



**WE ARE THE**

**FIBER OF**

**THE FUTURE**

Our corporate purpose and values, sustainability, innovation, growth, continuous improvement, community engagement and shared value creation are just some of the drivers that allowed CMPC to thrive for 100 years. We

know that we can build the next one hundred years over the same pillars, while satisfying the growing demand for products from natural and renewable materials that meet the needs of people and preserve the environment.



**S U S T A I N A B I L I T Y  
R E P O R T  
2 0 1 9**

# CORPORATE PURPOSE

To **Create, Coexist and Conserve**, is our purpose, which gives meaning to the actions of each and every one of our collaborators and to the solutions we offer through our products. We strive to embed this purpose in our business model, as an extension of the company's vision that guides the role we play as a corporation towards a sustainable and shared value future with our social and environmental surroundings.



# 3C

**CREATE  
COEXIST  
CONSERVE**

## 2019: A YEAR OF MILESTONES

- JANUARY >** • The Softys business division is created by bringing together all CMPC tissue subsidiaries in Latin America
- MARCH >** • The CMPC Celulosa office building in Los Angeles, Chile, is inaugurated
- JUNE >** • All CMPC packaging subsidiaries are unified under the name CMPC Biopackaging and grouped in four business units: *Corrugados*, *Sack Kraft*, *Boxboard* and *Edipac*
- JULY >** • CMPC issued its third green bond, this time in the Chilean market for the amount of USD 93.17 million
- AUGUST >** • CMPC Europe GmbH & Co. KG is born through a partnership with the GUSCO Handel G. Schürfeld + Co. GmbH group for the distribution of pulp, solid wood and boxboard products in the European market  
• We celebrated the 10<sup>th</sup> anniversary of our presence in Brazil and received an award by the Brazilian newspaper *Valor Econômico* for being one of the best companies in the country based on sustainability and economic performance criteria
- SEPTEMBER >** • Obtained our first green loan from Japanese banks for the amount of USD 100 million and a 5-year term  
• Made public our Sustainability Goals and the Sustainability Committee was formed to oversee their implementation and oversight  
• CMPC was listed in the Dow Jones Sustainability Index (DJSI) for Emerging Markets for the first time, bringing the total number of CMPC listings in the DJSI indexes to three, including MILA and Chile
- OCTOBER >** • Acquisition of *Serrados e Pasta e Celulose Ltda.* (SEPAC) in its totality in Brazil  
• The process for certifying all Chilean subsidiaries with the ProSME (*ProPyme*) seal is completed
- DECEMBER >** • Recognized among the 72 companies global leaders in water security and included in the CDP A-List by scoring above the Latin American, global and industry averages on the CDP water security questionnaire.

# WHAT IS OUR BUSINESS?

The production and distribution of timber, solid wood, pulp, paper, packaging, tissue, and personal care products made of natural and renewable materials, with a special attention on quality and competitiveness. Our operations are divided into three business areas:

**CMPC CELULOSA:** responsible for the company forest assets, production and distribution of wood and pulp. Its operations span Argentina, Brazil and Chile.



**CMPC BIOPACKAGING:** dedicated to the manufacturing and distribution of paper, packaging and container products, made primarily of recycled materials, the majority of which can be reincorporated in the production cycle. It has operations in Argentina, Chile, Mexico and Peru.



**SOFTYS:** in charge of the production and distribution of tissue paper, personal care and away-from-home products, made from virgin fiber and recycled materials. It has presence in Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Peru and Uruguay.



# KEY FIGURES

PRESENCE IN **8** COUNTRIES



**45** production facilities

**17,859**  
DIRECT COLLABORATORS

**19,360**  
average clients



**26,792**  
INDIRECT COLLABORATORS

SALES REACHED  
**US\$ 5,670 BILLION**

**432** HIGH CONSERVATION VALUE AREAS

**18** priority  
(non-financial) material issues

**US\$ 29.9 MM**  
million allocated to fire prevention and control

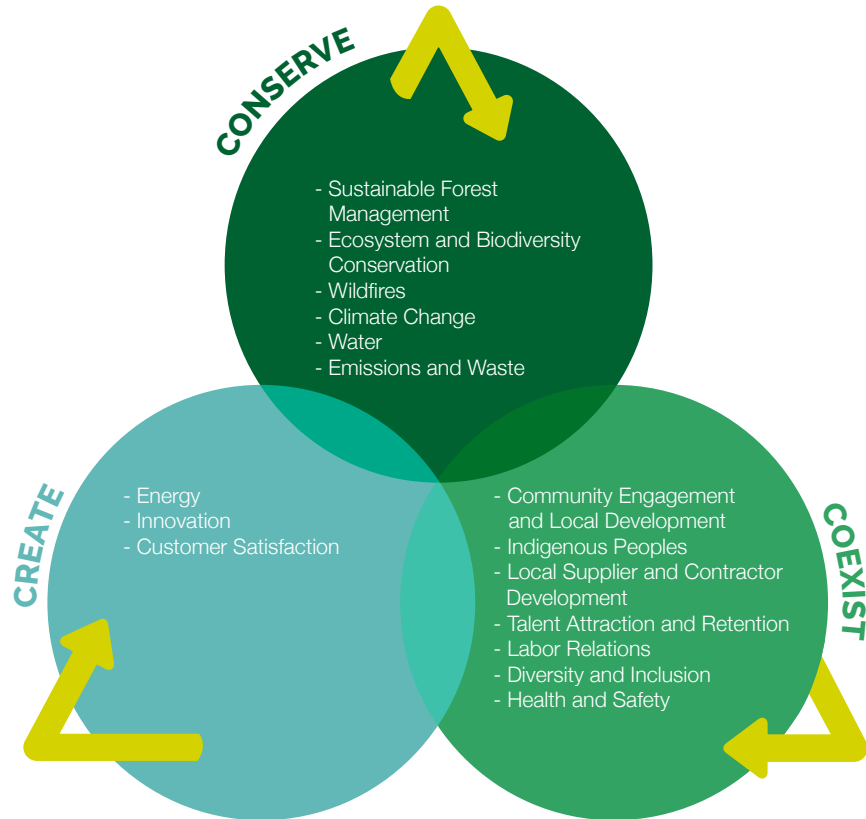


**27%** of forest assets designated for conservation and protection



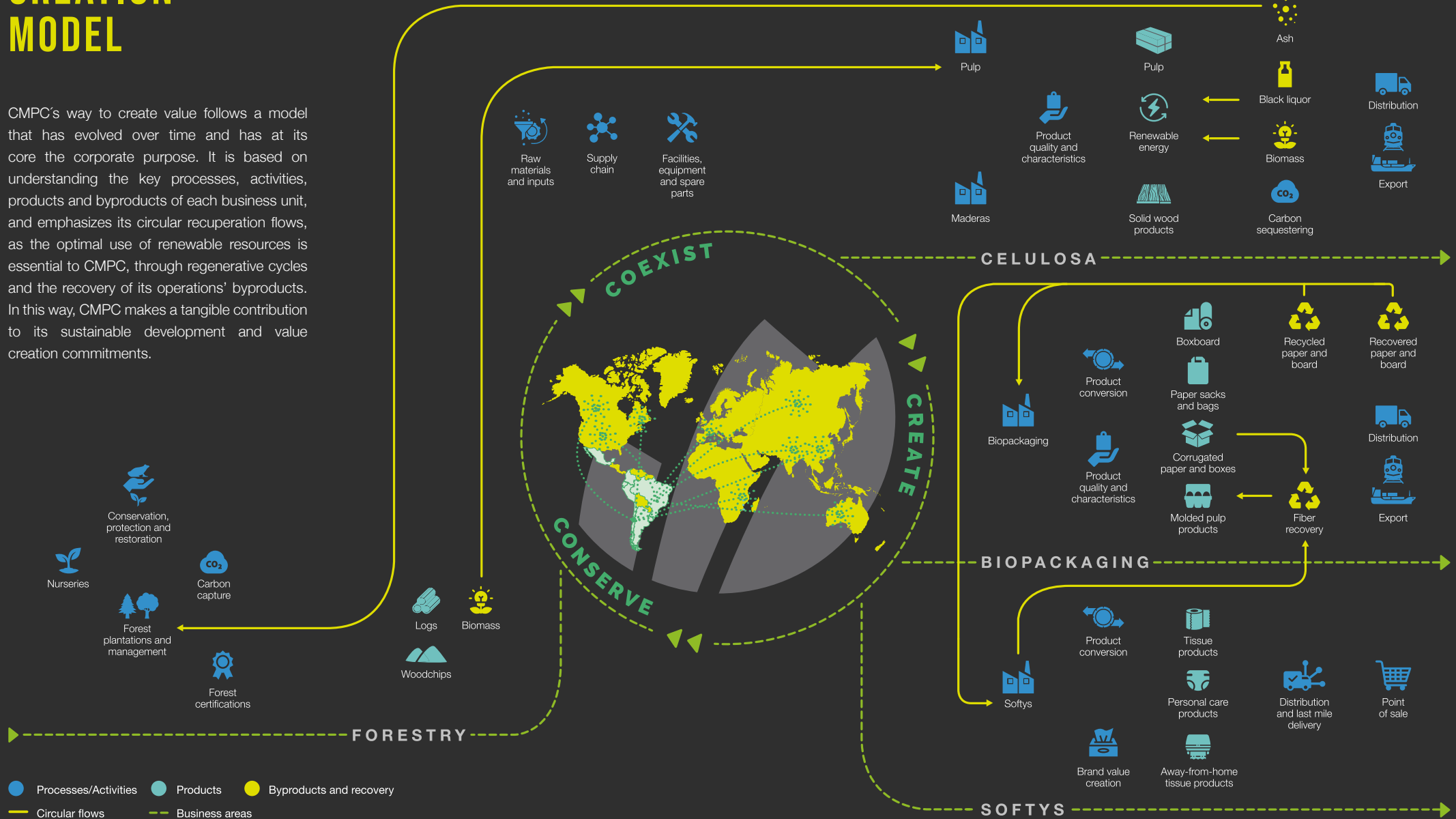
# ¿HOW DO WE MANAGE OUR MATERIAL ISSUES?

In 2019 we conducted an in-depth analysis and exercise of prioritization of our 2018 material issues, defined as the sustainability factors with an impact on the company's economic performance. This process adhered to the internationally recognized sustainability frameworks as well as best practices in our sector. In addition, we interviewed high-level company executives in order to incorporate the unique perspective of each business area. Here we present our material issues, in alignment with our corporate purpose:

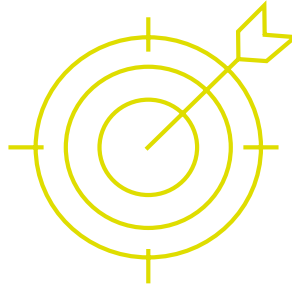


# VALUE CREATION MODEL

CMPC's way to create value follows a model that has evolved over time and has at its core the corporate purpose. It is based on understanding the key processes, activities, products and byproducts of each business unit, and emphasizes its circular recuperation flows, as the optimal use of renewable resources is essential to CMPC, through regenerative cycles and the recovery of its operations' byproducts. In this way, CMPC makes a tangible contribution to its sustainable development and value creation commitments.



# ANNOUNCING OUR SUSTAINABILITY GOALS



Sustainability is part of CMPC's strategy, both in terms of our impacts and opportunities. This is why we established our long-term sustainability goals in order to thrive on a planet with limited resources. These goals are also aligned with the Sustainable Development Goals of the 2030 Agenda for Sustainable Development by the United Nations.



**1** Reduce by **50%** our absolute greenhouse gas emissions (direct and indirect) by the year **2030**



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



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



**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.



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



**Target 12.5:** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.



**4** Add **100 hectares** for conservation and/or protection by the year **2030**, to the company's existing over 320 thousand hectares for such purposes in Chile, Argentina, and Brazil.



**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.



# OUR PERFORMANCE

The following indicators, which are closely linked to our material issues, strive to balance governance, social and environmental aspects, and are core to CMPC's capacity for value creation. We have grouped these performance indicators into four areas of action: Grow, Connect, Operate, and Solve, which illustrate the scope of our business operations.

## GROW

### FOREST ASSETS AND LAND

Forest assets	1,189,680 ha
Productive area	866,380 ha
Conservation and/or protection area*	325,995 ha

### CERTIFIED FORESTS

Percentage of certified forests	90.3%
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### CERTIFIED TIMBER (RAW MATERIAL)

Total timber produced	17,683,000 m <sup>3</sup>
Percentage of certified timber	96.4%
Third-party timber	3,790,000 m <sup>3</sup>
Percentage of certified third-party timber	100%

## CONNECT

### NUMBER OF COMMUNITY ENGAGEMENT PROGRAMS AND RELATED SOCIAL INVESTMENT

> **+55 programs** for education, entrepreneurship and outdoors delivered by CMPC Celulosa and the CMPC Foundation Foundation.



**USD 14.3 Million**

### NUMBER OF SUPPLIERS

Total suppliers	25,339
Share of local suppliers	96.5%
Share of MSME suppliers	26.9%

### SUPPLIER SPEND

Total supplier spend	US\$ 4.629 MM
Share of local supplier spend	82.8%
Share of MSME supplier spend	18.8%

## OPERATE

### FEMALE PARTICIPATION

Percentage of women in the workforce	15.4%
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### FEMALE-TO-MALE WAGE RATIO\*

Managers	103.5%
Professional staff	106.5%
Administrative personnel	137.5%

TURNOVER RATE	19.1%
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UNIONIZATION	60.4%
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### PERFORMANCE REVIEW

Percentage of executives, professionals and technical staff evaluated	79.93%
Percentage of operators evaluated	16.27%

### TRAINING

Hours of training as a percentage of total hours worked	0.71%
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### ETHICS AND COMPLIANCE TRAINING

Employees who received training on the Integrity and Anti-Corruption Corporate Policy	1,059
Employees (in Chile) who received training on the Crime Prevention Model	566
Employees (in Chile) who received training on Competition and Antitrust	336

### HEALTH AND SAFETY

Number of accidents per 100 employees (Number of accidents*100 / average workforce size)	1.0
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### INDUSTRIAL WATER USE

Withdrawal	206,541,364 m <sup>3</sup>
Discharge	172,762,732 m <sup>3</sup>
Consumption	16.3 %

### RENEWABLE ENERGY

Energy consumption	140,957 TJ
Renewable energy (biomass) as a share of total energy produced	79%

### POWER GENERATION AND CONSUMPTION

Generation	3,377 GWh
Consumption	5,284 GWh
Generation/Consumption	63.9%

### CARBON FOOTPRINT

Total greenhouse gas emissions	6,702.475 tCO <sub>2</sub> e
Scope 1: Direct, from stationary and mobile sources	29.1%
Scope 2: Indirect, from the generation of purchased energy	6.5%
Scope 3: Indirect, from the value chain	64.4%

\*Includes restored areas within productive land.

\*New hires in corporate level positions at Empresas CMPC.

## GREEN TAX IN CHILE

Taxes paid on atmospheric and greenhouse gas emissions \_\_\_\_\_ **USD 3,685 million**

## WASTE GENERATION

Hazardous \_\_\_\_\_ **3,378 tons**

Non-hazardous \_\_\_\_\_ **2,351,481 tons**

## TREATMENT AND DISPOSAL OF NON-HAZARDOUS WASTE

### Valorization

Reuse \_\_\_\_\_ **0.05%**

Recycling \_\_\_\_\_ **7.21%**

Composting and biological decomposition \_\_\_\_\_ **27.05%**

Energy recovery \_\_\_\_\_ **41.12%**

### Disposal

Final disposal \_\_\_\_\_ **24.57%**



## SOLVE

### MAIN INNOVATION INITIATIVES BY BUSINESS AREA

#### CMPC

Three ideas were chosen to participate in a pilot project together with CMPC as a result of the first edition of the open innovation challenge. A total of 189 startups from 18 countries participated with ideas to advance in the circular economy and digital transformation.

#### CELULOSA

New seedling trays made from molded pulp and paper waste were introduced. They can decompose directly in the soil under the conditions of humidity, irrigation and temperature typical for plant nurseries.

#### BIOPACKAGING

New molded pulp insert trays for the transport and protection of stone fruits with adjustable size to fit the needs of each particular fruit variety.

#### SOFTYS

More than 1,000 ideas were received for the Softys Innovation Challenge, a regional competition for Softys collaborators with the purpose of developing new products, improving performance, brand differentiation and reducing costs.

### CUSTOMER SATISFACTION

#### CMPC Celulosa and Biopackaging Net Promoter Score

Maderas \_\_\_\_\_ **82%**

Pulp \_\_\_\_\_ **88%**

Boxboard \_\_\_\_\_ **79%**

Sack Kraft \_\_\_\_\_ **53%**

Corrugados \_\_\_\_\_ **84%**

Edipac \_\_\_\_\_ **84%**

### CUSTOMER SATISFACTION WITH THE SALES PROCESS BY COUNTRY

#### Softys Advantage Survey

Argentina \_\_\_\_\_ **14**

Brazil \_\_\_\_\_ **9**

Chile \_\_\_\_\_ **4**

Mexico \_\_\_\_\_ **15**

Peru \_\_\_\_\_ **3**



### More Information

For more information on CMPC's sustainability performance, please visit our website where you can also find our Integrated Report 2019.

<https://www.cmpc.com/en/sustainability/>