

PULP NEWSLETTER

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professional interview



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Hendrik Schuerfeld

Managing Director CMPC Europe

Getting Closer to Our Customers

CMPC, as part of its plan to get closer to customers, formed a new office in Hamburg, Germany, called CMPC Europe. This was formed from a partnership between CMPC Celulosa and Gusco, who has been CMPC's commercial agent for its pulp, plywood, and boxboard businesses for more than 40 years.

This led to the addition of 14 experienced European partners in these markets, led by Hendrik Schuerfeld.

How did Gusco start? When did you start working in the pulp market?

Our Company was founded on July 1, 1937 by my grandfather, Gustav Schürfeld, as a traditional import/export company mainly for paper. My father Jens Schürfeld took over in 1977 and continued to manage the corporate group until 2015. In keeping up with his philosophy of a decentralized organization, today we remain firmly rooted in Hamburg and feel at home in the world.

The business of GUSCO Handel was enlarged by adding other forest products such as containerboard, boxboard, newsprint paper, pulp and wood products. Soon the traditional trading business was complemented by related business segments. Among others the paper mill Drewsen, a specialty paper producers, founded in 1538, All4Labels a producer of pressure sensitive labels and Surteco SE a global player in the furniture, flooring, and wood-based products industry.

In 2006 I started in GUSCO as sales director of containerboard, being responsible for the sales of Kraftliner, Testliner, Fluting in the German speaking countries for our principals from Germany, Russia, Croatia and Czech Republic. Among others my focus laid on diversifying and increasing the supplier base for containerboard. In 2009 I was appoint managing director of GUSCO Handel and with the retirement of my predecessor in pulp Walter Schloegl, I was asked to take over the responsibility for the pulp division with our main supplier CMPC in 2012.



Since 2015 Tim Fiedler, Jan Oberbeck and me are the management team of the entire Schürfeld Group. Today we have expanded further our portfolio by investing into start up companies as well as into complementary businesses of our traditional segments.

How do you feel with this Joint Venture with CMPC, and how does it change or benefit our customers?

The foundation for this extraordinary relationship was laid some 40 years ago, when we started the cooperation with CMPC Celulosa. Over time the business with pulp was growing and CMPC used the relationship to us as their bridgehead to Europe, adding other product segments such as boxboard and plywood to the European business. We have always understood us as part of CMPC, have been thinking as CMPC and hence have acted as if we already were one company. Hence, already back in 2013 GUSCO has introduced a technical sales person who has been responsible for technical support of the pulp sales team in Europe, giving support also to other CMPC agents. So when we started discussing this Joint Venture end of 2017 we were already identifying ourselves to a large extend with CMPC and even have felt as part of CMPC. For me CMPC Europe was the logical consequence of our intensified, over decades lasting cooperation. This step elevated the relationship between our company and CMPC to the next level, by bringing together the best of both worlds. Since CMPC is quite long term oriented also with respect to customer/supplier relationships and we have established tight bonds between CMPC and the customers, CMPC Europe brings Chile and Europe closer to each other, however taking care and considering Chilean as well as European culture. With the local sales hub of CMPC in Europe, our customers still have their local contact persons and at the same time the contact to CMPC Chile is intensified. Also we strive to improve and accelerate the decision making process in order to respond to market events and customer requests quicker. I am convinced that creating CMPC Europe was the right thing to do at the right time.



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What do you think are the biggest challenges for CMPC Europe in the future?

The European market is rather mature. Paper producers continue to move their focus more and more from graphical commodity products to specialties, packaging and tissue. The Corona pandemic has accelerated the reduction of demand for graphical papers. At least temporarily also specialty paper producers are hit by the impact of this pandemic. The ones with little or no financial buffer are suffering most. The challenge for us is to keep a sound customer portfolio – a distribution between the segments specialty paper producers, packaging and tissue while considering the financial foundation of each customer.

With respect to boxboard in addition what is mentioned above we have to acknowledge that there is a substantial local production in Europe with short lead-times. Quality-wise we as CMPC are on eye level with the European producers. However, our challenge is the distance and hence the lead-time. We are working hard on solutions to bridge this gap.

Given the current world situation, how do you evaluate CMPC Europe's approach in the European Market?

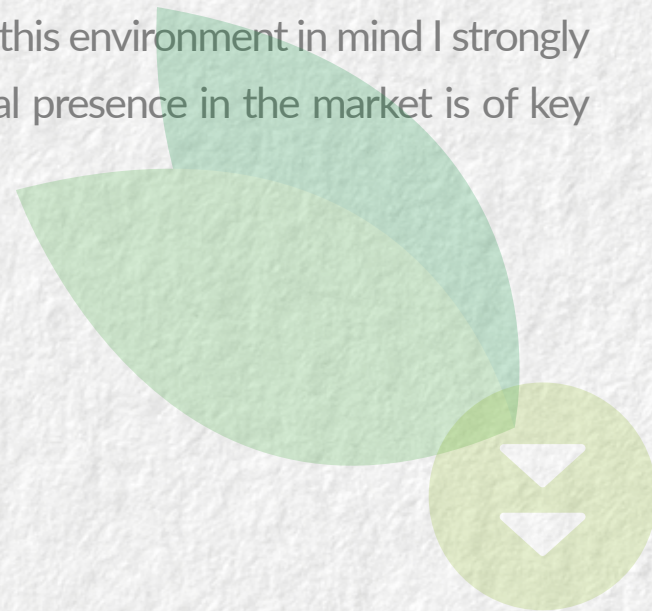
For a global producer like CMPC in my opinion it is of eminent interest to have a local organization and team supporting the business in order to overcome cultural differences, get closer to the customers, feeling the pulse of the business and being aware of the political and economic environment. As an overseas supplier you have to understand your customers' needs and requirements in the different local markets with their own mechanics. Especially now, in times of global crises such as



Corona pandemic it is important to have your organization decentralized in order to cope with business disruptions in different parts of the world. We still have to see how things change in our globalized civilisation after we have overcome the pandemic. Additionally, today we can observe a change in the global political landscape. Countries start focusing more on themselves not only outside but also inside Europe. This would have an impact on the European domestic market, on inter European trade.

This macroeconomic environment together with the current pandemic situation raises questions about the future.

Today we have no concrete answers to these questions, yet we have realistic assumptions. Especially with this environment in mind I strongly believe that being here, having a local presence in the market is of key importance.



Regarding sustainability, CMPC has made concrete environmental commitments in terms of gas, water, plantations and waste. What do you think is our role in the European market?

The situation we face today is reflected not in the question whether climate change is happening or not. Climate change is happening. The question is how severe will be the impact of it especially in the next 50 years and what can we do to reduce this impact. It is always a question who should start changing things: Is it the individual, our political leaders, is it the industry? To be quite clear on this, I feel that we all have this responsibility. We should be role model for our peer-groups. Starting with each individual, friends co-workers, companies and political leaders. If we as CMPC take responsibility with a route of clear and concrete environmental commitments, it has a positive impact on our peer-groups such as co-workers, suppliers, customers and competitors. We should be leaders in environmental standards and in reducing our carbon footprint, waste and water consumption for instance. As a global supplier we also have a social responsibility in local markets.

We should be leaders in sustainability setting new standards for our industry. This is what is required by the market and demanded by the people - in the future even more than today.

Working together to face Covid- 19

The multiple initiatives developed by CMPC to address COVID-19

In the current health crisis context caused by the propagation of Covid-19, Empresas CMPC has been concerned and constantly monitoring the situation. That is why we have taken the double challenge of caring for our employees and responding to the demand for our products. In addition, we have continued to maintain our commitment to the community focused on delivering protection, care, and disinfection items. Here are the various initiatives that the company has been engaged in:

Protocol for the care of our collaborators

To care and protect employees, CMPC has been applying a strict protocol since last March aligned with the recommendations of health authorities and international best practices. This includes, among other measures, the creation of a crisis committee led by CMPC's CEO Francisco Ruiz-Tagle; the implementation of home-office for more than 4 thousand workers; the adaptation of operational shifts to reduce contact; cancellation of meetings and business trips; control of access to plants and facilities; daily sanitization and reinforcement of hygiene and cleaning protocols.

Production and donation of masks

CMPC will add new manufacturing capacity for surgical 3-fold type masks by installing six machines, which will achieve a production capacity close to 20 million masks per month in Mexico, Brazil, Peru, Argentina, and Chile. The company seeks to generate a local, timely, safe, and quality supply, which will contribute to the task of reducing the risks of viral disease contagion, which is why, in the current context, free masks will be distributed in the respective public health services.



The mask production process is fully automated, which guarantees a high sanitary requirement as there is no human intervention during the manufacturing process.

Support for innovative projects to address the health crisis

Through a public call held by Fundación Chile and Chile Global Venture, CMPC supported the best innovative solutions to face the current health and economic crisis. The competition received more than 560 applications from 23 countries, of which four projects were winners. Thus, US\$46 thousand were distributed among the winners thanks to funding provided by CMPC, Entel, and Microsoft. The initiatives were "Local SHOP", a neighborhood shopper; Consultok, a platform with online experts; Lightwash, a system for fast sanitization of masks; and MIDE, an application that allows you to download education guides and essays without access to the internet.

The company's former offices were transformed into a field Hospital

CMPC offered its former offices in Los Angeles, a city located in the Biobío ward in Chile, to enable them as a field Hospital to face the current health emergency. From June 4, its operation began with a capacity of 116 beds, expandable to 150, depending on the number of patients who need it.

The facility will help to treat low and medium complexity patients and to reduce the load of the public care network in the area. The field Hospital also has a resuscitation room, ambulance, medical furniture, and telehealth, among other facilities.



Sanitization of several municipalities of Chile

To prevent coronavirus contagion and maintain its commitment to neighboring communities, since March, CMPC has carried out several disinfection and sanitization works in different Chilean zones. Also, this has been carried out in common spaces, entrances to health care centers, entrances to the company's mills and on the busiest streets.





Mobile Clinics

CMPC together with Desafío Levantemos Chile, a local foundation that helps people in need, launched the project "Mobile Clinics", an initiative that seeks to reduce the load of the public and private health network of the Araucania region, and also to the municipality of Puente Alto in the Metropolitan Region, by having vans that enable medical assistance in private homes, obtain medicine, vaccination against influenza and perform coronavirus tests without leaving their homes. To date, six mobile clinics are operating in the recently mentioned locations.

Recognition of CMPC's sustainability management

For the fifth consecutive year, Empresas CMPC has been chosen to be part of the Dow Jones Sustainability Index Chile, a stock market indicator that gathers companies that show greater leadership and management in sustainability matters. Likewise, for the first time, **CMPC was incorporated into the category of Emerging Markets, adding a third portfolio to the ones already held (Chile and MILA Pacific alliance).**

The index assesses the sustainability of companies based on an analysis of economic, environmental, and social performance, as well as other areas such as governance, risks, branding, climate change mitigation, supply chains, and labor practices.

DJSI has been published since 1999 and only nine Chilean companies can access the four index categories: "Chile", "MILA Pacific Alliance", "Emerging Markets" and "World". In the case of "Emerging Markets", it considers the leaders in sustainability of emerging markets as identified by the Swiss RobecoSAM Sustainable Investment Fund.

"To be included in the "Emerging Markets" category is a recognition and a good reflection of the work we have been doing over the last few years, both to consolidate and show our most relevant information in sustainability matters, as well as to assume new environmental commitments, such as the 50% reduction of our absolute greenhouse gas emissions", Francisco Ruiz-Tagle, CMPC's CEO said.





Leaders in water management

In 2019, CMPC managed to be among the 71 companies worldwide that achieved the highest distinction in the prestigious Water Security A-List conducted by CDP, a non-profit organization that provides a global environmental disclosure system, in which companies and cities can report information on the impact of their actions on climate change, water, and deforestation.

About two thousand five hundred global companies responded to the questionnaire on Water Safety, where CMPC achieved A qualification, thus surpassing the regional average of Latin America (B), the global average (B -), and the wood and paper materials sector (B).

CMPC participated for the fifth year in the water safety category, this time managing to be in the "leadership" segment, communicating the implementation of best leadership practices, and receiving recognition for its long-term commitment to sustainability.

Integrated Report 2019

For the fourth consecutive year, CMPC prepares its Integrated Report under sustainability standards and value creation communication principles, considered globally as the best practice.

The report was made taking into consideration the indicators proposed by the Global Reporting Initiative (GRI), as well as the framework of guiding principles of the International Integrated Reporting Council (IIRC). This report also serves as a progress communication (CoP) for the United Nations Global Compact.

Not only it is a document presenting the company's 2019 financial year in economic, social, and environmental fields; but it also marks an important milestone as the company's 100 years.

For CMPC, sustainability is a key aspect of facing the next 100 years in a successful and resilient manner. Today more than ever, transparency and disclosure of how to connect with the communities in which we are inserted and with other interest groups, the collaborative work we encourage for a better quality of life, the impacts and opportunities of our business, and the future of our products are important.

Same as the 2018 Integrated Report, the current report will be available at https://www.cmpc.com/wp-content/uploads/2020/04/REPORTE-2019_final.pdf—focuses on the material topics for CMPC, details of which can be found on pages 207-210. Also, in the document, special attention and development are given to sustainability goal, which may be found in Page 18, CMPC's commitment to Indigenous Peoples, page 83, and new developments in green financing, page 193.

