 power plant

ARGENTINA

- 263,384 ha of forestland (650,836 acres)
- 2 nurseries
- 1 pulp mill
- 2 panel mills
- 1 resin mill
- 1 sawmill
- 1 remanufacturing mill
- 2 power plants



PORTUGAL¹⁰

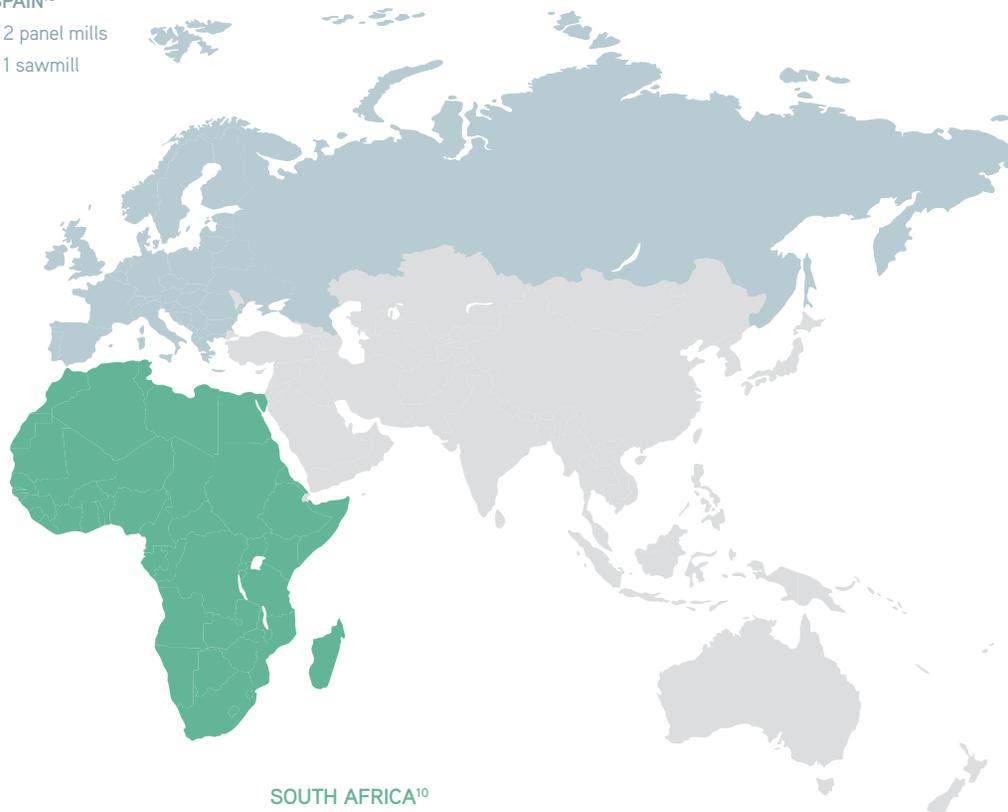
- 2 panel mills
- 1 resin and melamine impregnation paper plant

GERMANY¹⁰

- 1 melamine impregnation paper plant
- 2 power plants

SPAIN¹⁰

- 2 panel mills
- 1 sawmill



SOUTH AFRICA¹⁰

- 2 panel mills

COMMERCIAL OFFICES

- United States
- Canada
- Holland
- Peru
- Chile
- Mexico
- Colombia
- Brazil
- Argentina
- Middle East
- Australia

SALES REPRESENTATIVES

- Colombia
- Venezuela
- South Korea
- Australia
- Taiwan
- Japan
- United Arab Emirates
- Saudi Arabia
- Kuwait
- Bahrain
- Oman
- Malaysia
- Singapore
- Turkey
- South Africa
- China
- Syria
- Egypt
- Jordan
- Iran
- India
- Pakistan
- Sri Lanka
- Bangladesh
- Indonesia
- Thailand

⁹Includes 50% of operations, land and plantations.
¹⁰Sonae-Arauco Operations.

In 2016, the Company generated a profit of **US\$218 million**, 41% less than in 2015. This was mainly due to a 7.5% drop in income with respect to 2015. ARAUCO's 2016 EBITDA was **US\$1.052 billion**, 18% less than its EBITDA for 2015.

In 2016 ARAUCO issued corporate bonds in the Chilean market in the amount of 5 million UF (approximately US\$200 million). The issue was a 10-year Series S "bullet bond." The funds will be used for refinancing the Company's liabilities.

FINANCIAL INDICATORS (IN MILLIONS OF US\$)

	2014	2015	2016
Sales	5,343	5,147	4,761
EBITDA	1,272	1,282	1,052
EBITDA Margin	23.8%	24.9%	22.1%
Net Income	437	368	218
Financial Debt	5,078	4,305	4,481
Net Financial Debt	4,107	3,805	3,889
Financial Costs	246	263	258
Investments	612	468	665
Net Debt/Adjusted EBITDA	3.23	2.97	3.70
Adjusted EBITDA/Interest	5.16	4.88	4.07



GENERATED AND DISTRIBUTED ECONOMIC VALUE AS OF DECEMBER 2016 (IN MILLIONS OF US\$)

	2014	2015	2016
Total income			
Net sales	5,329	5,147	4,761
Income from financial investments	31	50	30
Income from sale of fixed and intangible assets	104	6	19
Generated economic value	5,463	5,203	4,810
Operational costs / cost of production *	3,034	2,831	2,791
Payments to providers of capital	1,288	1,355	1,034
Salaries, wages and benefits	525	538	533
Taxes **	156	130	46
Investments in the community ***	10	11	10
Distributed economic value	5,013	4,865	4,415
Retained economic value	450	338	396

* Corresponds to cost of sales, net of depreciation and salaries/wages

** Includes expenses associated with income tax

*** Includes donations, contributions and scholarships



INVESTMENTS

In 2016, the Company's investments totaled US\$665 million, which were put mainly into the acquisition of Sonae-Arauco, the construction of the new effluent treatment system at the Arauco Pulp Mill, and the construction of the MDP plant in the United States.

LOCAL SUPPLIERS

To support local development, ARAUCO has built a network of local suppliers, located in areas where the Company has forestry and industrial operations. These suppliers provide quality products and services such as supplies, replacements, equipment, raw materials and certain types of services, contributing to the social and economic development of the regions where the Company operates. In 2016, ARAUCO's purchases from suppliers totaled US\$1.769 billion in all the countries where it operates.

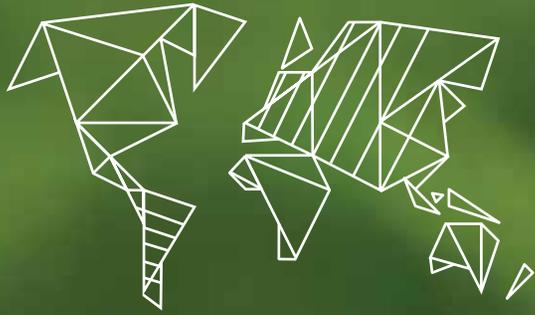
	Purchases from local suppliers (in millions of US\$)	% of all purchases from ARAUCO suppliers in 2016
Chile	1,184	48%
Argentina	116	73%
Brazil	94	37%
North America	375	98%



FORESTRY

Our forestry activities are the basis of all ARAUCO's business units in Latin America. The raw materials for our industries come from a renewable resource so our forestry operations require responsible management rooted in a commitment to sustainability, care of the environment and development of local communities.

ARAUCO's forestland in Chile, Argentina, Brazil and Uruguay is managed in accordance with responsible forestry management practices and is mainly dedicated toward satisfying the Company's industrial needs.



ARAUCO holds **1.7** million hectares (4.1 million acres) of forestland in Chile, Argentina, Brazil, and Uruguay.

29% of which is made up of native forests and protected zones preserved for current and future generations.



2016

22.0 million m³ of logs were harvested.

309,000 m³ of chips were produced.

640,000 m³ of material for fuel were produced.

10.8 million m³ of logs, chips, and material for fuel were purchased from third parties.

Of the total available logs, chips, and material for fuel, **31.8** million m³ were sent to the Company's own production facilities and **2.43** million m³ were sold to third parties.



66,000 hectares (163,000 acres) were planted as forestation and reforestation (after plantations were harvested).

DISTRIBUTION OF ARAUCO FOREST ASSETS BY USE

(As of December 2016)

Country	Pine	Eucalyptus	Other Species	Total Plantations	Native Forest	Other Uses	Total
Chile *	551,511 hectares (1,362,813 acres)	164,048 hectares (405,371 acres)	2,901 hectares (7,169 acres)	718,460 hectares (1,775,353 acres)	212,124 hectares (524,170 acres)	178,027 hectares (439,914 acres)	1,108,611 hectares (2,739,437 acres)
Argentina **	96,284 hectares (237,923 acres)	17,433 hectares (43,078 acres)	18,616 hectares (46,001 acres)	132,333 hectares (327,002 acres)	118,272 hectares (292,256 acres)	12,779 hectares (31,578 acres)	263,384 hectares (650,836 acres)
Brazil ***	48,340 hectares (119,451 acres)	51,977 hectares (128,438 acres)	151 hectares (373 acres)	100,468 hectares (248,262 acres)	73,285 hectares (181,091 acres)	7,545 hectares (18,644 acres)	181,298 hectares (447,997 acres)
Uruguay ****	111 hectares (274 acres)	73,135 hectares (180,721 acres)	451 hectares (1,114 acres)	73,696 hectares (182,107 acres)	4,930 hectares (12,182 acres)	43,982 hectares (108,682 acres)	122,609 hectares (302,973 acres)
Total	696,245 hectares (1,720,459 acres)	306,593 hectares (757,608 acres)	22,119 hectares (54,657 acres)	1,024,957 hectares (2,532,724 acres)	408,612 hectares (1,009,702 acres)	242,333 hectares (598,818 acres)	1,675,902 hectares (4,141,244 acres)

* Includes 80% of the Los Lagos Forest.

** Includes the Alto Paraná and FAPLAC Plantations.

*** 80% of the Arapoti Forest.

**** Includes 50% of the land and plantations of Montes del Plata.

RELEVANT EVENTS FOR 2016



Chile

- The third annual audit for FSC® certification (Arauco Forest FSC License Code: FSC-C108276) confirmed the Company's maintenance of this certification.
- ARAUCO maintained its certification in the following management standards: ISO 14001, OH-SAS 18001, and CERTFOR/PEFC sustainable forest management, after the respective audits.
- Incorporation of technology that enabled detailed monitoring of the state of ARAUCO's plantations, growth, quality and future projection through a programmable electronic system (PES) for automated inventory control.
- Consolidation of the Total Road Availability Program to improve design, construction, and maintenance processes with the objective of ensuring quality and proper maintenance.

Brazil

- The Company maintained all of its FSC® certifications (Arauco Forest Brazil FSC License Code: FSC-C010303, FSC-C116843 and Arauco Forestal Arapoti FSC-C010673).
- Structuring of an area for maintenance of forestry equipment.

Uruguay

- Inauguration of new works at the Forestry Technology Center (FTC), including the installation of 2,670 m² of greenhouses for research and development.

PULP

ARAUCO-produced woodpulp has a strong presence in people's daily lives because it is the key raw material used in the production of different types of printing and writing paper, tissue paper, packaging materials, filters, fiber-cement composite products, diapers, feminine hygiene products, and more.

PULP PRODUCTION BY TYPE OF PRODUCT (IN ADT)

(As of December 31, 2016)

Product	2014	2015	2016
Bleached Pine (BSK=BKPR+BKPT)	1,564,026	1,422,139	1,531,089
Bleached Eucalyptus (BEK)	1,067,194	1,528,236	1,526,333
Unbleached Kraft Pulp (UKP)	460,010	454,304	429,947
Fluff	177,418	198,460	208,129
Total	3,268,648	3,603,139	3,695,498

Note: ARAUCO owns 50% of Montes del Plata. The figure shows only ARAUCO's share of production volume.

RELEVANT EVENTS FOR 2016



Chile

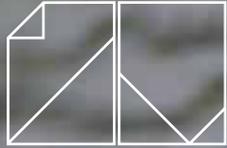
- 47% progress was made on construction of new effluent treatment system at the Arauco Pulp Mill, an investment that is part of the Arauco Mill Modernization and Expansion Project (MAPA in Spanish).
- The Constitución Pulp Mill implemented a general mill stoppage for modernizing its electrical power supply (Post P1) and improving the system for igniting the lime kiln.
- A new system for e-signing service agreements went into operation, optimizing the efficiency of contract management.
- The Company maintained its ISO 14001 and ISO 9001 certifications at its pulp mills after the respective audits.

Argentina

- Modification of Fluff Line II Pulp Mill.

Uruguay

- Diego Wollheim, the Company's Administration and Finance Manager, became the new president of Montes del Plata.



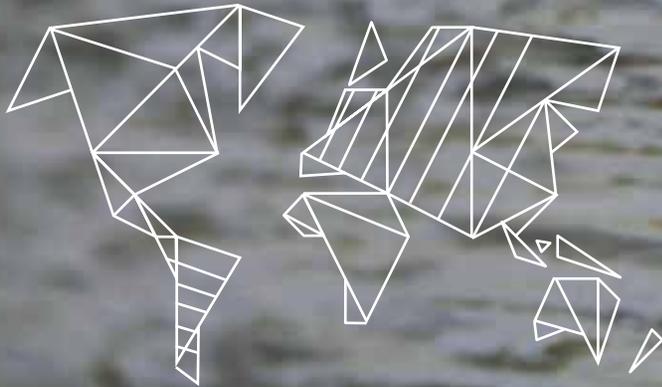
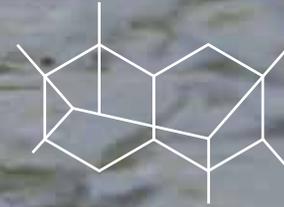
5 pulp mills
in Chile

1 in Argentina

1 in Uruguay

through a joint venture between
ARAUCO and Stora Enso, a Swedish-
Finnish company.

3.7 million tons of bleached and unbleached long
fiber pulp, bleached short fiber eucalyptus pulp,
and fluff pulp were produced in 2016.



US\$2.146

Sales totaled
billion in 2016, a year marked by strong
pulp offerings thanks to the addition of new
facilities and projecting the construction
of others.

Products sold mainly in

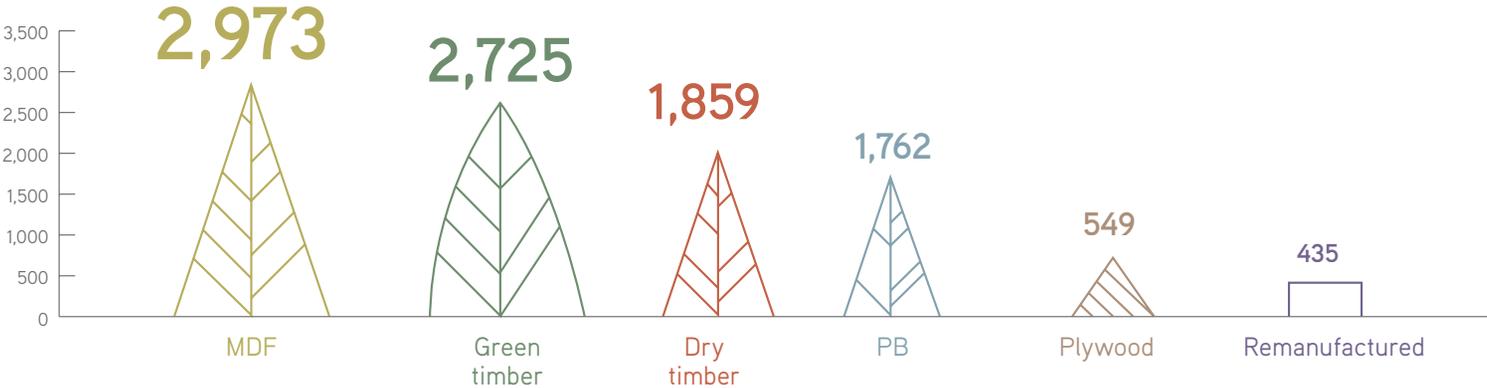
**Asia, Europe, Middle East
and Latin America.**

TIMBER

ARAUCO is one of the main suppliers in the timber industry, manufacturing a wide variety of sawn timber, plywood, panels, remanufactured wood and molding products of different degrees of finishing, appearance and processes of added value, for architecture, design, construction, packaging and remodeling, with a production capacity of 9.7 million m³.

ARAUCO's MDF, MDP, HB and plywood boards are mostly targeted to the furniture and construction industries. They are known for their variety, availability and quality. The Company's wood offers quality, hard-wearing solutions for the construction, furniture and packaging industries. Lastly, ARAUCO's moldings, represented by the Truchoice brand, provide a decorative finishing element in homes and different of spaces.

TIMBER PRODUCTION 2016 BY TYPE OF PRODUCT (IN THOUSANDS OF M³)

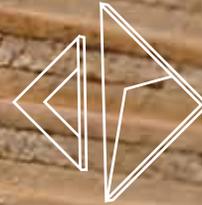




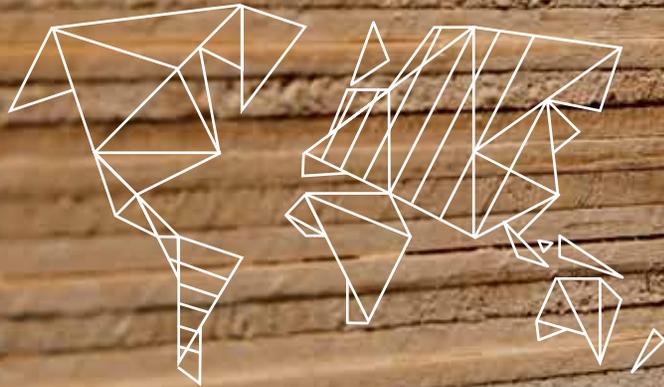
17 panel mills



9 sawmills

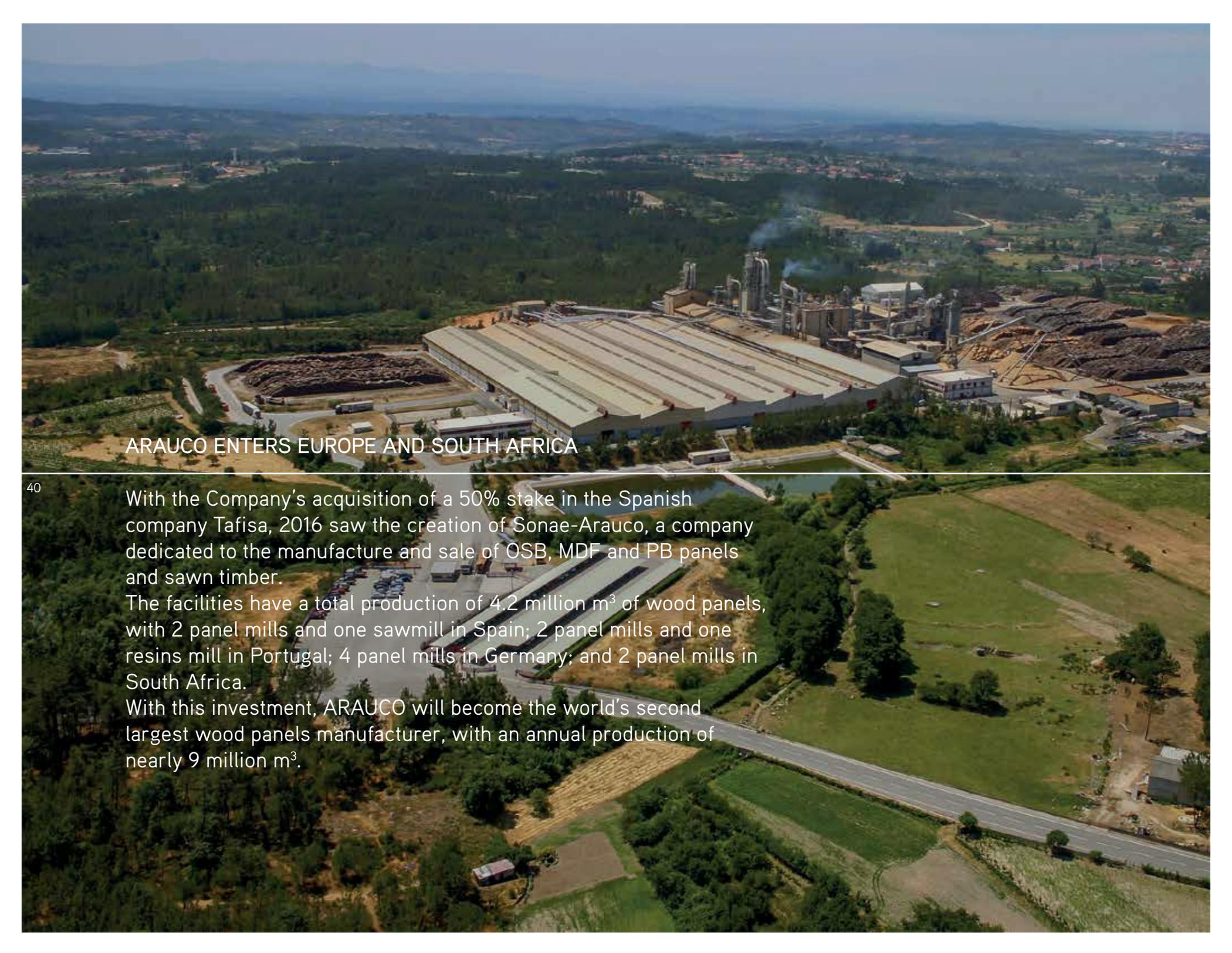


6 remanufacturing mills



Sales totaled **US\$2.495** billion in 2016, 5.3% less than in 2015 due mainly to a more competitive environment in plywood and negative growth affecting Brazil.

Sales were concentrated mainly in **North America, Asia and Europe.**



ARAUCO ENTERS EUROPE AND SOUTH AFRICA

40

With the Company's acquisition of a 50% stake in the Spanish company Tafisa, 2016 saw the creation of Sonae-Arauco, a company dedicated to the manufacture and sale of OSB, MDF and PB panels and sawn timber.

The facilities have a total production of 4.2 million m³ of wood panels, with 2 panel mills and one sawmill in Spain; 2 panel mills and one resins mill in Portugal; 4 panel mills in Germany; and 2 panel mills in South Africa.

With this investment, ARAUCO will become the world's second largest wood panels manufacturer, with an annual production of nearly 9 million m³.

RELEVANT EVENTS FOR 2016

- Acquisition of a 50% stake in the Spanish company Tafisa (now known as Sonae-Arauco), with an investment of US\$153 million.
- In organizational terms, the Company continued developing projects focused on the simplification of the commercial area, centralization of planning to provide better service, and improvements in operations and the management of production complexes.



Chile

- VESTO Melamine became the first product of its kind in the world to receive Carbon Neutral certification.
- Continuation of the Impeccable Operation project, which has enabled more efficient operations.

Brazil

- Launch of the Trend line with 5 high-end designs and the launch of the Profit line of economical melamines with 3 designs for the furniture industry.

North America

- Construction began on the particleboard (PB) panel mill in Grayling, Michigan, United States, representing an investment of US\$400 million. Its annual production capacity will be an estimated 800,000 m³ (452 million ft²).
- Soft launch of the CPB mill expansion in South Carolina, where an investment was made in increase the production capacity for particleboard and thermally fused laminate panels by 100,000 m³ per year.
- Completion of SAP system implementation at all the Company's facilities, integrating North America's informatic systems.

ENERGY



In line with its commitment to high environmental standards, over two decades ago ARAUCO began taking on the challenge of producing clean, renewable energy based on forestry biomass, which does not disrupt the cycles of nature. Thus, and in adherence to the guidelines of the Clean Development Mechanism (CDM) of the Kyoto Protocol, the Company has been investing in building additional power generation capacity, going above and beyond the usual practice of the industry.

In this way the Company is not only self-supplied but also contributes the surplus electrical power of its industrial mills to the energy networks of the countries where it operates.

GHG EMISSIONS REDUCTION PROJECTS

ARAUCO has five generation plants in Chile and one in Uruguay (a joint venture with Stora Enso), which are registered as projects to reduce greenhouse gas (GHG) emissions under the Clean Development Mechanism of the Kyoto Protocol. The projects are helping to reduce CO₂ emissions by 650,000 tons per year. Additionally, the Viñales cogeneration project is registered under the Verified Carbon Standard (VCS).



8 industrial mills and 2 backup units in Chile.

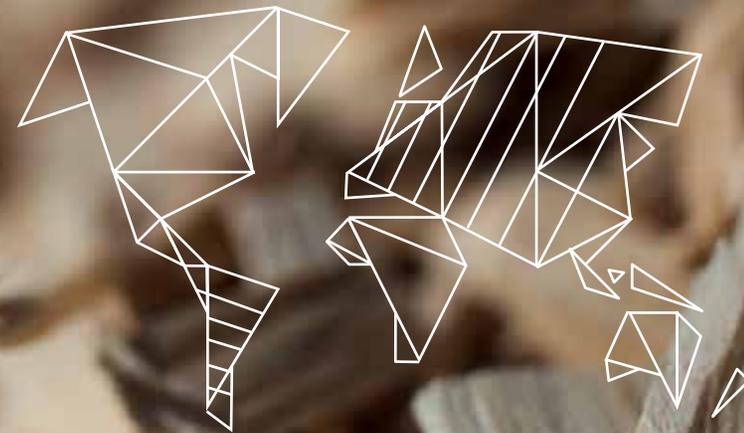


2 generation plants in Argentina, and one plant in Uruguay.

One of the main generators of non-conventional renewable energy (NCRE) in Chile, with an installed capacity of **606 MW** and a capacity of **219 MW** to be contributed to the Central Interconnected System.

In Uruguay, an installed capacity of **165 MW**

In Argentina, an installed capacity of **78 MW**



ARAUCO INSTALLED CAPACITY

(As of december 2016)

Plant/Station	Installed Capacity (MW)	Maximum Generation (MW)	Average Consumption (MW)	Maximum Surplus for the System (MW)
Chile				
Arauco	127	105	81	24
Constitución	40	30	22	8
Cholguán	29	28	15	13
Licancel	29	20	14	6
Valdivia	140	115	54	61
Horcones (gas/diesel)	24	24	0	24
Nueva Aldea I	30	28	14	14
Nueva Aldea II (diesel)*	10	N.D.	0	N.D.
Nueva Aldea III	136	100	63	37
Bioenergía Viñales	41	40	8	32
Total Chile	606	490	271	219
Uruguay**				
Montes del Plata	82	74	38	36
Total Uruguay	82	74	38	36
Argentina				
Piray	38	23	15	8
Esperanza	40	35	40	0
Total Argentina	78	58	55	8
Total	766	622	364	263

N.D. Not Available

* The Nueva Aldea II Station is not currently selling energy to the Central Interconnected System.

** Includes 50% of Montes del Plata.



Chile

- Generation reached a total of 3,297 GWh.
- Total consumption for industrial operations was 2,500 GWh in 2016.
- Net energy surplus was 1,089 GWh, 9% more than that reported for 2015.
- Surplus production represented approximately 2% of the total power production of the SIC and installed power represented 1.2% of the system's total installed power.
- 109,844 Certified Emission Reductions (CERs) were issued under the CDM, for a net cumulative total of 3,499,193 CERs.
- The Viñales Project was issued 96,119 Verified Carbon Units (VCUs) as its first issue.
- ARAUCO Bioenergy updated its system and added a new production chamber.
- EREDE 2016 was carbon-neutral thanks to a partnership between ARAUCO and IRADE, neutralizing the event's carbon footprint through a donation of CERs from the Nueva Aldea Phase II Project.

- An agreement was signed to neutralize the carbon footprint of Revista Capital, a Chilean magazine, via the use of ARAUCO CERs.

Argentina

- Total generation for 2016 was 467 GWh.

Uruguay

- Total generation for 2016 was 1,221 GWh.



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INNOVATION

Innovation is an essential part of ARAUCO's strategy. It is about combining ideas, technology, process optimization, creativity, and entrepreneurship in order to develop new and better solutions for people's needs, and initiatives that strive for social and environmental sustainability.



EXCELLENCE AND RESEARCH

Specialized knowledge is what enables us to transform research into innovation. It was how ARAUCO created Investigaciones Forestales Bioforest S.A. (Bioforest) in 1990. This scientific and technological research center, the only one of its kind in South America, develops and applies the best technologies to maximize the productivity of forest and industrial resources, developing research on processes for the Forestry, Pulp and Panels businesses in the different countries where the Company operates.

Today Bioforest has a team of 72 highly specialized researchers (49 of whom hold masters or doctoral degrees) and boasts a technological network of open collaboration with 30-plus experts in the different areas where it operates. It participates in a series of Chilean and international organizations on the cutting edge of scientific forestry and industrial knowledge, generating an exchange of information and experiences that enriches the Company and the industry in general.

RELEVANT EVENTS FOR 2016



- 80,000 operational embryogenic pine clones and 173 new radiata pine clones for the development of new genetic material were dispatched to ARAUCO's nurseries.
- Establishment of testing with 461 new embryogenic clones of radiata pine.
- 18 operational taeda pine clones were dispatched – 12 to Argentina and 6 to Brazil – representing a total of 10,600 plants.
- Definition of taeda pine clone plantation program, with the aim to make the Company's taeda pine plantations 100% clonal in Brazil by 2021 and 100% clonal in Argentina by 2022.
- Development of methodology using satellite images to monitor the spread of undergrowth in ARAUCO's plantations.
- Research began on dendroenergetic plantations.

- Preparation of populational viability models for 7 species of threatened flora and fauna that have a presence in ARAUCO forestlands.
- First calibration of process-based model for commercial native species (oak, raulí beech and Dombey's beech).
- Improved efficiency of CO² generators in the pulp business, achieving design value.
- Development of protocol for drying area of two pulp plants, preventing losses in the power index for produced pulp.
- Generation of simulation models to support operations on the Fiber Lines.
- Extraction of lignin from cooking liquors at pulp mills to process and profile it in the laboratory and evaluate potential uses.
- Generation of recommendations on the use of fiber in unbleached and bleached kraft pulp, generating significant advantages for customers.
- Development of a process that enabled the Company to recycle more than 40,000 tons of solid waste.
- Pilot plan for activated clay at the Arauco Pulp Mill, to simulate and perform tests that will support the future use of activated clay in industrial mills.
- Reduced energy demand in the production of laboratory-manufactured nanocellulose.
- Development of a system for real-time profiling of fibers in the MDF manufacturing process to improve the efficiency of the process and the quality of the panels.
- Development of a resin that would allow up to 60% of phenol to be replaced with tannin resin, which is obtained from radiata pine cuttings.



This program was launched in 2011 to inspire, connect, and orchestrate innovation and entrepreneurship in the Company with the goal of building economic and social value and creating attractive new commercial products.

ARAUCO has led, designed, and developed important projects that have enabled it to expand the potential of open, collaborative innovation, such as projects to promote the use of wood in construction, the care and sustainable management of native forests, innovations in panels, and social innovation and shared value.

RELEVANT EVENTS FOR 2016 

- Launch of Lookid, a community consisting of a building system enabling children between the ages of 4 and 12 to develop their creativity through collaboration, using renewable materials like ARAUCO panels and nylon connectors recycled from fishing nets.
- Development of the Innovation in Service Cycle (logistics, distribution, commercialization).
- Launch of 24 Innovation courses in the Company.
- Development of AraucoStore Prototype with Digevo and Arauco Distribution and development of Track and Trace Prototype with Telefónica I+D.
- Launch, execution and implementation of 5 prototypes in association with the 2016 Innovation in Safety Challenge.
- Creation of Arauco Nutrientes Naturales SpA, a company aimed at escalating the commercialization and internationalization of ARAUCO's products portfolio in the retail and industrial ingredients business.

- Commercialization of the +Maqui nutritional supplement at over 1,500 points of sale in Chile, with the potential for export.
- Launch of maqui superfruit capsules with probiotics and rose hip extract, and the launch of lyophilized maqui superfruit powder.
- Development of the Antihuala Initiative between the AcercaRedes Foundation and the Illinois Institute of Technology (IIT) to build a wooden pavilion on the edge of Laguna Antihuala, a large lagoon.
- The AcercaRedes Foundation launched the Arauco Activa Fund to work with 35 services and tourism entrepreneurs, obtained the Flexible Assignment Seed Capital Subsidy (SAF in Spanish) for ventures in social innovation; executed the Los Ríos Norte Commercialization Node project in the communes of Lanco, Mafil and Mariquina with the support of Chile's Production Development Corporation (CORFO in Spanish); and organized the Arauco Activa Tour Fest, the first intraregional festival for social innovation and entrepreneurship in Chile.
- Launch of the Coastal Zones Development Challenge in the territories of Maule and Los Ríos for the purpose of supporting the work of artisanal fishing unions and other organizations associated with coastal areas.
- Positioning and expansion of Emporio AcercaRedes throughout the country, an initiative that seeks to open new spaces for commercialization through the sale of products with a local identity.





MARKETING

TRADEMARKS AND BRANDS

ARAUCO utilizes trademarks and brands for relevant product-market categories, all backed by the corporate brand of ARAUCO, with the goal of being recognized in the market as a specialist in relevant segments and facilitating customer processes (see www.arauco.cl).



BKP: Silver Star / 银星

EKP: Bright Star / 明星

UKP: Gold Star / 金星

APSA BKP: Wood Star / 木星

UKP FC: Soil Star / 土星



PRODUCT LABELING

The processes of labeling and marketing communication associated with ARAUCO products adhere to the standards and regulations defined by the countries of origin and destination. The purpose of labels is to provide information on the features, composition and technical specifications of the Company's products.

CUSTOMER SATISFACTION

All ARAUCO's businesses in Chile, Argentina, Brazil, the United States and Canada have developed claims management systems for the purpose of responding to customer requests. These systems incorporate methods ranging from telephone lines to direct contacts. Everything is managed through standardized systems that enable the tracking and improvement of operations, products and services, whether through continuous improvement or as a means for preparing annual plans.

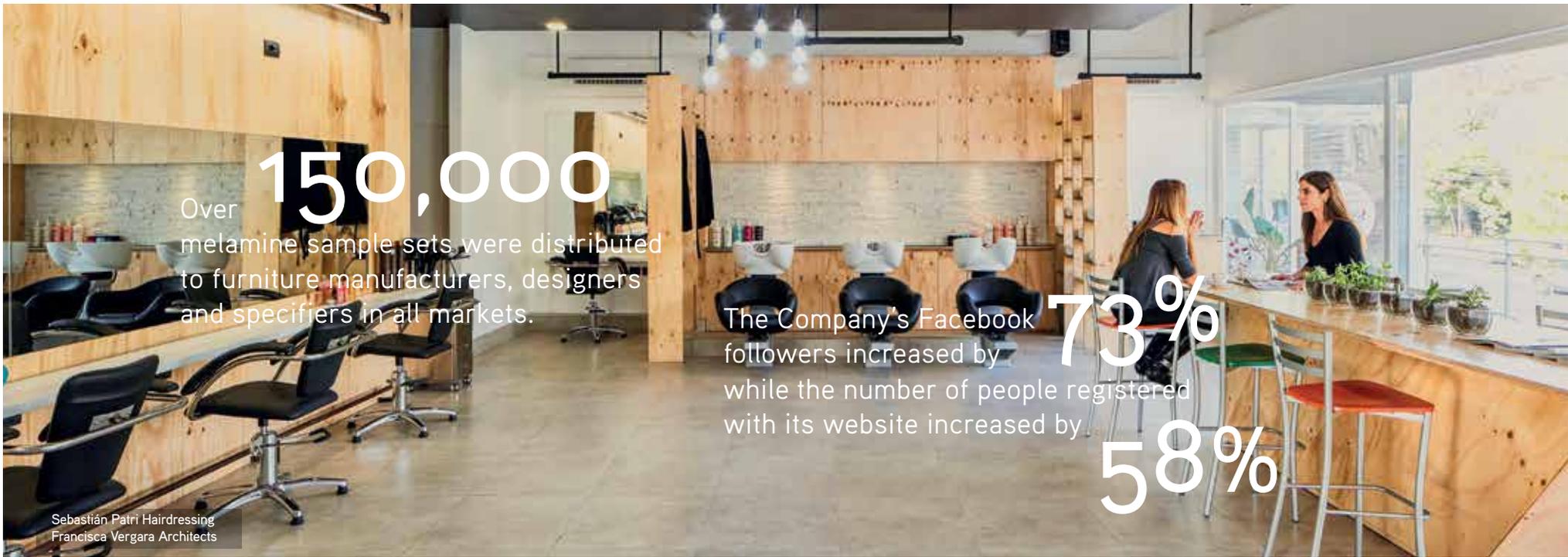
In 2016, the Company conducted a satisfaction survey among its distributors in **Chile, Peru, Colombia and Mexico.**

A total of
304
surveys were
received



75% 
of those surveyed ranked
the Company's service as
"good" or "very good"

92% 
of those surveyed
ranked the quality of
our products as "good"
or "very good"



Over **150,000** melamine sample sets were distributed to furniture manufacturers, designers and specifiers in all markets.

The Company's Facebook followers increased by **73%** while the number of people registered with its website increased by **58%**

Sebastián Patri Hairdressing
Francisca Vergara Architects

CUSTOMER RELATIONS

In 2016, the Company continued carrying out various activities for the purpose of building relations with our customers. A main focus was architects, as was the case with chats we organized with different university departments in Argentina and Chile, and with the Trend Talks in Brazil, where 12 conferences were organized and had over 700 people in attendance.

On the regional level, ARAUCO actively participated in Latin America's main design and architecture fairs, like Expo Deco and Casacor in Peru; FIMAR in Córdoba and Buenos Aires, Argentina; BATIMAT in Argentina; Casa Cor in Curitiba and Recife, Brazil; Design Week São Paulo in Brazil; 100 showrooms; Wood Week in Chile; and the Construction and Design Expo in Colombia. The Company was also present at other specialty fairs focused on furniture designers and construction companies, like the Sodimac CES Fair in Chile, Peru and Colombia; Easy Mundo Experto in Argentina; and Yo Constructor in Peru.

Moreover, in Brazil the Company participated in the region's largest fair for wood and furniture industry suppliers, Formóble, where the ARAUCO stand was recognized as the stand with the best design; and in Chile, the Company participated in fairs for local hardware chains like MTS and Chilemat.

In the United States, the Company participated in a National Kitchen and Bathroom Association – Arizona South Chapter conference; the Lumber and Building Material Expo; the Decorative Surfaces Conference; the North American Wholesale Lumber Association Traders Market; the Closet and Storage Summit; the World Millwork Alliance Annual Convention and Tradeshow; the AUID Convention at Auburn University; the International Interior Design Association Regional Fair; and the International Woodworking Fair (IWF), North America's largest industry trade show. It also participated in the Contech Building Expo in Canada.

Additionally, ARAUCO was one of the sponsors of the 15th Venice Biennale Architecture Exhibition, led this year by the Chilean architect Alejandro Aravena. Entitled Reporting from the Front, the exhibition was aimed at highlighting architecture that achieves solutions for improving people's living conditions in creative and innovative ways.

ARAUCO SUSTAINABLE SOLUTIONS PROGRAM

With the goal of supporting end customers in the development of furniture and wood construction projects, the ARAUCO Sustainable Solutions Program was developed for the markets of Argentina, Chile, Colombia, Mexico and Peru.

This initiative includes the products, services and information the Company delivers for construction and furniture, with ARAUCO brand's commitment to sustainability.



Ensamble Projects
The Andes House

In 2016, the virtual community of Arauco Solutions grew 58% in comparison to 2015, with visits to the araucosoluciones.com website increasing by 146%, reaching nearly 70,000 subscribers.

This growth was due mainly to the establishment of tools developed for serving industry professionals such as the Cut Optimizer, the use of which has quadrupled since the first few months of operation.

Moreover, 2016 saw a new edition of the Share Your Project competition, which seeks to share and spread the word on DIY projects in wood and boards.

Activities were also developed to get more involved with designers for the development of creative productions or innovative processes, like the 2nd Annual VESTO Spaces Encounter, where three different types of kitchens were developed for incremental housing. These kitchens are already available in the Worker Housing Plan of the Entre Ríos Project in Yungay.

Finally, with the goal of showcasing the key features of Cholguán, in 2016 with the help of the design firm The Andes House, the Ensamble Project was launched, which included adaptable panels for dividing office workstations and desk accessories for organi-

zing spaces, developing new uses and applications and creating an innovative proposal for furniture and interior architecture.

NEW PRODUCTS

- Launch of new line of VESTO Melamine designs for customers in Latin American markets under a Contemporary Nordic concept, with six designs: Caramel, Legno, Rustic Oak, Scandinavian Ash, Taupe, and Maracuyá.
- Launch of the Taction Oak Collection under the Prism brand (www.prismtfl.com) in North America, consisting of five designs: Alabaster, Argento, Gibraltar, Palomino, and Kodiak.
- Launch of the Nordic Line under the FAPLAC brand in Argentina, consisting of five designs: Helsinki, Baltic, Scandinavian Oak, Oslo Teak, and Finnish Elm.
- In Brazil, the Company launched Trend, with five high-end designs (Autentic, Baltic, Taj, Nordic, and Concreto Decor) and the Profit line of economical melamines with 3 designs for the furniture industry (Vermont Dark, Vermont Oak and Vermont Snow).



PEOPLE OF
EXCELLENCE





14,239 employees

Employment generated through
ARAUCO's contractor:

22,165
collaborators



ARAUCO is a global company that creates jobs in many different parts of the world, because people are considered its most valuable capital and represent a key pillar in its strategy. The Company places a special emphasis on deepening its organizational culture based on the five corporate values of Safety, Commitment, Excellence and Innovation, Teamwork, and Good Citizenship; positioning performance management at the center of all decision-making having to do with its people; relying on employees prepared and trained to embrace new challenges; propitiating a good climate with new and greater spaces for participation and involvement; and having efficient, timely organizational communication.

PEOPLE OF EXCELLENCE

TOTAL WORKFORCE

	2014*	2015	2016
Employees	13,576	14,748	14,239
Indirect collaborators (contractors)	23,628	21,041	22,165

* Does not include 50% of Montes del Plata.

ARAUCO EMPLOYEES BY COUNTRY AND GENDER

	2014*		2015		2016	
	Women	Men	Women	Men	Women	Men
CHILE	930	7,741	989	8,215	917	8,188
Executives	18	213	20	217	19	187
Professionals and technicians	492	1,930	515	2,039	480	1,933
Employees	420	5,598	454	5,959	418	6,068
ARGENTINA	156	1,479	157	1,422	136	1,372
Executives	2	38	2	37	3	34
Professionals and technicians	149	688	149	683	128	601
Employees	5	753	6	702	5	737
BRAZIL	200	1,533	234	1,689	232	1,698
Executives	2	33	2	31	4	31
Professionals and technicians	135	453	146	465	142	440
Employees	63	1,047	86	1,193	86	1,227
NORTH AMERICA	217	1,184	275	1,300	228	1,005
Executives	6	40	12	73	29	97
Professionals and technicians	105	229	120	289	46	193
Employees	106	915	143	938	153	715
OTHER COUNTRIES	54	82	171	296	162	301
Executives	9	30	14	38	12	34
Professionals and technicians	36	40	85	130	96	133
Employees	9	12	72	128	54	134

* Does not include 50% of Montes del Plata.

SELECTION

ARAUCO sets the foundation necessary for attracting and developing people to contribute to the challenges and achievements before it, and has a recruitment and selection policy that seeks to promote a standard of efficiency and fairness. It uses selection methodologies aimed at identifying capacities and competencies that fit with the requirements of the job profile and the Company's values.

TURNOVER RATE 2016

Country	Total	Women	Men
Chile	-2.2%	-8.6%	-1.5%
Argentina	-3.8%	-6.6%	-3.5%
Brazil	-1.5%	-0.9%	-6.3%
North America	11.4%	21.8%	9.3%
Total	-0.6%	-2.5%	-0.4%

Moreover, the Company encourages equal opportunities within its teams and rejects all types of discrimination.

In 2016 at the Trupán Cholguán Mill in Chile, an agreement was signed to utilize students from Liceo A-17 in Yungay as interns. Additionally, the Company worked on a joint project with Aramark to employ people with cognitive disabilities and signed on to a partnership agreement with the Municipal Office of Labor Intermediation (OMIL) of Quillón.

In Brazil, it has 69 differently-abled employees who work on various activities, where the Company respects their individuality and limitations with the goal of promoting each employee's development.

SIMPLE, EFFICIENT, AND SUSTAINABLE ORGANIZATION

In striving for an organization that is simpler in its management; more efficient, with a focus on what adds value; and more sustainable, enabling the Company to continue planning the future, ARAUCO is developing the SES (Simple, Efficient, and Sustainable) Project.

In 2016, the first phase of the project came together under the direction of a team made up of people from all areas of the Company. This phase focused on simplifying the organization, with a scope that extended to Chile, Argentina, Brazil and the Company's commercial offices. As a first step toward simplification, the team conducted a five-month analysis that included interviews, meetings, and benchmarking.

The design principles considered the consolidation and centralization of functions, an organization with fewer hierarchical levels, the elimination of supervisory functions and tasks that were duplicated or added little value, and the reduction of outsourced people. These changes meant the departure of approximately 9% of the workforce.

Because this initiative involved the Company's people, it was undertaken with particular care, communicating the beginning, advancements and end of the project to the employees with a special severance plan that included a labor reinsertion program.

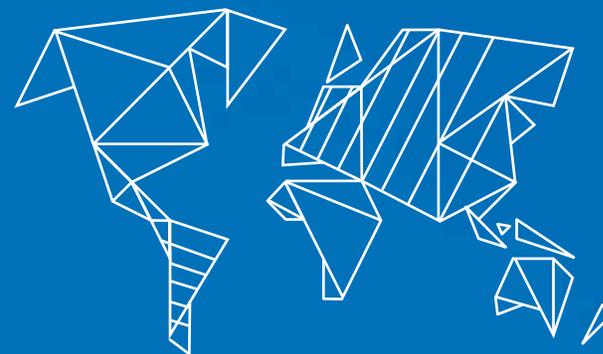
COMPENSATION AND BENEFITS

ARAUCO gives its employees pay and benefits that are in line with the market, and development opportunities tied to good performance.

Each year the Company reviews its compensation structure seeking to harmonize pay levels with the unique dynamics of each country's labor market. ARAUCO has defined a base wage that exceeds the minimum legal wage in accordance with the conditions of each country where it is present.

ARAUCO is also concerned about offering additional benefits. They vary in accordance with each business, country, and the reality of the local area of operation, but address areas such as food, transportation, life and health insurance, and scholarships for employees. In addition, there are agreements with local businesses and institutions, and more.

1,529 new hires in 2016 in the different countries where ARAUCO is present.



Consolidated turnover rate of **-0.6%**





INTEGRATED DEVELOPMENT

ARAUCO promotes the growth of its people through different training and development programs that help build teams of excellence.

TRAINING AND LEARNING

The Company's high level of specialization in its jobs translate into a training and learning plan that encompasses criteria from technical courses, to the development of interpersonal and leadership skills.

ARAUCO encourages an inspiring, approachable leadership style, with workshops that seek to expand personal and interpersonal skills and achieve optimal time management, teamwork, and better communication.

TRAINING INDICATORS BY COUNTRY

	Chile	Argentina	Brazil
Hours of training completed	156,593	15,954	113,609
Average training hours	17.2	14.96	57.72
Participants	4,585	1,417	1,968

PERFORMANCE MANAGEMENT

ARAUCO has made performance management the base process for making decisions that guide the development of its employees. Performance evaluation is carried out through an instrument that aligns competencies and desired behaviors with the five corporate values, and enables the Company to determine the fulfillment of individual goals and objectives.

Through this process, feedback is given to the employee, training needs are visualized, superior performance is recognized, and people with potential are identified. The evaluation is a carefully considered input in succession plans, salary review processes, offers of internal job moves, training programs, and more.

PERCENTAGE OF THE WORKFORCE PARTICIPATING IN THE PERFORMANCE EVALUATION

	2014	2015	2016
Chile	39%	50%	78%
Argentina	57%	5%	38%
Brazil	3%	10%	10%
North America	100%	32%	28%

INTERNAL MOBILITY

ARAUCO encourages and supports its employees' interest in seeking better opportunities for professional development within the Company, seeking out the commitment and support of its chiefs in motivating and identifying those employees with the potential for development or mobility and the drive to grow professionally.

For vacancies, the Company prioritizes internal or mixed recruitment. Competitions are announced through the Company's communication channels, with the goal of guaranteeing all of its employees equal access to information.

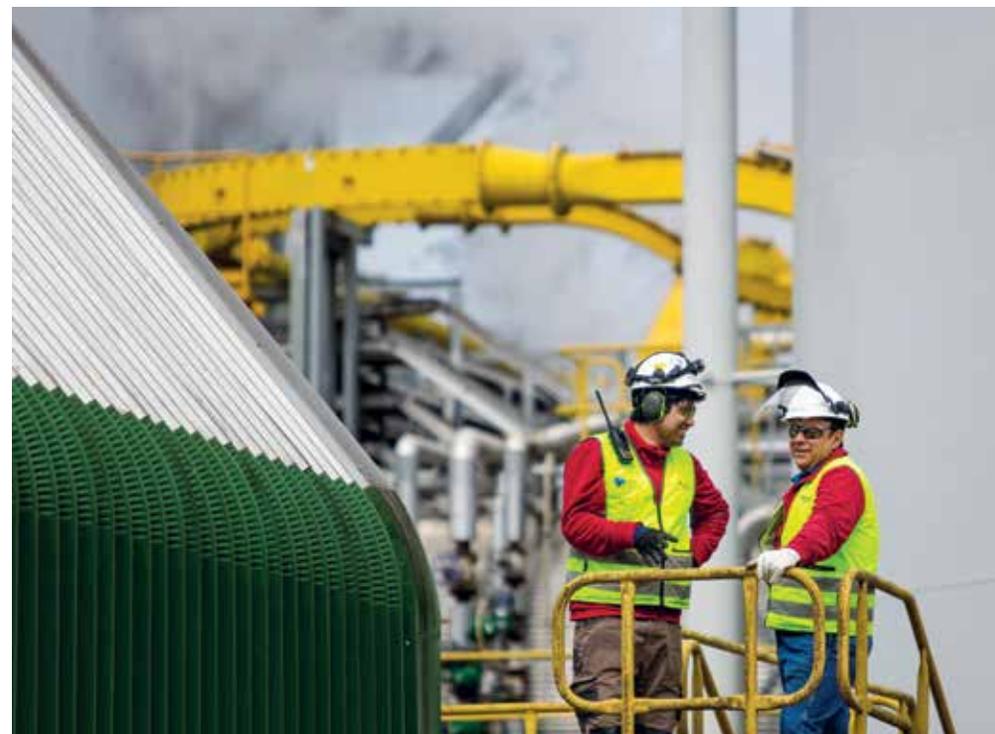
INTERNAL MOBILITY INDICATORS

	No. of internal competitions announced	No. of employees with mobility (includes direct promotion)	% of vacancies filled internally
Chile	140	517	48%
Argentina	9	78	81%
Brazil	84	166	43%

OPERATIONAL EXCELLENCE PROGRAM

Getting the Company's employees involved in seeking out innovative solutions that contribute to the continuing improvement of its productive processes is the objective of the Operational Excellence Program, which is present in the Forestry, Wood and Pulp businesses.

The Company promotes the direct participation of its employees, making them part of the management of their tasks, which serves as a source of motivation and job satisfaction. Also, it presents the possibility of achieving greater efficiency in its production processes, constant innovation, and added value for the Company's products and services.



OPERATIONAL EXCELLENCE INDICATORS

Business	Presented Ideas			Successful Projects		
	2014	2015	2016	2014	2015	2016
Forestry	1,785	1,744	1,567	29	24	10
Pulp and Energy	90	91	112	40	48	57
Wood	2,122	4,789	1,604	199	514	290



INTEGRATED DEVELOPMENT / RELEVANT EVENTS FOR 2016

Chile

- Fifth consecutive year of the Employee Education Scholarship Program, benefiting 117 people enabling them to pursue technical, university, diploma or master's programs.
- Continuation of the Corporate English Program, training 150 people and developing technological tools to enhance learning through e-learning courses.
- Implementation of the Expert Woodworking Operators Program, with 36 employees trained at Campus Arauco who later trained other operators in their specialty, expanding the transfer of knowledge and continuing improvement.
- Implementation of the Pulp and Paper Specialization Program, taught by Universidad de Viçosa, with 30 students attending.
- Implementation of the Diploma Program in Leadership and Lean Management, taught by Universidad Católica de Chile, with 57 students participating.
- Expansion of the coverage of the Performance Management process to employees on the general payroll (technicians and operators).
- Inauguration of Campus Arauco in partnership with Duoc UC. In addition to providing technical courses, it is a training center for the Company's employees. This Campus also has employees who participate in the training process, sharing their knowledge and experience with students.

Argentina

- Advancements in the consolidation of the performance management tool as a central process in the management of the Company's people, improving the quality and timeliness of communication between chiefs and employees.
- Conclusion of the Young Professionals Program, a process that was implemented at all of the Company's operating units in Argentina.

Brazil

- Launch of Operator Training Course in production areas, with 100 workers participating.
- Implementation of Leadership Program to strengthen required skills and competencies.
- Development of Leader Communicator Program to facilitate communication with teams.
- Implementation of Technical School Program, consisting of training internal instructors to participate in training of new employees and knowledge transfer.
- Implementation of Arauco in Solidarity Program, which supports the ideas of employees who want to participate in projects aimed at improving the quality of life of communities near the Company's operations.
- Development of Learning Program that includes the continuing development and evaluation of professionals with the goal of supporting them in their professional development.
- Implementation of Teamwork Program in Marketing areas and control teams, focusing on communication and the integration of employees.

North America

- Development of the "Company of Choice" Program directed at expanding leadership and teamwork, and generating passion and enthusiasm for creating a better business based on employees as owners of their processes.
- Launch of the Success Factors HR SAP module, an integrated HRIS system that provides a centralized employee database and people management tools.
- Implementation of an automated process for performance management.

Campaigns and programs developed in **2016**



Safety:

“Be the Protagonist of Your Safety”

Campaign, aimed at encouraging self-care and eliminating bad practices.



Commitment: Fifth edition of the

ARAUCO Spirit

Recognition Program.



Excellence and Innovation: Operational Excellence
and the first Open Innovation Challenge in

Safety, which was applied in Chile and Brazil.

IDENTITY, COMMITMENT AND CLIMATE

Having a positive organizational climate that inspires workers to achieve organizational objectives is a key focus for the Company.

ORGANIZATIONAL CULTURE

For the purpose of strengthening our identity and aligning employees in achieving a shared vision, an organizational culture has been developed at ARAUCO in which corporate values play a key role.

ORGANIZATIONAL CLIMATE

Having a positive labor climate produces employees who are satisfied with their job and committed to ARAUCO's development.

In 2016, the Organizational Climate Survey was applied to all ARAUCO employees in Chile, Brazil, Argentina and North America and to the commercial offices in Mexico, Colombia and Peru. In 2017, the Company will continue to place an emphasis on areas that still present opportunities for improvement.

RELEVANT EVENTS FOR 2016:

- In Chile and at the commercial offices, a total of 7,805 people participated in the survey (91% of employees), representing a two-point increase with respect to the 2015 survey. The factors reporting the highest increases were Performance Management, followed by the factors of Communication and Immediate Supervisor.
- In Brazil, 1,604 employees responded, with a participation of 95%.
- In North America, the survey reflected positive trends in participation, with an increase of 23% in participation, and in favorable responses, from 67 to 68.
- In Argentina, 72% of employees participated.



ORGANIZATIONAL CLIMATE INDICATORS

	2014		2015		2016	
	Participation	Global Results	Participation	Global Results	Participation	Global Results
Chile and Commercial Offices	85%	63/100	90%	67/100	91%	69/100
Argentina	72%	61/100	-	-	72%	61/100
Brazil	-	-	94%	79/100	95%	78/100
North America	71%	68/100	51%	67/100	74%	68/100



ARAUCO SPIRIT

In 2016, the Company once again implemented the ARAUCO Spirit recognition program in Chile and Brazil to recognize and reward employees who model the five corporate values.

The goal of the program is to reinforce recognition as a regular practice at ARAUCO, build awareness and commitment among employees to an organizational culture inspired by corporate values, emphasize best practices, and generate an instance of company-wide interaction, bringing together different business units and locations.

In Chile, the program was held for the fifth time, with 214 employees being nominated, 1,070 employees participating in the nomination process, and 5,300 employees voting.

In Brazil, 105 employees were nominated, 525 employees submitted nominations and 1,399 employees voted, representing 76% of the total workforce.

In Argentina, this program was implemented through the chiefs, who nominated an employee who represented each value. Then, employees voted for the candidates at a meeting, with the candidates receiving the most votes being elected and awarded.



EFFECTIVE, TIMELY ORGANIZATIONAL COMMUNICATION

Communication is key for keeping the organization aligned and generating a commitment among employees to the Company's work.

In 2016, the Company continued to place a strong emphasis in Chile on direct communication from leaders. The main messages are contained in the live streaming presentations given by the Chief Executive Officer every quarter, which are supplemented with local information by the managers of the different plants and forestry zones in the presentations they give their teams.

In Argentina, the organizational culture is expressed through the five corporate values, exploring them from different angles with specific campaigns on one value in particular or the visualization of the values on different platforms. These actions are undertaken with the goal of guiding employees toward an organizational culture that is shared by all.

In Brazil, quarterly meetings are held to communicate the results and challenges for the year. In addition, monthly meetings are held to promote greater interaction and provide an opportunity to answer questions. Also, the figure of the communication agent has been created, involving local workers with good interpersonal skills who help the Company to listen and spread its messages.

Along with these activities, the Company employs a wide variety of internal communication mechanisms in the different countries where it is present, including our Intranet, internal newspapers, local magazines, Voices of ARAUCO newspaper, mobile application for cellular phones, e-mail, posters, and videos. All these channels ensure the timely and efficient dissemination of major items of interest.

COLLECTIVE CONTRACTS AND AGREEMENTS

Mutual respect, openness, and transparency are what guide our relations with employees, negotiation groups, union groups, and their representatives. To maintain these relations the Company encourages an environment of collaboration and participation, in accordance with internal guidelines and current labor legislation.

In Argentina, relations with labor unions include planned meetings with predefined topics for discussion. The proceedings are recorded in joint working minutes which are finalized in signed "Minutes of Agreement" by the parties.

In Brazil, the Company complies with the standards established by collective agreements and current labor legislation and negotiates any change considered substantial with the respective unions in advance. All units are covered by collective agreements that establish the requirement of advance negotiation.

COLLECTIVE AGREEMENT INDICATORS

	No. of union groups	% of employees in collective agreements
Chile	25	54%
Argentina	4	49%
Brazil	5	100%
North America	ND	ND

CONTRACTOR



MANAGEMENT

ARAUCO maintains contracts with contractor companies, especially for the development of its Forestry business.

ARAUCO prioritizes contracts with companies noted for their safety, competitiveness, professionalism, and commitment. Therefore, the selection of contractors is based on rigorous technical, professional and ethical criteria.

Each month ARAUCO certifies fulfillment by contractors and subcontractors of their labor obligations through OVAL, a company specifically authorized for this purpose.

Moreover, ARAUCO offers the contractors who provide services to the Company certain programs aimed at increasing the competitiveness of their services and ensuring the development of their operations in a safe, productive manner.

In addition, ARAUCO develops initiatives aimed at encouraging contractors to comply with proper work conditions in accordance with ARAUCO's standards, such as:

- Induction for all contractor companies.
- Training and awareness-building for all forestry contractors of the rights and obligations contained in labor legislation.
- A 1-800 hotline enabling contractors to directly submit concerns, questions, reports or complaints.
- Compensation standards with a minimum wage that is above the legal minimum wage, required of contractors for their employees who provide services at the Company's sites, facilities and operations.
- Life insurance: Contractor companies are required to provide comprehensive coverage for all employees and subcontractor employees providing services at the Company's sites, facilities and operations.



- Social management program for contractors, benefiting employees who provide services at ARAUCO, including an education completion plan, eye and dental care, social management guides, the management of social bonuses, the implementation of a social support platform for contractors, and more.
- Education completion program for contractor companies, benefiting forestry employees who provide services at ARAUCO, with the goal of bridging the incomplete education gap among these employees. As of 2016, 56 contractor companies have participated in this program.
- Housing Program for contractor companies, benefiting employees who provide services at ARAUCO, to support the development of housing solutions of high technical and social standards.

- Development Program for contractor companies involved in harvesting and logging, benefiting the Site Chiefs. As of 2016, 62 contractor companies have participated in this program.

In Brazil, to guarantee a good understanding and fulfillment of ARAUCO's guidelines, the Company provides training and information on the requirements established in the related documents.

2016 saw the implementation of an automated SG3 management system at all mills (Jaguariavia, Pien, Araucaria) and forestry units of Arauco do Brazil, resulting in the automation of the reception and analysis process for employers and functional documents, the simplification of the facility intake process, and more.

A low-angle photograph of a construction site. The left side of the image is dominated by a dark, jagged silhouette of a building's edge. The right side shows a clear blue sky and a complex network of metal pipes and scaffolding. A prominent diagonal pipe runs from the bottom left towards the top right. In the background, a wooden structure, possibly a formwork or part of a building under construction, is visible.

OCCUPATIONAL

HEALTH AND SAFETY





With the objective of achieving results of excellence, ARAUCO has defined six focal points for safety highlighting active leadership on the part of the Company's chiefs and leaders as a key factor. These focal points are:

- Employee involvement
- Improvement of risk matrices
- Improvement of High Risk Potential Indices (IAPs in Spanish)
- Improvement in inspections and observations
- Expanding the potential of the Joint Health and Safety Committees
- Ensuring compliance with Corporate Operating Standards (EOC in Spanish)

ACCIDENT FREQUENCY RATES BY BUSINESS AND COUNTRY

	Forestry	Pulp	Wood	Consolidated
Chile	6.1	4.4	6.0	5.4
Argentina	3.2	5.8	4.5	4.1
Brazil	1.9	-	1.2	1.3
North America	-	-	0.8	0.8
Consolidated	5.5	4.6	4.7	4.7

ARAUCO closed out 2016 with a 0.7% reduction in the accident frequency rate, a 10% reduction in severity rate 1 (SR1), and a 7% increase in SR2.

In 2016, the Company mourned the work-related deaths of two service company employees: Ricardo García Verde-Osuna, a pilot for the Spanish company FAASA, which provides services to Arauco Forestry; and José Bernardino Rivera Pérez, a chainsaw operator for the company Servicios Comerciales Petrohué Ltda., which also provides services to Arauco Forestry.

The Company also reported a total of seven facilities with world-class level severity and frequency indicators: the El Colorado and El Cruce Sawmills, the Bennettsville, Eugene, Malvern, and Sault Ste. Marie Panel Mills, and the Biscoe Plant.



RELEVANT EVENTS FOR 2016

Chile

- Simplification of preventive tools, approval of induction activities and standardization of plant work teams.
- Implementation of first diploma program in engineering (specialization in Environment, Occupational Health and Safety) taught at Universidad de Concepción, with 25 professionals participating.
- Maintenance of ISO 14001 and OHSAS 18001 certification of the Company's Integrated Management System, after a vigilant audit conducted by Lloyds.
- Continuation of the "Doing Things Well in Safety" campaign to eradicate possible poor practices and build awareness of the risks present in the environment.
- Implementation in Chile and Argentina of the Open Innovation Challenge through the Dare to Innovate in Safety Program, which seeks to incentivize the search for opportunities for safety improvement, promoting involvement and generating teamwork. More than 403 ideas were presented and over 6,000 people got involved through the Challenge voting platform.
- 2016 Award for Excellence in the "Companies with More than 100 Employees" category given by the Institute for Work Safety (IST) to the Wood business.
- Implementation of diploma program for more than 200 site chiefs from forest harvesting companies, taught by Instituto Virgíno Gómez.

Argentina

- Expanded participation of managers in prevention work plans, improving perception of risks and reducing tolerance through the assumption of unprotected risks.
- The Zárate MDP Mill and Delta Operating Forest Management Unit reported over one year without accidents.

- At Piray, design and implementation of a follow-up process to monitor fulfillment of leadership actions for the purpose of elevating the performance level of supervisors and prevention specialists at service companies.
- Reinforcement of the training plan at Piray for prevention specialists involved in the general mill stoppage.
- Review of high risk potential indices (IAPs) at the Zárate Mill, using review methodologies that reflect different hierarchies for preventive measures.
- Progress was made at the Esperanza Pulp Mill in training Immediate Action Brigades for contingencies, especially early-stage firefighting.

Brazil

- Consolidation of the Cascading Safety and Safe Habits 101 management tools, aimed at leaders and operators respectively.
- Consolidation of a crisis management program, defining priority emergency response scenarios, a management plan, a general preparation and response plan, and an emergency response brigade, and the formation of crisis prevention committees.
- Development of a program for involving employees in safety matters.
- Online systematization of accident analysis according to real and potential severity, with the goal of focusing on accidents of greater severity.

North America

- 2015 Annual Safety Award given by the Composite Panel Association (CPA) to the Malvern, Bennettsville, Moncure, and Sault Ste. Marie Mills and an award given by the South Carolina Chamber of Commerce to the Bennettsville Mill for excellent safety performance in completing two years without serious accidents.
- Development of an annual safety plan with monthly initiatives and safety committees.



OCCUPATIONAL HEALTH

ARAUCO promotes the well-being of its employees, encouraging health and safety at work and a positive organizational climate to ensure the Company's competitiveness, productivity and sustainability.

ARAUCO has set the goals of reinforcing the regulatory framework for occupational health matters in all processes; generating healthy work conditions for the high performance of its employees; promoting illness-free operations with healthy workers; and promoting a culture that incentivizes a healthy lifestyle.

For controlling major health risks, the Company conducts environmental evaluations, implements control measures and involves employees in the epidemiological monitoring programs implemented by the administrating body.

RELEVANT EVENTS FOR 2016



Chile

- The medical monitoring program for the wood business included 1,620 noise exposure evaluations (audiometry), 750 musculoskeletal disorder evaluations, 129 formaldehyde exposure evaluations, 33 ionizing radiation exposure evaluations, and 14 silica exposure evaluations.

- The medical monitoring program for the pulp business included 106 ionizing radiation exposure evaluations and 254 noise exposure evaluations.
- The medical monitoring program for the forestry business included 261 noise exposure evaluations (audiometry).
- The Company conducted an ergonomic study pursuant to the heavy labor law at the Constitución and Licancel Pulp Mills, Nueva Aldea Plywood Mill, Horcones I Sawmill and Horcones Remanufacturing Mill.
- Definition of a Drug and Alcohol Prevention Policy for the purpose of contributing to healthy total development. For the implementation of this policy, in 2017 the Company will conduct training workshops along with the Parenthesis Foundation.
- Continuation of programs promoting health in the workplace at Viñales Sawmill, Viñales Remanufacturing Mill, Viñales Bioenergy, El Cruce Sawmill, and El Colorado Sawmill.
- Development of Healthy Culture Program implemented at the Valdivia facilities with the goal of promoting healthy eating and physical activity.
- Implementation of protocol for psychosocial risks in the workplace, conducting re-evaluations at facilities where high-risk dimensions were present.

Argentina

- Implementation of periodic health checks to monitor the effectiveness of implemented measures.



JOINT HEALTH AND SAFETY COMMITTEES

In Chile, Argentina, Brazil and North America, ARAUCO has Joint Health and Safety Committees (CPHSs in Spanish) which play the role of identifying, analyzing and preventing the hazards of accidents and occupational illnesses. In all countries, with the exception of Argentina, there are legal bodies that govern how these committees act.

The management of these Committees is guided by four principles: a focus on high potential risks, finding the root cause of problems, working together, and employee involvement.

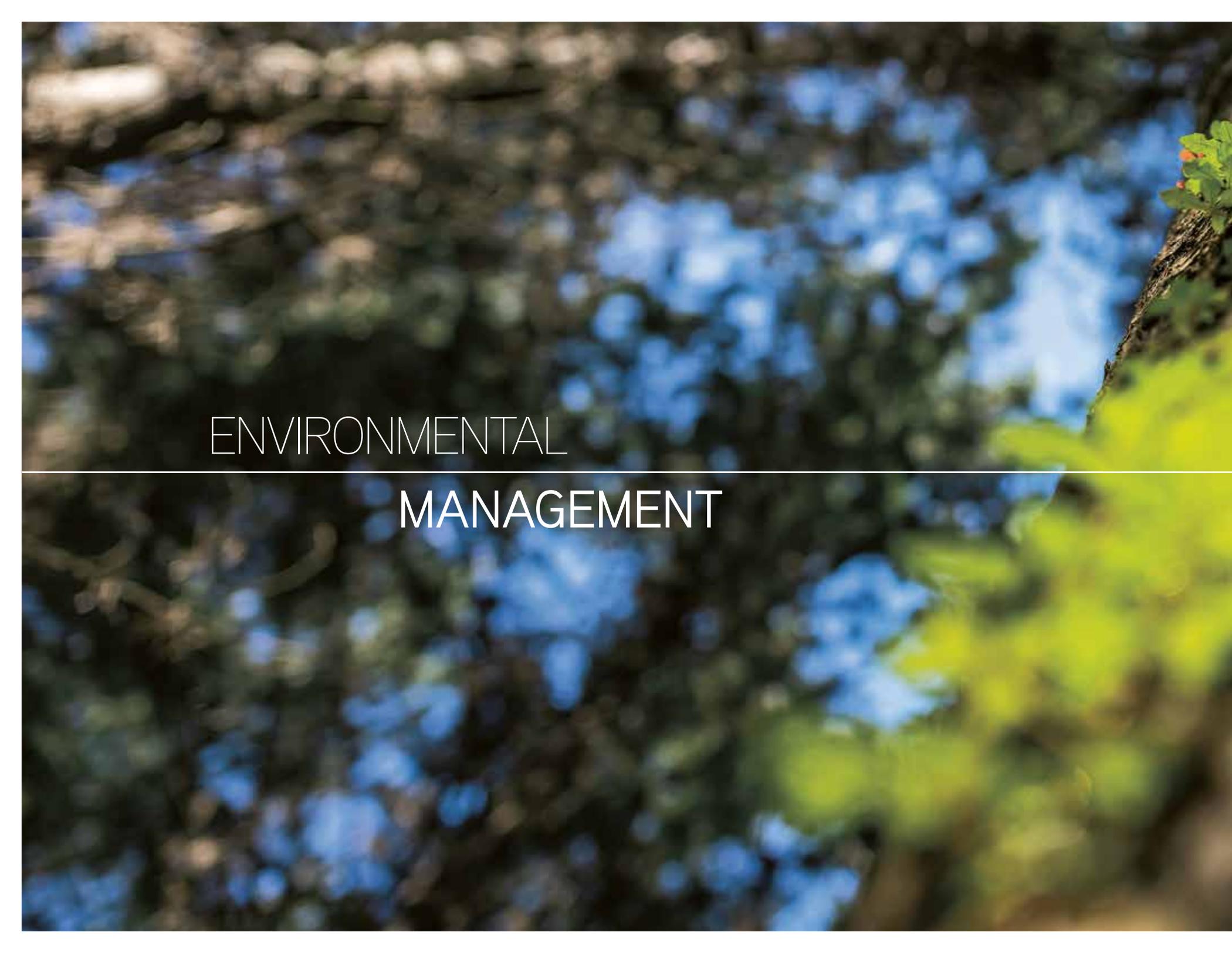
In Chile in 2016, substantial progress was made in certifying the committees in accordance with the CPHS management model, where a total of 28 CPHSs achieved the highest level of certification. Also, all the Company's facilities and offices have psychosocial committees in charge of coordinating and implementing the Psychosocial Protocol. In addition, the Fifth Annual ARAUCO Joint Health and Safety Committees Meeting was held, with over 200 employees in attendance.

In Argentina, only two operating units are required by law to have a mixed committee; the rest implement mixed committees voluntarily to encourage employee involvement and innovative ideas. Such is the case with the Safety Communicators at the Piray Sawmill, where each area has a representative in charge of relaying safety matters to the Joint Committees, who serves as a point of contact for presenting concerns and topics of interest. Another relevant example is the Committee at Misiones Forestry, which allows the representatives of service companies to participate.

In Brazil, the Company's facilities also have Ergonomics Committees with the primary objective of supporting the ergonomic analysis of job positions.

NUMBER AND REPRESENTATION OF EMPLOYEES ON JOINT COMMITTEES

	No. of CPHSs	% representation
Chile	36	100%
Argentina	2	51%
Brazil	8	100%
North America	8	10.1%



ENVIRONMENTAL

MANAGEMENT



ENVIRONMENTAL



MANAGEMENT

Our products are derived from renewable resources, which commits us to sustainable practices and the application of management standards to ensure the continuous improvement of our environmental performance.

Leadership in the optimization of water resources, clean energy and the generation of carbon bonds are just some of the initiatives the Company has launched to combat climate change. ARAUCO's forestland fulfills the natural function of carbon storage, capturing CO2 from the atmosphere and releasing oxygen into the air, helping to reduce greenhouse gases and mitigating the effects of this phenomenon.

Additionally, ARAUCO is committed to the production of renewable energy from forest biomass, non-fossil fuels from responsibly managed plantations that enable its industrial mills to supply their own power and contribute to the electrical power grid, and increase

the capturing of CO2 from the atmosphere. ARAUCO has specific programs such as its Clean Development Mechanism projects, participates in the voluntary carbon market, and cooperates with different environmental and sustainability research centers.

With respect to water, ARAUCO has taken on the commitment to optimize this vital element.

In the different countries where ARAUCO has a presence, it is spearheading joint scientific research programs with universities, public institutions and NGOs; encouraging innovation through the development of projects; and is managing the environmental monitoring of biodiversity and research programs related to the fulfillment of environmental commitments.

In 2016 ARAUCO's
corporate carbon footprint
was measured for **2014** and it is currently
working on joint measurement of **2015-2016**
the results will be available in the
second half of 2017.



The Company invested **US\$ 89** million in environmental improvements in 2016.

FORESTRY BUSINESS ENVIRONMENTAL MANAGEMENT

ARAUCO is a company that bases its business on the production and management of renewable forest resources, so caring for the environment and natural resources is of great importance.

Planning the forestry cycle forms the foundation for all of the Company's operations, timber sales and supplying its industrial facilities.

In the management of its forestland, ARAUCO conducts applied research in the full use of its plantations and adheres to responsible forest management, and is committed to conducting its operations under the highest international environmental, social and economic standards.

In Chile, the Company has an ongoing monitoring and evaluation system that provides information on production, management and the social aspects of its activities, enabling it to establish specific work plans and actions to facilitate the continuous improvement of its processes.

In Chile and Brazil, ARAUCO participates in the Forests Dialogue, which brings together forestry companies, NGOs, and other interested parties to discuss relevant topics in forestry and promote actions associated with conservation, environmental restoration and improving relations with local communities.



PROTECTING AND ADDING VALUE TO NATIVE FORESTS

ARAUCO is committed to the protection of the native forests on its land, understanding that the sustainability of its production processes is closely tied to the biodiversity and ecosystemic services of the territory it inhabits. Monitoring enables the Company to identify changes and implement prevention and restoration actions.

In Argentina, the Company has assumed the commitment to maintain the native forests on its land through the Native Forests Management Plan. Of ARAUCO's native forestland, over 46,000 hectares (113,668 acres) are core forests distributed across four major High

Conservation Value Areas (HCVAs), while around 67,000 hectares (165,561 acres) represent natural zones which make up a network of biological corridors. The Company's actions focus on asset protection, research projects, conservation and environmental education, as well as connectivity with public and third-party protected areas.

In Brazil, these forests are protected by the Brazilian Forestry Code – Federal Law 12.651/2012, and are considered Permanent Legal Preserves.

A vibrant green tree frog is the central focus, perched on a moss-covered branch. The frog's skin is a bright, glossy green, and its body is slightly hunched. The background is a dense, dark forest floor with various types of moss and small green plants. The lighting is soft, highlighting the texture of the frog's skin and the surrounding vegetation.

ONCOL PARK: A CLASSROOM IN NATURE

Oncol Park is a protected forest area of **3,000 hectares** (7,413 acres) in the coastal portion of the Region of Los Ríos. It has been declared a High Conservation Value Area due to the biological importance of the native forest and the species it hosts.

The park has a work plan not only for managing and safeguarding its unique biodiversity but also for benefiting and integrating neighboring communities in such a way that conservation has become a shared objective and an opportunity for the economic and social development of these communities.

In this regard, the **Oncol Park Territorial Connection** Program operates with social organizations and manufacturers to promote environmental education, with over **1,200 participants**.



Following the recommendations of the **High Conservation Values Network**, High Conservation Values are categorized into six different types.

HIGH CONSERVATION VALUE AREAS (HCVAS)

All forest areas of a highly significant nature or of critical importance are labeled High Conservation Value Areas (HCVAs). They are actively managed to maintain or improve high conservation values, based on a management cycle that includes identification, management practices, and monitoring.

At these HCVAs the Company maintains programs aimed at learning about their ecosystems and protecting their endangered species, and programs for the preservation of the religious and cultural sites of local and indigenous communities.

NATIVE FORESTS AND HIGH CONSERVATION VALUE AREAS (HCVAS)

86

Country	Native Forestland (in hectares)	% Native Forestland on the Company's land	High Conservation Value Areas (in hectares)	Biological HCVAs	Social, cultural or religious HCVAs
Chile	212,124 (524,170 acres)	19%	59,818 (147,814 acres)	37	89
Argentina	118,272 (292,256 acres)	45%	54,752 (135,295 acres)	14	31
Brazil	73,285 (181,091 acres)	40%	6,813 (16,835 acres)	8	6

BIODIVERSITY MONITORING

ARAUCO has a Biodiversity and Ecosystemic Services Policy that emphasizes the evaluation and management of the potential effects of production on diversity, with research programs and protocols for managing biodiversity and ecosystemic services.

The Biodiversity Monitoring Program in ARAUCO's HCVAs continued in 2016, recognizing the relevance of these zones in the conservation of different threatened or endangered species

NUMBER OF SPECIES ON CONSERVATION LISTS (IUCN AND OTHERS) FOUND ON ARAUCO LANDS



Category	Chile		Argentina		Brazil	
	Fauna	Flora	Fauna	Flora	Fauna ¹	Flora ²
Critically Endangered	5	3	-	1	-	1
Endangered	29	32	3	2	3	5
Vulnerable	19	48	5	2	11	9
Near-Threatened	28	0	7	2	36	4
Lesser Concern	2	1	41	-	496	15
Provincial Protection	-	-	10	14	-	-

1 Fauna: 2003 a 2016

2 Flora: 2005 a 2016



FOREST PROTECTION / RELEVANT EVENTS FOR 2016

Chile

- To date, ARAUCO has 126 identified High Conservation Value Areas.
- Researchers from Bioforest led a joint project with Universidad de Concepción, the Chilean Environment Ministry and German experts to reintroduce Darwin's frog, a species native to Chile that is now in danger of extinction, at the Nahelbuta National Park.

Argentina

- Incorporation of two new HCVAs: the Area of Interest to the Guaraní Pykazu Ygua Community (social value) and the Aguaray III Wetlands Site (environmental value).
- Continuation of the program to monitor and record Ywaterreté panther (*Panthera onca*) populations with camera traps placed in the newly differentiated zone of Piray San Pedro.
- Rescue of marsh deer (*Blastocerus dichotomus*) after floods in the Paraná Delta and re-release in their natural habitat. The marsh deer is categorized as an endangered species internationally and in Chile.
- Placement of satellite tracking collars for the first time on marsh deer on the Oasis Site.
- Release of species recovered from illegal trafficking to the Species Raising and Rehabilitation Center of the Temaikén Foundation on the Oasis Site near the town of Campana.

- Identification of habitat corridors that minimize human-wildlife conflicts and maximize the mobility of species through the Atlantic forest.

- Restoration of waterways and creek banks for the generation of biological corridors in the Lower Paraná Delta.

Brazil

- Identification of 13 areas totaling 6,813 hectares (16,835 acres) and monitoring of flora and definition of conservation status (every 4 years) in all HCVAs.
- Initiation of studies to identify new HCVAs in Mahal and Novo Oeste.
- Identification of 20 mammal species (13 of which are threatened with extinction) and 173 avian species (23 of which are threatened). An example is the woolly spider monkey (*Brachyteles arachnoides*), which is on the International Union for Conservation of Nature (IUCN) endangered species list as well as Brazil's endangered species list.
- Maintenance of work in monitoring fauna and defining conservation status.





PROTECTION OF ASSETS AND PREVENTION OF FOREST FIRES

90

During the 2016-2017 season
ARAUCO had a budget of
US\$21 million for disaster
prevention and control in the
Forestry operation.

With the goal of sustaining the integrity of the Company's assets and protecting its forest plantations as well as protected areas and their biodiversity, ARAUCO has implemented programs to protect its assets and prevent and fight forest fires.

The Asset Protection Program is made up of forest rangers and chiefs of the Forestry area, who provide important logistical support to the Forest Fire Program and to other areas. In addition, it has a Phytosanitary Protection Program, with activities based on the Integrated Pest Management concept. Its objective is to prevent the economic damage caused by pests to forestland and includes vigilance, diagnostics, and control.

Also, the Forest Fire Protection and Firefighting Program has the goal of preventing, detecting and fighting forest fires, containing their impact when they occur. For this the Company has trained emergency responders, air and land infrastructure, dispatch systems with the latest generation of measurement and control systems, and procedures distributed within the organization that follow international standards.

With regard to these types of disasters, it is worth noting that over 65% of the fires affecting ARAUCO are caused on land owned by third parties, so in all of the countries where the Company is present, there are information and prevention programs for local communities that are implemented jointly with civil bodies and the government. These programs promote environmental awareness-building to prevent fires, via workshops in schools, social operations that support the community, door-to-door visits, the control of risky situations, and the dissemination of forestland management methods such as grinding down harvesting waste, pruning and removing branches, and the construction of firebreaks.



In Chile, the 2016-2017 season was especially affected by a series of fires that hit a significant swath of ARAUCO's Northern Zone in January 2017. Due to these events, approximately 80,000 hectares (197,684 acres) of plantations were affected, as well as the El Cruce Sawmill, located near Santa Olga in the Maule Region. To fight these fires the Company deployed over 1,300 firefighters, 8 airplanes, 10 helicopters, and 100 pieces of mobile equipment that transport water and heavy machinery.

Also, in 2016 the Company implemented the "Let's Care for Our Environment: Preventing Forest Fires is a Job for All" prevention program in Chile, with 1,201 door-to-door visits, 295 fairs and social operations, 336 contacts, and 984 workshops at local schools, reaching a total of 162,450 people.

In Argentina, ARAUCO is a member of the Delta Consortium for Fighting and Preventing Forest Fires, with 13 smoke column detection chambers covering an area of influence of nearly 60,000 hectares (148,263 acres) in the Provinces of Buenos Aires and Entre Rios.

In Brazil, the Company maintains constant contact with communities so that they can communicate the occurrence of forest fires. Also, in some areas fire prevention campaigns are carried out with residents. In addition, Mahal has joined a firefighting campaign organized by the Mato Grosso do Sul Planted Forest Producers and Consumers Association (REFLORE).

RESOURCES, FOREST FIRE PROTECTION PLAN

Type of Resource	Chile	Argentina	Brazil
Towers	122	17	12
Vigilance and prevention people	291	46	66
Brigades	105	6	0
No. of firefighters and tower personnel	1,399*	30	0
Trucks	12	6	11
Skidders	8	Varies	0
Airplanes	8**	0	0
Helicopters	10	0	0
Support vehicles	24	Varies	21
Total budget (in US\$)	22 million	688,938	1.7 million

* For 2016-2017 season, approximately 500 emergency support people were added, mostly for direct firefighting.

** Two more airplanes were added for the 2016-2017 season.

ARAUCO is proactive in the
**management of renewable
natural resources,**
innovating and seeking constantly
to maximize the value of its soil and plantations.

SOIL MANAGEMENT



ARAUCO cares for its soil, seeking to minimize the impact of its operations through the soil fragility program, which addresses such aspects as the phenomena of sliding, compaction, displacement and waterlogging.

In order to evaluate the harvesting scenarios that present the greatest likelihood of impacting soils, in Chile the Company works with a soil displacement map that includes variables like apparent density, percentages of clay and organic materials, and grade. Also, to contribute information to the design of logging routes, the Company works with waterlogging maps that indicate which sectors of the site hold the greatest possibility of rainwater accumulation. The information and plans that are used undergo constant calibration and improvement.

After harvesting, the forestry units rehabilitate these lands for plantation, employing methods for erosion prevention such as the organization of waste into buffer strips and subsoiling executed in level curves.

In Argentina, since 2001, ARAUCO has used parcels that measure soil erosion and compaction. The results obtained over the course of the forestry cycle have enabled the Company to refine its work methods to have minimal impact, such as minimal tillage, not

burning waste, and combining chemical and mechanical undergrowth control in accordance with the state of the plantation.

Meanwhile, in Brazil, in 2016 the Company implemented the project to grind harvesting waste, which seeks to achieve greater sustainability through reducing the extraction of nutrients from the soil, lessening compaction, increasing soil moisture, and reducing erosive agents. Also, waste management is enabling the reduction of undergrowth in the first few months of plantation, higher operating yields, and greater quality in mechanized operations.

WATER MANAGEMENT

One dimension of ARAUCO's Integrated Water Management System is focused on the management of this vital element and the protection of waterways. Within the hydrological cycle, plants, soils and subsoils play a critical regulating role.

While forest plantations such as native forests and other plant species absorb water to carry out their biological processes, their foliage intercepts precipitation, significantly reducing the erosive effect of precipitation on the soil. In addition, the composition and structure of the soil, along with topographical conditions and precipitation, will determine



to a great extent the availability of water in the system and how long it stays there.

In 2016, with the objective of working with the community in seeking new methods for capturing part of this resource in Chile, ARAUCO, together with the Chilean Wood Corporation (CORMA) and the Center for Education and Technology (CET), trained residents of Quillón, Ránquil, Florida, Hualqui, Tomé, Coelemu, Trehuaco, Quirihue, Ninhue, Concepción, Portezuelo, San Nicolás, Penco and Cobquecura in water conservation, teaching them protection technologies and practices.

In Argentina, the Company continued recovery actions in water basins and other sensitive areas, accumulating over 3,000 hectares (7,413 acres) since 2003. Activities included the deactivation of productive areas for recovering the banks of waterways and sloping land. In addition, the Bossetti Nursery implemented a system for reusing irrigation water that allows extraction to be reduced by approximately 10%.

Since 2011, Brazil has conducted a program for ongoing monitoring of hydrographic basins that seeks to evaluate the effects of using the land and the effects of forest management operations on water availability, quality, and consumption.

WASTE MANAGEMENT

In all the countries where ARAUCO has plantations, waste management plans are executed in accordance with current regulations. Also, ongoing training is given to the people involved in waste management and proper disposal.

The Company has guidelines for reducing the generation of waste that prioritize options for giving value to and/or re-using certain elements.

In Argentina, the Company has sought alternative options for the gathering and treatment of waste from forestry operations, seeking out strategies to reduce, recover or recycle a considerable quantity of such waste. Additionally, the Company implemented the recycling of agrochemical drums and boxes at the Delta Unit; and at the Misiones Unit, 2,300 kg of plastics used to protect mill production facilities were delivered to a recyclers' cooperative.

In Brazil, the Company has a plan for managing hazardous and non-hazardous waste, with guidelines for storage and disposal. Non-hazardous waste generated in administrative processes is set aside for recycling processes. The main types of hazardous waste generated in the production process are soil and other contaminated solids and used oil. The former is set aside for "co-processing," while used oil is set aside for "re-refining".



ARAUCO's industrial facilities perform complex **environmental monitoring** in order to guarantee the fulfillment of its environmental commitments and ensure proper environmental vigilance.

Environmental management in industrial processes is a key topic for ARAUCO, which focuses on environmental monitoring, regulatory compliance, management and continuing improvement, especially with respect to odors, atmospheric emissions, and waste.

ENVIRONMENTAL MONITORING

All ARAUCO's facilities have established environmental indicators associated with inputs, raw materials, waste generation, water and energy use, and more. The Company monitors effluents and emissions and analyzes the quality of different matrices such as air, soil and water on an ongoing basis.

The Company's pulp mills have programs for environmental monitoring, vigilance and/or research for properly tracking the quality of rivers and marine bodies that receive effluents. These programs are executed in accordance with a pre-established frequency and deadlines and are approved by the environmental authorities. The results of the monitoring and the specific environmental information established in the respective Environmental Assessment Decisions (RCAs in Spanish) are delivered to the environmental authorities.

Environmental monitoring and follow-up are conducted at plants of the Wood business as well. For example, the air quality is monitored at two stations at Viñales Bioenergy. Liquid industrial waste is monitored at the wood mills, and at the Trupan Cholguán Mill, the monitoring of effluents is supplemented by a program for monitoring river water quality.

In 2016, ARAUCO Argentina added a public/private mechanism to the Industrial Re-conversion Program (PRI in Spanish) that promotes and monitors the implementation of best available methods through work programs and common improvement goals.

RAW MATERIALS

ARAUCO strives to be efficient in the exploitation of the raw materials used in the Company's industrial processes. Thus, it promotes the use of environmentally friendly inputs and also optimizes the operation of its processes so as to maximize efficiency in the use of its principal raw material, timber.

USE OF RAW MATERIALS BY BUSINESS

Use of Raw Materials by Business	Aspecto	Unidad de medida	2014	2015	2016
Pulp	Wood (chips for pulp)	Millions of dry tons	6.1	5.9	6.0
	Sulfuric acid	Kg/ADt	24.3	24.9	23.1
	Lime	Kg/ADt	22.0	13.0	14.4
	Oxygen	Kg/ADt	26.0	25.4	23.3
	Caustic soda	Kg/ADt	24.7	24.9	23.1
	Sodium chlorate	Kg/ADt	24.7	24.9	26.0
	Hydrogen peroxide	Kg/ADt	3.0	3.4	3.5
	Sodium sulfate	Kg/ADt	3.5	7.4	2.9
	Sodium carbonate	Kg/ADt	3.1	2.3	1.6
	Chlorine dioxide	Kg/ADt	NA	14.3	15.1
	Methanol	Kg/ADt	2.6	2.2	2.8
	Steam	Kg/ADt	7.8	7.3	8.1



ENERGY MANAGEMENT



ARAUCO also strives for efficiency in the use and generation of energy. With the use of biomass in its boilers, energy can be self-supplied to the Company's mills; the surplus is delivered to the country's energy grid, and, specifically with respect to the Company's recovery boilers, inorganic compounds that are involved in the process are recovered along with the generation of energy. In alignment with continuing improvement, ARAUCO promotes greater efficiency in its processes, with the objective of reducing energy use and improving its environmental performance.

ENERGY CONSUMPTION (IN MILLIONS OF GJ)

Business	2014*	2015*	2016
Pulp	14.2 (4.7 GJ/ADt)	13.8 (5,1 GJ/ADt)	15.2 (5.0 GJ/ADt)
Timber	1.5	6.0	6.2

* Timber includes Chile only.



RELEVANT EVENTS FOR 2016

Argentina

- At the Esperanza Pulp Mill, the Company implemented a discharge chute system to ensure homogeneous feeding to the power boiler.

Norteamérica

- Implementation of environmental improvements at the Eugene MDF mill, diminishing emissions and reducing energy consumption by 2.5%.
- The Company's United States mills established a goal to reduce energy consumption by 5% by 2020.

WATER USE



Water management is mainly focused on efficient use because water is a key input in the Company's operations.

In light of the effects of climate change, continuous management and the efficient use of water resources are important tasks at ARAUCO, along with monitoring the availability of the resource in the water basins that serve the Company's facilities.

There are different initiatives to maximize the use of water. For example, at the Company's sawmills in Chile, water from the timber drying process is recirculated, while the Company's pulp mills re-use water from their boilers and cooling systems in their processes.

RELEVANT EVENTS FOR 2016



Argentina

- A system was implemented at the Piray MDF and Energy facility for re-using treated liquid effluent in the preparation of flocculant.

Brasil

- The Company implemented a process for re-using the industrial wastewater generated at the Araucaria Mill, achieving 35% re-use of effluents.

WATER USE (IN MILLIONS OF M³)

Business	2014*	2015*	2016
Pulp	156 (71.5 m3/ADt)	159 (53.2 m3/ADt)	158 (51.9 m3/ADt)
Timber	6.9	9.1	9.6

* Timber includes Chile only.



EFFLUENTS

A high percentage of the Company's industrial mills generate liquid industrial waste, which is continuously monitored and regulated by specific environmental standards. All of the Company's pulp mills include primary and secondary treatment, while two mills even include tertiary treatment: Valdivia on a permanent basis, and Nueva Aldea, when effluents are discharged into the river and not the ocean.

The Wood business mills also treat their effluents in the systems of the pulp mills or have their own treatment systems. In Chile, the Cholguán Mill has a system of activated sludge and discharges its effluents into the Itata River, and Bioenergy Viñales discharges its effluents after they are treated.

In Argentina, Piray treats its effluents in a biological reactor, sedimentary and equalization lagoon for discharge into the Los Angelitos Creek. The Chemical Division Mill discharges its effluents into the Paraná River after biological treatment. In Brazil, the panel mills have biological treatment systems and their effluents are discharged into nearby rivers.

WASTEWATER (IN MILLIONS OF M³)

Business	2014*	2015*	2016
Pulp	140 (46 m3/ADT)	136 (44.3 m3/ADT)	130 (42.5 m3/ADT)
Timber	2.6*	4.6*	4.8**

* Includes Chile only.

** Includes figures for Bioenergy Viñales in Chile only.

RELEVANT EVENTS FOR 2016



Chile

- Continuation of the construction of a new effluents treatment plant at the Arauco Mill.

Argentina

- At Piray, the Company implemented a filtration system on the liquid effluents line, reducing the consumption of plant treatment inputs and increasing fiber recovery.

Norteamérica

- The Duraflake Mill implemented a treatment plant for process water and rainwater.



ATMOSPHERIC EMISSIONS

100

The Company monitors the emission of TRS (Total Reduced Sulfur) gases from its mills on an ongoing basis and has implemented operational controls to minimize situations of TRS gas odor and/or venting into the atmosphere.

Atmospheric emissions of particulate matter are controlled through mitigation equipment such as gas washers and electrostatic precipitators with efficiency rates in excess of 95%. In addition, emissions at the wood mills from sawmill and remanufacturing pro-

cesses are minimized by sleeve filters, which capture the dust so that it can be used as combustible biomass.

A system for capturing, conducting and burning off diluted TRS gases will be implemented at various pulp mills in 2017. Joined with operational measures, it will enable the Company to optimize the management of these materials at its pulp mills even more.

EMISSIONS

Business	Type	Unit of Measurement	2014*	2015*	2016
Pulp	TRS	ton	170	40*	26

* The significant reduction reported in 2014 is due to Argentina's implementation of a series of projects to reduce their TRS emissions.

RELEVANT EVENTS FOR 2016



Chile

- The Constitución Mill performed maintenance and a complete reconditioning of its recovery boiler, optimizing its operation and reducing atmospheric emissions.
- Improvements to two electrostatic precipitators of the Constitución Mill recovery boiler.
- At the Licancel Mill, TRS gases were captured from the dissolving tank.
- Installation of silencers in the drying chambers of the Nueva Aldea Sawmill to reduce ambient noise emissions.

Brazil

- The Araucaria Mill installed a washer on its resin reactors to ensure compliance with regulations on formaldehyde gas and VOC emissions.
- The Pien Mill installed an air flow director on production line 2 for fiber drying, reducing the probability of emitting fibers into the atmosphere.
- The Pien Mill implemented significant changes in the MDP line's process for drying particles, deactivating the Pré Secador PZ dryer, reducing particulate matter emissions by 77 tons/year and VOC emissions by another 53 tons/year.

North America

- Installation of an emissions control system at the Eugene Mill.
- Research was conducted to correlate methanol content in resins and methanol emissions from presses in order to reduce them at the Moncure Mill.

WASTE MANAGEMENT

In all countries where ARAUCO operates, there are hazardous waste and non-hazardous waste management plans in place to comply with current regulations and ensure proper disposal. Ongoing training is also given on the management and proper disposal of waste.

The reduction of waste generation and implementation of alternative options for adding value to waste and/or re-using it are strategic objectives for ARAUCO. For this reason, it works to develop not only new alternatives for adding value, but also alternatives for adding value that have already been validated. Disposal at properly authorized sites is seen as a final option.

The waste generated by industrial mills is hazardous and non-hazardous. The removal, transportation and disposal of hazardous waste is reported to the respective authorities and waste is disposed of in properly authorized sanitary landfills.

Non-hazardous waste in the pulp industry principally consists of ashes, sand, solid waste from the caustification process, calcium carbonate, sludge from treatment systems and effluents, cuttings not fit for burning and other similar items, which are disposed of mostly in ARAUCO-owned non-hazardous waste tanks.

The Company's goal with respect to waste is to make new byproducts out of it that can serve, for example, as inputs in other production processes. Therefore, the Company has strengthened and continues to work on researching and developing new alternatives for waste re-use.

In this regard, in Chile the Company has arranged for cuttings to be shipped to forest sites for use in creekside plantations and in the recovery of logging fields.

In addition, through a joint project with the company VerdeCorp, which is dedicated to industrial innovation, the Company has succeeded in transforming waste that was traditionally disposed of in sanitary landfills into raw material for making base substrate and regulating pH in agricultural soils. This "forest earth" is being used with different types of crops, such as grapevines, cherries, and more.

Initiatives for adding value to ash, dregs and grits in the cement industry are in the research and development phase.

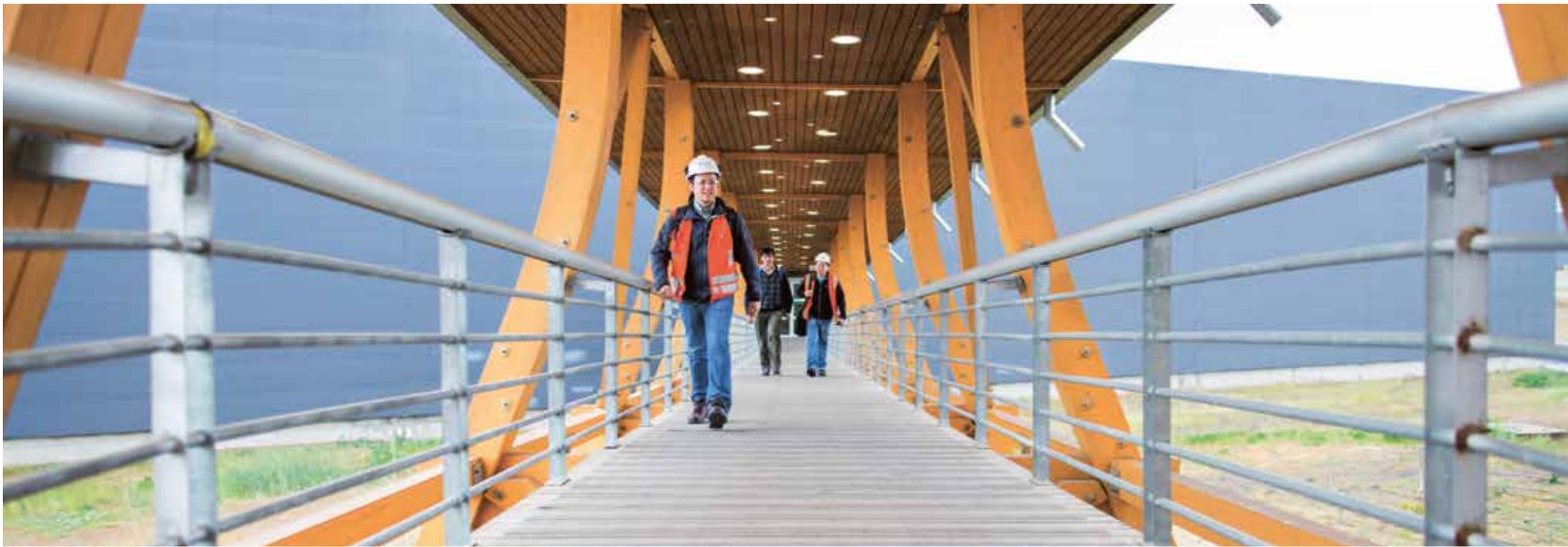
Of the non-hazardous industrial waste generated at pulp plants, 29% was value-enhanced in 2016, or 109,602 tons. This waste was sent to forest sites and VerdeCorp, or used for the closure of the Arauco Mill landfill.

In Brazil, the ash generated at the Company's panel mills are applied to its forestry areas. Also, the sludge generated at the effluent treatment plants of Jaguariáiva and Pien is burned with biomass at thermal power stations and a small portion of the sludge from Jaguariáiva is transformed into compost for application in forestry areas. Only waste that cannot be recycled or that cannot be set aside for co-processing is sent to sanitary landfills.

WASTE (IN TONS) BY BUSINESS

Business	Type	2014*	2015*	2016
Pulp	Hazardous waste	5,587	10,916	6,666
	Non-hazardous waste	487,451 (0.16 tons/ADt)	387,894 (0.13 tons/ADt)	391,374 (0.13 tons/ADt)
Timber	Hazardous waste	3,667	4,600	4,828
	Non-hazardous waste	27,242	31,821	16,504

* Timber includes Chile only.



Relevant Events for 2016



Chile

- 45,000 tons of non-hazardous waste, mainly ash, cuttings and slag from biomass boilers, were sustainably used in the closure of the Arauco Mill landfill.
- Implementation of industrial pilot tests to evaluate alternatives for adding value to ash from biomass boilers in cement production to use as base substrate.
- Realización de pruebas piloto para evaluar alternativas de revalorización de cenizas, dregs y grits.
- A perimeter drain was installed on an industrial waste tank at the Licancel Mill with the goal of optimizing the drainage system.
- At the Nueva Aldea Mill, the Company added more value to waste, value-enhancing 100,000 tons of waste from 2014 to 2016.
- Starting in April, 2016, 100% of the ash generated at Viñales Bioenergy was value-enhanced and incorporated as inputs for other production processes.

- 100% of the ash from the Trupán Cholguán Panels Mill was used to maintain a safety strip to prevent the entry of forest fires.

Argentina

- The Zárate MDP Mill implemented a resins recovery system.

Brazil

- The Jaguaraiá Mill successfully increased the amount of sludge set aside for burning in its thermal power station from 7 to 20 tons/day, reducing the amount sent for composting.
- Re-utilization of 133 tons of liquid waste (wet extractor, water and urea resin) in the MDF2 disintegrator at the Jaguaraiá Mill.
- Implementation of inverse logistics for wood waste where the waste was sent to the sawmill for chipping and returned to the plant as biomass.



LEAKS/SPILLS

In 2016, an event was reported at the Arauco Pulp Mill. The incident involved a broken pipe in the effluent treatment plant area that caused an isolated spill and a limited amount of untreated effluent. The event was detected promptly, and the process was suspended until the pipe was repaired. The groundwater was monitored to confirm that there was no impact. The reports and results of the investigation were delivered to the competent authorities, who ruled out impact to the environment and to people.

FIRE PREVENTION AT INDUSTRIAL FACILITIES

To improve the Company's response in potential emergencies, with the main objective of properly protecting people, the environment and its industrial facilities, ARAUCO has developed a program for improving its firefighting networks.

In 2016, a cross-business contract was implemented for most of the Company's Pulp and Wood mills to ensure fire testing of all protection equipment, in compliance with the schedules and details associated with manufacturer specifications and the standards of reference (National Fire Protection Association).

2016 also saw the completion of the training program, started in 2014, for the Company's industrial firefighters, giving them the competencies to be prepared for fighting an advanced structural fire outdoors.



COMMUNITY,
PARTICIPATION AND DIALOGUE





PARTICIPATION AND DIALOGUE

ARAUCO's Local Development Strategy aims to contribute to the development of local communities through programs that generate shared value, using a model based on dialogue and participation.

As part of this strategy, the Company implements a wide array of programs, tools, and partnerships that go beyond simply operating in the various areas where it is present, but also seeks to contribute to the regions development and achieve social, economic and environmental balance in its presence.

The Company is in constant dialogue with its neighbors to detect and minimize the potential negative impact of its operations and to seek out opportunities for increasing its contribution to local development. Thus, it has identified areas for focusing its activities, implementing mutually beneficial initiatives that reflect the needs and realities of each country and locale.

Programs and spaces for participation are implemented, measured, and managed with an eye toward generating results that add value to all interest groups.

In Chile, with the goal of evaluating its reputation and learning about its neighbors' assessment of the present and future of their communes, the Company has applied the Local ARAUCO Reputation Index in specifically prioritized communes, transforming this information into a business management input.

In Argentina, in 2016 the Company conducted Community Perception Diagnostics with the objective of revealing the perspective of prioritized interest groups on ARAUCO's economic, environmental, and social management; defining plans of action; and generating inputs for strengthening relations.

NEARBY COMMUNITIES AND AREAS OF SPECIFIC INTEREST

Country	Nearby Communities	Areas of Specific Interest
Chile	126	33
Argentina	26	9
Brazil	75	25
North America	NA	8



Over **50** programs in development.

Close to **US\$13** million in annual spending.



Over **70,000** direct beneficiaries.



Housing and Community Program

COMMUNITY PROGRAMS

The purpose of the Company's Local Development Strategy is to contribute to the development of local communities, developing initiatives that generate mutual benefit through a model based on dialog and participation.

In the different countries where ARAUCO operates, it develops programs in accordance with defined work strategies, seeking spaces for relations that enable the Company to maintain transparent, honest communication with different relevant stakeholders.

Additionally, the Company supports diverse initiatives of importance to the community such as the Fundación Belén Educa Telethon – a charity held to fund the rehabilitation of disabled children and youths – among other programs.

CAMPUS ARAUCO – CHILE

A training center that joins education with practical on-the-job training through a strategic partnership between ARAUCO and Duoc UC, seeking to generate professional and technical training alternatives. In addition to the technical programs which are taught under the dual education model, it is a training center for some of the skills-building programs provided to ARAUCO employees, with the goals of continuing training, career development, and the expansion of the labor market.

209 students in the first year of operation, nearly **50** of whom are direct employees and contractors of ARAUCO.



HOUSING AND COMMUNITY PROGRAM (PVT) – CHILE

This project seeks to promote access to housing for ARAUCO's employees, the employees of its service providers, and families in the Company's area of influence. This is achieved through technical support in the process of applying for public subsidies, financial support for hiring expert third parties for project development, locating and technically evaluating land for housing purposes, and cooperation and partnerships with public and private bodies.

All of this translates into the generation of housing solutions and neighborhoods of a high technical and social standards that will increase in value over time, and a program of shared value that can be replicated and is scalable, with the potential to benefit a great number of people.

1,355 homes built.

184 homes under construction.

The Company expects to deliver **500** homes per year with this project.

5 projects in different stages of design totaling approximately 1,350 homes

28-project portfolio representing a total estimated investment of **67 billion pesos**.

Over **60%** of the projects are already executed or are being implemented.

River Mitigation Park Project and Heated Swimming Pools Project are in execution.

SUSTAINABLE RECONSTRUCTION PLAN (PRES) FOR CONSTITUCIÓN – CHILE

As a result of the effects of the earthquake and tsunami that devastated southern central Chile on February 27, 2010, the Municipality of Constitución, the Housing and Urban Development Ministry, and ARAUCO signed a public-private partnership to develop the Master Sustainable Reconstruction Plan (PRES in Spanish) for the city of Constitución.

The objective of this plan was to plan a city with a vision of the future, recovering its relationship with its geography, with the goal of impacting quality of life and expanding the synergies between industry and tourism.

Programs in **34 communes**, benefiting **575 schools** and over **5,100** teachers who are responsible for nearly **99,800 children** per year.

ARAUCO EDUCATIONAL FOUNDATION – CHILE

The Arauco Educational Foundation was established 27 years ago to make a social contribution and support the development of the communities where the Company is present, giving teachers center stage as essential actors in educational changes. Thus, its focus has been to strengthen the competencies and skills of active teachers, which ultimately affects the learning of their students.

In implementing its educator development programs, the Foundation considers the establishment of public-private partnerships with the Education Ministry and municipalities, carrying out work to which all involved stakeholders contribute.

Spaces that attract and connect capacities, impacting local entrepreneurship and development.

Serving **13,800 users** at the Constitución, Curanilahue and San José de la Mariquina Hubs.



11 communes with **5,500** property owners.

Mapuche
Community Relations Policy.

ACERCAREDES FOUNDATION – CHILE

AcercaRedes consists of a network of hubs; spaces equipped for co-working and connectivity in remote areas far from major urban centers. Its objective is to offer a quality space for working and meeting while promoting associativity among local entrepreneurs and technical, production, union, cultural, academic, corporate, and commercial organizations with the goal of accelerating the processes of innovation and associative ventures capable of making a significant impact on local development.

CUCHA CUCHA NETWORK – CHILE

With the goal of developing the potential of the Itata Valley (the birthplace of Chilean wine), ARAUCO has developed this program of shared value that seeks to develop local winegrowing so that the Valley progresses and becomes a region known worldwide for its wines and tourism.

Hacienda Cucha Cucha has become a reference in quality winemaking and makes its space available to small local producers to visit with one another and share good practices, helping to form a focal point for wine development in the area.

MAPUCHE COMMUNITY RELATIONS – CHILE

With the objective of generating training and job opportunities for people in the Mapuche communities adjoining the Company's Forestry operations, ARAUCO created the Local Mapuche Employment Stimulus Mechanism. This initiative was born in 2014 after a process of building connections and dialoguing with the communities and leaders of the Mapuche Tribe.

11,273 people have participated in the Forest World experience.

50 primary schools.



5,000 students participated in 2016.

FOREST WORLD TRAVELING TRAILER – ARGENTINA

This space was designed to travel through the Misiones Province and reach out to the residents of different places where the Company operates or that are far from urban centers, reinforcing the Company's ties to the community. Also, the trailer's exterior is a space for community relations that enables people to share questions and concerns about ARAUCO's industrial activities and management.

In 2016, the traveling trailer included more new towns in its itinerary and updated its games and content aimed at teaching the population about key forestry industry issues in an attractive, novel manner.

GREEN CLUB – ARGENTINA

With the goal of developing and promoting children's participation in caring for the environment and preventing forest fires, this program is being developed at primary schools. Club meetings are aimed at unleashing and stimulating children's creativity, centering on the importance of natural and cultivated forests; their protection through responsible forest practices; the control and management of fires; and the prevention of rural fires.

400 families in 26 indigenous Mbyá Guaraní communities.

Continuing education for **5 communities** through the Alto Paraná Foundation.

MBYÁ GUARANÍ ABORIGINAL COMMUNITIES – ARGENTINA

ARAUCO has established ties with the Mbyá Guaraní indigenous communities, conducting activities in coordination with government agencies such as establishing agreements on the use of forest resources, material or logistical collaboration, and training in the cultivation of citrus and native fruit orchards to contribute vitamins and minerals to their daily diet, generating a synergy between indigenous traditional knowledge and ARAUCO's technical knowledge.

Continuing education is incentivized with a monthly financial contribution to students in 5 communities through the Alto Paraná Foundation.



SOLIDARITY MARATHON 2016 – ARGENTINA

The Solidarity Marathon organized by the Arauco Volunteer Corps was held for the ninth time this year and included a 1k run for primary school students and a 3k run for high school students.

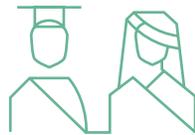
The organizations who benefited this year were the Hermana Asunta Retirement Home of Wanda, the Sagrada Familia Retirement Home of Puerto Esperanza, Puerto Piray Hospital, Puerto Libertad Area Hospital, the Volunteer Firefighters of Eldorado, and the Eldorado Association to Combat Cancer (ALUCCEL in Spanish).

Over **160 schools** participated.

Over **volunteers** were involved.

Over **3,000 runners** from throughout Argentina participated in the general **5k** run.

803 students
participated in
4 municipalities



ENVIRONMENTAL EDUCATION – BRAZIL

The goal of this program is to disseminate social/environmental values, knowledge, skills and attitudes oriented toward environmental conservation and inform students of municipal and state education establishments about forestry practices.

1,897 community
members
participated in 2016

IMPROVING QUALITY OF LIFE IN COMMUNITIES – BRAZIL

Through this program, the Company seeks to contribute practical knowledge to improve the daily lives of the communities surrounding ARAUCO's forestry operations.

12,692 students attended
theater presentations.

CULTURAL CIRCUIT – BRAZIL

With the idea of disseminating educational, cultural and health concepts among the population through theater, the Company is developing the Cultural Circuit, which travels to rural and urban schools of the municipalities where ARAUCO engages in forestry or industrial activities.

HEALTH AND WELL-BEING – NORTH AMERICA

Through its work with charity organizations and neighboring hospitals, ARAUCO has contributed to 56 programs to help people with medical care and covering costs. Employees also participated in sporting events that invited the community to get involved in programs promoting a healthy lifestyle, safety and injury prevention with the donation of sports equipment.

EDUCATION – NORTH AMERICA

Arauco seeks to support education because it has the conviction that investing in local talent not only develops a sustainable community, but supports the Company's ability to hire qualified employees in the areas where it is present. Its support to technical schools for industrial training, donations of materials and supplies, and the development of projects that seek to apply innovations at ARAUCO's mills or other industrial operations are but a few examples.



Active support of
28 programs
associated with education.

PARTICIPATION AND DIALOGUE



Ongoing dialogue is required for Company-community relations over the long term. To that end, participation and dialogue are essential factors in ARAUCO's sustainability strategy. Their essential purpose is to facilitate the Company's involvement with its interested parties through consultation and dialogue processes, spaces to meet and visits to the Company's operations, thus promoting interaction, learning the community's needs, and receiving and incorporating their concerns.

On this basis, it is possible to sustain a fruitful dialogue and jointly explore opportunities for developing the area.

In Chile, an example of how these principles are reflected in our actions is the Community Participation and Consultation Guide, which discusses how to carry out the processes of documenting and managing the impact of our operations in a participatory manner. Our operations are long-term investments distributed over an extensive geographic area, requiring constant interaction with numerous people and local communities on an ongoing basis with the goal of generating relations centered on trust with a view to the long term.

In the context of the execution of our forestry operations, in 2016 the Company carried out 316 participatory and consultation processes in which over 2,400 people participated, enabling it to identify the impacts of its operations jointly with communities. Commitments are then made to prevent and mitigate impacts.

Ten meetings were held with interested parties where topics of interest to them were reviewed in situ, such as forest fires, water basin management, forest harvesting, and more.

In Argentina the Forestry Dialogue, after two years of work, has held 9 assembly meetings and established 42 agreements, leading to improvements in management and contributions to the region's collective knowledge.

In North America, the community of Grayling, Michigan, was invited to participate in consultation processes to learn about the project for the new particleboard mill being built in the area. Once the requested improvements were incorporated, no additional requests were presented by the community in the formal construction approval process.

DIALOGUE PROCESSES AND ACTIVITIES

Processes	Activities	Number of Participants
Chile		
MAPA Project	83 Company activities at Open Houses and on land	3,700 participants
Consultation on forestry operations	319 consultation processes implemented, on the local and commune levels and/or with Mapuche communities	2,441 people
Forestry meetings with interested parties	491 meetings generated	12,182 people
Program of visits to forestry operations	10 visits to forestry operations	343 visitors
Program of visits to industrial facilities	7 visit programs	7,324 visitors
Launch of Sustainability Report	Meetings and talks with different public interest groups	783 people
Participation in Work Roundtables	Active participation in boards of directors and work groups	155 people and 8 boards of directors
Informational talks	Presentation of local development strategy in open house events	155 talks and 2,138 people
Housing Program (PVT)	69 meetings for dissemination and coordination	2,088 people
Program of visits to Oncol Park	Opening Park and HCVA to the community	16,610 visitors
Program of visits to Coyanmahuida Park	Opening park to the community	2,136 visitors
Program of visits to Coyanco Lagoon	Opening park to the community	6,364 visitors
Participation in events of regional interest	Corporate presentation at 4 events in Los Ríos	8,000 people

DIALOGUE PROCESSES AND ACTIVITIES

Processes	Activities	Number of Participants
Argentina		
Process of prior public consultation with forestry operations	57 public meetings	188 people
Process of Forestry Dialogue with interested parties	2 public meetings	105 people
Program of visits to forestry operations	Visits to forestry operations	61 visitors
Program of visits to industrial facilities	4 visit programs	610 visitors
San Jorge Forest Preserve Program	Guided visits	1,377 people
Brazil		
Consultation on forestry operations	Consultation process	613 participants
Program of visits to industrial facilities	Visits to industrial facilities	48 visitors
Program of visits to forestry operations	Visits to forestry operations	142 visitors
Environmental Education Program	4 zones	803 participants
Corporate Affairs Program	Institutional presentations and dialogue with communities	6,747 participants





To maintain fluid communication with different public interest groups, facilitate the dissemination of information of interest and the timely receipt of queries and concerns, ARAUCO has actively developed and managed diverse channels, platforms and tools. Hotlines, websites, e-mail addresses and accounts with social networks like Facebook, YouTube, and Twitter are all available to the public.

In Chile, ARAUCO has an Integrated Management System that operates via a call center and a web platform that receives and manages communications that come in via the website, toll-free hotlines, e-mails, letters, and the complaints form available to third parties.

This tool functions with a special protocol that enables follow-up for responses in an appropriate, timely manner. In 2016, this system received 3,434 contacts, of which 56% were for submitting questions and 25% for submitting claims or reports. Requests, questions and complaints are managed and resolved in accordance with the existing procedure, seeking satisfactory solutions for both parties.

In Argentina, the Forestry area has a procedure that regulates how communications, questions and complaints are sent and processed. In Brazil, there is a procedure for the management of complaints, claims and resolutions that keeps the community informed of the Company's operations and channels of communication.

CANALES DE CONTACTO

Channel	Number of Contacts
Chile and Corporate	
Product websites*	343,908 visits
www.araucosoluciones.cl	339,941 visits
@AraucoSoluSost (Twitter)	2,178 followers
Facebook.com/AraucoSolucionesSostenibles	225,323 fans
YouTube Arauco Soluciones	7,298 subscribers
Pinterest: Soluciones Sostenibles	1,084 followers
www.innovarauco.cl	4,783 visits
www.arauco.cl	489,281 visits
@Arauco_cl (Twitter)	1,520 followers
www.nuevohorcones.cl	17,443 visits
www.arauco.cl/fsc	4,783 visits
Hotline: 800 370222	2,547 telephone calls
Contact form at www.arauco.cl/comunidad	410 contacts
Letters	225
E-mails	123 (contacto@arauco.cl)
Other types of contact	97 in-person meetings; 32 complaint and claim forms
Argentina	
Hotline: 0800 888-2772	23 telephone calls
info@araucoargentina.com	210 e-mails
Brazil	
institucional@arauco.com.br	39 e-mails
Hotline	42 telephone calls
Dedicated form	125 forms received
North America	
www.arauco.cl	119,734 visits

* AraucoPly, Cholguan, Decofaz, Durolac, Faplac, Hilam, MSD, PRISM, Trupan, Vesto, Truchoicemoulding.



Chile

- The Arauco Educational Foundation participated in the Fifth Latin American Academic Leadership and Direction Day, organized by Pontificia Universidad Católica de Chile.
- The Arauco Educational foundation held a “Pre-Texts” workshop with the participation of educator Doris Sommer.
- Signing of agreement on the Arauco Educational Foundation’s Program for Academic Improvement in Mathematics to be implemented in Ránquil.
- Thanks to the 2015 Arauco Educational Foundation Commune Award, the commune of Curanilahue inaugurated a cultural tent; a traveling educational space that will visit different locations in the commune, holding artistic, scientific and cultural fairs.
- Inauguration of Campus Arauco, created via the partnership between Duoc UC and ARAUCO.
- Inauguration of the Cultural Center of the commune of Arauco, a 1,400-square-meter space including a theater with a 250-person capacity and a fully equipped library.
- Inauguration of the Los Alamos housing complex which is benefiting 50 families, 40% of whom are forestry employees in the province of Arauco.
- 99% progress in the construction of the 240-home Entre Ríos housing complex in Yungay.
- 75% progress in the execution of the Reconstruction Plan (PRES in Spanish) for Constitución, adding a boat dock and project for heated swimming pools this year.
- Signing of agreement with local gatherers in the sectors of Cerro Alto, Cuyimpalihue, Los Alamos, San José de Colico, Yani and La Araucana and the organization of a workshop with the participation of experts on Mapuche issues and gathering.
- Inauguration of the Soul of Itata store, resulting from the partnership between ARAUCO, the municipality of Ránquil and winegrowers of the Itata Valley, with the goal of recovering and expanding the potential of the area’s winegrowing industry.
- Beginning of work to expand the rural drinking water network in Horcones through the project to improve and expand the rural drinking water network of Horcones Costa, as part of the initiatives related to the MAPA Project.
- The Oncol Park environmental education program received the Good Corporate Citizenship Award from the Chilean-American Chamber of Commerce (AmCham).
- Beginning of “Living Classroom,” the next phase of the Oncol Park environmental education program, which is expected to reach over 2,000 students.

- The Sustainable Valdivia Consortium, an organization in which ARAUCO participates, developed an innovation challenge to modernize urban spaces in Valdivia through the Active Valdivia project, which seeks to recover the lateral spaces of Valdivia’s central streets.
- Launch of the Coastal Zones Development Challenge, designed by the AcercaRedes Foundation and supported by ARAUCO with the goal of strengthening the work of artisanal fishing unions and associated organizations in the coastal portions of the regions of Los Ríos and El Maule.

Argentina

- El Alcázar, San Ignacio, San Pedro and Naranjito (Colonia Polana) were added as areas of interest for ARAUCO.
- Expanded itinerary for the Forest World traveling trailer, visiting more new towns and updating its games and content.
- The General Education Council of the Province of Misiones declared the Green Club Education Project a “Program of Educational Interest” for its work in developing and promoting children’s involvement in caring for the environment and preventing forest fires.
- The Community Perception Diagnostics, which were carried out for the first time in 2012, were updated.

North America

- In 2016, ARAUCO actively participated in nearly 100 activities across the United States and Canada with over 2,000 participants.
- ARAUCO supported the Eastside Center for Advanced Manufacturing, a technical school of the Marlboro County Economic Development Partnership.
- The Company also supported the construction of a Chatham Habitat for Humanity Tiny House.
- Sponsored the Malvern Brickfest 5k and support for enrolling employees and their families to participate by running or walking.
- Sponsorship of a golf tournament benefiting First Step, a program for disabled children and adults.
- Donation and delivery of holiday turkeys for the Holiday Dinner of the Rural Firefighter Corps of South Malvern, who provide a holiday dinner and Christmas gifts for children under the age of 14 in extremely disadvantaged families.
- Toy donation campaign at the Malvern Mill for Hannah Grace’s Toy Drive, an organization that provides Christmas gifts for foster children in Hot Springs County, Arkansas.

CORPORATE COMMITMENTS WITH OUTSIDE INITIATIVES

ARAUCO recognizes the value of working in partnership with other actors, particularly when it comes to complex challenges with multiple points of view. The Company has a permanent relationship with academic institutions, NGOs and trade unions with which it seeks to develop the potential of teamwork and multi-sectoral cooperation.

Thus, in 2016 the Company's work continued with::

- Santiago Climate Exchange
- Forest Footprint Disclosure (of the Global Canopy Project)
- Executive Management Network (RAD in Spanish) of Universidad del Desarrollo
- Global Pact
- Prohumana
- AccionRSE

PARTICIPATION IN PUBLIC POLICIES

ARAUCO participates in the discussion of topics that are related to its business or any of the aspects contained in its Sustainability Strategy. It has also presented its position with respect to regulations that could affect its operations and economic performance to the trade union entities it belongs to in Chile, such as the Chilean Wood Corporation (CORMA in Spanish) and the Society for Industrial Development (SOFOFA in Spanish).

In Argentina, it actively participates in the Argentina Forestry Association; Argentine Association of Pulp and Paper Manufacturers, FSC® International and the National Initiative. In Brazil, it presents its ideas to business chambers on the national level, such as the Brazilian Tree Industry (IBA in Portuguese); in the area of Paraná, contacts are made through the Paraná Association of Forestry-Based Companies (APRE in Portuguese). In North America, ARAUCO participates in national formaldehyde rule-making, CARB ATCM rule-making, and in LEED workshops.

MEMBERSHIPS

ARAUCO actively participates in more than 150 trade unions and social organizations in Chile, Argentina, Brazil, Uruguay, Mexico, Peru, Holland, the United States, Canada, Colombia and Australia. In addition, it maintains relationships with universities, media outlets, scientific centers, NGOs and local governments.

SCOPE





ARAUCO®

SCOPE

For the 11th consecutive year ARAUCO has published its Sustainability Report, including information for the period from January 1 to December 31, 2016 on its economic, social and environmental performance, employing Guide G4, the Essential Level of the Global Reporting Initiative (GRI). This Report also allows us to report on the communication in progress as part of the Company's commitment to the Global Pact.

For the preparation of this document the consolidated information of the industrial and forestry operations of Chile, Argentina, Brazil, the United States and Canada was reviewed, compiled and presented. The performance of the Company's operations in Uruguay and Sonae-Arauco is excluded because ARAUCO is not a majority shareholder, and in this report we provide information only on those companies ARAUCO controls. However, the Company's operations and projects in Uruguay and Sonae-Arauco are still mentioned at the descriptive level in this report when it is pertinent.

The Company's methods of measurement and calculation for presenting environmental and social data reflect the recommendations of the GRI. In the economic sphere, internationally accepted accounting standards were followed such as International Financial and Reporting Standards (IFRS). The currency used for presenting this type of information is United States dollars, calculated on the basis of the average value of the dollar for the period.

In adherence to the principle of reliability, the written sources of information used to prepare this Report, as well as the people who participated in delivering and validating indicators, are mentioned in the appendix "Information Sources." The Company did not hire an outside party for the verification of this report.

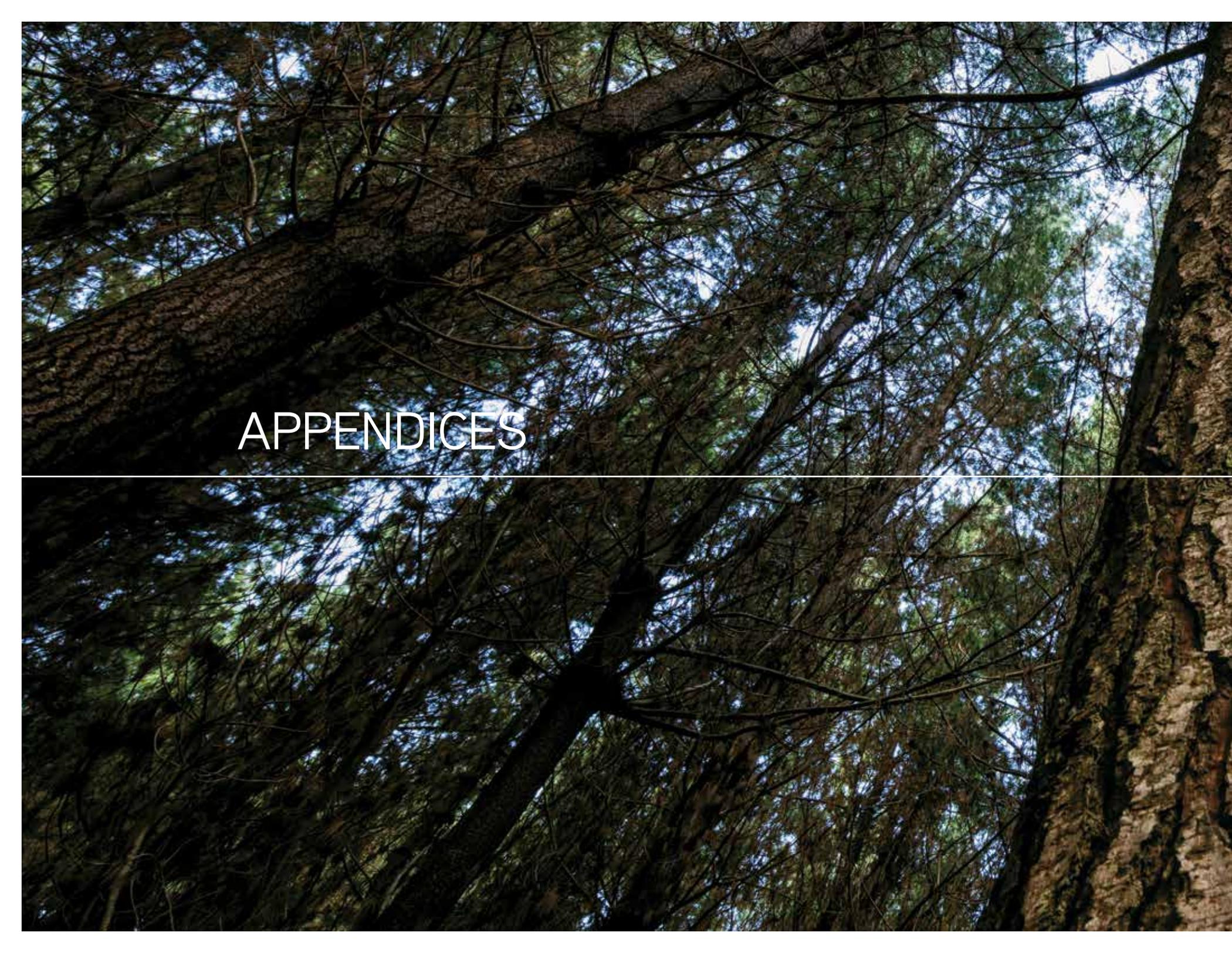
DEFINITION OF THE CONTENT

With the goal of developing the process for the identification of the most relevant aspects of the 2016 Report, the Company conducted a systematic review of its strategy, as manifested through corporate presentations and notes published via internal media, and supplemented this with a survey of Latin American customers.

As for outside sources of public information, the Company reviewed the issues indicated by its interest groups, particularly through the ARAUCO Local Reputation Index (INRELA in Spanish). Lastly, the Company reviewed all of its press releases.

Through this process of consultation and review, the Company was able to distinguish various aspects as relevant for different interest groups. These were grouped into six main topics, which are addressed in depth on the indicated pages.

KEY TOPICS IDENTIFIED	PAGE	AVAILABILITY
Safety	72-79	This year the Company printed 2,000 Spanish copies and 600 English copies of the condensed version of the 2016 Sustainability Report. The full version of the Report is available on our website, www.arauco.cl . PEFC-certified paper was used for printing the Report. Information that has already been included in other Reports, or that appears on the corporate website, will receive the applicable mention.
Globalization and Efficiency	26-55	
Energy, Emissions and Waste	93-105	
Products	36-55	
Community Programs	110-117	
Jobs	58-59	



APPENDICES



ARAUCO

CONSOLIDATED STATEMENTS OF

Financial Position

ASSETS	12-31-2016 ThU.S.\$	12-31-2015 ThU.S.\$
Assets		
Current Assets		
Cash and cash equivalents	592,253	500,025
Other current financial assets	5,201	32,195
Other current non-financial assets	144,915	133,956
Trade and other current receivables	701,610	733,322
Accounts receivable from related companies	12,505	3,124
Current Inventories	852,612	909,988
Current biological assets	306,117	306,529
Current tax assets	104,088	64,079
Total Current Assets other than assets or disposal groups classified as held for sale	2,719,301	2,683,218
Non-Current Assets or disposal groups classified as held for sale or as held for distribution to owners	3,059	3,194
Total Current Assets	2,722,360	2,686,412
Non-Current Assets		
Other non-current financial assets	8,868	595
Other non-current non-financial assets	130,319	125,516
Trade and other non-current receivables	14,273	15,270
Related party receivables, non current	957	0
Investments accounted for using equity method	446,548	264,812
Intangible assets other than goodwill	89,497	88,112
Goodwill	74,893	69,475
Property, plant and equipment	6,919,495	6,896,396
Non-current biological assets	3,592,874	3,520,068
Deferred tax assets	6,097	3,735
Total non-Current Assets	11,283,821	10,983,979
Total Assets	14,006,181	13,670,391

	12-31-2016 ThU.S.\$	12-31-2015 ThU.S.\$
Equity and liabilities		
Liabilities		
Current Liabilities		
Other current financial liabilities	697,452	296,038
Trade and other current payables	537,891	583,018
Accounts payable to related companies	3,831	7,141
Other current provisions	842	858
Current tax liabilities	1,641	10,976
Current provisions for employee benefits	5,244	4,497
Other current non-financial liabilities	99,163	131,723
Total current liabilities other than assets included in disposal groups classified as held for sale	1,346,064	1,034,251
Total Current Liabilities	1,346,064	1,034,251
Non-Current Liabilities		
Other non-current financial liabilities	3,870,914	4,236,965
Other non-current provisions	38,138	34,541
Deferred tax liabilities	1,631,065	1,619,012
Non-current provisions for employee benefits	60,084	51,936
Other non-current non-financial liabilities	60,633	47,241
Total non - current liabilities	5,660,834	5,989,695
Total liabilities	7,006,898	7,023,946
Equity		
Issued capital	353,618	353,618
Retained earnings	7,329,675	7,204,452
Other reserves	(728,042)	(949,360)
Equity attributable to parent company	6,955,251	6,608,710
Non-controlling interests	44,032	37,735
Total equity	6,999,283	6,646,445
Total equity and liabilities	14,006,181	13,670,391

CONSOLIDATED STATEMENTS OF

Income

	Nota	January-December	
		2016 ThU.S.\$	2015 ThU.S.\$
Income Statement			
Ganancia(Pérdida)			
Revenue	9	4,761,385	5,146,740
Cost of sales	3	(3,498,905)	(3,511,425)
Gross profit		1,262,480	1,635,315
Other income	3	257,863	273,026
Distribution costs	3	(496,473)	(528,470)
Administrative expenses	3	(474,469)	(551,977)
Other expense	3	(77,415)	(83,388)
Profit (loss) from operating activities		471,986	744,506
Finance income	3	29,701	50,284
Finance costs	3	(258,467)	(262,962)
Share of profit (loss) of associates and joint ventures accounted for using equity method	15	23,939	6,748
Exchange rate differences		(3,935)	(41,171)
Income before income tax		263,224	497,405
Income Tax	6	(45,647)	(129,694)
Net Income		217,577	367,711
Net income attributable to			
Net income attributable to parent company		213,801	362,689
Income attributable to non-controlling interests		3,776	5,022
Profit (loss)		217,577	367,711
Basic earnings per share			
Basic earnings per share			
Basic earnings per share from continuing operations		0.0018894	0.0032051
Basic earnings per share		0.0018894	0.0032051
Earnings per diluted shares			
Earnings per diluted share from continuing operations		0.0018894	0.0032051
Ganancia (Pérdida) Diluida por Acción Procedente de Operaciones Discontinuas		-	-
Earnings per diluted share		0.0018894	0.0032051

CONSOLIDATED COMPREHENSIVE

Income Statements

	Nota	January-December	
		2016 ThU.S.\$	2015 ThU.S.\$
Estado del Resultado Integral			
Profit (loss)		217,577	367,711
Components of other comprehensive income that will not be reclassified to profit or loss before tax:			
Other comprehensive income before tax actuarial gains losses on defined Benefit plans		(5,593)	(1,530)
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss before tax		132	(1,008)
Other Comprehensive Income that will not be reclassified to profit or loss before tax		(5,461)	(2,538)
Components of other comprehensive income that will be reclassified to profit or loss before tax:			
Exchange differences on translation			
Gains (losses) on exchange differences on translation, before tax	11	173,754	(385,109)
Other Comprehensive Income before tax exchange differences on translation		173,754	(385,109)
Cash flow hedges			
Gains (losses) on cash flow hedges, before tax	23	84,045	11,859
Reclassification adjustments on cash flow hedges before tax	23	(10,198)	(16,122)
Other Comprehensive Income before tax Cash flow hedges		73,847	(4,263)
Other Comprehensive income that will be reclassified to profit or loss before tax		247,601	(389,372)
Income tax relating to components of other comprehensive Income that will not be reclassified to profit or loss before tax			
Income tax relating to defined benefit plans of other comprehensive income		1,509	649
Income tax relating to Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss.		(106)	227
Income tax relating to components of other comprehensive Income that will be reclassified to profit or loss before tax			
Income tax relating to cash flow hedges of other comprehensive income	23	(17,355)	1,889
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss abstract		(17,355)	1,889
Other comprehensive income		226,188	(389,145)
Comprehensive income		443,765	(21,434)
Comprehensive Income attributable to			
Comprehensive income, attributable to owners of parent company		435,119	(15,619)
Comprehensive income, attributable to non-controlling interests		8,646	(5,815)
Total comprehensive income		443,765	(21,434)

CONSOLIDATED STATEMENTS OF

Changes in Equity

31-12-2016	Issue Capital ThU.S.\$	Reserve of exchange differences on translation ThU.S.\$	Reserve of cash flow hedges ThU.S.\$	Reserve of actuarial gains or losses on defined benefit plans ThU.S.\$	Several Other Reserves ThU.S.\$	Other Reserves ThU.S.\$	Retained Earnings ThU.S.\$	Equity attributable to owners of parent ThU.S.\$	Non - controlling interests ThU.S.\$	Total Equity ThU.S.\$
Opening balance at 01/01/2016	353,618	(872,770)	(55,396)	(16,668)	(4,526)	(949,360)	7,204,452	6,608,710	37,735	6,646,445
Changes in Equity										
Comprehensive income										
Net income							213,801	213,801	3,776	217,577
Other comprehensive income, net of tax		168,884	56,492	(4,084)	26	221,318		221,318	4,870	226,188
Comprehensive income	-	168,884	56,492	(4,084)	26	221,318	213,801	435,119	8,646	443,765
Dividends						-	(88,578)	(88,578)	(2,250)	(90,828)
Increase (decrease) through for transfers and other changes equity						-		-	(99)	(99)
Changes in equity	-	168,884	56,492	(4,084)	26	221,318	125,223	346,541	6,297	352,838
Closing balance at 06/30/2016	353,618	(703,886)	1,096	(20,752)	(4,500)	(728,042)	7,329,675	6,955,251	44,032	6,999,283

CONSOLIDATED STATEMENTS OF

Changes in Equity

31-12-2015	Issue Capital ThU.S.\$	Reserve of exchange differences on translation ThU.S.\$	Reserve of cash flow hedges ThU.S.\$	Reserve of actuarial gains or losses on defined benefit plans ThU.S.\$	Several Other Reserves ThU.S.\$	Other Reserves ThU.S.\$	Retained Earnings ThU.S.\$	Equity attributable to owners of parent ThU.S.\$	Non - controlling interests ThU.S.\$	Total Equity ThU.S.\$
Opening balance at 01/01/2015	353,618	(498,495)	(53,022)	(15,790)	(3,745)	(571,052)	6,984,564	6,767,130	47,606	6,814,736
Changes in Equity										
Comprehensive income										
Net income							362,689	362,689	5,022	367,711
Other comprehensive income, net of tax		(374,275)	(2,374)	(878)	(781)	(378,308)		(378,308)	(10,837)	(389,145)
Comprehensive income		(374,275)	(2,374)	(878)	(781)	(378,308)	362,689	(15,619)	(5,815)	(21,434)
Dividends						-	(142,801)	(142,801)	(3,228)	(146,029)
Increase (decrease) through for transfers and other changes equity						-		-	(828)	(828)
Changes in equity	-	(374,275)	(2,374)	(878)	(781)	(378,308)	219,888	(158,420)	(9,871)	(168,291)
Closing balance at 06/30/2015	353,618	(872,770)	(55,396)	(16,668)	(4,526)	(949,360)	7,204,452	6,608,710	37,735	6,646,445

MEMBERSHIPS AND NETWORKS

Argentina

- Green Building Council (AGB)
www.argentinagbc.org.ar
- Asociación Forestal Argentina (AFOA)
www.afoa.org.ar
- Asociación de Fabricantes de Celulosa y Papel, Argentina (AFCP)
www.afcparg.org.ar
- Federación Argentina de la Industria de la Madera y Afines (FAIMA)
www.faima.org.ar
- Cámara Argentina de la Industria de la Madera Aglomerada (CAIMA)
- Cámara Argentina de Aserraderos de Maderas, Depósitos y Afines
www.cadamda.org.ar
- Cámara de Comercio Argentino Chilena – Unión Industrial Argentina (UIA)
- Centro de Investigaciones del Bosque Atlántico (CEIBA)
www.ceiba.org.ar
- Consejo Empresario Argentino para el Desarrollo Sostenible (CEADS)
www.ceads.org.ar
- Instituto de Biología Subtropical (IBS)
- Centro de Investigación y Experimentación Forestal (CIEF)
- Instituto de Pesquisas e Estudos Florestais (IPEF)
- CAMCORE Cooperative – Cooperativa de Mejoramiento Genético y Silvicultura
- Feria Forestal Argentina Instituto Nacional de Tecnología Agropecuaria (INTA)
- Consorcio de Protección Forestal Iguazú
- FSC® International, member of the South Economic Chamber
- Facultad de Ciencias Forestales de la Universidad Nacional de Misiones
- Facultad de Ciencias Exactas Químicas y Naturales (UNaM)
- Facultad de Ciencias Exactas y Naturales de la Universidad de Buenos Aires
- Fundación Proyungas
www.proyungas.org.ar
- Fundación Temaiken
www.temaiken.com.ar
- Cuerpo de Guardaparques del Ministerio de Ecología de la Provincia de Misiones
- Fundación Equidad

- Un Techo Para mi País
- Fundación Vivienda Digna
- Una Nochebuena para Todos
- Fundación Mediterránea
- Fundación Vida Silvestre Argentina
- Reserva Yaguaroundí
- Reserva Curindy
- Administración de Parques Nacionales
- Aves Argentinas-Asociación Ornitológica de La Plata
- Guira Oga
- Asociación Amigos de Guapoy
- Unión Argentina de Trabajadores Rurales y Estibadores
www.uate.org.ar
- Comité de Cuenca Hídricas del Arroyo Tabay
- Comité de Cuenca Hídricas del Arroyo Tupicúá
- Consorcio Forestal Corrientes Norte
- Asociación de Bomberos Voluntarios de Libertad
- Colegio de Ingenieros Forestales
- Aglomerado Productivo Forestal Misiones y Corrientes (APF)*
- Asociación Civil Consejo de Manejo Responsable de los Bosques y Espacios Forestales

Australia

- Australia-Chile Chamber of Commerce
www.chilechamber.com
- Glue Laminated Timber Association of Australia
www.gltaa.com
- Forest Industry Engineering Association
www.fiea.org.nz

Brazil

- Associação das Empresas da Cidade Industrial de Araucária
www.aeciar.com.br
- Associação Paranaense de Empresas de Base Florestal (APRE)
www.apreflorestas.com.br

- Associação Brasileira de Automação
<https://www.gs1br.org/>
- Associação Brasileira de Normas Técnicas
www.abnt.org.br
- Associação de Usuários de Informática e Telecomunicações
www.sucesu.org.br
- AmCham Brasil – American Chamber of Commerce
<http://www.amcham.com.br/>
- Associação Comercial e Industrial Agrícola de Jaguariáiva (ACIAJA)
- Associação Sul-Mato-Grossense de Produtores e Consumidores de Florestas Plantadas (REFLORE)
www.reflore.com.br
- Conselho de Manejo Florestal FSC Brazil
www.fsc.org
- Diálogo Florestal Paraná – Santa Catarina
www.dialogoflorestal.org.br
- Federação dos Trabalhadores nas Indústrias do Estado do Paraná
- Federação das Indústrias do Estado do Paraná (FIEP)
www.fiepr.org.br
- Forest Stewardship Council (FSC)
www.fsc.org
- Fundação de Estudos e Pesquisas Florestais do Paraná
www.fupeq.ufpr.br
- Fundo Nacional de Controle da Vespa da Madeira (Funcema)
- Grupo de Profissionais de Remuneração (GPR)
- Indústria Brasileira de Árvores (IBÁ)
www.iba.org
- Instituto de Pesquisa e Estudos Florestais
www.ipef.br
- United Nations Global Compact
www.pactoglobal.org.br
- Programa Cooperativo em Certificação Florestal (PCCF)
www.ipef.br/pccf
- Sindicato das Indústrias Químicas e Farmacêuticas do Estado do Paraná
- Sindicato das Indústrias dos Marceneiros e Trabalhadores na Indústrias de Serrarias de Móveis de Madeira
www.somparpr.org/

- Sindicato das Indústrias do Mobiliário e Artefatos de Madeira no Estado de Minas Gerais (SINDIMOV-MG)
www.sindimov-mg.net.br
- Sindicato dos Trabalhadores nas Indústrias Madeireiras, Moveleiras e Similares de Jaguariáiva
- Sindicato dos Oficiais Marceneiros
www.somparpr.org/

Colombia

- Fedemaderas
www.fedemaderas.org.co
- Cámara Colombo-Chilena de Comercio
www.colombochilena.com
- Fundación América Solidaria
www.americasolidaria.org

Chile

- Aalto University (Finland)
www.aalto.fi (Associates)
- Åbo Akademi (Finland)
www.abo.fi (Associates)
- Asociación Técnica de la Celulosa y el Papel
www.atcp.cl
- Asociación de Industriales del Centro, Región del Maule
www.asicent.cl
- Junta de Adelanto del Maule, Región del Maule
www.juntaadelantodelmaule.cl
- Acción RSE
www.accionrse.cl
- Cámara Chilena de la Construcción
www.cchc.cl
- Cámara Chilena de la Construcción Valdivia
- Cámara Chileno Argentina
www.camarco.cl
- Cámara Chileno Australiana de Comercio
www.auscham.cl
- Cámara Chileno Brasileña de Comercio
www.camarachilenoBrazileña.cl

- Cámara Chileno Británica
www.britcham.cl
- Cámara Chileno-China de Comercio, Industrias y Turismo
www.chicit.cl
- Cámara Chileno Norteamericana de Comercio
www.amchamchile.cl
- Cámara de Comercio Italiana de Chile
www.camit.cl
- Cámara de Comercio e Industria de Valdivia
www.cciv.cl
- Centro de Estudios Públicos, Comisión de Medioambiente
www.cep.cl
- Consorcio Bioenercel
www.bioenercel.com
- Controladora de Plagas Forestales
www.cpf.cl
- Cooperativa de Mejoramiento Genético Forestal
www.genomica.cl
- Council of the Americas
www.as-coa.org
- Centro Educacional de Alta Tecnología
www.ceat.cl
- Centro de Innovación y Desarrollo de la Madera
www.cidm.cl
- Centro de Transferencia Tecnológica de la Madera
www.cct.cl
- Commonwealth Scientific and Industrial Research Organisation (CSIRO, Australia)
www.csiro.au (Associates)
- Corporación de Adelanto y Desarrollo de la Provincia de Arauco
www.corparauco.cl
- Corporación Chilena de la Madera
www.corma.cl
- Corporación Chilena de la Madera Maule
- Corporación Chilena de la Madera Biobío
- Corporación Chilena de la Madera Los Ríos-Los Lagos
- Corporación para el Desarrollo Productivo de La Araucanía
www.corparaucania.cl
- Corporación por el Desarrollo de Valdivia
www.codeproval.cl
- Corporación Industrial para el Desarrollo Regional del Biobío
www.cidere.cl
- Forest Productivity Cooperative (USA)
www.forestproductivitycoop.org
- Forestry and Agricultural Biotechnology Institute, South Africa
www.fabinet.up.ac.za (Associates)
- Fundación Belén Educa
www.beleneduca.cl
- Fundación Integrare
www.integrare.cl
- Genómica Forestal S.A
www.genomica.cl
- Georgia Tech Institute of Paper Science Technology (USA) ipst.gatech.edu
(Associates)
- Icare
www.icare.cl
- Innventia (Suecia)
www.innventia.com (Associates)
- Institut für Holztechnologie Dresden (Germany)
www.ihd-dresden.de
- Instituto Libertad
www.institutolibertad.cl
- North Carolina State Forest Nutrition Cooperative (USA)
- North Carolina State University Tree Improvement Cooperative (USA)
www.treeimprovement.org
- Prohumana
www.prohumana.cl
- Red de Alta Dirección Universidad del Desarrollo
www.redaltadireccionudd.cl
- Red Pacto Global Chile
www.pactoglobal.cl
- Rosenheim University of Applied Sciences (Germany)
www.fh-rosenheim.de (Associates)
- Sociedad de Fomento Fabril
www.sofofa.cl

- Un Techo para Chile
www.untechoparachile.org
- Unidad de Desarrollo Tecnológico UDT (Associates)
- Pontificia Universidad Católica de Chile
www.uc.cl
- Universidad de Chile Facultad de Ingeniería Industrial
www.dii.uchile.cl
- Universidad de Chile Facultad de Economía y Negocios
www.fen.uchile.cl
- Universidad de Chile Facultad de Ciencias
www.ciencias.uchile.cl/ciencias
- Universidad Católica de la Santísima Concepción
www.ucsc.cl
- Universidad de Concepción
www.udec.cl
- Unidad de Desarrollo Tecnológico (UDT) de la Universidad de Concepción
www.udt.cl
- Universidad Federal de Viçosa (Brazil)
www.ufv.br (Associates)
- Universität Bern (Switzerland)
www.unibe.ch (Associates)
- Visión Valdivia
www.visionvaldivia.cl
- VTT Technical Research Center of Finland (Finland)
www.vtt.fi (Associates)
- The Wood-Based Composites Center (USA)
wbc.vt.edu
- Wood K Plus wk-plus.de (Associates)

United States

- Association of Woodworking and Furnishings Suppliers
www.awfs.org
- Composite Panel Association
www.compositepanel.org
- North American Wholesale Lumber Association
www.lumber.org

- Association of Retail Environments
www.retailenvironments.org
- Color Marketing Group
www.colormarketing.org
- Kitchen Cabinet Manufacturers Association
www.kcma.org
- North American Laminate Flooring Association
<http://nalfa.com>
- International Interior Design Association
www.iida.org
- Woodwork Institute (WI)
<http://woodworkinstitute.com>
- World Millwork Association (WMA)
<http://worldmillworkalliance.com>
- Green Building Initiative (GBI)
www.thegbi.org
- US Green Building Council (USGBC)
www.usgbc.org

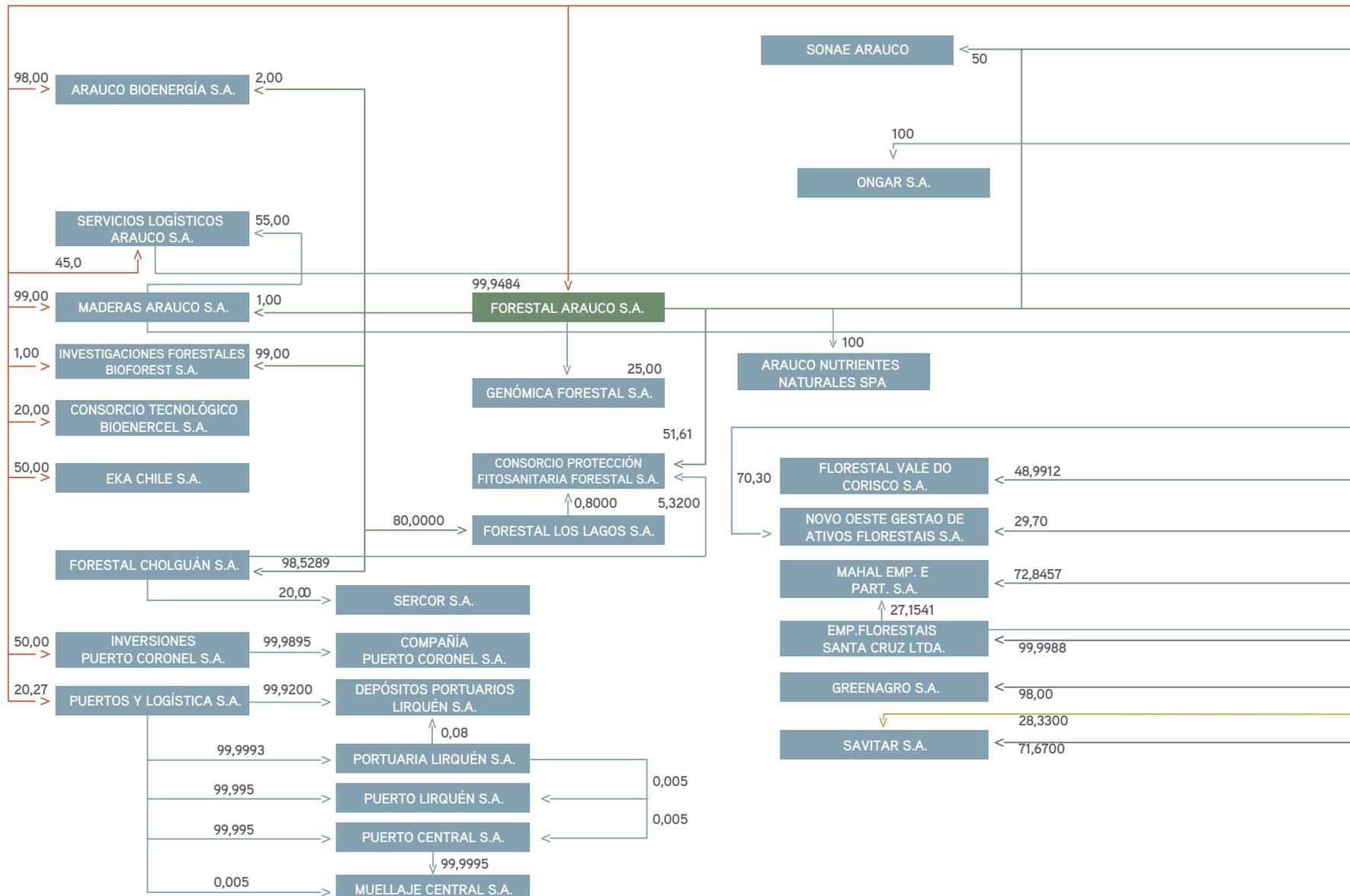
Mexico

- Asociación Nacional de Fabricantes de Tableros de Madera A.C.
www.anafata.com.mx
- Asociación Nacional de Importadores y Exportadores de Productos Forestales A.C.
www.imexfor.com
- Cámara Mexicana Chilena de Comercio e Inversión
www.camaramexicanachilena.com.mx
- Cámara Nacional de la Industria de la Madera
www.cnim.mx

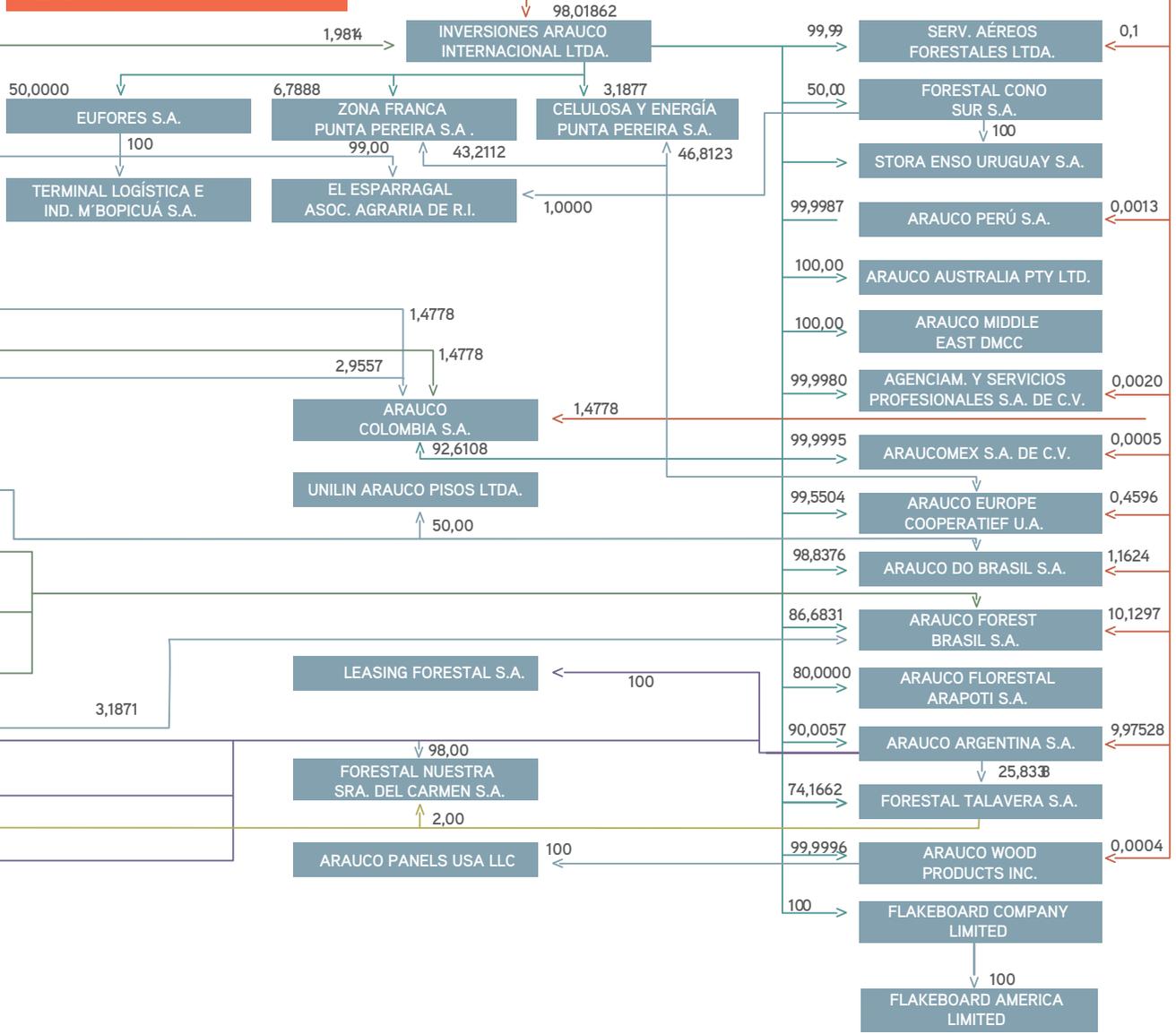
Peru

- Cámara Peruana de la Construcción
www.capeco.org
- Cámara de Comercio Peruano Chilena
www.camaraperuchile.org

* The Company participates in APF through AFoA. Currently APSA is contributing to a research project in integrated pest management.



CELULOSA ARAUCO Y CONSTITUCIÓN S.A.



FOR THE “IN ACCORDANCE” CORE OPTION AND UN GLOBAL COMPACT

144

BASIC GENERAL CONTENT	PAGE NO.	GLOBAL COMPACT PRINCIPLE
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G4-1 Statement from the most senior decision-maker of the organization about the relevance of sustainability and the organization’s strategy	15	P2
G4-2 Key effects, risks, and opportunities	24-25	
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G4-3 Name of the organization	18; 152	
G4-4 Primary brands, products, and services	51	
G4-5 Location of the organization’s headquarters	152	
G4-6 Number of countries where the organization operates and names of countries where it has significant or relevant operations	28-29	
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G4-8 Markets served	28-29	
G4-9 Scale of the organization	28-45	
G4-10 Breakdown of employees	59	P6
G4-11 Percentage of total employees covered by collective bargaining agreements	69	P1; P3
G4-12 Description of the organization’s supply chain	30-32	
G4-13 Significant changes during the reporting period regarding the organization’s size, structure and ownership	28-45	
G4-14 Whether and how the precautionary approach or principle is addressed	24	
G4-15 Externally developed economic, environmental and social principles or programs	125	
G4-16 Memberships and networks	138-142	
MATERIAL ASPECTS AND COVERAGE		
G4-17 List of entities included in the organization’s consolidated financial statements	Entities that are responsible for forestry and industrial operations, with more than 50% ownership, are included	

G4-18 Process for defining the report content and parameters of coverage	128-129
G4-19 List of material aspects	129
G4-20 Coverage of material aspects within the organization	129
G4-21 Coverage of material aspects outside the organization	129
G4-22 Effects of any restatements of information provided in previous reports	Clarifications or restatements are explained throughout the report
G4-23 Significant changes from previous reporting periods in scope and coverage parameters	No changes
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G4-24 Stakeholder groups and their relationship to the organization	108
G4-25 Basis for identification and selection of stakeholders	108
G4-26 Organization's approach to stakeholder engagement	108
G4-27 Topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to them	108; 118-123
REPORT PROFILE	
G4-28 Reporting period for the information provided	128
G4-29 Date of most recent previous report	128
G4-30 Reporting cycle	128
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G4-32 Indication of the "In Accordance" option chosen by the organization	128
G4-33 Describes the organization's policy and current practices with regard to outside verification	128
GOVERNANCE	
G4-34 Describes the governance structure of the organization, including committees	19-21
ETHICS AND INTEGRITY	
G4-56 Organization's mission statement, values and codes of conduct	10-11

BASIC SPECIFIC CONTENT

MATERIAL ASPECT	MANAGEMENT FOCUS AND INDICATORS	PAGE NO.	REASONS FOR OMISSION	GLOBAL PACT PRINCIPLE
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Economic performance	Management Focus	28		
	G4-EC1 Direct economic value generated and distributed	31		
	G4-EC2 Risks and opportunities posed by climate change	82;97		P7
	G4-EC3 Fulfillment of the organization's defined benefit plan obligations	60		
	G4-EC4 Financial assistance received from the government	ARAUCO does not receive financial assistance from the government		
Market Presence	Management Focus	60		
	G4-EC5 Range of ratios of standard entry level wage to minimum wage	60		
Indirect Economic Impact	Management Focus	32; 108		
	G4-EC8 Significant indirect economic impact	32		
Procurement Practices	Management Focus	32		
	G4-EC9 Proportion of spending on local suppliers in locations with significant operations	32-33		
Materials	Management Focus	94		P8
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	G4-EN11 Operational facilities owned, leased, managed in, adjacent to, containing or located in protected areas and areas of high biodiversity value outside protected areas	84,86		
	G4-EN12 Description of most significant impact on the biodiversity of protected areas	84-88		
	G4-EN13 Habitats protected or restored	86-87		
	G4-EN14 Number of species on the IUCN red list	87		
Emissions	Management Focus	100		
	G4-EN21 NOx, SOx and other significant atmospheric emissions	100-101		
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	G4-EN22 Total water discharge by quality and destination	99		
	G4-EN23 Total weight of hazardous and non-hazardous waste	102		
	G4-EN24 Total number and volume of significant spills	105		
SOCIAL PERFORMANCE: Labor Practices and Dignified Employment				
Employment	Management Focus	58-60		
	G4-LA1 Number and rate of new employee hires and employee turnover	60		P6

Labor/Company Relations	Management Focus	69		
	G4-LA4 Minimum advance notice period related to organizational changes	Significant changes are announced via the Contacta2 e-mail system when they occur		P3
Occupational Health and Safety	Management Focus	75		
	G4-LA6 Rates of absenteeism, occupational injuries and illnesses, lost days and number of work-related fatalities	75		P1
Training and Education	Management Focus	62-64		
	G4-LA9 Average hours of training per year	62		
	G4-LA10 Programs for skills-building and continuing education that support employability	64		
	G4-LA11 Percentage of employees who receive regular performance reviews	63		
Evaluation of Suppliers' Labor Practices	Management Focus	70-71		
	G4-LA14 Percentage of suppliers who were screened using labor practices criteria	70-71		
SOCIAL PERFORMANCE: Human Rights				
Freedom of Association and Collective Bargaining Agreements	Management Focus	69		
	G4-HR4 Operations and suppliers whose right to exercise the freedom of association and enter into collective bargaining agreements may be violated or are threatened, and the measures adopted to defend these rights	69		P1; P2; P3
SOCIAL PERFORMANCE: Society				
Local Communities	Management Focus	108		
	G4-SO1 Operations with local community engagement, impact assessments, and development programs	108		P1

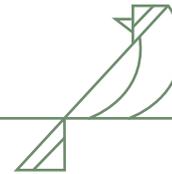
Anti-Corruption	Management Focus	23		
	G4-SO3 Number and percentage of centers assessed for corruption-related risks and the significant risks that were identified	23-24		P10
	G4-SO4 Policies and procedures for communication and training in anti-corruption	23-24		P10
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Regulatory Compliance	Management Focus	18		
	G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No significant fines		
Mechanism for Presenting Claims Regarding Impacts to Society	Management Focus	122		
	G4-SO11 Number of complaints regarding impacts to society that were presented, addressed and resolved through formal mechanisms	123		
SOCIAL PERFORMANCE: Responsibility of the Product				
Customer Health and Safety	Management Focus			
	G4-PR2 Number of incidents of non-compliance with regulations or voluntary codes concerning the impact of products and services on customer health and safety	No incidents or fines		
Labeling for Products and Services	Management Focus	52		
	G4-PR5 Results of surveys measuring customer satisfaction	52-53		

LEGAL INCORPORATION

Celulosa Arauco y Constitución S.A. was incorporated via a public notarized instrument recorded before Santiago Notary Public Ramón Valdivieso Sánchez on October 28, 1970, and was modified by another public notarized instrument recorded before Santiago Notary Public Sergio Rodríguez Garcés on May 6, 1971. Its existence was authorized on August 18, 1971 by Resolution No. 300-S of the Chilean Office of the Superintendent of Securities and Insurance, with the pertinent recording of the extract of said notarized instruments being carried out on page 6,431, No. 2,993 of the Commerce Register of the Real Estate Conservator of Santiago corresponding to the year 1971. The respective extract was published in the Official Gazette of September 4, 1971.

Company Name: Celulosa Arauco y Constitución S.A.
Chilean Tax Identification No. (RUT): 93.458.000 -1
Registered Address: Av. El Golf 150, Piso 14, Las Condes, Santiago, Chile
Type of Entity: Stock Corporation
Entry in Chilean Securities Register: No. 042 of July 14, 1982





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