

# PULPNEWSLETTER

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## CMPC is the second most sustainable forestry company in the world

CMPC was listed as the second most sustainable forestry company in the world, according to the Dow Jones Sustainability Index. The company increased six points over last year in the prestigious indicator.

"This tremendous result is the best proof that the path adopted by CMPC a few years ago is the right one. For us, sustainability is not only part of the business, but we are convinced that without sustainable performance, there is simply no business," said CMPC Francisco Ruiz-Tagle.

In addition, for the sixth consecutive year, the company was selected to be part of the Dow Jones Sustainability Index Chile. In the case of the "MILA Pacific Alliance," it is the fourth time in a row that it is included and the second time in the "Emerging Markets" index. In this way, CMPC continues to lead the forestry sector in these three items.

This family of stock market indicators gathered 1,386 companies from all sectors this year, which demonstrate strong leadership in sustainability matters. Among these, 36.4% come from Asia, 26.1% from Europe, 25.7% from North America, and only 9.8% from Latin America.

Likewise, 1,386 companies represent 33% of the global market capitalization.

CMPC scored a total of 71 points, advancing six points from the

2019 DJSI result, and managed to climb 17 points in the overall ranking, reaching the 92nd percentile of its industry.

"We congratulate CMPC for being included in the DJSI Emerging Markets. A DJSI distinction reflects the company's leadership in sustainability in its industry. With a record number of companies participating in the 2020 Corporate Sustainability Assessment and stricter inclusion rules this year, this differentiates your company and rewards your continued commitment to people and the planet," Manjit Jus, global director of ESG Research and Data, S&P Global.



## CMPC is ranked as one of the best emerging market companies

In July of this year, CMPC was included in the VigeoEiris' Best Emerging Market Performers ranking, along with one hundred other companies, according to the Environmental, Social and Governance (ESG) assessment provider.

The Best Emerging Market Performers index is composed of the companies with the highest score in 330 key ESG indicators, grouped into 38 criteria, which relate to the efficient use of

energy and resources, human criterias and labour rights, and waste management.

For its 2020 edition, it evaluated a universe of 843 companies in 32 sectors and 31 countries, incorporating CMPC as the third in the list of companies in the Forest and Paper Products industry and one of the nine Chilean companies from all sectors in this prestigious index.



This is a recognition of CMPC's efforts to integrate sustainability at the heart of its business strategy. The company has also been listed in the DJSI Emerging Markets of 2019 and 2020, in the Dow Jones Chile and MILA Sustainability Indexes since 2015 and 2017, respectively, and is listed in the FTSE4GOOD (since 2015) and MSCI Chile indexes (since 2014).

VigeoEiris is an agency that evaluates companies that integrate ESG criteria into their strategies, operations, and management; committed to promoting economic development, responsible investment, and sustainable value creation.



## CMPC is certified as a leading company in water management and the fight against deforestation

*The prestigious international organization CDP has provided the results of its 2020 survey, which evaluated more than 5,800 companies in terms of leadership, transparency and environmental action.*

*CMPC was able to comfortably surpass the regional averages on climate change, water and forests achieved by companies based in Latin America as well as companies in the same productive sector.*



CMPC has once again been recognized for its leadership on sustainability by obtaining the highest rating granted by the prestigious international organization known as CDP. The company is part of a select group of businesses that were placed in the A List category because of its transparency and management working on deforestation and improved water usage.

CDP, which used to be called the Carbon Disclosure Project, is a non-profit organization that promotes the sharing of corporate and governmental information to help reduce greenhouse gas emissions and to protect water resources and forests.

Furthermore, it encourages cities, states and regions to share data in order to make the CDP platform one of the richest sources of information of global scope in three areas: climate change, water security and deforestation.

Using such information, CDP assesses companies and assigns them a score on the following scale: A (leadership), B (management), C (awareness) and D (disclosure).

More than 9,600 companies gave their data to CDP this year, which is a 14% increase compared with 2019. Of this total, only a bit more than 5,800 companies were able to be assessed by CDP.



This year CMPC was placed on the select group of companies that achieved the "A List" ranking in both fighting deforestation and protecting water resources. It earned an A- on climate change, which is still within the leadership range.

"At CMPC we are very proud of having been included on CDP's A List once again this year." We continue to be committed more than ever to implementing our sustainable development agenda, even in a year as complicated as this one. We aim to offer the best solutions based on renewable fibers and to also fulfill the ambitious environmental goals we have proposed. We believe that sustainability is essential for corporate resilience going forward," stated CMPC General Manager Francisco Ruíz-Tagle.

CDP Latin America Executive Director Lauro Marins stated that, "2020 was a challenging year for everyone." The hardships we faced in light of the pandemic will continue to have an impact on our lives and companies for a long time to come. The next big wave that humanity needs to seriously tackle is climate change. I am pleased to see the commitment and leadership of Latin American companies around taking concrete measures to deal with this challenge."

He added that, "Achieving the highest CDP score reflects the governance, strategy, detailed risks and opportunities assessment, and the ambitious goals necessary for the world to remain below the 1.5 °C increase. This important step is necessary for us to move toward a more just and sustainable economy."

This year more than 313 companies rated as US\$15 billion according to their market capitalization were ranked on at least one of the A Lists due to their leadership on transparency and environmental activities. This is a 45% increase with respect to 2019 and also reflects a growing environmental awareness in the corporate world.



### Forests

CMPC disclosed information about the measures it is taking to help fight deforestation. Only 16 companies around the world were able to reach the leadership level in this area, earning the A ranking.

The level obtained by the company in this area is higher than the regional average in Latin America, which reached the B level. It is also the highest average earned for all of the companies in the industry.

Ninety point three percent of CMPC's forestry are certified as sustainably managed forests. This practice enables the company to manage its forests and forestry plantations by following high environmental, economic, social and cultural standards.

In fact, last year the company established environmental goals with a view toward 2030. One of its commitments aims to add another 100,000 hectares by 2030 to the 320,000 hectares of forest already under conservation and protection in Chile, Brazil and Argentina.

### Water

In terms of water management, 106 companies were placed on the A List category including CMPC, making it the second consecutive year. Compared to Latin America, the company has earned a higher ranking than the regional average (B) and has also achieved a higher average than other companies in the same industry.

Currently, after use and subsequent treatment, the company returns a large part of extracted water to its source and has committed to reducing the industrial use of water per product ton by 25% by 2025 (taking 2018 as the base year). This goal includes all the plants that use water in their processes, especially those in areas vulnerable to water stress, throughout the eight Latin American countries where CMPC operates.

CMPC's concern about water efficiency is made material through this corporate goal, which will help improve traceability over the long term and focus efforts on water use reduction and optimizing effluent quality.







### Climate change

CDP gave CMPC an A- on climate change, which is also within the leadership range. In fact, as compared to Latin America, the company earned a higher score than the regional average, which was only a D level. It was also higher than the entire wood and paper industry ranked at the C level.

CMPC established its Climate Change Policy in 2019. One of the many notable factors includes moving toward a low-carbon economy based on renewable natural resources and circular business models.

The company has also committed to reducing its absolute greenhouse gas emissions by 50% (scopes 1 + 2) by 2030, taking 2018 as the baseline emissions. This reduction will be achieved via operational improvements, energy efficiency measures and fossil fuel replacements, among others.

## CMPC launches "Water for Chile Challenge" project to bring drinking water to rural communities in southern Chile

Seeking to provide a sustainable solution to the lack of drinking water in the country's rural communities, CMPC, together with the organization Desafío Levantemos Chile, launched the initiative "Water for Chile Challenge," which seeks to deliver this essential service to communities in the regions of Biobío and Araucanía in Chile.



The first project of this challenge, called "Abasto Santa Aurelia", was inaugurated in October this year in the community of Marileo belonging to the commune of Lautaro, in the Araucanía region, where 40 families, for the first time in their life, have direct access to drinking water.

Two water supplies were accumulated from natural springs and stored in six containers that are then distributed through pipes to carry out this project. In addition, an excavation of more than 5 kilometres was carried out as part of the route through which the supply currently passes in the direction of each of the homes in the sector that can access it through a faucet.

Water for Chile Challenge seeks to provide access to drinking water to four municipalities in the Araucanía region and one in the Biobío Region, with more than 20 projects. It is estimated that the number of beneficiary families will reach 200, equivalent to nearly a thousand people.

"Water is not only necessary for our human subsistence, but it is also a development factor, a fundamental piece of entrepreneurship, and an irreplaceable agent for people's dignity," said Luis Felipe Gazitúa, President of CMPC companies.



# Felipe Alcalde

Business Innovation Director at CMPC



**“For CMPC, innovation means being ready for the future.”**

*For the CMPC Business Innovation Director, Felipe Alcalde, one of the biggest lessons learnt from “the spread of Covid-19 is that we have to adapt quickly”. We need to move, search, relate, investigate, and accept that after this pandemic, the world will be facing a different reality.*

*In this regard, Felipe says that both businesses and innovation have a key role to play in customer demands and the need to contribute to a more sustainable environment.*

## **In the current situation, what does it mean when CMPC talks about innovation?**

For CMPC, innovation means being ready for the future, in the broadest sense of the word. This may mean how we can be closer to our future consumers in a more sustainable world, how we can be closer to our current consumers to help them resolve their issues, or even how we can be an increasingly more efficient and sustainable company that takes care of the environment and the communities in which we operate. We have deep foundations and we are working with the rawest of materials to create a fantastic future. We have to work with the marvellous talent that we have on board, with our commercial partners, and with the academic and start-up sectors to provide continuous solutions for a more sustainable planet.

## **Does the company have an innovation strategy to embrace this new future?**

We are currently focused on three main goals: how to be more efficient, how to offer our consumers and customers more value through new products and business models, and how to innovate social and environmental sustainability. We have made huge advances in every one of these pillars. We are doubling up on our efforts when it comes to digitalization and the use of data (machine learning, automation, and others) for improved operational efficiency, and we are seeing promising results. We have also made advances in terms of digitalization with our customer relations via a Customer Relationship Management platform which enables us to better understand our customers' needs, meaning we can provide them with improved services and pilot new business models. We want to continue to invest in the development of new added-value products from forests, for example, our advisory services on the use of micro-fibrillated cellulose in the paper sector. In terms of sustainability, we have attractive sustainable development commitments. For example, a 50% reduction in emissions, a 25% reduction in water consumption, and we also want to become a zero-landfill waste producing company. We cannot achieve all of the above alone,

but we see it as a great opportunity to build associations and partnerships. We believe we have a fantastic opportunity for the academic world and research centres all over the world to co-create with our clients and the start-up sector. We are about to finalise our first investments into the start-up sector, a sector in which we undoubtedly see huge potential.

## **How do the innovation needs of the company match up with those of its customers?**

Our strategy is to collaborate. Momentum is growing around innovation in our industry. There are wonderful initiatives in various countries around the world and we want to connect with them. We want to collaborate so that new innovations can develop more and improve within the CMPC ecosystem.

## **Is there a corporate governance that is pushing all of these innovation processes forward?**

We have established a new corporate governance aimed at achieving two goals. Firstly, we want to speed up the decision-making process. In order to do this, we have created a directive with senior CMPC executives for a more structured decision-making process. Secondly, we want to be connected with the best ideas, both internally and externally. To do this we have created different programmes and initiatives, modified our internal R+D processes, built new associations, and we have also begun to invest in disruptive and entrepreneurial solutions in different regions around the globe.

## **How do you see the company's relationship with innovation over the next 100 years?**

We need to strengthen our capacity of long-term thinking, without failing to take short-term action. This needs to be built collectively with our consumers, clients, staff, communities, and all of the stakeholders with whom we are involved. The world is constantly changing and today it is harder than ever to find any certainties, so the best thing we can do is to enhance our ability to adapt and to move fast. We need to focus on people and develop different skills. The spread of Covid-19 has taught us that we need to be quick to adapt, it is something that is hugely valuable in today's world. We need to develop our innovation, collaboration, and adaptation skills with as much flexibility as possible. This will allow us to look into the future as often as is required to make decisions on how to sustain ourselves as a leading company for the next 100 years.