



SUSTAINABILITY  
REPORT  
2015



**ARAUCO.**  
Growing the Future

**SUSTAINABILITY  
REPORT**  
2015

# RENEWABLES FOR A BETTER LIFE

We are a forestry company that was established 46 years ago in southern Chile. Today, we have a significant presence in the forestry, pulp, wood, panels and energy businesses, providing a variety of quality sustainable products for the paper, construction, packaging and furniture industries that improve the lives of millions of people around the world. In every product we develop, we seek to stand out through innovation and added value.

We produce and manage renewable forest resources and currently have more than 14,000 employees, 1.7 million hectares of forestland in South America, and 55 production facilities in Chile, Argentina, Brazil, Uruguay, the United States and Canada. We also boast an extensive network of suppliers, service providers and organizations in general that promote good practices in the economic, social and environmental spheres.

Being a global company challenges us to grow our presence under 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.

ARAUCO's products are sold on five continents through representatives and sales agents. We also have commercial offices in 12 countries. Our system is backed by an efficiently managed logistics and distribution chain that includes transportation, shipping, storage, foreign trade, distribution and service, enabling us to deliver quality products to over 3,500 customers through 223 ports worldwide.

In 2015, we generated a total profit of US\$368 million and sales of US\$5,147 billion.



Our most important resource:  
over **14,000** employees.

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

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Production of clean energy from  
forestry biomass.

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Responsible management of **1.7** million  
hectares of forestland.

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Over **3,500** customers on five continents.

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Bioforest, a science and technology research  
center of unparalleled excellence in South America.

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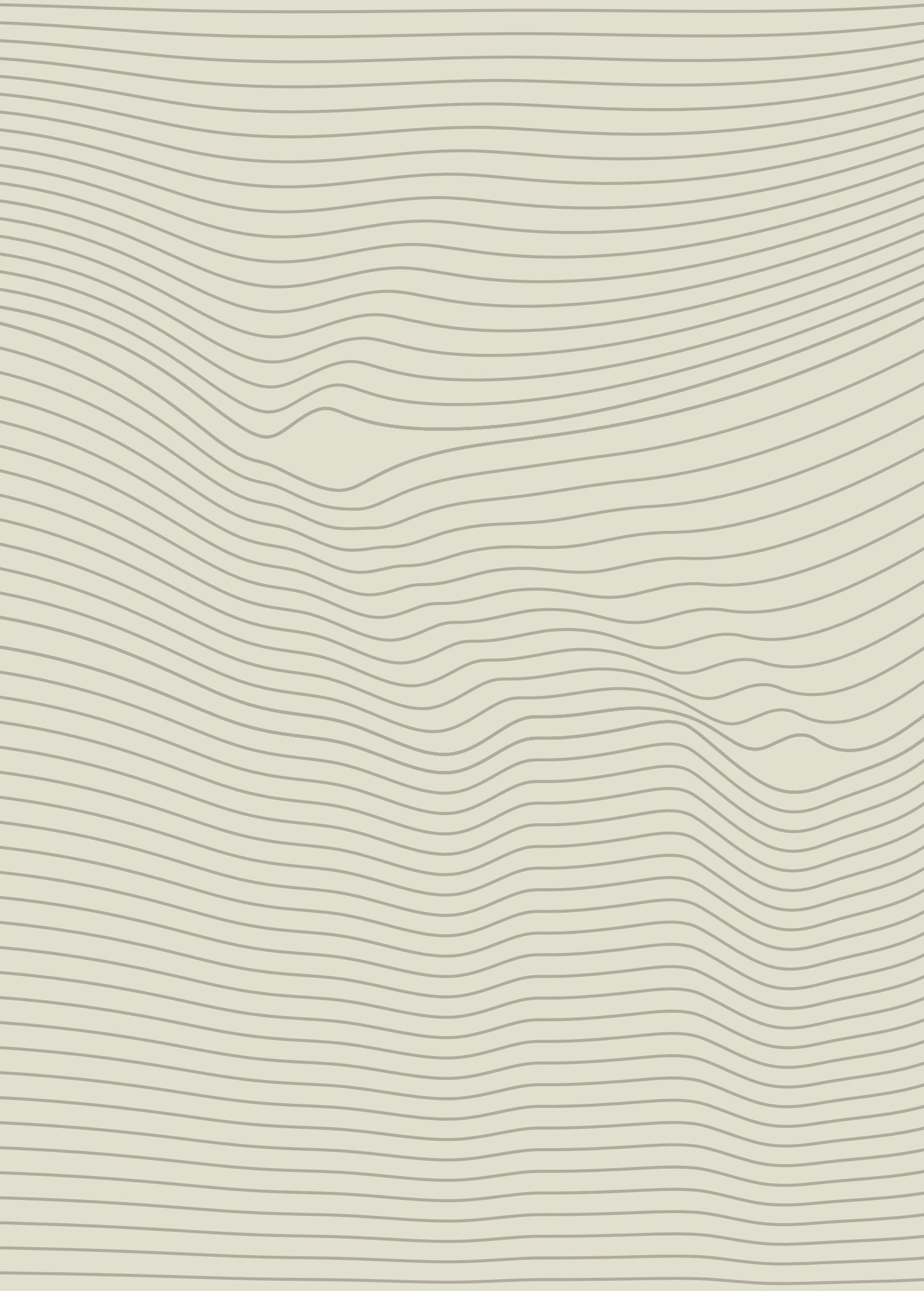
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## **SUSTAINABILITY STRATEGY**

ARAUCO seeks to improve people's lives by developing forest products for a sustainable world.

# SUSTAINABILITY STRATEGY

We produce and manage renewable forest resources and develop products that improve the quality of life of millions of people worldwide. We are a global company that sells its products to over 3,500 customers and embraces the challenges of being present in the world.

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. The Company's success depends on the value it generates not only for its shareholders but also for its employees, customers, local communities and stakeholders while maintaining its commitment to protecting the environment and generating shared value, looking towards expanding participation and dialogue with local communities through initiatives and projects that promote local development.

ARAUCO's sustainability strategy is based on:



The production and management of renewable forest resources, maximizing the value of our plantations through full use of the forest.

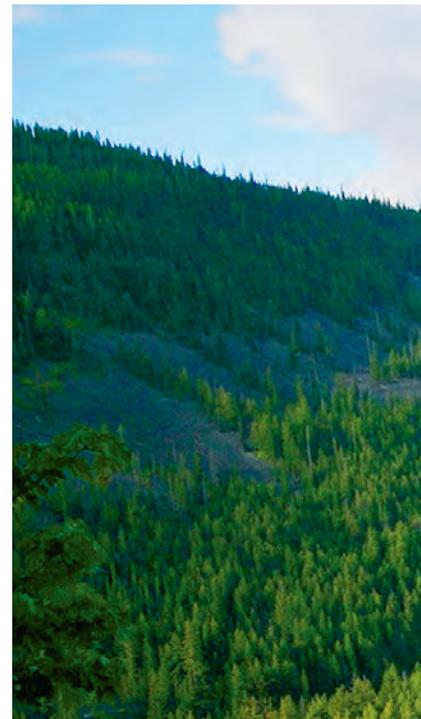


Expansion into new markets and the incorporation of international standards.



The development of products and clean energy to improve people's lives through innovation, safety, social responsibility and environmental commitment.

ARAUCO strives to grow harmoniously, balancing the needs of its employees, neighboring communities and shareholders. With this focus on balance in mind, the Company has set out to expand its efficiency and productivity, spearhead innovation in its internal processes, generate development opportunities for the communities where it operates, and uphold its commitment to protect the environment.



The responsible management of our economic, environmental and social performance and our ethical relationships with all of the parties we come in contact with, establishing permanent spaces for dialogue and participation, are hallmarks of ARAUCO's operations.

The Company endeavors to be an active agent in the economic and social development of the places where it is present. To that end the Company has developed a Good Citizenship Strategy that strives to contribute to local development, encouraging decision-making based on respect and care for the environment, promoting spaces for participation and dialogue to detect and minimize the potential negative impact of its operations, and seeking out opportunities to increase its contribution to socioeconomic development. This strategy has inspired the development of a variety of programs and initiatives to build and achieve social, economic and environmental balance in the Company's operations.

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



## Our vision

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



We produce and manage renewable forest resources.

We are a global company that embraces the challenges of participating in world markets.

We create products that improve people's lives.

## Values



# Challenges of 2016

ARAUCO has defined its relevant challenges for 2016 in accordance with its strategy of harmonious, balanced growth, establishing five strategic areas of focus. The Company continually reviews these objectives and proactively adds new ones as needed.

## **Safety**

- Working to become a World-Class Safety Company.
- Building a culture of safety through active leadership and the involvement of our employees.

## **Operational efficiency and stability**

- Increasing productivity and efficiency through the Impeccable Operation Program in timber and transforming the pulp business through the implementation of the Lean philosophy, the Reliability Project and the Excellence in General Mill Shut-Offs, Automation of Forestry Processes and Zero Wait Forestry Programs.
- Beginning the construction of the Grayling panel mill (United States).

## **Customers**

- Focusing on current and new customers, understanding their needs.
- Marketing development.
- Strengthening S&OP.
- Continuing to improve the quality and level of our customer service.

## **People of Excellence**

- Strengthening leadership and teamwork in order to share best practices.
- Helping our people and their teams develop their maximum potential.
- Continuing to strengthen the performance management process.
- Continuing to improve the Company's organizational climate.

## **Good Citizenship**

- Developing programs aimed at enhancing the value of the Company's surroundings.
- Implementing the Campus Arauco project, in partnership with Duoc UC.
- Continuing the implementation of our Housing Programs for our employees and communities.
- Advancing in the construction of the PRES Constitución projects.
- Developing a winegrowing center in the Itata Valley.
- Continuing with teacher training through the Arauco Educational Foundation.
- Continuing the implementation of our Relationship-Building Policy with the Mapuche communities.
- Carrying out processes for prior consultation and participation in operational management.

# ACKNOWLEDGMENTS AND AWARDS

## **ARAUCO employees recognized at the annual CORMA awards ceremony in Chile.**

ARAUCO employees and contractors were recognized at the annual awards ceremony of Corporación Chilena de la Madera (CORMA), which awards outstanding forestry employees and organizations for their excellent performance and commitment to the sustainable development of Chile's forest sector.

The direct employees who were recognized were Hugo Villa, an employee of the Trupan Cholguán Mill; Julián Ramírez, Forestland Supervisor, FASA North; Patricio Viluñir, Biodiversity Supervisor, FASA Central; Erwin Fernández, Production Supervisor, FASA Central; Luis Omar García, Mechanic, Licancel Pulp Mill; Ninette del Carmen Aravena, Chemist, Arauco Pulp Mill; Rafael Escobar, an employee of the Nueva Aldea Sawmill; Sergio Francisco Franulic, an employee of the Nueva Aldea Sawmill; Gonzalo Cáceres Pérez, an employee of the Nueva Aldea Plywood Mill; and Jaime Reiner Rubilar, an employee of the Trupan Cholguán Panel and Molding Mill.

## **Good Corporate Citizenship Awards, Special Mention: Community Development (AmCham Chile).**

ARAUCO's Housing Program (PVT) was recognized by the Chilean-American Chamber of Commerce (AmCham) with the "Good Corporate Citizenship Award" in the Associativity category. This distinction is given to outstanding programs that engage the community and its representatives and promote strategic partnerships and collaborative relationships with other companies, the public sector and civil society.

## **2015 MERCO Corporate Reputation Award (Chile).**

ARAUCO was recognized in the Forestry Category of the Corporate Reputation Monitor (MERCO), which acknowledges Chilean companies for outstanding corporate reputation, social responsibility, governance, and business leaders.

## **2015 Award for Excellence, Institute for Work Safety (Chile).**

The El Colorado Sawmill received an award in Prevention from the Institute for Work Safety (IST), which recognizes Chilean companies, people and joint health and safety committees for excellence, contributions, and results in preventive management.

**Sustainable Leadership Award, British Argentine Chamber of Commerce (Argentina).**

ARAUCO received the Sustainable Leadership Award from the British Argentine Chamber of Commerce for its forestry biomass generation project. The Chamber publicly recognizes people, companies, NGOs and organizations in general who have made innovative, outstanding contributions to their community through sustainable practices or projects.

**2015 Millennium Development Goals Award (Brazil).**

ARAUCO also received a Millennium Development Goals Award, given by the Brazilian government to companies and organizations responsible for projects that support the Millennium Development Goals of the United Nations Development Program (UNDP), and consequently, the development of local communities.

**2014 Annual Safety Award, Composite Panel Association (North America).**

In May 2015 the Arauco North America mills of Bennettsville, South Carolina, United States; Malvern, Arkansas, United States; and Sault Ste. Marie, Ontario, Canada received the annual safety award of the Composite Panel Association (CPA) for having zero incidents among Class I mills in 2014.

**2014 Safety Achievement Award, Composite Panel Association (North America).**

In May 2015 the Arauco North America mills of Malvern, Arkansas, United States and Albany, Oregon, United States received the Safety Achievement Award from the CPA.

**2014 Annual Safety Innovation Award, Composite Panel Association (North America).**

In May 2015 the Arauco North America mill of Moncure, North Carolina, United States received the Safety Innovation Award from the CPA. This award recognizes an idea that is deemed to have provided the greatest positive impact on safety for a member facility. The 2014 award was for the Moncure mill's Safety Leadership Program, which highlights leadership training, monthly safety update communications, and procedure and policy development. The program considerably reduced the severity and frequency of incidents at the mill, enabling it to achieve its lowest recorded incident rate in 15 years.

# Chairman's Statement

2015 was a remarkable year for ARAUCO thanks to the initiation of new projects that reinforce our commitment to the development of the industry and community. We have not yet turned 50, but we are already proud witnesses to ARAUCO's transformation into a forestry company of international relevance.

Our constant growth is closely tied to high management standards. We have People of Excellence who are aligned with our values and are ready to rise to the challenge of meeting demanding goals.

This year, our sales reached US\$5,147 billion, underlining the development of a significant value chain that begins with our forestlands and culminates in the delivery of our wood-derived products to our 3,500-plus customers around the world. The achievements of this value chain are supported in turn by a massive logistics chain that encompasses the transportation, shipping, storage, foreign trade and distribution of our products.

These figures justify a critical decision we made some time ago to make sustainability a central pillar of our business. We want to continue to improve people's lives, developing forest products that meet the challenges of a sustainable world. This is what motivates us and challenges us to seek out new and better ways of doing things, every day.

Over the nearly 50 years of our existence, we have grown a great deal in forestland, production capacity, customers, the number of countries we reach, our impact on local communities, and so on. By the end of 2015, over 14,000 direct employees were working with us and over 21,000 more people were collaborating with us through our contractors.

How do we achieve these results? First and foremost, through the work we do with our internal collaborators. ARAUCO is widely recognized in an industry that is highly competitive, and we have achieved this thanks to the work of all our people.

We recognize in our employees the capacity for innovation, persistence and flexibility that together with our corporate values of Safety, Commitment, Excellence and Innovation, Teamwork and Good Citizenship, have enabled us to harmonize the numerous factors at play in a global company such as ours.

We stand by the protection of native forests; the responsible management of company operations; the development of value-

**Manuel Enrique Bezanilla**  
Chairman of ARAUCO



added products of the highest quality; strong customer service; working with people of excellence guided by a shared vision and common values; and a commitment to be an active agent in the economic and social development of the places where we operate.

Bioforest, our advanced science and technology research center, completed its 25th anniversary with the mission to develop and apply technologies that maximize the productivity of forest and industry resources. Today, it researches processes for forestry, pulp and panels in the different countries where ARAUCO operates. It is currently nationally and internationally recognized as a top-notch research facility, in Chile and South America.

We strive to make an active contribution to the development of each and every one of the communities where we have a presence. This has inspired us to establish Campus Arauco, an initiative born of the strategic partnership between ARAUCO and Duoc UC, for the purpose of creating real technical/professional training alternatives, investing in a model where education meets practice, encouraging learning and interfacing with productive activities in the Arauco Province. The 2,500-square-meter campus facility boasts an infrastructure of high standards that makes use of noble and renewable materials such as wood and is thoughtfully integrated with its surroundings, giving students an inspiring place to develop themselves and obtain a high-quality education.

ARAUCO's endeavors in the world of education are rooted in our conviction that education has the power to transform lives and create opportunities, contributing to social mobility and boosting development. Another example is the 26 years of history of our Arauco Educational Foundation with its support of teacher training and municipal education. It now operates 76 programs, working with 575 schools and more than 5,000 teachers and 95,000 students in 34 communes across the Chilean regions of Maule, Biobío and Los Ríos.

We are a company in constant growth, which has prompted us to make new investments all over the world, including a new particleboard mill in Michigan, United States, and the significant purchase of 50% of the Spanish company Tafisa, which is close to completion, bringing with it investments in various European countries. This growth results from our willingness to work together nonstop to build a company with the highest levels of efficiency and development.

This report provides more information on how we execute these and many other projects.

I am grateful for the commitment and participation of all those who are part of ARAUCO. Without their contributions we would never have become a global company of the highest standards.

**Manuel Enrique Bezanilla**  
Chairman of ARAUCO

# Corporate Management Statement

ARAUCO has completed another year full of new projects and new challenges. We have done so in the context of a most challenging international economic scenario, with more competitors and instability in markets that are critical for our industry. Nevertheless, we achieved an EBITDA of US\$1,282 billion, 1% greater than what we reported for 2014.

Over the last few years we have made great progress in aligning our resources more effectively with our goals and shared values. We want to be a company that does things well when it comes to all of our processes, growing harmoniously and balancing the needs of our shareholders, employees and communities.

Our activities depend on the sustainability of the environment, making us committed to caring for the environment and local development, among other things. That is why we define ourselves as a company that produces and manages renewable forest resources, with products that improve people's lives, that is global because we embrace the challenges of being present in the world.

In 2015 various advancements were made along these lines. It was a year in which we continued to develop more efficient initiatives. Some of these were programs for transforming our pulp business, Impeccable Operations in the Timber business, best practices, forestry mechanization, and strengthening our organizational structure.

Another important step was the integration of the panel lines, sawmills and Distribution into a single business. This allowed us to simplify our operations and streamline them in areas such as management control, shared services, information systems, administrative processes, and accounting.

Regarding community, we began the year with excellent news. Some of the year's most relevant milestones were the inauguration of Campus Arauco, the country's first applied training center, thanks to an unprecedented partnership between Duoc UC and ARAUCO; our participation in the Milan Expo; our celebration of the 25th anniversary of Bioforest; the inauguration of the Anacleto Angelini Center for Innovation, which will breathe life into great projects through the InnovArauco team; and more.

We stand out because we are an innovative company, and this is something we will continue to build on in 2016 and the years to come. Examples of this are the programs we develop with our employees like operational excellence, where we successfully implemented a continuous improvement model and created a participatory environment for those who are working to become better professionals and better people. And then there are success stories like +Maqui: introduced to the market at the end of 2014, it is now available at 870 points of sale in Chile and plans are in the works for its export. All of these exciting developments simply demonstrate ARAUCO's passion for involvement in innovative, customer-focused projects and processes.

Yet another important milestone has been the modernization and expansion of the Arauco Pulp Mill (Chile). In June 2015 we began the first phase of this project with the construction of a new effluent treatment system, with a total investment of US\$120 million; it is scheduled for completion in July 2017.

In 2015 Chile's Environmental Assessment Service approved the Textile Pulp Project at the Valdivia Pulp Mill. This project represents an approximate investment of US\$185 million. Once it is completed, the Valdivia Pulp Mill will become the first mill in Chile to produce textile pulp, generating an innovative product of great added value.

Another key aspect of the development of our business and its consolidation on the global level was the announcement of the construction of a new particleboard panel mill in Grayling, Michigan, United States, which will have an annual production capacity of 750,000 m<sup>3</sup> of panels per year. The project, which represents an investment of US\$325 million, includes two different melamine lines and an impregnation line and will generate 250 direct jobs in addition to various benefits for the local community's economic and social development.

ARAUCO has also signed a stock subscription agreement to purchase a 50% share in the Spanish company Tafisa, a subsidiary of the Portuguese group Sonae, which holds 10 panel mills and a sawmill located in Spain, Portugal, Germany and South Africa. Together, the facilities employ 3,000 people and produce 4.2 million m<sup>3</sup> of panels. Once the transaction comes to its expected completion in the second quarter of 2016 with an investment of US\$150 million, ARAUCO will

become the world's second largest panels manufacturer, reaching an annual production of 9 million m<sup>3</sup> of panels per year and bringing its products to new continents and markets. become the world's second largest panels manufacturer, reaching an annual production of 9 million m<sup>3</sup> of panels per year and bringing its products to new continents and markets.

For ARAUCO, accepting the challenge of being a Good Citizen is of the utmost importance. It is one of the values that define our employees. Being a good citizen means respecting the environment and local community and creating value through the responsible management of operations and the application of initiatives that create shared value, employing a model based on dialogue and participation.

In 2015 we continued to develop important programs like PRES Constitución and the Housing Program, through which ARAUCO seeks to support its direct and indirect employees and the community in developing housing solutions that adhere to high technical and social standards.

The Housing Program has already reaped a great reward: recognition by the Chilean-American Chamber of Commerce (AmCham) with the Good Corporate Citizenship Award in the category of Associativity, acknowledging the value of this model where the Company operates as the facilitator and coordinator of a network of public and private actors focused on a project of high social impact.

Our main strength continues to be our people. For this reason we put a special emphasis, year after year, on developing processes and initiatives that drive motivation and commitment to the Company's values. This commitment was precisely the factor that stood out in the good results we obtained in the Organizational Climate Survey conducted in Chile and our commercial offices, where we saw a four-point increase over the previous year's results. The areas that reported the greatest increases were "Commitment" and "Job Satisfaction," with increases of eight and seven points, respectively. These results reflect the consistency of the work we have been carrying out.

In 2015 we made significant progress in performance measurement. More than 5,200 employees were evaluated and significant improvements were introduced. Most important were the incorporation of the Potential Performance Matrices and Performance Committees, which allow us to make better decisions when it comes to

the development of ARAUCO's people. We have also incorporated communication to our teams as a part of our management, achieving expanded channels of direct communication to discuss goals and issues that are strategic for the Company's development.

Today, we are a respected company in a highly competitive industry. We have achieved this thanks to good work on the part of our people, whom we thank for their dedication and commitment to our shareholders and communities.

We invite you to explore the pages of this report, which reflect a company seeking to balance its economic development with that of its employees and the environmental and social needs of its surroundings.



**Matías Domeyko**  
Chief Executive Officer



**Cristián Infante**  
President and Chief  
Operating Officer



## **CORPORATE GOVERNANCE**

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

# 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).<sup>1</sup>

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 the forestry sector, the fuel distribution business, and the fishing and mining sectors.

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 year.<sup>2</sup>

In 2015, after having served on ARAUCO's Board of Directors since 1991 and having been Chairman of the Board for more than 20 years, José Tomás Guzmán Dumas left the Board. 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.

Also, Nicolás Majluf left ARAUCO's Board of Directors after three years of service, with Franco Mellafe taking his place.



<sup>1</sup> See [www.corfo.cl](http://www.corfo.cl).

<sup>2</sup> For more information on ARAUCO's Board of Directors, see the corporate website at [www.arauco.cl](http://www.arauco.cl).

<sup>3</sup> The 2015 Board was renewed at the Shareholders' Meeting held on April 21, 2015. The Ordinary Meeting of 2016 will be responsible for renewing the 2016 Board of Directors and filling the vacancy created by José Tomás Guzmán's departure.

## Shareholders

Empresas COPEC S.A.

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113,134,814  
Shares  
99.98 %

Chilur S.A.

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24,746  
Shares  
0.02 %

Antarchile S.A.

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95  
Shares  
0.00%



## Directors<sup>3</sup>

**Manuel Enrique Bezanilla**  
Chairman of the Board

**Roberto Angelini**  
First Vice Chairman

**Jorge Andueza**  
Second Vice Chairman

**José Rafael Campino**

**Alberto Etchegaray**

**Franco Mellafe**

**Eduardo Navarro**

**Timothy C. Purcell**

# Executive Management

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.

The Executive Management is led by the Chief Executive Officer and President and Chief Operating Officer, and is made up of nine Corporate Managers, three of whom are responsible for the businesses, while the other six provide cross-company support in their respective functions. Our Corporate Managers are:

- Álvaro Saavedra, Senior Vice President Forestry, in charge of forestland, forestry operations, and the Bioforest research center.
- Franco Bozzalla, Senior Vice President Wood Pulp and Energy, in charge of the production and sale of pulp and energy. This area is also responsible for large-scale projects through the Engineering and Construction Management Unit.
- Antonio Luque, Senior Vice President Wood Products Business, which includes the Timber and Panel operations. This business also handles production and sales planning through the Planning Management Unit, and includes the Logistics Services Management Unit.
- Gonzalo Zegers, Senior Vice President International and Business Development, which ARAUCO's Brazil, Argentina and North America subsidiaries report to. This unit is responsible for seeking out new business opportunities.
- Charles Kimber, Senior Vice President Commercial and Corporate Affairs, which handles the commercial management of Timber and Panels. This area is also in charge of Public Affairs Management, Corporate Responsibility and Communications, and Innovation Management.
- Gianfranco Truffello, Chief Financial Officer, which includes Treasury Management, Strategy and Assessment Management, Performance Management, Information Technology Management and Procurement Management.
- Camila Merino, Senior Vice President Human Resources and EHS, which is responsible for managing and developing ARAUCO's employees, as well as Environment, Occupational Health and Safety.



**Matias Domeyko**  
Chief Executive Officer

**Cristian Infante**  
President and Chief  
Operating Officer

**Gianfranco Truffello**  
Chief Financial Officer

- Robinson Tajmuch, Senior Vice President and Comptroller, which is responsible for the Company's accounting, tax management, audits and management reports.
- Felipe Guzmán, General Counsel, responsible for handling ARAUCO's legal matters.

Additionally, our management in Argentina, Brazil, Uruguay and North America is headed by:

- Pablo Mainardi, ARAUCO Argentina, Argentina.
- Pablo Franzini, ARAUCO do Brasil, Brazil.
- Diego Wollheim, Montes del Planta, Uruguay.
- Kelly Shotbolt, ARAUCO North America, United States and Canada.



**Franco Bozzalla**

Senior Vice President  
Woodpulp and Energy

**Charles Kimber**

Senior Vice President  
Commercial and  
Corporate Affairs

**Álvaro Saavedra**

Senior Vice President Forestry

**Antonio Luque**

Senior Vice President President  
Wood Products Business

**Gonzalo Zegers**

Senior Vice President International  
and Business Development

**Camila Merino**

Senior Vice President Human  
Resources and EHS

**Robinson Tajmuch**

Senior Vice President  
and Comptroller

**Felipe Guzmán**

General Counsel

# Corporate Best Practices Management

ARAUCO's directors, executives and employees, as well as all of its subsidiaries, must comply with the vision, values, commitments and guidelines set out in the Code of Ethics <sup>4</sup> and Market Disclosure Manual.<sup>5</sup>

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 Brasil is governed by a Code of Commercial Conduct that is signed by all of the employees. 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. These principles are reviewed annually by the Company's executive management.

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](http://www.arauco.cl)).

With the goal of reinforcing the elements of corporate governance and measures of effective internal control, the executive management was asked to evaluate and propose mechanisms to enable the Company to strengthen its controls even more. The executive management developed some solid proposals that include the following: reinforcing the role of the Auditing Committee, incorporating new corporate governance measures into the Company's practices that are based on international best practices, establishing a corporate policy on contributions to local communities, and establishing a corporate policy on the contracting of audits and other services to the Board.

<sup>4</sup> ARAUCO's Code of Ethics can be viewed at the company's corporate website: [www.arauco.cl](http://www.arauco.cl).

<sup>5</sup> The Market Disclosure Manual specifies how ARAUCO's executives should handle the company's financial information, businesses and offerings.



Additionally, in compliance with Law No. 20.393, ARAUCO continued to implement the Crime Prevention Model (MPD in Spanish)<sup>6</sup> in Celulosa Arauco y Constitución S.A. and its subsidiaries in 2015 through Crime Prevention Directors appointed by the boards of ARAUCO's different companies.

In order to fulfill the provisions of this law<sup>7</sup>, per the Company's defined plans, the MPD of each company was re-certified with a two-year term of effectiveness from the date of issue, in accordance with the conditions established in each re-certification. The MPD of the Company Servicios Aéreos Forestales Ltda. was certified for the first time.

<sup>6</sup> The Crime Prevention Model seeks to control and monitor the business processes or activities that could potentially present risks in reference to asset laundering, the funding of terrorism, and the bribery of national or foreign public servants. More information on ARAUCO's Crime Prevention Model can be downloaded at [www.arauco.cl](http://www.arauco.cl).

<sup>7</sup> Paragraph 4, Letter b), Article 4, Law 20.393. States that legal entities may obtain certification of the adoption and implementation of their crime prevention models. The certificate must state that the model meets all of the requirements established in numbers 1), 2) and 3) above, with respect to the situation, size, focus, level of earnings and complexity of the legal entity. Certificates may be issued by external auditing companies, risk rating companies or other entities registered with the Chilean Office of the Superintendent of Securities and Insurance that can carry out this task, in accordance with the regulations established by the aforementioned agency of oversight.

Currently, ARAUCO is working on the implementation of new MPDs for Corporación de Desarrollo Colegio Cholguán (Colegio Cholguán Development Corporation) and for the AcercaRedes Foundation.

The Company also continued the process of implementing measures to prevent activities related to corruption, the funding of terrorism and asset laundering in corporations established outside of Chile. These actions follow local regulations and the guidelines of the parent company in Chile.

With respect to dissemination, the Company has continued to develop the e-learning course for teaching employees about compliance with the Company's policies in these areas. The course has been included in the induction process for all new hires and is being taught to all current employees who have not received training in these areas as yet (middle management and above).

Moreover, 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. The document summarizes the broad range of initiatives that ARAUCO has been spearheading in this area over the last few years to promote a greater knowledge and respect of the principles of free competition. Also, it enables more effective follow-up, as well as the incorporation of additional measures and best practices in this sphere, domestically and internationally.

This program has been successfully implemented in Chile. Also, it has been publicized via articles in an internal newsletter, "Voces de ARAUCO" ("Voices of ARAUCO"), the "Sabías que" ("Did You Know?") campaign on the Company's Intranet, and an official presentation at the annual Executive Encounter led by the Company's President and Chief Operating Officer. In 2016 the Company will continue with the program's implementation in North America, Argentina and Brazil.

Finally, in Chile ARAUCO established a 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.

## Reporting Procedure

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

The Code of Ethics, Crime Prevention Model (MPD) and Code of Commercial Conduct applicable in 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 executives<sup>8</sup>.

With respect to the MPD, in 2015, there was no formal knowledge of fraud reported in the Company's different available channels, nor were there any ongoing investigations or complaints.

## Risks and Challenges

Because ARAUCO is a forestry company with a global presence that produces and sells renewable forest products, 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 31000 and COSO ERM. The development of the Company's business continuity plans is based on ISO 22301.

With respect to operational risks, the production of an industrial mill depends on inputs, processes, people 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.) are also risks that facilities must prepare for.

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 common risks to its facilities such as serious and fatal accidents among the Company's personnel, natural disasters, industrial fires, environmental damage, climate change, the generation of odors, and the temporary paralysis of industrial facilities. 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.

<sup>8</sup> For more information, visit the corporate website.



## Case Study.

# Crisis Management System

ARAUCO has a structure and procedure for reacting to a crisis in a swift, orderly fashion based on its values. In this context, it has developed crisis management committees on the central and local levels (mills, industrial complexes, forestry zones and offices).

**K1 (Corporate Crisis Committee)** is the strategic command that directs the Company's reaction to crisis situations on the corporate level. For this purpose it sets policies, objectives and priorities, adopts strategic decisions, and takes measures in conjunction with the local committee (K2) to re-establish the operation if the situation so warrants it and ensures compliance with the Company's conceptual framework for crisis management. In emergencies requiring outside support, this committee actively participates in the implementation of Crisis Management.

**K2 (Local Crisis Committee for the installation or industrial complex involved)** operates on the tactical level to manage emergencies. In crisis situations, it ensures fulfillment of the Company's commitments on the local level, coordinates the necessary support or other needs with K1, reports on decisions or actions and maintains communication with authorities and local communities. It also constantly evaluates and tracks possible crisis situations, reviewing and strengthening the emergency plans for the facility or complex. The K2 adopts the measures required for re-establishing operations, as necessary. The committee also leads the response when the emergency requires the Company to bring outside support into the affected facility and keeps K1 constantly informed.

There are local K2 crisis committees for each of ARAUCO's activities in Chile, Argentina, Brazil and Uruguay that have successfully and appropriately managed crises related to fires, evacuations for natural disasters or industrial emergencies, accidents among personnel, blocked access to industrial mills by third parties, and environmental incidents. In 2015 the Company began execution of the K2 2.0 Crisis Management System, applying international crisis management standards as its methodology (ISO 22320 y BSI 2599), seeking to simplify crisis management, harmonizing the structures of the committees at all of the Company's sites, and defining the criteria



and common functions of each committee member in all of the stages of a crisis.

Currently ARAUCO has crisis management protocols for handling environmental incidents, evacuations, providing support to local communities with emergency units, serious and fatal accidents, fires, and blocked mill access.

These activities are intended to prepare ARAUCO to react in contingencies of high impact to one or more of its operating units.

## Impacts for 2015

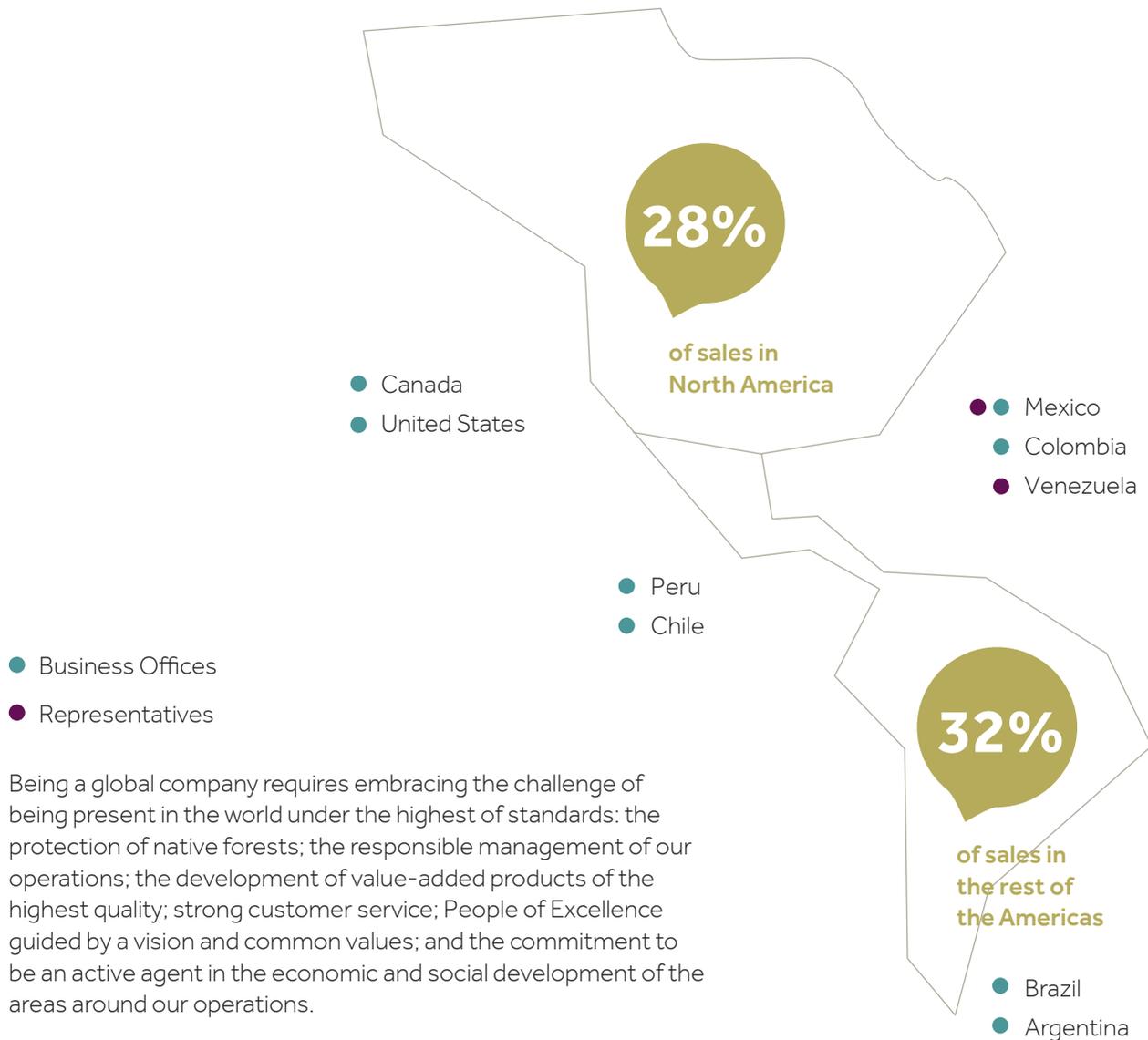
- In 2015, the Company mourned the loss of a tower yarder operator for the contractor Traverso Ltda. in a work-related accident. The contractor was providing services to Arauco Forestry's Southern Zone at the time.
- In the 2015-2016 fire season, ARAUCO's forestland was affected by a total of 1,394 fires affecting a total area of 592 hectares. In mid-2015 ARAUCO launched the "Caring for our environment: Preventing fires is up to all of us" campaign focused on fire protection and firefighting, under the Comprehensive Forest Fire Management Program implemented by the Company several years ago to build awareness about protecting the environment through fire prevention.







# GLOBALIZATION AND EFFICIENCY



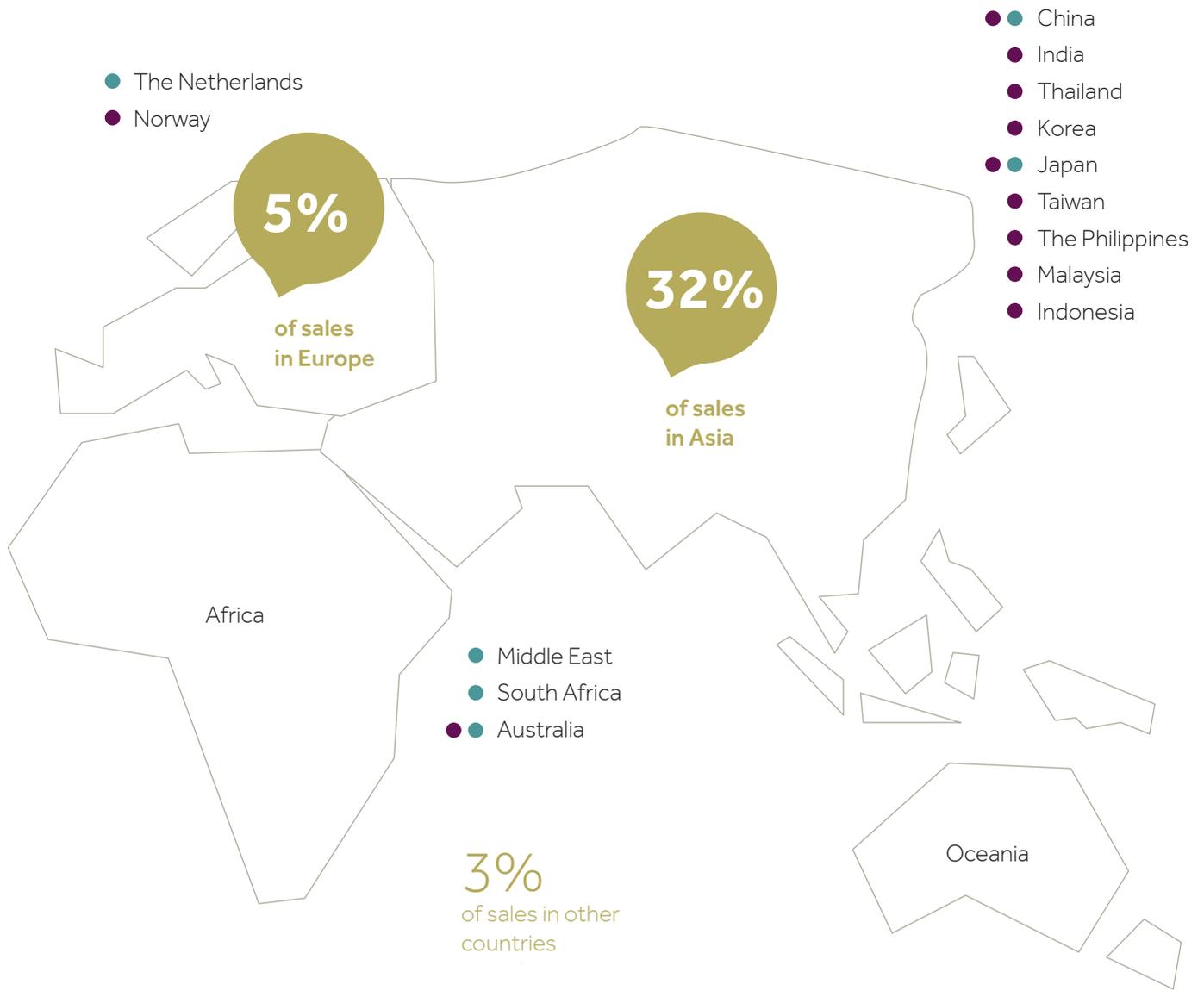
Being a global company requires embracing the challenge of being present in the world under the highest of standards: the protection of native forests; the responsible management of our operations; the development of value-added products of the highest quality; strong customer service; People of Excellence guided by a vision and common values; and the commitment to be an active agent in the economic and social development of the areas around our operations.

At ARAUCO we produce a wide variety of sustainable, high-quality products for the paper, construction, packaging, furniture and energy industries, basing our growth in part on the creation of economies of scale and competitive advantages that are sustainable over time.

The Company sells its products through sales representatives and agents, as well as an extensive network of sales offices. Its sales force is supported by a sea and land logistics chain that enables us to provide our customers with comprehensive solutions, guaranteeing supply to distribution centers and points of sale through 223 ports in Latin America, Asia, Oceania, Europe and North America.

## Chile

- 1,108,683 hectares of forestland
- 4 Nurseries
- 5 Pulp Mills
- 5 Panel Mills
- 8 Sawmills
- 5 Remanufacturing Mills
- 10 Power Plants



**Argentina**

- 263,384 hectares of forestland
- 2 Nurseries
- 1 Pulp Mill
- 2 Panel Mills
- 1 Resins Mill
- 1 Sawmill
- 1 Remanufacturing Mill
- 2 Power Plants

**Uruguay\***

- 118,016 hectares of forestland
- 4 Nurseries (1 ARAUCO-owned and 3 contractor-owned)
- 1 Pulp Mill
- 1 Power Plant

\* Includes 50% of operations, land and plantations

**United States**

- 6 Panel Mills
- 1 Melamine Impregnated Paper Mill

**Brazil**

- 181,908 hectares of forestland
- 1 Nursery
- 2 Panel Mills
- 1 Resins Mill

**Canada**

- 2 Panel Mills

In 2015, the Company generated a profit of US\$368 million, 16% less than in 2014. This was mainly due to a drop in prices and volumes for sawn timber and plywood, which was offset somewhat by the startup of the Montes del Plata facility. A drop in other non-operating income due to a reduction in the appraised value of forest assets (or the revaluation of forestland); a reduction in the sale of assets; and the devaluation of the currencies of Brazil and Argentina impacted ARAUCO's bottom line as well. The Company's EBITDA was US\$1,282 billion, 1% greater than its EBITDA for 2014.

ARAUCO also established two committed credit lines for a total of US\$320 million in credit over a five-year term, replacing two credit lines that are approaching maturity. Additionally, in December 2015 the Company was approved for two new lines of credit in local 10- and 30-year bonds for a total of 20 million UF (approximately US\$716 million). Lastly, the term of one loan was extended from June, 2016 to September, 2018 by US\$300 million, at a rate lower than what was obtained initially, enabling the Company to enjoy an amortization schedule of greater parity with upcoming years. Also, our Flakeboard subsidiary prepaid a loan it had taken out in 2012 for a total of US\$150 million.

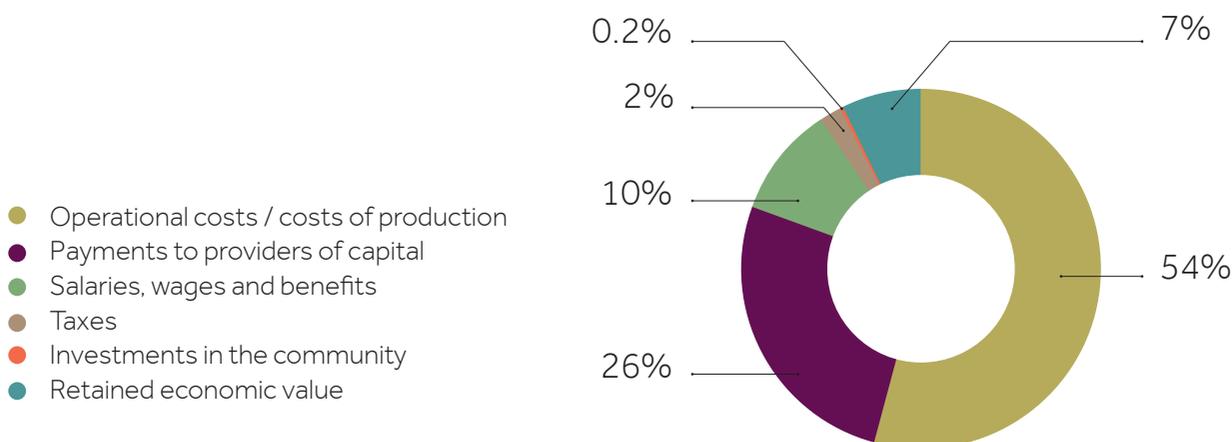
<b>Financial Indicators (In millions of US\$)</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
Sales	4,299	5,146	5,343	5,147
EBITDA	862	1,143	1,272	1,282
EBITDA Margin	20.0%	22.2%	23.9%	24.9%
Net Income	144	419	437	368
Financial Debt	4,962	5,026	5,078	4,305
Net Financial Debt	4,474	4,359	4,107	3,805
Financial Costs	237	233	246	263
Investments	1,369	865	612	468
Total Debt / Adjusted EBITDA	5.76	4.40	3.99	3.36
Net Debt / Adjusted EBITDA	5.19	3.81	3.23	2.97
Adjusted EBITDA / Interest	3.64	4.91	5.16	4.88

\* Figures for 2012, 2013, 2014 and 2015 consider the Montes del Plata operation  
Adjusted EBITDA = EIBTDA + Stumpage + Revaluation + Exchange rate difference

## Generated and Distributed Economic Value

In 2015, ARAUCO's generated economic value amounted to US\$5,203 billion, while its distributed value was US\$4,863 billion, meaning that the generation of income exceeded the distribution of income. Of total income distribution, 54% went toward operational costs while 26% went toward payments to providers of capital.

### Distributed Economic Value in 2015 (in%)



### Generated and distributed economic value as of December 2015 (in millions of US\$)

	2013	2014	2015
<b>Total income</b>			
Net sales	5,146	5,343	5,147
Income from financial investments	19	31	50
Income from sale of fixed and intangible assets	117	104	6
<b>Generated economic value</b>	<b>5,281</b>	<b>5,463</b>	<b>5,203</b>
<b>Distributed economic value</b>	<b>5,296</b>	<b>5,013</b>	<b>4,863</b>
<b>Retained economic value</b>	<b>15</b>	<b>450</b>	<b>341</b>
Operational costs / costs of production (1)	2,986	3,034	2,825
Payments to providers of capital (2)	1,590	1,288	1,355
Salaries, wages and benefits	574	525*	542
Taxes (3)	130	156	130
Investments in the community (4)	16	10	11

\* This item changed from US\$512 million to US\$525 million due to reclassifications by Accounting.

(1) Corresponds to the net costs of depreciation and salaries/wages.

(2) Payments to capital investors represented 79.0%, 86.0%, 85.4% and 80.9 for 2011, 2012, 2013 and 2014 respectively.

(3) Includes expenses associated with income tax.

(4) Includes donations, contributions and scholarships.

## Investments

In 2015 the Company's investments totaled US\$468 million, which were put mainly into starting the construction of the new effluent treatment system at the Arauco Pulp Mill; the Arauco Cultural Center; the Duoc UC-ARAUCO Technical Training Center; the Nueva Aldea Odor Abatement Project; the purchase of the Suddekor melamine impregnated paper mill in Biscoe, North Carolina; and the implementation of a SAP system for North America. The rest of the Company's investments are related to maintaining the equipment and physical mills of ARAUCO's different production processes and the establishment, management, maintenance and protection of its plantations.

In addition, ARAUCO's operations require the transportation of raw materials to a wide range of destinations for processing and transformation into finished products, which are then sent to our customers. In that context, ARAUCO has developed an annual program for investing in the construction and/or maintenance of company-owned and public roads, in addition to bridge repairs and other initiatives. This work seeks to optimize our forestry operations and minimize the impact of our activities.

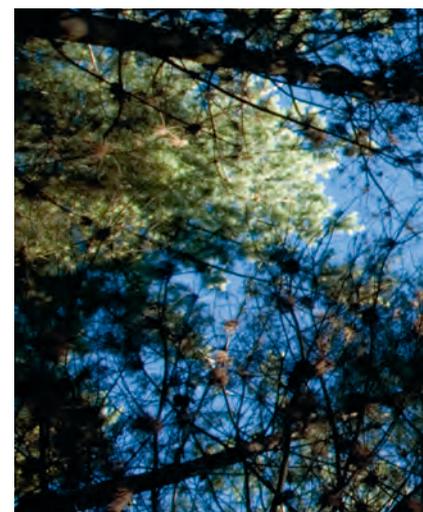
In 2015, ARAUCO allocated US\$80 million for road construction and/or maintenance.

### Investments in Road Construction and Maintenance in 2015, Forestry Business (in US\$)

Countries	Construction of company-owned roads	Maintenance of company-owned roads	Maintenance of public roads	Other	Total
Chile	49,126,175	17,178,228	1,395,236	2,226,169	69,925,808
Argentina	539,884	5,907,858	455,181	-	6,902,923
Brazil	1,924,227	1,309,289	-	-	3,233,516

## 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 2015, ARAUCO's purchases from suppliers totaled US\$1,103 billion in all of the countries where it operates.



	<b>Purchases from local suppliers (in millions of US\$)</b>	<b>% of all purchases from ARAUCO suppliers in 2015</b>
Chile	933	81%
Argentina	74	93%
Brazil	96	47%
North America	NA	NA

NA: Not available

## Business Areas

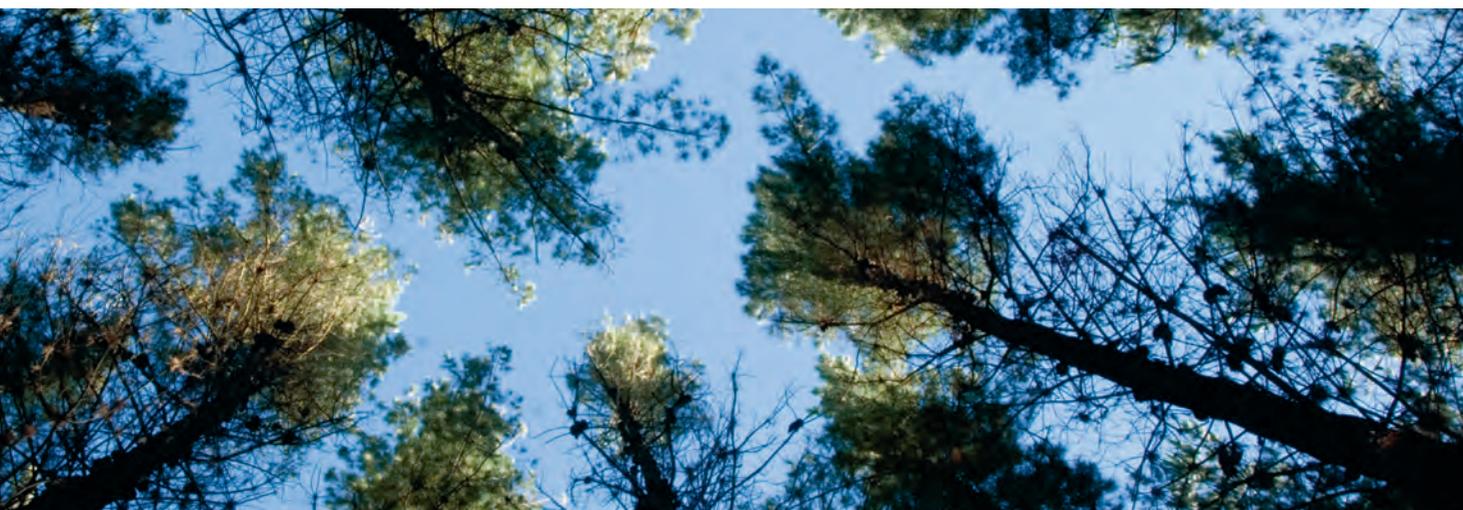
ARAUCO's businesses make efficient, sustainable use of renewable forest resources, generating distinctive products that improve people's lives and contribute to the development of new products around the world. They are divided into four strategic areas: Forestry, Pulp, Timber, and Energy.



Our forestry activities are the basis of all of ARAUCO's business units. 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. Our native forests and areas of high social and environmental value are protected accordingly.

ARAUCO has 1.7 million hectares of forestland in Chile, Argentina, Brazil and Uruguay, of which over 24% is made up of native forests protected for the current and future generations. These forests are sustainably managed and production processes are certified under the most rigorous international standards. As of the end of 2015, ARAUCO's forestland totaled 1,671,991 hectares, of which 1,024,104 hectares consisted of plantations, 406,337 hectares consisted of native forests and protected areas, and 241,550 hectares were set aside for other uses and for planting. 24% of all forestland was made up of protected native forests (see page 109).



In 2015, the Company harvested 22.5 million m<sup>3</sup> of logs, produced 397,000 m<sup>3</sup> of chips, generated 616,000 m<sup>3</sup> of material for fuel, and purchased 11.5 million m<sup>3</sup> of logs, chips and material for fuel from third parties. Of the total available logs, chips and material for fuel, 32.7 million m<sup>3</sup> were sent to the Company's pulp mills, panel mills and sawmills, while 2.4 million m<sup>3</sup> were sold to third parties.

Also, a total of 58,900 hectares were planted as forestation and reforestation (after plantations were harvested).

### Distribution of ARAUCO Forest Assets by Use (in hectares as of December 2015)

Country	Pine	Eucalyptus	Other Species	Total Plantations	Native Forest	Other Uses	Total
Chile *	559,402	157,053	2,892	719,347	211,535	177,801	1,108,683
Argentina **	97,182	16,652	18,455	132,289	116,040	15,055	263,384
Brazil ***	49,397	50,748	151	100,296	73,832	7,780	181,908 ****
Uruguay ****	195	71,786	191	72,172	4,930	40,914	118,016
<b>Total</b>	<b>706,176</b>	<b>296,239</b>	<b>21,689</b>	<b>1,024,104</b>	<b>406,337</b>	<b>241,550</b>	<b>1,671,991</b>

\* Includes 80% of the Los Lagos Forest.

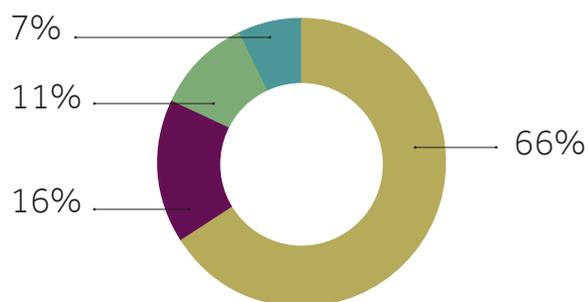
\*\* Includes the Alto Paraná and FAPLAC plantations.

\*\*\* Includes 100% of the Arauco Forest, 80% of the Arapoti Forest, and 100% of MAHAL Forest.

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

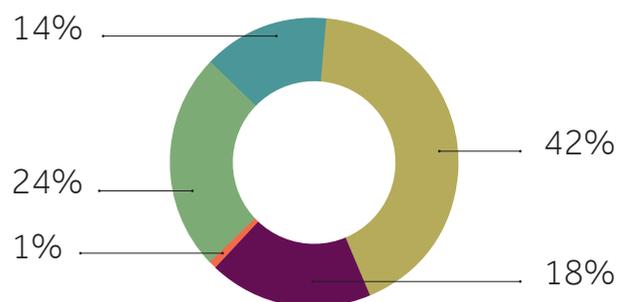
\*\*\*\*\* Does not include the Company's 54,114 ha share in Vale do Corisco.

### Distribution of ARAUCO Forest Assets by Country (1,671,991 hectares)



● Chile ● Argentina  
● Brazil ● Uruguay

### Distribution of ARAUCO Forest Assets by Use (1,671,991 hectares)



● Pine ● Eucalyptus ● Other Uses  
● Other Species ● Native Forest



## Relevant Events for 2015

### Chile ▾

The second annual audit for FSC® certification (Arauco Forest FSC, License Code: FSC-C108276) confirmed the Company's maintenance of this certification.

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The Company progressed with its implementation of the Zero Wait Forestry Program launched at the end of 2014, which has involved making significant changes in the transportation chain, achieving greater productivity and efficiency in supply to industrial mills in reducing the time between trip cycles, along with improving the scheduling and tracking of break times and maximum speeds.

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The Company finalized the implementation of the Electronic Manifest Document (DTE in Spanish), replacing the paper manifest required for truck transportation with an electronically issued one. This was done by outfitting properties and destinations with technology that would provide access to timely, reliable online data, for which over 300 forest product dispatchers were trained and electronic equipment was installed at 100 points throughout the Company's assets.

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An investment was made in expanding plant production at the Horcones and Quivolgo Nurseries through a climate control system and advanced technology.

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The Company launched the Advisory Council on Native Forest Restoration, a participatory instance that advises ARAUCO on the implementation and fulfillment of commitments assumed in this area. The council is made up of representatives of ARAUCO and various social and environmental institutions and NGOs.

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ARAUCO maintained its certification in the following management standards: ISO 14001, FSC® Chain of Custody (FASA North/Central/South License Codes FSC-C013026/ FSC-C008122/FSC-C017136), and CERFLOR/PEFC sustainable forest management.

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The Company obtained OHSAS 18000 recertification for each of its zones.

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ARAUCO became a participant in the international New Generation Plantation (NGP) platform coordinated by the World Wildlife Fund, which seeks to develop and promote the adoption of best practices in forest plantations.

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### Argentina ▾

The Company obtained FSC® Forest Management (Forestal Misiones FSC, License Code: FSC- C128100) certification for 187,000 hectares of forestland and maintained its FSC® Controlled Timber (Forestal Misiones FSC, License Code: FSC-C119041) certification for 44,000 hectares of forestland.

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### Brazil ▾

The Company maintained all of its FSC® (Arauco Forest Brazil FSC, License Code: FSC-C010303, FSC-C116843 and Arauco Forestal Arapoti FSC-C010673) and CERFLOR/ PEFC certifications.

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Renovations and changes were made to harvesting equipment, achieving greater productivity.

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An in-house mechanical maintenance team was implemented.

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## Case Study.

# Quivolgo Nursery Celebrates 35 Years

Over the last 35 years Quivolgo Nursery has produced 90,000 native species plants and 500 million pine and eucalyptus plants. Located 5 kilometers from the city of Constitución, in the Maule region of Chile, this nursery is one of South America's largest, with an annual production of 30 million plants, 24 million of which are pine and 6 million of which are eucalyptus. This allows for planting up to 22,000 hectares per year, making it the region's most productive nursery.

Quivolgo has also become Chile's largest nursery, adding great value to ARAUCO and ensuring the sustainability of its forestland. 52% of the plants the Company requires and one-third of Chile's production overall come from here.

Additionally, Quivolgo reproduces over 30 native species, including three endangered species: queule, pitao and ruil.



## Pulp

ARAUCO-produced wood pulp 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.

The Company has five pulp mills in Chile, one in Argentina, and one in Uruguay through a joint venture between ARAUCO and Stora Enso, a Swedish-Finnish company. In 2015 these mills produced a total of 3.6 million tons of bleached and unbleached long fiber pulp, bleached short fiber eucalyptus pulp, and fluff pulp. Production was 10% higher than in 2014, due mainly to the startup of the Montes del Plata facility in Uruguay, and was sold mainly in Asia, Europe and Latin America.

The Company's main projects in 2015 included further developing its implementation of the Lean methodology and the learning



processes that have been established based on the mills already under transformation (the Nueva Aldea and Arauco Pulp Mills); environmental approval of the Textile Pulp Project at the Valdivia Pulp Mill; beginning the construction of the new effluent treatment system at the Arauco Pulp Mill; consolidation of the Montes del Plata facility in Uruguay; and continuing the implementation of the Lean philosophy in other facilities.

Regarding the new effluent treatment system at the Arauco Pulp Mill in Chile, construction began in June 2015 with a total investment of US\$120 million and it is slated for completion in July 2017. This project is part of the Arauco Mill Modernization and Expansion Project (MAPA in Spanish) and it includes improvements to the current effluent treatment system such as the construction of a new mill based on the latest generation of biological treatment technology that will enable even more efficient processing of effluents, serving all of the current production lines, the future Line 3, and other facilities of the Horcones Industrial Complex in the commune of Arauco.

In addition, the Chilean Environmental Assessment Service (SEA in Spanish) unanimously approved the Environmental Impact Statement presented by ARAUCO for the Textile Pulp Project at the Valdivia Pulp Mill. Once it is completed, this project, which represents an approximate investment of US\$185 million, will become the first in Chile to produce this type of pulp, generating an innovative product of greater added value and diversifying market supply.

Viscose, the main use of this pulp, is noted for its softness, shine, purity and ability to absorb water, making it a highly suitable fiber for textile, hygienic and medical uses, including clothing or women's apparel. Unlike synthetic fibers, which mainly come from petroleum



derivatives, this textile fiber is natural and renewable. The project will also expand the availability of electrical power by 15 additional MW, which will be injected into Chile's Central Interconnected System (SIC in Spanish), contributing to the diversification of energy based on non-conventional renewable energy (NCRE) sources.

### Pulp Production Capacity By Mill, 2015

Mill	Country	Capacity (in ADT/yr)	Type of Production
Arauco	Chile	800,000	BKPR + BEK
Constitución	Chile	355,000	UKP
Licancel	Chile	155,000	UKP
Valdivia	Chile	550,000	BKPR + BEK
Nueva Aldea	Chile	1,027,000	BKPR + BEK
Alto Paraná	Argentina	350,000	BKPT + Fluff
Montes del Plata	Uruguay	650,000	BEK
<b>Total</b>		<b>3,887,000</b>	

### Pulp Production By Type of Product (in ADT) (as of December 31, 2015)

Product	2011	2012	2013	2014	2015
Bleached Pine (BSK=BKPR+BKPT)	1,458,204	1,426,008	1,515,842	1,564,026	1,422,139
Bleached Eucalyptus (BEK)	843,738	945,004	930,114	1,067,194	1,528,236
Unbleached Kraft Pulp (UKP)	406,431	443,705	460,852	460,010	454,304
Fluff	107,507	155,008	173,137	177,418	198,460
<b>Total</b>	<b>2,815,880</b>	<b>2,969,725</b>	<b>3,079,945</b>	<b>3,268,648</b>	<b>3,603,139</b>

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





## Relevant Events for 2015

### Chile ✓

In June 2015, works execution began on the new effluent treatment system at the Arauco Pulp Mill.

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Chile's Environmental Assessment Service (SEA in Spanish) unanimously approved the Environmental Impact Statement presented by ARAUCO for the Textile Pulp Project at the Valdivia Pulp Mill.

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ARAUCO launched the Lean Training Program taught by Pontificia Universidad Católica de Chile, which is designed to train the organization's people in the tools necessary for successful implementation of the transformation process that is underway.

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The Reliability Management Office of ARAUCO's Pulp and Energy business successfully implemented work teams at the business's different mills for the purpose of establishing a direct communication network among them to share experiences and enable the creation of effective solutions for problems in the production process.

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Arauco Pulp Mill, License Code: FSC-C006552  
Licancel Pulp Mill, License Code: FSC-C109896  
Constitución Pulp Mill, License Code: FSC-C109895  
Nueva Aldea Pulp Mill, License Code: FSC-C011929  
Valdivia Pulp Mill, License Code: FSC-C005084  
Esperanza Pulp Mill, Argentina, License Code: FSC-C121377

The Constitución Mill improved the control of soap in black liquor pools through the installation of temperature transmitters in order to determine which pools have excessive levels of soap.

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Audits for ISO 14001 and ISO 9001 management system recertification were conducted at the Licancel and Nueva Aldea Mills, and the Arauco, Valdivia and Constitución Pulp Mills were recertified in CERTFOR (PEFC) Chain of Custody.

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All of the mills that operate in Chile are currently certified in ISO 9001, ISO 14001, and FSC® and CERTFOR (PEFC) Chain of Custody.

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Via Ex. Res. No. 1 of the Office of the Superintendent of the Environment (SMA in Spanish) issued on January 8, 2016, notice of which was served on January 14, 2016, the SMA filed 11 charges against the company for alleged instances of non-compliance with certain Environmental Qualification Resolutions at the Valdivia Pulp Mill and with S.D. No. 90/2000. The 11 charges were classified by the SMA as follows:

1 very serious, 5 serious and 5 minor. On February 12, 2016, the company submitted its rebuttal of the charges. The SMA must now review the rebuttal and may request new information or open a discovery phase. After this process is finished, the SMA must issue a resolution to exonerate or penalize the Company. The SMA's resolutions may be appealed before the Environmental Court of Chile.

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Via Ex. Res. No. 1 of the SMA issued on February 17, 2016, notice of which was served on February 23, 2016, the SMA filed 8 charges against ARAUCO for alleged instances of non-compliance with certain Environmental Qualification Resolutions at the Nueva Aldea Pulp Mill. The 8 charges were classified by the SMA as follows: 7 serious and 1 minor. The SMA's resolutions may be appealed before the Environmental Court of Chile.

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### Uruguay ✓

In Uruguay the Company consolidated operations at the new Montes del Plata mill, reaching a production of 1.2 million tons of pulp.

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## Timber

ARAUCO is one of the main players 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 value, for architecture, design, construction, packaging and remodeling, making the Company one of the world's top timber producers with a production capacity of 10.3 million m<sup>3</sup>.

In 2015 the Company announced the integration of Arauco Panels, Arauco Sawmills and Arauco Distribution into one single business. This occurred as part of a process ARAUCO has been implementing for some years for the purpose of generating greater synergies, sharing best practices, and achieving better solutions for customers. The result is the integration of the sawmill, remanufacturing, plywood, molding, panels and distribution operations under one umbrella.

Today, the Timber business consists of 17 panel mills, 9 sawmills and 5 remanufacturing mills, all certified under national and international standards related to environment, quality, and employee safety and health protection. These facilities yield a production capacity of 3.5 million m<sup>3</sup> of medium density fiberboard (MDF), 2.3 million m<sup>3</sup> of medium density particleboard (MDP), 60,000 m<sup>3</sup> of HardBoard (HB), 710,000 m<sup>3</sup> of plywood, 3.0 million m<sup>3</sup> of sawn timber, 475,000 m<sup>3</sup> of remanufactured wood and 13,000 m<sup>3</sup> of laminated beams.

ARAUCO's MDF, MDP, HB and plywood boards are mostly targeted to the furniture and construction industries, responding to the latest trends in architecture and design. They are known for their variety, availability and quality. The Company's timber is recognized in demanding markets worldwide for offering 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 kinds of spaces.







## Case Study. Being Carbon Negative

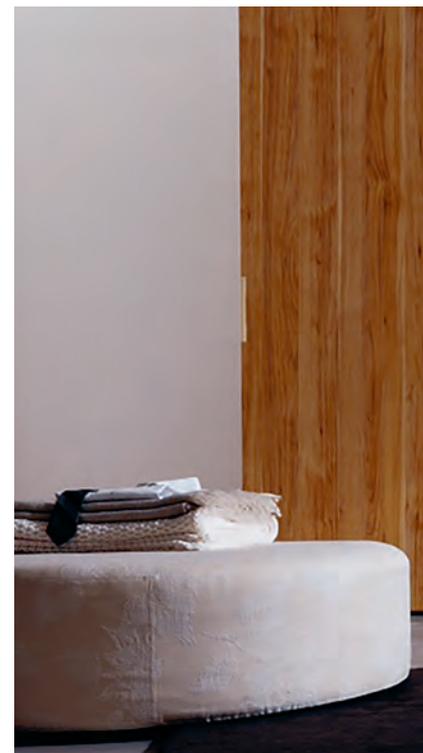
**VESTO Melamine is the world's first board manufacturer to be certified as carbon negative by the British certifying body Carbon Trust.**

The world's only manufacturer of melamine products with antimicrobial copper technology, VESTO Melamine has become the first board manufacturer in the world to be certified by the British certifying body Carbon Trust as carbon neutral under the PAS 2050 and PAS 2060 standards.

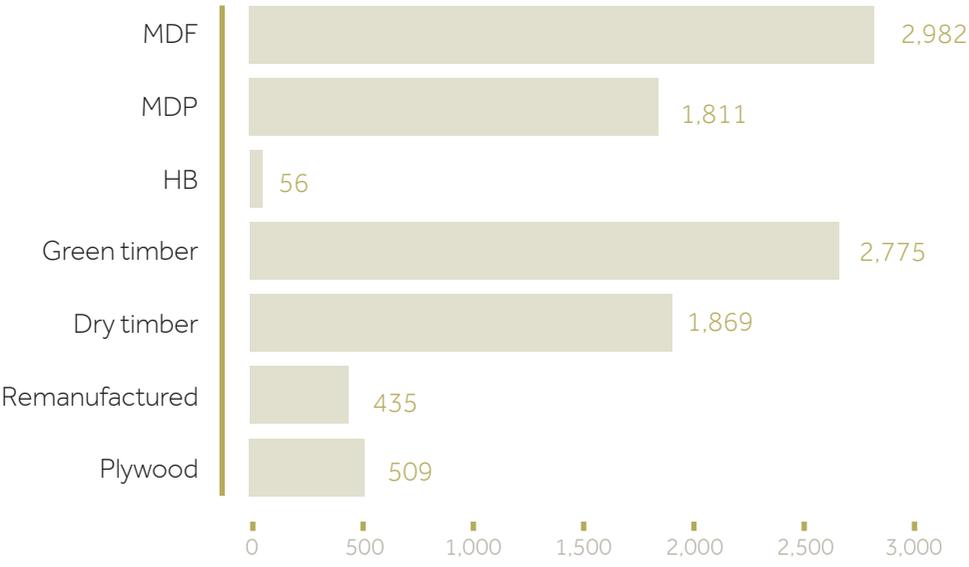
This means that the measurement of the carbon footprint of VESTO's products taken by Carbon Trust was found to be negative in carbon emissions. In other words, the CO<sub>2</sub> emissions generated over the life cycle of VESTO Melamine products, from procurement of the raw materials to final disposal of the boards, are offset and exceeded by the CO<sub>2</sub> captured by ARAUCO's forests, where the main raw material for the products is sourced. This innovative certification highlights the value of using renewable products compatible with the preservation of the environment. Also, it recognizes ARAUCO's commitment to the continuous improvement of its productive processes and its plans to reduce the carbon emissions of VESTO Melamine's production process even more in the future.

VESTO Melamine's antimicrobial copper technology, an innovation developed jointly with Codelco, is generally used in the manufacture of bath and kitchen works and furnishings for homes, offices, hospitals and commercial installations. It can kill bacteria, fungi and viruses with 99% effectiveness, considerably reducing the risk of infections, allergies and sources of contagion in environments where people engage in day-to-day activities.

Currently, VESTO Melamine is noted for its varied portfolio of 42 designs grouped into 5 collections: monochromatics, classics, trends, naturals and textiles. The goal is to continue launching new designs year after year to capture the latest international trends and respond to a market of ever more sophisticated and discriminating customers.



**Timber Production 2015 By Type of Product (in thousands of m<sup>3</sup>)**





## Relevant Events for 2015

### Chile ✓

Definition of a Strategic Map for the Timber business, charting the road for generating greater internal synergies and sharing best practices.

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Integration of Arauco Panels, Arauco Sawmills and Arauco Distribution into one single business.

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Signing of stock subscription agreement to purchase a 50% share in the Spanish company Tafisa, which has 10 panel mills and one sawmill in Spain, Portugal, Germany and South Africa.

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VESTO Melamine becomes the first product of its kind in the world to be certified carbon negative and captures close to a 45% market share and sales of over US\$41 million in Chile.

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Launch of the INICIA Program in the Panels area, involving the reinforcement of elements of the process of board production, maintenance and quality. The Company is expected to continue the program at its mills in Brazil, Argentina, the United States and Canada in 2016.

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Continued implementation of the Impeccable Operation project at different ARAUCO mills with the goal of prioritizing the safety, standardization and continuous improvement of processes through adherence to operational standards, employee participation and collaboration among areas.

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ARAUCO was the official sponsor of the Chile Pavilion at the 2015 Milan Expo. Considered the most important of its kind in the world, the Expo hosted over 1.2 million guests, customers and members of the general public. The construction of the Chile Pavilion utilized ARAUCO wood as a central element, an ecologically sound, aesthetic, renewable and highly energy-efficient resource. The Pavilion received the Silver distinction in the Architecture and Landscaping category from the Bureau of International Exhibitions (BIE); 3 recognitions in sustainability by the "Towards a Sustainable Expo" program of the Italian Environment Ministry, Milan Polytechnic and the Expo organization; and a special mention granted to the best pavilions of this universal exposition from Italy's National Council of Architects, the National Association of Construction Companies and the National Institute of Architecture.

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Hosting the Timber business's second annual South American Operational Excellence Day.

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Consolidation of the FSC® Chains of Custody (No. SGSCOC- 010097 under License FSC-C119538) for 17 industrial mills under one single certification.

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Consolidation of the CERTFOR/ PEFC Chains of Custody (No. SAI-CERTFOR-COC-1045286 under License PEFC/24-31-200) for 16 industrial mills under one single certification.

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## Argentina ✓

OSHAS 18.001 recertification for the Timber business.

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Implementation of project to automate the brush chipping line in the sawmill operations, improving line operation in packaging and subpackaging.

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Reduction of operation shifts at the Zarate Particleboard Mill.

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## Brazil ✓

Successful launch of Hause, with average sales by design exceeding those for the 2013 Vitta Launch by 150%.

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Sponsorship of Casa Cor Curitiba and Design Weekend São Paulo.

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The Piên and Araucaria Mills achieve World Class level in safety indicators (frequency and severity of incidents).

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The project to optimize the impregnating resins cooling process at the Araucaria Mill won first place in the projects competition at the Timber business's second annual South American Operational Excellence Day.

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## North America ✓

ARAUCO announced the construction of a new medium density particleboard (MDP) panel mill in Grayling, Michigan, United States, with an annual production capacity of 750,000 m<sup>3</sup> of panels.

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ARAUCO timber made an appearance in the Museum of Modern Art (MoMA) exhibition "Latin America in Construction: Architecture 1955-1980," which included large-scale models of various buildings from this period, built with MDF manufactured by the Trupan Cholguán Panel Mill and packed for shipping in plywood from the Nueva Aldea and Arauco Sawmills.

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The Company purchased the Suddekor melamine impregnated paper mill in Biscoe, North Carolina, United States for US\$9 million.

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The Company invested US\$30 million in the Bennettsville, South Carolina mill with the goal of expanding this mill's particleboard and melaminized panel production capacity by 100,000 m<sup>3</sup> per year.

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Launch of the Company's new thermally fused laminate (TFL) line, PRISM TFL, consisting of

67 designs and 9 textures, and rollout of two new products under the Fibrex brand of high-density fiberboard: Fibrex "blackboard" finish and Fibrex "painted etching" finish.

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OHSAS 18001 certification of the Moncure Mill in Moncure, North Carolina, United States.

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The Arrow Project began operating at the Moncure Mill (United States) and at the St. Stephen and Sault Ste. Marie Mills (Canada) with SAP systems, integrating the information systems of the North America panels business.

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Maintenance of RA-COC-000444 FSC® C-019364 Chains of Custody certification for all North America mills.

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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.

ARAUCO also contributes the surplus electrical power of its industrial mills to the energy networks of the countries where it operates. Arauco Bioenergy is the ARAUCO business unit dedicated to the sale of the surplus electrical power generated by its industrial mills in Chile.

As of December 2015, ARAUCO has an installed capacity of 606 MW in Chile. This allows the Company to have a 209 MW surplus of non-conventional renewable energy (NCRE) to contribute to Chile's Central Interconnected System that is equivalent to approximately 2% of the SIC's total generation in 2015, making ARAUCO one of the country's largest NCRE generators.

## ARAUCO participates in the electrical power sector by contributing surplus energy from eight industrial plants and two backup units in Chile.

ARAUCO participates in the electrical power sector by contributing surplus energy from eight industrial mills and two backup units in Chile. In 2015, ARAUCO's stations generated a total of 3,257 GWh. Total consumption for its industrial operations was 2,932 GWh in 2015, of which a fraction was supplied through purchases from the SIC. Net energy surpluses amounted to 999 GWh, 15% less than what was obtained in 2014. This reduction was due mainly to a lower operational availability of the stations in 2015.

Arauco Bioenergy's surplus production in 2015 represented approximately 2% of total generation by the SIC and its installed capacity represented 1.3% of total installed capacity for the entire system for the same period.

In Argentina, ARAUCO operates two biomass energy plants in the province of Misiones: Piray and Esperanza. These two plants have a combined

installed capacity of 78 MW, which also satisfy the electrical and thermal energy needs of their operations. ARAUCO's stations in Argentina generated a total of 449 GWh of power in 2015.

In Uruguay, Montes del Plata operates a biomass energy plant with an installed capacity of 165 MW and a generation of 1,148 GWh in 2015.

#### ARAUCO Installed Capacity (as of December 2015)

Plant/Station	Installed Capacity MW	Maximum Generation MW	Average Consumption MW	Maximum Surplus for the System MW
<b>Chile</b>				
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/diésel)	24	24	0	24
Nueva Aldea I	30	28	14	14
Nueva Aldea II (diésel)*	10	NA	0	NA
Nueva Aldea III	136	100	63	37
Bioenergy Viñales	41	31	9	22
<b>Total Chile</b>	<b>606</b>	<b>481</b>	<b>272</b>	<b>209</b>
<b>Uruguay**</b>				
Montes del Plata	82	74	38	36
<b>Total Uruguay</b>	<b>82</b>	<b>74</b>	<b>38</b>	<b>36</b>
<b>Argentina</b>				
Piray	38	23	15	8
Esperanza	40	35	40	0
<b>Total Argentina</b>	<b>78</b>	<b>58</b>	<b>55</b>	<b>8</b>
<b>Total</b>	<b>766</b>	<b>613</b>	<b>365</b>	<b>253</b>

NA: Not available.

\* The Nueva Aldea II Station is not currently selling energy to the SIC.

\*\* Includes 50% of Montes del Plata.



## Case Study.

### Viñales Bioenergy Plant

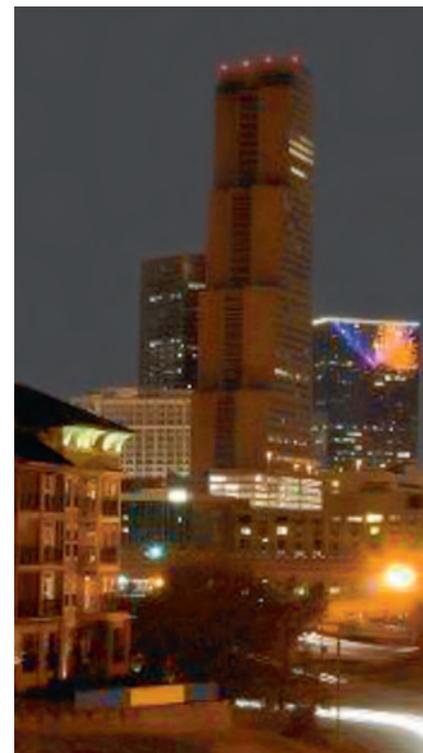
**This facility located in Constitución, Chile generates clean, renewable energy from forestry biomass and can contribute as much as 31 MW to Chile's Central Interconnected System (SIC in Spanish).**

Ever since the plant began operating in 2012, it has been generating enough biomass-based energy to not only supply all of the power for the Constitución Sawmill but to provide surplus energy for the SIC as well.

This is of special importance in the context of the fragility of Chile's energy grid and the need for further development of non-conventional renewable energy (NCRE).

The Viñales Bioenergy plant utilizes untreated forestry biomass, a renewable product, as fuel for cogenerating the steam and electrical power required for industrial operations. Its turbo generator has a maximum generation capacity of 41 MW and can contribute 31 MW to the SIC, which is equivalent to twice the total electrical power consumption of the entire city of Constitución.

The use of biomass presents various advantages in comparison with fossil fuels; for example, it is cleaner with respect to its sulfur and heavy metals content and its use helps mitigate the greenhouse effect. The strengths and benefits of cogeneration in the Chilean forestry industry based on biomass from sustainable forest management are many: greater energy efficiency, taking advantage of a renewable resource, cost savings, less contamination, and the concrete possibility of diversifying the country's energy grid.



### **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 CO<sub>2</sub> emissions by 650,000 tons per year. Additionally, the Viñales cogeneration project is registered under the Verified Carbon Standard (VCS), which is expected to generate an abatement equivalent to 200,000 tons of CO<sub>2</sub> per year in steady state.

In 2015, ARAUCO succeeded in issuing 844,868 Certified Emissions Reductions (CER) certificates under the CDM for four out of the five projects the company currently has registered under the Mechanism, which was twice the number of CERs issued in 2014.

ARAUCO's efforts to develop the potential of electrical power generation based on carbon neutral, renewable biomass as a measure to mitigate climate change has positioned it as a leader in this area and has earned the Company awards and recognition nationally and around the world.





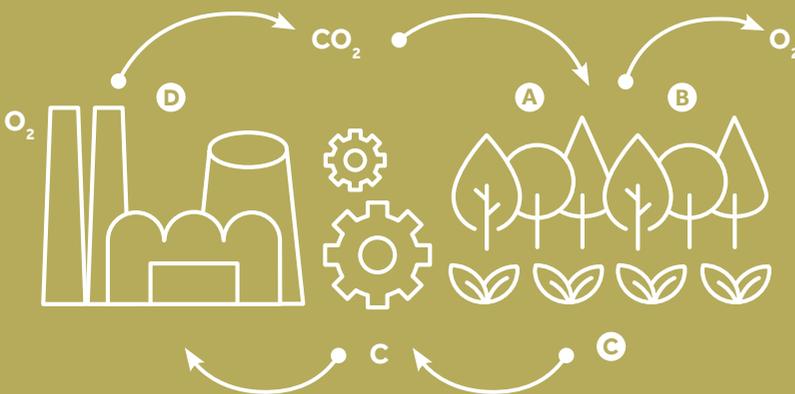
## Case Study.

# ARAUCO's Clean Development Mechanism (CDM) Projects

### What is the Clean Development Mechanism (CDM)?

The CDM is one of the three "flexibility mechanisms" proposed by the United Nations in the Kyoto Protocol for the reduction of greenhouse gases (GHGs). These mechanisms are intended to enable member countries to reduce GHG emissions, the main cause of global warming and climate change, via the implementation of voluntary emissions reduction projects in developing countries. The CDM allows reductions to be transferred to other jurisdictions to earn credits as if they had occurred in the home jurisdiction. CDM projects are governed by a UN-approved methodology that establishes the parameters and variables to be monitored and the conditions that must be met.

CDM projects for generating electrical power from forestry biomass are based on the principle of neutrality of CO<sub>2</sub>, the product of photosynthesis and the sustainable management of forests.



- Forests absorb CO<sub>2</sub> from the atmosphere.
- Carbon from photosynthesis diffuses into plants and oxygen is released from the atmosphere.
- Biomass is transported to the facility.
- When biomass combusts, the carbon combines with oxygen and produces carbon dioxide, which is again released into the atmosphere and reabsorbed by re-planted forests (sustainable management).



## Relevant Events for 2015

### Chile ✓

ARAUCO was responsible for a delivery of surplus energy equivalent to 999 GWh, or approximately 2% of total energy injected into the SIC, and 6% of non-conventional renewable energy (NCRE) for the SIC.

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The Company began the modernization of its Control and Load Dispatch Center, which involved the implementation of a new SCADA system that enables real-time viewing of relevant information on the operation of the SIC and ARAUCO's power generating units, in particular facilitating the coordination necessary for efficient operation in the SIC.

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Issue of 844,868 CERs, achieving a cumulative issue of 3,492,599 CERs.

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Finalization of a CER futures sales agreement with Vattenfall, Europe's sixth largest energy company. This agreement will remain in effect until 2020.

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The Nueva Aldea Pulp Mill obtained its sixth issue of carbon credits and successfully revalidated its emissions reduction project under the CDM for a period of seven more years.

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The Arauco Pulp Mill achieved its first issue of carbon credits.

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The Trupan Cholguán Panels and Molding Mill achieved two carbon credit issues, with a total of 362,880 CERs issued.

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The Chilean Pavilion at the 2015 Milan Expo was declared carbon neutral via the use of CERs generated from the emissions reduction project associated with the Valdivia Pulp Mill and based on an unprecedented reforestation completed in Patagonia by the Fundación Reforestemos Patagonia (We Are Reforesting Patagonia Foundation).

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EREDE 2015, an event hosting around 600 people in the Biobío region of Chile, was declared carbon neutral thanks to a partnership between ARAUCO and IRADE established to neutralize the event's carbon footprint with the use of CERs that ARAUCO donated through the CDM project associated with the Nueva Aldea Pulp Mill.

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Arauco Bioenergy held a work meeting on climate change projects, an initiative that sought to train and build awareness among the plant's teams regarding the importance of their work on the national and global levels.

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ARAUCO participated in the Climate Neutral Now initiative, a platform for selling carbon credits online created by the United Nations Climate Change Secretariat. This platform allows people, companies and institutions in general to neutralize their greenhouse gas emissions via the purchase and automatic offset of carbon credits generated by CDM projects that offer credits on the platform.

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In 2015, ARAUCO offered and sold credits from the five projects it currently has registered under the CDM.

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## **Bioforest: Excellence and Research in the Service of People.**

In 1990 ARAUCO created Investigaciones Forestales Bioforest S.A. (Bioforest), a science and technology research center whose mission is to develop and apply technologies that maximize the productivity of the Company's forest and industrial resources. Currently Bioforest is developing research on processes for the Forestry, Pulp and Panels businesses in the different countries where ARAUCO operates.

In 2015 Bioforest celebrated its 25<sup>th</sup> anniversary. Over the last quarter-century it has built a reputation for quality that is now recognized nationally and internationally as second to none in Chile and South America.

In 2015 Bioforest celebrated its 25th anniversary. Over the last quarter-century it has built a reputation for quality that is now recognized nationally and internationally as second to none in Chile and South America. Today it has a team of 72 highly specialized researchers who apply the latest technologies in the Company's biotechnology and pulp labs, greenhouses, forestland and industrial mills. In addition to this Bioforest boasts a technological network of open collaboration with 30-plus experts in the different areas where it operates, and participates in a series of Chilean and international organizations on the cutting edge in scientific forestry and industrial knowledge, generating an exchange of information and experiences that is enriching the Company and the industry in general.

Important advancements include the technology developed for ARAUCO's Forestry business that has enabled 40% more growth per hectare in the Company's radiata pine plantations, and the development of projects in the Pulp business such as one for increasing productivity with digesters, and another for reducing the use of chemicals in pulp bleaching. In the Timber business notable results are already being seen in the production of panels made of low density particleboard, representing significant cost savings.

Here are more details on how Bioforest is developing technologies for ARAUCO's Forestry, Pulp and Timber businesses:





## Relevant Events for 2015

### Forestry ✓

102,000 operational embryogenic clones of pine were dispatched to the nurseries of Arauco Forest.

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37,000 cross-bred plants were obtained for generating new clones of the *Eucalyptus gloni* hybrid.

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The Company established a new record of controlled cross-breeding of taeda pine in Argentina with 1,260 isolations and 3 more IGA points than in 2014.

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25 operational clones of taeda pine were dispatched with 8,331 plants to Brazil.

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381 new clones of radiata pine were dispatched to nurseries in Chile.

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The Company generated a new set of molecular biomarkers for *Eucalyptus gloni* and taeda pine.

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ARAUCO mapped the nitrogen balance of the soil, by full-tree sites and biomass harvest, for all of ARAUCO's assets in Chile.

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The Company generated documents with silvicultural prescriptions for pine and eucalyptus in Chile.

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The effects of applying irrigation at rainfed plantations with treated effluents from the Pulp industry were determined.

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ARAUCO evaluated mechanized equipment in relation to the future sustainability of soils.

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Schemes were delivered for managing a higher number of eucalyptus stumps at plantations affected by forest fires in central Chile.

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Pine and eucalyptus production protocols were generated and transferred, achieving a 10% increase in the number of plants dispatched by nurseries.

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Near infrared (NIR) models were validated to quantify the proportion of *Eucalyptus nitens* in blends of bleached *Eucalyptus globulus* and *Eucalyptus nitens* woodpulp, quantify the amount of clay and organic material in soil samples, and determine the calorific value of combustible biomass.

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The Arauco Plant's supply grid was profiled for the summer and winter seasons to obtain detailed information on the quality of the biomass this power plant consumes.

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Sites for biomass extraction in eucalyptus stands were profiled, delivering information on total volume and by the components and values of the uncovered soils associated with the different sites.

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The Company defined site selection criteria oriented toward restoration.

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The Company also selected native forest sites with production potential.

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ARAUCO prioritized land in Nahuelbuta, Chile, based on the selection of microbasins with mostly native forest for ecosystemic services at a lower financial cost.

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New supporting materials were designed for the fauna and mushroom recognition training programs.

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Species of invasive fauna were successfully diagnosed for the first time in High Value Areas of the Arauco Forest.

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The Company monitored the Darwin's fox population in Valdivia with camera traps, allowing numerous sightings..

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A methodology was developed for evaluating the invasive potential of species that are present or that could be introduced in the Arauco Forest.

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An evaluation with isotopes indicated that on average, it takes one decade for water to go through the basin and that trees would not take up any water associated with the superficial course.

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The Company prepared a strategy for the biological control of insect pests, diseases and competing vegetation for Arauco Forest.

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A strategy was developed for controlling the sirex woodwasp at ARAUCO's plantations in Chile, achieving a parasitization by the *Deladenus* nematode of 79%.

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Damage by bark beetles was reduced at ARAUCO's plantations

in southern and northern Chile with the installation of traps.

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The application of organic, ash and silicate amendments improved the health of plants and reduced mortality among *radiata* pine and *Eucalyptus gloni* seedlings at ARAUCO's nurseries.

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100% insect control was achieved for green sawn timber in containers with the application of thermonebulized insecticide.

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## Relevant Events for 2015

### BioCel ▾

BioCel's activities fall under the Pulp business's strategic plan, where it is in charge of the sphere known as "Applying value in order to add value to ARAUCO." This sphere of research focuses on three objectives: producing high-demand pulp products, developing new technologies, and producing zero residue pulp. In 2015 BioCel achieved the following milestones under the three research objectives:

Background information was generated to facilitate the stabilization of the digestion process at the Montes del Plata Mill, enabling this mill to significantly increase production and improve the quality of pulp produced there.

Textile pulp production was begun at the laboratory level, allowing the Company to gain a detailed knowledge of this process in order to produce textile pulp on an industrial scale.

Initial adjustments were implemented for the digesters at the Licancel, Constitución, Nueva Aldea and Valdivia Pulp Mills, enabling quality and productivity improvements at these mills.

Nanopulp production was begun at the laboratory level, allowing the Company to learn more about the potential of this type of pulp as a raw material for nanopulp production. Also, the process of profiling laboratory-generated nanopulp was started.

The Company began profiling the pure lignin extracted as a byproduct of cooking liquors at the pulp mills.

The Company completed one year of testing fertirrigation with effluents subjected to secondary treatment at the Nueva Aldea Pulp Mill.

Ashes from ARAUCO's pulp mills were applied to the first 75 hectares of plantation land.

The Nueva Aldea Pulp Mill began selling part of the remnants traditionally sent for final disposal, generating significant savings and a reduction of this mill's environmental liabilities.

### BioPanels ▾

Modifications were developed for the Teno Mill's production process, enabling the production of panels with the most appropriate density, maintaining the technical properties of the boards and generating significant cost savings in the process.

The most efficient equipment was identified for resin distribution in the process of producing MDF boards.

The Company identified causes and developed strategies for avoiding the reprocessing of MDF molding at the Cholguán Mill.

A new resin was developed to enable operation with sheets of a higher moisture content in the production of plywood boards.



## Innovation

ARAUCO's Innovation area was created in 2011 with an eye toward promoting the processes of optimization, new ventures, social and environmental sustainability, and the creation of attractive 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.

In 2015, for the purpose of establishing a space to inspire, connect and orchestrate innovation, ARAUCO's innovation area was transferred to the offices of the UC Anacleto Angelini Center for Innovation. Here, different centers for innovation and new ventures coexist, creating a unique space that serves as an inspiration, meeting place and source of ideas and talent for teams and projects seeking to create social and economic value, thus imagining and giving life to a world of new products, services and ventures. The new space is intended to open ARAUCO more to the ecosystem of Chilean innovation and be a real contribution to Chilean development.

In addition, the Company continued to develop the +Maqui project, in which ARAUCO's Innovation area has developed a gathering model involving gatherers in Lanco and Los Lagos. The model includes the training of gatherers, fair pay for their work, gathering with organic and social responsibility certification and incentives for gathering other fruits from native forests, with the goal of impacting the ecosystem as little as possible and following ARAUCO's philosophy of social innovation with the creation of shared value.

Maqui is a fruit that grows in the forests of southern Chile, and studies indicate that it is the fruit with the greatest antioxidant properties, helping strengthen our immune system and delaying cell deterioration, which is why it is considered a "superfruit."

+Maqui entered the market at the end of 2014 through a handful of points of sale with the Pronto Copec chain. In 2015, +Maqui's sales rose by an average of 22% per month. Currently, it is available at 870 points of sale in Chile and it is being studied for export to 7 countries.

With the idea of positioning maqui in other markets, it was given a presence at the 2015 Milan Expo, with samples being given out to visitors at its rollout. It turned out to be one of the highest selling products during all of the months the Expo was held. Also, the +Maqui nutritional supplement was launched and is now on sale at the KNOP and SalcoBrand pharmacy chains.

In 2015 progress was also made by the AcercaRedes Foundation, a social innovation project focusing on work with innovators and entrepreneurs in the region. The Foundation now has three business development centers (San José de la Mariquina, Curanilahue and Constitución). It worked with nearly 600 entrepreneurs in 2015 and was one of the top incubators of the new business development program of Chile's Production Development Corporation (CORFO in Spanish).

For its part, VESTO Melamine, unique worldwide for its antimicrobial innovation developed jointly with Codelco, continued making inroads in the market.

Lastly, in 2015 the Company began a new cycle of innovation focused on the commercial area, involving the participation of more than 100 people. Work is now being done on the prototypes for the five projects that were selected.

Over the next few years, the Company's areas of focus in innovation will be connecting ARAUCO with the international innovation ecosystem, strengthening the Company's innovation processes, working on deepening the culture of innovation, and placing new value propositions in the market.

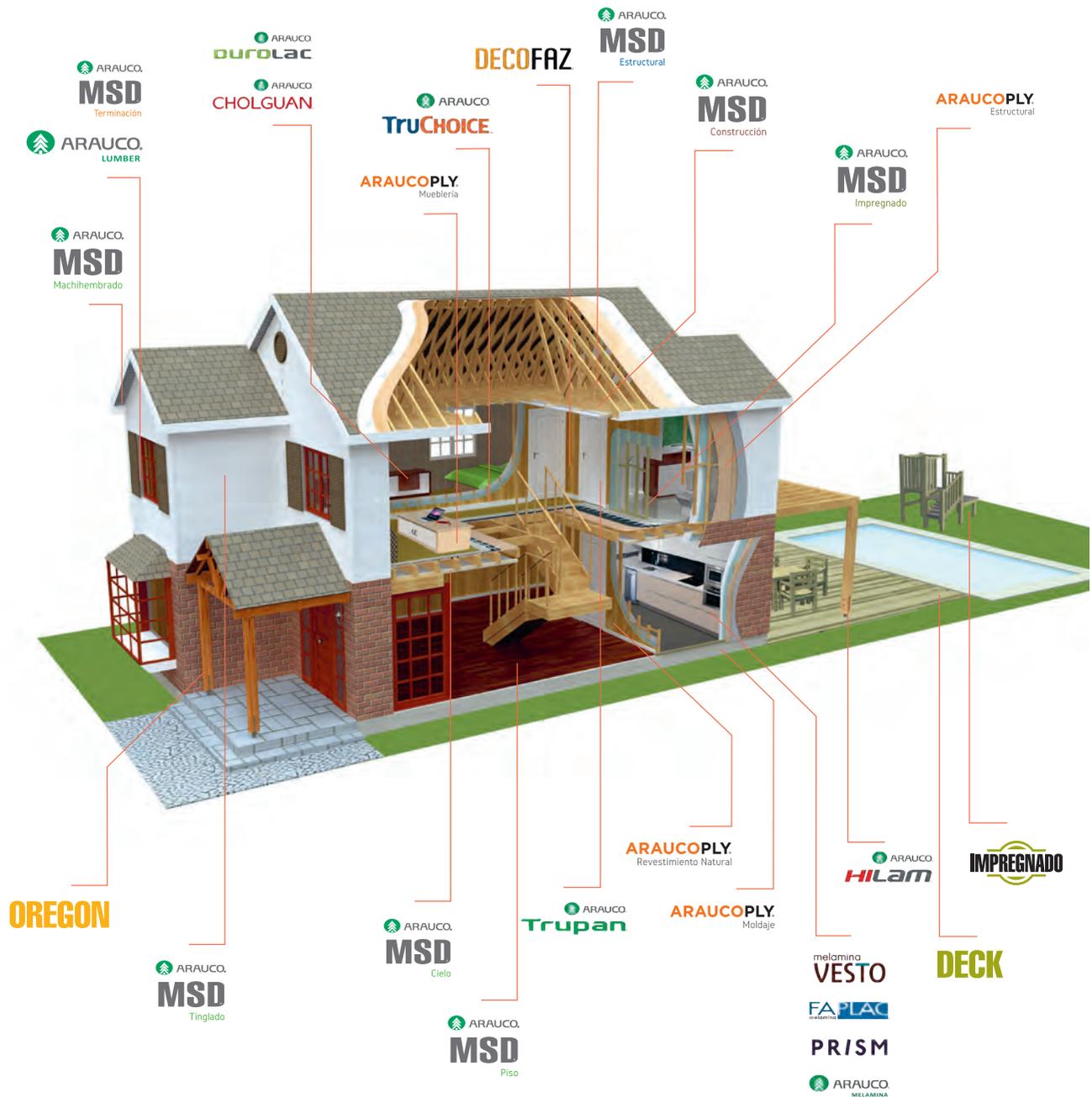


# Marketing

## 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](http://www.arauco.cl)).

In 2015 in North America, the Company took on the challenge of organizing its portfolio of brands, which included launching the new PRISM TFL melamine brand, developing a new website for ARAUCO North America ([www.arauco-na.com](http://www.arauco-na.com)) and revamping the Truchoice website (<http://www.truchoicemoulding.com>) as a way of delivering new customers a clear and comprehensive value proposition.



## Product Labeling

The processes of labeling and marketing communication associated with ARAUCO products adhere to the standards of 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. Also, ARAUCO complies with the regulations and standards defined in each country.

## Customer Satisfaction

All of 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 2015 the Company conducted a satisfaction survey among its distributors in Chile, Peru, Colombia and Mexico. A total of 360 surveys were received, where 73% of those surveyed ranked the Company's service as "good" or "very good," while 86% of those surveyed ranked the quality of our products as "good" or "very good."

This study was also conducted in the United States, where a total of 497 customers responded, 84% of whom consider ARAUCO a "good" or "very good" supplier.

ARAUCO North America has developed and begun to implement a plan to improve distribution service to its customers together with a plan for making visits to various locations.

## Customer Relations

In 2015 various activities were carried out for the purpose of building relations with our customers, mainly architects, as was the case with Trend Talks in Brazil, and chats in different university departments in Argentina and Chile.

On the regional level, ARAUCO also actively participated in Latin America's main design and architecture fairs, like Lima Design Week in Peru, Estilo Pilar, FITECMA and FIMAR in Argentina, Casa Cor Curitiba and Design Week São Paulo in Brazil, 100 showrooms and 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, and Easy Mundo Experto and the Constructor Sodimac Fair in Argentina.



In the United States, the Company participated in fairs like the World Millwork Alliance Annual Convention and Trade Show, the Lumber and Building Material Expo, the North American Wholesale Lumber Association Trade Show, Atlantic Building Supply Dealers Association Building Materials Show, and the Association of Woodworking and Furnishing Suppliers Fair. In Canada, the Company participated in the Woodworking Machinery and Supply Conference and Expo.

Additionally, ARAUCO had an outstanding participation in the Chilean Pavilion of the 2015 Milan Expo as an official sponsor of the Pavilion, using ARAUCO wood as a central element in the construction of the Pavilion, where it also held a series of meetings with its main European customers.

Lastly, in 2015 ARAUCO distributed over 150,000 melamine sample sets to furniture manufacturers, designers and specifiers in all markets. It also increased the number of people in ARAUCO's Virtual Community, doubling the base for Arauco do Brasil and tripling the base for Argentina, Chile, Colombia, Mexico and Peru.



### **ARAUCO Sustainable Solutions Program**

With the goal of supporting end customers in the development of furniture and wood construction projects, the company developed the ARAUCO Sustainable Solutions Programs 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 the ARAUCO brand's commitment to sustainability.

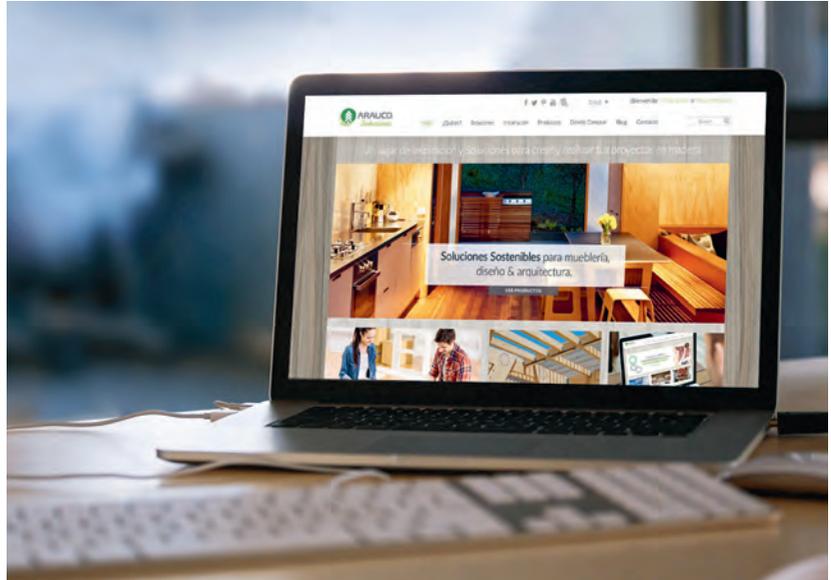
In 2015, the virtual community of Arauco Solutions tripled in comparison to 2014, replicating the same results in visits to the [arucosoluciones.com](http://arucosoluciones.com) website, closing out the year with 44,500 subscribers, a 30% growth with respect to 2014.

A large part of this growth is explained by the consolidation of tools developed for serving industry professionals such as the Cut Optimizer, the use of which has quadrupled with respect to the first few months of operation.

Moreover, in 2015 community outreach initiatives were developed such as the Share Your Project competition, which seeks to share and spread the word on DIY projects in wood and boards; this competition received more than 400 projects from Chile, Argentina, Peru, Colombia and Mexico.

Activities were also developed to get more involved with the design community for the development of creative productions or innovative processes, like the VESTO Spaces Encounter in Chile and Peru. This event, which was the first project carried out between young designers and VESTO Melamine, was mainly intended to introduce the new designs and possibilities for combination that the VESTO collections have to offer, applied to real furniture for distinctive home spaces.

Another example of the above was the Assembly Project, completed in conjunction with the design firm The Andes House, through which participants sought to give a new look to Cholguán boards, seeking out new uses and applications within the world of design, resulting in the creation of an innovative proposal for furniture and interior architecture.



### New Products

In 2015 Brazil presented new melamine designs through the Hause collection, which reported sales surpassing those of the previous collection, Vitta, by 150%.

In Mexico, 2015 represented a year of growth for VESTO Melamine's design palette, with four new designs being launched on the market in September.

Also, the North American market saw the launch of the new PRISM TFL melamine line, made up of 67 designs and 9 textures, and two new products were developed under the Fibrex brand: one with a "blackboard" finish, made of thin MDF coated with black paint and finished in UV-resistant lacquer especially designed to be used as a blackboard, and another with a textured paint finish or "painted etching finish," a new type of texturized finish which is available for all of the paints line, giving more realism to the designs available under Fibrex.

Lastly, in 2015 the Company's first mobile application was launched in Latin America for the purpose of helping customers learn about and combine melamine designs applied in different environments. With their respective local versions, the VESTO, FAPLAC and ARAUCO Melamine brands of Brazil already have an interactive option for their customers, who can download the app for free.



## **PEOPLE OF EXCELLENCE**

We have People of Excellence aligned with our values and ready to take on ever more challenging goals.

# PEOPLE OF EXCELLENCE

The Company's most valuable asset is its people. This is why it has built a culture over the years that values talent, offers opportunities for development and recognizes the importance of the work done by each of its employees.

Having People of Excellence is a vital part of the Company's strategy, so ARAUCO has developed a strong performance management process that guides and orients its decisions when it comes to managing its people while enabling the alignment of individual, group and collective goals. Also, the Company has continued to strengthen its organizational culture based on the following corporate values: Safety, Commitment, Excellence and Innovation, Teamwork and Good Citizenship. Moreover, in 2015, the Company worked on providing its employees with greater spaces for participation and involvement so that they feel more empowered and committed to the organization. More in-depth work will be done in this area in 2016.

Significant advancements were made with respect to tackling the challenges that were faced in 2015. Performance management was strengthened, with the addition of an evaluation validating committee in Chile and calibration meetings in Argentina, resulting in a more transparent and effective process. The quality and timeliness of direct communication improved as well, with a rise in the number of expanded meetings and presentations via live streaming. For the third consecutive year in Chile, the Company held its Skills Development Program aimed at Leaders, Chiefs, Supervisors and Professionals, with over 2,000 people participating. The positive balance of these initiatives was reflected in the best results ever obtained in the Organizational Climate Survey.

In 2015 work was also done on aligning the management of people inside the Company and progress has been made in operating under the same management processes and tools in the different countries where ARAUCO has a presence, consolidating the Company as One ARAUCO.

# Employment

ARAUCO is a large company on a global scale that creates jobs for many people in different parts of the world. In 2015, ARAUCO was made up of 14,748 employees, an increase of 9% with respect to 2014. With the employment generated through ARAUCO's contractors being added to this figure, total employment reached 21,041 collaborators.

In 2015 the Company also added the employees of the melamine impregnated paper mill in Biscoe, North Carolina, to the ARAUCO team in North America.

## Total Workforce

	2014*	2015
Employees	13,576	14,748
Indirect collaborators (contractors)	23,628	21,041
<b>Total</b>	<b>37,204</b>	<b>35,789</b>

\* Does not include 50% of Montes del Plata

## ARAUCO Employees by Country and Gender

	2013		2014*		2015	
	Women	Men	Women	Men	Women	Men
<b>Chile</b>	<b>889</b>	<b>7,426</b>	<b>930</b>	<b>7,741</b>	<b>989</b>	<b>8,215</b>
Executives	17	212	18	213	20	217
Professionals and technicians	430	1,811	492	1,930	515	2,039
Employees	442	5,403	420	5,598	454	5,959
<b>Argentina</b>	<b>165</b>	<b>1,535</b>	<b>156</b>	<b>1,479</b>	<b>157</b>	<b>1,422</b>
Executives	2	37	2	38	2	37
Professionals and technicians	157	689	149	688	149	683
Employees	6	809	5	753	6	702
<b>Brazil</b>	<b>203</b>	<b>1,579</b>	<b>200</b>	<b>1,533</b>	<b>234</b>	<b>1,689</b>
Executives	1	30	2	33	2	31
Professionals and technicians	146	475	135	453	146	465
Employees	56	1,074	63	1,047	86	1,193
<b>North America</b>	<b>229</b>	<b>1,153</b>	<b>217</b>	<b>1,184</b>	<b>275</b>	<b>1,300</b>
Executives	2	26	6	40	12	73
Professionals and technicians	125	239	105	229	120	289
Employees	102	888	106	915	143	938
<b>Other countries</b>	<b>NA</b>	<b>NA</b>	<b>54</b>	<b>82</b>	<b>171</b>	<b>296</b>
Executives	NA	NA	9	30	14	38
Professionals and technicians	NA	NA	36	40	85	130
Employees	NA	NA	9	12	72	128

\* Does not include 50% of Montes del Plata

## Selection

ARAUCO has a recruitment and selection policy that endeavors to promote a standard that encourages efficiency and fairness when it comes to these processes. It uses selection methodologies aimed at identifying capacities and competencies that fit with the requirements of the job profile and the Company's values.

In 2015 the Company launched a project to define a diversity policy aimed at the fulfillment of diversity and the practice of non-discrimination in the recruitment and selection process, with the inclusion of additional factors related to generating diverse, inclusive work spaces. This effort is reinforcing the experience ARAUCO already has in relation to hiring persons with disabilities, a program that has been active since 2013.

In total, during the year 2,124 people were hired in the different countries where ARAUCO is present and the Company reported a consolidated turnover rate of 5.4%.

### Turnover Rate 2015

Country	Organization	Women	Men
Chile	5.8%	5.8%	5.8%
Argentina	-3.4%	-5.7%	-3.2%
Brazil	4.6%	-1.0%	5.2%
North America	13.0%	20.9%	11.7%
<b>Total</b>	<b>5.4%</b>	<b>5.9%</b>	<b>5.3%</b>

## Compensation and Benefits

Quality employment means, first and foremost, a safe job, but also one that offers an income in line with the market, opportunities for growth, and good benefits.

Every year ARAUCO reviews its compensation structure, seeking to align pay grades with the unique dynamics of each country's labor market. ARAUCO has defined a standard base salary that is above the legal minimum salary in accordance with the conditions of each of the countries where it is present.



ARAUCO is also concerned about offering additional benefits for the purpose of creating well-being for its employees. They vary in accordance with each business and the local reality of the zone of operation, but address areas such as food, transportation, life and health insurance, savings incentives, the possibility of educational scholarships for employees and their children, agreements with local businesses and institutions, and more.

In Brazil, a new personnel management system was implemented in 2015 for the purpose of optimizing and improving the quality of information, in line with the requirements of the E-Social project promoted by the Brazilian government. This project seeks to unify the submittal of information by employees via an online form. ARAUCO's new system includes payroll modules, points of control, cafeteria, benefits, safety, medical, and more.

# Integrated Development

ARAUCO promotes the growth of its people through different training and development programs that help build teams of excellence, prepared to take on the challenges of an increasingly demanding and competitive industry.

## Training and Learning

Generating Teams and People of Excellence is a challenge for which the Company has designed and implemented a series of initiatives to incentivize development and participation, such as programs for training, performance management, operational excellence, and more.

The Company's different businesses and the high level of specificity of its jobs rely on a training and learning plan that encompasses things from technical courses to the development of interpersonal and leadership skills. A large part of this strategy responds to the needs detected in the Company's performance evaluation process and the new challenges ARAUCO faces.

Because leadership plays a key role in this area as well, ARAUCO has worked to strengthen an inspiring, hands-on leadership style at the Chief level, with courses that seek to develop personal and interpersonal skills, providing tools to facilitate good leadership, better time management, teamwork and better communication.

In 2015 the "Expert Operator" training program was launched in Chile with the participation of 24 employees from the Plywood, Sawmill and Remanufacturing mills belonging to the Timber business. This program, which lasted for four months and included 334 chronological hours for building technical skills and adaptive competencies, seeks to turn our employees into agents of change within their mills and trainers of other operators in their specialties, applying their knowledge in the different areas where they work.

## Training Indicators by Country (2015)

	Chile	Argentina	Brazil	North America
Number of courses taught	553	3,295	925	16,471
Hours of training completed	274,788	3,036	99,479	NA
Average training hours	29.8	0.92	7.58	NA
Number of participants	5,531	4,006	1,542	NA
% of trained people in the total workforce	60%	100%	83%	NA

### Training Indicators By Year\*

	2013	2014	2015
Number of participants	7,733	8,729	8,991
Executives	299	261	372
Professionals and technicians	3,204	3,265	6,180
Employees	4,240	5,112	7,722
% of trained people in the total workforce	67%	70%	71%
Hours of training completed	409,194	419,593	377,303
Number of courses taught	1,976	1,989	16,965

\* Does not include North America.

### Performance Management

Over the last few years ARAUCO has worked to strengthen its performance management as the central process in developing the Company's people. Through it the employee is given feedback and oriented in a process of continuous improvement, training needs are identified, those employees who have performed well are recognized, and people with the potential to be promoted to new positions are identified. Information that is systematized through performance evaluations is an input that is considered in succession plans, salary review processes, offers of internal moves, training programs, and the assignment of educational scholarships.

The performance evaluation is carried out through an instrument that aligns desired employee competencies and behaviors with corporate values, and enables the Company to determine the fulfillment of individual objectives and goals.

The process starts with a self-evaluation, continues with the evaluation by the employee's supervisors, and ends with a feedback meeting where the supervisor and employee talk about the results of the process and set development agreements. In 2015 a validation instance was added to this flow in Chile and Argentina through Development and Performance Committees made up of executives in the area of the person being evaluated and representatives of the Office of People Management. The objectives of these committees are to ensure consistency in the criteria used by the offices of different Chiefs, enrich the evaluations, define strategies for high and low performances and improve the feedback given to each person who is evaluated.

### Percentage of the Workforce Participating in the Performance Evaluation

	2013	2014	2015
Chile	32%	39%	50%
Argentina	51%	57%	5%
Brazil	-	3%	10%
North America	26%	100%	32%

## Internal Mobility

ARAUCO has developed an Internal Mobility Program that seeks to generate growth opportunities for the Company's employees and incentivize their development. This is done through internal competitions enabling the Company to select the best candidates for promotion to other positions, making the Company's requirements compatible with the employee's motivations.

In 2015 the Mobility Portal was made available on the Company's Intranet in Chile for the purpose of facilitating applications and improving communication in the related processes. Also, in Argentina there is a "Challenge Portal" that employees who meet the requirements can use to apply for processes carried out within the company.

### Internal Mobility Indicators

	No. of internal competitions announced	No. of employees with mobility (includes direct promotion)	% of vacancies filled internally
Chile	157	758	84%
Argentina	30	86	49%
Brazil	133	189	53%
<b>Total*</b>	<b>320</b>	<b>1,033</b>	<b>72%</b>

\* Does not include North America

## Operational Excellence Program

Operational Excellence is a Company-wide program of ARAUCO that strives for the continuing improvement of its productive processes, incorporating the ideas and projects that are born from the creativity and technical knowledge of the Company's employees, whose efforts are rewarded.

In this way, the Company promotes direct participation, involving employees in the management of their daily tasks, which serves as a source of motivation and job satisfaction. Also, for ARAUCO, it presents the possibility of achieving greater efficiency in its productive processes, constant innovation, and added value for the Company's products and services.

### Operational Excellence Indicators

Business	Presented Ideas			Successful Projects		
	2013	2014	2015	2013	2014	2015
Forestry	1,406	1,784	1,904	23	29	24
Pulp and Energy	65	90	91	43	40	48
Timber	1,011	2,122	4,789	197	199	514



## Relevant Events for 2015

### Chile ▾

181 workshops were conducted for the Leader of Leaders, Leader of People, Senior Professionals, Young Professionals and Supervisors segments, with 2,182 people participating.

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24 employees from the Plywood, Sawmill and Remanufacturing mills of the Timber business participated in the "Expert Operator" training program.

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The performance management process was reviewed, simplifying the evaluation instrument, implementing a Development and Performance Committee to ensure the consistency of the applied criteria, and linking the evaluation to career management processes.

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Optimization of the Internal Mobility Portal available on the Company's Intranet, for the purpose of facilitating applications and improving communication in the involved processes.

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### Argentina ▾

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. Objectives and an end-of-cycle evaluation were also incorporated.

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Consolidation of the "Challenge Portal" tool where internal search processes are posted, to encourage the mobility of employees.

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### Brazil ▾

Implementation of leadership development programs for the purpose of having leaders that successfully manage their teams, providing opportunities for learning and directing people in achieving outstanding results with a good level of motivation.

Two levels were worked on: the Leadership Development Program for the manager and assistant manager levels, and the Leadership Training Program for supervisors and coordinators.

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Spanish Program: aimed at improving mastery and command of the Spanish language among employees in all areas of corporate governance.

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Execution of team-building workshops in the areas of marketing and auditing for the purpose of developing the potential and maximizing the competencies of people in these areas for working toward a common objective to be more productive and achieve better results.

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Implementation of the process of evaluating potential based on corporate competencies for managers, assistant managers, chiefs, supervisors and professionals.

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### North America ▾

Implementation of a training program in "soft skills" for leaders via online courses, with a total of 1,210 courses completed.

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Benefits were delivered for 2015 in excess of US\$15,000.

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Execution of the performance management process with a focus on setting objectives from the employee's point of view, to encourage a climate of empowerment and personal responsibility.

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Consolidation of on-the-job learning and training programs. Through the Company's Technical Career Program, 20 students in their final year of high school or enrolled in a technical program at a community institution partnered with ARAUCO North America are now working at mills in the United States. Also, at ARAUCO's Canadian mills, 5 apprentices are receiving on-the-job training while they are completing their studies for technical certification.

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## Case Study. Competitive Funds

The Competitive Funds Program was established to motivate, commit and engage ARAUCO employees with respect to the corporate value of Good Citizenship. With their own efforts and creativity, based on teamwork and the Company's support, employees have the opportunity to impact the social well-being of communities near ARAUCO's operations.

Through competitive grants, the best social projects presented by employees receive financial support from ARAUCO to make them a reality. As a requirement, projects must be presented by a group of at least three employees who must contribute at least 10% of the total value of the project, incorporating direct contributions such as valuable labor.

The Company also evaluates the employees' level of participation and commitment, the partnerships they succeed in establishing with local actors, the impact of their project, and how innovative it is.

The fourth edition of this program was launched in Chile in 2015. 158 projects were presented by a total of 1,293 employees; 34 winning projects were selected and obtained ARAUCO funding amounting to \$80 million (equivalent to US\$113,000.00). Also, 5,030 employees participated through the direct voting system provided to vote for the winning projects.



## Identity, Commitment and Climate

ARAUCO seeks to encourage open, transparent and direct relationships in a positive environment. Developing Teams of Excellence means aligning the Company's people under a common vision, communicating objectives and challenges promptly and motivating employees to meet them.

### Organizational Culture

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

Some examples of 2015 campaigns and programs that are directly in line with these objectives are:

- Safety: The "Key Rules" competition where Chile employees developed videos to spread awareness of key safety rules.
- Commitment: ARAUCO Spirit (see page 84)
- Excellence and Innovation: Operational Excellence (see page 78)
- Teamwork and Good Citizenship: Competitive Funds for Employees (see page 80)



## Organizational Climate

A harmonious, positive organizational climate is required for achieving good labor relationships. This is why ARAUCO monitors the Company's climate with the support and methodology developed by the consulting firm Hay Group.

In 2015 the Organizational Climate Survey was applied to all ARAUCO employees in Chile, Brazil and North America and to the commercial offices in Mexico, Colombia and Peru. A total of 7,796 people participated in Chile and the commercial offices, or 90% of those employees; in Brazil, 1,561 employees responded, with a participation of 94%; and in North America, 771 employees responded, with a participation of 51%.

In Argentina this survey is applied every two years, with 2014 being the most recent year of application. Based on the results obtained during that cycle, measures were taken in 2015 to reinforce communication, establish comprehensive development plans, and improve the benefits and compensation package.

In the case of Chile and the commercial offices, the results show a sustained improvement, particularly in the last measurement, which reported a four-point jump with respect to the year before. The factors experiencing the highest increases were Commitment and Job Satisfaction, followed by Strategic Management, Resources, Communication, Compensation and Benefits, and Development Opportunities. The results obtained reflect the consistency of the work that has been done, where a greater focus has been placed on how to develop the potential of People and Teams of Excellence. In 2016 the Company will continue to advance along these lines, with an emphasis on those areas that still offer room for improvement.

## Organizational Climate Indicators

	2013		2014		2015	
	Participation	Global Results	Participation	Global Results	Participation	Global Results
Chile and Commercial Offices	82%	62/100	85%	63/100	90%	67/100
Argentina	-	-	72%	61/100	-	-
Brazil	-	-	-	-	94%	79/100
North America	-	-	71%	68/100	51%	68/100





## Case Study.

### ARAUCO Spirit

For the fourth consecutive year the Company implemented the ARAUCO Spirit Program in Chile and Brazil. This is a corporate program that selects Company employees to recognize for acting in accordance with the corporate values and serving as an example to their coworkers.

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.

Employees are nominated by their coworkers, who must complete a form telling the nominee's story, which must be signed by at least four more employees who support the nomination. Employees can participate in the nomination of one candidate only. Once the nomination phase is over, committees are set up in each mill, zone or office that will elect their local representative. Local winners participate in the final company-wide ceremony, at which the winners of the two highest awards of this program are chosen: the winner of the ARAUCO Spirit Corporate Award, chosen by the Executive Committee; and the winner of the ARAUCO Spirit People Award, who is the person with the most employee votes.

In Chile during the 2015 cycle, 276 candidates were nominated and 1,518 employees participated in the nomination process, while 5,800 employees participated in the voting process. Also the awards ceremony was streamed live so that all employees would have the ability to take part in the proceedings.

In Brazil, 525 employees participated in the nomination of 105 candidates and 1,564 employees participated in the voting process.



### Effective, Timely Organizational Communication

To ARAUCO it is important to have channels of communication that transmit all of the information the Company's employees must know in a timely, efficient manner, such as new corporate challenges, developments and advancements made in new projects, milestones, benefits, and all material considered relevant. An emphasis is placed on communications in the Company because its contribution goes far beyond the mere dissemination of information; it is an important pillar in strengthening the organization's identity and culture.

As a key element in the construction of identity, in 2015 the Company worked on the ARAUCO Story with the goal of acknowledging what defines ARAUCO as a company and what inspires it in this new stage of its development. Three attributes and a new vision were identified.

Helping to improve people's lives, developing forest products for the challenges of a sustainable world.

### The Company's defining attributes are as follows:

- We produce and manage RENEWABLE forest products.
- We are a GLOBAL company that embraces the challenges of being present in the world.
- We create products that IMPROVE PEOPLE'S LIVES.

Also, at ARAUCO there is a wide variety of internal communication mechanisms that facilitate our efforts to have more informed and committed employees: our Intranet, local magazines, the Voices of ARAUCO newspaper, a mobile application for cellular phones, e-mail, posters and videos are the channels we use to ensure the timely and efficient dissemination of major items of interest.

In 2015, one line of work that was developed in Chile was placing direct communication in charge of the Leaders, who took on a more proactive role in sharing what was going on in the Company. The main messages are derived from quarterly live-streamed presentations from the President and Chief Operating Officer and supplemented by the managers for the Company's various businesses and different mills and forestry zones in the presentations they make to their teams.





## Relevant Events for 2015

### Chile ▾

Implementation of action plans based on the results of the 2015 Organizational Climate Survey, achieving improvements in the areas of Commitment and Job Satisfaction, Strategic Management, Resources, Communication, Compensation and Benefits, and Development Opportunities.

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Safety Campaign: progress was made in facilitating a greater understanding of the Company's management of safety issues and a common language was built around six focal points for action, which were broadly publicized to build awareness among all of the Company's employees.

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Protagonist," aimed at promoting a proactive, positive attitude among employees; "Alcohol and Drugs," to inform employees of the effects of substance abuse; and "Performance Evaluation," focused on avoiding bad practices.

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Execution of a new Organizational Climate Survey with the commercial offices of Mexico, Colombia and Peru.

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Launch of corporate Intranet for all ARAUCO employees in Chile. The new platform gives users personalized identification and access from anywhere with an Internet connection. New developments included interactivity and the ability to comment on news and respond to surveys.

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### Argentina ▾

Reinforcement of corporate values through initiatives such as the "Good Night For All" volunteer program that seeks to put the value of Good Citizenship into action. All Argentina employees can participate in this activity, which is intended to provide a Christmas dinner and presents to a family in need.

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A total of 7,796 people or 90% of ARAUCO employees participated.

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Live streaming presentation by the President and Chief Operating Officer to report on ARAUCO's results for 2014 and challenges for 2015 with over 1,800 people in attendance.

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Systematization of audiovisual channels in Chile, setting a similar standard for the different facilities in Chile.

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Implementation of action plans based on the results of the 2014 Organizational Climate Survey with the goal of reinforcing communication, establishing comprehensive development plans, and improving the benefits and compensation package.

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Development of different internal marketing campaigns, including the following: "Be a

## Brazil ✓

Execution of Organizational Climate Survey with a participation rate of 94% (1,561 employees). This was accompanied by training to show how the tool worked, share information derived from previous measurements, and align the manner of implementation for correct application and to guarantee the security of the information and credibility of the results.

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## North America ✓

Execution of Organizational Climate Survey with a participation rate of 51% of employees. In 2016 the results will be shared with the teams and long-term plans of action will be implemented to address the gaps that were detected.

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2 projects and 93 "quick wins" were completed within the framework of the Operational Excellence Program.

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# Collective Contracts and Agreements

ARAUCO encourages relations with employees, union groups and their representatives in a climate of mutual respect, in accordance with internal guidelines and current labor legislation. Labor relations are based on the values of the Company, and a continuous process of communication, collaboration and participation is required to maintain them.

In ARAUCO, honest relationships are fostered in a context of mutual respect in accordance with internal regulations and legislation.

In Argentina, union relations are fluid, with planned meetings and predefined topics of discussion. These go into joint working minutes that become finalized "records of agreement" between the parties. Topics of discussion are addressed and differences are analyzed together, seeking a balance that nourishes a long-lasting relationship between the parties. In 2015, 46% of employees were affected by collective agreements.

Arauco do Brasil 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	58%
Argentina	5	46%
Brazil	6	10%
North America	0	0%





## Relevant Events for 2015

### Argentina ✓

Layoffs were generated at the MDF Unit in Piray due to better operational efficiencies and at the Zárate Particleboard Mill due to the reduction of one production shift. The layoffs and all communications were carried out in accordance with the provisions of the Labor Contract Law.

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# Contractor Management

ARAUCO operates with contractor companies in carrying out certain types of work, especially in the Forestry business.

The Company works to maintain relations based on transparency, honesty, respect and mutual cooperation, where both parties fulfill the commitments they assume in a framework of fairness and trust, in accordance with the law and the spirit of the contracts.

A company of excellence requires suppliers and service providers of excellence. Therefore, part of ARAUCO's strategy is to work with companies that are noted for their competitiveness and for having loyal, highly professional employees. The Company bases the selection of its contractors on technical, professional and ethical criteria. It also works on different focal points of action with an eye to increasing their competitiveness, supporting the development of their employees, and contributing to a good labor climate within these organizations.

In Chile, ARAUCO implements the following programs with its contractors:

- Labor Compliance Reporting Obligation: The labor compliance of all contractors and subcontractors is certified on a monthly basis, thus fulfilling the right and obligation to report information established by Law No. 20.123. This area is managed by using the services of the company OVAL, which is certified by the National Institute for Standardization (INN in Spanish).
- Contractor management and development: ARAUCO, in a partnership with the Chile Foundation, implements a contractor management and development program that measures the capacities of contractors to pinpoint possible organizational, technological or other types of gaps. With the information that is gathered, specific development plans are generated for harvesting and transportation companies in accordance with the differences that are detected.
- Evaluation of contractor management: This is based on the pillars of environment, safety, production, labor compliance, innovation and financial solidity. The evaluation is conducted on a monthly basis and is used to detect opportunities for improvements in performance and achieve a proper level of fulfillment of contractual commitments.
- Labor relations: ARAUCO suggests and encourages the implementation of different activities like courses, workshops and documents aimed at safeguarding labor relations with contractors, with respect to their unions as well as their employees.



- Operational Excellence (see page 78): This program is also implemented with contractors to facilitate their ability to motivate their teams to join this program.
- Business climate: Through a climate survey, the Company measures contractor perceptions of ARAUCO, a type of monitoring that enables it to promote actions in line with the needs of the business and in concordance with the development and sustainability of contractor companies.
- Integrated Environment and Occupational Health and Safety Management System: ARAUCO has an Environment and Occupational Health and Safety Management System that is certified under ISO 14001, OHSAS 18001 and Certfor, which establishes the requirements and procedures necessary for ensuring environmentally friendly, safe performance in accordance with the Company's standards. This system and its tools are applied to all works, services, projects, jobs and activities executed by ARAUCO and its contractors and addresses areas specially developed for the latter.



Moreover, there are initiatives that are required for or aimed at contractors so that they will maintain proper implementation of adequate work conditions and ensure the development of their operations in a safe and productive manner.

- Induction, training and labor accreditation: All forestry employees hired by a contractor must undergo an induction process prior to entering the Company's sites. Once this process is completed, the employee is constantly maintained in training and capacity-building. Depending on the employee's position, the supplemental accreditation of the employee's labor competencies may also be required, which will include technical, medical and psychological evaluations.
- Labor climate for employees: ARAUCO conducts labor climate surveys among the employees of its contractors with the goal of being able to support contractors in configuring specific actions aimed at achieving proper work environments.
- Awareness-building of labor rights and obligations: The Company implements training and awareness-building of the fundamental rights and obligations of forestry employees and employers that are contained in current Chilean labor legislation.
- 1-800 line (see page 143): ARAUCO has launched a toll-free hotline as a channel to enable the employees of its contractors to directly submit concerns, questions about billed figures, reports or claims.
- Compensation standards (see page 74): ARAUCO has a standard minimum salary that is above the legal minimum salary and requires its implementation among contractors for all employees working at the sites of the Company's production and operating facilities.
- Life insurance: ARAUCO requires all employees of its contractors and subcontractors to have life insurance.
- Labor conditions: For the purpose of collaborating with contractors, the Company has established a series of permanent protocols, procedures and programs affecting the employees of its contractors. These include detailed technical standards for the installation, management and maintenance of camps, field dining areas and toilets, food, transportation and specialized clothing.



- Social management program for employees: Based on social diagnostics and feedback from its own forestry employees, ARAUCO has established a social management program that includes: an education completion plan, eye care, dental care, training and coordination for the social assistants of contractors, the preparation of social management bulletins and guides, the management of social bonuses for employees (young employees, women employees), the implementation of a social support platform for contractors, and more.
- Education Completion Program for Forestry employees: ARAUCO established this program in 2013 with the goal of bridging the incomplete education gap among the employees of forestry contractors. In this regard, the modality of free education of a flexible nature (partial in-person attendance) is recognized as the best option for completing the basic and intermediate levels of education required by the Ministry of Education. Employees are informed of this option through their respective employers (the contractors) and the necessary arrangements are made among the Ministry, Executing Entities and Businesses. Over the three years this program has been implemented, nearly 200 forestry employees have completed their education at the basic and intermediate levels. In 2016 the program expects to grow to around 500 registrants.
- Housing Program (PVT in Spanish) and the Community (see page 147): Through this program, ARAUCO seeks to support employees and the community in developing housing solutions of high technical and social standards.





## **OCCUPATIONAL HEALTH AND SAFETY**

At ARAUCO, we put safety at the center of our operation and make it a top priority for all those who belong to the Company.

# OCCUPATIONAL HEALTH AND SAFETY

At ARAUCO, the safety of our people always comes first. This commitment involves implementing appropriate risk control measures in such a way as to anticipate all actions that may be detrimental to the safety of the Company's employees.

Growing Well involves putting the value of safety at the center of the operation and making it a priority for all those who belong to the Company. In fact, our goal is to make the Company a world reference in safety. In order to continue pursuing this path, we have prioritized safety in a series of initiatives and focal points.

In 2015 the Company worked on six focal points with respect to safety that covered all of ARAUCO's mills and forestry zones and two focal points with respect to occupational health:

- Involving employees.
- Improving risk matrices.
- Improving the management of high potential risk incidents.
- Improving inspections and observations.
- Expanding the potential of the Joint Health and Safety Committees.
- Fulfilling occupational health protocols.

2015 brought an 18% reduction of the Company's accident severity rate with respect to 2014 and a 12% reduction in "charged days." In the Timber and Pulp businesses there were no fatalities to mourn; however, the Forestry area reported one fatal accident (see page 31). The development of the 2012-2020 Environment and Occupational Health and Safety Strategic Plan has allowed ARAUCO to gradually establish a safety culture among its employees through involvement and active leadership, enabling the Company to reach a total of 9 facilities with world-class level severity and frequency indicators (Bioforest, As. El Colorado in Chile, Malvern Panels and BMDF in North America, Química Araucaria, Pien and Mato Grosso do Sul Panels in Brazil, Logistics Center B in Argentina and Guadalajara Distribution in Mexico).

## Safety

The prevention of workplace accidents is a top priority for ARAUCO, which is reflected in the definition of safety as a prime value of the Company in a comprehensive Environment and Occupational Health and Safety policy, and in the application of corporate operating standards in OHSAS 18001 systems certification for all of ARAUCO's Timber business mills in Chile and Argentina.

These actions are supplemented with ongoing training to support management in risk prevention and the permanent reinforcement of the importance of safety through active leadership at the highest levels of the Company.

In 2015, with respect to preventive management outstanding work was done on the principal standards and programs of the Company such as Corporate Operational Standards (EOC in Spanish), Key Rules, Management of High Risk Potential Incidents, Planned Observations, Active Risk Matrices Program, Safety Communications, Safety Chats, the CHPS Work Program, and Legal Compliance Checklists in the area of safety.

In terms of results, in 2015 ARAUCO reported a drop in extremely serious accidents. This was reflected in a 12% reduction in "charged days" and a 22% reduction in lost days associated with incidents involving lost time (CTPs in Spanish). Chile, Argentina, Brazil and North America all reduced their accident severity rates in comparison with 2014.

### Accident Frequency Rates by Business and Country

	Forestry	Pulp	Panels	Timber	Consolidated
Chile	7.2	4.9	3.3	6.0	5.8
Argentina	3.8	6.3	4.9	3.7	4.5
Brazil	3.6	-	0.6	-	1.7
North America	-	-	4.8	-	4.7
Consolidated	6.5	5.1	3.2	5.9	5.4



## Case Study.

# Active Risk Matrices Program

At ARAUCO we have made the safety of our people a priority.

To meet this goal, in 2013, in the framework of the Impeccable Operation initiative in Chile's Timber area, the Company launched the pilot phase of the Active Risk Matrices Program. The methodology of the Active Risk Matrices draws on the best practices of our mills and the active role of all those at ARAUCO who participate in the field review of the risk matrices in their areas of work, collaborating in the definition of controls and improvements, which are continually revised and updated. In 2015, this program was extended to all of the units of the Timber business in Chile.

Why do we call them Active Risk Matrices?

- Because they are prepared by our employees who live with them every day.
- Because they are always moving, we review them constantly.
- Because the employees take charge of this tool.

The Active Risk Matrices Program has achieved important results, helping reduce the frequency rate of accidents at the mills that participated in the pilot phase by over 50%. Other benefits generated by the Program include improved communication between chiefs and employees, contributing to a good labor climate, and an appreciation of the experience of our operators, who are the ones who know the conditions of their areas the best. However, without a doubt, the greatest contribution has been the involvement of all employees in safety management.

This program gives us the opportunity to extend safety management to all of the Company's employees under a standardized methodology, making them participants in the identification of risks, definition of controls, and the constant improvement of the risk matrices. Thus, the program invites us all to be protagonists in our own safety.



## Consolidated Safety Performance

Indicator	2013	2014	2015
Accident frequency lost time rate (LTR)	6.3	5.9	5.4
Accident Severity Rate 1	239.8	252.6	194.5
Accident Severity Rate 2 (includes lost days and "charged days")	246.5	518.5	426.7
Number of work accidents with LT	500	483	444
Accident Rate	1.28	1.22	1.1
Fatalities	-	3	1

The challenges defined in the area of safety for ARAUCO this year will include consolidating all of the work done since 2015, especially the management of high risk potential incidents; standardizing the reportability of incidents; integrating the Argentina, Brazil and North America mills into the Sharepoint platform to have information online; generating new Corporate Operational Standards (EOCs in Spanish) for "hot work" (cutting, welding and all work that carries a risk of fire); consolidating actions of visible leadership; and ensuring fulfillment of the Key Rules.





## Relevant Events for 2015

Generation of broad-based campaigns for the different business areas that sought to engage employees on safety issues (for example, the quasi-accidents campaign to improve the reportability of this type of incident).

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Mainstreaming of the concept of the High Risk Potential Incident (HRPI) in the operation of all of the business areas, with the preparation of an incidents guide that enabled us to standardize the reportability, classification and management of incidents.

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Focus on investigating and applying control measures to HRPIs with serious or fatal consequences so as to prevent the incident from being repeated in the place where it occurred and at other mills and/or forestry zones.

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Approval of reportability systems via SharePoint (alerts) for all of the business areas.

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Updating Corporate Operational Standards with the participation of all of the business areas.

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Definition of a company-wide accident investigation tool based on the Incident Cause Analysis Method (ICAM) methodology. A significant number of people were trained in this methodology, which will enable the Company to know the root

cause of incidents and define the best measures for control, review, continuous improvement and/or updating of the risk matrices. The initiative was applied in the Timber business through the Active Risk Matrices Program and in wood pulp with the preparation of Standard Work Sheets (SWSs) that integrate the work methodology with risk prevention, step by step.

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### Chile ▾

The El Colorado Sawmill received two distinctions: the first as a Health Promoting Company of Excellence from the local Ministerial Regional Secretariat (SEREMI) of Health, and the second in safety management for companies with more than 100 employees from Mutual IST.

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The El Colorado Sawmill completed 2 years without reporting any accidents involving lost time, while the Viñales Bioenergy Plant completed one year of zero accidents involving lost time.

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Ongoing training was given in incident investigation, operational controls, the identification of hazards, the improvement of technical competencies and self-care so that the Company's employees would acquire tools to enable them to carry out their activities incorporating all aspects of safety.

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The Timber business was recertified in OHSAS 18001.

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### Argentina ▾

OHSAS 18001 recertification in the Timber Business and at the Piray MDF Panel Mill and Chemicals Plant.

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7 areas reported zero accidents with lost time in 2015: Nursery, Harvesting and Thinning, Forest Protection, Technical Area, Supply, Forest Control and Warehouse.

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Implementation of the new isolation and hard blocking procedure (with lock) during the general stoppage at the Puerto Esperanza Pulp Mill, with the participation of all of the Service Businesses.

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Annual competition for the Firefighting Brigades, involving the operating units of the Timber business.

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Completion of team survey on recurring intervention activities in operations at the Piray Sawmill.

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Development of a program for inspecting the work positions at Piray Sawmill, using a checklist focusing on the activities and their risks.

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Finalization of the complete process to review the significant risks of the hazard and risk matrices of the different sectors of the Zárate MDP Panel Mill. To give continuity to the process the Company began implementing 5-minute talks, an activity that will continue throughout 2016.

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On-site training sessions were conducted at the Piray MDF Panel Mill, with simulations of blocking operations, recurrent interventions, manual movement of loads, and routine and non-routine operations.

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## Brazil ▾

The Pien Panel Mill, Química Araucaria and the Mato Grosso do Sul Forestry Zone reported zero incidents with lost time in 2015.

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The fundamental focus of safety management was associated with the Serious Incidents and Fatalities (SIF) concept, which seeks to identify and mitigate events of significant potential seriousness.

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Implementation of the tool for sustaining safe habits (Cascading Safety) and creating and sustaining safe habits (Habit 101).

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Additional implementation of the Habit 101 Program for the operator level, consisting of fully

shadowing the employee during a work shift to be able to observe risks in the activities that have not been identified previously.

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In the Forestry area, a tool was developed to ensure compliance with the key rules governing safe distance from operations, called the "safety yardstick." The tool consists of providing a card that allows any employee to note his/her distance from a piece of equipment or machinery, thereby establishing the safe distance from the operation.

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## North America ▾

The Moncure Mill (North Carolina, United States) was certified in OHSAS 18001.

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The Malvern Panel Mill (Arkansas, United States) and BMDF Panel Mill in Bennettsville (South Carolina, United States) reported zero accidents with lost time for 2015. With respect to the Sault Ste. Marie Panel Mill (Canada), the Bennettsville BMDF Panel Mill and the Malvern Panel Mill, these have reported more than 2 and 7 years respectively without these types of incidents.

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Establishment of new procedures and specific policies for reducing incidents involving hands, related to new knives, wearing jewelry during the work day, and not using gloves.

Reinforcement of the work done to reduce incidents associated with moving equipment, with the implementation of best practices.

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Development of a program to improve moving parts protection to prevent entrapments.

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At the Duraflake Panel Mill (Oregon, United States), a system was implemented to optimize the hiring process and ensure the continuity of employees at the mill to avoid hiring operators with little experience, thereby minimizing the occurrence of incidents.

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## Occupational Health

ARAUCO's organizational culture seeks to promote the well-being of employees, favoring health and safety at work and a positive organizational climate to ensure the Company's competitiveness, productivity and sustainability.

The Company's work in this area falls under the Occupational Health Plan, the focus of which has been to achieve compliance with the corresponding occupational health protocols. For this purpose the Company has implemented epidemiological vigilance programs focused on noise protocols, musculoskeletal disorders, manual load management, psychosocial and physical agents such as breathable dust, metal fumes, etc.

With respect to noise, the Company has continued to work on updating, planning and/or executing activities related to control and mitigation. Also, with regard to exposure to sources of UV (solar) radiation, a relevant factor in jobs abroad, the Company has continued to address this issue via the application of sunblocks and adequate sun protection and training.

In 2015, the Company applied a psychosocial survey to all of the mills in Chile that would enable the Company to determine and manage possible psychosocial risk factors among its employees. The Healthy Culture pilot program was also carried out at some mills in Chile to promote healthy eating and physical activity among employees. Elsewhere, the Company has set up a health structure at the Argentina mills, led by a Corporate Coordinating Physician who defines the main objectives for occupational health and communicates them to each Operating Unit.





## Relevant Events for 2015

### Chile ▾

Launch of the Healthy Living Program in the Pulp and Forestry area, implementing a "Healthy Culture" pilot program for the Valdivia Mills (Pulp and Timber) aimed at promoting healthy eating and physical activity.

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Application of psychosocial protocol to identify relevant psychosocial factors.

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Participation of emergency brigades in an evaluation and physical training program.

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### Argentina ▾

For the third consecutive year the Company implemented its special health exams campaign, which guarantees that all Company employees will receive at least one checkup every three years.

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Establishment of a program for primary detection of the presence/absence of antibodies caused by hepatitis A pathologies, for the Company's cleaning and dining facilities staff as well as for operators at effluent treatment plants.

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# Joint Health and Safety Committees

In Chile, Argentina, Brazil and North America, ARAUCO has Joint Health and Safety Committees (CPHSs in Spanish) for the purpose 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 role of these Committees is to help promote among employees the practice of conscious, premeditated and proactive behaviors aimed at minimizing the risks associated with their work and to incentivize and facilitate the adoption of best work practices among employees. Their action is guided by four principles: focusing on high potential risks, identifying the root cause of problems, integrated work, and employee involvement.

In 2015 progress was made in the process of certifying all of the committees in accordance with the CPHS management model, aimed at ensuring that the greatest possible number of committees reaches the highest level of certification: in other words, committees that are fully integrated in the Company's preventive management. On a parallel track, work was also done to incorporate ARAUCO's service providers into this management model.

In Chile, all of the Company's facilities and offices have had psychosocial committees since 2015, charged with the coordination and implementation of the Psychosocial Protocol, which enables the identification of possible psychosocial risks in the workplace.

In Brazil, the Company's facilities also have Ergonomics Committees whose main objective is to support the ergonomic analysis of job positions.

## Number and Representation of Employees on Joint Committees

	Number of CPHSs	% of representation
Chile	37	100%
Argentina	4	60%
Brazil	8	100%
North America	8	11%





## Relevant Events for 2015

Implementation of the "Caring for Your Treasures" Program in the Timber business, where the Joint Committee seeks to build awareness about caring for the treasures of our body (hands, eyes, feet and ears) via practical workshops.

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Visits of the CPHS to other committees of the same or other industrial category for the purpose of transferring best practices.

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Safety Parade: The Joint Committees organized a safety parade for the national holiday celebrations.

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Implementation of the "Report 'Almost' Accidents" Program which seeks to increase the reportability of quasi-accidents via the use of a mobile phone application.

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Implementation of the "Your Improvised Tool" campaign which allows employees to formally or anonymously turn in improvised tools utilized in their jobs.

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Hosting of the 3<sup>rd</sup> Joint Committee Conference and organization of a "Safety Week" at various facilities.

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## **ENVIRONMENTAL MANAGEMENT**

Our activity depends on  
the sustainability of the  
environment.

# ENVIRONMENTAL MANAGEMENT

ARAUCO's commitment to the environment is an integral part of our business model, ensuring the sustainable management of its resources and applying standards of management that ensure the continuous improvement of our environmental performance.

ARAUCO has committed itself to addressing global problems such as climate change as a way of embracing the challenges of being present in the world. In relation to the phenomenon of climate change, ARAUCO's forestland fulfills the natural function of carbon storage, capturing CO<sub>2</sub> from the atmosphere and releasing oxygen into the air, helping to reduce greenhouse gases and mitigate the effects of this phenomenon. Also, ARAUCO has specific projects such as its internationally validated CDM projects (see page 55), participates in the voluntary carbon market, and cooperates with different environmental and sustainability research centers.

Moreover, in 2015 the Company calculated the corporate carbon footprint for the Pulp business based on 2014 and the carbon footprint of two products of the Teno Mill, using the methodologies established by the ISO 14064 and PAS 2050 / PAS 2060 standards, respectively.

Additionally, starting in 2015, ARAUCO decided to resume the calculation of the corporate carbon footprint. The objective of this initiative is to incorporate the calculation of greenhouse gas emissions in all of the Company's business units.

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 in forests and research programs related to the fulfillment of environmental commitments associated with its facilities or activities. In 2015, the Company invested US\$51.8 million in environmental improvements.

For a better understanding and overview, this chapter is structured differentiating environmental management in the Company's forestry business from environmental management in the Company's industrial facilities.

## 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, from the sale of timber to supplying its industrial facilities. ARAUCO manages its plantations based on the application of practices and technologies suited for minimizing impact and complying with the forestry certifications the Company holds; the understanding and protection of ecosystems; a sustainable use of the land and water; and respect for biodiversity.

In fact, in the management of ARAUCO's forestland in Chile, Argentina, Brazil and Uruguay, ARAUCO adheres to responsible forest management under international standards and conducts applied research in the full use of its plantations.

### Forest Protection

To protect forest systems and resources, the Company works in three main areas: protecting native forests and creating value propositions for them; protecting and respecting the biodiversity present in its assets and High Conservation Value Areas (HCVA); and maintaining programs for forest fire prevention and the protection of forest assets.

### Native Forests

ARAUCO is committed to the protection of the native forests on its land. Monitoring enables the Company to identify changes and implement actions of prevention and restoration.

In Chile, the Company has 211,535 hectares of native forestland, over 90% of which has been catalogued with respect to flora composition, vertical structure and dominance. In Argentina, there are 116,040 hectares of native forestland, representing close to 50% of ARAUCO's forestland. Of this figure, over 45,000 hectares are of native forest in ranges distributed across four large areas declared as HCVAs and some 64,000 hectares are natural zones, made up of forests protecting waterways and slopes and ecological corridors for interconnection of ecosystems. In Brazil, ARAUCO has 73,832 hectares of protected native forests in the regions of Arapotí, Campo Teniente, Sengés and Tunas do Paraná. In 2015 the Company began studies in Arapotí for monitoring areas in the recovery and natural regeneration process. This is scheduled for the other forestry units in 2016.

Given the breadth and distribution of native forestlands in Chile, in 2015 the Company began the process of identifying native forests with high potential, from the point of view of adding value to the Company's relationship with neighboring communities. To that end an agreement was signed with Universidad Austral with an eye toward building some pilot experiences in research and management with these communities in the future.

### Native Forests and High Conservation Value Areas (HCVA)

Country	Native Forestland (in hectares)	% of Native Forest on forestlands	High Conservation Value Areas (in hectares)	Biological HCVAs	Social, cultural or religious HCVAs
Chile	211,535	19%	59,561	37	69
Argentina	116,040	44%	64,923	13	32
Brazil	73,832	41%	5,447	7	5

## High Conservation Value Areas (HCVAs)

All forest areas of an exceptional nature or of critical importance are labeled High Conservation Value Areas (HCVAs) and are actively managed to conserve or increase high conservation values, based on a methodology that includes Identification, Management Practices, and Monitoring.

The management of the HCVAs is supported through the HVCA Advisory Council, set up in 2014. This council brings together people from different fields, institutions and public services for the purpose of supporting the fulfillment of ARAUCO's commitments in this area and contribute diverse perspectives to improve the performance of the Company in managing its HCVAs.

Currently, ARAUCO works with two types of HCVAs in terms of what type of value they represent: biological HCVAs, whose value comes from containing significant concentrations of biodiversity, constituting large forests on a significant scale for the landscape, containing rare or threatened ecosystems, or providing basic ecosystem services in critical situations; and sociocultural HCVAs that are critical for meeting the basic needs of local communities (for example, subsistence and health) or that are critical for the traditional cultural identity of local communities (for example, sacred sites or harvest sites). In this context, the Company maintains programs aimed at knowledge of the ecosystems and protecting endangered species as well as programs for conserving the religious and cultural sites of local and indigenous communities.

In 2015 work was done in Chile to incorporate 19 HCVAs associated with the value of water, with the goal of water conservation in basins where this element can be critical to local communities. All of them are basins where ARAUCO has a significant presence (over 50% of the basin) and the community is utilizing more than 30% of minimum flow in summer. This work will continue in 2016.

In Argentina, 3 new HCVAs were incorporated with environmental attributes on the Nursery, Magdalena and Aparicio Cue sites located in the southern part of the province of Misiones, due to the presence of the Teyu Cuaré cactus (*Parodia schumania*), a Natural Provincial Monument. In Brazil, 4 cultural HCVAs were added that were identified in a joint effort with the communities.







## Case Study.

# 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 in different areas, as well as protocols for managing biodiversity and ecosystemic services with explicit indicators.

The Biodiversity Monitoring Program in ARAUCO's HCVAs continued in 2015 in recognition of the relevance of these zones in the conservation of different currently threatened species.

### Chile

In 2015, the following research programs in which ARAUCO collaborates stood out:

- **Vanzolini dart frog (*Alsodes vanzolinii*):** The Company worked to contribute to the study and survival of this amphibian, expanding on and replicating the experience of Universidad de Concepción in the reproduction of Darwin's frog. The areas that were included in the study are native forestlands of ARAUCO in the Central Zone.
- **Darwin's fox (*Lycalopex fulvipes*):** A species of fox native to Chile and listed as Critically Endangered by the IUCN and Endangered by the Chilean Environment Ministry. Two populations of this species have been determined, on Chiloé Island and in the Nahuelbuta National Park and Caramávida Creek, but a third population has been recently added in Lastarria (Gorbea) and in the Costa Range close to Oncol Park. In 2014 and 2015 extensive monitoring was conducted with camera traps in Oncol Park, with the company also successfully capturing some of these foxes to draw blood samples and releasing them. The samples will support with the observation of pathogens and to help determine the blood relationship between the new population and the previously registered ones.
- **Reptiles:** In continental Chile there are 107 species of reptiles, many of which have barely been studied. This is why prospections of reptiles have been conducted in ARAUCO's Central Zone lands, at various points throughout the large forest cores included as HVCAs,

to profile their specific biodiversity and generate measures for conserving these species and their threatened populations.

- **Fish and macroinvertebrates:** Via the prospection of fish and macroinvertebrates, the Company has sought to learn about the diversity of freshwater fish and benthic macroinvertebrates of the river basins where ARAUCO owns the most land. These records will enable the Company to learn about the environmental health of the basins under study and propose important basins in terms of biodiversity.
- **Insects:** Insects are hugely important to humankind and to the health of the environment because they play essential roles in processes like pollination, the dispersion of seeds, biological control and decomposition. Also, they serve as a food source, nourishing many populations of vertebrates and invertebrates, being the base for energy transfer in trophic networks. Based on this perspective, and in seeking to increase and improve its knowledge of different components of its HCVAs, ARAUCO has endeavored to learn about the composition of the entomofauna in the HCVAs of Caramavida, Oncol and Naguilán. This work will continue in 2016.

### Argentina

In 2015, the Company led the following research programs where it collaborated with the Institute for Subtropical Biology (IBS in Spanish) and the National Commission on Scientific Research (Conicet in Spanish):

- **Ywaterreté panther (*Panthera onca*):** The objective of this project is to monitor the state of the Ywaterreté panther population in the Atlantic Forest and the main factors that affect it, utilizing the information that is generated to establish actions for managing and conserving the species.
- **Marsh deer (*Blastocerus dichotomus*):** This species, the largest autochthonous deer in South America, is categorized as an endangered species internationally and in Argentina. ARAUCO is participating on the Scientific-Technical Marsh Deer Conservation Committee and is an active participant in the Marsh Project, the main purpose of which is to conserve the marsh deer. ARAUCO's joint efforts with such entities as the Provincial Body for Sustainable Development (OPDS in Spanish), the National Agricultural Technology Institute (INTA in Spanish), Temaikén, Conicet, the National Parks Administration (APN in Spanish) and Association for Nature Conservation and Study (ACEN in Spanish) enables the Company to generate scientific information for making forest production compatible with the conservation of the marsh deer.

## The effects of pine plantations on the diversity of mammals

**in Misiones:** evaluation of the configuration of the productive landscape and generation of forest sustainability indicators, studying forest plantations as different spatial and time-based configurations of elements of the landscape (for example, corridors, forest remnants) and, in particular, of the matrix (forest plantations of different ages) and how they impact mammalian populations and the regional diversity of the whole.

### Brazil

In 2015 work began on monitoring local fauna and defining their conservation status with the goal of determining the medium-sized and large species of mammals and birds on ARAUCO's forestlands. In this monitoring effort, to date, 34 species of mammals have been identified (19 threatened for extinction) and 266 species of birds (30 threatened species).

The observed species include:

- **Giant anteater (*Myrmecophaga tridactyla*):** Called the tamadua-bandeira in Brazil, this threatened species is categorized as Endangered in Brazil. On the IUCN list it appears as Vulnerable. It is known for feeding on ants and termites. The main threats to this species are hunting, the destruction of its habitat, and forest fires. They are also very frequently run over by vehicles on Brazil's roadways.
- **Puma (*Puma concolor*):** A threatened species categorized as Vulnerable in Brazil. As a hunter and ambush predator, the puma pursues a wide variety of prey preferring habitats in dense vegetation during hunting hours, but can live in open areas as well. The main threats to this species are hunting and the destruction of its habitat.
- **Maned wolf (*Chrysocyon brachyurus*):** Known as the waterrá-guazú in Brazil, this threatened species is in the Endangered category in Brazil. On the IUCN list it appears as Near-Threatened. It is the largest of the Canidae family in South America and does not threaten humans or livestock, but the occupation of its habitat and hunting have reduced it to isolated areas.



## Number of Species on Conservation Lists (IUCN and Others) Found on ARAUCO Lands

Category	Chile		Argentina		Brazil	
	Fauna	Flora	Fauna	Flora	Fauna	Flora
Critically Endangered	5	3	-	1	5	1
Endangered	29	32	3	2	11	13
Vulnerable	19	48	5	2	33	15
Near-Threatened	28	0	7	2	46	4
Lesser Concern	2	1	41	0	484	12
Provincial Protection	-	-	10	14	-	-
<b>Total</b>	<b>74</b>	<b>84</b>	<b>66</b>	<b>21</b>	<b>579</b>	<b>45</b>

### Protection of Assets and Prevention of Forest Fires

With the goal of sustaining the integrity of the Company's assets, 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.

With respect to Asset Protection Programs, the most notable of these is the logistical support given to the Forest Fire Program and to other areas. The Asset Protection Program also includes research programs in phytosanitary protection, which are developed by Bioforest. For its part, the Integrated Pest Management Program is aimed at preventing the economic damage caused by pests to forestland and includes vigilance, diagnostics, evaluation and control of pests and diseases.

Also, the Forest Fire Protection and Firefighting Program has the goal of preventing, detecting and fighting forest fires, containing their impact when they occur. In the 2015-2016 years, ARAUCO set aside a budget of US\$20 million for the prevention and control of disasters in forest operations. This total includes the three countries and teams of 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.



In regards 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.

The Company also has a fire detection system that allows it to locate fires that threaten or affect its assets as quickly as possible. It also has material and human resources for fighting forest fires, and a VHF radio communication system that enables communication and coordination with total coverage of the Company's assets.

As part of the Company's overall 2015-2016 prevention campaign, in Chile ARAUCO launched the "Let's Care for Our Environment: Preventing Forest Fires Is a Job for All" campaign, which involved all of ARAUCO's employees because they, too, are part of the Company's local community, in addition to direct intervention with specialized teams in neighboring communities and schools that made door-to-door visits all around the cities and towns associated with the Company. To date, ARAUCO has already deployed 417 workshops at schools, 13 public fairs, 347 door-to-door operations that have reached more than 9,500 homes, and 95 social operations.

In Chile, the operation for this season included communes and locations from Region VI to Region IX and reached more than 10,000 people.

Additionally, through the companies that provide firefighting services, the number of land-based firefighting units was increased to reduce the trip time required to arrive at fires and online supervision was improved (videocameras mounted on aircraft, trucks and detection towers) to improve management.

## Resources, Forest Fire Protection Plan

Type of Resource	Chile	Argentina	Brazil
Towers	122	17	10
Vigilance and prevention people	309	57*	30
Brigades	78	8	9
No. of firefighters	1,024	40	480
Trucks	18	8	15
Skidders	6	Varies**	0
Aircraft	8	0	0
Helicopters	10	0	0
Support vehicles	25	Varies***	25
<b>Total budget (in US\$)</b>	<b>19 million</b>	<b>581,645</b>	<b>450,765</b>

\* Includes 17 rangers y 40 firefighters

\*\* Varies: The tractors are tied to the Roads and Harvesting Area and are used in special situations.

\*\*\* Varies: These are vehicles assigned to other operating units that are used in special situations.



## Inputs

At ARAUCO only green-band phytosanitary products are used to protect its plantations from the pests or diseases that could affect them, with the objective of reducing the amount of active ingredient used per hectare, seeking out the best technologies for efficient application and minimizing the number of interventions required. Also, testing and scientific studies are carried out to verify need and optimal doses.

In Chile, the Company also actively participates in the research and development of biological control options and the implementation of control programs for pests such as the sirex woodwasp (*Sirex noctilio*), the leaf-cutter ant (*Atta spp.* and *Acromyrmex spp.*), the bronze bug (*Thaumastocoris peregrinus*), and the eucalyptus gall wasp (*Leptocybe invasa*), diseases such as myrtle rust (*Puccinia psidii*), and more.

At the Company's Oasis e Isla Victoria site in Argentina in 2015, tests and studies were carried out with Universidad Nacional de La Plata, evaluating different technological packages in accordance with needs. Also, since 2012, the Company has been working on a joint project with other companies in the region and the National Institute for Agricultural Technology (INTA in Spanish) to develop biological methods of leaf-cutter ant control under an integrated pest management program. This project has been developed through the Institute for Microbiology and Agricultural Zoology (IMyZA in Spanish). In Brazil there is another project for dealing with the leaf-cutter ant, with the participation of another six forestry companies from Brazil, permitting optimization of the use of insecticides.

### Use of Inputs by Forestry Business

Type	Unit of Measurement	2013*	2014	2015
Insecticide	Ton	53.1	139.2	145.6
Herbicide	Ton	276.0	342.5	431.3
Adjuvant	Ton	9.8	7.6	10.4
Fertilizer	Ton	3,472	4,250	5,917
Fungicida	Ton	2.1	1.3	1.7

\* Includes Chile only

## Soil Management

ARAUCO's strategy is to be a creative company that innovates in seeking to maximize the value of its forests and soils.

The soil is one of the Company's most important resources, which is why it seeks 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 has begun working with a displacement map that includes variables like apparent density, percentages of clay and organic materials, and grade. Also, to contribute information in the design of logging routes for the extraction of timber, the Company is working with waterlogging maps that spatially indicate which sectors of the site hold the greatest possibility of rainwater accumulation.

In 2015 in Argentina, the Company continued implementing recovery actions for water basins and other sensitive areas. A total of 105 hectares were disassociated from production and added to the riparian recovery process, for a total of 3,090 hectares recovered over a 12-year period. Also, the monitoring zone was expanded, including permanent parcels in wetlands and recovered sites in sloping areas for the purpose of learning how the vegetation is changing in these environments.

In 2015 in Brazil, the Company began the Silviculture Project for Harvest Waste Management, performing trials and tests with different teams in Arapoti and visiting other companies in Brazil to verify their different processes of management. A new management system resulted from this project that will become part of the operating plan for 2016, with a greater yield from manual activities, better quality in mechanization, and better soil management, maintaining vegetation coverage and mitigating the impact of soil exposure.

## Water Management

One dimension of ARAUCO's Integrated Management System is focused on the protection of waterways. Within the hydrological cycle, plants, soils and subsoils play a critical regulating role. While plants absorb water for growth and transpiration, another important effect of plants on the cycle is represented in the way that foliage is structured to facilitate the interception of precipitation and returning it to the atmosphere. The soil and topography, for their part, determine the amount of water that will remain in the system as well as the length of time it will remain there.

## Waste Management

In all of 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 its 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.

### Waste (in tons) in the Forestry Business

Type	2013	2014	2015
Hazardous waste	56.84	167.86	133.95
Non-hazardous waste	68.2*	103.27	55.56
Total solid waste	190.78	271.13	189.51

\* Does not include Argentina



## Other Initiatives

During 2015, in Chile the Company developed an unprecedented land management proposal for Nahuelbuta utilizing the tool that now serves as the international standard for land planning, with the goal of conserving biodiversity and managing ecosystemic services. This proposal will be analyzed and updated on a permanent basis in conjunction with consultation processes to engage interested parties. Also, criteria were applied in the prioritization of sites for the Native Forest Restoration Plan based on the principal conservation values of the certification standards and on the work carried out with the Consultative Restoration Council.

Since 2012 in Argentina, a procedure of consultation with interested parties has been used, adopting measures that seek to minimize the impact of ARAUCO's operations to the landscape, neighboring populations or High Conservation Value Areas, such as leaving a curtain of trees on the edge of towns. In transportation, damage to protective forests is averted and above all, efforts are made to avoid interrupting in any way the usual activities of neighboring populations, for example with the construction of speed reducers, the use of sprinkler trucks during dry spells to avoid raising dust, or suspension of vehicular traffic during times of high pedestrian traffic.



## Environmental Management of Industrial Facilities

At ARAUCO the environmental management of industrial facilities seeks to ensure the fulfillment of the Company's respective environmental commitments in accordance with applicable legislation, monitor the environmental variables associated with these commitments as necessary, and have a system that seeks to guarantee the certification of ISO 14001 standards, the continuous improvement of processes and the efficient use of resources under strict sustainability criteria.

In 2015, the Environmental Monitoring Program reported no significant impact to the environment from the operation of ARAUCO's industrial facilities.

The challenges established for 2016 have focused on continuing to ensure the fulfillment of environmental commitments, and in that vein, with ISO 14001 certification, continuing to develop and study continuous improvement activities. Additionally, the Company is working on continuing its improvement of waste management so as to achieve, first and foremost, a reduction in the generation of waste so that it can then focus on adding value to certain elements. Therefore, the Company will continue developing instances of research and development of new uses of the elements that are generated at the mills. Lastly, more focus has been placed in 2016 on optimizing controls of environmental variables.

## Environmental Monitoring

ARAUCO's industrial facilities perform a complete and complex environmental monitoring in order to guarantee the fulfillment of commitments and have proper vigilance.

All of the Company's facilities have established environmental indicators associated with inputs, raw materials, waste, water and energy use, and more. These indicators enable the Company to track variables periodically and link the operation to the applicable environmental component.

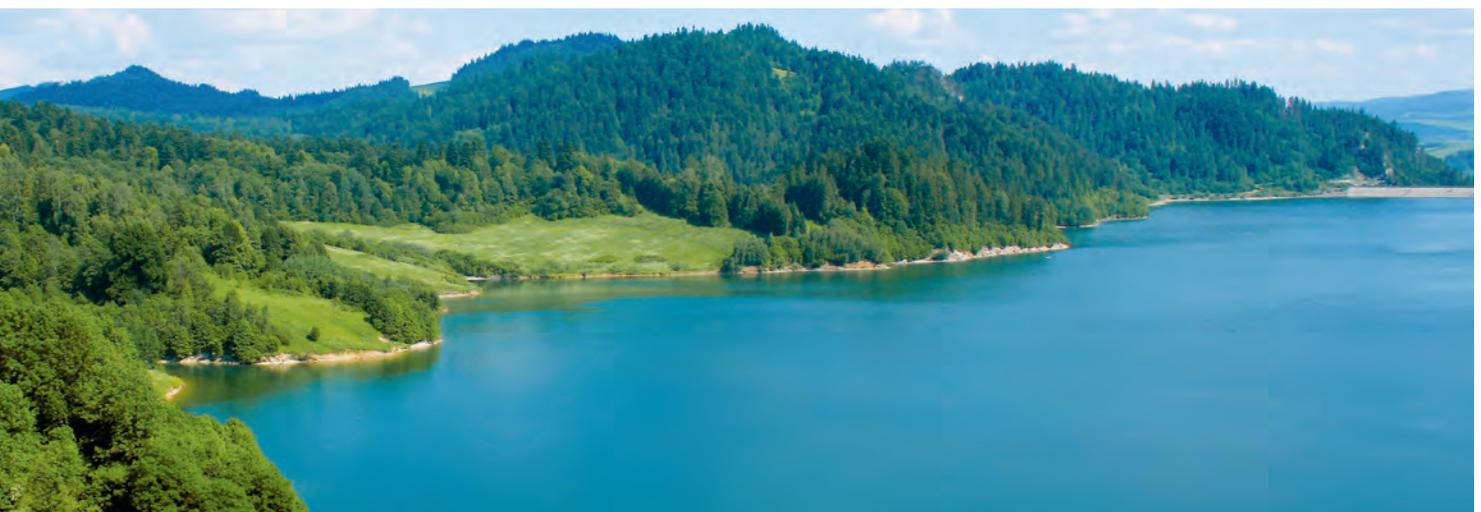
Also, ARAUCO's facilities, within the framework of the environmental commitments it has assumed with different authorities, perform quality monitoring and analysis of various matrices such as air, soil and water. Regarding air quality around the Company's facilities, for example, the effect of atmospheric emissions is evaluated by air quality stations. For water quality, the Company monitors the liquid effluents that are discharged to various receiving bodies of water.



Lastly, ARAUCO has environmental monitoring and research programs for its pulp mills, in which the quality of the bodies of water receiving the effluents from these facilities is monitored. Each pulp mill, depending on its placement and that of the receiving body of water, performs an analysis of the quality of the receiving body of water that not only addresses physical and chemical parameters but also performs complex studies that address sediment, bioassays, fish, birds and more.

These programs are executed according to the frequencies and timeframes established by applicable environmental regulations and are performed by universities or university consortiums with broad-based experience in the areas of monitoring and research.

In Chile, all of the monitoring information requested in the respective Environmental Quality Resolutions (RCAs in Spanish) is delivered to environmental authorities. Currently, all of the information related to the Environmental Impact Assessment System (SEIA in Spanish) is uploaded to the information system of Chile's environmental authority, the Office of the Superintendent of the Environment, in compliance with the provisions of current legislation. Internally, this information is used for management and continuous improvement.



## Raw Materials

ARAUCO seeks to be efficient in the exploitation of the raw materials that are used in the Company's industrial processes. As part of its continuous improvement processes, it promotes the use of environmentally friendly inputs and optimizes the operation of its processes so as to maximize efficiency in the use of its principal renewable raw material, which is timber.

### Use of Raw Materials by Business and Year

Business	Type	Unit of Measurement	2013	2014*	2015*
Pulp	Wood (pulpable chips)	Millions of dry tons/yr	7.1	6.1	5.9
	Sulfuric acid	Kg/ADMT	24.0	24.3	24.9
	Lime	Kg/ADMT	21.3	22.0	13.0
	Oxygen	Kg/ADMT	23.7	26.0	25.4
	Caustic soda	Kg/ADMT	23.4	24.7	24.9
	Sodium chlorate	Kg/ADMT	21.2	24.7	24.9
	Hydrogen peroxide	Kg/ADMT	3.0	3.0	3.4
	Sodium sulfate	Kg/ADMT	3.5	3.5	7.4
	Sodium carbonate	Kg/ADMT	3.8	3.1	2.3
	Chlorine dioxide	Kg/ADMT	NA	NA	14.3
	Methanol	Kg/ADMT	2.6	2.6	2.2
Steam	Kg/ADMT	7.0	7.8	7.3	
Panels	Wood (chips and logs)	Millions of m <sup>3</sup> ssc	12.0	1.8	2.0
	Urea formaldehyde resin	Ton	324,676	42,586	49,241
	Melamine formaldehyde resin	Ton	6,896**	960	2,625
	Paraffin	Ton	7,725**	2,549	2,550
	Urea	Ton	76,667	1,980	2,479
	Melamine paper	Ton	14,435**	2,297	2,912
	Caustic soda	Ton	1,469**	210	273
Timber	Logs	Millions of m <sup>3</sup> ssc	6.1	4.9	5.0
	Biomass	Millions of m <sup>3</sup> st	4.3	5.3	5.3

\* Timber business and Panels include only Chile.

\*\* Does not include North America.

## Energy Management

ARAUCO's objective is to be efficient in the use and generation of energy. The Company operates 13 biomass plants that notably allow it to satisfy the energy needs of its pulp and panel mills and sawmills and also enable it to contribute surplus energy to the country's energy supply.

Moreover, the Company always strives to increase the energy efficiency of its processes, reducing energy consumption and improving its environmental performance.

### Energy Consumption (in millions of GJ) by Business and Year

Business	2013	2014*	2015*
Pulp	13.9	14.2	13.8
Timber	0.9	0.7	0.6
Panels	5.2	0.8	1.0

\* Timber business and Panels include only Chile.





## Relevant Events for 2015

### Chile ▾

Traditional lighting was switched out for LED technology at the sawmills and panel mills.

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### Brazil ▾

Reduction at Jwaterriaíva of energy consumption in the grinding process for the MDFII line.

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Reduction at Pien of energy consumption by installing frequency inverters on the draft fan of the boiler.

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Organization of an Environment Week at Pien with environmental education initiatives for the efficient use of natural resources and internal campaigns to reduce water, energy and food waste.

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### North America ▾

Evaluation of the boilers at different mills, detecting steam leaks that were repaired, and other minor measures that enabled the Company to improve efficiency and optimize energy recovery of condensates.

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The light fixtures at the Duraflake, Eugene and St. Stephen Mills were replaced with new high-efficiency fixtures and old compressors were switched out for new high-efficiency ones.

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Implementation of stripping system and heat exchange on steam lines at the Eugene Mill.

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Modifications were made to the grinding systems at different mills in order to achieve better fiber quality with less energy consumption. The Malvern and Moncure Mills supplemented these modifications with the installation of automatic fiber measurement systems, guaranteeing less energy consumption and better fiber quality.

## Water Use

Water is an input of great importance in ARAUCO's productive processes, which is why proper management of this resource is constantly sought in the Company's operations.

In some of ARAUCO's pulp mills, like Nueva Aldea and Valdivia, authorizations bind these mills to adopt certain measures regarding their productive processes if the flows from the sources of their water supply drop below their ecological flows. There are also different initiatives that seek to maximize the Company's use of water through such things as re-use. For example, at all of ARAUCO's sawmills in Chile, the water from the timber drying process is recirculated.

### Water Use (in millions of m<sup>3</sup>) by Business and Year

Business	2013	2014*	2015*
Pulp	190	156	159
Timber	2.2	1.7	1.7
Panels	6.7	5.2	4.8

\* Timber business and Panels include 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 that establish strict limits on emissions for different parameters.

All of the Company's pulp mills perform primary and secondary treatment of their effluents. Additionally, two mills have tertiary treatment: Valdivia on an ongoing basis, and Nueva Aldea when its effluents are discharged into the river and not the ocean.

Other ARAUCO mills also treat their effluents within the systems of the pulp mills, or have their own treatment systems, such as the Cholguán Mill, which has a system of activated clay and discharges into the Itata River, or Viñales Bioenergy, which discharges its treated effluents into the Quebrada Honda estuary. In Argentina, Piray treats its effluents in a bioreactor, sedimenter and equalization lagoon for discharge into the Los Angelitos Stream, while the Chemical Division Mill discharges its effluents into the Paraná River after they receive biological treatment. In Brazil, the Company's panel mills have biological treatment and their effluents are discharged into nearby rivers.

### Discharged Wastewater (in millions of m<sup>3</sup>) by Business and Year

Business	2013	2014	2015
Pulp	141	140	136
Panels	3.4	2.6*	4.3

\* Chile only.



## Relevant Events for 2015

### Chile ▾

Construction began on a new effluents treatment system for the Arauco Pulp Mill, with an estimated investment of US\$120 million.

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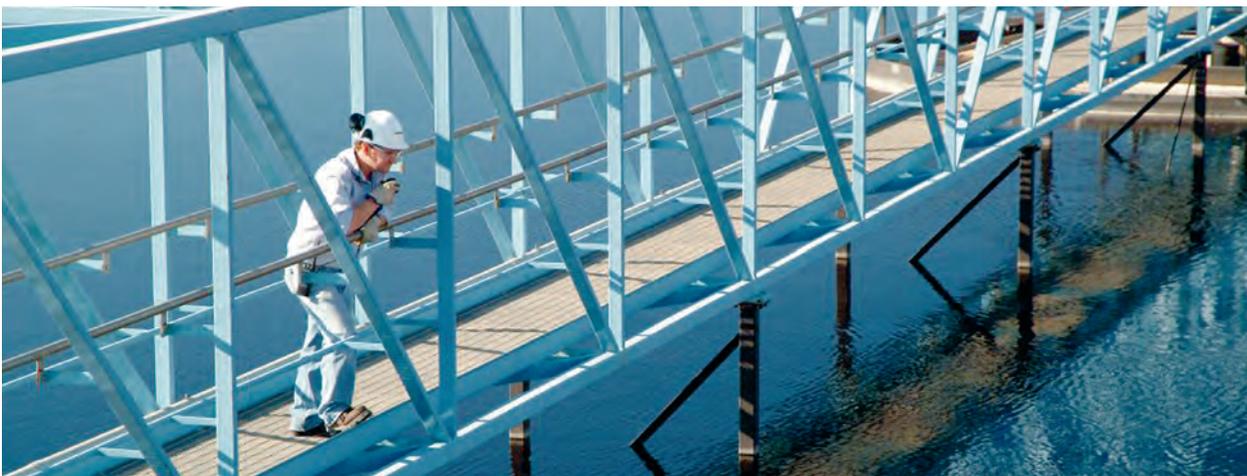
### Argentina ▾

Implementation of an auxiliary effluents pool in the daily management of liquid effluents treatment at the pulp mill and optimization of a secondary clarifier in the effluents treatment system, enabling the Company to obtain positive results regarding sedimentable solids.

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Improvement in the quality of effluents with respect to their manganese content and improvements in the system for discharging effluents.

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## Emissions and Odors

The pulp industry in Chile has specific standards that regulate TRS gas emissions. Some of these will go into effect in 2018, which will require new investments on ARAUCO's part.

In 2015 the Nueva Aldea Pulp Mill implemented its odor abatement project to improve the robustness of diluted gas capturing and treatment, increasing the number of capturing points and incorporating a new gas treatment system.

Atmospheric emissions of particulate matter are controlled at ARAUCO through mitigation equipment such as scrubbers, electrostatic precipitators or multicyclones. Additionally, timber emissions at sawmills and mills for remanufacturing and boards are controlled by sleeve filters that collect dust for later use as combustible biomass at ARAUCO's thermal energy plants.

Regarding other atmospheric emissions, ARAUCO is developing a model that enables a rapid and appropriate management of currently measured variables.

### Emissions by Business and Year

Business	Type	Unit of Measurement	2013	2014*	2015*
Pulp	SO <sub>2</sub>	Ton	2,597	4,785	4,544
	NO <sub>x</sub>	Ton	4,735	6,774	6,240
	TRS	Ton	513	170	40**
	MP <sub>10</sub>	Ton	2,181	2,697	3,531
Panels	SO <sub>2</sub>	Ton	71	67	181
	NO <sub>x</sub>	Ton	NA	611	845
	MP <sub>10</sub>	Ton	NA	380	204
	VOC	Ton	931	268	107
	CO	Ton	NA	1,102*	527

\* Timber business and Panels include Chile only.

\*\* The drop with respect to 2014 is due to a significant reduction in Argentina from the development of a series of projects to reduce TRS emissions.



## Relevant Events for 2015

### Chile ✓

Implementation of odor abatement project at Nueva Aldea. The system also enables the Company to improve the robustness of diluted TRS gas capturing at the mill.

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Study of project to improve the recovery boiler of the Constitución Mill, which would optimize the combustion process and reduce atmospheric emissions.

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## Waste Management

In all of the countries where ARAUCO manages industrial mills, there are waste management plans that comply with current legislation. Also, ongoing training is given to the people involved in waste management and its proper disposal. ARAUCO also has different initiatives that seek to maximize its use of water through such things as re-use, leaving disposal at duly authorized sites as a final option.

Industrial mills generate hazardous and non-hazardous waste in their operations. Hazardous waste principally consists of pond sludge, contaminated containers, materials contaminated with hydrocarbons (such as gloves, cleaning cloths, etc.), batteries, fluorescent tubes, etc. The removal, transportation and disposal of the waste is reported to the respective authorities, and it is transported by companies that specialize in this area and disposed of in duly authorized sanitary landfills. Non-hazardous waste in the pulp industry principally consists of ashes, sand, solid waste from the caustification process (dregs and grits), calcium carbonate, sludge from treatment systems, dirty cuttings and other similar items, which are disposed of in non-hazardous waste deposits.

In 2015 different initiatives were developed with the goal of creating new options for adding value to non-hazardous elements. An example of this is the project jointly developed with the Department of Scientific and Technological Research of Pontificia Universidad Católica de Chile (DICTUC in Spanish) to explore the potential use of ashes as a supplement in concrete. The project has enabled the Company to perform stress and quality tests on concrete made with ashes from different ARAUCO mills.

### Waste (in tons) by Business and Year

Business	Type	2013	2014*	2015*
Pulp	Hazardous waste	9,843	8,304	11,223
	Non-hazardous waste	400,020	495,755	371,417
Panels	Hazardous waste	7,592**	3,064	3,390
	Non-hazardous waste	112,882	9,462	10,530
Timber	Hazardous waste	1,147	603	898
	Non-hazardous waste	17,019	17,780	17,772

\* Timber business and Panels include Chile only.

\*\* Arauco Plywood Mill.



## Relevant Events for 2015

### Chile ✓

Development of joint project with the Department of Scientific and Technological Research of Pontificia Universidad Católica de Chile (DICTUC in Spanish) to explore the potential use of ashes as a supplement in concrete.

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Testing and research were performed regarding the re-use of different materials such as calcium carbonate; timber cuttings and remnants for generating a base substrate; dregs and grits as a supplemental material in concrete; ashes and sand from boilers in making concrete and their application at forestry sites; lime mud for application at agricultural sites; sludge from effluent treatment systems for the preparation of substrates and compost at the Company's nurseries.

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Production of adocrete using ashes as a replacement for cement.

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### Argentina ✓

Final closure of module I of the waste safety fill at the pulp mill.

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Remediation of the pulp mill's solid industrial waste deposit (DRIS in Spanish) for later closure.

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Study of project to improve the recovery boiler of the Constitución Mill, which would optimize the combustion process and reduce atmospheric emissions.

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## Leaks/ Spills

In 2015 the Company did not report any significant spills, nor were flora, fauna or waterways affected. Nevertheless, the industrial mills of ARAUCO have protocols for minimizing the environmental impact of any leak or spill. Depending on the type of event, these protocols may include stopping the mill's operations, carrying out immediate containment activities and then performing the repairs necessary for returning to normal, along with communication to the respective authorities and communities. The investigation process determines the root cause of the event and measures are implemented to prevent a repetition of the event.

## Fire Prevention

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 2015, the Company continued executing fire protection projects, which entailed an investment of US\$15.1 million in its mills in Chile and Argentina. Also, from the operational point of view, contracts were signed to ensure proper maintenance of fire trucks and the ongoing training of industrial firefighting brigades under international standards.

## Environmental Research

Environmental research is an important element in ARAUCO's business policy, as part of a long-term work strategy specifically seeking to achieve an in-depth understanding of the structure and functioning of the ecosystems where our facilities operate. Also, with respect to the potential concerns of neighboring communities about the operation of the Company's mills, environmental research enables the Company to learn how the environment behaves with these facilities in operation.

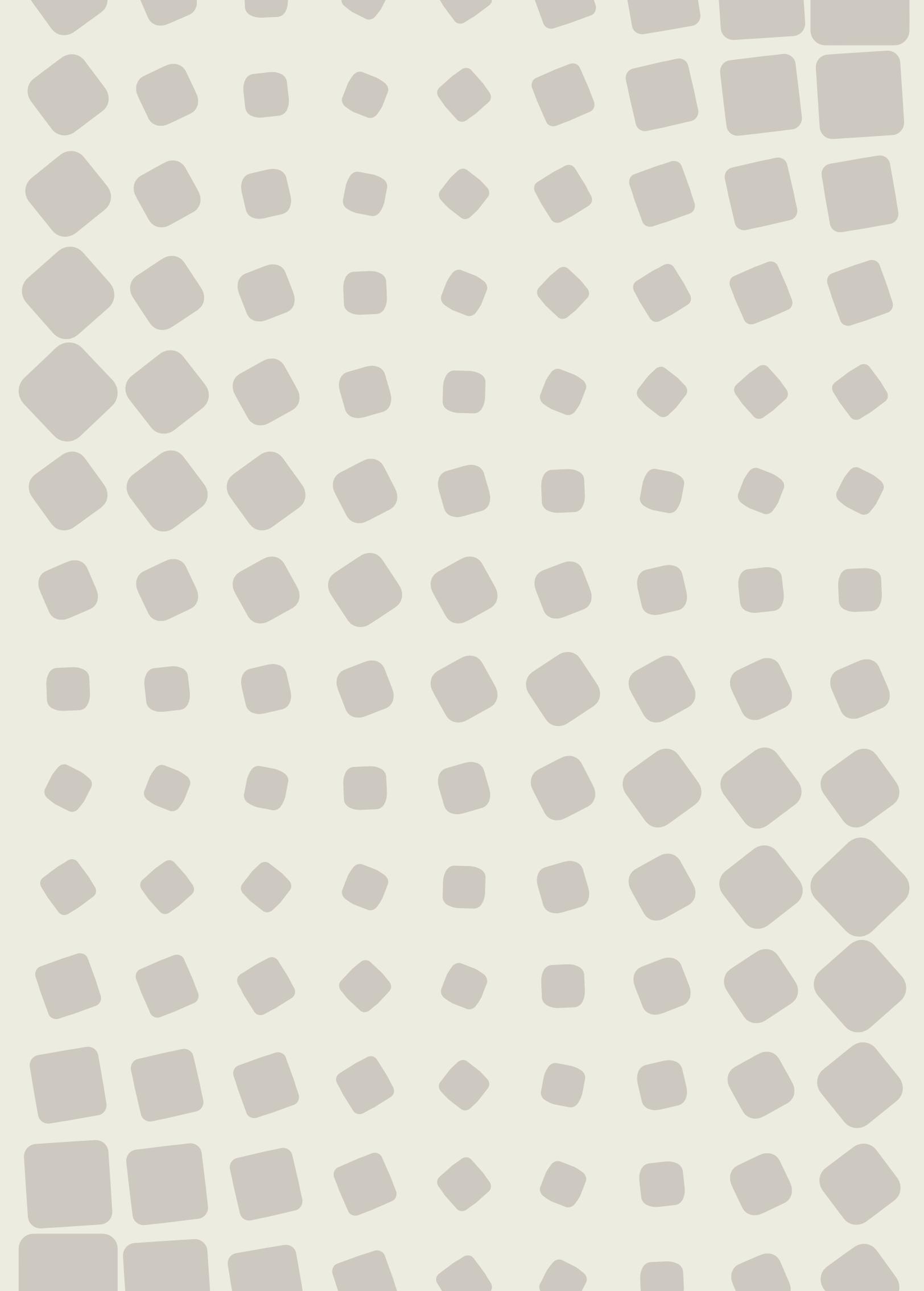
In addition to the research conducted by Bioforest, ARAUCO supports scientific activities that seek to expand and improve the Company's knowledge of the ecosystems in which it operates and thus advance in the proper care and management of these ecosystems. Currently, the areas of research that are most relevant for the Company are those related to the marine ecosystems adjacent to discharge outlets: for example, research in connection to fishing resources and ecological processes that support small-scale fishing. As a complement to this research, the Company's environmental vigilance programs represent instances that contribute to its knowledge of neighboring ecosystems with studies of communities ranging from benthic macroinvertebrates to birds.



### Some Research Studies

Program or Initiative	Mill	Executing Body
Populational and community dynamic of the macrofauna in the area adjacent to the submarine discharge pipeline of the Nueva Aldea IFC	Nueva Aldea IFC	Universidad de Concepción
Hydrology, geomorphology and ecology of the Itata River estuary	Nueva Aldea IFC	Universidad de Concepción
Biodiversity and tagging in the Bajos Mela sector, Region VIII	Nueva Aldea IFC	Universidad de Concepción
Ecology and biology of South American eared seal ( <i>Otaria flavescens</i> ) at the Islote Loberia Seal Sanctuary in Cobquecura	Nueva Aldea IFC	Universidad de Concepción / Universidad de Valparaíso
Scientific and technological studies for the development of Benthic Resource Management and Exploitation Areas (AMERB in Spanish) for fishers in the area of influence of the Nueva Aldea project	Nueva Aldea IFC	Universidad de Concepción





## **COMMUNITY, PARTICIPATION AND DIALOGUE**

We respect and contribute to the development of local communities through the responsible management of our operations and the implementation of initiatives that generate shared value.

# COMMUNITY, PARTICIPATION AND DIALOGUE

For ARAUCO, taking on the challenge of being a Good Citizen is paramount to the success and sustainability of the business, and is one of the values that define the Company and its employees. Being a Good Citizen means respecting the environment and creating value with a long-term vision, contributing to social well-being while respecting one's neighbors and the environment. This is realized through initiatives and projects that propel local development, expanding participation and dialogue with local communities, in addition to a responsible environmental management.

In this context, 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 socioeconomic development. In Chile as well as Argentina, Brazil, the United States and Canada, ARAUCO has identified areas for focusing its activities, implementing mutually beneficial initiatives that reflect the needs and realities of each country and locale.

Also, these dialogues and programs are implemented, measured and managed in order to generate results that succeed in adding value to all interest groups.

## Nearby Communities and Areas of Specific Interest

Country	Nearby Communities	Areas of Specific Interest
Chile	126	33
Argentina	26	9
Brazil	56	7
North America	NA	8

NA: Not Available



## 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 processes and dialogue, spaces to meet and visits to the Company's operations, thus promoting interaction, a knowledge of the community's needs, and receiving and incorporating their concerns.

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

In Chile, an example of how these principles are reflected in our actions is the Participation and Community Consultation Guide, which discusses how to carry out participatory processes of recording and controlling the impact of our operations to forests. The Company's forestry operations are long-term investments distributed over an extensive geographic area that require constant interaction with numerous people and local communities. In 2015, the procedures and structures supporting the participation and consultation process continued to mature, emphasizing the incorporation of Mapuche Community Affairs Managers into these teams.

In 2015 the so-called Forestry Dialogue was implemented in Argentina as a new space for dialogue and interaction, bringing together all of the organizations sharing an interest with ARAUCO in the environmental aspects of its forestry operations for a dialogue roundtable. Objectives and an initial dynamic were defined and agreed upon with the Company, which were validated at the first meeting with the group of organizations.

In the United States the Company took on the challenge of starting up a new particleboard panels mill. In this context, ARAUCO began the process of interaction and dialogue with the community of Grayling, Michigan, the town where construction of the new mill was proposed. In 2016 the people of Grayling will be invited to participate in consultation processes to learn about the project and present queries and concerns. These processes will be announced beforehand in local newspapers to achieve high levels of dissemination and participation.



## Dialogue Processes and Activities

Processes	Activities	Number of participants
<b>Chile</b>		
MAPA Project	182 Company activities at Casas Abiertas in Arauco and Laraquete and on land in both areas	7,072 participants
Presentation of Discharge Outlet Project	Informational meetings on the project for the discharge outlet of the Valdivia Mill, with stakeholders and communities	100 participants
Consultation on forestry operations	318 consultation processes implemented, on the local and commune levels and/or with Mapuche communities	2,933 people
Forestry meetings with interested parties	50 meetings generated	444 people
Program of visits to forestry operations	Visits to forestry operations	115 visitors
Program of visits to industrial facilities	7 visit programs	6,680 visitors
Launch of Sustainability Report	24 meetings with different public interest groups	1,105 people
Housing Program (PVT)	112 meetings for dissemination and coordination	2,524 people
Program of visits to Parque Oncol	Opening park and HCVA to the Community	15,359 visitors
Program of visits to Parque Coyanmahuida	Opening park to the Community	1,236 visitors
Program of visits to Laguna Coyanco	Opening park to the Community	6,482 visitors
Participation in events of regional interest	Corporate presentation at 4 events in Los Ríos	6,000 people

## Dialogue Processes and Activities

Processes	Activities	Number of participants
<b>Argentina</b>		
Process of prior public consultation with forestry operations and participatory presentations	79 public meetings	370 people
Program of visits to forestry operations	Visits to forestry operations	107 visitors
Program of visits to industrial facilities	4 visit programs: Puerto Piray Sawmill, MDF Mill, Zárate Mill, Pulp Mill	583 visitors
San Jorge Forest Preserve Program	Guided visits for students of schools in Misiones and other provinces, families and people of different interest groups	301 people
<b>Brazil</b>		
Program of visits to industrial facilities	Visits to industrial facilities	97 visitors
Program of visits to forestry operations	Visits to forestry operations	145 visitors
Management of social impact and monitoring	Monitoring of social impact	385
Community relations	Meetings for consultation, interaction and characterization	1,204 people
Consultation of the community	Identification of Social High Conservation Value Areas	312 people
Corporate Affairs Program	Institutional presentations	2,453

### **Channels of Communication and Response Mechanisms**

To maintain fluid communication with the Company's different public interest groups, facilitating 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 social media accounts on Facebook, YouTube, Flickr 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, letters and the complaints form available to third parties..

This tool functions with a special protocol that enables exhaustive follow-up for responding in an appropriate, timely manner to the situations that arise. In 2015, this system received 3,053 contacts, of which 54% were for submitting questions, 29% for submitting claims or reports and 17% for submitting applications of various types. 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 internal and external communications, questions and complaints about its social, economic and environmental management are sent and processed. Communications that are received through any of the available channels must be routed to the Community Management department, which internally manages how they are handled and answered.

In Brazil there is a procedure for the management of complaints, claims and resolution that keeps the community informed of the Company's operations and channels of communication. The Corporate Affairs department performs mapping of the communities around the Company's operations with the goal of establishing channels of dialogue.



## Contact Channels

Channel	Number of Contacts
<b>Chile and Corporate</b>	
Production sites*	410,553 visits
www.araucosoluciones.cl	233,625 visits
@AraucoSoluSost (Twitter)	1,775 followers
Facebook.com/AraucoSolucionesSostenibles	120,807 fans
YouTube Arauco Soluciones	4,307 subscribers
Pinterest: Araucosolusost	969 followers
www.innovarauco.cl	18,508 visits
www.arauco.cl	478,478 visits
@Arauco_cl (Twitter)	7,961 followers
www.nuevohorcones.cl	767 visits
www.arauco.cl/fsc	6,131 visits
Hotline: 800 370222	2,234 telephone calls
Contact form: www.arauco.cl/community	537 forms
Institutional e-mails: contacto@arauco.cl, nuevohorcones@arauco.cl, and others	74 e-mails
Form for complaints and claims in person and via letters	208 claims received
<b>Argentina</b>	
Hotline: 0800 2722	34 telephone calls
información@altoparana.com	161 e-mails
<b>Brazil</b>	
asuntoscorporativos@arauco.com.br	44 e-mails
Hotline	49 telephone calls
Dedicated form	81 forms received
<b>North America</b>	
www.arauco.cl	31,242 visits

\* Araucoply, Cholguán, Decofaz, Durolac, Faplac, Floorest, Hilam, Masterplac, MSD, Trupan, Vesto, Truchoicemoulding.

## Community in Chile

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 dialogue and participation.

In Chile, four areas of work for contributing to local development have been defined that cover a wide range of programs: Education and Training, Infrastructure and Quality of Life, Promoting Production and Social Initiative, and Mapuche Community Relations. Below we present a sample program for each of these areas. For a summary of all programs, see the appendix "Programs that Contribute to Local Development in Chile" (page 191).

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

### **Education and Training: Arauco Educational Foundation**

At ARAUCO we have the conviction that education has a great transformative power, with the potential to create opportunities, reduce poverty, give people more freedom, and propel development. This is why the Company is committed to improving the quality of education in Chile and other countries where it operates.

A central pillar of this effort is the work ARAUCO does through its Educational Foundation, established 26 years ago. It was born to make social contributions and support the development of the communities where the Company had an industrial and forestry presence in Chile, where it learned early on that the way to make a lasting contribution to Chilean education was to put teachers at the center of all initiatives as essential actors in educational change.

Therefore, the Company's focus has been on strengthening the competencies and skills of teachers in the classroom, which ultimately has an effect on student learning.

To implement the teacher development programs, the work of the Foundation includes the establishment of public-private partnerships with the Education Ministry and the municipalities, carrying out work to which all involved actors contribute.

Over the 26 years it has been in existence, the Arauco Educational Foundation has led 89 programs and has worked with 575 schools and over 5,154 teachers and 99,839 students in 34 communes of the regions of Maule, Biobío and Los Ríos.

Today, it has four locations—Santiago, Talca, Concepción and Valdivia—and has a team of 42 people for the design, implementation and on-site evaluation of teacher development programs in areas related to languages, mathematics, self-esteem and management, and enrich local culture through programs to support reading and children's and youth orchestras.

## Current Arauco Educational Foundation Programs

Program	Description	Period
Teno Lee Program	Has the objective of heightening interest in and enthusiasm for reading as a contribution to the development and quality of life of the town's inhabitants. For greater dissemination and awareness-building among the community in this area, the program includes 3 benefits: a Commune Library, a Rural Bookmobile, and a Reader Development Program.	2012-2016
"Leading Leaders" Academic Management Program	Partnership between Arauco Educational Foundation and the municipality of Licantén that seeks to strengthen the academic management and leadership practices of the management teams of the four municipal establishments of the commune.	2015-2017
Orchestras Program	Arauco Educational Foundation contributes to the support of the commune orchestras of Curanilahue, Ludovico Rutten in Talca, Ayekafe in Arauco and CIFAN in Valdivia, for the purpose of developing an advanced musical level that will enable musicians to strengthen their academic performance, exceed their expectations for their lives and contribute to the sociocultural development of schools.	2008-present
Consolidation of Early Reading and Writing Program 2	With the goal of stimulating reading and writing in the early years, between 2010 and 2014 the Company implemented this program in Valdivia that supported teachers with the delivery of different strategies applicable to the classroom. This program benefited 173 teachers and 1,780 children in 13 schools.  During the program consolidation stage, a literary competition and lectures by experts were organized to reinforce learning in reading and writing. Stories sent in by the students and teachers of Valdivia will give life to a commemorative book containing the stories submitted in the competition. The book will be published in April 2016.	2010-2016
Broad Follow-Up Program for Reader Development	This project to support the development, consolidation and sustainability of bookmobiles and commune libraries has the main objective of perpetuating the work to develop academic and community reading. It has been implemented in urban and rural areas in 19 communes of the regions of Maule, Biobío and Los Ríos.  With this initiative the Company seeks to give sustainability to the programs already implemented in the communes, generating a network of bookmobiles and libraries that enable the sharing of learning and promote the exchange of good reader development practices.	2015-2017

## Infrastructure and Quality of Life: Housing Program (PVT in Spanish)

At ARAUCO we are convinced that the home is where the family puts down roots and plans for the future. This is why the Company has decided to promote access to housing for its employees, the collaborators who work for our 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 to develop projects, locating and technically evaluating land for housing purposes, and cooperation and partnerships with diverse public and private bodies for the generation of quality housing solutions.

The Housing Program (PVT in Spanish) responds to an innovative model of intervention where the Company takes on an active role as a facilitator between the government and its employees. The designs that are implemented through the PVT are innovative as well. Created especially by the Chilean architectural firm Elemental for this program, they depart from the habitual social housing model and introduce the concept of incremental housing. Homes are designed keeping in mind that the family is the center of operations, incorporating the possibility of expanding them in an easy and economical manner, and building neighborhoods that facilitate the social interaction and integration of neighbors. All of this translates into social housing, which will increase in value over time, and a program of shared value that can be replicated and is scalable, with the potential of benefiting a great number of people.

In 2015 the Housing Program was recognized by the Chilean-American Chamber of Commerce (AmCham) with the Good Corporate Citizenship Award in the category of Associativity, acknowledging the value of this model where the Company operates as the facilitator and coordinator of a network of public and private actors focused on a project of high social impact.

To date, under the framework of the PVT 3 projects have been delivered in the communes of Mariquina, Curanilahue and Constitución, totaling over 1,000 homes. PVT projects are now in development in the communes of Constitución, Yungay, Arauco, Curanilahue and Los Álamos.



**3** projects delivered with a total of **1,057** homes in Constitución, Curanilahue and Mariquina.



**7** Housing Committees formed in Arauco, Curanilahue, Ránquil, Quillón and Trehuaco.



**4** projects with assigned financing from the Ministry of Housing and Urban Development (MINVU) for a total of **610** homes in Los Álamos, Arauco, Constitución and Yungay.



**1** project in construction that will benefit **50** families in Los Álamos.



**3** vocational training schools specifically for carpenters in Constitución, Los Álamos and Yungay.

## **Promoting Production and Social Initiative: Winegrowing Center and Pottery Artisans in Ñuble**

The province of Ñuble is an area rich in history and traditions, where ARAUCO's Nueva Aldea Industrial Forestry Complex has been operating since 2004. During these years the challenge has been to make the operation of the complex compatible with the agricultural activities that have traditionally existed in the area, particularly the cultivation of grapes used in wine production and olives for producing olive oil, seeking to be an active partner and expanding their potential.

The Itata Valley has features that set it apart from other winegrowing areas. Over 400 years ago Chile's first vine stock was planted here, brought over from the Old World.

Today, the Valley boasts 8,900 hectares distributed among 5,500 landowners, and little by little, it has regained its status as one of Chile's most prominent wine production regions. Its land and expansive vineyards with such traditional varieties as Moscatel, Cinsault and País are a part of the landscape and culture of Chile.

This is the context in which the Company decided to work to revive the soul of the Itata Valley. What started as a specific project of ARAUCO to support the Ránquil Wine Competition has turned into a joint effort with different institutions and local producers, sharing the common goal of building an appreciation of the Valley and the different attributes and activities that make it a place with great tourism and production potential.

In line with this objective, as a member of the Technology Transfer Group (GTT in Spanish), for four years ARAUCO has been promoting and participating in an initiative bringing together producers from Ránquil and Portezuelo through an agreement with the National Institute for Agrarian Innovation (INIA in Spanish) which seeks to improve the productivity and quality of the area's vines, training growers and improving the competitiveness of the group's partners. Additionally, ARAUCO has worked to achieve the development and sustainability of Hacienda de Cucha-Cucha, a wine estate it owns, while at the same time promoting the Itata Valley and its wine production jointly with other actors in the industry and community. One example of this is the boutique store in Ñipas that ARAUCO will soon launch, where local producers will be able to show and sell their products to the public.

Another tradition that enjoys ARAUCO's support in the province is the artisan black clay pottery of Quinchamali.

This effort began in 2004 when the Company met the group of women artisans who develop this art and saw the needs they had, along with their expectations for the future. Based on this

work, the decision was made to build an events center for exhibiting their art and the producers were guided in the process of organizing to establish the Women Artisans' Union of Quinchamalí, while supporting their participation in different national fairs and in organizing a pottery fair. This also led to working together with experts to recover old pieces and make replicas of them that would later be presented in the Pottery Museum.

In 2015, within the framework of developing the Chile Pavilion for the 2015 Milan Expo, a connection was made between the organizers of the international expo and the Artisans' Group, which led to an agreement to have part of the tableware for the Pavilion's restaurant be from Quinchamalí. A total of 1,700 pieces of tableware - mainly plates and pitchers - were contributed to the Pavilion by the artisans.

### **Mapuche Community Relations: Mechanism for Stimulating Local Mapuche Employment**

With the objective of generating training and job opportunities for the people of 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 dialogue with the communities and leaders of the Mapuche Tribe.

Through the processes of participation and consultation, which are carried out in the framework of the participatory identification and management of forestry impact, positions are generated for individuals or, in cases where formalized local entrepreneurs exist, they are given the opportunity to join ARAUCO's service providers. Also, with the goal of eliminating barriers to entry, people are trained as needed and business consulting is given to the entrepreneurs, guaranteeing compliance with safety, quality and productivity standards.

To date, the Local Mapuche Employment Stimulus Mechanism has been successfully implemented in the communes of Arauco, Curanilahue, Lebu, Cañete, Contulmo, Los Álamos, Tirúa and Lota. In 2015, a total of 240 people were hired through this mechanism, representing an increase of 360% with respect to the year before. Also, 4 companies owned by members of the Mapuche Tribe were integrated as ARAUCO service providers, where an average of 64 people were employed.

Along these lines, Mapuche employment has also been expanded through the implementation of the Native Forest Restoration Plan. Notably, this plan is a companion to the Participatory Social Restoration Program, where the involvement of the Mapuche communities adjoining areas of restoration is key. In 2015 work was done with the Los Huape community in the commune of Arauco and the Antonio Leviqueo de Elicura community in the commune of Contulmo, engaging members of these communities to help out at restoration sites (clearing, seed collection, planting, and more) and carrying out participatory workshops that enable the recovery of collective memory through storytelling and the experience of the oldest people in the community.

Also, the Mapuche communities have been integrated in the implementation of the Conservation Plans for local High Conservation Value Cultural Areas, hiring members who have documented sites of cultural and/or ceremonial significance for the purpose of improving, cleaning and refurbishing these spaces.

These processes have been carried out with communities in Lumaco, Arauco y Contulmo and will continue to be developed during 2016.



## Relevant Events for 2015

Construction of Campus Arauco, a new center for advanced education and training of students and employees of Arauco Province that will open its doors in 2016 in the commune of Arauco thanks to a partnership between Duoc UC and ARAUCO, with a training model that alternates apprenticeships between the classrooms and the Company's complexes.

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Renewal of agreement to work with the Ayekafe Youth Orchestra of Arauco and Bicentenario Youth Orchestra of Curanilahue, established between the Arauco Educational Foundation and the mayors of these communes.

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ARAUCO-sponsored schools stood out in the SIMCE 2014 test applied to students of the basic eighth, second, and middle third levels. Colegio Constitución won first place in the reading test, while Colegio Arauco earned first place in mathematics and second place in language.

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Colegio Constitución attained the level of Excellence in Environmental Certification from the National Environmental Certification System for Educational Establishments (SNCAE in Spanish), a program coordinated by the Ministry of the Environment (MMA), Ministry

of Education (MINEDUC), the National Forest Corporation (CONAF) and the United Nations Educational, Scientific and Cultural Organization (UNESCO).

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The Arauco Educational Foundation held its 8<sup>th</sup> regional seminar "Small Changes, Great Transformations: The Value of Academic Improvement" in the city of Talca, with over 200 people in attendance, who listened to a lecture on Academic Improvement by the noted educator Lyn Sharratt.

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The 2015 Arauco Educational Foundation Awards: The "Arauco Educational Foundation to the Teacher: A Tribute to Mabel Condemarín" Award was received by the teacher Marisol Parra of Ránquil, who has been teaching for 23 years. This recognition has been granted since 2009 to highlight outstanding teachers at municipal schools in the most vulnerable areas, who are leaders among their peers. In addition, the commune of Curanilahue (region of Biobío) won the "Arauco Educational Foundation: Commune Commitment to Achievements in Student Reading" Award. This award includes the disbursement of 10 million pesos to the commune to finance the "Dream for Our Commune" Project. In this same context, the commune of Ninhue launched the children's play center for

the academic community through the "Dream for Our Commune" Project, funded by ARAUCO through its Educational Foundation, which consists of purchasing and providing inflatable and fixed games that will benefit a total of 600 children.

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Organization of the first inter-regional conference for library directors and municipal bookmobiles in Concepción for the purpose of sharing lessons learned and best practices for encouraging reading and library management, bringing together library directors and bookmobiles from 15 communes in the regions of Maule, Biobío and Los Ríos.

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The educator Doris Sommer, professor of Romance languages and African and African-American studies at Harvard University, held a "Pre-Texts" workshop for more than 50 teachers from different municipal schools of Arauco, where they learned about the innovative teaching methodology that puts art at the center of students' personal and collective development.

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The Canadian education expert Lyn Sharratt participated in a seminar organized by Arauco Educational Foundation jointly with Universidad Diego Portales at the university's Nicanor Parra Library.

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A contribution of equipment, the collection of 1,000 new titles and training in reading encouragement for the professional team in charge of the recently inaugurated municipal library of Constitución.

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The Interdisciplinary Center for Academic Support (CIAE in Spanish) and the Arauco Educational Foundation launched a book for working on writing in the classroom, *Rubrics and Other Tools for Developing Writing in the Classroom*, which was developed through an interdisciplinary project of teams from the Center for Advanced Research of the University of Chile and the Arauco Educational Foundation. The book is to serve as a work tool for teachers at the primary education level so that students achieve effective communication through writing.

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Publication of the results of the "Arauco Lee Provincial Plan" Program to over 200 people, including authorities, educators and professionals tied to national education. This plan benefited more than 11,000 students and included a donation of 21,442 books through the "Reader Plan" and Bookmobile Programs, both focused on improving the quality of education and strengthening culture.

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Launch of the Spanish version of the book *Putting Faces on the Data: What Great Leaders Do!* by Lyn Sharratt and Michael Fullan, translated into Spanish by the Arauco Educational Foundation. Among other things, the book discusses the importance of properly analyzing the data from evaluations for academic improvement.

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In the context of International Book Day, the Arauco Educational Foundation delivered more than 400 books through the "I'm Counting On You" collections in the regions of Maule, Biobío and Los Ríos. These collections were started in 2004 by Empresas COPEC, organized by the Center for Public Studies (CEP) and sponsored by the Ministry of Education.

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Support for the second consecutive year of the "2015 Environmental Forger" educational initiative in the region of Los Ríos. This initiative seeks to show the value of natural spaces of high conservation value, involving a total of 86 children from 3 local schools invited to learn about Oncol Park.

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Launch of the "Entre Ríos" housing project in Yungay that will include a total of 240 homes, under the Economic Reactivation and Social Integration Program

of Supreme Decree No. 116 of the Ministry of Housing and Urban Development. The housing project is part of the PVT.

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The Housing Program obtained the Good Corporate Citizenship Award in the category of Associativity from the Chilean-American Chamber of Commerce (AmCham).

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Inauguration of the Municipal Library of Constitución with an innovative design and concrete and timber construction, which is a part of the town's Sustainable Reconstruction Plan (PRES in Spanish).

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Inauguration of the Cultural Center of Constitución, a project that is also part of the PRES. This center with a timber construction has around 900 square meters of floor space and a multi-use auditorium, study hall and gallery, among other amenities, all of which was funded by the Council for Culture and the Arts.

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Cornerstone was laid for the Heated Pools project, another project that is part of the PRES, which includes the construction of three heated pools for the community.

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## Relevant Events for 2015

Inauguration of the new Town Hall building, a project financed by the Subsecretariat for Regional and Administrative Development (SUBDERE in Spanish) that is under the PRES. The initiative included the remodeling and authorization of the old building and its expansion with the construction of new structures for a total of 3,000 m<sup>2</sup> of constructed space.

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Progress was made in the construction of the Arauco Cultural Center, called the Arauco Public Library with Halls for Cultural Activities, which was conceived by ARAUCO in conjunction with Fundación La Fuente and the local municipal government and received sponsorship from the national government under the Cultural Donations Law. This project will be inaugurated in the first few months of 2016.

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Inauguration of the Prat Museum in Ninhue, in the house where Arturo Prat, a national hero of Chile, was born. The museum came to life thanks to a project developed by the Maritime Heritage Corporation of Chile that had ARAUCO support.

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Remodeling of the oncology unit of the Valdivia Base Hospital, which will facilitate the decentralization of pediatric cancer treatment and will

offer an infrastructure to accommodate boys and girls from southern Chile, enabling the hospital to serve close to 10% of all cases nationwide.

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Signing of agreement between Universidad Austral de Chile and ARAUCO to create the Cruces River Wetlands Research Center, which was born through the Scientific Social Council (CCS) developed between 2013 and 2014, which was promoted by ARAUCO and the State Defense Council and was in charge of shaping the consensual design for the measures of the judgment handed down for the recovery of the Cruces River wetlands.

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Creation of a promotional council by the AcercaRedes Foundation to empower entrepreneurs in southern Chile and seek out the best sustainability opportunities in productive projects of the local portfolio in each of the areas where the Company is present.

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The women artisans of Quinchamalí developed a total of 1,700 pieces of tableware that would become part of the Chile Pavilion at the 2015 Milan Expo, thanks to a connection made between the organizers of the expo and the Artisans' Union.

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Development of the Non-Timber Forest Products Collectors

Program with over 210 people in 2015-2016, who are dedicated to the collection of non-timber forest products at the properties where ARAUCO has a presence, in addition to support in training and constant shadowing.

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The Forest Outreach Program received 115 visits in the different forestry areas, noting and learning about sustainable forest management practices.

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Progress was made in urban interventions of impact in Valdivia by the Valdivia Sustainable Consortium (CVS in Spanish), of which ARAUCO is a member, most notably with regards to the installation of the first high-standard bicycle lane and the formation of the "Living Center," a network of local entrepreneurs from downtown Valdivia who are working on revitalizing the commercial area through associative actions.

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## Community in Argentina

ARAUCO's initiatives in Argentina are defined jointly with the communities and other relevant sectors with the goal of generating a positive impact for the area in accordance with local needs and requirements.

The community programs the Company is working on include the following:

### **"Forest World" Traveling Van**

With the goal of building awareness of the challenges and benefits of forestry activity through an innovative, participatory dynamic suited for all ages, this program was launched where visitors have the opportunity to enjoy an entertaining story about a forest kingdom and participate in a team competition to test their knowledge of the forest, supported with high-tech devices.

### **Green Club Education Project**

With the goal of developing and promoting the participation of students from schools in the northern part of Misiones in caring for the environment and preventing forest fires, thus shaping them into responsible citizens committed to the environment, the Green Club Education Project was launched in 2012.

The project includes 3 visits to each participating schools, with activities focused on unleashing and stimulating children's creativity, centered 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.





## Relevant Events for 2015

The "Forest World" traveling van visited 9 locations in northern Misiones, in the municipalities of Puerto Piray, Eldorado, Puerto Esperanza, Wanda, Puerto Libertad, Puerto Iguazú, Posadas, San Pedro and Jardín América, generating a new space for outreach with more than 9,300 neighbors.

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The Green Club Education Project made visits to 50 schools and reached a total of 5,000 children.

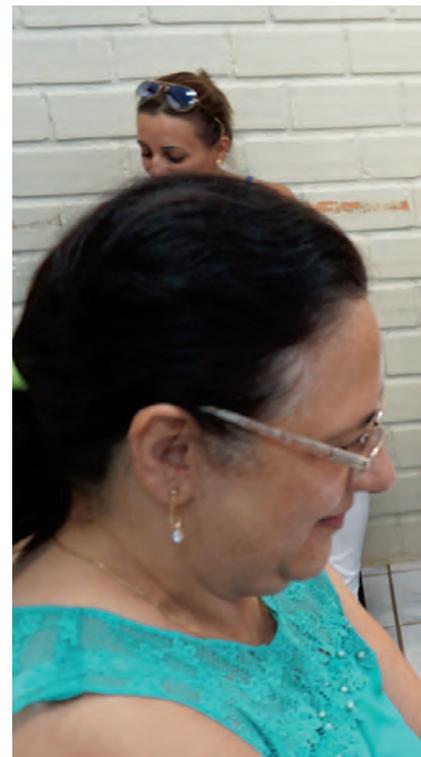
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Maratón Solidaria succeeded in bringing together 20,000 participants. The proceeds from this marathon were used for building and equipment improvements at Piray Hospital and Hogar Santa Marta. Equipment was also delivered to firefighters of Puerto Piray and the Esperanza Retirement Home.

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Implementation of the Forest Dialogue, bringing together 126 participants in 7 plenary meetings, assuming 42 commitments and generating 8 workspaces focused on environmental aspects of ARAUCO's forestry operations.

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## Community in Brazil

Through its Socioenvironmental Responsibility Program, ARAUCO do Brasil promotes the development and quality of life of the communities where the Company is involved.

In 2015, the Company developed profiles of the 56 communities around the Company's operations and it worked with these communities in 4 areas of action: education, community development, culture and environment.

### Education

As in the other countries where ARAUCO operates, in Brazil the Company seeks to make a contribution to the education of the communities in which it is inserted, developing a diverse array of programs in this area.

The purpose of the Environmental Education Program is to disseminate the concepts of environmental education and conservation among students in municipal and state educational establishments, and demystify the practice of silviculture. This was carried out by Arauco do Brasil in cooperation with the Environmental Institute of Paraná (IAP in Portuguese), Empresa Vale do Corisco, and municipal schools in Arapoti, Campo do Tenente, Curiúva and Sengés.

In addition to nature walks with the students, a training course is offered to the teachers of these municipalities, providing them with continuing training and development, in addition to a closer look into ARAUCO's activities and its work in social matters and sustainability. In 2015 the educational establishments of neighboring communities were also supported by ARAUCO through the delivery of equipment. Some examples are the delivery of 270 books to the Alexandra Peicho State and Municipal School in Campo do Tenente; the delivery of timber for the construction of bus stops in rural and urban areas to the Arapoti Municipal Department of Education; and more.



### Community Development

Through the "Improving the Quality of Life of the People" Program the Company seeks to bring practical knowledge to the neighboring communities around ARAUCO-managed forest areas that will allow them to improve their daily life. In 2015 the topics for the program, which were chosen by the members of the community themselves, were high blood pressure, diabetes, and drug use.

### Culture

Seeking to disseminate educational, cultural and health-related concepts among the population through theater, a Cultural Circuit was developed in 2015, visiting rural and urban schools of the municipalities where ARAUCO is engaged in forestry or industrial activities.

### Environment

In 2015 the Program for Protection of Water Sources of Community Relevance was developed to identify, map and prioritize water sources that are important to local communities. In 2015, three were identified in Arapoti and two in Sengés. The Company will continue to work together with the communities in monitoring and protecting these sources.

Additionally, the Waste Management Program was developed to educate students, teachers and officials about options for the proper disposal of organic waste, methods of recycling and re-use of organic waste; and the production of compost for use as a natural fertilizer in gardens and orchards.





## Relevants Events for 2015

870 students attended the Environmental Education Program and nature walks were held.

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Participation of 964 teachers in the Teacher Training Program for the municipalities of Arapoti, Campo do Tenente, Curiúva, Sengés and Pien.

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Delivery of 270 books to the Alexandra Peicho State and Municipal School in Campo do Tenente.

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Delivery of timber for the construction of bus stops in rural and urban areas to the Arapoti Municipal Department of Education.

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In 2015 10 presentations were made on key health topics in the community, which were attended by 214 local residents.

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Execution of 30 presentations through the Cultural Circuit, which was attended by more than 6,000 students.

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Identification of three water sources in Arapoti and two in Sengés.

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Development of Waste Management Program at the Presidente Medici Municipal School in Sengés.

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# Community in the United States

With the goal of generating a positive impact in the areas where the Company has facilities in North America, ARAUCO develops programs aimed at supporting vulnerable people in its area of influence and others that seek to make a contribution in the areas of sports, health and well-being for employees and neighbors.

## Support to People in Vulnerable Situations

In North America, ARAUCO sets aside community programs to support people who suffer from some type of vulnerability within the Company's area of influence. There are initiatives that support disadvantaged families, projects that seek to give comfort to those who have been victims of domestic abuse, projects for people suffering from mental illness, and more.

Since having their own home gives people a base from which to integrate themselves into a community and put down roots while paving the way for achieving other goals, something that is particularly relevant for those who suffer from mental illness and require stability in their lives, ARAUCO, in partnership with diverse community organizations including Chatham Habitat for Humanity, participated in 2015 in the Margaret Pollard Tiny House Project to design and build a tiny house of around 100 m<sup>2</sup> (336 sq. ft.). The long-term objective is to develop a complete community of tiny homes in the future that will house adults who have been diagnosed with severe mental illness, a segment of the population that has very little support in the public network.

Another example is the Children's Christmas Program of the South Malvern Rural Fire Department, which ARAUCO supports through the purchase of gifts and organizing a Christmas dinner. The activity is for children under the age of 14 from extremely disadvantaged families, who are invited to attend a dinner at which each child receives a gift from Santa Claus, as well as other gifts for placing under their Christmas tree and opening at home on Christmas Day.

## Health and Well-Being

ARAUCO's concern for the health and well-being of its employees and the people who live in the Company's areas of influence has led ARAUCO North America to develop programs aimed in this direction.

ARAUCO also encourages children and families living close to its operations to play sports, supporting different teams and local activities.



## Relevant Events for 2015

Development of a project to design and construct a tiny home of around 100 m<sup>2</sup> (336 sq. ft.) called the Margaret Pollard Tiny House.

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Support of County Aces Hockey, a youth hockey team in New Brunswick, the Ami Kids Bennettsville Golf Tournament, the Albany Aquatics Association Swim Team, and more.

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Delivery of support to the American Heart Association, American Cancer Society, Canadian Cancer Society, and hospitals close to the Company's operations, including the IWK Children's Hospital (New Brunswick) and the Sault Area Hospital Foundation.

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Duraflake Mill's sponsorship of the Soroptimist Walk for the Cause, a charity walk aimed at building breast cancer awareness in Linn County, organized by the United Way Foundation.

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Support of the local community

of Malvern through the LIBBY R.O.S.E. Food Pantry collection drive where each employee was invited to contribute six non-perishable items, which were supplemented by direct contributions from the Malvern MDF Mill.

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Support of the Halloween "No Scare Fair" of Helping Abuse and Violence End Now (HAVEN) in Lee County, close to the Moncure Mill, a non-profit organization dedicated to preventing and repairing damage for those who have been victims of domestic violence and sexual abuse. This fair allows children between the ages of 2 and 10 and their families to enjoy Halloween in a protected, welcoming environment.

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## 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 expand its efforts in various networks and multi-sectoral cooperation.

Thus, in 2015 the Company's work continued with:

- Santiago Climate Exchange
- Forest Footprint Disclosure (of the Global Canopy Project)
- Center for Business Sustainability (CBS) of Universidad Adolfo Ibañez
- Executive Management Network (RAD in Spanish) of Universidad del Desarrollo
- UN Global Compact
- Prohumana
- AccionRSE
- Shared Value Initiative
- Unidos por la Primera Infancia

## 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 through trade union entities such as the Chilean Timber Corporation (CORMA in Spanish) and the Society for Industrial Development (SOFOFA in Spanish).

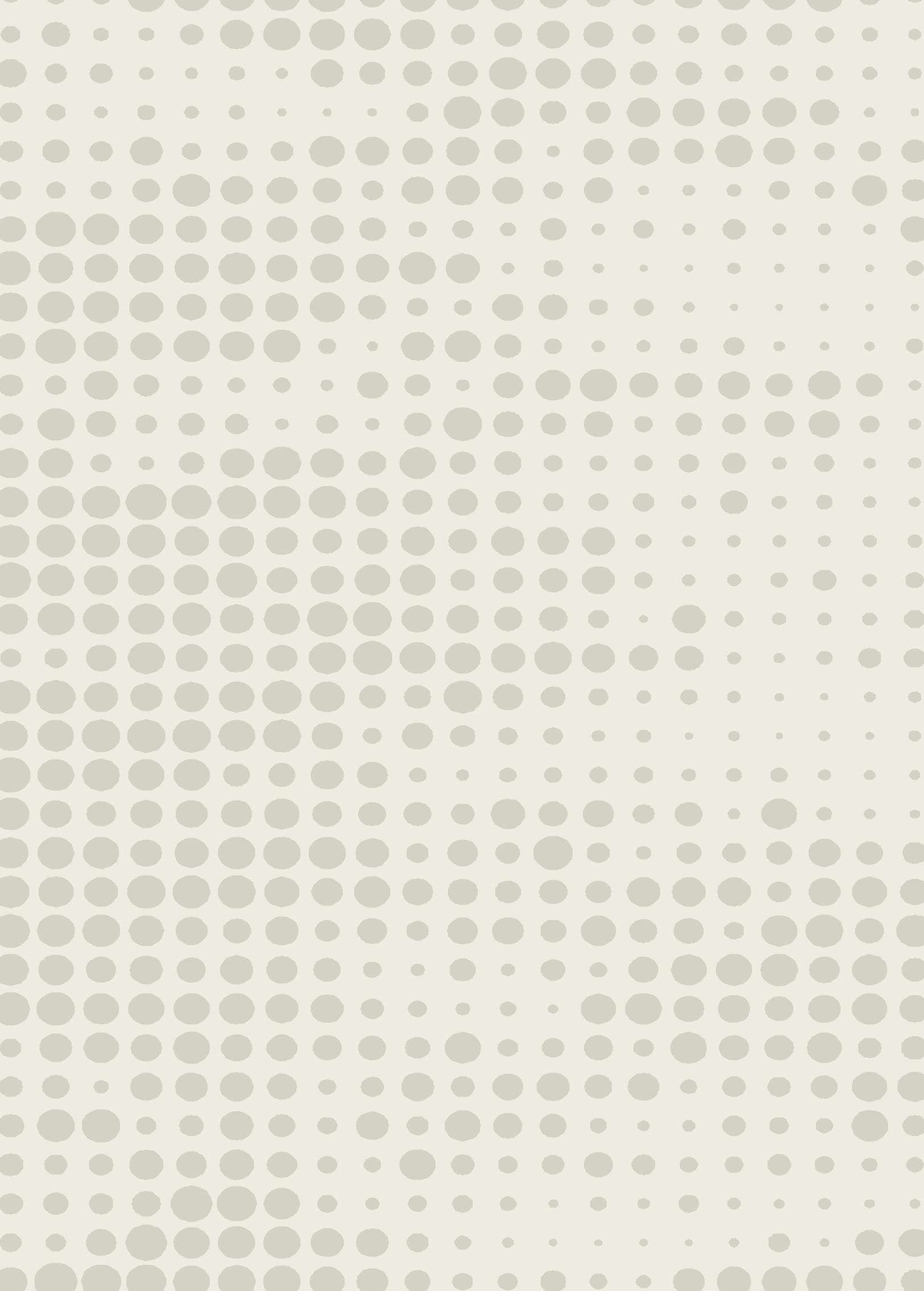
In Argentina, it actively participates in the Argentina Forestry Association; Argentine Association of Pulp and Paper Manufacturers, FSC® International and the National Initiative, with the goal of developing and implementing public policies. ARAUCO do Brasil presents its ideas to business chambers on 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 170 trade union and social organizations in Chile, Argentina, Brazil, Uruguay, Mexico, Peru, The Netherlands, United States, Canada, Colombia and Australia. In addition, it maintains relationships with universities, media outlets, scientific centers, NGOs and local governments (see page 178).





## **SCOPE**

We are in constant growth,  
committed to the highest  
standards in 80 countries  
around the world.

# SCOPE

For the tenth consecutive year ARAUCO has published its Sustainability Report, including information for the period from January 1 to December 31, 2015 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 UN Global Compact.

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 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 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 the delivery and validation of 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 2015 Report, the Company carried out a systematic review of its strategy, as manifested through corporate presentations and notes published via internal media, and supplemented this with a survey of 30 Company executives in different business areas. Of these, 92% consider the Sustainability Report a clear and informative document; 89% classify it as interesting, 85% believe it contributes to the Company's transparency, and 56% consider it a valuable work tool.

The Company also reviewed the aspects put forth by the Company's interest groups, particularly through Casas Abiertas and the ARAUCO Local Reputation Index (INRELA in Spanish), and others defined as relevant by the certifying bodies the Company subscribes to, as outside sources of public information. It also reviewed what other relevant actors in the forestry, panels and pulp industries published in their annual reports. Lastly, the Company reviewed all of its press releases, which totaled 2,403 in 2015.

Through this process of consultation and review, the Company was able to distinguish 68 aspects as relevant for different interest groups. These were grouped into 7 main topics, which are addressed in depth on the indicated pages.

### Key Topics Identified

<b>(Community and Employees)</b>	<b>Page</b>
Safety	95
Globalization and efficiency	33
Local development	145
Environmental management	107
Water, emissions and waste	120; 127-133
Dialogue with communities	139-142
Management of people	71

## Availability

This year the Company printed 800 Spanish copies and 150 English copies of the complete version of the 2015 Sustainability Report. Additionally, the Company printed 2,300 Spanish copies and 500 English copies of the summarized version of the Report. In both cases, responsibly sourced FSC®-certified paper was used. Information that has already been included in other Reports or that appears on the corporate website will receive the applicable mention.



## APPENDICES

- Consolidated Financial Statements
- Sources of Information
- People Who Participated in the Reporting Process
- Memberships and Networks
- ARAUCO's Subsidiaries and Shareholders
- Certifications
- Community Programs in Chile
- GRI Content Index for the "In Accordance" Core Option and UN Global Compact

# Consolidated Statements of Financial Position

Assets	12 -31-2015	12 -31-2014
	ThU.S.\$	ThU.S.\$
<b>Current assets</b>		
Cash and cash equivalents	500,025	971,152
Other current financial assets	32,195	7,633
Other current non-financial assets	133,956	177,728
Trade and other current receivables	733,322	731,908
Accounts receivable from related companies	3,124	4,705
Current Inventories	909,988	893,573
Current biological assets	272,037	307,551
Current tax assets	64,079	38,477
<b>Total current assets other than assets or disposal groups classified as held for sale</b>	<b>2,648,726</b>	<b>3,132,727</b>
Non-current assets or disposal groups classified as held for sale	3,194	7,988
<b>Non-current assets or disposal groups classified as held for sale or as held for distribution to owners</b>	<b>3,194</b>	<b>7,988</b>
<b>Total current assets</b>	<b>2,651,920</b>	<b>3,140,715</b>
<b>Non-current assets</b>		
Other non-current financial assets	595	5,024
Other non-current non-financial assets	125,516	101,094
Trade and other non-current receivables	15,270	31,001
Related party receivables, non-current	0	151,519
Investments accounted for using the equity method	264,812	326,045
Intangible assets other than goodwill	88,112	93,258
Goodwill	69,475	82,573
Property, plants and equipment	6,896,396	7,119,583
Non-current biological assets	3,554,560	3,538,802
Deferred tax assets	140,251	158,283
<b>Total non-current assets</b>	<b>11,154,987</b>	<b>11,607,182</b>
<b>Total assets</b>	<b>13,806,907</b>	<b>14,747,897</b>

Equity and Liabilities	12-31-2015 (unaudited)	12-31-2014
	ThU.S.\$	ThU.S.\$
<b>Liabilities</b>		
<b>Current liabilities</b>		
Other current financial liabilities	296,038	742,343
Trade and other current payables	583,018	630,406
Accounts payable to related companies	7,141	6,036
Other current provisions	858	2,535
Current tax liabilities	10,976	25,860
Current provisions for employee benefits	4,497	3,590
Other current non-financial liabilities	131,723	136,316
<b>Total current liabilities other than assets included in disposal groups classified as held for sale</b>	<b>1,034,251</b>	<b>1,547,086</b>
<b>Total current liabilities</b>	<b>1,034,251</b>	<b>1,547,086</b>
<b>Non-current liabilities</b>		
Other non-current financial liabilities	4,236,965	4,453,819
Non-current payables	0	0
Related party non-current payables	0	0
Other non-current provisions	34,541	64,529
Deferred tax liabilities	1,755,528	1,757,149
Non-current provisions for employee benefits	51,936	48,582
Other non-current non-financial liabilities	47,241	61,996
<b>Total non-current liabilities</b>	<b>6,126,211</b>	<b>6,386,075</b>
<b>Total liabilities</b>	<b>7,160,462</b>	<b>7,933,161</b>
<b>Equity</b>		
Issued capital	353,618	353,618
Retained earnings	7,204,452	6,984,564
Premiums on issued capital	0	0
Treasury shares in portfolio	0	0
Other equity interests	0	0
Other reserves	(949,360)	(571,052)
<b>Equity attributable to parent company</b>	<b>6,608,710</b>	<b>6,767,130</b>
Non-controlling interests	37,735	47,606
<b>Total equity</b>	<b>6,646,445</b>	<b>6,814,736</b>
<b>Total equity and liabilities</b>	<b>13,806,907</b>	<b>14,747,897</b>

# Consolidated Statements of Income

	January-December	
	2015	2014
	ThU.S.\$	ThU.S.\$
<b>Income statement</b>		
Revenue	5,146,740	5,342,643
Cost of sales	(3,511,425)	(3,654,146)
<b>Gross profit</b>	<b>1,635,315</b>	<b>1,688,497</b>
Other income	273,026	368,924
Distribution costs	(528,470)	(556,837)
Administrative expenses	(551,977)	(550,809)
Other expense	(83,388)	(138,769)
<b>Profit (loss) from operating activities</b>	<b>744,506</b>	<b>811,006</b>
Finance income	50,284	30,772
Financial costs	(262,962)	(246,473)
Share of profit (loss) of associates and joint ventures accounted for using equity method	6,748	7,481
Exchange rate differences	(41,171)	(9,961)
<b>Income before income tax</b>	<b>497,405</b>	<b>592,825</b>
Income tax	(129,694)	(155,935)
<b>Net Income</b>	<b>367,711</b>	<b>436,890</b>
<b>Net income attributable to</b>		
Net income attributable to parent company	362,689	431,958
Income attributable to non-controlling interests	5,022	4,932
<b>Profit (loss)</b>	<b>367,711</b>	<b>436,890</b>
<b>Basic earnings per share</b>		
Basic earnings per share from continuing operations	0.0032051	0.0038172
<b>Basic earnings per share</b>	<b>0.0032051</b>	<b>0.0038172</b>
<b>Earnings per diluted shares</b>		
Earnings per diluted share from continuing operations	0.0032051	0.0038172
<b>Earnings per diluted share</b>	<b>0.0032051</b>	<b>0.0038172</b>

# Consolidated Comprehensive Income Statements

	January-December	
	2015	2014
	ThU.S.\$	ThU.S.\$
<b>Profit (loss)</b>	<b>367,711</b>	<b>436,890</b>
<b>Components of other comprehensive income that will not be reclassified to profit or loss before tax:</b>		
Other comprehensive income before tax actuarial gains losses on defined Benefit plans	(1,530)	(12,829)
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	(781)	(4,781)
<b>Other Comprehensive Income that will not be reclassified to profit or loss before tax</b>	<b>(2,311)</b>	<b>(17,610)</b>
<b>Components of other comprehensive income that will be reclassified to profit or loss before tax:</b>		
<b>Exchange differences on translation</b>		
Gains (losses) on exchange differences on translation, before tax	(385,109)	(163,844)
<b>Other Comprehensive Income before tax exchange differences on translation</b>	<b>(385,109)</b>	<b>(163,844)</b>
<b>Cash flow hedges</b>		
Gains (losses) on cash flow hedges, before tax	11,859	(43,228)
Reclassification adjustments on cash flow hedges before tax	(16,122)	949
<b>Other Comprehensive Income before tax Cash flow hedges</b>	<b>(4,263)</b>	<b>(42,279)</b>
<b>Other Comprehensive income that will be reclassified to profit or loss before tax</b>	<b>(389,372)</b>	<b>(206,123)</b>
<b>Income tax relating to components of other comprehensive Income that will not be reclassified to profit or loss before tax</b>		
Income tax relating to defined benefit plans of other comprehensive income	649	3,404
Income tax relating to cash flow hedges of other comprehensive income	1,889	10,764
<b>Income tax relating to components of other comprehensive income that will be reclassified to profit or loss abstract</b>	<b>1,889</b>	<b>10,764</b>
<b>Other comprehensive income</b>	<b>(389,145)</b>	<b>(209,565)</b>
<b>Comprehensive income</b>	<b>(21,434)</b>	<b>227,325</b>
<b>Comprehensive income attributable to</b>		
Comprehensive income, attributable to owners of parent company	(15,619)	226,866
Comprehensive income, attributable to non-controlling interests	(5,815)	459
<b>Total comprehensive income</b>	<b>(21,434)</b>	<b>227,325</b>

# Consolidated Statements of Changes in Equity

12-31-2015	Issued Capital	Reserve of exchange differences on translation	Reserve of cash flow hedges	Reserve of actuarial gains or losses on defined benefit plans	Several Other Reserves	Other Reserves	Retained Earnings	Equity attributable to owners of parent	Non-controlling interests	Total Equity
	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	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
Opening balance restated	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)
<b>Comprehensive income</b>	<b>0</b>	<b>(374,275)</b>	<b>(2,374)</b>	<b>(878)</b>	<b>(781)</b>	<b>(378,308)</b>	<b>362,689</b>	<b>(15,619)</b>	<b>(5,815)</b>	<b>(21,434)</b>
Dividends							(142,801)	(142,801)	(3,228)	(146,029)
Increase (decrease) through for transfers and other changes equity							0	0	(828)	(828)
<b>Changes in equity</b>	<b>0</b>	<b>(374,275)</b>	<b>(2,374)</b>	<b>(878)</b>	<b>(781)</b>	<b>(378,308)</b>	<b>219,888</b>	<b>(158,420)</b>	<b>(9,871)</b>	<b>(168,291)</b>
<b>Closing balance at 12/31/2015</b>	<b>353,618</b>	<b>(872,770)</b>	<b>(55,396)</b>	<b>(16,668)</b>	<b>(4,526)</b>	<b>(949,360)</b>	<b>7,204,452</b>	<b>6,608,710</b>	<b>37,735</b>	<b>6,646,445</b>
<b>12-31-2014</b>	<b>Issue Capital</b>	<b>Reserve of exchange differences on translation</b>	<b>Reserve of cash flow hedges</b>	<b>Reserve of actuarial gains or losses on defined benefit plans</b>	<b>Several Other Reserves</b>	<b>Other Reserves</b>	<b>Retained Earnings</b>	<b>Equity attributable to owners of parent</b>	<b>Non-controlling interests</b>	<b>Total Equity</b>
	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$	ThU.S.\$
Opening balance at 01/01/2014	353,618	(339,105)	(21,507)	(6,384)	1,036	(365,960)	7,004,640	6,992,298	52,242	7,044,540
Opening balance restated	353,618	(339,105)	(21,507)	(6,384)	1,036	(365,960)	7,004,640	6,992,298	52,242	7,044,540
Changes in Equity:										
Comprehensive income										
Net income							431,958	431,958	4,932	436,890
Other comprehensive income, net of tax		(159,390)	(31,515)	(9,406)	(4,781)	(205,092)		(205,092)	(4,473)	(209,565)
<b>Comprehensive income</b>	<b>0</b>	<b>(159,390)</b>	<b>(31,515)</b>	<b>(9,406)</b>	<b>(4,781)</b>	<b>(205,092)</b>	<b>431,958</b>	<b>226,866</b>	<b>459</b>	<b>227,325</b>
Dividends							(159,879)	(159,879)	(4,533)	(164,412)
Increase (decrease) for transfer and other changes							(292,155)	(292,155)	(562)	(292,717)
<b>Changes in equity</b>	<b>0</b>	<b>(159,390)</b>	<b>(31,515)</b>	<b>(9,406)</b>	<b>(4,781)</b>	<b>(205,092)</b>	<b>(20,076)</b>	<b>(225,168)</b>	<b>(4,636)</b>	<b>(229,804)</b>
<b>Closing balance at 12/31/2014</b>	<b>353,618</b>	<b>(498,495)</b>	<b>(53,022)</b>	<b>(15,790)</b>	<b>(3,745)</b>	<b>(571,052)</b>	<b>6,984,564</b>	<b>6,767,130</b>	<b>47,606</b>	<b>6,814,736</b>

# Consolidated Statements of Cash Flows

	12-31-2015	12-31-2014
	ThU.S.\$	ThU.S.\$
<b>Cash flows from (used in) operating activities</b>		
<b>Classes of cash receipts from operating activities</b>		
Receipts from sales of goods and rendering of services	5,733,693	5,629,175
Receipts from premiums and claims, annuities and other policy benefits	4,715	5,100
Other cash receipts from operating activities	332,981	359,539
<b>Classes of cash payments</b>		
Payments to suppliers for goods and services	(4,260,587)	(4,190,295)
Payments to and on behalf of employees	(490,723)	(499,370)
Other cash payments from operating activities	(169,237)	(122,027)
Interest paid	(229,894)	(204,915)
Interest received	17,720	46,658
Income tax refunded (paid)	(87,784)	(37,285)
Other inflows (outflows) of cash, net	2,766	(1,405)
<b>Net cash flows from (used in) Operating Activities</b>	<b>853,650</b>	<b>985,175</b>
<b>Cash flows from (used in) investment activities</b>		
Cash flow used in obtaining control of subsidiaries or other businesses	(10,090)	0
Cash flow used to contributions in associates	(814)	0
Cash flow used in purchase of associates and joint ventures	0	(1,882)
Loans to related parties	(23,628)	(158,797)
Proceeds from sale of property, plant and equipment	5,860	63,492
Purchase of property, plant and equipment	(321,385)	(459,796)
Proceeds from sales of intangible assets	99	0
Purchase of intangible assets	(10,395)	(10,101)
Proceeds from other long-term assets	506	40,257
Purchase of other non-current assets	(126,132)	(142,138)
Dividends received	6,350	12,073
Other outflows of cash, net	1,849	1,734
<b>Cash flows used in Investing Activities</b>	<b>(477,780)</b>	<b>(655,158)</b>
<b>Cash flows from (used in) financing activities</b>		
Total loans obtained	280,863	1,035,601
Loans obtained in long term	890	829,348
Proceeds from short-term borrowings	279,973	206,253
Repayments of borrowings	(949,183)	(900,595)
Dividends paid by subsidiaries or special purpose companies	(143,003)	(141,089)
Other inflows of cash, net	(853)	(1,802)
<b>Cash flows from (used in) Financing Activities</b>	<b>(812,176)</b>	<b>(7,885)</b>
<b>Net increase (decrease) in Cash and Cash Equivalents before effect of exchange rate changes</b>	<b>(436,306)</b>	<b>322,132</b>
Effect of exchange rate changes on cash and cash equivalents	(34,821)	(18,192)
<b>Net increase (decrease) of Cash and Cash equivalents</b>	<b>(471,127)</b>	<b>303,940</b>
Cash and cash equivalents, at the beginning of the period	971,152	667,212
<b>Cash and cash equivalents, at the end of the period</b>	<b>500,025</b>	<b>971,152</b>

# Sources of Information

- ARAUCO Website
- ARAUCO Intranet
- 2014 Sustainability Report
- 2013 Sustainability Report
- Corporate Brochure
- Corporate Policy on Mapuche Community Relations
- Presentation at March 2015 Executive Encounter
- Presentation at June 2015 Executive Encounter
- Presentation at September 2015 Executive Encounter
- Presentation at November 2015 Executive Encounter
- ARAUCO Territory Profile Sheets
- Voices of Arauco
- Cristián Infante's statements to the Organization
- ARAUCO internal e-mails: Contacta2
- External communications
- Essential Actions
- Results of the 2015 Organizational Climate Survey
- Google Analytics reports on ARAUCO websites
- ARAUCO social networks: Facebook, Twitter, LinkedIn, Pinterest
- Internal surveys
- Financial press release
- Different publications in the Chilean and regional presses

# People Who Participated in the Reporting Process

- Adams, Gordon: Technical Director/Environmental Coordinator, North America
- Águila, Claudia: Subgerente Consolidación
- Albano Kurovski, Bruno: Ass. Meio Ambiente Brasil
- Alix, João Paulo: Técnico Segurança do Trabalho Brasil
- Alonso, Ángeles: Jefe Comunicaciones Institucionales Argentina
- Álvarez, Verónica: Ingeniero Gestión de Desempeño
- Amadori, Antonio: Jefe Comunicaciones
- Amaral, Luiz Renato: Coordenador MASSO Brasil
- Anzieta, Juan: Subgerente Asuntos Públicos Los Ríos Region
- Aparecida de Oliveira, Lea: Controlador de Produção Brasil
- Aparecida Ferreira, Solange: Analista de Serviços Administrativos Brasil
- Aparecido da Silva, Joel: Supervisor de Almoxarifado Brasil
- Augusto Scarpin, Thyago: Analista de Processos de Qualidade Brasil
- Avery, Richard: Finance Manager, Sault Ste. Marie, North America
- Baldwin, Candis: Organizational Development Manager, North America
- Bates, Danny: Finance Manager, BMD, North America
- Billingsley, Travis: Director of Human Resources, North America
- Bird, John: Carolina Regional EHS Manager, North America
- Bourg, Junius: Finance Manager, CPB, North America
- Brinklow, Carolina: Secretaria Gerencia
- Busch, Robert: Gerente Arauco Australia Ply
- Bustos, Nelson: Subgerente Asuntos Públicos Región del Maule
- Cañada, Jorge: Gerente de Asuntos Legales Argentina
- Carabelli, Esteban: Jefe de Gestión Integrado Argentina
- Chamorro, Iván: Gerente de Asuntos Públicos y Responsabilidad Social Corporativa
- Chandwalker, Gauri: HR Programs Coordinator, North America
- Cighetti Netto, Raymundo: Gerente de Auditoría Brasil
- Corbelini, Suellen: Coordenadora de Contrato de Serviços Brasil
- Corti, Donna: AP Manager, North America
- Coutinho, Rodrigo: Subgerente de Investigación y Servicios Técnicos Brasil
- Couto, Laercio: Coordenador de Silvicultura y Protección Forestal Brasil
- Couto, Márcio: Especialista em Assuntos Corporativos e Meio Ambiente Brasil
- Cremaschi, Sebastian: Director of Marketing, North America
- Da Silva Lima, Riva: Gerente de Produção Brasil
- Dal Pozzo, Lorena: Analista de Meio Ambiente e SGI Brasil
- D'Amico, Franca: Benefits Coordinator, North America
- Davis, Whitney: Malvern HR Manager, North America
- De Carvalho, Rudnei Benedito: Supervisor MASSO Brasil
- De Jesus Pereira, Nilton: Analista de Meio Ambiente Brasil
- De Oliveira Pereira, Tatiana: Analista de SGI Brasil
- De Oliveira Pinto, Talita Pomim: Analista de Meio Ambiente
- De Oliveira, Alberty Carneiro: Coordenador de Processos e Qualidade Brasil

- De Oliveira, Fabio Lucas: Coordinador de Silvicultura y Protección Forestal Brasil
- Dias Dourado, Noelia: Supervisora MASSO Brasil
- Díaz, José Ignacio: Gerente Legal Chile
- Donizeti de Sousa, Mario: Diretor DACMASSO Brasil
- Dos Santos Silva, Edvaldo: Assistente Administrativo Brasil
- Elliot, Roxanne: EMDF HR Manager, North America
- Elston, Jake: VP Corporate Operations, North America
- Eyzaguirre, Patricio: Subgerente de Comunicaciones
- Fantin Corraiola, Andressa: Analista Meio Ambiente Brasil
- Fattore, Damian: Jefe de Planeamiento de Personas Argentina
- Ferguson, Jeff: Wood Procurement Director, North America
- Fernandes dos Santos, Nayara: Analista Fiscal Brasil
- Ferreira Alves, Alex: Gerente da Planta Brasil
- Ferreira, Cristiane M.: Especialista em Assuntos Corporativos e Meio Ambiente Brasil
- Ferreira, Elbert: Coordinador de Silvicultura y Protección Forestal Brasil
- Giddens, Scott: Finance Manager, St. Stephen, North America
- Gómez, Juan Pablo: Gerente Arauco Colombia
- Goossen, Marcelo: Coordinador de Controle e Gestão, Gestão De Processos Brasil
- Gutiérrez, David: Subgerente Participación y Consulta
- Guzmán, Felipe: Gerente Corporativo Asuntos Legales
- Harumi Yoshioka, Maria: Subgerente de Certificaciones Forestal Brasil
- Hayes-Russell, Dylan: Finance Manager, Eugene, North America
- Hellinger, Odair: Coordinador de Silvicultura y Protección Forestal Brasil
- Jiménez, Tomás: Subgerente Asuntos Legales RRNN - MASSO
- Johnson, Melanie: Atlanta HR Generalist, North America
- Kelly, Jeremy: Health & Safety Coordinator, St. Stephen, North America
- Kimber, Charles: Gerente Comercial y de Asuntos Corporativos
- King, Vernon: EHS MS Administrator, Eugene, North America
- Ladeira Filho, Tarcisio: Supervisor MASSO Brasil
- Leiva, Mauricio: Subgerente Asuntos Públicos Bio Bio Sur
- Linhares da Silva, Harhielle: Analista Administrativo Brasil
- Linzmeyer, Rosana Luisa: Analista de SGI Brasil
- Little, Kerry: Business Sustainability Manager, North America
- Lord, Kelly: SS HR Manager, North America
- Lozano, Francisco: Gerente de Innovación
- Luepkes, Mike: Technical Business Leader, North America
- Lyon, Dave: EHS Manger, Eugene, North America
- Maroni, Cristiano: Gerente de Manutenção Brasil
- Maturana, Arturo: Gerente Riesgo y MASSO Corporativo
- Maturana, Loreto: Analista Prevención Delitos
- Mayer, Orlando Antonio: Cordenador de Produção Brasil
- McGuire, Patricia: Finance Manager, Moncure, North America
- McManus, Charles: HR Manager, North America
- McManus, Enrique: Jefe Desarrollo Construcción Madera
- Mellado, Myriam: Encargado Comunicaciones Negocio Forestal
- Melo, Eduardo: Subgerente Medio Ambiente Negocio Forestal
- Mendoza, Guillermo: Subgerente Asuntos Públicos Bio Bio Norte
- Merino, Camila: Gerente Corporativo Personas y MASSO
- Metzen, John: Operational Excellence, North America
- Montes, Felipe: Subgerente de Marketing Corporativo
- Moreira, Carolina: Gerente Asuntos Corporativos Montes del Plata
- Nabosne, Fabiana: Analista de Certificación Forestal Brasil
- Nalesso Jacob, Lucas: Analista PCP Brasil

- Neumann, Germán: Jefe Protección contra Incendio
- Nordstrom, Allison: Corporate Risk Management/St. Stephen Environmental, North America
- Novinski, Luiz Antonio: Controlador de Operações Brasil
- Otheguy, Walter: Subgerente de Auditoria Interna Argentina
- Palácio Cruz, Valdinei: Supervisor de Processos Administrativos Brasil
- Pastorini, Carole: Subgerente de Comunicaciones Internas
- Patrickson, Christian: Subgerente de Desarrollo Arauco Bioenergía
- Peng, Airton: Cordenador de Produção Brasil
- Pereira, Theófilo A.M.: Coordenador MASSO Brasil
- Phillips, Todd: Site Environmental Manager, Moncure, North America
- Pigeon, Paula: SSM HR Coordinator, North America
- Polen, Sally: MPB HR Manager, North America
- Puchi, María Carolina: Jefe Imagen Corporativa
- Ramos, María Olga: Subgerente Suministros
- Rhodes, Mike: Environmental Health & Safety Manager, Malvern, North America
- Rhymes, Benita: CPB HR Generalist, North America
- Ribeiro de Moraes, Wagner: Supervisor de Segurança Patrimonial Brasil
- Ribeiro, Valéria de Paula: Diretora de Pessoas Brasil
- Rioseco, Ricardo: Jefe de Comunicaciones
- Rodríguez, Eduardo: Gerente Bioforest
- Rodríguez, Rodrigo: Subgerente Proyecto SAP NA
- Rosso, Dave: Safety Manager, Sault Ste. Marie, North America
- Rosso, José Luis: Subgerente Finanzas
- Rosso, Mike: VP of Manufacturing, North America
- Salinas, Danilo: Jefe Clientes Contratos BioEnergía
- Schmidt, Cristiano: Cordenador de Produção Brasil
- Serpa, Luiz Fernando: Supervisor Produção Resina Brasil
- Shell, Brandy: HR Coordinator, Malvern, North America
- Shotbolt, Kelly: President, North America
- Silveira, Carlos Jose: Supervisor de Produção Formol Brasil
- Silveira, Fernanda: Coordenadora de Vivero Forestal Brasil
- Smith, Carla: Assistant Controller, North America
- Soares Das Neves, Odair: Supervisor de Produção Brasil
- Soares, Lucio Carlos: Coordenador MASSO Brasil
- Sobarzo, Rodrigo: Subgerente Gestión de Desempeño
- Struve, Bryan: Finance Manager, Duraflake, North America
- Teigeiro, Esteban: Analista de Compensaciones y Beneficios Argentina
- Teixeira, Arnaldo: Coordenador MASSO Brasil
- Toledo Bueno, Raphael: Gerente de Produção Brasil
- Tomasic, Meeka: Wood Procurement Coordinator - North America
- Uhlig, Rodolfo Luiz: Cordenador de Produção Brasil
- Vásquez, Paola: Jefe Marketing
- Vidal, Andrea: Encargado Extensión e Imagen
- Weber, Rich: Director, Environmental, Health, Safety & Sustainability , North America
- Young, Jason: Environmental Manager and Technical Support, Duraflake, North America
- Zalewski, Chris: Director of Purchasing, North America

# Memberships and Networks

## Argentina

- Argentina Green Building Council (AGB) [www.argentinagbc.org.ar](http://www.argentinagbc.org.ar)
- Asociación Forestal Argentina (AFOA) [www.afoa.org.ar](http://www.afoa.org.ar)
- Asociación de Fabricantes de Celulosa y Papel, Argentina (AFCP) [www.afcparg.org.ar](http://www.afcparg.org.ar)
- Federación Argentina de la Industria de la Madera y Afines (FAIMA) [www.faima.org.ar](http://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](http://www.cadamda.org.ar)
- Cámara de Comercio Argentino Chilena UIA - Unión Industrial Argentina
- Centro de Investigaciones del Bosque Atlántico (CEIBA) [www.ceiba.org.ar](http://www.ceiba.org.ar)
- Consejo Empresario Argentino para el Desarrollo Sostenible (CEADS) [www.ceads.org.ar](http://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® Internacional, miembro de la Cámara Económica Sur
- 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](http://www.proyungas.org.ar)
- Fundación Temaiken [www.temaiken.com.ar](http://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.uatre.org.ar](http://www.uatre.org.ar)
- Comité de Cuenca Hídrica del Arroyo Tabay
- Comité de Cuenca Hídrica del Arroyo Tupicúa
- Consorcio Forestal Corrientes Norte
- Asociación de Bomberos Voluntarios de Libertad
- Colegio de Ingenieros Forestales

- Aglomerado Productivo Forestal Misiones y Corrientes (APF) (We participate in APF through AFoA. Currently APSA is contributing to a research project in integrated pest management).
- Asociación Civil Consejo de Manejo Responsable de los Bosques y Espacios Forestales

#### **Australia**

- Australia-Chile Chamber of Commerce [www.chilechamber.com](http://www.chilechamber.com)
- Glue Laminated Timber Association of Australia [www.gltaa.com](http://www.gltaa.com)
- Forest Industry Engineering Association [www.fiea.org.nz](http://www.fiea.org.nz)

#### **Brazil**

- Associação das Empresas da Cidade Industrial de Araucária [www.aeciar.com.br](http://www.aeciar.com.br)
- Associação Paranaense de Empresas de Base Florestal (APRE) [www.apreflorestas.com.br](http://www.apreflorestas.com.br)
- Associação Brasileira de Automação [www.gs1br.org](http://www.gs1br.org)
- Associação Brasileira de Normas Técnicas [www.abnt.org.br](http://www.abnt.org.br)
- Associação de Usuários de Informática e Telecomunicações [www.sucesu.org.br](http://www.sucesu.org.br)
- Associação Brasileira de Recursos Humanos (ABRH)
- Associação Capivari
- Associação Comercial e Industrial Agrícola de Jaguariaíva (ACIAJA)
- Associação Sul-Mato-Grossense de Produtores e Consumidores de Florestas Plantadas (REFLORE) [www.reflore.com.br](http://www.reflore.com.br)
- Conselho de Manejo Florestal FSC Brasil [www.fsc.org](http://www.fsc.org)
- Diálogo Florestal Paraná - Santa Catarina [www.dialogoflorestal.org.br](http://www.dialogoflorestal.org.br)
- Federação da Agricultura e Pecuária do Estado de Mato Grosso do Sul (FAMASUL) [famasul.com.br](http://famasul.com.br)
- Federação dos Trabalhadores na Agricultura do Estado de Mato Grosso do Sul [www.fetagrims.org.br](http://www.fetagrims.org.br)
- Federação dos trabalhadores nas Indústrias do Estado do Paraná
- Federação das Indústrias do Estado do Paraná (FIEP) [www.fiepr.org.br](http://www.fiepr.org.br)
- Forest Stewardship Council® (FSC) [www.fsc.org](http://www.fsc.org)
- Fundação de Estudos e Pesquisas Florestais do Paraná [www.fupef.ufpr.br](http://www.fupef.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](http://www.iba.org)
- Instituto de Pesquisa e Estudos Florestais [www.ipef.br](http://www.ipef.br)
- United Nations Global Compact [www.pactoglobal.org.br](http://www.pactoglobal.org.br)
- Programa Cooperativo em Certificação Florestal (PCCF) [www.ipef.br/pccf](http://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](http://www.somparpr.org)
- Sindicato das Indústrias do Mobiliário e Artefatos de Madeira no Estado de Minas Gerais (SINDIMOV-MG) [www.sindimov-mg.net.br](http://www.sindimov-mg.net.br)
- Sindicato dos Trabalhadores nas Indústrias Madeireiras, Moveleiras e Similares de Jaguariaíva
- Sindicato dos Oficiais Marceneiros [www.somparpr.org](http://www.somparpr.org)

#### **Colombia**

- Fedemaderas [www.fedemaderas.org.co](http://www.fedemaderas.org.co)
- Cámara Colombo-Chilena de Comercio [www.colombochilena.com](http://www.colombochilena.com)
- Fundación América Solidaria [www.americasolidaria.org](http://www.americasolidaria.org)

#### **Chile**

- Aalto University (Finland) [www.aalto.fi](http://www.aalto.fi) (Associates)
- Åbo Akademi (Finland) [www.abo.fi](http://www.abo.fi) (Associates)
- Asociación Técnica de la Celulosa y el Papel [www.atcp.cl](http://www.atcp.cl)
- Asociación de Industriales del Centro, Región del Maule [www.asicent.cl](http://www.asicent.cl)
- Junta de Adelanto del Maule, Región del Maule [www.juntaadelantodelmaule.cl](http://www.juntaadelantodelmaule.cl)
- Acción RSE [www.accionrse.cl](http://www.accionrse.cl)

- Cámara Chilena de la Construcción [www.cchc.cl](http://www.cchc.cl)
- Cámara Chilena de la Construcción Valdivia
- Cámara Chileno Argentina [www.camarco.cl](http://www.camarco.cl)
- Cámara Chileno Australiana de Comercio [www.auscham.cl](http://www.auscham.cl)
- Cámara Chileno Brasileña de Comercio [www.camarachilenobrasileña.cl](http://www.camarachilenobrasileña.cl)
- Cámara Chileno Británica [www.britcham.cl](http://www.britcham.cl)
- Cámara Chileno-China de Comercio, Industrias y Turismo [www.chicit.cl](http://www.chicit.cl)
- Cámara Chileno Norteamericana de Comercio [www.amchamchile.cl](http://www.amchamchile.cl)
- Cámara de Comercio Italiana de Chile [www.camit.cl](http://www.camit.cl)
- Cámara de Comercio e Industria de Valdivia [www.cciv.cl](http://www.cciv.cl)
- Centro de Estudios Públicos, Comisión de Medioambiente [www.cep.cl](http://www.cep.cl)
- Consorcio Bioenercel [www.bioenercel.com](http://www.bioenercel.com)
- Controladora de Plagas Forestales [www.cpf.cl](http://www.cpf.cl)
- Cooperativa de Mejoramiento Genético Forestal [www.genomica.cl](http://www.genomica.cl)
- Council of the Americas [www.as-coa.org](http://www.as-coa.org)
- Centro Educacional de Alta Tecnología [www.ceat.cl](http://www.ceat.cl)
- Centro de Innovación y Desarrollo de la Madera [www.cidm.cl](http://www.cidm.cl)
- Centro de Transferencia Tecnológica de la Madera [www.cct.cl](http://www.cct.cl)
- Commonwealth Scientific and Industrial Research Organisation (CSIRO, Australia) [www.csiro.au](http://www.csiro.au) (Associates)
- Corporación de Adelanto y Desarrollo de la Provincia de Arauco [www.corparauco.cl](http://www.corparauco.cl)
- Corporación Chilena de la Madera [www.corma.cl](http://www.corma.cl)
- Corporación Chilena de la Madera Maule Corporación Chilena de la Madera Bio Bio
- Corporación Chilena de la Madera Los Ríos-Los Lagos
- Corporación para el Desarrollo Productivo de La Araucanía [www.corparaucania.cl](http://www.corparaucania.cl)
- Corporación por el Desarrollo de Valdivia [www.codeproval.cl](http://www.codeproval.cl)
- Corporación Industrial para el Desarrollo Regional del Bio Bío [www.cidere.cl](http://www.cidere.cl)
- Forest Productivity Cooperative (USA) [www.forestproductivitycoop.org](http://www.forestproductivitycoop.org)
- Forestry and Agricultural Biotechnology Institute, South Africa [www.fabinet.up.ac.za](http://www.fabinet.up.ac.za) (Associates)
- Fundación Belén Educa [www.beleneduca.cl](http://www.beleneduca.cl)
- Fundación Integrare [www.integrare.cl](http://www.integrare.cl)
- Genómica Forestal S.A [www.genomica.cl](http://www.genomica.cl)
- Georgia Tech Institute of Paper Science Technology (USA) [ipst.gatech.edu](http://ipst.gatech.edu) (Associates)
- Icare [www.icare.cl](http://www.icare.cl)
- Innventia (Sweden) [www.innventia.com](http://www.innventia.com) (Associates)
- Institut für Holztechnologie Dresden (Germany) [www.ihd-dresden.de](http://www.ihd-dresden.de)
- Instituto Libertad [www.institutolibertad.cl](http://www.institutolibertad.cl)
- North Carolina State Forest Nutrition Cooperative (USA)
- North Carolina State University Tree Improvement Cooperative (USA) [www.treeimprovement.org](http://www.treeimprovement.org)
- Prohumana [www.prohumana.cl](http://www.prohumana.cl)
- Red de Alta Dirección Universidad del Desarrollo [www.redaltadireccionudd.cl](http://www.redaltadireccionudd.cl)
- United Nations Global Compact Chile [www.pactoglobal.cl](http://www.pactoglobal.cl)
- Rosenheim University of Applied Sciences (Germany) [www.fh-rosenheim.de](http://www.fh-rosenheim.de) (Associates)
- Sociedad de Fomento Fabril [www.sofofa.cl](http://www.sofofa.cl)
- Un Techo para Chile [www.untechoparachile.cl](http://www.untechoparachile.cl)
- Visión Valdivia [www.visionvaldivia.cl](http://www.visionvaldivia.cl)
- Unidad de Desarrollo Tecnológico UDT (Associates)
- Pontificia Universidad Católica de Chile [www.uc.cl](http://www.uc.cl)
- Universidad de Chile Facultad de Ingeniería Industrial [www.dii.uchile.cl](http://www.dii.uchile.cl)
- Universidad de Chile Facultad de Economía y Negocios [www.fen.uchile.cl](http://www.fen.uchile.cl)
- Universidad de Chile Facultad de Ciencias [www.ciencias.uchile.cl/ciencias](http://www.ciencias.uchile.cl/ciencias)
- Universidad Católica de la Santísima Concepción [www.ucsc.cl](http://www.ucsc.cl)
- Universidad de Concepción [www.udec.cl](http://www.udec.cl)
- Unidad de Desarrollo Tecnológico UDT de la Universidad de Concepción [www.udt.cl](http://www.udt.cl)

- Universidad Federal de Viçosa (Brazil) [www.ufv.br](http://www.ufv.br) (Associates)
- Universität Bern (Switzerland) [www.unibe.ch](http://www.unibe.ch) (Associates)
- Visión Valdivia [www.visionvaldivia.cl](http://www.visionvaldivia.cl)
- VTT Technical Research Center of Finland (Finland) [www.vtt.fi](http://www.vtt.fi) (Associates)
- The Wood-Based Composites Center (USA) [wbc.vt.edu](http://wbc.vt.edu)
- Wood K Plus [wk-plus.de](http://wk-plus.de) (Associates)

#### **United States**

- Association of Woodworking & Furnishings Suppliers [www.awfs.org](http://www.awfs.org)
- Composite Panel Association [www.compositepanel.org](http://www.compositepanel.org)
- North American Wholesale Lumber Association [www.lumber.org](http://www.lumber.org)
- Association of Retail Environments [www.retailenvironments.org](http://www.retailenvironments.org)
- Color Marketing Group [www.colormarketing.org](http://www.colormarketing.org)
- Kitchen Cabinet Manufacturers Association [www.kcma.org](http://www.kcma.org)
- North American Laminate Flooring Association [nalfa.com](http://nalfa.com)
- International interior design association [www.iida.org](http://www.iida.org)
- Woodwork Institute (WI) [woodworkinstitute.com](http://woodworkinstitute.com)
- World Millwork Association (WMA) [worldmillworkalliance.com](http://worldmillworkalliance.com)
- Green Building Initiative (GBI) [www.thegbi.org](http://www.thegbi.org)
- US Green Building Council (USGBC) [www.usgbc.org](http://www.usgbc.org)

#### **México**

- Asociación Nacional de Fabricantes de Tableros de Madera A.C. [www.anafata.com.mx](http://www.anafata.com.mx)
- Asociación Nacional de Importadores y Exportadores de Productos Forestales A.C. [www.imexfor.com](http://www.imexfor.com)
- Cámara Mexicana Chilena de Comercio e Inversión [www.camaramexicanachilena.com.mx](http://www.camaramexicanachilena.com.mx)

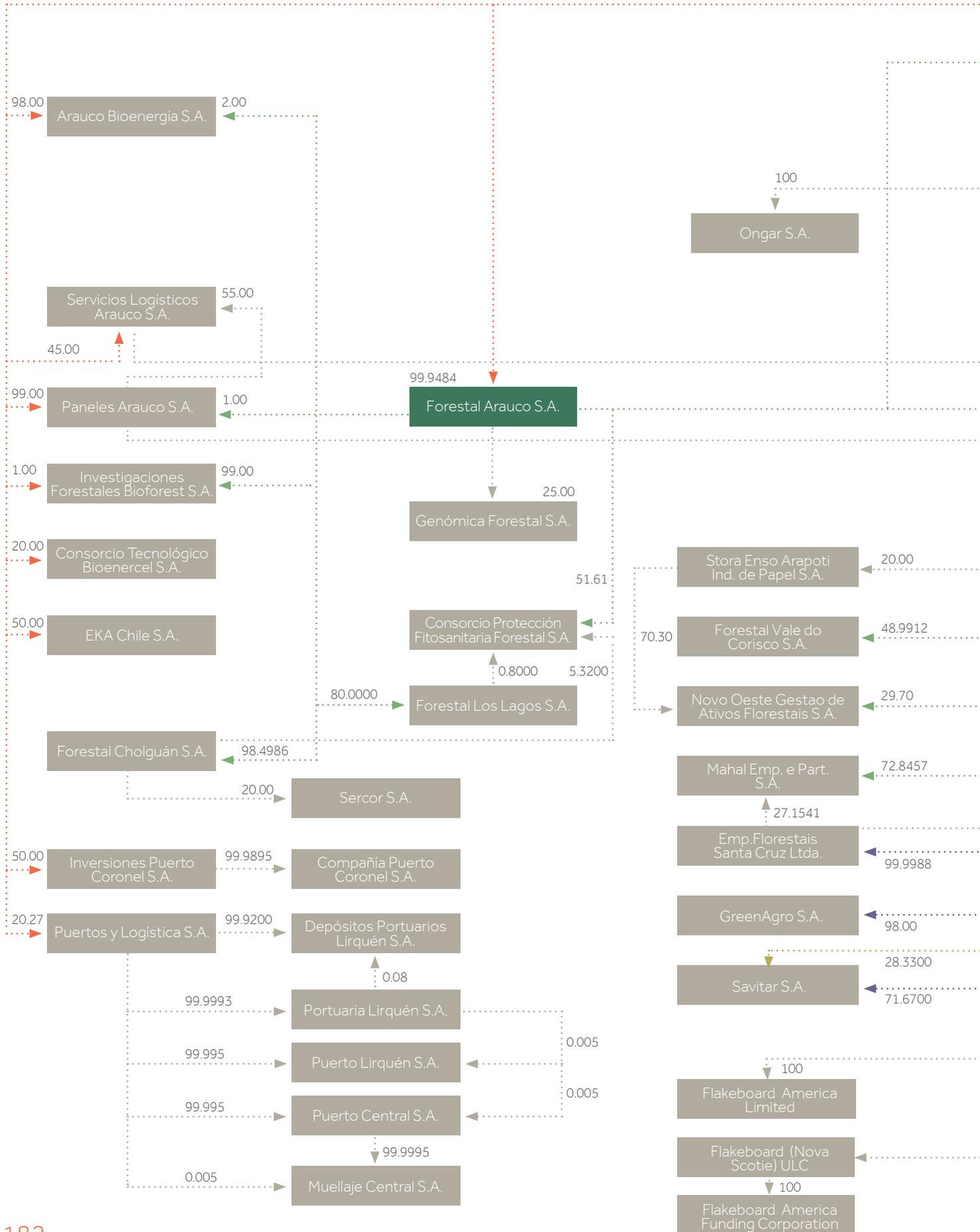
#### **Perú**

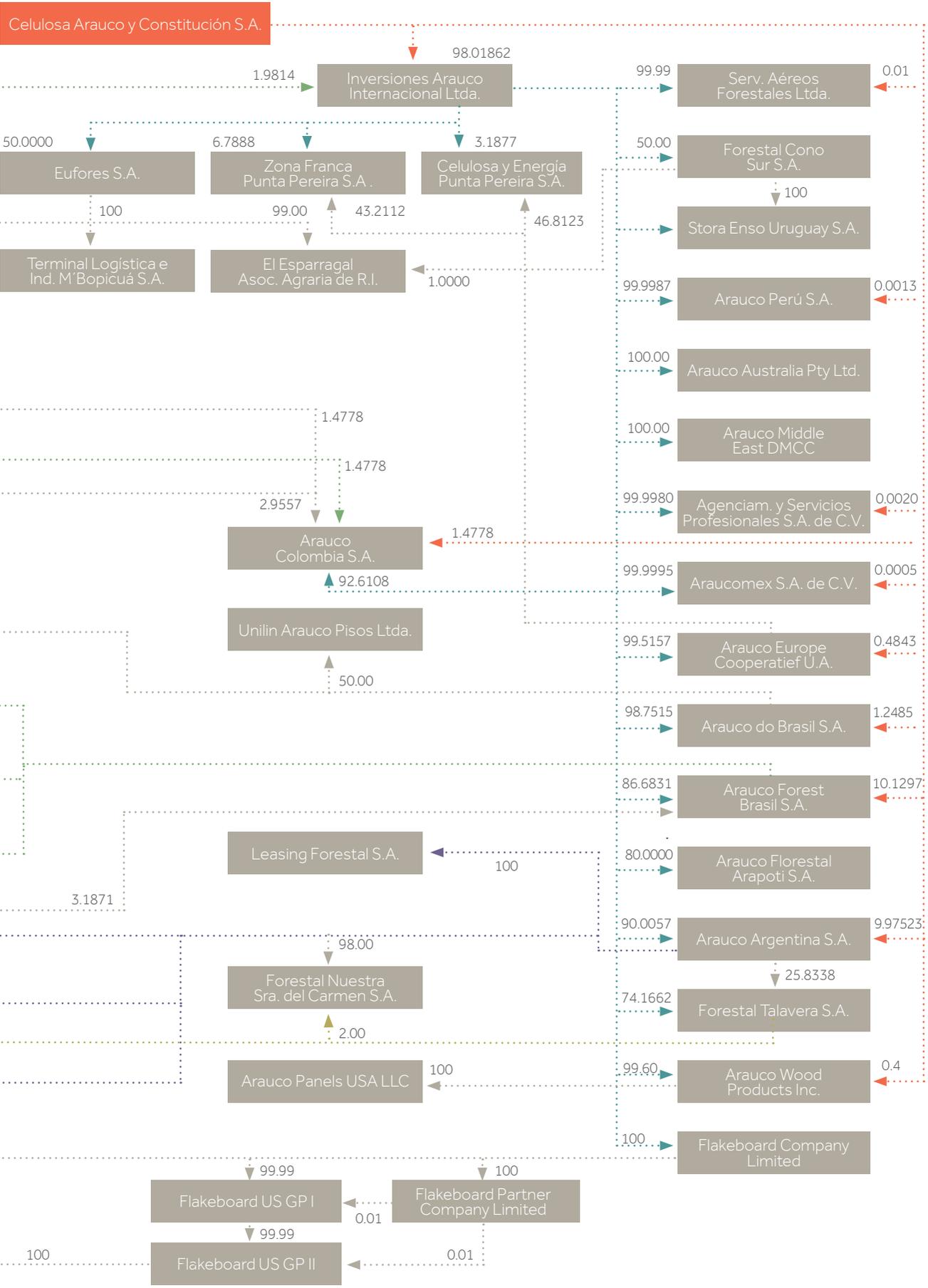
- Cámara Peruana de la Construcción [www.capeco.org](http://www.capeco.org)
- Cámara de Comercio Peruano Chilena [www.camaraperuchile.org](http://www.camaraperuchile.org)
- Sociedad de Comercio Exterior del Perú [www.comexperu.org.pe](http://www.comexperu.org.pe)
- Cámara de Comercio de Lima [www.camaralima.org.pe/principal](http://www.camaralima.org.pe/principal)

#### **Uruguay**

- Asociación Cristiana de Dirigentes de Empresa [www.acde.org.uy](http://www.acde.org.uy)
- Cámara de Comercio y Servicios del Uruguay
- Cámara de Industrias del Uruguay [www.ciu.com.uy](http://www.ciu.com.uy)
- Cámara de Zonas Francas [www.czfuy.com](http://www.czfuy.com)
- Cámara Nórdica
- Centro de Navegación [www.cennave.com.uy](http://www.cennave.com.uy)
- Deres [www.deres.com.uy](http://www.deres.com.uy)
- Sociedad de Productores Forestales [www.spf.com.uy](http://www.spf.com.uy)
- United Nations Global Compact [www.unglobalcompact.org](http://www.unglobalcompact.org)
- Asociación Turística de Colonia [www.colonia.gub.uy](http://www.colonia.gub.uy)
- Unión de Exportadores Waza (World Association of Zoos and Aquariums) [www.waza.org](http://www.waza.org)

# ARAUCO's Subsidiaries and Shareholders





# Certifications

## Forestry Business Certifications

Country	Business / forestry area	Standard / Accreditation	Certification No. / License code	Scope	Validity
CHILE	Forestal Arauco S.A.	FSC® MF	SA-FM/COC-004173 / FSC-C108276	1,092,066 ha. (2)	Sep/2018
		CERTFOR/PEFC MFS	SAI-CERTFOR- FM-1012257	1,095,579 ha. (3)	Aug/2018
	Forestal Arauco North Area	FSC® CdC & CW	SGS-COC-005297; SGS-CW-005297 / FSC-C013026	Pine and eucalyptus logs, chips and sawdust	Oct/2018
		CERTFOR/PEFC CdC	SAI-CERTFOR- COC-012648	Pine, eucalyptus and Douglas fir sawn timber and pulpwood, chips, sawdust, and/or bark	Sep/2019
		ISO 14001	CERT-0074098	All activities and processes	Nov/2016
		OHSAS 18001	CERT-0074103	All activities and processes	Oct/2018
	Forestal Arauco Central Area	FSC® CdC & CW	SGS-COC-006510; SGS-CW-006510 / FSC-C008122	Pine and eucalyptus logs, chips and sawdust	Jul/2019
		CERTFOR/PEFC CdC	SAI-CERTFOR- COC-012647	Pine, eucalyptus and Douglas fir sawn timber and pulpwood, chips, sawdust, and/or bark	Sep/2019
		ISO 14001	CERT-0074094	All activities and processes	Nov/2016
		OHSAS 18001	CERT-0074102	All activities and processes	Oct/2018
	Forestal Arauco South Area	FSC® CdC & CW	SGS-COC-006402; SGS-CW-006402 / FSC-C017136	Pine and eucalyptus logs, chips, and sawdust	Jun/2019
		CERTFOR/PEFC CdC	SAI-CERTFOR- COC-012646	Pine, eucalyptus and Douglas fir sawn timber and pulpwood, chips, sawdust, and/or bark	Sep/2019
		ISO 14001	CERT-0074093	All activities and processes	Nov/2016
		OHSAS 18001	CERT-0074100	All activities and processes	Oct/2018
	Forestal Los Lagos	FSC® MF	SA-FM/COC-002084 / FSC-C008129	17,996 ha.	Dec/2018
		FSC® CdC & CW	SA-COC-002065 / FSC-C018322	Eucalyptus logs and chips	Nov/2018

ARGENTINA	Forestal Misiones	FSC® CW-SA-CW/ COC-004914	FSC-C128100	187,732 ha.	Dec/2020
		FSC® CW-SA-CW/FM- 004233	FSC-C119041	44,176 ha.	Nov/2018
		ISO 14001	AR11/52620387		Jun/2017
		OHSAS	AR11/52620389		Jun/2017
	Forestal Delta	FSC® MF-SA-CW/FM- 004350	FSC-C120468	21,466 ha.	Mar/2019
BRAZIL	Arauco Forest Brasil (Sengés and Campo do Tenente Regions)	FSC® MF/CdC	RA-FM/COC-001059 / FSC-C010303	40,653 ha.	Oct/2018
	Arauco Forest Brasil (Tunas do Paraná Region)	FSC® MF/CdC	SCS-FM/COC-004640 FSC-C116843	25,152 ha.	Jun/2018
	Arauco Florestal Arapoti	FSC® MF/CdC CERFLOR/PEFC MFS	RA-FM/COC-004511 BR016511-2	49,215 ha. 49,215 ha.	Nov/2019 May/2018
URUGUAY	Montes del Plata	FSC® MF/CdC	SGS-FM/COC-001941 / FSC-C016979	219,827 ha.	Dec/2019
		FSC® CdC/CW	SGS-COC-001944 (5); SGS- CW-00194 / FSC-C023409		Dec/2019

(1) Includes Forestal Cholguán forest assets.

(2) According to certification report dated Dec 2015, which considers area as of 12-31-2014, includes total managed area (company-owned + Forestal Río Grande + agreement + leased assets); does not include FLL.

(3) According to report submitted to CERTFOR Chile in 2015, which considers area as of 12-31-2014, includes total managed area (company-owned + Forestal Río Grande + agreement + leased assets + Standing Forest Procurement); does not include FLL.

(4) Certified area includes the Forestal Arauco and Bosques del Sur properties.

(5) Montes del Plata (MdP) FSC® certificates (FM and CoC) are registered under the legal entity Eufores S.A.; their scope includes planted areas belonging to the companies Eufores S.A. and Stora Enso Uruguay S.A., both members of the MdP group. The certified area covers company-owned forestland and areas leased to third parties that are managed by MdP.

#### Pulp Business Certifications

Country	Mill	Standard/ Accreditation	Certificate No. / License code	Scope	Validity
	Constitución	CERTFOR/PEFC CdC	SAI-CERTFOR-COC-003062	Unbleached pine pulp	Dec/2020
		FSC® COC/CW	SGS-COC-009248 ; SGS-CW-009248 FSC-C109895	Unbleached kraft pulp	Feb/2017
		ISO 14001	CERT-0083469	Unbleached kraft pulp production	Oct/2017
		ISO 9001	CERT-0083468	Unbleached kraft pulp production	Oct/2017
CHILE	Licancel	CERTFOR/PEFC CdC	SAI-CERTFOR-COC-010993	Bleached and unbleached pine pulp and bleached eucalyptus pulp	Oct/2018
		FSC® COC/CW	SGS-COC-009249 ; SGS-CW-009249 FSC-C109896	Bleached and unbleached kraft pulp	Feb/2017
		ISO 14001	CERT-0093639	Kraft pulp production	Sep/2018
		ISO 9001	CERT-0093640	Kraft pulp production	Sep/2018

<b>Nueva Aldea</b>	CERTFOR/PEFC CdC	SAI-CERTFOR-COC-1044526	Bleached pine and eucalyptus pulp	Dec/2017
	FSC® COC/CW	SGS-COC-005376 ; SGS-CW-005376 FSC-C011929	ECF bleached kraft pine and eucalyptus pulp	Oct/2018
	ISO 14001	CERT-0093634	Bleached kraft pulp production	Sep/2018
	ISO 9001	CERT-0093632	Bleached kraft pulp production	Sep/2018
	ISO 17025	LE 987	Environmental laboratory for physical and chemical wastewater testing	Ene/2019
<b>Arauco</b>	CERTFOR/PEFC CdC	SAI-CERTFOR-COC-003061	Bleached pine and eucalyptus pulp	Jun/2020
	FSC® COC/CW	SGS-COC-006455; SGS-CW-006455 FSC-006552	ECF bleached kraft pine and eucalyptus pulp	Jul/2019
	ISO 14001	CERT-0083941	Bleached kraft pulp production	Oct/2017
	ISO 9001	CERT-0083943	Bleached kraft pulp production	Oct/2017
	ISO 17025	LE 324	Environmental laboratory for physical and chemical wastewater testing	Jun/2016
<b>Valdivia</b>	CERTFOR/PEFC CdC	SAI-CERTFOR-COC-1043362	Bleached pine and eucalyptus pulp	Ene/2021
	FSC® COC/CW	SGS-COC-006456 ; SGS-CW-006456 FSC-C005084	ECF bleached kraft pine and eucalyptus pulp	Jul/2019
	ISO 14001	CERT-0083864	Bleached kraft pulp production	Nov/2017
	ISO 9001	CERT-0083863	Bleached kraft pulp production	Nov/2017
<b>Alto Paraná (Puerto Esperanza)</b>	FSC® COC/CW	SA-COC-00426 SA-CW-00426 FSC-C121377	Production of pulp paste from monkey puzzle conifer and pine	06-01-2019
	ISO 14001	AR07/536	Production of long fiber sulfate bleached cellulose paste in bales and fluff paste in bobbins	08-07-2016
<b>ARGENTINA</b>	OHSAS 18001	AR07/537	Production of long fiber sulfate bleached cellulose paste in bales and fluff paste in bobbins	08-07-2016
	ISO 9001	AR94/355	Production of long fiber sulfate bleached cellulose paste in bales and fluff paste in bobbins	03-31-2016

Panel Business Certifications

Country	Mill	Standard/ Accreditation	Certificate No. License Code	Scope	Validity	
CHILE	Panels	Teno	ISO 14001	SAC 0703222	Production of MDF boards and molding, production of HB boards and production of steam and electrical power. Production of plywood boards	05-29-2018
		Trupan-Cholguán				
		Terciados Nueva Aldea				
		Terciados Arauco	OHSAS 18001	SAC 0703222	Production of MDF boards and molding, production of HB boards and production of steam and electrical power. Production of plywood boards	05-29-2018
		Teno	FSC CoC	SGS-COC-010097	MDP boards, MDP melamine and impregnated	01-06-2017
		Trupan-Cholguán	FSC CoC	SGS-COC-010097	MDF, melaminized MDF, lacquered MDF, MDF beading and MDF molding	01-06-2017
			CERTFOR/PEFC CoC	SAI CERTFOR-COC-1045286	MDF, melaminized MDF, lacquered MDF, MDF beading and MDF molding	06-02-2020
		Terciados Nueva Aldea	FSC CoC	SGS-COC-010097	Plywood and chips	01-06-2017
		Terciados Arauco	CERTFOR/PEFC CoC	SAI CERTFOR-COC-1045286	Plywood and chips	06-02-2020
	Sawmills and Remanufacturing	El Cruce Sawmill	ISO 14001	SAC 6015965/B1	Industrial processing and transformation of wood, from input of sawn timber in the receiving field to placement of finished product on truck	10-31-2017
		Viñales Sawmill				
		Nueva Aldea Sawmill				
		Cholguán Sawmill	OHSAS 18001	SAC 6015965/A1	Industrial processing and transformation of wood, from input of sawn timber in the receiving field to placement of finished product on truck	11-23-2018
		Horcones I Sawmill				
Horcones II Sawmill						
El Colorado Sawmill		FSC CoC	SGS-COC-010097	All products	01-06-2017	
Valdivia Sawmill	CERTFOR/PEFC CoC	SAI CERTFOR-COC-1045286	All products	06-02-2020		
Viñales Remanufacturing						
Cholguán Remanufacturing						
Horcones Remanufacturing						
Valdivia Remanufacturing						

<b>ARGENTINA</b>	<b>Panels</b>	Piray MDF	ISO 14001	AR07/00467	Production of laminated and unlaminated medium density fiberboard (MDF) and generation of electrical power	05-21-2016
			OHSAS 18001	AR07/00468	Production of laminated and unlaminated medium density fiberboard (MDF) and generation of electrical power	05-21-2016
		Zárate	FSC R SA-COC-004280	FSC-C119529	Eucalyptus and pine board production	01-06-2019
	ISO 14001		MX08/00028	Production of laminated and unlaminated particleboard	11-11-2017	
	OHSAS 18001		AR08/73694	Production of laminated and unlaminated particleboard	11-11-2017	
	Resins Mill	ISO 9001	AR06/00104	Production of laminated and unlaminated particleboard	09-28-2018	
		ISO 14001	AR07/00459	Production of methanol, UFC and resins	02-10-2016	
		OHSAS 18001	AR07/00460	Production of methanol, UFC	02-10-2016	
	<b>Sawmills and Remanufacturing</b>	Piray Sawmill Piray Remanufacturing	ISO 9001	AR06/00114	Production and sale of formol and UFC	05-13-2018
			ISO 14001	AR10/52620212	Production of sawn timber and engineered wood	12-13-2016
			OHSAS 18001	AR10/52620213	Production of sawn timber and engineered wood	12-13-2016
			ISO 9001	AR10/5262011	Production of sawn timber and engineered wood	12-13-2016

Panels	Jaguariaíva MDF	CoC FSC	RA - COC -001149	Trupan MDF, Trupan, Melamine, Faplac Chipboard, Faplac Melamine Chipboard	02-22-2019
		CW FSC	RA - CW - 001149	Melamine transfer paper	02-22-2019
		ISO 9001	BR - 08/3684	Trupan MDF, Trupan Melamine, Faplac Melamine Chipboard, Impregnated Paper	02-24-2017
		ISO 14001	BR - 08/3685	Trupan MDF, Trupan Melamine, Faplac Melamine Chipboard, Impregnated Paper	02-24-2017
		OHSAS 18001	BR - 08/3693	Trupan MDF, Trupan Melamine, Faplac Melamine Chipboard, Impregnated Paper	02-24-2017
		CARB - California Air Resources Board	CARB-16-03-21-01	MDF Standard - 9 mm - 32 mm	Quarterly revalidation
	Piên - MDF and CoC FSC	CoC FSC	RA - COC -006803	Trupan MDF, Trupan Melamine, Trupan Color, Faplac Chipboard, Faplac Melamine, Trupan HDF, Trupan Color	02-22-2019
		ISO 9001	BR016319-1	Trupan MDF, Trupan Melamine, Trupan Color, Faplac Chipboard, Faplac Melamine, Trupan HDF, Trupan Color	05-02-2016
		ISO 14001	BR016320-1	Trupan MDF, Trupan Melamine, Trupan Color, Faplac Chipboard, Faplac Melamine, Trupan HDF, Trupan Color	05-02-2016
		OHSAS 18001	BR016351-1	Trupan MDF, Trupan Melamine, Trupan Color, Faplac Chipboard, Faplac Melamine, Trupan HDF, Trupan Color	05-02-2016
ARB - California Air Resources Board		CARB - 15-09-14-04 CARB - 15-09-14-03 CARB - 15-09-14-02	MDF - 9 mm to 30 mm MDF Light - 9 mm to 30 mm MDF - 2,5 mm to 8 mm	Quarterly revalidation	
Araucária	ISO 14001	BR - 13/7687	Formaldehyde, Urea-Formol Resin, Melamine-Urea-Formol Resin, Melamine-Formol and Catalysts	05-31-16	
	ISO 9001	BR - 98/00118	Formaldehyde, Urea-Formol Resin, Melamine-Urea-Formol Resin, Melamine-Formol and Catalysts	09-15-18	

**BRAZIL**

North America	Panels	Biscoe Treating Facility Carolina PB Bennettsville Moncure MDF Malvern MDF Duraflake	Rainforest Alliance RA-COC-000444 FSC@C019364	Forest Stewardship Council Chain of Custody	09-22-2018
		Carolina PB Bennettsville MDF Moncure Malverne MDF Duraflake	Lloyd's Register Quality Assurance Inc (LRQA)	UQA 4001861 ISO 14001:2004 OHSAS 18001:2007	12-20-2017
		Carolina PB	Composite Panel Association TPC-1	Mill ID #116 Eco-certified Composite (ECC) and CARB	Certification issued 12/30/2014
		Bennettsville MDF	Composite Panel Association TPC-1	Mill ID #096 Eco-certified Composite (ECC) and CARB	Certification issued 12/30/2014
		Moncure	Composite Panel Association TPC-1	Mill ID #053 (MDF) Mill ID #092 (PB) Eco-certified Composite (ECC) and CARB	Certification issued 12/30/2014
		Malverne MDF	Composite Panel Association TPC-1	Mill ID #001 Eco-certified Composite (ECC) and CARB	Certification issued 12/30/2014
		Duraflake	Composite Panel Association TPC-1	Mill ID #007 Eco-certified Composite (ECC) and CARB	Certification issued 12/30/2014
		Eugene MDF St. Stephen Sault St. Marie	Rainforest Alliance RA-COC-000444 FSC-C019364	Forest Stewardship Council Chain of Custody	09-22-2018
		Eugene MDF St. Stephen Sault St. Marie	Lloyd's Register Quality Assurance Inc (LRQA)	UQA 4001861 ISO 14001:2004 OHSAS 18001:2007	12-20-2017
		Eugene MDF	Composite Panel Association TPC-1	Mill ID #008 Eco-certified Composite (ECC) and CARB	Certification issued 12/30/2014
		St. Stephen	Composite Panel Association TPC-1	Mill ID #222 Eco-certified Composite (ECC) and CARB	Certification issued 12/30/2014
		Sault St. Marie	BSI Composite Panel Association TPC-1	FM 500503 ISO 9001:2008 Eco-certified Composite (ECC) and CARB	Sep 2018 Certification issued 12/30/2014

# Community Programs in Chile

## Description

## Figures

### Education and Training

#### Arauco Educational Foundation

Established by ARAUCO en 1989, the Foundation's mission is to help create greater opportunities for the development of children and teenagers through education. A multidisciplinary team is in charge of designing, implementing, evaluating, systematizing and sharing continuing education programs to strengthen the work of teachers in municipal schools, understanding their role as protagonists in the learning of children and the multiplier effect they generate.

Between 1989 and 2015, the Foundation has developed 89 programs in 34 communes in the regions of Maule, Bío Bío and Los Ríos. Its work has benefited 575 schools and 5,154 teachers who serve more than 99,839 children.

#### Schools of Excellence

Since 1981, ARAUCO has established three schools, two private schools in Arauco and Constitución and a subsidized private school called Colegio Cholguán in the commune of Yungay that have a total of 1,200 students and are noted for their levels of academic excellence and for the successful comprehensive development of their students.

More than 1,200 students have benefited through this program.  
Colegio Constitución: 388 students. Colegio Cholguán: 508 students. Colegio Arauco: 326 students.

#### Agreements with Technical Schools

ARAUCO cooperates with industrial and forestry technical schools located in areas close to the Company's operations through agreements with the objectives of furthering the development of the skills required by the business and the insertion of students into jobs with the Company and service providers.

More than 2,500 students benefited in the regions of Maule, Biobío and Los Ríos.

#### Academic Excellence Scholarships for the children of ARAUCO employees

Through this program ARAUCO supports its employees and their families with scholarships for children of employees with outstanding academic performance, providing a financial contribution that helps to cover part of their annual tuition costs.

Currently 307 students are being benefited, of whom 192 hold renewed scholarships and 115 are new recipients.

#### Campus Arauco

First center for advanced education and training for employees that seeks to contribute to the development of Chile and the region. It has an innovative academic model that ties the educational process with practical on-the-job experience. Training center for ARAUCO employees and service providers + Duoc UC - ARAUCO technical training center.

4 technical diploma programs.  
More than 660 students per year.

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### Quirihue Technical Training School

In 2013, in the commune of Quirihue, located in the region of Biobío, ARAUCO created the first training center for forestry workers, a pioneering initiative that trains students in the operation of forestry machinery. It provides training and specialization for young adults from technical forestry schools and the community in general, generating opportunities for accessing high-paying job positions, maximizing processes of personal growth and enrichment in communities. The training center is implemented by Fundación Emplea del Hogar de Cristo and its design and materialization is the result of a collaborative effort of the Ministry of Labor, Forestal Arauco S.A. and the Chilean Timber Corporation (CORMA in Spanish).

This project involved an investment of \$200 million, mainly through the Labor Training Program of the National Training and Employment Service (SENCE in Spanish).

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### MAPA Training School

The objective of this program is to train local labor for the construction of the Effluents Treatment Plant of the MAPA project.

120 people in the community of Arauco, specializing in welding, ironwork, carpentry and electrical work, of whom 60 will be onboarded to the Effluents Treatment Plant works.

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### Social scholarships

Social scholarships have the objectives of improving job skills and facilitating job insertion in communities where ARAUCO has a forestry and industrial presence.

62 courses generated between 2011 and 2014 in 19 communes of the regions of Maule, Biobío and Los Ríos, training a total of 290 people per year.

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## Infrastructure and Quality of Life

### Housing Program (PVT)

The objective of the PVT is to improve the quality of life of our employees, associates working with the Company's service providers and the neighboring community, through the construction of homes and neighborhoods with high technical and social standards, making use of and promoting the benefits of timber. It is being developed in ten communes: Curanilahue, Constitución, Yungay, Los Álamos, Arauco, Licantén, Ránquil, Quillón, Trehuaco and Collipulli.

500 homes per year. 7 housing committees formally established. 4 projects with assigned financing from the Ministry of Housing and Urban Development (MINVU in Spanish). 3 projects delivered for a total of 1,057 homes. 3 projects under construction in Los Álamos, Yungay and Constitución, with a total of 524 homes.

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### ARAUCO-Techo Chile Cooperation Agreement for an Arauco Province free of improvised housing

In 2009 ARAUCO signed a cooperation agreement with Techno Chile with the goal of serving the needs of families living improvised housing in Arauco Province. This strategic partnership promotes social empowerment and the organization of workshops that encourage and facilitate families meeting one another and organizing around a housing project. This action was strengthened after the earthquake of February 2010, when a group of workers (ARAUCO volunteers) decided to support the work of Techo Chile and help their affected colleagues, building emergency housing.

This project is being developed in the communes of Arauco, Curanilahue, Cañete, Lebu and Contulmo. To date, 240 homes have been built, 600 families are being served by intervention projects and 2 housing projects are under development (120 families).

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### PRES Constitución

Prompted by the damaging effects of the earthquake and tsunami that ravaged south central Chile on February 27, 2010, the Municipality of Constitución, the Ministry of Housing and Urban Development (MINVU in Spanish) and ARAUCO signed a public-private partnership agreement in March 2010 to develop the Master Sustainable Reconstruction Plan, PRES Constitución. Since then an array of companies, banking institutions, foundations and non-profit corporations have joined the agreement and have contributed to the effort to rebuild the city. As a result of this joint effort an entire portfolio of 28 PRES projects have been established and are currently in different stages of development.

Broad-based citizen participation, with 6,300 visits to the open house, more than 100 forums and meetings, and 4,230 participants in the consultation process.

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### MAPA Social Measures

The MAPA project, which includes the modernization and expansion of the Arauco Pulp Mill, including a new biomass-based electrical power plant, obtained environmental approval in February 2014, after an extensive participation process with the community and the Company's employees. A portfolio of projects defined and co-designed with the community, seeking to generate and improve public spaces and green areas in the commune of Arauco, in addition to promoting tourism and small-scale fishing.

22 projects co-designed with the community.

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### Arauco Cultural Center

In the wake of the earthquake of February 27, 2010, ARAUCO, its commercial agents and clients came together for the purpose of supporting a reconstruction project in the commune of Arauco. The initiative has an investment of \$2.6 million, resources that correspond to contributions from the Company itself and from ARAUCO's clients and agents. This project includes the construction of a 1,400 m<sup>2</sup> facility which will hold a theater with a retractable seating for 250 people, a library, two multi-purpose rooms and a cafeteria.

Investment: \$2.600 million.  
Inauguration: 1<sup>st</sup> half of 2016.

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### Valdivia Sustainable Consortium (CVS in Spanish)

ARAUCO has actively participated in the CVS since its start in 2012. It is a public, private, academic and citizen initiative that works to generate a shared vision with the goal of transforming Valdivia into a reference for sustainability and quality of life in Chile and Latin America, seeking out, supporting and promoting initiatives that help extend the city's sustainability into the middle and long terms.

Management of 4 emblematic projects for the city.

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### Competitive Funds for Employees

The objective of this program is to give employees the opportunity to get involved in developing projects to support communities located in the areas of influence of ARAUCO's operations. ARAUCO delivers financing to the best projects presented by the employees, assigning each project a score based on the social benefits derived from them, the number of people involved and the partnerships generated with other organizations.

In 2015 ARAUCO invested \$78 million in this program and resources were leveraged for another \$30.7 million by contributions from employees and third parties, which were allocated to 33 projects that will benefit nearly 100,000 people.

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### Competitive Funds for Equipping and Improving Community Infrastructure

This program seeks to address the different infrastructure and equipment requirements that arise in communities neighboring the Company's forestry and industrial operations.

ARAUCO's annual investment: \$40 million.  
Between 2011 and 2014 the Company has financed 207 projects in 49 communes of the regions of Maule, Biobío and Los Ríos with a total of 11,000 beneficiaries.

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### Water Challenge

A program developed by ARAUCO's forestry area that seeks to generate collaborative solutions to facilitate access to water for neighboring communities. This program is being developed in the regions of Maule, Biobío and Los Ríos.

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### Open House

At ARAUCO we believe it is essential to have spaces for meeting with communities to promote dialogue and participation, installing spaces with the infrastructure necessary for welcoming communities, providing information and hearing comments and concerns. These spaces are also available for the use of our neighbors. We now have 4 Open Houses in the region of Biobío, in the towns of Ñipas, Arauco, Laraquete and Horcones.

Arauco and Laraquete Open Houses: 7,000 users.  
Ñipas Open House: 2,000 users.

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### Household Waste Management Program

This program seeks to prevent the propagation of rodents and stray dogs in the commune via proper management of household trash.

More than 9,000 trash receptacles delivered to homes in the commune of Arauco between 2012 and 2014.

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### Arauco Cup

An athletic project organized by ARAUCO and funded by donations considered tax-deductible under the Sports Law. This program has the objective of strengthening sports in the Itata Valley, supporting the development of soccer. The Cup is held in the communes of Portezuelo, Quillón, Ránquil, Coelemu, Trehuaco and Chillán, and has 150 participants each year.

5 communes of the Itata Valley participated in the 8th edition of the Arauco Cup with a total of 300 players from 12 athletic clubs.

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### Aguas Late Soccer

After its purchase of Aguas Late, ARAUCO allocated funds collected from the different business units, mainly Forestry employees, for Fundación Fútbol Más (Soccer Plus Foundation). Using soccer as a tool, the initiative seeks the development of teamwork and above all working on strengthening values in children and their families. It is being developed in the Miraflores sector of the commune of Curanilahue, an area of high social risk, and 80 children are currently participating in it.

The Program benefits 80 high-risk children in the Miraflores sector of Curanilahue.

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## Production Development and Social Innovation

### AcercaRedes Foundation

AcercaRedes operates based on "hubs," with fully equipped spaces for working together that attract, connect and bring together capacities for promoting local development in areas of scarce human capital located far from Chile's main urban centers, impacting their innovation and local development. It was born in 2011, under ARAUCO's Social Innovation programs, and since 2014 it has been structured as an independent foundation where ARAUCO participates as a partner and board member, alongside other local and national actors.

Hubs in Mariquina, Curanilahue and Constitución, serving a total of 13,800 users.

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### Small-Scale Fishers

ARAUCO supports small-scale fishers who operate in its area of influence, seeking to improve the productive and organizational conditions of their activity. This is why it develops initiatives alongside these fishers in such areas as aquaculture, the management of benthic resources, tourism, and more. Also, the Company seeks to contribute with scientific research and the environmental monitoring of coastal areas. Work desks maintain a permanent dialogue, with systematic meetings, establishing themselves as a mechanism of direct communication. Economic, social and productive mapping has also been defined through these desks to enable a diagnosis of their basic situation that has helped, in turn, to precisely delineate an appropriate production development program for these communities.

4 work desks, with 700 fishers in Licantén, Constitución and Chanco; 6 fishers' unions in Cobquecura, Tomé, Trehuaco and Coelemu, for a total of 570 fishers; 8 unions in the Arauco Gulf, with 340 fishers; and 14 unions in the commune of Mariquina, with 520 fishers.

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### **Winegrowing Center**

A program that is working to revive the soul of the Itata Valley and its winegrowing traditions. For this program, as a member of the Technology Transfer Group (GTT in Spanish), ARAUCO has been promoting and participating in an initiative bringing together producers from Ránquil and Portezuelo through an agreement with the National Institute for Agrarian Innovation (INIA in Spanish) which seeks to improve the productivity and quality of the area's vines, training growers and improving the competitiveness of the group's partners. Additionally, ARAUCO is working to achieve the development and sustainability of Hacienda de Cucha-Cucha, a wine estate it owns, while at the same time promoting the Itata Valley and its wine production jointly with other actors in the industry and community. One example of this is the boutique store in Ñipas that ARAUCO will soon launch, where local producers will be able to show and sell their products to the public.

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### **Non-Timber Forest Products Collectors Network**

PTThis program seeks to contribute to the growth and development of local collectors of non-timber forest products. ARAUCO facilitates access to its properties and conducts training in risk prevention and in areas conducive to safe, sustainable and profitable collection of non-timber forest products. Within this framework, the Company has implemented a plan to identify and recognize local collectors with the goal of formalizing the relationship between the Company and collectors, establishing the rights and duties of the parties and maximizing the development of programs to support and train identified collectors.

A total of 41 agreements signed with different collectors' groups, that directly benefit more than 500 people. Each year, \$52 million are invested in NTFP products at ARAUCO.

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### **We Are Partners**

An ARAUCO initiative that promotes the total development of small properties through forestation and diversification of production, providing support to owners so that they achieve a better, more economical and sustainable use of their lands. The program is part of ARAUCO's Shared Value Initiatives, which have the purpose of developing business opportunities, aligning the Company's interests with those of the community. Within the framework of the program, ARAUCO is working with the Yari Mapu Lavken and Llak Wapi Lavken communities on planting a total of 57 hectares of eucalyptus.

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This program covers the areas of Santa Juana, Arauco, Curanilahue, Cañete, Lebu and Los Álamos. It has agreements signed with the Institute for Agricultural Development (INDAP in Spanish), the Ministry of Agriculture (MINAGRI in Spanish), and the Forestry Institute (INFOR in Spanish) and has 52 partners, with another 20 potential partners in the process of evaluation.

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### **Corparauco**

ARAUCO is a partner in this Corporation that seeks to promote the development of businesses in Arauco Province and the region of Biobío. The objective is to deliver the best technological solutions for training and skills-building through a reliable, multidisciplinary service.

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In 2014 7 local innovation programs have been developed, 12 Innova Bío Bío projects have been financed, a center for innovation has been established that serves 6,000 people, 12 workshops have been held and 360 people have benefited from a special-interest tourism program.

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### **Artisan Organizations**

PProgram for promotion, development and cultural preservation of the activity of artisanal producers in the Company's area of influence. Organizations are being supported in the regions of Biobío and Los Ríos, specifically in Quinchamalí, Ránquil, Tirúa and Mariquina.

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Support to different local producers and artisans' associations such as the Quinchamalí Artisans' Union and the Indigenous Association of Lavkenche Relmu Witrál Weavers, benefiting more than 200 artisans.

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### **Nueva Aldea Tourism Circuit**

A circuit that seeks to expand the tourism offerings of the Itata Valley, incorporating local history into the route, thus maximizing the exposure and sale of local products such as typical cuisine, artwork, wines, sparkling wines from small producers, etc.

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### Seed Capital Fund

This project, which is being implemented in partnership with the Municipality of Arauco, seeks to strengthen local economic development by supporting entrepreneurs in the commune who have an idea for a business that is sustainable over time.

More than 50 entrepreneurs supported in the commune in 5 years.

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### Local Suppliers Plan

With the goal of supporting local development, ARAUCO has local suppliers in the areas where the Company has forestry and industrial operations who provide quality products and services such as supplies, replacements, equipment, raw materials and some services, contributing to the social and economic development of the regions where the Company's operations are found. The objective of this program is to incorporate small local producers into ARAUCO's supply chain and promote their products among its subsidiaries. This has benefited 10 families of the communes of Vichuquén, Cauquenes and Constitución in the region of Maule, and 45 families in Biobío Norte.

2015 purchases from local suppliers reached US\$933 million, equivalent to 81% of all purchasing.

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## Mapuche Community Relations

### Corporate Policy on Mapuche Community Relations

Through this policy, ARAUCO is committed to learning about and respecting the Mapuche culture, establishing a complete program of training, recognition, dialogue and collaboration. The Mapuche culture is recognized as an ancient culture living in the present, and the Mapuche people's relationship to the land is of a cultural nature. The Company has embraced the commitments of promoting mutual knowledge, maintaining channels of participation, identifying and preserving sites of cultural interest, and opening up a dialogue with respect to land requirements.

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### Mechanism for Stimulating Local Mapuche Employment

Under this program, the Company's forestry operations generate training and job opportunities for neighboring Mapuche communities, taking advantage of the instance of the processes of participation and consultation.

240 people hired in 2015 through this program.  
4 companies owned by members of the Mapuche Tribe were integrated as ARAUCO service providers, where an average of 64 people were employed.

# GRI Content Index for the “In Accordance” Core Option and UN Global Compact

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### Ethics and Integrity

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### Basic Specific Content

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	G4-EN24 Total number and volume of significant spills	133	
	<b>Management Focus</b>	8-9	
<b>Regulatory Compliance</b>	<b>Management Focus</b>	8-9	
	G4-EN29 Monetary value of significant fines and total number of non-monetary sanctions	No hubo casos relevantes	
<b>General</b>	<b>Management Focus</b>	8-9; 108; 134-135	
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## Social Performance: Labor Practices and Dignified Employment

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	G4-LA4 Minimum advance notice period related to organizational changes	Significant changes are announced via the Contacta2 e-mail system when they occur	P3
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	G4-SO1 Operations with local community engagement, impact assessments, and development programs	138-159	P1
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	GG4-SO4 Policies and procedures for communication and training in anti-corruption	26-28	P10

<b>Public Policy</b>	<b>Management Focus</b>	160	P1; P2; P3; P4; P5; P6; P7; P8; P9; P10
	G4-SO6 Total value of political contributions	ARAUCO does not receive political contributions	
<b>Regulatory Compliance</b>	<b>Management Focus</b>	8-9	
	G4-SO8 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No relevant cases	
<b>Mechanism for Presenting Claims Regarding Impacts to Society</b>	<b>Management Focus</b>	8-9; 138; 143-144	
	G4-SO11 Number of complaints regarding impacts to society that were presented, addressed and resolved through formal mechanisms	143-144	

### Social Performance: Responsibility of the Product

<b>Customer Health and Safety</b>	<b>Management Focus</b>	66-67	P1
	G4-PR2 Number of incidents of non-compliance or fines with regulations or voluntary codes concerning the impact of products and services on customer health and safety	No incidents	P2
<b>Labeling for Products and Services</b>	<b>Management Focus</b>	66-67	
	G4-PR5 Results of surveys measuring customer satisfaction	66	

### Corporate Legal Information

Celulosa Arauco y Constitución S.A. was incorporated on October 28, 1970, via a public notarized instrument recorded before Santiago Notary Public Ramón Valdivieso Sánchez and modified on May 6, 1971, via a public notarized instrument recorded before Santiago Notary Public Sergio Rodríguez Garcés. Its existence was authorized on August 18, 1971 via 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  
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