



2019 IMPACT REPORT

CMPC 2019 GREEN FINANCE



Contents

CMPC Sustainability Strategy

Corporate Sustainability Goals	4
Leader in Sustainability	5
Green Financing Experience	6

2019 Green Finance

Use of Proceeds	8
Proceeds Allocated	9
Environmental Impact	10
CMPC Green Project Highlights	11

Appendix

Statement of Responsibility	17
KPMG Independent Accountant’s Report	18
Sustainalytics Annual Review	31



CMPC Sustainability Strategy

Sustainability is at the heart of CMPC's business strategy, both in terms of our impacts and our opportunities. That is why, in September 2019, we announced our long-term sustainability goals to be able to prosper on a planet with limited resources. These goals are also aligned with the Sustainable Development Goals, part of the United Nations 2030 Agenda.

Corporate Sustainability Goals

1 Reduce by 50% our absolute greenhouse gas emissions (Scope 1 and 2) by the year 2030

2,316,729 tCO ₂ e	2,387,659 tCO ₂ e	-3%	Reduce by 50%
2018 Baseline	2019 Performance	Progress	2030 Goal

13 CLIMATE ACTION



Aligned with SDG **Target 13.3**: “Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.”

3 Become a zero waste to landfill company by the year 2025

673,815 tons	577,772 tons	14.3%	Zero
2018 Baseline	2019 Performance	Progress	2025 Goal

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Aligned with SDG **Target 12.5**: “By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.”

2 Reduce by 25% the industrial water use per metric ton of product by the year 2025

30.96 m ³ /ton ¹	31.33 m ³ /ton	-1.2%	Reduce by 25%
2018 Baseline	2019 Performance	Progress	2025 Goal

6 CLEAN WATER AND SANITATION



Aligned with SDG **Target 6.4**: “By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.”

4 Add 100 thousand hectares for conservation and/or protection by the year 2030

321,529 ha ²	4,466 ha	4.47%	100,000 ha
2018 Baseline	2019 Performance	Progress	2030 Goal

15 LIFE ON LAND



Aligned with SDG **Target 15.1**: “By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements.”

¹ Across the entire report, ton refers to a metric ton = 1,000 kg

² Already existing area for protection, conservation and restoration (in ha) in 2018 to which the additional 100,000 hectares are to be added by 2030.

Leader in Sustainability



In 2019, CMPC was included in the prestigious CDP Water A List among the 72 companies global leaders in water management and transparency.



One of three co-presiding companies in the elaboration of the Forest Sector Roadmap towards the Sustainable Development Goals (SDG) by the World Business Council for Sustainable Development (WBCSD). It was presented by CMPC CEO Francisco Ruiz-Tagle before the United Nations.

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with RobecoSAM

CMPC has been included in the Dow Jones Sustainability Indexes Chile and MILA since 2015 and 2017 respectively and as the only Forestry and Paper sector company in the Emerging Markets index since 2019, recognizing it as a global leader in corporate sustainability.

Green Financing Experience

As an aspect of its commitment to sustainability, CMPC became the first Chilean company to issue a green bond in 2017 for the amount of USD500 million with a 10-year term. This led to CMPC receiving recognition in the New Countries Taking Green Bonds Global category of the Green Bond Pioneer Awards by the Climate Bond Initiative in May 2018. This was followed by the first green bond to be issued in the Peruvian market in 2018 by the CMPC subsidiary Softys Peru (legal name: Productos Tissue del Perú S.A.C.) for the amount of approximately USD30 million. Funds from the 2017 and 2018 bonds were fully allocated by the end of 2018.

Then, in 2019 CMPC announced two new green financing instruments: a green bond in the Chilean market in July for CLF 2.5 million (approximately USD93 million) and a green loan syndicated by Japanese banks for USD100 million in September, making it the first company to access this new form of financing in Japan. These two instruments were united under the umbrella of the Empresas CMPC S.A. May 2019 Green Finance Framework. Their funds were dedicated to financing or refinancing, partly

or completely, new and/or existing eligible projects with environmental benefits. The use of proceeds and environmental benefits for these instruments are the subject of the present report.

This was yet another pioneering milestone for CMPC, further reinforcing its commitment to sustainable development. It complies with the standards established in the International Capital Market Association (ICMA) Green Bond Principles 2018 and the Loan Market Association (LMA) and Asia Pacific Loan Market Association (APLMA) Green Loan Principles 2018 that promote integrity in the market for green finance through directives that recommend transparency, disclosure and accountability.

Most recently, in August 2020, the Company closed a USD100 million revolving credit facility structured as a sustainability-linked loan (SLL) for a term of 2 years. Its interest rate would be adjusted annually in accordance with the performance on four sustainability KPIs, which take into consideration the corporate sustainability goals set in 2019.¹

CMPC became **the first Chilean company to issue a green bond in 2017.**



¹ The CMPC corporate sustainability goals are detailed on page 4 of this report.

2019 Green Finance¹

¹This report is for the reporting year 2019.
All data is as of December 31, 2019.

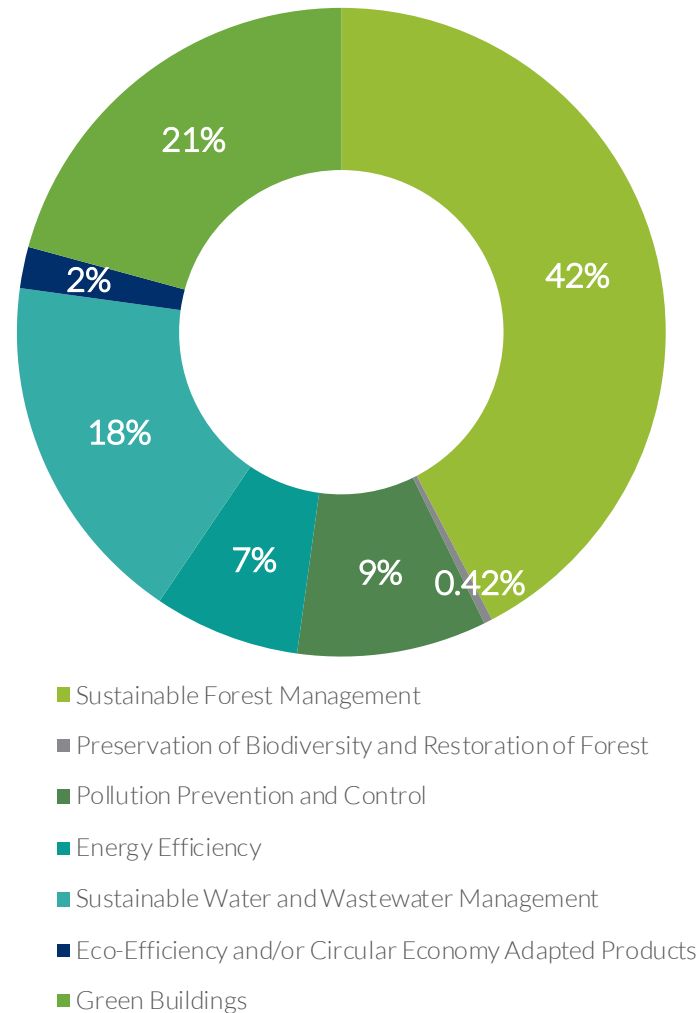
Use of Proceeds

Some of the eligible green projects associated with the 2019 Green Finance were already underway at the time of the issuance. Allocated amount prior to 2019 was USD58,848,239. In 2019, another USD102,986,292 were allocated for a cumulative total of USD161,834,531 as of December 31, 2019 (84% of total issuance amount).

These funds were allocated to eligible green projects in the following categories:

- Sustainable Forest Management
- Preservation of Biodiversity and Restoration of Forest
- Pollution Prevention and Control
- Energy Efficiency
- Sustainable Water and Wastewater Management
- Eco-Efficiency and/or Circular Economy Adapted Products
- Green Buildings

Use of Proceeds Breakdown



Proceeds Allocated as of December 31, 2019

ELIGIBLE GREEN PROJECTS BY CATEGORY	ALLOCATED PRIOR TO 2019 (USD)	2019 (USD)	TOTAL FUNDS ALLOCATED (USD) ¹
Sustainable Forest Management	-	68,473,944	68,473,944
Process of Planting/Replanting of Radiata Pine, <i>Eucalyptus nitens</i> and <i>Eucalyptus globulus</i> - Chile	-	36,621,808	36,621,808
Process of Planting/Replanting of Eucalyptus species - Brazil	-	31,852,136	31,852,136
Sustainable Water and Wastewater Management	6,991,454	21,671,189	28,662,643
System for the Recirculation and Recovery of Water - Zarate, Argentina	-	2,740,911	2,740,911
New Effluent Treatment Plant - Chillan, Chile	-	152,986	152,986
Effluent Treatment Plant Improvement Project - Laja, Chile	6,991,454	18,682,706	25,674,160
New Effluent Treatment Plant - Los Angeles, Chile	-	94,586	94,586
Preservation of Biodiversity and Restoration of Forest	-	679,900	679,900
Restoration of Native Forests and Conservation of Biodiversity	-	679,900	679,900
Pollution Prevention and Control	11,060,333	4,231,540	15,291,873
Environmental Pollution Reduction in Personal Care Conversion Lines - Puente Alto, Chile	-	160,573	160,573
Modernization of Steam System - Valdivia, Chile	11,040,358	3,811,560	14,851,918
Installation of a Biofilter System in a Neutralization Tank - Laja, Chile	19,975	259,407	279,382
Energy Efficiency	9,291,316	2,496,157	11,787,473
Cost Reduction at Paper Machine 20 - Puente Alto, Chile	9,291,316	2,496,157	11,787,473
Eco-Efficient and/or Circular Economy Adapted Products	456,351	2,882,315	3,338,666
Retail Paper Bags Project - Chillan, Chile	456,351	2,882,315	3,338,666
Green Buildings	31,048,785	2,551,247	33,600,032
Corporate Building - Los Angeles, Chile	31,048,785	2,551,247	33,600,032
Total	58,848,239	102,986,292	161,834,531

¹This includes funds allocated to this project over the period 2016-2019.

Environmental Impact

The projects financed with the proceeds from the 2019 issuances that were already operating during the year achieved the following results:



¹ Includes 6,700m² of office space and 5,000m² of facilities. Additionally, it is accompanied by a park with a surface area of 3.6 ha and 1,200 trees of 15 native species.

² Or 4.7 million units, corresponds to the months of September-December 2019 when the retail paper bag machine was already operating. Projected annual sales after the complete ramp-up of the project in 2020-2021 are 86 million units.

³⁻⁴ Includes the modernization of the steam system in Valdivia.

⁵ The area restored in Chile is already included in the hectares for protection and conservation.

⁶ Corresponds to all Sustainable Forest Management projects in Chile.

⁷ Or 8.68 m³/ton, which corresponds to the Zarate tissue paper mill's water treatment plant.

CMPC Green Project Highlights

Planting/replanting of forest plantations in Chile and Brazil

The objective of reforestation is to replant areas that used to be covered by forest plantations which have been harvested or which lost their forest cover due to fire.

The objective of afforestation is to establish forest plantations in areas that in recent years have been used for purposes other

than forestry, generally soils that have been exhausted then abandoned by agriculture and livestock.

Planting is usually carried out during the winter season between May and September each year.

Impact measurement 2019



46,611 ha

Productive area afforested/reforested



431,392 tons CO₂e¹

captured

Restoration of native forests and conservation of biodiversity

Expenses for the classification, characterization and conservation of native forest, Native Forest Restoration Program (part of sustainable forest management certification) and maintenance of high conservation value areas (HCVA).

Impact measurement 2019



1,521 ha

New forest plantations



398 ha

Area restored in Chile²

¹ Corresponds to new forest plantations in Chile for the period 2019.

² The area restored in Chile is already included in the hectares for protection and conservation.

Retail paper bags project Chillan, Chile

The project involves the acquisition of 3 machines for the production of paper bags with flexible handles with a production capacity of 86 million bags per year¹, and a new printing machine with a capacity of 600 mts/min. This project will provide an alternative to plastic bags whose consumption is expected to decrease significantly in the short term in sectors such as: supermarkets, department stores, among others. In Chile and Peru, this is due primarily to a country-wide ban on their use, and it is reasonable to expect that similar regulations might be adopted in other Latin American countries as well.

Impact measurement 2019



261 metric tons

Retail paper bags produced²



¹ Originally projected one machine with production capacity of 36 million bags per year, but the project was adjusted to take advantage of market conditions after the country-wide ban on plastic bags in Chile.

² Operated only September-December 2019



New office building in Los Angeles, Chile

CMPC built a new office building to serve as the headquarters for its pulp and forestry operations in the city of Los Angeles, Chile with more than 6,700 m² of office space and a capacity of 470 employees. It was built using the highest efficiency standards prioritizing the use of wood in its structure and infrastructure in order to take advantage of natural light. Additionally, there were thermo-insulation systems and efficient climate control installed in order to reduce energy consumption.



Project Chain of Custody Certification

This is the first building in the country and fourth in Latin America.



LEED (Leadership in Energy and Environmental Design) Silver Certification.

Office space built: 6,700 m²
Other facilities on the grounds: 5,000 m²
Inauguration: March 2019

Impact measurement 2019



390.7
MWh

Energy savings

Effluent Treatment Plant Improvement Project Laja, Chile

This project will allow the improvement of the operational efficiency of the water treatment plant at the Laja pulp mill and of the quality of its effluent.



14.51 m³/ADt¹

Water savings



1,683 tons

BOD reduction²



6,481 tons

COD reduction³

¹ ADt = Air Dry Ton

^{2,3} These reductions are at least in part associated with the implementation of operational efficiency and continuous improvement projects.

Modernization of Steam System Valdivia, Chile

The project consisted of the acquisition of a boiler for untreated forest biomass with the corresponding emissions abatement system, with a capacity of 30 tons of steam per hour to supply the steam demand of the Valdivia boxboard mill. This new state-of-the-art boiler replaced a thermal plant with higher atmospheric emissions.

Impact measurement 2019



5,491 tons

Waste to landfill reduction




26.86 tons

Particulate matter (PM) reduction





Appendix

cmprc 

cmprc 

cmprc 

Statement of Responsibility

Empresas CMPC S.A. (CMPC) is responsible for the completeness, accuracy and validity of the Empresas CMPC Management Eligible Green Projects Allocation Report (the “Report”) as of December 31, 2019. Management asserts that as of December 31, 2019, proceeds amounting to USD 161,834,531 from the July 4, 2019 issuance due June 1, 2029 and September 13, 2019 loan syndicated by Japanese banks (together the “2019 Green Finance”) were either invested in qualifying eligible green projects or have been released for expenditures previously incurred by CMPC consolidated subsidiaries for qualifying Eligible Green Projects in accordance with the 2018 Green Bond Principles¹, the Green Loan Principles², and the accompanying Eligible Green Project Criteria.

Eligible Green Projects Criteria: Eligible Green Projects include: (i) projects with expenditures within the 24-month period preceding the issue date, (ii) ongoing projects at the time of issuance, and (iii) projects which are expected to incur expenditures over the 36 months following the issuance.

¹ Developed by the International Capital Market Association (ICMA).

² Set forth by the Loan Market Association, the Asia Pacific Loan Market Association, and the Loan Syndications and Trading Association.

CATEGORY

Sustainable Forest Management: Investment related to sustainable forest management for eucalyptus and radiata pine plantations certified for sustainable forest management, such as the acquisition, planting and maintenance of seedlings up to harvest and the development of hybrids without genetic manipulation to improve the productivity of plantations while reducing water consumption and increasing CO₂ capture.

Sustainable Water and Wastewater Management Investment related to sustainable water management projects, such as the reduction of water consumption in industrial processes, systems facilitating reuse of water in industrial processes and the development and installation of technologies and systems that improve the quality of treated water; reduction of organic content and volume of effluent.

Preservation of Biodiversity and Restoration of Forest: Investment related to the restoration and conservation of existing native forests, the protection and identification of endangered flora and fauna, and the preservation and restoration of High Conservation Value Forests.

Pollution Prevention and Control: Investment in projects related to pollution and prevention control, such as liquid and solid waste prevention and control projects, and gas capture and incineration in production facilities.

Energy Efficiency: Investment in projects that increase energy efficiency, such as projects that replace pulpwood truck transportation with more energy efficient barges.

Eco-Efficiency and/or Circular Economy Adapted Products: Investment in projects for the development and introduction of environmentally sustainable products, with an eco-label or environmental certification, resource-efficient packaging and distribution.

Green Buildings: Investment in projects for the building or renovation of buildings, which meet regional, national or internationally recognized standards or certifications.



EMPRESAS CMPC S.A.

Agreed-Upon Procedures Report
as of December 31, 2019



Independent Accountant's Report on Applying Agreed-Upon Procedures

To
Empresas CMPC S.A.:

We have performed the procedures enumerated below, which were agreed to by Management of Empresas CMPC S.A., solely to assist you on the confirmation of "Costs associated with Green finance" incurred between January 1 and December 31, 2019. The Company's management is responsible for the proper recording and presentation of the Company's accounting balances. The sufficiency of these procedures is solely the responsibility of the Management of Empresas CMPC S.A. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and the associated findings are presented in Appendixes I and II, respectively, to this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Colegio de Contadores de Chile A.G. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the "Costs associated with Green finance" incurred between January 1 and December 31, 2019. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Company's Management to be included in the Green Finance report of Empresas CMPC S.A., and is not intended to be, and should not be, used by anyone other than the specified parties.

A handwritten signature in blue ink, appearing to read 'Alejandro Espinosa G.', is positioned above the printed name.

Alejandro Espinosa G.

Santiago, July 31, 2020

KPMG SpA



Appendix I – Agreed-Upon Procedures

Scope

The procedures agreed-upon with Empresas CMPC S.A. were established in the Engagement Letter dated May 7, 2020 and to the corresponding appendix issued on July 28, 2020.

Empresas CMPC S.A. has issued green financing credits and bonds to invest in the following sustainable projects as detailed below:

Project	Cost for the year ended 12-31-2019 US\$
Eco-Efficient and/or Circular Economy Adapted Products	2,882,315
Retail Paper Bags Project - Chillan, Chile	2,882,315
Energy Efficiency	2,496,157
Cost Reduction at Paper Machine 20 - Puente Alto, Chile	2,496,157
Green Buildings	2,551,247
Corporate Building - Los Angeles, Chile	2,551,247
Pollution Prevention and Control	4,231,540
Environmental Pollution Reduction in Personal Care Conversion Lines - Puente Alto, Chile	160,573
Modernization of Steam System - Valdivia, Chile	3,811,560
Installation of a Biofilter System in a Neutralization Tank - Laja, Chile	259,407
Sustainable Water and Wastewater Management	21,671,189
System for the Recirculation and Recovery of Water - Zarate, Argentina	2,740,911
New Effluent Treatment Plant - Chillan, Chile	152,986
Effluent Treatment Plant Improvement Project - Laja, Chile	18,682,706
New Effluent Treatment Plant - Los Angeles, Chile	94,586
Restoration of Native Forests and Conservation of Biodiversity	679,900
Restoration of Native Forests and Conservation of Biodiversity	679,900
Sustainable Forest Management	68,473,944
Process of Planting/Replanting of Radiata Pine, Eucalyptus Nitens and Eucalyptus Globulus – Chile	36,621,808
Process of Planting/Replanting of Eucalyptus species - Brazil	31,852,136
Total	102,986,292



Detail

a. General

For the projects "Restoration of Native Forests and Conservation of Biodiversity", "Process of Planting/Replanting of Radiata Pine, Eucalyptus Nitens and Eucalyptus Globulus – Chile" and "Process of Planting/Replanting of Eucalyptus species - Brazil" the sample was determined in the following way:

- Restoration of native forest and conservation of biodiversity: 14 items with the highest U.S. dollar value plus 25 selected items by random were selected.
- Process of Planting/Replanting of Radiata Pine, Eucalyptus Nitens and Eucalyptus Globulus - Chile: 138 items with the highest U.S. dollar value plus 25 items selected by random were selected.
- Process of Planting/Replanting of Eucalyptus species - Brazil: 39 items with the highest U.S. dollar value plus 25 items selected by random were selected.

For the remaining 10 projects, the samples were selected from the bases provided by the Management. 5 items with the highest value (in US dollars) were selected from the sample, ensuring that the selected items covered at least 35% of the investments performed by the Company.

b. Agreed-Upon Procedures

1. Eco-Efficient and/or Circular Economy Adapted Products

For investment projects "Retail paper bags – Chillan, Chile", we conducted the following procedures:

- I. We selected a sample of 5 items with the highest U.S. dollar value extracted from file "122-118100.0 con anticipo", sheet "Partidas Individuales", which represent 91% of the total investments in the file and which accounting entries correspond to 2019.
- II. We selected a sample of 5 items from file "122-118100.0 con anticipo", sheet "Partidas Individuales".
- III. We confirmed that the items as referred to procedures "I" that the date, value in the underlying currency reconciles with the supporting documentation (invoice and purchase order). We noted no exceptions as a result of the performance of this procedure.
- IV. We confirmed with the corresponding supporting documents of the items indicated in procedure "I" that the corresponding expense concept was related to the investment project "Retail paper bags - Chillan, Chile". We noted no exceptions as a result of the performance of this procedure.
- V. We confirmed with the corresponding supporting document the prepayments indicated in procedure "II", the date, the amount and that the concept corresponds to the indicated project. We noted no exceptions as a result of the performance of this procedure.



2. Energy Efficiency

For investment projects "Cost Reduction at Paper Machine 20 - Puente Alto, Chile", we conducted the following procedures:

- I. We selected a sample of 5 items with the highest U.S. dollar value extracted from file "117-115050.0", sheet "Partidas Individuales", which represent 37% of the total investments in the file and which accounting entries correspond to 2019.
- II. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (invoice and purchase order). The exceptions identified are detailed in point 1 of Appendix II.
- III. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the concept of the corresponding expense was related to the investment project "Cost Reduction at Paper Machine 20 - Puente Alto, Chile". We noted no exceptions as a result of the performance of this procedure.

3. Green Buildings

For investment projects "Corporate building - Los Angeles, Chile", we conducted the following procedures:

- I. We selected a sample of 5 items with the highest U.S. dollar value extracted from file "103-0053900", sheet "Detalle", which represent 53% of the total items included in the file, which accounting entries correspond to 2019.
- II. We selected a sample of 2 items from the file "122-118100.0 con anticipo", sheet "Anticipo", which correspond to 100% of the total open items included in the file, whose accounting date corresponds to 2019.
- III. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (invoice and purchase order). We noted no exceptions as a result of the performance of this procedure.
- IV. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the concept of the corresponding expense was related to the investment project "Corporate building - Los Angeles, Chile". We noted no exceptions as a result of the performance of this procedure.
- V. We confirmed with the corresponding supporting document the prepayments indicated in procedure "II", the date, the amount and that the concept corresponds to the indicated project. We noted no exceptions as a result of the performance of this procedure.



4. Pollution Prevention and Control

4.1 For investment projects "Environmental Pollution Reduction in Personal Care Conversion Lines - Puente Alto, Chile", we conducted the following procedures:

- I. We selected a sample of 5 items with the highest U.S. dollar value extracted from file "106-N19020", sheet "106-N19020", which represent 94% of the total items included in the file, whose accounting date corresponds to 2019.
- II. We confirmed 2 items from the file "106-N19020" sheet "Anticipo", which correspond to 100% of the total open items included in the file, whose accounting date corresponds to the year 2019.
- III. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (invoice and purchase order). The exceptions identified are detailed in point 2 of Appendix II.
- IV. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the concept of the corresponding expenditure was related to the investment project "Environmental Pollution Reduction in Personal Care Conversion Lines - Puente Alto, Chile". We noted no exceptions as a result of the performance of this procedure.
- V. We confirmed with the corresponding supporting document the prepayments indicated in procedure "II", the date, the amount and that the concept corresponds to the indicated project. We noted no exceptions as a result of the performance of this procedure.

4.2 For investment projects "Modernization of Steam System - Valdivia, Chile", we conducted the following procedures:

- I. We selected a sample of 5 items with the highest U.S. dollar value extracted from file "118-2170100", sheet "Partidas individuales", which represent 83% of the total items included in the file, whose accounting date corresponds to 2019.
- II. We confirmed one item from the file "118-2170100" sheet "Anticipo", which correspond to 100% of the total open items included in the file, whose accounting date corresponds to the year 2019.
- III. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (invoice and purchase order). We noted no exceptions as a result of the performance of this procedure.
- IV. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the concept of the corresponding expenditure was related to the investment project "Modernization of Steam System - Valdivia, Chile". We noted no exceptions as a result of the performance of this procedure.
- V. We confirmed with the corresponding supporting document the prepayments indicated in procedure "II", the date, the amount and that the concept corresponds to the indicated project. We noted no exceptions as a result of the performance of this procedure.



- 4.3 For investment projects "Installation of a Biofilter System in a Neutralization Tank - Laja, Chile", we conducted the following procedures:
- I. We selected a sample of 5 items with the highest U.S. dollar value extracted from file "104-1705500", sheet "Detalle", which represent 100% of the total items included in the file, whose accounting date corresponds to 2019.
 - II. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (invoice and purchase order). The exceptions identified are detailed in point 3 of Appendix II.
 - III. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the concept of the corresponding expense was related to the investment project "Installation of a Biofilter System in a Neutralization Tank - Laja, Chile". We noted no exceptions as a result of the performance of this procedure.

5. Preservation of Biodiversity and Restoration of Forest

For investment projects "Preservation of Biodiversity and Restoration of Forest" we conducted the following procedures:

- I. We selected a sample of 39 items extracted from file "Proyectos Forestales – Chile", sheet "Muestra restauración", which correspond to 50% of the projects of "Restoration of Native Forests and Conservation of Biodiversity". 14 items with the highest U.S. dollar value and 25 items selected by random.
- II. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (detail of the settlement, accounting document and associated invoice). We noted no exceptions as a result of the performance of this procedure.
- III. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the corresponding expenditure concept was related to the investment project "Restoration of Native Forests and Conservation of Biodiversity". We noted no exceptions as a result of the performance of this procedure.



6. Sustainable Forest Management

- 6.1 For investment projects "Process of Planting/Replanting of Radiata Pine, Eucalyptus Nitens and Eucalyptus Globulus - Chile", we conducted the following procedures:
- I. We selected a sample of 163 items extracted from file "Proyectos Forestales – Chile", sheet "Muestra plantaciones", which correspond to 36% of the projects of "Process of Planting/Replanting of Radiata Pine, Eucalyptus Nitens and Eucalyptus Globulus - Chile". 138 items with the highest U.S. dollar value and 25 items selected by random.
 - II. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (detail of settlement and associated invoice). The identified exceptions are detailed in topic 4 of Appendix II.
 - III. We confirmed with the corresponding supporting documents of the items indicated in procedure "I" that the corresponding expenditures were related to the investment project "Process of Planting/Replanting of Radiata Pine, Eucalyptus Nitens and Eucalyptus Globulus - Chile". We noted no exceptions as a result of the performance of this procedure.
- 6.2 For investment projects "Process of Planting/Replanting of Eucalyptus species - Brazil", we conducted the following procedures:
- I. We selected a sample of 39 items extracted from file "Proyectos Forestales – Brasil", pestaña "Muestra plantaciones". 14 items with the highest U.S. dollar value and 25 items selected by random.
 - II. We confirmed for the items indicated in procedure "I" that the date (month) and the value in original currency coincide with that of the supporting document (invoice and/or detail of the provision confirmed in SAP). The exceptions identified are detailed in point 6 of Appendix II.
 - III. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the concept of the corresponding invoice or provision was related to the investment project "Process of Planting/Replanting of Eucalyptus species - Brazil". We noted no exceptions as a result of the performance of this procedure.



7. Sustainable Water and Wastewater Management

7.1 For investment projects "System for the Recirculation and Recovery of Water - Zarate, Argentina", we conducted the following procedures:

- I. We selected a sample of 5 items with the highest U.S. dollar value extracted from file "202-050100", sheet "PEP 202-050142 to 49", which represent 73% of the total items included in the file, whose accounting date corresponds to 2019.
- II. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (invoice and purchase order). We did not identify any exceptions as a result of this procedure.
- III. We confirmed with the corresponding supporting document of the 5 items indicated in procedure "I" that the concept of the corresponding expenditure was related to the investment project "System for the Recirculation and Recovery of Water - Zarate, Argentina". We noted no exceptions as a result of the performance of this procedure.

7.2 For investment projects "New Effluent Treatment Plant - Chillan, Chile", we conducted the following procedures:

- I. We selected a sample of 5 items with the highest U.S. dollar value extracted from file "122-119040.0", sheet "Partidas Individuales", which represent 48% of the total items included in the file, whose accounting date corresponds to 2019.
- II. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (invoice and purchase order). We did not identify any exceptions as a result of this procedure.
- III. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the concept of the corresponding expenditure was related to the investment project "New Effluent Treatment Plant - Chillan, Chile". We noted no exceptions as a result of the performance of this procedure.

7.3 For investment projects "Effluent Treatment Plant Improvement Project - Laja, Chile", we conducted the following procedures:

- I. We selected a sample of 7 items with the highest U.S. dollar value extracted from file "0104-17066", sheet "Detalle", which represent 36% of the total items included in the file, whose accounting date corresponds to 2019.
- II. We confirmed the items with documentation number 1376476 - 1376513 - 1376508 of the file "106-N19020", sheet "Anticipo" that correspond to 100% of the total of the open items included in the file, whose accounting date corresponds to the year 2019.
- III. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (invoice and purchase order). The exceptions are noted at point 5 of the Appendix II.



- IV. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the concept of the corresponding expenditure was related to the investment project "Effluent Treatment Plant Improvement Project - Laja, Chile". We noted no exceptions as a result of the performance of this procedure.
 - V. We confirmed with the corresponding supporting document the prepayments indicated in procedure "II", the date, the amount and that the concept corresponds to the indicated project. We noted no exceptions as a result of the performance of this procedure.
- 7.4 For investment projects "New Effluent Treatment Plant - Los Angeles, Chile", we conducted the following procedures:
- I. We selected a sample of 5 items with the highest U.S. dollar value extracted from file "127-N190016", sheet "Detalle" which represent 100% of the total items included in the file, whose accounting date corresponds to 2019.
 - II. We confirmed for the items indicated in procedure "I" that the date and the value in original currency coincide with that of the supporting document (invoice and purchase order). We did not identify any exceptions as a result of this procedure.
 - III. We confirmed with the corresponding supporting document of the items indicated in procedure "I" that the concept of the corresponding expenditure was related to the investment project "New Effluent Treatment Plant - Los Angeles, Chile". We noted no exceptions as a result of the performance of this procedure.



Appendix II - Findings

1. For investment projects "Cost Reduction at Paper Machine 20 - Puente Alto, Chile", we identified the following exceptions where the supporting evidence does not coincide with the accounting record:

Number of document	Original currency	Accounting value	Value by supporting evidence	Difference in EUR
4800145528	Euro	96,319.44	96,299	(20,44)

2. For investment projects "Environmental Pollution Reduction in Personal Care Conversion Lines - Puente Alto, Chile", we identified the following exceptions where the supporting evidence does not coincide with the accounting record:

Number of document	Original currency	Accounting value in US\$	Value by supporting evidence in US\$	Difference in US\$
5083316371	US dollar	2,695.31	2,709	(13,69)

3. For investment projects "Installation of a Biofilter System in a Neutralization Tank - Laja, Chile", we identified the following exceptions where the supporting evidence does not coincide with the accounting record:

Number of document	Original currency	Accounting value in	Value by supporting evidence	Difference in EUR
4800218477	Euro	195,642.67	195,330	(312,67)

4. For investment projects "Process of Planting/Replanting of Radiata Pine, Eucalyptus Nitens and Eucalyptus Globulus - Chile", the additions were confirmed with the accounting document verifying a transfer from inventories to forestry assets:



Accounting entry	Concept	Number of document	Amount in US\$	Explanation
9-30-2019	CONSUMPTION OF SUPPLIES	1047894	16,304	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036367	61,250	Control of plantation Formations CR1
11-30-2019	CONSUMPTION OF SUPPLIES	1058046	60,740	Control of plantation Formations CR1
9-30-2019	CONSUMPTION OF SUPPLIES	1047893	65,972	Control of plantation Formations CR1
9-30-2019	CONSUMPTION OF SUPPLIES	1047915	67,153	Control of plantation Formations CR1
8-31-2019	CONSUMPTION OF SUPPLIES	1043041	69,860	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036362	72,919	Control of plantation Formations CR1
8-31-2019	CONSUMPTION OF SUPPLIES	1043042	70,943	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036350	74,474	Control of plantation Formations CR1
8-31-2019	CONSUMPTION OF SUPPLIES	1043036	72,842	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036361	77,520	Control of plantation Formations CR1
9-30-2019	CONSUMPTION OF SUPPLIES	1047884	77,330	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036351	84,539	Control of plantation Formations CR1
9-30-2019	CONSUMPTION OF SUPPLIES	1047914	82,507	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036372	89,577	Control of plantation Formations CR1
8-31-2019	CONSUMPTION OF SUPPLIES	1043050	88,747	Control of plantation Formations CR1
5-31-2019	CONSUMPTION OF SUPPLIES	1026059	92,957	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036381	100,492	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036369	110,727	Control of plantation Formations CR1
8-31-2019	CONSUMPTION OF SUPPLIES	1043046	108,381	Control of plantation Formations CR1
6-30-2019	CONSUMPTION OF SUPPLIES	1030824	116,496	Control of plantation Formations CR1
6-30-2019	CONSUMPTION OF SUPPLIES	1030833	118,180	Control of plantation Formations CR1
6-30-2019	CONSUMPTION OF SUPPLIES	1030834	119,500	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036365	121,717	Control of plantation Formations CR1
8-31-2019	CONSUMPTION OF SUPPLIES	1043047	120,721	Control of plantation Formations CR1
9-30-2019	CONSUMPTION OF SUPPLIES	1047913	131,290	Control of plantation Formations CR1
10-30-2019	CONSUMPTION OF SUPPLIES	1052872	136,063	Control of plantation Formations CR1
8-31-2019	CONSUMPTION OF SUPPLIES	1043058	137,414	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036360	149,458	Control of plantation Formations CR1
6-30-2019	CONSUMPTION OF SUPPLIES	1030843	154,720	Control of plantation Formations CR1
7-31-2019	CONSUMPTION OF SUPPLIES	1036368	233,608	Control of plantation Formations CR1
8-31-2019	CONSUMPTION OF SUPPLIES	1043040	263,761	Control of plantation Formations CR1



5. For investment projects "Effluent Treatment Plant Improvement Project - Laja, Chile", we identified the following exceptions where the supporting evidence does not coincide with the accounting record:

Number of document	Original currency	Accounting value	Value by supporting evidence	Difference in EUR
4800187840	Euro	1,425,278.35	1,425,150	(128,35)

6. For investment project "Plantaciones Bosques Brasil", we identified the following items where the value in original currency did not match the supporting documentation:

Number of document	Original currency	Accounting value	Value by supporting evidence	Difference in Real
238996531	Brazilian Real	12,727	68,984	(56,257)
239004595	Brazilian Real	6,947	68,869	(61,922)

We obtained no supporting documentation for the following items:

Number of document	Original currency	Accounting value
231941232	US dollar	2,982
247250509	US dollar	1,068

Inversiones CMPC S.A.

Type of Engagement: Annual Review

Date: July 27, 2020

Engagement Team:

Jonathan Laski, jonathan.laski@sustainalytics.com, (+1) 647 264 6640

Jhankrut Shah, jhankrut.shah@sustainalytics.com, (+1) 647 264 6641

Introduction

In July and September 2019, Inversiones CMPC S.A. (“CMPC”) issued a green bond and green loan aimed at financing projects in seven categories namely (i) Eco-Efficient and/or Circular Economy Adapted Products, (ii) Energy Efficiency, (iii) Green Buildings, (iv) Pollution Prevention and Control, (v) Preservation of Biodiversity and Restoration of Forest, (vi) Sustainable Forest Management, and (vii) Sustainable Water and Wastewater Management. Inversiones CMPC S.A. is a wholly owned subsidiary of Empresas CMPC S.A. and serves as a financing vehicle for the consolidated group. Empresas CMPC S.A. in turn fully and unconditionally guarantees the instruments issued by Inversiones CMPC S.A. In July 2020, CMPC engaged Sustainalytics to review the projects funded through the issued green bond and loan and to provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Empresas CMPC S.A. Green Finance Framework (“the Framework”) dated May 2019.

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded between January to December 2019 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Projects Financed, and associated KPIs.

Table 1: Use of Proceeds, Projects Financed, and associated KPIs

Use of Proceeds	Projects Financed	Key performance indicators (KPIs)
Eco-Efficient and/or Circular Economy Adapted Products	Acquisition of machinery to manufacture paper bags produced primarily from recycled paper. These bags will lead to positive environmental impact by replacing plastic bags used in supermarkets, department stores across the region.	Annual sellable production of bags (ton/year)
Energy Efficiency	Acquisition of new machinery, which is expected to reduce steam consumption and fiber loss at the cardboard mill in Puente Alto, Chile.	<ul style="list-style-type: none"> • Steam consumption reduction at the paper machine (tons of steam/year) • Lowering fiber loss (tons/year)
Green Buildings	Construction of a new office building from certified wood materials to serve as the headquarters for CMPC’s forestry operations in Los Angeles, Chile for 470 employees incorporating design components to achieve energy efficiency versus non-LEED certified buildings.	<ul style="list-style-type: none"> • MWh/year saved in comparison with a non-LEED certified corporate building

Pollution Prevention and Control	Expenditure related to acquisition and installation of new machinery to reduce emissions and waste to landfill from CMPC's operations including gas capture projects and replacement of existing systems with higher emissions profile.	<ul style="list-style-type: none"> • Reduction of waste to landfill (tons/year) • Reduction in Particulate Matter emissions (tons/year) • Lower H₂S emissions in the atmosphere per year
Preservation of Biodiversity and Restoration of Forest	Expenses on typification, characterization and conservation of native forest, Native Forest Restoration Program (committed with FSC and CERTFOR) and maintenance of high conservation value areas (HCVA).	<ul style="list-style-type: none"> • Hectares restored with native forest • Hectares of forest designated for conservation and protection
Sustainable Forest Management	Expenditures related to sustainable forest management for eucalyptus and radiata pine plantations certified by FSC, CERTFOR or equivalent certifications, such as the acquisition, planting, maintenance of seedlings up to harvest to improve CO ₂ capture.	<ul style="list-style-type: none"> • Hectares of plantation/year
Sustainable Water and Wastewater Management	Expenditures related to projects aimed at reducing water consumption or its reuse in industrial processes, developing/ installing of technologies that improve the quality of discharge.	<ul style="list-style-type: none"> • Cubic meters of water savings (m³/ton)

Issuing Entity's Responsibility

CMPC is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of CMPC's Green Financing Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from CMPC employees and review of documentation to confirm the conformance with the Empresas CMPC S.A. Green Finance Framework.

Sustainalytics has relied on the information and the facts presented by CMPC with respect to the funded projects. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by CMPC.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,¹ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects, funded through proceeds of CMPC's

¹ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Green Financing, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Empresas CMPC S.A. Green Finance Framework.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Deviations from the Framework identified
Use of Proceeds Criteria	Verification of the projects funded by the green bond and loan in 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Empresas CMPC S.A. Green Finance Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green bond and loan in 2019 to determine if impact of projects was reported in line with the KPIs outlined in the Empresas CMPC S.A. Green Finance and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	CMPC reported on at least one KPI per Use of Proceeds criteria except for the project financed under the Energy Efficiency category.	<ul style="list-style-type: none"> - The project financed under the Energy Efficiency category was completed in December 2019. Accordingly, environmental impact data is not yet available. - CMPC made minor adjustments to KPIs in Pollution Prevention & Control, Sustainable Water and Wastewater management, and Energy Efficiency categories but has still committed to report on at least one KPI per Use of Proceeds criteria.

Appendices

Appendix 1: Impact Reporting by Eligibility Criteria

Use of Proceeds Category	Environmental Impact Reported
Eco-Efficient Products	
Paper Bag plant in Chillan, Chile	261 tons or 4.7 million units of paper bags manufactured
Energy Efficiency	
Initiatives to reduce steam consumption and fiber loss at the paper manufacturing facility in Puente Alto, Chile	Environmental impact could not be calculated due to insufficient data as project was implemented in December 2019. This data is expected in forthcoming publications.
Green Buildings	
New office building in Los Angeles, Chile	391MWh of energy savings compared to non-LEED certified corporate building. Building has been awarded LEED Silver certification.
Pollution Prevention and Control	
Modernization of steam system at packaging plant in Valdivia, Chile	5,491 metric tons of waste to landfill reduced 26.86 tons of Particulate Matter emissions avoided
Preservation of Biodiversity	
Restoration of native forest and conservation of biodiversity in Chile	1,521 hectares of forest for conservation and protection 398 hectares restored with native forest
Sustainable Forestry	
Planting/ replanting of eucalyptus and radiata pine in Chile	28,668 hectares planted
Planting/ replanting of eucalyptus in Brazil	17,943 hectares planted
Sustainable Water and Wastewater Management	
System for the Recirculation and Recovery of Water - Zarate, Argentina	Water savings of 8.68 m ³ / ton of paper

Disclaimer

Copyright ©2020 Sustainalytics. All rights reserved.

The information, methodologies and opinions contained or reflected herein are proprietary of Sustainalytics and/or its third party suppliers (Third Party Data), and may be made available to third parties only in the form and format disclosed by Sustainalytics, or provided that appropriate citation and acknowledgement is ensured. They are provided for informational purposes only and (1) do not constitute an endorsement of any product or project; (2) do not constitute investment advice, financial advice or a prospectus; (3) cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (4) do not represent an assessment of the issuer's economic performance, financial obligations nor of its creditworthiness; and/or (5) have not and cannot be incorporated into any offering disclosure.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

About Sustainalytics, a Morningstar Company

Sustainalytics, a Morningstar Company, is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. For more than 25 years, the firm has been at the forefront of developing high-quality, innovative solutions to meet the evolving needs of global investors. Today, Sustainalytics works with hundreds of the world's leading asset managers and pension funds who incorporate ESG and corporate governance information and assessments into their investment processes. Sustainalytics also works with hundreds of companies and their financial intermediaries to help them consider sustainability in policies, practices and capital projects. With 16 offices globally, Sustainalytics has more than 650 staff members, including more than 200 analysts with varied multidisciplinary expertise across more than 40 industry groups. For more information, visit www.sustainalytics.com.



