

2013 SUSTAINABILITY REPORT

Globalization



Community



Environment



Safety



People

Innovation



ARAUCO.
Growing the Future

ARAUCO AT A GLANCE

ARAUCO is a forestry company that was established more than 45 years ago. Over the years, it has become one of the largest forestry businesses in the world, not only in terms of forest area, industrial facilities, efficiency and quality production, but in terms of innovation, environmental responsibility and social commitment as well. The company has maximized the value of its forest plantations – a natural, renewable resource – by applying global best practices regarding long-term sustainability while, at the same time, conserving and protecting the native forests, land and biodiversity present in its forestlands for this and future generations.

During the last decades, the company has taken significant steps towards the globalization of its operations, deepening this process during the last few years. Today, ARAUCO maintains industrial and/or forestry operations in Chile, Argentina, Brazil, Uruguay, the United States and Canada. At the end of 2013, ARAUCO owned 6 pulp mills, 14 panel mills, 9 saw mills, 6 remanufacturing facilities, 2 plywood mills, 12 power plants, and 1.6 million hectares (3.95 million acres) of forestland. ARAUCO also operates an extensive network of suppliers, service providers and a number of different organizations that further good practices in economic, social and environmental areas.

ARAUCO's products are sold in five continents through representatives, sales agents and sales offices established in twelve countries. This system is backed by efficient management of the logistics and distribution chain which includes transport, shipping, storage, foreign trade and distribution. This allows ARAUCO products to reach 220 ports on six continents.

ARAUCO finished 2013 with 13,324 direct employees. In addition, the company's contracting businesses provide employment to more than 27,071 workers. In 2013, the company generated a total profit of US\$ 419 million and sales of US\$ 5,146 million.

1.6 Million Hectares* of Forestland

*(3.95 Million Acres)

6 Pulp Mills

• Annual installed capacity of 3.2 million admt



Globalization and Efficiency

People of Excellence

US\$ 5,146
Million
IN SALES

736,007
Man Hours
OF TRAINING

71
Countries

40,395
Workers
AND CONTRACT WORKERS

220
Ports

14

Panel Mills

- Annual installed capacity of 5.9 million m³

9

Saw Mills

- 2 Plywood Mills
- 6 Remanufacturing Facilities
- Annual installed capacity of 2.9 million m³ of wood and 710,000 m³ of plywood

12

Power Plants

- Installed capacity of 684 MW
- 3,748 GWH of electricity generation



Occupational Health and Safety

Environmental Performance

Safety

Always COMES FIRST

More than 35,000

Workers AND CONTRACT WORKERS TRAINED TO COMPLY WITH KEY SAFETY RULES

US\$ 39.7

Million FOR ENVIRONMENTAL INVESTMENTS

389,311

Hectares (962,008 ACRES) OF NATIVE FOREST, ALL PROTECTED FROM HARVEST

2013 SUSTAINABILITY REPORT



**Community
Participation
and Dialog**

54,842

Contacts

WITH STAKEHOLDERS

331

**Consultation
Processes**

WITH LOCAL OR MAPUCHE
COMMUNITIES



ARAUCO.

Growing the Future

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SUSTAINABILITY STRATEGY

In the ongoing effort to be a global leader in the development of sustainable forest products, ARAUCO responsibly manages its economic, environmental and social performance as well as its impacts, constructively engaging with stakeholders and fostering open dialog and participation.

ARAUCO's strategy is centered on the sustainable management of its operations, based on the understanding that, in order to be successful, an organization must balance the value generated for its shareholders with the value provided for its workers, neighboring communities and stakeholders, while at the same time protecting the environment and supporting the development of the societal structures on which its business depends.

In order to fulfill this objective, ARAUCO established a Sustainability Strategy that seeks to maximize the value of its plantations through full use of the forest resource, expansion to new markets, and the development of products based on innovation, responsibility and environmental commitment.

In recent years, ARAUCO's challenge has been focused on having a sound strategy that allows the company to Grow Well. Growing Well means sustaining growth by being a profitable business in

the long term, accomplishing greater degrees of efficiency and productivity, providing opportunities for personal development, ensuring commitment to the protection and conservation of the environment, inclusion of stakeholders, complying with new regulations and international standards, participating in dialog with communities, and making an ongoing contribution to the economic well-being of the people and communities in which the company operates.

ARAUCO's Grow Well strategy includes the implementation of the strictest practices throughout all its forestland, making full and responsible use of the available forest resource, applying best practices, and conserving the biodiversity present in its forests for future generations, providing all customers with quality products and services, and promoting systematic and ongoing improvements of all aspects of its operations, from the use of natural resources to fulfilling the company's role as a responsible corporate citizen.

ARAUCO recognizes its people as being the company's strategic pillar to fulfill these demanding standards. The growth, development and safety of individuals are values that each and every person in this organization respects and seeks to practice in his or her daily activities.

The criteria that guide the Grow Well strategy are founded on ARAUCO's Corporate Values and Strategic Key Concepts, which are integral to the company, and guide all of its activities:

People of Excellence



ARAUCO recognizes its people as being its most important resource, enabling the company to Grow Well and achieve excellence.

Business Model



Making full use of its plantations to produce pulp, panels, timber and energy is the business model that has sustained ARAUCO's growth.

Productivity



Ensuring ARAUCO's development through efficient and sound operations enables sustained growth in highly competitive markets.

Good Citizenship



Contributing to the development of the company and of its surroundings with decisions based on respect and care for the environment; promoting inclusivity and open dialog; and acting with honesty, clarity and transparency.

VISION

To be a global leader in the development of sustainable forest products.

BUSINESS

To sustainably maximize the value of our forests, combining excellence in forestry production with efficient industrial transformation of value-added products for their worldwide distribution, in accordance with our customers' needs.



BUSINESS STRATEGY

Grow Well

People of Excellence

Business Model

Productivity

Good Citizenship

VALUES

Safety

Commitment

Excellence and Innovation

Team Work

Good Citizenship

CHALLENGES FOR 2014

Looking to the future and the challenge to Grow Well, ARAUCO defined the relevant strategic issues for its businesses in 2014, and identified four challenges on which to focus. The company continually reviews these objectives, and proactively adds new ones if needed.



People of Excellence

Consolidate the role of leaders for the management of people and teams of excellence in order to align goals, provide feedback, manage according to performance, promote a good work climate, recognize work that is well done, motivate and communicate.

Implement the ARAUCO Occupational Health Plan.

Engage ARAUCO workers in the Value of Good Citizenship.

Business Model

Start up and sale of products from new Nueva Aldea Plywood mills in Chile and Montes del Plata Pulp mill in Uruguay.

Obtain approval of the Environmental Impact Assessment of Project MAPA.

Increase profitability of investments made by ARAUCO in North America.

Further the Arauco Sustainable Solutions Program in the region.

Make ARAUCO's Distribution model more efficient.

Cost Leadership Focused on Production

Consolidate Program 93.5 in mills Nueva Aldea and Arauco, begin its implementation in Constitución and in the remaining pulp mills in Chile.

Incorporate the LEAN Thinking method in our operations to provide customers with the best product and service while generating a minimum of waste.

Move forward with automation and mechanization, with a focus on tasks that contribute value.

Good Citizenship

Standardization of MASSO areas in businesses.

Implement and systematize the Risk Management Program.

Further the monitoring system in ARAUCO's conservation areas.

Conduct more instances of dialog.

Contribute to the development of our neighboring communities through the implementation of Local Development Programs in each country.

Safety

The Safety of company workers is a priority at ARAUCO and is approached company-wide. ARAUCO's goal is to achieve World Class safety levels, for which the following challenges have been outlined for 2014:

- Achieve greater involvement and leadership regarding Safety issues.
- Improve Safety indicators.
- Demand compliance with Key Safety Rules.
- Keep working towards our goal: ZERO ACCIDENTS.

ACKNOWLEDGEMENTS AND AWARDS

2013 Inacap Human Capital Development Award (Chile)

During its eighth annual Human Capital Development Awards, INACAP honored ARAUCO for its contribution to the development of people and its positive impacts on them and the community.

Senadis “Chile Inclusive” Gold Seal (Chile)

The National Service for the Disabled (abbreviated “SENADIS” in Spanish) awarded ARAUCO the “Chile Inclusive” (Chile Inclusivo) Gold Seal for the company’s contribution towards equal opportunity for disabled people. This acknowledgement recognizes the positive actions made by organizations and businesses in favor of the inclusion of people with disabilities.

Environmental Performance Award (Chile)

ARAUCO received the Leader in Action and general Silver Category awards during the Fourth Version of Climate Change Leaders Survey, organized by Fundación Chile and Capital magazine. The objectives of the survey are: to measure the state of progress of climate change management in Chile made by businesses; identify those that are most committed to the management of their emissions; and learn about best practices and trends being applied at the national level.

ARAUCO Workers Awarded for Job Performance (Chile)

A group of ARAUCO workers were distinguished by the Chilean Wood Corporation (“CORMA” in Spanish) as part of the organization’s annual awards ceremony honoring the best forestry workers and business owners for their work performance and management in areas such as production, safety, the environment, and community relations.

Forestal Arauco Operational Excellence Projects Achieve First Place in the 2013 IDDEO Awards (Chile)

Two projects presented by contracting companies of ARAUCO’s forestry subsidiary Forestal Arauco were awarded first place in the premier competition that recognizes innovation in Chile. These projects, which were created under the Operational Excellence Program of ARAUCO’s Forestry Business, received the 2013 IDDEO Award. IDDEO is an initiative of the Chilean Ministry of Finance, El Mercurio newspaper, Catholic University of Chile and the Confederation for Production and Trade, which recognizes the ideas presented by workers regarding excellence and innovation.

Viñales Remanufacturing Facility Manager is Honored with Effective Leadership in Prevention Award (Chile)

The Labor Safety Institute (abbreviated “IST” in Spanish) awarded Jean Claude Lucas, Manager of the Viñales Remanufacturing Facility of ARAUCO’s Timber Business Area, for furthering actions that promote safety in the facility, as well as for furthering preventive practices that contribute to the quality of life of the people that work there.

ARAUCO’s Timber Business Area Received Sence Award for Training (Chile)

ARAUCO was recognized by SENCE as being the company that provided the highest level of training for its workers in the Bío Bío Region during 2013. The Timber business area was recognized for leading the participation of its workers in a number of tax-exempt programs designed to improve quality of life through training and employment.

La Nación Newspaper–Galicia Bank Agribusiness Excellence Award (Argentina)

Recognizing the investments made by the company during 2013, Alto Paraná was selected as the “Best Forestry Business” during the 11th annual Agribusiness Excellence Awards, organized by La Nación newspaper and Galicia Bank. The award highlighted the company’s performance, commitment, and innovation, as well as its efficient, responsible and high-quality management. In addition, the award distinguished Alto Paraná for furthering its biomass program, through which the residue generated by harvesting activities is used as biomass fuel for thermal plants.

Recognition for Practices in Favor of the Sustainable Growth of Paraná (Brazil)

Paraná Industry Social Service, through the “We Can Movement” awarded Arauco do Brasil with a certification for the company’s practices in furthering the Millennium Development Goals (MDG) and for its leadership role in defining the sustainable growth of Paraná.

“Employer of Choice” Award (Canada)

Flakeboard was honored with the “Employer of Choice” Award by the Sault Ste. Marie Chamber of Commerce. This award is given to businesses or organizations that: maintain good practices for workers and communities; demonstrate good Human Resources policies or practices; actively support professional development of their staff; have good employee relations and communications; demonstrate good health, safety and wellness practices and demonstrate broad community involvement.

“Safety Achievement” Award (North America)

The Composite Panel Association gave Flakeboard’s Malvern MDF mill the “Safety Achievement” award, which honors mills that are able to reduce their accident rates by 50% in the last three years.

CHAIRMAN'S STATEMENT

In less than five decades, ARAUCO has become one of the largest international forestry companies, and is one that considers sustainability to be at the core of its businesses. Our aspiration to maintain our position as a global leader in the development of sustainable forest products is a daily challenge that drives us to search for new ways of doing things.

This Sustainability Report details our main achievements toward that goal during 2013.

Today, ARAUCO has industrial and/or forestry operations in Chile, Argentina, Brazil, Uruguay, the United States and Canada. At these locations, we not only manufacture forest products, but, inspired by our values, we strive to promote the personal development of people, to continue our commitment to protecting the environment, to include stakeholders in our decision-making processes, to ensuring compliance with new regulations and international standards, to encourage participation and dialog with communities, and to maintain an ongoing contribution to the economic well-being of the people and communities in which ARAUCO operates. This commitment is made evident in our endorsement of the United Nations Global Compact in Chile, as well as in Brazil.

In a globalized and competitive industry that is characterized for its high standards, and in which we have learned to adapt to change and deliver high quality products on a steady basis to our customers in 71 countries, human capital is essential. For this reason, having people of excellence is one of ARAUCO's strategic focal points, and is essential if we are to achieve the goals we have set for our company.

To strengthen our ability to cultivate human capital, ARAUCO has conducted important work in different areas related to the management of people. Special emphasis has been placed on our corporate culture and alignment of our individual efforts with the corporate values that guide our daily activities and facilitate decision-making. The management report contained in this document describes the main advances we have made with respect to this issue.

Regarding investments and the company's growth, in 2013, ARAUCO further strengthened its globalization plan, an important strategic initiative that includes investments made in the United States and Canada; the Nueva Aldea Plywood mill; the Teno mill, MDF Panel Line II at Jaguariaíva, Brazil; the construction of the Montes del Plata pulp mill in Uruguay with Swiss-Finnish company Stora Enso, which will soon begin operating, and other investments.

The Forestry area achieved a significant milestone in 2013, attaining internationally recognized Forest Stewardship Council (FSC®) certification for the sustainable management of its forest operations in Chile. This certification was the result of hard work that required the implementation of an innovative method for organizational change, which allowed us to deepen the dialog effort with workers, neighbors, universities and social organizations and incorporate their points-of-view into the design of improvements and developments for our business.

(Forestal Arauco FSC License Code: FSC-C108276)



Regarding ARAUCO's commitment to the communities in areas in which the company operates, this Sustainability Report contains a description of the major initiatives that are currently under way. Of these, Arauco Educational Foundation is a particularly noteworthy initiative – one that has been working successfully for 25 years to improve the quality of education received by socially vulnerable young people. More than 90,000 children in 34 communes in regions Maule, Bío Bío and Los Ríos have benefitted from the work of Arauco Educational Foundation. Also, the ARAUCO-run schools, Constitución, Arauco and Cholguán, have been recognized for their levels of academic excellence and their achievements in the full development of their students, which makes us very proud. For example, in 2013, Constitución school was ranked among the ten best scores at the national level in the most recent SIMCE standardized test, which measures the quality of education.

Manuel Enrique Bezanilla
Chairman

With respect to the environment, in 2013, we took important steps in the program that the company laid out years ago, allocating some US\$ 40 million for environmental investments. We also moved forward with our biodiversity protection programs, establishing a Consultation Council for High Conservation Values. The objectives of this council are to maintain open dialogs with stakeholders and to strengthen the relationship of the company with its social and environmental surroundings.

I would like to end this message by pointing out that this year's important achievements are the result of the commitment and determined participation of the people that comprise the company. To them we owe ARAUCO's sustained development, and hope it will continue this way in the future.

CORPORATE MANAGEMENT STATEMENT

2013 was a year in which we were able to move forward with the implementation of our commitment to Grow Well. We decided that this growth should be supported and fed by the development of our workers, the protection of the environment, participation and dialog with stakeholders, and the permanent contribution to the economic and social well being of the communities in which we operate.

Thanks to the greater stability of our operations, markets that performed better, and an economic context that was more favorable than the previous year, ARAUCO's EBITDA reached US\$ 1,143 million, which accounts for a 33% increase compared to 2012.

In order to Grow Well, we defined four strategic key concepts that guide the management of all our activities: people of excellence, business model, production and good citizenship.

We know that people are the key to Growing Well and achieving results of excellence. ARAUCO's people of excellence are workers who are motivated by their own development, who value team work, who are committed to their performance, and who are guided by a shared vision and values.

An important aspect in this area has been the development of programs to strengthen leadership within the organization and to promote recognition. One such example is the ARAUCO Spirit program, in which workers award coworkers who embody the company's corporate values. During 2013, this recognition program generated a high level of participation in Chile.

One of the primary challenges we have set for ourselves is to keep working on Safety. We substantially reduced our accident severity rate, but experienced an increase in accident frequency, which is a warning sign. Nothing is more important for ARAUCO than the safety of our people. We will continue to work tirelessly towards the goal of Zero Accidents and compliance with Key Safety Rules.

During 2013, a number of strategic investment projects that will contribute to our future growth either were completed or neared completion. We resumed construction of the Montes del Plata pulp mill in Uruguay, which is now 98% complete. When brought on-line, this mill will establish our position as one of the three primary pulp producers of the world.

After a long participatory process with the community and company workers, environmental approval was attained in February 2014



Matías Domeyko
Chief Executive Officer

for Project MAPA, the modernization and extension of Arauco pulp mill, which includes a new biomass based electric power plant.

In the Panel business area, we strengthened our operations in the United States and Canada, and our Teno panel mill in Chile completed a year of VESTO melamine production. This product is an innovation effort that positions ARAUCO as one of the most important players in the furniture and design markets of Latin America.

Nueva Aldea plywood mill, which was completely destroyed by the fire that affected the area in January 2012, has begun start-up operations. Once fully operating, it will have a workforce of 600 employees. In Brazil, MDF panel line II at Jaguariaíva started operating, with an annual production capacity of 500,000 m³. This line represents an investment of US\$ 170 million.

After four years of hard work, featuring open and ongoing dialogs with a number of organizations, we finally obtained FSC® Forest Management certification of our forestlands in Chile. This unprecedented process contributed to significantly further our forestry operations with total transparency towards the community. The Timber business made important advances with regards to generating greater value, increasing competitiveness, improving the value offer for end customers, and increasing its levels of efficiency.

In keeping with our sustainability strategy, we decided to set for ourselves the challenge of producing our own energy from forest byproduct biomass to provide for our own industrial energy needs. Following the mandates of the Clean Development Mechanism of the Kyoto Protocol, ARAUCO's Energy business invested in power-generation capacity that is greater than that which is typical of similar industrial installations. The company is now able to contribute an energy surplus to the Central Interconnected System (SIC), the Chilean energy grid for more than a decade. In 2013, we had a surplus capacity of 214 MW for contribution to the SIC, accounting for 1.5% of their total annual generation. This strengthens our presence as a Non-Conventional Renewable Energy supplier in the Chilean market.

Increasing our productivity is the third key concept in ARAUCO's Grow Well strategy. During 2013, forestry subsidiaries Forestal Arauco, Forestal Celco, Bosques Arauco and Forestal Valdivia were integrated into a single business that encompasses three areas of operation (North, Central and South). Also, we began the development of a number of programs to improve our processes in order to add value to what we do, sharing best practices and searching for the optimal mix of processes.



Cristián Infante
President & Chief Operating Officer

A new program, entitled Program 93.5, started in the Pulp business during the year. This program aims to improve operational efficiency based on the lean manufacturing philosophy. In addition, the Timber business launched Operation Perfect 2015, an initiative with the objective of attaining compliance with the highest global performance standards by ensuring optimal conditions throughout the operation.

We know that in order to be a global leader in the development of sustainable forest products, it is essential that we operate with a deep sense of respect for our surroundings, act as a Good Citizen, and create long-term value. In order to do so, we follow two strategic guidelines: responsible environmental management and ongoing contributions to the well-being of communities through our Local Development Strategy.

The purpose of the Local Development Strategy is to contribute to the development of local communities through mutually beneficial initiatives. In 2013, an intensive consultation process was conducted, encompassing more than 50,000 contacts with stakeholders through forums, open house meetings, visits to facilities, and consultations on forestry operations, among other points of contact.

This year, we started the We Are Partners program. One of ARAUCO's Shared Value initiatives, We Are Partners promotes the full development of small sites through afforestation and production diversification. In 2013, 100 hectares (247 acres) were planted, and the goal for 2014 is to add another 500 hectares (1,236 acres).

In the field of education, ARAUCO continued to work with Arauco Educational Foundation during 2013, establishing the first Training and Education Center for Forest Workers in the Quirihue commune, Chile's Bío Bío Region. This is an innovative initiative to provide technical education to forest professionals. The first 30 students graduated in 2013, and we expect to provide training for 90 people per year during the next five-year period.

In the area of infrastructure and quality of life, we developed a program that offers technical guidance for the public-housing-application process and financial support for the development of housing projects built with high technical and social standards, making use of the properties of wood. During 2013, we inaugurated the Villa Verde housing project, the largest public housing project to be built in the Maule Region after the earthquake and the first to build houses in Constitución. The project delivered 484

one-of-a-kind houses in 2013. In Argentina during 2013, the company developed the New Neighbors project, which donated 200 houses to Alto Paraná contract workers. These houses had been company-owned, but had lost their strategic value to the company.

In Brazil, the Sembrar program developed a number of initiatives to enhance development, health, and quality-of-life in the communities in which the company operates by means of education, training, and income-generating opportunities. The Environmental Education program had 995 students throughout the year, 41 suppliers attended the strategic management business course for local service providers, and student enrollment in the School Vegetable Garden program reached 2,364 in 2013.

Environmental management is another of the strategic guidelines embodied in the value of Good Citizenship. ARAUCO's commitment to the environment and natural resources includes respect for biological diversity and the application of the best practices and available technologies to ensure continued improvement of its environmental performance in its facilities and forestry operations.

We not only seek operational performance, we actively work to conserve the biodiversity present in our forestland, supporting scientific research and understanding of the ecosystems in which we are immersed. One example of this is the work that is being done in High Conservation Value Areas (abbreviated "AAVC" in Spanish). The company maintains programs aimed at understanding the ecosystems and protecting endangered species in these areas, and also maintains programs for the conservation of religious and cultural sites of local communities.

As we come to the end of this year's assessment, **it is our duty to reaffirm our appreciation for the dedication and commitment shown by each and every person that is part of ARAUCO, whose daily efforts reinforce the company's decision to Grow Well.** We are convinced that the way to face the challenges that lay ahead is to work together as one, strengthening everything that unites us.

We hope that the pages of this report will be an invitation for you to get to know the different dimensions of a business that seeks to balance its own growth, and that of its workers, with the environmental and social needs of its surroundings.



CORPORATE GOVERNANCE

ARAUCO was founded in September 1979 through the merger of two companies, Celulosa Arauco S.A. and Celulosa Constitución S.A.

CORPORATE GOVERNANCE

ARAUCO is a closely held corporation subject to certain information and disclosure requirements which apply to publicly traded companies. It was established in September, 1979, through the merger of Celulosa Arauco S.A. and Celulosa Constitución S.A., which were founded by CORFO¹, the Chilean Economic Development Agency. Today, the company operates under the legal name of Celulosa Arauco y Constitución S.A.

Today, 99.98% of ARAUCO is owned by Empresas Copec S.A., a holding company with primary interests in the forestry sector, in fuel-distribution businesses, and in the fishing and mining sectors.

The Board of Directors of Celulosa Arauco y Constitución S.A. is its highest governance body. Its primary mission is to maximize the company's value through social, environmental and economically responsible management. The Board is comprised of nine



Directors³

- Manuel Enrique Bezanilla
Chairman
- Roberto Angelini
First Vice Chairman
- Jorge Andueza
Second Vice Chairman

Directors

- José Rafael Campino
- Alberto Etchegaray
- José Tomás Guzmán
- Nicolás Majluf Sapag
- Eduardo Navarro
- Timothy C. Purcell



¹ www.corfo.cl

² For details on how the Board operates, visit the corporate web site: www.arauco.cl.

³ The Board was renewed by the Shareholders Meeting on April 23, 2013.

members, who hold office for three years. No Board member simultaneously holds an executive position within the company.

The Board regularly meets with the Chief Executive Officer and the President & Chief Operating Officer, who provide updated information on the company's performance and its different business areas. Under Chile's Corporation Law, ARAUCO must hold a Shareholders Meeting² at least once a year.

In 2013, after more than 20 years as Chairman of the Board, Mr. José Tomás Guzmán Dumas resigned this position to continue to participate in the company as a Board member. Mr. Manuel Enrique Bezanilla Urrutia, who held the position of Vice Chairman, took office as new Chairman of the Board. Mr. Jorge Andueza Fouque is Vice Chairman of the Board, and Mr. Felipe Guzmán Rencoret is Secretary of the Board.

From left to right:

Franco Bozzalla, Robinson Tajmuchi, Charles Kimber, Camila Merino, Matías Domeyko, Antonio Luque, Cristián Infante, Gianfranco Truffello, Alvaro Saavedra, Felipe Guzmán, Gonzalo Zegers.



Corporate Management

ARAUCO's Board designates the company's Corporate Management members, who are responsible for the implementation of actions relating to the company's economic, social and environmental performance, as well as labor relations and occupational health and safety within the company.

Matías Domeyko
Chief Executive Officer

Cristián Infante
President & Chief Operating Officer

Gianfranco Truffello
Chief Financial Officer

Franco Bozzalla
Senior Vice-President Woodpulp

Charles Kimber
Senior Vice-President Commercial & Corporate Affairs

Álvaro Saavedra
Senior Vice-President Forestry

Antonio Luque
Senior Vice-President Timber

Gonzalo Zegers
Senior Vice-President Panels

Robinson Tajmuchi
Senior Vice-President Comptroller

Felipe Guzmán
General Counsel

Camila Merino
Senior Vice-President Human Resources



Corporate Management is headed by the Chief Executive Officer and the President & Chief Operating Officer; and is comprised by nine Corporate Managers, four of whom are responsible for the business areas and five who provide support across the organization:

- Forestry Business Corporate Management.
- Pulp Business Corporate Management.
- Panel Business Corporate Management.
- Timber Business Corporate Management, which has responsibility for the Energy Business.
- Commercial and Corporate Affairs Management, which oversees Risk, Environment, Occupational Health and Safety, Public Affairs and Corporate Responsibility, Marketing and Innovation, Communication, Distribution and Logistic Services.
- Comptrollership Corporate Management, which is responsible for company structuring, accounting and tax planning and compliance, internal auditing, and criminal liability of legal persons.
- Human Resources Corporate Management, which is in charge of attracting and developing people of excellence, aligning them under the same organizational culture and shared vision in order to achieve the company's strategic goals.
- Legal Affairs Corporate Management, which is responsible for the company's legal matters.
- Finance Corporate Management, which is in charge of Corporate Finances, Treasury, Credits and Collection, Management Control, Procurement, IT Systems and Insurance.

In addition, the businesses in Argentina, Brazil and North America are headed by the following managers:

- Pablo Mainardi, Alto Paraná, Argentina.
- Pablo Franzini, Arauco do Brasil, Brazil.
- Francisco Figueroa, United States and Canada.

Corporate Ethics

Directors, executives and workers of the company and all its subsidiaries must fulfill the vision, values, commitments and guidelines of the Code of Ethics⁴, the Market Disclosure Manual⁵, and the General Policy for Customary Ordinary Operations⁶.

In addition, Alto Paraná, in Argentina, operates under the “Code of Corporate Governance,” which promotes business ethics and sets the foundation for sound management and supervision of the company.

In North America, Flakeboard employees are trained in the company’s principles through the LEAD (Leadership for Enhanc-

ement and Development) program. These principles are annually revised by the company’s senior management.

During 2013, a communication campaign was held in Chile regarding the contents of the Code of Ethics. The campaign messages were periodically renewed every two weeks. The main issues stressed related to Personal Integrity, Company Representation, Gifts and Gratuities, Relationship with Suppliers, Relationship with the Environment, Relationship with Customers and Information Disclosure, Corporate Criminal Liability, Free Competition, and Fraud Reporting. In addition, a video was made for the Forestry Business Area on transparency and integrity.

The Risk and Auditing Committees were established in 2013. Their shared objective is to assist in the strategies adopted to manage key risks that are inherent to the business and continuously monitor internal control of its operations. The Risk Committee is comprised of the company’s Chairman of the Board, the Chief Executive Officer, the Chief Operating Officer and the Senior Vice President Commercial & Corporate Affairs. The Auditing Committee is comprised of directors Jorge Andueza and Timothy C. Purcell, the Chief Executive Officer, the Chief Operating Officer, Senior Vice President Comptroller and General Counsel.



⁴ ARAUCO’s Code of Ethics is available at the company’s corporate web site: www.arauco.cl

⁵ The Market Disclosure Manual describes situations that may result in conflicts of interest.

⁶ The General Policy for Customary Ordinary Operations sets limits for the company’s operations with related parties.

These committees are an addition to the already existing Ethics Committee, which is responsible for ensuring proper communication and application of the Code of Ethics, updating and modifying the Code of Ethics' selectively research and document cases; and providing consistency at the global level in the interpretation and application of the Code of Ethics. This committee is comprised by the Second Vice Chairman of the Board, the Chief Executive Officer, the Chief Operation Officer and General Counsel.

As required by Chilean Law N° 20.393, ARAUCO developed a Crime Prevention Model (CPM) for Celulosa Arauco y Constitución S.A., and its subsidiaries⁷.

This model includes: the creation of the position of Head of CPM, which reports to the Board; the publication and communication of the Crime Prevention Policy; the development and implementation of a Prevention System; and the identification of the risk matrix for each one of ARAUCO's corporations⁸ in light of each illegal activity identified in the law.

In 2013, the Head of Crime Prevention worked with ARAUCO's Internal Auditing Assistant Management unit to revise the risk matrix, in compliance with the law⁹ regarding revision of the Crime Prevention Model. Comments were made on the design of activities for control described above. This review resulted in the conclu-

sion that the risk matrix is adequate and reasonably mitigates risk-inducing scenarios for the commitment of crimes specified in the law. In this context, in 2013, the Model was certified by BH Compliance, a third-party auditor.

As part of the promotion of CPM, a series of training presentations were held in 2013 to explain ARAUCO's commitment to the prevention of crimes of this nature, the types of liabilities, the crime prevention model implemented by the company, and the reporting channels made available if there were any information of interest for crime analysis.



Fraud Reporting Procedures

Corporate good practice mechanisms include confidential fraud reporting systems.

The company's Code of Ethics, its Crime Prevention Model, and its Code of Business Conduct, which also applies to Brazil, have fraud reporting structures in place for all countries in which ARAUCO operates. The procedure provides a confidential reporting mechanism to workers and people outside the company, in relation to their observation of actions performed by company workers and executives¹⁰.

Regarding the CPM, during 2013, there was no formal knowledge of fraud reported through the channels available for this purpose, nor were there any ongoing investigations or lawsuits.

⁷ The Crime Prevention Model seeks to control and monitor the business's processes and activities that could present potential risks related to asset laundering, financing of terrorism and bribery of national or foreign public servants. All of the information contained in ARAUCO's Crime Prevention Model can be downloaded at www.arauco.cl

⁸ Arauco Educational Foundation is included among these corporations.

⁹ Subsection 4 Article 4°, Law 20.393. States that the Head of prevention, with Management of the Legal Person, must establish methods for the effective application of the crime prevention model and its supervision in order to find and correct deficiencies, as well as update it according to changes in circumstance of the respective entity.

¹⁰ For more information, please visit the corporate web site.

Risks and Challenges

In order to ensure business continuity, ARAUCO has defined Risk Management as an essential element of its business strategy and has designed a model for the development and implementation of systems and procedures to manage the risks of the organization. The model's purpose is to ensure a reduction of the possibility of undesirable events across the organization and, if these events were to occur, to reduce the level of impact.

In Chile, during 2013, the Environment and Occupational Health and Safety Management Unit (MASSO) was restructured to create the Corporate Risk and MASSO Management Unit, which strived to determine

the strategic framework of its actions for the long term. This strategic framework encompasses three stages: Essential (2012-2015); Systematization (2015-2017); and Excellence (2017-2020).



Milestones in Risk Management During 2013 Were the Following:

- An organizational structure was created to support risk management within ARAUCO, involving operational and non-operational risk committees. Also, a Leading Team was created and responsible persons from each business area were designated.
- A Risk Policy was published. This document serves as an essential guide for Risk management. ARAUCO is committed to adopting measures needed to ensure business continuity and to reduce the level of impact on people, the environment, the community and the company's assets.
- A model was developed for the implementation of operational risk management systems and procedures across the organization. The model's purpose is to reduce the occurrence of unexpected events in order to ensure business continuity.

- Identification and assessment of critical risks.
- Training Workshops were held for executives (50 participants), stressing the importance of risk assessment and promoting a culture of prevention.
- Start up of a risk pilot system at Nueva Aldea Industrial Complex in order to analyze impact and business continuity.
- Information is being collected to determine the state of fire suppression networks at industrial facilities in Chile.
- The midterm challenge is to integrate the concepts of Risk and Business Continuity in Environment, and Occupational Health and Safety Management Systems in ARAUCO's business areas.

Impacts in 2013

- On March 5, a fire ignited one of the drying chambers at Horcones II saw mill, located at the Arauco Complex in Chile. Workers were immediately evacuated, and all of the people that work at this facility were kept safe. The fire was kept under control and did not affect other facilities in the Complex.
- On March 9, a fire ignited a sander at Moncure particleboard mill, in the United States. The fire started due to a failure in the sander's motor bearings, creating sparks that generated an explosion and subsequent fire in the filter system. Fortunately, no one was hurt. The particleboard mill ceased operating for eight days while it was being repaired.
- Regarding the lawsuit that has been ongoing since 2005 with the State Defense Council (CDE) in Chile for the situation that affected the Carlos Andwandter wetland in Valdivia, the Civil Court of Valdivia publicly announced in July the first-degree sentence, holding Valdivia pulp mill responsible for the event. ARAUCO decided not to appeal the ruling in order to initiate an effective implementation of mitigation and restoration measures in the wetland as soon as possible, without having to wait for further judicial deadlines. The Social Scientific Council was established in November 2013 to participate in the design of the measures with which ARAUCO will comply with the sentence imposed by the Civil Court of Valdivia.

This council is comprised of ARAUCO, the State Defense Council, Austral University of Chile, and representatives of the community and public services such as SAG, CONAF and regional secretaries for the ministries of Agriculture and Environment.

- On September 26, moulding and panel waste spontaneously combusted at the Trupán-Cholguán panel mills. The necessary internal and external resources were made available immediately to control the situation. At the same time, direct communication was established, keeping workers of the complex as well as local authorities, neighboring communities and neighborhood associations informed in a timely manner. This event resulted in a one-hour partial stoppage of mouldings phase 1 and 2, mainly due to smoke. No workers were hurt, and the facilities suffered no damage. The company has implemented a series of measures to avoid this type of situations in the future.
- On October 9, a minor treated-effluents leakage occurred in the land piping of the Treated Effluents System at the Nueva Aldea Industrial Forestry Complex (IFC), specifically in the Nueva Aldea area, reaching the Velenunque estuary. In order to control this situation, the treated effluents flow was stopped and diverted to the spill lagoons. In addition, the production process was stopped and environmental authorities and supervising entities were immediately contacted. At the same time, personnel and equipment were sent in-field

to assess the extent of the leak. Once it was detected, repair work began. On October 13, the treated effluents flow through the system was resumed.

- On November 14, a treated-effluents leakage occurred in the land piping of the Treated Effluents System at the Nueva Aldea IFC, specifically in the Boca Itata area, in Trehuaco commune, Chile. Environmental authorities and supervising entities were immediately contacted to report on the situation and on the application of measures for control, in compliance with what is stated in the project's environmental permit. In addition, a round table was established with the Municipality of Trehuaco and the area's neighbors to maintain a direct channel for communication.
- In late 2013, a forest fire started on ARAUCO property located in the coastal zone of the Arauco Gulf. Unfortunately, due to high temperatures and wind gusts up to 55 mph, the fire remained active for many days, burning 3,900 hectares (9,637 acres), of which 2,200 ha (5,436 acres) were owned by ARAUCO. The remaining land was owned by neighbors, and five houses were destroyed. By December 2013, damage to the environment and native forests was being assessed, and formulas were being discussed with the Municipality and public services to cooperate in repairing the damage caused by the blaze.



GLOBALIZATION AND EFFICIENCY

ARAUCO serves customers in 71 countries with a range of high-quality, sustainable forest products for the paper, construction, packaging and furniture industries.

ARAUCO AROUND THE WORLD

ARAUCO has based part of its growth on the generation of economies of scale and competitive advantages that are sustainable over time. Today, the company serves customers in 71 countries with a range of high-quality, sustainable forest products for the paper, construction, packaging and furniture industries. The company sells

its products through sales agents and representatives, and through sales offices established in twelve countries. ARAUCO's sales force is supported by a maritime and land logistics chain, guaranteeing supply to distribution centers and points of sale through 220 ports in Europe, Asia, North America, Oceania and Latin America.

- Industrial / Forestry Operations
- Sales Offices
- Representatives

CHILE

- 1,116,450 hectares (2,758,808 acres) of forestland
- 5 Nurseries
- 5 Pulp Mills
- 2 Panel Mills
- 8 Sawmills
- 5 Remanufacturing Facilities
- 2 Plywood Mills
- 10 Power Plants

ARGENTINA

- 263,391 hectares (650,853 acres) of forestland
- 2 Nurseries
- 1 Pulp Mill
- 2 Panel Mills
- 1 Resin Facility
- 1 Sawmill
- 1 Remanufacturing Facility
- 2 Power Plants

BRAZIL

- 144,944 hectares (358,164 acres) of forestland
- 1 Nursery
- 2 Panel Mills
- 1 Resin Facility

URUGUAY

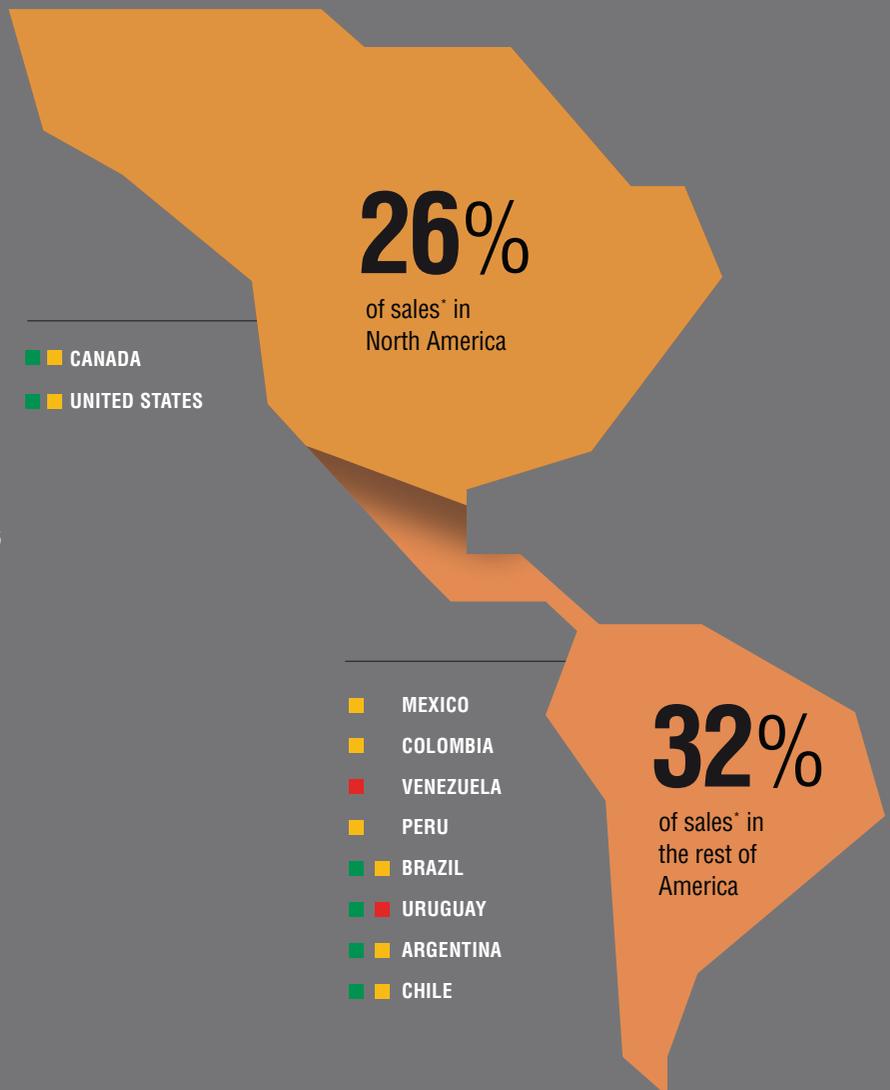
- 110,971 hectares (274,215 acres) of forestland (corresponds to 50% of land and plantations)
- 5 Nurseries (1 owned and 4 contract)
- 1 Pulp Mill under construction

CANADA

- 2 Panel Mills

UNITED STATES

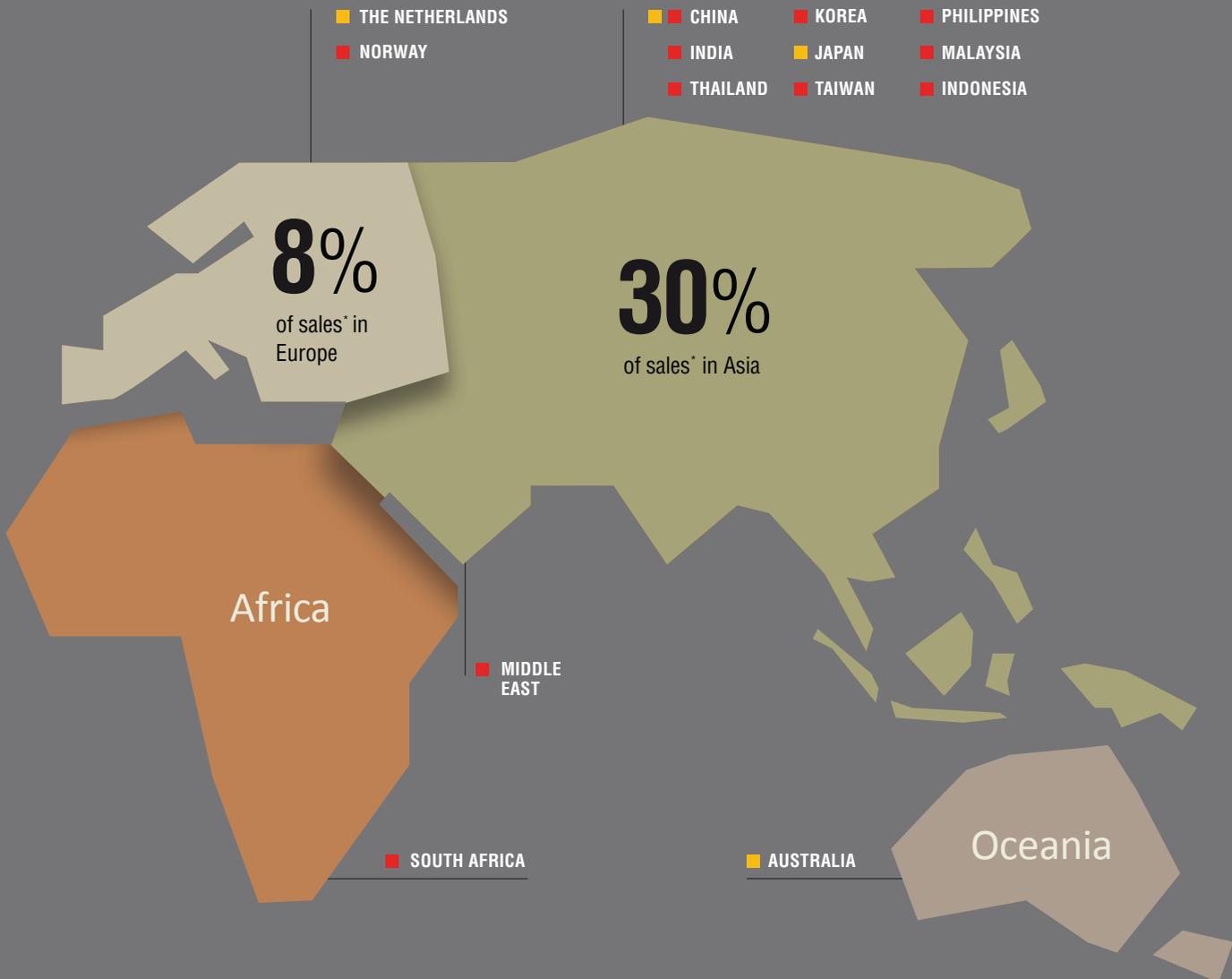
- 6 Panel Mills



* Remaining ARAUCO sales are distributed in other countries.

In keeping with the company's ongoing improvement philosophy, in March 2012, ARAUCO began the Sales & Operation Planning (S&OP) program. This program is designed to improve Sales and Operational planning, to achieve greater coordination between business areas for future profitability, and to reduce operating costs and capital investments in supply.

This project involves the Panel and Timber business areas, as well as Distribution and Logistics Services. To date, the company has obtained significant results through optimization of the supply chain and the achievement of stable processes to generate action plans that improve the use of resources, the fulfillment of commercial agreements, and the level of service.



During 2013, ARAUCO generated a profit of US\$ 419 million, 192% more than in 2012. This was due primarily to an increase in the volume of Panels (an increase of 45.2% as compared with 2012). This increase is attributable to: the acquisition of the Flakeboard company and a panel facility in Moncure, North Carolina; the construction of Line II at Jaguaríaiva; the operation of the new Teno mill, as well as an increase in prices; a 5.2% increase in the volume sold of pulp; a 7.3% increase in the volume sold of sawn timber, partially affected by a price reduction of 0.5%. EBITDA for 2013 was US\$1,144 million, 33% higher than in 2012.

FINANCIAL INDICATORS

(In US\$ million)

| Indicators | 2010 | 2011 | 2012* | 2013* |
|---------------------------|-------|-------|-------|-------|
| Sales | 3,767 | 4,374 | 4,299 | 5,146 |
| Adjusted EBITDA | 1,390 | 1,308 | 862 | 1,143 |
| EBITDA margin | 36.9% | 29.9% | 20.0% | 22.2% |
| Net income | 701 | 621 | 144 | 419 |
| Financial debt | 3,450 | 3,308 | 4,962 | 5,026 |
| Net financial debt | 2,406 | 2,992 | 4,474 | 4,359 |
| Financial costs | 208 | 196 | 237 | 233 |
| Investments | 688 | 1,165 | 1,369 | 865 |
| Total debt / EBITDA | 2.5 | 2.5 | 5.8 | 4.4 |
| Net debt / EBITDA | 1.7 | 2.3 | 5.2 | 3.8 |
| EBITDA / Interest expense | 6.7 | 6.7 | 3.6 | 4.9 |

* Figures for 2012 and 2013 consider proportional ownership of 50% of Montes del Plata.



Economic Value Generated and Distributed

In 2013, ARAUCO'S economic value generated was US\$5,281 million and its economic value distributed was US\$5,296 million, meaning that distribution was greater than sales plus income. Therefore, the pie chart presented here displays economic value distributed. During the period, operational costs account for 56%, payments to capital suppliers account for 30%, and Corporate Responsibility Actions with neighboring communities account for 0.3% of the total.

ECONOMIC VALUE GENERATED AND DISTRIBUTED

(In US\$ million, aggregated for all business areas)

| | 2011 | 2012* | 2013* |
|---|--------------|--------------|--------------|
| Net sales | 4,374 | 4,299 | 5,146 |
| Income from financial investment | 25 | 23 | 19 |
| Income from sales of fixed and intangible assets | 14 | 12 | 117 |
| Economic value generated | 4,413 | 4,334 | 5,281 |
| Operational costs / Production costs ⁽¹⁾ | 2,507 | 2,732 | 2,987 |
| Payment to capital suppliers ⁽²⁾ | 1,389 | 1,410 | 1,590 |
| Wages and benefits | 341 | 434 | 574 |
| Taxes ⁽³⁾ | 152 | 167 | 130 |
| Investments in the community ⁽⁴⁾ | 14 | 15 | 16 |
| Economic value distributed | 4,404 | 4,758 | 5,296 |
| Economic value retained | 9 | (424) | (15) |

⁽¹⁾ Corresponds to net depreciation sales costs and wages.

⁽²⁾ Payments to debt investors account for 84.1%, 79.0%, 86.0% and 85.4% for years 2010, 2011, 2012 and 2013 respectively.

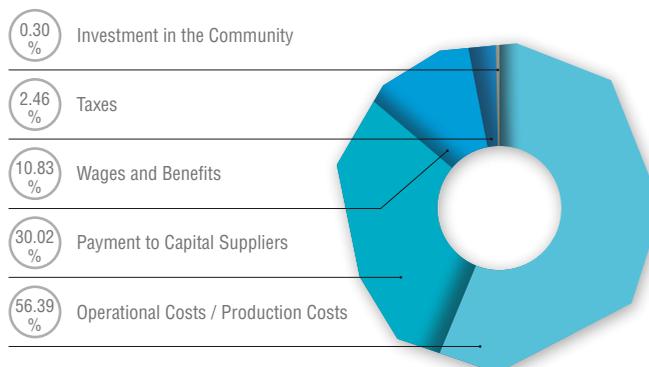
⁽³⁾ Considers expenses from income tax.

⁽⁴⁾ Considers donations, contributions and scholarships.

* 2012 and 2013 consider proportional ownership of 50% of Montes del Plata.

ARAUCO'S Economic Value Distributed in 2013

(In %)



Investments

In 2013, the company invested US\$ 865 million in capital projects, primarily for the re-construction of the Nueva Aldea plywood mill (which started-up in December, 2013) and the Line II project at Jaguariaíva, as well as other project. The remaining investments are related to the maintenance of the equipment and facilities of ARAUCO's numerous production operations.

In addition, ARAUCO's operations involve large-scale transport of raw material to a number of destinations for processing and manufacturing into finished products, which are then shipped to customers in Chile and the world. The company is aware that transport from its forests to its industrial facilities, and later on to final destinations, may generate social and environmental impacts. Therefore, ARAUCO has put in place an annual investment program for the construction and/or maintenance of company and public roads, for the repair of bridges, and for roadwork to control rainfall runoff. These projects are intended to optimize ARAUCO's forestry operations, to reduce impacts of its operations, to improve road standards, increase connectivity, and enhance quality of life in neighboring communities. In 2013, ARAUCO designated US\$ 91 million for the construction and/or maintenance of its own roads and public roads.

INVESTMENTS IN ROAD CONSTRUCTION AND MAINTENANCE IN 2013 FORESTRY BUSINESS AREA

(In US\$)

| Countries | Construction of company roads | Maintenance of company roads | Maintenance of public roads | Other | Total |
|------------------------|-------------------------------|------------------------------|-----------------------------|--------------------------|-------------------|
| Chile ^(**) | 59,340,879 | 15,641,909 | 2,125,533 | - | 77,108,321 |
| Argentina | 1,459,779 | 3,482,302 | 656,356 | 1,069,386 ^(*) | 6,667,823 |
| Brazil ^(**) | 3,961,513 | 2,828,822 | - | - | 6,790,335 |
| ARAUCO Total | 64,762,171 | 21,953,033 | 2,781,889 | 1,069,386 | 90,566,479 |

^(*) For the systematization and drainage of roads.

^(**) AFA+AFB.

^(***) These items include: road layout; earth moving; road striping; construction of culverts and drainage systems; construction and repair of private bridges to be used during forestry activities (harvest – thinning - log transport); production, loading and transportation of aggregates; construction of gravel layers (gravel roads for winter); road repair and striping with machinery; maintenance, repair, and reconstruction of works such as culverts, ditches, drains, company bridges, etc.; and watering roads or applying dust suppressants, among other activities.

Local Suppliers

In order to support local development, ARAUCO has developed a network of local suppliers located in areas in which the company maintains forestry and industrial operations. Local suppliers provide quality products such as raw materials, input materials, spare parts, equipment, and numerous services, contributing to the social and economic development of their regions. During 2013, ARAUCO made purchases from local suppliers totaling US\$ 2,165 million in all countries in which the company operates. In addition, enhancements have been made in the implementation of various programs in place to support local suppliers.

| Country | Purchases from local suppliers (In US\$ million) | % of total purchases from ARAUCO suppliers in 2013 |
|---------------|---|---|
| Chile | 1,635 | 64 |
| Argentina | 213 | 50 |
| Brazil | 81 | 58 |
| United States | 174* | 100 |
| Canada | 62* | 90 |

* Numbers represent the purchase of raw materials and resin; a procurement information balance sheet is not maintained for this region.



Business Areas

ARAUCO'S businesses are divided into five strategic areas: Forestry, Woodpulp, Panels, Timber and Energy.

Forestry

ARAUCO's forestland in Chile, Argentina, Brazil and Uruguay (50% ownership), is managed according to Sustainable Forest Management practices and is used primarily to supply the company's own industrial needs. The company duly protects its native forests, as well as areas containing high social and environmental values. ARAUCO's forestry activities are the foundation of its competitiveness, since they provide the raw materials (eucalyptus logs, pine pulp logs, pine saw logs and peel logs) for all the products produced and sold by the company.

At the end of 2013, ARAUCO held title to 1,635,756 hectares (4,042,041 acres) of forestland. This total is comprised of 1,015,386 ha (2,509,073 acres) of plantation forests, 389,311 ha (962,008 acres) of native forests and protected areas; and 231,056 ha (570,952 acres) of land designated for other uses or is yet to be planted. Of this total, 24% of ARAUCO's territory consists of native forest, which is protected from harvest (see page 72).

In 2013, the company harvested 21.3 million m³ of logs, produced 2.4 million m³ of chips, generated 2.2 million m³ of material for fuel, and purchased 7.5 million m³ of logs, chips and material for fuel from third parties. Of the available total of logs, chips and material for fuel, 30.5 million m³ were distributed to the company's pulp, panel and saw mills, and 2.9 million m³ were sold to third parties.

In 2013, the Forestry Business reached a significant landmark by obtaining the FSC® Forest Management certification (Forestal Arauco FSC License Code: FSC-C108276) for 1,110,730 hectares (2,744,674 acres) of forestland in Chile (see case study). The Soil Association Woodmark Certification Committee approved the certificate, which is good for five years and will remain valid if the company successfully passes annual surveillance audits conducted by the certification body to verify continued compliance with FSC® certification standards.

During 2013, in order to optimize processes and best practices in the operations of the Forestry Business, ARAUCO subsidiaries Forestal Arauco, Forestal Celco, Bosques Arauco and Forestal Valdivia were merged, integrating most of ARAUCO's forestland in Chile into three operational centers: North, Central and South. In addition, ARAUCO created an Operations Management in March 2013, in order to achieve an integrated and strategic vision for its forest operations.

During 2013, Innovation-focused advances were made in the Native Forest Challenge, in which work was focused on the Maqui and Apiculture projects. These projects went on to the second-pilot stage, during which production estimates will be validated and business models refined in order to generate spin-offs in upcoming years. In addition, a business case is being produced for a possible firewood project, which will be reviewed in March 2014 for continued development.

CASE STUDY

Forestal Arauco FSC® Forest Management Certification

On September 10, 2013, the Soil Association Woodmark Certification Committee approved FSC® Forest Management Certification for Forestal Arauco S.A. (SA-FM/COC-004173). This certification was granted following four years of hard work by ARAUCO – work that focused, in large part, on the implementation of an innovative method for organizational change empowering the company to communicate openly and transparently with workers, neighbors, universities and social organizations. The points-of-view of these stakeholders became very important during the process of designing improvements for the company.

The information collecting process conducted by Soil Association Woodmark on the company's compliance with the FSC® standard included two assessments. The first of these was the Main Assessment, which took place between September and October of 2012. The Main Assessment noted significant advances made by the company, but resulted in a series of Corrective Action Requests (CARs) which would have to be addressed before certification could be awarded. In May, 2013, the CARs were noted as having been adequately addressed during the auditor's team visit to verify progress.

The process toward obtaining FSC® certification created a great opportunity for Forestal Arauco to embrace robust, transparent and participatory change, which significantly furthered ongoing improvement of its forestry operations.

The scope of the improvements can be seen in the implementation of about 80 projects throughout the company's forest holdings which have resulted in the incorporation of new processes, structures, methods and capacities.

Following is a list of some of the most-significant changes made and new practices adopted during 2013:

- Design and implementation of a Monitoring System in High Conservation Value Areas, which will report specific advances in the conservation of each Value identified in the company's forestland.
- Start up of an Early Alert System to prevent soil erosion.
- Identification of new Mapuche cultural interest sites; the incorporation of these as High Cultural Value Areas; and the participatory design Management and Conservation Plans for each of them.
- Start-up of the Native Forest Restoration Plan, with selective harvests on identified sites and the beginning of a trial network.
- Inauguration of a Training and Education Center in Quirihue, which trained 30 new forestry machine operators in 2013. Development of the Colico Training Center for forestry workers in the Arauco Province.

- The social security cards of a large number of workers of Forestry Services Businesses (EMSEFOR) were updated, which contributed to more-accurate identification of their needs and greater access to the benefits provided by the State's social security system.
- Improvement of the Operational Planning System, which has enabled the application of landscape considerations and a number of different changes to company practices in order to reduce the social and environmental impacts of operations.
- Consolidation of the Participation and Consultation Process for Forestry Operations, which has generated dialog with numerous communities prior to forestry activities and has established commitments to operations that generate better and beneficial relationships.

This certification, and the changes that made it possible, reflect the efforts of a team of people that have been able to communicate, learn and innovate, and have done so motivated by ARAUCO's strong adherence to the FSC® Principles and Criteria.

ARAUCO's challenge for 2014 is to further the company's capacity for continuous improvement, so that the processes put in place will continue to produce more and better solutions, and will validate the company's compliance with FSC® standards through actions, while strengthening its long-term sustainability.

ARAUCO LAND OWNERSHIP BY USE

(In hectares and acres, as of December 2013)

| Country | | Pine | Eucalyptus | Other species | Total plantations | Land to be planted | Native forest | Other uses | Total |
|--------------|-------------|------------------|----------------|---------------|-------------------|--------------------|----------------|----------------|------------------|
| Chile* | In hectares | 595,988 | 140,401 | 2,886 | 739,275 | 35,669 | 207,151 | 134,354 | 1,116,450 |
| | In acres | 1,472,718 | 346,938 | 7,131 | 1,826,788 | 88,140 | 511,881 | 331,996 | 2,758,808 |
| Argentina** | In hectares | 99,661 | 14,611 | 17,051 | 131,323 | 12,878 | 113,465 | 5,725 | 263,391 |
| | In acres | 246,268 | 36,105 | 42,134 | 324,506 | 31,822 | 280,378 | 14,147 | 650,853 |
| Brazil**** | In hectares | 52,335 | 22,189 | 151 | 74,676 | 1,101 | 63,760 | 5,406 | 144,944 |
| | In acres | 129,323 | 54,830 | 373 | 184,528 | 2,721 | 15,755 | 13,359 | 358,164 |
| Uruguay*** | In hectares | 249 | 69,654 | 209 | 70,112 | 3,190 | 4,935 | 32,733 | 110,971 |
| | In acres | 615 | 172,119 | 516 | 173,251 | 7,883 | 12,195 | 80,885 | 274,215 |
| Total | In hectares | 748,233 | 246,855 | 20,297 | 1,015,386 | 52,838 | 389,311 | 178,218 | 1,635,756 |
| | In acres | 1,848,924 | 609,992 | 50,155 | 2,509,073 | 130,566 | 962,008 | 440,386 | 4,042,041 |

* Includes 80% of FLL.

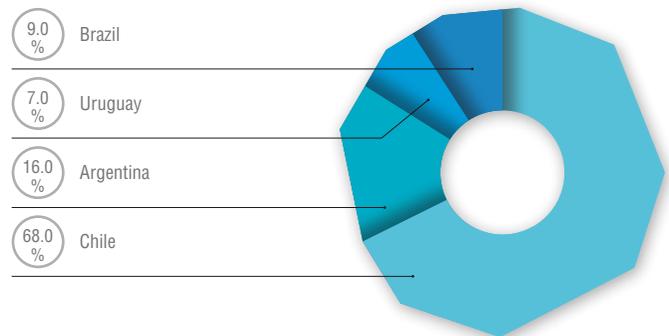
** Includes APSA and FAPLAC plantations.

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

**** Includes 100% AFB, 80 % AFA, 100% MAHAL.

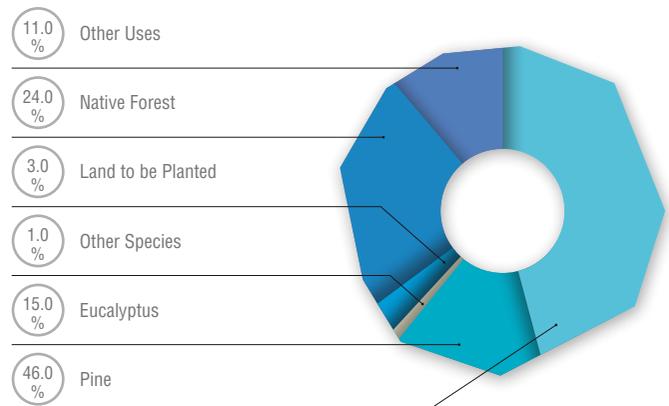
ARAUCO Land Ownership by Country

(1,635,756 hectares (4,042,041 acres))



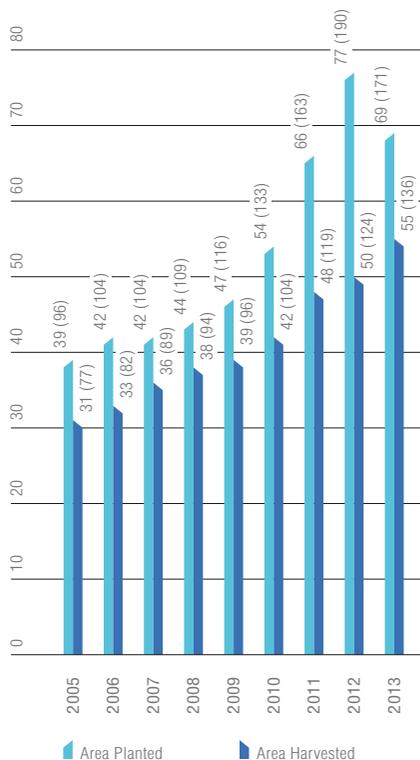
ARAUCO Land Ownership by Use

(1,635,756 hectares (4,042,041 acres))



Area Harvested and Planted by Year

(Thousands of hectares (Acres))



Forestry Business Milestones in 2013

- Attainment of FSC® Forest Management Certification (Forestal Arauco FSC License Code: FSC-C108276) for 1,110,730 hectares (2,744,674 acres) of forestland in Chile. The Forestry business area also obtained its second forest management recertification under the PEFC/CERTFOR standard, with which it has operated in compliance for ten years. In addition, the Forestry business area was recertified to the ISO 14001 standard (for a total of twelve years under this certification) and obtained its first recertification of Forestal Arauco North Zone to the FSC® Chain of Custody/Controlled Wood standard. (FSC License Code: FSC-C013026).
- Integration of subsidiaries Forestal Arauco, Forestal Celco, Bosques Arauco and Forestal Valdivia into a single business that encompasses three areas of operation: North, Central and South.
- Obtained Safety Management System (SMS) certification for air operations in forest fire suppression at Forestal Arauco, in Chile.

- Inauguration of the first Training and Education Center for Forestry Professionals in Quirihue, Chile's Bío Bío Region.
- Initiated the "We Are Partners" program ("Somos Socios") in Chile for the communes of Arauco, Lebu, Los Álamos, Cañete, Curanilahue and Santa Juana.
- Inauguration of air-cable harvesting in Brazil's Tunas region, through the successful implementation of the company's Advanced Operational Unit concept.
- Renewal of FSC® Forest Management, Chain of Custody and Controlled Wood Certification for Forestal Los Lagos in Chile, of which ARAUCO owns 80%. The certification is valid for five years.
- Progress toward completion of a new nursery in Arauco Province. At year end 2013, Stage I was 88% complete, and Stage II was 24% complete. This-28 million-plant nursery, which will be fully operational by 2017, required an investment of US\$ 24 million.

- 2013 marked the tenth year of certification for ARAUCO's forests in Brazil to the forest management standards of CERFLOR and FSC®. Specifically, the Region of Arapoti recertified 49,215.00 hectares (121,740 acres) to the CERFLOR standard and regions Campo do Tenente and Sengés recertified 40,805 hectares (100,831 acres) to the FSC® standard (License Code FSC-C010303). In addition, Arauco Forest Brasil obtained FSC® Forest Management certification for the 25,404.31-hectare (62,775-acres) Tunas Unit during 2013 (License Code FSC-C116843).
- Start-up in Brazil of a new nutritional management system for Eucalyptus silviculture that favors the mechanization of fertilization, and a system that reduces the application of pesticide.

Pulp

ARAUCO operates five pulp mills in Chile and one in Argentina, which produced 3,079,945 ADMTs of woodpulp in 2013. The company's total rated annual capacity for market pulp is 3,222,000 ADMTs, and its products are distributed to more than 420 customers in 40 countries. In 2013, ARAUCO's woodpulp sales were US\$ 2,181 million, which accounted for 42% of the company's total sales for the year.

The company produces bleached (BKP) and unbleached (UBK) softwood pulp and bleached hardwood Eucalyptus pulp (BEK) that is used to manufacture various types of printing and writing papers, tissue paper, packaging roll stock, filter paper and fiber cement, among other

products. In addition, the company produces fluff pulp, which is used in the absorbent cores of diapers and personal care hygiene products, at its facility in Alto Paraná, Argentina.

In late 2012, the company began the implementation of a program to improve operational effectiveness in its facilities, in order to improve competitiveness in the pulp market. This program, entitled "Program 93.5," consists of a new way to operate based on the lean manufacturing philosophy, which arose from a need to improve processes and build world class operations. In specific terms, this program will result in more-stable operations and higher levels of Overall Equipment Effectiveness (OEE) for the entire business.

During 2013, the 93.5 program was implemented at the Nueva Aldea pulp mill. Important advances have been made regarding the OEE indicator, registering an increase in profit of US\$ 5.4 million. Following a diagnostic assessment, implementation of the pilot program began at Arauco pulp mill in October, 2013.

In Chile, the Pulp Business Area is developing project MAPA, the modernization and extension of Arauco pulp mill, including a new biomass-fueled electric generation plant. An Environmental Impact Assessment was presented for this project in 2012.

The company produces pulp that is used in the manufacture of various types of printing and writing papers, tissue paper, packaging roll stock, filter paper, fiber cement, and the absorbent cores of diapers and personal care hygiene products, among other products.



WOODPULP PRODUCTION BY PRODUCT (In ADMT)

(As of December 31, 2013)

| Product | 2010* | 2011 | 2012 | 2013 |
|---------------------------------|------------------|------------------|------------------|------------------|
| Bleached Pine (BSK = BKPR+BKPT) | 1,163,459 | 1,458,204 | 1,426,008 | 1,515,842 |
| Bleached Eucalyptus (EKP) | 670,785 | 843,738 | 945,004 | 930,114 |
| Unbleached Pine (UKP) | 420,675 | 406,431 | 443,705 | 460,852 |
| Fluff | 110,154 | 107,507 | 155,008 | 173,137 |
| Total | 2,365,073 | 2,815,880 | 2,969,725 | 3,079,945 |

* Affected by the earthquake of February 27, 2010. / BKPR, Radiata Pine - BKPT, Taeda Pine.

2013 PULP PRODUCTION CAPACITY BY MILL

| Mill | Country | Capacity (en ADMT/y) | Type of production |
|--------------|-----------|----------------------|--------------------|
| Arauco | Chile | 790,000 | BKPR + BEK |
| Constitución | Chile | 355,000 | UKP |
| Licancel | Chile | 150,000 | BKPR + UKP |
| Valdivia | Chile | 550,000 | BKPR + BEK |
| Nueva Aldea | Chile | 1,027,000 | BKPR + BEK |
| Alto Paraná | Argentina | 350,000 | BKPT + Fluff |
| Total | | 3,222,000 | |

Air Dry Metric Ton (ADMT):

One ADMT is equal to one metric ton of pulp which contains a maximum of 10% moisture. / BKPR, Radiata Pine - BKPT, Taeda Pine.

Woodpulp Business Milestones in 2013

- Construction of the Montes del Plata pulp mill in Punta Pereira, Uruguay. This facility is 98% complete, according information dated February 2014.
- Implementation of Program 93.5 at the Nueva Aldea pulp mill and starting implementation of a pilot plan at Arauco pulp mill.

- Approximately US\$ 7.5 million has been invested in Argentina on projects aimed at the environmental optimization of the pulp mill, with the construction of an auxiliary effluents pool, improvements in the effluent sludge press, and the construction of another Secondary Clarifier for effluents.

- The Woodpulp business area maintained certification for management systems ISO 9001, ISO 14001, FSC® and CERTFOR (PEFC endorsed) Forestry Chain of Custody.

Panels

ARAUCO's Panels business produces Hardboard (HB), Medium Density Fiberboard (MDF), MDF mouldings and Particleboard, use primarily in the construction, furniture, architecture and design industries. Its products are sold under the brand names Trupán, VESTO Melamine, TruChoice, Faplac, Cholguán and Duro-lac, with sales are concentrated in North America, Latin America and Asia. In 2013, Panels business production was 4.8 million m³, and sales of US\$ 1,941 million accounted for 38% of the company's consolidated sales.

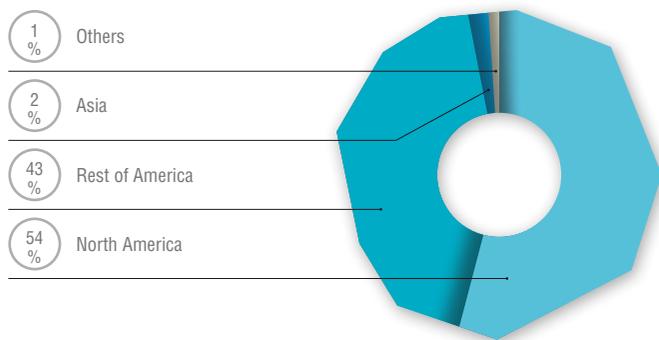
This business has achieved sustained growth by incorporating new facilities and by expanding to Argentina, Brazil, the United States and Canada. Today, ARAUCO's Panels business has 14 mills with a total annual production capacity of 5.9 million m³. During 2013, this business area strengthened its operations in the United States and Canada, achieving important synergies and good practices. The Teno mill completed its first year of production of the new VESTO melamine panel, which was launched in the Mexican, Peruvian and Colombian markets in 2013, positioning ARAUCO as one of the primary actors in the furniture and design markets of Latin America.

In addition, MDF panels Line II at Jaguariáiva, Brazil was brought online during 2013, increasing annual production to 500,000 m³. This project required an investment of US\$ 170 million.

During 2013, ARAUCO launched its innovative new product, VESTO melamine, the only panel in the world to contain a copper-based antimicrobial compound. VESTO was produced through joint work with the mining company Codelco, using the Chilean technology, InCopper®. Copper provides the panel with highly effective antimicrobial properties which kill 99% of viruses, bacteria, fungi and mildew. These properties were tested to comply with the ISO 22.196 standard.

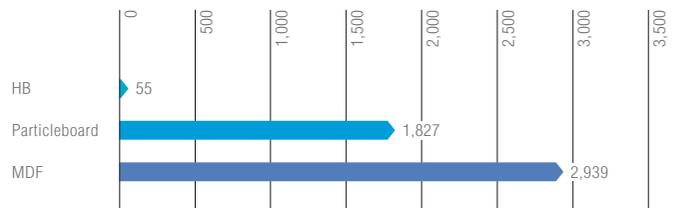
2013 Panel Sales by Market

(% of total US\$ 1,941 million)



2013 Panel Production by Product

(Thousands of m³)



In addition, work was conducted on projects that resulted from last year's innovation process in relation to the "Melamines challenge" and the "Good Practices challenge". Prototypes were implemented using innovative methods to validate each project's hypothesis and assumptions. Results will be available by mid-2014.

In Chile, Nueva Aldea plywood mill is in the process of restarting operations, having been rebuilt after it was completely destroyed by a fire that affected the region in January 2012. The new mill required an investment of US\$ 190 million and has an annual production capacity of 350,000 m³. Once in full operation, the mill's estimated workforce is 660 people.



2013 Panel Business Milestones

- MDF panels Line II at Jaguariáiva, Brazil, entered into operation.
- Completion of construction and start-up of the new Nueva Aldea plywood mill. This mill had been completely destroyed by a fire at the Nueva Aldea Industrial Forestry Complex in January 2012.
- The operation of two plywood mills, and their product sales, were transferred to the company's Timber business area.
- ARAUCO and Codelco signed an agreement for the production of melamine panels with antimicrobial copper protection under the VESTO Melamine brand.
- VESTO melamine launched in the Chilean, Mexican, Peruvian and Colombian markets.
- In Chile, during September 2013, 70 patient rooms at the Public Assistance Emergency Hospital were inaugurated. These rooms, located in the Critical Patients Unit, incorporate antimicrobial copper, with ARAUCO's VESTO melamine used in the manufacture of dining tables.

- A Panels Management Unit was created at Bioforest, under the name BioPanels Division.
- Two new machines (PZKR) that transform timber into flakes were installed at Zárate mill in Argentina to improve the quality of flake production. The equipment consists of an upgrader that classifies better quality flakes for the Inside Core and a new sharpening machine to sharpen the PZKR knife rings. This equipment is intended to improve the quality of panels produced at Zárate mill and to reduce technological differences with more modern mills.
- In Brazil, sales processes were systematized to ensure greater planning and responsiveness to customers.
- Start-up of the timber treatment facility at Jaguariáiva, Brazil.
- Substantial improvements at Piên mill, in Brazil, through the implementation of project AGL 27.000, and state-of-the-art technology to control formaldehyde emissions.

- US\$ 25 million was allocated for 200 capital improvement projects at facilities in North America.
- In North America, Environmental, Health and Safety Management System (EHS MS) activities continued in 2013, as part of the ISO/OHSAS certification process that will be implemented in 2014.
- ARAUCO's product portfolio in Brazil was updated according to market trends. Nine new patterns were incorporated, while six were discontinued.
- The Trupán-Cholguán and Teno mills obtained FSC® Chain of Custody certification, as audited by SGS (License Code: FSC-C119538). The certificate's scope includes MDF, MDF Melamine, MDF Beading, MDF Lacquered and Mouldings from the Trupán mill; and MDP and MDP Melamine from the Teno mill.

Timber

ARAUCO's Timber business includes nine saw mills, six remanufacturing facilities and the operation and sale of products from two plywood mills. Production in 2013 totaled 2.9 million m³ of wood and 282,000 m³ of plywood, positioning ARAUCO as the leading timber producer in the Southern Hemisphere. Sales in 2013 totaled US\$ 830 million, with Asia and Oceania accounting for 65%, followed by the Americas. This revenue accounts for 16% of ARAUCO's total consolidated sales. Timber products are marketed in 46 countries, and are used primarily the furniture, packaging, construction and remodeling industries.

During 2013, the Timber business area significantly advanced its generation of greater value, increasing competitiveness, improving the value offer for end customers, and increasing efficiency levels.

Also, the Timber business area launched Project Perfect Operation 2015, a work methodology intended to reach the highest global performance standards by ensuring optimal conditions for operation. This methodology encompasses a number of actions that involve planning and standardization of tasks and products, as well as on-the-job training, definitions for process control, operational control, and a collection of the best operational practices for four essential aspects: Analysis, Improvement, Registering and Discipline.

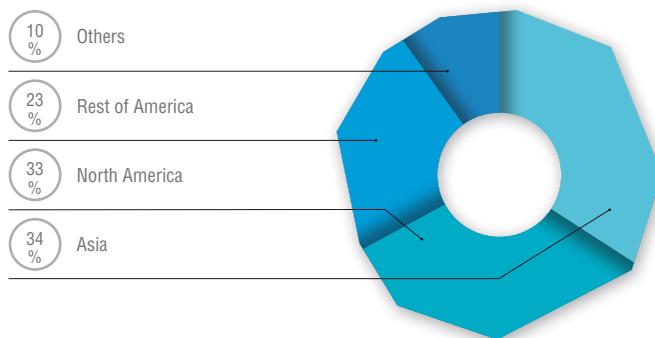
A pilot plan was implemented in 2013, impacting processes at four mills of the Timber business area. This resulted in the identification of initiatives for improvement and the definition of Operational Standards that accomplished an increase in production, corresponding to the historical production maximums in processes termed as critical.

As part of its focus on innovation, ARAUCO implemented the Arauco Intelligence System (AIS), an online platform for the Timber business sales area to make organized and reliable information on markets available to the sales force. This system includes tools for market analysis. It is already being used in three relevant markets, and is in the process of implementation in others.



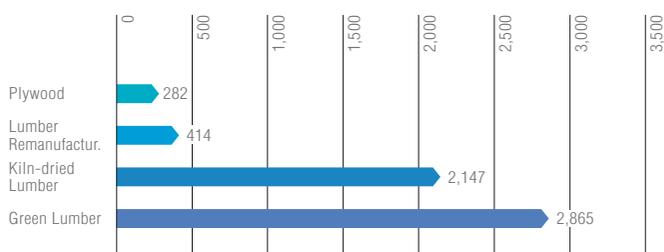
2013 Sawn Timber Sales by Market

(% of a total of US\$ 830 million)



2013 Sawn Timber Production by Product

(Thousands of m³)



In order to maximize the value of its plantations, the company acquired CT Log (Computer Tomography) equipment for the Horcones saw mill. This 3D, X-ray scanner is used to determine the inner properties of logs, allowing the mill to achieve greater fiber optimization by enabling selection of the cutting pattern that will yield the highest-possible value.

In addition, advances were made throughout 2013 in the prototypes of an innovation project for the more-efficient production of structural timber. This work supports the ARAUCO+construction-solutions project.

As part of the program InnovArauco, a process began to detect new innovation challenges to be considered for the upcoming cycle.

Products made by ARAUCO's Timber business serve the furniture, packaging, construction and remodeling industries.

2013 Timber Business Milestones

- Internalization of Horcones log-merchandising mill and Nueva Aldea log-merchandising mill, which had been managed by third parties. This included the hiring of 94 direct workers.
- Transfer of the operation and sales areas of two plywood mills from the Panels business to the Timber business.
- Launch of Project Operation Perfect 2015 across the Timber business area.
- Acquisition of CT Log (Computer Tomography) equipment for Planta de Trozado Horcones, with 3D X-ray technology to determine the inner properties of logs, for value-added sorting.
- Implementation of the Arauco Intelligence System (AIS).
- Celebration of the ten-year anniversary of the Operational Excellence program with the tenth annual Operational Excellence Contest.
- Recertification according to ISO, OHSAS and PEFC/CERTFOR standards.
- Arauco plywood mill obtained FSC® Chain of Custody certification, as audited by SGS (License Code FSC-C119538). The certification's scope is plywood.
- Improvement in production in many processes as a result of Operational Excellence work and an effort to make each process more efficient. This increased production and sales by 10% and 9%, respectively.

Energy

In order to produce and meet its own energy needs, ARAUCO uses forestry biomass to fuel its boilers. Forestry biomass is considered a renewable fuel when originating in sustainably managed plantations.

To take advantage of the provisions of the Clean Development Mechanism of the Kyoto Protocol, ARAUCO has invested, since the 1990s, in additional power generation capacity, exceeding the usual practices of the industry. For over a decade, the company has been providing surplus energy from its industrial facilities to the Central Interconnected System (SIC), the Chilean electric grid. Arauco Bionergía (Arauco Bioenergy), ARAUCO's energy business, sells the company's surplus electric energy.

As of December 2013, ARAUCO had an installed capacity of 606 MW in Chile. This allows the company to meet its own energy needs and provide an energy surplus of 214 MW to the SIC. This energy surplus accounts for 1.5% of total SIC energy generation in 2013.

In Chile, ARAUCO participates in the electric sector by contributing electric energy produced at eight industrial facilities and two back-up units. In 2013, generation by the company's power plants in Chile totaled 3,239 GWh. Total energy consumption in its industrial operations was 2,175 GWh in 2013, of which a minor fraction was supplied by energy purchased from the SIC (35 GWh). The net energy surplus provided to the SIC was 1,099 GWh, which is 25% more than in 2012.

In Argentina, ARAUCO operates two biomass-fueled cogeneration power plants, located in Misiones province. The Piray and Esperanza power plants have a combined installed capacity of 78 MW, which meet the electric and thermal energy requirements of their respective operations. Energy generation by ARAUCO's power plants in Argentina totaled 509 GWh in 2013.

ARAUCO INSTALLED CAPACITY

(By December, 2013)

| Mill/Station | Installed capacity (MW) | Maximun generation (MW) | Average consumption (MW) | Maximun surplus to the system (MW) |
|--|-------------------------|-------------------------|--------------------------|------------------------------------|
| Chile | | | | |
| Arauco | 127 | 105 | 81 | 24 |
| Constitución | 40 | 30 | 22 | 8 |
| Cholguán | 29 | 28 | 15 | 13 |
| Licancel | 29 | 20 | 14 | 6 |
| Valdivia | 140 | 115 | 54 | 61 |
| Horcones (gas/diesel) | 24 | 24 | - | 24 |
| Nueva Aldea I ⁽¹⁾ | 30 | 28 | 9 | 19 |
| Nueva Aldea II (diesel) ⁽²⁾ | 10 | NA | - | NA |
| Nueva Aldea III | 136 | 100 | 63 | 37 |
| Bioenergía Viñales | 41 | 31 | 9 | 22 |
| Total Chile | 606 | 481 | 267 | 214 |
| Argentina | | | | |
| Piray | 38 | 23 | 15 | 8 |
| Esperanza | 40 | 35 | 40 | - |
| Total Argentina | 78 | 58 | 55 | 8 |
| Total | 684 | 539 | 322 | 222 |

⁽¹⁾ The increase in surplus of Nueva Aldea I to 19 MW is due to a reduction of internal consumption of electric energy.

⁽²⁾ Energy from Nueva Aldea II power station is not available for sale to the SIC.
NA: Not available.

2013 Energy Business Milestones

- Acquisition of 58% of Codelco's Non-Conventional Renewable Energy (NCRE) needs for a period of five years. The quantities involved range from 70 GWh in 2013 to 110 GWh in 2017.
- Viñales Bioenergy power plant completed its first year of operation, during which it generated 898,496 MWh.
- Issuance of 498,444 Certified Emission Reduction credits (CERs), for a total accumulated issuance of 2,201,428 CERs.
- Forward progress on construction of the power plant that will meet the energy needs of the Montes del Plata mill in Uruguay.



In addition to meeting the energy needs of its own industrial facilities, the company generated an energy surplus of 214 MW which was sent to the SIC, the Chilean electrical grid.

GHG Emission Reduction Projects

ARAUCO has five cogeneration power plants in Chile registered as greenhouse gas (GHG) emission-reduction projects with the Clean Development Mechanism (CDM) of the Kyoto Protocol, with an annual offset of about 650,000 tons of CO₂e. In late 2012, a sixth project was registered in Uruguay, as part of Punta Pereira pulp mill located in the area of Conchillas (a 50/50 joint venture with Stora Enso). This will allow ARAUCO to increase annual reductions to about 700,000 tons of CO₂e. In addition, the company has two biomass-fueled cogeneration projects

that are in different stages of development (one under CDM and another under VCS, the Verified Carbon Standard), which will increase annual GHG emissions offset to 1,000,000 tons of CO₂e. During 2013, ARAUCO issued 498,444 CERs under the CDM, through four of the five units currently registered with this mechanism.

Furthering electric generation from renewable, carbon-neutral biomass as a mitigation measure against global warming has placed ARAUCO in a leadership position. In 2013, the company was honored with a number of acknowledgements at the national and international level:

Nomination as Leading Business in the fight against Climate Change and special recognition as "Leader in Action" (Fundación Chile and Capital magazine) and Finalist in the "Biostrategy of the Year" category of RISI's 2013 PPI Awards, for the company's successful strategy of combining bioenergy generation with Climate Change effects mitigation.

Bioforest

In 1990, ARAUCO created Bioforest, a scientific-technology research center whose mission is to develop and apply technologies that maximize the production of the company's forest and industrial resources and to develop research for the Forestry, Pulp and Panel business areas. Bioforest's Forestry area has developed Sustainable Precision Clonal Silviculture which is applied to plantations established as of 2010, resulting in a 25% increase in Radiata Pine growth rate and a 40% increase in Eucalyptus globulus. The center also works on in-depth research on the properties of wood to optimize industrial allocation of products from the harvest and, therefore, maximize the use of forest resource in ARAUCO's plantations

in Chile, Argentina and Brazil. In addition, Bioforest establishes guidelines, plans and procedures for fulfillment of environmental objectives.

Bioforest also participates in the development and implementation of standards for the protection, conservation and monitoring of biodiversity present in ARAUCO's 389,311 hectares (962,008 acres) of native forests.

In the Pulp business area, Bioforest has conducted research to optimize the production process of woodpulp, and to increase its knowledge of pulp fiber for its use in different applications, opening the door to new product development. This area promotes environmental improve-

ments in the production of pulp. The research center's world-class laboratory can simulate the pulp production process and analyze critical parameters of the company's processes and products.

During 2013, a research project for the Panels business area was developed and approved, resulting in the creation of the Bioforest Panels unit. A research team was put together in late 2013, and associations were made with advanced research centers in the Panels area.



2013 Bioforest Milestones

- In keeping with the new Chilean Law regarding Research & Development, Bioforest presented its research and development projects to CORFO.

Bioforest Forestry

- A genomic selection strategy was initiated for *Pinus radiata*, which will increase selection intensity and shorten the clonal development cycle, generating clones with increased productivity.
- Implementation of quad motorbikes as vehicles for pesticide application on plantations. This improves opportunities for control, increases the performance of the applications and significantly reduces costs.
- Production of a map of the areas to be sub-soiled, which allows for soil preparation as part of the program for establishing sites.
- Specification of the properties of the raw material that supplies ARAUCO's power plants. Bioforest concluded that moisture content is the primary factor that affects the calorific value of biomass and industrial byproducts.
- Method development for planning biological corridors related to fauna species present in ARAUCO's forestland.
- Definition of a possible distribution model for Darwin's fox, through which a possible distribution map can be produced, based on vegetation cover using LIDAR technology, bibliographic information, and sighting points in Caramávida.
- Development of research applied to the use of water in forest plantations.
- *Pinus taeda* embryogenic clones were sent to ARAUCO's programs in Argentina and Brazil.
- Members of the Phitosanitary Division participated in writing a chapter of a book on *Phithophthora*, which will be published internationally.



Bioforest Pulp

- Increase in the Laboratory's operational efficiency and identification of new uses for pulp in order to diversify product sales, increase production of some of the industrial mill's digesters, and reduce the use of chemicals during the bleaching process.
- Implementation of methods to reduce water use during the pulp-production process.
- Assessment of new methods to bleach eucalyptus pulp. If industrially implemented, this would generate savings from a reduction in the use of chemicals during bleaching.

Bioforest Panels

- Approval of the Bioforest Panels research project.

Innovation

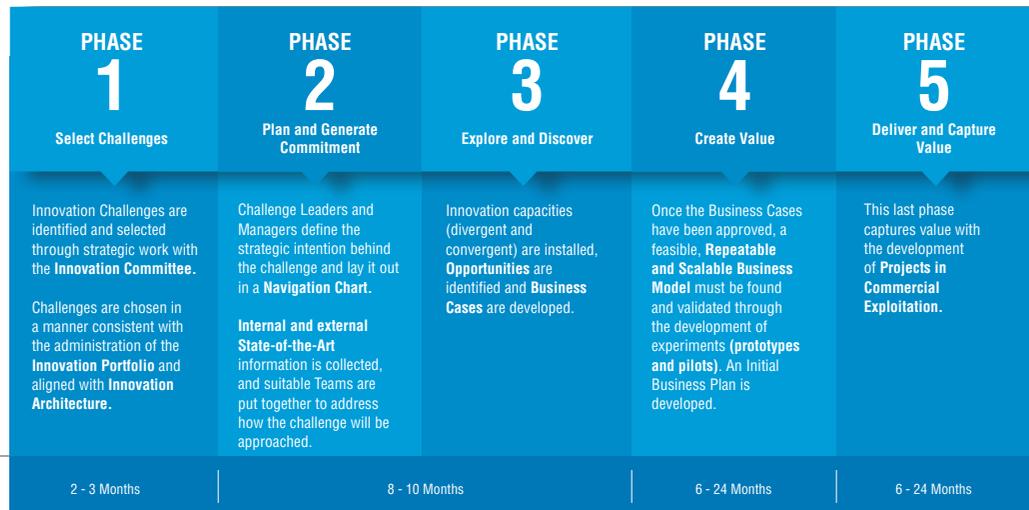
ARAUCO considers innovation to be part of its strategy to Grow Well, and considers innovation a key to creating value over the long term. In order to address innovation systematically, ARAUCO started its InnovaArauco program in March 2011, with a specific structure in place and an Innovation Committee composed of managers of the company's different areas.

In these past three years, the InnovaArauco program has developed a method to address innovation in a way that is systematic, organized and professional, using a specific model that encompasses five stages.

ARAUCO's innovation model focuses on three aspects: new product offers for current and future markets; sustainability and social impact; and excellence in operations.

The second cycle of the innovation process ended with the 2nd Innovation Fair, held in Chile in June 2013. During this event, the company presented advances in the innovation portfolio according to the different stages of ARAUCO's innovation model. In addition, innovation experiences were presented by participating businesses CCU, Chilectra, Agrosuper, Codelco, Telefónica, 3M and Nestlé.

Nine strategic challenges have been worked on during these two innovation cycles, and 30 projects have resulted in prototypes. Five of these are in the upgrading stage: VESTO, the only copper-based melamine, through joint work with Codelco, that provides the most-effective antimicrobial protection in the market; social innovation through programs Acercares and Conecta2; the Construction in Wood challenge; and the AIS market-intelligence project.



Responsible Marketing

ARAUCO invests in resources, technology and training to provide its customers with excellence in service. ARAUCO's corporate brand provides leadership, credibility, innovation, quality, sustainability and reliability to its product brands.

Brands

ARAUCO uses brands for relevant product-market categories, backed by the ARAUCO corporate brand. ARAUCO's objective is to be recognized in the market as an expert in the relevant segments and to make customer purchasing processes easier.



Product Labeling

The labeling and marketing-communication processes related to ARAUCO's products follow the regulations of the country of origin as well as of the country of destination. The purpose of the labels is to communicate the features, composition and technical specifications of the company's products. In addition, ARAUCO complies with regulations and standards defined by each country.

Customer Satisfaction

All of ARAUCO's businesses in Chile, Argentina and Brazil have developed Complaint Management Systems to respond to customer requirements. Communication mechanisms range from telephone calls to direct contact. Everything is managed through standardized systems which

provide for follow-ups and improvement of systems, products and services as a method for ongoing improvement or as a means for the production of annual plans.

During 2013, a survey was conducted to measure distributors' satisfaction in Chile, Peru, Colombia and Mexico. 281 survey responses were received, and results stated that 67% of survey respondents rated ARAUCO's service as "good" or "very good."

In Argentina, 23 customers were surveyed to measure the quality of products manufactured at Alto Paraná. Of the total survey respondents, 77% rated the quality of products as "very good" or "excellent," while 87% rated the delivery of service as "good" or better.

ARAUCO Sustainable Solutions Program

The company developed its “ARAUCO Sustainable Solutions” program to support end-customers in making their furniture and construction projects more efficient and more environmentally friendly. This initiative supplies customers with information about the products and services offered by ARAUCO to the construction and furniture markets, as well as information about the sustainability attributes of the wood being used.

At the point-of-sale of primary distributors in Argentina, Brazil, Colombia, Chile, Mexico and Peru, ARAUCO Sustainable Solutions presents a value proposition that makes purchase decisions easier for end-users. The program also includes an online component, consisting of a website and presence on a number of social networks. This online presence has generated a community of interested people who have access to product information, books, handbooks, videos and essays developed by the company. During 2013, 14,426 people received information through the program, and the number of registered website members totaled 34,012.

A survey was conducted in September 2013 to measure end-customer satisfaction with the ARAUCO Sustainable Solutions program. The survey produced 917 valid answers, of which 71% say they have a “good” and “very good” opinion of the program. Also, 54% of survey respondents stated they would recommend the program.

New Products

- In 2013, ARAUCO launched VESTO melamine, the only panel in the world with antimicrobial copper protection, in the markets of Chile, Colombia, Peru and Mexico. This new product is aimed at the furniture and design industries. (More information on page 36).
- ARAUCO introduced a number of new products into the marketplace, among them a new AraucoPly line: a panel treated with a micronized copper preservative which protects it from fungi and termites. This product was specially designed for the markets of Central America, Australia and New Zealand.
- New high-performance structural timber was launched in Chile. It combines greater resistance, stability and fewer defects. This timber product was successfully used in the construction of the Villa Verde housing project, part of the company’s Housing Plan for Workers in Constitución.
- A new moisture-resistant MDP panel was developed, which is sold raw or as a VESTO melamine substrate. This product was designed for locations with very humid weather or applications exposed to high humidity.
- A beaded and pre-painted MDP-based interior panel was developed. This product, which is currently sold only in Chile, is easy to install and uses less paint for the final finish.
- A new melamine design and a new water-repellent particleboard were launched in Argentina (Nogal Terracota). The company also launched an industrial variation of particleboard, HR particleboard, for formwork. Coated with melamine paper, this product seeks to satisfy part of the demand for film-faced plywood.
- New products launched in North America include: Dura FR™ panel; Flakeboard’s HPL Program; new TFL designs; “Cascade” and “Sawcut” (additions to the TFL textured line); and VESTEX™ MR 50, a panel offering the highest-available level of moisture resistance.
- Nine new melamine patterns were launched in Brazil: Mezzo Bianco, Mezzo Castani, Carvalho Leggero, Carvalho Ristreto, Rovere Canova, Rovere Miró, Canelato, Tokai and Nodo.



PEOPLE OF EXCELLENCE

People of Excellence are workers who are motivated by their development, committed to performance, and guided by shared vision and values.



PEOPLE OF EXCELLENCE

In a highly globalized, competitive industry that is known for its high standards, the need to adapt to change, and customers who demand on-time delivery of high-quality products, businesses increasingly seek to set themselves apart through human capital. This is why having and developing People of Excellence constitutes one of ARAUCO's strategic pillars – one that is essential to Growing Well and accomplishing the challenges facing the company.

People of Excellence are workers who are motivated by their development, committed to performance, and guided by shared vision and values. These are people that seek ongoing improvement, who value teamwork to accomplish their goals, and who become actively involved in the daily activities of the company.

To strengthen this core competency, ARAUCO has conducted significant work in different areas relating to human resources.

The focus of ARAUCO's corporate-culture efforts has been placed on aligning programs, processes and projects with corporate values that guide actions and facilitate decision-making: Safety, Commitment, Excellence and Innovation, Team work and Good Citizenship.

The company has launched a number of team-development initiatives aimed at reinforcing Performance Management as a primary tool in training, promotions, internal mobility and increasing income. In 2013, the company conducted leadership workshops for managers and executives. The implementation of the LEAN philosophy in the Pulp business area also fur-

thered this process, with periodical performance dialogs taking place between managers and operators, and leaders receiving instruction on how to proactively manage training and education processes.

A number of initiatives were implemented to encourage greater participation and involvement of workers, such as a new organizational climate survey, the ARAUCO Spirit recognition program, and others.



CASE STUDY

ARAUCO Spirit

In 2013, the ARAUCO Spirit recognition program was implemented for its second consecutive year. This program aims to recognize those people who embody the company's corporate values and are distinguished by their work peers as examples to be followed.

In addition to establishing employee recognition as a standard company practice, ARAUCO Spirit furthers participation and involvement among people in the company. Nominations are submitted by employees, who must justify the nomination with signatures from co-workers in support of the nominee and a written document describing concrete events that demonstrate that the candidate embodies ARAUCO's corporate values in his/her daily work activities.

In Chile during 2013, the program had a high level of participation: 343 individuals were nominated by 2,076 workers. After the nomination period, committees at the company's facilities and offices chose the local winners.

In the next stage, the stories of 35 local nominees were widely disseminated through corporate communications media and creative campaigns produced by the nominating teams. At this point, all company workers were invited to voluntarily vote for their favorite nominee, in order to choose the highest representative of the ARAUCO Spirit Award by popular vote. The voting process involved 4,996 people.

The ARAUCO Spirit program ended with an award ceremony for all local winners. The ceremony was headed by the company's CEO and was attended by the company's senior executives. Awards were given to the 35 local winners as well as the two people who best represented the company's corporate values: one chosen by workers and the other chosen by the company's executive committee.

This recognition program also was launched during 2013 in Brazil, where 125 individuals were nominated by 864 workers. After the nomination period, a committee of leaders selected 14 finalists. Two of the finalists were chosen as award recipients:

one by popular vote, in which 1,282 workers participated; and the other by ARAUCO's executive committee in Brazil. The award ceremony was attended by the 14 finalists and senior ARAUCO executives in this country.

The process was widely publicized through presentations, handbooks and other internal communications media, which gave an account of the different stages of the process and the stories behind the nominees.

The ARAUCO Spirit Award will be held in North America in 2014.

"I'm very proud to represent ARAUCO's values, which we have all embraced by now because the company has provided the tools for us to act accordingly".

*Claudio Moncada,
2013 ARAUCO Spirit winner.*



471

Workers

WERE NOMINATED
BY THEIR PEERS

2,940

People

PARTICIPATED
IN THE NOMINATION
PERIOD

6,278

Workers

VOTED FOR
THEIR FAVORITE
NOMINEE

Employment

During 2013, ARAUCO provided jobs to 13,324 direct workers, a 0.4% increase from the previous year. In addition, ARAUCO employed 27,071 indirect workers through contracting businesses.

ARAUCO'S TOTAL WORKFORCE

| | 2011 | 2012 | 2013 |
|--|---------------|---------------|---------------|
| Workers | 9,688 | 13,227 | 13,324 |
| Indirect workers (Contracting businesses) | 25,456 | 27,031 | 27,071 |
| Total | 35,144 | 40,258 | 40,395 |

ARAUCO WORKFORCE BY TYPE OF EMPLOYMENT

| | 2011 | 2012 | 2013 |
|--------------------------------|--------------|---------------|---------------|
| Executives | 295 | 354 | 371 |
| Professionals and technicians* | 3,296 | 5,046 | 4,152 |
| Workers | 6,093 | 7,827 | 8,801 |
| Total | 9,684 | 13,227 | 13,324 |

2013 AVERAGE EMPLOYEE TURNOVER (%)

| Country | Organization | Women | Men |
|---------------|--------------|-------|-----|
| Chile | (2) | (2) | (2) |
| Argentina | 0.4 | (7) | 1 |
| Brazil | 6 | 15 | 5 |
| North America | 4 | 4 | 5 |

Turnover formula: Entry rate – Separation Rate.

* Professionals and technicians" includes all persons holding job positions at a professional level (whether 100% are or not). This includes supervisors, managers and analysts.

ARAUCO WORKERS BY COUNTRY AND GENDER

| | | 2011 | | 2012 | | 2013 | |
|---------------|-------------------------------|------------|--------------|------------|--------------|------------|--------------|
| | | Women | Men | Women | Men | Women | Men |
| Chile | Executives | 18 | 182 | 19 | 195 | 17 | 212 |
| | Professionals and technicians | 333 | 1,285 | 394 | 2,456 | 430 | 1,811 |
| | Workers | 360 | 3,538 | 534 | 4,761 | 442 | 5,403 |
| | Total Chile | 711 | 5,005 | 947 | 7,412 | 889 | 7,426 |
| Argentina | Executives | 24 | 194 | 3 | 38 | 2 | 37 |
| | Professionals and technicians | 136 | 473 | 163 | 686 | 157 | 689 |
| | Workers | 10 | 883 | 7 | 772 | 6 | 809 |
| | Total Argentina | 170 | 1,550 | 173 | 1,496 | 165 | 1,535 |
| Brazil | Executives | 1 | 32 | 1 | 31 | 1 | 30 |
| | Professionals and technicians | 122 | 487 | 141 | 465 | 146 | 475 |
| | Workers | 30 | 1,143 | 38 | 1,016 | 56 | 1,074 |
| | Total Brazil | 153 | 1,662 | 180 | 1,512 | 203 | 1,579 |
| North America | Executives | - | - | - | - | 2 | 26 |
| | Professionals and technicians | - | - | - | - | 125 | 239 |
| | Workers | - | - | - | - | 102 | 888 |
| | Total North America | - | - | - | - | 229 | 1,153 |

Comprehensive Development

ARAUCO furthers comprehensive growth of its workers through programs for selection, development, and training. These programs contribute to the formation of teams that are prepared to address corporate challenges and provide solutions that are aligned with the company's global strategy.

These initiatives flow from the company's performance-management process, which is conducted with the company's leadership positions, in order to identify individual promotion and succession opportunities. The information obtained in this process serves as the foundation for salary and wage reviews, the detection of needs for training and promotions, and the development and identification of people with potential.

Performance Management

In Chile and Brazil, performance assessments are conducted using a tool that aligns the skills and desired behaviors of workers with the company's corporate values. In addition, it determines compliance with objectives and goals. This process begins with a self-assessment, continues with evaluations made by those in leadership positions, and ends with a feedback meeting in which the supervisor and supervisee discuss the results of the process and establish agreements for development.

In North America, Flakeboard conducts annual assessments of all its workers. The assessments consider company goals, facility goals, and goals established for the growth and development of each worker in particular. Managers dis-

cuss these goals with their reports to ensure that they are specific, measurable, attainable and timely. Goals are revised each quarter.



The performance management process is the foundation for developing and managing teams of excellence.

2013 Milestones

- In Chile, the performance assessment process was applied to company workers, managers and professionals. A total of 2,629 people participated.
- In Brazil and North America, the performance assessment was applied at all levels of the company.

- In Argentina, the performance assessment process had a positive impact on operations. Eight competencies were assessed: flexibility and adaptation to change; creativity; planning and organization; teamwork; business vision; results orientation; relationship management; and leadership in job positions that require this competence.

| Country | Workers assessed in 2012 | | % of total workers | Workers assessed in 2013 | | % of total workers |
|---------------|--------------------------|-------|--------------------|--------------------------|-------|--------------------|
| | Women | Men | | Women | Men | |
| Chile | 468 | 1,942 | 24.1 | 558 | 2,071 | 32 |
| Argentina | 168 | 725 | 51.2 | 168 | 725 | 51 |
| Brazil | 165 | 1,511 | 100 | 205 | 1,588 | 100 |
| North America | - | - | - | 98 | 246 | 26 |

Training and Learning

The company's different business areas and the high level of specification for each job position require a training and learning plan ranging from instruction

on technical issues to the development of soft skills. A large part of this strategy addresses needs that are identified during the performance-assessment process.

2013 TRAINING INDICATORS

| | Chile | | Argentina | | Brazil | | North America | |
|--|---------|---------|-----------|--------|--------|---------|---------------|---------|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 |
| Number of participants | 3,394 | 4,286 | 1,132 | 1,694 | 1,791 | 1,753 | NA | NA |
| Executives | 49 | 86 | 28 | 176 | 28 | 37 | NA | NA |
| Professionals and technicians | 2,132 | 2,283 | 576 | 428 | 601 | 493 | NA | NA |
| Workers | 1,213 | 1,927 | 528 | 1,090 | 1,162 | 1,223 | NA | |
| % of trained people in the total workforce | 40% | 52% | 68% | 83% | NA | 97% | NA | 100% |
| Hours of training conducted | 224,306 | 274,346 | 22,535 | 28,391 | 97,571 | 106,457 | NA | NA |
| Average training hours | 66 | 64 | NA | 124 | NA | 59 | NA | NA |
| Number of courses conducted | 340 | 498 | NA | 1,255 | 109 | 223 | NA | 13,777* |

* Includes 13,731 individual online courses completed and the following group sessions: 5 AON, 3 LEAD, 38 Corporate. / NA: Not available.

For the second consecutive year, ARAUCO implemented the Scholarship Program for workers in Chile, providing 105 scholarships in 2013.

2013 Milestones

- In Chile, 274,346 hours of training were conducted.
- An online platform was launched to facilitate access to e-learning courses, reaching a larger number of participants.
- For the second consecutive year, the company implemented the Scholarship Program for workers, giving them the opportunity to pursue technical, university or post graduate degrees. In 2013, the program benefited 56 workers, adding to those who renewed last year's scholarships, for a total of 105 workers. The 56 new scholarships were distributed as follows:
 - 20 university careers, mainly civil industrial engineering, business administration, and technical engineering;

- 16 technical careers in risk prevention, industrial maintenance and IT;
- 20 specialization programs, such as technical certificates and Master's degrees in logistics, operations and business management.
- A number of training and education activities were conducted in Argentina, such as the Leadership Formation program, Young Professionals program, Management Tools for People in Middle Management, and training for lead operators.
- In Brazil, mandatory training was conducted for technical and safety functions. In addition, a Professional Development Plan based on Performance-Assessment results was implemented. The plan seeks to further improvement opportunities for workers according to competencies established by the business.

- The following programs were implemented in North America:
 - Technical Scholars, aimed at the development of skills and future talents. A scholarship program was implemented to further continuous education and satisfy the needs of the business.
 - Expanded Craft Enhancement Program, which included online and in-field training to improve workers' skills.
 - Tuition Reimbursement Program, including funding provided to Flakeboard workers enrolled in university-level courses.
 - AON Behavioral Interviewing Training.

“I am grateful for the opportunity the company has given me, of facing this great and long-awaited challenge, through which I expect to further my abilities and take on the challenges and needs that ARAUCO requires of me in the best possible manner.”

Julio González, Shift Mechanic at Constitución Pulp Mill, who earned a scholarship in 2013 and will study Industrial Mechanics at a technical university level at the University of Talca.



Operational Excellence Program

In 2013, the Operational Excellence program marked its tenth year of implementation in the company. This initiative for ongoing improvement seeks to directly engage workers to apply their ideas, creativity and technical knowledge toward improving the daily activities of the company, making a direct contribution by improving production processes, leveraging innovation, and adding value to products and services.

2013 Milestones

- The Timber business celebrated ten years of the program's implementation, with a total of 1,175 projects successfully completed. Work teams at 15 facilities have been trained in Chile and Argentina, and more than 20% of contract workers have been trained in OE and/or have participated in the development of a successful project. Today, the challenge is to actively contribute to Operation Perfect 2015, an initiative driven by the Timber business since 2013, which seeks to achieve the highest global performance standards.
- In the Pulp business, Operational Excellence has reinforced workers' roles in correct operation at facilities, which is a positive contribution to Program 93.5. This program strengthens the culture of innovation and excellence in the business.

- Two Operational Excellence projects of the Forestry business obtained the highest recognition at the national level (see Awards). The strategy for 2014 is to continue with the communication plan in order to further publicize these projects, increase their replicability, and interest new persons in OE projects.
- After successfully implementing the Operational Excellence method in the Panel business in Chile, Argentina and Brazil, ARAUCO decided to conduct the first South American Operational Excellence Contest to demonstrate integration between the units and to motivate workers. Nine of the best improvement projects participated, representing the eight production units of the Southern Hemisphere.
- In North America, a number of initiatives were put in place to improve operational excellence. In 2013, meetings were held between work teams in order to find solutions to problems and launch new initiatives for ongoing improvement. These meetings are held on a monthly basis. Also, face-to-face meetings were held to further best practices among workers, including technicians, logistics personnel, IT personnel, timber purchasing staff, EHS staff and sales personnel.

2013 OPERATIONAL EXCELLENCE PROGRAM

| Business | Ideas presented | | Successful projects | | People trained | | People trained since the beginning of the program |
|--------------|-----------------|--------------|---------------------|------------|----------------|--------------|---|
| | 2012 | 2013 | 2012 | 2013 | 2012 | 2013 | |
| Forestry | 1,479 | 1,406 | 18 | 23 | 3,099 | 33 | 6,391 |
| Pulp* | 96 | 65 | 44 | 43 | 17 | 18 | 1,695 |
| Panels** | 1,139 | 873 | 87 | 74 | 1,399 | 1,814 | 2,212**** |
| Maderas*** | 294 | 138 | 141 | 123 | 1,132 | 1,883 | 11,247**** |
| Total | 3,008 | 2,482 | 290 | 263 | 5,647 | 3,748 | 21,527 |

* Considers shutdown in November of each year.

** Aggregates Chile, Argentina and Brazil.

*** Aggregates Chile and Argentina.

**** The transfer of plywood mills from the Panel business to the Timber business in Chile changed the final number of training sessions in both businesses.

“At ARAUCO, greater significance is being given to the value of Excellence and Innovation, promoting and supporting the ideas of workers. The development of this value benefits not only our company, but its people too.”

Sandra Tapia, Tandem classifier at Trupán panel mill and a participant in the Operational Excellence Program of the Panel business.

Internal Mobility

In 2013, ARAUCO continued to strengthen its Internal Mobility Policy to further

professional growth for workers in the company.

2013 Milestones

• Internal competitions for job positions were held under conditions of transparency and equal opportunity. The competitions were widely disseminated, conducted with clarity and with adequate support. Through this program, 117 contests were held in Chile, attracting 424 applicants. In 2013, a total of 35 job positions were given to internal applicants.

• ARAUCO launched an Internal Mobility online tool through which available job positions are published, facilitating the application process to online internal competitions for workers interested in advancing their careers.

• In Argentina, seven people moved to different job positions through this system.

• In Brazil, of a total of 556 job openings, 235 were filled in with internal applicants.

“I entered the company as a secretary for MASSO Corporate Management and I applied to this new job position to develop and diversify my abilities. I find it excellent that ARAUCO seeks new talent among its people. Knowing that there are opportunities for development increases motivation and creates a positive workplace environment.”

Silvia Ayala, applicant to the Internal Mobility program, who, today, holds a position as a Timber Sales Assistant for the Santiago Office.



Labor Inclusion

At ARAUCO, there are currently 105 workers with some degree of disability, each of whom makes a valuable contribution to the company. In 2013, a number of activities were conducted to employ new people in available positions under equal opportunity. With this purpose, collaboration agreements were signed with the National Service for Disability (SENADIS in Spanish), Tacal Foundation, Sofofa, ACHS, Laborum Inclusivo and Omil (Concepción office). In addition to these initiatives, the company held presentations to create awareness within the organization on the contribution made by workers with disabilities.

In 2013, ARAUCO was honored with the Chile Inclusivo Gold Seal, given by the State of Chile through SENADIA. This award recognizes organizations and businesses who take positive actions towards the inclusion of disabled persons. The company earned this award for the Labor Inclusion and Universal Access to Surroundings categories.

Leadership

During 2013, the company implemented a program that was specially designed to include the leadership model that ARAUCO employs in order to achieve its strategic goals. This initiative focused on guiding and developing People of Excellence, key aspects for the formation of work teams with a high level of performance.

2013 Milestones

- In Chile, 94 workshops were held, and were attended by 1,110 people, or some 97% of the company's leaders. This program was divided into two segments, determined according to the roles of leaders in charge of personnel and equipment. The courses "Leaders of Leaders" and "Leaders of People" were held, covering such issues as tools for human resource management, communication, feedback, and conflict resolution, among others.

- A leadership-development program was launched at industrial units in Brazil. This program is an important initiative for the development of managers, and supplements the Coaching and Assessment process for future leaders.

- In Argentina, 300 people participated in a Leadership Formation Program. This initiative engaged all of the business areas in activities and interventions to promote discussion and learning about leadership within the organization. Also, three leadership sessions were held in North America, attended by 81 leaders of different facilities.

Establishing the LEAN Philosophy

In late 2012, the company decided to incorporate lean manufacturing principles in the Pulp business production operations in Chile. This challenge was termed “Program 93.5,” since its goal is aimed at achieving a 93.5 OEE (Overall Equipment Effectiveness) at the pulp mills.

Work towards the implementation of this program began in January, 2013, at the Nueva Aldea pulp mill, and in September, 2013, at the Arauco pulp mill.

Lean manufacturing seeks to have minimum waste in all processes – in other words, to eliminate the use of resources

that don’t generate value. In a “lean” business, team members work according to specified processes, achieving more than 90% adherence to those standards at all levels of the organization. Leaders work in-field with their teams observing processes, transferring their knowledge, and lending support to find the root causes problems. This way, solutions are definitive and are obtained through joint efforts with the workers.

One of the distinctive features of leaders that embrace lean manufacturing principles is that their job functions include the development of the people who they supervise through the timely detection of training needs.

“This program has allowed us to perform more in-field work and team work, generating important changes in the operation. The key to success is to maintain a positive attitude within our teams.”

Patricio Quezada, Head of Fiber Operations, Nueva Aldea Pulp Mill and team member of Program 93.5.



Bonuses and Social Benefits

ARAUCO’s businesses offer workers a higher level of benefits than that which is required by law in each of the countries in which the company operates. The company does this as a means of providing greater personal welfare for its workers and fostering a higher standard of living relative to local norms.

Efficient and Timely Organizational Communication

During recent years, the company has focused on having open channels for efficient and timely communication of all information of interest to workers, such as new corporate challenges, the development and advances of new projects, internal milestones, benefits, and any other issues deemed relevant.

Primary internal communication mechanisms in 2013:

- **Meetings with executives:** Every quarter, the Chief Executive Officer leads meetings attended by ARAUCO executives to review the company's financial performance, report on the company's primary milestones during the period, and strengthen direct communication. Four meetings were held in 2013. Of these, one was face-to-face and the other three were transmitted via streaming video through the company's intranet. After each meeting, a presentation and video with key messages is sent to company leaders for them to share with their teams. Key messages are laid out by business area executives in Chile as well as those in North America and Brazil.

- **Internal media:** ARAUCO uses company publications and other messaging campaigns to communicate its strategic objectives to internal audiences and to strengthen corporate culture. In Chile, the company's primary means for communication are its monthly newspaper, "Voces de ARAUCO" (9,000 issues), intranet, bulletin boards and flat-screen electronic displays.

In Brazil, key information is communicated through e-mail messaging and printed material.

In North America, ARAUCO's values have been incorporated into business presentations for workers. Also, flat-screen displays have been strategically located in the facilities to keep workers updated on daily information, and weekly reports on business information have been made available to workers. The intranet service maintains all of the company's documents as well as relevant information for workers.



- **Internal marketing campaigns:** An intensive campaign was conducted in Chile to communicate the implementation of the lean manufacturing philosophy in the Pulp business. This included detailed presentations that were headed by leaders, videos, articles in internal magazines, and a comic strip developed by Guillo, a renowned national cartoonist.

The campaign "Leaders that Make a Difference" was created in support of ARAUCO's leadership-development program. The campaign offered a number of brief suggestions, via e-mail, regarding issues related to human resource management, such as performance assessment, recognition, effective meetings and safety.

A special campaign was produced to publicize the ARAUCO Spirit Award and to promote participation and involvement among workers.

During 2013, an internal communication campaign was conducted in Chile on the contents of the Code of Ethics, and a video was produced for the Forestry area on transparency and integrity (see page 19).

A campaign was held in Argentina to promote corporate values, using a range of internal media, including posters, the company intranet, and others. In addition, campaign messaging was placed in key locations, such as the entrance to facilities and assembly halls.

A number of communication campaigns were held in Brazil to reinforce ARAUCO's corporate values, and to publicize the ARAUCO Spirit program for the periods 2012-2013 and 2013-2014.



Funds for Workers Competition

ARAUCO implemented the Funds for Workers Competition in Chile for a second consecutive year. This initiative offers workers a chance to become involved in the development of projects that support communities located in the company's areas of influence.

The company provides funding for the best projects presented by workers. Potential projects are reviewed and rated, with points awarded based on the social benefits derived from the project, the number of people involved, and alliances that will be generated with other organizations.

In 2013, 880 workers participated in the program, and 150 projects were submitted for consideration. Of these, 33 were selected for funding.

In addition to strengthening ties between ARAUCO workers and neighboring communities, the Funds for Competition has become an example of how good ideas can unite people with differing perspectives in the pursuit of a common goal.

One of the projects carried out in 2013 was entitled, "Kids in Rural Communities Visit the Huáscar Naval Ship." This initiative was presented by seven workers at the Horcones remanufacturing facility. The project's concept was to conduct a field trip for sixty underprivileged students from rural schools in the Arauco province. The trip included a visit to the regional capital (where some students would see the ocean for the first time), a visit to the

Huáscar Floating Museum, and attending a movie at the city's local movie theatre. In addition to ARAUCO's contribution, company workers played an active role by organizing the activities, coordinating the visits, and accompanying the children, their teachers, and their parents during the trip. The food-services company, Sodexo, donated food and snacks.

“This project has a lot of impact on its beneficiaries, who are girls and boys between ages six and twelve. I believe this experience is priceless. A simple smile from them, their looks of admiration, and their excitement before the trip – all of these greatly rewarded our efforts.”

Verónica Pino, project member.

Work Relations Based on Trust

ARAUCO seeks to foster open, transparent, direct, long-term relationships with its workers, unions, and union representatives that are based on mutual respect, in accordance with internal regulations and current labor regulations.

A positive and harmonious organizational climate is needed in order to maintain good working relationships. This is why, towards the end of 2013, ARAUCO conducted a new Organizational Climate Survey among all of its workers in Chile, and in its sales offices in Mexico, Colom-

bia and Peru. A total of 6,715 people were surveyed, a sample equal to 82% of all workers. The results registered in 2013 are similar to those of the previous year, with an average satisfaction rating of 62 (out of a possible 100) points.

In Argentina and Brazil, action plans based upon the findings of the 2011 Organizational Survey were implemented, and a new Organizational Survey is being planned for 2014. In North America, Organizational Surveys are held every two years. The last one was conducted in 2013, and the results of this survey are still pending.

Collective Contracts and Agreements

Sound working relationships are sustained by the company's corporate values, and require ongoing communication, collaboration and participation in order to be maintained.

Arauco do Brasil complies with the regulations established in its collective bargaining agreements and its current labor legislation. Any substantial changes are negotiated in advance of their imple-

mentation with the unions that would be impacted. All units are covered by collective bargaining agreements that establish mandatory prior negotiation.

In Chile, ARAUCO promotes an open, honest and transparent relationship with its workers, based on mutual respect, in accordance with internal regulations and legal regulations. In 2013, a total of 5,347 workers (64% of the workforce) were covered by some form of collective bargaining agreement.

COLLECTIVE BARGAINING AGREEMENTS

| Countries | % of workers in collective bargaining agreements |
|---------------|--|
| Chile | 64 |
| Argentina | 48 |
| Brazil | 100 |
| North America | 0 |

Management of Contract Workers

A business of excellence requires suppliers and service-providing businesses of excellence. Part of ARAUCO's development strategy is to count on businesses that are known for their competitiveness and for their highly professional, loyal workers.

During 2013, in order to further this strategy, the company worked with forestry service-providing businesses on various focal points of action aimed at accomplishing the following objectives:

| Increase | Support | Contribute |
|--|---|--|
| Competitiveness of service providing businesses; | The development of forestry business workers; and | To the creation of positive work climates with forestry entrepreneurs and between these contractors and their workers. |

2013 Milestones

- In Chile, the company began the development of a program aimed at strengthening the competitiveness of forestry service-providing businesses. After making an assessment of more than 200 entrepreneurs, the company developed a plan that focused on three points: Strategic Planning, Quality Management, and Human Resource Management.

During 2013, the owners of 25 harvesting companies participated in the program, which was developed jointly by Fundación Chile and managers of ARAUCO's Forestry Business. The program generated important instances for dialog and participation. A follow-up on the issues covered in 2013 will be conducted during 2014 to measure the effectiveness of this initiative.

Using the same program as a foundation, a Strategic Management Course was held for service-providing businesses in Brazil. The company selected a teacher to design the course program, and alliances were established with universities and local industry associations. Additional courses with local partners were included to address specific needs of contract workers. A total of 35 businesses (24 service providing businesses and 11 community businesses) participated in Arapoti and Jaguaraiava.

- Implementation of the Meetings Program with forestry service-providing businesses was included in the 2013 communication plan of ARAUCO's Forestry business area in Chile. This program strengthens ties between the company and service providers, and generates more opportunities for participation, dialog and recognition.

- ARAUCO inaugurated the first Education and Training Center for Forestry Workers in Chile. This center is the result of a collaboration among ARAUCO, the Labor Ministry –through the National Service for Training and Employment (SENCE), Emplea Foundation from NGO Hogar de Cristo, and CORMA. The purpose of this initiative is to provide a solid education program for those entering the Forestry profession. The center will operate at the Zorzal Blanco Training Center in Quirihue commune (see page 103).

- ARAUCO conducted a Remedial Studies Program for workers of forestry service-providing businesses in Chile. About 200 people applied for the program, 95 were accepted, and 54 graduated. Due to the success of this initiative and the interest shown by workers and forestry entrepreneurs, the program will continue through 2014.

- A new standard for work clothing was established for forestry workers in Chile. The new work uniform was tested by 120 harvest workers in

order to identify the improvements that need to be made to the garments' design (see page 68).

- In Chile, ARAUCO and social workers of service-providing businesses completed an important work plan during 2013, enabling about 9,000 workers to obtain Social Security Cards. This card a document that enables workers to apply and have access to benefits granted by the State of Chile.

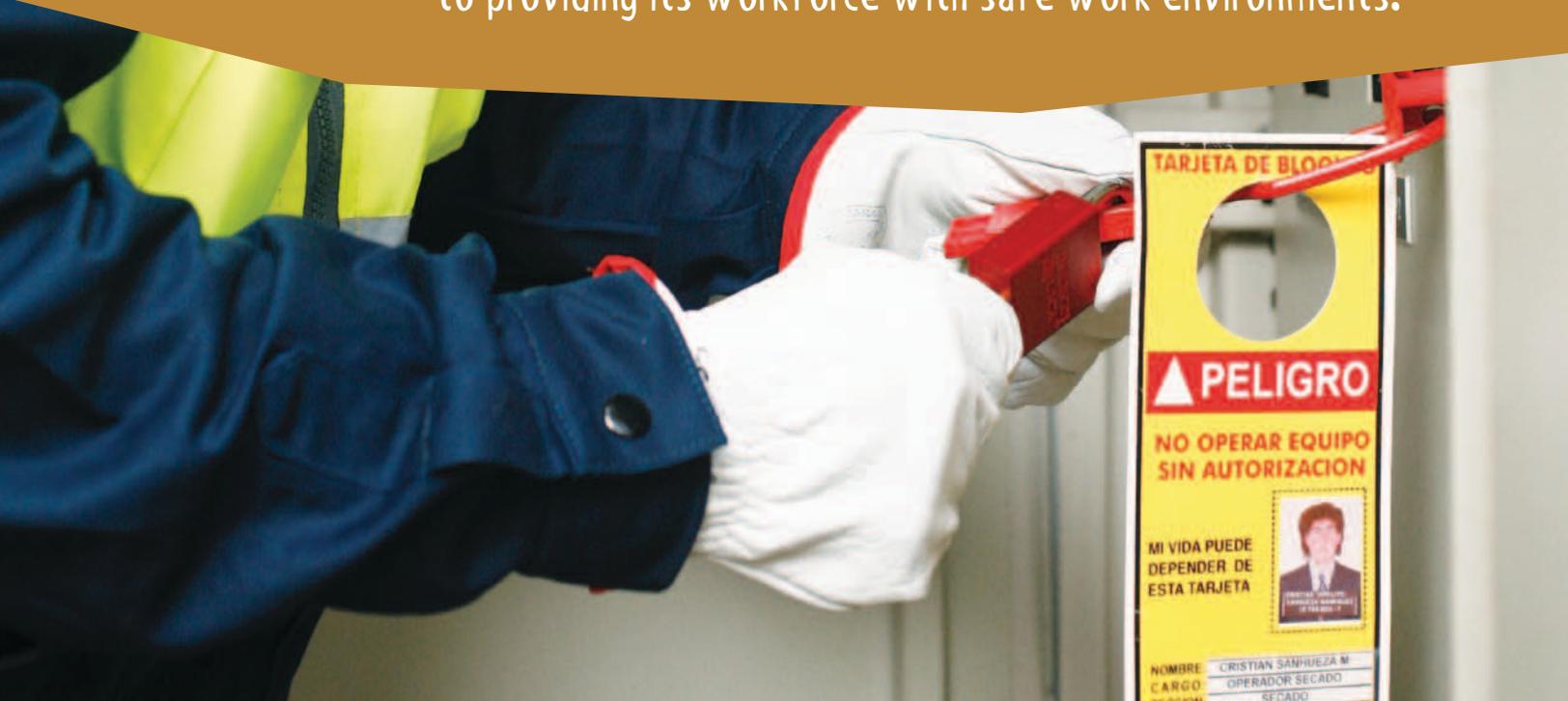
- Towards the end of the year, an online information platform was launched in Chile, enabling workers to enter their personal information and view the State social benefits for which they may be eligible. This system also provides contracting businessmen with reports on their workers' situations. The platform will be launched officially to all forestry service-providing businesses in March 2014.

- Consultations on work-climate management were conducted during the development of work programs.



OCCUPATIONAL HEALTH AND SAFETY

Through its Risk Policy and its Environment, Quality, Occupational Health and Safety Policy, ARAUCO is committed to providing its workforce with safe work environments.



TARJETA DE BLOQUEO

▲ PELIGRO

NO OPERAR EQUIPO SIN AUTORIZACION

MI VIDA PUEDE DEPENDER DE ESTA TARJETA

| | |
|--------|---------------------|
| NOMBRE | CRISTIAN SANHUEZA M |
| CARGO | OPERADOR SECADO |
| | SECADO |

OCCUPATIONAL HEALTH AND SAFETY

In order to reduce accident risks and attain world-class safety performance indicators, ARAUCO has continually worked on generating a culture of safety. The company's commitment to Grow Well necessarily involves placing the value of safety at the center of ARAUCO's operations and at the top of mind of the people who make up our company. By doing so, ARAUCO seeks to improve the quality of life of its workers, further good citizenship, attract and retain talent, improve the business model, and continue as a competitive and sustainable business in the long term.

This commitment has manifest itself in the creation of corporate standards, the continuous improvement of processes,

the ongoing review and adjustment of behavior, and the reinforcement of barriers to injury that exist in the company's forestry and industrial operations.

Through its Environment, Quality, Occupational Health and Safety, and Risk Policies, ARAUCO is committed to providing its workforce with safe work environments, as well as with the tools, equipment and training needed to perform their tasks in a safe and healthy manner.

Though these measures have allowed the company to achieve improved safety levels, ARAUCO considers these results to be insufficient with respect to the goal of excellence that was set—reducing the Frequency and Severity Rates to world class

levels, which means less than one and ten respectively, and attaining zero accidents in its forestry facilities and operations.

During 2013, work centered on continued development the MASSO Strategic Plan for the 2012-2020 period. Advances were made in the development of the Occupational Health Plan, which seeks to reinforce a culture of prevention and safety, further process automation, and drive the application of the LEAN philosophy.

The safety of our people is a priority in all our operations.



In 2013, ARAUCO acquired a number of assets in North America. It is important to note that these businesses adhere to strict safety standards so that they can increase production without compromising employee safety. For example, each person is responsible for his or her own safety and the safety of the people around them. In addition, all employees actively participate in making positive contributions to the implementation of safety programs by assessing risks before acting. Should any incidents occur, they must be reported and investigated to create greater safety awareness and understanding that will prevent future accidents.

Safety

Though ARAUCO's Accident Severity Rate decreased in 2013, Accident Frequency increased, obligating the company to double its efforts in order to attain the goal of Zero Accidents. In order to do so, workers continued to receive training on the Key Safety Rules, among other accident prevention activities. The Severity Rate 2 decreased from 517.45 to 249.15.

ACCIDENT FREQUENCY RATE BY BUSINESS

The Accident Frequency Rate is the number of accidents with lost time per million hours worked. The consolidated figures include industrial operations in Chile, Argentina, Brazil, United States and Canada.

| Year | Forestry | Pulp | Panels | Timber |
|------|----------|------|--------|--------|
| 2011 | 5.7 | 3.2 | 2.3 | 3.4 |
| 2012 | 4.36 | 2.66 | 2.3 | 2.69 |
| 2013 | 5.58 | 5.34 | 4.4 | 10.66 |

CONSOLIDATED PERFORMANCE

| Indicator | 2011 | 2012 | 2013 |
|---|--------|--------|--------|
| Accident frequency lost time rate (LTR) | 4.07 | 3.71 | 6.25 |
| Accident severity rate 1 | 194.19 | 185.22 | 239.77 |
| Accident severity rate 2 | | 517.45 | 249.15 |
| Number of work accidents (LTR) | 338 | 289 | 500 |
| Accident rate | 0.11 | 0.75 | 1.28 |
| Number of fatalities | 2 | 4 | 0 |
| Number of work related illnesses | 9 | 16 | 8 |

Accident Severity Rate 2 is an indicator of lost time (actual lost workdays + "charged days" – a statistical penalty based on standardized estimates of lost lifetime-workdays due to fatalities and permanent disabilities), per million hours worked. "Accident Severity Rate 2" is a term of reference established by ARAUCO. It is normally referred to as SR2 to distinguish it from the Accident Severity Rate, which does not take into account "charged days" (Fatalities and amputations).

The consolidated figures include industrial operations in Chile, Argentina, Brazil and North America, in addition to Bioforest, Arauco Distribution business, Engineering and Construction Management, Logistic Services, Administration offices, Brazil Projects, and the Bossetti Logistics Center in Argentina.

2013 Milestones

Chile

- Updates were made to the Key Rules that apply to the industrial area in Chile.

- ARAUCO's Joint Committees held their initial meetings. A total of 34 Joint Committees representing the company's different businesses met to coordinate actions to strengthen their roles, share good practices, and deepen their safety-related knowledge.

- More than 35,000 workers were trained (between July 2012 and December 2013) on compliance with the company's Key Safety Rules.

- Processes were automated in order to eliminate accident risks.

- Corporate safety standards were revised and updated.

- A communication and education plan was developed to reinforce the behaviors expected from workers regarding learning from incidents, taking individual leadership on safety issues, and compliance with Key Safety Rules.

- Version 1.0 of the MASSO Forestry Self-management System (abbreviated "SAGF" in Spanish) was tested in 40 forestry service-providing businesses. This system provides guidance for these businesses in developing and improving their accident-prevention capacities, contributing to the realization of the world-class safety concept.

- A Basic Course in Forestry Prevention ("Bapre-for" in Spanish) for supervisors of forestry activities was implemented. The 16-hour course is designed to provide training on issues such as leadership, individual and group communication, forestry process knowledge, practical application of OHS tools, and legal aspects. In 2013, 419 site supervisors took the course.

- The Behavioral Science Technology (BST) Program was implemented at Kupal S.A., a company that provides services to ARAUCO. The program focuses on diagnosing the Organizational Culture of a business and driving transformation in the organization's overall safety performance. The implementation process lasts one year.

Argentina

- A mass-communication campaign entitled, "Hácelo Vos, Hácelo Por Vos" ("You Do it, Do it for Yourself") was developed and launched to drive improvement in self-care among workers.

Brazil

- The Serious Injuries and Fatalities (SIF) system was implemented. Through the SIF system, potential precursors of threats to workers' safety are determined, and actions to prevent the occurrence of accidents are presented. The work performed by the SIF system is essentially preventive, and a Corporate Handbook was produced for each business. Developed with input from the company's highest executives, the Handbook details procedures to be followed to create a safer workplace.

- The hydration program for forestry workers was expanded to include Campo do Tenente and Tunas do Paraná (it began in 2011 with Arapoti and Morungava). The program, which covers 550 people, provides forestry workers with 300 ml of an isotonic beverage to reduce the risk of dehydration.

- A Hazard and Operability Study (HAZOP) was conducted to identify and evaluate problems that may represent accident risks to workers.

North America

- In 2013, the Recordable Incidents Rate (RIR) was the lowest of the last four years, even though the company's total workforce increased in number. This is explained by a significant reduction of lost time, injury severity, and incident rates.

- Work began to prepare facilities for certification under the OHSAS 18001 standard.

- Training was conducted to ensure that worker behavior is based on the existing procedures and programs in place in the facilities.

- A safety program focusing on employee behavior was implemented. The program seeks to create greater awareness on workers' safety and well-being.

- A program making safety awareness a condition for the issuance of permits for contracting workers was implemented.

- A Serious Injuries and Fatalities (SIF) alert system was implemented.

- Facilities adopted formal procedures to follow should fire be detected.





Occupational Health

A key element of ARAUCO's business strategy is to create an organizational culture that provides the highest-possible degree of physical, mental and social well being for its workers, furthers health and safety on the job, and promotes a positive work environment that ensures the company's competitiveness, productivity and sustainability over time.

ARAUCO's Occupational Health Plan provides the regulatory framework for Occupational Health in all processes involved in the business areas, creates health on-the-job conditions for high-performance work conducted by ARAUCO employees (and employees of service-providing businesses, when applicable), prevents

work-related illnesses, protect workers from health risks present in the workplace, and fosters healthy operations throughout the company.

During the development and implementation of this plan, information was gathered to maintain and promote the health and work capacity of workers. In addition, working conditions were improved to support greater worker health and safety.

In 2013, the number of work-related illnesses significantly decreased, due in part to improvements in equipment and programs for training and self-care. These programs have been successful in controlling and mitigating a number of workplace-related health problems.

2013 Milestones

Chile

- An Occupational Noise Exposure Protocol was implemented in all facilities.
- Work teams were formed at industrial facilities to evaluate aspects of Work-related Musculoskeletal Disorders (WMSDs).
- Controls for the work environment were implemented to reduce agents that may produce work-related illnesses.
- Work plans were developed to control risks related to ergonomic conditions.
- Groundwork was laid for the development of pre-occupational and epidemiological surveillance standards.
- An H1N1 influenza prevention and vaccination campaign was conducted.

Argentina

- An H1N1 influenza prevention and vaccination campaign was conducted.
- A hepatitis vaccination campaign was conducted.
- A campaign for healthy food was launched to further the Food Education Plan. This plan, running since 2011, is designed to improve workers' nutrition by teaching healthy eating habits. Since the plan's inception, 40 contract workers in Alto Paraná have benefited from this initiative. Presentations were made regarding snake bites, and a campaign was produced for information and prevention of Leishmaniasis, a parasitic disease spread by the bite of infected sand flies.
- Training sessions were held to teach resuscitation techniques (CPR) and first aid.

Brazil

- A number of actions established by the Ergonomics Committee were implemented. These actions focused on the company's industrial area (including offices, treatment process, commercial

transport, and maintenance), and included the presentation of an Ergonomic DST (Daily Safety Talk) in order to inform workers about relevant safety issues.

- An assessment of activities presenting risk for illness and injury was conducted. No work activities that presented a high risk for illness were identified, but several activities having the potential for injury were identified. These include: manual harvesting, silvicultural practices, pesticide application, and repetitive-motion activities. The company's Ergonomic and Hydration Programs are used to minimize risks associated with these activities.

North America

- At Flakeboard, 25% of workers participate on Health and Safety committees.
- In 2013, the Bennettsville Complex conducted Industrial Hygiene surveys to reinforce safety programs and to promote the use of suitable equipment for personal protection. The results were positive and in accordance with the programs.



Joint Committees

ARAUCO maintains joint committees on health and safety in Chile, Argentina, Brazil and North America which identify, analyze and prevent dangerous work-related accidents and illnesses. All of these countries (except Argentina) have legal bodies that regulate the actions of joint committees.

In 2013, all of the company's joint committees in Chile met for the first time, to coordinate actions that would strengthen their roles, share good practices, and deepen their health-and-safety knowledge. In Brazil, in addition to the Ergonomic and (Mixed Commissions) Joint Committees, there are three additional committees related to OHS:

- The Anti-crisis Committee, which is activated when serious or emergency situations occur that may impact the company's industrial areas. This committee takes into account safety, the environment, the community, the company's image, and business continuity at all times.
- The Multifunction Safety Committee, which prioritizes issues in the area of focus, follows-up on corrective actions, and promotes the discussion of incidents in the sector. This committee is made up of employees from a number of areas and employees from Technical Safety.
- The Industrial Units Safety Committee, which meets every week to address specific issues.



Comments From the Joint Committee Meeting in Chile

"This was an excellent opportunity to share work strategies, opinions and other experiences on issues such as self-care, prevention and safety."

– Juan Pablo Seguel, President, Trupán Panel Mill Joint Committee.

"The fact that ARAUCO highlights how important we are as workers is very interesting. The company demonstrates that our first value isn't just as a legal and mandatory entity, but as a commitment taken on by ARAUCO, which enriches our work climate in the long term."

– Pedro Crisóstomo, Workers' Representative, Trupán Panel Mill Joint Committee.

CASE STUDY

ARAUCO Launches New Work Clothing Standard for Forestry Workers

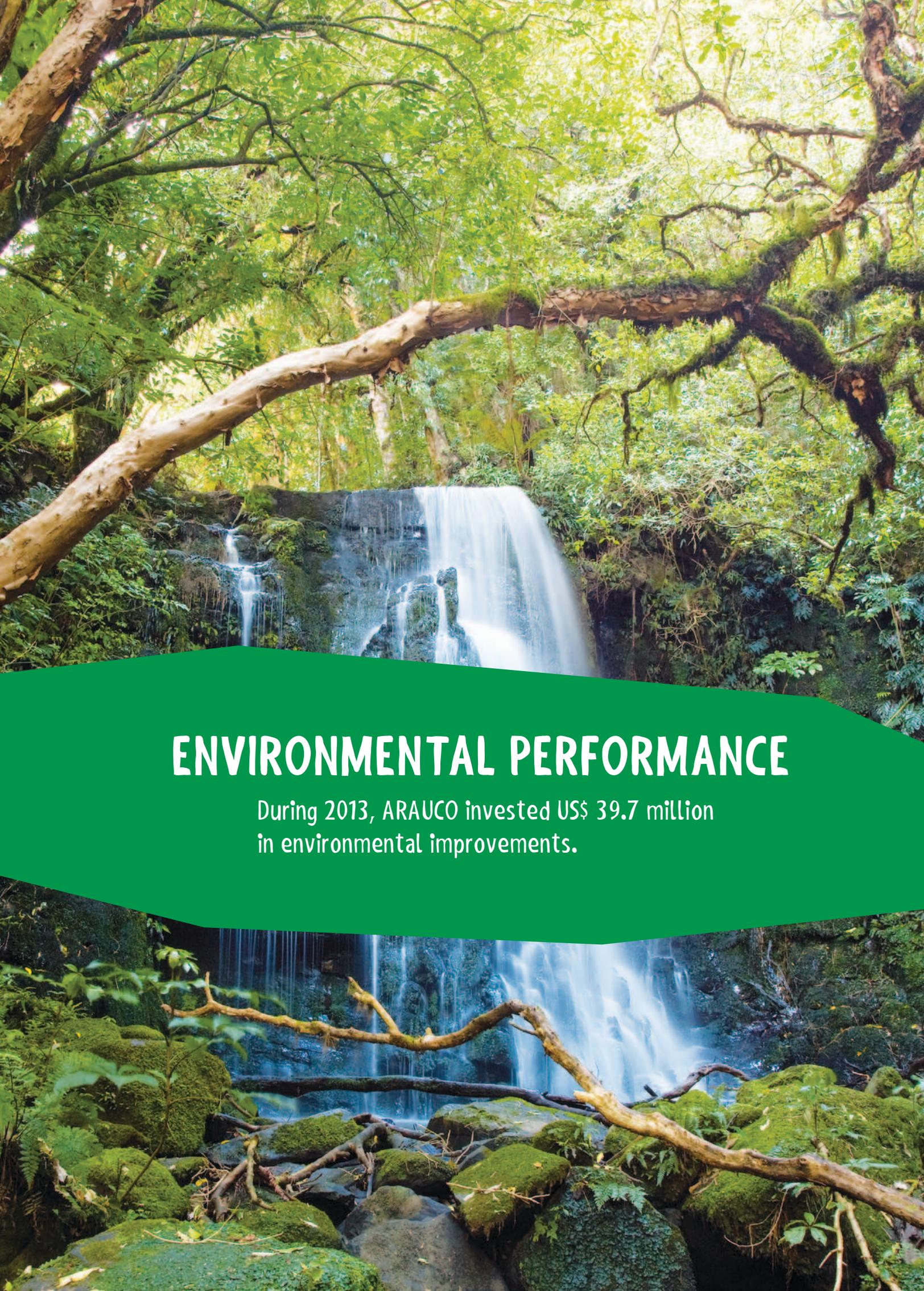
During 2013, ARAUCO's Forestry Business area launched a new standard for work clothing for the forestry workers of contracting businesses. This standard, which goes into effect in April 2014, calls for the replacement of cotton clothing with clothing that is made of polypropylene and designed with state-of-the-art technology, including copper and bamboo fibers that make the clothing more suitable for forest conditions and provide greater comfort to workers.

A test pilot was conducted with more than 120 workers who perform harvesting activities in order to identify improvements needed in the garments' design.

The decision to change the work wear is one of many improvements for forestry workers that ARAUCO has made in recent years. (Other changes include those made in safety, nutrition, forestry camp sites, in-field diners, and transportation.) This change seeks to promote safer, more-efficient operations, since workers will feel lighter and more comfortable during their work.

The new standard for work wear includes: a first layer that wicks away sweat, and keeps the body dry and at a stable temperature; a second layer that provides thermal insulation, trapping heat and preventing the body from getting cold; and a third layer of waterproof, breathable, thermal fabric that provides protection from the wind, water and sun. The outfit also includes socks with antibacterial and fungicide properties, which were designed with copper fiber by Codelco (INCOPPER), and underwear made with bamboo, copper fiber, polyester and spandex, providing greater comfort as well as being hypoallergenic and anti-allergic.





ENVIRONMENTAL PERFORMANCE

During 2013, ARAUCO invested US\$ 39.7 million in environmental improvements.

ENVIRONMENTAL PERFORMANCE

The management, care and protection of the environment is one of ARAUCO's fundamental commitments. This commitment mandates application of best available practices and technology; understanding and protection of ecosystems; the use of management standards that ensure continuous improvement of the company's environmental performance in its facilities and forestry operations, the sustainable use of water and soil, and the conservation of the biodiversity present in company forestlands.

In the different countries in which it operates, ARAUCO maintains programs for scientific research with a number of universities, public institutions and NGOs, and furthers innovation through project development. The company also manages environmental monitoring of: biodiversity in the forestry area; research programs related to compliance with environmental permits in industrial facilities such as PIMEX Nueva Aldea; research programs for the Environmental Impact Assessment of

Mehuín; and research applied to the protection of wetlands.

In Chile during 2013, the Environment and Occupational Health and Safety management unit was reorganized in order to make the structure and organizational system more efficient. This management unit now reports on the issue of Risk and manages the services of Environment and Occupational Health (MASSO) in all of ARAUCO's business units. This management unit now has a more-corporate function, and is concerned with the MASSO areas of the different businesses across the company. This change involved: the review of processes and standardization of work methods, through the collection of vulnerabilities in all of the company's business areas; a process designed to identify and revise the new regulations; the generation of a single structure to support environmental monitoring activities at ARAUCO; and the optimization of ARAUCO's environmental monitoring programs.

The company also approved a Risk Policy, which provides essential guidance for Risk Management, and updated the Environment, Quality, Occupational Health and Safety (MACSSO) Policy, which provides guidance for compliance with regulations, for meeting the commitments to voluntary standards made by ARAUCO (such as FSC and CERTFOR/PEFC Principles and Criteria), and for the continuous and gradual reduction of the environmental impacts of the company's operations.

During 2013, ARAUCO invested US\$ 39.7 million in environmental improvements to: control and manage discharges of industrial gasses and liquid effluents; improve the energy efficiency of pump systems within its industrial facilities; and to build a sewage outlet pipe in Argentina and an extension of a solid waste landfill, among others.

This chapter is divided into two sections, one addressing the impacts of ARAUCO's Forestry business, and the other addressing those of its industrial facilities.



Climate Change

Climate Change is one of the most-significant environmental challenges currently being faced by humanity. ARAUCO has committed its efforts to minimizing its contribution to climate change throughout the value chain of the businesses in which it participates. ARAUCO is also committed to the promotion of measures that facilitate the adaptation of the company and its surroundings to the effects of Global Climate Change.

The company has developed a number of initiatives in this area, including: the development of six energy projects as CDMs, allowing the company to internationally validate mitigation efforts for an annual 700,000 tons of CO₂e; the development of a mitigation project in the voluntary carbon market; the development of new initiatives related to mitigation through Bioforest, the company's own scientific research center; the development of adaptation initiatives resulting from studies on the effects of Climate Change; the development of tree species that are adaptable to climate change; and participation in institutions linked to Sustainability and/or Climate Change such as Business Leaders Center against Climate Change, the Carbon Disclosure Project (CDP), SCX (Santiago Climate Exchange), and Global Change, among others.

ARAUCO owns 389,311 hectares (962,008 acres) of native forest, which accounts for 24% of the company's forest ownership.

Forestry Business Environmental Performance

Planning the forestry cycle is the foundation for all of ARAUCO's operations, from supplying its manufacturing facilities to marketing its finished products on the world market. ARAUCO manages its plantations, protects its native forests, and

manages the impacts of its operations in a manner that is socially, environmentally, and economically responsible.

In Chile, Argentina, Brazil and Uruguay, ARAUCO adheres to international standards for the responsible management of its forests, and conducts and applies research on the full use of its

Forest Protection

In order to protect systems and resources, the company works on three major fronts: protection and respect for the biological diversity present in its forests and High Conservation Value Areas (HCVA, also abbreviated “AAVC” in Spanish); protection and value proposition of the native forest; and programs for forest-fire prevention and forestland protection.

Biodiversity

ARAUCO considers every forest area to have environmental or social value. When these areas are considered exceptional or critically important, they are designated as HCVA. In this context, ARAUCO maintains programs through which it researches ecosystems and works to conserve endangered species and/or programs to preserve cultural and religious sites of

interest of local and indigenous communities. In the many countries in which it operates, ARAUCO adopts environmental safeguards to ensure that permanent protection areas, watersheds and biological corridors are not damaged, to restore degraded areas, to control exotic species in conservation areas, and to conduct surveillance and control of illegal activities, among others.

RELEVANT ASPECTS IN BIODIVERSITY

| Country | | Native forest surface | % of native forest over forestland | High Conservation Value Areas | Type of HCVA | |
|-----------|-------------|-----------------------|------------------------------------|-------------------------------|--------------|-------------------------------|
| | | | | | Biological | Social, cultural or religious |
| Chile | In hectares | 207,151 | 19% | 60,379 | 37 | 57 |
| | In acres | 511,881 | | 149,200 | | |
| Argentina | In hectares | 113,465 | 43% | 63,700 | 10 | 16 |
| | In acres | 280,378 | | 157,406 | | |
| Brazil | In hectares | 63,760 | 44% | 230 | 2 | - |
| | In acres | 157,554 | | 568 | | |





2013 Milestones

Chile

- The company established a Consultation Council for High Conservation Values (HCVs) of its subsidiary, Forestal Arauco. This council is comprised of ARAUCO executives, academics and representatives of NGOs, indigenous peoples and the State. The Council's objective is to maintain a dialog with interested parties related to conservation issues and biodiversity, and to strengthen the company's relationship with its social and environmental surroundings. During 2013, advances were made to fulfill the commitments taken on by ARAUCO for the management of HCVs. A work plan was developed for 2014.
- The conservation plans for each of the 94 HCVA s on the company's forestland (totaling 60,379 hectares or 149,199 acres) were revised and updated. Identified threats to HCVA s were revised during the process, and activities were developed with local communities for the adequate protection of high conservation values. Environmental monitoring was implemented for the biological areas.
- The baseline for monitoring activities was defined in order to manage fauna identified as having high conservation value. This process allowed the determination of the estimated densities of the surveyed populations and the definition of density thresholds with their respective measures for mitigation, which were included in the conservation plans.

- Training was conducted for more than 7,000 workers on issues related to biodiversity and HCVA s.

Argentina

- The implementation of the Watershed Restoration Program resulted in an increase in forest cover protecting water courses, slopes and ecological corridors. Between 2003 and 2013, more than 2,800 hectares were added to protected forest areas in different stages of succession.
- The number of HCVA s was increased and nine new HCVA s were identified. These new HCVA s are areas used by Guaraní communities for their sustenance and to maintain their cultural identity. In addition four rural-community cemeteries, two sites of religious interest, and one site of archeological interest site were added as HCVA s.
- Monitoring of five carnivore species was conducted as part of the "Conservation of carnivores in Argentina" project. (See case study).
- A project to measure the "Effects of pine plantations on the diversity of mammals in Misiones" was implemented. The project was developed by researchers of the National Council for Scientific and Technical Research ("CONICET" in Spanish) to monitor the presence of mammals using a camera-trap method. This project will be conducted for two years.

Brazil

- In order to continue monitoring activities and support the possible identification of other HCVA s, the company worked on a Biodiversity Conservation Plan with The Nature Conservancy, a non-governmental organization, for the areas of Tunas and Campo do Tenente. This plan will be completed in 2014, and will result in suggestions for environmental management and the development of a plan for species monitoring. This same process will soon be conducted for the areas of Arapoti and Senges.
- HCVA s in the Tunas do Paraná and Campo do Tenente regions were identified. The designation of these areas will be technically and socially ratified by a number of interested parties.
- A Management Plan for the Barra Mansa Natural Heritage Private Reserve in Arapoti was developed. The plan seeks to regulate the reserve's use, ensure its protection, and promote research. This nature reserve is a residual forest of Araucaria Forestal, with a significant number of flora and fauna species: 73 species of trees (two endangered species), 57 mammal species (16 endangered species), 270 bird species, 20 reptile species and 32 frog species.
- A consultation process was begun with interested parties and the scientific community regarding attributes that were identified in the HCVA, Gruta do Pinhalzinho.

NUMBER OF SPECIES INCLUDED IN THE IUCN RED LIST AND NATIONAL CONSERVATION LISTS

| Category | Chile | | Argentina | | Brazil | |
|-----------------------|-----------|------------|-----------|-----------|-----------|----------|
| | Fauna | Flora | Fauna | Flora | Fauna | Flora |
| Critically endangered | 2 | 5 | - | 1 | - | - |
| Endangered | 32 | 38 | 3 | 2 | - | - |
| Vulnerable | 25 | 87 | 4 | 2 | 30 | 3 |
| Near threatened | - | 50 | 6 | 2 | - | - |
| Least concern | - | 14 | 36 | - | - | - |
| Provincial protection | - | - | 10 | 14 | - | - |
| Total | 59 | 194 | 59 | 21 | 30 | 3 |

ARAUCO considers every forest area to have environmental or social value.



CASE STUDY

Monitoring Biodiversity

In 2013, monitoring programs were implemented in a number of HCVA's. Following is a sampling of monitoring results, by country:

Chile

Huemules de Ñuble

Monitoring activities were conducted on the high conservation value deer species, "Huemul," to determine if the population of resident groups of the species were maintained or increased over time in the available habitat. Use intensity in a specified habitat area was recorded through the presence of signs and the installation of 20 cameras. In addition, a genetic sampling was conducted through the collection of feces from the different survey sites. Once the presence of the huemul was verified, these samples were analyzed by the Genomics and Biodiversity laboratory of Bío Bío University.

Amphibians

Baseline data was collected on amphibians present in the HCVA's of Chauras de

Laraquete, Queules y Pitaos de Ralbún y Copiulemu, Ruiles del Porvenir and El Fin, and Alerce de las Trancas in the Valdivian forest in Oncol. The objective of this study was to quantify the presence of amphibian species in their different states: larva, juveniles, and adults. A monitoring system for habitat occupation also was developed. This system established a set monitoring route over time for each HCVA, thus eliminating a source of variation. The results demonstrated that Cerro Oncol, a hill in the Coastal Mountains of Valdivia, is one of the sites containing the greatest number of species in a single area. Seven species have been recorded there. Two of these, *Alsodes norae* and *Eupsophus altor*, are microendemic, and much of their biology and true conservation status remain unknown.

Argentina

The presence of Zorro pitoco or Bush Dog (*Speothos venaticus*) individuals was confirmed. This species, which is considered endangered, is usually very hard to observe. It has been declared a natural provincial monument. This study is headed by the WildCare Institute at the Saint Louis Zoo in the U.S., in cooperation with

National University of Misiones, the Ecology Ministry of Misiones Province, and the National Council for Scientific and Technical Research. The results of this study confirmed the presence of this animal in large expanses of native forest, such as Valle del Arroyo Alegría (owned by Alto Paraná).

A number of bird sightings also were also recorded, including the Helmeted Woodpecker (*Dryocopus galeatus*) and a nest of Grey-headed Kites (*Leptodon cayenensis*), a species with very few sightings in Argentina. These results were obtained through the project, "Identification of ecological requirements of the Helmeted Woodpecker (*Dryocopus galeatus*) and other birds associated with the mature forest to contribute to the ecological restoration of the Atlantic Forest in Misiones," developed by Dr. Martjan Lammerink, a member of the National Council for Scientific and Technical Research.

Brazil

There were no specific monitoring activities in Brazil during 2013.



Native Forests

ARAUCO seeks to add value to native forests in the countries in which it operates. In recent years, the company's native forests have undergone a progressive and permanent characterization process to describe the different types of native forests, their structure and the composition of resident species, among other data, which constitutes valuable information for the management of biological diversity and ecosystem services.

In Chile, the company owns 207,151 hectares (511,881 acres) of native forests. More than 90% of this area has been surveyed in terms of floristic composition, vertical structure and species dominance.

In Argentina, ARAUCO owns 113,465 hectares (280,378 acres) of native forests, accounting for 43% of forestland in that country. Of this area, more than 45,000 hectares (111,197 acres) are native forests located on mountains distributed across four large areas that have been designated as HCVAs, and about 64,000 hectares (158,147 acres) is natural vegetation comprised of forests that protect watercourses, slopes and ecological corridors. In 2013, a management plan was developed that included forestland protection activities, research projects, conservation programs and environmental education.

Advances in the Restoration Plan

FSC® defines native forest conversion as the elimination of native forest cover and its replacement with exotic forest species or other uses. According to criterion 10.9 of the FSC® Certification Standard for Forest Management, plantations established in areas converted from natural forests after November 1994 do not qualify for FSC® forest-management certification in most cases.

ARAUCO has managed its plantation forests sustainably and is committed to correcting any possible deficiencies. In 2013, the restoration plan included selective harvesting of the identified sites and the start-up of a trial network in different areas of the company's forestland. Stage 1 of the plan (2012-2015) includes restoration of the native forest by trial, with escalation of this program beginning in 2016. This plan addresses the restoration of areas converted to forest plantations

after 1994, as well as the restoration of areas affected by fires, degraded forests areas, areas for protection of hydrological resources, landscape impacts, environmental impacts, protection areas, the creation of biological corridors, extraction of invasive species, and road edges, among other issues.

In Chile during November 2013, the company participated in the "New Generation Plantations" tour organized by WWF, an international NGO. The tour's objective was to share experiences and further understand the debate regarding the role of forestry businesses in forest restoration.

In Argentina, actions were taken for the restoration of hydrological watersheds and other sensitive areas. More than 2,800 hectares (6,919 acres) have been restored in the past decade. These corrective activities included the dissociation of production land to restore watercourse

borders, restoration of sloped land, nourishment with native plants, and exotic-species control. The company also maintains ongoing dialogs with institutions and NGOs to define joint actions for the restoration plan of areas with plantations and degraded native-forest cover.

In Brazil, ARAUCO owns 58,029 hectares (143,392) of protected native forests distributed in the regions of Arapoti, Campo Teniente, Sengés and Tunas do Paraná. There are still some production areas that have to be evaluated for evidence of native forest conversion. It is estimated that the restoration of a little more than 1,000 hectares (2,471 acres) will continue until 2023, as the preferred option for this restoration is natural regeneration of the native forest.

Forest-Fire Protection and Prevention

The company has fire prevention and suppression programs in place, as well as fire-protection programs, to maintain the integrity of all of its forest holding, including forest plantations, protected areas, and the biological diversity present therein.

The Fire Protection and Suppression Program aims to prevent, detect and suppress forest fires, reducing their impact, should they occur. This program includes a fire-detection system that locates fire hotspots that may threaten or affect the company's land or assets, allowing response in the least possible time; maintaining the availability of human and material resources to combat fires; and a VHF radio-communication system with

full coverage throughout the company's forestland.

The company budgeted more than US\$ 26.2 million for fire prevention and suppression in its forestry operations during the 2013-2014 season. This amount reflects allocations for Chile, Argentina, and Brazil, and covers expenses for personnel, equipment for trained firefighters, air and land infrastructure, dispatch centers equipped with state-of-the-art assessment and control systems, and the use of procedures based on international standards.

About 70% of the fires that affect the company originate on land owned by third parties. ARAUCO maintains information and prevention programs for communities in all countries in which it operates. These

programs are conducted in conjunction with civil and State agencies to raise environmental awareness in order to prevent fires and promote silviculture land-management techniques such as grinding harvest waste, pruning, branch cutting, and the construction of firebreaks.

Training and operational presentations are conducted at community associations on issues such as "The economic cycle in forestry" and "The importance of forest-fire prevention".

The company also conducts in-field activities to maintain a "Safe Forestland." These activities include keeping harvest sites clean, building firebreaks, and grinding forest-product waste (branches, etc.) to minimize situations that might become fire risks.



FOREST FIRE PROTECTION PLAN RESOURCES

| Type of resource | Chile | Argentina | Brazil ^(*) |
|---------------------------------------|-------------|------------|-----------------------|
| Towers | 118 | 17 | 9 |
| Surveillance and protection | 36 | - | - |
| Firefighting brigades | 82 | 8 | 4 |
| N° of firefighters | 849 | 40 | 204 |
| Trucks | 17 | 12 | 26* |
| Skidders | 3 | - | - |
| Airplanes | 8 | - | - |
| Helicopters | 12 | - | - |
| Others (**) | - | - | 1,228 |
| Total budget (in US\$ million) | 21.2 | 1.3 | 3.7 |

(*) Includes AFB, AFA, Mahal. Does not include Vale do Corisco and Novo Oeste.

(**) Includes support vehicles.

(***) Refers to a variety of tools used as firefighting equipment.

Milestones

- During the 2012-2013 season in Chile, there were 1,597 fires which affected almost 300 hectares (741 acres). These figures represent a significant reduction in impacted area compared to the previous season, which was exceptionally different because of the mega-fire that affected the Bío Bío province (see page 79). In Argentina, there were 119 fires, affecting a total area of 148 hectares (366 acres), and Brazil registered 85 blazes.

- The fire-protection program in Chile was restructured, combining human and technical resources. Working on Fire, a group of global experts on fire suppression, was commissioned to handle fire management. Firefighters began a new training

method, undergoing a selection and training process that seeks excellence through certification. In addition, a Forest Firefighters Training Program was started for Chilean Army recruits, a group which included women for the first time.

- More than 10,000 people attended workshops and presentations on environmental education. In Chile, Argentina and Brazil, permanent programs are in place to engage with communities, other forestry businesses, private organizations, and the State to share information and implement prevention programs. In Argentina, an education project for children living in the company's area of influence was implemented in 27 elementary schools, with the participation of 2,971 students.

Forestland Protection Programs and the logistical support provided by the Forest Fire Program promoted the prevention and reduction of real and potential impacts of illegal and unauthorized activities such as timber theft, hunting, fishing, and environmental crimes on company sites. In Argentina, park rangers continuously engage with neighbors, collaborating on fire prevention and the prevention of crimes such as illegal hunting, forest-products theft, and illegal land occupation.

The Forestland Protection concept also includes research programs on Phytosanitary Protection, which are developed by Bioforest. The Integrated Pest Management program seeks to prevent economic damage resulting from the presence of pests in the company's forestland, and includes surveillance, diagnosis, assessments, and measures to control pests and disease.

CASE STUDY

Post Forest-Fire Approach

Early in 2012, a large fire affected more than 9,700 hectares (23,969 acres) of ARAUCO's land in Chile. Some 6,900 hectares (17,050 acres) of this area were plantations and 1,120 hectares (2,768 acres) were native forests and other protected areas. In addition, the Nueva Aldea panel mill was completely destroyed by this fire.

Ecosystems were significantly damaged, tons of soil (fertility and organic matter) were reduced, and there were impacts on the quality of water, biodiversity, and other forest values. In this context, the immediate goal was to recover these aspects and restore ecosystem services.

The plan included reforestation of about 6,500 hectares (16,062 acres) with pine and eucalyptus (the species present be-

fore the fire), and restoration of damages to 1,120 hectares (2,768 acres) of native forest and protected areas within a period of two to four years.

Given the magnitude of the blaze, the company decided to harvest adult plantations in order to recover the largest-possible area for reforestation during the first year and maintain a considerable vegetation cover over the ground.

Younger plantations were razed and immediately replanted. Measures such as the construction of infiltration ditches, sub-soiling at curve level, and the construction of dikes, were implemented to reduce the speed of water on the soil and, therefore, reduce erosion and sedimentation in watercourses.

ARAUCO's main objective for damaged native forests and protection areas was to restore vegetation cover in the least amount of time in order to reduce the loss

of soil and the undesired effects of erosion and the formation of gullies.

The characterization of native vegetation, which ARAUCO has been conducting since 2008, was key in this process. Natural restoration was favored for these forests. This was combined with the collection of seeds for reproduction in company nurseries. Three monitoring activities were conducted between 2012 and 2013 to assess the state of passive restoration. These surveys concluded that tree and bush species are regenerating.

ARAUCO's intent is that the regenerated forest cover be similar to what existed before the fire. To assess the recovery of these areas more clearly, additional monitoring activities have been scheduled for 2014.



Soil and Water Management

ARAUCO's management activities comply with all regulations established by laws in the countries in which it operates, and in compliance with the international standards to which the company is certified. In order to conduct this management, the company has put in place an Integrated Management System with procedures that seek to: minimize the impact of operations on soils, including erosion and other damage; protect water courses; and plan operations based on socioeconomic aspects, cultural values, and tourism, taking into account scenic as well as recreational and economic values.

Soil Fragility Assessment

Soil fragility is a concept that considers aspects such as land movement, compaction, rutting and water-logging. Rutting

maps are being used in Chile to assess harvesting scenarios that could possibly have a greater impact on the soil. These maps include variables such as apparent density, percentage of clay, percentage of organic matter, and slope. In addition, water-logging maps are being used to contribute information to the design of timber extraction roads. These maps indicate the areas within a site that are more likely to accumulate rainwater.

In Argentina, the company is implementing measures to prevent or reduce soil compaction from the moment in which the harvest of a plot or plantation stand is planned. These measures take into account road surface, distance and the direction of extraction, as well as the type of machinery being used.

Alto Paraná conducted annual monitoring of soil compaction between 2001 and 2004. This monitoring included studies of resistance to penetration and apparent density in plantation areas as well as native forests, to obtain data from areas that were not altered. These assessments were repeated over time, and no significant differences were found between early and subsequent measures.

Erosion, measured as a loss of soil in tons/hectare, is another degradation process that has been identified and monitored in the soil of Misiones. Caused mainly by intense rainfall, erosion has been measured annually from 2000 to 2011. These measurements have resulted in the implementation of site preparation techniques to reduce the impact of erosion, while at the same time allowing optimal development of the plantations.





ARAUCO's Integrated Management System has procedures in place for water and soil management.

Water Management

Plants, as well as soil and subsoil, play an essential regulating role in the hydrologic cycle. Plants absorb water for their growth and transpiration and, importantly, the structure of foliage facilitates interception of precipitation and its return to the atmosphere. Soil and topography, on the other hand, determine the amount of water in the system and the time it will remain there.

Knowing the impact of plantations on water is highly relevant for ARAUCO, which is why the company has developed a strategic plan for forest hydrology that includes increasing the existing network that permanently monitors flow to include paired watersheds. In addition, a Monitoring Protocol for Quality and Quantity of water has been established to evaluate the impact of the operations of the ARAUCO subsidiary, Forestal Arauco. In 2013, 13 new landfills were constructed in the

company's various forestry areas within Chile. These landfills are continuously monitored for water quantity, comparing different management conditions. Also, the company continues to monitor the summer water levels of watersheds with different types of use, from pine to eucalyptus plantations to watersheds with native forest cover.

In Argentina, restoration actions for watersheds and other sensitive areas continued. These actions include the setting-aside of 60 hectares (148 acres) from production to promote the restoration of riparian areas, and the setting-aside of production areas as part of the restoration of watercourse borders and sloping terrain. More than 19,000 native plants were introduced to enrich the soil, and the control of exotic species in natural areas continued with the removal of more than 48,000 ring-barked trees.

In Brazil, ARAUCO conducts continuous monitoring of important watersheds in the Arapoti, Senges, Campo do Tenente and Tunas do Paraná regions. Monitoring of watersheds in Tunas do Paraná was initiated in late 2013. These monitoring activities seek to assess the effects of land use on the availability and quality of water, as well as the effects of water consumption by forest plantations. The Surveillance Program, implemented in 2011, obtains daily data on the flow of an

Environmental Management in Industrial Facilities

Environmental management aims to ensure compliance with current environmental regulations resolutions that guide the operation of industrial facilities. In addition, environmental management is the discipline through which programs are developed to improve the company's environmental performance and the use of wood sourced from forests managed under strict sustainability criteria.

This chapter focuses on environmental monitoring, energy and water consumption, and the management of waste, spills and emissions.

Environmental Monitoring

In Chile, environmental monitoring of ARAUCO's facilities and operations involves monitoring and the reduction of environmental impacts in the matrix:

- **Air**
(emissions and quality)
- **Effluents**
- **Water**
(rivers, ocean, underground water)
- **Organisms**
(biodiversity and quality)
- **Soil**
- **Noise**



The company also has environmental surveillance programs in Chile to monitor the quality of water bodies receiving treated effluents from five pulp mills, the Trupan panel mill, and the Viñales power plant. This treated effluent is discharged in compliance with government regulations and the requirements established by authorities at the time they granted the operating permits for these facilities. The programs are implemented according to the frequencies and timelines generally established in each Environmental Qualification Resolution (abbreviated "RCA" in Spanish) that approve operation of the facilities and are executed by Universities or University Consortiums with ample experience in environmental monitoring and research.

During 2013, ARAUCO spent US\$6 million in the application of a global monitoring program in Chile. All of the information gathered through monitoring activities is reported to environmental authorities as requested by the respective RCAs and other legal bodies. At present, all of the information related to the Environmental Impact Assessment System (abbreviated "SEIA" in Spanish) is loaded onto the Chilean environmental authority's information system (Environment Superintendency) in compliance with current regulations. This information also is sent to a number of specialized departments within the company, which review the monitoring results, evaluate them in terms of historic trends and, if needed, redirect them to ensure research and the design of preventive measures for environmental matters.

The company's midterm objective is to create a single structure for all environmental monitoring activities in order to enable cross-assessments, optimize programs, and obtain unified and consolidated information for analysis and company-wide reporting against established environmental-performance indicators.

In North America, all of Flakeboard's facilities comply with the applicable government regulations for environmental performance. The gathering of performance data is guided by an environmental monitoring matrix, and the information is provided, as required, to appropriate state and national agencies. In addition, Flakeboard's facilities are certified by the Composite Panel Association's (CPA) ECC Sustainability Standard, a voluntary industry standard.

Waste Management

Hazardous industrial waste generation is regulated in every country in which ARAUCO operates, and all operating units have waste management plans in place. In addition, ongoing training is provided to persons involved in waste management and disposal.

The company's facilities have increased the consumption of materials that are based on recycled products and byproducts. For example, a project was implemented in Brazil to make use of boiler ash

in the forest. Studies conducted indicate that this initiative resulted in the gradual reintroduction of nutrients into the soil. During 2013, a project was developed in Chile for the productive use of ARAUCO's boiler ash and sand, which will generate considerable savings on waste-disposal costs.

In Argentina, all operation units have programs in place for the reuse and recycling of solid waste and byproducts. A high percentage of plastic and paper waste is managed through these programs.

INITIATIVES IN 2013

| | | |
|---------------|----------------------|---|
| Pulp | Chile | <p>Project development for the use of ash: The Nueva Aldea and Arauco mills use ash as a road stabilizer; In Valdivia and Arauco, ash is applied as a nutrient on forest soil. In addition, ash is used as an additive in the manufacture of cement, in the preparation of roads for forestry use, and in asphalt.</p> <p>At the Constitución mill, ash is being developed for use in sands and as a stabilizer for mill roads.</p> |
| | Argentina | <p>Construction of a second module for disposal of hazardous waste was completed. Engineering and construction work is performed according to international standards for a high-security-level facility, therefore reducing the associated environmental risk.</p> |
| Panels | Chile | <p>During 2013, the company recycled a significant amount of material, including panel side-cuts, paper and cardboard, electronic waste, aluminum cans, lubricating oil, and plastic packaging.</p> |
| | Brazil | <p>Construction was completed on a new area for temporary storage of waste in Jaguariáiva, meeting mandatory technical requirements.</p> |
| | North America | <p>A goal was established to recycle and reuse all material that remains as waste during the production process.</p> |
| | Argentina | <p>The MDF panel mill developed a project to reuse power-generation-boiler ash. A total of 3,456 m³ of ash went into the manufacture of ceramic bricks.</p> |
| Timber | Chile | <p>Hazardous waste generation was reduced by more than 30% as compared to 2012.</p> <p>All mills have waste management plans in place.</p> |

Leaks / Spills

Protocols and procedures are in place at all facilities to minimize the environmental impacts of various types of incidents. These include: stopping facility operations; performing immediate containment activities, and later conducting the needed repair work to return to normal operating conditions; and maintaining timely communication with relevant authorities and communities.

To collect information on the impacts generated by a spill outside its facilities, ARAUCO has put in place its Environmental Emergency Response Protocol. This protocol provides a definition of environmental emergency, established procedures to be followed in case of an emergency, and lists contacts per area and facility.

In 2013, two similar incidents were recorded in Chile, one in October and one in November. In each, treated effluent spilled from the outlet pipe at the Nueva Aldea pulp mill (see page 22). No significant spills were reported in company operations in Argentina, Brazil, the United States or Canada during the reporting period.

Emissions

At ARAUCO, particulate matter is controlled through mitigation equipment, such as the scrubbers and electrostatic precipitators at the Viñales Bioenergy facility or the multi-cyclones at facilities that use boilers.

During 2013, monthly air-quality measurements were conducted by the monitoring station at Viñales, in addition to air-quality measurements conducted by a monitoring station owned by ARAUCO in Constitución School, within the city of Constitución.

Fine wood-dust emissions in remanufacturing facilities are captured using bag filters. The collected sawdust is then sold as biomass fuel.



Energy Efficiency

ARAUCO operates biomass-based power plants that provide energy for its own industrial needs, as well as a surplus that the company sells into to the Chilean energy grid. (See page 40.) In 2013, the company's industrial facilities continued to promote energy-efficiency programs and environmental-awareness programs among workers in order to reduce energy consumption. Flakeboard's goal, for

example, is to reduce energy consumption by 10% by 2015. In 2013, Flakeboard reported a 5% reduction in energy consumption with respect to the baseline established in 2010 as a result of the efforts made by its facilities in the U.S. and Canada. (Energy use at the Moncure plant is excluded from this calculation.) Several energy-efficiency initiatives are described in the following table:

| | | |
|--------|---------------|--|
| Pulp | Chile | <p>Arauco Mill: Recovery of clean condensates from the stripper. This project was implemented in April 2013, and contributes to reductions in the consumption of hot water. Therefore, it also reduces consumption of steam and treated river water.</p> <p>Licancel Mill: Energy savings through devices to adjust motor speed, therefore reducing the consumption of electric energy.</p> <p>Nueva Aldea Mill: A number of energy efficiency improvements were made through projects such as: an increase in the capacity to burn soap in the Recovery Boiler; installation of a steam attenuator in Turbo-Generator 2; and replacement of the primary and secondary air preheaters in the Recovery Boiler.</p> |
| | Argentina | <p>Start-up of a biomass application program, through which forest harvest by products are used to produce biomass for thermal plants. New investments were made in equipment to produce and transport 10,000 tons/month of biomass (carbon-neutral fuel), which replaces 1,500 ton/month of fuel oil. This represents an environmental improvement as well as an economic one.</p> |
| Panels | North America | <p>Flakeboard's Bennettsville mill conducted improvements in the biomass boiler to increase efficiency and flexibility during fuel burning. The RCO (Regenerative Catalyzed Oxidizer) nucleus was reconstructed to reduce energy consumption.</p> <p>The Sault Ste. Marie mill participated in a provincial government program that awards energy efficiency with a reimbursement of energy costs.</p> |
| | Chile | <p>Implementation of measures to fulfill a commitment acquired through the Clean Production Agreement. This includes: awareness campaigns; operational excellence projects to reduce consumption in production lines; establishing controls to stop electric equipment and optimize operations; projects to make more use of natural light; and the energy-efficient light bulb replacement program.</p> |
| | Argentina | <p>As part of the energy-efficient light bulb replacement program, 90 lights were changed at the Piray MDF panel mill.</p> |
| Timber | Chile | <p>Application of energy efficiency programs continued, creating awareness among company workers in order to reduce energy consumption. Energy efficiency was included in training sessions for newly-hired workers.</p> <p>For example, changes were made to lighting systems for equal illumination levels with less electric energy consumption; frequency variators with individual stop systems for lathe heads were installed in the Planing area; a program was implemented for cleaning and replacing light bulbs with higher-efficiency, brighter lights during preventive maintenance.</p> <p>Translucent lights were installed on the walls and ceiling of the production hall at Horcones plywood mill.</p> |

Water Management

During 2013, there were no recorded incidents of negative impacts on watersheds due to water-catchment systems for the company's industrial activities.

Regarding ARAUCO's the Pulp business in Chile, none of the watercourses assigned for supply are classified as protected areas.

There are specific regulations in Environmental Resolutions at some mill, such as Nueva Aldea and Valdivia, which require modulating or stopping the production process if the water flow decreases to values below the standards established in the environmental impact assessments and their respective resolutions.

| | | |
|--------|---------------|--|
| Panels | Chile | At the Trupán-Cholguán mill, 10% of the permeate water of the HB Line and 100% of LIW of the Mouldings process is recirculated. At Teno mill, internal gardens are irrigated with water treated at the wastewater treatment plant. |
| | North America | At the Eugene mill, a system is in place to recycle and reuse water from refrigeration and washing, which accounts for 10% of industrial water extraction. |
| Timber | Chile | In most of the mills, the water in the drying chambers is reused and returned to the chambers' tubs, through a treatment plant located in the drying area. 100% of the water collected by the treatment plant is used as water in drying and/or in some cases as water in irrigation courts. At the Bionenergy plant, water is reused in a closed-cycle process, which accounts for 20% of total water collected. At the Horcones Plywood mill, the water used to wash gluing machines is recycled. It is sent to an adhesive company where it is reused to manufacture adhesives. The annual recycling percentage is 0.7%. Other initiatives include: recirculation of water in hydraulic units as well as water used for press wetting and log watering. |

Discharges

All of the countries in which ARAUCO operates regulate discharges, and all of the company's facilities have established parameters that are monitored to ensure full compliance with legal requirements.

Liquid industrial waste from pulp mills is regulated by specific environmental regulations. All pulp facilities have secondary treatment systems, and the Valdivia mill has an additional tertiary treatment.

| | | |
|--------|-----------|---|
| Pulp | Argentina | During 2013, a second clarifier was brought online, and two sludge presses were installed to increase clarification capacity, improving the quality of effluents. In addition, an auxiliary effluents pool was built in anticipation of incidents requiring the redirection of effluents to a temporary reservoir for later treatment. This installation is expected to operate during 2014. |
| Panels | Chile | The Teno mill was designed so as not to generate liquid industrial waste during its processes. |
| Timber | Chile | At the Horcones plywood mill, effluents from risk system batches are redirected to the Pulp LIW treatment plant. |

Fire Prevention

During 2013, a relevant issue for environmental management at industrial facilities in Chile was the collection of information to fully understand the state of the fire-prevention network at the company's industrial forestry complexes. This data-gathering will lead to the establishment of a specialized firefighting service, standardization of fire-protection equipment inspection at facilities, efficiency improvements in firefighting and in handling of chemical emergencies, and the creation of a Firefighting Standard for all of ARAUCO. This project requires a long-term investment of US\$ 40 million.

In Chile, the Pulp business area continued acquisition and conversion of new equipment to respond to emergencies. With

a US\$ 8 million investment, the company commissioned the construction of 13 emergency vehicles in the United States. Among these are five multi-purpose units, two industrial units, one unit fitted with an extension ladder, and three water-tank trucks. This equipment will be delivered to each of the industrial forestry complexes (Nueva Aldea and Horcones) and to the Valdivia, Constitución and Licantén pulp mills during the first quarter of 2014.

In order to ensure adequate operation and availability of these units, ARAUCO signed a service contract in 2013 with SUATRANS (a renowned international company specializing in Emergency Control) to have a highly qualified expert Operating Team for the new equipment.

Environmental Research

In addition to research conducted by Bioforest, ARAUCO supports scientific activities to increase and improve its knowledge of ecosystems, which the company needs in order to provide suitable ecosystem care and management. To that end, and to supplement its own environmental monitoring, the company underwrites high-level studies and research, such as the Marine Research Program of Excellence (PIMEX in Spanish). The Program was established in 2006 to address environmental concerns regarding the effects of discharges from IFC Nueva Aldea on the marine ecosystem next to the Itata River estuary.

During 2013, PIMEX concentrated its efforts on biodiversity issues, oceanographic variability, sustainable fisheries, and the protection of endemic species. The results of this work will be analyzed, delivered to the environmental authority, and published in internationally renowned scientific magazines.

Additionally, environmental monitoring programs, ranging from studies of benthic communities to bird life, contribute to increase knowledge of the ecosystems in which the company's pulp mills operate.

EXAMPLES OF ARAUCO-FUNDED RESEARCH

| Type of study | Mill | Researcher | Scope |
|------------------------|--------------------------------|------------|--|
| Benthic macrofauna | Constitución | CREA-UCSC | Maule river macrobenthos and Maule estuary intertidal and subtidal. |
| | IFC ⁽¹⁾ Nueva Aldea | PROMNA | Itata estuary intertidal and subtidal macrobenthos. |
| | | PIMEX | Mela Sandbank fishing area benthic communities. |
| | IFC Arauco | UDEC | Intertidal and subtidal macrobenthos Arauco Gulf. |
| Biological Communities | Valdivia | EULA | Aquatic vegetation in Cruces river. |
| Ichthyofauna | Licancel | CREA-UCSC | Ichthyofauna in Mataquito river mouth. |
| | IFC Nueva Aldea | | Ichthyofauna Itata river. |
| | Valdivia | | Ichthyofauna Cruces river. |
| Marine Mammals | Constitución | CREA-UCSC | Sightings of marine mammals between Mataquito and Loanco (Maule Region). |
| | IFC Nueva Aldea | PIMEX | Sightings of marine mammals at Cobquecura sea lion colony and Mela Sandbank fishing area. |
| Avifauna | Constitución | CREA-UCSC | Sightings of avifauna from Mataquito to Reloca (Maule Region). |
| | IFC Nueva Aldea | PROMNA | Avifauna sightings between Topocalma lagoon (O'Higgins Region) and Itata estuary (Bío Bío Region). |

⁽¹⁾ Industrial Forestry Complex.

2013 Milestones

- Start-up of projects in Chile to find alternative uses for ash byproducts. These projects are worked on with La Frontera University, Austral University and DICTUC of the Pontifical Catholic University of Chile.
- A study was conducted in Brazil to assess the impact of the application of ash byproduct on forestry sites. The study concluded that this application did not generate impacts on the soil or aquatic environment.

- In Argentina, Alto Paraná continued with the development of eight research projects, headed by experts from universities and research centers, on the forest, plantations and conservation of species.

FORESTRY ENVIRONMENTAL INDICATORS

(Includes Chile, Argentina and Brazil)

| Business | Aspect | Measurement unit | 2011 | 2012 | 2013 |
|---------------------|--|----------------------|-----------|----------------------|---------------------|
| Forestry | Use of input material^(*) | | | | |
| | Insecticide | ton/year | 56.0 | 57.8 | 53.13 |
| | Herbicide | ton/year | 257.8 | 236.4 | 275.95 |
| | Additional compounds | ton/year | 5.8 | 7.6 | 9.83 |
| | Fertilizer | ton/year | 1,787.1 | 2,106.6 | 3,472.16 |
| | Fungicide | ton/year | 1.3 | 1.31 | 2.05 ^(*) |
| | Surface water consumption | m ³ /year | 220,406 | 2,509,164 | 2,429,833 |
| | Ground water consumption | m ³ /year | 2,863,058 | 1,631,243 | 1,587,252 |
| | Total solid waste | ton/year | 198.7 | 170.6 | 190.78 |
| | Hazardous waste | ton/year | NA | 79.7 | 56.84 |
| Non-hazardous waste | ton/year | NA | 90.9 | 68.2 ^(**) | |

Note: Argentina reports Forestal Delta this year.

(*) Chile only.

(**) Does not include Argentina.



PULP ENVIRONMENTAL INDICATORS

(Includes Chile and Argentina)

| Business | Aspect | Measurement unit | 2011 | 2012 | 2013 |
|--------------------------|---------------------------------|------------------------------|---------|---------|-------|
| Pulp | Raw materials | | | | |
| | Fiber (pulpable chips) | Million Dry tons/year | 6.4 | 6.8 | 7.1 |
| | Fiber (pulpable chips) | Dry tons/ADT | 2.3 | 2.3 | 2.3 |
| | Sulfuric acid | Kg/ADMT | 25.7 | 22.0 | 24.0 |
| | Lime | Kg/ADMT | 16.7 | 20.7 | 21.3 |
| | Oxygen | Kg/ADMT | 23.8 | 23.1 | 23.7 |
| | Caustic soda | Kg/ADMT | 25.1 | 22.5 | 23.4 |
| | Sodium chlorate | Kg/ADMT | 22.6 | 21.6 | 21.2 |
| | Hydrogen peroxide | Kg/ADMT | 3.0 | 3.0 | 3.0 |
| | Sodium sulfate | Kg/ADMT | 4.1 | 4.3 | 3.5 |
| | Sodium carbonate | Kg/ADMT | 4.1 | 5.1 | 3.8 |
| | Methanol | Kg/ADMT | 2.8 | 2.7 | 2.6 |
| | Steam | t/ADMT | 6.5 | 6.5 | 7.0 |
| | Total energy consumption | Million GJ | 12.6 | 13.9 | 13.9 |
| | Energy intensity | GJ/ADT | 4.5 | 4.7 | 4.5 |
| | Water consumption | Million m ³ /year | 151.5 | 158.7 | 189.5 |
| | | m ³ /ADMT | 53.8 | 53.4 | 61.5 |
| | Emissions | | | | |
| | SO ₂ | ton/year | 1,779 | 2,963 | 2,597 |
| | NO _x | ton/year | 5,076 | 5,631 | 4,735 |
| | TRS | ton/year | 424 | 299 | 513 |
| | MP10 | ton/year | 1,350 | 2,243 | 2,181 |
| | Wastewater discharges | Million m ³ /year | 146 | 142 | 141 |
| m ³ /ADMT | | 52 | 48 | 46 | |
| Total solid waste | ton/year | 347,100 | 353,784 | 409,863 | |
| | Kg/ADMT | 151.6 | 117.1 | 129.9 | |
| Hazardous waste | ton/year | 7,144 | 6,169 | 9,843 | |

TIMBER ENVIRONMENTAL INDICATORS

(Includes Chile and Argentina)

| Business | Aspect | Measurement unit | 2011 | 2012 | 2013 |
|----------|---------------------------|--------------------------|---------|-------------|--------------------------|
| Timber | Raw Materials | | | | |
| | Logs | mm ³ ssc/year | 4.70 | 5.10 | 6.12 |
| | Biomass | m ³ st/year | - | 627,604 | 2,389,558 |
| | Production | | | | |
| | Sawn timber | Th m ³ /year | - | 2,320,112 | 2,865 |
| | Remanufactured wood | Th m ³ /year | - | 325,977 | 414 |
| | Electric Energy | MWh/year | - | 92,439.2 | 474,770.2 |
| | Panels | m ³ /year | - | 332,221 | 282,346 |
| | Energy consumption | GJ | 511,200 | 851,082.12 | 1,818,162.15 |
| | Water consumption | m ³ /year | 650,000 | 1,526,742.2 | 2,221,896 ^(*) |
| | Total solid waste | ton/year | 3,438.2 | 15,930.6 | 18,165.78 |
| | Hazardous waste | ton/year | 497 | 2,448.6 | 1,147.18 |
| | Non-hazardous waste | ton/year | 2,941 | 13,482.0 | 17,018.6 |

Note: The Timber business in Chile during 2013 includes Sawmills, Remanufacturing facilities, the Viñales Bioenergy plant and the Horcones Plywood mill.

(*) Only Chile.



PANELS ENVIRONMENTAL INDICATORS

(Consolidates Chile, Argentina, Brazil and North America)

| Business | Aspect | Measurement unit | 2011 | 2012 | 2013 | |
|--|------------------------------------|----------------------------|----------------|-----------|----------------------------|--|
| Panels | Raw materials | | | | | |
| | Fiber | Million m ³ ssc | 6.14 | 4.47 | 12.03 | |
| | Urea formaldehyde resin | ton/year | NA | NA | 324,676.30 | |
| | Melamine formaldehyde resin | ton/year | NA | NA | 6,895.94 ^(*) | |
| | Phenol formaldehyde resin | ton/year | NA | NA | 22,034 ^(**) | |
| | Formalin at 37% | ton/year | 65,789 | 81,264 | 95,996.1 ^(*) | |
| | Paraffin | ton/year | 5,802 | 5,202 | 7,725.15 ^(*) | |
| | Methanol | ton/year | 66,946 | 71,795 | 71,808.1 ^(*) | |
| | Urea | ton/year | 76,640 | 71,586 | 76,666.9 ^(*) | |
| | Melamine | ton/year | 2,460 | 2,935 | 4,520.4 ^(*) | |
| | Melamine paper | ton/year | 5,230 | 13,423 | 14,435.08 ^(*) | |
| | Caustic soda | ton/year | 605 | 844 | 1,468.8 ^(*) | |
| | Phenol | ton/year | 1,363 | 1,759 | 1,758.6 ^(*) | |
| | Machine oil | ton/year | NA | NA | 298.73 ^(****) | |
| | Formic acid | ton/year | NA | NA | 21.9 ^(****) | |
| | Direct energy consumption | | kg/year | | | |
| | Electricity | Million GJ | 1.2 | 1.84 | 5.243 | |
| | Diesel | ton/year | NA | 1,676 | 1,790.7 ^(*****) | |
| | Gasoline | ton/year | NA | 1,164 | 1,768.7 ^(*****) | |
| | Liquefied gas | ton/year | NA | 2,067 | 2,669 ^(*****) | |
| | Natural gas | | NA | NA | 1,144,858.90 | |
| | Biomass | ton/year | NA | 560,967 | 857,228.80 | |
| | Indirect energy consumption | | | | | |
| | Biomass | GJ | NA | 638,978 | 517,570 | |
| | Water consumption | Million m ³ | 5.86 | 4.39 | 6.683 | |
| | Surface water | m ³ | NA | 2,296,591 | 2,287,010 | |
| | Ground water | m ³ | NA | 1,917,403 | 1,982,567 | |
| Municipal water supply or from other water companies | m ³ | NA | 178,952 | 2,165,321 | | |

PANELS ENVIRONMENTAL INDICATORS

(Consolidates Chile, Argentina, Brazil and North America)

| Business | Aspect | Measurement unit | 2011 | 2012 | 2013 |
|----------|---|----------------------|-----------|-----------|--------------------------|
| Panels | Emissions (*****) | | | | |
| | SO ₂ | ppmv | 57.7 | 61 | 71.42 |
| | NO _x | ppmv | 507.7 | 534 | 1,500.57 |
| | MP10 | Ug/m ³ | 35.2 | 48 | 116,908 |
| | Total particulate matter | Kg/year | NA | 2,043,057 | 1,910,868 |
| | VOC | Kg/year | NA | 2,243,294 | 931,000 |
| | Formaldehyde | Kg/year | NA | 190,860 | 283,403 |
| | CO | Kg/year | NA | 467,678 | 11,687,521 |
| | Wastewater discharges | m ³ /year | 2,790,565 | 3,519,526 | 3,376,674 ^(*) |
| | Total solid waste | ton/year | 55,661.80 | 136,973 | 122,916.90 |
| | Hazardous waste | ton/year | NA | 4,376 | 7,592.08 ^(**) |
| | Disposition | | | | |
| | Authorized sanitary landfill / recycling | | | | |
| | Non-hazardous waste | ton/year | NA | 132,597 | 112,882.38 |

Data for USA does not include Moncure, except for spills.

(*) North America is not consolidated.

(**) Arauco Plywood mill.

(***) Includes Argentina and Brazil.

(****) Brazil only.

(*****) Includes North America and Chile.

(*****) Emissions not reported for North America.

NA: Not available.



COMMUNITY, PARTICIPATION AND DIALOG

ARAUCO contributes to local development by implementing concrete initiatives that contribute to the development of communities.



COMMUNITY, PARTICIPATION AND DIALOG

ARAUCO believes that Good Citizenship is a fundamental pursuit in the success and sustainability of a company. To ARAUCO, Good Citizenship encompasses respect, value generation, actions based on long term vision, a contribution to social well-being, and respect for the environment. ARAUCO considers Good Citizenship to be an integral part of its activities and has established a Local Development strategy to guide its contribution to the development of the communities near its operations. This strategy calls for the responsible management of company operations and provides a model, based on dialog and participation, for the development of mutually beneficial initiatives.

ARAUCO's Local Development Strategy is founded in respect for the company's neighbors. In implementing this strategy, the company seeks to know and listen to them, establishing instances for dialog and participation to further relationships. Contributing to local development is another core component of the strategy. Because ARAUCO sees itself as being a full partner in civil society, it plays an active role, engages in ongoing relationships with other members of society, and implements concrete initiatives that contribute to the development of nearby communities.

The company maintains open, ongoing dialogs with its neighbors to detect and

reduce negative impacts from its operations and to seek opportunities to increase its contribution to local social and economic development. ARAUCO has identified areas in which to focus its efforts in Chile, Argentina, Brazil, the United States and Canada, implementing initiatives in response to the needs and realities of each country and location and that generate mutual benefits. In addition, the company's programs and efforts toward dialog are implemented, measured, and managed so as to generate results that add value to all stakeholders.

The company respects and contributes to the development of local communities through responsible management of its operations and the implementation of mutually beneficial initiatives.

NEARBY COMMUNITIES AND AREAS OF SPECIFIC INTEREST

| Country | Nearby communities | Areas of interest |
|---------------|--------------------|-------------------|
| Chile | 125 | 33 Communes |
| Argentina | 26 | 18 |
| Brazil | 21 | 10 |
| North America | NA | NA |

NA: Not available.

Participation and Dialog

Maintaining long-term relationships between the company and the community requires ongoing, open dialog. ARAUCO considers stakeholder engagement and dialog to be central to its sustainability strategy and the means through which it can develop the common ground needed to further the exchange of idea, concerns, and needs, build trust, and develop collaborative solutions.

ARAUCO has designed and implemented procedures and systems for efficient management and teamwork, fulfilling com-

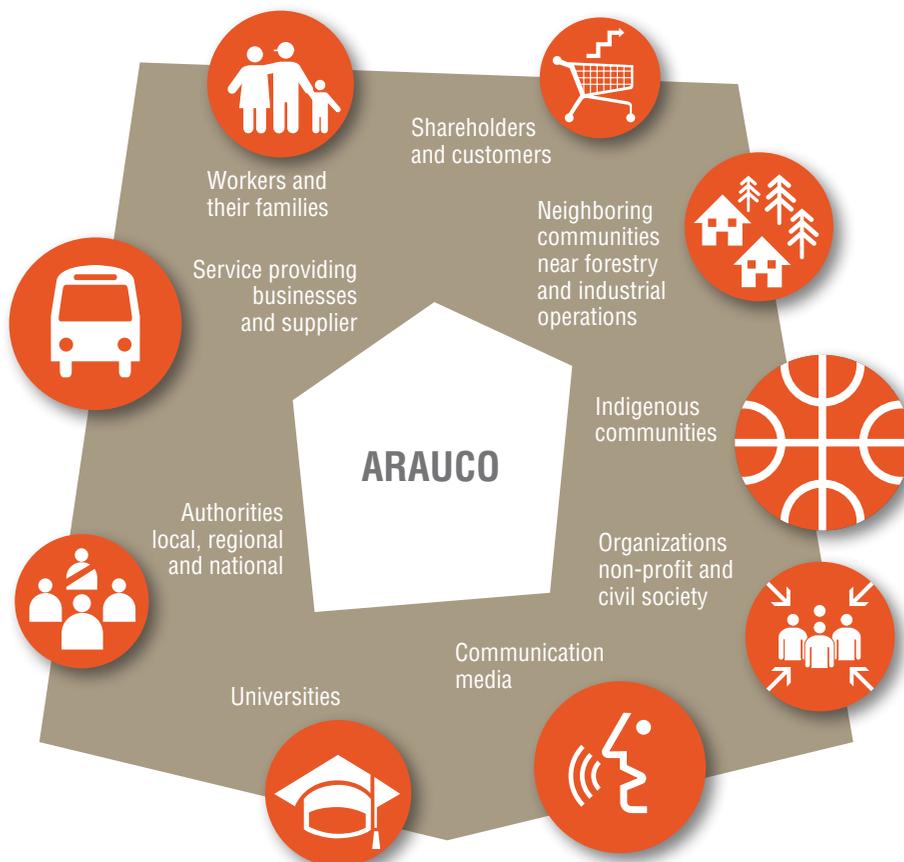
mitments made to suppliers and customers, maintaining honest and transparent communication with workers and communities, and furthering proactive dialog and consultation with stakeholders.

The company identifies its stakeholders in the countries in which it operates according to their proximity to operations and the characteristics and impacts of each business area.

ARAUCO is aware of the value of incorporating stakeholder opinions into the development of its business, and has put a

number of mechanisms in place to engage with stakeholders. In 2013, the company contacted 54,842 individuals from stakeholder groups representing various areas of interest. These contacts included visits to industrial facilities and forestry operations, visits to parks open to the community, informational meetings, one-on-one meetings, responses to requests for specific information, and other interactions.

ARAUCO Stakeholders





2013 Milestones

- In late 2012, a Perception Survey was conducted in seven communes in the Chilean regions of Maule, Bío Bío and Los Ríos, where the company maintains forestry mills and operations. The objective of this research was to collect data for a system to monitor the opinions of relevant actors and the development of a tool to better manage the company's reputation. The results were made available in 2013, and were presented to the executive teams in each territory, so that they could incorporate this material in the action plans of each industrial complex as part of Good Citizenship efforts.
- During 2013, the MAPA Project Program received more than 3,000 Open House visitors; In-field meetings were attended by 379 people.
- The PRES Open House in Constitución, Chile, was finally closed in June 2013, to make way for construction of the new Cultural Center of Constitución. This project was part of the city's Sus-

tainable Reconstruction Plan (abbreviated "PRES" in Spanish). The Open House was considered to be an emblematic meeting point for the reconstruction effort after the 2010 earthquake, and was the site where many projects were presented and discussed and where a number of social organizations were created. In its three years, 702 meetings were held at the house with a total of 27,445 people attending.

- The Forestry business in Chile conducted a total of 331 consultation sessions with local communities and Mapuche communities, and communes prior to performing any relevant forestry operations. This process involved reaching out to 3,672 people. In total, the company took on 892 commitments which included the donation of firewood, road irrigation, signage, road maintenance, and requests for contributions, support, and speed controls, among other projects.
- In Argentina, the 2013-2014 Stakeholder Engagement Plan was designed and implemented. This plan was the result of an analysis of forestry

operations in six of the communities in which the company has a greater presence. More than 750 people participated in surveys, in-depth interviews, and focus groups. As a result, seven lines of work were developed. Because of the success of this initiative and the opportunities for growth and involvement that were generated among stakeholders, the company decided to extend this methodology to the other business areas. This required empowering in-field teams and generating synergies between the different business areas to promote the incorporation of perceptions, expectations and concerns of stakeholders into company processes and decisions. This initiative serves to strengthen the ties between the company and the communities in which it operates.

- In Brazil during 2013, the company continued working to establish relationships with other businesses, universities, NGOs, associations, and prefecture schools and their offices in order to better understand and attend to the needs of the communities and their development.

DIALOG PROCESSES AND ACTIVITIES

| Processes | Dialog activities | Number of Participants / Attendees in 2013 |
|--|--|---|
| Chile | | |
| Project MAPA | Open Houses, visits. In-field meetings. | 3,000 Visits 379 People in in-field meetings |
| PRES Constitución | Open Houses, visits. 163 Meetings. | 6,975 Visits |
| Woodmark (certifying body) and Forestal Arauco present the Forest Management Assessment report | Mass meetings in different communes between Maule and Los Lagos provinces. | 500 People |
| Understanding forestry operations program | In-field meetings with neighbors. | 200 Neighbors |
| Housing program for workers | 57 Meetings to inform about the plan and projects being started. | 1,167 Attendees |
| 2012 Sustainability Report Launch | 3 Workshops. | 752 People |
| Community participation and consultation | Meetings with neighbors to communicate forestry operations before implementing them. | 3,672 Neighbors |
| Program for visits to industrial facilities | 7 Visitor programs. | 8,426 Visitors |
| Program for visits to Parque Oncol | HCVA and park open to the community | 14,162 Visitors |
| Program for visits to Parque Coyanmahuida | Park open to the community. | 3,146 Visitors |
| Program for visits to Coyanco Lagoon | Park open to the community. | 8,556 Visitors |
| Argentina | | |
| Analysis of "Perceptions of the Community on the performance of Alto Paraná S.A. in northern Misiones" | Analysis stage completed; Initiation of the implementation stage of the engagement strategy. | 830 People |
| San Jorge Forest Reserve Program | Guided tours and recreational activities. | 1,167 People |
| Program for visits to industrial facilities | 4 Visitor programs. | 1,260 People |
| Program for visits to forestry operations | Guided tours of forestry operations. | 150 Visitors to operations and nurseries |
| Public consultation processes prior to operations and participatory presentations | 25 Public meetings with government authorities and representatives of NGOs, universities, neighbors in general, etc. | 500 People |
| Brazil | | |
| Consultation of forestry operations | Meetings. | 81 Contacts |
| Social impact management and monitoring | Diverse mechanisms for feedback. | 97 Demands tended to |
| Environmental education | Conferences. | 995 Attendees |
| Municipal network for education | Conferences. | 1,029 Attendees |
| Program for visits to industrial and forestry facilities | Guided tours of forestry and industrial operations. | 502 Visitors |
| Educational presentations on the production process of MDF | Speeches. | 50 Attendees |

NOTE: For more information on the programs related to Processes for Dialog and Participation and their results, refer to the Community Programs in Chile, Argentina and Brazil section of this report.

Procedure for Complaint Management and Conflict Resolution

In Chile, ARAUCO has put in place an Integrated Management System (IMS) to enable it to better respond to inquiries, comments, and complaints from the community. The IMS operates a call center and internet platform and manages communications received through web pages, toll-free telephone lines, mailings, and a complaint sheet available to third parties. During 2013, this system received 2,957 contacts, which include 1,786 queries, 901 complaints or reports, and 270 requests and/or comments. Of this total, 97% of the comments were answered in fewer than 15 days. Requests, questions and complaints are managed

and resolved according to standard procedures which seek to provide mutually satisfactory solutions.

The forestry business in Argentina established a procedure to regulate the management of internal and external communications, questions, and complaints regarding the company's social, economic and environmental management. Any communications received through available channels must be redirected to Community Management, where they are processed and answered.

In Brazil, a procedure is in place for complaint management and conflict resolution. The community is aware of the company's operations and of the commu-

nication channels available to them. The Corporate Affairs unit maps communities near the company's operations to establish channels of dialog.

In North America, a procedure is in place to receive, manage and reply to communications from the company's external stakeholders.



Social Networks

Specific websites for projects or technological platforms have been created in Chile, Argentina and Brazil in order to facilitate stakeholder access to company information and to enable people to submit ques-

tions or register complaints. Telephone numbers, websites, e-mail addresses, and social network accounts, such as Facebook, YouTube, Flickr and Twitter, are available to the public.

| Channels for contact | N° of contacts in 2013 |
|--|---|
| Chile and corporate offices | |
| Toll free line 800 370222 | 2,760 Calls |
| www.arauco.cl | 357,864 Visits |
| @Arauco_cl | 625 Followers |
| www.araucosoluciones.com | 46,613 Visits |
| Product web sites* | 297,714 Visits |
| www.facebook.com/AraucoSolucionesSostenibles | 11,500 Followers |
| @AraucoSoluSost | 1,100 Followers |
| YouTube ARAUCO SOLUCIONES | 932 People subscribed to the channel 433,958 Views |
| www.innovarauco.cl | 8,077 Visits |
| www.nuevohorcones.cl | 15,310 Visits |
| www.foroabierto.cl | 5,787 Visits 8 comments |
| Argentina | |
| www.arauco.cl | 13,583 Visits |
| Toll free line 0 800 2772 | 28 Calls |
| información@altoparana.com | 550 E-mails received |
| Mailboxes for questions | 38 Comments in mailboxes |
| Brazil | |
| www.arauco.cl | 88,821 Visits |
| asuntoscorporativos@arauco.com.br | 17 E-mails received; 15 Answered |
| United States and Canada | |
| www.arauco.cl | 38,860 Visits |
| www.flakeboard.com | 90,819 Visits |
| facebook.com/flakeboard | 108 Followers |
| twitter.com/flakeboard | 175 Followers |

* Product web sites: MSD, Trupán, Truchoicemoulding, Vesto, Durolac, Cholguán, Hílam, Decofaz, Masterplac, Faplac.

Community in Chile

Through its Local Development Strategy in Chile, ARAUCO has defined three areas in which to focus its development programs: Education and Training; Infrastructure and Quality of Life; and Production Development and Social En-



trepreneurship. In addition, the company supports diverse initiatives that are important for the community, including: the restoration of the Arturo Prat museum located in Ninhue commune; support for Corporación Esperanza, a drug rehabilitation center; support for Fundación Las Rosas, which cares for elderly and disabled people; and other initiatives. Following are detailed descriptions of a selection of important programs. (For information on all of the company's programs, visit www.arauco.cl)

1. Education and Training

Education, the country's primary driving force, has the power to transform society. Knowing this, ARAUCO has contributed for more than 30 years to improving the quality of education in Chile through a number of programs aimed at municipal schools and technical education.

a) Arauco Educational Foundation

In 1989, in order to make a contribution to the social well-being of communities near its operations, ARAUCO created a Foundation to address one of the aspects that has the greatest impact on quality of life: the education of socially vulnerable children.

Arauco Educational Foundation's mission is to create better opportunities for the development of children and teenagers through education, in each of the three regions in which the company maintains operations. The Foundation works to design, implement and assess in-field teacher-improvement programs addressing issues related to language, math, self-esteem, management, reading promotion and support of orchestras for children and teenagers.

During 2013, Arauco Educational Foundation worked in 264 schools located in

2013 Milestones

- The provincial plan for reading promotion entitled, "ARAUCO READS," came to successful conclusion with 700 trained teachers. The plan was implemented through the joint efforts of the Foundation, the Provincial Board for Education and the municipalities of Arauco, Curanilahue, Los Alamos, Lebu, Cañete, Contulmo and Tirúa. The plan's objectives were to improve the quality of education and reinforce culture by increasing the availability of books and access to reading, and by providing teaching-skills training for instructors in municipal schools.
- The math program, "MATH Roots: for the development of mathematical-logical reasoning" concluded. The program was implemented in the communes of Lanco, Máfil and Mariquina between 2010 and 2013, and was attended by 113 teachers who educate 2,373 students at 40 municipal schools in these communes. The objective of this program was to develop mathematical-logical reasoning in students through teacher improvement. The program included: 13 work sessions with teachers; 925 in-class training sessions for participating teachers; 92 meetings with board teams and education authorities; 11 meetings with mayors and council members; and the supply of teaching materials.

- As of the mid-2013, the communes of Teno and Yungay – located in the Maule and Bio Bio regions, respectively – have new public libraries, thanks to the joint efforts of Arauco Educational Foundation, regional governments (through the National Fund for Regional Development), municipalities, and the Libraries, Archives and Museums Division (abbreviated "DIBAM" in Spanish). Both new libraries feature multiple reading areas, and each received a large number of new, quality books to add to their existing collections: 2,500 books for the Teno library and more than 3,000 books for the Yungay library.

- In October, in order to further the debate on teaching and learning writing skills in elementary education, Arauco Educational Foundation conducted the 6th regional seminar on "The value of writing" in Valdivia. This seminar was attended by 250 people.

- As part of its efforts to promote activities that contribute to improved training for teachers in municipal schools of the Maule Region, Arauco Educational Foundation invited two international experts to visit schools and engage with teachers:

- In March, the Foundation and "Elige Educar" ("Choose to Educate") invited Mayme Hostetter, the dean of the Relay Graduate School of Education in the U.S. state of New York, to visit. Ms. Hostetter visited two schools in the commune of Constitución as well as ARAUCO's own Constitución School.

- As part of a strategic alliance with Chile Foundation, Minera Escondida Foundation, and El Mercurio newspaper, Dr. Daniel Muijs visited Chile in June. Dr. Muijs is Chair of Education at Southampton University in the United Kingdom, and is an expert in the field of educational and teacher effectiveness, with extensive experience in networks and collaboration efforts between schools. Arauco Educational Foundation invited professor Muijs to the commune of Licantén, where he visited two schools and made a presentation entitled, "Networking: A Road to Improving Education in School." The presentation was attended by more than 50 teachers of the area. The next day, Dr. Muijs made the same presentation to teachers and professors at Talca University Extension Center.

In addition, during 2013, the Foundation continued to support youth orchestras, participating in a program of the Children's Orchestras of Chile Foundation (abbreviated "FOJI" in Spanish) entitled, "Forming the Future through Music: 2012-2014." Four agreements were signed to benefit 213 children in the orchestras of Curanilahue, Ayekafe of Arauco; Ludovico Rutten of Talca, and CIFAN of Valdivia.

Educational Foundation 2013

76

Educational
Programs

34

Communes

Beneficiaries

575

Schools

5,052

Teachers

94,700

Children

16 communes, benefiting 1,795 teachers who educate a total of 27,528 children. Between 1989 and 2013, the foundation has developed 76 programs in 34 communes in the Maule, Bío Bío and Los Ríos regions, benefiting 575 schools, 5,052 teachers and more than 94,700 children.

b) Schools of Excellence

In 1981, the company established three schools: Arauco and Constitución, which are private schools, and Cholguan, which is a subsidized private school. Together, these schools provide education to 1,154 students. Each of the schools has demonstrated excellent academic performance and has helped its students realize their full learning potential. In 2013, for example, the Constitución school ranked among the ten best scores at the national level in Chile's most-recent SIMCE standardized testing of fourth- and eighth-grade students.

c) Training Schools

ARAUCO has established training schools in an effort to increase employability and promote hiring by the company, its contract companies, and other businesses in the sector from a local, qualified workforce.

During 2013, ARAUCO established the first Training and Education Center for Forestry Workers in the Quirihue commune

of Chile's Bío Bío region. This groundbreaking initiative, which includes training on the operation of forestry machinery, is the result of an alliance between SENCE (the National service for training and employment) and Emplea Foundation (which works under the Hogar de Cristo charity institution). Its design and construction is the result of the collaborative efforts of the Labor Ministry, ARAUCO and CORMA (the Chilean Wood Corporation).

Thirty students graduated in 2013, and the center initiated its second course cycle. The estimated number of trainees graduating from the center is 90 per year, satisfying demand for an estimated 400 forestry professionals during the next five years.

d) Belén Educa Foundation

Every year, through Empresas Copec group (its primary shareholder) ARAUCO makes a significant financial contribution to the operation of eight schools managed by Belén Educa Foundation, and grants scholarships to students wishing to continue their education.

In addition, executives of Empresas Copec group, including those of ARAUCO, participate in tutoring programs for students of the Belén Educa Foundation.



2. Infrastructure and Quality of Life

ARAUCO works on the implementation of projects that further harmonious development and an improved quality of life, addressing needs identified through dialog and stakeholder engagement.

a) Housing Program for Workers

ARAUCO implemented a program that provides technical guidance during the public-housing application process, and financial aid to hire third-party experts for the development of the projects. The goal of the program is to improve the quality of life for the company's workers, the contract workers employed by third-party service providers, and the neighboring community. Using and promoting the features of wood, this initiative has fostered the construction of houses and neighborhoods with high technical and social standards.

Begun in 2013, Villa Verde is the largest social-housing project to be built in the Maule Region after the 2010 earthquake and the first project to build houses in Constitución. The Villa Verde project has 484 houses that were built with high-quality structural timber, cellulose insulation, and solar panels to heat water.

To date, the company has participated in three social-housing projects, benefiting a total of 1,057 families or more than 4,000 people. In addition, housing subsidies have been approved by MINVU (Ministerio de Vivienda y Urbanismo) for three new projects that encompass a total of 236 new houses. These projects are in the technical-revision phase.

3 Housing projects have been delivered (Curanilahue, Mariquina and Constitución) benefiting a total of 1,057 families (more than 4,000 people).





b) PRES Constitución

Responding to the devastation of earthquake and tsunami that hit Chile's south-central area on February 27, 2010, ARAUCO, the Housing and Urbanism Ministry, and the Municipality of Constitución established a public-private alliance, in March 2010, to develop a Master Plan for Sustainable Reconstruction, known as "PRES Constitución." A number of private businesses, banking institutions, nonprofit foundations and corporations added their efforts to the reconstruction of the city.

The combined work effort generated the 28 projects which make up the PRES initiative, requiring a total investment of US\$ 99 million. About 32% of these projects have been completed. Most of the remaining projects have secured funding

commitments and are in different stages of design, pending technical and administrative approval, or are out for bid on their execution.

The PRES projects that are currently finished and being used include: the acquisition of municipal equipment; the Mutrún Stadium, a soccer field with artificial grass that complies with international standards; the Enrique Donn Müller school; a section of the Echeverría Avenue; the Headquarters of the 1st Fire Department; and the Villa Verde housing complex. In addition, ARAUCO executed an investment project of more than US\$ 5 million for the treatment of diluted TRS gases at Constitución mill, considerably reducing odors emanating from the production process.

The PRES projects still under construction are the new Cultural Center and the La Poza housing complex. Projects out for bid include the Fluvial Mitigation Park, Waterfront Deck, Arturo Prat Civic Center, Nautical Dockyard, Municipal Library, and Indoor Swimming Pool. Construction of the Municipal Theatre of Constitución is expected to begin during 2014. This building will seat 500 spectators and have advanced audiovisual and acoustic technology.

ARAUCO will actively participate in the Indoor Swimming Pool project, which will be located in front of the future Ocean Boardwalk. In an innovative effort, the company will use residual heat from its pulp mill to warm the water in the pool that will be enjoyed by athletes and the community of Constitución.

c) Modernization and Extension of Arauco Mill (Project MAPA)

During 2012, ARAUCO started a participatory process based on communication and dialog to inform the communities of Laraquete-El Pinar and Horcones-Carampangue, the people of the city of Arauco, and the company's workers about the advances of Project MAPA.

Through this initiative, the company gained insight into people's opinion of the project and was able to identify the development priorities for each community. The contents of the development programs for each community were defined by the results of the participatory process and through the combined effort of the community, workers and technical teams who took into account the technical and social concerns that were raised as they actively participated in the design of the various MAPA projects.

During 2013, while project MAPA was undergoing environmental assessment, ARAUCO continued the participatory process with three Open Houses for the Nuevo Horcones Program. The meetings were held in the commune of Laraquete, within the Horcones complex, and in Arauco plaza. The Open Houses received more than 3,000 visits and 379 people participated in in-field meetings. Also, the program's web site, www.nuevohorcones.cl, received 15,310 visits.



d) Cooperation Agreement Between Arauco and Techo Chile to Eliminate Make-Shift Housing in Arauco Province

In 2009, ARAUCO signed a Cooperation Agreement with the NGO, Techo Chile, to find a housing solution for families who live in tent cities in Arauco Province. This strategic alliance promotes social empowerment and provides for the development of workshops to facilitate meetings and organization among families wishing to apply for project housing.

To date, work has been conducted with more than 1,000 families through a social-empowerment plan, and three housing projects have been delivered: Condominio Vista El Sol, Condominio Vista Hermosa, and Condominio Altos del Sol. Together, these projects represent a total of 268 new, structurally sound houses. In addition, the work has enabled 233 families to obtain title, the first step for residence in their homes.

The company's commitment is manifest in a financial contribution that, with contributions made by other partners, provides funding for the program's technical office and validates CVS as an urban-management initiative that is recognized by the community. In addition, ARAUCO serves on the CVS Board, significantly contributing to the urban development of Valdivia, aligning investments under a shared vision of the city, and driving signature projects that are able to leverage ongoing investments and attract new funding. The board is headed by the city's mayor and the Intendant of the Los Ríos Region.

e) Sustainable Valdivia Consortium

ARAUCO has actively participated in the Sustainable Valdivia Consortium (abbreviated "CVS" in Spanish) since its inception in 2012. The consortium is a public, private, academic, and citizen initiative that seeks to generate a common vision to transform the city of Valdivia into a reference point for sustainability and quality-of-life in Chile and Latin America.

Under CVS guidelines, work is aimed at the design and execution of the Activa Valdivia Plan, which will address aspects that, today, constitute unavoidable challenges towards a sustainable city.



3. Production Development and Social Entrepreneurship

ARAUCO wants its presence to make a positive contribution local economic activities that broaden opportunities for entrepreneurship, employment and development.

a) *AcercaRedes*

AcercaRedes is an innovation project developed under the InnovArauco program. It consists of a network of stations, located far from large urban centers, that are specially equipped for connectivity, work, and meetings with leaders, creative people and entrepreneurs of Chile. During 2013, AcercaRedes Mariquina proved its value as platform to support leaders and stimulate local ventures, attracting the collaboration of universities and businesses.

A year into its start-up in San José de la Mariquina, sustained program efforts have generated 4,000 active members with some 90 entrepreneurs regularly engaged in interactions through the system.

In 2014, the AcercaRedes program will add two new stations in Curanilahue and Constitución.

b) *We Are Partners*

The We Are Partners program (“Somos Socios” in Spanish) is an ARAUCO initiative that promotes the full development of small sites through afforestation and production diversification, providing guidance to owners so that they might attain better economic and sustainability benefits from their land. This program is part of ARAUCO’s Shared Value initiatives which develop business opportunities that are

aligned with the interests of the company and communities.

The pilot phase of the program began in 2013, with the participation of 30 landowners from the communes of Arauco, Lebu, Los Álamos, Curanilahue, Cañete and Santa Juana. The first contract was signed in July, and a total of 100 hectares (247 acres) were planted during the year. The program’s goal for 2014 is to add another 500 hectares (1236 acres) of planted area.

- Agreements Wigned with Indap, Minagri, Infor and Conaf.
- Development of Pilot Program for Agroforestry and Native Forest.
- Development of Pilot Program for Apiculture.





c) Artisan Fishermen

In order to broaden opportunities for regional ventures, employment, and development, ARAUCO supports artisan fishermen who operate within the company's area of influence through programs that improve production and the organizational conditions of their activity.

The company develops initiatives with the fishermen in areas such as aquaculture, management of benthic resources, and tourism, among others. Also, the company contributes to scientific research and environmental monitoring of coastal areas.

During 2013, as a result of the dialog tables established in each location, 56 projects to increase production within the fishing sector were created. Also created in 2013 were a set of guidelines, a program to monitor fish handling, industry infrastructure, and fishing equipment, and a number of projects to diversify the industry and boost tourism.

Constitución

535

FISHERMEN

Mataquito

80

FISHERMEN

Desembocadura
Río Itata

700

FISHERMEN

Golfo
de Arauco

300

FISHERMEN

Mehuín

520

FISHERMEN

d) Forest Gatherers Program

ARAUCO grants access to its land to certain private parties in order to contribute to the growth and development of local gatherers of non-timber forest products (NTFPs). The company also offers training in risk prevention and other areas in order to promote the safe, sustainable and profitable gathering of non-timber forest products.

ARAUCO has implemented an identification and recognition plan for local gatherers, with the objective of formalizing the relationship between the company and gatherers, establishing the rights and obligations of each party, and furthering the development of support and training programs for identified gatherers. During 2013, the company signed 17 agreements with local gatherers in the regions of Maule and Bío Bío.

17
Agreements
Signed
IN 2013



Mapuche Community Relationship Policy

ARAUCO recognizes native people as having a dynamic, vital culture. The company seeks to generate dialog and collaborate with native people while being very respectful of native culture and traditions. The company's Mapuche Community Relationship Policy seeks to promote mutual understanding, maintain open channels for participation, identify and conserve cultural interest sites, and facilitate open dialog regarding requests for land.

ARAUCO works to further business ventures related to the cultural traditions of Mapuche communities (silver working, loom weaving, and cuisine), rescuing and adding value to ancestral practices and promoting their economic and social development. In order to do so, the company maintains a registry of the communities, an ongoing training program that has been taken by more than 100 people within the company, and the participatory revision, identification and management of Mapuche cultural sites of interest located in ARAUCO's land.

In 2013, ARAUCO's subsidiary, Forestal Arauco, implemented a program to stimulate employment through the harvest of about 60 hectares (148 acres) of forest. After consultation with organized communities, it was agreed that the harvest would be performed using traditional Mapuche methods, which include the use of draft animals for transporting timber. More than 100 Mapuche people were hired during the year through this program.

ARAUCO currently has identified 57 High Conservation Value Areas or Mapuche cultural-interest sites. A conservation plan for each of these areas has been produced in cooperation with the communities. The company's primary objective is to work in concert with interested Mapuche communities to promote the conservation and improvement of identified cultural values.



Community in Argentina

Initiatives at the Alto Paraná facility are developed collaboratively with community members and other appropriate entities so that the programs will generate positive impacts in the area and meet the needs of local communities.

1. Education Project

An education project was established in 2012 for students in schools in northern Misiones to further and promote their participation in caring for the environment and preventing wildfires. The project seeks to train committed young people who will be responsible for their environment in future years.

In 2013, the company continued in its efforts towards environmental education and awareness, developing 27 programs for 2,971 elementary school students. In addition to games and interactive activities, the project included a guided tour of the San Jorge nature reserve for 660 students of various schools. The program's goal for 2014 is to reach out to 4,000 children.

2. “New Neighbors” Project with Sacred Family Foundation

In 2013, through joint work with communities and other sectors, the company developed its “New Neighbors” project. Through the program, Alto Paraná offered 200 company-owned houses (which had lost their strategic value) to the company's contract workers. After the signing of an alliance between Alto Paraná and the Sacred Family Foundation, the deeds were registered on the public record, allowing families of contract workers to purchase them at very affordable prices, and with 20-year mortgage financing.



3. Guided Tours to San Jorge Nature Reserve

The San Jorge Nature Reserve, located in Argentina's Iguazú department, has become the "go-to" area for scientific research. Alto Paraná ensures the preservation, maintenance and care of its 16,500 hectares (40,772 acres), contributing to the conservation of the largest expanse of Atlantic Forest.

In 2013, the San Jorge Reserve visitor's program for workers and their families was also extended to employees of service-providing businesses and their families, as well as to schools in the area that participated in the Education Program. This initiative allowed a new group of people to become involved in the company's actions towards preservation of the environment.

Through the expanded visitor's program, a total of 1,167 people, including contract workers and their families and students from area schools, universities and other institutions, were able to visit one of Argentina's most extraordinary ecosystems, and experience the wonderful flora and fauna species found in it.

4. 2013 Marathon

Each year, as part of the volunteer program at Alto Paraná, company workers organize the Alto Paraná Charity Marathon in the city of Eldorado, in Misiones Province. The Marathon is one of the most important sports events in the region. Its objective is to raise money to support the work of social-service agencies in the area. In 2013, more than 200 company volunteers donated their time and energies to make this race a success.

The Marathon is open to the public, and attracts a considerable crowd. In 2013, the 6th annual Marathon was entered by more than 4,000 runners, and was watched by thousands of families who turned out to cheer.

5. Corporate Volunteer Program

Corporate volunteer work increased during 2013, with the efforts of volunteers in Misiones, Buenos Aires, Zárate, and Puerto General San Martín achieving results in projects to further community aid. One clear example is a program called "Una noche buena para todos" ("A good night for all" – a reference to Christmas Eve). During 2013, 200 volunteers from different company facilities and offices identified socially vulnerable families living in the company's area of influence, put together Christmas donation boxes, and distributed them to these families in order that they might enjoy a happier Christmas.

6. Program for Native Communities Near Operations

In 2012, the company commissioned a study entitled, "Information collection on Mbya Guaraní native people," an investigation into indigenous communities in the area of influence of Alto Paraná. The study's objective was to identify and describe communities located near company operations. The identification process results showed that 25 communities use resources located on or near Alto Paraná sites, nine of which were already set aside as HCVAs. At present, specific information is being collected on the resources used by each community.

This program not only integrates these communities, but values and respects their culture.



Community in Brazil

Arauco do Brasil implemented the Sembrar program, which encompasses a number of initiatives to further the development, health, and quality-of-life of the communities in which the company operates by means of education, training, and the creation of income-generating opportunities. This program for social and environmental responsibility works in four key areas, developing a wide variety of initiatives for each. The most relevant are described below:

1. Education, Culture and Environment

a) Environmental Education

In order to promote environmental sustainability, Arauco do Brasil has developed an Environmental Education project for students in the municipal education network, offering environmental education and preservation concepts. This project is a joint effort with the Municipal Secretaries of Education and IAP (Paraná Environmental Institute), and is offered in the areas of Arapoti, Campo do Tenente, Curiúva, Ouro Verde, Rio Negro, and Tunas do Paraná. The program raised environmental awareness among 995 students during 2013, and has reached a total of 18,340 students since its implementation.

An analysis of the program's effectiveness indicated 89% concept assimilation among participating students, 93% waste reduction in schools, and an 82% reduction in trash in areas near schools.

b) Motivating Education

The Motivating Education project, designed to raise the community's level of education, encourages young people and adults of Arapoti, Campo do Tenente, Ouro Verde and Tunas do Paraná to complete their elementary and high school educations, which will better prepare them for the labor market and improve their ability to generate income. This program is offered to company employees, contract workers, and the community in general. In 2013, it 132 people took part in the project, bringing total participation since 2009 to 949. AS a result of the project, the education level of forestry workers has increased by 75%.

c) Conferences for the Municipal Education Network

Arauco do Brasil created this program of conferences to promote universal elementary education, improving the quality of education by training public-school teachers and furthering their development. This program, offered through an alliance between Municipal Offices for Education in Adrianópolis, Arapoti, Campo do Tenente, Curiúva, Piên, Sengés and Tunas do Paraná, provides ongoing education and training for teachers. In 2013, 1,029 teachers participated in the program, and 4,219 have participated since the program began.

2. Training and Income Generation

a) JAA Program – Young Farmer Internships

Arauco do Brasil participates in a farming internship program in alliance with SENAR, the Municipal Offices for Social Service and Education, and the Rural Municipal School, Eraldo Germano Plautz. Aimed at young people between the ages of 14 and 18 living in the areas of Campo do Tenente, Ouro Verde, Rio Negro, and Tunas do Paraná, the program is designed to educate and professionally train young people, stimulating their business vision and abilities. In 2013, 103 young people participated in the program.

b) Forestry Harvesting for Young People

Arauco do Brasil, in alliance with UFPR-Universidade Federal do Paraná and Municipal Offices for Social Service in Arapoti, Campo do Tenente, Ouro Verde, and Tunas do Paraná, developed a forest-operations training program for young people ages 17 to 25. The program provides training in mechanized silviculture, preparing participants for the labor market and motivating them to start careers in forestry.





During 2013, the program trained 42 participants, and has trained a total of 92 people since its inception in 2011.

c) Strategic Management Course

The Strategic Management course was created in 2013 to advance the business-management skills of entrepreneurs. The objective of the course is to develop qualified, local suppliers in Arapoti and Jaguariáiva. This program was produced in alliance with local businesses, Municipal Offices, ACIAJA, and the faculties of ULT, FATI, and FAJAR.

The course was launched in 2013 for local service-providing businesses, and was attended by 41 suppliers who expressed interest in being able to efficiently manage their operations.

3. Health and Quality of Life

a) School Vegetable Garden

Through this program, school students learn about planting and maintaining vegetable gardens, motivating their interest in healthy foods. Students use the bounty of their harvests to improve the nutritional quality of their lunches.

The program has been implemented in the municipal schools of Arapoti, Campo do Tenente, Curiúva, Ouro Verde, Rio Negro, and Tunas do Paraná. In 2013, 2,364 students participated in the program, bringing total participation since 2012 to 5,086.

4. Shared Value

a) Local and Production Nurseries – Eucapinus

Since 2012, Arauco do Brasil has operated a program to further improvements in nursery production and to strengthen and develop local suppliers, making their

businesses more competitive. The program includes special consultancies and guidance from ARAUCO employees, in alliance with Eucapinus and a technical team from the company's Forestry Research area. The target audience of the program is Eucapinus Mudas Florestais and its employees.

b) Production of Wooden Wedges – APAE

In joint work with APAE (an institution that safeguards the quality of life and the inclusion of disabled people), the company implemented a program to foster income generation by families of students in Jaguariáiva through the production and sale of wooden wedges, which are purchased by Arauco do Brasil. The company also provides job-safety training and technical support for the production process. Five people took part in this program during 2013.

Community in the United States and Canada

To generate positive impacts in the areas in which the company maintains operations in North America, ARAUCO maintains a number of health, education, and local-development programs.

Education

ARAUCO is strongly committed to education, and considers it to be the engine that drives people to achieve at their highest levels. The company has developed a number of programs for this purpose in North America. For example, Flakeboard's Bennettsville mill operates the "Read for the Record" initiative to promote early childhood education. Through Flakeboard, the company participated in mentoring children enrolled in kindergarten through fifth grade, and donated the children's books required by this initiative.

Flakeboard's St. Stephen mill decided to support Milltown Elementary School as part of its involvement program for education. Among the primary initiatives at this school is the Tutor Program, through which company employees spend one hour of their work week (on company-paid time) tutoring previously selected students on a variety of subjects.

Flakeboard also provides scholarships to Milltown Elementary School students. In addition, during the last five years, the company has supported the construction of a Civic Center for the city of St. Stephen. The Center is expected to open in 2014.



Health

The company's concern for the health of its workers and for people living in its areas of influence has led ARAUCO North America to develop a number of health-oriented programs. Through Flakeboard's Sault Saint Marie mill, the company donated two high-volume chemistry analyzers to the Sault Area Hospital Foundation, improving this facility's technical equipment.

In addition, Flakeboard's Duraflake mill in Oregon sponsored the Silver category of the Walk for the Cause program, which is organized by the United Way Foundation. Proceeds from this go to the detection and treatment of breast cancer in Linn County. Thirty company employees participated in this program during 2013.

Community Development

ARAUCO North America has launched a number of programs aimed at generating a process of dialog, partnership, and participation within the communities in which it operates. In 2013, Flakeboard's Eugene, Oregon, mill held a barbecue to raise funds for impoverished families whose children attend schools near the facility. Proceeds from this annual event are used at Christmas.

Duraflake mill employees participated in the Day of Caring initiative, organized by the United Way foundation. This program provides elderly people with assistance in chores such as gardening, house painting, and other outdoor activities.

In 2013, the company's mill in Moncure, North Carolina joined with the Home Store of Habitat for Humanity, a non-profit organization that provides sweat-equity-based housing solutions to socially vulnerable families, to contribute to the construction of new Habitat homes through the donation of particleboard panels.

In addition, Flakeboard's Bennettsville, South Carolina mill participated in the annual drive of the Toys for Tots foundation, which gives toys to underprivileged children, ages six to ten. The company provided a total of 74 gifts. Flakeboard's Malvern, Arkansas, mill made a donation to a school in Hot Springs County, providing lunch and dinner to underprivileged children throughout the school year.



Corporate Commitment to External Initiatives

ARAUCO maintains ongoing relationships with academic institutions, non-governmental organizations and unions, through which it seeks to promote networking and multi-sector collaboration. In 2013, the company strengthened its commitment to participating in external initiatives.

Santiago Climate Exchange

ARAUCO deepened the work it performs at the Santiago Climate Exchange (SCX), in which it and seven other companies are founding partners. This initiative, which makes possible the trading of carbon credits, intends to promote the development of an industry in Chile and Latin America to reduce greenhouse gas emissions.

Forest Footprint Disclosure (Global Canopy Program)

ARAUCO participates in the Forest Footprint Disclosure Project, which collects information and produces reports on issues regarding sustainability, such as the supply chain, risks, and corporate governance, among others.

Global Compact

Arauco do Brasil published its first Communication of Progress on the United Nations Global Compact web site and ratified its 2012 adherence to the program. In Chile, the company committed to this initiative in 2011.

Shared Value Initiative

ARAUCO became part of the Shared Value initiative in 2013. Headed by the U.S.-based, nonprofit consulting firm, FSG, the program seeks to discuss and conduct research on Shared Value, and to build a strong global community around this management principle.

Participation in Public Policies

ARAUCO participates in the discussion of issues relating to its business and to any of the aspects contained in its Sustainability Strategy. The company also presents its position regarding regulations that may influence its operations or economic performance through trade associations in which it participates in Chile, such as the Chilean Wood Corporation (CORMA) and the Federation of Chilean Industry (SOFOFA). In Argentina, Alto Paraná actively participates in the Argentinean Forestry Association and the Argentinean Pulp and Paper Producers Association, as well as in FSC® International and its

national initiative, in order to develop and implement public policies.

Arauco do Brasil presents its ideas through national trade associations, such as the Plantation Forest Producers Association (ABRAF) and the Brazilian Pulp and Paper Association (Bracelpa). In the Paraná area, contacts are made through the Paranaense Forestry Businesses Association (APRE). In North America, ARAUCO offers input into the National Formaldehyde rulemaking process, the CARB ATCM rulemaking process, and the ongoing refinement and revision of USGBC's LEED green-building-certification standards.

Memberships

ARAUCO actively participates in more than 160 trade associations and social organizations in Chile, Argentina, Brazil, Colombia, Peru, Uruguay, Mexico, the United States, Canada, The Netherlands, and Australia. In addition, the company works closely with universities, communication media, scientific centers, NGOs, and local governments (see page 132).



SCOPE

This is the eighth consecutive annual Sustainability Report published by ARAUCO.

SCOPE

This is the eighth consecutive year in which ARAUCO has published a Sustainability Report. It was written using the Global Reporting Initiative (GRI) G4 guidelines, “in accordance” core option, and presents information on ARAUCO’s economic, social and environmental performance for the time period January 1 through December 31, 2013. This report also can be considered as a communication of progress regarding the company’s adherence to the Global Compact.

Consolidated information on the company’s forestry and industrial operations

in Chile, Argentina, Brazil, the United States and Canada was revised, collected and presented for the production of this document. The performance of the operations in Uruguay was not included because ARAUCO does not control this business, and this report describes only corporations in which it exercises control. Nonetheless, operations and projects in Uruguay are described when relevant.

Data measurement techniques and calculations for social and environmental information are based on GRI protocols. Financial performance was reported using

internationally accepted accounting standards, such as the International Financial and Reporting Standards (IFRS). This information is presented in US dollars, and was calculated using the average dollar value during the reporting period.

To safeguard the GRI Reliability principle, the “Sources of Information” appendix presents the written sources that were consulted to produce this report, in addition to the names of people that participated in providing indicators and their validation. The company did not hire an external body for assurance of this report.

Content Definition

In order to develop the materiality process to identify relevant aspects for the 2013 report, ARAUCO conducted a survey for 100 company executives in its business areas in Chile, Brazil and Uruguay, and four in-depth interviews to identify the company’s primary issues. In addition, the Organizational Climate survey held in late 2012 was reviewed. This survey was applied to 6,715 workers in Chile and sales offices in Mexico, Colombia and Peru. Also, 31 corporate documents and reports of 2013 were consulted, as were the results of a climate change survey for customers.

The external process included the review of 1,043 news articles related to the company and the forestry industry and a reputation survey distributed to 2,132 people in Chilean regions in which ARAUCO operates.

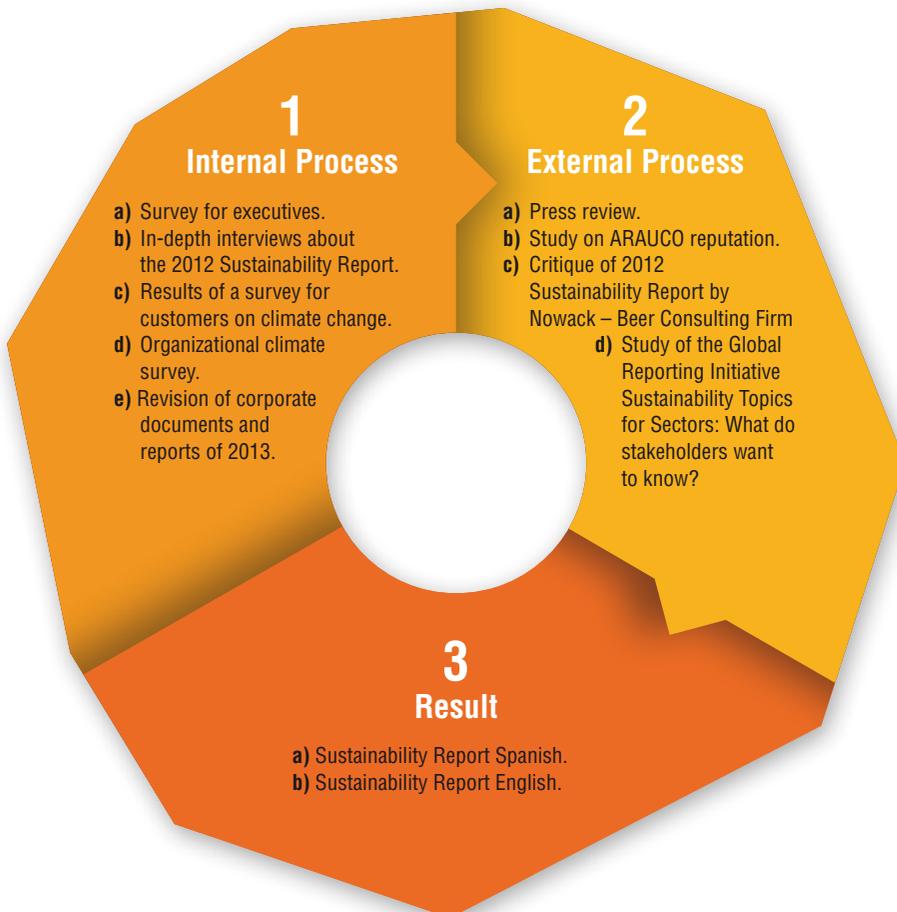
In addition to these activities, the North American firm Nowack-Beer Consulting analyzed the company’s 2012 Sustainability Report, providing valuable insight to improve a number of aspects of this report. The GRI publication “The Global Reporting Initiative Sustainability Topics for Sectors: What do stakeholders want to know?” was reviewed for a more global view of the forestry industry.

This consultation and review process enabled ARAUCO to rank 12 issues as being most relevant for stakeholders. These are addressed, in-depth, on as listed in the following table.

¹ www.globalreporting.org

² www.ifrs.com

| Material issues identified (by community and workers) | | Pages |
|---|--|-------------------------|
| 1 | Safety | 62-68 |
| 2 | Globalization and efficiency | 24-46 |
| 3 | Local development | 102-115 |
| 4 | Environmental management | 70-94 |
| 5 | FSC® | 31 |
| 6 | Water, emissions and discharges | 80-81, 83-85, 87, 90-94 |
| 7 | Ethics and integrity | 19-20 |
| 8 | Dialog with communities | 97-101 |
| 9 | Work conditions | 50, 59-60 |
| 10 | People management | 48-60 |
| 11 | Direct impact to indirect impact | 27 |
| 12 | Indicators of contribution made to employability | 50 |



Availability

This year, 3,000 copies of this report were printed in Spanish, and an additional 800 copies were printed in English. Both versions are printed on FSC®-certified paper, with fiber coming from responsible sources. The information that has been presented in previous reports or that is available at the corporate website will be cited in this report, as appropriate.

APPENDICES

Consolidated Financial
Statements

Sources of Information

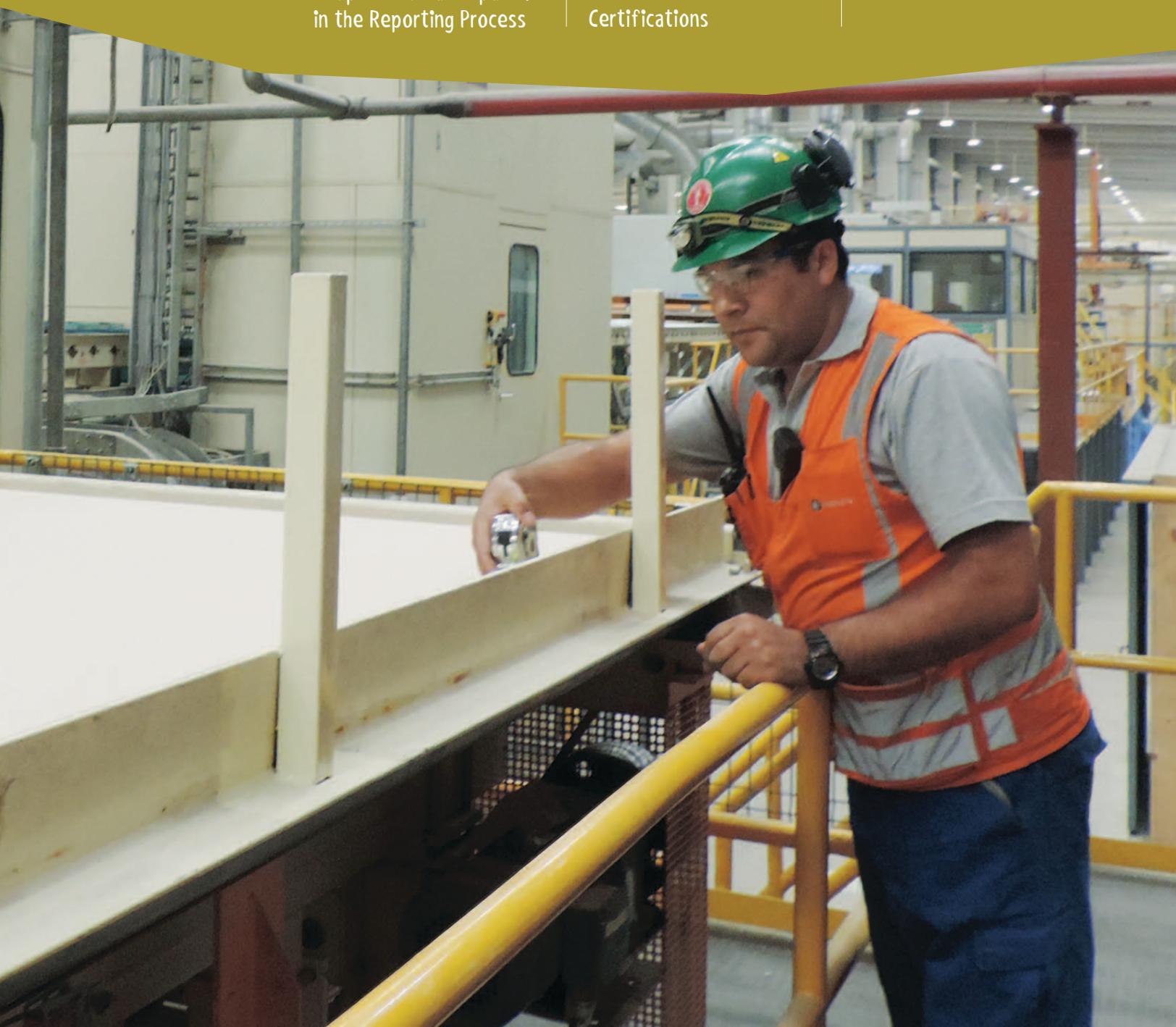
People who Participated
in the Reporting Process

Membership and
Networks

ARAUCO's Subsidiaries
and Shareholders

Certifications

GRI Content Index
for the "In Accordance"
Core Option and Global
Compact



CONSOLIDATED FINANCIAL STATEMENTS

As of December 31st 2013 and 2012

| ASSETS | 12-31-2013 ThU.S.\$ | 12-31-2012 ThU.S.\$ |
|--|------------------------|------------------------|
| Current assets | | |
| Cash and cash equivalents | 667,212 | 488,498 |
| Other current financial assets | 3,089 | 6,105 |
| Other current non-financial assets | 188,964 | 221,214 |
| Trade and other current receivables | 711,678 | 835,932 |
| Accounts receivable from related companies | 8,243 | 8,851 |
| Current inventories | 900,590 | 822,376 |
| Current biological assets | 256,957 | 262,498 |
| Current tax assets | 61,174 | 56,959 |
| Total current assets other than assets or disposal groups classified as held for sale | 2,797,907 | 2,702,433 |
| Non-current assets or disposal groups classified as held for sale | 10,414 | 83,084 |
| Total current assets | 2,808,321 | 2,785,517 |
| Non-current assets | | |
| Other non-current financial assets | 48,778 | 69,643 |
| Other non-current non-financial assets | 125,052 | 125,254 |
| Trade and other non-current receivables | 40,729 | 62,477 |
| Investments accounted for using equity method | 349,412 | 382,427 |
| Intangible assets other than goodwill | 99,651 | 105,234 |
| Goodwill | 88,141 | 94,978 |
| Property, plant and equipment | 7,137,467 | 6,816,742 |
| Non-current biological assets | 3,635,246 | 3,610,572 |
| Deferred tax assets | 160,598 | 206,770 |
| Total non-current assets | 11,685,074 | 11,474,097 |
| Total assets | 14,493,395 | 14,259,614 |

| EQUITY AND LIABILITIES | 12-31-2013 ThU.S.\$ | 12-31-2012 ThU.S.\$ |
|--|--------------------------------|--------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Other current financial liabilities | 893,605 | 844,182 |
| Trade and other current payables | 630,980 | 572,646 |
| Accounts payable to related companies | 14,406 | 9,168 |
| Other current provisions | 9,696 | 9,176 |
| Current tax liabilities | 4,472 | 12,264 |
| Current provisions for employee benefits | 3,814 | 3,945 |
| Other current non-financial liabilities | 125,043 | 95,347 |
| Total current liabilities | 1,682,016 | 1,546,728 |
| Non-current liabilities | | |
| Other non-current financial liabilities | 4,156,992 | 4,133,895 |
| Non-current payables | 361 | - |
| Other non-current provisions | 24,167 | 13,285 |
| Deferred tax liabilities | 1,462,295 | 1,455,052 |
| Non-current provisions for employee benefits | 42,170 | 43,491 |
| Other non-current non-financial liabilities | 80,854 | 101,404 |
| Total non - current liabilities | 5,766,839 | 5,747,127 |
| Total liabilities | 7,448,855 | 7,293,855 |
| Equity | | |
| Issued capital | 353,618 | 353,176 |
| Retained earnings | 7,004,640 | 6,757,795 |
| Other reserves | (365,960) | (219,649) |
| Equity attributable to parent company | 6,992,298 | 6,891,322 |
| Non-controlling interests | 52,242 | 74,437 |
| Total equity | 7,044,540 | 6,965,759 |
| Total equity and liabilities | 14,493,395 | 14,259,614 |

CONSOLIDATED FINANCIAL STATEMENTS

| CONSOLIDATED STATEMENTS OF INCOME | January-December | |
|---|------------------|------------------|
| | 2013 ThU.S.\$ | 2012 ThU.S.\$ |
| Income statement | | |
| Revenue | 5,145,500 | 4,298,663 |
| Cost of sales | (3,557,210) | (3,163,432) |
| Gross profit | 1,588,290 | 1,135,231 |
| Other income | 385,055 | 408,251 |
| Distribution costs | (523,587) | (452,760) |
| Administrative expenses | (544,694) | (479,625) |
| Other expense | (136,812) | (105,325) |
| Other gains (losses) | - | 16,133 |
| Profit (loss) from operating activities | 768,252 | 521,905 |
| Finance income | 19,062 | 23,476 |
| Finance costs | (232,843) | (236,741) |
| Share of profit (loss) of associates and joint ventures accounted for using equity method | 6,260 | 18,933 |
| Exchange rate differences | (11,797) | (17,245) |
| Income before income tax | 548,934 | 310,328 |
| Income tax | (130,357) | (166,787) |
| Income from continuing operations | 418,577 | 143,541 |
| Profit (loss) from discontinued operations | | |
| Net income | 418,577 | 143,541 |
| Net income attributable to | | |
| Net income attributable to parent company | 385,657 | 138,883 |
| Income attributable to non-controlling interests | 32,920 | 4,658 |
| Profit (loss) | 418,577 | 143,541 |
| Basic earnings per share | | |
| Earnings per share from continuing operations | 0.0034081 | 0.0012274 |
| Basic earnings per share | 0.0034081 | 0.0012274 |
| Earnings per diluted shares | | |
| Earnings per diluted share from continuing operations | 0.0034081 | 0.0012274 |
| Basic earnings per diluted share | 0.0034081 | 0.0012274 |

| CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME | January-December | |
|---|------------------|------------------|
| | 2013 ThU.S.\$ | 2012 ThU.S.\$ |
| Profit (loss) | 418,577 | 143,541 |
| Components of other comprehensive income that will not be reclassified to profit or loss before tax | | |
| Other comprehensive income before tax actuarial gains losses on defined benefit plans | (4,143) | (3,838) |
| 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 | 2,222 | 445 |
| Other comprehensive income that will not be reclassified to profit or loss before tax | (1,921) | (3,393) |
| Components of other comprehensive income that will be reclassified to profit or loss before tax | | |
| Exchange differences on translation | | |
| Gains (losses) on exchange differences on translation, before tax | (174,985) | (105,250) |
| Other comprehensive income before tax exchange differences on translation | (174,985) | (105,250) |
| Cash flow hedges | | |
| Gains (losses) on cash flow hedges, before tax | 29,359 | (23,188) |
| Other comprehensive income before tax cash flow hedges | 29,359 | (23,188) |
| Other comprehensive income that will be reclassified to profit or loss before tax | (145,626) | (128,438) |
| Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss before tax | | |
| Income tax relating to defined benefit plans of other comprehensive income | 829 | 768 |
| Income tax relating to components of other comprehensive income that will be reclassified to profit or loss before tax | | |
| Income tax relating to cash flow hedges of other comprehensive income | (4,850) | 4,823 |
| Other comprehensive income | (151,568) | (126,240) |
| Comprehensive income | 267,009 | 17,301 |
| Comprehensive income attributable to | | |
| Comprehensive income, attributable to owners of parent company | 239,346 | 16,055 |
| Comprehensive income, attributable to non-controlling interests | 27,663 | 1,246 |
| Total comprehensive income | 267,009 | 17,301 |

CONSOLIDATED FINANCIAL STATEMENTS

| CONSOLIDATED STATEMENTS OF CASH FLOWS - DIRECT METHOD | 12-31-2013 ThU.S.\$ | 12-31-2012 ThU.S.\$ |
|---|------------------------|------------------------|
| Statements of cash flows | | |
| Cash flows from (used in) operating activities | | |
| Classes of cash receipts from operating activities | | |
| Receipts from sales of goods and rendering of services | 5,609,104 | 4,735,391 |
| Receipts from premiums and claims, annuities and other policy benefits | 29,840 | 132,983 |
| Other cash receipts from operating activities | 408,257 | 292,281 |
| Classes of cash payments | | |
| Payments to suppliers for goods and services | (4,117,942) | (3,869,977) |
| Payments from contracts held for brokering or negotiating | - | - |
| Payments to and on behalf of employees | (573,538) | (434,205) |
| Other cash payments from operating activities | (196,775) | (33,001) |
| Interest paid | (223,571) | (184,029) |
| Interest received | 18,451 | 8,916 |
| Income taxes refund (paid) | (55,272) | (203,178) |
| Other (outflows) inflows of cash, net | (834) | (2,787) |
| Net cash flows from operating activities | 897,720 | 442,394 |
| Cash flows (used in) investing activities | | |
| Cash flow used in obtaining control of subsidiaries or other businesses | - | (253,808) |
| Cash flow used to contributions in associates | - | (13,560) |
| Other cash receipts from sales of participations in joint ventures | - | 6,607 |
| Capital contributions to joint ventures | - | (3,713) |
| Loans to related parties | - | - |
| Proceeds from sale of property, plant and equipment | 116,639 | 12,329 |
| Purchase of property, plant and equipment | (645,388) | (959,037) |
| Proceeds from sales of intangible assets | - | 3,250 |
| Purchase of intangible assets | (5,889) | (8,623) |
| Proceeds from sale of other long-term assets | 28,992 | 3,305 |
| Purchase of biological assets | (213,244) | (139,954) |
| Cash receipts from repayment of advances and loans made to other parties classified as investing activities | 5,000 | - |
| Cash receipts from repayment of advances and loans made to related parties | - | - |
| Dividends received | 18,562 | 3,531 |
| Other outflows of cash, net | 7,708 | 3,824 |
| Cash flows used in investing activities | (687,620) | (1,345,849) |
| Cash flows from (used in) financing activities | | |
| Total loans obtained | 1,351,682 | 2,230,205 |
| Proceeds from short-term borrowings | 394,464 | 1,328,634 |
| Loans obtained in long term | 957,218 | 901,571 |
| Repayments of borrowings | (1,216,917) | (976,363) |
| Dividends paid by the parent company | (140,054) | (196,816) |
| Dividends paid by subsidiaries or special purpose companies | - | - |
| Other inflows of cash, net | (2,487) | (1,544) |
| Cash flows from (used in) financing activities | (7,776) | 1,055,482 |
| Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes | 202,324 | 152,027 |
| Effect of exchange rate changes on cash and cash equivalents | (23,610) | 107 |
| Net increase (decrease) of cash and cash equivalents | 178,714 | 152,134 |
| Cash and cash equivalents, at the beginning of the period | 488,498 | 336,364 |
| Cash and cash equivalents, at the end of the period | 667,212 | 488,498 |

| CHANGES IN NET EQUITY AS OF DECEMBER 31 st 2013 | | | | | | | | | | |
|--|----------------|--|-----------------------------|---|------------------------|------------------|-------------------|---|---------------------------|------------------|
| | Issue 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 Jan / 01 / 2013 | 353,176 | (169,377) | (46,016) | - | (1,186) | (216,579) | 6,754,725 | 6,891,322 | 74,437 | 6,965,759 |
| Increase (decrease) through changes in accounting policies | - | - | - | (3,070) | - | (3,070) | 3,070 | - | - | - |
| Opening balance restated | 353,176 | (169,377) | (46,016) | (3,070) | (1,186) | (219,649) | 6,757,795 | 6,891,322 | 74,437 | 6,965,759 |
| Changes in equity: | - | - | - | - | - | - | - | - | - | - |
| Comprehensive income | - | - | - | - | - | - | - | - | - | - |
| Net income | - | - | - | - | - | - | 385,657 | 385,657 | 32,920 | 418,577 |
| Other comprehensive income, net of tax | - | (169,728) | 24,509 | (3,314) | 2,222 | (146,311) | - | (146,311) | (5,257) | (151,568) |
| Comprehensive income | - | (169,728) | 24,509 | (3,314) | 2,222 | (146,311) | 385,657 | 239,346 | 27,663 | 267,009 |
| Issue of equity | 442 | - | - | - | - | - | - | 442 | (442) | - |
| Dividends | - | - | - | - | - | - | (138,812) | (138,812) | (29,760) | (168,572) |
| Increase (decrease) through for transfers and other changes equity | - | - | - | - | - | - | - | - | (17,392) | (17,392) |
| Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control | - | - | - | - | - | - | - | - | (2,264) | (2,264) |
| Changes in equity | 442 | (169,728) | 24,509 | (3,314) | 2,222 | (146,311) | 246,845 | 100,976 | (22,195) | 78,781 |
| Closing balance at Dec / 31 / 2013 | 353,618 | (339,105) | (21,507) | (6,384) | 1,036 | (365,960) | 7,004,640 | 6,992,298 | 52,242 | 7,044,540 |

CONSOLIDATED FINANCIAL STATEMENTS

| CHANGES IN NET EQUITY AS OF DECEMBER 31 st 2012 | | | | | | | | | | |
|--|----------------|--|-----------------------------|---|------------------------|------------------|-------------------|---|---------------------------|------------------|
| | Issue 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 Jan / 01 / 2012 | 353,176 | (67,539) | (27,651) | - | (1,631) | (96,821) | 6,683,252 | 6,939,607 | 90,543 | 7,030,150 |
| Changes in equity: | - | - | - | - | - | - | - | - | - | - |
| Comprehensive income | - | - | - | - | - | - | - | - | - | - |
| Net income | - | - | - | - | - | - | 138,883 | 138,883 | 4,658 | 143,541 |
| Other comprehensive income, net of tax | - | (101,838) | (18,365) | (3,070) | 445 | (122,828) | | (122,828) | (3,412) | (126,240) |
| Comprehensive income | - | (101,838) | (18,365) | (3,070) | 445 | (122,828) | 138,883 | 16,055 | 1,246 | 17,301 |
| Dividends | - | - | - | - | - | - | (64,340) | (64,340) | (17,352) | (81,692) |
| Changes in equity | - | (101,838) | (18,365) | (3,070) | 445 | (122,828) | 74,543 | (48,285) | (16,106) | (64,391) |
| Closing balance at Dec / 31 / 2012 | 353,176 | (169,377) | (46,016) | (3,070) | (1,186) | (219,649) | 6,757,795 | 6,891,322 | 74,437 | 6,965,759 |

SOURCES OF INFORMATION

- ARAUCO 2012 Sustainability Report
- ARAUCO Intranet
- ARAUCO Territory Characterization Information Sheets
- ARAUCO Website
- Bioforest Brochure
- Bioforest Technical Series, Water and Plantations
- Contacta2: Arauco Spirit 2013
- Contacta2: Fire in the drying chamber at Horcones II Sawmill
- Contacta2: First Panel produced at Nueva Aldea Plywood Mill
- Contacta2: Forest fire in the province of Arauco
- Contacta2: FSC® Forest Management Certification
- Corporate Brochure
- Environment, Occupational Health and Safety News Bulletin, edited by Forestal Arauco
- Executives' Meeting Presentation August 2013
- Executives' Meeting Presentation June 2013
- Executives' Meeting Presentation March 2013
- Executives' Meeting Presentation November 2013
- Material Fact: Changes in the administration
- Mides Newsletter
- Panels Brochure
- Presentation to Empresas Copec Investors
- Pulp Brochure
- Relationships with Mapuche Communities Policy
- Results of the 2013 Organizational Climate Survey
- Statements Presented by Cristián Infante to the Organization
- "Sustainability Incorporated into the Business, G4 Guidelines" Commissioned by AcciónRSE
- "Sustainability Topics For Sectors: What do Stakeholders Want to Know?" Global Reporting Initiative
- Update Ecosystem Management of Bioforest
- Update Forestry Hydrology, October 2013
- "Voces de Arauco" monthly publication

PEOPLE WHO PARTICIPATED IN THE REPORTING PROCESS

- Ahumada, Rodrigo / *Head of the Phytosanitary Protection Division Bioforest*
- Águila, Claudia / *Head of Consolidation and Reports*
- Alonso, Ángeles / *Head of Institutional Communications, Alto Paraná*
- Álvarez, Claudia / *Head of Environment, Forestal Arauco South Area*
- Álvarez, Paulina / *Environment Engineer, Forestal Arauco*
- Araneda, Jorge Luis / *Head of Public Affairs and Corporate Responsibility, Maule Region*
- Amadori, Antonio / *Head of External Communications*
- Anzieta, Juan / *Public Affairs Assistant Manager, Los Ríos Area*
- Balla, Paula / *Environment Corporate Coordinator Alto Paraná*
- Barrera, Paulina / *Coordinator for Social Housing Projects*
- Barudy, Mariela / *Environment and Forest Management Analysis Engineer*
- Bazán, Enrique / *General Manager Arauco Perú*
- Bezanilla, José Manuel / *General Manager Procurement*
- Brinklow, Carolina / *Management Secretary*
- Busch, Ricardo / *Project Development Manager Panel Business*
- Busch, Robert / *General Manager Arauco Australia Ply*
- Busnardo, Luis Felipe / *Environment, Occupational Health and Safety Manager Panels Arauco do Brasil*
- Bustamante, Ramón / *Head of Forest Hydrology Program Bioforest*
- Bustos, Nelson / *Public Affairs Assistant Manager Maule Area*
- Bustos, Rosa / *Head of Integrated Management System and FSC® Forestal Arauco North Area*
- Calquín, Rodolfo / *Head of Nurseries, Genetics Forestal Arauco North Area*
- Carabelli, Esteban / *Head of Integrated Management System Alto Paraná*
- Castillo, Angeline / *Head of Protection Forestal Arauco North Area*
- Castillo, Boris / *Head of Production Department Forestal Los Lagos*
- Castillo, Gabriela / *Product Manager Panel Business*
- Castro, Héctor / *Commercial Assistant Manager Arauco Bioenergy*
- Concha, Patricia / *Assistant Manager Environment, MASSO Management Risk Timber Panels*
- Contreras, Alejandra / *Head of Communications Bío Bío South*
- Coppelli, Katherine / *Head of Community Affairs Forestal Arauco Central Area*
- Cremaschi, Sebastián / *Marketing Assistant Manager Panel Business*
- Chamorro, Iván / *Public Affairs and Corporate Social Responsibility Manager*
- De Souza, Eliel / *Human Resources Manager, Arauco do Brasil*
- Díaz, José Ignacio / *Legal Affairs Manager Chile*
- Donizeti de Sousa / *Mario, Director Sustainability and People Arauco do Brasil*
- Dumuihual, Marcelo Humberto / *Head of Communication Los Ríos Region*
- Eyzaguirre, Patricio / *Local Development Assistant Manager*
- Fulgeri, María Antonella / *Head of Operational Excellence Timber Business*
- Fuenzalida, Ricardo / *Head of Operations Management Forestal Arauco*
- Galli, Pedro / *Ship Transport Assistant Manager*
- Gayoso, Sylvana / *Head of Water, Soil and Biodiversity Unit Forestal Valdivia*
- Godoy, Aracelly / *Coordinator for Social Housing Projects*
- Guajardo, Marcela / *Head of Environment Forestal Arauco Central Area*
- Guzmán, Felipe / *General Counsel*
- Harumi, María / *Coordinator for Forestry Sustainability, Arauco do Brasil*
- Hernández, Aldo / *Head of Environment and Biodiversity*
- Hernández, Milton / *Head of Operational Excellence Panel Business*
- Hornig, Jorge / *Head of Restoration Forestal Arauco*
- Iturra, Beatriz / *Head of Outreach and Community Relations*
- Jofré, Miguel / *Consultant*
- Kimber, Charles / *Senior Vice-President Commercial & Corporate Affairs*
- Kortge, Adolf / *Head of Corporate Image*
- Leighton, Cristián / *Head of Safety*
- Leiva, Mauricio / *Assistant Manager for Community Participation and Consultation Bosques Arauco*
- Lindner, Lieselotte / *Head of Management Control*
- Lozano, Francisco / *Marketing and Innovation Manager*
- Mandiola, Sebastián / *Administration Manager, Pulp Business*
- Mastrocola, Jorge / *Environment, Occupational Health and Safety Manager*
- Maturana, Arturo / *Risks, Environment, Occupational Health and Safety Manager Corporate Manager*
- Maturana, Loreto / *Crime Prevention Analyst*

- McManus, Enrique / *Head of Development in Construction in Wood*
- Meiners, Franz / *General Manager Arauco México*
- Mellado, Myriam / *Head of Communications and Outreach*
- Melo, Eduardo / *Assistant Manager Environment, Forestal Arauco*
- Merino, Camila / *Gerente Corporativo de Personas*
- Mendoza, Guillermo / *Public Affairs Assistant Manager, Bío-Bío North*
- Miguel, María Aracely / *Management Control Engineer, Procurement*
- Miretzki, Ana Claudia / *Compensation Specialist, Arauco do Brasil*
- Montes, Felipe / *Marketing Assistant Manager, Distribution*
- Montino, Macarena / *General Coordinator for Operational Excellence*
- Management / *Pulp Business*
- Montolivo, Patricia / *Head of Community Relations, Forestal Arauco North Area*
- Moraga, Patricio / *Head of Communications, Maule Region*
- Muñoz, Cecilia / *Head of Nurseries and Silviculture Planning, Forestal Arauco South Area*
- Muñoz, Roberto / *Head of Environment, Forestal Arauco North Area*
- Neira, Alejandra / *Tax Manager*
- Oyola, Germán / *Compliance Management Senior Advisor, Forestal Arauco*
- Pastorini, Carole / *Head of Internal Communications*
- Patrickson, Christian / *Development Assistant Manager, Arauco Bioenergy*
- Pelufo, Lucía / *Communications Unit Montes del Plata*
- Prieto, Matías / *Human Resources Manager, Timber Business*
- Quenaya, Javiera / *Operational Excellence Project Engineer, Forestal Arauco*
- Ramírez, María Soledad / *Internal Communications Journalist*
- Ramírez de Arellano, Pablo / *Head of Ecosystem Management Unit, Bioforest*
- Rauld, Carlos / *Bioenergy Manager*
- Reyes, Mauricio / *Head of Silviculture Planning, Forestal Arauco Central Area*
- Rioseco, Ricardo / *Head of Territory Communications*
- Rodríguez, Eduardo / *General Manager Bioforest*
- Rodríguez, Nicolás / *Head of Risks, Environment, Occupational Health and Safety Corporate Management*
- Rosso, José Luis / *Research and Financial Studies Assistant Manager*
- Ruival, Pablo / *Corporate and Commercial Affairs Manager, Alto Paraná*
- Salinas, Danilo / *Head of Customers and Contracts, Arauco Bioenergy*
- Sánchez, Javier / *Management Systems Senior Advisor for the Environment, Occupational Health and Safety Management Unit*
- Schaffner, Ricardo / *Development and Environment Manager, Forestal Arauco*
- Serón, Jorge / *Forestry Operations Manager*
- Schmidt-Liermann, Ralph / *Sustainability, Montes del Plata*
- Toledo, Fernando / *Head of Occupational Health*
- Torres, Eduardo / *Head of Risk Management, Timber and Panel Businesses*
- Strauszer, Ricardo / *Commercial Manager, Pulp Business*
- Vaccaro, Juan Pablo / *General Manager Arauco Colombia*
- Valdés, Alfonso / *Arauco Forest Products Manager*
- Valdivieso, Ana María / *Head of Outreach, Arauco Educational Foundation*
- Varas, Jaime Antonio / *Assistant Manager for Community Participation and Consultation, Forestal Arauco South Area*
- Vargas, Freddy / *Head of Studies and Special Projects*
- Vásquez, Paola / *Marketing Analyst, Distribution*
- Vial, María Soledad / *Communications Assistant Manager*
- Vicuña, José Miguel / *Financial Planning Engineer*
- Villablanca, Elizabeth / *Head of Human Resources, Bioforest*
- Wulf, Marcela / *Head of Outreach, Los Ríos Area*
- Yoshioka, María Harumi / *FSC® Coordinator, Arauco do Brasil*
- Young, Mark / *National Sales & Marketing Manager, Arauco USA*
- Zamorano, Francisco / *Public Affairs Assistant Manager, Bío Bío South*
- Zerene, Álvaro / *General Manager Arauco Asia (China)*

MEMBERSHIPS AND NETWORKS

Argentina

- Administración de Parques Nacionales / www.parquesnacionales.gov.ar
- APF - Aglomerado Productivo Forestal Misiones y Corrientes / www.apf.org.ar
- Argentina Green Building Council (AGB) / www.argentinagbc.org.ar
- Asociación Amigos de Guapoy
- Asociación Civil Consejo de Manejo Responsable de los Bosques y Espacios Forestales
- Asociación de Bomberos Voluntarios de Libertad
- Asociación de Fabricantes de Celulosa y Papel, Argentina (AFCP) / www.afcparg.org.ar
- Asociación Forestal Argentina (AFOA) / www.foa.org.ar
- Aves Argentinas-Asociación Ornitológica de La Plata / www.avesargentinas.org.ar
- Cámara Argentina de Aserraderos de Maderas, Depósitos y Afines / www.cadamda.org.ar
- Cámara Argentina de la Industria de la Madera Aglomerada (CAIMA)
- Cámara de Comercio Argentino Chilena / www.ccach.org.ar
- CAMCORE Cooperative - Cooperativa de Mejoramiento Genético y Silvicultura
- Centro de Investigación y Experimentación Forestal (CIEF)
- Centro de Investigaciones del Bosque Atlántico (CEIBA) / www.ceiba.org.ar
- Colegio de Ingenieros Forestales / www.coiform.com.ar
- Comité de Cuenca Hídricas del Arroyo Tabay
- Comité de Cuenca Hídricas del Arroyo Tupicúa
- Consejo Empresario Argentino para el Desarrollo Sostenible (CEADS) / www.ceads.org.ar
- Consorcio de Protección Forestal Iguazú
- Consorcio Forestal Corrientes Norte
- Cuerpo de Guardaparques del Ministerio de Ecología de la Provincia de Misiones
- Facultad de Ciencias Forestales de la Universidad Nacional de Misiones / www.unam.edu.ar
- Facultad de Ciencias Exactas Químicas y Naturales (UNaM) / www.unam.edu.ar
- Facultad de Ciencias Exactas y Naturales de la Universidad de Buenos Aires / www.uba.ar
- Federación Argentina de la Industria de la Madera y Afines (FAIMA) / www.faima.org.ar
- Feria Forestal Argentina (concurso Modelando Futuro) / www.feriaforestal.com.ar
- FSC® Internacional, miembro de la Cámara Económica Sur / www.fsc.org
- Fundación Compromiso
- Fundación Equidad / www.equidad.org
- Fundación Hábitat y Desarrollo / www.habitatydesarrollo.org.ar
- Fundación Mediterránea / www.ieral.org
- Fundación Proyungas / www.proyungas.org.ar
- Fundación Sagrada Familia / www.fundacionsagradafamilia.cl
- Fundación Temaiken / www.temaiken.com.ar
- Fundación Vida Silvestre Argentina / www.vidasilvestre.org.ar
- Grupo de Fundaciones y Empresas (GDPE) / www.gdpe.org.ar
- Grupo Solidario ONG de la Provincia de Misiones
- Guira Oga / www.guiraoga.com.ar
- Instituto Argentino de Responsabilidad Social Empresaria / www.iarse.org
- Instituto de Biología Subtropical (IBS)
- Instituto de Pesquisas e Estudos Florestais (IPEF) / www.ipef.br
- Instituto Nacional de Tecnología Agropecuaria (INTA) / www.inta.gob.ar
- Mesa Ministerio de Trabajo de la Nación
- Reserva Curindy / www.curindy.com
- Reserva Yaguaroundí / www.yaguaroundi.com.ar
- UIA - Unión Industrial Argentina / www.uia.org.ar
- Un Techo Para mi País / www.techo.org/paises/argentina
- Una Nochebuena para Todos / www.nochebuenaparatodos.com.ar
- Unión Argentina de Trabajadores Rurales y Estibadores / www.uatre.org.ar

Australia

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

Brazil

- Americas SAP users Group / www.sap.com.br
- Artefatos de Madeiras, Serrarias, Madeiras Laminadas e Compensadas de Rio Negro / www.simovem.ind.br
- Associação Brasileira de Normas Técnicas / www.abnt.org.br
- Associação Brasileira de Produtores de Florestas Plantadas (ABRAF) / www.abraflor.org.br
- Associação Capivari / www.acicap.com.br
- Associação de Usuários de Informática e Telecomunicações / www.sucesu.org.br
- Associação Paranaense de Empresas de Base Florestal (APRE) / www.apreflorestas.com.br
- BRACELPA – Associação Brasileira de Celulose e Papel / www.bracelpa.org.br
- Conselho de Manejo Florestal FSC Brasil / www.fsc.org
- CPCE (FIEP) - Conselho Paranaense de Cidadania / www.cpce.org.br
- Conselho Regional de Engenharia, Arquitetura e Agronomia do Paraná
- Diálogo Florestal Paraná – Santa Catarina / www.dialogoflorestal.org.br
- FIEP - Federação das Indústrias do Estado do Paraná / www.fiepr.org.br
- Forest Stewardship Council® (FSC®) / www.fsc.org
- Fundação de Estudos e Pesquisas Florestais do Paraná / www.fupeq.ufpr.br
- Fundo Nacional de Controle da Vespa da Madeira (Funcema)
- Instituto de Pesquisa e Estudos Florestais / www.ipef.br
- Pacto Global das Nações Unidas / www.pactoglobal.org.br
- PCCF – FPEF – Programa Cooperativo em Certificação Florestal / www.ipef.br/pccf
- Sindicato das Indústrias da Madeira do Estado do Paraná / www.simadeiraspr.com.br
- Sindicato das Indústrias de Móveis, Marcenarias, Carpintarias / www.crea-pr.org.br

Colombia

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

Chile

- Acción RSE / www.accionrse.cl
- Asociación de Industriales del Centro, Región del Maule / www.asicent.cl
- Asociación Técnica de la Celulosa y el Papel / www.atcp.cl
- Cámara Chileno Argentina / www.camarco.cl
- Cámara Chileno Australiana de Comercio / www.auscham.cl
- Cámara Chileno Brasileña de Comercio / www.camarachilenobrasileña.cl
- Cámara Chileno Británica / www.britcham.cl
- Cámara Chileno Norteamericana de Comercio / www.amchamchile.cl
- Cámara Chileno-China de Comercio, Industrias y Turismo / www.chicit.cl
- Cámara de Comercio e Industria de Valdivia / www.cciiv.cl
- Cámara de Comercio Italiana de Chile / www.camit.cl
- Centro de Estudios Públicos, Comisión de Medioambiente / www.cep.cl
- Centro de Innovación y Desarrollo de la Madera / www.cidm.cl
- Centro de Transferencia Tecnológica de la Madera / www.cct.cl
- Centro Educacional de Alta Tecnología / www.ceat.cl
- Centro para el Fomento del Mercado del Carbono / www.chile-co2.cl
- Commonwealth Scientific and Industrial Research Organisation (CSIRO, Australia) / www.csiro.au
- Consorcio Bioenercel / www.bioenercel.com

MEMBERSHIPS AND NETWORKS

- Controladora de Plagas Forestales / www.cpf.cl
- Cooperativa de Mejoramiento Genético Forestal / www.genomica.cl
- Cooperativa de Mejoramiento Genético Forestal / www.uach.cl
- Corporación Chilena de la Madera Bío Bío
- Corporación Chilena de la Madera Los Ríos-Los Lagos
- Corporación Chilena de la Madera Maule
- Corporación Chilena de la Madera / www.corma.cl
- Corporación de Adelanto y Desarrollo de la Provincia de Arauco / www.corparauco.cl
- Corporación Industrial para el Desarrollo Regional del Bío Bío / www.cidere.cl
- Corporación para el Desarrollo Productivo de La Araucanía / www.corparaucania.cl
- Corporación por el Desarrollo de Valdivia / www.codeproval.cl
- Council of the Americas / www.as-coa.org
- Facultad de Ciencias Universidad de Chile / www.uchile.cl
- Forest Biotechnology Industrial Research Consortium (USA) / www.ncsu.edu/forbirc
- Forest Productivity Cooperative (USA) / www.forestproductivitycoop.org
- Forestry and Agricultural Biotechnology Institute, Sudáfrica / www.fabinet.up.ac.za
- Fundación Belén Educa / www.beleneduca.cl
- Fundación Integrare / www.integrare.cl
- Genómica Forestal S.A. / www.genomica.cl
- Icare / www.icare.cl
- Institute of Forestry Biotechnology (USA) / www.forestbiotech.org/
- Instituto Libertad / www.institutolibertad.cl
- North Carolina State Forest Nutrition Cooperative, USA
- North Carolina State University: Camcore (USA) / www.camcore.org
- Pontificia Universidad Católica de Chile / www.uc.cl
- Prohumana / www.prohumana.cl
- Red de Alta Dirección Universidad del Desarrollo / www.redaltadireccionudd.cl
- Red Pacto Global Chile / www.pactoglobal.cl
- Sociedad de Fomento Fabril / www.sofofa.cl
- Tree Improvement Cooperative: North Carolina State University / www.treeimprovement.org
- Un Techo para Chile / www.untechoparachile.cl
- Universidad Católica de la Santísima Concepción / www.ucsc.cl
- Universidad de Chile Facultad de Ingeniería Industrial / www.dii.uchile.cl
- Universidad de Concepción / www.udec.cl
- Visión Valdivia / www.visionvaldivia.cl
- Working on Fire International / www.wof-into.com

United States

- Association of Millwork Distributors / www.amdweb.com
- Association of Retail Environments / www.retailenvironments.org
- Association of Woodworking & Furnishings Suppliers / www.awfs.org
- The Chilean-American Chamber of Commerce of the South / www.caccsouth.com
- Color Marketing Group / www.colormarketing.org
- Composite Panel Association / www.compositepanel.org
- Kitchen Cabinet Manufacturers Association / www.kcma.org
- Moulding & Millwork Producers Association / www.wmmpa.com
- North American Building Material Distribution Association / www.nbmda.org
- North American Laminate Flooring Association / www.nalfa.com
- North American Wholesale Lumber Association / www.lumber.org

Mexico

- Asociación Nacional de Importadores y Exportadores de Productos Forestales A.C. / www.imexfor.com
- Cámara Mexicana Chilena de Comercio e Inversión / www.camaramexicanachilena.com.mx
- Cámara Nacional de la Industria Maderera de México / www.canaimdo.com.mx
- Patronato Cultural México-Chile.

Peru

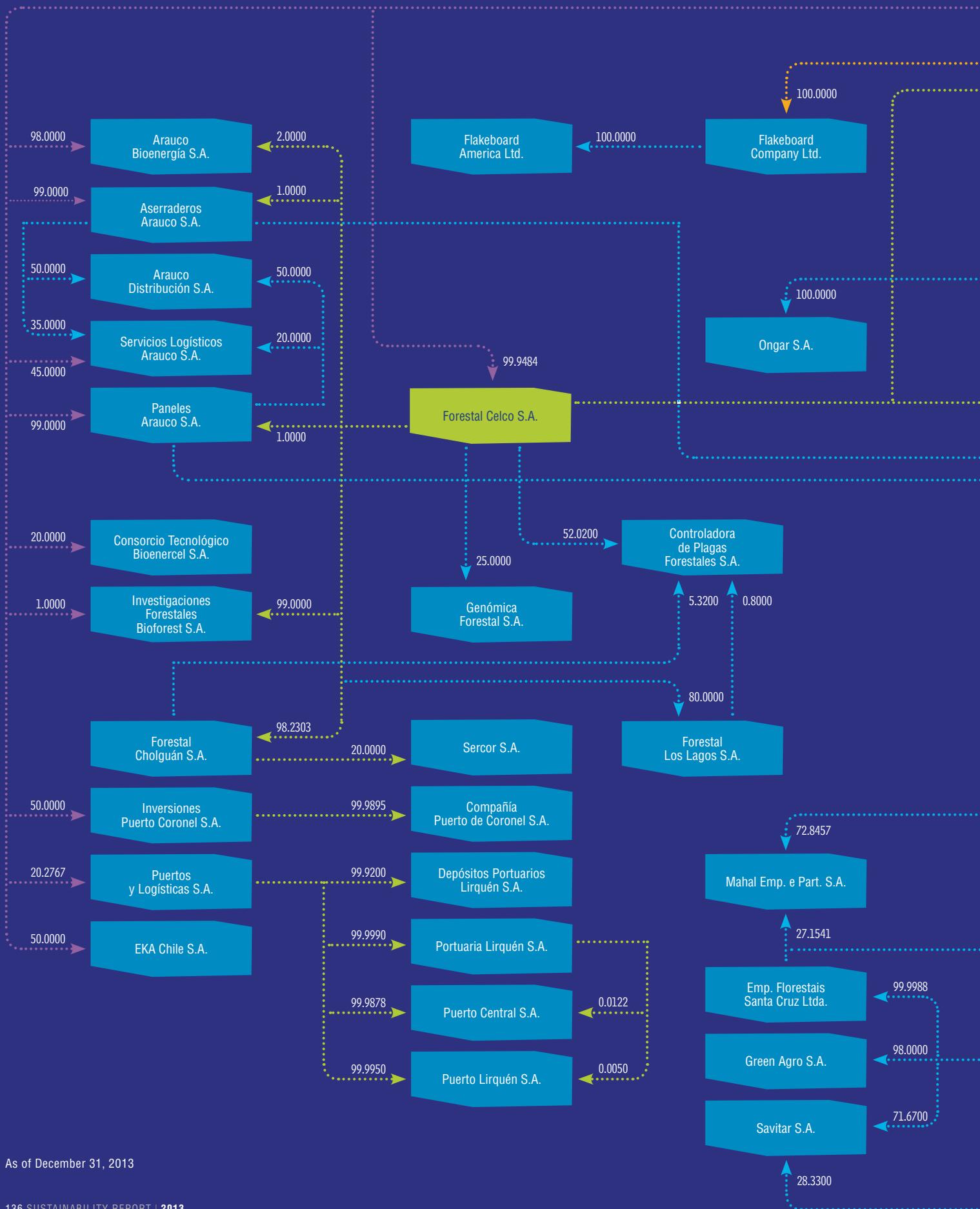
- Cámara de Comercio Peruano Chilena / www.camaraperuchile.org
- Cámara Peruana de la Construcción / www.capeco.org

Uruguay

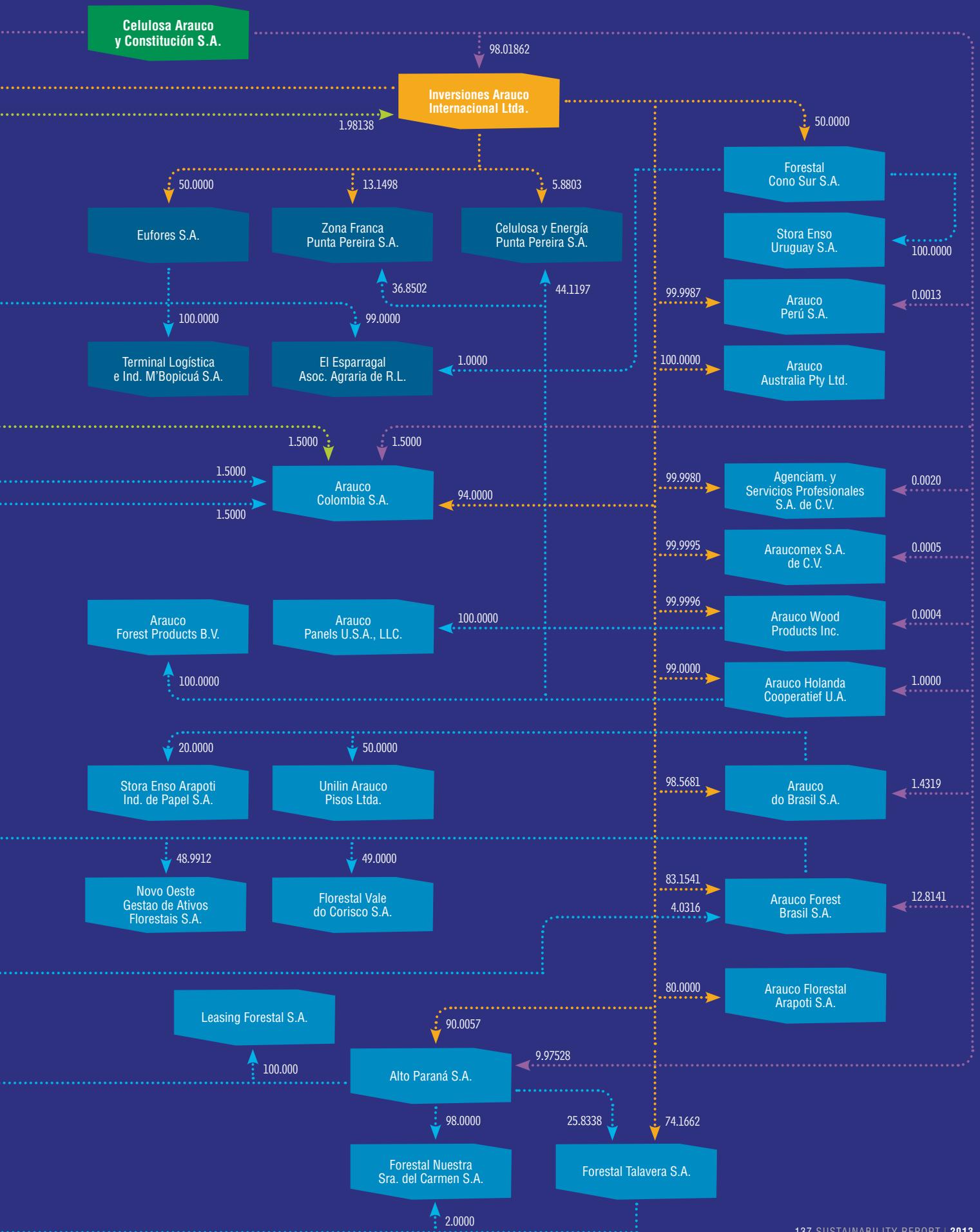
- Asociación Cristiana de Dirigentes de Empresa / www.acde.org.uy
- Asociación Turística de Colombia / www.colonia.gub.uy/
- Cámara de Industrias del Uruguay / www.ciu.com.uy
- Cámara de Zonas Francas / www.czfuy.com
- Cámara Nórdica
- Centro de Navegación / www.cennave.com.uy
- Deres / www.deres.com.uy
- Liga Marítima Uruguaya
- Pacto Global de las Naciones Unidas / www.unglobalcompact.org
- Sociedad de Productores Forestales / www.spf.com.uy
- Waza (World Association of Zoos and Aquariums) / www.waza.org



ARAUCO'S SUBSIDIARIES AND SHAREHOLDERS



As of December 31, 2013



CERTIFICATIONS

As of December, 2013

FORESTRY BUSINESS CERTIFICATIONS (CHILE, ARGENTINA, BRAZIL AND URUGUAY)

| Country | Business / Forestry area | Standard | Certification N° / License code | Scope | Validity |
|-----------|---|---|---|---|-----------|
| Chile | Forestal Arauco S.A. ⁽¹⁾ | FSC® MF | SA-FM/COC-004173 / FSC-C108276 | 1,110,730 ha. ⁽²⁾ | Sep. 2018 |
| | | CERTFOR/PEFC SFM | SAI-CERTFOR-FM-1012257 | 1,116,180 ha. ⁽³⁾ | Aug. 2018 |
| | Forestal Arauco North Area ⁽¹⁾ | FSC® CoC & CW | SGS-COC-005297; SGS-CW-005297 / FSC-C013026 | Pine and eucalyptus ssp logs, chips and sawdust. | Oct. 2018 |
| | | CERTFOR/PEFC CoC | SAI-CERTFOR-COC-012648 | Pinus and eucalyptus sawtimber and pulpwood, posts, poles, fences, chips, sawdust, and/or bark. | Sep. 2014 |
| | | ISO 14001 | CERT-0074098 | All activities and processes. | Nov. 2016 |
| | | OHSAS 18001 | CERT-0074103 | All activities and processes. | Oct. 2015 |
| | Forestal Arauco Central Area | FSC® CoC & CW | SGS-COC-006510; SGS-CW-006510 / FSC-C008122 | Pine and eucalyptus ssp logs and chips. | Jul. 2014 |
| | | CERTFOR/PEFC CoC | SAI-CERTFOR-COC-012647 | Pinus and eucalyptus sawtimber and pulpwood, posts, poles, fences, chips, sawdust, and/or bark. | Sep/2014 |
| | | ISO 14001 | CERT-0074094 | All activities and processes. | Nov. 2016 |
| | | OHSAS 18001 | CERT-0074102 | All activities and processes. | Oct. 2015 |
| | Forestal Arauco South Area | FSC® CoC & CW | SGS-COC-006402; SGS-CW-006402 / FSC-C017136 | Pine and eucalyptus ssp logs and chips. | Jun. 2014 |
| | | CERTFOR/PEFC CoC | SAI-CERTFOR-COC-012646 | Pinus and eucalyptus sawtimber and pulpwood, posts, poles, fences, chips, sawdust, and/or bark. | Sep. 2014 |
| | | ISO 14001 | CERT-0074093 | All activities and processes. | Nov. 2016 |
| | | OHSAS 18001 | CERT-0074100 | All activities and processes. | Oct. 2015 |
| | Forestal Los Lagos ⁽⁴⁾ | FSC® MF | SA-FM/COC-002084 / FSC-C008129 | 17,995.5 ha. | Dec. 2018 |
| | | FSC® CoC & CW | SA-COC-002065 / FSC-C018322 | Eucalyptus ssp logs and chips. | Nov. 2018 |
| Argentina | Forestal Misiones | FSC® FM/CW | SA-CW/FM-004233 / FSC-C119041 | 232,421 ha. | Nov. 2018 |
| | | ISO 14001 | AR11/52620387 | | Jun. 2014 |
| | | OHSAS | AR11/52620389 | | Jun. 2014 |
| | Forestal Delta | FSC® Forest Management re-certification process completed in December 2013; certificate issuance pending. | | | |

| Country | Business / Forestry area | Standard | Certification N° / License code | Scope | Validity |
|-----------|---|------------------|--|----------------|-----------|
| Brazil | Arauco Forest Brasil (Sengés and Campo do Tenente Region) | FSC® FM/CoC | RA-FM/COC-001059 / FSC-C010303 | 40,805.00 ha. | Oct. 2018 |
| | Arauco Forest Brasil (Tunas do Paraná Region) | FSC® FM/CoC | SCS-FM/COC-004640 / FSC-C116843 | 25,404.31 ha. | Jun. 2018 |
| | Arauco Florestal Arapoti | FSC® FM/CoC | RA-FM/COC-004511 | 49,215.00 ha. | Nov. 2014 |
| | | CERFLOR/PEFC SFM | BR016511-1 | | May. 2018 |
| ISO 14001 | | BR011468-2 | Jun. 2014 | | |
| Uruguay | Montes del Plata | FSC® FM/CoC | SGS-FM/COC-001941 / FSC-C016979 ⁽⁵⁾ | 213,084.46 ha. | Dec. 2014 |
| | | FSC® CoC/CW | SGS-COC-001944 / FSC-C023409 ⁽⁵⁾ SGS-CW-001944 / FSC-C023409 | | |

⁽¹⁾ Includes Forestal Cholguán forestland.

⁽²⁾ According to certificate dated Sept-10-2013, which applies to the area as of 12-31-2012, includes all managed surface (company-owned + Forestal Río Grande + agreement + lease), does not include FLL.

⁽³⁾ According to certificate dated Aug-23-2013, which applies to the area as of 12-31-2012, includes all managed surface (Company-owned + Forestal Río Grande + agreement + lease + Standing Forest Procurement), does not include FLL.

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

⁽⁵⁾ Montes del Plata (MdP) FSC® certificates (FM and CoC) are registered under the legal entity Eufores S.A., their scope includes planted areas of 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.

CERTIFICATIONS

PULP BUSINESS CERTIFICATIONS AS OF DECEMBER 2013

| Country | Mill | Standard/Accreditation | Certification N° / License code | Scope | Validity |
|-----------|------------------|------------------------|---|---|-----------|
| Chile | Arauco | CERTFOR/PEFC CoC | QMI-SAI GLOBAL-CERTFOR-COC-003061 | Bleached pine and eucalyptus pulp. | Jun. 2015 |
| | | FSC® CoC/CW | SGS-COC-006455; SGS-CW-006455 / FSC-C006552 | ECF bleached kraft pine and eucalyptus pulp. | Jul. 2014 |
| | | ISO 14001 | CERT-0059452 | Production of bleached kraft pulp. | Oct. 2014 |
| | | ISO 9001 | CERT-0036817 | Production of bleached kraft pulp. | Oct. 2014 |
| | | ISO 17025 | LE 324 | Environmental laboratory for physical chemical testing of wastewater. | Jun. 2016 |
| | Constitución | CERTFOR/PEFC CoC | QMI-SAI GLOBAL-CERTFOR-COC-003062 | Unbleached kraft pulp. | Dec. 2015 |
| | | FSC® CoC/CW | SGS-COC-009248; SGS-CW-009248 / FSC-C109895 | Unbleached kraft pulp. | Feb. 2017 |
| | | ISO 14001 | CERT-0059632 | Production of unbleached kraft pulp. | Oct. 2014 |
| | | ISO 9001 | CERT-0059630 | Unbleached kraft pulp production. | Oct. 2014 |
| | Licancel | CERTFOR/PEFC CoC | 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-0069008 | Production of kraft pulp. | Feb. 2016 |
| | | ISO 9001 | CERT-0068390 | Production of kraft pulp. | Feb. 2016 |
| | Nueva Aldea | CERTFOR/PEFC CoC | QMI-SAI GLOBAL-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-0067703 | Production of bleached kraft pulp. | Dec. 2015 |
| | | ISO 9001 | CERT-0067526 | Production of bleached kraft pulp. | Dec. 2015 |
| | | ISO 17025 | LE 897 | Environmental laboratory for physical chemical testing of wastewater. | Jan. 2015 |
| | Valdivia | CERTFOR/PEFC CoC | QMI-SAI GLOBAL-CERTFOR-CoC-1043362 | Bleached pine and eucalyptus pulp. | Jan. 2016 |
| | | FSC® CoC/CW | SGS-COC-006456; SGS-CW-006456 / FSC-C005084 | ECF bleached kraft pine and eucalyptus pulp. | Jul. 2014 |
| ISO 14001 | | CERT-0060147 | Production of bleached kraft pulp. | Nov. 2014 | |
| ISO 9001 | | CERT-0060142 | Production of bleached kraft pulp. | Nov. 2014 | |
| Argentina | Puerto Esperanza | FSC® CoC/CW | SGS-COC-006261 / FSC-C001605 SGS-CW-006261 | Bleached softwood pulp. | May. 2014 |
| | | ISO 14001 | AR07/537 | Pulp production. | Aug. 2016 |
| | | OHSAS 18001 | AR07/536 | Pulp production. | Aug. 2016 |

PANEL BUSINESS CERTIFICATIONS AS OF DECEMBER 2013

| Country | Mill | Standard | Certification N° / License code | Scope / Products | Validity |
|-----------|----------------------------|--|--|--|---|
| Chile | Trupán-Cholguán | CERTFOR/PEFC CoC | QMI-SAI GLOBAL-CERTFOR-CoC - 1045286 | All the process. | Jun. 2015 |
| | | FSC® CoC/CW | SGS-COC-010097 / FSC-C119538 | MDF, HB, MDF melamine, MDF beading, MDF lacquered and mouldings. | Jan. 2019 |
| | | ISO 14001,OHSAS | SAC 070322 | MDF panels, HB panels, MDF mouldings. | May. 2015 |
| | Teno | FSC® CoC/CW | SGS-COC-010097 / FSC-C119538 | MDP and MDP melamine. | Jan. 2019 |
| Argentina | Piray MDF | ISO 14001 OHSAS 18011 ISO 9001 | AR07/00467 AR07/00468 | | May. 2016 May. 2016 |
| | Zárate | FSC® CoC ISO 14001 OHSAS 18001 ISO 9001 | SA-COC-004280 / FSC-C119529 MX08/00028 AR08/73694 AR06/00104 | | Jan. 2019 Nov. 2014 Nov. 2014 |
| | Resin Plant | ISO 14001 OHSAS 18001 | AR07/00459 AR07/00460 | | Feb. 2016 Feb. 2016 |
| Brazil | Jaguariaíva MDF | FSC® CoC | RA-COC-001149 / FSC-C010928 | MDF, melamine. | Feb. 2019 |
| | | ISO 14001 OHSAS 18001 ISO 9001 CARB | BR08/3685 BR08/3693 BR08/3684 | | Feb. 2017 |
| | Piên MDF and particleboard | FSC® CoC ISO 14001 OHSAS 18001 ISO 9001 ISO 9001 (INMETRO) CARB | RA-COC-006803 / FSC-C118530 BR016320 BR016351-1 BR016318 BR01619-1 | MDF, melamine, particleboard. | Feb. 2019 May. 2016 May. 2016 May. 2016 May. 2016 |
| | Araucaria Chemical plant | ISO 14001 ISO 9001 | BR13/7687 BR03/00957 | Resin | May. 2016 Sep. 2015 |

CERTIFICATIONS

PANEL BUSINESS CERTIFICATIONS AS OF DECEMBER 2013

| Country | Mill | Standard | Certification N° / License code | Scope / Products | Validity |
|---------------|-------------------|--|--|---|-------------------------------|
| North America | St. Stephen | FSC® CoC/CW | RA-COC-000444 / RA-CW-000444 / FSC-C019364 | MDF, MDF with laminate; Particleboard, particleboard with laminate. | Sep. 2018 |
| | | ISO 9001:2008 | FM 500503 | The manufacture of raw and decoratively finished particleboard; and high density boards. | Sep. 2015 |
| | | CPA ECC 4-11 Eco Certified Composite Standard and California Airborne Toxic Control Measure 93120 (CARB) | #222 | Thin medium density fiberboard (maximum thickness 8mm) - Production categories MD2 (Fibrex), MD3 (Fibrex LF) and MD4 (Fibrex VESTA) (CARB Phase 2). | Validity date: March 26, 2012 |
| | | | #212 | Industrial particleboard - Production categories IN4, IN5, and IN6 (CARB Phase 2). | Validity date: March 26, 2012 |
| | | CPA ECC 4-11 Eco Certified Composite Standard | #611 | Laminated panels. | Validity date: March 22, 2013 |
| | Sault Ste. Marie | FSC® CoC/CW | RA-COC-000444 / RA-CW-000444 / FSC-C019364 | MDF, MDF with laminate; Particleboard, particleboard with laminate. | Sep. 2018 |
| | | CPA ECC 4-11 Eco Certified Composite Standard and California Airborne Toxic Control Measure 93120 (CARB) | #217 | Medium density fiberboard - Production categories M2F, M24, and M25 (CARB Phase 2). | Validity date: March 26, 2012 |
| | | CPA ECC 4-11 Eco Certified Composite Standard | #612 | Laminated panels. | Validity date: March 22, 2012 |
| | Carolina PB | FSC® CoC/CW | RA-COC-000444 / RA-CW-000444 / FSC-C019364 | MDF, MDF with laminate; Particleboard, particleboard with laminate. | Sep. 2018 |
| | | CPA ECC 4-11 Eco Certified Composite Standard and California Airborne Toxic Control Measure 93120 (CARB) | #116 | Particleboard - Production categories INT and DRT (Door Core) (CARB Phase 2). | Validity date: March 26, 2012 |
| | Bennettsville MDF | FSC® CoC/CW | RA-COC-000444 / RA-CW-000444 / FSC-C019364 | MDF, MDF with laminate; Particleboard, particleboard with laminate. | Sep. 2018 |
| | | CPA ECC 4-11 Eco Certified Composite Standard and California Airborne Toxic Control Measure 93120 (CARB) | #096 | Medium density fiberboard - Production categories MDT, M4T, and M5T (CARB Phase 2). | Validity date: March 28, 2012 |

| Country | Mill | Standard | Certification N° / License code | Scope / Products | Validity |
|---------------|--------------|--|--|--|-------------------------------|
| North America | Moncure | FSC® CoC/CW | RA-COC-000444 / RA-CW-000444 / FSC-C019364 | MDF, MDF with laminate; Particleboard, particleboard with laminate. | Sep. 2018 |
| | | CPA ECC 4-11 Eco Certified Composite Standard and California Airborne Toxic Control Measure 93120 (CARB) | #092 | Industrial - Product category IND (CARB Phase 2). | Validity date: March 7, 2012 |
| | | CPA ECC 4-11 Eco Certified Composite Standard and California Airborne Toxic Control Measure 93120 (CARB) | #053 | Medium density fiberboard - Production category MDT (CARB Phase 2) Thin medium density board - Production category TM2 (CARB Phase 2). | Validity date: March 7, 2012 |
| | | CPA ECC 4-11 Eco Certified Composite Standard | #618 | Laminated panels. | Validity date: April 9, 2013. |
| | Malvern MDF | FSC® CoC/CW | RA-COC-000444 / RA-CW-000444 / FSC-C019364 | MDF, MDF with laminate; Particleboard, particleboard with laminate. | Sep. 2018 |
| | | CPA ECC 4-11 Eco Certified Composite Standard and California Airborne Toxic Control Measure 93120 (CARB) | #001 | Medium density fiberboard - Production categories MDT-L1, MDT-L2, M5T-L1, M5T-L2 (CARB Phase 2). | Validity date: March 26, 2012 |
| | Duraflake PB | FSC® CoC/CW | RA-COC-000444 / RA-CW-000444 / FSC-C019364 | MDF, MDF with laminate; Particleboard, particleboard with laminate. | Sep. 2018 |
| | | CPA ECC 4-11 Eco Certified Composite Standard and California Airborne Toxic Control Measure 93120 (CARB) | #007 | Particleboard - Production categories IND-L3, IND-L4, FRT, and DRC (CARB Phase 2). Particleboard underlay and interior stair tread (CARB Phase 2). | Validity date: March 26, 2012 |
| | | CPA ECC 4-11 Eco Certified Composite Standard | #610 | Laminated panels. | Validity date: March 15, 2012 |
| | Eugene MDF | FSC® CoC/CW | RA-COC-000444 / RA-CW-000444 / FSC-C019364 | MDF, MDF with laminate; Particleboard, particleboard with laminate. | Sep. 2018 |
| | | CPA ECC 4-11 Eco Certified Composite Standard and California Airborne Toxic Control Measure 93120 (CARB) | #008 | Medium Density Fiberboard - Production Categories MD2 and MD3 (CARB Phase 2). | Validity date: March 26, 2012 |

CERTIFICATIONS

TIMBER BUSINESS CERTIFICATIONS AS OF DECEMBER 2013

| Country | Mill | Standard | Certificate N° / License code | Scope / Products | Validity |
|---------------------|---|---|--|--|-------------------------------------|
| Chile | Eight Sawmills | ISO 14001 | SAC 6015965/B | Timber industrial process and transformation up to the finished product. | Oct. 2014 |
| | | OHSAS 18001 | SAC 6015965/A | Timber industrial process and transformation up to the finished product. | Nov. 2015 |
| | | APL | | | |
| | | CERTFOR/PEFC CoC | QMI-SAI GLOBAL -CERTFOR-CoC-013568 | | |
| | Five Remanufacturing facilities | CERTFOR/PEFC CoC ISO 14001 OHSAS 18001 APL | QMI-SAI GLOBAL -CERTFOR-CoC-013568 | Sawn timber, remanufactured timber and manufactured products and byproducts chips, bark, sawdust and cropped ends. | |
| | Arauco Plywood | FSC® CoC | SGS-COC-010097 / FSC-C119538 | Plywood product. | Jan. 2019 |
| | | CERTFOR/PEFC CoC | QMI-SAI GLOBAL -CERTFOR-CoC-1045286 | | |
| | | ISO 14001 | SAC 0703222 | Production of veneered wood panels. | May. 2015 |
| | | OHSAS 18001 | SAC 0703222 | Production of veneered wood panels. | May. 2015 |
| | | APL | | | |
| Nueva Aldea Plywood | In process, due to fire that affected the mill in 2012. | | | | |
| Argentina | Piray Sawmill | ISO 14001 OHSAS 18001 ISO 9001 | AR10/52620212 AR10/52620213 AR10/5262011 | | Dec. 2016 Dec. 2016 Dec. 2016 |
| | Piray Remanufacturing facilities | ISO 14001 OHSAS 18001 ISO 9001 | AR10/52620212 AR10/52620213 AR10/5262011 | | Dec. 2016 Dec. 2016 Dec. 2016 |

GRI CONTENT INDEX FOR THE "IN ACCORDANCE" CORE OPTION AND GLOBAL COMPACT

| GENERAL STANDARD DISCLOSURE | | Page | UN Global Compact Principle |
|--|--|--|-----------------------------|
| STRATEGY AND ANALYSIS | | | |
| G4-1 | Statement from the most senior decision-maker of the organization about the relevance of sustainability and the organization's strategy. | 10, 11, 12, 13, 14 | P2 |
| G4-2 | Key impacts, risks, and opportunities. | 21, 22 | |
| ORGANIZATIONAL PROFILE | | | |
| G4-3 | Name of the organization. | Inside back cover, 16 | |
| G4-4 | Primary brands, products, and services. | Inside front cover, 24, 25 y 45 | |
| G4-5 | Location of the organization's headquarters. | Inside back cover. | |
| G4-6 | Number of countries where the organization operates and names of countries where it has significant or relevant operations. | Inside front cover, 24 | |
| G4-7 | Nature of ownership and legal form. | Inside back cover, 16 | |
| G4-8 | Markets served. | 24 | |
| G4-9 | Scale of the organization. | Inside front cover, 50, 24, 25, 26 | |
| G4-10 | Breakdown of employees. | Inside front cover, 50 | P6 |
| G4-11 | Percentage of total employees covered by collective bargaining agreements. | 59 | P1, P3 |
| G4-12 | Description of the organization's supply chain. | | |
| G4-13 | Significant changes during the reporting period regarding the organization's size, structure and ownership. | No changes to report. | |
| G4-14 | Whether and how the precautionary approach or principle is addressed. | 21 | |
| G4-15 | Externally developed economic, environmental and social principles or programs. | 116 | |
| G4-16 | Memberships and networks | 132, 133, 134, 135 | |
| MATERIAL ASPECTS AND BOUNDARIES | | | |
| G4-17 | List of entities included in the organization's consolidated financial statements. | This publication reports on corporations that are responsible for forestry and industrial operations with more than 50% ownership. | |
| G4-18 | Process for defining the report content and boundaries. | 118 | |
| G4-19 | List of material aspects. | 118 | |
| G4-20 | Material aspects within the organization. | 118 | |
| G4-21 | Material aspects outside the organization. | 118 | |
| G4-22 | Effect of any restatements of information provided in previous reports. | Clarifications or restatements are explained throughout the report. | |
| G4-23 | Significant changes from previous reporting periods in scope and aspect boundaries. | No changes to report. | |

GRI CONTENT INDEX FOR THE "IN ACCORDANCE" CORE OPTION AND GLOBAL COMPACT

| GENERAL STANDARD DISCLOSURE | | Page | UN Global Compact Principle |
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| G4-24 | Stakeholder groups and their relationship to the organization. | 97, 98, 99 | |
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| G4-26 | Organization's approach to stakeholder engagement. | 97, 98, 99 | |
| G4-27 | Topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to them. | | |
| REPORT PROFILE | | | |
| G4-28 | Reporting period for the information provided. | 118 | |
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| G4-30 | Reporting cycle. | 118 | |
| G4-31 | Contact point for questions regarding the report. | Inside back cover | |
| G4-32 | Report the 'in accordance' option chosen by the organization. | 118 | |
| G4-33 | Report the organization's policy and current practice with regard to seeking external assurance. | 118 | |
| GOVERNANCE | | | |
| G4-34 | Report the governance structure of the organization, including committees. | 16, 17, 18, 19, 20 | |
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| DMA (Disclosures on Management Approach) and indicators | | | | |
| ECONOMIC PERFORMANCE | | | | |
| Material aspect: Economic performance | | | | |
| | Management approach. | 5 | | |
| G4-EC1 | Direct economic value generated and distributed. | 27 | | |
| G4-EC2 | Risks and opportunities posed by climate change. | 71 | | P7 |
| G4-EC3 | Coverage of the organization's defined benefit plan obligations. | 56 | | |
| G4-EC4 | Financial assistance received from the government. | ARAUCO does not receive financial assistance from the government. | | |
| Material aspect: Market presence | | | | |
| | Management approach. | 48 | | |
| G4-EC5 | Ratios of standard entry level wage compared to local minimum wage. | ARAUCO provides an ethical minimum wage that exceeds local minimum wage requirements. | | |
| Material aspect: Indirect economic impacts | | | | |
| | Management approach. | 5, 28, 96 | | |
| G4-EC7 | Development and impact of infrastructure investments and types of services. | 28 | | |
| G4-EC8 | Significant indirect economic impacts . | 102-115 | | |
| Material aspect: Procurement practices | | | | |
| | Management approach. | 5, 96 | | |
| G4-EC9 | Proportion of spending on local suppliers at significant locations of operation. | 28 | | P9 |
| ENVIRONMENTAL PERFORMANCE | | | | |
| Material aspect: Materials | | | | |
| | Management approach. | 5, 70 | | |
| G4-EN1 | Materials used by weight or volume. | 90-94 | | P8 |
| Material aspect: Energy | | | | |
| | Management approach. | 40, 41, 71, 86 | | |
| G4-EN3 | Energy consumption. | 86, 91-94 | | P8, P9 |
| G4-EN6 | Reduction of energy consumption. | 86 | | P8, P9 |
| Material aspect: Water | | | | |
| | Management approach. | 81, 87 | | |
| G4-EN8 | Total water withdrawal by source. | 90-94 | | P8, P9 |

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| DMA (Disclosures on Management Approach) and indicators | | | | |
| Material aspect: Biodiversity | | | | |
| | Management approach. | 5, 30, 31, 70, 71, 72 | | |
| G4-EN11 | Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas. | In Brazil, in the company's industrial area, there are permanent set-aside areas for protection of biodiversity near industrial facilities. This area is inspected on an ongoing basis to evaluate the environmental impact of these facilities. | | P8, P9 |
| G4-EN12 | Description of significant impacts on biodiversity in protected areas. | 72, 73, 74 | | P8, P9 |
| G4-EN13 | Habitats protected or restored. | 76, 79 | | P8, P9 |
| G4-EN14 | Number of IUCN red list species. | 74 | | |
| Material aspect: Emissions | | | | |
| | Management approach. | 85 | | |
| G4-EN21 | NO _x , SO _x and other significant air emissions. | 91-94 | | |
| Material aspect: Effluents and waste | | | | |
| | Management approach. | 83, 85, 87 | | P8, P9 |
| G4-EN22 | Total water discharge by quality and destination. | 91-94 | | |
| G4-EN23 | Total weight of hazardous and non-hazardous waste. | 90-94 | | P8 |
| G4-EN24 | Total number and volume of significant spills. | 91-94 | | P8 |
| Material aspect: Compliance | | | | |
| | Management approach. | 5 | | |
| G4-EN29 | Monetary value of significant fines and total number of non-monetary sanctions. | There were no fines or sanctions. | | |
| Material aspect: Overall | | | | |
| | Management approach. | 5, 88 | | |
| G4-EN31 | Desglose de los gastos y las inversiones ambientales. | 70 | | P7, P8, P9 |
| SOCIAL PERFORMANCE: Labor practices and decent work | | | | |
| Material aspect: Employment | | | | |
| | Management approach. | 5, 48 | | |
| G4-LA1 | Number and rates of new employee hires and employee turnover. | 50 | | P6 |
| Material aspect: Labor/management relations | | | | |
| | Management approach. | 48, 50, 60 | | |
| G4-LA4 | Minimum notice periods regarding operational changes. | Significant changes are communicated by Contacta2 e-mail, at the time they are made. | | P3 |

| SPECIFIC STANDARD DISCLOSURE | | Page | Omissions | UN Global Compact Principle |
|--|---|--------------------------|-----------|-----------------------------|
| DMA (Disclosures on Management Approach) and indicators | | | | |
| Material aspect: Occupational health and safety | | | | |
| | Management approach. | 48, 62 | | |
| G4-LA6 | Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities. | 63 | | P1 |
| Material aspect: Training and education | | | | |
| | Management approach. | 48, 52 | | |
| G4-LA9 | Average hours of training per year. | 52 | | |
| G4-LA10 | Programs for skills management and lifelong learning that support employability. | 52-56 | | |
| G4-LA11 | Percentage of employees receiving regular performance reviews. | 51 | | |
| Material aspect: Supplier assessment for labor practices | | | | |
| | Management approach. | 60 | | |
| G4-LA14 | Percentage of suppliers that were screened using labor practices criteria. | 60 | | |
| SOCIAL PERFORMANCE: Human Rights | | | | |
| Material aspect: Freedom of association and collective bargaining | | | | |
| | Management approach. | 59 | | |
| G4-HR4 | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk. | 59 | | P1, P2, P3 |
| Material aspect: Indigenous rights | | | | |
| | Management approach. | 5, 31, 109, | | |
| G4-HR8 | Total number of incidents of violations involving rights of indigenous peoples and actions taken. | There were no incidents. | | P1, P2 |
| SOCIAL PERFORMANCE: Society | | | | |
| Material aspect: Local communities | | | | |
| | Management approach. | 5, 31, 96 | | |
| G4-S01 | Operations with local community engagement, impact assessments, and development programs. | 96-100, 102-115 | | P1 |
| Material aspect: Anti-corruption | | | | |
| | Management approach. | 19 | | |
| G4-S03 | Number and percentage of operations assessed for risks related to corruption and the significant risks identified. | 19, 20 | | P10 |
| G4-S04 | Communication and training on anti-corruption policies and procedures. | 19, 20 | | P10 |

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| SPECIFIC STANDARD DISCLOSURE | | Page | Omissions | UN Global Compact Principle |
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| DMA (Disclosures on Management Approach) and indicators | | | | |
| Material aspect: Public Policy | | | | |
| | Management approach. | 116 | | P1, P2, P3, P4, P5, P6, P7, P8, P9, P10 |
| G4-S06 | Total value of political contributions. | ARAUCO does not receive political contributions | | |
| Material aspect: Compliance | | | | |
| | Management approach. | 5 | | |
| G4-S08 | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations. | There were no significant fines or sanctions | | |
| Material aspect: Grievance mechanisms for impacts on society | | | | |
| | Management approach. | 5, 96, 100 | | |
| G4-S011 | Number of grievances about impacts on society filed, addressed, and resolved through formal mechanisms. | 100 | | |
| SOCIAL PERFORMANCE: Product responsibility | | | | |
| Material aspect: Customer health and safety | | | | |
| | Management approach. | 45, 46 | | P1 |
| G4-PR2 | Number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services on customer health and safety. | There were no incidents or fines. | | P2 |
| Material aspect: Product and service labeling | | | | |
| | Management approach. | 45 | | |
| G4-PR5 | Results of surveys measuring customer satisfaction. | 45 | | |



ARAUCO[®]
Growing the Future

CORPORATE LEGAL INFORMATION

Celulosa Arauco y Constitución S.A. was established by public deed issued on October 28, 1970, by the Santiago public notary Ramón Valdivieso Sánchez, and modified by public deed on May 6, 1971 issued by the Santiago public notary Sergio Rodríguez Garcés. The company's existence was authorized by the Chilean Securities and Insurance Superintendent (SVS) through Resolution N° 300-S, issued on August 18, 1971. Extracts of these deeds were recorded in Folio 6.431, N° 2.993 of the Santiago Real Estate Registry Office Commercial Register of 1971. The respective extract was also published in the Official Gazette on September 4, 1971.

Company Name:

Celulosa Arauco y Constitución S.A.

Chilean Tax Identification N° (RUT):

93.458.000 -1

Address:

Av. El Golf 150, Piso 14, Las Condes, Santiago, Chile

Type of Entity:

Corporation

Inscription in Securities Register:

N° 042, July 14, 1982

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Coordination and General Supervision:

Communications Assistant Manager

Report Preparation:

Myriam Mellado

Antonio Amadori

Photography:

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Visual Concept and Design:

Idenco

Printed by

Ograma

For more information contact:

María Soledad Vial

Communications Assistant Manager

Telephone: 56-2-24617406

E-mail: mvial@arauco.cl



www.arauco.cl