

2014 Sustainability Report



ARAUCO.
Growing the Future

ARAUCO at a Glance

ARAUCO is a forestry company that was established 47 years ago to produce and manage renewable forest resources, and has become one of the largest forestry businesses in the world, not only in terms of forest surface and industrial facilities, but also in terms of efficiency, production standards, innovation, environmental responsibility and social commitment.

Over the years, the company has sought to maximize the value of its forest plantations by conducting ongoing research and applying global best practices for long-term sustainability, while also protecting native forests and biodiversity present in its forestland, for future generations.

During the last few years, the company has taken significant steps towards the globalization of its operations, and has become one of the five major producers of forestry resources worldwide. Today, ARAUCO provides employment to over 13,000 people at 30 production facilities in Chile, Argentina, Brazil, Uruguay, the United States and Canada, and has a sales presence in over 80 countries.

At the end of 2014, ARAUCO owned 7 pulp mills, 14 panel mills, 9 sawmills, 6 remanufacturing facilities, 2 plywood mills, 12 co-generation power plants and 1.6 million hectares (3.95 million acres) of forestland. The company also works with an extensive network of suppliers, service providers and a number of different organizations that promote good practices in economic, social and environmental areas.

ARAUCO uses renewable forest resources to develop products that are used daily by millions of people around the world, improving their quality of life. The company aims to differentiate each product it develops through innovation and added value.

ARAUCO's products are sold on five continents through representatives, sales agents and sales offices established in twelve countries. This sales system is backed by the efficient management of the logistics and distribution chain which includes transport, shipping, storage, foreign trade, distribution and service, enabling ARAUCO to deliver quality products to over 3,500 customers through 220 ports worldwide.

ARAUCO finished 2014 with 13,576 employees. In addition, the company's contracted businesses provide employment to more than 26,943 people. In 2014, the company generated a total profit of US\$ 437 million and sales of US\$ 5,329 million.

Globalization and Efficiency

US\$ 5,329
million in sales

80 Countries

227 Ports

Over **3,500**
Customers

People of Excellence

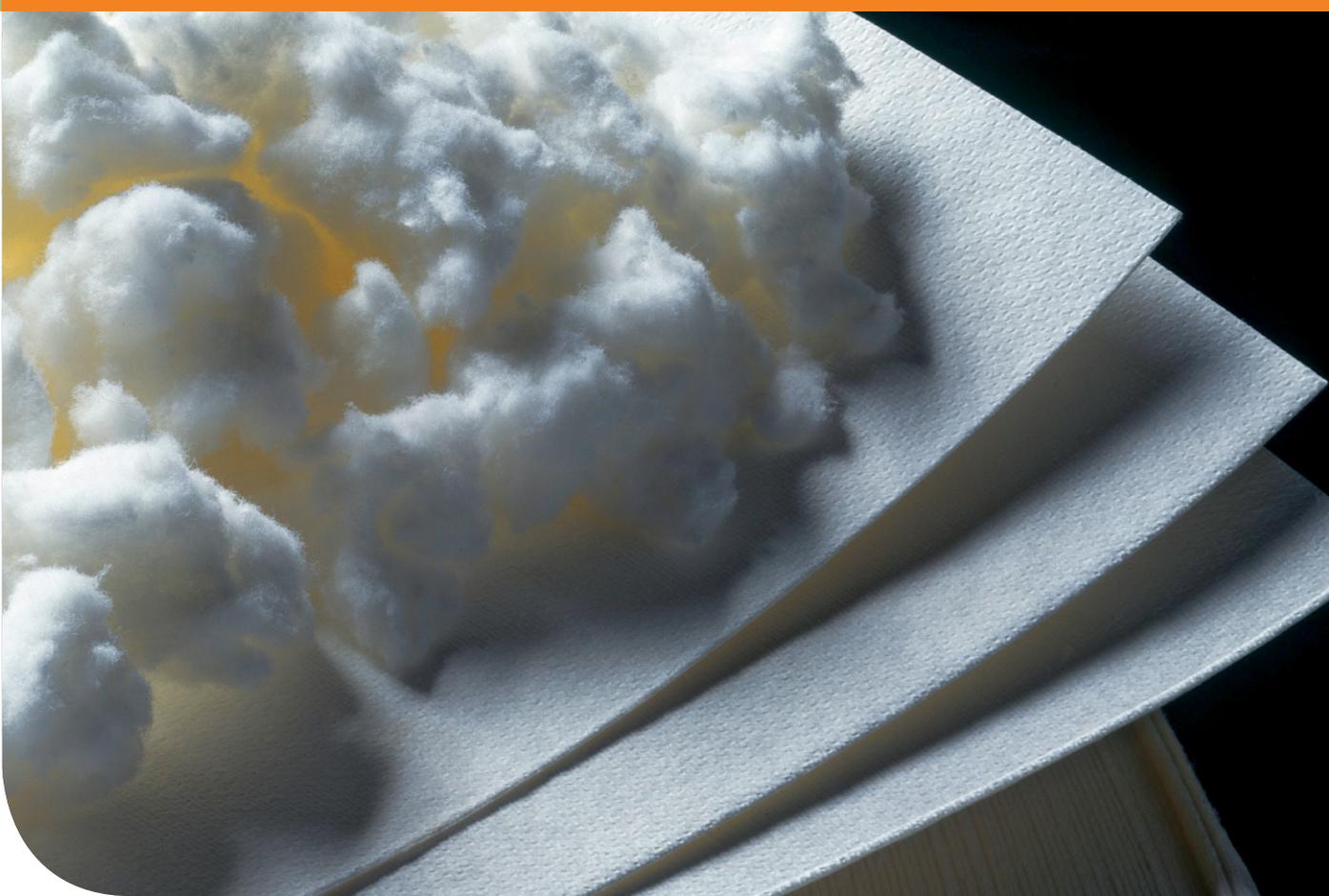
419,683
Man hours
of training

13,576
Employees

1.6 Million Hectares*
of Forestland
(*3.95 million acres)

7 Pulp
Mills

- Annual installed capacity
of 3.9 million admt



Occupational Health and Safety

Safety always comes first

Key safety rules

34,987

Workers and contract workers trained in safety

Environmental Management

US\$ 82

million in Environmental Investments

394,726

Hectares* of Native Forest

(* 975,389 acres)

Community Participation and Dialog

40,487

Contacts with stakeholders

399

Consultation processes with local communes or mapuche communities

13 Panel Mills

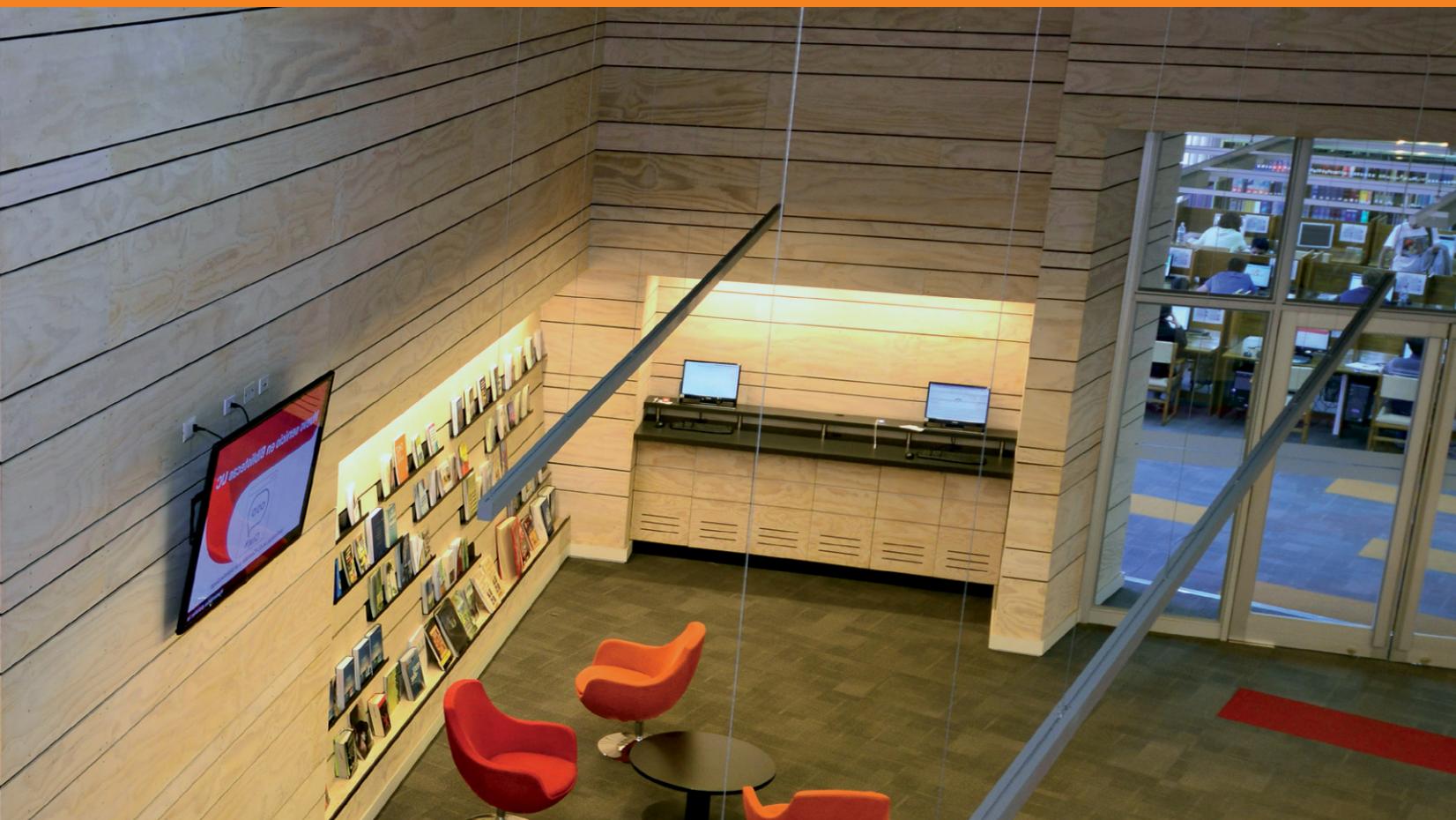
- Annual installed capacity of 5.9 million m³

17 Timber Facilities

- 9 Sawmills
- 2 Plywood mills
- 6 Remanufacturing Facilities
- Annual installed capacity of 3 million m³ of wood and 710,000 m³ of plywood

13 Power Plants

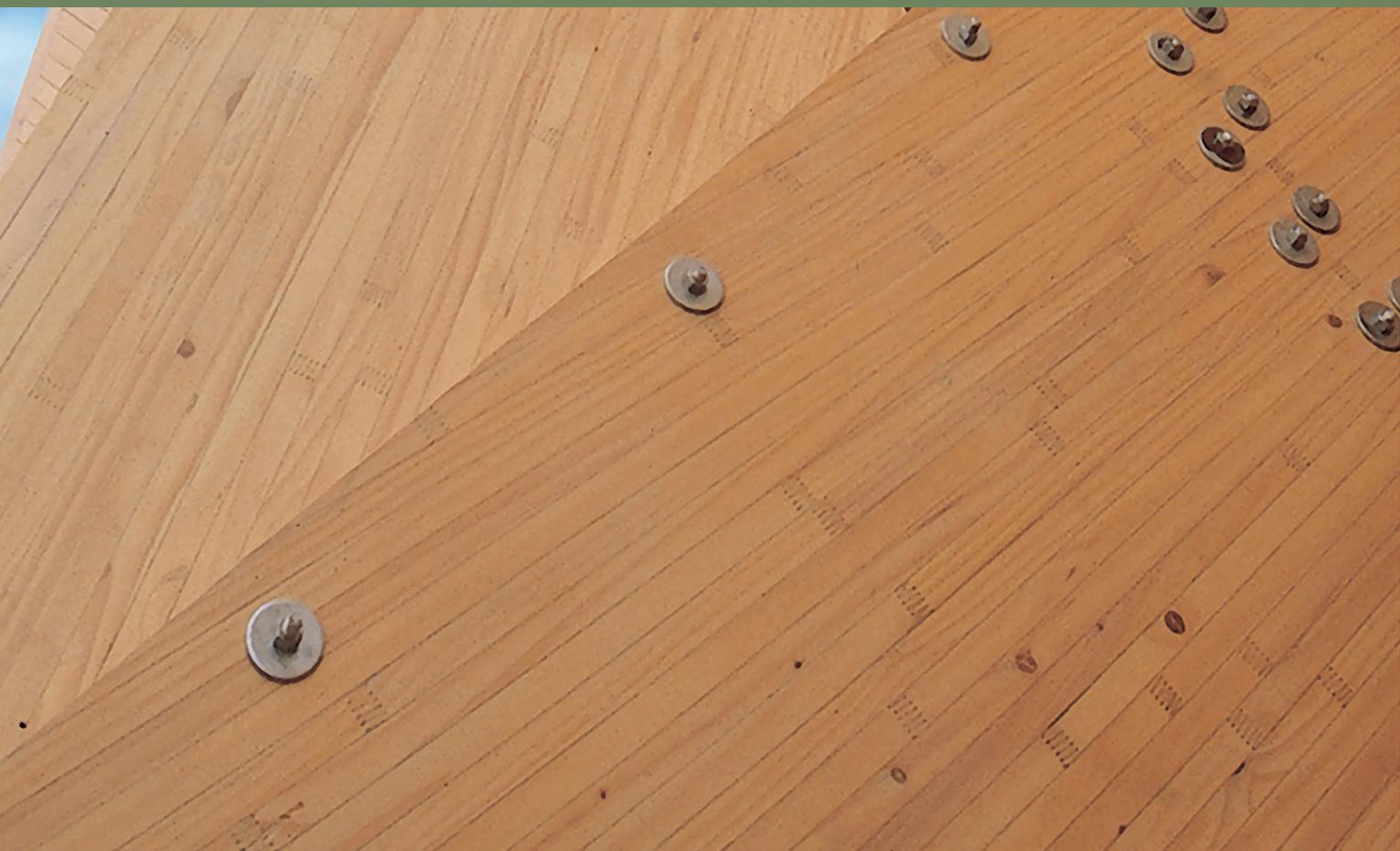
- Installed capacity of 744 MW
- A maximum of 237 MW of surplus energy delivered to the SIC, Chile's energy grid.





ARAUCO

Growing the Future



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Sustainability Strategy

ARAUCO is a global company that sells its products in over 80 countries, and embraces the challenge of being present in the world.

The company responsibly manages its economic, environmental and social performance, as well as constructively engaging with stakeholders and fostering open dialog and participation. These are the core actions that characterize ARAUCO's operations.

ARAUCO's strategy is centered on sustainably managing its operations and maximizing the value of its forestry and industrial assets, combining science and technology to develop materials and products that improve people's lives. The company's success depends on the value generated for its shareholders and for its employees, neighboring communities and stakeholders; while maintaining its commitment to the protection of the environment and the creation of shared value.

ARAUCO has established a sustainability strategy based on three pillars: the production and management of renewable forestry resources and biomass, which maximizes the value of its plantations through full use of the forest resource; expansion to new markets and the incorporation of international standards; and the production of products and clean energy to improve people's lives through innovation, social responsibility and environmental commitment.



ARAUCO aims to be a global leader in the production and management of renewable forestry resources and to develop products that improve the quality of life of millions of people around the world.

Over the past years, ARAUCO has aimed to grow harmoniously, balancing the needs of its workers, neighboring communities and shareholders. The company has set out to attain greater efficiency and productivity; to innovate in its internal processes; to generate opportunities for people's growth; and to further commit to the protection of the environment.

To accomplish these goals, the company takes the demands and international standards of the forestry industry and its relationship with the environment and local communities into account. It also promotes the creation of formal and permanent opportunities for dialog and participation, to contribute to improving the quality of life of the people and communities in which it operates.

ARAUCO aims to actively foster the economic and social development of the areas in which it operates. With this in mind, the company has promoted its Good Citizenship strategy, which strives to contribute to local development with decision-making based on respect and care for the environment, and the promotion of dialog and community participation. This strategy includes programs and initiatives aimed at attaining a social, economic and environmental balance.

ARAUCO recognizes that people are a strategic pillar in meeting these demanding standards, which is why the growth, development and safety of individuals are values that each and every person in the organization respects and seeks to apply in his or her daily activities.

Our Vision

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



We are a company
that produces and
manages **RENEWABLE**
forestry resources.



Our products improve
PEOPLE'S LIVES.



We're a **GLOBAL**
company that
embraces the challenge
of being present in the
world.

Values

Safety
Commitment
Excellence and Innovation
Teamwork
Good Citizenship



Challenges for 2015

ARAUCO has defined the relevant strategic issues for its businesses in 2015, identifying five challenges on which to focus. The company continually reviews these objectives and proactively adds new ones if the need arises.

Safety

- Eliminate severe accidents and improve safety indicators.
- Strive to achieve the goal of Zero Accidents.
- Foster a culture of safety through active leadership and the involvement of workers.

Production

- Increase production and efficiency through programs such as Impeccable Operation, Program 93.5, Automation of Forestry Processes, Zero Wait Forestry Program, Excellence in General Shut-offs at Mills.
- Consolidate Montes del Plata start-up.

People of Excellence

- Strengthen performance management as a core process in the management of employees.
- Improve the quality and timeliness of direct communication between supervisors and employees.
- Improve the company's organizational climate, by proper work management.

Products

- Diversify the offer of products to market.
- Face the challenges of more competitive markets.
- Continue the implementation of the S&OP project.

Good Citizenship

- Initiate construction of the Campus Arauco, in alliance with the university Duoc UC.
- Continue the Housing Program for Workers.
- Progress with the construction of PRES Constitución projects.
- Implement the measures defined by the Scientific Social Council for the Cruces river wetland.

Avonni Awards in Industrial Innovation and New City categories (Chile)

ARAUCO was honored in two categories during the Avonni Awards ceremony, the most important innovation awards in Chile. The company received an award for its antimicrobial VESTO melamine panel in the "Industrial Innovation" category, and for the PRES Constitución plan in the "New City" category.

AcercaRedes Foundation awarded by Amcham as Good Corporate Citizen (Chile)

The North American - Chilean Chamber of Commerce presented the 2014 Good Corporate Citizen Award in the "Large Business" category to the AcercaRedes Foundation during its annual awards ceremony. This award recognizes best practices in active community participation and development, honoring the most outstanding corporate social or social-environmental investment programs promoting sustainable local communities.

Acknowledgements and Awards

Recognition for contribution to education and culture in Teno (Chile)

Commemorating its 122nd anniversary, the Municipal Council of the commune of Teno awarded ARAUCO for its contribution to development through education and culture.

ARAUCO workers acknowledged by the Institute for Work Safety (Chile)

During the Annual Meeting for Joint Health and Safety Committees, the Chilean Institute for Work Safety (IST) awarded the Trupán Cholguán mill workers for a "Safety Rap" they wrote and performed, as well as the "42

Excuses for Safety" promoted by the Joint Health and Safety Committee of El Cruce saw mill as part of the "Living Safety" National Contest.

Recognition at the 2014 Loncoche Expo (Chile)

ARAUCO was recognized at the 2014 Loncoche Expo for its commitment to the community. The company carries out a number of initiatives, such as contributing funds to the successful Loncoche Expo, which receives about 12,000 visitors every year.

Recognition from Communities in Corral (Chile)

Forestal Arauco South Area was recognized by the municipality of the communities of Corral and Futa for supporting improvements and protecting the area's natural surroundings. This recognition was given in appreciation for the company's active collaboration, work and dialog during the Business-Community roundtable.

Press Award for Excellence and Quality (Brazil)

The Brazilian Paraná newspaper, Folha do Batel, presented the company with the Press Award for Excellence and Quality for its outstanding contribution in areas such as transparency, quality and honesty.

Emplea Foundation awards ARAUCO with Labor Inclusion Seal (Chile)

The Emplea Foundation, of the charity Hogar de Cristo, awarded ARAUCO the 2014 Labor Inclusion Seal for the company's Forestry Machinery Operators project, which is part of the Forestry Workers Training Center in the commune of Quirihue. This award recognizes companies that commit to the creation of quality jobs for socially vulnerable groups of society.

Energy Efficiency Award presented by the Sustainability Hub (Chile)

ARAUCO was awarded the highest honor in the "Energy Efficiency" category by Pulso newspaper's Sustainability Hub, which recognized the company's contribution to forestry biomass-based energy generation and its contribution to the diversification of the energy matrix through clean, renewable energy.

ARAUCO's Timber business receives the 2014 INACAP Human Capital Development Award (Chile)

ARAUCO was recognized for its active contribution to the development of its workers' skills during the ninth edition of INACAP's Human Capital Development Awards. The technical training institute distinguished the company's Timber Business for its effort in workers' training, as well as its commitment to the environment and local communities.



Good Corporate Citizen Award from the Cottolengo Foundation in Paraná (Brazil)

The company received the Good Corporate Citizen Award for its support of the Cottolengo Foundation in Paraná, Brazil. This institution promotes access to health and education for disabled people.

MDG Seal in recognition for support of Millennium Development Goals (Brazil)

The company was awarded the MDG Seal, which certifies companies in Paraná, Brazil for their outstanding sustainable development, in addition to their support of the United Nations Millennium Development project.

Safety Innovation Award (North America)

The Composite Panel Association awarded ARAUCO North America for its "Shared Learning Best Practices" program, implemented in 2013. The safety program had a significant positive impact on the company and contributed to improving safety practices in the industry.

Malvern Panel mill receives 2014 Safety Award (North America)

For the second consecutive year, Malvern panel mill received the 2014 Safety Award given by the Arkansas Department of Labor, the Insurance Department and the Arkansas Workers' Compensation Commission.

PRES Constitución receives the Zumtobel Award (London)

The PRES Constitución reconstruction plan was awarded the prestigious Zumtobel Award for innovations in sustainability and humanity in the built environment. PRES Constitución was chosen as one of three best projects in the Urban Development & Initiatives category, for the design and implementation of a sustainable reconstruction plan for Constitución, a city which was devastated by the 2010 earthquake and tsunami in Chile. The reconstruction plan was launched by ARAUCO, the Municipality of Constitución and the Ministry of Housing and Urbanism of Chile.

Chairman's Statement

ARAUCO completed its 47th year in 2014. Over almost five decades, the company has significantly grown in terms of its production capacity and forestland; and its impact on communities and its current commercial scale were unimaginable 47 years ago. If at the beginning we mostly sold pulp and logs, today we focus on innovation to produce, sell and distribute a large number of products in 80 countries on five continents, through more than 200 ports worldwide.

In 2014, ARAUCO's sales added up to over US\$ 5,300 million, through its representatives, sales agents and its own sales offices located in 12 countries. This scale is based on a logistics and distribution chain that includes transport, shipping, storage, foreign trade and distribution. Every day, millions of people around the world use products developed by ARAUCO that have an impact on their quality of life, which for us at ARAUCO is an immense source of satisfaction.

How has ARAUCO become one of the largest forestry companies in the world? There are many reasons, but three prevail.

First, the people who develop their skills at ARAUCO. Innovation and discipline; persistence and flexibility; these are the virtues we nurture together every day. This is where our capital lies and is the reason why management puts a strategic emphasis on employee motivation and commitment. At the end of 2014, over 13,000 people were working at ARAUCO, and its contractors had a combined workforce of more than 26,000 workers.

Second, ARAUCO has known how to maximize the value of its plantations, thanks to a systematic investment in research and development. This strategic endeavor allows us to not only develop multiple products, but to do so following first class standards and practices. Today, we can proudly say that we're a company that manages renewable forestry resources, while conserving and protecting native forests and their biodiversity for future generations.

Third, the company has placed special emphasis on corporate social responsibility and assigned substantial human and financial resources while also employing the latest and best technologies to help mitigate the impact of its activities on local communities.

In 2014, ARAUCO's sales added up to over US\$ 5,300 million on five continents, through representatives, sales agents and its own sales offices located in 12 countries.

Manuel Enrique Bezanilla
ARAUCO Chairman



The way we work has led to visible results: the startup of Montes del Plata pulp mill in Uruguay; the environmental approval of project MAPA for the modernization and extension of Arauco pulp mill, which was achieved through a participatory process with the Arauco province community; and the environmental approval for the production of dissolving pulp at Valdivia pulp mill.

Another significant achievement was our involvement with the Social Scientific Council in Valdivia, to restore the Cruces river wetland. This was an unprecedented project in Chile, in which we worked with public institutions, NGO's and the local community.

It is also worth mentioning that our Educational Foundation marks 25 years of providing opportunities for quality education for over 85,000 children and young people in the Maule, Biobío and Los Ríos Regions.

All these achievements are included in our Sustainability Report, which this statement is a part of.

I would like to end this message by expressing my appreciation for the commitment and participation of the people that comprise this company. Without a doubt, to them we owe ARAUCO's sustained development.

Matías Domeyko

Chief Executive Officer
ARAUCO



Corporate Administration Statement

In 2014, we consolidated our projects and faced new challenges, based on the development of our workforce, the protection of the environment, participation and dialog with stakeholders, and the ongoing contribution to the economic and social well being of the communities in which we operate.

ARAUCO's EBITDA reached US\$ 1,272 million, which accounts for an 11% increase compared to 2013, mainly due to an increased sales volume, and the entrance into operation of the Montes del Plata pulp mill and the Nueva Aldea plywood mill, in addition to better performing markets and a more favorable economic context.

We're a company that produces and manages RENEWABLE forestry resources. Our raw material is sourced from renewable plantations, and thus our growth depends on the sustainability of our surroundings, obliging us to comply with the highest environmental and social standards.

Our pulp, timber and panel products, as well as the energy we produce, contribute to the manufacture of products that are present in PEOPLE'S LIVES. Furthermore, we're certain that these products contribute to the improvement of the quality of life of millions of people.

In addition, we're a GLOBAL company that embraces the challenge of its worldwide presence. ARAUCO has become one of the five major developers of renewable forestry resources in the world, with an organization comprised of nearly 40,000 workers and contract workers, 30 production facilities, and a sales presence in 80 countries.

We're a company that produces and manages RENEWABLE forestry resources. Our raw material is sourced from nature, respecting its ongoing cycles.

This is why our main strength lies in our people. Over the past years, we have placed special emphasis on developing processes and initiatives that place people at the heart of our strategy, thereby ensuring a motivated workforce that is committed to our values.



Cristián Infante

President & Chief Operating Officer
ARAUCO

One of our main concerns is Safety in the workplace, an area in which we have important challenges ahead. We aspire to become a World Class company and to be certain that our workers and contract workers will return home after their day's work, which is why this value has to be embedded in our DNA. This requires a strong commitment from everyone, and we still have a lot of work to do. This year we mourned the loss of three workers of service-providing companies that operate in our facilities, which strengthened our resolve to continue working with even greater effort in this area.

Another key aspect has been to position performance management as a core process in the professional development of our workforce, in order to share goals, identify talent and continually examine the way we perform our work. With this in mind, and to take advantage of our teams' synergies and abilities, we made an important change in our organizational structure mid-year, which has made us better prepared for upcoming challenges.

Strengthening our corporate values and promoting involvement and participation have also been part of this effort. We have promoted initiatives such as the Operational Excellence program, Arauco Spirit, Contest Funds, the Organizational Climate survey, among many others, in which workers are the primary actors. The high turnout for these initiatives have demonstrated the interest in being an active part of ARAUCO.

During 2014, we also took important steps in our globalization process. One of the most remarkable ones was the start-up of the Montes del Plata pulp mill operations. Montes del Plata is the single most important private investment to be made in the history of Uruguay, and was built with the most modern technology available today.

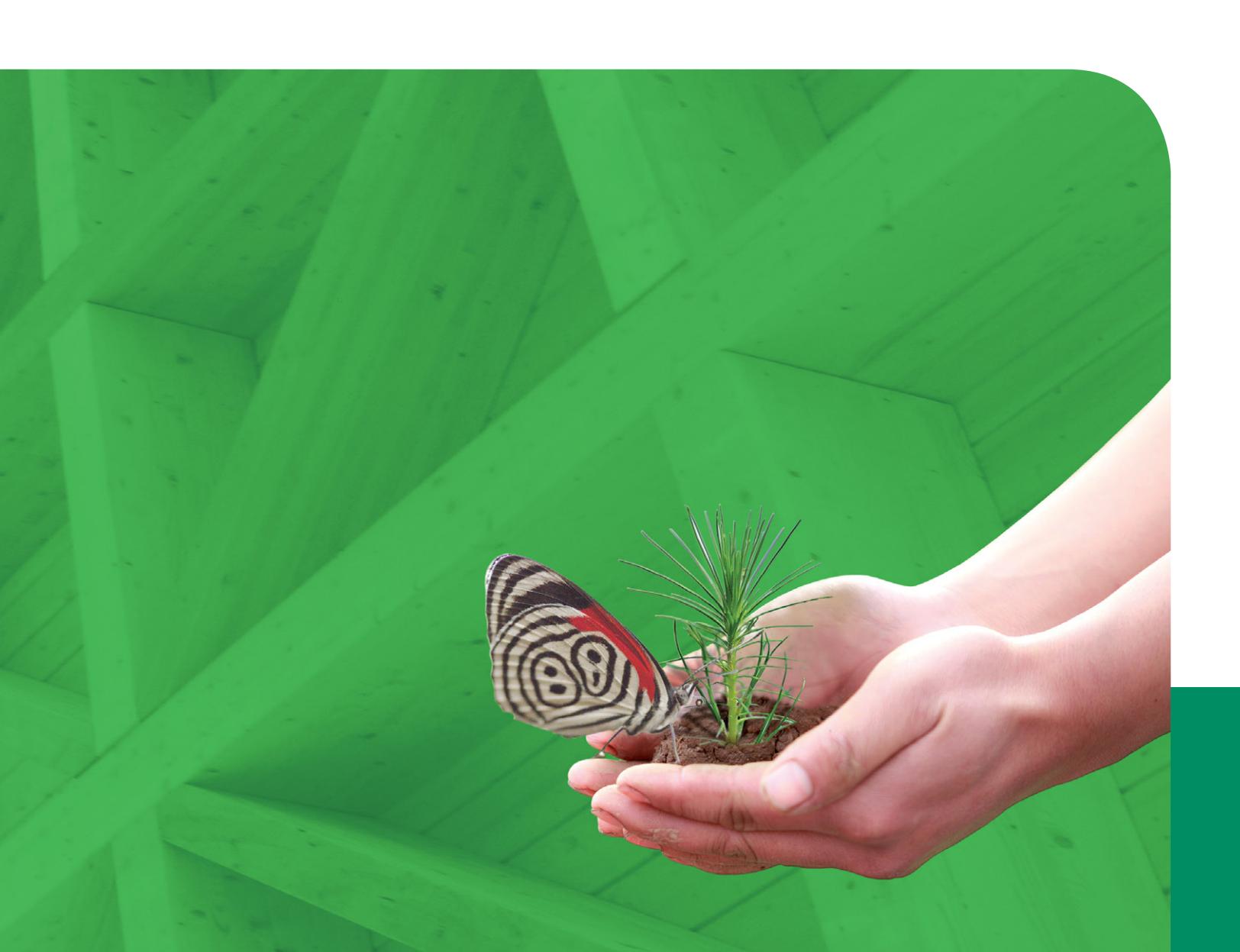
Another important milestone was the environmental approval attained for project MAPA, the modernization and extension of Arauco pulp mill. A lot of work and detail has gone into this project, to accomplish its implementation according to the highest technical standards and with widespread community participation.

We have also submitted an Environmental Impact Statement (EIS) for the production of dissolving pulp at the Valdivia pulp mill, which will allow us to enter a new market in which we see high potential. The EIS was approved in 2015. Additionally, we have begun to assess the construction of a new sawmill in Valdivia to increase the production of sawn timber.

The year 2014 was also a period of significant progress in how we relate to our surroundings, and we received several important recognitions, such as the Zumtobel Award for innovations for sustainability and humanity in the built environment; the Avonni Award given to both VESTO Melamine, and the sustainable reconstruction plan, PRES Constitución; the AMCHAM Good Corporate Citizen award for our AcercaRedes program; and the machine operators school at Zorzal Blanco that was awarded the 2014 Labor Inclusion Seal by Emplea Foundation, among other recognitions. These awards make us proud, and are the result of systematic and committed work.

As we come to the end of this year's assessment, it is our duty to express our appreciation for the dedication and commitment shown by each and every person who is part of ARAUCO, and whose day to day efforts allow the company to uphold its commitments to shareholders and neighboring communities. We are convinced that the best way to face upcoming challenges is by working together to strengthen what unites us.

We invite you, through the pages of this report, to learn about 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

At ARAUCO we produce
and manage renewable
forestry resources for
a sustainable world.



Nicolás Majluf Sapag

José Rafael Campino

Timothy C. Purcell

Alberto Etchegaray

Eduardo Navarro

José Tomás Guzmán

Roberto Angelini

Manuel Enrique Bezanilla

Jorge Andueza

Corporate Governance

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

ARAUCO is a closely held corporation that is 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. To this date, 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, the fuel distribution business, and the fishing and mining sectors.

The Board of Directors of Celulosa Arauco and Constitución S.A. is its highest governance body. Its mission is to maximize the company's value through social, environmental and economically responsible management. The Board is comprised of nine chairmen, who remain in office for a period of three years, none of whom simultaneously hold an executive position within the company.

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



Gianfranco Truffello

Felipe Guzmán

Charles Kimber

Gonzalo Zegers

Álvaro Saavedra

Robinson Tajmuchi

Camila Merino

Matías Domeyko

Cristián Infante

Franco Bozzalla

Antonio Luque

Shareholders

Empresas Copec S.A.

113,134,814
SHARES

99.98%

Chilur S.A.

24,746
SHARES

0.02%

Antarchile S.A.

95
SHARES

0.00%

Corporate Management

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

¹ www.corfo.cl

² For details on how the Board operates, visit our corporate website www.arauco.cl.

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

- **Matías Domeyko**
Chief Executive Officer
- **Cristián Infante**
President & Chief Operating Officer
- **Gianfranco Truffello**
Chief Financial Officer
- **Franco Bozzalla**
Senior Vice-President
Woodpulp and Energy
- **Charles Kimber**
Senior Vice-President
Commercial and
Corporate Affairs
- **Alvaro Saavedra**
Senior Vice-President
Forestry
- **Antonio Luque**
Senior Vice-President
Timber and Panel
- **Gonzalo Zegers**
Senior Vice-President
International & Business
Development
- **Robinson Tajmuchi**
Senior Vice-President
Comptroller
- **Felipe Guzmán**
General Counsel
- **Camila Merino**
Senior Vice-President
Human Resources &
EHS

In July 2014, ARAUCO defined a new Administrative structure to strengthen the organization and allow it to effectively respond to new challenges, reinforcing its growth strategy.

Today, ARAUCO is organized into nine Corporate Management units:

- Forestry Corporate Management, led by Álvaro Saavedra, in charge of forestland and forestry operations, as well as the Bioforest research center.
- Pulp and Energy Corporate Management, led by Franco Bozzalla, in charge of production and sale of pulp and energy. This area is also in charge of large projects through the Engineering and Construction Management unit.
- Timber and Panel Corporate Management, led by Antonio Luque, in which the Timber and Panel operations are integrated. This management unit also includes production planning and sales through the Planning Management unit, and the Logistic Services Management unit.



- International & Business Development Corporate Management, led by Gonzalo Zegers, which the subsidiaries in Brazil, Argentina and North America report to. This corporate management unit is also responsible for finding new business opportunities.
- Commercial and Corporate Affairs Management, led by Charles Kimber, which includes the commercial management of Timber and Panels. This area is also in charge of Public Affairs Management, Corporate Social Responsibility and Communications, and the Innovation Management unit.

- Finance Corporate Management, led by Gianfranco Truffello, which includes the Treasury Management unit, the Strategy and Assessment Management unit, the Performance Management unit, IT and Procurement.
- The Human Resources and EHS Corporate Management, led by Camila Merino, is responsible for the management and development of employees, as well as Environment, Occupational Health and Safety.
- Comptrollership Corporate Management, led by Robinson Tajmuchi, is responsible for accounting, tax management, audits and management reports.

- Legal Affairs Corporate Management, led by Felipe Guzmán, is responsible for all legal issues at ARAUCO.

In addition, business administration in Argentina, Brazil, and North America is headed by:

- Pablo Mainardi, ARAUCO Argentina, Argentina.
- Pablo Franzini, ARAUCO do Brasil, Brazil.
- Kelly Shotbolt, ARAUCO North America, United States and Canada.

Corporate Best Practices Management

Directors, executives and workers of the company and all its subsidiaries must comply with the vision, values, commitments and guidelines set out in the Code of Ethics⁴ and the Market Disclosure Manual⁵.

In addition, ARAUCO Argentina operates under that country's "Code of Corporate Governance", which promotes business ethics and sets the foundation for sound management and supervision of the company.

At ARAUCO North America, employees are trained in the company's principles through the LEAD (Leadership for Enhancement and Development) Program. These principles are annually revised by the company's senior management team.

The company has adopted a Fraud Reporting Procedure to receive, accept, investigate and, if needed, act on reports made by employees, customers, suppliers, shareholders and third parties, regarding violations of the Code of Ethics, including, and not limited to, inconsistencies in audit procedures, accounting affairs and internal controls.

The Fraud Reporting Procedure for violations of the Code of Ethics or fraud in general was updated in 2014. The procedure includes the option of filing reports anonymously, using a form that can be accessed through the company's intranet service or the ARAUCO corporate website (www.arauco.cl).

The updated Fraud Reporting Procedure was widely communicated across the company to ensure all workers were made aware of this change. The information was also communicated at the company's Executive Meeting in June, and later published in different internal media, such as the intranet, posters, and ads in local magazines. In addition, a video was made and aired on televisions that were set up in cafeterias at company facilities.

⁴ ARAUCO's Code of Ethics is available at the company website: www.arauco.cl

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



As required by Chilean Law N° 20,393, ARAUCO has developed a Crime Prevention Model (CPM) for Celulosa Arauco y Constitución S.A., and its subsidiaries⁶. This model includes a position as Head of CPM, who reports to the Board; the publication and dissemination of the Crime Prevention Policy; a Prevention System; and the identification of the risk matrix for each of ARAUCO's corporations⁷ concerning each illegal activity identified by the law.

In 2014, a number of activities were conducted in order to comply with the law⁸ and its mandate regarding the CPM revision, including the CPM revision report. This document made observations to reinforce the CPM, which were then addressed through action plans. At the closing date of this report all observations had been resolved.

As a result of this revision and procedure updates and/or changes in the company's societal structure derived from the forestry merger, the risk and controls matrix was updated, to comply with Law 20,393. This matrix is mana-

⁶ The Crime Prevention Model seeks to control and monitor business 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.

⁷ Arauco Educational Foundation is included among these corporations.

⁸ 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 the circumstances of the respective entity.



Fraud Reporting Procedures

Corporate best practice mechanisms include confidential fraud reporting systems.

The company's Code of Ethics, Crime Prevention Model, and Code of Business Conduct, which also applies in Brazil, include fraud reporting structures in place for all countries in which ARAUCO operates. The procedure provides a

confidential reporting mechanism available to employees and external people, related to the behavior of company workers and executives⁹.

Regarding the CPM, during 2014, there was no formal knowledge of fraud reported through the available channels, nor were there any ongoing investigations or lawsuits.

⁹ For more information, visit our corporate website.

ged by the SAP GRC Process Control System, and is a comprehensive solution for the administration and management of Internal Controls, registering primary risks and mitigation controls for the different business processes.

The company also initiated the implementation process of the CPM for companies established in Brazil, following local regulations and the guidelines provided by the matrix in Chile.

In terms of dissemination, presentations were held in Chile on Law 20,393, referring to the “Criminal Liability of Legal Persons”, which applies to all legal persons governed by private law, as well as government-owned companies, for the crimes of bribery of national or foreign public servants, asset laundering, and terrorism funding.

In addition, an e-learning course was developed to teach compliance with Law 20,393 and ARAUCO’s Crime Prevention Model. This course was designed to be taught in areas defined by the Head of Crime Prevention; it was also included in the orientation process for all new company hires. To date, the course has been taught to employees of the Public Affairs Management unit, the Corporate Social Responsibility and Communications unit, and Human Resources and EHS Corporate Management.

To ensure business continuity, ARAUCO has defined Risk Management as an essential element of its business strategy.

Risks and Challenges

There are supplies, operations and equipment that are key for the operational continuity of an industrial facility. The lack of qualified people, or supplies such as wood, water and electric energy, could put a stop to the normal operation of a process area, of an industrial facility, or of an entire industrial forestry complex. The foundation for Risk Management thus lies in preventing such events, and in being prepared if they do occur.

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 reduce the probability of undesirable events occurring throughout the organization; and, if these events do occur, to reduce their level of impact.

During 2014, ARAUCO continued to work on Operational Risk Management. The methods developed under international standards (ISO 31000 and ISO 22301) and validated by insurance companies, were widely used to identify and assess ongoing risks at the Cholguán, Arauco and Nueva Aldea Industrial Forestry Complexes.

In 2014, the company focused on having an adequate fire protection level, and prioritized investment in all its facilities, according to operational risk levels. Fire protection networks were built and improved, following international standards, to ensure adequate fire suppression. Also, work was conducted to produce ARAUCO’s Industrial Fire Brigades Statute, which seeks to unify technical and physical criteria as well as the commitment expressed by the industrial fire brigades present at all the company’s facilities in Chile.

Impacts in 2014

- During 2014, the company mourned the loss of three workers of service-providing companies that operate in its facilities in work related accidents: a firefighter from Working On Fire, a company that provides forest fire combat services; a worker at AVC (Carlos Alfaro y Cía. Ltda.), a service-providing company for Licancel Pulp Mill; and a worker at Gesfor Ltda., a forestry harvesting company that serves Forestal Arauco North Area.
- During the 2013-2014 season, there were 1,940 forest fires on ARAUCO's forestland, which affected 9,589 hectares. The largest fires were at Quinoguen, in the Arauco commune; San Ramón and Quivolgo 1 in Constitución; Santa Isabel de Toconey and Pencahue commune; Montaña and El Balcón de los Hornillos in the Colbún commune. During this last fire, an accident injured three company firefighters, one of whom suffered fatal injuries, as mentioned above.
- In an ongoing trial in Chile, dating back to 2005 involving the State Defense Council (CDE), in 2013, the Valdivia Civil Court issued a sentence that held the Valdivia pulp mill responsible for the situation at the Carlos Andwandter wetlands. The CDE then established a Scientific Social Council, to facilitate dialog with the civil society, and guide the design of reparatory measures for the wetlands, based on criteria for scientific excellence, social legitimacy, and technical and economic viability. By year-end the Council had successfully concluded designing measures that include a Wetland Research Center and the establishment of a sentinel wetland, among others (see page 102).

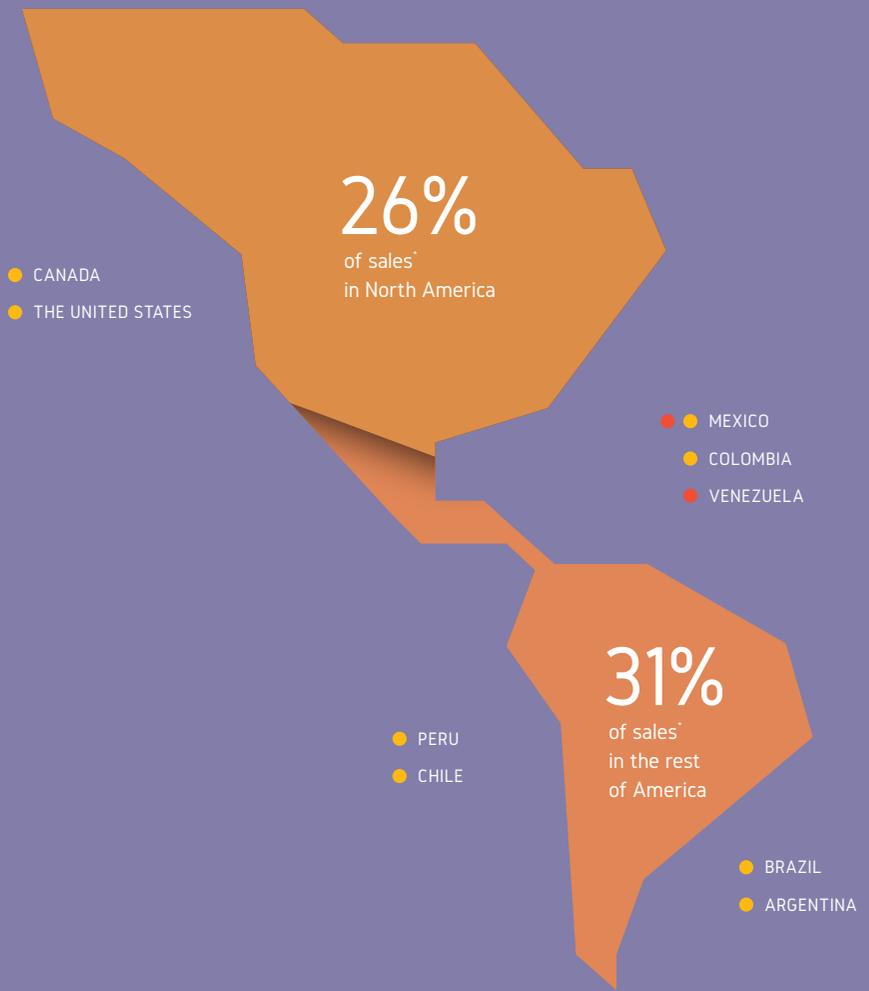




Globalization and Efficiency

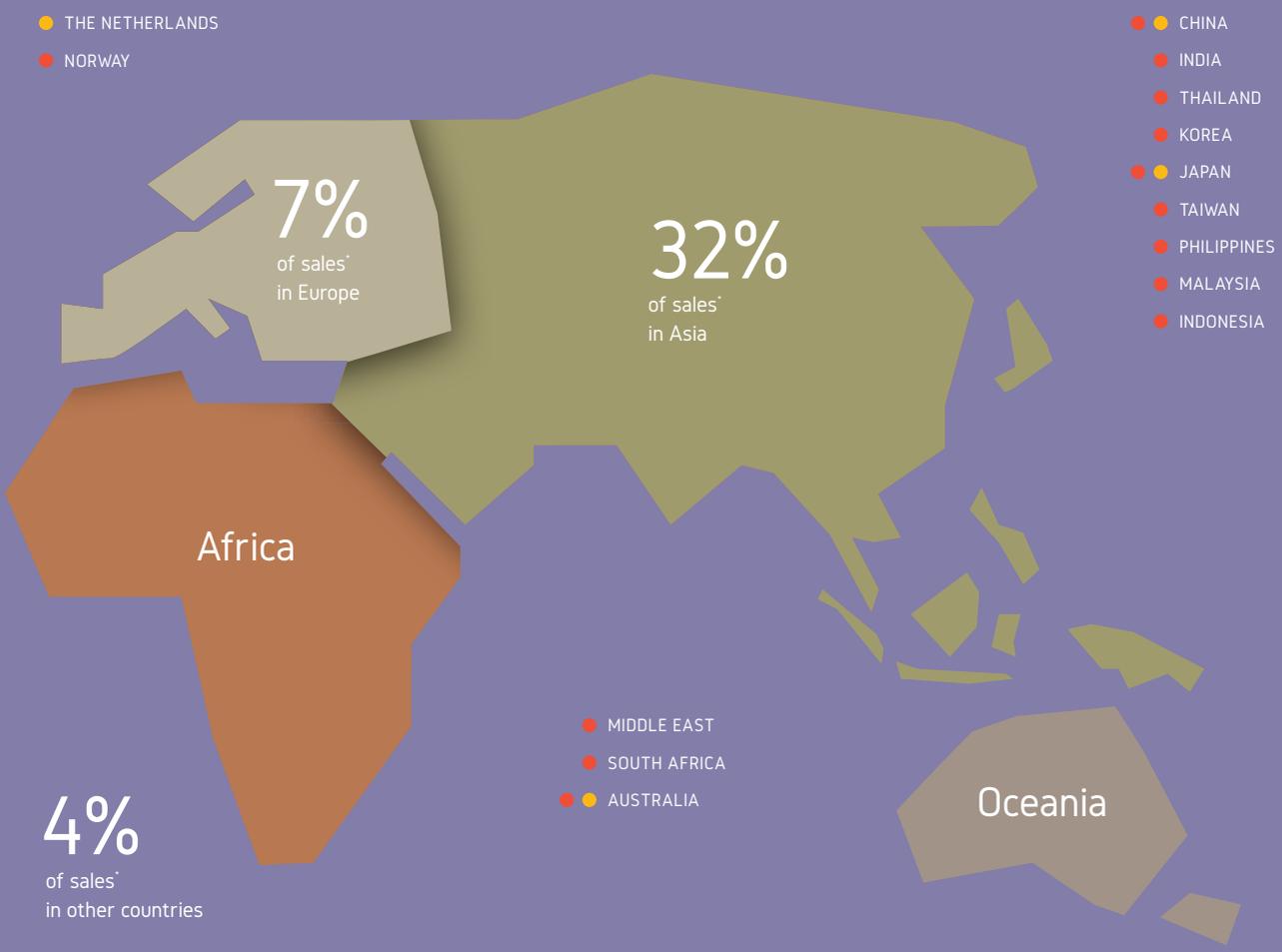
We are a global company that grows and embraces the challenges and responsibilities that come with being present in the world.

ARAUCO in the World



- Sales Offices
- Representatives

ARAUCO is a forestry company which is present in 80 countries around the world, offering customers a variety of sustainable, quality products for the paper, construction, packaging and furniture industries. The company has based part of its growth on the generation of economies of scale and competitive advantages that are sustainable over time.



Chile

- 1,075,033 ha. (2,656,464 acres) of forestland
- 5 Nurseries
- 5 Pulp Mills
- 2 Panel Mills
- 8 Sawmills
- 5 Remanufacturing Facilities
- 2 Plywood Mills
- 10 Power Plants

Argentina

- 252,478 ha. (623,889 acres) of forestland
- 2 Nurseries
- 1 Pulp Mill
- 2 Panel Mills
- 1 Resin Facility
- 1 Sawmill
- 1 Remanufacturing Facility
- 2 Power Plants

Uruguay (*)

- 109,337 ha. (270,178 acres) of forestland (50% of land and plantations)
- 5 Nurseries (1 owned and 4 under contract)
- 1 Pulp Mill

Brazil

- 143,256 ha. (353,993 acres) of forestland
- 1 Nursery
- 2 Panel Mills
- 1 Resin Facility

The United States

- 6 Panel Mills

Canada

- 2 Panel Mills

The company sells its products through sales agents and representatives, in addition to its own extensive network of sales offices established in twelve countries. The company's sales force is supported by a maritime and land logistics chain providing a comprehensive solution for customers and

guaranteeing supply to distribution centers and points-of-sale through 227 ports in Latin America, Asia, Oceania, Europe and North America.

(*) Includes 50% of operations, land and plantations.

During 2014, ARAUCO generated a profit of US\$ 437 million, 4% greater than in 2013. This was due primarily to better pulp sales prices, as well as volumes sold, in addition to sales contributed by Montes del Plata during the third and fourth quarters; a better sales mix and better prices in the timber business, especially in Asia, Chile and Latin America; an increase in the production of plywood explained by the start-up operation of the Nueva Aldea plywood mill; a cost reduction in the forestry business and an increase in income from the sale of 11,000 hectares of plantations. EBITDA was US\$ 1,272 millions, 11% greater than what was registered for 2013.

During 2014, ARAUCO issued a ten-year bond in the United States market for US\$ 500 million, with a 4.5% annual interest rate, the lowest rate ever to be obtained by the company in this country. In addition, the company issued corporate bonds in the national market for US\$ 302 million, at historical rates. These bonds were comprised of UF 2 million for the Q series, and UF 5 million for the R series, and were placed at 7 years - with a 3 year grace period - and at 21 years, respectively. Resulting funds from both placements will be used to refinance the company's liabilities, and for other corporate purposes.

Financial Indicators

(In US\$ million)

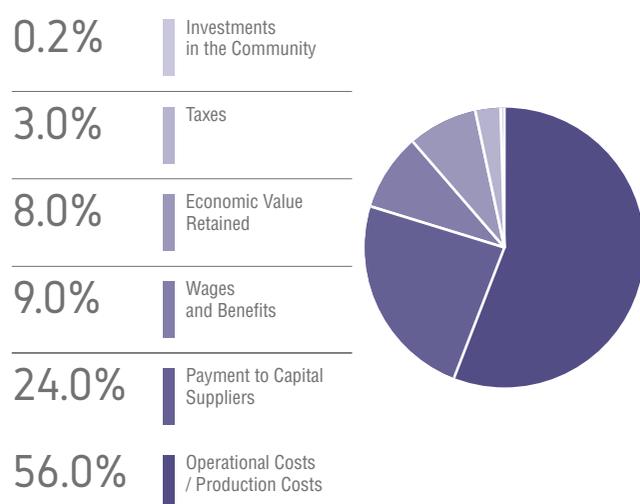
Indicators	2012*	2013*	2014*
Sales	4,299	5,146	5,329
Adjusted EBITDA	862	1,143	1,272
EBITDA margin	20.0%	22.2%	23.9%
Net income	144	419	437
Financial debt	4,962	5,026	5,078
Net financial debt	4,474	4,359	4,107
Financial costs	237	233	246
Investments	1,369	865	612
Total debt / EBITDA	5.8	4.4	4.0
Net debt / EBITDA	5.2	3.8	3.2
EBITDA/ Interest expense	3.6	4.9	5.2

* Figures for 2012, 2013 and 2014 consider proportional ownership of 50% of Montes del Plata.

Economic Value Generated and Distributed

In 2014, ARAUCO's economic value generated was US\$ 5,463 million and its economic value distributed was US\$ 5,000, meaning that income generation was greater than income distribution. Of total income distribution, 56% accounts for operational costs and 24% for payment to capital suppliers. The greatest difference was produced in economic value retained, which in 2013 accounted for 8%, whereas in 2012 it accounted for -0.3%.

ARAUCO Economic Value Distributed in 2014 (In %)



Economic Value Generated and Distributed

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

	2012	2013	2014
Total income			
Net sales	4,299	5,146	5,329
Income from financial investment	23	19	31
Income from sales of fixed and intangible assets	12	117	104
Economic value generated	4,334	5,281	5,463
Operational costs / production costs ⁽¹⁾	2,732	2,986	3,034
Payment to capital suppliers ⁽²⁾	1,410	1,590	1,288
Wages and benefits	434	574	512
Taxes ⁽³⁾	167	130	156
Investments in the community ⁽⁴⁾	15	16	10
Economic value distributed	4,758	5,296	5,000
Economic value retained	(424)	(15)	463

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

⁽²⁾ Payments to debt investors account for 86.0%, 85.4% and 80.9% for years 2012, 2013 and 2014, respectively.

⁽³⁾ Considers expenses from income tax.

⁽⁴⁾ Considers donations, contributions and scholarships.

Note: 2012, 2013 and 2014 consider proportional ownership of 50% of Montes del Plata.

Investments

In 2014, the company invested US\$ 612 million in projects such as final construction work on the Montes de Plata pulp mill, of which ARAUCO owns 50%; and the initiation of operations of the Nueva Aldea Plywood Mill, rebuilt after the fire in 2012. Other investments include the maintenance of mills and equipment for ARAUCO's different production processes.

ARAUCO's operations also 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. The company is aware that transporta-

tion from its forests to its industrial facilities, and later on to final destinations, may generate social and environmental impacts, which is why ARAUCO has developed an annual investment program for the construction and maintenance of company roads and public roads, in addition to bridge repairs and roadwork to control rainfall runoff. Road construction and maintenance optimizes the company's forestry operation and reduces the impact of its operations, while also improving road standards, connectivity and the quality of life in neighboring communities.

In 2014, ARAUCO allocated US\$ 90 million for the construction and/or maintenance of its own roads and public roads.

Investments in Road Construction and Maintenance in 2014 Forestry Business Area (In US\$)

Countries	Construction of company roads	Maintenance of company roads	Maintenance of public roads	Other	Total
Chile	57,590,510	16,674,273	2,192,069	1,835,370	78,292,222
Argentina	2,617,364*	2,600,285	621,877	-	5,839,526
Brazil	3,163,837	2,837,868	85,621	-	6,087,327

* Considers road improvement work in Misiones and roadside ditches in the Delta.

Local Suppliers

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 a number of services, contributing to the social and economic development of their regions. During 2014, ARAUCO made purchases for a total of US\$ 2,080 million from local suppliers in all the countries in which the company operates. In addition, the company continued to develop various programs which support local suppliers.

During 2014, ARAUCO launched a Strategic Business Management Course in Brazil for local service providers, which was attended by 35 suppliers. The program seeks to generate suppliers' interest in a more efficient management of their businesses, which in turn will have an impact on quality and cost of their services in the mid-term.

Country	Purchases from local suppliers (In US\$ million)	% of total purchases from ARAUCO suppliers in 2014
Chile	1,116	68
Argentina	184	50
Brazil	195	70
North America	585	93

* 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 under Sustainable Forest Management practices and is primarily used to supply the company's own industrial needs. ARAUCO duly protects its native forests, as well as areas containing high social and environmental values.

By year-end, ARAUCO held title to 1,580,104 hectares (3,904,522 acres) of forestland, consisting of 1,002,387 ha (2,476,952 acres) of plantation forests; 394,723 ha (975,382 acres) of native forests and protected areas; and 182,994 ha (452,188 acres) of land designated for other uses. Of this total, 25% is native forest that is protected from harvest (see page 81).

In 2014, the company harvested 21.9 million m³ of logs, produced 0.4 million m³ of chips, generated 0.8 million m³ of material for fuel, and purchased 10.6 m³ of logs, chips and material for fuel from third parties. Of the available total logs, chips and material for fuel, 29.2 million m³ were sold to third parties.

During 2014, after a year's worth of hard work, ARAUCO completed the merger process of its three forestry subsidiaries under one company, Forestal Arauco S.A. This process was needed to ensure compliance with best practices, and to ensure that the company's forest management practices were fully compliant with the principles and criteria of the FSC® forest management standard. This operation involved the implementation of IT systems and the creation of three operational forestry centers: North, Central and South, all of which maintain their organizational structure and administration, except for the transfer of the following units to Comptrollership Corporate Management: Accounting, Costs, and Production Control.

In addition, a year after Forestal Arauco attained FSC® certification, a Woodmark audit team issued its first annual surveillance audit report, thus completing its first surveillance period, and maintaining the company's certificate. The surveillance report states that the company has made significant improvements in sustainable forest management, confirming closure of all outstanding Non-Conformities, and reducing the number of new Minor-Non-Conformities, thus demonstrating that the FSC® principles and criteria have been internalized by the company.

ARAUCO Land Ownership by Use

(As of December 2014)

País	Pine		Eucalyptu		Other species		Total plantations		Native forest		Other uses		Total	
	hectares	acres	hectares	acres	hectares	acres	hectares	acres	hectares	acres	hectares	acres	hectares	acres
Chile*	571,638	1,412,548	150,580	372,091	2,787	6,887	725,005	1,791,526	210,725	520,713	139,303	344,225	1,075,033	2,656,464
Argentina**	97,643	241,281	15,856	39,181	17,611	43,518	131,110	323,980	115,559	285,553	5,809	14,354	252,478	623,887
Brazil***	51,016	126,063	23,230	57,403	151	373	74,397	183,839	63,504	156,922	5,355	13,232	143,256	353,993
Uruguay****	200	494	71,466	176,596	209	516	71,875	177,607	4,935	12,195	32,527	80,376	109,337	270,178
Total	720,497	1,780,387	261,132	645,271	20,758	51,294	1,002,387	2,476,952	394,723	975,382	182,994	452,188	1,580,104	3,904,522

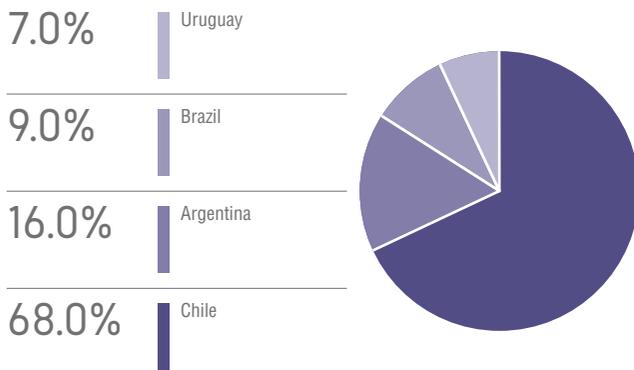
* Includes 80% of Forestal Los Lagos.

** Includes Alto Paraná and FAPLAC plantations.

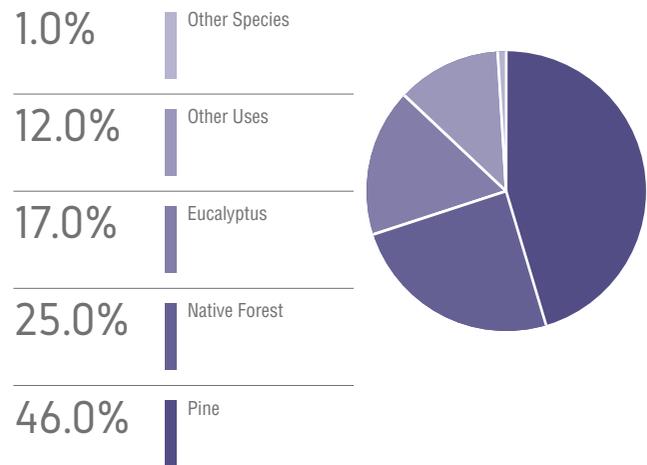
*** Includes 100% Arauco Forestal Brasil, 80 % Forestal Arapoti, 100% MAHAL.

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

ARAUCO Land Ownership by Country (1,580,104 hectares (3,904,522 acres))



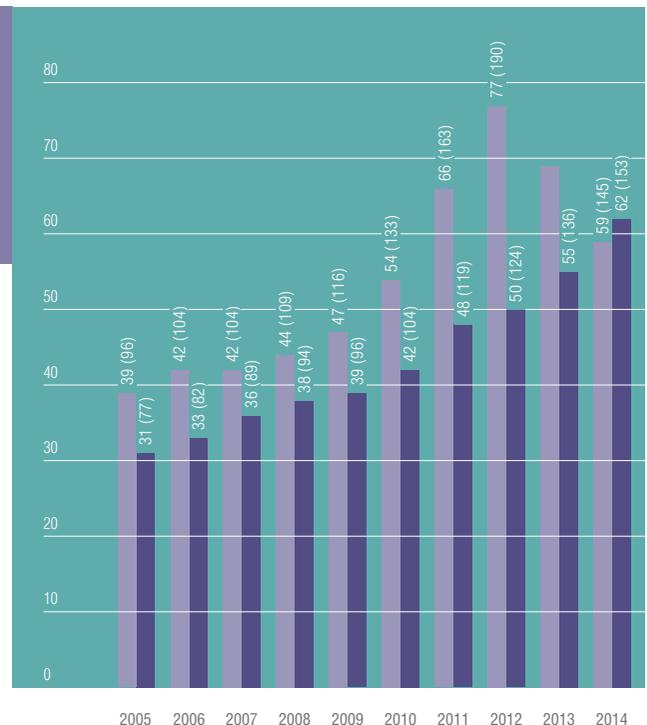
ARAUCO Land Ownership by Use (1,580,104 hectares (3,904,522 acres))



Area Harvested and Planted by Year (Thousands of hectares (acres))

■ Area Planted
■ Area Harvested

Note: The area harvested increased in volume mainly because Montes del Plata entered into operation.



Milestones in 2014

Chile

- 1 The merger of forestry subsidiaries Forestal Arauco, Forestal Celco, Bosques Arauco and Forestal Valdivia was completed. The subsidiaries merged into one company that is comprised of three operational centers (North, Central, and South).
- 2 A year after the company attained FSC® certification, the Woodmark audit team issued its first surveillance audit report, which confirms that the company maintains its certificate.
- 3 CERTFOR/PEFC Chain of Custody certification was renewed for another five years for each operational center, thus marking 10 years certified to this standard.
- 4 Certification maintenance for management standards ISO 14001, OHSAS 18001, CERTFOR/PEFC and FSC® Chain of Custody.
- 5 The company initiated the Forestry Processes Standardization project, to standardize and unify forestry processes, and to unify the accounting and costs of the different operational areas of the forestry business. This will involve unifying information processing and control, from the Siscop system, to the SAP system.
- 6 An idea that arose in the Operational Excellence program generates a unique technological innovation in Chile with a harvesting method that uses Harvester and Forwarder machines to harvest on 60° slopes.
- 7 The Forestry Outreach Program welcomed 502 visitors in different forestry areas, who were able to observe and learn about sustainable forest management practices.
- 8 The construction of a new nursery in the Arauco Province is 95% complete. The nursery involves a US\$ 24 million investment and will be ready to operate at full capacity by 2017, with 28 million plants.
- 9 State of the art drones are being used to manage forests, thus enabling an increase in production and innovative monitoring activities in forestry operations.

Argentina

- 1 Forest management recertification for standards ISO 14001 and OHSAS 18001.
- 2 The company attained the FSC® Forest Management certification for 17,098 hectares of forestland.

Brazil

- 1 A Plan for Biodiversity Conservation and Identification of High Conservation Value Areas (HCVA) was produced. Nine areas were identified with a total combined surface of 6,812.33 hectares. This plan will be the primary guide for the study and monitoring of biodiversity and protection activities.
- 2 Successful maintenance of all FSC® certifications, as well as standards ISO 14001 and CERFLOR/PEFC.

Pulp

ARAUCO operates five pulp mills in Chile, one in Argentina and one in Uruguay through a joint venture between ARAUCO and StoraEnso (a Swedish-Finnish company). During 2014, ARAUCO produced 3.3 million tons of pulp, 6.1% more than in 2013. Pulp products were sold mainly in Asia, Europe and Latin America.

The company produces bleached and unbleached softwood pulp and bleached hardwood Eucalyptus pulp that is used to manufacture various types of printing and writing papers, tissue paper, packaging roll stock, filter paper and fiber cement products, among others. The company also produces Fluff pulp at its facility in Alto Paraná, Argentina, which is used in the absorbent core of diapers and personal hygiene products.

In 2014, the company reached an important milestone by starting production at Montes del Plata, an Industrial Forestry complex located in Punta Pereira, Uruguay. This complex is comprised of a pulp mill with an annual rated production capacity of 1,450,000 tons of eucalyptus pulp, a power plant with an installed capacity of 170 MW, and a port with an ocean dock and barge berth.

Montes del Plata -a joint venture between ARAUCO and StoraEnso- represents an investment of US\$ 2,270 million, while an estimated US\$ 230 million will be invested in the port, which is still under construction. This is the largest private investment ever to be made in the history of Uruguay. These new facilities employ state-of-the art technology and comply with the highest sustainability standards of the EU.

In Chile, the Environmental Assessment Commission of the Biobío Region approved the “Modernization and Extension of Arauco Plywood Mill” (MAPA) project, which marks an important milestone for this project. MAPA includes a new production line (Line 3) to be built with the latest technology; the modernization of Line 2 (pine); and ceasing operation of Line 1 (eucalyptus). Once MAPA is operational, the mill is expected to reach an annual total pulp production capacity of 2,100,000 ADMT. The project also includes a new forest biomass-fueled power plant and a Power Transmission Line, to provide a maximum of 166 MW of surplus energy to the Central Interconnected System (SIC).

An Environmental Impact Statement was submitted in Valdivia, for the production of dissolving pulp at Valdivia pulp mill. This project involves making an innovative investment and entering into a new niche market. Dissolving pulp is the raw material used to manufacture various products, such as textile fiber, Rayon or Viscose, cellophane paper, filters, and more.

This project, which was approved in February 2015, will allow ARAUCO to become the first company in Chile to produce this type of pulp, with an estimated investment of US\$ 185 million. The pulp will be produced at existing facilities with the introduction of new equipment and the adjustment of certain production processes. The mill will, however, maintain its rated annual production capacity of 550,000 ADMT and its current environmental considerations.

Wood Pulp Production by Product (in ADMT)

(As of December 31, 2014)

Product	2010*	2011	2012	2013	2014
Bleached Pine (BSK = BKPR+BKPT)	1,163,459	1,458,204	1,426,008	1,515,842	1,564,026
Bleached Eucalyptus (BEK)	670,785	843,738	945,004	930,114	1,067,194**
Unbleached Pine (UKP)	420,675	406,431	443,705	460,852	460,010
Fluff	110,154	107,507	155,008	173,137	177,418
Total	2,365,073	2,815,880	2,969,725	3,079,945	3,268,649**

* Affected by the earthquake of February 27, 2010.

** ARAUCO owns 50% of Montes del Plata. The number corresponds only to ARAUCO's production volume.

Chile

1 Project MAPA, for the modernization and extension of Arauco plywood mill, was approved by the Environmental Assessment Commission.

2 An Environmental Impact Statement was submitted for the production of dissolving pulp at Valdivia pulp mill, which was approved in February 2015.

3 Arauco, Constitucion and Valdivia pulp mills renewed their certificates for management system standards

ISO 14001 and ISO 9001. Today, all the company's mills operating in Chile are certified to these standards, in addition to FSC® and CERTFOR/PEFC Chain of Custody.

Argentina

1 The construction of an auxiliary pool for effluents at the Puerto Esperanza pulp mill, in Misiones, ensures the effective treatment of liquid effluents. Also, a new secondary clarifier was built and put into operation, and the successful

operation of the new effluent sludge press at the Effluent Treatment Plant was secured.

2 Maintenance of management systems certifications for standards ISO 14001, OHSAS 18001, as well as the FSC® Chain of Custody.

Uruguay

1 Montes del Plata initiates operations at the Industrial Forestry Complex located in Punta Pereira.



2014 Pulp Production Capacity by Mill

Mill	Country	Capacity (in ADMT/y)	Type of production
Arauco	Chile	800,000	BKPR + BEK
Constitución	Chile	355,000	UKP
Licancel	Chile	150,000	UKP
Valdivia	Chile	550,000	BKPR + BEK
Nueva Aldea	Chile	1,027,000	BKPR + BEK
Alto Paraná	Argentina	350,000	BKPT + Fluff
Montes del Plata	Uruguay	650,000*	BEK
Total		3,882,000	

* ARAUCO owns 50% of Montes del Plata. The mill's total annual capacity is 1,300,000 ADMT.

Air Dry Metric Ton (ADMT): One ADMT is equal to one metric ton of pulp which contains a maximum of 10% moisture.

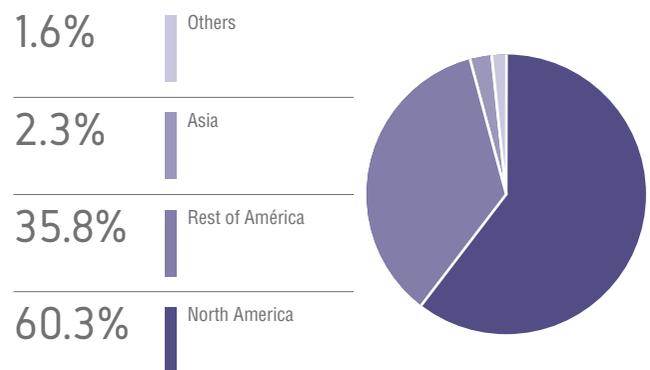
Panels

In the Panels business, ARAUCO has achieved a sustained production increase, due primarily to its expansion to Argentina and Brazil in past decades, and to the purchase of panel mills in the United States and Canada, which have transformed the company into one of the major producers at the global level, with a combined production capacity of 5.9 million m³ at the company's 13 mills.

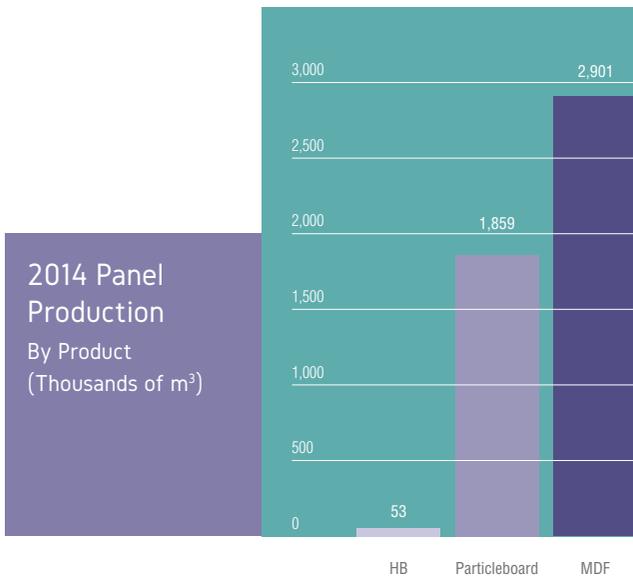
The Panel business produces Medium Density Fiberboard (MDF), MDF mouldings, Particleboard and Hardboard for the furniture, architecture, design and construction industries. Products are sold primarily in North America, Latin America and Asia.

In 2014, the Panels business production was 4.8 million m³ and its sales of US\$ 1,851 million accounted for 35% of ARAUCO's consolidated sales.

2014 Panel Sales by Market
(% of a total de US\$ 1,851 million)



Note: Includes Plywood sales.



Chile

- 1 Maintenance of certifications for standards ISO 14001, OHSAS 18001 and CERTFOR/ PEFC and FSC® (License Code: FSC-C119538) Chain of Custody.
- 2 VESTO Melamine, produced at the Teno panel mill, was recognized at the Avonni Awards in the “Industrial Innovation” category as an example of added value that meets the needs of its customers.
- 3 VESTO Melamine begins to position itself as the only melamine with antimicrobial copper protection in the market, offering a variety of uses.
- 4 The Timber and Panel businesses held a joint Annual Operational Excellence Meeting for the first time.

Argentina

- 1 Maintenance of certifications for standards ISO 14001, OHSAS 18001 and ISO 9001.
- 2 Development of a project to improve the quality of flake production at Zárate panel mill.

North America

- 1 All mills that produce medium density fiberboard and industrial particleboard renewed their ECC certificates, demonstrating consistency with the ARAUCO brand. ECC certification is valid for an undefined period of time.
- 2 Maintenance of FSC® (License Code: FSC-C019364) Chain of Custody certification.

Milestones in 2014

- 3 Arrow Project start-up. The objective of this project is to integrate the Panels business IT systems in North America under one common platform that can efficiently support business processes, generating synergies and scale economies.

Timber

ARAUCO's Timber business includes nine saw mills, six re-manufacturing facilities and the operation and sale of products of two plywood mills. These facilities have a combined production capacity of 3 million m³ of timber, 2.1 million m³ of kiln-dried lumber, 459,000 m³ of remanufactured lumber, and 710,000 m³ of plywood. All Timber business facilities are certified to national and international standards for quality assurance, environmental protection, and the health and safety of workers.

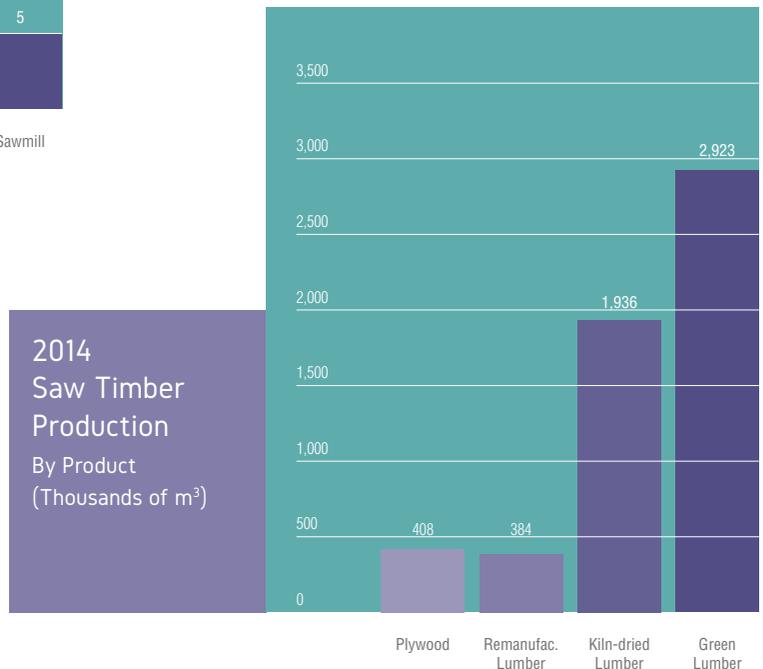
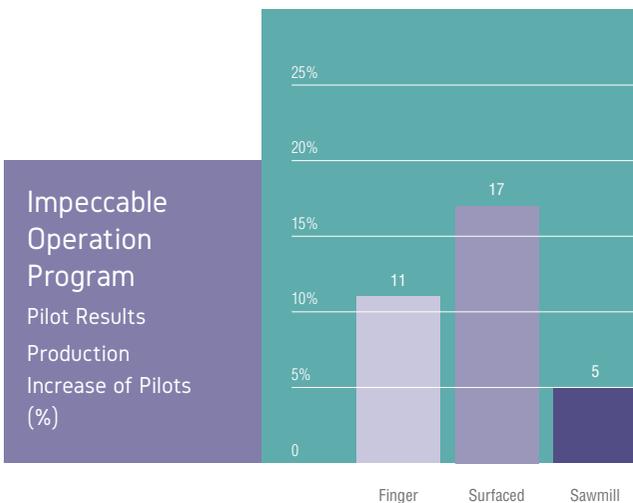
ARAUCO's production of sawn timber totaled 2.9 million m³ during 2014, 2% more than the previous year. This increase is explained mainly by a greater demand for products in the markets of Asia, North America and the Middle East.

During 2014, the Timber business showed significant improvements in terms of greater value generation, increased competitiveness, increased levels of efficiency and a better value offer for end customers.

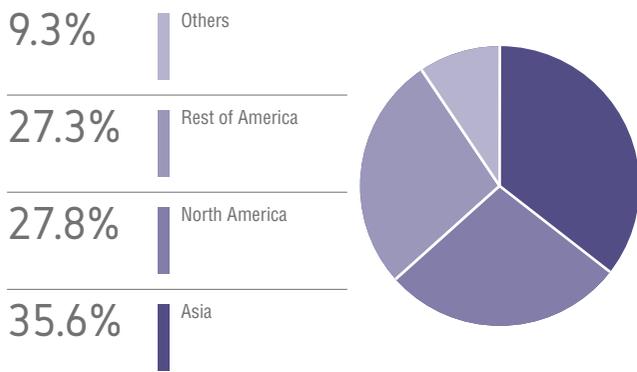
In this context, the Impeccable Operation program has demonstrated significant progress, for example in the new method for the Transfer of Best Practices. This program is based on principles of the Operational Excellence program, the LEAN philosophy and business-specific tools. Implementation began in 2013, focusing on safety, standardization, and the continuous improvement of processes through adherence to operational standards, worker engagement, and cooperation between work areas. The aim is to reach world-class indicators in business operations, with a culture of ongoing improvement.

The Impeccable Operation program was implemented at pilot plants in Horcones sawmill and remanufacturing facility, Cholguán sawmill and remanufacturing facility and Nueva Aldea sawmill. Important lessons were learned during its implementation and there was an increase in production, as shown in the chart. Communication and integration between work areas were also improved.

In Chile, a year has gone by since the new Nueva Aldea plywood mill went into operation. The mill had to be rebuilt after it was completely destroyed by a fire at the Nueva Aldea Industrial Forestry Complex, in January 2012. The company invested US\$ 190 million in the new mill, which has an annual production capacity of 350,000 m³.



2014 Saw Timber Sales by Market
(% of a total of US\$ 962 million)



Note: Does not include Plywood sales.

Chile

- 1 For the second consecutive time, ARAUCO will be an official sponsor for Chile at the 2015 Milan Expo, recognized internationally as one of the world's most important exhibition events. The Chile pavilion will be constructed using ARAUCO's Radiata Pine timber and Hílam laminated beams, showcasing timber as a noble material and one of Chile's signature natural resources. The company also contributed its expertise in wood construction and product innovation for the development of Chile's pavilion.
- 2 The Nueva Aldea Plywood mill completed its first year of operation.

- 3 Sawmills and remanufacturing facilities renewed their CERTFOR/PEFC Chain of Custody certification. The remanufacturing facilities also renewed their OHSAS 18001 certification.

- 4 The new method for Transfer of Best Practices resulted in a significant production increase in processes and pilot facilities, as well as improving communication and integration between different work areas.

- 5 The Cholguán laminated beams mill made improvements on its Paint Line, which increased its production goal to 2,000 m³.

- 6 The Timber and Panels Businesses held a joint Annual Operational Excellence Meeting for the first time.

Milestones
in 2014

Argentina

- 1 Maintenance of certification for standards ISO 14001, OHSAS 18001 and ISO 9001.
- 2 The Flake Quality Improvement project was launched at the Zárata mill. The project's main purpose is to obtain smaller-sized chips, better-looking edges and a reduction in density.

Energy

Upholding its environmental commitment and high standards, ARAUCO decided over twenty years ago to produce clean energy from forestry biomass, arising from nature's ongoing cycles. The company has been investing in additional power generation capacities, beyond the usual practices of the forestry industry, under the Clean Development Mechanism of the Kyoto Protocol.

The company provides surplus energy from its industrial facilities to the Central Interconnected System (SIC), Chile's electric grid. Arauco Bioenergy, ARAUCO's energy business, sells surplus electric energy generated at its own industrial facilities in Chile.

As of December 2014, ARAUCO had an installed capacity of 606 MW in Chile. This allows the company to meet the energy requirements of its own industrial facilities and, in addition, to provide 209 MW to the SIC. This accounts for approximately 2% of total SIC energy generation in 2014, thus making ARAUCO one of the nation's primary producers of Non Conventional Renewable Energies.

ARAUCO Installed Capacity

(As of December, 2014)

Mill/Station	Installed capacity (MW)	Maximum generation (MW)	Average consumption (MW)	Maximum 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	30	28	14	14
Nueva Aldea II (diesel) ⁽¹⁾	10	NA	-	NA
Nueva Aldea III	136	100	63	37
Bioenergía Viñales	41	31	9	22
Total Chile	606	481	272	209
Uruguay ⁽²⁾				
Montes del Plata	60	53	35	20
Total Uruguay	60	53	35	20
Argentina				
Piray	38	23	15	8
Esperanza	40	35	40	-
Total Argentina	78	58	55	8
Total	744	592	362	237

NA: Not Available

Notes: ⁽¹⁾ Energy from Nueva Aldea II power station is not available for sale to the SIC.

⁽²⁾ ARAUCO owns 50% of Montes del Plata. The number corresponds only to ARAUCO's production volume.

In Chile, ARAUCO participates in the electric sector by contributing electric energy produced at eight industrial facilities and two back-up units. In 2014, energy generation by the company's power plants totaled 3,345 GWh. Total energy consumption in its industrial operations was 2,430 GWh in 2014, of which a fraction was supplied by energy purchased from the SIC. The net energy surplus provided was 1,178 GWh, which is 7% more than in 2013.

In Argentina, ARAUCO operates two biomass-fueled cogeneration power plants, located in the 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. ARAUCO's power plants in Argentina generated a total of 509 GWh in 2013.

In Uruguay, Montes del Plata operates a biomass-fueled power plant with an installed capacity of 120 MW.



Chile

- 1 Acquisition of the Non-Conventional Renewable Energy (NCRE) needs of BHP Billiton Group (Minera Escondida, Minera Spence and Cia. Minera Cerro Colorado), for 2016-2019.
- 2 Project MAPA, for the modernization and extension of Arauco plywood mill, was approved by the Environmental Assessment Commission. This project involves the construction of a new biomass-fueled power plant, which increases the generation of surplus energy to 140 MW.

- 3 ARAUCO received the highest award in the "Energy Efficiency" category of the ranking list produced by the Sustainability Hub of Pulso newspaper. This award recognizes the company's contribution to forest biomass-based energy and the diversification of Chile's energy matrix with clean, renewable energy.

Milestones
in 2014

Uruguay

- 1 The power plant at Montes del Plata pulp mill went into operation, meeting the mill's energy requirements and providing an energy surplus to Uruguay's electric energy grid.

GHG Emissions 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. A sixth project was registered in Uruguay, in 2012, as part of the Punta Pereira pulp mill located in the area of Conchillas (a 50/50 joint venture with StoraEnso). This will allow ARAUCO to increase annual reductions to approximately 700,000 tons of CO₂e. The company also 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. In 2014, ARAUCO issued 311,548 CERs from four of the five units currently registered as CDM.

The company has earned a leadership position and won a number of national and international awards for its efforts in furthering electric generation from renewable, carbon-neutral biomass as a mitigation measure against global warming.

We strive to develop products and renewable energy from biomass and forest resources. We generate enough energy to meet our industrial needs and contribute an energy surplus to the national grid.



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. This center currently conducts research for the Forestry, Pulp and Panel business areas.

Bioforest's Forestry area develops Sustainable Precision Clonal Silviculture which is applied to plantations established as of 2010, in order to achieve a 25% and 40% growth rate increase in Radiata Pine and Eucalyptus globulus, respectively. The center also works on in-depth research on the properties of wood to optimize industrial allocation of harvested products and, therefore, maximize the use of forest resources in ARAUCO's plantations in Chile, Argentina and Brazil. In addition, Bioforest establishes guidelines, plans and procedures for the sustainable management of ARAUCO's forest plantations.

Bioforest also participates in the development and implementation of standards for the protection, conservation and monitoring of biodiversity in ARAUCO's 395,000 hectares (976,066 acres) of native forest.

Bioforest has conducted research for the Pulp business area since 2009, to optimize the production process of woodpulp, and to increase its knowledge of pulp fiber for its use in different applications, giving way to new product development. This area promotes environmental improvements in the production of pulp. The research center's world-class laboratory can simulate the pulp production process and analyze critical parameters of this business area's processes and products.

In 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 set up in late 2013 and partnerships were established with advanced research centers of the Panels area.



Forestry

- 1 Ten-year plantations established as of 2001 achieved Bioforest's first goal: "a 40% volume increase in each hectare planted with Radiata Pine at FAS A".
- 2 In field establishment of 200 new embryogenic Radiata Pine clones.
- 3 Guidelines were established to reduce the impact of passing machinery on the soil.
- 4 Validation of silvicultural treatments in Brazil to reduce establishment costs.
- 5 Use of portable equipment to measure moisture in chips and biomass.
- 6 The pulpable quality of 23 Eucalyptus hybrid clones was assessed; 15 were selected and included in ARAUCO's propagation program.
- 7 Organic products, biostimulants and silicates were selected to be used as new fungicides for disease control in plantations.
- 8 Trials were conducted to assess the depth at which plantation trees take up water.
- 9 Establishment of first native flora restoration trials.
- 10 A first set of maps were produced depicting potential distribution of threatened native flora.

Pulp

Fiber Products Division:

- 1 In close collaboration with the Pulp business sales area, conditions of the pulp production process were adapted to produce pulp that meets customer's quality requirements.
- 2 Multi-variable simulators were developed for kraft cooking of digesters at the Nueva Aldea, Arauco, Valdivia and Alto Paraná mills.
- 3 Suggestions were made for modifications in the cooking and delignification parameters of the Eucalyptus fiber production line at the Nueva Aldea pulp mill.
- 4 Optimum cooking conditions were identified for Constitución pulp mill.
- 5 The compaction of digesters was improved at the Valdivia and Licancel pulp mills.
- 6 A reduction in the amount of timber needed per ton of produced pulp resulted in adjustments to the supply strategy for mills.
- 7 Nanocellulose made from ARAUCO's own fibers was assessed for different uses, demonstrating the potential of this new product.

Pulp Production Division:

- 1 The lignin extraction process was assessed at laboratory scale for new product development.
- 2 An ECF-light bleaching sequence was assessed for the eucalyptus line at the Nueva Aldea mill, which generates important cost savings in pulp bleaching.

Milestones in 2014

- 3 Dissolving pulp was produced at laboratory scale, which will allow for multiple cooking, in preparation for the industrial process.

Environmental Division:

- 1 A project was launched which assesses the use of effluents from the Nueva Aldea mill to fertigate forest plantations and farm crops.
- 2 Projects assessing the use of biomass boiler ash in forest plantations were implemented in Chile's VIII region.
- 3 Evaluation of technologies used for the treatment of odor generated by solid waste.
- 4 Assessment of technologies that use ozone for the treatment of effluents.
- 5 The Nueva Aldea mill initiated industrial recycling of sludge and soiled bark.

Panels

- 1 Safe and efficient technology was developed for the extraction of tannins from Radiata Pine bark.
- 2 The development of projects in association with two international research centers was initiated.

Innovation

Innovation is part of ARAUCO's strategy to Grow Well. In March 2011, the company launched the InnovArauco program, to systematically develop innovation within the company. After four years and three innovation cycles, the company has achieved a level of know-how that allows it to strengthen and drive its innovation model forward.

During 2014, the company refined its portfolio in the area of innovation, moving forward with projects that had previously been in the prototype phase. In addition, the company developed a commercial prototype of +Maqui, an innovation project seeking to create shared value through community participation in maqui harvesting. The production of +Maqui is currently being increased and it has been well-received on the market.

ARAUCO obtained important awards for its innovation efforts in 2014, such as the Avonni award recognizing VESTO Melamine and the PRES Constitución reconstruction plan in the "Industrial Innovation" and "New City" categories, respectively.

In addition, the North American Chamber of Commerce (AMCHAM) presented an award to the AcercaRedes Foundation, which began as an initiative launched by ARAUCO to foster alliances between local entrepreneurs, unions and technical, production, cultural, academic, commercial and corporate organizations in different communes of Chile, involving over 1,500 people. Today, ARAUCO is a member of the AcercaRedes Foundation.

The company's innovation efforts for the next few years will focus on commercial initiatives; new products, services, and business models or a combination of the three; social innovation, to produce economic and social impacts in equal measure; and disruptive innovation initiatives to provide innovative solutions to common problems faced by communities and their surroundings in the company's areas of influence. All innovation projects must comply with three aspects that are essential to ARAUCO: they must be inclusive, scalable and sustainable.

In this new approach there will be an internal and an external dimension, and the set-up of ARAUCO's InnovArauco program at the UC Anacleto Angelini Center for Innovation will play an important part in promoting open innovation.

+maqui

Maqui is a wild berry that grows in southern Chile. Studies have shown that this fruit contains the highest levels of antioxidants and provides a number of health benefits, such as boosting people's immune systems and delaying cell deterioration. It is therefore often referred to as a superfruit.

Today, ARAUCO produces and sells +maqui, a beverage made from maqui berries, thus transforming the hidden wealth contained in the company's native forests into health and well-being for its customers.

This innovation project is also an example of shared value, because it promotes a healthy life style, gives value to native forests, and includes a network of local fruit gatherers, thus adding value to their work.



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. The company's objective is to be recognized in the market as an expert in the relevant segments and to make customer purchasing processes easier (see www.arauco.cl).

Product Labeling

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





We create renewable products that improve people's lives. We develop products for the paper, construction, packaging and furniture industries.

Customer Satisfaction

All of ARAUCO's businesses in Chile, Argentina, Brazil, the United States and Canada have developed Complaint Management Systems to respond to customer requirements. Communication methods range from telephone lines to direct contact. Everything is managed through standardized systems that provide for follow-ups and the improvement of systems, products and services, whether through continuous improvement or by producing annual action plans.

During 2014, a survey was conducted to measure distributors' satisfaction in Chile, Peru, Colombia and Mexico; 324 surveys were completed. Results stated that 72% of survey respondents rated the service as being "good" or "very good", and 89% rated product quality as being "good" or "very good".

In Brazil, 391 customers answered a customer satisfaction survey conducted in September. The survey's results show that the company obtained an average score of 8.1, 10 being the maximum score (See chart below).

Customer Satisfaction Survey in Brazil



Customer Satisfaction Survey in Brazil

Area	Average score
Industries	8.2
Distribution	7.9
Total	8.1

ARAUCO Sustainable Solutions Program

The ARAUCO Sustainable Solutions Program was created to support end customers in the manufacture of furniture and construction projects in wood.

This initiative includes products, services, and information provided by the company for construction and furniture manufacture, with the sustainability endorsement of the ARAUCO brand.

Arauco Sustainable Solutions is present at various points-of-sale of major distributors in Argentina, Brazil, Colombia, Chile, Mexico and Peru, with an offer that makes the decision to purchase easier for end customers.

During 2014, ARAUCO organized its First Sustainable Solutions meeting in Chile. The event was held at the UC Anacleto Angelini Center for Innovation and was attended by about 200 guests, including customers, suppliers, specifiers and renowned Chilean architects and designers. In parallel, a successful ARAUCO Solutions event was held in Peru.

The program was redesigned according to new trends and customer needs, giving way to new initiatives such as changes to the website araucosoluciones.com, making it easier to navigate and search for construction and furniture solutions. By year-end, the program had 32,587 members.

Among new solutions that were offered, a Cut Optimizer was developed for ARAUCO panels, which is available for all website members and at our main distributors' Dimensioning Centers.

New Products

- During 2014, ARAUCO added six new melamine designs in Chile, seven in Peru, six in Colombia and one in Mexico. With these new designs, VESTO continues to position itself as a brand leader based on innovation and design.
- New 6mm thick melamine panels were also developed in Chile, to be used in furniture backs or doors. They allow customers to use the same designs on furniture and doors, making interior decorating easier with combinations that follow the latest trends.
- MDP-type panels were introduced in Argentina, replacing the total supply of particleboard in this market.
- "Hilados" was launched in Argentina, a high value premium collection based on a new texture that provides a fabric feel to the finished panel. Products are available in MDF and MDP panels in six designs.
- Four new high shine melamine designs were developed in Argentina, which are a competitive alternative to foil laminated panels.
- Meanwhile, a new type of mechanically structured timber was developed in the timber business, which has been successfully used in the production of laminated beams. This product is featured as the primary building material for the Chilean Pavilion at the 2015 Expo Milan.
- A new MDF variety was launched in Brazil, moisture resistant White and Bare Humidity resistance.
- Likewise, Lousa was launched in Brazil, a new variety of lacquered HDF to be used on slate boards.
- In North America, during 2014, the Worn Oak series was incorporated in the melamine laminate products category, which includes three new designs for the Accentz series.



People of Excellence

People of excellence are one of the fundamental pillars of our company, which is why we continuously invest in the development of our employees, guided by a shared vision and values.

ARAUCO knows that its people are its most valuable asset. Over the years, the company has built up a work environment that values talent, offers opportunities to display it, and recognizes the importance of each and every one of its employees. Excellence and high standards are considered essential, which is why ARAUCO is always open to people with talent and personal integrity, who are competitive and self-sufficient in their development, while remaining flexible and responsive to change.

During the past years, the company has focused on processes and initiatives that place people at the center of its strategy. Performance management is key for the development of employees, while also strengthening the company's organizational culture based on its corporate values -Safety, Commitment, Excellence and Innovation, Teamwork, and Good Citizenship-, a culture that reflects ARAUCO's way of doing things, and encourages the involvement and participation of all its workers.

People of Excellence

To keep the company moving forward in a more efficient and integrated manner, a series of organizational changes were made mid-year, taking advantage of the existing synergies between business areas and furthering the exchange of best practices among the countries in which ARAUCO operates. With this new organizational structure, the company is ready to meet the challenges of a highly demanding and competitive industry (See page 18).

In addition, wage revision processes advanced during 2014, to include variables such as seniority, performance, and job position in the market. These processes were implemented permanently for all company workers in Chile.

Employment

ARAUCO employed 13,576 workers in 2014, increasing its workforce by 1.9% compared to 2013. In addition, 26,934 people worked indirectly for ARAUCO through contracted companies.



ARAUCO's Total Workforce

	2012	2013	2014
Workers	13,227	13,324	13,576
Indirect workers (Contracting businesses)	27,031	27,071	26,934
Total	40,258	40,395	40,510

ARAUCO Workforce by Type of Employment

	2012	2013	2014
Executives	354	371	391
Professionals and technicians*	5,046	4,152	4,257
Workers	7,827	8,801	8,928
Total	13,227	13,324	13,576

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

2014 Average Employee Turnover

Country	Organization	Women	Men
Chile	4%	0.4%	3.6%
Argentina	4%*	1%	3%
Brazil	-1.4%	-1.5%	-1.4%
North América	-1.9%	-0.5%	-1.9%

Turnover formula: Entry rate - Separation Rate.

(*) Voluntary Turnover Rate.

ARAUCO Workers by Country and Gender

	2012		2013		2014	
	Women	Men	Women	Men	Women	Men
Chile						
Executives	19	195	17	212	18	213
Professionals and technicians	394	2,456	430	1,811	492	1,930
Workers	534	4,761	442	5,403	420	5,598
Total Chile	947	7,412	889	7,426	930	7,741
Argentina						
Executives	3	38	2	37	2	38
Professionals and technicians	163	686	157	689	149	688
Workers	7	772	6	809	5	753
Total Argentina	173	1,496	165	1,535	156	1,479
Brazil						
Executives	1	31	1	30	2	33
Professionals and technicians	141	465	146	475	135	453
Workers	38	1,016	56	1,074	63	1,047
Total Brazil	180	1,512	203	1,579	200	1,533
North America						
Executives	-	-	2	26	6	40
Professionals and technicians	-	-	125	239	105	229
Workers	-	-	102	888	106	915
Total North America	-	-	229	1,153	217	1,184
Other countries						
Executives	NA	NA	NA	NA	9	30
Professionals and technicians	NA	NA	NA	NA	36	40
Workers	NA	NA	NA	NA	9	12
Total Other Countries	NA	NA	NA	NA	54	82

NA: Not available

Integrated Development

ARAUCO promotes the development of its employees through several programs for selection, development and training which aim to build teams of excellence that are ready to meet the company's corporate challenges.

These programs are set up according to organizational needs, drawing on various sources of information, such as company goals, the soft skills and technical requirements of each job position, business projects, and the results of the organizational climate survey, among others.

Performance Management

During the last years, ARAUCO has placed special emphasis on performance management as the key process for employee development. Performance management identifies training needs and recognizes which people have the potential to be promoted to new job positions. The information from performance management is also taken into account in succession plans, wage review processes, and scholarship allocations.



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. It also determines compliance with objectives and goals. The process begins with a self-assessment, then includes an evaluation by supervisors, and finalizes with a feedback meeting in which the supervisor and supervisee discuss the results of the process and agree on areas for further development.

In North America, the company conducts annual assessments of all its employees. Assessments consider company goals, facility goals and goals established for the growth and development of each worker. Supervisors discuss these goals to make sure they are specific, measurable, attainable and timely. Goals are revised each quarter.

Chile

1 Performance assessment was applied to company executives, managers and professionals. A total of 2,527 people participated.

Brazil

1 Performance assessment was carried out at all company levels.

North America

1 Performance assessment was carried out at all company levels.

Milestones
in 2014

Country	Workers assessed in 2013		% of total workers	Workers assessed in 2014		% of total workers
	Women	Men		Women	Men	
Chile	558	2,071	32	665	2,706	39
Argentina	168	725	51	147	690	57
Brazil	205	1,588	100	14	43	3
North America	98	246	26	106	915	100

Education and Learning

The company's different business areas and the high level of specialization for each job position require an education and learning plan ranging from technical courses to the development of soft skills. A significant part of this strategy responds to needs that were detected during the performance assessment process.



Milestones in 2014

Chile

- 1 In Chile, 300,540 hours of training were conducted.
- 2 In 2014, ARAUCO awarded 119 Academic Excellence Scholarships to employees' children, to support their development and contribute to the formation of people of excellence. In addition, 186 scholarships were renewed, which means the company is currently supporting the education of 306 children of company workers.
- 3 For the fourth consecutive year, ARAUCO awarded 122 scholarships to workers, 63 of whom are first-time applicants and 59 of whom renewed their scholarship. Beneficiaries will continue or begin to pursue technical, university or post graduate degrees.
- 4 Employees began attending the Expert Operator Program at the Virginio Gómez Professional Institute in the city of Concepcion. This initiative seeks to educate and train Expert Operators in technical areas and coaching skills, specializing in critical processes at facilities.
- 5 Skill Development workshops for professional-level workers were conducted to strengthen their personal and interpersonal skills and improve their performance with tools for leadership, better time management, better communication and teamwork.

- 6 The first 20 women completed their training as forestry machine operators, in courses taught at the Zorzal Blanco Training and Education Center in the Quirihue commune. This center operates under Forestal Arauco North Area.

Argentina

- 1 A total of 27,895 hours of training were conducted.

Brazil

- 1 A total of 91,158 hours of training were conducted.

North America

- 1 A total of 11,683 courses were conducted, including 1,600 online courses.

Training Indicators

	Chile		Argentina		Brazil		North America	
	2013	2014	2013	2014	2013	2014	2013	2014
Number of participants	4,286	5,599	1,694	1,453	1,753	1,677	NA	NA
Executives	86	135	176	101	37	25	NA	NA
Professionals and technicians	2,283	2,307	428	502	493	456	NA	NA
Workers	1,927	3,157	1,090	759	1,223	1,196	-	-
% of trained people in the total workforce	52%	64%	83%	79%	97%	92%	100%	100%
Hours of training conducted	274,346	300,540	28,391	27,895	106,457	91,158	NA	NA
Average training hours	64	53,6	124	20	59	50	NA	11
Number of courses conducted	498	683	1,255	771	223	535	13,777	11,683

NA: Not available

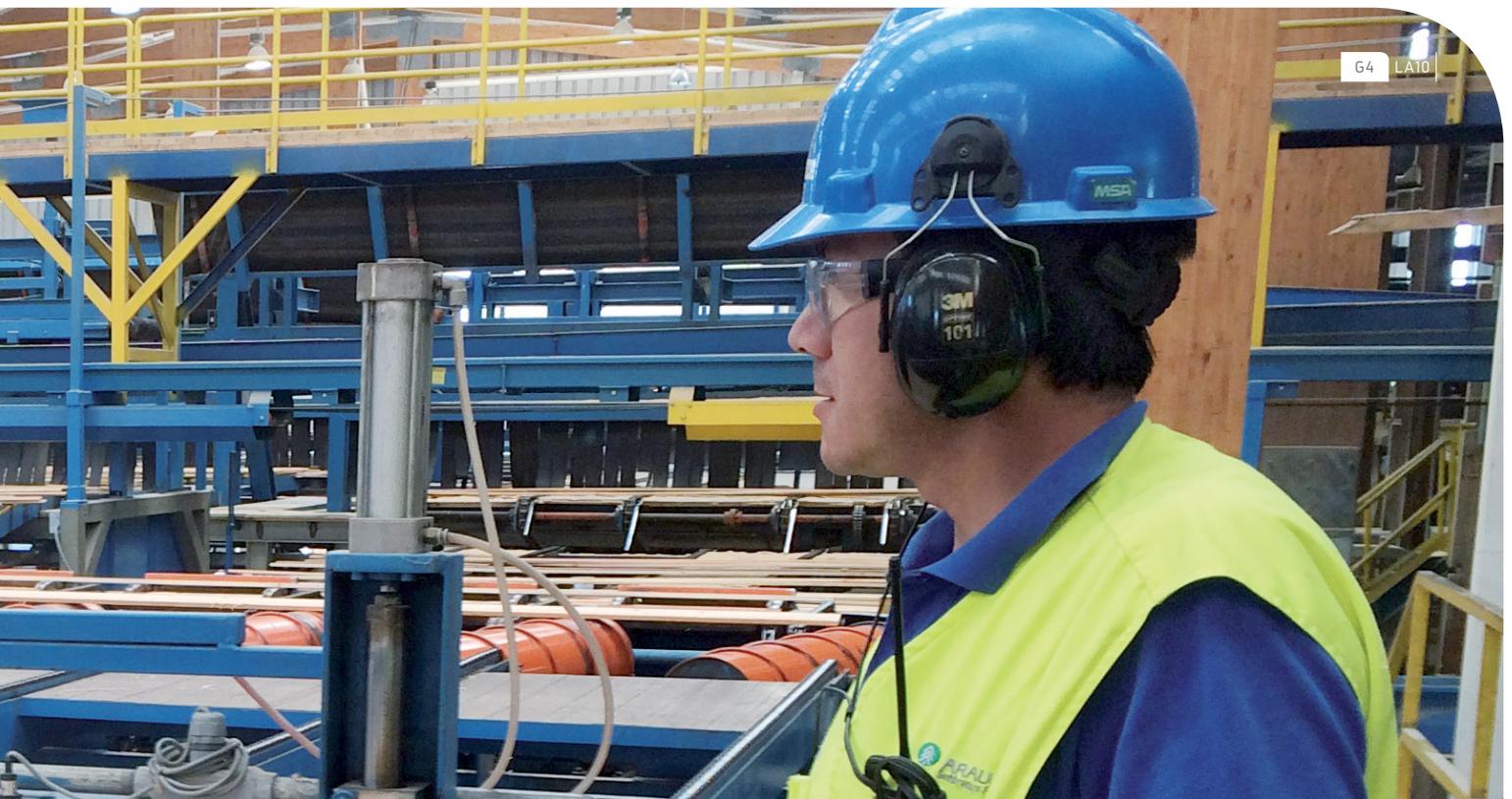


Operational Excellence Program

This initiative for continuous improvement encourages workers to apply their own ideas, creativity, and technical knowledge to improve their daily work activities. Through this kind of continuous innovation, they can directly contribute to greater efficiency in the company's production processes, and add value to products and services.

2014 Operational Excellence Program

Business	Ideas presented		Successful projects		People trained		People trained since the beginning of the program
	2013	2014	2013	2014	2013	2014	
Forestry	1,406	1,784	23	29	33	-	6,391
Pulp	65	90	43	40	18	131	1,826
Panels	873	1,973	74	68	1,814	1,382	3,594
Timber	138	149	123	131	1,883	1,155	12,402
Total	2,482	3,996	263	268	3,748	2,668	24,213



Milestones in 2014

- 1 The first South American Operational Excellence Contest was held for the Timber and Panel businesses. Both businesses participated together for the first time, including workers from Chile, Argentina and Brazil. The aim is to continually improve production processes.
- 2 In Chile, the Forestry business held its fourth Operational Excellence Meeting with over 400 participants. There were nine projects competing, which had been chosen among 130 projects.
- 3 The Pulp business held its sixth Operational Excellence Meeting, with about 200 participants.
- 4 The Pulp business launched the “Excellence is in you” campaign which highlights people and their importance for the development of Operational Excellence in the business. Operational Excellence Management Tours were developed as part of the campaign, in which members of improvement teams visited other facilities to get to know them and to share their personal experience in the development of projects.
- 5 A new standard for forestry workwear was implemented in Chile. The new uniform replaces cotton with polypropylene and state-of-the-art technology, including copper and bamboo fibers, to make work easier and more comfortable.

Leadership

ARAUCO strives to work with high performance teams that are prepared to meet the challenges of an increasingly demanding and competitive industry. The company therefore reinforces collaborative and inspirational leadership through a number of courses designed to strengthen personal and interpersonal skills by promoting tools for good leadership, better time management, better communication and teamwork.

Internal Mobility

In 2014, ARAUCO continued to strengthen its Internal Mobility Policy to provide professional development incentives for its employees.



Chile

1 672 workers were promoted through internal mobility processes. This demonstrates ARAUCO's interest in effectively managing workers' performance as well as offering new possibilities for growth within the company.

2 Internal competitions for job positions were held with an emphasis on transparency and equal opportunity. The competitions were widely broadcast within the company and conducted with clarity and adequate support. Through this program, 138 contests were published in the internal mobility platform in Chile, attracting 404 people who submitted 780 applications. In 2014, a total of 68 job positions were given to internal applicants.

Argentina

1 74 people moved to different job positions through internal mobility processes.

Milestones
in 2014

Brazil

1 Of a total of 341 job openings, 157 were filled with internal applicants, which accounts for 46% of total job openings.



Milestones in 2014

Chile

1 163 workshops were held under the ARAUCO Skills Development Program. The workshops had a large turnout and addressed issues such as Delegation and Time Management, Conflict Resolution, Feedback and Performance, Managing Change, Leader Coaching, among others. The program was divided into three segments, which were defined according to the roles of people who are in charge of other employees and teams.

Hence, the following courses were held as part of the program:

- “Leaders for Leaders”, a course aimed at people whose role requires guiding employees who are in charge of work teams. A total of 74 workshops were held.
- “Leaders for People”, a course directed at employees whose role requires them to lead other people or teams. A total of 58 workshops were held.
- “Front Line Supervisors”, a course for people who are directly in charge of operators or work teams in production lines. A total of 31 workshops were held.

Argentina

1 A number of methods and training activities were developed to strengthen and foster the knowledge, skills and behavior of contract workers at ARAUCO Argentina. Among the most significant corporate programs were: Young Professionals Program, Meetings for Mid-management Levels, Development and Leadership meetings for Assistant Managers, Training at ARAUCO Argentina program, and the Negotiation Program.

Bonuses and Social Benefits

ARAUCO's businesses offer its workers additional benefits than what is required by law in each country in which it operates. The company does this to increase its employees' personal well-being and generate conditions that they value, in accordance with local circumstances.

Effective and Timely Organizational Communication

During recent years, the company has focused on having open channels for efficient and timely communication of all information pertinent to employees, such as new corporate challenges, the development and progress of new projects, milestones, benefits, and all other issues deemed important.



Primary internal communication mechanisms in 2014:

- During 2014, the company focused on strengthening direct communication. To do so, every quarter ARAUCO's COO conducted meetings via streaming with ARAUCO executives to discuss company results and other issues of interest. For the first time, employees in supervisor positions were invited to attend the March meeting, resulting in a turnout of more than 1,500 people. In a survey carried out after the meeting, participants gave it a grade of 6.1, on a scale of 1 to 7. After each meeting, a presentation and video with key points is sent to Company leaders for them to share with all their employees. Such meetings have been conducted by business executives in Chile, North America and Brazil.
- Along this same line, communication skills workshops to strengthen direct communication were held for supervisors and employees who were to speak at the Operational Excellence Meetings. A total of 21 workshops with 227 participants were carried out.
- **Internal media:** The company has several forms of media available to keep workers informed and uses different mechanisms for widespread distribution of news: "ARAUCO Voices", a company newspaper that is periodically distributed (9,000 issues); the company intranet, which is available to 3,500 workers; bulletin boards set up in all offices and operational facilities; and local magazines. Efforts were made in 2014 to strengthen the audiovisual management system, as well as the company's newspapers for sawmills, panel mills and remanufacturing facilities. The "ARAUCO Mobile" app was launched in December to provide easier access to information. The app sends workers relevant corporate news directly to their mobile phones, as well as specific information about each facility.
- **Internal marketing campaigns:** In 2014, the company launched campaigns to communicate the changes in fraud reporting in the Code of Ethics; the Key Rules campaign to reinforce the value of Safety; and a campaign for the "Impeccable Operation" project in the Timber and Panel Businesses, among others.



Participation and Culture

During 2014, the company continued its efforts to increase employee involvement.

Competitive Funds for Employees:

ARAUCO provided Competitive Funds for Employees for the third consecutive year. This initiative encourages company employees to become involved by proposing and developing projects that support local communities in the company's area of influence.

As in previous years, the program received a positive response in 2014:

188
Projects
Submitted

1,276
Employees
Involved

More than 4,000 people used a new voluntary voting method to choose the winning projects.

30
Winning
Projects

ARAUCO Spirit:

In 2014, the ARAUCO Spirit corporate recognition program was implemented for its third consecutive year. This program seeks to recognize company workers who embody ARAUCO's corporate values, setting an example for their co-workers.

A successful campaign was launched in 2014 which increased the participation of workers in the voting process, resulting in over 5,600 votes. This year's award program had 322 nominees, supported by more than 1,600 employees.

5,600
Participating
Workers

322
Employees
Nominated by
their Peers



Reliable Work Relationships

ARAUCO continuously encourages open, transparent and direct relationships with its employees, unions and their representatives, in a framework of mutual respect and in compliance with the company's regulations and current labor legislation.

A positive, harmonious organizational climate is required to maintain strong working relationships. In late 2014, a new Organizational Climate Survey was applied to all ARAUCO employees in Chile, and workers at sales offices in Mexico, Colombia and Peru. A total of 7,054 people were surveyed, which accounts for 85% of all company workers.

The survey's results reveal a change in employees' perception of the work climate: of a top score of 100, the company achieved a global average of 63 points. This score represents a one point increase for positive responses compared to 2013, and a two point decrease for negative responses, which dropped from 18 points in 2013, to 16 points in 2014. The factors which increased the most were "Talent Management" and "Wages and Benefits" -both increased by 4 points-, followed by "Development Opportunities", "Quality of work life" and "Communication", all of which increased by 3 points.

In Argentina, the company carried out its second Climate Survey in May 2014, a survey which is conducted once every two years. Meetings were held with the different work areas/management units of the whole company to communicate the survey's general results and determine Action Plans for areas of improvement that were identified. The focal points for action are: Wages policy, Internal communication, Corporate benefits, Talent management, Development tools, and Workplace conditions.

Starting in 2014, a Climate Survey is conducted in North America every year. This survey forms the basis for a list of actions to be taken at every facility. Actions will be monitored by management teams and employee representatives. The survey conducted in December 2014 had a worker participation of 68%. The global result scored 68 points -of 100- for positive replies and 14 points for negative replies. Action plans to be implemented will be determined in 2015.

Collective Contracts and Agreements

Sound labor relationships are based on the company's corporate values, and their maintenance requires continuous communication, collaboration and participation.

Arauco do Brasil complies with the regulations established in its collective agreements and its current labor legislation and any substantial changes are pre-negotiated with the respective unions. All business units are covered by collective agreements which establish that pre-negotiation is mandatory.

In Chile, ARAUCO promotes an open, honest and transparent relationship of mutual respect with its employees, in accordance with internal and legal regulations. A total of 5,525 workers were affected by some form of collective agreement in 2014, which accounts for 64% of the workforce.

Collective Bargaining Agreements

Countries	% of workers in collective bargaining agreements
Chile	64%
Argentina	47%
Brazil	100%
North America	0%

Management of Contract Workers

A business of excellence requires suppliers and service-providing businesses of excellence. ARAUCO's development strategy focuses on companies that are recognized for their competitiveness, and for their loyal, highly professional workers.

To meet this challenge, the company has worked on different focal points with forestry service-providing businesses, aiming to accomplish the following goals:

- Increase competitiveness of service-providing businesses;
- Support the development of forestry business workers; and
- Contribute to the creation of a positive work climate with forestry entrepreneurs, and between these contractors and their employees.

Chile

1 An initiative that started in 2013 for 25 forest harvesting business entrepreneurs concluded in 2014. During the year, the business owners attended group and individual workshops to strengthen their business through process reviews and the implementation of initiatives focused on strategic planning, quality management and human resource management. As part of the same plan, and with assistance from the Chile Foundation, ARAUCO carried out the second stage of the Contractor Business Development Plan for 30 forestry transport businesses in 2014.

2 For the third consecutive time, ARAUCO assessed the work climate of forestry contractor employees. This evaluation is performed every two years, and guides the implementation of programs and work plans focusing on gaps found during each assessment. The survey covered more than 8,000 forestry employees.

3 Forestry workers were able to complete their elementary and high school education thanks to a Remedial Studies program. In its second year, 95 employees signed up for the program, and 54 later graduated from elementary or high school.

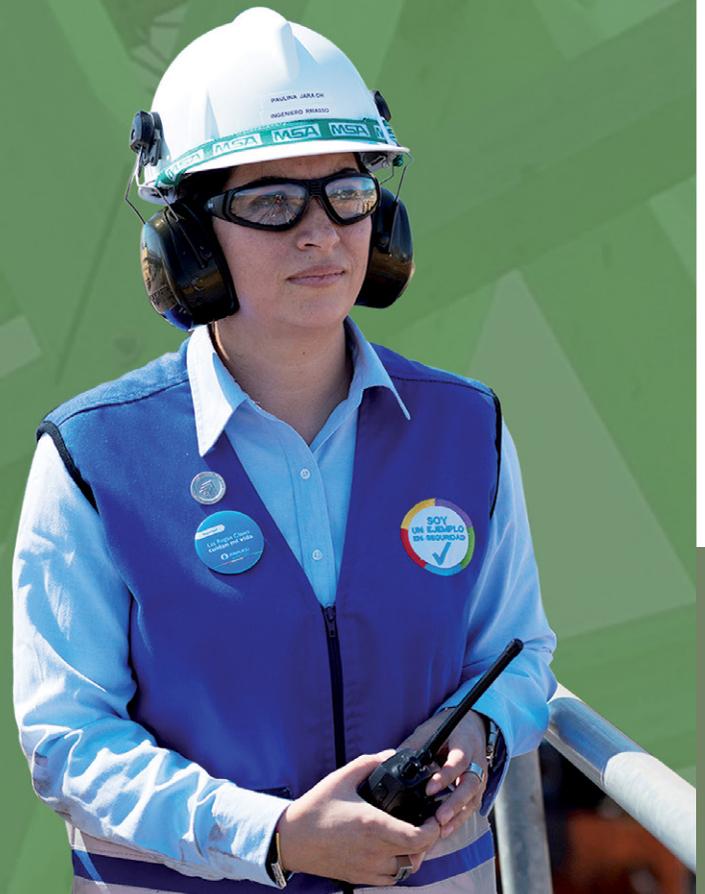
4 A climate survey was conducted for service-providing business owners, to assess perception of ARAUCO. The objective is to promote actions that are closely related to the needs of the business, while also contributing to the development and sustainability of the contracting businesses. More than 250 business owners were surveyed.

5 A Work Skills Training Program was implemented for Forestal Arauco Central and South Areas, with assistance from the Chile Foundation, to develop the technical and behavioral skills of forestry harvest workers and to engage contractors through a practical and operational platform.

Milestones in 2014

6 Forestal Arauco North Area launched the Organizational Harmony Program with Behavioral Risk Management, which was attended by more than 80 people from 21 contracting companies. This initiative seeks to address accident rates in different tasks performed by forestry workers, from a psycho-social and behavioral perspective. The program will be implemented by Ecolider, an organizational consultancy company.

7 The Forestry business area conducted a training program for more than 30 businesses called "Management Tools for Social work". This initiative is part of the "Social Management Plan for workers of Contractor Companies", which includes annual meetings with social teams of service-providing businesses for ARAUCO's Forestry business area.



Occupational Health and Safety

At ARAUCO, safety is at the center of our operation and a priority for every member of the company.

At ARAUCO, the safety of our people always comes first. This commitment includes anticipating any and all actions that may be detrimental to the safety of our workers, in order to minimize the risk of accidents.

Growing Well requires placing the value of safety at the center of the company's operations and as a priority for everyone who works here. ARAUCO's goal is to achieve Zero Accidents at its facilities and forestry operations, and to establish the company as a global reference point regarding Safety, through leadership and a culture of prevention.

Leadership means putting safety first in all decisions, thus mitigating risks from the start, incorporating lessons learned, simplifying and improving processes, and always giving recognition to people who show outstanding behavior in terms of safety. A Culture of Prevention means that our workers understand that a safe job is a job well done, and that their compliance with safety procedures and key rules is non-negotiable. Based on this solid foundation, ARAUCO is committed to providing its workers with a safe workplace environment, as well as all the tools, equipment and training necessary to perform their activities in a healthy and safe manner.

Occupational Health and Safety



In 2014, the total number of accidents at ARAUCO was reduced, but there was an increase in the severity of accidents. During the year, the company mourned the loss of three contract workers at its operations in Chile. Efforts have since been focused on the management of High Potential Risk Incidents, through the implementation of a continuous verification process of potential dangers, generating alerts and treatment strategies for those incidents in all business areas, to communicate the best and most efficient practices in a timely manner, and prevent incidents of this nature from happening again at any of the company's facilities. The EHS Strategic Plan for 2012-2020 was reinforced, establishing goals to attain Zero Accidents and world-class indicators.

Safety

In 2014, ARAUCO's Frequency Rate improved, registering an 8.3% decrease in the number of accidents compared to 2013. However, the company's Severity Rate increased due to the three fatalities. In the risk matrices, special emphasis was placed on High Potential Risk Incidents, generating more opportunities for participation and involvement of workers in the accomplishment of Key Rules, and strengthening management of the Health and Safety Joint Committee.

Accident Frequency Rate by Business

Year	Forestry	Pulp	Panels	Timber
2012	4.4	2.7	2.3	2.7
2013	5.6	5.3	4.4	10.7
2014	6.4	3.9	4.7	8.2

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

Consolidated Performance

Indicator	2012	2013	2014
Accident frequency lost time rate (LTR)	3.7	6.3	5.9
Accident severity rate 1	185.2	239.8	251.9
Accident severity rate 2	517.4	246.5	517.9
Number of work accidents (LTR)	289	500	482
Accident rate	0.75	1.28	1.22
Number of fatalities	4	-	3
Number of work related illnesses	16	14	27

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, Engineering and Construction Management, Logistic Services, Administration offices, Brazil Projects, and the Bossetti Logistic Center in Argentina.

Key Rules that Save Lives

During 2014, ARAUCO conducted an internal campaign to reinforce employees' compliance with Key Rules. The campaign included a number of actions such as: presentations made by facility managers and forestry area managers to workers; a special edition of the "Arauco Voices" newspaper focusing on safety; videos for cafeteria workers; billboards placed at production facilities; posters and a video contest titled "This is how we apply the Key Rules in our lives".

Seguridad
SIEMPRE, LO PRIMERO

Nuestras 4 Reglas Clave cuidan tu vida



REGLA
1

DISTANCIA DE SEGURIDAD

Mantén siempre una distancia mínima de seguridad en:

- Maniobras de Volteo: dos veces la altura del árbol.
- Canchales: cinco metros de cualquier equipo en movimiento.
- Líneas de maderreo: distancia igual o superior al trazo más largo estrobadado.



REGLA
2

MOTOSIERRISTA SEGURO

- Ejecuta el volteo siempre en forma individual.
- Informa a tu jefe directo de condiciones especiales de riesgo (cárcavas, dormidos, árboles cogidos, dañados y/o tensionados, picados, inclinados o "perales") antes de proceder al volteo.
- Nunca uses motosierras con fallas en cinta de freno para bloqueo de cadena, tope o parador de cadena, bloqueador o seguro del acelerador o manilla de protección.
- Construye al menos una vía de escape en dirección diagonal y opuesta a la caída del árbol antes de iniciar el volteo.



REGLA
3

ESTROBERO SEGURO

- En operaciones de maderreo intervén sólo cuando el Skidder o carro de maderreo esté completamente detenido y hayas sido autorizado por el operador del equipo o el jefe de línea.
- Manipula los estrobos sólo cuando no estén siendo accionados por la torre.



REGLA
4

OPERADOR Y CONDUCTOR SEGURO

- No intervengas equipos funcionando o partes en movimiento.
- Intervén equipos y/o sistemas sólo cuando estén bloqueados y aisladas sus energías.
- Realiza trabajos en altura utilizando arneses de seguridad, con su respectiva cuerda de vida.



ARAUCO
Sembremos Futuro

Seguridad
SIEMPRE, LO PRIMERO

Nuestras 5 Reglas Clave cuidan tu vida



REGLA
1

SUBE SEGURO

Realiza trabajos en altura utilizando sistema de detención de caídas.



REGLA
2

TRABAJA SEGURO

No intervengas equipos o partes en movimiento.



REGLA
3

INGRESA SEGURO

Ingresa a espacios confinados sólo con autorización por escrito del personal responsable.



REGLA
4

INTERVIENE SEGURO

Interviene equipos y/o sistemas sólo cuando estén bloqueados y aisladas sus energías.



REGLA
5

CAMINA SEGURO

En áreas de circulación con maquinaria transita sólo por zonas demarcadas o con autorización del responsable del área.



ARAUCO
Sembremos Futuro

Milestones in 2014

Chile

- 1 More than 8 hours of safety training was provided to 34,987 company workers and contract workers, throughout the company's business areas.
- 2 The EHS Corporate Management unit conducted three safety audits across the organization, and nine audits in specific units or addressing specific issues.
- 3 Communication and implementation of the Impeccable Operation Program. This program aims to prioritize safety, standardization and ongoing improvement of the company's processes, through the participation of employees and their compliance with operational standards.
- 4 Adoption of Key Safety rules for Forest Firefighters, which were developed by Working on Fire Chile Ltda., a company that provides services for fire prevention and suppression for ARAUCO, in collaboration with a multidisciplinary team comprised of internal and external experts.

Argentina

- 1 A follow-up plan was developed for actions and tasks performed by medical services at Operational Units. The plan optimizes medical attention for injured people, and includes a follow-up of cases, having a positive impact on the company's Severity Rate and the opinion of workers involved.
- 2 Crisis management plans for each operation were consolidated. Procedures that had been defined in previous years were put in place, and tasks were improved. All plans were revised and improved, strengthening action groups and suitable responses to these events.
- 3 First installation of the "Automatic Truck Tarp System", which eliminates incidents related to truck tarp covering and reduces operational costs. This system will be installed at all points of dispatch for the company's finished products where cargo is covered with tarp.

Brazil

- 1 Areas of accident risk at the Araucaria and Pien units were assessed following the Hazard and Operability Analysis (HAZOP). As a result, in 2014, fifty preventive actions against severe events (SIF) were recommended.

- 2 Implementation of pilot programs for two tools to sustain safe working habits and consolidate EHS procedures: Cascading Safety for the Leadership group, covering functions for which people management is the primary focus; and Habits 101 for the Operation group, that includes functions for effective execution of in-field tasks.
- 3 The crisis management program was strengthened, with an aim to technically review how to approach a crisis situation. All support material was reconstituted, in-line with local practices.

North America

- 1 The Occupational Health and Safety Assessment Series (OHSAS) certification was obtained.
- 2 The Fire Audit Program was implemented. This system evaluates fire prevention programs, and resulted in a 20% reduction in fire incidents in 2014, compared to 2013.
- 3 Sault St. Marie and Bennetsville MDF mills completed a year with no incidents, and the Malvern mill completed two years with no incidents.

Occupational Health

It is essential for ARAUCO to have an organizational culture that provides the highest possible physical, mental and social well-being for its workers, fostering health and safety at work and a positive organizational climate that ensures the company's competitiveness, productivity and sustainability.

This area falls under the Occupational Health Plan, which provides a regulatory framework for occupational health issues in all the company's business processes. The aim is to ensure healthy conditions in the workplace, and thus optimize the performance of ARAUCO employees and service-providing business employees. The plan also aims to prevent work-related illnesses and protect workers from health risks in the workplace, thus enabling healthy operations over all.

Chile

- 1 Occupational Hygiene Assessments were conducted with the participation of 1,705 workers. Assessments in the pulp business area included noise, wood flour, and metal fumes. Assessments in the Timber and Panel businesses covered noise, wood flour, formaldehyde, ionizing radiation and silica. In addition, qualitative and quantitative noise assessments were conducted in the Forestry business.
- 2 Continuation of the medical surveillance program related to agents which are considered critical. A total of 5,489 employees participated in the program.
- 3 A program fostering a culture of health was launched for the Forestry business. Termed "Culture of Health: take the healthy road", the program promotes healthier habits among forestry drivers of service-providing companies that work with ARAUCO, to change sedentary routines. During 2014, 1,630 employees participated from different transport companies that provide services to ARAUCO.
- 4 A pilot cultural program was launched for the Valdivia industrial area termed "Culture of Health, advice for a happy life". The program focused on three aspects: healthy diets, physical activity and healthier habits. During 2014, 1,200 employees took part in the pilot program and an Action Plan was developed for 2015.



Argentina

- 1 Elements such as noise, lighting, vibrations, thermal load, ventilation, formol and methanol fumes, formaldehyde, toluene, and substances that increase sensitivity of the respiratory tract were monitored at different company units.
- 2 Plans for ergonomic studies were developed and, based on recommendations, improvements were made in how tasks are carried out.



At ARAUCO, we aim to provide conditions that promote the highest possible degree of physical, mental and social well-being of our employees.

Joint Committees

ARAUCO has joint committees on health and safety in Chile, Argentina, Brazil and North America to 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.

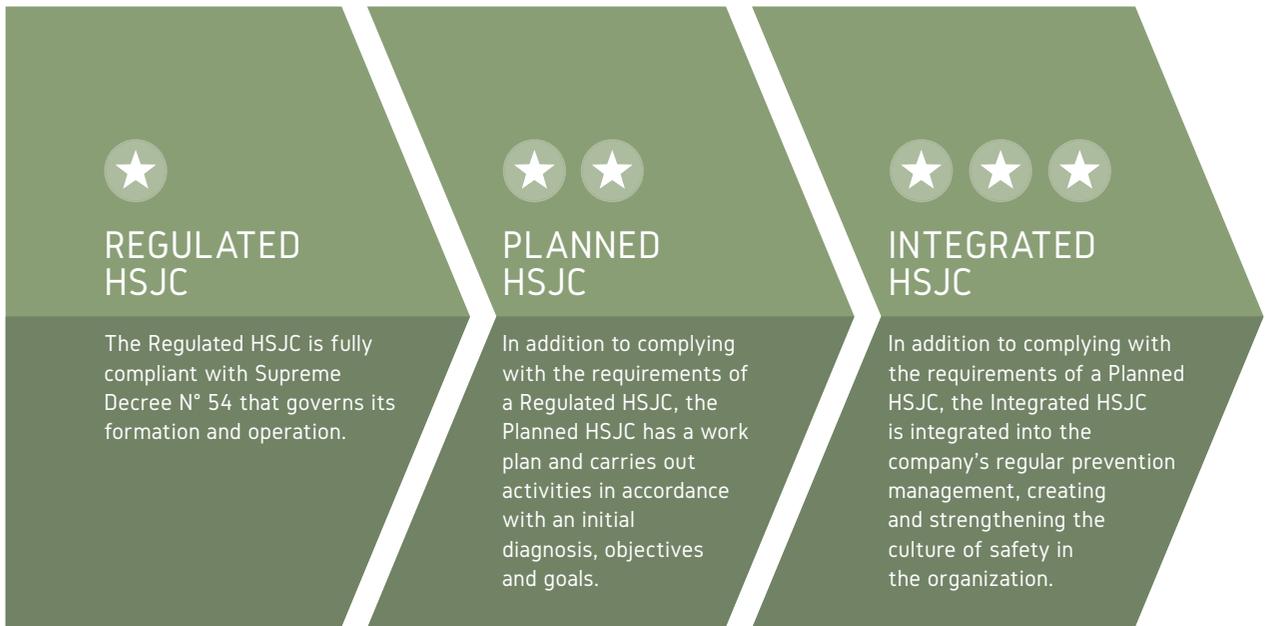
In 2014, ARAUCO worked on clarifying the Role of Committees. The objective is for all HSJC to be proactive, independent, exercise leadership and strive for excellence. With this in mind, the company defined four guidelines to steer their management:

- 1 FOCUS ON HIGH POTENTIAL RISKS:** Focus efforts on the identification and timely management of high potential risks, because they are the source of severe accidents.
- 2 IDENTIFY THE ROOT CAUSE:** Investigate incidents with a goal of identifying the root cause of the problem, to then solve it and remove the cause.
- 3 INTEGRATED WORK:** The committees are managed in conjunction with supervisors, safety experts, safety cooperatives, and employees to ensure that all steps are taken to prevent accidents from recurring. The committees are encouraged to be part of the team that creates and strengthens a culture of prevention within the company.
- 4 EMPLOYEE INVOLVEMENT:** One of the functions of the committees is to guide and teach employees when the need arises. This relationship with the employees also means having opportunities for participation in which they can express their opinions and participate in committee procedures.



In Chile, a management model for Joint Health and Safety Committees was created during 2014. This model ensures the efficiency and ongoing improvement of the work carried

out by committees in the company and in service-providing businesses. The model considers joint committee levels:





In addition, ARAUCO has a Crisis Management Model in place, to face crisis situations that pose a threat to personnel safety, business continuity and the company's corporate image. In this model, teams are organized under a simple and flexible structure, with procedures for coordinated and prepared action. It also allows the company to learn from crisis situations that have occurred at its facilities. Crisis committees are organized as follows:

- K1: The Corporate Crisis Committee is the strategic command that guides crisis situations at the corporate level in ARAUCO. This committee establishes policies, objectives and priorities, and makes strategic decisions. Together with the K2 committee, it takes action if the need arises, and ensures compliance with the company's conceptual framework. During emergencies that require external support, this committee actively guides crisis management.
- K2: Crisis Committee per facility or Industrial Forestry Complex; this is the tactical command level that manages emergencies at the local level. During crisis situations, it ensures compliance with the company's commitments, coordinates support or other needs with K1, reports on decisions or actions taken and maintains communica-

tion with authorities and local communities. In addition, this committee performs continuous assessments and follow-up on possible crisis situations, controlling and consolidating the emergency plans in place at facilities or Industrial Forestry Complexes. K2 adopts measures to re-establish operations when necessary. This committee is the first to respond when an emergency requires external support at a facility, continuously reporting to K1.

- K2 in Chile (11): IFC Constitución, IFC Cholguán, IFC Nueva Aldea, IFC Horcones, IFC Valdivia, ADSA Lampa, MDP Teno, Licancel Pulp mill, Viñales Timber, Concepción Offices, Valdivia Forestry.
- K2 in Argentina (4): Resin Facilities, Zárate Panel mill, IFC Piray, Puerto Esperanza Pulp mill (in development).
- K2 in Brazil (4): Araucaria Resin Facility, Pien Panel mill, Jaguairava Panel mill, Forestry.
- K2 in Uruguay (2): Punta Pereira Pulp mill (includes port), Logistics (includes Fray Bento).

Chile

1 The second HSJC Conference was held in Chile, attended by 34 Committees from different businesses. At the conference, actions were coordinated to strengthen committee roles, share best practices and gain further knowledge. The Committees that attained the HSJC Systems Management certification received recognition for striving towards excellence, promoting best practices and continuous improvement.

2 The Committee at the Valdivia pulp mill motivated the production of a guidebook titled “Safety Elements Information Sheet for the use of Tools, Machines, materials and personal protection elements”. The purpose of the guidebook is to teach employees the proper use and handling of these safety elements.

3 ARAUCO employees were acknowledged by the Labor Safety Institute (IST) in the National Contest “Living Prevention” for the “Safety Rap” composed by workers at the Trupán Cholguán plant, and the “42 Safety Excuses” conducted by the HSJC at the El Cruce sawmill.

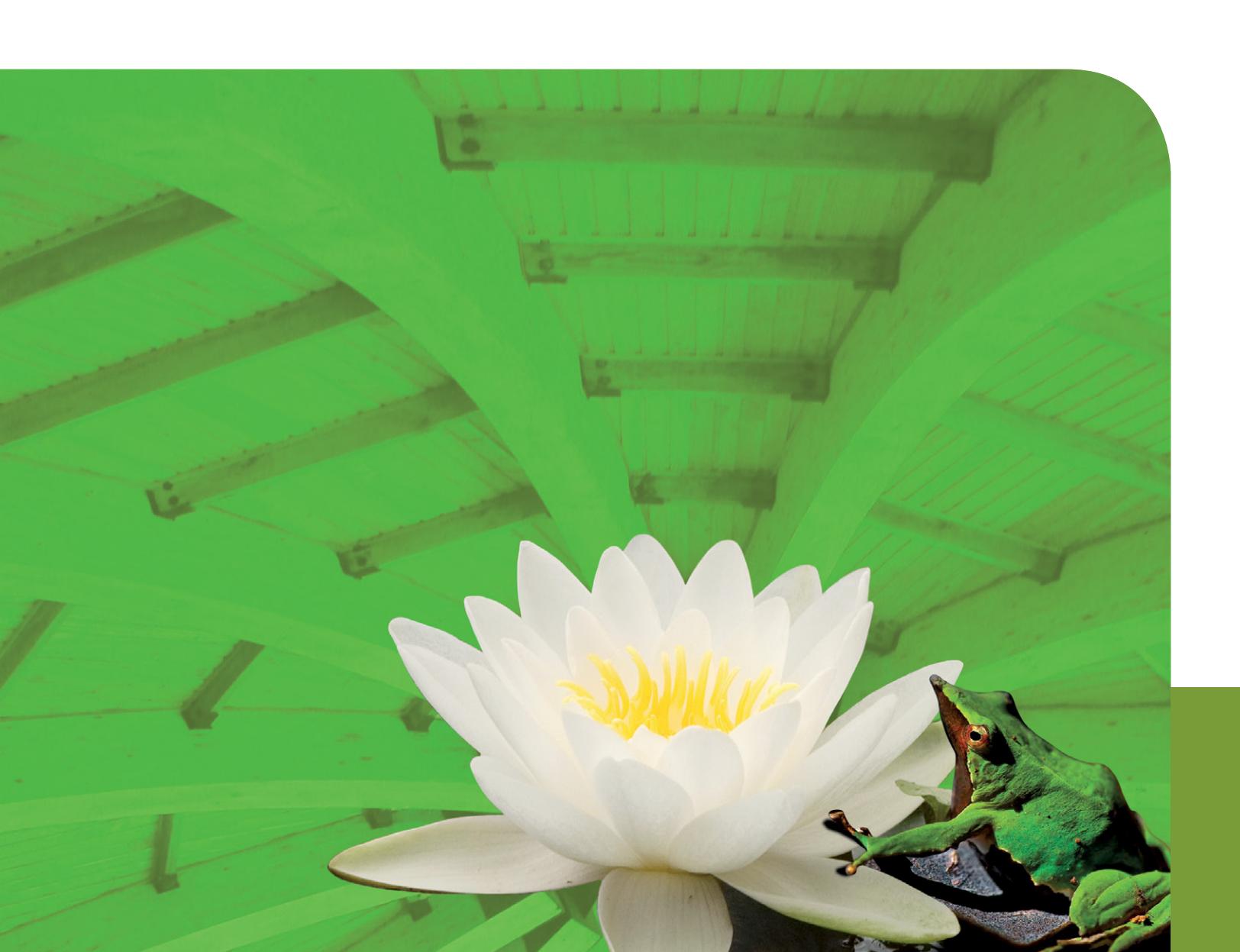
Milestones in 2014

Argentina

1 The Annual Prevention Plan was produced in conjunction with prevention delegates and company representatives.

North America

1 The Moncure, St. Stephen and Malvern mills made progress in their ISO 14001 certification processes.



Environmental Management

At ARAUCO, we are committed to the environment through the responsible management of our operations and the development of programs to protect, conserve and monitor biodiversity.

Caring for the environment and natural resources is very important for ARAUCO. The company is committed to applying best practices using the latest technology; understanding and protecting ecosystems; working with standards that ensure continuous improvement of the company's environmental performance in its facilities and forestry operations; as well as the sustainable use of soil and water, and the conservation of biodiversity.

The company's forestland is the foundation of ARAUCO's business models. It carries out the natural function of storing carbon, capturing CO₂ from the atmosphere and releasing oxygen into the air, thus contributing to the reduction of greenhouse gases and mitigating the effects of climate change. Considering that climate change has become one of the most significant

challenges currently faced by humanity, ARAUCO has developed a number of additional measures along the value chain to mitigate the effects of climate change. Among such measures are internationally validated CDM projects, participation in the voluntary carbon market and collaboration with several research centers on sustainability and the environment.

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 oversees the environmental monitoring of biodiversity in the forestry area, and research programs, such as PIMEX Nueva Aldea, to ensure compliance with environmental permits at industrial facilities.

Environmental Management

During 2014, ARAUCO invested US\$ 82 million in environmental improvements, which include, among other initiatives, the research, control and management of hazardous waste and energy optimization of water, and the control and management of gas emissions from industrial processes.

For better comprehension, the environmental chapter was divided into two sections, one addressing the impacts of ARAUCO's Forestry business and the other addressing the impacts of its industrial facilities.

Forestry Business Environmental Performance

ARAUCO is an industry that aims to maximize the value of its forestland through environmental best practices and the highest sustainability standards. Planning the forestry cycle forms the foundation for all the company's operations, from supplying its own industrial facilities to the sale of timber and finished products on the world market. In this sense, ARAUCO manages its plantations, protects its native forest and manages the impacts of its operations in a manner that is socially, environmentally and financially responsible.

In Chile, Argentina, Brazil and Uruguay, ARAUCO complies with international standards for the responsible management of its forests, and conducts applied research on the full use of its plantation resource.

2014 Forestry Business Environmental Indicators

Business	Aspect	Measurement unit	2012	2013	2014*
Forestry	Use of input material				
	Insecticide	ton/year	57.8*	53.1*	-
	Herbicide	ton/year	236.4*	276.0*	240.8
	Additional compounds	ton/year	7.6*	9.8*	3.7
	Fertilizer	ton/year	2,106.6*	3,472.2*	2,179.5
	Fungicide	ton/year	1.31*	2.1*	1.1
	Surface water consumption	m ³ /year	2,509,164	2,429,833	2,465,921
	Ground water consumption	m ³ /year	1,631,243	1,587,252	1,874,714
	Total solid waste	ton/year	170.6	190.8	55.9
	Hazardous waste	ton/year	79.7	56.8	50.5
Non-hazardous waste	ton/year	90.9	68.2**	5.3	

* Includes only Chile

** Does not include Argentina

Forest Protection

To protect forestry systems and resources, the company focuses on three main areas: protecting and respecting biodiversity present in its forests and High Conservation Value Areas (HCVA, also abbreviated "AAVC" in Spanish); protecting the native forest and creating a value proposition for it; and maintaining programs for forest-fire prevention and forestland protection.

Biodiversity

ARAUCO is committed to the maintenance and improvement of ecosystems. The company's Biodiversity Policy focuses on the assessment and management of the impacts of production on biodiversity. This policy includes programs that follow different lines of research, as well as protocols with specific indicators for the management of biodiversity and ecosystem services.



For ARAUCO, every forest area contains an environmental or social value. Areas of exceptional or critical importance are designated as High Conservation Value Areas (HCVA's). In this context, the company maintains programs to research ecosystems and protect endangered species, as well as programs to preserve cultural and religious sites of interest to 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, and to control exotic species in conservation areas, among other initiatives.

In Chile, the company owns over 59,600 hectares (147,275 acres) of high environmental value areas and has implemented a restoration plan for an additional 25,000 ha (61,776 acres). The emphasis of this plan is on learning through restoration trials conducted in different areas by several academic teams. This challenge requires scientific and technical knowledge, but also local ecological know-how and the active participation of stakeholders. There

are currently 506 ha (1,250 acres) under the annual program to restore harvesting sites that were established on converted land, as well as land that has been damaged by forest fires, throughout the Maule and Los Ríos regions.

One of the outstanding pilot projects in this area was conducted in the Lanco commune by Dr. Cecilia Smith Ramírez (Austral University of Chile) and Dr. Rodrigo Vargas (La Frontera University), who worked on ecological native forest restoration. Another project is being conducted in the Florida commune by Dr. Marcela Bustamante (University of Concepción) looking at the development of functional plants to be used in restoration processes.

During 2014, the Consultation Council for High Conservation Value Areas - an independent body sponsored by ARAUCO - continuously worked to implement a number of recommendations for Forestal Arauco to include in a Comprehensive HCVA Management Plan, to be presented during the first semester of 2015.

Monitoring Biodiversity

The Biodiversity Monitoring Program continued during 2014 in ARAUCO's HCVA's, demonstrating the importance of these areas for the conservation of several species that are currently threatened.

Chile

Nahuelbuta Orchids

During 2014, a survey was carried out to determine the presence of orchids in the Nahuelbuta Corridor. Twenty different orchid species were found, among them *Chloraea cuneata* and *Chloraea volkmanni*, which are classified as critically endangered, and *Bipinnula volckmannii*, classified as vulnerable.

Darwin's Fox

During 2014, the presence of Darwin's Fox was registered in Parque Oncol, a wild protected area established by ARAUCO in 1989 on the coast of the Valdivia province. Darwin's Fox is a critically endangered species, whose presence has also been registered in the Nahuelbuta mountain range by a monitoring program that started in 2011 in which ARAUCO is also involved.

Argentina

Yaguareté

Since 2002, researchers from institutions such as the National Council for Scientific and Technical Research (Conicet) have been developing the "Yaguareté" project in the province of Misiones. This project aims to monitor the population of the *Panthera onca* in the Atlantic Forest. During 2014, the project continued to collect information using camera traps, and of a total of 41 individuals that were photographed in sample areas (31 adults and 10 cubs), 22 were sighted on ARAUCO's land, including 5 females with offspring and 7 cubs.

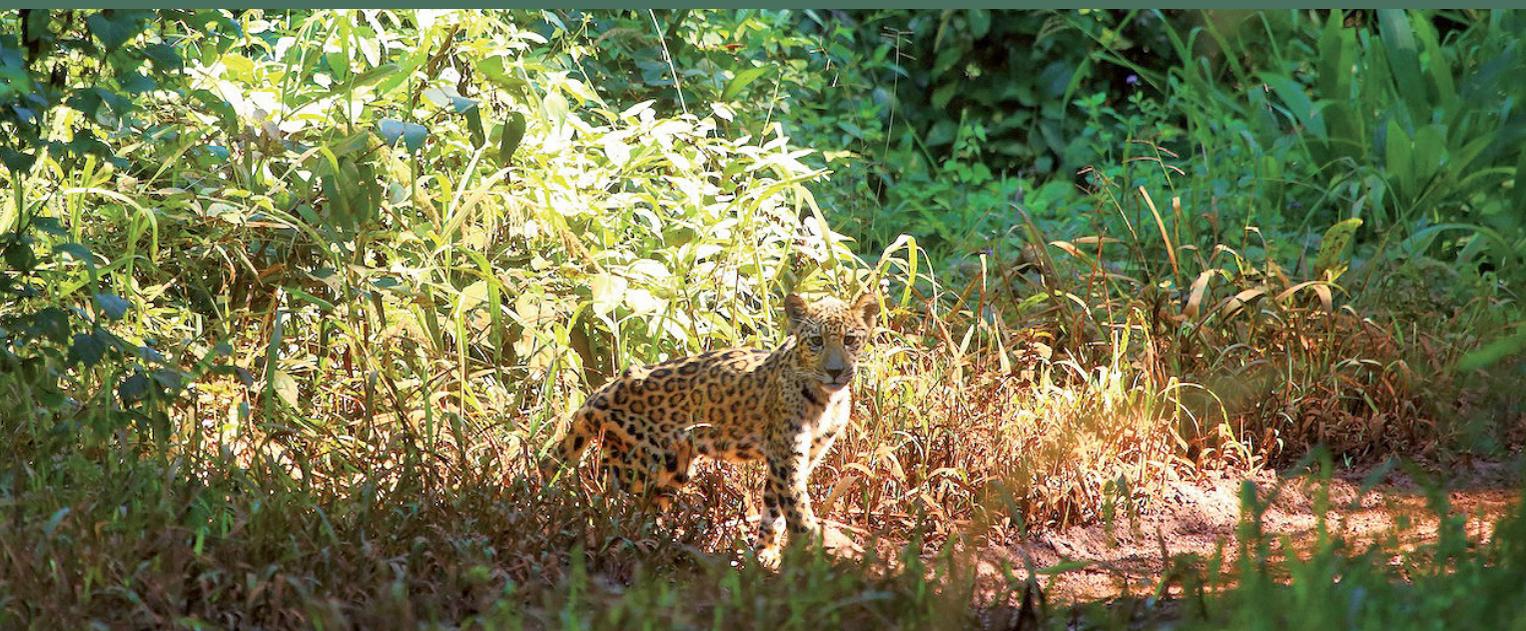
Brazil

Araponga

The flora and fauna of HCVA Gruta do Pinhalzinho was monitored in 2014, identifying 77 species of flora, 6 of which are classified as threatened species; 11 species of mammals, 3 of which are classified as threatened species; and 103 bird species, 32 of which are endemic to the Atlantic Forest and 2 of which are classified as threatened species. Among the latter is the Araponga (*Procnias nudicollis*), a bird that is classified as vulnerable.

Araucaria

Monitoring activities of flora and fauna conducted during 2014 in HCVA Barra Mansa Natural Heritage Private Reserve identified 64 species of flora, including 4 that are classified as threatened species; 104 bird species, 28 of which are endemic to the Atlantic Forest; and 8 mammal species, 2 of which are classified as threatened species. Among the species of flora that were identified are the Araucaria (*Araucaria angustifolia*), a species that has been classified as critically endangered by the IUCN.





Chile

- 1 Monitoring activities began for Ichthyofauna and macroinvertebrates in ARAUCO's priority watersheds and monitoring activities began for the Huillín at the HCVA Huillín de Caupolicán.
- 2 A Conservation Plan for the Pitao, an endemic tree, was produced in collaboration with Conaf. This plan contributed important information about records of this species' presence in ARAUCO's forestland.
- 3 A baseline was established and monitoring activities were initiated for the amphibian populations of *Alsodes norae* and *Eupsophus altor* in Parque Oncol. *Alsodes norae* is an endangered species and a small population was found in just one area of the park. *Eupsophus altor*, on the other hand, is an abundant species found in four areas of Parque Oncol.
- 4 A population of the critically endangered plant species *Adesmia bijuga* was reported in 2008. Another two populations were found in 2014, one of which is located within ARAUCO's forestland.
- 5 The presence of orchids was surveyed in Nahuelbuta, and twenty orchid taxa were found.
- 6 The company endorsed the production of the documentary film: "Huemul, the Shadow of a species", that shows the different biological cycles of the huemul throughout a full year of filming.
- 7 Parque Oncol and neighboring communities created a public-private initiative to protect wild fauna and sheep farming activities, seeking to mitigate the conflict between sheep farming and wild and naturalized carnivore species. This initiative is part of the Territory Engagement Program that ARAUCO has been developing since 2011, under the company's Management and Conservation Plan. The initiative includes joint work with social organizations and neighbors to consolidate Oncol as a center for biological conservation, environmental education and sustainable economic development.
- 8 The presence of Darwin's Fox (Critically endangered) was registered at Parque Oncol, and the presence of the ColoColo cat (Vulnerable) was registered in HCVA Huemules de Ñuble.



Milestones in 2014

Argentina

- 1 Photographic monitoring with camera traps registered 22 Yaguareté (*Panthera onca*) individuals on ARAUCO's land, including 5 females and their offspring, and 7 cubs.
- 2 Photographic records were obtained (as part of the "Yaguareté" project) of 2 Pitoco fox (*Speothos veneticus*) individuals. This species is classified as near threatened and was declared a natural monument of the province. Its last sighting dates back to several years ago, in the province of Misiones.
- 3 Environmental studies and assessments conducted during 2013 and 2012 led to the creation of an HCVA in two FMU (Forest Management Units) sites of the delta: Isla Victoria and San José, thus bringing the total number of HCVAs to 42, of which 10 contain relevant environmental attributes.

Brazil

- 1 The Biodiversity Conservation Plan in all forestry regions (Arapoti, Campo do Tenente, Sengés and Tunas do PR) was finalized. This plan was developed with the NGO The Nature Conservancy (TNC) and included spatial analysis of all natural forest remnants using GIS tools and software such as Landfrag, Corridor Designer and LegalGeo. Threats and potential impacts on biodiversity conservation were identified and assessed, and suggestions were made to improve environmental management and monitoring.
- 2 The number of HCVAs in Forestal Brasil was increased from two to nine, as a result of work carried out according to the Biodiversity Conservation Plan. The areas are distributed throughout all the regions and encompass a surface of 6,812.3 ha (16,833 acres). The development of a plan for management, protection, and monitoring, and the conclusion of the public consultation are planned for 2015.
- 3 Monitoring activities were conducted for flora and fauna at HCVA Gruta do Pinhalzinho, identifying 77 species of flora, 6 of which are threatened; 103 bird species, 2 of which are threatened; and 11 mammal species, 3 of which are threatened.
- 4 Monitoring activities were conducted for flora and fauna at HCVA Barra Mansa Natural Heritage Private Reserve, identifying 64 species of flora, 4 of which are threatened; 104 bird species; and 8 mammal species, 2 of which are threatened.

Relevant Aspects in Biodiversity

Country	Native Forest Surface		% of native forest over forestland	High Conservation Value Areas		Type of HCVA	
	In hectares	In acres		In hectares	In acres	Biological	Social, cultural or religious
Chile	210,275	519,601	20%	59,561	147,178	37	69
Argentina	115,559	285,553	46%	64,923	160,428	10	32
Brazil	63,504	142,876	44%	6,812	16,833	7	2

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	3	5	-	1	-	1
Endangered	34	38	3	2	-	2
Vulnerable	28	87	5	2	5	4
Near threatened	2	13	7	2	10	2
Least concern	-	16	41	-	-	3
Provincial protection	2	9	10	14	1	-
Total	69	168	66	21	16	12



Native Forests

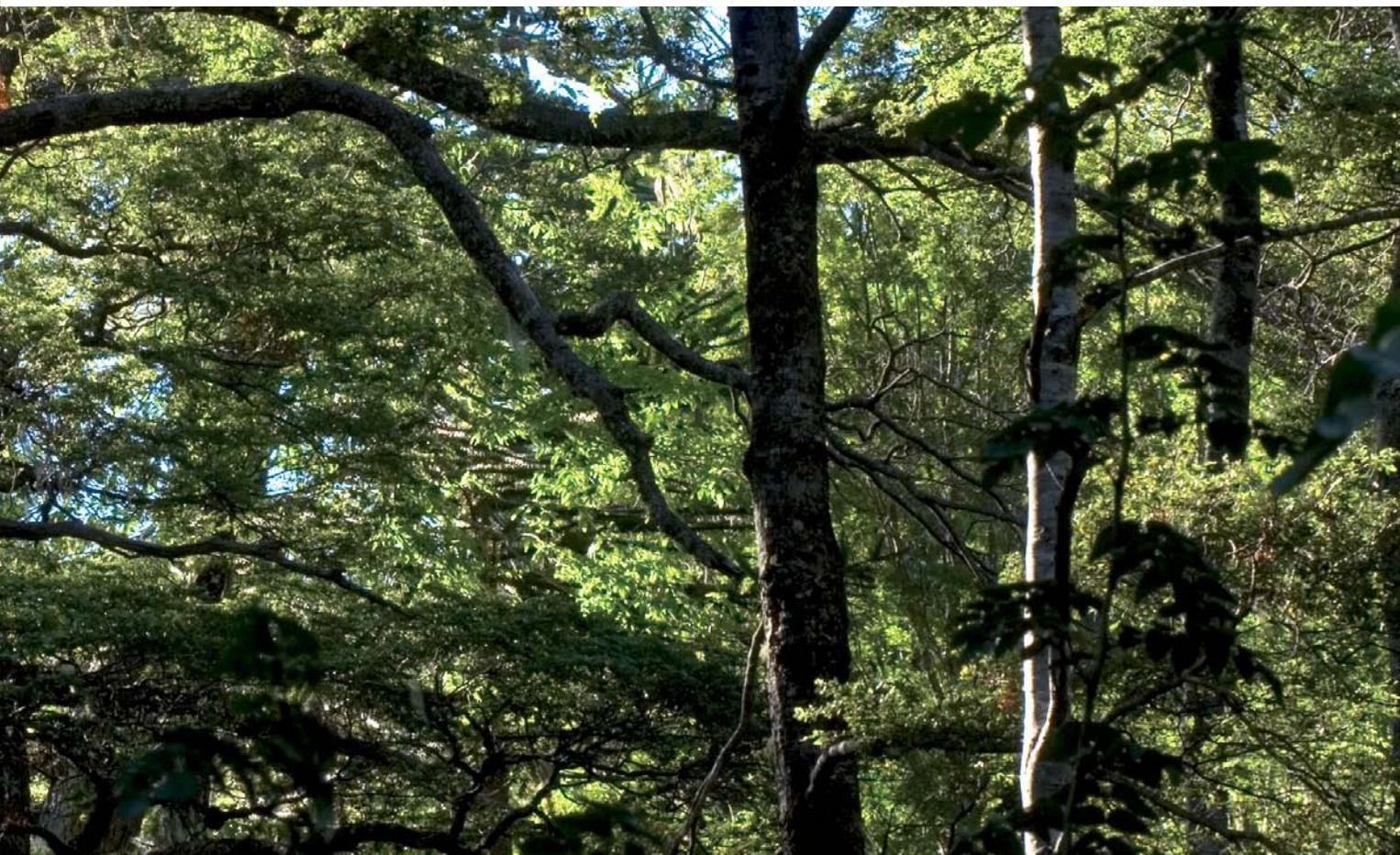
ARAUCO seeks to add value to native forests in the countries in which it operates. In recent years, the company's native forests have undergone a progressive and permanent process of characterization to describe the different types of native forests, their structure and the composition of resident species,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

In Chile, the company owns 210,275 ha (519,601 acres) of native forests. More than 90% of its surface has been surveyed to determine the composition of its flora, its vertical structure and its species dominance. In Argentina, ARAUCO owns 115,559 ha (285,553 acres) of native forests that account for 43% of its forestland in that country. More than 63,504 ha (156,922 acres) of its native forests are located across four large mountainous areas that have been designated as HCVA's and about 64,000 ha (158,147 acres) are natural areas of forestland that protect water courses, slopes and ecological corridors. In Brazil, ARAUCO owns 57,830 ha (142,901 acres) of protected native forests distributed across regions Arapoti, Campo do Tenente, Sengés and Tunas do Paraná.

During 2014, ARAUCO made progress with its Restoration Plan, in line with criterion 10.9 of the FSC® Certification Standard for Forest Plantations. Currently, stage 1 of the plan (2012-2015) is underway, focusing on restoration trials of native forest, a program which is due to be scaled up beginning in 2016. The first trials designed by Bioforest have been implemented during this period. In addition, harvested land established on converted sites was incorporated into the restoration plan, as part of the annual plan, as well as land affected by forest fires.

Restoration requires scientific and technical knowledge, but also local ecological know-how and the active participation of stakeholders. During 2014, the first pilot program for participatory restoration was carried out at the cultural HCVA at Elicura.

Forestal Arauco FSC License Code: FSC-C108276



Forestland Protection and Forest-Fire Prevention

ARAUCO's programs for the prevention and suppression of forest fires have been set up to maintain the integrity of all of its forest holding, including forest plantations, protected areas, and their biological diversity.

The implementation of Forestland Protection programs prevents and reduces real and potential impacts of illegal and unauthorized activities such as timber theft, hunting, fishing and other illicit activities on company sites, and also provides logistical support to the Forest-fire Program and other areas.

Forestland protection also includes research programs on Phytosanitary Protection, which are being developed by Bio-forest. The Integrated Pest Management program seeks to prevent economic damage caused by pests in the company's forestland and includes surveillance, diagnosis, assessments and measures to control pests and diseases.

The Fire Protection and Suppression Program aims to prevent, detect and suppress forest fires, reducing their impact should they occur. The company budgeted more than US\$ 29.8 million for fire prevention and suppression in its forestry operations during the 2014-2015 season. This amount reflects allocations for Chile, Argentina, and Brazil, and covers expenses for the equipment of trained firefighters, air and land infrastructure, dispatch centers equipped with state-of-the-art assessment and control systems, and procedures based on international standards which were widely disseminated within the company.

Considering that about 70% of the fires that affect the company originate on land owned by third parties, ARAUCO maintains information and prevention programs in all the countries in which it operates. These programs are conducted in conjunction with civil and State agencies to raise environmental awareness for fire prevention through workshops held in schools, community support operations, door-to-door visits, risk situation control and the promotion of silviculture land-management techniques such as grinding harvest waste, pruning, branch cutting, and the construction of firebreaks.

In Chile, during 2014, over 12,000 people attended training talks and operations held at community associations on issues such as "The economic cycle in forestry" and "The importance of forest-fire prevention".

A New, more Sustainable and Participatory Action Plan

In 2014, an unprecedented Action Plan was developed in Chile, which has obtained very good results. It essentially seeks active participation of community members and other civilian stakeholders, such as municipalities, State agencies (Conaf), community associations, schools and others, to participate in the design, actions and activities for fire prevention. This program has established agreed measures such as firebreaks with a minimum width of five meters, less tree density between plantations and housing; and a reduction of the amount of combustion material under a canopy, among other measures.

Technical roundtables were established in the Maule and Biobío regions to support prevention activities. This initiative aims to produce a prevention model in collaboration with authorities, competent agencies, private businesses and the community, to identify and manage risk situations in prevention, coordinate local action, foster ongoing communication, ensure accessibility and implement preventative actions in the forestland.

In parallel, the company conducts in-field actions to maintain a "Safe Forestland", which includes clearing land, building firebreaks, and crushing the surplus of forest products (branches, etc.) to reduce the risk of forest-fires.

The company also has a fire-detection system in place that quickly locates fire hotspots that may threaten or affect its land or assets. Material and human resources are always on hand to combat forest-fires and the company has a VHF radio-communication system with full coverage of its forestland to coordinate actions.



Forest Fire Protection Plan Resources

Type of resource	Chile	Argentina	Brazil (*)
Towers	121	17	11
People in Surveillance and Protection	36	15	212
Firefighting brigades	94	8	2
N° of Firefighters	829	40	14
Trucks	18	10	16
Skidders	7	-	-
Airplanes	9	-	-
Helicopters	11	-	-
Support vehicles	-	-	22
Others (**)	-	-	1,539
Total Budget (in US\$ million)	25.7 millones	853,660 (**)	3.2 millones

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

(**) Fire protection budget doesn't include forest rangers.

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

Forestland Impacted by Forest Fires

	2012-2013		2013-2014	
Number of events				
Chile	1,603		1,940	
Argentina	119		128	
Brazil	85		26	
Total	1,807		2,094	
Number of hectares (acres) burned				
	In hectares	In acres	In hectares	In acres
Chile	243	600	9,589	23,694
Argentina	148	366	257	635
Brazil	NA		70	174
Total	391	966	9,916	24,503

Chile

1 During the 2013-2014 season in Chile, there were 1,940 fires that affected over 9,500 ha (23,475 acres). These figures represent a considerable increase compared to the previous season, and reinforce the need to focus on forest-fire prevention and control.

2 More than 12,000 people attended workshops and environmental education presentations.

3 Technical Roundtables were established in the Maule and Biobío regions attended by authorities, relevant agencies (Conaf, Fire Department, Police, etc.), private businesses and the community, to identify and manage risk situations in fire prevention, to coordinate local actions and maintain permanent communication, and to provide access and implement preventative actions in the forestland.

4 A program was implemented to train army recruits as wildland firefighters. Over 80 recruits underwent a skills training process.

Milestones
in 2014

Argentina

1 During the 2013-2014 season, there were 128 fires on ARAUCO's property and six on nearby property owned by third parties.

2 The Education Program in Rural Schools taught 5,000 children about fire prevention.

Brasil

1 There were 26 fires that affected the company's own forestland and nearby communities, of which 23 started within the area managed by the company. The fires affected a total of 70 ha (174 acres).

Soil Management

As part of ARAUCO's Integrated Management System, the company seeks to minimize erosion and soil damage caused by its operations, based on a soil fragility assessment. Soil fragility is a concept that considers aspects such as land movement, compaction, rutting and water-logging.

To evaluate harvesting scenarios which could have a greater impact on the soil, the company has started using a rutting map. This map includes variables such as apparent density, percentage of clay, percentage of organic matter, and slope. In addition, water-logging maps are being used to provide information for 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 implements measures to prevent or minimize soil compaction when the harvest of a plot or plantation stand is being planned. These measures aim to reduce soil damage, and avoid passing over water-courses, protection areas, areas that can become water-logged, or areas with a low load-bearing capacity. In certain cases, these measures justify the use of cables for extraction. In addition, compaction is monitored, and in the Misiones province, erosion is measured as a loss of soil, caused mainly by intense rainfall on unprotected soil.

Water Management

The Integrated Management System also aims to protect water courses. Plants, as well as soil and subsoil, play an essential regulating role in the hydrological cycle. While plants absorb water for their growth and transpiration, the structure of their foliage also facilitates the collection of rainwater and its return to the atmosphere. Soil and topography, for their part, determine the amount of water in the system and how long it remains there.

In Chile, during 2014, pilot projects were developed on rainwater runoff from roads, to verify aquifer recharge. Also, in the context of social innovation, ARAUCO developed a pilot cooperation program to provide communities near forestry sites with access to water, thus promoting collaborative projects that help improve living conditions for these communities.

In Argentina, during 2014, restoration actions for watersheds and other sensitive areas were continued. Over 125 ha (309 acres) were set aside from production and added to the riparian area restoration process, bringing the total restored area to 2,950 ha (7,290 acres) in eleven years. Activities include the setting-aside of production areas for the restoration of water course borders and sloping terrain. In addition, the control of exotic species in natural areas continued, with over 6,000 trees ringed.

In Brazil, ARAUCO continuously monitors important watersheds in the regions of Arapoti, Senges, Campo do Tenente and Tunas do Paraná. Monitoring activities seek to assess the effects of land use on water availability and quality, as well as the effects of water consumption by forest plantations. The Surveillance Program, implemented in 2011, obtains data on the daily flow of a forested watershed through hydrological modeling, as well as data on water quality and tolerance limits. To date, these monitoring activities indicate that there are no significant impacts on water as a result of forest-management activities.

Environmental Management at Industrial Facilities

Environmental management aims to ensure compliance with current environmental regulations and 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.

During 2014, Project MAPA, for the modernization and extension of Arauco plywood mill, was approved by the Environmental Assessment Commission of the Biobío Region in Chile. ARAUCO had presented this project to authorities in 2012.

In addition, an Environmental Impact Statement was submitted to authorities for the production of dissolving pulp at the Valdivia pulp mill, which will allow ARAUCO to compete in a new market niche, and become the first company in Chile to produce this type of value-added pulp. The project requires an investment of about US\$ 185 million, and would use existing facilities to produce this type of pulp, by introducing some new equipment and adjusting processes. In addition, the project will increase the mill's energy generation by 15 MW. This project will maintain the mill's rated annual capacity of 550,000 ADMT and operate under current environmental regulations. The Environmental Impact Statement was unanimously approved by the Environmental Assessment Service (SEA in Spanish) in February 2015.

Environmental Monitoring

In Chile, environmental monitoring of ARAUCO's facilities and operations involves monitoring and the reducing environmental impacts in the following areas:

- Air (emissions and quality)
- Effluents
- Water (rivers, ocean, groundwater)
- Organisms (biodiversity and quality)
- Noise

In Chile, one of the main environmental surveillance programs monitors the quality of water bodies which receive treated effluents from five pulp mills, Trupán Panel mill and Viñales power plant. This treated effluent is discharged in compliance with applicable regulations and the requirements established by authorities when they granted the operating permits for these facilities. The programs are implemented according to frequencies and timelines generally established in each Environmental Qualification Resolution (abbreviated RCA in Spanish) which approve operation of these facilities and are executed by universities or university consortiums with ample experience in environmental monitoring and research.

During 2014, ARAUCO spent approximately US\$ 3.4 million on the implementation of a comprehensive monitoring program of water bodies in Chile. All the information collected by monitoring activities required by RCAs is shared with environmental authorities. 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 Superintendence), in compliance with current regulations. This information is also sent to several specialized departments within the company that review monitoring results, assess them in terms of historic trends, and if needed, redirect them to ensure the design of preventive measures for environmental issues.

In addition, in 2014, the company proceeded with its work to create a single structure for all environmental monitoring activities. This structure will facilitate cross-assessments, optimize programs, and produce unified and consolidated information for analysis and company-wide reports, in order to produce environmental management indicators.

Pulp Environmental Indicators (consolidates Chile and Argentina)

Business	Aspect	Measurement unit	2012	2013	2014
Pulp	Raw materials				
	Fiber (Pulpable chips)	Million Dry tons/year	6.8	7.1	6.1
	Fiber (Pulpable chips)	Dry tons/ADT	2.3	2.3	2.0
	Sulfuric Acid	Kg/ ADMT	22.0	24.0	24.3
	Lime	Kg/ ADMT	20.7	21.3	22.0
	Oxygen	Kg/ ADMT	23.1	23.7	26.0
	Caustic Soda	Kg/ ADMT	22.5	23.4	24.7
	Sodium Chlorate	Kg/ ADMT	21.6	21.2	24.7
	Hydrogen Peroxide	Kg/ ADMT	3.0	3.0	3.0
	Sodium Sulfate	Kg/ ADMT	4.3	3.5	3.5
	Sodium Carbonate	Kg/ ADMT	5.1	3.8	3.1
	Methanol	Kg/ ADMT	2.7	2.6	2.6
	Steam	t/ ADMT	6.5	7.0	7.8
	Total Energy Consumption	Million GJ	13.9	13.9	14.2
	Energy Intensity	GJ/ADT	4.7	4.5	4.7
	Water consumption	Million m ³ /year	158.7	189.5	216.7
		m ³ /ADMT	53.4	61.5	71.5
	Emissions				
	SO ₂	ton/year	2,963	2,597	1,880
	NOx	ton/year	5,631	4,735	6,774
	TRS	ton/year	299	513	576
	MP10	ton/year	2,243	2,181	2,697
	Wastewater discharges	Million m ³ /year	142	141	140
m ³ /ADMT		48	46	46	
Total solid waste	ton/year	353,784	409,863	491,913	
	Kg/ ADMT	117.1	129.9	162.4	
Hazardous waste	ton/year	6,169	9,843	4,462	

Timber Environmental Indicators (consolidates Chile and Argentina)

Business	Aspect	Measurement unit	2012	2013	2014*
Timber	Raw materials				
	Logs	mm ³ ssc/year	5.1	6.1	5.7
	Biomass	m ³ st/year	627,604	4,310,085	5,245,571
	Production				
	Sawn timber	Th m ³ /year	2,320	2,865	2,602
	Remanufactured wood	Th m ³ /year	326	346	376
	Electric Energy	MWh/year	123	258	241
	Panels	m ³ /year	332,221	282,346	407,972
	Energy Consumption	GJ	851,082	903,049	1,095,623
	Water Consumption	m ³ /year	1,526,742	2,221,896 (*)	2,074,321
	Total solid waste	ton/year	15,931	18,166	23,063
	Hazardous waste	ton/year	2,449	1,147	2,749
	Non-hazardous waste	ton/year	13,482	17,019	20,314

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	2012	2013	2014**	
Panels	Raw materials					
	Fiber	Million m ³ ssc	4.47	12.03	0.9	
	Urea formaldehyde resin	ton/year	NA	324,676	42,586	
	Melamine formaldehyde resin	ton/year	NA	6,896 (*)	8,562	
	Phenol formaldehyde resin	ton/year	NA	22,034 (***)	-	
	Formalin at 37%	ton/year	81,264	95,996 (*)	-	
	Paraffin	ton/year	5,202	7,725 (*)	2,549	
	Methanol	ton/year	71,795	71,808 (*)	-	
	Urea	ton/year	71,586	76,667	1,980	
	Melamine paper	ton/year	13,423	14,435 (*)	2,997	
	Caustic soda	ton/year	844	1,469 (*)	210	
	Phenol	ton/year	1,759	1,759	-	
	Machine oil	ton/year	NA	299 (****)	92	
	Formic acid	ton/year	NA	22 (****)	-	
	Direct energy consumption					
	Electricity	Million GJ	1.84	5.24	1.45	
	Diesel	ton/year	1,676	1,791 (****)	282	
	Gasoline	ton/year	1,164	1,769 (****)	-	
	Liquefied gas	ton/year	2,067	2,669 (****)	1,346	
	Natural gas		NA	1,144,859	-	
	Biomass	ton/year	560,967	857,229	635,684	
	Indirect energy consumption					
	Biomass	GJ	638,978	517,570	633,175	
	Water consumption					
			Million m³	4.39	6.68	4.35
	Surface water	m ³	2,296,591	2,287,010	2,716,935	
	Ground water	m ³	1,917,403	1,982,567	1,633,721	
	Municipal water supply or from other water companies	m ³	178,952	2,165,321	-	

Panels Environmental Indicators (consolidates Chile, Argentina, Brazil and North America)

Business	Aspect	Measurement unit	2012	2013	2014**
Panels	Emissions (*)				
	SO ₂	ton/year	61	71	67
	NOx	ton/year	534	1,501	611
	MP10	ton/year	48	116,908	52,200
	VOC	ton/year	2,243	931	268
	Formaldehyde	ton/year	191	283	75
	CO	ton/year	468	1,164	1,102
	Wastewater discharges	m³/year	3,519,526	3,376,674 (*)	2,599,253
	Total solid waste	ton/year	136,973	122,917	12,818
	Hazardous waste	ton/year	4,376	7,592 (***)	3,064
	Non-hazardous waste	ton/year	132,597	112,882	9,462

For USA, Moncure is not included, except spills.

(*) Does not include North America.

(**) Only Chile.

(***) Arauco plywood mill.

(****) Only Brazil.

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

Energy Management

ARAUCO operates biomass-based power plants that generate sufficient energy to meet the needs of its pulp, panel and timber mills, and a surplus that the company sells to the national energy grid.

Furthermore, the company permanently strives to increase energy-efficiency in its processes, by reducing energy consumption and improving its environmental performance.



Milestone in 2014

Chile

1 A number of improvements were made at the Licancel pulp mill: the bark feeding system was improved, adjustments were made to standardize bark feeding to the power boiler, and a deflector, clog switch, and zero speed switch were installed. In addition, improvements were made in the use of an unused chilling tower to increase the availability of steam and boost energy sales.

2 Equipment was improved at the Nueva Aldea pulp mill (new chimney sweeps for the boiler, motor VFD's were renewed and improvements were made to strengthen boiler control). In addition, the ImpBin of the Eucalyptus line was modified to optimize operation. These projects increased the amount of steam available for energy generation.

3 The Horcones Sawmill replaced lighting at its facilities with LED, reducing electric energy consumption by 0.5% compared to 2013. In addition, adjustments were made to shifts and production hours, which reduced energy consumption by 11% compared to 2013. Similar practices were promoted at the Viñales and Nueva Aldea sawmills, incorporating increased efficiency technology for certain equipment (PC's and lighting) and encouraging workers to shut down their equipment when not in use.

4 Metal plates were replaced with translucent plates on the roofs and walls of the Arauco plywood mill, to increase the amount of natural light and save energy. Also, regular lighting was changed for lighting that uses magnetic induction technology.

2 At the Piray MDF mill, a specific energy reduction was achieved in the shredder, by increasing fiber grain-size for the substrate to be melamine laminated. The reduction was in the range of 5 to 10 Kw Tn/hr, which translates to 0.15 to 0.3 MWh over 26% of monthly operating time.

Brazil

1 In 2014, electric energy consumption decreased by 17.1% compared to 2013, mainly due to the stabilized operation of the gas treatment system at the formol facility (oxidizer).

Argentina

1 Zarate particleboard mill initiated a program to test the replacement of traditional lighting at industrial mills with low consumption lighting and LED.

Water Management

Water is important for ARAUCO's production processes. The company continuously strives to manage water resources efficiently. In 2014, there was no evidence of negative impacts in watersheds caused by water catchment for industrial activities.

In the Pulp business, specific regulations are set out in the Environmental Resolutions for facilities such as Nueva Aldea and Valdivia. These regulations require production processes to be adjusted or shutdown if the flow of water sources should fall below the levels established in the environmental impact assessments and their respective resolutions.

In addition, the company has put several water reuse initiatives in place to maximize the use of this resource in the company's different production processes.

Waste Management

In every country in which ARAUCO has industrial plants, it has waste management plans in place for all operating units. It also provides ongoing training for people involved in waste management and its appropriate disposal. The company follows guidelines to reduce the amount of waste generated and disposed of, instead seeking options for adding value and/or reusing certain residues.



Chile

- 1 A project for water recovery during lime kiln breaks was implemented at the Licancel pulp mill. The water from kiln breaks is no longer sent to effluents and instead is reused during the process, thus resulting in a decrease of effluents and overall water consumption at the mill.
- 2 At the Arauco plywood mill, residual water from the cleansing of gluing machines was sent to Oxiquim S.A. to be used in the production process of adhesives.
- 3 A process of re-circulation of irrigation water was initiated at plywood mills and sawmill plants that have irrigation fields.

Argentina

- 1 A project that aims to reuse water that is used in effluents process at the Piray MDF mill is being developed.
- 2 Improvements were made to the treated effluents discharge system at the Zarate particleboard mill, which included the construction of a drip-irrigation system and a landscape park with native species in an area of the industrial site.

Brazil

- 1 At the Araucaria mill, water use decreased by 8% compared to 2013, thanks to the optimization of production processes and the replacement of pumps.
- 2 At the Pien mill, treated effluents are being reused to prepare chemical products at the industrial waste treatment plant. This initiative resulted in the reuse of 5,355.2 m³ of treated waste in 2014.

Milestones
in 2014

Hechos Relevantes 2014

Chile

- 1 At the Nueva Aldea pulp mill and the Trupán-Cholguán panel mills, sludge and bark are used as the raw material for vegetable substrates, achieving significant savings in waste disposal costs, increasing the life span of the industrial waste deposit, improving boiler efficiency and reducing the production of ash.
- 2 In collaboration with Bioforest, tests are being performed at the Valdivia pulp mill and the Arauco pulp mill to use ash as a road stabilizer and soil enhancer in forestry sites.
- 3 Use of sands and lime slaker grits as a road stabilizer within the Constitución pulp mill.
- 4 Segregation of bark waste produced at irrigation fields and cutting units in lathes at plywood mills, as well as sawdust produced in the pallet workshop area, to be sent as biomass to the pulp thermal plants. Reuse of rejected veneers with fresh phenol formaldehyde adhesive. This veneer is classified and reused in panel production. These initiatives contributed to the reduction of waste production by 24% compared to 2013.
- 5 The Nueva Aldea sawmill was able to reduce the production of condensed hazardous waste from compressors by installing an oil separator. The oil separator produces industrial quality water, and oil that is sent for recycling.

Argentina

- 1 A new module of the Security Landfill was designed and built. The Ministry of Ecology of the province of Misiones granted the operation permit for this module, which allowed the First Module of the mill's Security Landfill to be closed. This guarantees the reduction of the impact of hazardous waste management.
- 2 Base line engineering for the construction of a deposit for common solid waste was developed and a new Temporary Deposit for Hazardous Waste was put into operation.
- 3 At the Zarate particleboard mill, waste management and control methods were strengthened through scheduled inspections, and in the yard for special waste and recoverable metals.

Brazil

- 1 A pilot project for vermicomposting was developed at the Jaguariaiva mill, to search for different options for the treatment and disposal of sludge generated from the treatment of liquid waste. Sludge is combined with a specific proportion of waste from refectories, and earthworms transform this mixture into humus.

Emissions and Effluents

Emissions produced by ARAUCO's industrial facilities include gas and particulate matter, and industrial liquid waste. These are continuously monitored and regulated by specific environmental regulations and environmental qualification resolutions (RCA) for each facility.

At ARAUCO, particulate matter is controlled through mitigation equipment such as the scrubbers and electrostatic precipitators at the Viñales power plant, or the multi-cyclones

at facilities that use boilers. Fine wood-dust emissions in remanufacturing plants are captured using bag filters. The collected sawdust is then used as biomass fuel at ARAUCO's thermal facilities.

Industrial liquid waste from the company's pulp mills is regulated by specific environmental regulations. All pulp facilities have secondary treatment systems, and the Valdivia pulp mill has an additional tertiary treatment system.



Leaks / Spills

ARAUCO's industrial facilities have protocols in place to minimize the environmental impacts produced by leaks or spills. These protocols include shutting down facility operations, performing immediate containment activities, and later conducting the necessary repair work to return to normal operating conditions, while always keeping relevant authorities and communities informed. An investigation is then conducted to find the root cause of the incident. Corrective measures are taken and decisions are made to prevent the occurrence of a new incident.

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

Fire Prevention

As part of its ongoing effort to improve its response to possible emergency situations, ARAUCO has developed a program to improve its fire protection network. The aim of this program is to protect people, the environment and the company's industrial assets by ensuring that fire-protection networks are in optimal condition to guarantee fire suppression.

During 2014, the company invested US\$ 60.6 million in ongoing fire-protection projects at facilities in Chile and Argentina, which include new fire-protection networks for Constitución pulp mill, Trupán-Cholguán panel mill, and Horcones mill; changing from PVC to HDPE at the Horcones sawmills 1 and 2, the Valdivia sawmill and remanufacturing facility, the Cholguán sawmill and remanufacturing facility, and the Laminated Beams facility; and an independent fire protection network for the Nueva Aldea plywood mill and sawmill.

Also, investments were made to protect different potential fire hazards, such as electric transformers, electric rooms, hydraulic units, and critical conveyor belts (biomass and pulvable chips), among others.

All of these investments were prioritized based on risk assessment and in compliance with international standards.

During 2014, the company implemented 13 emergency vehicles. Among these are five multi-purpose units, two industrial units, one unit fitted with an extension ladder, and three water-tank trucks. The vehicles are on hand at the company's pulp mills to provide support to all of ARAUCO's industrial complexes in Chile.

To ensure adequate operation and availability of these units, ARAUCO signed a service contract with a renowned international company specializing in Emergency Control, to have an expert Fire-fighting Team exclusively dedicated to operating the new equipment.

In addition, the Pulp, Panels and Timber businesses conducted their respective technical training plans during 2014 to prepare for the emergencies that each facility is exposed to. Preparations at the Constitución, Valdivia, Trupán-Cholguán mills are particularly note-worthy, as these training programs will be standardized under one high-level supplier during 2015, who will provide technical training to the company's fire brigades based on the ARAUCO Industrial Fire Brigade Statute. This statute also outlines the technical, physical, health, and commitment requirements for all of the company's industrial fire-fighters, based on international standards.

Environmental Research

In addition to research conducted by Bioforest, ARAUCO supports other scientific activities to increase and deepen its knowledge of the ecosystems in which it operates, to continuously improve ecosystem care and management. To that end, in addition to the environmental surveillance of receiving water bodies, the company underwrites high level studies and research, such as the Marine Research Program of Excellence (PIMEX in Spanish). This Program was established in 2006 to address environmental concerns regarding the effects of discharges from IFC Nueva Aldea on the marine ecosystem adjacent to the Itata River estuary.

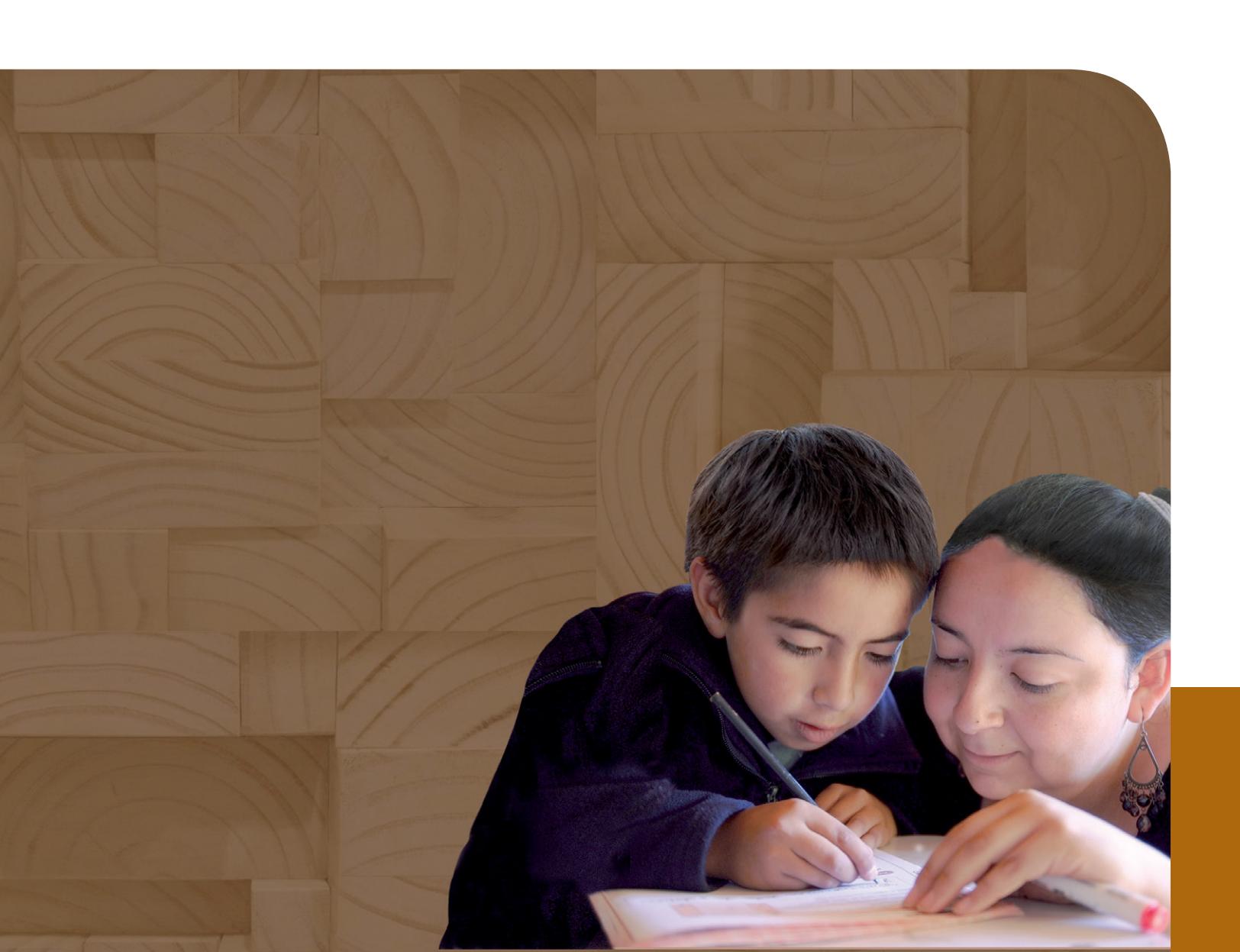
During 2014, PIMEX concentrated its research efforts on marine biodiversity dynamics, the variability of sediment communities and primary production, a follow-up of fisheries at Bajos de Mela and studies on sea lions in Cobquecura. The results of these studies are assessed, submitted to environmental authorities and published in renowned international scientific journals.

Furthermore, the company's environmental surveillance programs present an opportunity to deepen the knowledge of ecosystems in which the company's pulp mills operate. These programs include research that ranges from benthonic communities to bird fauna.

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 Nueva Aldea	PROMNA	Itata estuary intertidal and subtidal macrobenthos
		PIMEX	Mela Sandbank fishing area benthic communities
	CFI Arauco	UDEC	Intertidal and subtidal macrobenthos Arauco Gulf
Biological Communities	Valdivia	EULA	Aquatic vegetation in Cruces river
Ichthyofauna	IFC Nueva Aldea	CREA-UCSC	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	PROMNA Avifauna sightings between Topocalma lagoon (O'Higgins Region) and Itata estuary (Bío Bío Región)

Additionally, a lot of sampling of ARAUCO's liquid industrial waste and solid waste are conducted by laboratories and research centers connected to universities, such as EULA at the University of Concepción, CREA at the Catholic University of Holy Conception (UCSC) and the Chemical Oceanography Laboratory at the University of Concepción. In addition, ongoing projects studying alternative uses for ash are being developed at La Frontera University, the Austral University of Chile and the DICTUC at the Pontifical Catholic University of Chile.



Community Participation and Dialog

Participation and dialog are core elements in our relationship with our surroundings, and we strive to generate shared value through initiatives that contribute to local development and the sustainability of our business.

Good Citizenship is essential for the success and sustainability of ARAUCO's business and it is a value that the company's employees live by. To ARAUCO, being a Good Citizen means respecting its surroundings, generating value, encompassing a long term vision, contributing to social well-being, and respecting neighbors and the environment.

The company maintains initiatives and projects in place to promote local development, fostering participation and dialog with communities and responsible environmental management.

ARAUCO strives to maintain an open, ongoing dialog 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. The company has identified key areas in Chile, Argentina, Brazil, the United States and Canada, implementing initiatives that are mutually beneficial based on the needs and realities of each country and location. In addition, the company's dialogs and programs are implemented, measured and managed so as to generate results that add value for all stakeholders.

Community, Participation and Dialog

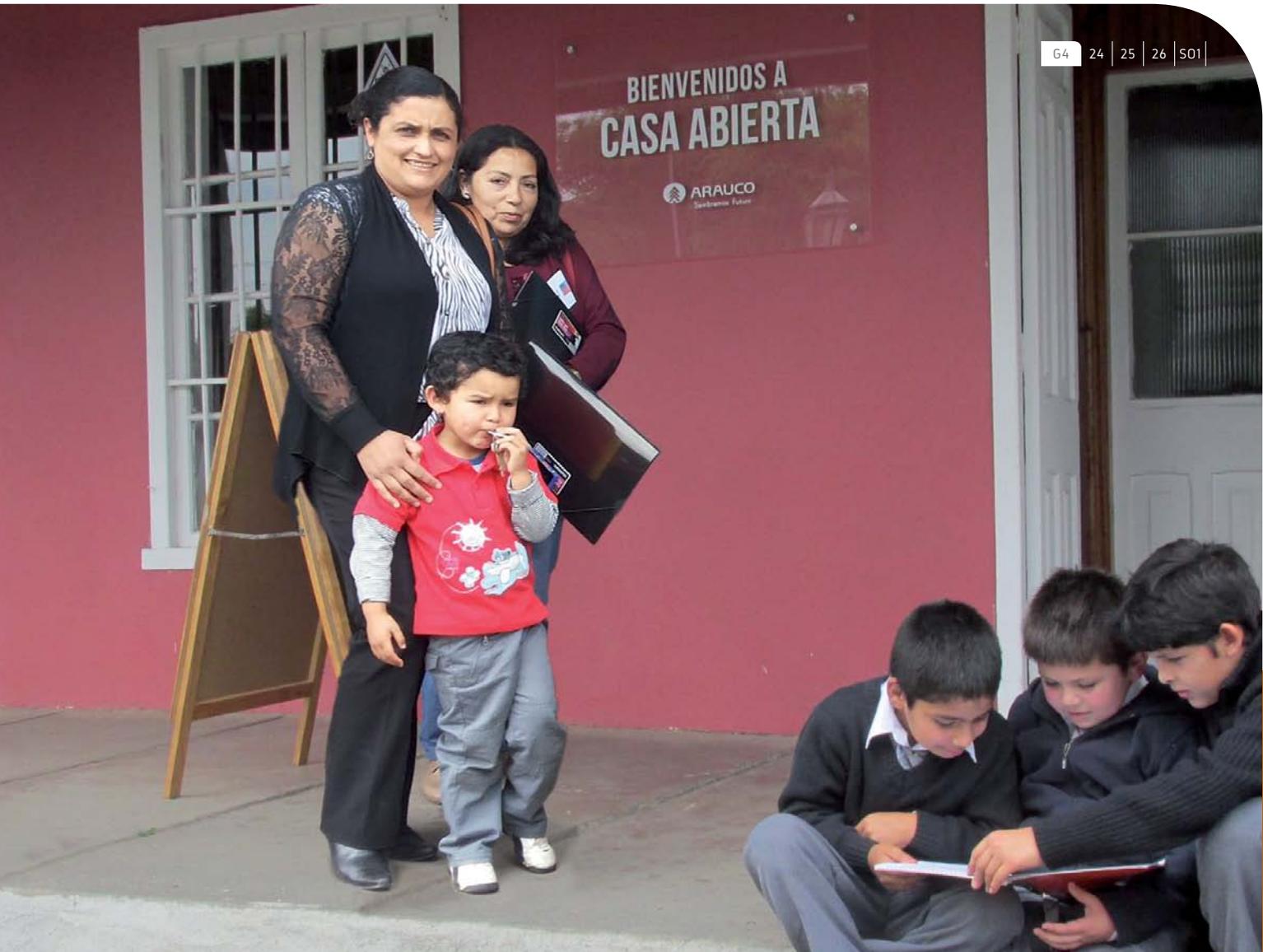
Nearby Communities and Areas of Specific Interest

Country	Nearby communities	Areas of interest
Chile	125	33 Comunes
Argentina	26	18
Brazil	56	7
North America	NA	NA

NA: Not Available

Participation and Dialog

Maintaining long-term relationships between the company and local communities requires ongoing, open dialog. Participation and dialog are central to ARAUCO's sustainability strategy and essential in engaging stakeholders through consultation processes, dialog, meetings and visits to the company's operations; thus encouraging interaction with the community and learning about their needs and concerns. With this solid foundation, the company sustains a fruitful dialog and promotes joint development opportunities.



ARAUCO has designed and implemented procedures and systems for efficient management and teamwork, fulfilling commitments made to the communities, suppliers and customers, maintaining honest and transparent communication with its employees and neighbors, and encouraging proactive dialog and consultation with stakeholders. This approach includes consultation processes on operations, Open-Houses, visits to forestry operations and industrial facilities, and parks that are open to the community.

The company identifies its stakeholders in the countries in which it operates according to the geographical area where its operations are located, and the characteristics and impacts of each business area. During 2014, ARAUCO contacted 40,487 individuals from different stakeholder groups in the company's areas of influence.

Chile

1 A second Perception Survey was conducted to collect data and monitor the company's reputation within the community. This time, the survey's scope was expanded to eight communes, with the inclusion of the Curanilahue commune, where ARAUCO has extensive forestry operations and a sawmill. The survey's results will be available in 2015 and will be used as input to produce action plans for each industrial complex and forestry operation area, as part of the company's Good Citizenship strategy.

2 Start up of ARAUCO's Open House in Ñipas, in the Ranquil commune, in a remodeled house with a high heritage value. The residence will function as a company office and an area for community activities, such as courses and workshops, film festivals, an information center, and other uses that will be decided with the community. The Arauco Open House is located at Nicasio Alarcón 458, next to the Ñipas Cultural House.

3 Forestal Arauco South Area received recognition for its commitment to the roundtable of the communities of Corral, which has been in operation for several years. The roundtable was organized by Agenda Local 21, a community organization for the Los Ríos Region, to determine the impacts and discuss opportunities generated by the forestry industry through dialog between forestry businesses, public services, local government administration and neighboring communities.

4 As part of the forestry operation outreach program, neighbors and authorities visited company facilities to learn about the mechanical harvesting process and the environmental protection measures taken by the company. A total of 502 people visited ARAUCO's facilities.

Milestones in 2014

5 The Forestry Operation consultation process included 399 meetings attended by 3,654 neighbors. The consultation process resulted in 1,361 commitments, of which 95% have been implemented.

Argentina

1 Six training workshops were held for technicians working in the Forestry Operations Management unit and in-field Forestry Service-providing businesses. Workshops were also held jointly for technicians and guaraní communities, to bring them together and build trust as a foundation for dialog.

Dialog Processes and Activities

Processes	Dialog activities	Number of participants / attendees in 2014
Chile		
Project MAPA	3 active Open Houses. 490 Activities. 80 In-field meetings.	7,313 Visits 689 People attended in-field meetings.
Forestry operations consultation	399 consultations held at the local, communal level and/or with mapuche communities.	3,654 People
Understanding forestry operations program	Guided tours of forestry operations.	502 Visitors
Program for visits to industrial facilities	7 Visitor programs.	6,182 Visitors
Sustainability Report Launch	1 Workshop.	80 People
Housing program for workers	96 Meetings to inform about the plan and projects being started.	2,769 Attendees
Program for visits to Parque Oncol	HCVA and park open to the community.	12,000 Visitors
Program for visits to Parque Coyanmahuida	Park open to the community.	2,354 Visitors
Programa de visita a la Laguna Coyanco	Park open to the community.	7,684 Visitors
Argentina		
Public consultation process prior to operations and participatory presentations	27 Public meetings, 5 Presentations on forest management plan.	247 People
Program for visits to forestry operations	Guided tours of forestry operations.	230 Visitors
Program for visits to industrial facilities	4 Visitors programs.	1,250 Visitors
San Jorge Forest Reserve Program	Guided tours and recreational activities.	680 Visitors
Brazil		
Social impact management and monitoring	Diverse mechanisms for feedback.	690 People
Program for visits to industrial facilities	3 Visitor programs.	90 Visitors
Program for visits to forestry operations	Guided tours of forestry operations.	105 Visitors
Community consultations	Meetings.	3 Meetings
Institutional presentations	Meetings and visits to communities.	150 People

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.



Scientific and Social Council for the Cruces River Wetland

In April 2005, the State Defense Council (abbreviated CDE in Spanish) filed a lawsuit against ARAUCO for the environmental damage in the Cruces river wetland (Carlos Anwandter Natural Sanctuary).

Eight years later, on July 27, 2013, the First Civil Court of Valdivia issued a first instance ruling, stating that the Valdivia mill was responsible for the drastic changes that occurred in the Cruces river wetland during 2004. The company decided to waive its right to appeal and accepted the court's decision, which mandated the implementation of several measures to repair the environmental damage in the wetland.

ARAUCO worked with the State Defense Council to address the details of each of the measures stated in the court ruling. The company and the government organization began an unprecedented process of dialog and participation that involved various actors (public services, universities, civil agencies, etc.) to define how the measures outlined in the court sentence would be fulfilled, with the requisites of scientific excellence, social legitimacy and technical-economical viability.

Case Study

Two roundtables were established to accomplish this: the "Scientific and Social Council" responsible for defining the measures' diagnostic details, monitoring, the Wetland Research Center and the creation of a sentinel wetland; and the "Advisory Council for measure 5", responsible for the design of a Community Development Program for areas that were affected. These roundtables worked with innovative participatory methods that included a number of meetings with neighbors from the affected communities.

After almost ten months of work, both tables finalized the social-technical design of the measures stated in the court ruling and agreed on the entities that were to be in charge of their implementation. In August 2014, the CDE submitted the agreement reached by both parties before the First Civil Court of Valdivia, and requested the court to demand the enforcement of the measures agreed upon by the actors who participated in the process.



MEASURE 1 Current Diagnosis of the Wetland

"A multidisciplinary team of experts in biology, chemistry and physics, will conduct a study on the current state of the wetland. An independent committee will be created to assess the state of water, flora and fauna in the Wetland. The committee will include both parties as participants and will work for no more than a year".



MEASURE 2 Creation of a Sentinel Wetland

"An artificial sentinel wetland will be created, containing species that are representative of the Cruces river Wetland. This wetland will be the first to receive liquid waste disposal. It will be located immediately after the tertiary treatment and before the discharge of liquid waste into the Cruces river".



MEASURE 3 Monitoring

"ARAUCO will implement an ongoing environmental monitoring program for a period of no less than five years. The program will be conducted in compliance with the environmental qualification conditions established in RCA 279/98 and its subsequent modifications, by competent agencies, regardless of what they arrange or have arranged".



MEASURE 4 Creation of a Wetland Research Center

"Create a Wetland Research Center, as suggested in the lawsuit (sheet 7019)".



MEASURE 5 Create Programs for Community Development

"Create programs for community development related to the Wetland, as was proposed in the lawsuit (sheet 7020)".



MEASURE 6 Government Compensation

"During the period to fulfill the court's ruling, the company will settle all damages, once their nature and amounts are determined". The amount was agreed upon with the State Defense Council, and paid.

Communication Mechanisms

In Chile, Argentina, Brazil, the United States and Canada, specific sites have been created through projects or technological platforms to provide access to the company's information and to submit inquiries or complaints. Telephone lines, web sites, e-mail addresses and accounts on social networks such as Facebook, Youtube, Flickr and Twitter are available. In Chile, ARAUCO maintains an integrated Management System (IMS) that operates a call center and an internet platform to manage communication received through web pages, toll-free telephone lines, mailings and a complaint sheet available to third parties. During 2014, this system received 2,761 communications, of which 38%

were inquiries, 30% were complaints or reports and 32% were requests and/or comments. 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, or complaints, related to the company's social, economic and environmental management. Communications received through any of the available channels are re-directed to Community Management, where they are internally processed and answered.



Channels for Contact

Channels	N° of contacts in 2014
Chile and Corporate Offices	
Toll free line 800 370222	2,761 Calls
www.arauco.cl	234,164 Visits
@Arauco_cl	909 Followers
www.araucosoluciones.cl	55,387 Visits
Product web sites*	328,616 Visits
www.facebook.com/AraucoSolucionesSostenibles	63,337 Followers
@AraucoSoluSost	1,478 Followers
YouTube ARAUCO SOLUCIONES	2,703 People subscribed to the channel 1,010,820 Views
www.innovarauco.cl	13,384 Visits
www.nuevohorcones.cl	9,674 Visits

* Product web sites: MSD, Trupan, Truchoicemoulding, Floorest, AraucoPly, Vesto, Durolac, Cholguan, Hílam, Decofaz, Masterplac, Faplac.

Channels	N° of contacts in 2014
Argentina	
www.arauco.cl	16,480 Visits
Toll free line 0 800 2772	44 Calls
información@altoparana.com	413 E-mails received
Mailboxes for questions	16 Comments in mailboxes
Brazil	
www.arauco.cl	75,759 Visits
asuntoscorporativos@arauco.com.br	17 E-mails received
Telephone line	14 Calls
Specific form	8 Forms received
United States and Canada	
www.arauco.cl	54,243 Visits
www.arauco-usa.com	21,670 Visits
www.flakeboard.com	98,285 Visits
www.facebook.com/flakeboard	222 Followers
twitter.com/flakeboard	259 Followers
Linkedin	1,531 Contacts

ARAUCO
Corporate Website
446,091
Visits

Product
Websites
328,616
Visits

In Brazil, there is a procedure in place for complaint management and conflict resolution. The community is informed of the company's operations and of the communication channels available to them. The Corporate Affairs unit maps out communities near the company's operations and aims to establish channels for dialog.

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

In Chile, ARAUCO has defined four areas in which to focus its development programs: Education and Training, Infrastructure and Quality of Life, Production Development and Social Entrepreneurship, and Relationships with the Mapuche Community.

This chapter presents the company's most relevant programs for each one of these key community development areas. To review a summary of all the programs, see annex "Community Programs in Chile" (page 151).

The company also supports several initiatives that are important for the community, including Corporación Esperanza, a drug rehabilitation center; and Fundación Las Rosas, a charity that cares for elderly and disabled people.

Education and Training

a) Arauco Educational Foundation: We Believe In Teachers

Education is the country's primary driving force. It has the power to transform society, to provide equal opportunities, and to contribute to social mobility. This is why, over the past 30 years, ARAUCO has contributed to improving the quality of education in Chile through various programs for municipal and technical schools.

A key pillar in this effort is the work performed by the Arauco Educational Foundation, established in 1989 to provide greater opportunities for the development of children and teenagers through education, in each of the three regions

Community in Chile

ARAUCO's Local Development Strategy contributes to the development of local communities, through initiatives that generate mutual benefits, based on dialog and participation.



in which the company maintains operations. The Foundation designs, implements and assesses in-field teacher improvement programs addressing issues such as language, math, self-esteem, management, reading promotion and support for youth orchestras.

During 2014, the Arauco Educational Foundation focused its efforts on the following programs:

- Early Reading and Writing Programs (abbreviated LET in Spanish) in the Valdivia commune.
- The MAT Roots Program for the development of mathematical-logical reasoning, in the communes of Máfil, Lanco and Mariquina.

- The “Teno Reads” Program provided support to the Teno commune library. The “Mobile Library” program was also implemented to deliver books to rural areas and a School Reading Promotion program was conducted with local teachers.
- The Youth and Children’s Orchestra Program supports the orchestras of Curanilahue; Ludovico Rutten of Talca; Aye-kafe of Arauco; and CIFAN of Valdivia. The program also supports the Children’s Orchestras of Chile Foundation (abbreviated FOJI in Spanish).

In addition, in 2014 the Foundation celebrated 25 years of work, during which it developed 78 programs in 34 communes in the Maule, Biobío and Los Ríos regions. Its efforts have benefited 575 schools and 5,052 teachers, educating more than 95,000 children.

2014 Educational Foundation		Beneficiaries		
78	34	575	5,052	95,000
Educational Programs	Communes	Schools	Teachers	Children





Milestones in 2014

- 1 Arauco Educational Foundation conducted the 7th regional seminar “The value of ongoing teacher education” in the cities of Talca, Valdivia and Concepcion. The seminar was attended by more than 500 people, including teachers, student teachers and authorities of institutions involved in education.
- 2 The 2014 Arauco Educational Foundation Award Ceremony: Gina Aravena, a teacher at the Leonardo Da Vinci School in the Valdivia commune, received the “Mabel Condemarín Teaching Award”; and Ninhue commune (Biobío Region) was recognized with the “Arauco Educational Foundation Community Award” for its commitment to students’ reading achievements. This award includes prize money to finance the project “A dream for our commune”.
- 3 The travelling libraries of the Reading Promotion Program “Mobile Library” were restocked. This program seeks to promote the joy of reading in rural elementary schools and communities near Lanco, Mariquina, as well as in several communities located in the Itata Valley.
- 4 Marlene Scardamalia is a renowned global expert in the field of innovation in the production of knowledge and holds a PhD in Applied Psychology from the University of Toronto. Her presentation on “Practices for highly creative teams” was attended by 280 people and she also visited municipal schools Alfonso Osses (Mariquina) and Angachilla (Valdivia) where she met with teachers, students and school board teams.
- 5 A conference and workshop were held on “Problem Solving in Action” headed by renowned mathematician Patricio Felmer, who received the 2011 National Award for Exact Sciences, and his team comprised of a group of teachers of the Mathematical Modeling Center of the University of Chile. The conference and workshop were part of the follow-up phase of the MAT Roots program, implemented in Lanco, Mafil and Mariquina communes.
- 6 Arauco Educational Foundation presented the results of the study “Characterization of recurring spelling mistakes in 4th grade students”.
- 7 During 2014, the Foundation provided Teno commune with a “Mobile Library” that will travel to remote locations to expand the work of the commune’s library with a bibliographical collection of over 3,600 books. This initiative is part of the “Teno Reads” program.
- 8 The Tirúa Library was inaugurated, thanks to the coordinated efforts of the Mapudungun school, Arauco Educational Foundation and the Once Upon a Time Foundation, after the fire that destroyed the Mapudungun school in 2013. The library is equipped with furniture and 1,279 new books to complete its collection of a total of 3,000 books.
- 9 Arauco Educational Foundation was invited to participate in important initiatives, such as the “Mesa del Libro” (Book Roundtable) summoned by the Executive Secretary of the National Council for Books. The objective of this initiative is to develop the groundwork for a new National Policy for Books and Reading that will be made public in early 2015. The Foundation also participates in a commission to produce a new National Policy for Teachers. The commission, comprised of different actors related to education as well as Chile’s Education Minister Nicolás Eyzaguirre, aims to gather proposals and produce a new bill that will improve teacher education and the career of education as a whole. And lastly, Arauco Educational Foundation was invited to participate in a session summoned by the Ministry of Education to discuss specific issues regarding Early Childhood Education, as part of the National Participation Plan for the education reform.
- 10 Through the Arauco Educational Foundation, ARAUCO renewed its commitment to the public- private alliance “United for Early Childhood”, that seeks to strengthen dialog and positioning of early childhood, to promote concrete measures that will contribute to the all-round development of girls and boys in Chile.



b) CAMPUS ARAUCO Center for Higher Learning and Training

The company is currently developing a key initiative in technical education in alliance with Duoc UC: Campus Arauco. This program is based on an innovative academic method that will combine on-the-job education with classroom learning. Beginning 2016, it aims to contribute to the professional education, job placement and employability of the residents of Arauco commune and its surroundings, in addition to reinforcing the training of company employees.

This center provides an education model that combines formal education with on-the-job experience and production tasks, where students are trained and attain in-depth knowledge, by alternating the learning experience on campus and the learning experience in company operations. Work and education are thus dynamically related, as elements in the same process of personal and professional enrichment.

Campus Arauco is conceived for the education of highly-qualified technicians, with more than 660 students who can choose between career majors in Electricity Technician and Industrial Automation, Electro-mechanic Maintenance in Industry, Risk Prevention Technician and Management Technician. The center will also offer a comprehensive training program for company employees and the employees of service-providing businesses, giving them an opportunity to strengthen their knowledge and skills.

This project is also fully incorporated into its surroundings. Its high standard infrastructure is built with noble materials, such as timber, and forms part of a forest park which is open to the public.

Infrastructure and Quality of Life

PRES Constitución

ARAUCO encourages infrastructure projects that promote harmonic development and a better quality of life for communities, articulating capacities through community engagement and dialog.

An example of this spirit is the Sustainable Reconstruction Plan -PRES- Constitución, developed in response to the damage caused by the earthquake and tsunami that affected the south central area of Chile on February 27, 2010. ARAUCO, the Municipality of Constitución and the Ministry

of Housing and Urbanism created a consortium for the challenging task of rebuilding the city of Constitución. The objective was to transform the disaster into an opportunity to rebuild a new city which takes the needs and aspirations of its residents into account and is based on the pillars of Excellence and Quality, Citizen Participation and technical, social, and political Viability.

As a result of this collaboration, which included businesses, financial institutions, and non-profit-foundations and corporations, the PRES Plan was created: a portfolio with 28 projects that are currently in different stages of development with a total investment of US\$ 99 million.



PRES Projects State of Advancement

Projects completed

- Mutrún Stadium
- Odor Reduction at the Constitución mill
- Enrique Donn Müller School
- Echeverría Boardwalk
- La Poza Housing unit
- Los Gringos beachside deck
- Vega de los Patos beachside deck
- El Pasaje Pier
- Fire Station 1 Headquarters
- Buenos Vecinos Mall
- Cultural Center

Projects under construction

- Town Hall
- Municipal Library
- Tourist Decks
- Flood Mitigation Park

Projects currently up for bid and/or allocation

- Dock
- Arturo Prat Civic Center and Plaza
- Heated Swimming Pools
- Municipal Theatre

Projects in design phase

- Evacuation routes
- Señoret Plaza
- Ocean Boardwalk
- New Access to Constitución
- El Carbón Estuary channel
- Mapochito Estuary channel

Projects being Reviewed

- Truck Dry-dock
- Bike paths
- Bus Station

Milestones in 2014

1 The construction of the Constitución Cultural Center is finished. The building is built in timber with a surface of about 900 m², which includes a multi-purpose auditorium, a music hall and an art gallery, among other facilities. The project required an investment of CHP\$ 1,200 million, funded by the Council for the Arts and Culture.

2 Construction of the Municipal Library project has begun, requiring an investment of about CHP\$ 310 million, contributed by the city's municipality and Banco Itaú.

3 The Maule Regional Council (abbreviated CORE in Spanish) approved an investment of CHP\$ 3,047 million for the construction of the Municipal Theatre of Constitución, in addition to the CHP\$ 579 million previously donated by the Banco de Crédito e Inversiones.

4 Construction work for the Tourist Decks has begun. This project aims to strengthen and add value to the natural landscape of Constitución by installing lookout points from which to admire the city's best coastal views. Four decks will be established along an area that starts at the mouth of the Maule river and continues alongside the coastline. Banco Santander invested US\$ 267,000 in this project.

5 The PRES Constitución Plan received two awards during 2014. One was the prestigious Zumtobel Award for innovations for sustainability and humanity in the built environment. The Plan was chosen as one of the three best projects in the "Urban Development" category for the design and implementation of a sustainable reconstruction project for the city of Constitución. The PRES Plan was also recognized in the "New City" category at the Avonni Awards ceremony, the most important innovation awards in Chile.



Production Development and Social Entrepreneurship

AcercaRedes Foundation

ARAUCO supports the development of local social capital, by creating opportunities for business entrepreneurship and innovation in the communities it operates in. The company has firmly supported the creation of the AcercaRedes Foundation, first, through its Social Innovation Area in 2011, and as of 2014, granting it with autonomy as a non-profit organization.

The AcercaRedes program operates based on Hubs: a network of offices that attract, connect and centralize capacities to foster local development in areas that are far from primary urban centers. An AcercaRedes Hub provides work space, teams that are dedicated to manage resources through tutor networks, internship programs, teaching and research in association with universities, and local and national organizations. Based on this model, the organization has specialized in impacting communes located in the

“intra-region”, by attracting and retaining talent and entrepreneurial leadership. Due to the success achieved in 2014, the decision was made to expand this experience to other territories, for which the company invited new partners to participate. In addition to ARAUCO’s support, others became involved such as municipalities, VTR, Transelec, Hualpén Buses, Mundo Pacífico, the University of Talca, the Catholic University of Concepción, and the University of Concepción, among others. This partnership allowed for the Curanilahue Hub in Biobío and the Maule Costa Hub in Constitución to open. The AcercaRedes program now operates a total of three hubs.

During 2014, AcercaRedes comprised over 6,000 members, supporting more than 600 entrepreneurs and working closely with more than 100 local leaders. Today, the program is focused on broadening its support to entrepreneurial leaders by raising funds for impact investment and offering a wider range of workshops and resources to the communities of the intra-region.

1 The AcercaRedes Foundation was established. This is an independent organization that operates in alliance with ARAUCO and other local and national partners.

2 Start-up of the Maule Costa Hub, which covers the areas of Constitución, Licantén, Empedrado, Curepto, Vichuquén and Chanco. The Foundation and the University of Talca established a cooperation agreement for this Hub that includes the incorporation of 15 University graduates from different fields to work as professionals in the area of innovation and entrepreneurship for local development.

3 Startup of the Curanilahue Hub.

4 A cooperation agreement was established between the municipality of Máfil and the Mariquina AcercaRedes Hub. This agreement will run for two years, and will include other public agencies, education entities, businesses and institutions that will participate in a number of activities to promote entrepreneurship with a social impact and local development.

5 The AcercaRedes Program received the Good Corporate Citizen Award from AMCHAM, in the “Large Business” category.

6 CHP\$ 530 million were raised in a joint effort with the community to finance local projects.

7 The company won and executed the PAE project, including a CORFO subsidy of CHP\$ 35 million to promote an entrepreneurial environment in the Los Ríos and Maule regions.

8 597 activities fostering innovation and entrepreneurship were implemented in total in communes where AcercaRedes operates.

9 A total of 13,500 people were involved in social activities in 2014, at the national level.

Milestones in 2014



Relationship with Mapuche Communities

Treng Treng of the Elicura Valley

ARAUCO recognizes native peoples as having a dynamic, vital culture, and seeks to generate a relationship based on dialog and deep respect. The company's Mapuche Community Relationship Policy aims to promote mutual understanding, maintain open channels for participation, identify and conserve sites of cultural interest, and facilitate open dialog regarding requests for land.

The company has currently identified 57 High Conservation Value Areas (AAVC in Spanish) 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 the conservation and improvement of cultural values identified in collaboration with interested Mapuche communities.

Two of the cultural-interest sites are located in the Elicura Valley: Treng Treng Chico and Paliwe de Elicura. During 2014, ARAUCO signed an agreement with the Antonio Levequeo community which addresses the use of these sites. This agreement formalizes access to the area, and sets out a Native Forest Restoration Plan that was produced with the community. After the sites were identified, participatory mapping was performed and species to plant were chosen. Members of the community planted each tree during a ritual ceremony that has great meaning for the Mapuche people and in which company representatives also participated.



Community in Argentina

“New Neighbors” Project with the Sacred Family Foundation

In 2014, the company completed the transfer of house ownership deeds to contract workers in the framework of the “New Neighbors” project, with the help of communities and other sectors. This project was developed in alliance with the Sacred Family Foundation, through which Alto Paraná offered contract workers 200 company-owned houses that were no longer of strategic value to the company. As a result of this initiative, families of contract workers were given the opportunity to purchase these houses at affordable prices, with 20-year mortgage financing.

The bond between Alto Paraná and the Sacred Family Foundation was strengthened during these three years of collaboration. The implementation of other similar projects is currently being assessed in different areas of influence of the company.

Travelling Van

In late 2014, the “Forestry World” travelling van was put into operation. As of January 2015, the van will travel to different locations near the company’s operations in the northern Misiones Province. The bus will visit residents in different areas of the province, particularly areas in which the company maintains operations or which are far from primary urban centers. The objective of this initiative is to strengthen the relationships between the company and the communities where it operates.



The initiatives at Alto Paraná are defined with the help of local communities and other relevant sectors, in order to generate positive impacts in the area and meet local needs and requirements.

The van allows easy traveling from one location to another. Inside the vehicle, relevant content is displayed using technology to communicate key issues of the forestry industry, in a novel and attractive way. The van's exterior is used to set up "modules" for other communication purposes, such as specific issues or community engagement.

Education Project

An education project was established in 2012 in schools in northern Misiones, to develop and encourage students' participation in caring for the environment and preventing wildfires. The program seeks to teach students to be committed citizens who are responsible for their environment.

There are three visits to each school with activities that aim to further children's creativity, focusing on the importance of natural forests and forest plantations; their protection through responsible forest management; fire protection and suppression; and wildfire prevention. These issues are also included in content to be worked on with the children during the school year. Also, contact is established with teachers and school administrators, to generate dialog and exchange of ideas.

The Education Project's coverage was expanded in 2014, reaching 5,000 children.

Program for Native Communities Near Operations

In 2012, the company commissioned a study entitled, “Information collection on Mbya Guaraní native people” in the area of influence of Alto Paraná, to identify and describe communities living near company operations. A total of 33 communities were identified, which were then invited to work together to identify sites of ecological, economic and cultural interest that are located on company property.

The results of this process showed that 26 communities use resources located on Alto Paraná’s property. Based on maps of these sites and resources of interest, the company decided, as a precaution, to designate these areas as High Conservation Value Areas, under conservation value attributes 1, 5 and 6 (significant concentration of biodiversity and endangered species, basic community needs, and cultural, economic, religious significance, respectively).

Such initiatives not only integrate local communities, but also demonstrate value and respect for their culture.

Community in Brazil

In Brazil, ARAUCO implements actions in four key areas: education, culture and the environment; training and income generation; health and quality of life; and shared value.

In 2014, a structuring of the Orbit system was initiated to manage Corporate Affairs processes in the area. The goal is to facilitate monitoring activities and follow-up of the following areas: relationships with stakeholders; complaint management; descriptions of the community; the operation’s social impacts; and social investment.

Among the wide range of community programs that are underway, the following are the most noteworthy:

Teacher Training Program

The purpose of this program is to motivate teachers in the public education system to reflect upon their activities in the classroom and value what they do. The aim is to commit teachers to provide quality education, rediscover the true vocation of educators and promote quality educational interactions between teachers and students.

In 2014, about 1,000 teachers participated in the program.



ARAUCO do Brasil promotes local development and quality of life of the communities in which it operates, through the social-environmental program Sembrar.

Environmental Education

To promote environmental sustainability, ARAUCO do Brasil has developed an Environmental Education project for students in the municipal education network to teach them about environmental education and preservation. This program 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 1,500 students during 2014, and has reached a total of 19,800 students since its implementation.

Cooperation with APAE

During 2014, the company continued its collaboration with APAE (Exceptional Parents and Students Association), an institution that safeguards the quality of life and the inclusion of disabled people in Jaguariaíva. This project allows students to develop their manual skills and generate their own income through the production and sale of wooden wedges, which are purchased by ARAUCO.



Community in the United States and Canada

Education

ARAUCO considers education to be the driving force for people to achieve their maximum potential. As part of its strong commitment to education, the company has developed a number of programs for this purpose in North America. For example, St. Stephen mill (New Brunswick) has a program to support local schools. In 2014, the program donated whiteboards for students' personal use to foster creativity and group work. This mill also has been sponsoring the St. Stephen High School Hockey Team for several years, and contributing to the organization of the Flakeboard Invitational tournament, a three day tournament for a number of high school hockey teams in the New Brunswick Province.

Donations from the Fort Mill office to the Foundation for Fort Mill Schools have enabled the purchase of back-packs and school supplies, and the stocking of a free school supplies store, benefiting 200 local students.

Health and Well-being

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. One example is St. Stephen mill (New Brunswick) which supports the IWK Foundation, a foundation dedicated to the health and well-being of women and children.



In North America, ARAUCO develops programs that focus on health, education and local development and generate positive impacts in the areas in which the company operates.

Another example is the Sault Saint Marie mill (Oregon), currently in its second year of a three year commitment to provide funding for the purchase of medical equipment. This plant also contributed to The Lung Association, by participating in the “Festival of Trees” Christmas initiative, in which local businesses donated a decorated Christmas tree and presents, which were then auctioned to raise funds.

The Duraflake mill (Oregon) was once again a sponsor for the “Soroptomist Walk”, organized by the United Way Foundation. This is a citizen’s walk that seeks to raise awareness of breast cancer in Linn County. Company employees and their families participated in the 2014 walk.

Community Development

ARAUCO North America has started several initiatives that aim to generate dialog and community engagement. Duraflake (Oregon) employees participated in the “Day of Caring” initiative, organized by the United Way Foundation, to assist several senior citizen communities in tasks such as gardening, house-painting and outdoor activities.

During 2014, the St. Stephen mill (New Brunswick) donated a golf cart to the Ganong Nature Park, a 140 ha (346 acres) park that is open to the community. The golf cart will be used to provide easier access to the park for senior neighbors and people with reduced mobility.

Corporate Commitments to External Initiatives

ARAUCO recognizes the value of working with other organizations, particularly when it involves difficult challenges with multiple points-of-view. The company maintains ongoing relationships with academic institutions, NGOs and unions, to strengthen networking and multi-sector collaboration.

The company's ongoing collaboration includes the following groups:

- Santiago Climate Exchange
- Forest Footprint Disclosure (Global Canopy Project)
- Global Compact
- Shared Value Initiative
- United for Early Childhood
- Acción RSE (Corporate Social Responsibility organization)
- Prohumana

In 2014, ARAUCO adhered to the Centre for Business Sustainability (CBS) of the Adolfo Ibáñez University. In a joint effort with industry leaders, this centre identifies and generates solutions for the sustainability challenges faced by businesses in Chile. It does this by fostering and facilitating collaboration between the academic world and the industry, outlining management practices and research that is in-line with sustainable development. CBS also operates as a regional office for the Network for Business Sustainability (NBS), a leading Canadian organization that coordinates research projects and knowledge transfer between 75 centers worldwide and over 4,000 professionals and teachers.

Participation in Public Policies

ARAUCO participates in the discussion of issues relating to its business and to aspects contained in its Sustainability Strategy. The company also presents its position on 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, to develop and implement public policies. Arauco do Brasil presents its ideas through national business chambers, 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 provides input to the National Formaldehyde rule-making process, the CARB ATCM rule-making process and LEED green-building-certification standards.

Memberships

ARAUCO actively participates in more than 170 trade associations and social organizations in Chile, Argentina, Brazil, Uruguay, Mexico, Peru, The Netherlands, the United States, Canada, Colombia and Australia. In addition, the company works with universities, communication media, scientific centers, NGOs, and local governments (See page 136).



Scope

ARAUCO published its Sustainability Report for the ninth consecutive year, consolidating its operations in Chile, Brazil, the United States and Canada.

This is the ninth consecutive year in which ARAUCO publishes a Sustainability Report. It follows the Global Reporting Initiative (GRI)¹ G4 guidelines, “in accordance” core option, and presents information on the company’s economic, social and environmental performance for the time period January 1 through December 31, 2014. This report can also be considered as a communication of progress regarding the company’s commitment to the Global Compact initiative.

For the production of this document, consolidated information on the company’s forestry and industrial operations in Chile, Argentina, Brazil, the United States and Canada was revised, collected and presented. Operations in Uruguay were not included because ARAUCO is not a majority partner and this report only informs of partnerships in which the company exercises control. However, operations and

projects in Uruguay are mentioned on a descriptive level, where relevant.

Data measurement techniques and calculations for social and environmental information are based on GRI recommendations. ARAUCO’s Financial Statements for the year ending December 31, 2014, present the significant aspects of the company’s financial situation, i.e. its operational results and cash flows in compliance with Regulations of the Chilean Insurance and Securities Superintendence (abbreviated SVS in Spanish), which consider International Financial and Reporting Standards, except for Circular N° 856 of the SVS, which establishes exceptional accounting of changes in assets and liabilities from deferred tax produced by Law

¹ www.globalreporting.org

Scope



N° 20,780, published in the Chilean Official Journal on September 29, 2014. This information is presented in US dollars, and was calculated using the average dollar value during the reporting period.

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

Content Definition

To develop the materiality process to identify relevant aspects for the 2014 report, ARAUCO surveyed 62 company executives in its business areas in Chile, Brazil and Uruguay, of which 87% considered this report to be interesting and necessary for their work. The company also conducted eight in-depth interviews to identify its primary issues. In addition, the organizational climate survey conducted in late 2013 in Chile and in sales offices in Mexico, Colombia and Peru, was reviewed, as were 44 corporate documents and reports of 2014.

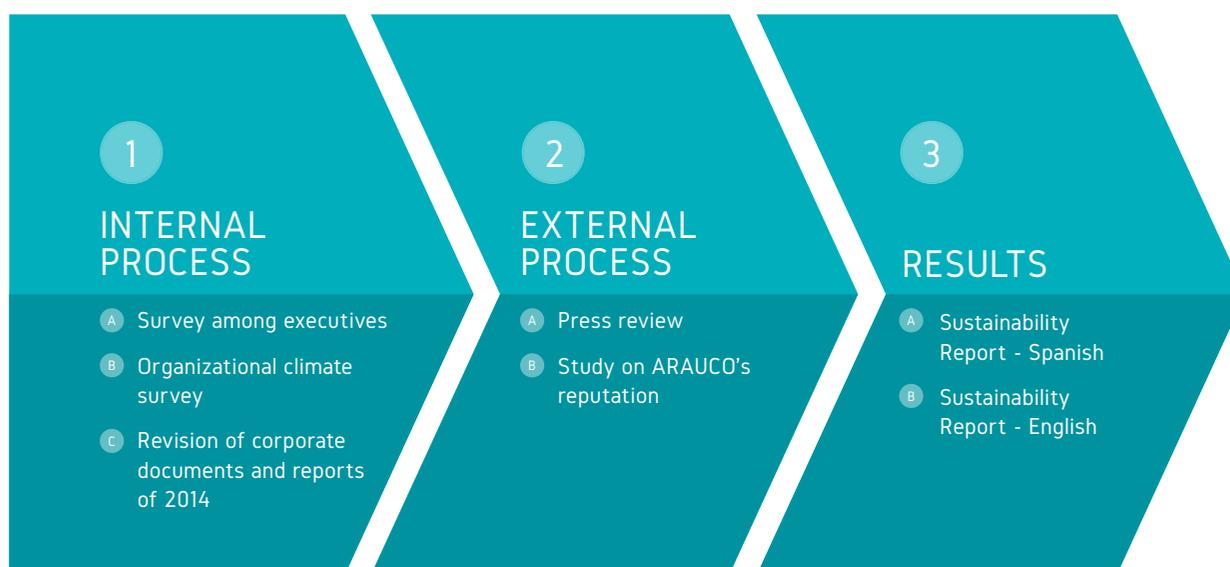
The external process included the review of 794 news articles related to the company and forestry industry, and a survey distributed to 32 people in communities where ARAUCO is present. Of the people surveyed, 52% stated they were familiar with the contents of the company’s previous reports.

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

Material Issues Identified (by community and workers)	Pages
Safety	63 - 72
Globalization and efficiency	23 - 46
Local Development	106 - 119
Environmental management	73 - 96
Water, emissions and discharges	75, 85, 87, 90, 92 - 94
Dialog with communities	98 - 105
People management	48 - 62

Availability

This year, 3,200 copies of this report were printed in Spanish, and 800 copies were printed in English. Both versions are printed on FSC®-certified paper, supplied by responsible sources. Information from previous reports or the corporate website is cited in this report, where relevant.



Appendices

[Consolidated Financial Statements](#)

[Sources of Information](#)

[People who Participated
in the Reporting Process](#)

[Membership and Networks](#)

[ARAUCO's Subsidiaries and Shareholders](#)

[Certifications](#)

[Community Programs in Chile](#)

[GRI Content Index for the "In Accordance"
Core Option and Global Compact](#)

Consolidated Financial Statements

As of December 31, 2014 and 2013

ASSETS	12-31-2014	12-31-2013
	ThUS\$	ThUS\$
Current assets		
Cash and cash equivalents	971,152	667,212
Other current financial assets	7,633	3,089
Other current non-financial assets	177,728	188,964
Trade and other current receivables	731,908	711,678
Related-party current receivables	4,705	8,243
Current inventory	893,573	900,590
Current biological assets	307,551	256,957
Current tax assets	38,477	61,174
Total current assets other than assets or disposal groups classified as held for sale or as held for distribution to owners	3,132,727	2,797,907
Non-current assets or disposal groups classified as held for sale or as held for distribution to owners	7,988	10,414
Total current assets	3,140,715	2,808,321
Non-current assets		
Other non-current financial assets	5,024	48,778
Other non-current non-financial assets	101,094	125,052
Non-current receivables	31,001	40,729
Related-party receivables, non-current	151,519	-
Investments accounted for using equity method	326,045	349,412
Intangible assets other than goodwill	93,258	99,651
Goodwill	82,573	88,141
Property, plants and equipment	7,119,583	7,137,467
Non-current biological assets	3,538,802	3,635,246
Deferred tax assets	157,840	160,598
Total non-current assets	11,606,739	11,685,074
Total assets	14,747,454	14,493,395

EQUITY AND LIABILITIES	12-31-2014	12-31-2013
	ThUS\$	ThUS\$
Liabilities		
Current liabilities		
Other current financial liabilities	742,343	893,605
Trade and other current payables	630,406	630,980
Related party payables	6,036	14,406
Other current provisions	2,535	9,696
Current tax liabilities	25,860	4,472
Current provisions for employee benefits	3,590	3,814
Other current non-financial liabilities	136,316	125,043
Total current liabilities other than liabilities included in disposal groups classified as held for sale	1,547,086	1,682,016
Total current liabilities	1,547,086	1,682,016
Non-current liabilities		
Other non-current financial liabilities	4,453,819	4,156,992
Non-current payables	-	361
Other non-current provisions	64,529	24,167
Deferred tax liabilities	1,756,706	1,462,295
Non-current provisions for employee benefits	48,582	42,170
Other non-current non-financial liabilities	61,996	80,854
Total non-current liabilities	6,385,632	5,766,839
Total liabilities	7,932,718	7,448,855
Equity		
Issued capital	353,618	353,618
Retained earnings	6,984,564	7,004,640
Other reserves	(571,052)	(365,960)
Equity attributable to parent company	6,767,130	6,992,298
Non-controlling interests	47,606	52,242
Total equity	6,814,736	7,044,540
Total equity and liabilities	14,747,454	14,493,395

Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF INCOME	January-December	
	2014	2013
	ThUS\$	ThUS\$
Income statement		
Profit (loss)		
Revenue	5,328,665	5,145,500
Cost of sales	(3,654,146)	(3,557,210)
Gross profit	1,674,519	1,588,290
Other income	368,924	385,055
Distribution costs	(542,859)	(523,587)
Administrative expenses	(550,809)	(544,694)
Other expense	(138,769)	(136,812)
Profit (loss) from operating activities	811,006	768,252
Finance income	30,772	19,062
Finance costs	(246,473)	(232,843)
Share of profit (loss) of associates and joint ventures accounted for using equity method	7,481	6,260
Exchange rate differences	(9,961)	(11,797)
Income before income tax	592,825	548,934
Income tax	(155,935)	(130,357)
Profit (loss) from continuing operations	436,890	418,577
Net income	436,890	418,577
Net income attributable to		
Net income attributable to parent company	431,958	385,657
Income attributable to non-controlling interest	4,932	32,920
Profit (loss)	436,890	418,577
Earnings per share		
Basic earnings per share		
Earnings per share from continuing operations	0.004	0.003
Earnings per share from discontinued operations	-	-
Basic earnings per share	0.004	0.003
Earnings per diluted shares		
Earnings per diluted share from continuing operations	0.004	0.003
Earnings per diluted share from discontinued operations	-	-
Diluted earnings per share	0.004	0.003

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME	January-December	
	2014	2013
	ThUS\$	ThUS\$
Profit (loss)	436,890	418,577
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	(12,829)	(4,143)
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	(4,781)	2,222
Other comprehensive income that will not be reclassified to profit or loss before tax	(17,610)	(1,921)
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	(163,844)	(174,985)
Other comprehensive income before tax exchange differences on translation	(163,844)	(174,985)
Cash flow hedges		
Gains (losses) on cash flow hedges, before tax	(55,803)	22,318
Reclassification adjustments on cash flow hedges, before tax	13,524	7,591
Other comprehensive income before tax cash flow hedges	(42,279)	29,909
Other comprehensive income that will be reclassified to profit or loss before tax	(206,123)	(145,076)
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	3,404	829
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	10,764	(5,400)
Accumulated income tax relating to components of other comprehensive income that will be reclassified to profit or loss before tax	10,764	(5,400)
Other comprehensive income	(209,565)	(151,568)
Comprehensive income	227,325	267,009
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent company	226,866	239,346
Comprehensive income, attributable to non-controlling interests	459	27,663
Total comprehensive income	227,325	267,009

Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS - DIRECT METHOD	12-31-2014	12-31-2013
	ThUS\$	ThUS\$
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	5,629,175	5,609,104
Receipts from premiums and claims, annuities and other policy benefits	5,100	29,840
Other cash receipts from operating activities	359,539	408,257
Classes of cash payments		
Payments to suppliers for goods and services	(4,190,295)	(4,117,942)
Payments to and on behalf of employees	(499,370)	(573,538)
Other cash payments from operating activities	(122,027)	(196,775)
Interest paid	(204,915)	(223,571)
Interest received	46,658	18,451
Income taxes refund (paid)	(37,285)	(55,272)
Other (outflows) inflows of cash, net	(1,405)	(834)
Net cash flows from operating activities	985,175	897,720
Cash flows from (used in) investing activities		
Capital contributions to joint ventures	(1,882)	-
Loans to related parties	(158,797)	-
Proceeds from sales of property, plant and equipment	63,492	116,639
Purchase of property, plant and equipment	(459,796)	(645,388)
Purchase of intangible assets	(10,101)	(5,889)
Proceeds from sale of other long-term assets	40,257	28,992
Purchase of biological assets	(142,138)	(213,244)
Cash receipts from repayment of advances and loans made to other parties classified as investing activities	-	5,000
Dividends received	12,073	18,562
Other outflows of cash, net	1,734	7,708
Cash flows used in investing activities	(655,158)	(687,620)
Cash flows from (used in) financing activities		
Total loans obtained	1,035,601	1,351,682
Proceeds from long-term borrowings // proceeds from short-term borrowings	829,348	394,464
Proceeds from short-term borrowings // loans obtained in long term	206,253	957,218
Repayments of borrowings	(900,595)	(1,216,917)
Dividends paid by the parent company	(141,089)	(140,054)
Other inflows of cash, net	(1,802)	(2,487)
Cash flows from (used in) financing activities	(7,885)	(7,776)
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	322,132	202,324
Effect of exchange rate changes on cash and cash equivalents	(18,192)	(23,610)
Net increase (decrease) in cash and cash equivalents	303,940	178,714
Cash and cash equivalents, at the beginning of the period	667,212	488,498
Cash and cash equivalents, at the end of the period	971,152	667,212

CHANGES IN NET EQUITY AS OF DECEMBER 31st 2014

	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
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance at January 01, 2014	353,618	(339,105)	(21,507)	(6,384)	1,036	(365,960)	7,004,640	6,992,298	52,242	7,044,540
Changes in equity	-	-	-	-	-	-	-	-	-	-
Comprehensive Income	-	-	-	-	-	-	-	-	-	-
Net income	-	-	-	-	-	-	431,958	431,958	4,932	436,890
Other comprehensive income		(159,390)	(31,515)	(9,406)	(4,781)	(205,092)	-	(205,092)	(4,473)	(209,565)
Comprehensive income	-	(159,390)	(31,515)	(9,406)	(4,781)	(205,092)	431,958	226,866	459	227,325
Issue of equity	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(159,879)	(159,879)	(4,533)	(164,412)
Increase (decrease) through transfers and other changes	-	-	-	-	-	-	(292,155)	(292,155)	(562)	(292,717)
Total increase (decrease) in equity	-	(159,390)	(31,515)	(9,406)	(4,781)	(205,092)	(20,076)	(225,168)	(4,636)	(229,804)
Closing balance at December 31, 2014	353,618	(498,495)	(53,022)	(15,790)	(3,745)	(571,052)	6,984,564	6,767,130	47,606	6,814,736

Consolidated Financial Statements

CHANGES IN NET EQUITY AS OF DECEMBER 31st 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
	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$	ThUS\$
Opening balance at January 01, 2013	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	-	(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 transfers and other changes	-	-	-	-	-	-	-	-	(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)
Total 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 December 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

Sources of Information

- ARAUCO Website
- ARAUCO Intranet
- 2013 Sustainability Report
- 2012 Sustainability Report
- Corporate Brochure
- Relationships with Mapuche Communities Policy
- Executives' Meeting Presentation March 2014
- Executives' Meeting Presentation June 2014
- Executives' Meeting Presentation September 2014
- Executives' Meeting Presentation November 2014
- ARAUCO Territory Characterization Information Sheets
- Presentation to Empresas Copec Investors
- Voces de Arauco, monthly publication
- Statements Presented by Cristián Infante to the Organization
- Contacta2: ARAUCO receives energy efficiency award
- Contacta2: ARAUCO Spirit 2014
- Contacta2: ARAUCO Acknowledgements, November 2014
- Contacta2: SVS Material Fact Tax Reform
- Contacta2: SierraPine
- Contacta2: Montes del Plata Inauguration
- Contacta2: Bond placement in the United States
- Contacta2: ARAUCO's New Structure
- Contacta2: ARAUCO submits EIS to produce dissolving pulp at Valdivia mill
- Contacta2: Montes del Plata initiates operations
- Contacta2: Environmental Impact Assessment approved for MAPA Project
- Contacta 2: Firefighters Accident
- Contacta 2: State Defense Council Trial
- Results of the 2014 Organizational Climate Survey
- PRES News Bulletin
- Google Analytics Reports on ARAUCO web pages
- ARAUCO social networks: Facebook, Twitter, LinkedIn, Pinterest
- Web page www.presconstitucion.cl
- Web page www.fundacionarauco.cl
- Web page www.parqueoncol.cl
- Web page www.humedalriocruces.cl
- ARAUCO Social Management Plan
- Financial press release
- A number of national and regional new articles

People who Participated in the Reporting Process

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- Couto, Márcio Roberto, Especialista em Assuntos Corporativos;
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- Davis, Whitney, Malvern HR Manager;
- Dearing, Marty, Manager, Business Planning & Finance;
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- Dias Dourado, Noelia, Supervisora MASSO, planta de Pien;
- Díaz, José Ignacio, Gerente Legal Chile;
- Donizeti de Sousa, Mário, Diretor de Assuntos Corporativos e MASSO;
- Dumuihual, Marcelo Humberto, Jefe Comunicaciones Región de Los Ríos;
- Eckholt, Mario, Gerente MASSO Riesgo Celulosa;
- Elston, Jake, Vice President Corporate Operations;
- Espinosa, Francisco, Ingeniero Trainee MASSO;
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- Ferguson, Jeff, Northern Region Wood Procurement Manager;
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- Fulgeri, María Antonella, Jefe Excelencia Operacional Maderas;
- Garrido, Ignacio, Subgerente Operacional;
- Gilligan, Debbie, Executive Assistant;
- Godoy, Aracelly, Coordinadora Social Proyectos Habitacionales;
- Gómez, Juan Pablo, Gerente Colombia;
- Goossen, Marcelo, Coordenador de Controle e Gestão;
- Guzmán, Felipe, Gerente Corporativo Asuntos Legales;
- Gutiérrez, David, Subgerente Participación y Consulta;
- Hair, Amanda, Bennettsville Site Environmental Manager;
- Haller, Karina, Analista Comunicaciones;
- Hellinger, Odair Rodrigo, Coordenador Florestal, unidade de Mato Grosso do Sul;
- Hermanns, Marianne, Jefe Senior MASSO;
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- Hotchkiss, Lloyd, Northern Manufacturing Manager;
- Huerta, Edgardo, Jefe Seguridad;
- Iturra, Beatriz, Encargada de Extensión y Relaciones Comunitarias;
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- Kurovski, Bruno Albano, Assistente Administrativo Pl, planta de Pien;
- Latchuk, Rogério, Diretor de Plan. e Controladoria;
- Leite, Priscila Tatiane de Lara, Analista de Remuneração Sr;
- Leiva, Mauricio, Subgerente Asuntos Públicos Biobío Sur;

- Leniz, Andrés, Jefe de Planificación Logística;
- Liebl Woiczka, Sandrina, Analista de Meio Ambiente, planta de Pien;
- Little, Kerry, Business Sustainability Manager;
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- Lozano, Francisco, Gerente Innovación;
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- Maturana, Arturo, Gerente Riesgos, Medioambiente, Seguridad y Salud Ocupacional Corporativo;
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- McManus, Enrique, Jefe Desarrollo Construcción en Madera;
- Meiners, Franz, Gerente Arauco México;
- Mellado, Myriam, Encargada Comunicación Negocio Forestal;
- Melo, Eduardo, Subgerente Medioambiente Forestal Arauco;
- Mendoza, Guillermo, Subgerente Asuntos Públicos Biobío Norte;
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- Metzen, John, HR Manager;
- Montes, Felipe, Subgerente Marketing Distribución;
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- Montolivo, Patricia, Encargado Participación Consulta;
- Moraga, Patricio, Jefe Comunicaciones Región del Maule;
- Moreira, Carolina, Gerente Asuntos Corporativos y Sustentabilidad Montes del Plata;
- Muñoz, Katherine, Ingeniero Clientes Contratos, Bioenergía;
- Nabosne, Fabiana M. M., Analista de Certificações Florestal;
- Neira, Alejandra, Gerente Tributaria;
- Neumann, Germán, Jefe Protección Incendio;
- Nordstrom, Allison, Corporate Risk Management Coordinator;
- Ohlhausen, Carl, Safety Manager/Area Coordinator;
- Oscarsson, Goran, Optimization Manager;
- Pastorini, Carole, Subgerente Comunicación Interna;
- Patrickson, Christian, Subgerente Desarrollo Arauco Bioenergía;
- Pavón, Natalia, Coordinador Mejores Prácticas;
- Pereira, Theofilo A. Militao de S., Coordinador de Segurança Florestal;
- Prieto, Matías, Gerente Personas Negocio Maderas;
- Pino, Lucía, Secretaria Gerencia;
- Pohlenz, Sergio, Supervisor Florestal, unidade de Campo do Tenente;
- Ramírez, María Soledad, Periodista Comunicaciones Internas;
- Rauld, Carlos, Gerente Bioenergía;
- Rhodes, Mike, Malvern EHS Manager;
- Ribas de Souza, Sandro Luiz, Coordinador Florestal, unidade de Sengés;
- Ribeiro, Luiz Renato do Amaral, Coordinador de Segurança Industrial;
- Ribeiro, Valéria de Paula, Diretora de Pessoas;
- Rioseco, Ricardo, Jefe Comunicaciones Biobío;
- Rivero, Liliana, Jefa de Manejo Sustentable de Bosque Nativo Arauco Argentina;
- Roberts, Scott, Bennettsville Site Safety Manager;
- Rodríguez, Eduardo, Gerente Bioforest;
- Rodríguez, Marcelo, Jefe Excelencia Operacional;
- Rojas, Romina, Auditor MASSO;
- Rosso, David, Safety Manager;
- Rosso, José Luis, Subgerente Planificación Financiera;
- Rosso, Michael, Vice President Manufacturing;
- Salinas, Danilo, Jefe de Clientes Bioenergía;
- Sánchez, Javier, Asesor Senior en Sistemas de Gestión Gerencia Medioambiente, Seguridad y Salud Ocupacional;
- Sarginson, Brian, Wood Procurement Director;
- Schaffner, Ricardo, Gerente Desarrollo y Medioambiente, Forestal Arauco;
- Shotbolt, Kevin, Vice President Sales and Marketing;
- Silveira, Fernanda, Coordinador Florestal, unidade de Campo do Tenente;
- Smith, Carla, Assistant Controller;
- Springer, Randy, Human Resources Director (ret);
- Soares, Lúcio Carlos, Coordinador MASSO, planta de Araucária;
- Sobarzo, Rodrigo, Subgerente de Gestión de Desempeño;
- Sousa, Mario, Director Asuntos Corporativos Arauco Brasil;
- Suski, Leandro Gervazio, Diretor Administrativo e Financeiro;
- Strauszer, Ricardo, Gerente Comercial Celulosa;
- Tadesse, Yodit, Corporate Operations Executive Assistant;
- Teixeira, Arnaldo, Coordinador MASSO, planta de Jaguariáiva;
- Trevisan, Roberto, Diretor Florestal;
- Uema, Maristela Aparecida da Silva, Coordinador de Gestão de Pessoas;
- Vaccaro, Juan Pablo, Gerente Arauco Colombia;
- Valdés, Alfonso, Gerente Arauco Forest Products;
- Valdivia, René, Consultor;
- Vallejos, Odín, Encargado Proyecto Somos Socios;
- Varas, Jaime, Subgerente Participación Consulta;
- Vargas, Carolina, Jefe Comunicaciones Extensión;
- Verardi, Flávio, Diretor Comercial;
- Vicuña, José Miguel, Ingeniero Gestión de Desempeño;
- Weber, Rich, Director EHS & Sustainability;
- Wensersky, Johnny Especialista em Certificações Florestal;
- Wulf, Marcela, Encargada Extensión Zona Los Ríos;
- Wulk, Shannon, Western HR Manager;
- Yoshioka, Maria Harumi, Gerente de Certificações Florestal;
- Young, Jason, Environmental Manager;
- Zalewski, Chris, Purchasing Director;
- Zamorano, Francisco, Gerente Personas Negocio Celulosa;
- Zerene, Álvaro, Gerente Arauco Asia (China);

Argentina

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

- Reserva Yaguaroundí
- Reserva Curindy
- Administración de Parques Nacionales
- Aves Argentinas-Asociación Ornitológica de La Plata
- Guira Oga
- Asociación Amigos de Guapoy
- Unión Argentina de Trabajadores Rurales y Estibadores www.uatre.org.ar
- Comité de Cuenca Hídricas del Arroyo Tabay
- Comité de Cuenca Hídricas del Arroyo Tupicúa
- Consorcio Forestal Corrientes Norte
- Asociación de Bomberos Voluntarios de Libertad
- Colegio de Ingenieros Forestales
- APF - Aglomerado Productivo Forestal Misiones y Corrientes (We're part of APF through AFoA. APSA currently contributes to a research project in Integrated Pest Control).
- Asociación Civil Consejo de Manejo Responsable de los Bosques y Espacios Forestales

Australia

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

Brazil

- Associação das Empresas da Cidade Industrial de Araucária www.aeciar.com.br
- Americas SAP users Group www.asug.com.br
- Associação Paranaense de Empresas de Base Florestal (APRE) www.apreflorestas.com.br
- Associação Brasileira de Normas Técnicas www.abnt.org.br
- Associação de Usuários de Informática e Telecomunicações www.sucesu.org.br
- Associação Brasileira de Recursos Humanos (ABRH)
- Associação Capivari

- Associação Comercial e Industrial Agrícola de Jaguariaíva - ACIAJA
- Conselho de Manejo Florestal FSC Brasil www.fsc.org
- Diálogo Florestal Paraná - Santa Catarina www.dialogoflorestal.org.br
- Federação da Agricultura e Pecuária do Estado de Mato Grosso do Sul (FAMASUL) <http://famasul.com.br/>
- Federação dos Trabalhadores na Agricultura do Estado de Mato Grosso do Sul <http://www.fetagrims.org.br/>
- Federação dos trabalhadores nas Indústrias do Estado do Paraná
- Federação das Indústrias do Estado do Paraná (FIEP) www.fiepr.org.br
- Forest Stewardship Council (FSC) www.fsc.org
- Fundação de Estudos e Pesquisas Florestais do Paraná www.fupeq.ufpr.br
- Fundo Nacional de Controle da Vespa da Madeira (Funcema)
- Grupo de Profissionais de Remuneração (GPR)
- Indústria Brasileira de Árvores (IBÁ) www.bracepla.org.br
- Instituto de Pesquisa e Estudos Florestais www.ipef.br
- Pacto Global das Nações Unidas www.pactoglobal.org.br
- Programa Cooperativo em Certificação Florestal (PCCF) www.ipef.br/pccf
- Sindicato das Indústrias Químicas e Farmacêuticas do Estado do Paraná
- Sindicato das Indústrias dos Marceneiros e Trabalhadores na Indústrias de Serrarias de Móveis de Madeira www.somparpr.org/
- Sindicato das Indústrias do Mobiliário e Artefatos de Madeira no Estado de Minas Gerais (SINDIMOV-MG) www.sindimov-mg.net.br
- Sindicato dos Trabalhadores nas Indústrias Madeiras, Moveleiras e Similares de Jaguariaíva
- Sindicato dos Oficiais Marceneiros www.somparpr.org/

Colombia

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

Chile

- Aalto University (Finland) www.aalto.fi
- Åbo Akademi (Finland) www.abo.fi
- Asociación Técnica de la Celulosa y el Papel www.atcp.cl
- Asociación de Industriales del Centro, Región del Maule www.asicent.cl
- Acción RSE www.accionrse.cl
- Cámara Chilena de la Construcción www.cchc.cl
- Cámara Chilena de la Construcción Valdivia
- Cámara Chileno Argentina www.camarco.cl
- Cámara Chileno Australiana de Comercio www.auscham.cl
- Cámara Chileno Brasileña de Comercio www.camarachilenobrasileña.cl
- Cámara Chileno Británica www.britcham.cl
- Cámara Chileno-China de Comercio, Industrias y Turismo www.chicit.cl
- Cámara Chileno Norteamericana de Comercio www.amchamchile.cl
- Cámara de Comercio Italiana de Chile www.camit.cl
- Cámara de Comercio e Industria de Valdivia www.cciv.cl
- Centro de Estudios Públicos, Comisión de Medioambiente www.cep.cl
- Centro para el Fomento del Mercado del Carbono www.chile-co2.cl
- Consorcio Bioenercel www.bioenercel.com
- Controladora de Plagas Forestales www.cpf.cl
- Cooperativa de Mejoramiento Genético Forestal www.genomica.cl
- Council of the Americas www.as-coa.org
- Centro Educacional de Alta Tecnología www.ceat.cl
- Centro de Innovación y Desarrollo de la Madera www.cidm.cl
- Centro de Transferencia Tecnológica de la Madera www.cct.cl

- Commonwealth Scientific y Industrial Research Organisation (CSIRO, Australia) www.csiro.au
- Corporación de Adelanto y Desarrollo de la Provincia de Arauco www.corparauco.cl
- Corporación Chilena de la Madera www.corma.cl
- Corporación Chilena de la Madera Maule
- Corporación Chilena de la Madera Biobío
- Corporación Chilena de la Madera Los Ríos-Los Lagos
- Corporación para el Desarrollo Productivo de La Araucanía www.corparaucania.cl
- Corporación por el Desarrollo de Valdivia www.codeproval.cl
- Corporación Industrial para el Desarrollo Regional del Biobío www.cidere.cl
- École Nationale Supérieure Des Technologies Et Industries Du Bois (France) www.enstib.univ-lorraine.fr
- Forest Biotechnology Industrial Research Consortium (USA) www.ncsu.edu/forbirc
- Forest Productivity Cooperative (USA) www.forestproductivitycoop.org
- Forestry and Agricultural Biotechnology Institute, South Africa www.fabinet.up.ac.za
- Fundación Belén Educa www.beleneduca.cl
- Fundación Integrare www.integrare.cl
- Genómica Forestal S.A. www.genomica.cl
- Georgia Tech Institute of Paper Science Technology (USA) ipst.gatech.edu
- Cooperativa de Mejoramiento Genético Forestal www.uach.cl
- Icare www.icare.cl
- Innventia (Sweden) www.innventia.com
- Institut für Holztechnologie Dresden (Germany) www.ihd-dresden.de
- Institute Forestry Biotechnology (USA) www.forestbiotech.org/
- Instituto Libertad www.institutolibertad.cl
- North Carolina State Forest Nutrition Cooperative, USA
- North Carolina State University Forest Nutrition Cooperative: Camcore (USA) www.camcore.org
- North Carolina State University Tree Improvement Cooperative (USA) www.treeimprovement.org
- Prohumana www.prohumana.cl
- Red de Alta Dirección Universidad del Desarrollo www.redaltadireccionudd.cl
- Red Pacto Global Chile www.pactoglobal.cl
- Rosenheim University of Applied Sciences (Germany) www.fh-rosenheim.de
- Sociedad de Fomento Fabril www.sofofa.cl
- Tree Improvement Cooperative: North Carolina State University www.treeimprovement.org
- Un Techo para Chile www.untechoparachile.clorg
- Visión Valdivia www.visionvaldivia.cl
- Wilhelm Klauditz Institut (Germany) www.wki.fraunhofer.de
- Working on Fire International www.wof-into.com
- Unidad de Desarrollo Tecnológico UDT
- Pontificia Universidad Católica de Chile www.uc.cl
- Universidad de Chile Facultad de Ingeniería Industrial www.dii.uchile.cl
- Universidad de Chile Facultad de Economía y Negocios www.fen.uchile.cl
- Universidad de Chile Facultad de Ciencias www.ciencias.uchile.cl/ciencias
- Universidad Católica de la Santísima Concepción www.ucsc.cl
- Universidad de Concepción www.udec.cl
- Unidad de Desarrollo Tecnológico UDT de la Universidad de Concepción www.udt.cl
- Universidad Federal de Viçosa (Brazil) www.ufv.br
- Universität Bern (Switzerland) www.unibe.ch
- Valmet Forward www.valmet.com
- VTT Technical Research Center of Finland (Finland) www.vtt.fi
- The Wood-Based Composites Center (USA) wbc.vt.edu
- Wood K Plus wk-plus.de

United States

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

Mexico

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

Peru

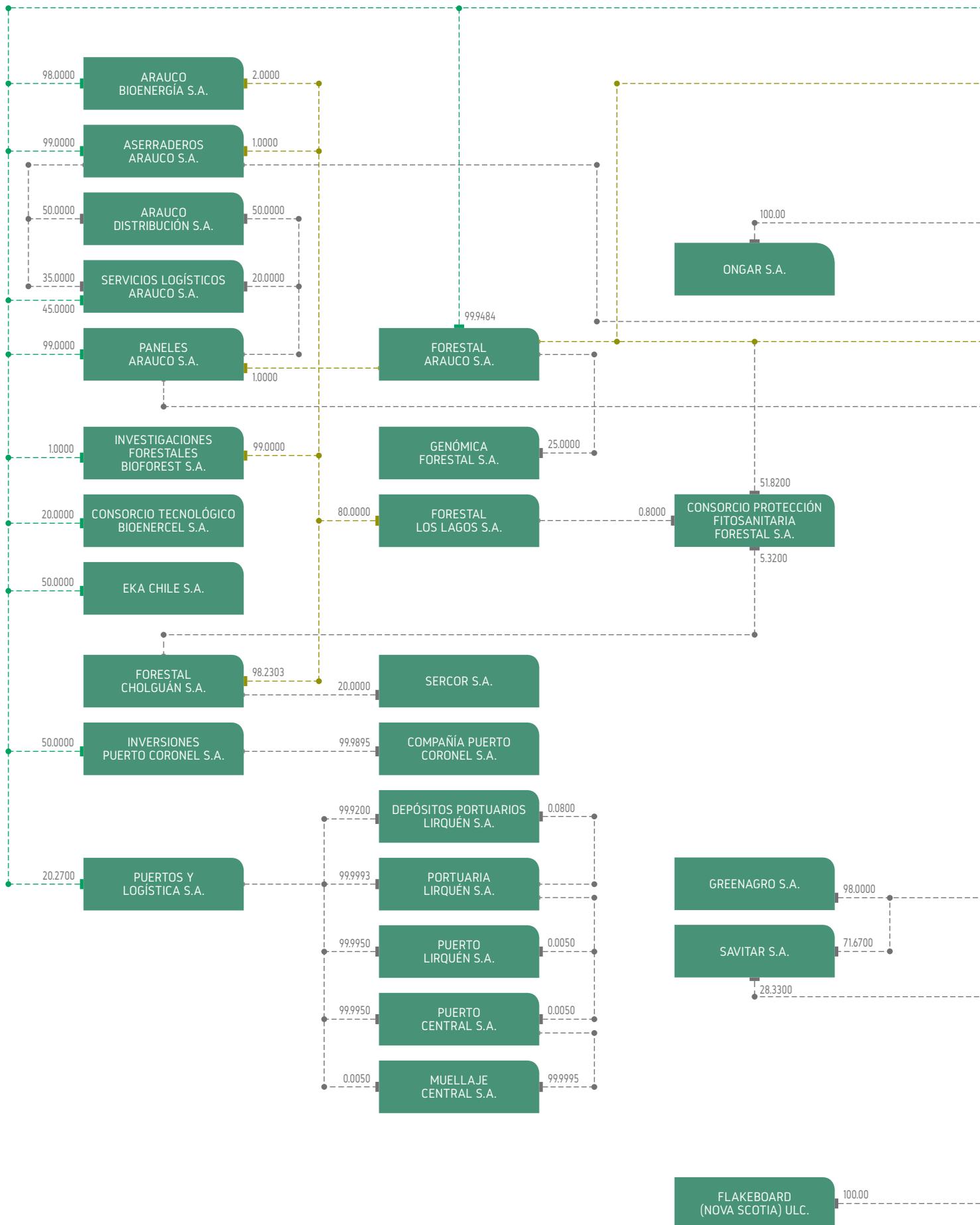
- Cámara Peruana de la construcción www.capeco.org
- Cámara de Comercio Peruano Chilena www.camaraperuchile.org
- Sociedad de Comercio Exterior del Perú www.comexperu.org.pe/

Uruguay

- Asociación Cristiana de Dirigentes de Empresa www.acde.org.uy
- Asociación Turística de Colonia www.colonia.gub.uy/
- Cámara de Comercio y Servicios del Uruguay
- 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
- Unión de Exportadores
- Waza (World Association of Zoos and Aquariums) www.waza.org

ARAUCO'S Subsidiaries and Shareholders

Updated, as of December 31, 2014



CELULOSA ARAUCO Y CONSTITUCIÓN S.A.

98.01862
INVERSIONES ARAUCO INTERNACIONAL LTDA.

50.0000
EUFORES S.A.

6.8444
ZONA FRANCA PUNTA PEREIRA S.A.

3.6660
CELULOSA Y ENERGÍA PUNTA PEREIRA S.A.

99.9900
SERVICIOS AÉREOS FORESTALES LTDA.

50.0000
FORESTAL CONO SUR S.A.

100.00
STORA ENSO URUGUAY S.A.

100.00
TERMINAL LOGÍSTICA E IND. M'BOPICUÁ S.A.

99.0000
EL ESPARRAGAL ASOC. AGRARIA DE R.L.

43.1556
46.3340
CELULOSA Y ENERGÍA PUNTA PEREIRA S.A.

99.9987
ARAUCO PERÚ S.A.

100.00
ARAUCO AUSTRALIA PTY. LTD.

1.5000
1.5000
ARAUCO COLOMBIA S.A.

1.5000
94.0000
ARAUCO COLOMBIA S.A.

99.9980
AGENCIAM. Y SERVICIOS PROFESIONALES S.A. DE C.V.

99.9995
ARAUCOMEX S.A. DE C.V.

99.4611
ARAUCO HOLANDA COOPERATIEF U.A.

20.0000
STORA ENSO ARAPOTI IND. DE PAPEL S.A.

50.0000
UNILIN ARAUCO PISOS LTDA.

98.6582
ARAUCO DO BRASIL S.A.

72.8457
MAHAL EMP. E PART. S.A.

49.0000
NOVO OESTE GESTAO DE ATIVOS FLORESTAIS S.A.

48.9912
FLORESTAL VALE DO CORISCO S.A.

85.3391
ARAUCO FOREST BRASIL S.A.

27.1541
3.5087
EMP. FLORESTAIS SANTA CRUZ LTDA.

100.00
LEASING FORESTAL S.A.

90.0057
ALTO PARANÁ S.A.

80.0000
ARAUCO FORESTAL ARAPOTI S.A.

99.9988
EMP. FLORESTAIS SANTA CRUZ LTDA.

98.0000
2.0000
FORESTAL NUESTRA SRA. DEL CARMEN S.A.

99.7528
ALTO PARANÁ S.A.

74.1662
25.8338
FORESTAL TALAVERA S.A.

100.00
ARAUCO PANELS U.S.A., LLC.

99.6000
ARAUCO WOOD PRODUCTS INC.

100.00
FLAKEBOARD AMERICA LTD.

99.9900
FLAKEBOARD US. GP. I

100.00
FLAKEBOARD PARTNER COMPANY LTD.

100.00
FLAKEBOARD COMPANY LTD.

100.00
FLAKEBOARD AMERICA FUNDING CORPORATION

99.9900
FLAKEBOARD US. GP. II

0.0100
FLAKEBOARD US. GP. II

Certifications

As of December 31, 2014

Forestry Business Certifications

Country	Business / Forestry area	Standard	Certification N° / License code	Scope	Validity
Chile	Forestal Arauco S.A ⁽¹⁾	FSC® FM	SA-FM/COC-004173 / FSC-C108276	1,109,847 ha. ⁽²⁾	Sep/2018
		CERTFOR/PEFC SFM	SAI-CERTFOR FM-1012257	1,113,934 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 sawn timber and pulpwood, posts, poles, fences, chips, sawdust, and/or bark.	Sep/2019
		ISO 14001	CERT-0074098	All activities and processes.	Nov/2016
		OHSAS 18001	CERT-0074103	All activities and processes.	Oct/2015
	Forestal Arauco Central Area	FSC® CoC & CW	SGS-COC-006510; SGS-CW-006510 / FSC-C008122	Pine and eucalyptus ssp logs and chips.	Jul/2019
		CERTFOR/PEFC CoC	SAI-CERTFOR-COC-012647	Pinus and eucalyptus sawn timber and pulpwood, posts, poles, fences, chips, sawdust, and/or bark.	Sep/2019
		ISO 14001	CERT-0074094	All activities and processes.	Nov/2016
		OHSAS 18001	CERT-0074102	All activities and processes.	Oct/2015
	Forestal Arauco South Area	FSC® CoC & CW	SGS-COC-006402; SGS-CW-006402 / FSC-C017136	Pine and eucalyptus ssp logs and chips.	Jun/2019
		CERTFOR/PEFC CoC	SAI-CERTFOR-COC-012646	Pinus and eucalyptus sawn timber and pulpwood, posts, poles, fences, chips, sawdust, and/or bark.	Sep/2019
		ISO 14001	CERT-0074093	All activities and processes.	Nov/2016
		OHSAS 18001	CERT-0074100	All activities and processes.	Oct/2015
Forestal Los Lagos (4)	FSC® FM	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® CW	SA-CW/FM-004233 FSC-C119041	232,421 ha.	Nov/2018
		ISO 14001	AR11/52620387		Jun/2017
		OHSAS	AR11/52620389		Jun/2017
	Forestal Delta	FSC® FM	SA-FM/COC-004350 FSC-C120468	17,098 ha.	Mar/2019

Country	Business / Forestry area	Standard	Certification N° / License code	Scope	Validity
Brazil	Arauco Forest Brasil (Sengés and Campo do Tenente Región)	FSC® FM/CoC	RA-FM/COC-001059 / FSC-C010303	40,806 ha.	Oct/2018
	Arauco Forest Brasil (Tunas do Paraná Region)	FSC® FM/CoC	SCS-FM/ COC-004640 / FSC-C116843	25,285 ha.	Jun/2018
	Arauco Florestal Arapoti	FSC® FM/CoC	RA-FM/COC-004511	49,215 ha.	Nov/2019
		CERFLOR/PEFC SFM	BR016511-2	49,215 ha.	May/2018
		ISO 14001	BR011468-2	49,215 ha.	Jun/2016
Uruguay	Montes del Plata	FSC® FM/CoC	SGS-FM/ COC-001941 / FSC-C016979 ⁽⁵⁾	219,827 ha.	Dec/2019
		FFSC® CoC/CW	SGS-COC-001944 / FSC-C023409 ⁽⁵⁾ SGS-CW-001944 / FSC-C023409		

⁽¹⁾ Includes Forestal Cholguán forestland.

⁽²⁾ According to certificate dated Sept-10-2014, which considers the surface by Dec-31-2013, includes total managed surface (company-owned + Forestal Río Grande + agreement + lease); does not include FLL.

⁽³⁾ According to certificate dated Dec-23-2013, which considers the surface by Dec-31-2012, includes total 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 that belong to 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

Country	Mill	Standard / Accreditation	Certification N° / License code	Scope	Validity
Chile	Arauco	CERTFOR/PEFC CoC	SAI-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/2019
		ISO 14001	CERT-0083941	Production of bleached kraft pulp.	Oct/2017
		ISO 9001	CERT-0083943	Production of bleached kraft pulp.	Oct/2017
		ISO 17025	LE 324	Laboratorio ambiental para ensayos físico químicos aguas residuales.	Jun/2016
	Constitución	CERTFOR/PEFC CoC	SAI-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-0083469	Production of unbleached kraft pulp.	Oct/2017
		ISO 9001	CERT-0083468	Production of unbleached kraft pulp.	Oct/2017
	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	SAI-CERTFOR-COC-1044526	Bleached pine and eucalyptus pulp.	Dec/2017
		FSC® CoC/CW	SGS-COC-005376; SGS-CW-005376 / FSC-C011929	ECF bleached pine and eucalyptus kraft 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

Country	Mill	Standard / Accreditation	Certification N° / License code	Scope	Validity
Chile	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 pine and eucalyptus kraft pulp.	Jul/2019
		ISO 14001	CERT-0083864	Production of bleached kraft pulp.	Nov/2017
		ISO 9001	CERT-0083863	Production of bleached kraft pulp.	Nov/2017
Argentina	Puerto Esperanza	FSC® CoC/CW	SA-COC-004426; SA-CW-004426 FSC-C121377	Bleached softwood pulp.	Jun/2019
		ISO 14001	AR07/537	Pulp production.	Aug/2016
		OHSAS 18001	AR07/536	Pulp production.	Aug/2016

Certifications

Panel Business Certifications

Country	Mill	Standard	Certification Nº / License code	Scope / Products	Validity
Chile	Trupán-Cholguán	CERTFOR/PEFC CoC	SAI-CERTFOR-CoC - 1045286	MDF, MDF melamine, MDF lacquered, MDF beading and MDF mouldings.	Jun/2015
		FSC® CoC	SGS-COC-010097	MDF, MDF melamine, MDF lacquered, MDF beading and MDF mouldings.	Jan/2019
		ISO 14001,OHSAS	SAC 070322	MDF panels, HB panels, MDF mouldings.	May/2015
	Teno	FSC® CoC	SGS-COC-010097	MDP boards, MDP melamine and treated.	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 BR016320 BR016351-1 BR016318 BR01619-1	MDF, melamine, particleboard.	Feb/2019 May/2016 May/2016 May/2016 May/2016
	Araucária Chemical Plant	ISO 14001 ISO 9001	BR13/7687 BR03/00957	Resin.	May/2016 Sep/2015

Country	Mill	Standard	Certification N° / License code	Scope / Products	Validity
North America	St. Stephen	Forest Stewardship Council® 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).	March 26, 2012
			#212	Industrial particleboard - Production categories IN4, IN5, and IN6 (CARB Phase 2).	March 26, 2012
		CPA ECC 4-11 Eco Certified Composite Standard	#611	Laminated panels.	March 22, 2013
	Sault Ste. Marie	Forest Stewardship Council® 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).	March 26, 2012
		CPA ECC 4-11 Eco Certified Composite Standard	#612	Laminated panels.	March 26, 2012
	Carolina PB	Forest Stewardship Council® 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).	March 26, 2012

Certifications

Panel Business Certifications

Country	Mill	Standard	Certification N° / License code	Scope / Products	Validity
North America	Bennettsville MDF	Forest Stewardship Council® 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).	March 28, 2012
	Moncure	Forest Stewardship Council® 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 particleboard - Product Category IND (CARB Phase 2).	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).	March 7, 2012
		CPA ECC 4-11 Eco Certified Composite Standard	#618	Laminated panels.	April 9, 2013
	Malvern MDF	Forest Stewardship Council® 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).	March 26, 2012

Country	Mill	Standard	Certification N° / License code	Scope / Products	Validity
North America	Duraflake PB	Forest Stewardship Council® 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).	March 26, 2012
		CPA ECC 4-11 Eco Certified Composite Standard	#610	Laminated panels.	March 15, 2012
	Eugene MDF	Forest Stewardship Council® 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).	March 26, 2012

Certifications

Timber Business Certifications

Country	Mill	Standard	Certification N° / License code	Scope / Products	Validity	
Chile	8 Sawmills	ISO 14001	SAC 6015965/B	Timber industrial process and transformation to finished product.	Oct/2017	
		OHSAS 18001	SAC 6015965/A	Timber industrial process and transformation to finished product.	Nov/2015	
		APL				
		CERTFOR/PEFC CoC	SAI - CERTFOR-CoC-013568	All products.	Oct/2019	
		FSC® CoC	SGS-CoC-010191	All products.	May/2019	
	5 Remanufacturing Facilities	CERTFOR/PEFC CoC ISO 14001 OHSAS 18001 APL	SAI - CERTFOR-CoC-013568	All products.	OHSAS Nov/2015 CERTFOR Oct/2019	
		FSC® CoC	SGS-CoC-010191	All products.	May/2019	
	Arauco Plywood	FSC® CoC	SGS-CoC-010097	Plywood and chips.	Jan/2019	
		CERTFOR/PEFC CoC	SAI - CERTFOR-CoC - 1045286	Plywood and chips.	Jun/2015	
		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	CERTFOR/PEFC CoC	SAI - CERTFOR - 1045286	Plywood and chips.	Jun/2015	
	Argentina	Piray Sawmill	ISO 14001	AR10/52620212		Dec/2016
			OHSAS 18001	AR10/52620213		Dec/2016
ISO 9001			AR10/5262011		Dec/2016	
Piray Remanufacturing Facility		ISO 14001	AR10/52620212		Dec/2016	
		OHSAS 18001	AR10/52620213		Dec/2016	
		ISO 9001	AR10/5262011		Dec/2016	

Community Programs in Chile

PROGRAM	Communes
Education and Training	
<p>Arauco Educational Foundation: Established by ARAUCO in 1989, the Foundation's mission is to generate greater opportunities for the development of children and teenagers through education, in areas in which the company maintains operations.</p>	Maule Region, Biobío Region, Los Ríos Region.
<p>Campus Arauco Technical Training Center: Education center established by ARAUCO, in alliance with DuocUC, in order to contribute to the professional training, employability and job placement of the people of Arauco commune and neighboring areas.</p>	Arauco
<p>Training Schools: ARAUCO has established training schools to increase employability and promote hiring by the company, its contract companies and other businesses in the area, from a local, qualified work force.</p>	Quirihue
<p>Schools of Excellence: Since 1981, ARAUCO has established two private schools and one subsidized private school, all of which have demonstrated excellent academic performance and the outstanding comprehensive development of its students.</p>	Constitución, Arauco, Yungay
<p>Belén Educa Foundation: ARAUCO makes a significant financial contribution, through Empresas Copec group, to the operation of eight schools managed by Belén Educa Foundation, and grants scholarships that allow students to continue their education. The company also participates in tutoring programs for students of the Foundation.</p>	Metropolitan Region
<p>Agreements with Technical Schools: ARAUCO cooperates with industrial and forestry technical schools located in areas close to company operations, which further the development of skills required in the business, as well as job placement opportunities for students in the company and its service providing businesses.</p>	Constitución, Curepto, Ránquil, Quirihue, Curanilahue, Valdivia, Mariquina
Infrastructure and Quality of Life	
<p>Housing Program for Workers (HPW): This program fosters the construction of houses and neighborhoods built with high technical and social standards for the company's workers and neighbors. It provides technical guidance during the public-housing application process, and counsel and financial aid to hire third-party experts for the development of the projects.</p>	Constitución, Yungay, Arauco, Curanilahue, Los Álamos
<p>PRES Constitución: This program was created in response to the 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 consortium to reconstruct the city of Constitución, through a process that included extensive citizen participation.</p>	Constitución
<p>Social Measures for the Modernization and Extension of Arauco Mill (MAPA): The Modernization and Extension of Arauco Mill (MAPA) includes a portfolio of projects that were defined and designed with community participation, to create and enhance public areas and green areas in Arauco commune, in addition to foster tourism and artisan fishing.</p>	Arauco
<p>Cooperation Agreement between ARAUCO and Techo Chile to eliminate improvised housing in Arauco province: This is a strategic alliance that promotes social empowerment and provides for the development of workshops that help families living in improvised housing units in the Arauco Province to meet and organize in order to apply to project housing.</p>	Arauco, Curailahue, Cañete, Lebu, Contulmo
<p>Sustainable Valdivia Consortium: 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.</p>	Valdivia

Community Programs in Chile

PROGRAM	Communes
<p>Arauco Cultural Center: This project consists of a 1,400 square meter cultural center that includes the construction of a theater to replace the “Luis Yuri Yuri” Municipal Theater that was severely damaged by the earthquake in 2010.</p>	Arauco
<p>Contest Funds for Equipment and Infrastructure: Contest funds are made available to enhance infrastructure and equipment needed in neighboring communities.</p>	Maule Region, Biobío Region, Los Ríos Region
Production Development and Social Entrepreneurship	
<p>AcercaRedes Foundation: AcercaRedes provides access to work stations and networks in communes located far from primary urban centers. The Foundation has a positive impact on entrepreneurship and development through partnerships with universities and local and national organizations.</p>	Constitución, Curanilahue, Mariquina
<p>We are Partners: This Shared Value Program 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.</p>	Santa Juana, Arauco, Curanilahue, Cañete, Lebu, Los Álamos
<p>Artisan Fishermen: ARAUCO supports artisan fishermen who operate within the company’s area of influence with programs that improve their production and organizational work conditions. 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 the coastal areas.</p>	Constitución, Hualañé, Cobquecura, Trehuaco, Coelemu, Tomé, Arauco, Mariquina
<p>Forest Gatherers Program Non-Timber Forest Products (NTFPs): 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 areas that promote safe, sustainable and profitable harvesting of non-timber forest products.</p>	Maule Region, Biobío Region, Los Ríos Region
<p>Nueva Aldea Technological Transference Group: ARAUCO is a member and permanent collaborator of GTT Vitivinícola, a group of wine growers of Itata Valley that foster technological transference. The group aims to train farmers and improve the production and quality of its vineyards, as well as the competitiveness of its members.</p>	Ránquil
<p>Artisan Organizations: This program promotes and supports artisan production in the company’s area of influence, in addition to rescuing local culture.</p>	Chillán, Ránquil, Tirúa, Mariquina
<p>CorpArauco: ARAUCO is a member of this Corporation, which aims to drive the development of businesses in Arauco Province and the Biobío Region, by providing solutions in technology, management and training through excellent, reliable, and multidisciplinary service.</p>	Biobío Region

PROGRAM	Communes
Relationship with Mapuche Communities	
<p>Treng Treng at Elicura Valley: The company established an agreement with the Antonio Levique community for the use of sacred and cultural interest sites Treng Treng Chico and Paliwe de Elicura. The agreement includes a Native Forest Restoration Plan that was produced with the community.</p>	Contulmo
<p>We are Partners: As part of the program We are Partners, ARAUCO Works with indigenous communities Yari Mapu Lavken and Llak Wapi Lavken, in the plantation of 57 hectares of eucalyptus.</p>	Arauco
<p>Relmu Witrál: ARAUCO has been working with Relmu Witrál, an Indigenous Association of Lavkenche Loom-weavers, since 2008, with support for training, and the production and sale of their products.</p>	Tirúa
<p>Contest Funds for Infrastructure and Equipment: In 2014, through the Contest Funds program, ARAUCO supported the Malen Nien Obicha Women's Association and their project "We Pu Witrál" (Our New Looms) and Antillanca Community with a project to improve and equip bathroom facilities at El Huiro school.</p>	Cañete, Corral
<p>Cultural Preservation: ARAUCO recognizes the Mapuche culture as being dynamic and vital, and supports a number of initiatives that rescue ancestral practices, such as Mapuche traditional loom weaving. ARAUCO gave looms (witrales) to women who attended a loom weaving course organized by the Municipality of Arauco.</p>	Arauco Province, Los Ríos Region

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G4-EC2	Risks and opportunities posed by climate change.	74		P7
G4-EC3	Coverage of the organization's defined benefit plan obligations.	57		
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	Management approach.	86, 94		P8, P9
G4-EN22	Total water discharge by quality and destination.	87, 88, 90		P8
G4-EN23	Total weight of hazardous and non-hazardous waste.	87, 88, 90		
G4-EN24	Total number and volume of significant spills.	No significant spills were registered.		
Material aspect: Compliance				
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G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions.	One sanction for US\$ 3 million paid to the United States Department of Justice.		
Material aspect: Overall				
	Management approach.	4, 5, 95, 96		
G4-EN31	Total environmental protection expenditures and investments by type.	74		P7, P8, P9
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G4-LA4	Minimum notice periods regarding operational changes.	Significant changes are communicated by Contacta2 e-mail, at the time they are produced.		P3
Material aspect: Occupational health and safety				
	Management approach.	48, 64, 65		
G4-LA6	Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities.	65		P1
Material aspect: Training and education				
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Material aspect: Supplier assessment for labor practices				
	Management approach.	62		
G4-LA14	Percentage of suppliers that were screened using labor practices criteria.	62		
SOCIAL PERFORMANCE: Human Rights				
Material aspect: Freedom of association and collective bargaining				
	Management approach.	61		
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.	61, 62		P1, P2, P3
Material aspect: Indigenous rights				
	Management approach.	4, 5, 113		
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.	4, 5, 98		
G4-SO1	Operations with local community engagement, impact assessments, and development programs .	98 - 119		P1

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Material aspect: Anti-corruption				
	Management approach.	19, 20, 21		
G4-S03	Number and percentage of operations assessed for risks related to corruption and the significant risks identified.	19, 20, 21		P10
G4-S04	Communication and training on anti-corruption policies and procedures.	19, 20, 21		P10
Material aspect: Public policy				
	Management approach.	120		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.	4, 5		
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	One sanction for US\$ 3 million paid to the United States Department of Justice.		
Material aspect: Grievance mechanisms for impacts on society				
	Management approach.	4, 5, 98, 104, 105		
G4-S011	Number of grievances about impacts on society filed, addressed, and resolved through formal mechanisms.	105		
SOCIAL PERFORMANCE: Product responsibility				
Material aspect: Customer health and safety				
	Management approach.	44, 45		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, 46		
G4-PR5	Results of surveys measuring customer satisfaction.	46		



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:

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