

**arauco**

20  
22



INTEGRATED

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REPORT

renewables for a better life

COMPANY DESCRIPTION

Legal name  
**Celulosa Arauco y Constitución S.A.**

Chilean ID number  
**93.458.000-1**

Legal Address  
**Av. El Golf 150, floor 14,  
Las Condes, Santiago, Chile.**

Entity  
**Privately held corporation.**

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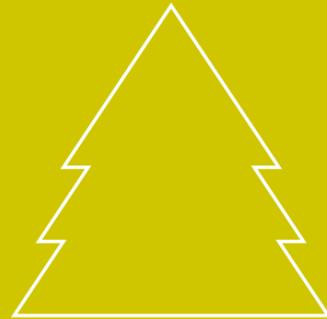
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INTEGRATED **20**  
REPORT **22**

# INTEGRATED REPORT

# 20 22

## 1 A SUSTAINABLE WORLD IS MADE OF WOOD

Letter from the Chairman	4
Our business	8
ARAUCO around the world	14
Our history	18
Sustainability strategy	18
Regarding this report	24
ARAUCO's Sustainable Goals	34

## 2 RENEWABLES FOR A BETTER LIFE

Board of Directors	39
Senior executives	46
Corporate best practice	50
Risk and opportunity management	53

## 3 GLOBALLY COMMITTED

Pulp	58
Timber	64
Energy	68
Forestry	72
Bioforest	76
Globalization and efficiency	80
Suppliers	82
Our Products	86
Customers	90

## 4 ONE ARAUCO

Our employees	96
New skills for the future	99
Attracting and retaining talent	106
Diversity, inclusion and non-discrimination	112
Working environment and wellbeing	116
Occupational health and safety	118
Collaborative engagement	128

## 5 COMMITMENT TO LOCAL COMMUNITIES

Community, participation and discussions	137
Our impact on local development	140
Mapuche engagement	154

## 6 COMMITTED TO ENVIRONMENTAL CHALLENGES

Carbon footprint	162
Our impact on local development	164
Flawless industrial operation	188

## 7 FINANCIALS

Material Events	210
Company information	220
Company's purpose	222
Controlling shareholders	223
Industrial sector description	225
Regulatory Framework	228
Legal compliance	235
ARAUCO's corporate structure	236
Companies related to ARAUCO	238
Dividends	276
Subsidiaries and functional currencies	278
Useful life of assets	279
Risks	280
Workforce	306
Memberships and Networks	324

## 8 INDEX OF CONTENTS

Norma de Carácter General N° 461 - CMF	330
GRI	334
TCFD	343
SASB	346

**MANUEL BEZANILLA**  
 CHAIRMAN OF THE BOARD  
 OF DIRECTORS OF ARAUCO

support our transformation. We approved the Human Rights and the Diversity and Inclusion policies in 2022.

Despite our achievements, we also faced some adverse moments. We cannot fail to mention the harsh fires in Chile during the first months of 2023 even though they did not actually occur in 2022. They had a profound impact on southern communities and regions, which moved the whole world.

Overcoming this emergency required the commitment, collaboration and decisive action of the entire country, especially our forestry teams, who deployed their technical, human and material resources to the maximum.

A further important task is to develop action plans that will collaboratively and quickly address the human and social crises left by these fires.

We know that we have much to contribute to each of these tasks, along with developing new approaches to managing our business that will maintain our position as a recognized global player. Thanks to the dedication and commitment of everyone who belongs to ARAUCO, we have created everything that makes ARAUCO great. We know that with collaboration we can continually improve people's lives in this new cycle.

se our pulp production capacity and strengthen our competitiveness and leadership in global markets.

We also commissioned the new Hílam Mill in the Ñuble Region in Chile, which has created an opportunity to promote sustainable construction using laminated and cross-laminated timber. This is an important solution for the global housing deficit, where wood is emerging as an innovative and natural option, with great prospects for increasing production.

Our long-term focus led us to sign a collaboration agreement with the government of Mato Grosso do Sul State, Brazil, to evaluate the construction of a pulp mill. We were also granted approval to build a new MDF line in Zitácuaro, Mexico, to expand our business there.

At the 27th United Nations Climate Change Conference (COP27), we announced our plan to measure the natural capital associated with our business, which is consistent with our purpose and commitment to nature and climate change. We will analyze how to become a Nature Net Positive company, which is a company that generates a positive impact on the planet and people, with a strategy based on water conservation, biodiversity conservation and atmospheric CO<sub>2</sub> reduction.

This complements our other tremendous challenges, such as promoting an organizational culture where flexibility, digitalization, diversity and inclusion are central to the well-being of our employees, which will encourage their motivation to

During 2022 ARAUCO operated in an uncertain local and global context. A war in Europe, tensions between the great powers, rising inflation everywhere and a still latent pandemic, without being able to fully restore normality. An institutional review was taking place in Chile, which involved discussing significant reforms, such as the tax system and the pension system. We hope that agreements will eventually prevail that will ensure that social improvements will be compatible with measures to encourage savings and investment, which are fundamental for the future of our country.

Overall, 2022 was a challenging year for ARAUCO and its businesses. We are facing a difficult period that reinforces the importance of approaching our business with a broad perspective that combines market knowledge, stakeholder engagement, shared value creation and decisive environmental management. As these are fundamental issues for society and they form part of our Company's management and vision.

ARAUCO understands the importance of its business in the current global context. The sustainable development of our business contributes to mitigating the effects of climate change and responds to people's demands to positively affect their quality of life.

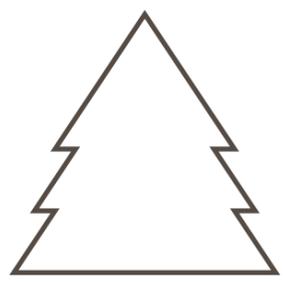
This conviction drove us to progress with our purpose and commitments during 2022. We commissioned MAPA, the largest investment project in our history, which will increa-



## LETTER FROM THE CHAIRMAN

# 1.

## A SUSTAINABLE WORLD IS MADE OF WOOD



Renewables  
for a  
better life

Our industry is at the center of the transition to a sustainable economy, as forestry products can capture and store CO<sub>2</sub>. They can replace fossil-based materials in industries, such as packaging, construction, apparel, retail and energy. At ARAUCO we believe in a future where products currently made from non-renewable materials can mostly be manufactured from wood-based materials, and we know that we have a great responsibility to people and the planet.

OUR  
PURPOSE

From nature and renewable sources, we contribute to both people and the planet.

SAFETY,  
ALWAYS  
FIRST



GOOD CITIZENSHIP,  
RESPECTING THE  
ENVIRONMENT AND  
CREATING VALUE

EXCELLENCE AND  
INNOVATION,  
WE WANT TO  
IMPROVE

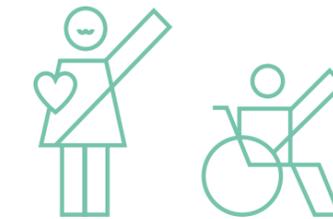


COMMITMENT,  
WE ARE  
PASSIONATE

TEAMWORK,  
WE ARE BETTER  
TOGETHER



We approved the Human Rights and the Diversity and Inclusion policies.



We continued the **Gender Training Program**, which raises the awareness of everyone at ARAUCO regarding this important topic.



The project to build a new MDF line at Zitácuaro in Mexico has been approved.

Arauco Wood Limited was incorporated in the United Kingdom, to centralize ARAUCO's industrial wood subsidiaries located in Canada, the USA, Mexico, Brazil, Argentina and Chile, and 50% of the Spanish company Sonae Arauco with businesses in Germany, Spain, Portugal and South Africa.



We continued to implement the **Protected Productive Landscapes model in Chile**.



We signed a collaboration agreement with the Government of Mato Grosso do Sul State in Brazil, which is an important preparatory step for the evaluation of whether to build a new pulp mill in Brazil.



We began loading wood chips from the **Line 3** digester at the MAPA Project in Chile.

ARAUCO increased its ambition: we are conducting assessments and analyses to become Nature Net Positive, with a focus on water, biodiversity and carbon.

We launched the new Hílam Mill in Chile, which added glued laminated timber (MLE) and cross-laminated timber (CLT) lines and two machining centers.

2020 SIGNIFICANT EVENTS



**SUSTAINABLE AND HIGH QUALITY SOLUTIONS FOR THE PAPER, APPAREL, CONSTRUCTION, PACKAGING, FURNITURE AND ENERGY INDUSTRIES.**

**WE ARE**

**ARAUCO**

WE MANAGE AND HARVEST RENEWABLE FORESTRY RESOURCES.

Carbon neutrality certification by 2020, with net capture of **7.2** million tons of CO<sub>2</sub>

**491,584** hectares (1,214,730.5 acres) of native forest, together with protection and conservation areas of high social and environmental value.

**USD 11** million in social investments and **USD 45** million in environmental investments.

**166** areas of high biological, social and cultural conservation value.

Most of our products are substitutes for non-renewable materials with high CO<sub>2</sub> emissions.

WE ARE A GLOBAL COMPANY THAT EMBRACES THE CHALLENGES OF BEING A WORLDWIDE PLAYER.

**19,043** employees and **945** collaborating companies with **21,135** employees.

We are the first certified carbon neutral forestry company in the world.

We have **4,813** customers on five continents.

**24,279** suppliers and **USD 3,065** million paid to domestic suppliers.

We have reduced non-hazardous waste generation by **60%** in the Pulp division and **47%** in the Timber division.

WE CREATE PRODUCTS THAT IMPROVE PEOPLE'S LIVES.

Our products are made from fully **100%** renewable, recyclable and biodegradable raw materials.

**63** industrial facilities.

**3.2** million tons of pulp produced.

**10.8** million cubic meters of timber and panels produced.

**779 MW** installed capacity of clean and renewable energy.

Sales of **7,102** million.

EBITDA margin of **31%**

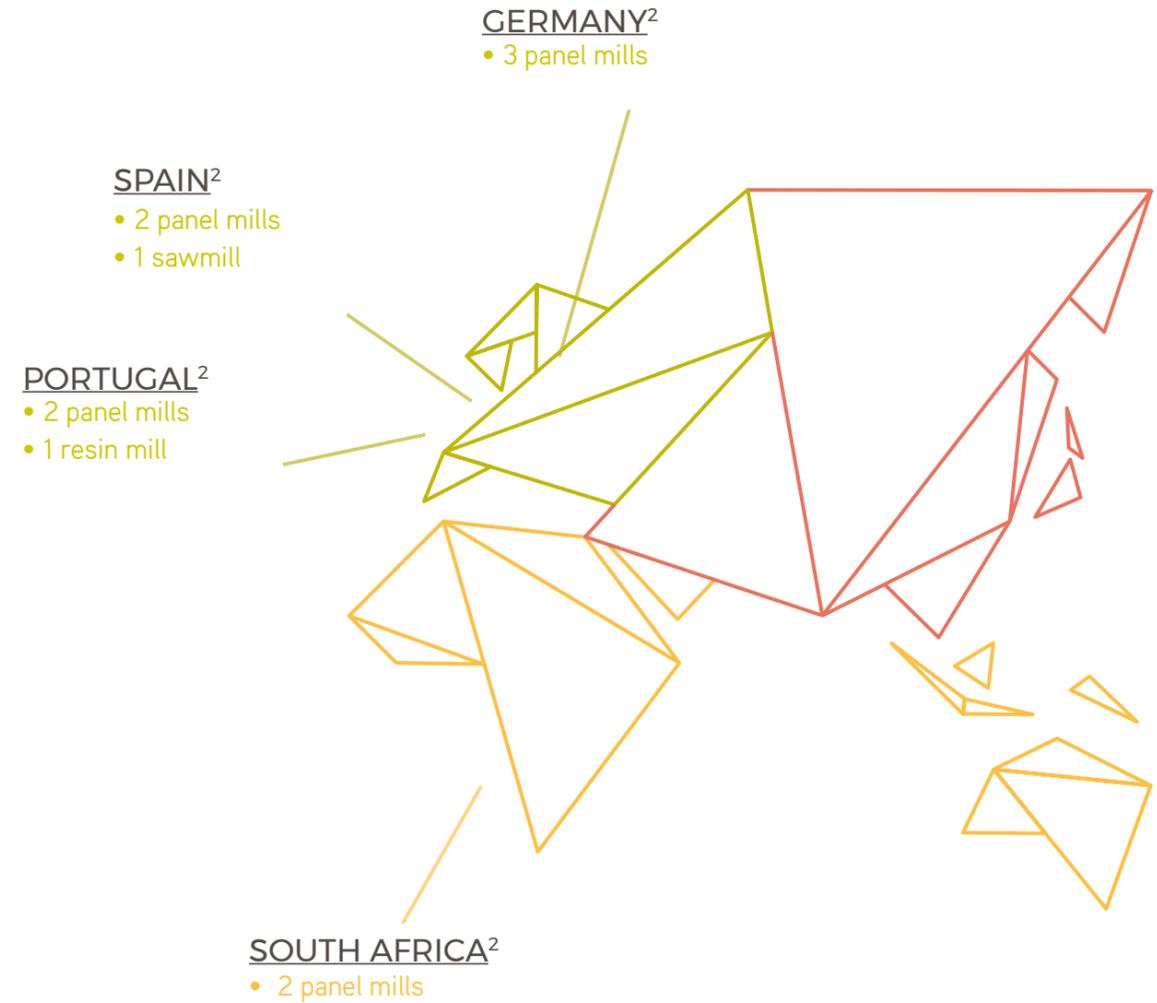
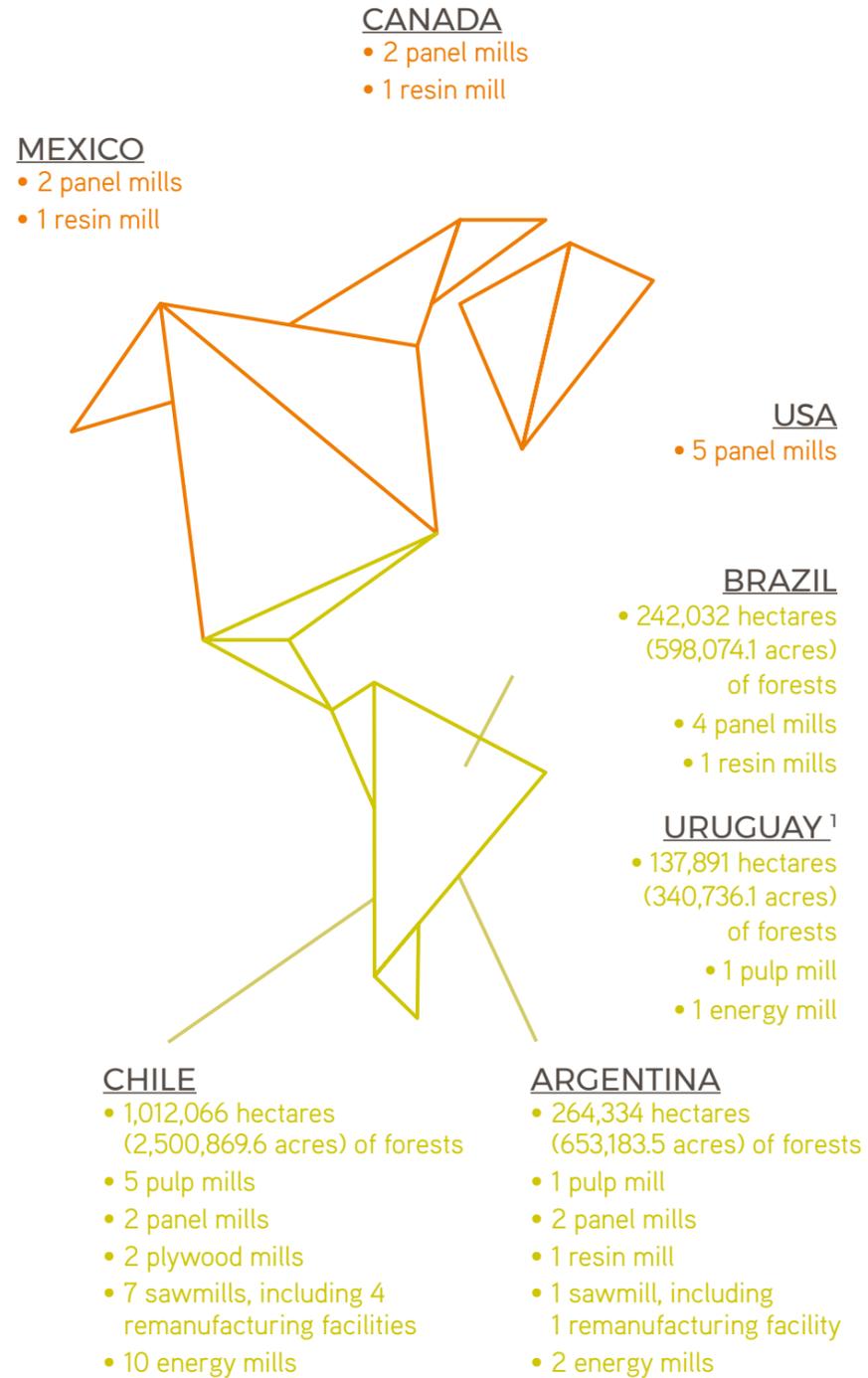
Our products offer sustainable solutions that help our customers meet the demand for goods that positively impact the environment.

## ARAUCO around the world

We participate in the forestry, pulp, timber, panels and clean and renewable energy sectors. We are a global company operating on five continents, with 4,813 customers around the world.

Our products are sold by representatives, sales agents and sales offices in 28 countries.

We manage the logistics and distribution chain, we supply to distribution centers and sales points through 193 ports.



### SALES OFFICES

- |             |                          |
|-------------|--------------------------|
| USA         | Argentina                |
| Canada      | Costa Rica               |
| Netherlands | Australia                |
| Peru        | China                    |
| Chile       | The United Arab Emirates |
| Mexico      |                          |
| Colombia    |                          |
| Brazil      |                          |

### SALES REPRESENTATIVES

- |                          |             |
|--------------------------|-------------|
| South Korea              | Cambodia    |
| Australia                | India       |
| New Zealand              | Indonesia   |
| Japan                    | Thailand    |
| China                    | Philippines |
| The United Arab Emirates | Taiwan      |
| Saudi Arabia             | Vietnam     |
| Malaysia                 |             |

1) We have a 50% interest in operations, land and plantations through a joint operation between ARAUCO and Stora Enso (a Swedish-Finnish company).  
 2) ARAUCO has a 50% interest in the facilities owned by the Spanish company Sonae Arauco. One of the plants in South Africa is not operating.

2017

The subsidiary Arauco do Brasil S.A. acquired all of Masisa do Brasil Ltda.

2018

The company E2E S.A. was constituted, which will design construction solutions using the latest, environmentally friendly, high precision technology, which began with ARAUCO owning a 50% interest.

2019

The construction of MAPA began in Chile.

2020

ARAUCO certified its carbon neutrality and became the first forestry company worldwide to achieve this goal.

2020

Odd Industries was acquired, which is a pioneer in industrial artificial intelligence.

2021

ARAUCO purchased the remaining 20% interest in Arauco Florestal Arapotí S.A. (AFA) in Brazil from Stora Enso, making it the sole shareholder.

2016

The ARAUCO Campus was jointly created with DUOC UC in Chile, which aims to strengthen professional and technical education in productive skills within the Biobío region.

2018

The new particleboard mill (MDP) in Grayling, Michigan, USA began operating.

2019

ARAUCO acquired all the shares in Masisa México (now Arauco Industria de México, S.A.) and began operating two new panel plants and a chemical mill in Mexico.

2019

Prime-Line, Inc. was acquired, with assets in Malvern, Arkansas, USA.

2020

Production began at the Textile Pulp project in the Valdivia pulp mill.

2021

ARAUCO participated in COP 26, and announced its climate action plan to reduce its greenhouse gas emissions by one million tons by 2030.

2003

ARAUCO voluntarily committed to never substitute native forest and not to encourage substitution by third parties, by signing an agreement with national and international environmental non-governmental organizations.

2007

Three cogeneration plants (Nueva Aldea Phase I and II, and Trupán) were registered as Clean Development Mechanism projects under the Kyoto Protocol framework, which made ARAUCO the first forestry company to use it.

2009

The Piên mill in Paraná state, Brazil, was acquired from Tafisa.

2012

ARAUCO published its Mapuche Community Engagement Policy, which created the Mapuche Advisory Council and gave the company a clearer understanding of indigenous issues.

2013

The FSC® certification body (Forestal Arauco FSC® License Code: FSC® - C108276), Woodmark, certified that all ARAUCO's forestry assets in Chile complied with its strict standards.

2005

It acquired the assets of the French group Louis Dreyfus and transferred these investments to the Forestry division in Argentina and Brazil.

2009

ARAUCO and Stora Enso acquired the assets of the ENCE business group in Uruguay, and formed Montes del Plata.

2012

The Medium Density Particleboard (MDP) mill in Teno, Chile began operating. Industrial assets in Moncure, North Carolina, United States were acquired. Flakeboard was acquired, which operated seven panel plants in the USA and Canada.

2015

ARAUCO acquired a 50% interest in the Spanish company Tafisa, which owned panel plants in Spain, Portugal, Germany and South Africa.

1991

The second production line at ARAUCO's Arauco II mill began operating, with a capacity at that time of 350,000 metric tons per year.

1996

ARAUCO acquired Alto Paraná, who owned one of the main pulp mills in Argentina, now ARAUCO Argentina.

2000

The Group acquired a 97.5% interest in Forestal Cholguán S.A. and a 50% interest in Trupan S.A., which opened up the panel, MDF and HB markets.

2002

Two new MDF panel plants began operating, one in Chile and the other in Argentina.

1990

ARAUCO's Energy division was formed. The company quickly became self-sufficient in energy and even released its surpluses to the Central Grid, currently the National Electricity System (NES).

1995

The Panel division was created with the construction of a plywood mill at the Horcones Complex, which began operating in 1998.

1999

The San Jorge Reserve was founded in Argentina covering 16,500 hectares (40,772.4 acres), with the aim of conserving native forests in northern Misiones.

2001

Construction began on the Valdivia mill at San José de la Mariquina, which began operating in 2004.

2003

Construction began on the Nueva Aldea Industrial Forestry Complex, with a pulp mill, a sawmill, a panel mill and two electricity cogeneration plants, which achieved energy self-sufficiency and surpluses were released to the NES.

1970

Celulosa Constitución S.A. was constituted on October 28.

1989

ARAUCO created the Arauco Educational Foundation to strengthen teaching at municipal schools in four Chilean regions.

1990

ARAUCO made significant investments in new businesses. The initial milestone was creating the Timber division, which was achieved when five sawmills that belonged to the Forestry division were transferred.

Our history

1979

In September, Celulosa Arauco y Constitución S.A., as it is known today, was created by merging Celulosa Arauco S.A. with Celulosa Constitución S.A., both created by the Corporación de Fomento de la Producción (Chilean Economic Development Agency - Corfo). It was subsequently acquired by Compañía de Petróleos de Chile S.A. (now Empresas Copec S.A.).

1989

Oncol Park was founded with the objective of conserving the Valdivian forest and providing the Valdivia community with a natural environment for recreation.

1990

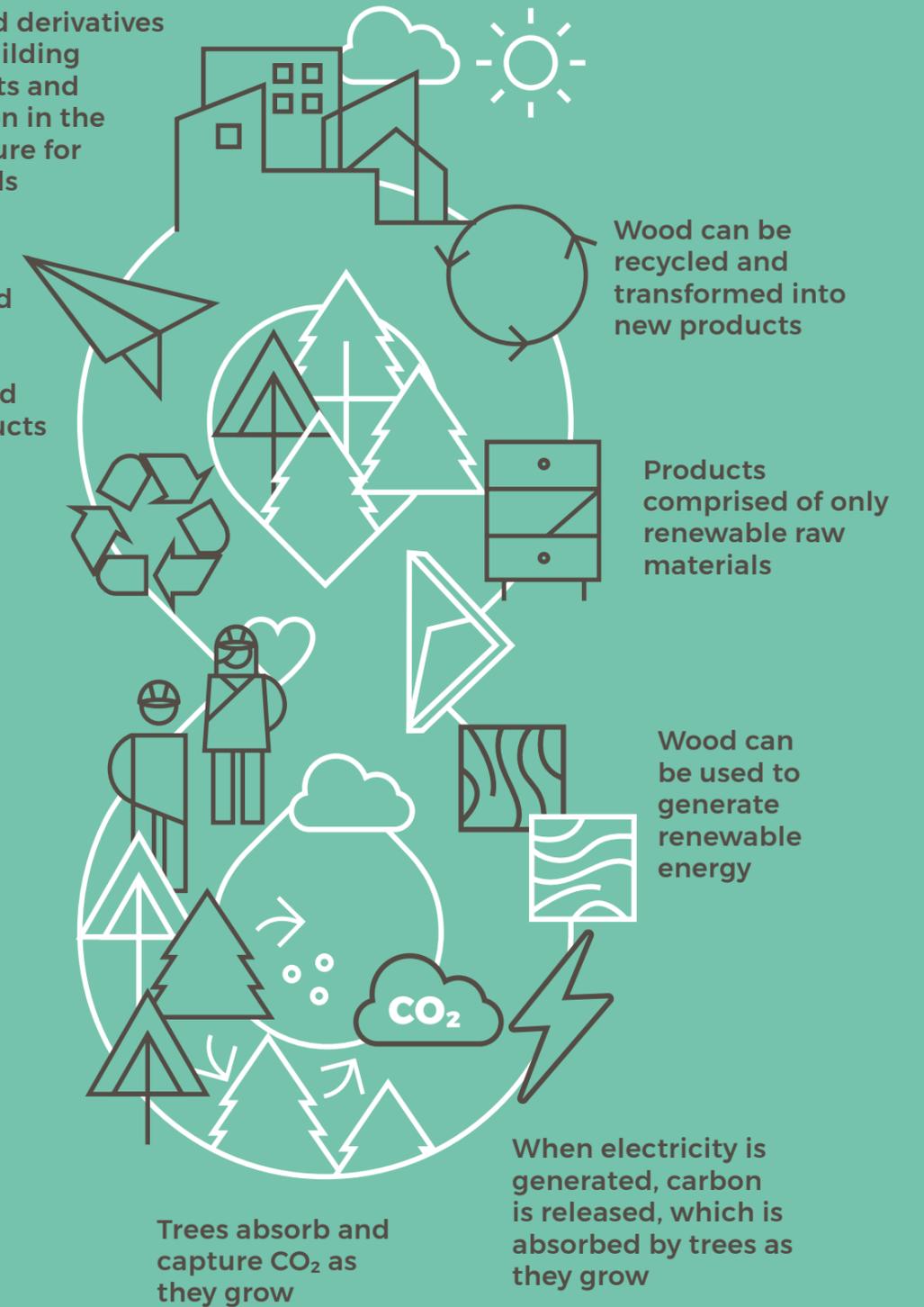
ARAUCO created Bioforest, a research center that aims to study, develop and apply state-of-the-art technology to improve the genetics within plantations, control pests and diseases, improve wood quality and increase forestry productivity.

These wood derivatives become building components and store carbon in the infrastructure for long periods

Wood is converted into paper and cardboard, sawn timber, panels and engineered products

Raw materials from responsibly managed forests are a renewable source

Safe and efficient business



## Sustainability strategy

Our inspiration is to create solutions that improve people's quality of life, by providing them with a wide variety of sustainable products made from a renewable resource such as wood. We have had a positive impact on the paper, apparel, construction, packaging, furniture and energy industries for more than 50 years.



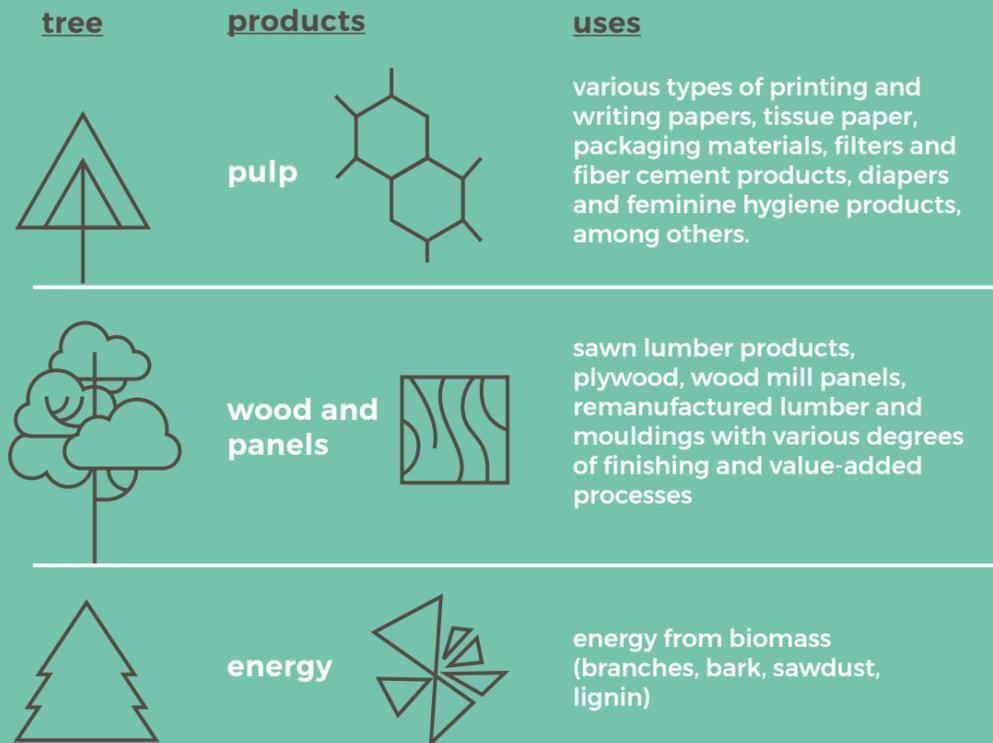
The growth rate of pine trees means they can be harvested between 16 and 25 years after planting, depending on their use. Eucalyptus can be harvested from about 12 years.



We understand that timely decisions are required that will impact the future when the production and management of a renewable resource such as wood is increasingly important, due to climate change, global population growth, the transition to a circular bioeconomy, new trends towards innovation and cultural transformation.



VALUE CREATION THROUGH THE INTEGRAL USE OF THE TREE

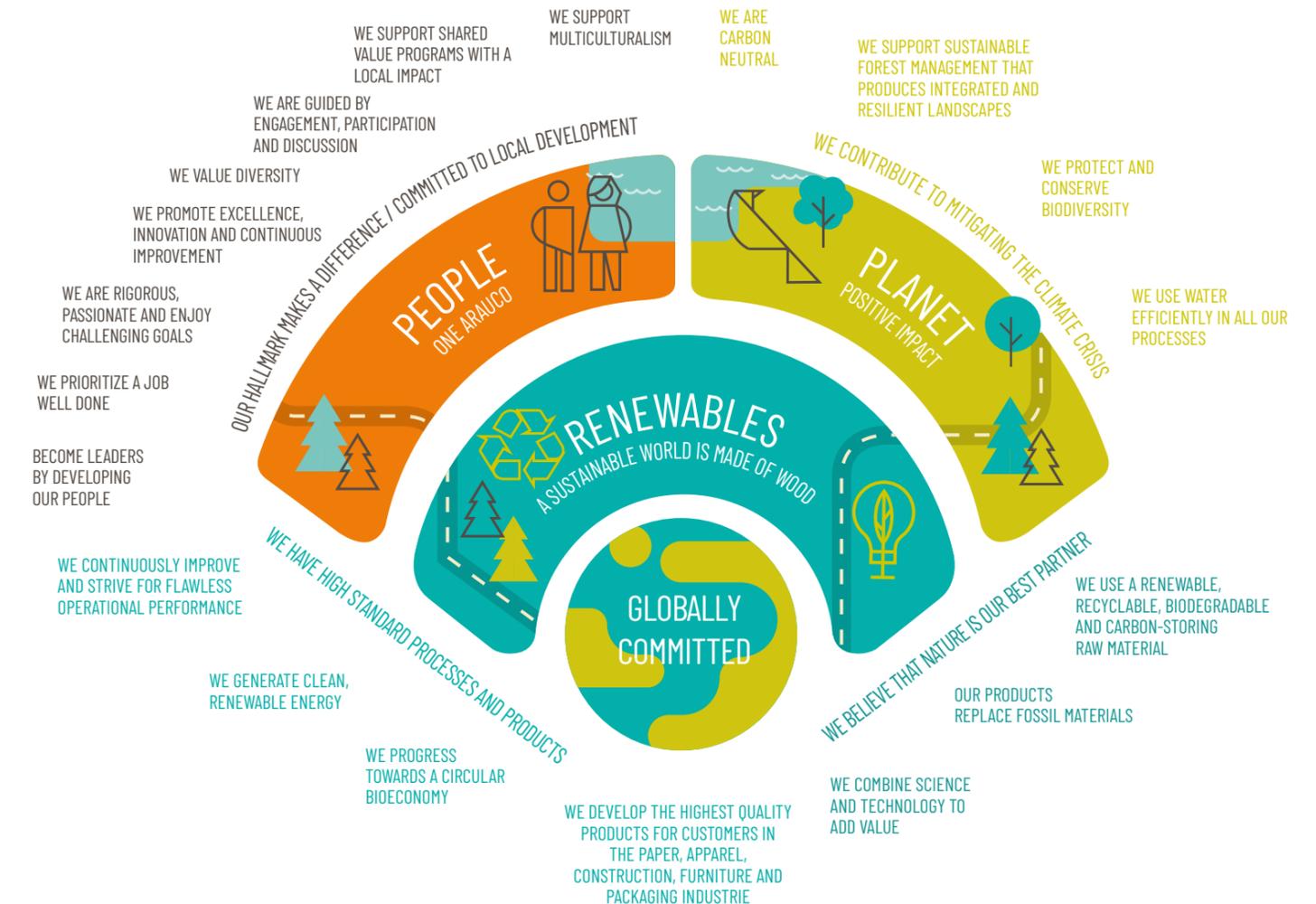


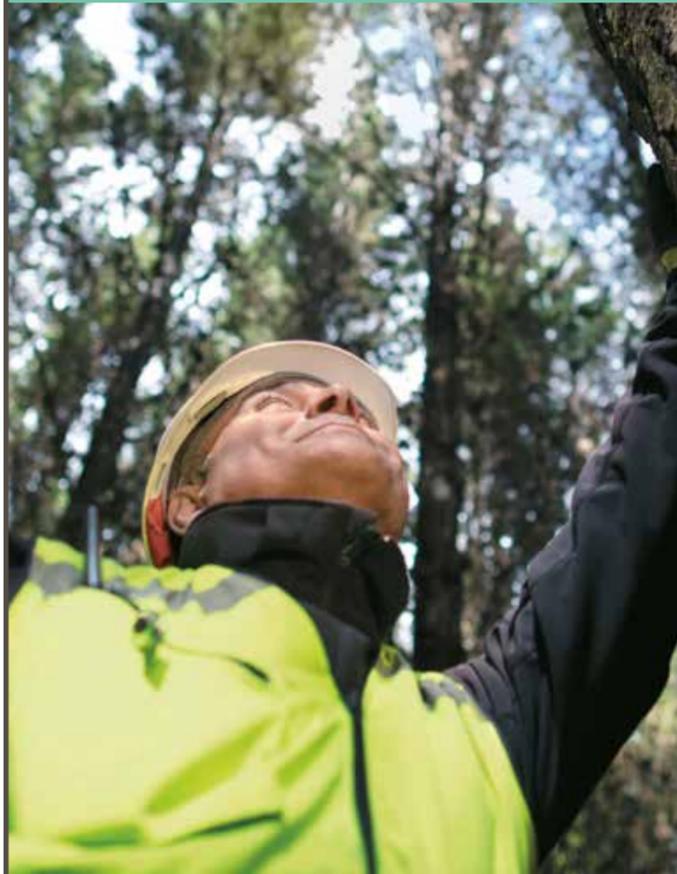
Our sustainability model

At ARAUCO we create products from renewable sources that are universally purchased by people. Our sustainability model is based on operational management that is closely focused on ecosystems, and incorporates the best environmental practices, caring for biodiversity, supporting the

fight against climate change, and striving for the health, safety and development of everyone at ARAUCO. Our Company manages its business in an environmentally and socially sensitive manner that makes us a virtuous actor within our local communities.

renewables for a better life





### Climate Action Plan

#### ACHIEVE A POSITIVE IMPACT ON THE PLANET THROUGH OUR FORESTS AND PRODUCTS

Humanity is facing a critical episode in its history due to climate change. Scientific knowledge has suggested that this can be mitigated by reducing greenhouse gas emissions by 2030, reversing biodiversity loss and improving the resilience of those already feeling the effects of climate change.

Therefore, ARAUCO developed a Climate Action Plan in 2019, which focuses on the climate, biodiversity and the circular bio-economy. During our participation in COP 27, we announced that we would measure our natural capital with the ambition to become Natural Net Positive by adding water, which is the fourth focus of our plan.

This requires a commitment from our entire value chain, from caring for the trees in the future to developing renewable and biodegradable products.

### Strategy to become a company with a positive impact on the planet

#### Climate

We are the first forestry company worldwide to be certified as carbon neutral.

Moreover, greenhouse gas emissions from our business are even lower than the carbon captured by our forests and wood products.

We are also committed to reducing our emissions through Science Based Targets.



#### Biodiversity

We protect **142 endangered** species in our local habitats.

We are committed to restoring **50,000 hectares (123,552.7 acres)** of native forests and to maintaining and expanding a network of **166 High Conservation Value Areas** covering more than **133,000 hectares (328,650.2 acres)**.



#### Circularity

Our goal is to achieve zero non-hazardous waste by 2030, by maximizing the use of resources and consumables, recovering waste and creating added value through smart solutions.

This year, the Pulp division recovered **60% of its non-hazardous waste** and the Timber division recovered **47% of its non-hazardous waste**.



#### Water

We have been implementing the “Desafío Agua” (Water Challenge) strategy for more than nine years, with the aim of making significant progress towards resilience and adaptation in response to the effects of climate change.

So far we have developed **104 projects in 38 municipalities** within this framework, which have benefited more than **50,000 people**.





**Regarding this report**

ARAUCO is publishing an Integrated Report for the first time. It covers its financial, social and environmental performance for the period from January 1 to December 31, 2022.

This report replaces the Annual Report and Sustainability Report published in previous years and is prepared in accordance with the requirements of General Standard 461, published on November 12, 2021 in Chile and updated as General Standard 30, both issued by the Financial Market Commission, the Sustainability Accounting Standards Board (SASB) and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for climate change risks. ARAUCO has prepared this report using the GRI Standards as a reference.

This document required collecting, reviewing and presenting consolidated information on its industrial and forestry businesses in Chile, Argentina, Brazil, Uruguay, Mexico, the USA and Canada. The performance of Sonae Arauco is excluded, because we report only on those companies that we control. However, Sonae Arauco's business and projects have been described, when relevant.

Financial accounting information is prepared under International Financial and Reporting Standards (IFRS). The currency used in these reports is US dollars.

The report also communicates the Company's commitment to the Global Compact and progress towards achieving the Sustainable Development Goals.

**Commitment to stakeholders**



We encourage all our stakeholders to participate, and welcome their perceptions, interests and expectations. We have created several formal communication channels for them.

We are continually communicating with our neighbors, in order to mitigate or minimize any potentially negative impacts of our business. Furthermore, our sustainability strategy drives us to seek out opportunities to increa-

se our contribution to the Sustainable Development Goals (SDGs) through local development initiatives.

We are also committed to the principles in the UN Global Compact and the UN Guidelines on Business and Human Rights (<https://unglobalcompact.org/>).

We aim to measure our reputation in Chile and understand our neighbors' assessment of their communities both now and for the future. Therefore, we applied the Local Reputation Index in priority communities and absorbed this information into our business management.

## Stakeholders and communication mechanisms

<u>employees and contractors</u>	<u>local communities and NGOs</u>	<u>customers and suppliers</u>
Direct dialog	Discussion groups	Fairs
Face-to-face meetings	Community consultations	Conferences
Video-conference meetings	Participatory commitment monitoring	Face-to-face meetings
Training	Open cases	Videoconference meetings
E-mails	Customer channels and responses	Marketplace and digital platforms
Digital platforms	General annual mill shutdown	Training
Working groups	Künü	Digital platforms
Conferences	Emergency Operative Committees (EOC)	General annual mill shutdown
		Working groups
		E-mails

<u>authorities and influencers</u>	<u>shareholders and investors</u>
Discussion groups	Quarterly earnings reports
Participatory commitment monitoring	Filing form 20F with the Securities and Exchange Commission
Customer channels and responses	Regular conference calls and face-to-face meetings with investors
General annual mill shutdown	Attending conferences
Forestry tables	
Emergency Operative Committees (EOC)	
Corporate commitments to external initiatives	
Participation in public consultation processes regarding regulations and public policies.	

### Customer channels and responses

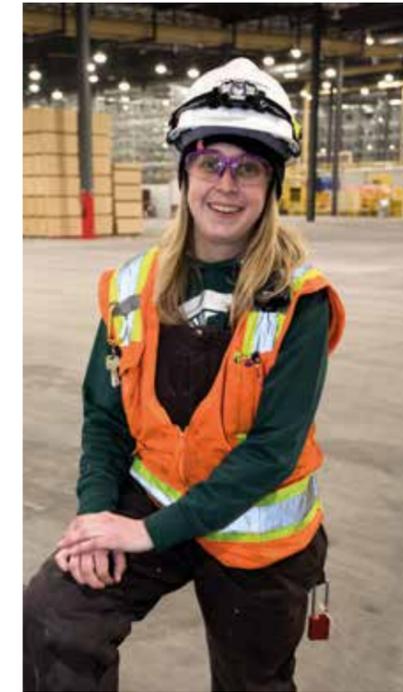
A priority for ARAUCO is fluid communication with its stakeholders. Therefore, we publish information and promptly receive inquiries and concerns using various channels, platforms and tools, which we actively manage. We have hotlines, websites, emails and social media accounts, such as Facebook, Instagram, YouTube, LinkedIn and Twitter.

ARAUCO has public affairs, communications and investor relations teams, to maintain relationships with stakeholders. They clarify any questions regarding ARAUCO's main risks, its financial, economic, legal or business situation, and ensure that its communication channels continuously improve.

The integrated management system in Chile uses a call center and web platform, and it received 1,099 inquiries during 2022.

ARAUCO's social network accounts on Facebook, Instagram, YouTube, LinkedIn and Twitter had 1,192,131 followers across all countries in 2022. ARAUCO's website had 10,070,864 visits during the same period.





North America  
The Malvern mill was awarded the Arkansas Readers' Choice Award for the Best Industry.

We received the Employer of the Year Award from the Western Pulp, Paper & Forest Products Safety and Health Conference.

Our Malvern panel mill received the Employer of the Year award for creating jobs in the community for 40 years.

EUROPE

We received an award from two customers who evaluated their suppliers in Europe. The first recognized our delivery, documentation, packaging, logistics, financial communication, communication quality and material quality. The second rewarded us with the "Best Improver" award.

ARGENTINA

The newspaper Misiones On Line recognized the company for being a job creation leader in Misiones province.

Our educational programs "Club Verde" (Green Club) and "Jóvenes y Sustentabilidad" (Young People and Sustainability) were declared educationally valuable by the General Education Council



BRAZIL

We received the Formóbile Award and third place among all panel manufacturers in Brazil.

The 500 Largest Southern Companies Yearbook ranked ARAUCO in twenty-first place, as one of the largest companies in Paraná, 54th in southern Brazil, and first among the companies in this sector. It was ranked 54th overall in the industry income index.



CHILE

The Ministry of Labor recognized our contribution to local employability through the Arauco Mill Modernization and Expansion (MAPA) project in the Biobío region.

The Chilean Wood Corporation (Corma) presented an award to the Environmental Monitors Network in Constitución, Maule Region.

The Generación Empresarial Foundation rewarded the Company for its commitment to integrity.

The Chilean Safety Association recognized our Pulp division for the results of the Safe Align program developed by DEKRA.

2022

AWARDS IN





### Corporate commitments to external initiatives

We are committed to strengthening networking and cross-functional collaboration, as we recognize the value of partnerships with other players, particularly when dealing with complex challenges with multiple perspectives. Accordingly, we have developed relationships with academic institutions, non-governmental organizations and trade unions.

We aim to participate in developing public policies and regulations on issues related to our business, or aspects of our Sustainability Strategy. We state our position on regulations that impact our business and financial performance, as an individual company or through trade associations. We participate in the following entities in:

- Chile, the Chilean Wood Corporation (CORMA) and the Industrial Development Society (SOFOPA).
- Argentina, the Forestry Association and the Pulp and Paper Manufacturers Association.
- Brazil, the Brazilian Forestry Industry (IBÁ) a national business chamber, and the Paraná Forestry Companies Association (APRE) in Paraná.
- USA, the National Formaldehyde Rulemaking, the CARB ATCM Rulemaking, the Composite Panels Association (CPA) and LEED Workshops.

### Memberships

We are active members of 105 trade and social organizations in our operating countries. We have developed relationships with universities, the media, research and scientific centers, non-governmental organizations and local governments.



During 2022 we were active members of Futuro Maderas, which is a network of organizations and people from localities with a forestry vocation in Chile. It contributes to a greener and more social future, where forests and wood are valued as the response to the global climate emergency, for their enormous potential within a bioeconomy, and as a valuable path to sustainable development.

It was originally formed by Asociación Chilena de Biomasa, Aprobosque, Asociación de Contratistas Forestales, PymeMad and CORMA. The network implemented various initiatives during the period, including a dialog that brought together 7,797 people who were mainly wood workers, where they discussed the challenges facing the sector at more than a thousand meetings in seven Chilean regions.

This same regional vocation was reflected at ten Futuro Maderas meetings held in communities such as Lanco, Empedrado, Santa Juana and Lumaco. These were valuable gatherings where opinions and experiences were exchanged between the productive sector, communities, scientists and the public sector, where the latter was represented by members of parliament, municipalities, regional governments and central government.

Futuro Madera also featured strongly in the media during 2022, where it discussed topics such as climate change, sustainable social development, chains of production and rural violence. The sector published an advertising campaign for the first time on television, radio, social networks and public roads, to promote the identity and importance of wood in our lives: We are wood.

### Futuro Madera has three principles:

#### cohesion

Integrate and activate the sector's stakeholders to increase pride in their culture.

#### appreciation

Publish the sector's progress on various issues and raise public awareness of the value of wood to our daily lives.

#### communication

Channel the opinion of leaders and decision makers.



### Materiality analysis

At ARAUCO we review our material issues every year and incorporate a dual materiality criterion by measuring the sustainability issues that the company can impact and those that have an impact on the company.

Our material issues were redefined in 2022, which resulted in a systematic review of the Company's strategy through corporate presentations and notes published in internal communication media, complemented by the employee satisfaction survey and an industry benchmark.

The Company reviewed topics surveyed by stakeholders from external information sources, particularly through ARAUCO's Local Reputation Index and articles in the print media, digital media and social networks.

This consultation and review process identified important issues for various stakeholders, which were grouped into three major topics and these will be discussed in depth.

### planet

- Climate change
- Biodiversity
- Circularity
- Energy efficiency
- Emissions into the atmosphere and water
- Sustainable forestry management



### people

- Ethics and compliance
- Diversity, equality and inclusion
- Health and safety of employees and contractors
- Attracting and retaining talented people
- Occupational training and development
- Human rights
- Local development
- Relationships with indigenous groups



### renewables

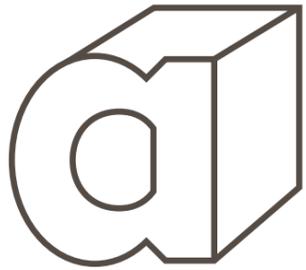
- Managing risks and opportunities
- Research and innovation
- Sustainable supply chain
- Customer satisfaction



## ARAUCO's Sustainable Goals

Material topic	Targets	Progress in 2022	Key performance indicators (KPI)
<b>PLANET</b>			
<b>Climate</b>	Reduce CO <sub>2</sub> emissions by 1 million tons by 2030.	<b>PROGRESS</b> - We certified our carbon neutrality for the third consecutive year and submitted our goals to SBT.	<b>NEW PARAMETERS FOR 2023</b> - Reduce scope 1 & 2 CO <sub>2</sub> emissions by production unit / Reduce scope 3 CO <sub>2</sub> emissions in the supply chain, transportation and supplier's businesses.
<b>Biodiversity</b>	Achieve a positive impact on biodiversity and restore 50,000 hectares (123,552.7 acres) by 2050.	<b>PROGRESS</b> - We monitored biodiversity in our properties and we committed to take a physical inventory and account for the natural capital within the Company's properties. The restoration program added 3,000 hectares (7,413.2 acres) to those already under restoration.	142 species protected and monitored each year / 491,584 hectares (1,214,730.5 acres) of native forest / 11,662 hectares (28,817.4 acres) currently being restored.
<b>Circularity</b>	Zero non-hazardous solid waste send to landfills by 2030.	<b>PROGRESS</b> - We are recovering non-hazardous solid waste in the Pulp and Timber divisions, and recovering between 5% and 10% more than in 2021.	60% of non-hazardous waste recovered in the Pulp division and 47% in the Timber division
<b>Water</b>	Measure our water footprint in 2023 and expand the scope of our "Desafío Agua" (Water Challenge) program.	<b>PROGRESS</b> - We will measure our water footprint in 2023 and we will expand our Desafío Agua program to other company divisions, which will create greater synergy between this social program and the company's productive processes.	Desafío Agua: 104 projects in 38 municipalities. More than 50,000 people benefited. <b>NEW PARAMETERS FOR 2023</b> - (m <sup>3</sup> /t) Processed water discharged per ton of pulp and timber produced (m <sup>3</sup> /t.) Total water discharged per ton of pulp and timber produced.
<b>THE A B C STRATEGY ANNOUNCED AT COP 27 REINFORCES OUR CLIMATE ACTION PLAN</b>			
<b>Clean energy</b>	Increase the percentage of our energy sourced from NCRE.	<b>NEW TARGET</b>	<b>NEW PARAMETERS FOR 2023</b> - Percentage of energy by production unit sourced from NCRE.
<b>Sustainable forestry management</b>	Certified forests cover at least 96%. Expand our "Protected Productive Landscapes" forest management model.	<b>PROGRESS</b> - We implemented the Protected Productive Landscapes model in Chile during 2022 and recertified part of our forests.	97% of owned and leased productive land is certified.
<b>PEOPLE</b>			
<b>Ethics and compliance</b>	Reinforce an integrity culture among our employees.	<b>ACHIEVEMENTS</b> - This year 2,457 employees received Anti-trust training. 1,253 received Crime Prevention training. 93 received personal data protection training, and 492 received Ethics and Integrity training.	Every ARAUCO employee is covered by the Code of Ethics.
<b>Diversity, equality and inclusion</b>	Promote diversity and empowerment among women in our Company.	<b>PROGRESS</b> - A plan was implemented with seven aspects, which are infrastructure, organizational culture, sexual harassment protocol, recruitment and selection, remuneration, work-life balance, and career development.	14.4% of employees are women. 1.4% of employees are people with special abilities.
<b>Health and safety of employees and contractors</b>	Become a World Class Company as measured by our safety indicators.	<b>PROGRESS</b> - The accident rate decreased 0.21 points compared to 2021.	0.58 total accident rate.
<b>Employees</b>	Provide continuous professional development for high performance, growth and future employability, with an emphasis on responsible leadership.	<b>PROGRESS</b> - The employee satisfaction survey measures the development of our people and teams, and it rose 2 points compared to 2021, where our strengths are collaboration between teams and professional development within the company.	83% engagement. 21% internal mobility. 166,759 training hours.
<b>Occupational training and development</b>			
<b>Human rights</b>	Publish the Human Rights Policy.	<b>PROGRESS</b> - Before the close of this report, the Ethics Committee and the company's Board of Directors had approved the new Human Rights Policy.	Implement the Human Rights Policy.
<b>Local development</b>	Implement an impact measurement system for the company's social programs.	<b>PROGRESS</b> - We are implementing local development programs within our local communities. We created a unit that specializes in impact measurement.	Maintain our local commitment and generate a positive impact on our local communities.
<b>Relationships with indigenous groups</b>	Promote dialog and mutual understanding with the Mapuche people.	<b>PROGRESS</b> - We inaugurated a Künü ceremonial area together with Mapuche communities in Loncoche.	Liaison with 375 Mapuche communities. 28 consultations performed in 2022. 51 cultural areas of high conservation value.
<b>RENEWABLES</b>			
<b>Managing risks and opportunities</b>	Implement TCFD in the company's risk analysis and governance by 2023.	<b>NEW TARGET</b>	Implement TCFD criteria.
<b>Sustainable supply chain</b>	Goals are being defined.	<b>NEW TARGET</b>	<b>New parameters for 2023</b> - Percentage of wood from third-party certified forests. Percentage of local suppliers.

2.  
RENEWABLES  
FOR A  
BETTER LIFE



# CORPORATE GOVERNANCE

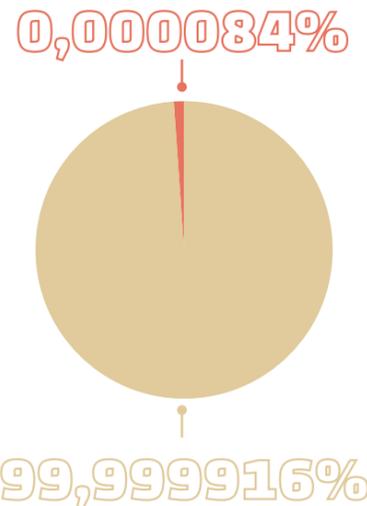
As a global Company that embraces the challenges facing the planet, our task is to integrate sustainability into the objectives of our business, and make it part of everyone's role at ARAUCO.

Our business is driven by ethics and long-term commitments built on a solid system of Corporate Governance. ARAUCO is a privately-held corporation that is governed by the disclosure and information obligations that apply to publicly-held corporations. Its beginnings date back to October 28, 1970.

Celulosa Arauco y Constitución S.A., as it is known today, was created by in September 1979 by merging Celulosa Arauco S.A. with Celulosa Constitución S.A., both created by the Chilean Economic Development Agency - Corfo.

Its corporate name is Celulosa Arauco y Constitución S.A. and ARAUCO is 99.99% owned by Empresas Copec S.A., a holding company invested in forestry, energy, fuel distribution, fishing and mining.

**Antarchile S.A.**  
CHILEAN ID NUMBER  
96.556.310-5  
**101**  
number of shares



**Empresas Copec S.A.:**  
CHILEAN ID NUMBER  
90.690.000-9  
**120,474,249**  
number of shares

## Board of Directors

As of December 31, 2022, the Board of Celulosa Arauco y Constitución S.A. was composed of the following directors.

### CHAIRMAN

**Manuel Bezanilla Urrutia**  
Attorney

Chilean ID number 4.775.030-K  
Appointed director on April 30, 1986.  
Last reelection: April 21, 2020  
Appointed Chairman on April 28, 2020.

### FIRST VICE CHAIRMAN

**Roberto Angelini Rossi**  
Civil Engineer

Chilean ID number 5.625.652-0  
Appointed director on April 30, 1986.  
Last reelection: April 21, 2020  
Appointed First Vice President on April 28, 2020.

### SECOND VICE CHAIRMAN

**Jorge Andueza Fouque**  
Civil Engineer

Chilean ID number 5.038.906-5  
Appointed director on April 11, 1994.  
Last reelection: April 21, 2020  
Appointed Second Vice President on April 28, 2020.

### DIRECTORS

**Jorge Bunster Betteley**  
Business Administrator

Chilean ID number 6.066.143-K  
Appointed director on April 25, 2017.  
Last reelection: April 21, 2020.

**Alberto Etchegaray Aubry**  
Civil Engineer

Chilean ID number 5.163.821-2  
Appointed director on April 11, 1994.  
Last reelection: April 21, 2020.

**Juan Ignacio Langlois Margozzini**  
Attorney

Chilean ID number 7.515.463-1  
Appointed director on April 26, 2016.  
Last reelection: April 21, 2020.

**Franco Mellafe Angelini**  
Business Administrator

Chilean ID number 13.049.156-1  
Appointed director on April 21, 2015.  
Last reelection: April 21, 2020.

**Eduardo Navarro Beltrán**  
Business Administrator

Chilean ID number 10.365.719-9  
Appointed director on September 25, 2007.  
Last reelection: April 21, 2020.

**Timothy C. Purcell**  
Economist

Chilean ID number 14.577.313-K  
Appointed director on April 26, 2005.  
Last reelection: April 21, 2020.

Board diversity	N°	Men	Women
<b>Directors or alternates</b>			
Directors	9	9	0
Alternate Directors	0	0	0
<b>Nationality</b>			
Chilean	8	8	0
Foreign	1	1	0
<b>Age range</b>			
Under 30 years old	0	0	0
30 to 40 years old	0	0	0
41 to 50 years old	1	1	0
51 to 60 years old	2	2	0
61 to 70 years old	1	1	0
Over 70 years old	5	5	0
<b>Length of service</b>			
Under 3 years	0	0	0
3 to 6 years old	0	0	0
6 to 9 years	2	2	0
9 to 12 years old	0	0	0
Over 12 years	7	7	0



## Board of Directors

It is composed of nine directors who serve three-year terms and can be re-elected, but without holding an executive position. The Board’s mission is to maximize the value of Celulosa Arauco y Constitución S.A. in a socially, environmentally and economically responsible manner.

ARAUCO’s Board of Directors meets every month, except in February. It frequently holds extraordinary meetings, whenever they are required.

Each year’s meetings are scheduled at the beginning of that year, to ensure that all members can attend. Information is sent to directors every month to ensure that they are aware of the issues to be discussed, and they have access to the Diligent Boards web platform, which securely and remotely stores the important information discussed at ordinary and extraordinary meetings.

During 2022, physical or virtual meetings lasted two hours on average, with the purpose of obtaining critical information regarding the company’s performance and the state of ARAUCO’s business. Attendees included the Executive Vice President, the Chief Executive Officer and the General Counsel, who acts as secretary of the Board of Directors.

Professional diversity among the directors ensures that problems faced by the Company can be managed from a legal, technical, economic, social and management perspective.

In response to the third paragraph of Article 74 of Law 18,046, (i) there were no comments or proposals regarding the Company’s business from shareholders during 2022, and (ii) the Company is not required to form a Directors’ Committee under the terms described in Article 50 bis of Law 18,046. However, it has committees composed of directors, in accordance with its corporate governance.

### Director’s performance

ARAUCO’s shareholders evaluate the performance of its directors, which is reflected in the elections at Shareholders’ Meetings.

### Site visits

Members of Senior Management such as ARAUCO’s Chief Executive Officer and senior executives are appointed by the Board of Directors and they frequently visit the company’s facilities. The objective is to understand the status of these facilities, their employees’ functions and concerns, and consider any recommendations from managers.

### New directors

Although there were no new directors during 2022, ARAUCO has developed associated induction procedures, which describe the company’s business, its industrial facilities, its corporate governance mechanisms, and other aspects.



**Board Committees**

ARAUCO’s Board of Directors has an Audit Committee and an Ethics and Compliance Committee.

The Company has four other internal committees, which are the Sustainability Committee, the Climate

Change Committee, the Crisis Committee and the Risk Management Committee. They are led by senior executives, who report on these matters to the Board of Directors.

Committee members do not receive additional remuneration for these duties.

**Frequency of meetings**

committee	Frequency
Audit and Compliance Committee	Quarterly
Audit Committee	Quarterly
Sustainability Committee	Monthly
Climate Change Committee	Six monthly
Crisis Committee	Whenever there is a crisis
Risk Management Committee	Annually



**Audit Committee**

The Audit Committee is responsible for examining and expressing its opinion on the external auditors’ reports and the financial statements, prior to the Board of Directors submitting these documents to the Shareholders’ Meeting in April each year.

It is responsible for analyzing the annual external and internal audit plans for Celulosa Arauco y Constitución S.A. and its subsidiaries, monitoring their progress and any rescheduling that may arise during the year.

It is responsible for analyzing and monitoring any internal audit findings classified as high risk, understanding the impact of tax and accounting regulations that significantly affect the Company, and suggesting improvements to internal controls.

It meets quarterly and its members are Jorge Andueza, Second Vice Chairman; Timothy Purcell, Director; Eduardo Navarro Beltrán, Director; Matías Domeyko, Chief Executive Officer; Cristián Infante, President and Chief Operating Officer; Robinson Tajmuchi Vásquez and Felipe Guzmán, General Counsel.

**Audit and Compliance Committee**

The Ethics and Compliance Committee is responsible for monitoring compliance with ethical, legal, statutory and regulatory standards, and ensuring that robust and suitable processes and systems achieve this goal. Its members are Manuel Bezanilla, Chairman; Jorge Andueza, Second Vice Chairman; Matías Domeyko, Chief Executive Officer; Cristián Infante, President and Chief Operating Officer; and Felipe Guzmán, General Counsel. The Legal and Compliance Manager, Camilo Naranjo, is responsible for this committee and reports to the Board of Directors every six months.

During 2022, the Ethics and Compliance Committee evaluated and resolved complaints, monitored the execution of the Compliance and SOX programs<sup>1</sup>, proposed the Human Rights Policy and amended the Code of Ethics and the Contributions Policy.

<sup>1</sup> The Sarbanes Oxley Act (SOX) is a US law that requires companies to ensure that their financial and accounting information is true and accurate using internal control systems. The compliance department is responsible for executing this internal control system.

**Sustainability Committee**

The Sustainability Committee is responsible for monitoring the Company’s long-term economic, social and environmental performance. It meets monthly and the following senior executives are its members: Matías Domeyko, Chief Executive Officer; Cristián Infante, President and Chief Operating Officer; Franco Bozzalla, Senior Vice President Pulp and Energy Division; Iván Chamorro, Senior Vice President Forestry Division; Antonio Luque, Senior Vice President Timber Division; Gonzalo Zegers, Senior Vice President International and Business Development Division; Gianfranco Truffello, Chief Financial Officer; Charles Kimber, Senior Vice-President Human resources and Sustainability; & Felipe Guzmán, General Counsel.

**Climate Change Committee**

The Climate Change Committee is an interdisciplinary management committee that coordinates, defines objectives and drives the organizational climate agenda, mainly with respect to climate mitigation, ecosystems, biodiversity, and circular bioeconomy. The Committee has spearheaded carbon neutrality certification, adherence to Science Based Targets, definition of emission reduction pathways, REDD+ projects for native forests and the political-climatic agenda.

It meets quarterly and its members are: Matías Domeyko, Chief Executive Officer; Cristián Infante, President and Chief Operating Officer; Charles Kimber, Senior Vice-President Human resources and Sustainability; Iván Chamorro, Senior Vice President, Forestry Division; and Gonzalo Zegers, Senior Vice President, International and Business Development Division. Nicolás Jobet, Communications Manager and Climate Action Leader, is responsible for this committee.

**Crisis Committee**

At ARAUCO, we understand crises to be situations that jeopardize personal safety, operational continuity or the Company’s reputation. The Board of Directors has created a Crisis Committee for senior executives to manage any such eventuality. This is led by Cristián Infante, President and Chief Operating Officer, who reports directly to the Chairman and Vice-Chairmen during a crisis.

Crisis Committees have been organized for each mill, industrial complex and forest, who are responsible for coo-

**Remuneration of the directors of Celulosa Arauco and Constitución S.A. USD (United States dollars)**

2022	Celulosa Arauco		Forestal Arauco		Inversiones Arauco Internacional	
	2021	2022	2021	2022	2021	2022
Manuel Bezanilla Urrutia	354,067	<b>342,938</b>	113,423	<b>109,740</b>	66,000	<b>66,000</b>
Roberto Angelini Rossi	236,045	<b>228,625</b>	56,711	<b>54,870</b>	24,000	<b>24,000</b>
Jorge Andueza Fouque	236,045	<b>228,625</b>	56,711	<b>54,870</b>	24,000	<b>24,000</b>
Alberto Etchegaray Aubry	118,022	<b>114,313</b>	-	-	-	-
Timothy C. Purcell	118,022	<b>114,313</b>	-	-	-	-
Eduardo Navarro Beltrán	118,022	<b>114,313</b>	-	-	-	-
Franco Mellafe Angelini	118,022	<b>114,313</b>	56,711	<b>54,870</b>	-	-
Juan Ignacio Langlois M.	118,022	<b>114,313</b>	-	-	-	-
Jorge Bunster B.	118,022	<b>114,313</b>	-	-	-	-



**Board Advisory Services Policy**

The Board met on November 24, 2015, and approved the Board advisory services policy. The Board can hire advisors for those matters where it believes that the opinion of an expert is required. Even if the company’s executives have already received advice in this regard, this does not limit this power of the Board of Directors.

ARAUCO can choose its advisors from among entities or individuals with recognized prestige and experience in the associated matters, to obtain an optimum service. Advisors’ opinions must be independent. Therefore, preference will be given to advisors without any conflict of interest and who have sufficient independence to autonomously issue their opinion. The selection of the advisor will prioritize technical and suitability aspects over financial or any other aspects.

There were no advisors hired by the Board in 2022.

**Remuneration**

The Annual General Shareholders’ Meeting held on April 26, 2022 approved the remuneration of the Board of Directors of Celulosa Arauco y Constitución S.A. for that year, in accordance with Law 18,046. The next Annual General Shareholders’ Meeting will approve the directors’ remuneration for 2023.

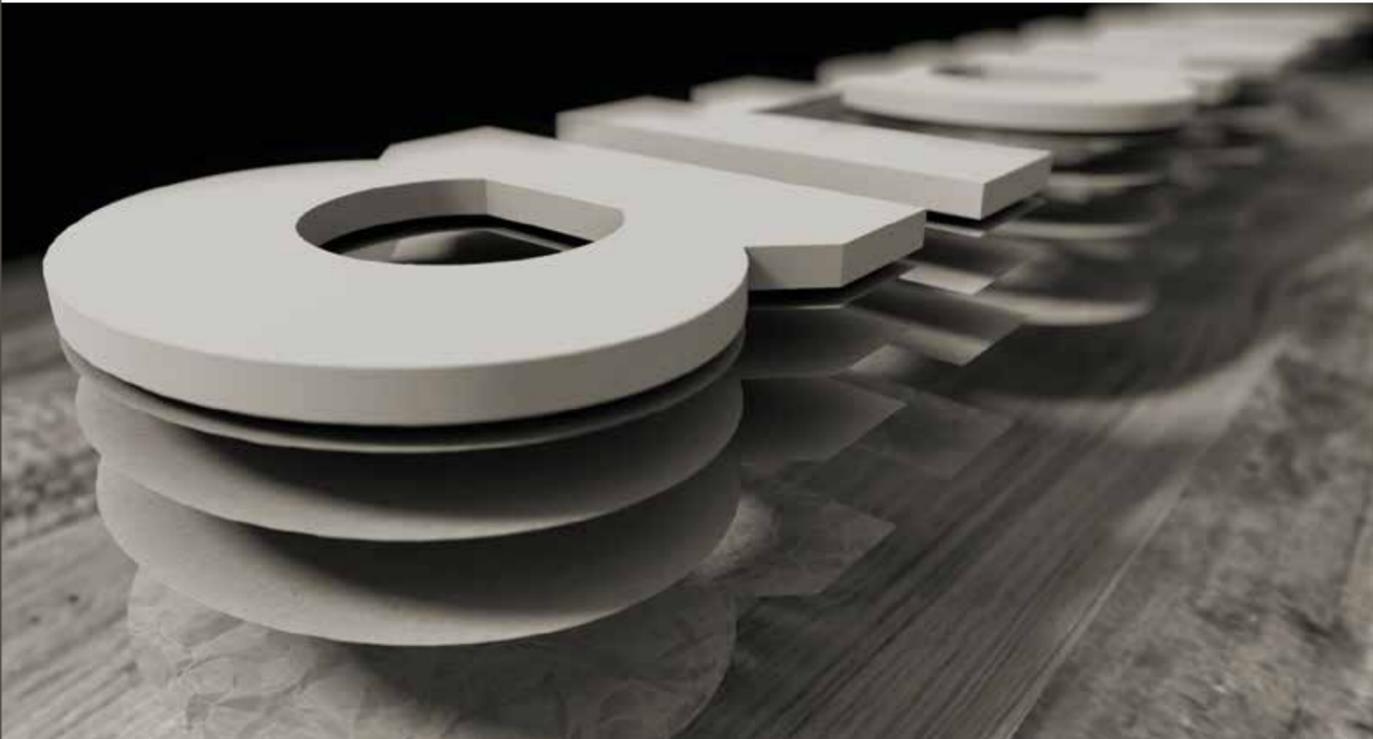
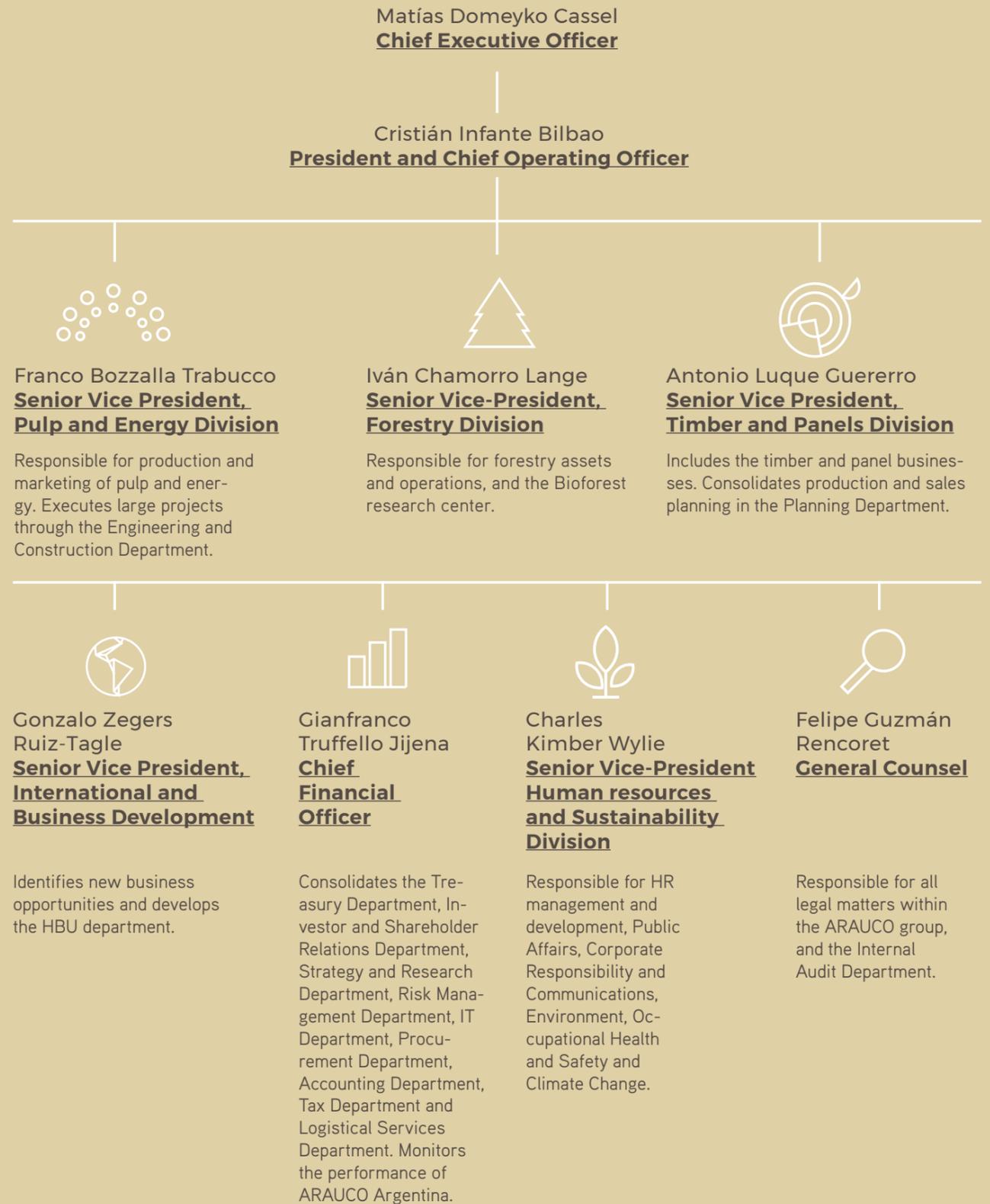
operation and coordination, taking crisis-related decisions, mapping critical situations, updating protocols and simulations, and reviewing any lessons learned. During a crisis these committees are responsible for coordinating communication with stakeholders and ensuring operational continuity when required.

**Risk Management Committee**

At ARAUCO, the Board is responsible for approving the strategic direction of risk management and for establishing the environment, structures and resources required to operate effectively. It should also be kept informed of the company’s main risks, at least once a year or when necessary.

The Board has created a Risk Management Committee, which is responsible for reporting to the Board every year on the vulnerabilities that affect the company. It is responsible for setting risk policy, appetite, structures, responsibilities and mitigation plans. It must ensure that risk management is integrated into every process and that its objectives are aligned with the company’s objectives, strategies and organizational culture.

The members of this committee are Cristián Infante, President and Chief Operating Officer; Charles Kimber, Senior Vice-President Human resources and Sustainability; Felipe Guzmán, General Counsel; Gianfranco Truffello, Chief Financial Officer; and the Senior Vice presidents of all the operating and non-operating divisions.



## Senior executives

The Board has appointed senior executives to manage ARAUCO's economic, social, environmental, labor and occupational health and safety performance.

Senior management is led by the Executive Vice President and Chief Executive Officer, and is composed of the following vice presidencies: Executive Vice-Presidency, Forestry Vice-Presidency, Pulp and Energy Vice-Presidency, Timber and Panels Vice-Presidency, and International and Business Development Vice-Presidency.

Senior management also includes the following divisions: Corporate Finance Division, Corporate Human

resources and Sustainability Division, and Legal Division. Finally, there are other senior executives, as recorded in the company's public registry.

Neither the company's directors nor its senior executives directly own shares in the company. The Board does not have procedures to review the salary structure and remuneration policies of the Chief Executive Officer and other senior executives, nor does it require the salary structures and remuneration policies of these executives to be approved by the shareholders.

Senior executives

Name	Position	Profession	Chilean ID number	Date appointed
Matías Domeyko Cassel	Chief Executive Officer	Business Administrator	5.868.254-3	07/14/2011
Cristián Infante Bilbao	President and Chief Operating Officer	Civil Engineer	10.316.500-8	07/14/2021
Franco Bozzalla Trabucco	Senior Vice President, Pulp and Energy Division	Civil Engineer	7.748.803-0	04/27/2018
Iván Chamorro Lange	Senior Vice President, Forestry Division	Civil Engineer	12.629.662-2	09/28/2020
Antonio Luque Guererro	Senior Vice President, Timber and Panels Division	Civil Engineer	6.958.976-6	04/27/2018
Gonzalo Zegers Ruiz-Tagle	Senior Vice President, International and Business Development	Business Administrator	7.052.220-9	04/27/2018
Gianfranco Truffello Jijena	Chief Financial Officer	Civil Engineer	7.627.588-2	04/27/2018
Charles Kimber Wylie	Senior Vice-President Human resources and Sustainability	Business Administrator	7.987.584-8	09/28/2020
Felipe Guzmán Rencoret	General Counsel	Attorney	11.472.151-4	04/27/2018



Management abroad is led by:

USA AND CANADA

**Pablo Franzini**  
President  
North America,  
United States and  
Canada

MEXICO

**José Manuel Hernández**  
Arauco Mexico

BRAZIL

**Carlos Altimiras**  
Arauco Brazil

URUGUAY

**Diego Wollheim**  
Montes del Plata,  
Uruguay

ARGENTINA

**Pablo Ruival**  
Arauco Argentina

Senior executives remuneration

Executive remuneration is a fixed monthly salary and an annual bonus that depends on the company's performance, business goal achievements and individual performance.

As of December 31, 2022, total remuneration payable to the Company's executives was USD 77,759,405 (USD 59,641,712 in 2021), of which USD 28,447,466 were bonuses (USD 11,852,700 in 2021). This covers all the Company's executives, who totaled 342 as of December 31, 2022.



### Corporate best practice



ARAUCO is committed to clearly and transparently informing the directors and employees at all its subsidiaries of the internal policies that require their compliance. These regulations derive from the company's vision and values.

In particular, the Code of Ethics contains processes that explain ARAUCO's values.

The first is upon joining the company, when all employees receive and sign it. Any subsequent amendments are duly informed. Employees also participate in ethical training programs.

### Crime prevention model

ARAUCO has a Crime Prevention Model (CPM) that has been certified by an independent company. The Crime Prevention Officer is appointed and removed by the Board of Directors. This position is currently held by the Legal and Compliance Manager.

The framework of ARAUCO's CPM encompasses mechanisms for detecting and managing conflicts of interest, some of which are at [www.arauco.com](http://www.arauco.com).

Various training courses were held on compliance issues during 2022. These included the following: 2,457 employees were trained in antitrust regulations; 1,253 in crime prevention regulations; 93 in personal data protection regulations; and 492 in ethics and integrity. The Code of Ethics is obligatory for all ARAUCO's directors and employees.

### Main policies



- Code of Ethics
- Annual conflict of interest declaration
- Conflicts of interest policy
- Crime prevention model and policy
- Invitations and gifts policy
- Conflicts of interest and engagement with public officials policy
- Community contributions policy
- Human rights policy
- Diversity and inclusion policy
- Net income calculation policy
- Habitual transactions policy
- Dividend policy
- Manual for handling market sensitive information



- Finance, liquidity and derivatives policy
- Corporate risks policy
- Antitrust compliance program
- ARAUCO's external auditors services policy
- Mapuche community engagement policy
- Biodiversity policy
- The environment, quality and occupational health and safety policy
- Board advisory services policy



### Whistleblower procedures

ARAUCO's Whistleblower Channel is available in every country on the Company's website (www.arauco.com) and on the corporate intranet. It is managed by an independent third party, as recommended by corporate best practice. Complaints can also be submitted over the telephone or in writing, where anonymity and confidentiality are guaranteed.

The Whistleblower procedure describes how complaints are received and investigated when submitted by employees, customers, suppliers, shareholders and anyone, regarding breaches of the Code of Ethics, the Crime Prevention Model, other internal policies or regulations, or any other conduct that may be perceived as unethical.

We received 179 complaints in 2022, and 110 were investigated. By the end of the year, 51 had been resolved.

There were 41 complaints worldwide relating to discrimination and harassment, while there were 9 in Chile. The receipt of a complaint relating to discrimination and harassment does not acknowledge that a breach has occurred.

No complaints have been received so far through these channels regarding any of the crimes in Law 20,393 that would benefit an ARAUCO Group company.

There were 12 dismissals worldwide as a result of investigations in 2022.

### Human rights

On January 24, 2023, ARAUCO's Board of Directors approved the Human Rights Policy, and these principles were included in the new Code of Ethics, which was approved by the Board on the same date. The company's business complies with the corresponding regulations and respects the rights of indigenous peoples, employees and local communities.



## Risk and opportunity management

ARAUCO is exposed to various risks that could affect its financial performance and sustainability. We have a Risk Management Corporate Framework and Policy, and a Significant Corporate Risks Matrix, to minimize the impact of risks and their probability of occurrence. These documents are based on international standards, such as ISO 22301, which is also used to develop business continuity plans, ISO 31000 and COSO ERM. The latter classifies risks into strategic, operational, financial/reporting and compliance.

We have a team that manages operational and non-operational risks. Every six months, the effectiveness of risk management policies, procedures, controls and codes is reviewed independently of the committees involved in managing risk.

The accounting information reliability risks are covered by the SOX Corporate Internal Control Model. This model has been widely published to explain to employees its existence and scope, and emphasize the importance of Company departments in managing this risk.

Production in an industrial mill depends on people, inputs, processes and equipment that are critical to operational

continuity and determine operational risk. Wood, water, steam and electricity are vital inputs and failures in their supply can halt a regular process, or an entire industrial forestry complex. External events, such as disasters and forest fires, are also operational risks.

An Internal Audit reviewed all the controls that manage the company's main risks in 2021, and the results were incorporated into the risk matrix in 2022. Furthermore, the risk framework will be updated and validated in 2023.

### Risks associated with climate change

The impact of risks and their probability of occurrence are constantly evolving, so take on a greater or lesser importance depending on the global context. The latest publication of the COSO ERM committee is based on a report by the World Economic Forum, and it describes the changes within the global risk landscape.

For example, several years ago, financial and social risks took the lead, while the focus has now shifted to risks related to water supply, extreme weather conditions, cyber-attacks and fraud.

Climate change risks and opportunities

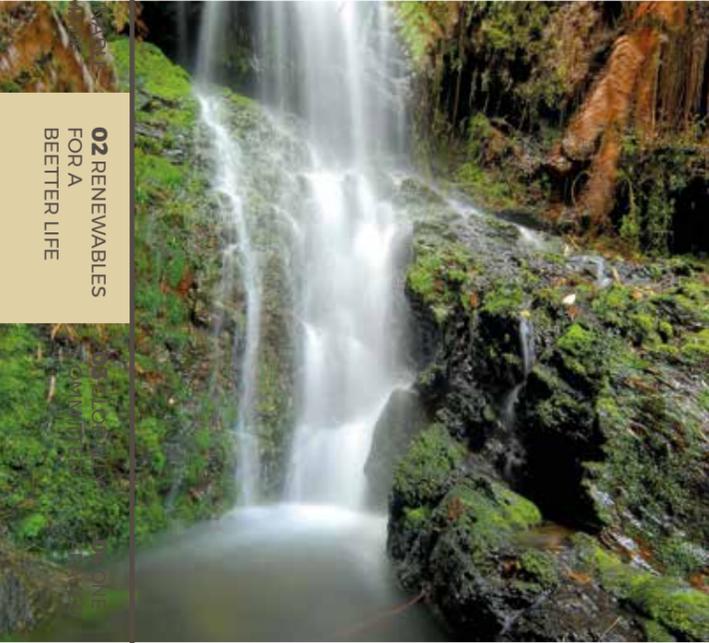
Climate change risk and opportunity classifications	Transition risks	Physical risks	Opportunities
Market price behavior of products			Market
Global competition			Market / Products and services
World economic developments, in particular those of the Asian, European and North American economies			Market / Products and services
Natural disasters, climate change and pandemics		Acute / Chronic	
Regulatory changes	Policy and legal		
Ability to access local and international credit and capital markets			Market
Logistics chain and procurement of critical materials and services		Acute / Chronic	
Wood status and procurement		Acute / Chronic	
Reputation of ARAUCO and the local and global industry	Reputational		Market / Products and services
Global presence		Acute / Chronic	Market / Products and services

FURTHER INFORMATION ON ARAUCO'S RISKS CAN BE FOUND IN CHAPTER 7

What is happening globally is happening locally. Our forest heritage and local communities have been significantly affected by forest fires in early 2017 and 2023 in Chile. These have been partially driven by the effects of climate change, such as extreme weather and precipitation deficits in central and southern Chile. Accordingly, ARAUCO has strengthened its fire prevention and firefighting measures, its community risk prevention networks, forest management and other measures through various initiatives.

ARAUCO executed its 2022 investment plan in relation to our industrial complexes, and promoted initiatives associated with fire protection, firefighting and maintenance programs, and provided technical skills training and equipment for our industrial fire brigades.

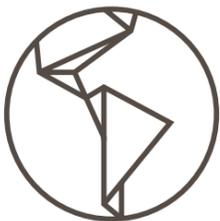
The Company is using the TCFD method to address the risks associated with climate change, which identify its risks and opportunities to become more adaptable to these changes and to strengthen those aspects that could be an opportunity for our industry.



# 3.

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## GLOBALLY COMMITTED





## GLOBALLY COMMITTED

### Pulp

At ARAUCO we produce pulp, which is the raw material used to manufacture various printing and writing papers, tissue paper, packaging paper, filters and fiber cement products, textiles, diapers and hygiene products.

ARAUCO produces five kinds of pulp and these are differentiated by their uses and the properties they give to the final product.

- Bleached Softwood Kraft Pulp (BSKP) is produced from radiata or loblolly pine and can strengthen the final product, as its long fibers give it strength and greater absorption.
- Bleached Hardwood Kraft Pulp (BHKP) is produced from eucalyptus and provides the final product with softness and excellent morphological properties, which makes it highly versatile.
- Unbleached Kraft Pulp (UKP) is produced from pine and is used in the packaging and fiber cement industry.
- Soluble pulp is produced from eucalyptus and is a raw material for the manufacture of viscose or rayon fabric.
- Fluff pulp is produced from loblolly pine and is a raw material for personal hygiene products, due to its high absorption capacity.

We have five pulp mills in Chile, one in Argentina and one in Uruguay through a joint venture between ARAUCO and Stora Enso, with a production capacity of 3.7 million tons. Our main markets are Asia and Europe.

The Pulp division can trace the origin of all the wood it uses and it all comes from sustainable sources. The mills use forestry certification and third-party traceability systems such as the Forest Stewardship Council® (Celulosa Arauco y Constitución S.A. License Code: FSC® -C006552; Arauco Argentina S.A. License Code: FSC® -C121377, Celulosa y Energía Punta Pereira S.A. License Code: FSC® -C19364), Chain of Custody Scheme/Controlled Wood; Chain of Custody Scheme/Due Diligence of the Programme for the Endorsement of Forest Certification (PEFC) and the environmental management system ISO 14001. The pulp mills in Chile and Montes del Plata in Uruguay are ISO 9001 certified. The latter is also ISO 45001 certified.

5.1%

share of the bleached pine pulp market

4.2%

share of the bleached eucalyptus pulp market

12.2%

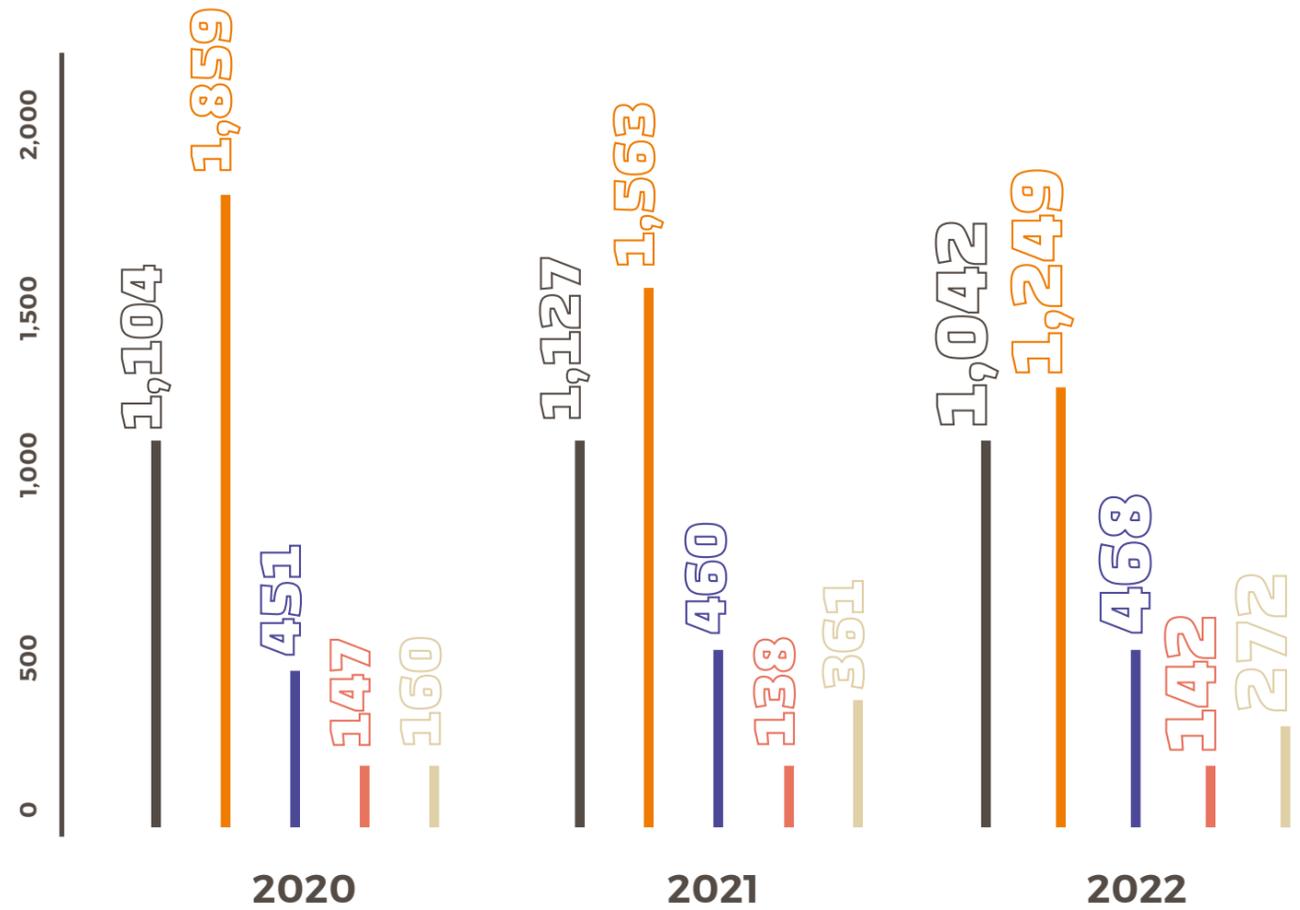
share of the raw pine pulp market

5.2%

share of the raw pine pulp market

**Pulp production by product  
 (Thousands of ADT\*)**

(AS OF DECEMBER 31, 2022)





**bleached pine  
(BSK=BKPR+BKPT)**



**bleached eucalyptus  
(BEK)**



**unbleached kraft pulp  
(UKP)**



**soluble pulp**



**fluff**

**NOTA:** ARAUCO OWNS A 50% INTEREST IN MONTES DEL PLATA, SO ONLY ARAUCO'S SHARE OF PRODUCTION IS SHOWN.  
 \* **ADT:** UNIT OF MEASUREMENT FOR PULP, AIR-DRIED TONS.



**Arauco Mill Modernization and Expansion "MAPA"  
 The road traveled**

Feeding wood chips from the Line 3 digester at the Arauco Mill Modernization and Expansion Project (MAPA) began in December 2022, which initiated its commissioning.

Line 3 was a construction project that began in 2019, and represents one of the company's most challenging projects. It is the largest investment in ARAUCO's history.

Thousands of people participated in this project and as a result we completed it. This achievement relied on systematic, local employment and entrepreneurship, on responsibility and professionalism to overcome the problems caused by COVID-19, on participation by various organizations,

and on social investments in numerous initiatives that have contributed to developing the Arauco community covering education, entrepreneurship, economy, tourism and environmental care.

We are proud to commission the world's most modern pulp mill, which brings together the latest technologies that optimize its environmental impact and the efficiency and reliability of its pulp and energy production.

This mill will be operated by a team who have been trained by our own people using their own experience and knowledge, as well as by academics and leading technology providers.



The chain of custody at the Puerto Esperanza pulp mill in Argentina positively adapted to changes in the PEFC standard.

We obtained the **ISEGA Certification** for products in contact with food.

The wood supplied by the Pulp division totaled

5.1

**million tons**, equivalent to 13.9 million m<sup>3</sup>/ssc. 56.3% of this wood came from our own sources and 43.8% was supplied by third parties. The total proportion of wood certified by third parties was 89.3%, where 62.9% was sourced from our own certified wood and 37.6% was sourced from certified wood supplied by third parties.

Environmental license has been approved, the wood supply has been evaluated and the investment confirmed by the Board of Directors. If these conditions are met, the mill is expected to begin operating in 2028, with the capacity to produce **2.5 million tons of short-fiber pulp per year**.

The **Valdivia pulp mill** in Chile suffered a fire in its drying area in May, and production was suspended until September, when production resumed following the installation of a temporary drying machine. The repair of the original drying machine continues, which will restore the mill's productive capacity when it is complete.

We launched a **Remote Monitoring Center in Concepción, Chile**, from where engineers can monitor all the processes at pulp mills. This is the first Pulp and Energy monitoring center in the world, which strengthens the company's position in the automation and digitalization of industrial processes worldwide.

The Aerodome began operating at the Licantén pulp mill in Chile. This Waste Recovery Center (WRC) can generate products from the waste generated by production processes on this industrial site.



**Line 1** at the Arauco mill in Chile was halted in January after operating for 50 years, which was a planned component of the ARAUCO Mill Modernization and Expansion (MAPA) project.

We began feeding wood chips from the **Line 3** digester at the **MAPA Project** in Chile in December. This was an important commissioning milestone. Its productive capacity is 1.56 million tons of pulp per year.

We signed an investment agreement with the government of Mato Grosso do Sul, for the construction of a pulp mill. This initiative requires a potential investment of **USD 3 billion** (approximately BR\$ 15 billion) and construction would begin after the en-

We produced **3.2**

**million tons of pulp**, 13% less than last year, mainly due to halting Line 1 production at the Arauco mill and reducing volumes at the Valdivia mill. Sales were

**USD 2,990.1**

**million.**

2022 SIGNIFICANT EVENTS



01 A SUSTAINABLE WORLD IS MADE OF WOOD

02 RENEWABLES FOR A BETTER LIFE

03 GLOBALLY COMMITTED

04 ONE ARAUCO

05 COMMITMENT TO LOCAL COMMUNITIES

06 COMMITTED TO ENVIRONMENTAL CHALLENGES

07 FINANCIALS

08 INDEX OF CONTENTS





## Timber



Wood-based construction is currently undergoing an impressive technological development. There are already buildings 18 floors high that have been constructed with this noble material, and others of 25 and up to 30 floors are planned. This is mainly because wood is the only renewable resource that can be sustainably produced for large-scale construction and furniture. Thus, the industrialization of wood construction has emerged as

an innovative option with tremendous prospects for increasing productivity.

Wood has multiple benefits. It helps to reduce CO<sub>2</sub> in the atmosphere, since every cubic meter of wood used in construction stores one ton of CO<sub>2</sub>. It is friendly to health and well-being. It has very good thermal and seismic characteristics and forms excellent acoustic insulation. It is very resistant to fire and very durable.

We are a leading global wood producer, with 28 panel mills and 9 sawmills, including 5 manufacturing mills, with a total production capacity of 12.3 million cubic meters.

We make a wide variety of products from sawn timber, plywood, fiber and particle panels, manufactured products and moldings with various finishes and added value processes, for architecture, design, construction, packaging and remodeling.

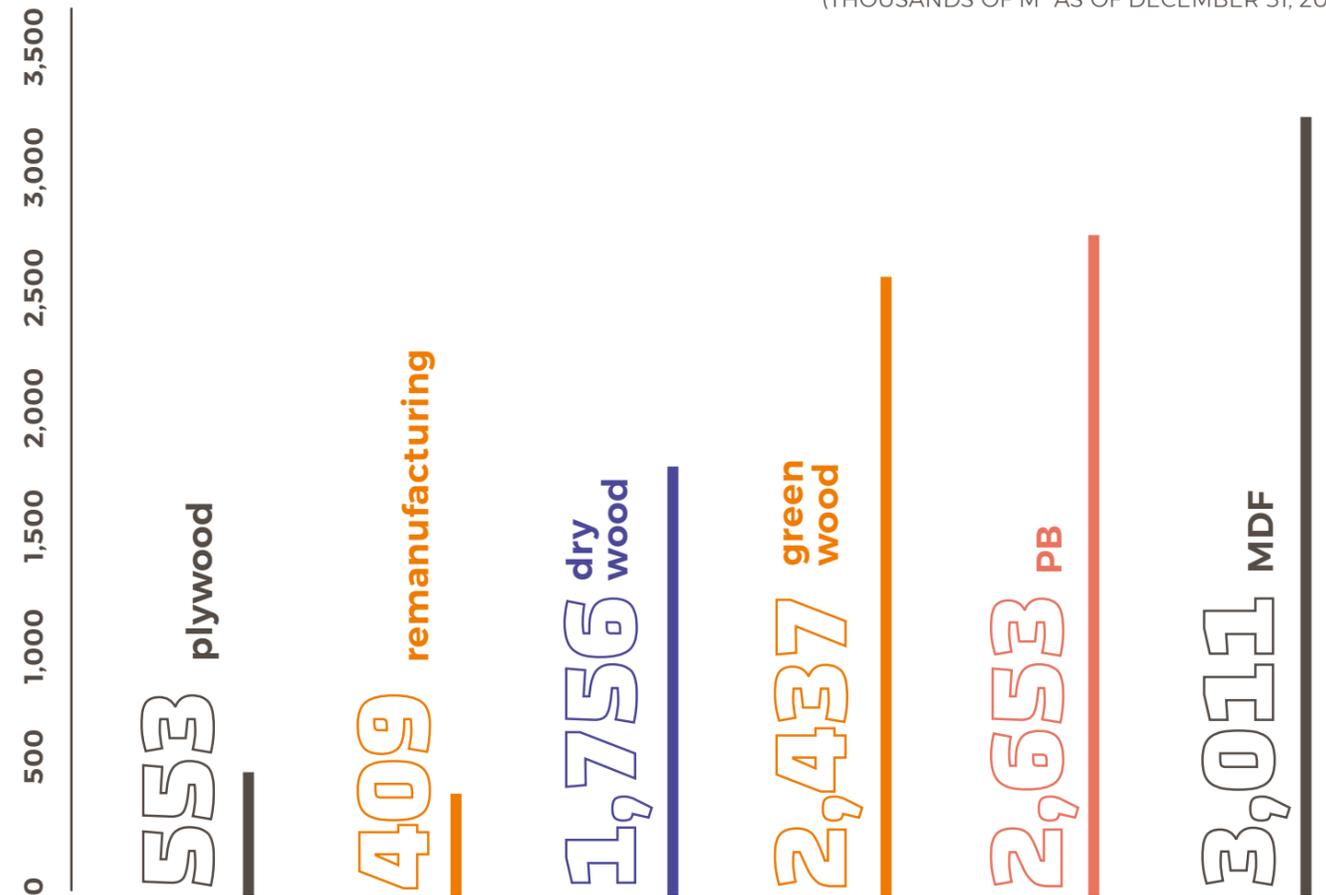
MDF, MDP and plywood boards supply the furniture and construction industry, where they are recognized for their wide range, availability and quality.

ARAUCO's timber provides good quality and resistant solutions for the construction, furniture and packaging industries. Finally, ARAUCO's moldings form decorative finishings in homes and many other buildings.

The Timber and Panels division can trace the origin of all the wood it uses, and it all comes from sustainable sources. The mills use forestry certification and third-party traceability systems such as the Forest Stewardship Council® (Maderas Arauco S.A. License Code: FSC® -C119538; Arauco Industria de México S.A. de C.V. License Code: FSC® -C125053; Arauco do Brasil S.A. License Code: FSC® -110215, FSC® -C001149; Arauco Argentina S.A. License Code: FSC® -C130094, FSC® -C121377, FSC® -C119529; Arauco North America Inc., Arauco Canada Limited License Code: FSC® -C019364), Chain of Custody Scheme/Controlled Wood; Chain of Custody Scheme/Due Diligence of the Programme for the Endorsement of Forest Certification (PEFC).



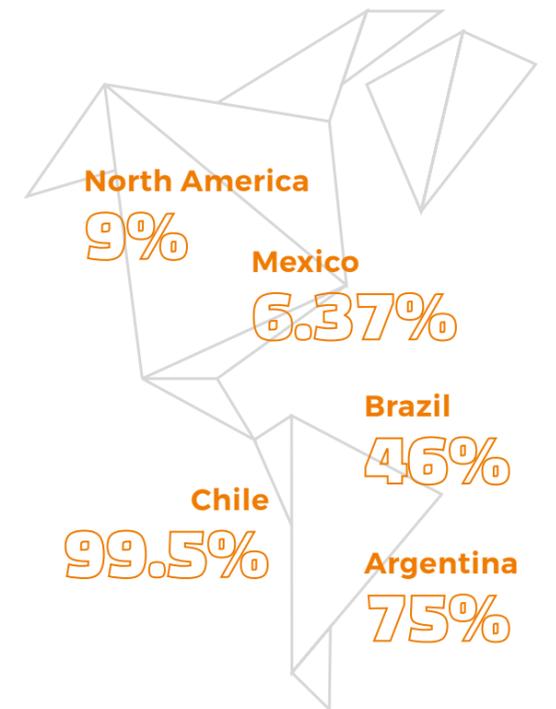
**Production by product**  
(THOUSANDS OF M<sup>3</sup> AS OF DECEMBER 31, 2022)





We celebrated **Wood Week at ExpoDubai**, where we shared with customers from India, Brazil, Singapore, Bahrain, Qatar, Saudi Arabia, Jordan, the USA, Chile and the United Arab Emirates.

The proportion of certified third-party wood fiber was



Piën's MDP line in Brazil was closed.

We obtained CANFER (Canadian Formaldehyde Emissions Regulations) sustainability certification for our composite panels (MDF and MDP) in North America, which regulates the formaldehyde emissions from these panels.

We obtained AEO (Authorized Economic Operator) certification in Mexico. This is a global standard that certifies compliance with security measures and best practices in the international merchandise supply chain.

Forest Stewardship Council (FSC®) certification was maintained in Durango, Mexico, for storage centers and pallets.

**We certify that our Brazilian products are fully CARB2 compliant**, which is required for exports to the USA.

We are progressing with the project to build an MDF line in Zitácuaro, Mexico, which would add close to

**300,000**

**cubic meters of MDF production per year**, half of which will be melamine-laminated.



Arauco Wood Limited was incorporated in the United Kingdom, to centralize ARAUCO's industrial wood subsidiaries located in Canada, the USA, Mexico, Brazil, Argentina and Chile, and 50% of the Spanish company Sonae Arauco with businesses in Germany, Spain, Portugal and South Africa.



Sales were

**USD 4,110.7**

million, and were concentrated mainly in the USA, Brazil, Mexico and Canada.

We launched the new Hi-lam Mill in Chile with glued laminated timber (GLT) and cross-laminated timber (CLT) lines and two NCC machining centers (numerically controlled cutting machines).



SIGNIFICANT 2022 EVENTS

**Power generation capacity and release into the energy grid**

(AS OF DECEMBER 31, 2022)

	mill	maximum installed capacity	maximum power generated	internal consumption	Release to NES
<b>Chile</b>	Arauco	127	105	81	24
	Bioenergy Viñales	41	31	9	22
	Cholguán	29	28	15	13
	Constitución	40	30	22	8
	Horcones (Diesel and Gas Turbine)	24	24	-	24
	Licancel	29	20	14	6
	Nueva Aldea I	30	28	14	14
	Nueva Aldea II (Diesel Turbine)	10	10	-	10
	Nueva Aldea III	136	100	63	37
	Valdivia	140	115	54	61
<b>Argentina</b>	Puerto Piray	38	30	17	13
	Puerto Esperanza	44	44	44	-
<b>Uruguay</b>	Montes del Plata (50%)	91	91	39	52
<b>TOTAL</b>		<b>777</b>	<b>656</b>	<b>372</b>	<b>284</b>



**Energy**



At ARAUCO, we have been producing non-conventional renewable energy (NCRE) from forest biomass for more than 20 years. This is treated as a clean energy source that is valued for its safety and efficiency with fewer emissions.

The Company has used this energy source to become self-sufficient and it releases surplus energy from its industrial mills back into the national grid in Chile, Argentina and Uruguay. It is a leading generator of NCRE in Chile.

We have been investing in additional generating capacity above the industry's usual requirements to support the Clean Development Mechanism (CDM) of the Kyoto Protocol.

We have eight industrial mills and two backup units in Chile, which have an installed capacity of 606 MW, where 219 MW can be released to the National Electric System (NES).

We have two generating mills in Argentina with an installed capacity of 82 MW, where 13 MW can be released to the country's energy matrix, and a mill in

Uruguay with an installed capacity of 91 MW, where 52 MW can be released to the energy grid, which is operated as a joint operation with the Swedish-Finnish company Stora Enso.

Surplus energy sold by ARAUCO in Chile during 2022 represented approximately 1% of the nation's total energy requirements, and its installed capacity represented 0.8% of the total system.

ARAUCO plans to develop wind power projects on its own land, such as the Viento Sur Wind Farm, in the Arauco municipality, which involves installing 43 wind turbines with a capacity of up to 5 MW each.

We have historically contributed to combating climate change by certifying the reduction of emissions from cogeneration projects using residual forestry biomass in five power mills in Chile and one in Uruguay (a joint operation with Stora Enso). These mills are registered with internationally recognized standards, such as the Clean Development Mechanism (CDM), and reduce atmospheric CO<sub>2</sub> by around 650,000 tons every year. The Viñales cogeneration project is registered under the Verified Carbon Standard (VCS).

SIGNIFICANT EVENTS 2022

Surplus energy produced by ARAUCO's mills and released into the National Electric System in Chile totaled

**647 GWh**

in 2022, which represents approximately 1% of the energy in the NES.

Sales totaled

**1,293 GWh**

including sales to the NES and to ARAUCO Group companies in Chile, which was 5.4% less than in 2021 compared on the same basis.



We sold

**267,720**

**CERs that were issued in previous years under the CDM,** both directly and through intermediaries, to buyers seeking to offset their emissions on the voluntary market. We sold 456,905 million Verified Carbon Units (VCU) from the Viñales cogeneration mill, registered under the internationally recognized VCS.

**456,905**

**million Verified Carbon Units (VCU)** from the Viñales cogeneration mill, registered under the internationally recognized VCS.

We are verifying the **Nueva Aldea Phase 1 and Nueva Aldea Phase 2** mills registered under the CDM, and the Viñales mill registered under the VCS.

We lead the third verification of the Punta Pereira mill for the period 2018-2020, and we expect to issue more than.

**400.000**

CERs in 2023 under the CDM.

**The United Nations Framework Convention on Climate Change (UNFCCC)** approved our application to revalidate our emission reduction projects, which are the Nueva Aldea II pulp mill in Chile and the Punta Pereira biomass power mill in Uruguay. This extended the accreditation period by seven years.





### Forestry

Native forests and plantations represent an effective strategy to mitigate against climate change, due to their natural capacity to absorb carbon dioxide and transform it into oxygen. Responsible plantation management reduces pressure on native forests, given that deforestation and degradation of native forests cause 20% of global CO<sub>2</sub> emissions.

ARAUCO manages its forestry assets in Chile, Argentina, Brazil and Uruguay under Responsible Forest Management practices, as trees are the raw

material for all its products, and its production processes are certified as complying with the most demanding environmental, social and economic standards worldwide.

We have 1.7 million hectares of forests in Chile, Argentina, Brazil and Uruguay. Where 30% is native forest and conservation areas of high social and environmental value, which are duly preserved for future generations.

### Distribution of forestry properties by use

(IN HECTARES AND ACRES AS OF DECEMBER 2022)

	 pine	 eucalyptus	 other species	 not yet planted	 native	 other uses	total
<b>Chile</b>	416,126 (1,028,269.7 ac)	187,795 (464,051.6 ac)	1,873 (4,628.3 ac)	66,782 (165,021.9 ac)	283,190 (699,777.7 ac)	56,299 (139,117.9 ac)	1,012,066 (2,500,869.6 ac)
<b>Argentina</b>	89,653 (221,537.4 ac)	19,493 (48,168.3 ac)	19,625 (48,494.4 ac)	10,894 (26,919.7 ac)	119,481 (295,243.9 ac)	5,188 (12,819.8 ac)	264,334 (653,183.5 ac)
<b>Brazil</b>	50,074 (123,735.6 ac)	78,670 (194,397.8 ac)	198 (489.3 ac)	20,403 (50,416.9 ac)	83,982 (207,524 ac)	8,705 (21,510.5 ac)	242,032 (598,074.1 ac)
<b>Uruguay</b>	151 (373.1 ac)	87,278 (215,668.6 ac)	332 (820.4 ac)	4,627 (11,433.6 ac)	4,930 (12,182.3 ac)	40,573 (100,258.1 ac)	137,891 (340,736.1 ac)
<b>TOTAL</b>	<b>556,004</b> <b>(1,373,915.8 ac)</b>	<b>373,236</b> <b>(1,373,915.8 ac)</b>	<b>22,028</b> <b>(54,432.4 ac)</b>	<b>102,706</b> <b>(253,792.1 ac)</b>	<b>491,584</b> <b>(1,214,730.5 ac)</b>	<b>110,765</b> <b>(273,706.3 ac)</b>	<b>1,656,323</b> <b>(4,092,863.3 ac)</b>

SIGNIFICANT 2022 EVENTS



We harvested **20.6**

million and purchased

**6.5**

million cubic meters of logs.



We sent

**22.7**

million cubic meters of logs and chips to Company mills and sold

**3.9**

million cubic meters of logs to third parties.

We continued to implement the **Protected Productive Landscapes** model in Chile, which incorporates socio-environmental management from planning through to supply.



We started the “Bosque Iluminado” (Illuminated Forest) project in Chile, which digitizes and connects more than

**700.000**

hectares of forests with high-speed internet, to provide forestry tasks with greater security and productivity. This project was developed in a strategic partnership with Sonda.

We recertified ARAUCO’s assets in Chile under the CERTFOR - PEFC Forest Management standard for the fourth time and maintained the FSC® Forest Management standard certificate for ARAUCO’s assets in Chile (Forestal ARAUCO FSC® License Code: FSC® - C108276).

We changed the Chain of Custody certification standard from the CERTFOR standard to the PEFC standard, and amended the certifying body to SGS.



**226**

people joined our Company to construct the first internal forestry roads.



Audits were conducted in Brazil, under the FSC® Forest Management standard (ARAUCO Forest Brasil Campo Do Tenente and Sengés FSC® License Code: FSC®-010303 and ARAUCO Florestal Arapoti FSC® License Code: FSC®-C010673).

Monitoring audits for the FSC® Forest Management (License Code: FSC® - C128100) and Sustainable Forest Management CER-FOAR- PEFC certificates were successfully carried out in Argentina.

PEFC and FSC® (License Code: FSC® -016979) certificates continued in Uruguay.

The total standing timber inventory for the year was

**209.3**

million m<sup>3</sup>ssc.

A DESCRIPTION OF ARAUCO'S OPERATING SEGMENTS THAT COMPLY WITH IFRS CAN BE FOUND IN NOTE 24 TO THE CONSOLIDATED FINANCIAL STATEMENTS, WHICH FORM AN INTEGRAL PART OF THIS REPORT.



## Bioforest, science and nature for the future



Innovation is an essential element of ARAUCO's strategy. Combining ideas, technology, process optimization, creativity and entrepreneurship can develop better approaches to supplying the requirements of the human race and create initiatives that seek social and environmental sustainability.

ARAUCO's research center, Bioforest, has spent the last 30 years developing and applying the best technologies to maximize the productivity of industrial forestry resources, by conducting research into processes operated by its Forestry, Pulp and Timber and Panels divisions in various countries.



## Bioforest's research programs are supported by four foundations

**A robust team:** more than 110 experienced researchers and technical experts.



**World-class facilities and equipment:** we support R&D projects with our own biotechnology, pulp and panel laboratories.



**Knowledge and experience:** Bioforest has been developing applied R&D since 1990, focused on the most important challenges and opportunities in ARAUCO's businesses, with an annual investment of more than **USD 11 million**.



**Collaboration:** we have built an extensive network of universities and R&D centers around the world.



We participated in the **Eighth Chilean Forestry Sciences Congress**, as presentations were given by several Bioforest experts.



**Bioforest:**  
four R&D foundations



**World-class facilities and equipment**



**Collaboration**



The first operational clone of Eucalyptus nitens was transferred from Bioforest to the Horcones Nursery in Chile. We expect to establish the first 100 hectares in 2024, according to the plan to mass-produce cloned mother plants. This represents a great achievement, since nitens adapts to sites where globulus has limitations, especially where frost occurs.

We signed an agreement with the **National Forestry Society (NFS)** to transfer knowledge between both parties. The aim is to expand the network of contacts and small landowners, then transfer our experiences in silviculture, conservation and genetic material to create shared value opportunities.



We are researching the use of various pulp technologies to reduce water consumption, CO<sub>2</sub> emissions, solid waste generation, and increase productivity and yields.

We are researching wood processes and technologies that reduce the consumption of synthetic resins in the panel industry which includes introducing biological ingredients into adhesives. Our research also supports the development of construction using this noble material.

**USD 11**  
million invested during 2022

Bioforest uses forestry genetics to select clones that can be more productive and adapt to climate change from radiata pine, Eucalyptus globulus and Eucalyptus nitens. We have developed a GloNi hybrid that combines the best features of these Eucalyptus species.

Several research programs have been translated into silvicultural prescriptions so our forestry managers can conduct science-based tests to maximize the health of our plantations from nursery to harvest.

Our research into ecosystems and native forests is particularly important, as they support ARAUCO's commitments to conservation and restoration that are based on science. The knowledge we gather about the carbon cycle, water and the rich biodiversity associated with our forests supports our strategy of becoming a renewable business.



**Financial indicators**

(MILLIONS OF USD)	2020	2021	2022
Sales	4,733	6,350	7,102
EBITDA	1,072	2,493	2,167
EBITDA Margin	23%	39%	31%
Net income	25	1,032	704
Financial debt	6,194	5,581	5,718
Financial Debt	5,129	4,570	5,051
Financial costs	268	220	200
Investments	1,852	1,543	1,578
Net debt / EBITDA	4.8	1.8	2.3
EBITDA/Interest	4.0	11.3	10.8
Subscribed and paid capital	604	804	804
Equity	7,416	7,819	8,260

**Economic value generated and distributed**

(MILLIONS OF USD)	2020	2021	2022
<b>Total revenue</b>			
Net sales	4,733	6,350	7,102
Financial investment income	29	33	72
Property, mill and equipment and intangible asset sales	30	242	49
<b>Economic value generated</b>	<b>4,792</b>	<b>6,625</b>	<b>7,223</b>
Operating costs/Production costs*	2,618	2,859	3,408
Payments to capital providers	789.6	1,288	979
Salaries and benefits	598	671	719
Taxation**	42	403	142
Investments in the local community***	15	10	11
<b>Economic value distributed</b>	<b>4,062</b>	<b>5,230</b>	<b>5,259</b>
<b>Economic Value Retained</b>	<b>730</b>	<b>1,394</b>	<b>1,963</b>

\* COST OF SALES NET OF DEPRECIATION AND WAGES.

\*\* INCOME TAX EXPENSE.

\*\*\* DONATIONS, CONTRIBUTIONS AND SCHOLARSHIPS.

**Globalization and efficiency**



**Projects and investments**

We invested USD 1,578 million during 2022, the main project being the Arauco Mill Modernization and Expansion (MAPA) project in Chile.

The company's consolidated financial statements are available on the Financial Market Commission's website (ARAUCO's consolidated financial statements: [https://www.cmfchile.cl/institucional/inc/inf\\_financiera/ifrs/safec\\_ifrs\\_verarchivo.php?auth=&send=&rut=93458000&m-m=12&aa=2022&archivo=pdf\\_93458000\\_202212\\_c\\_20230303155438.pdf&desc\\_archivo=Estados%20financieros%20\(PDF\)&tipo\\_archivo=PDF](https://www.cmfchile.cl/institucional/inc/inf_financiera/ifrs/safec_ifrs_verarchivo.php?auth=&send=&rut=93458000&m-m=12&aa=2022&archivo=pdf_93458000_202212_c_20230303155438.pdf&desc_archivo=Estados%20financieros%20(PDF)&tipo_archivo=PDF); ARAUCO's earnings report: [https://www.cmfchile.cl/institucional/inc/inf\\_financiera/ifrs/safec\\_ifrs\\_verarchivo.php?auth=&send=&rut=93458000&m-m=12&aa=2022&archivo=ar\\_93458000\\_202212\\_c\\_20230303155438.pdf&desc\\_archivo=An%C3%A1lisis%20Razonado&tipo\\_archivo=AR](https://www.cmfchile.cl/institucional/inc/inf_financiera/ifrs/safec_ifrs_verarchivo.php?auth=&send=&rut=93458000&m-m=12&aa=2022&archivo=ar_93458000_202212_c_20230303155438.pdf&desc_archivo=An%C3%A1lisis%20Razonado&tipo_archivo=AR))

**Financial Performance**

Adjusted EBITDA was USD 2,167 million in 2022, a decrease of 13% over 2021. The company's net income was USD 704 million, a decrease of 32% compared to 2021. This is mainly due to a decrease in the average selling price of pulp and timber.

The economic value generated by ARAUCO in 2022 was USD 7,223 million and the value distributed was USD 5,259 million, so more value was generated than distributed. 65% of distributed value was operating costs and 19% was payments to capital providers.



**Suppliers**



ARAUCO has suppliers that impact its entire value chain, which are associated with services, supplies, materials and spare parts.

ARAUCO's policy is to comply with payment terms legislation in each country. This policy identifies critical suppliers as strategic suppliers, as they can impact operational continuity at our industrial mills. ARAUCO had 316 critical suppliers in 2022, who were paid USD 427 million. Indefinite contracts with suppliers contain clauses that require them to fulfill compliance standards and other important regulations.

During 2022, we launched a new section for suppliers in Chile on [www.arauco.com](http://www.arauco.com), which explains the Company's policies and procedures, encourages compliance and provides information regarding ARAUCO's integrity expectations. The next steps are to progress with the Ariba Network portal, which contains a link for suppliers to integrate into our purchasing and payment processes, and progress a supplier management model.

We progressed the automation of labor control for strategic companies in Chile using a system called PGES.

There were no suppliers that represented 10% or more of the pulp and timber segments in 2022.

Chilean suppliers	Number of invoices	Total (Millions of USD)	Interest for late payment of invoices (USD)	Number of Chilean suppliers
Under 30 days	552,968	4,762.8	0	14,643
31 to 60 days	103,346	426.8	25,202	5,036
Over 60 days	73,227	201.2	3,857	2,549
<b>Total</b>	<b>729,541</b>	<b>5,390.8</b>	<b>29,059</b>	<b>22,228</b>
<b>Foreign suppliers</b>				
Under 30 days	8,916	434.1	0	834
31 to 60 days	8,824	101.2	7,420	619
Over 60 days	2,721	82.7	820	598
<b>Total</b>	<b>20,461</b>	<b>618.1</b>	<b>8,240</b>	<b>2,051</b>
<b>Total suppliers</b>				
Under 30 days	561,884	5,196.9	0	15,477
31 to 60 days	112,170	528.0	32,622	5,655
Over 60 days	75,948	284.0	4,677	3,147
<b>Total</b>	<b>750,002</b>	<b>6,008.9</b>	<b>37,299</b>	<b>24,279</b>

**Number of agreements on the Chilean Government's Register of Exceptional Payment Deadline Agreements at the Ministry of the Economy.**

**0**

DOES NOT INCLUDE MONTES DE PLATA



**Sustainable supply chain**

Supplier assessment processes currently depend on the supplier classification. Critical suppliers are those with a direct impact on industrial mills, and they are subject to a financial assessment every year. All active suppliers associated with service contract departments are subject to a monthly risk assessment that focuses on their payables.

These assessments indicate the supplier's sustainability risk, which can be High (R+), Medium (R) or Low (R-). Monthly action plans are developed for each supplier according to their risk assessment.

During 2022, 1,907 suppliers were assessed, of which 149 were assessed as R+. Furthermore, 250 were critical suppliers, of which 20 were assessed as R+.

One of ARAUCO's sustainability objectives is to become a zero waste company, which includes a gradual process of reducing its non-hazardous solid waste. This strategy involves developing specialist suppliers and also building internal knowledge regarding this raw material.

Another of ARAUCO's main objectives is to be actively involved in the economic and social development of its local communities. Therefore, over the years, it has encouraged programs that respond to current challenges with a focus on shared value.

"Juega Local" (Consider Local) is an initiative in Chile to strengthen local economies by contributing to dynamism within local communities and increasing the proportion of goods and services purchased locally, as we understand that companies play a vital role in the well-being of each community.

Under this program, 76% of total purchases from SMEs during 2022 were from suppliers in the four regions where we have industrial facilities in Chile, and we paid local suppliers a total of USD 675 million.

Purchases from domestic suppliers in every country totaled USD 3,065 million.

	Purchases from local suppliers (Millions of USD)	Percentage of total purchases by ARAUCO in 2022
Chile	1,353	47%
Argentina	453	90%
Brazil	437	81%
Mexico	174	92%
North America	648	98%
Uruguay	243	87%

Timber

**arauco**  
PBO

**arauco**  
MDP

**arauco**  
MSD

**arauco**  
LUMBER

**arauco**  
ULTRA PB

**arauco**  
COLOR

**arauco**  
DURAFLAKE

**arauco**  
MOULDING

**arauco**  
TRUPAN

**arauco**  
SUPER MDF

**arauco**  
FIBREX

**arauco**  
Ranurado MELAMINA

**arauco**  
Mill Run MSD

**arauco**  
MOLDURAS

**arauco**  
MELAMINA

**arauco**  
MELAMINE

**arauco**  
DECOFAZ

**arauco**  
DUROLAC

**arauco**  
MDF

**PRISM**

**VESTO**  
arauco

**FAPLAC**  
melamina

**ARAUCOPLY**

**HILAM**  
arauco

**PRIMELINE**  
arauco

**TABLE  
RED**  
arauco

Pulp

**arauco**  
CELULOSA

**arauco**  
BKP

**arauco**  
EKP

**arauco**  
FLUFF

**arauco**  
PULP

**arauco**  
CELCO FC

**arauco**  
CELCO PG

**arauco**  
Silver Star / 明星 BKP

**arauco**  
Bright Star / 明星 EKP

**arauco**  
Gold Star / 金星 UKP

**arauco**  
Soil Star / 土星 UKP FC

**arauco**  
Wood Star / 木星 APSA BKP

**arauco**  
UKP

**arauco** | **CREATE**  
Sustainable Fiber

**Our  
Products**

ARAUCO uses brands in relevant product-market categories, and they are all supported by the corporate ARAUCO brand, with the aim of being recognized as a specialist in significant market segments, and to streamline customer processes (see [www.arauco.com](http://www.arauco.com)).





**New products**

- The modernized Hílam Mill in Chile began to offer NCC-machine laminated beams and cross-laminated timber (CLT) panels, which comprise industrialized structural systems ready to be assembled on site.
- We launched Arauco Slotted Melamine in Chile, which is a slotted MDF board with VESTO Antimicrobial Melamine coating.
- We launched 13 new VESTO designs under the Balance concept in the Peruvian, Colombian and Central American markets, along with two new finishes: Super Matte and Synchronous Pore.
- We launched a new Melamine Blend line in Argentina. We added film protection to the Deep Matt finish to satisfy our customers.
- We launched a new collection of coated panels with 10 new colors in Brazil.

- We launched three new melamine collections in Mexico, two under VESTO Melamine and one under Arauco Melamine.
- We launched eight new Prism designs at the IWF in North America, and updated that brand.

**Product labeling**

Labeling and marketing communications must comply with the regulations in both their source and destination countries. ARAUCO's products also have various certificates that are tailored to the needs of customers in each market and labeled according to each customer's requirements.



## Customers

At ARAUCO, we have 4,813 customers on five continents, and we engage with them in various ways depending on the product and country. We have sales offices in 13 countries and sales representatives in another 15 countries. There are no customers that represent 10% or more of each segment's revenue.

Our team of sales executives handles customer relationships, channels inquiries, suggestions and complaints, receives and manages inquiries, and provides technical assistance. We provide contact forms on the website, the Customer Web Portal and social networks.

We received 16,473 inquiries during 2022, regarding products, samples, advice or complaints, which were resolved during the period.

### Customer satisfaction

All of ARAUCO's businesses have developed Complaints Management Systems that respond to customer's complaints. These systems range from telephone hotlines to direct contacts.

Everything is managed using standard systems that monitor and improve transactions, products and services, either through continuous improvement or annual action plans.

During 2022, we conducted a satisfaction survey in Argentina using an online form, and we received 130 responses. The main results were high overall satisfaction (over 75%) with ARAUCO and its values, its sales team, our Faplac products, and credit and collections. We conducted a survey of resale and industrial customers in Brazil, where satisfaction was 8.9 out of 10, with a response rate of 91.2%.

### Engagement

We continued to develop online platforms that connect with customers during 2022. The user experience on "arauconline.com" was improved and coverage increased. We launched an environment simulator in Chile, Colombia, Peru and Central America. This tool can visualize VESTO designs in a building. We also launched an environment visualizer in North America for Prism.

In Argentina, we successfully replicated the Customer Web Portal already implemented in North America, which has improved our service levels. We made further improvements to the portal in North America.

We arranged the first Wood Construction Summit in Chile, through our participation in the Chilean Architects Offices Association (AOA). We amplified the options on our digital platforms with segmented content for carpenters, designers and hobbyists, in order to support their work. This was supported by influencers and employees who helped us to develop content projects such as ARAUCO Work, "Expert Help and Expert Summit".

We continued to provide both in person and online training for customers and distributors in Chile, Argentina and Brazil. A training module for distributors and their employees was developed in Chile, in "La Clase Maestra" (The Expert Class). We implemented the cutting optimizer platform in Peru and Colombia.

Our social networks @faplacmelamina grew by 42% in Argentina compared to the previous year, and the environment simulator was implemented, which created tremendous added value and interaction with our customers.

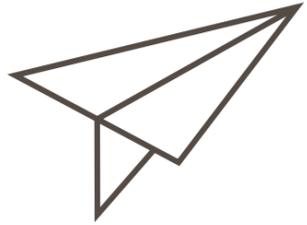
ARAUCO participated in the Edifica Fair, Wood Week and Expocorma in Chile, where we promoted the company's wood construction initiative. We also participated in the Sodimac Training Fair.

We attended various construction fairs and events in Argentina, such as Casa Living, Casa FOA, BATEV and FI-TECMA. We attended CASACOR and Expo Deco in Peru. We attended Interzum in Colombia, which included the region's main players. We arranged our first customer event in Central America, and we attended Expo Revestir and Formóvil in Brazil.

An event was arranged to launch three new melamine collections in Mexico, where the main distributors and decision-makers for the specification segment were invited, and a stand was erected at Expo Obra Blanca, focused on architectural finishes.

We attended KBIS in North America for the first time, the industry's largest trade show, and the IWF.

# 4. ONE ARAUCO





## ONE ARAUCO

AT ARAUCO, OUR EMPLOYEES PLAY A FUNDAMENTAL ROLE, AND TOGETHER WE BUILD AND DEVELOP STRATEGIES THAT HELP US TO ACHIEVE OUR SAFETY, PRODUCTIVITY AND SUSTAINABILITY GOALS.

During 2022, our corporate initiatives included reinforcing essential behavior and promoting our five key safety rules through strategic communication campaigns involving all our employees, from operators to managers.

We are attracting new talent worldwide, so we are designing strategies to connect with local educational institutions, media and digital channels, and increase our local profile. We develop training programs that combine theory and practice, which optimally develop new recruits and integrate them into teams. We have initiatives for existing employees that strengthen their involvement, integration and completeness.

We continued the ARAUCO Leaders program, with the aim of consolidating our leadership culture. It began in Chile in 2021, and in 2022 it was rolled-out to North America for 293 employees and to Brazil for 65 leaders and 251 professionals, where it addressed individual development issues.

We measure the Occupational Health and Safety progress of our safe teams, where more than 50% of them achieved the “Culture” level, which is the highest on our scale and indicates that they have made safety a habit.

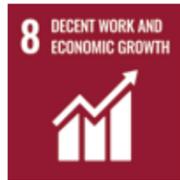
We have prepared several policies in Mexico, such as Regular and Voluntary Retirement; Regular Retirement and Leavers; Learning and Development; Due Diligence; Recognition of Continuous Improvement; Suppliers Advances; Productivity Bonus Calculation and Safety in Storage Areas.

The Sucuriú Project was organized in Brazil, which led to the Forestry Division recruiting 761 people. A project management team was created in the Industrial Division, and the permits for the mill, railroad and port were granted.

An important achievement in North America was completing the Employee Handbook, which was distributed to all employees.



## Our employees



ARAUCO develops every employee, provides them with a trusting environment, encourages empowered teams and produces leaders who can develop them, as they are vital to achieving our strategic objectives and sustainable performance. Therefore, processes such as employee attraction, selection, training and performance are very important.

As of December 2022, the Company had 19,043 employees and employed 21,135 people through 945 subcontractors. They represent various nationalities, where 55.7% are Chileans, followed by 18.97% Brazilians and 9.43% Argentinians, while the remaining 15.9% are Mexicans, Uruguayans, North Americans, Canadians and other nationalities.

Furthermore, 32% of ARAUCO's employees are between 30 and 40 years old, with the highest density of men and women being in that age group. Most of our employees have been with the Company for less than three years, followed closely by those who have been with the Company for more than 12 years.

ARAUCO employs 260 people with disabilities who represent 1% of the workforce, comprised of 213 men and 47 women.

Most of the Company's employees have permanent employment contracts, and they represent 96% of the workforce. The remaining 741 have fixed-term contracts, 14 have construction or project contracts, and 72 provide fee-based services.

ARAUCO employs 2,582 people who have remote working or working flexibility agreements, where 1,696 are men and 886 are women. Also, 38 employees work part-time, and there are no employees with flexibility programs due to family responsibilities.

### Workforce

	2020	2021	2022
Other employees	17,551	18,151	19,043
Indirect employees of subcontractors	20,625	19,984	21,135

### Workforce by position and gender

	2020		2021		2022	
	Women	Men	Women	Men	Women	Men
Executives	54	324	56	327	60	352
Professionals and Technicians	1,371	4,276	1,368	3,881	1,346	5,598
Other employees	943	10,583	976	11,543	1,334	10,353
<b>TOTAL</b>	<b>2,368</b>	<b>15,183</b>	<b>2,400</b>	<b>15,751</b>	<b>2,740</b>	<b>16,303</b>

FURTHER INFORMATION ON THE WORKFORCE CAN BE FOUND IN CHAPTER 7.



### New skills for the future



ARAUCO develops people, teams and the organization using training programs focused on the challenges of the business. It uses learning methods that draw on internal knowledge. It has developed alliances with external entities and a training cycle that combines global and local strategies. During 2022, 9,603 employees attended training courses, who represent 50% of the workforce. Our main challenge

was to develop courses that strengthen our employees' skills in a manner that helps them to perform their duties and overcome their challenges. These courses covered safety, the environment, production, maintenance, emergency brigades, forestry induction and harvesting, technical knowledge related to their duties and skills to enhance their future potential, leadership and languages. USD 6.3 million was allocated to these courses, which represents 0.9% of the Company's net income.

A program was developed for more than

600

employees in the Corporate Finance Department, which provided techniques to develop knowledge and skills.

Programs in Brazil included Leadership Development, Engineer Development, and Trainees and Apprentices.

We provided Leadership Training in every mill in North America. We provided finance career counseling, which will continue in 2023. We provided a sales mentoring program and new assignments were identified for the next period, to continue the program.



Skills were improved in Chile by jointly implementing a **Protected Productive Landscapes** training course, with an emphasis on its relational, communal and effective communicational components.

**Firefighters' skills to handle structural fires** during emergencies were improved through a certified course in the Timber division, and a training course for critical operators was provided through on-the-job training.

There were 17 candidates for the **Pulp Talent Root Program in Argentina**. The language program began with an emphasis on English.



The Forestry Academy in Chile trained more than

500

**CIMA project employees** from the Forestry division.



99 employees in Chile were awarded scholarships.

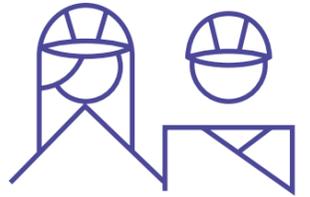
67%

of these were for professional qualifications, 6% for diplomas, 6% for master's degrees and 21% for technical qualifications.

The Pulp and Energy divisions focused on courses that developed the supervisor position combined with university diplomas.

We finished training the first generation of the **Talent Root Program** in the Pulp and Timber divisions in Chile and the 2022 generation initiated that program. This program trains people who will become operators and engineers, by anticipating their job requirements and challenges.

SIGNIFICANT 2022 EVENTS



**Employees trained as of December 31, 2022**

	Men	Women	Total
Managers	192	71	237
Supervisors	977	257	1,234
Other professionals	1,452	664	2,116
Other technicians	2,258	171	2,429
Operators	2,542	112	2,654
Sales force	10	2	12
Administrative staff	500	130	630
Support staff	237	28	265
<b>TOTAL</b>	<b>8,168</b>	<b>1,435</b>	<b>9,603</b>

EXCLUDES MONTES DEL PLATA.

**Internal Tutors Network**

At ARAUCO we have

**610**

internal tutors in our mills and forestry areas.

**142**

tutors belong to the dual training program jointly run with Campus Arauco.

**+166,000**

hours of employee training.



**Total training hours by position during 2022**

	Men	Women	Total
Managers	1,295	73	1,368
Supervisors	16,213	3,814	20,028
Other professionals	20,936	13,057	33,993
Other technicians	55,341	2,110	57,451
Operators	45,951	1,614	47,565
Sales force	0	0	-
Administrative staff	3,510	742	4,252
Support staff	2,098	4	2,102
<b>TOTAL</b>	<b>145,344</b>	<b>21,415</b>	<b>166,759</b>

EXCLUDES MONTES DEL PLATA.

**Average training hours by gender and job category for 2022**

	Men	Women	Total
Managers	7.4	1.2	5.8
Supervisors	16.6	13.8	16.2
Other professionals	14.4	19.7	16.1
Other technicians	24.5	12.3	23.7
Operators	18.1	14.4	17.9
Sales force	-	-	-
Administrative staff	7.0	5.7	6.7
Support staff	8.9	0.1	7.9
<b>TOTAL</b>	<b>17.8</b>	<b>14.9</b>	<b>17.4</b>

EXCLUDES MONTES DEL PLATA.

**Outplacement**

The Company will support people making a labor transition as a result of restructuring.



**Recruitment**

	Hombres	Mujeres	Total
New recruits	3,011	665	3,676

EXCLUDES MONTES DEL PLATA.

	USD
Recruitment expenditure associated with headhunters, job portals and other recruitment expenses.	219,995

EXCLUDES MONTES DEL PLATA.

**Attracting and retaining talent**

At ARAUCO, we aim to attract talented people using selection methods that identify the capabilities for each position, always with the aim of contributing to the Company's strategic objectives.

Our Attraction and Selection Policy promotes equal opportunities and sets out the standards for transparency, efficiency and fairness during external and internal recruitment. It ensures that vacant positions are filled by the most suitable candidates aligned with the organization's values and profile.

The Talent Attraction and Selection Department coordinates with the Public Affairs Department and examines people from local organizations and institutions when recruiting, which reinforces local development.

We ensure that every candidate applying for a job is kept informed through our job portal <https://jobs.arauco.com/>.

The Company does not discriminate except on the grounds of personal ability or suitability. On the contrary, it aims to attract the greatest number of candidates and avoid favoritism when recruiting. It ensures that every internal or external candidate filling a vacancy follows the established procedure.

**+3,600**  
people recruited in 2022.

**USD**  
**219,995**  
incurred in headhunters, job portals and other recruitment expenses.



### Internal transfers

We support our employees who want to develop their career within ARAUCO, as we believe that it reinforces their commitment and rewards dedication and suitable performance. We have developed an Internal Transfer Policy which upholds non-discrimination, transparency and equal opportunities. It

aligns the Company's requirements with our employee's motivation.

During 2022, 996 people changed positions through ARAUCO's Internal Transfer Program. This process uses the portal with the same name, which publishes job vacancies.

### Internal transfers

	Men	Women	Total
Positions filled internally through promotion or horizontal movement	848	148	996
<b>Percentage of internal transfers</b>	<b>22%</b>	<b>18%</b>	<b>21%</b>

EXCLUDES MONTES DEL PLATA.



### Performance management

ARAUCO's performance management process is fundamental to the development of our employees. Our model gives us a common view of employees in every country and the skills that are essential for identifying and encouraging good performance and addressing any potential gaps in the Company's requirements.

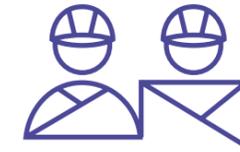
Supervisor and executive positions use a performance evaluation system, while a Calibration Committee evaluates the skills of every Company executive and their medium and long-term potential, which includes succession planning.

**13,124**

of our workers participated in the performance evaluation in 2022.

### Performance Evaluation in 2022

	Men	Women	Total
Number of people evaluated	11,277	1,847	13,124



Employees with opportunities for improvement in North America were reviewed every month and action plans were implemented.

Training coordinators in North America monitored evaluations of new recruits to drive training.



Performance Evaluation segregated by role was implemented in Argentina



Succession planning in North America identified candidates for Vice President and Mill Manager.

We conducted a multidimensional assessment of the Finance and Operations Department in Brazil.



Articulation and attraction strategies progressed in Chile and brought more than

280

people into the internalization project.

A new forestry qualification was created in Chile within the alliance with Duoc UC called Heavy Machinery and Vehicle Technician, with the aim of upgrading the forestry transport sector. We had

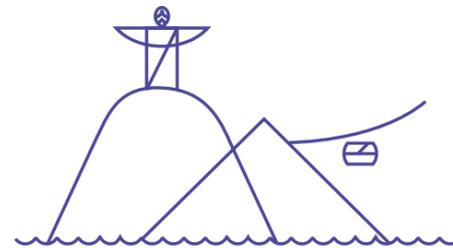
70

70 students by the end of the period.

ARAUCO Brazil directly recruited nearly

800

people, which created local employment and development opportunities in Mato Grosso do Sul.



SIGNIFICANT 2020 EVENTS

## Diversity, inclusion and non-discrimination



At ARAUCO, we aim to employ highly qualified, diverse and motivated people who share our corporate values, internal culture and strategic objectives. Therefore, we began to focus on gender diversity in 2021. This began with a diagnosis of the organization, which analyzed various topics, such as recruitment and selection, training and organizational development, remuneration, infrastructure, work-life balance and harassment protocols.



Subsequently, we developed a plan in 2022 to incorporate a gender perspective into all our processes, including a training and awareness plan aimed at executives and management. Topics discussed included the main barriers to incorporating women into male-dominated working environments, stereotypes and unconscious bias, and management with a gender perspective.

Simultaneously, we created campaigns that showcased the stories of successful women in our industry and promoted inclusive images and language.

Women represent 14.4% of ARAUCO's workforce. 16.23% are in managerial positions, such as directors, senior executives, managers and supervisors. 16.57% of supervisors are women. These are initial management positions. 20% of women are in senior executive positions, while 10.85% are managers in revenue-generating departments, such as sales, and 20.2% are in science, technology, engineering and mathematics (STEM) positions.

1,099 people took postnatal leave of 15 days on average during 2022. They were comprised of 896 men and 203 women.

The average salary gap at ARAUCO is 93%. Operators have the smallest salary gap as both the average and median is 98%.

## Salary gap by job category

Job category	Percentage average	Percentage median
Senior executives	0	0
Managers	93	97
Supervisors	95	96
Other professionals	93	92
Other technicians	88	86
Operators	98	98
Sales force	61	61
Administrative staff	95	96
Support staff	68	67
<b>TOTAL</b>	<b>93</b>	<b>93</b>



### Measures that address sexual and workplace harassment

At ARAUCO, each Company department has an Internal Regulation for all new recruits. This document contains the Company's declaration on its respect for fundamental human rights. A special chapter is dedicated to the Dignified Working Environment, which ensures that labor relations

respect individual dignity and strictly prohibit any conduct involving workplace or sexual harassment. Each ARAUCO facility in Chile applies the Psychosocial Risks at Work Protocol in conjunction with the Chilean Safety Association (ACHS), which aims to prevent any kind of harassment in the Company.

24

executives from the forestry and timber divisions were trained on the Protection of Fundamental Rights in Chile.

The Contracts Department in Chile and the ACHS held a workshop attended by approximately 30 people, on tolerance and appropriate working environments, which addressed issues such as respect for fundamental rights in working relationships.

The CEO delivered a message to the entire organization at quarterly communication meetings for the entire Company on the importance of respect and preventing harassment.

All our North American employees were trained in harassment policies, and these have been included in the Employee Handbook.

We conducted campaigns to publicize the Whistleblower Channel, which is an important component of harassment prevention, in order to assure employees that they can report any kind of complaints without reprisals.

A Gender Committee was created in Argentina, which arranged training for employees in general, supervisory and executive roles. Lectures were given to general employees to raise awareness of the issue and a 800 hotline was publicized.

A Gender Agenda project was developed in Brazil.

240

employees were trained in Mexico on the Code of Ethics, Compliance Policies and the Whistleblower Channel.

## Working environment and wellbeing

We promote our culture of “One ARAUCO”. We motivate our leaders to get involved with their teams, to transmit the Company’s values, processes and strategies.

We achieve this objective through open and timely communication that develops an organization aligned with and committed to our objectives. Our organizational culture features in every meeting and presentation by the organization’s leaders, and is reinforced in our internal communication channels, such as the corporate Intranet, ARAUCO Voices, e-mails, screens and newsletters.

We encourage involvement and commitment, where extended meetings by mill leaders and managers and continuous improvement workshops have produced excellent results.

We have scholarship programs for employees and their children, and contests that create links between teams and the Company.

### Employee satisfaction

A fundamental method to explore the opinions of the organization’s employees is the employee satisfaction survey. It identifies strengths and opportunities for improvement in the working environment.

Our concern to improve employee satisfaction led us to implement a measurement technique in 2021 that was based on agility, experience and relevance

for teams and leaders. This survey is simultaneously conducted in Argentina, Brazil, Chile, Mexico, North America and our sales offices.

The strategy that supports the employee satisfaction survey focuses on strengthening and managing teams. Accordingly, leaders are prepared with e-learning materials and support, to help them analyze and communicate the results. They are also provided with a broader analysis of performance, safety and other variables underlying their teams, as a comprehensive perspective is vital to ensure an appropriate response. Finally, improvement and action plans are managed using the same platform that publishes the results.

**+14,700**  
employees responded to the employee satisfaction survey.

**83%**  
expressed Engagement and/or Appreciation.

### Employee satisfaction

	Men	Women	Total
Number of responses	12,826	1,879	14,705
Percentage of employees who responded	91%	91%	91%
Percentage Engagement and/or Appreciation	83%	84%	83%

EXCLUDES MONTES DEL PLATA

### Welfare

ARAUCO believes that it is extremely important to provide its employees with salaries and benefits that are aligned with the market, while complying with the principles of internal equity and external competitiveness. It is committed to developing opportunities for every employee and it has defined uniform criteria based on ethical and technical job evaluation principles to set remuneration.

The Company keeps a close eye on the labor market, to keep salaries competitive in each country, without neglecting each employee’s performance. Therefore, it reviews the remuneration structure every year based on the dynamics of the labor market. ARAUCO has a standard base salary that far exceeds the legal minimum, which depends on the conditions in each country.

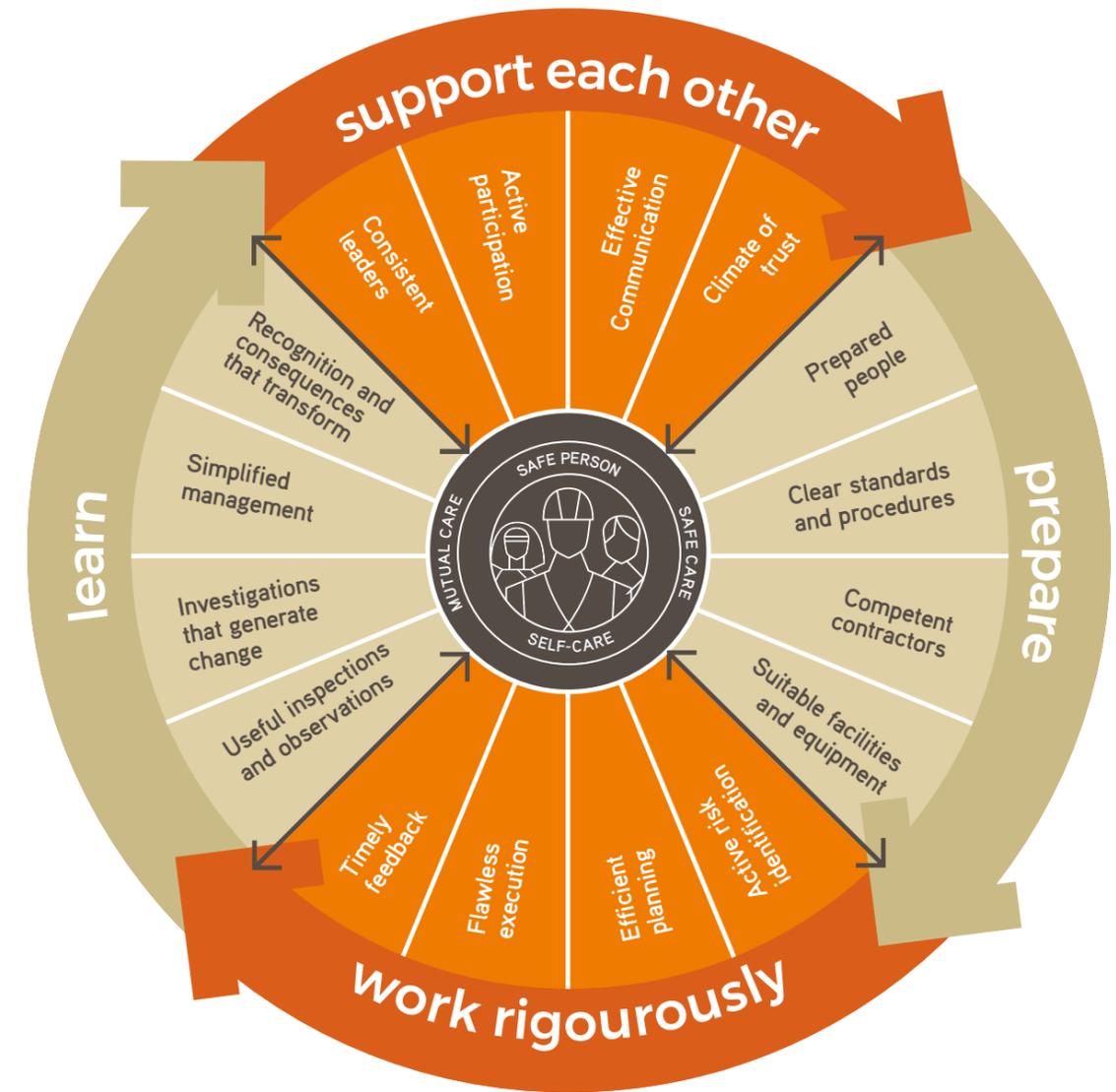
Benefit plans are updated in accordance with conditions in each area and country, in order to improve employee welfare.

Some of the benefits provided by the Company are insurance covering health, catastrophic, dental and life risks, time off, meals at practically all the Company’s facilities and shuttle buses for industrial mills that are far from urban centers.

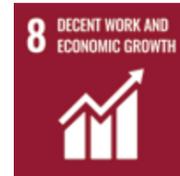
There is a Housing Plan in Chile that provides a fixed amount to support acquiring the first home or repairing the home, which is given to 5% of the workforce every year.

Health and pension discounts are considered benefits in the USA that depend on agreements between each company and specific entities, unlike in Chile and every other country. The Company provides employees the choice of medical and dental insurance where 75% is financed by ARAUCO, two medical plans called the PPO Plan and the High Deductible Plan, short term disability insurance that covers short absences similar to medical leave, basic life insurance and pension fund contributions (401K). There is the long term incentive program, which is mainly offered to executives.

Corporate management model  
Together for a better life



Occupational health and safety



**Safety**

The most important value at ARAUCO is safety and this is reflected in our corporate management model “Together for a better life,” which has been implemented in every country and contains three guiding principles: Empowered Employees, Safe Teams and Work Done Well. This model contains four commitments and 16 working areas to organize daily tasks, so that teams can take an active role in caring for their safety.

We successfully strengthened this model during 2022, with the goal of becoming a world-class company with regards to safety. Our indicators improved with respect to 2021.



01 AS SUSTAINABLE WORLD IS MADE OF WORDS  
02 RENOVABLES FOR A BETTER LIFE  
03 GLOBALLY COMMITTED  
04 ONE ARAUCO  
05 COMMITMENT TO LOCAL COMMUNITIES  
06 COMMITTED TO ENVIRONMENTAL CHALLENGES  
07 FINANCIAL  
08 INDEX OF CONTENTS

● 2021

● 2022

**Safety indicators**

	Chile		Argentina		Brasil		México		Norteamérica		Total	
Accident rate	0.58	0.63	0.61	0.57	0.40	0.34	0.91	0.58	0.07	0.06	0.79	0.58
Fatality rate	4.68	2.55	21.81	0.00	26.92	0.00	0.00	0.00	0.00	0.00	7.43	1.93
Occupational illness rate	0.08	0.09	0.00	0.00	0.00	0.00	0.08	0.00	0.00	0.00	0.07	0.07
Average days lost per accident	36.71	50.29	52.02	37.56	26.08	35.87	27.56	27.50	42.00	27.00	37.70	47.57

EXCLUDES MONTES DEL PLATA.

THE ACCIDENT RATE WAS 0.58 IN 2022, A REDUCTION

**27%**

COMPARED TO 2021.

**Main practices**

OUR “TOGETHER FOR A BETTER LIFE” MODEL DEVELOPS COMPLEMENTARY PRACTICES THAT BRING ABOUT CULTURAL CHANGE, CORRECT BEHAVIOR, GENERATE LEARNING AND PROMOTE THE ROLE OF TEAM LEADERS WITH REGARDS TO SAFETY.

**ABC Practice**

It aims to identify precursor unsafe behavior or conditions that may cause serious injuries, permanent disabilities or fatalities, also defined as high potential incidents (HPI). Employees are encouraged to be aware of safety as they fulfill their daily duties or within their shift working conditions. These should be evaluated with a letter A, B or C depending on their response.



**123 Practice**

Three steps apply to high potential incidents. First, investigate the incident to determine its causes. Second, communicate those causes and any potential mitigation measures to peers at other mills. Third, prepare a Learning Sheet as a preventive approach to communicating learnings to all employees in ARAUCO’s mills and forests.



**Visible leadership**

Leaders play a vital role in reinforcing safe behavior. Therefore, this is strengthened with on-site activities that guide teams towards a job well done.





### Cultural change committees

We have been strengthening our safety culture since 2021, by implementing management standards and encouraging our employees to actively participate in cultural change committees.

These committees monitor cultural progress regarding safety in their mills and forests. They also monitored service companies during the year, as they play an important role in meeting our safety objectives. Executives play an influential role at each facility, as they promptly manage any issues raised by insurance teams.

### Safety first

At ARAUCO, a “job done well” means putting safety first. Accordingly, teams receive guidance at the beginning of every shift on identifying risks and any barriers to effectively preventing accidents.

Employees, HR Departments and Occupational Safety Departments identify potentially unsafe behavior and develop techniques to streamline these proces-

ses to make them more effective.

ARAUCO collects this information and risk prevention indicators regarding accident rates and the response to deviations, in order to update its safety standards for critical activities using Safety Data Sheets.

### Occupational health

An essential task for ARAUCO is protecting the health of its employees and preventing occupational illnesses. We achieve this through two surveillance programs. One involves environmental surveillance, as it identifies, evaluates and monitors physical risks, The other is medical surveillance, as it prevents and detects illnesses at the sub-clinical or pre-symptomatic phase, then takes appropriate measures to reverse its effects or delay its progress.

Therefore, at-risk employees are medically evaluated to determine whether they are sufficiently healthy to safely perform their duties and are then regularly monitored.

All ARAUCO facilities have first aid rooms (FAR) or polyclinics that provide basic medical care. They are run by properly trained health personnel, such as nurses, nursing technicians and physicians.

### Illness prevention programs

We have several health care initiatives that help to prevent occupational illnesses, such as the Hearing Conservation Program, the Respiratory Protection Program and the Ergonomics Program. These programs routinely train employees on the risks to which they are exposed and how to correctly use personal protective equipment. ARAUCO also has general health insurance for its employees and vaccination campaigns as required by the health authorities in line with national conditions.

### COVID-19

We continued the measures that reduce COVID-19 infections during 2022. We kept the public health protocol up to date, and we improved our preventive PCR testing, antigen testing and voluntary vaccinations for the company’s own

employees and those of subcontractors.

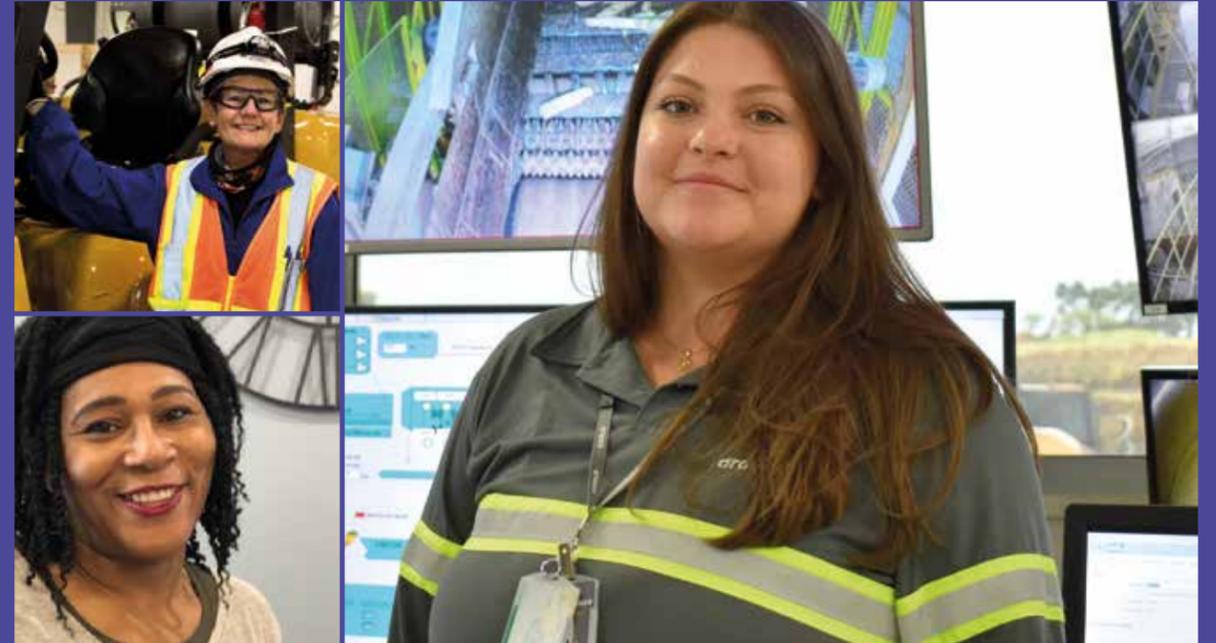
A very important initiative was the MAPA project, which performed around 570,000 PCR tests, provided vaccinations against coronavirus and gave 24,130 doses.

### Otras actividades

Other activities specifically in Argentina involved prevention of HIV/AIDS and other sexually transmitted diseases, dealing with drug abuse, healthy living, first aid, cardiopulmonary resuscitation, cardiovascular illness prevention, the effects of smoking on health, dealing with diabetes, dietary recommendations, heat stroke and mental health.

The engagement of HR Managers in managing long-term illnesses was also strengthened, and the value of regular check-ups were reinforced.

Almost 23,000 medical records were evaluated, under the company’s responsibility towards its subcontractor’s employees, and recommendations were sent to these companies relating to the health care of their employees and an inspection was requested by the local Ministry of Labor.



**Participation**

ARAUCO employees have various opportunities to raise concerns and comment on opportunities for improvement with respect to Occupational Health and Safety, for example:



Joint Health and Safety Committees were established by Supreme Decree 54 issued by the Ministry of Labor and Social Welfare in Chile, and require collaboration when preventing accidents and occupational illnesses, developing a risk preventive culture that makes industrial mills and forests even safer, and jointly ensuring that employees and the employer protect the health and safety of everyone working at the Company.

Joint Health and Safety Committees are comprised of three company representatives and three employee representatives, who are selected by majority vote. They have a Chairman who leads meetings, ensures compliance with legal requirements, such as mutuality certificates, and that there is an active role on site. This leader supports cultural change regarding safety and encourages compliance with ARAUCO's practices and standards.

	Number of JHSC	Percentage representation
CHILE	37	100
ARGENTINA	6	100
BRAZIL	10	100
MEXICO	4	100
NORTH AMERICA	9	100

EXCLUDES MONTES DEL PLATA.



The “Safe Align” safety leadership program was successfully implemented by the Pulp division.

The MAPA Project was commissioned in Chile, with safety as the principal value for both the company’s and subcontractor’s employees.

Campaigns were implemented to embed important safety concepts, such as key rules and safe behaviors, to prevent high potential incidents (HPI).

Safe teams were consolidated in the North American mills. As a result, safe teams are now formally established in all locations worldwide.

“Reflections on key rules”. Development of communication campaigns.

A behavioral campaign was implemented in the Pulp division, which focused on essential behaviors to prevent HPI.

The ABC practice was adapted to the Forestry division, which integrates production, safety, the environment and local communities, and encourages safe harvesting teams to plan.



The digital transformation of Occupational Health and Safety processes began. This will simplify them, so we can focus on their quality.

10,887

**ARAUCO employees** at subcontractors were trained in the corporate operational standards (COS), which were updated in 2021. Training was provided on the “**Together for a Better Life**” safety model, key rules, high potential incident (HPI) precursors, risk management, personal protective equipment, risk prevention tools, evacuation plans, main hazards and control measures.



Sadly, we suffered the death of a worker in the Forestry division. He was **Juvenal Alfredo Gavilán Yáñez (R.I.P.)**, a chainsaw operator for the subcontractor Kupal, who provides services within the Arauco area in Chile.

Visible Leadership. This practice was standardized across the entire Timber division, to consolidate it with common requirements in Chile, Argentina, Brazil and Mexico.

53%

**of safe teams** achieved the “Culture” maturity level. This is evidence that corporate safety practices have become a habit.

SIGNIFICANT 2020 EVENTS



**Collaborative engagement**



ARAUCO respects freedom of association in every country. The Company's engagement plan requires it to communicate directly with each trade union and hold regular meetings with them. There is a

Federation of ARAUCO trade unions in Chile, which brings together 12 of the 32 organizations, who represent 2,900 employees and regular meetings are held with them.

The pulp mill negotiates annual remuneration inflation increases in Argentina. Collective framework issues are also reviewed. Collective bargaining takes place in the remaining mills in chambers with the Company participating indirectly.

All negotiations with trade unions in Brazil take place in scheduled meetings. Negotiations in Mexico comply with labor legislation, where the autonomy of these processes is respected and the organization participates as required.

Nine collective bargaining negotiations were carried out in Chile, five at Maderas Arauco S.A., three at Forestal Arauco S.A. and one at Celulosa Arauco y Constitución S.A. They all reached an agreement on the benefits that will cover the next three years, and were completed without problems and within the legal deadlines, which range from 45 to 55 days.

Between May 2 and May 5, 2022, CFI Horcones was affected by a stoppage at its timber mills with a production decrease caused by forestry transporters. As a result, buses carrying administrative staff were prevented from entering and there was material damage to fences, signage, surveillance cameras, and other damage. Normal operation was restored after a few days.

An open discussion successfully negotiated agreements in Puerto General San Martín, Argentina, regarding guidelines for salary payments, the annual bonus, additional payments and payment terms. A delegate had to be dismissed at the Zarate mill. Finally, new agreements were reached following the unfortunate death of the General Secretary of the Pulp Mill Union.

The closure of the MDP line at the Piên mill in Brazil resulted in the loss of jobs.

Collective bargaining took place in Mexico, where wage calculations were agreed with wage increases for the Durango and Zitácuaro mill's employees.

We do not have trade unions in the USA and Canada. Therefore, there was no collective bargaining.





**Unions by country**

**Chile**

- Arauco Union
- Constitution Union
- Licancel Union
- MAPA Union
- Nueva Aldea Union
- Valdivia Union
- Union 1
- Union 2
- GB Union
- Vivero Union
- Cholguán Sawmill Union
- El Colorado Sawmill Union
- El Cruce Sawmill Union
- Nueva Aldea Sawmill Union
- HB Union
- Horcones I Union
- Horcones II Union
- Los Mallines Horcones Union
- MDF Union
- MTSA Union
- Valdivia Sawmill Union 1
- Viñales Sawmill Union 1
- Viñales Rema Union 1
- Valdivia Sawmill Union 2
- Viñales Rema Union 2
- Bioenergy Mill Union
- Cholguán Rema Union
- Valdivia Rema Union
- Teno Union
- Arauco Plywood Union
- Nueva Aldea Plywood Union
- Cholguán Rema Beams Union

**Argentina**

- Union of Wood Industry Unions of the Argentine Republic
- Paper Workers and Employees Union
- Argentine Federation of Chemical and Petrochemical Workers
- San Lorenzo Chemical and Petrochemical Industries Employees Union
- Argentine Union of Rural Workers and Stevedores

**Brasil**

- SOMPAR
- São José dos Pinhais Carpenters Union
- Jaguariaiva Timber, Furniture and Similar Industries Workers Union
- Paraná State Chemical and Pharmaceutical Workers Union
- Paraná State Timber Extraction Workers Union
- Ponta Grossa Carpenters, Sawmill and Wooden Furniture Workers Union
- Construction and Furniture Workers Union
- Aparecida do Taboado Rural Workers Union/MS

**México**

- Industrial Workers Union for the Guadiana Jose Ma. Pino Suárez Industrial Group
- National Union of Chemical, Pharmaceutical, Plastic Products and Similar Industries Workers



**Unionization**

	Number of unions	Unionized men	Unionized women	Percentage of the workforce
Chile	32	5,532	563	57%
Argentina	7	957	23	55%
Brazil	8	567	54	8% (although 100% are represented by the unions)
Mexico	2	334	7	44%
North America	0	0	0	-

EXCLUDES MONTES DEL PLATA.



A significant advance for the Timber and **Pulp divisions in Chile** was the automation of labor control. A system is now used that automatically uploads, reviews and consolidates documentation, then generates online reports.



The Labor Management Department was created in the Forestry division with the main objective of implementing labor and union relationships that comply with the expected engagement standard.

Subcontractor's performance evaluation was updated and will be implemented in 2023.



### Subcontractors

ARAUCO has approximately 945 subcontractors that employ 21,135 people. They mainly provide maintenance services and various other specialized services.

They are managed according to the company and service. This generally consists of monitoring mon-

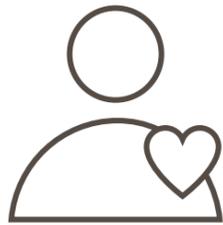
thly KPIs that measure services, debts and compliance with labor regulations.

ARAUCO expects these companies to comply with appropriate safety standards, to be highly qualified and productive, and to implement the best labor practices.

# 5.

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## COMMITMENT TO LOCAL COMMUNITIES



**Community, participation and discussions**

At ARAUCO, we aim to create formal, continuous opportunities for discussion with local communities and stakeholders, and we promote participation, as differing perceptions and expectations enrich our relationship with local communities.

We are also communicating with our neighbors to detect and minimize any potential negative impacts of our business and seek opportunities to increase our contribution to local development.

Our objective is to measure our reputation in Chile and understand our neighbors' assessment of their own communities both now and for the future. Therefore, ARAUCO has applied the Local Reputation Index in priority communities over the past 10 years and absorbed this information into its business management.

**Discussion groups**

Regular meetings are held to address socio-environmental issues facing the business, local and productive development projects and other aspects of interest to local communities. They involve industrial plants and forestry neighbors and some of them included public and private institutions, municipalities, businesses and local organizations.

For example, discussion groups in Chile include the Biobío - Ñuble and Arauco artisanal fishing discussion group, the Ñuble health discussion group, the Trehuaco and Nueva Aldea water supply and sewerage solutions, the Laraquete and Arauco discussion group, the Arauco water discus-

sion group, the "Cerro López" discussion group in the Los Lagos district, and the Underdeveloped Areas Rural Development Corporation South Valdivia discussion group.

We conducted

**265**

local community consultations and

**1,018**

neighbors of Chilean properties responded.

**Community consultations and participatory commitment monitoring**

We aim to implement mechanisms that help us to plan our socio-environmental objectives, by identifying the impacts of the forestry business and preventing or mitigating them together with the local community. Participatory monitoring ensures that our business is conducted in a manner that respects the agreements reached with various communities through a community consultation process.

We conducted 265 local community consultations during 2022 and 1,018 neighbors of Chilean properties responded.

**COMMITMENT TO LOCAL COMMUNITIES**

At ARAUCO we contribute to the development of local communities using an engagement model and programs that generate shared value.

We implement programs based on discussion and participation, with high standards of excellence that create long-term benefits. Building local capabilities and alliances contributes to local well-being, development and sustainability.

We also prioritize initiatives benefiting a large number of people that depend on the circumstances in each country, and we support local development by generating engagement opportunities that build honest and direct discussions with significant stakeholders.

During the year 2022, we implemented programs with an expenditure of USD 11 million.

**USD 11**

11 million invested in

**+50**

programs worldwide

01 A SUSTAINABLE WORLD IS MADE OF WOOD

02 RENEWABLES FOR A BETTER LIFE

03 CLIMATE COMMITMENT

04 NEW LOCAL CAPABILITIES

05 COMMITMENT TO LOCAL COMMUNITIES

06 COMMITTED TO ENVIRONMENTAL CHALLENGES

07 FINANCIALS

08 INDEX OF CONTENTS





**Open houses**

Opportunities for information and community engagement. Their objective is to arrange direct discussions with neighbors of our forestry and industrial businesses, to learn about their interests and meet their requirements. They support communication with ARAUCO's local programs, projects and initiatives.

**+4,630**

people participated in 2022.



**General annual mill shutdown**

This has a significant local economic impact, so requires participation and discussion, where work is planned and coordinated with municipalities, chambers of commerce and of tourism, and other local groups.

**Forestry discussion groups and the Risk and Disaster Management Committee**

ARAUCO regularly participates along with other public and private actors in regional forestry discussion groups and in various regional and communal Risk and Disaster Management Committees (COGRID), who address fire prevention issues and emergency preparedness. For example, the Maule Forest Fire Prevention Group, the Ñuble Regional Risk and Disaster Management Committee and the community emergency groups in Constitución, Licantén and Ranquil.



**CHILE**

**ARAUCO EDUCATIONAL FOUNDATION**

Our task is to strengthen the practical abilities of leaders and teachers, as central players in educational change. Their training has a positive impact on how well their students learn.

Over the past 32 years, we have supported

**34** municipalities

/ trained

**+5,730**

teachers / supported

**+659**

schools / and benefited

**+120,148**

children.

**Our programs in 2022**

Network of libraries and mobile libraries in

**19** municipalities.

Orchestra network that encompasses

**150**

sponsored children. We held our second event in Constitución and supported the Cifan Orchestra tour.

Integrated method to learn early reading and writing, where

**198**

first grade teachers participated from

**63**

schools in

**16**

municipalities.



**PSR (Positive School Record)**

Challenge, which is a public-private initiative between the ARAUCO Educational Foundation in alliance with the Advanced Educational Research Center at the Universidad de Chile and the Southern Andalién Local Education Service. It contributed to the development of **160 directors**, teachers and education professionals working in **62 schools**, kindergartens, elementary schools and high schools, to promote positive school records for **13,600 students**.

We strengthened school leadership practices at 9 schools in Curanilahue and 14 in Arauco, which benefited 177 management professionals.

The Puente Lector Initiative has connected us with schools and their leaders to improve reading comprehension, and to foster a culture of greater collaboration and distributed leadership.

**Our impact on local development**

ARAUCO's local sustainable development projects represent an opportunity to contribute to the UN Sustainable Development Goals (SDGs), as these form an important part of the Company's sustainability strategy.

**EDUCATION**

Education has a transforming power in society as it drives development, and we are determined to continue improving its quality, through programs at schools and technical colleges.



CHILE

COLLEGES OF EXCELLENCE

ARAUCO has created three schools since 1981 in Arauco, Constitución and Cholguán.

+1,200

students trained each year

2 schools among the 100 best schools according to PAES 2022.

Arauco school achieved second place in the Biobío region and 51st in the country according to PAES 2022.

Constitución school achieved first place in the Maule region and 53rd in the country according to PAES 2022 One national score and first place weighted regional score.



CAMPUS ARAUCO

A professional institute in Arauco municipality, which was created by an alliance between DUOC UC and ARAUCO, to strengthen technical training and connect education with practical training in the workplace, for subjects related to the productive vocation of the region.

8 courses, where three are dual

288

students enrolled in 2022

650

trained and graduated to date.

STRENGTHENING EDUCATION AT SAN LUIS DE ALBA DE MARIQUINA HIGH SCHOOL

We arranged the second Tutoring Program, which strengthens practical learning for the industrial mechanics faculty students at the San Luis de Alba de Mariquina High School.

45 students completed their internships, comprised of 26 eleventh grade students and 19 de cuarto año medio- realizaron pasantitwelfth grade students. They were supported by professionals from the mill who had been trained as tutors.

ARGENTINA

GREEN CLUB

This club focuses on elementary school children, and together with schools and municipalities, it arranges activities that encourage children to care for the natural environment.

105

workshops

35

elementary schools

1,854

children.

YOUNG PEOPLE AND SUSTAINABILITY

This program is aimed at high school students and adolescents who are neither working nor studying. We encourage them to develop projects that care for the environment. During 2022, we conducted 42 workshops in 10 secondary schools and four groups of unemployed young people from employment offices in the Misiones province.

331 high school students / 74 unemployed young people.

BRAZIL

CONTINUAL TEACHER TRAINING

We aim to improve the Basic Education Development Index (IDEB) for elementary school grades in ARAUCO's principal municipalities in Brazil.

+20.000

teachers have participated since 2006.

USA

ACADEMIES OF CENTRAL ARKANSAS

An event to introduce high school students to relevant job opportunities when they graduate. ARAUCO explained to these young people who we are, what we offer, and what jobs will be available in the future.

BOYS & GIRLS CLUB OF ALBANY

We arrange educational activities in a fun, safe and supervised environment for those children who need it most. The objective is to provide techniques to develop their self-esteem and the qualities required to be responsible citizens. We participated in the program as volunteers and as sponsors in 2022.

URUGUAY

ENGLISH FOR EVERYONE

These are scholarships for students at the Conchillas High School to learn English. The initiative was promoted by Montes del Plata along with this local high school and the Anglo-Uruguayan Cultural Institute.

**ENVIRONMENTAL MONITORS NETWORK**

We involve the community in environmental monitoring within our pulp mill management. We have strengthened the relationship with local communities, due to participation by 300 people.



**OPEN FOREST**

The Company opened some of its forests to develop community-driven activities in 2021, based on participation and discussion. The aim is for neighbors to enjoy the environmental, social and cultural values of forests, while encouraging them to protect and conserve nature.

**+43,900**

people participated in the program.

During 2022, **363 houses** under construction in the Curanilahue municipality / 6 projects at different stages of design and construction totaling **+1,200 houses / +500** people interested in the Laraquete project, Arauco / New public-private alliance with the Regional Government of Los Ríos and Biobío for land sales with future housing potential / Putu project in Constitución has received permission to build. Construction of **60 rural houses** was approved under Supreme Decree 10 issued by the Ministry of Housing and Urban Development / Industrialization processes in housing construction made progress.

As the number of squatters illegally occupying houses in Arauco province is exploding, intermediate solutions have been coordinated with Los Alamos, Arauco and Lebu municipalities for 240 families who are now waiting for permanent housing.

**NUEVA ALDEA INDUSTRIAL FORESTRY COMPLEX ENVIRONMENTAL PROGRAM**

We are building environmental connections with the communities that surround our industrial complexes, to develop a common agenda. During 2022, schools in the Ránqui community visited the Nueva Aldea Industrial Forestry Complex. We commemorated Environment Day with activities at the Virginio Arias de Ñipas High School and participated in community and regional discussion groups.

**CHILE**

**HOUSING AND TERRITORIAL PROGRAM**

We create high-standard housing solutions for ARAUCO's employees, subcontractors and neighboring communities. We coordinate with public and private organizations and actively collaborate with national, regional and local authorities.

**12** years experience

**15** projects completed and delivered

**2,460** houses delivered to date

**+2,400** families benefited



**ENVIRONMENT AND QUALITY OF LIFE**

We are committed to protecting the environment and nature, which drives us to develop initiatives together with local communities to reduce the impact of human society. Furthermore, we want all our neighbors to improve their quality of life.





**ONCOL PARK, PRESERVING THE VALDIVIAN RAINFOREST**

We have developed this regional outreach and environmental education initiative, which has become an example of engagement and a conservation benchmark in the Los Ríos region. We have created business opportunities for our neighbors in this region, who sell local products and protect nature to support their socio-emotional wellbeing.

**+20,000**

people visited the Oncol Park

**+300**

children learned about the forest and protecting it at Oncol Aula Viva

**+9**

localities supported when requesting public investment funds, with **Ch\$20 million** awarded.



**REDUCTION OF PARTICULATE MATTER IN LARAQUETE**

We cooperated with neighborhood councils and the Arauco Municipality to secure benefits for 100 families in Laraquete, who mostly comprise senior citizens, by replacing their heaters with more efficient equipment that reduce particulate matter emissions.



**ECOSYSTEM STUDIES PROGRAM IN ARAUCO BAY (PREGA)**

This program builds knowledge through scientific research in Arauco Bay. It uses this knowledge to create opportunities for education and collaboration with local communities on environmental issues.

Such as, the Carampangue wetland was declared a Nature Sanctuary in 2022. The Ecosystem Studies Program in Arauco Bay (PREGA) provided important information for decision-making to define the polygon and ecological information for the conservation targets in this area.

**PEÑA DORADA NEIGHBORHOOD CENTER**

The Peña Dorada Neighborhood Center was inaugurated in 2022, which is at the foot of Villa Altos Los Padres and adjacent to the Juan Pablo II neighborhood in the Arauco municipality.

It was built with an investment of more than Ch\$740 million and was the first of 13 community centers chosen along with the community during the citizen participation process associated with the MAPA project.

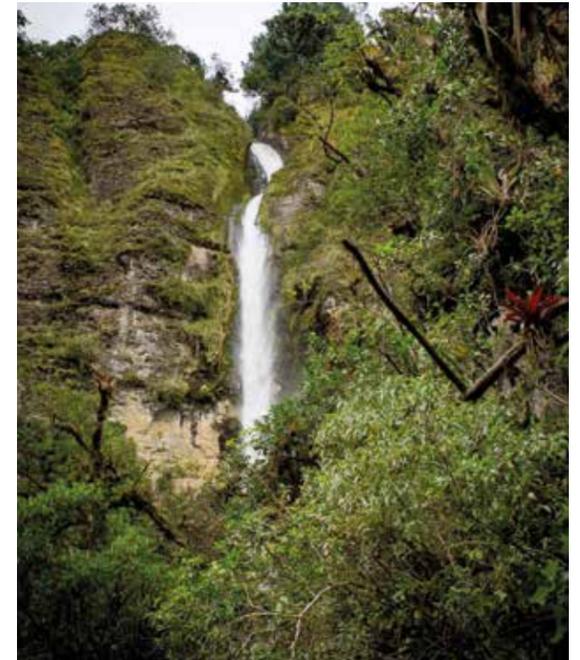
This neighborhood center took more than five years to complete and it will now be used for sports, recreational and cultural activities, as it includes a roofed sports pitch, offices, a digital literacy room, dressing rooms and a kitchen. An interesting fact is that this center was jointly designed with the local community.



**BRAZIL**

**ECOTOURISM SENGÉS, PR**

A cooperation agreement between ARAUCO, the Sengés Mayor’s Office, the Municipal Tourism Council and Sengés Environmental Monitors Association provided guided tours of ARAUCO’s properties: Cachoeira da Erva-doce and PNHR (Private Natural Heritage Reserve) Vale do Corisco.



**USA**

**AND-SON REFORESTATION**

**+15,000**

trees planted in areas where wood chips were used.

**ARGENTINA**

**FORESTRY VAN**

Our traveling van toured northern Misiones Province and explained the importance of finding a balance between conservation and forestry production.

**27** trips by the Forestry Van to eight locations in Misiones and two other provinces / **6,784** visitors between July and December.

**“CARPA CUIDARNOS+” (OUR PROTECTION TENT)**

We supported the prevention of COVID-19, dengue and other viral diseases in vulnerable populations and communities, in partnership with the health services, who vaccinated against coronavirus and completed school vaccination schedules. We provided protection kits, masks and hand sanitizer.

**14** “Carpa Cuidarnos+” trips to four localities in northern Misiones Province

**2,815** people protected between February and November.

**VISITS TO THE SAN JORGE RESERVE**

Guided tours with an initial presentation of ARAUCO’s native forests.

**5** visits were arranged for **25** people, due to biosafety issues.

**LOS RÍOS MILL ENVIRONMENTAL PLAN**

We aim to improve human development and collaboration between local communities and industry. More than 1,200 people from Rucaco, Estación Mariquina and Huifco have seen their quality of life improve as a result of improvements to their homes, roads, drinking water, and other services.

**51** houses improved in Rucaco / New pitch for the Ferro Mariquina Sports Club / **26** firefighters from Mariquina received Hazmat training / **+Ch\$9** million invested in Rucaco APR improvement / **+Ch\$15** million invested in Estación Mariquina APR improvement.

**ZERO EMISSIONS FOR VALDIVIA**

Valdivia is the capital of the Los Ríos region, and this project made it the first city in Chile to measure its carbon footprint, with the aim of achieving neutral greenhouse gas (GHG) emissions. This information will ensure good decision-making as it gradually becomes a carbon neutral city. ARAUCO is a member of the Sustainable Valdivia Consortium that led this project, which it joined to share the knowledge and experience it had acquired while becoming the first forestry company worldwide to become carbon neutral.





CHILE

WILD PANTRY PROGRAM

This program aims to demonstrate the value of forests by providing beekeepers and harvesters secure access to ARAUCO's forestry properties, to develop businesses with a cultural identity, and support their productive and entrepreneurial capacities.



+80 beekeepers and harvesters / 14 actions plans implemented totaling Ch\$17.2 million / 8 productive empowerment projects / 10 women completed a gastronomic internship at the Universidad Católica de la Santísima Concepción (UCSC) / 23 women trained in gender perspectives for entrepreneurship / Ch\$24.5 million leveraged for digitalization and marketing.



PRODUCTIVE DEVELOPMENT AND SOCIAL ENTREPRENEURSHIP

ARAUCO's objective is to expand opportunities for entrepreneurship, employment and development.





**WINEMAKERS PROGRAM**

Our relationship with grape farmers and winemakers in the Itata Valley began more than 16 years ago, where we have created support programs that address areas such as production, technical support through the Cucha Cucha Seminar and marketing.

Bulk wine collaboratively produced by these winemakers increased by 300,000 liters in 2022, resulting in sales of over Ch\$60 million.

Around 30 winemakers from 6 communities in the Itata Valley produced more than 160 different wines, and achieved sales of Ch\$32.5 million through the Alma del Itata store in 2022. We arranged a Technical Seminar, where Itata Valley winemakers met to discuss various topics ranging from grape growing, wine production, winemaking technology, and in recent years sustainable grape growing and wine tourism.



**#JuegaLocal**  
arauco

**"JUEGA LOCAL" (PLAY LOCAL)**

We aim to strengthen local trade and connect it with our business requirements for goods and services, which strengthens our value chain. The 2022 strategy was based on three principles: Local Purchase, Local Store and Local Lodgings.

We increased purchases from national SMEs by **21%** and purchases from local SMEs in the same region by **9.5%**.

**25** local SMEs were awarded framework contracts with ARAUCO.



**HORCONES AGRICULTURAL PROGRAM**

We created economic development opportunities for small-scale farmers with a training plan to build capacity, a competitive investment fund for productive empowerment and by managing industrial marketing networks.

**97** beekeeping, poultry, horticulture, agro-processing and dairy projects / **12 training** workshops for agro-ecological horticultural suppliers / **20 technical field visits** providing tailored support / Constitution of Horticultores Arauco SpA / **2 field visits** by SODEXO and the sustainability unit to users' production units.

**ARGENTINA**

**SUSTAINABLE BEEKEEPING PROGRAM**

We invited neighbors to install their beehives and produce honey inside the company's properties.

**4**

**beekeepers** joined the program.

**USA**

**ALBANY CHAMBER OF COMMERCE**

This initiative channels growth, builds connections and convenes leaders. We sponsored three events. River Rhythms, Art and Air Festival and Night Glow.

**URUGUAY**

**ALLIANCES TO GROW TOGETHER**

The Alliances program integrates forestry with other activities, through agreements with producers who diversify their production within forests or share the forest. Trees are used by livestock for shade and shelter, they are a refuge and food source for bees, and neighbors collect mushrooms that grow naturally in the forest.



## MAPUCHE ENGAGEMENT



Indigenous peoples deserve deep respect as they preserve a living and dynamic culture. ARAUCO promotes mutual knowledge, participation channels, continual discussion, and drives engagement with our neighbors by building long-term trusting relationships that open up roads to mutual development.

We established a Mapuche Engagement Policy in 2012, which laid the foundations for engaging with neighboring communities based on five commitments. Five years later, we created the Mapuche

Advisory Council. This is a confidential high-level body, which together with other regional stakeholders addresses contingent and strategic issues relating to Mapuche communities.

We developed the Künü project together with the Mapuche Advisory Council and leadership from the Loncoche Mapuche Communities Association. This is a ceremonial project that honors parliaments and the tradition of discussion. It is located in Loncoche as a gateway to Mapuche territory, and it was designed by Elemental. The Künü values the tradition of parliaments as a building and as a process.

The Mapuche program contains a special engagement policy that designs and implements development and shared value experiences

with over 375 communities linked to ARAUCO. Various initiatives are being developed under the auspices of the Mapuche Advisory Council.

Another initiative that contributes to the daily management of Mapuche communities is the Wild Pantry Program, which provides support to small landowners collecting non-wood forestry products.

But that is not everything. ARAUCO's engagement involves several initiatives that support communities, but also strengthens its relationship with the Mapuche people through mutual understanding and the search

for outcomes that benefit both parties. Therefore, the Company developed a training program for employees and contractors, to improve their understanding and bonding.

Since 2012, our Mapuche Employment Stimulus Policy has promoted their employment.

### 5 principles of the Mapuche Program

#### PROMOTE AWARENESS AND LEARNING ABOUT ARAUCO

+160 people trained in the Intercultural Training Program.

#### CONTINUALLY DISCUSS AND CONSULT

375 mapuche communities linked to ARAUCO / we have conducted more than 250 mapuche consultations since 2013, and we have created a mechanism to stimulate local mapuche employment and recruited 95 of them.



#### IDENTIFY SITES WITH RELIGIOUS, CULTURAL AND ECONOMIC VALUE

51 areas with High Cultural Conservation Value, which we co-manage with local communities / we designed a Künü with the Association of Mapuche Communities of Loncoche, which recreates a traditional place for meetings and discussions, and promotes interculturality / Restoration within the Nahuelbuta hills and significant watercourses for local communities.

#### UNDERSTAND AND MANAGE LAND REQUIREMENTS

+5,000 hectares (12,355 acres) transferred to communities via Conadi since 2014 / +9,000 hectares (12,355 acres) sold.

#### IDENTIFY DISCUSSION, CONSULTATION, DISPUTE MANAGEMENT AND DISPUTE RESOLUTION MECHANISMS.



#### **Native species for ceremonial sites**

During 2022, ARAUCO and the Lenco and Quiñilco indigenous communities initiated a participatory restoration process that will unify and protect three Mapuche ceremonial sites in the Arauco Bay Area: Mawida Las Peñas, Treng Mawida and Quebrada Mawida.

#### **hectares planted with native trees**

#### **Community consultation**

We have developed community consultation mechanisms with all the Mapuche communities that neighbor our forestry businesses. The purpose is to safeguard both the spirituality of their sacred sites and their cultural practices.

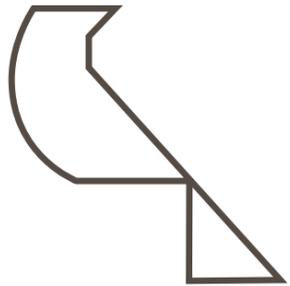
Chilean regulations require that project environmental impact assessments actively collaborate with the State of Chile when performing indigenous consultations within the framework of ILO Convention 169, which results in opportunities for collaboration, discussion and agreement.

We have a Complaints, Claims and Conflict Resolution procedure to resolve disputes with local communities and the Mapuche people. This procedure analyzes information and produces appropriate responses that consider all the significant interests.

Contracting the services of an intercultural facilitator has improved our understanding of these matters, particularly in disputes with Mapuche communities.

# 6.

## COMMITTED TO ENVIRONMENTAL CHALLENGES





## COMMITTED TO ENVIRONMENTAL CHALLENGES

AT ARAUCO, WE ARE AWARE OF OUR ROLE IN SUSTAINABLY DEVELOPING THE PLANET BY PRODUCING PRODUCTS FROM A NATURAL AND RENEWABLE RESOURCE SUCH AS WOOD.



We believe that impeccable environmental management is essential, due to the climate emergency facing humanity. We must adopt standards that ensure that our environmental performance continuously improves.

As the first forestry company to be certified carbon neutral, our sustainability strategy focuses on balancing responsible forestry management with sustainable production. Our operational management is closely linked to our local ecosystems, and is based on an integrated perspective and vision for the future.

ARAUCO will achieve these objectives by tackling the two sections of the Company's value chain. Firstly, we are responsible for managing forestry plantations and protecting ecosystems. Secondly, we are responsible for sustainably

producing various products, distributing them within the sales network and protecting our environment.

Our main milestones for 2022 included presenting our emission reduction targets for scopes 1, 2 and 3 of the Science Base Targets (SBT), which will contribute to achieving the overall goal of zero net emissions by 2030. We certified our carbon neutrality for 2020, with net capture of 7.2 million tons of CO<sub>2</sub>.

We aim to install an even more efficient data collection system in 2023, which will enable us to achieve the Company's decarbonization targets.

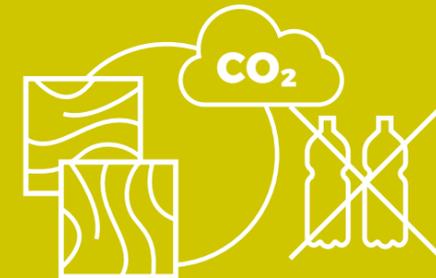
In particular, ARAUCO did not receive any sanctions from the Superintendency of the Environment during 2022.

Positive impact on the climate by our forests and **carbon footprint\*** reductions



Our forests remove  
**-6.7**  
million tons CO<sub>2</sub>\*\*

Our products store  
**5**  
million tons of CO<sub>2</sub>



Our emissions equate to  
**4.5**  
million tons of CO<sub>2</sub>\*\*\*

We have a positive balance of  
**-7,2**  
million tons of CO<sub>2</sub>

\* Negative values indicate net removal of CO<sub>2</sub> from the atmosphere. Calculated by PWC, based on the carbon neutrality protocol certified by Deloitte.

\*\* The carbon captured by our plantations includes native forest conservation sinks, post-harvest forest soil and forest plantation inventories.

\*\*\* Our 2020 carbon emissions include scopes 1, 2 and 3, plus wildfires within our properties. All emissions under the three scopes are certified by AENOR.

## Carbon footprint

### Our business offers solutions to the climate crisis

Our businesses are based on renewable raw materials and sustainable forestry management, which contribute to climate action.



Our goal is to reduce CO<sub>2</sub> by

**1 MILLION**

tons by 2030.

Tons CO <sub>2</sub> eq	2019*	2020	2021
Scope 1	1,240,267	1,276,321	1,284,524
Scope 2	486,647	420,932	390,319
Scope 3	2,732,931	2,388,617	2,389,191

\* BASE YEAR FOR EMISSION REDUCTIONS.

## Sustainable forestry management



Our forests are sustainably managed to ensure that forests maintain their biodiversity, productivity, regeneration capacity and vitality.

We also use an integrated vision of the landscape to develop a plan that combines economic, social and environmental aspects.



Our forests and plantations play a crucial role in the hydrological cycle, as they influence the quantity and quality of available water and

regulate surface and groundwater flows. They also help to reduce erosion and increase water retention from rainfall, which reduces runoff and increases infiltration into the ground.

Wood is not only a renewable resource, but also fulfills the vital function of capturing and storing CO<sub>2</sub>. At ARAUCO, responsible forestry management plays a vital role in sustainably developing the planet.

We recognize the importance of our forests, adopt responsible forest management practices and comply with the highest international environmental, social and economic standards.

We have developed a strategy to generate specific initiatives that maintain the ecosystemic balance. Its top priorities are soil care, ecological conservation and restoration, and sustainable water use. This commitment was recognized in Chile during 2022, with the Sustainable Forestry Management Recertification award (CERTFOR).

We add social and environmental value to our forests, by prioritizing ecosystem services, discussing and participating, and by encouraging economic and social development that creates opportunities for our local communities.

Our objectives for 2023 include recertifying forestry management in all our systems and standards, and extending certification to the ecosystem services that are still pending. We expect to continue the Protected Productive Landscape program, which strengthens alliances in Argentina and Chile, and we expect to participate in the Argentine and Latin American Forestry Congress.

**97.2%**

of our forests are FSC® and/or PEFC® certified



### Distribution of forestry properties and certification coverage as of December 31, 2022

Country	Area	Certification coverage	Details of local landscapes and protected areas consisting of remnants of native ecosystems, such as scrublands and native forests within the Company's properties
<b>Chile</b>	1,012,066 hectares (2,500,869.6 acres), where 605,795 (1,496,952 acres) hectares are productive forest plantations.	FSC® and PEFC certificates for 1,006,124 hectares (2,486,186.1 acres).	Protected areas total 283,190 hectares (699,777.7 acres).
<b>Argentina</b>	264,334 hectares (653,183.5 acres), where 139,665 (345,119.7 acres) hectares are productive forest plantations.	FSC® and PEFC certificates for 262,607 hectares (648,916 acres).	Protected areas total 119,481 hectares (295,243.9 acres).
<b>Brazil</b>	242,032 hectares (598,074.1 acres), where 128,942 hectares (318,622.6 acres) are productive forest plantations.	FSC® and PEFC certificates for 203,456 hectares (502,750.7 acres).	Protected areas total 83,982 hectares (207,524 acres).
<b>Uruguay</b>	137,891 hectares (340,736.1 acres), where 87,761 (216,862.2 acres) hectares are productive forest plantations.	FSC® and PEFC certificates for 137,000 hectares (338,534.4 acres).	Protected areas total 4,930 hectares (12,182.3 acres).



1,100

inhabitants of

145

communities in

33

municipalities in the **states of Mato Grosso do Sul, Paraná, Santa Catarina and São Paulo** in Brazil joined the Good Neighbor Program, which aims to expand discussions with ARAUCO.



The Company is addressing the operational impacts of forest management in Brazil, while in its natural forests it conducts research, monitoring and protection against illegal activities such as hunting and fishing, and the prevention of forest fires.

En noviembre, el Consejo Directivo de FSC® visitó parte del patrimonio de Arauco Argentina con el propósito de conocer la gestión de nuestros bosques nativos y forestaciones. Además, se informaron sobre el trabajo articulado entre organizaciones del sector público, académico y privado, para la implementación de diferentes estrategias en materia de conservación de biodiversidad y de sus servicios ecosistémicos asociados.

ARAUCO, the Sengés Municipality, the Municipal Tourism Council and the Sengés Environmental Monitors Association (AMAS) in Brazil culminated their cooperation with the launch of guided tours of the tourist attractions in the Company's forests, which are Cachoeira Erva-Doce and PNHR (Private Natural Heritage Reserve) Vale do Corisco.



The Company participates in the “Diálogo Forestal” (Forestry Discussion Group) in Chile, Argentina and Brazil, which brings together forestry companies, non-governmental organizations, universities and other interested parties, with the aim of promoting effective measures associated with forestry production, expanding environmental conservation and restoration, and generating benefits for society in general. The purpose is continuous improvement. So we have developed a Monitoring and Evaluation System particularly for our forests, which helps us to develop specific action plans.

Misiones province in Argentina joined the “Campo Limpio” (Clean Countryside) system as a result of being aware of the environment. This system recovers empty phytosanitary containers used in agriculture.

The National Council of Scientific and Technical Research (Conicet), the Institute of Subtropical Biology (IBS-UNAM) and the Atlantic Forest Research Center (CeIBA) are researching the behavior and feeding habits of Tufted capuchins.

SIGNIFICANT 2020 EVENTS



WE WANT TO BE THE PROTAGONISTS OF GOOD DEVELOPMENT BY INCORPORATING LOCAL PERSPECTIVES.



### Protected Productive Landscapes (PPL)

We implemented our forest management model called Protected Productive Landscapes (PPL) in 2022, which multiplies the value enhancement of our properties by preserving traditions and local identity, building alliances with local stakeholders, and transforming ourselves into a company that creates economic, environmental and social wellbeing for our local communities now and into the future. This means that forest management can be planned with an integrated perspective of the landscape that combines economic, social and environmental aspects.

PPL aim to adopt a local perspective of the challen-

ges in each place, and aim to become protagonists of good local development from a productive point of view. The 2022 annual meeting of the Protected Productive Landscapes Network was held in Puerto Iguazú, Argentina, and it was organized by ARAUCO together with the Pro-Yungas Foundation. It was attended by more than 50 representatives from the citrus, sugarcane, forestry, livestock and “yerba mate” (herbal tea) sectors, together with civil society organizations.

The objective for 2023 is to consolidate PPL management, continue to train teams, monitor the socio-environmental plans for each landscape, and develop indicators to effectively measure the progress of this forest planning strategy.



### Protection and value enhancement of native forests

At ARAUCO, we are committed to protecting native forests in our ecosystems. Therefore, we have a program that is guided by our Biodiversity and Ecosystem Services Policy and deployed mainly through participation with local communities, while focusing on maximizing the environmental and social contribution of our native forests.

In the future, we want to increase the size of our native forests and to protect endangered species and critical biodiversity sectors, as they are very important for local communities.

Some of these forests are managed as private parks open to the public, some as High Conservation Value Areas (HCVA) and others as protected areas. These sectors are identified on maps and any intervention that could damage them is avoided.

HCVAs are areas within ARAUCO's forestry properties that contain significant environmental and social features. The Company has HCVAs covering 133,000 hectares (328,650.2 acres) of forests. 166 of these HCVAs have environmental features and 22 have social features, which are sites of interest to indigenous peoples for their flora and fauna resources.

30%

of our forests are native forests and protected areas.

491,584

(1,214,730.5 acres)

hectares of native forest preserved for future generations.

150,340

native trees planted in Chile and Argentina.

11,662

(28,817.4 acres)

hectares are being restored.

**Native Forest and High Conservation Value Areas**

 Biological
  Social
  Cultural or religious

	Chile	Argentina	Brazil
Native forest area (in hectares)	283,190 (699,777.7 acres)	119,481 (295,243.9 acres)	83,982 (207,524 acres)
Native forest as a percentage of total forest	28%	45%	35%
Number of HCVA's	 35	16	8
	 19	22	0
	 51	10	7*
Hectares of HCVA's	 59,343 (146,639.8 acres)	64,704 (159,887.1 acres)	8,965 (22,153 acres)



\* TWO HCVA'S HAVE BOTH ENVIRONMENTAL AND SOCIAL FEATURES, WHICH ARE GRUTA DO PINHALZINHO - HCVA 01, 03 AND 06, AND PNHR VALE DO CORISCO - HCVA 01, 03 AND 06). EXCLUDES MONTES DEL PLATA.



**The FSC® Forest Management certificate** was extended to the Ecosystem Services for Oncol Park in Chile, in the Tourism, Recreation and Watching categories.

The Company is participating in a socio-environmental restoration project on third-party land in the **Empedrado municipality** in Chile, together with the organization New Generation Plantation Technical Assistance (NGPTA).

The Company participated in the National Restoration Advisory Council in Chile.

ARAUCO became involved in the **Name community** discussion group, which aims to restore the Name swamp and hill in Chile.

The Company collaborated with the **Biobío regional Conaf (National Forestry Corporation)** in Chile on fire prevention in Nonguén National Park with a participatory firebreak design.

A study was conducted in Brazil to determine the fragmentation and connectivity status of native forest vegetation in ARAUCO's conservation areas.



FSC® certification is being implemented for ecosystem services in Brazil, which will reinforce protection and conservation efforts.

**The active and passive native forest restoration plan** in Argentina began 16 years ago and manages

**3,300**

hectares (7,413.7 acres) associated with protecting water basins and other critical or sensitive areas, such as steep slopes, cliffs, watercourses and biological corridors that avoid landscape fragmentation.

Three Guaraní communities at Puerto Iguazú in Argentina are helping to restore

**600 hectares of degraded forest (1,482.6 acres).**

Two new HCVA's were identified in RC, both in the **Isla Victoria** property.

**5,679**

**native plants** were donated to educational institutions, public agencies and planted on Company property.

SIGNIFICANT 2020 EVENTS

### Biodiversity monitoring

At ARAUCO, protecting and conserving biodiversity is an integral part of our forestry management and in 2003 we publicly announced a voluntary commitment not to substitute native forest and not to encourage substitution by third parties. This has led us to develop protocols and policies that ensure we effectively conserve our native forests.

Plantations are managed under a certified forest management scheme that prioritizes soil conservation, biodiversity conservation and improvement, ecosystem balance and water protection. We ensure that our plantations grow by more than we harvest, which leaves a suitable environment for most species to occupy, in an integrated landscape that supports biodiversity, ecosystem services and produces the financial revenue required to sustainably manage our forests and our neighboring communities.

An important commitment within our Company's biodiversity and ecosystem services management is to ensure that native and protected vegetation areas within our forests are conserved and connected by protection zones around watercourses. We know that these native forests are the repositories of central Chile's biodiversity and our plantations form a buffer zone for them.

ARAUCO monitors and investigates the status of native flora and fauna in High Conservation Value Areas, to detect any potential threats and activate protection plans. The main challenge is to maintain and improve existing biodiversity.

We announced we would measure our natural capital in 2022 with the aim of becoming a Natural Net Positive company, aligned with our Native Forest Restoration and Conservation Plan and our biodiversity monitoring. This objective will be achieved by mapping native species based on state-of-the-art hyper-spectral imagery. These initiatives have helped us to develop an action plan to improve biodiversity, habitats for species and landscape values, accompanied by science-based solutions and ongoing research programs.

142

species of flora and fauna are being monitored and protected.

Biodiversity and Ecosystems Services Policy.

1,220

specimens of species in the IUCN Red List and on National Conservation Lists have been sighted on ARAUCO's properties.



ARAUCO  
ARGENTINA

### Marsh Project: a species has been reintroduced into its natural habitat



Nine adult Marsh Deer were captured on the Company's properties between late 2021 and mid-2022 and equipped with satellite radio collars, with the participation of ARAUCO staff and professionals from the National Council for Scientific and Technical Research (Conicet) and the National Institute of Agricultural Technology (INTA).

The only pre-release pen in the Paraná Delta region was used to observe the deer at the highly complex veterinary hospital run by the Temaikén Foundation. The program began in 2015, and since then six deer have been recovered and released, named Yasí, Valiente, Alem, Ñaró, Primavera and Aukán.

Since 2014, another 200 specimens of other native fauna have been reintroduced into their natural habitat after passing through the Temaikén Foundation's recovery program. Eight animals were released in 2022, which were a neotropical otter (*Lontra longicaudis*); two toadhead turtles (*Phrynops hilarii*); a golden-billed saltator (*Saltator aurantiirostris*); three ultramarine grosbeaks (*Passerina brissonii*) and a capybara (*Hydrochoerus hydrochaeris*).

**Species in the IUCN Red List and in National Conservation Lists that have been sighted on ARAUCO's properties**

● Fauna ● Flora

	Chile		Argentina		Brazil		total
Critically endangered	13	7	-	1	5	1	27
Endangered	45	21	3	3	8	13	93
Vulnerable	40	16	31	-	28	15	130
Near threatened	1	0	18	2	32	10	63
Least concern	1	4	50	-	545	291	891
Provincial protection	-	-	9	7	-	-	16
<b>TOTAL</b>	<b>100</b>	<b>48</b>	<b>111</b>	<b>13</b>	<b>618</b>	<b>330</b>	<b>1,220</b>

EXCLUDES MONTES DEL PLATA.

We are monitoring native flora and fauna in Chile and performing an **integrated diagnosis of biodiversity management** within the company's forestry properties, to improve our species conservation systems.

Darwin's fox is being jointly monitored in Chile with Dr. Dario Moreira (Universidad Austral de Chile) and Dr. Javier Cabello (Chiloé Silvestre), to organize the monitoring techniques using camera traps at the northern and southern limits of its distribution. A combination of non-invasive monitoring methods will be used, such as camera traps, feces sampling and footprints. These techniques have frequently been used to study elusive or rare species with low densities, such as many native carnivores. The objective is to evaluate the extent of Darwin's fox in its known and inferred range, to examine the spatial and temporal changes in Darwin's fox populations within its known and inferred range.

The conditions for flora and fauna in certain areas within **Argentina** is evaluated every year by specialized institutions.

Since 2018, jaguars have been monitored **in Misiones provinces and Marsh Deer in the Delta in Argentina.**

HCVA monitoring has continued in Brazil for flora, fauna, hunting, fishing and forest fires, regeneration and restoration. Biodiversity was assessed and monitored in all High Conservation Value Areas, and this will be extended to adjacent forestry plantations. They cover an area of 8,579.68 hectares (21,200.9 acres) that spans the states of Paraná and Mato Grosso do Sul.



Bird, mammal, reptile and amphibian species were surveyed and monitored, and flora planted six years ago in Brazil were measured.



SIGNIFICANT  
**2022**  
EVENTS



### Property protection and fire prevention

Climate change and the resulting global warming has increased the risk of forest fires, mainly due to a decrease in precipitation and an increase in the ambient temperature.

ARAUCO has designed a comprehensive Fire Prevention and Control strategy, and its main purpose is to protect rural-urban interface zones, where 42% of fires originate. Thus, the “No+ Incendios” (No More Fires) program protects plantations, forests, native fauna, infrastructure, industries, homes and people’s lives. It is based on Education and publication, Fuel management and Coordinated responses. This initiative recognizes that collaboration is fundamental, so it has been jointly implemented with other public and private institutions and organizations.

ARAUCO has been creating a structural network throughout the area by building fire barriers and fire control points by using protection belts in inhabited areas adjacent to plantations and industrial complexes, where a vegetation-free strips, firebreaks and buffer strips are maintained every year. These structures adjacent to roads are used in sectors where heritage protection is required, which reduce fire propagation and facilitate combat measures.

When alerts are issued as temperatures and winds are high and humidity is low, 140 high-occurrence routes are patrolled in close coordination with other companies and institutions. Emergency preparedness is encouraged within local communities and support is provided to community brigades and local firefighters.

Despite these measures, ARAUCO uses various resources at its disposal to reduce the size of fires and starts to fight them as soon as possible.

#### Community Fire Prevention Network

The Company believes that joining the Community Fire Prevention Network is extremely important. This organization links fire prevention initiatives within 366 local committees, where neighbors, authorities, CONAF, firefighters, the uniformed police and companies are connected to 77 communities in Chile.

**+USD 84**  
million was allocated to ARAUCO's Forest Fire Protection Plan.

### Forest Fire Protection Plan Resources

Resources	Chile	Argentina	Brazil	Total
Towers	138	26	19	183
Surveillance and prevention staff	167	15	102	284
Fire brigades	128	6	12	146
Number of firefighters and tower watchmen	1,569	50	96	1,715
Cargo trucks	85	9	20	114
Skidders	12	9	0	21
Airplanes	12	2	0	14
Helicopters	22	1	3	26
Support vehicles	4	22	17	43
<b>Total budget (USD millions)</b>	<b>70.5</b>	<b>5.0</b>	<b>9.0</b>	<b>84.5</b>



SIGNIFICANT 2022 EVENTS

**USD 84.5**  
million budget for Fire Prevention and Control.

Camera detection equipment was increased in Chile, to improve resource escalation through a better view of fires and to tailor dispatch protocols to the size of the incident. Fuel management was arranged within its properties, and protective structures were built that can support fire control.

**A heli-transport brigade was formed** in Chile, which will continue throughout the year to ensure this service is continuous, with the brigade supporting fire prevention initiatives during the winter months. Night fire brigades were increased to improve response times.

The Community Fire Prevention Network in Chile reported good performance: **50%** of these committees reported zero fires and **71%** reported that fires were decreasing. **Twenty-five** committees were formed.

Airstrip asphaltting was improved, detection points were increased, heli-pads were built, night response capacity was increased and radio communications systems in Chile were upgraded.

**266**

committees in the **Community Fire Prevention Network** in Chile continued to manage more than

**3,500**

measures in their environments with local support and fire protection belts.

Fire prevention in **Argentina** continues to focus on raising awareness among local residents. Improvements were made to early detection equipment, such as observation towers and posts, cameras, satellite tracking, patrols and neighborhood warnings; resources such as professional brigades, temporary brigades, water trucks, firechief trucks, fire engines, machinery; and aerial firefighting equipment, such as airplanes and helicopters.

A company that specializes in fighting forest fires was contracted in **Brazil**, which included helicopters for the critical fire season.



Towers were rebuilt, **24-hour** surveillance cameras were installed in Brazil and a forestry protection center was set up.

New fire trucks replaced old ones in the **Paraná region of Brazil**. Firefighting kits were also expanded.

Fire-fighting structures were increased in Mato Grosso do Sul in Brazil, the areas with the highest fire risk were mapped, and fuel management was intensified.

Firebreak maintenance was strengthened in Brazil, during the pre-forest fire season, as was the safety strip between neighbors and forest plantations, and the safety strips surrounding the MDF mills.

The maintenance of high-voltage line easement areas was increased in Brazil, as a measure to prevent the spread of fires. A program was launched to discuss fires with communities close to forests.



**Water management**

The current climate context has made sustainably managing water supplies important, as it is becoming scarce, to ensure that there is sufficient for flora, fauna and human development.

Forests and plantations are vital to the hydrological cycle, as they can retain moisture, reduce soil loss, regulate water temperature in riverbeds, promote osmosis and improve the quality of water resources to provide clearer drinking water.

ARAUCO has been implementing the Desafío Agua (Water Challenge) strategy for a decade in Chile. This program has already helped more than 50,000 people to develop Rural Drinking Water Projects (RDWP) in 38 municipalities using a collaborative approach with local communities and the authorities, by providing research, engineering designs and even land to develop small and large works, under public-private collaboration.

The Company has monitored water flows in forest water basins and developed methods to measure water flows close to our neighbors' catchment areas.

We have a responsibility to **597,567** neighbors who receive water from +1,000 catchment points in river basins we occupy.

**DESAFÍO AGUA (WATER CHALLENGE)**

**+50,000** people benefited in **38 municipalities.**



A representative sample was taken from **264 measurement points** throughout Chile, which captured information on **192 properties** associated with a sample of

**3,184**

**hectares (7867.8 acres) of forests.** Annual monitoring observes the changes in water flow during the summer.

The Water Resources Management Unit was created in Chile, to strengthen water management within the Company. This unit focuses on the Desafío Agua program and it monitors water catchments and legal compliance. It participates in technical discussion groups on public policies, such as the coastal wetlands project or the Strategic Water Management Plans at the Ministry of Public Works (MOPW) and the Chilean General Water Directorate (GWD).

In Chile, the Desafío Agua program contains 104 projects that have benefited more than 50,000 people following an investment of approximately

**USD 1.7** million to date.



**135**

**graduates** of the Water Monitors Training Program in Chile, and **300 individual solutions in 21 municipalities at a cost of**

**USD 150,000**

SIGNIFICANT

**20**

**22**

EVENTS



Thirty people benefited from the Water Source Protection Program in the Guaraní Aguay Poty community in Argentina.

Two springs requiring protection were surveyed in 2023, together with INTA Montecarlo and the Wildlife Foundation (WWF Argentina), which will benefit residents of Wanda, Misiones province.

Partnerships were created with civil organizations such as water cooperatives and water basin committees to protect water supplies that provide drinking water to the municipalities of Puerto Rico, Colonia Delicia, Colonia Wanda and Jardín América.

Hydrological monitoring continues in the states of Paraná and Mato Grosso do Sul in Brazil, so water quality and quantity can be compared between areas with different land uses, which will verify whether ARAUCO can influence local water resources.



### Soil management

**SOILS ARE GREAT CARBON RETAINERS AND CAN ABSORB WATER AND NUTRIENTS, THE BASIS FOR PLANTATION GROWTH AND SITE PRODUCTIVITY.**

Forest soils protect against erosion, due to root and leaf vegetative cover in plantations and native forests. Therefore, the Company avoids leaving harvested forest uncovered for long periods by preparing and establishing these sites. Organic matter is absorbed into the soil as the plantation grows, which helps degraded soil to recover.

The Company adopts the best silvicultural practices that prevent and mitigate significant impacts and conserve the soil's characteristics, which maintains or even improves productivity.

For example, the Hazardous and Non-Hazardous Waste Management Plan, which contains storage and disposal guidelines in Brazil. Waste is mainly generated during harvesting, silviculture and mechanical maintenance, when the soil and other solids are affected by split oil. When this occurs, they are reprocessed to separate the soil from the oil, which is reused.

Two pulp mills have applied alkaline additive as fertilizer during the last year, which has improved soil quality. This alkaline additive is produced from the waste recovery process at these mills, which improves the Company's circular economy.

**Special research projects conducted with external parties during 2022.**

CHILE

"Adapting to climate change within forestry". Universidad Austral de Chile.

Seed Capital Project with the National Center of Excellence for the Timber Industry, CENAMAD: "Evaluation of sediment production, hydraulic conductivity and soil fertility under various forest covers using sediment traps and infiltration measurements in Mediterranean climates".

"Improving forest water yield and productivity quantification at the catchment scale by mapping root depth and eco-physiological thresholds with remote sensing and water transfer modeling". Water Resources Center for Agriculture and Mining (CRHIAM). Universidad de Concepción.

"Mapping above-ground biomass in Chile's forests". University of California. Santa Bárbara.

"Development of a prototype native forest growth simulator to support decision making during climate change". Universidad Mayor.

"Silvicultural plantation system with coihue and raulí dominance". Universidad Católica de Temuco.

"Exploration of ichthyofauna and amphibians using environmental DNA in Caramávida". Ecogen.

"Citizen Science: Identification of environmental conditions conducive to the proliferation of edible fungi in stony forests". Acercaredes Foundation.

ARGENTINA

"Jaguar Project". Atlantic Forest Research Center.

"Marsh Deer". National Council of Scientific and Technical Research.

"Tufted capuchin". Atlantic Forest Research Center.

"Bush dog". Saint Louis Zoo-Wild Care Institute, Institute of Subtropical Biology.

"Post-harvest soil impact monitoring". National Institute of Agricultural Technology Castelar – AASA.

"Biodiversity monitoring in forestry plantations". National Council for Scientific and Technical Research (Conicet), Misiones Biology Institute and CeIBA.

"Monitoring with satellite trackers on Marsh Deer". Conicet-Marsh Project.

"Ecosystem services provided by insectivorous birds in wetland forests in northwestern Argentina". National Institute of Agricultural Technology Delta.



**Environmental research**

Scientific research helps us to understand the effect of forestry management on the environment. This knowledge helps us to continuously improve management practices and ensure that plantations have a positive impact on their location. Some of these impacts relate to water, biodiversity, carbon and soil.

ARAUCO encourages environmental research by scientists who use high quality information to identify risks, opportunities and synergies that increase our environmental contribution. The results are published to build knowledge about the Company's forestry practices. Everyone can then fully understand the Company's contribution to building knowledge, and the important role it plays in mitigating the effects of climate change, especially by capturing carbon from the atmosphere and transforming it into products that replace polluting alternatives. It also provides information on biodiversity conservation and on improvements ecosystem services for local communities.

The Environmental Scientific Council was formed in 2022 with the participation of Bioforest's research team and 11 researchers from X universities, to improve the integration of local academics into environmental research. The main objective of this Council is to improve collaboration between academics when addressing common problems.

The main research into environmental issues at ARAUCO in 2022 focused on: Soil conservation information; carbon cycles; climate change adaptation; conservation, restoration and monitoring of native vegetation; forest hydrology; integrated planning for ecosystem services and landscape biodiversity; conservation of native species and bio-indicators; and productivity models.



## Flawless industrial operation

ARAUCO recognizes that managing the environmental impact of its industrial processes is critical, so it focuses on monitoring, continuous improvement and compliance with regulations, especially with respect to odors, atmospheric emissions, and liquid and solid waste. Accordingly, a computer tool was launched at the pulp mills to optimize the monitoring and management of environmental requirements, regulations, permits and other matters.

We will achieve these objectives by establishing an environmental management and risk prevention culture that improves environmental standards by carefully planning throughout the organization and complying with operational environmental criteria. ARAUCO is concerned about educating its neighbors and its internal and external employees, with a focus on providing general information on environmental issues, encouraging practices that prevent incidents or deviations, identifying good practices

during operational and maintenance tasks and establishing an environmentally aware culture within our processing mills by involving our employees.

The foundations for managing the environmental impacts of industrial processes are described in the Environmental, Quality, Occupational Health and Safety Policy for the pulp and timber industries, which can be found on our corporate website [www.arauco.com](http://www.arauco.com).

The main challenges we will face in 2023 relate to water resource management and water supplies to pulp mills. These will be successfully addressed by developing short, medium and long-term measures to reduce water consumption and initiating R&D into new sources of supply. Accordingly, the pilot irrigation initiative using effluent from the Licancel Mill will continue, as will the initiative recirculating effluents back to the process.

The Company's goal is to produce zero waste by 2030, and it expects to recover 70% of all non-hazardous industrial waste at the Pulp division's mills by next year. It will create alternative uses for waste, such as ash, sludge and calcareous waste. The Timber business facilities expect to surpass their 2022 recovery rate, which reached 46.8% of all non-hazardous waste.

The Company expects to strengthen its environmental management that prevents atmospheric emissions during 2023 by promptly identifying any situations or changes that could emit TRS gases, or failures in particulate matter abatement systems.

**+USD 45**  
million in industrial  
environmental investment.

Three non-hazardous waste recovery centers have been added to the Pulp division's mills.

**+4,000**  
people trained in  
environmental issues in the  
Pulp and Timber divisions.

**Certificates**

**PULP**

*FSC® certified scope*

- Production and sale of bleached Kraft pulp from eucalyptus.
- Bleached and unbleached Kraft pulp ECF from pine and bleached soluble pulp ECF from eucalyptus.
- FSC® Mix and FSC® Controlled Wood by the credit system at the Arauco pulp mill, Constitución pulp mill, Licancel pulp mill, Valdivia pulp mill, Nueva Aldea pulp mill and commercial office in Santiago, Chile, including external storage services.

*PEFC certified scope*

- Bleached and unbleached Kraft pulp from radiata pine and bleached Kraft pulp from eucalyptus nitens, regnans and globulus.
- Constitución mill: unbleached pulp from radiata pine
- Licantel mill: unbleached Kraft pulp from radiata pine
- Valdivia mill: bleached Kraft pulp from radiata pine and pseudotsuga menziesii, bleached Kraft pulp from eucalyptus globulus and nitens and bleached soluble pulp from eucalyptus globulus and nitens.
- Nueva Aldea mill: bleached Kraft pulp from radiata pine and bleached Kraft pulp from eucalyptus nitens and globulus.

*ISO 90014001 certified scope*

- Arauco mill: bleached and unbleached Kraft pulp production
- Constitución mill: unbleached Kraft pulp production
- Licantel mill: unbleached Kraft pulp production
- Valdivia mill: bleached Kraft pulp production, design and development of pre-hydrolysis bleached Kraft soluble pulp production
- Nueva Aldea mill: bleached Kraft pulp production
- Argentina: Puerto Esperanza.

**TIMBER**

- All mills in Chile are FSC® and PEFC certified.
- In Argentina Sawmill Piray FSC® COC, MDF Piray CARB and Zárate FSC® chain of custody.
- All Brazilian panel units are certified under FSC® Chain of Custody, mixed credit.
- In Mexico, FSC® chain of custody certification FSC® -STD-40-004; FSC-STD-40-007 and FSC® -STD-50-001 V2-0.
- In North America, all mills are FSC®, ECC - Eco-certified Composite, TSCA VI/CARB/CANFER certified, with the exception of Biscoe, NC, which is FSC® only.



The strategic environmental management objectives in Argentina are to minimize environmental incidents and to recover non-industrial solid waste.

The EDR effluent treatment pilot mill was commissioned at the Valdivia Mill in Chile, under its water resources management strategy.

**424 m<sup>3</sup>**

of wastewater were reused as raw material in Araucária, Brazil.

An effluent treatment mill was implemented in Ponta Grossa, Brazil.

We developed on-site training for ongoing critical services companies associated with environmental issues at the pulp mills.

We developed interactive capsules on environmental topics for courses in 2023.

The environmental monitoring network at the Constitución mill in Chile was recognized at the National Wood Corporation (Corma) awards for its contribution to the community and the industry.

A technique was developed through collaboration between the Company and academia that promptly identifies the risk of natural strandings in the Arauco Bay, Chile.

Durango, Mexico was certified as still complying with FSC® standards.

An information collection request was received in North America under Section 114 of the U.S. Environmental Protection Agency to provide air quality data at our Grayling, Carolina and Duraflake facilities.

**2020 SIGNIFICANT EVENTS**



01 A SUSTAINABLE WORLD IS MADE OF WOOD

02 RENEWABLES FOR A BETTER LIFE

03 GLOBALLY COMMITTED

04 ONE ARAUCO

05 COMMITMENT TO LOCAL COMMUNITIES

06 COMMITTED TO ENVIRONMENTAL CHALLENGES

07 FINANCIALS

08 INDEX OF CONTENTS

### Environmental monitoring

All ARAUCO's facilities have environmental performance indicators, in order to environmentally monitor and manage these businesses. For example, indicators associated with their materials consumption, solid and liquid waste generation, water and energy consumption. All liquid effluents, atmospheric emissions and the quality of various matrices, such as air, soil and water, are monitored to ensure compliance with environmental commitments.

Both pulp plants and timber mills have environmental monitoring, surveillance and research programs, at the frequency set by the authority. These results and the information specifically required are submitted in accordance with the respective permits, which in Chile are Environmental Approval Resolutions.

ARAUCO has conducted some additional research to collect additional information, which has been improved following collaboration with specialized third parties that provide complementary knowledge about the ecosystem. For example, a public-private discussion group with fishermen from an area close to the Nueva Aldea submarine outlet, and the River Cruces Wetland monitoring program in Valdivia, led by the Universidad Austral de Chile

### Waste management and recycling



Our Company is at the center of the transition to a low-carbon, circular bio-economy, as forestry products can capture and store CO<sub>2</sub>. They can replace fossil-based materials in industries, such as packaging,

construction, retail and bio-energy. In 2019, we announced our goal of achieving zero non-hazardous solid waste by 2030.

There is consensus on the desirability of transforming industry from a linear, produce-and-dispose economy to a circular one that eliminates the concept of waste. It is estimated that incorporating these concepts into industry and agriculture would help reduce CO<sub>2</sub> emissions by more than 9 million tons by 2050.

An economy based on wooden products is circular by design. Our trees grow in sustainably managed forests, capture carbon and safeguard biodiversity. We increase our customers' profitability by offering them raw materials that can create recyclable and biodegradable products and store carbon, which stimulates development towards a circular bio-economy.

ARAUCO's environmental commitments include strategically focusing on waste reduction and optimization,

which encourages waste recovery, reuse and recycling, and stimulates development towards a circular bio-economy. The goal is to achieve zero non-hazardous solid waste by 2030, resulting in an integral and circular use of our raw materials.

ARAUCO recovers its non-hazardous industrial waste from the Pulp division using various processes that transform it for use in other products, such as base substrate for composting, soil improver, alkaline additives and filler material. The objective is to entirely reuse this waste by 2030. Waste recovery can be achieved within the mills, at one of our three waste recovery centers, or in partnership with third parties that specialize in waste recovery. The objective is to recover all our waste by 2030.

A strategy has been implemented in the Timber division, to develop a co-processing or recovery treatment process for non-recyclable waste. The Company is recovering the bark as organic waste from its production processes.

We are maximizing the use of resources and consumables and creating added value through smart solutions. We are developing internal initiatives and capabilities and we have created collaborative alliances with startups, local universities and other research centers.

The Pulp division recovered 60% of its non-hazardous waste during 2022, and the Timber division recovered 47%.

Recycled raw materials are used in Mexico, specifically urban wood chips in chipboard. These materials comprise between 15% and 18% of raw material at the Durango mill, and between 3% and 5% at the Zitácuaro mill.

The Pulp division recovered

60%

60% of its non-hazardous solid industrial waste.

The Timber division recovered

47%

of its non-hazardous solid industrial waste.





**Hazardous waste**  
IN TONS

● 2021 ● 2022

Recycled/reused	Sent to landfills	Incinerated with energy recovery	Incinerated without energy recovery	Waste eliminated by other means, please specify:	Waste with unknown disposal method, safe landfill	Total hazardous waste
3,286	1,050	52	0	0	1,380	5,768
7,471	3,371	3,092	0	0	1,814	15,748

**Non-hazardous waste**  
IN TONS

● 2021 ● 2022

Recycled/reused	Sent to landfills	Incinerated with energy recovery	Incinerated without energy recovery	Waste eliminated by other means, please specify:	Waste with unknown disposal method, safe landfill	Total hazardous waste
247,850	166,516	32,337	330	71,245	37,154	555,431
248,305	97,004	60,684	0	244,236	45,832	696,062

EXCLUDES MONTES DEL PLATA.



Waste was managed at various mills in North America.

The MDF Piray Mill in Argentina signed collaboration agreements with the Ecology Ministry of Misiones province and the National Institute of Agricultural Technologies (INTA) to study alternative uses for boiler ash.

A pilot irrigation project using treated effluent and recirculating effluent began at the Nueva Aldea pulp mill.

A pilot project to reuse effluent using an EDR system began at the Valdivia mill in Chile.

**+175** tons of trefoil pulp was reused at the Trupán mill in Chile, and more than 900 tons of ash and sand was sent for recovery.

Pilot test to recycle plastic personal protective equipment. We expect to roll out this project to all Timber division mills in Chile during 2023.

Some wastewater was recovered and reincorporated into the process at the Araucaria mill in Brazil. Liquid maintenance waste was reduced by 130 tons per month in Jaguariaiva, and contaminated waste was reduced by 20 tons per month in Montenegro.

Only 0.3% of waste at Painéis in Brazil was sent to landfills, meaning that 99.7% was recovered.

The Zero Waste Program continued in Mexico, which consists of analyzing each waste and establishing an action plan to eliminate or reduce it.

We commissioned the Waste Recovery Center at the Licancel mill in Chile, first with the production of seal coating and then by producing an alkaline additive at the end of the year.

At the end of December, the Valdiviamill commissioned its Waste Recovery Center.

We designed and legally managed the implementation of Waste Recovery Centers at the Nueva Aldea and Arauco mills in Chile.

We consolidated contractual agreements with external recovery companies that have increased the recovery capacity of our pulp waste.

Development of initiatives and operational improvements to ensure that the physical-chemical characteristics of waste enable it to be recovered. Example, operational improvements and innovation to reduce moisture in dregs at the Licancel pulp mill.



We developed various initiatives that drive waste management towards a circular economy, and we achieved a 5% increase in the percentage of pulp recovered in Chile **compared to last year.**

We consolidated the Waste Recovery Center at the Constitución mill in Chile, by generating an alkaline additive.

SIGNIFICANT 2020 EVENTS



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**Energy management**

At ARAUCO, we are aware of the importance of optimizing our energy consumption in our processes, to meet the global objective of achieving at least 70% renewable energy generation by 2030.

The Company has been helping to decarbonize the energy matrix for more than two decades, as it is one of the main generators of non-conventional renewable energy (NCRE) in Chile, due to the biomass and by-products recovered from its processes. Surplus electricity not required for processing is released into the electricity grids in each respective country.

We aim to achieve greater efficiency in our processes and reduce our energy consumption. Construction began on a pilot solar energy mill in the Timber division at the Jaguariaiva mill in Brazil. This project is expected to become operational during the first half of 2023. Lighting is being switched to leds in Mexico. Several projects were implemented in North America, including fluorescent lights converted to leds, motion-detecting light switches in offices, and participation in the Energy Management System program in Oregon will reduce energy use.

Finally, 89% of Arauco's energy is renewable energy and only 12% is non-renewable energy.

**Energy consumption**

(GJ)

● 2021 ● 2022

(A) Non-renewable energy consumption	(B) Renewable energy consumption	(C) Sale of energy for electricity, heating, cooling and steam	Total energy consumption (A + B - C)
14,793,283	102,507,435	2,567,064	114,733,653
12,909,819	94,068,781	2,394,147	104,584,453

PERCENTAGE OF ELECTRICITY FROM THE GRID **12.3%**  
 PERCENTAGE FROM BIOMASS: **89.9%**  
 PERCENTAGE OF OTHER RENEWABLE ENERGIES: **0%**  
 EXCLUDES MONTES DEL PLATA.

**Water consumption**

A priority for ARAUCO is efficiently using water. Therefore, managing water supplies and effluents is essential. We have a system that monitors water levels in water-basins and we have implemented checks and mitigation measures. Water monitoring examines the quality of water bodies, to check for any effluent discharges, to secure water supplies for mills and to conserve water bodies. Effluent monitoring, critical equipment maintenance at effluent

treatment mills and adequate instrumentation, all ensure the efficient and appropriate management of liquid waste.

A principal objective during 2022 was to develop initiatives to reduce water consumption and develop initiatives to ensure water supplies to our pulp and timber mills. Initiatives to use effluents for irrigation have begun.

The Company is developing alternatives that recirculate effluents back to processes, and an effluent treatment and recirculation pilot has reached the research stage.

**Water consumption (m<sup>3</sup>)**

● 2021 ● 2022 ● Percentage water consumed from water-stressed area (Aqueduct)

(A) Extraction of water from municipal water supplies, or other water services	(B) Extraction of surface fresh water from lakes and rivers	(C) Extraction of underground fresh water	(D) Extraction of seawater	(E) Water returned to the extraction source with a quality similar to or higher than the raw water extracted (only applies to B, C and D)	Total net water consumption (A + B + C + D - E)
3,035,168	154,878,464	2,655,131	0	0	160,568,763
2,963,290	129,962,351	3,203,053	0	0	136,128,694

EXCLUDES MONTES DEL PLATA.

<b>Pulp</b>	m <sup>3</sup> of freshwater extracted from high initial water stress areas (40-80%)	5,086,917	4%
	m <sup>3</sup> of freshwater extracted from extremely high water stress areas (>80%)	14,842,759	12%

EXCLUDES MONTES DEL PLATA.

**Total water discharge volume, planned and unplanned, by outlet and treatment method**

**Planned water discharges**

Mill	Water Body / Protected Habitat	m <sup>3</sup> discharged	Treatment method
<b>Pulp</b>			
Arauco	Mar	39,894,428	Primary and secondary treatment
Constitución	Mar	14,002,872	Primary and secondary treatment
Nueva Aldea	Mar	26,076,727	Primary and secondary treatment
Valdivia	Río Cruces	17,257,478	Primary, secondary and tertiary treatment
Licancel	Río Mataquito	3,859,556	Primary and secondary treatment
Puerto Esperanza	Río Alto Paraná	17,630,636	Primary and secondary treatment
<b>Timber</b>			
	No	3,593,373	Physical, chemical or biological

\* THERE WERE NO UNPLANNED WATER DISCHARGES.

\*\* ARAUCO DOES NOT DISCHARGE WATER INTO PROTECTED HABITATS.

**Effluents m<sup>3</sup>**

	2021	2022
Surface water	44,786,842	40,757,339
Underground water	5,475	5,100
Sea water	96,073,959	81,080,091
Third-party water	0	570,378
<b>Total</b>	<b>140,866,276</b>	<b>122,412,908</b>

EXCLUDES MONTES DEL PLATA.

**Effluents**

An important issue for ARAUCO is managing the liquid effluents generated by its industrial mills. Therefore, liquid industrial waste is properly treated by effluent treatment systems, and their characteristics are monitored to ensure that they remain within the parameters regulated by environmental standards. There are scientific research programs associated with sampling and measuring some of these environmental variables.

As this is as important issue for the Company, it requires operators and maintenance staff at its effluent treatment mills to complete the environmental training program. The objective is to reinforce critical aspects of mill operation, to understand the associated legal issues and requirements, potential environmental impacts, and to identify the required interaction between the effluent treatment system and the process areas. Regular training is arranged on regulatory aspects and on the civil, administrative and criminal responsibilities associated with correctly managing our business.

Operational improvements in industrial mills have strengthened the control systems that ensure that any potential spills are contained and recovered, the treatment systems remain stable and their environmental performance is improved.

All Pulp division facilities include primary and secondary treatments for their liquid effluents and

two of them in Chile include tertiary treatments. These are Valdivia where this treatment is continuous, and Nueva Aldea, where it is only activated when effluents are being discharged into the river and not into the sea.

The Licancel pulp mill in Chile reuses its treated effluents during the dry season, which totally or partially eliminates discharges to the Mataquito river and totally or partially recirculates the treated effluent.

Some timber mills in Chile send their effluents to pulp mills for treatment, or use their own systems. The El Colorado, Cholguán, Viñales, Valdivia, Horcones and Teno sawmills in Chile treat wastewater using a physical-chemical recirculation system that reuses all of it. The Trupán mill has an activated sludge effluent treatment system that treats the wastewater from the MDF lines, which is then discharged into the Itata River through a diffuser. The Jaguaríaiva and Piên mills in Brazil have a mill to treat their industrial wastewater and sewage, while Montenegro and Araucária only treat sewage and Ponta Grossa uses an industrial wastewater evaporation process. The MDF mill in Durango, Mexico, has implemented a physical/chemical/biological process to treat its industrial wastewater. All liquid effluents from mills in Argentina are treated biologically and comply with discharge parameters.



● 2021 ● 2022

**Atmospheric emissions**

NOx (excluding N <sub>2</sub> O)	9,767.4	6,862.6
SOx	3,336.7	894.3
SO <sub>2</sub>	0	0
CH <sub>4</sub>	-	-
Volatile Organic Compounds (VOC)	10,980	4,694.9
Particulate Matter (PM)	4,154.2	4,524.6
MP10	-	-
H <sub>2</sub> S	-	-
Hazardous Air Pollutants (HAP)	0	0
TRS	1,232.3	139
Hazardous Air Pollutants (HAP))	0	0

Metric tons (t)

(\*) Atmospheric emissions include 5 pulp mills in Chile + 1 pulp mill in Argentina.

(\*\*) VOC and HAP emissions are not measured at pulp mills. Estimated values will be presented based on emission factors from international publications.

(\*\*\*) All the panel mills meet VOC emissions standards, and all products are California Air Resources Board (CARB) or E2/E1 certified, meaning they have low formaldehyde (VOC) emissions.

Excludes Montes del Plata.

The objective is to reduce the number of concentrated or diluted TRS gas vents and any other operational situation that could lead to odors being detected by Arauco employees and members of the local community, while strictly complying with regulations. Therefore, emissions are monitored from equipment chimneys, lime kilns and recovery boilers. Simultaneously, patrols check for odors and operating conditions at various points within facilities, which is complemented by an external monitoring program that rapidly detects odors in the local community and triggers alerts. Finally, some facilities have air quality monitoring stations, which include the TRS parameter. TRS emission levels have remained well below the limits required by regulations.

Sawmills and remanufacturing mills within the Timber division have equipment and procedures to carefully control emissions, such as bag filters that collect biomass to be used as a by-product in boilers.

Various improvement projects are planned for 2023, such as adjustments to emission controls, interventions in electrostatic precipitator discharge rakes, and other projects.

**Spills**

There were no major spills in any of the Pulp division's mills in Chile or Argentina during 2022. Therefore, there was no impact on the environment. There were occasional spills and limited leaks, where the control, recovery and containment systems worked well, with no effects on the environment.

Two spills were reported in the Timber division in Brazil. The first was at the Piên mill, where thermal oil was spilled and reached the rainwater collection system, which was reported to the environmental authority, with no effects on the environment. The second was at the Jaguariaiva mill, where a routine inspection of the Emisario line found that treated effluent was leaking into the Jaguariaiva river, with no damage to the environment.

**Atmospheric emissions and odors**

ARAUCO has paid special attention to emissions abatement systems by rigorously controlling operation and maintenance, producing internal reports and analyzing opportunities for improvement.

Atmospheric emissions of particulate matter are controlled using mitigation equipment, such as electrostatic precipitators, with efficiencies close to 100%.

### Strategic initiatives on atmospheric emissions and odors in 2022

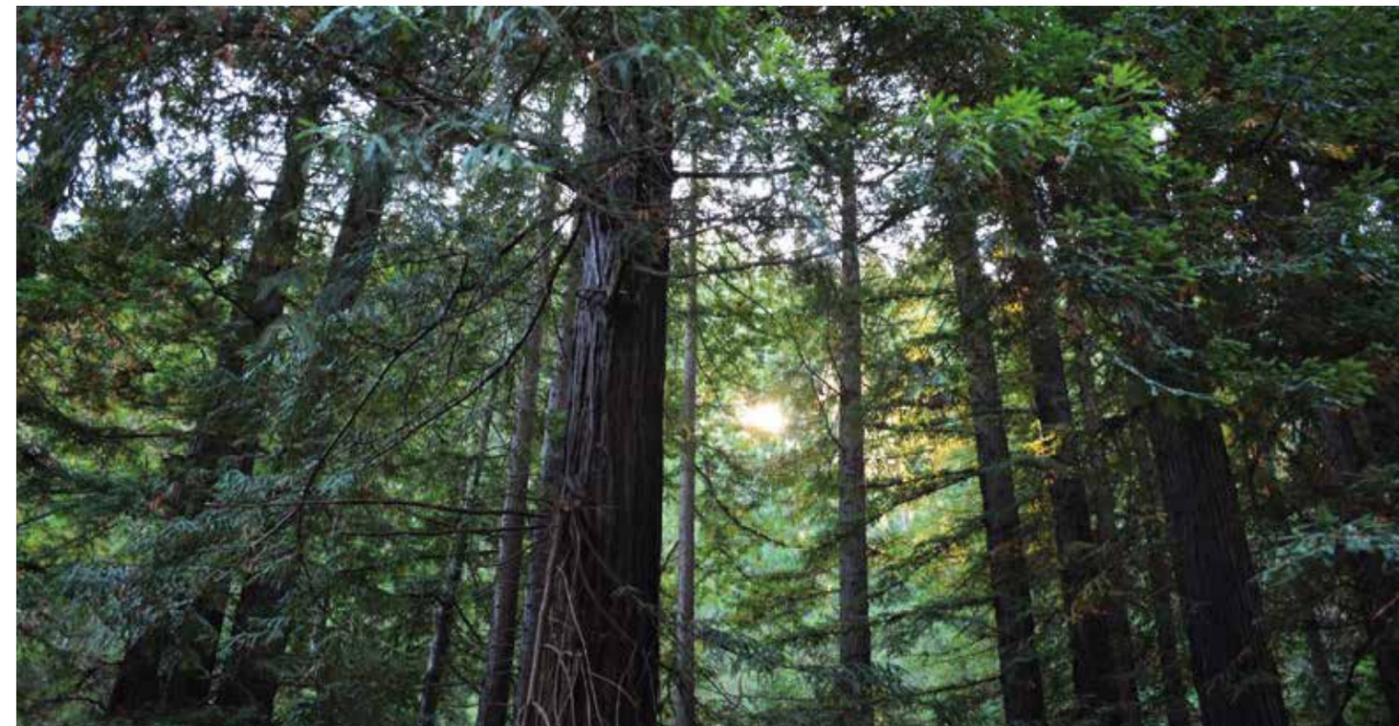
Environmental training program for operators and maintenance staff.



Implementation of **ABC and 123 practices**, which are management techniques that can identify potential environmental incidents. They can also help learning and prevent incidents recurring.

The Line 2 Odor Reduction Project was developed at the Arauco Mill in Chile, and the first stage of the Odor Vulnerability Project was developed at the Valdivia Mill in Chile.

Machinery maintenance within the Timber division in Mexico prevents leaks from the hot air systems.



### **Environmental research**

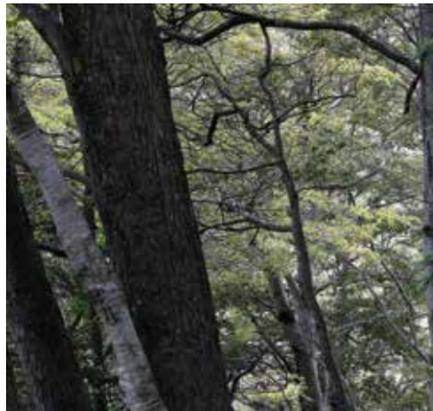
Environmental research initiatives within ARAUCO's monitoring programs support compliance with regulatory requirements and provide valuable, relevant scientific knowledge. We also believe that encouraging scientific research into the natural environments that we use generates confidence and demonstrates the Company's commitment to protecting the environment.

This research is led by prestigious universities and produces publications in books and scientific journals. It forms an important community engagement tool that optimizes environmental decision-making.

Regardless of whether research is required by the authority, the synergy produced by research projects has improved the understanding of natural phenomena associated with industry, such as climate change.

RESEARCH 2020 PROJECTS

“Environmental monitoring of the Cruces River wetland and its tributaries”. Universidad Austral de Valdivia and Universidad de Concepción consortium in Chile.



“Monitoring the seasonal abundance dynamics of Magellan mussels (*Aulacomya atra*) and megafaunal biodiversity in the "Bajos de Mela" sector, Chile”. Universidad de Concepción, PIMEX, Marine Research Program of Excellence.

“Projects in the marine, estuarine and riverine ecosystem in the Arauco Bay, Chile”. Arauco Bay Ecosystem Research Program (PREGA), formed by Universidad de Chile, Pontificia Universidad Católica de Chile and Universidad de Concepción.

“Population ecology of birds in the Carampangue river wetlands”. Universidad de Chile.

“Ecosystem research into the Laraquete estuary that is examining zooplankton biodiversity, health status and seawater intrusion dynamics”. Universidad de Concepción, Chile.

“Interaction between the Carampangue river and its wetlands”. Universidad de Concepción, Chile.

“Validation of the environmental range of vegetational formations in the Carampangue wetlands”. Pontificia Universidad Católica de Chile.

“Incorporating the Japanese oyster (*Crassostrea gigas*) and Peruvian scallop (*Argopecten purpuratus*) into experimental aquaculture to diversify production for AMERB1 of the Laraquete Cove Divers Union”. Universidad de Concepción, Chile.

“Oceanographic drivers of marine species stranded in Arauco Bay - Preparation and analysis of a risk index”. Universidad de Concepción, Chile.

“Advisory services to develop a management plan for the Arauco Wetlands Nature Sanctuary - Carampangue River Estuary”. Universidad de Concepción, Chile.

“Empowering local socio-environmental involvement in the Arauco Bay Ecosystem Research Program (PREGA)”. Universidad de Concepción, Chile.

“Spatial and seasonal variability of subtidal benthic biodiversity in the area adjacent to the Arauco mill outlet”. Universidad de Concepción, Chile.

“Expansion of artificial reefs in the AMERB by the Arauco Cove Independent Fishemans Union”. Universidad de Concepción, Chile.

“Causes and contingency protocols for harmful algae blooms”. Universidad de Concepción, Chile.

“Estimation of the environmental carrying capacity of the Arauco Bay by numerically modeling its water circulation and renewal”. Universidad de Concepción, Chile.

“Implementation of a marine species stranding risk index in the Arauco Bay”. Universidad de Concepción, Chile.

The North American business continues to participate with the National Council for Air and Stream Improvement (NCASI) in research projects that support our industry.

A research agreement with the National Institute of Agricultural Technology (INTA) and the Ecology Ministry of Misiones province in Argentina is evaluating alternative uses for Puerto Piray power mill ash as an agricultural soil additive.



# 7.

## FINANCIALS

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**MATERIAL FACT (“HECHO ESENCIAL”)**  
 Celulosa Arauco y Constitución S.A.  
 Registration in the Securities Registry No. 42

Santiago (Chile), April 8<sup>th</sup>, 2022

Messrs.  
 Commission for the Financial Market  
 (Comisión para el Mercado Financiero)

To whom it may concern:

The undersigned, on behalf of the closely held corporation (*sociedad anónima cerrada*) named Celulosa Arauco y Constitución S.A. (the “Company” or “Arauco”), both domiciled in the Metropolitan Region of Chile, at Avenida El Golf No. 150, 14<sup>th</sup> Floor, commune of Las Condes, Santiago, a company registered in the Securities Registry under No. 42, Chilean Taxpayer Identification No. 93,458,000-1, and being duly entitled for these purposes, hereby communicates to you the following material information concerning the Company and its businesses, pursuant to the provisions of article 9 and second paragraph of article 10, both of Law No. 18,045, and Regulation of General Application (*Norma de Caracter General*) No. 30, issued by this Commission for the Financial Market (“CMF”):

In a meeting of the Board of Directors of the Company held on September 28, 2021, and as it was informed to the CMF and to the market as a Material Fact (*hecho esencial*) on the same date, it was agreed, among other matters, to update the Company’s dividend policy, establishing that for fiscal year 2021, an amount equivalent to 40% of the distributable net income for such year would be distributed as dividends among shareholders, excluding from the calculation of such net income any extraordinary profits that the Company obtained, through its subsidiary Forestal Arauco S.A., from the sale of real estate to Vista Hermosa Inversiones Forestales SpA. It was also informed that for subsequent fiscal years, amount equivalent to the 40% of the distributable net income for each fiscal year will be distributed as dividends. Lastly, it was agreed in such opportunity that in any event, the Board of Directors may decide to distribute and pay interim dividends to the shareholders, to the extent that it expects the year to finalize with positive results and that the Company’s liquidity allows such distribution and payment.



## MATERIAL EVENTS



In connection with the above, it is herein informed that in a meeting of the Board of Directors of the Company held on the date hereof, it was agreed to amend the abovementioned dividend policy in respect of net income obtained in fiscal year 2021, in order to include in the calculation of the distributable net income for such fiscal year the extraordinary profits obtained by the Company for the aforementioned sale of real estate by the subsidiary Forestal Arauco S.A. to Vista Hermosa Inversiones Forestales SpA. The amendment to the dividend policy is based upon the very positive financial results obtained by Arauco during fiscal year 2021, already informed to the market, and its current cash availability.

Therefore, it was agreed in the same board of directors' meeting held on the date hereof, to propose to the Shareholders' Meeting of the Company summoned for April 26, 2022, the payment of the minimum definitive mandatory dividend (*dividendo definitivo mínimo obligatorio*) indicated below, which will be allocated to the net income obtained in the fiscal year ended December 31, 2021, charged to the results of the same fiscal year:

- Dividend of US\$1.5947992524 per share, unique series.

This dividend corresponds to the 40% of the net income of fiscal year 2021, once deducted the interim dividend paid to the shareholders starting on November 5, 2021.

The dividend will be paid in Chilean pesos, according to the Exchange rate "*dólar observado*", to be published in the Official Gazette (*Diario Oficial*) on May 6, 2022.

The abovementioned dividend distribution constitutes income tax to the shareholders. The Company will determine and communicate in a timely manner the credit that for such dividend corresponds to the shareholders that are tax payers of Chilean *Impuesto Global Complementario* and *Impuesto Adicional*.



The abovementioned dividend, if approved by the Shareholders' Meeting, will be paid as of May 10, 2022, starting at 9:00 a.m., at the Company's offices located in Avda. El Golf N° 150, 14th floor, Commune of Las Condes, which is open, due to current circumstances of health emergency, from Monday through Friday, from 9:00 a.m. to 1:00 p.m. Shareholders who have requested it to the Company, will have the referred dividend deposited in their current account, or a check will be mailed to them, as the case may be.

Shareholders registered in the Company's Shareholders' Register at midnight on May 4, 2022 will be entitled to receive the aforementioned dividend, if approved by the General Shareholders' Meeting.

The notice through which the shareholders will be informed of the resolution to be adopted by the abovementioned Shareholders' Meeting, regarding the dividend policy, will be published in the electronic newspaper "El Líbero" of Santiago, on May 3, 2022.

The distribution of the dividend does not affect the financial situation of the Company.

Very truly yours,

Matías Domeyko Cassel  
Chief Executive Officer  
**CELULOSA ARAUCO Y CONSTITUCION S.A.**

c.c

- Santiago Stock Exchange. La Bolsa No. 64, Santiago
- Chilean Electronic Exchange. Huérfanos 770, 14th Floor, Santiago
- Representative of the Bondholders (Banco Santander). Bandera 140, Santiago
- Unions



**Exhibit 99.1**

**MATERIAL FACT**  
Celulosa Arauco y Constitución S.A.  
Registered in the Securities Registry under No. 42

Santiago, September 27th, 2022

Mr.  
President  
Commission for the Financial Market

**PRESENT**

Dear Sirs,

The undersigned, on behalf of the non-public corporation (*sociedad anónima cerrada*) named Celulosa Arauco y Constitución S.A. (the “**Company**” or “**Arauco**”), both domiciled in the Metropolitan Region, at Av. El Golf No. 150, 14th floor, Las Condes district, a company registered in the Securities Registry under No. 42, Chilean Tax ID No. 93,458, 000-1, and being duly empowered for these purposes, hereby reports the following material information regarding the Company and its businesses as provided by the provisions set forth in article 9 and subsection 2 of article 10, both of Law No. 18,045, and the General Rule No. 30 of the Commission for the Financial Market:

On this date the Company’s Board of Directors has approved the decision adopted by its subsidiary ARAUCO INDUSTRIA DE MÉXICO, S.A. DE C.V., to carry out the construction of a new production line of MDF boards, to be located in its industrial complex located in Zitacuaro, Michoacán, Mexico.

The aforementioned project contemplates an estimated investment of US\$235 million, which will be financed with internal resources and will incorporate state-of-the-art operational, environmental and security technology.

Our estimation is that once operating, this project would approximately add 300,000 cubic meters to the production of MDF per year, of which 150,000 cubic meters would be melamine to respond to the increasing demand from the furniture, construction and decoration business in Mexico.

Arauco estimates that this project will have a positive effect on the Company’s future results, notwithstanding that for the time being these effects are not quantifiable.

With best regards,

Matias Domeyko Cassel  
Vicepresident Executive  
Celulosa Arauco y Constitucion S.A.

CC. – Santiago Stock Exchange. La Bolsa N° 64, Santiago

- Electronic Stock Exchange of Chile. Huérfanos 770, 14th floor, Santiago
- Bonds’ Holders Representative (Banco Santander). Bandera 140, Santiago
- Unions

**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Celulosa Arauco y Constitución, S.A.  
(Registrant)

Date: September 30, 2022

By: /s/ Matias Domeyko Cassel  
Name: Matias Domeyko Cassel  
Title: Chief Executive Officer

Exhibit 99.1

**MATERIAL FACT (“HECHO ESENCIAL”)**  
**CELULOSA ARAUCO Y CONSTITUCIÓN S.A.**  
Registered in the  
Securities Registry  
under No. 42

Santiago (Chile), December 20<sup>th</sup>,  
2022

Mr. President

Commission for the Financial  
Market  
**PRESENT**

Dear Sir:

The undersigned, on behalf of the non-public corporation (*sociedad anónima cerrada*) named Celulosa Arauco y Constitución S.A. (the “**Company**” or “**Arauco**”), both domiciled in the Metropolitan Region of Chile, at Avenida El Golf No. 150, 14th Floor, commune of Las Condes, a company registered in the Securities Registry under No. 42, Chilean Taxpayer Identification No. 93,458,000-1, and being duly entitled for these purposes, hereby reports the following material information concerning the Company and its businesses, pursuant to article 9 and the second paragraph of article 10, both of Law No. 18,045, and Regulation of General Application (*Norma de Caracter General*) No. 30, issued by the Commission for the Financial Market:

Considering current projections of future margins, differences in exchange rates and the sustained increased risk in Argentina, and by applying the usual procedures for determining penalties or impairments in accordance with International Financial Reporting Standards (IFRS), Celulosa Arauco y Constitución S.A. and its subsidiary Inversiones Arauco Internacional Limitada will register in their financial statements for the year 2022 a provision for impairment with respect to certain assets of the subsidiary Arauco Argentina S.A., for an approximate amount net of deferred taxes of US\$83,000,000. Therefore, the negative effect of Arauco’s provision referred to in the results of the Company as of December 31 st 2022, will arise to the already indicated amount of US\$83,000,000.

Very truly yours,

**CELULOSA ARAUCO Y CONSTITUCION S.A.**  
Matias Domeyko  
Cassel  
Vicepresident  
Executive  
**Celulosa Arauco y Constitucion S.A.**

c.c.  
- Santiago Stock Exchange. La Bolsa No. 64, Santiago  
- Chilean Electronic Exchange. Huérfanos 770, 14th Floor, Santiago  
- Representative of the Bondholders (Banco Santander). Bandera 140, Santiago  
- Unions

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Celulosa Arauco y Constitución S.A.  
(Registrant)

Date: December 22, 2022

By: /s/ Matías Domeyko Cassel  
Name: Matías Domeyko Cassel  
Title: Chief Executive Officer

With the beginning of the operations of Line 3, plus the production of pine pulp from Line 2 currently in operation, the Arauco Plant will reach a total production capacity of approximately 2,100,000 annual tons of pulp.

Very truly yours,

**CELULOSA ARAUCO Y CONSTITUCION S.A.**

Matías Domeyko Cassel  
Chief Executive Officer

c.c.

- Santiago Stock Exchange. La Bolsa No. 64, Santiago
- Chilean Electronic Exchange. Huérfanos 770, 14<sup>th</sup> Floor, Santiago
- Representative of the Bondholders (Banco Santander). Bandera 140, Santiago
- Unions



**MATERIAL FACT (“HECHO ESENCIAL”)**

Celulosa Arauco y Constitución S.A.  
Registration in the Securities Registry No. 42

Santiago (Chile), December 29<sup>th</sup>, 2022

Mr. Chairman  
Commission for the Financial Market  
(*Comisión para el Mercado Financiero*)

Dear Sir:

The undersigned, on behalf of the closely held corporation (*sociedad anónima cerrada*) named Celulosa Arauco y Constitución S.A. (the “**Company**” or “**Arauco**”), both domiciled in the Metropolitan Region of Chile, at Avenida El Golf No. 150, 14<sup>th</sup> Floor, commune of Las Condes, a company registered in the Securities Registry under No. 42, Chilean Taxpayer Identification No. 93,458,000-1, and being duly entitled for these purposes, hereby reports the following material information concerning the Company and its businesses, pursuant to article 9 and the second paragraph of article 10, both of Law No. 18,045, and Regulation of General Application (*Norma de Caracter General*) No. 30, issued by the Commission for the Financial Market:

As of today, December 29<sup>th</sup>, 2022, began the process of loading chips to the digester of Line 3 of the Modernization and Expansion Project of the Arauco Plant (“**MAPA**”), starting with the production process of cellulose in said line.

As previously reported, MAPA mainly consists in the construction and operation of a new production line of 1,560,000 annual tons of bleached eucalyptus pulp (Line 3). In addition, the project will be able to self-supply its electrical operation, generating a surplus of approximately 132 Megawatts of renewable energy based on forest biomass. Because of the foregoing, the project also considered the construction of an electric transmission line and its respective interconnection to the National Electric System (SEN). Furthermore, the project contemplated the cease of operations of Line 1 of the Arauco Plant, which occurred in January 2022.





**Contact information**

**Main office address:**

Av. El Golf 150, Floor 14, Las Condes, Santiago, Chile.

**Telephone:** +(56) 224 617 200

**Corporate website:** [www.arauco.com](http://www.arauco.com)

**Investor inquiries should be directed to:**

**Name:** Gianfranco Truffello J.

**E-mail:** [gianfranco.truffello@arauco.com](mailto:gianfranco.truffello@arauco.com)

**Telephone:** +(56) 224 617 221

**Report inquiries should be directed to:**

**Name:** María Pía Guzmán G.

**E-mail:** [pia.guzman@arauco.com](mailto:pia.guzman@arauco.com)

**Telephone:** +(56) 224 617 287

**Company name:** Celulosa Arauco y Constitución S.A.

**Chilean ID number:** 93458000-1

**Legal address:** Av. El Golf 150, Floor 14, Las Condes, Santiago, Chile.

**Legal status:** Privately held corporation.

**Deed of incorporation**

**City:** Santiago

**Date:** October 28, 1970

**Notary Public:** Ramón Valdivieso Sánchez

**Modified**

**City:** Santiago

**Date:** May 6, 1971

**Notary Public:** Sergio Rodríguez Garcés

**Authorization:** Number: 300

**Date:** August 18, 1971

**Commercial Registry:** Santiago

**Sheets:** 6,431

**Number:** 2,993

**Publication date in the Official Gazette:** September 4, 1971

COMPANY  
INFORMATION

## Company's purpose

The Company's purpose is: a) To manufacture pulp, paper and its derivatives, by-products and related products; to acquire, administer, manage and operate, for itself or on behalf of others, forestry land; to acquire and operate sawmills and other industries that process raw materials for the production of paper, pulp and its derivatives or wood in all its forms; to sell, export and trade inside or outside the country these products, especially wood, pulp and paper in all its forms. b) To acquire, administer, manage and operate, for itself or on behalf of others, agricultural real estate and to transform, industrialize and sell agricultural products, to produce and sell food and beverages of any kind. c) To acquire, administer, manage and operate, for itself or on behalf of others, non-agricultural real estate, and to construct and develop real estate businesses. d) Import, export, buy, sell, distribute and trade for itself or on behalf of others, motor vehicles and machinery, equipment and other agricultural, mining, fishing, industrial, commercial, electronic computing and domestic items, their accessories and spare parts. e) To operate land, air, maritime and river transportation, for itself or on behalf of others, and develop tourism in the country. f) To manufacture, distribute and trade all kinds of packaging. g) To operate electronic computer equipment, in all its forms, and provide business administration and organization consultancy, market and feasibility studies and operational research. h) To operate any businesses related to: 1) Mining, including prospecting, reconnaissance, exploration and exploitation of mineral deposits; and 2) Fishing or hunting of beings or organisms that normally live in water, and to trade with them in any form. i) To comply with

the Law when participating in companies engaged in banking, financial services, insurance, warrants, and generally the storage and deposit of merchandise, and mutual and pension fund administration. j) To operate ports for itself or on behalf of others, including wharfage, launches, cargo handling, storage, stowage and unstowage of vessels. k) To produce, purchase, sell, transport and distribute electricity and steam. l) To produce, purchase, sell and trade Certified Reductions in Greenhouse Gas Emissions, called "Carbon Credits". m) To provide any kind of service to third parties, including business administration services; computer services; administration and maintenance services for all kinds of industrial equipment and machinery; industrial or any other kind of effluent and waste treatment, transportation, transformation and disposal services; and all kinds of services related to engineering. n) To lease real estate as lessor, with or without furniture, and lease equipment, machinery and other movable property. Al 31 de diciembre de 2022, el control de Celulosa Arauco y Constitución S.A. corresponde a la sociedad anónima abierta Empresas Copec S.A., RUT N° 90.690.000-9, que es dueña aproximadamente del 99,9999% de sus acciones. Por su parte, el control de Empresas Copec S.A. corresponde a la sociedad anónima abierta AntarChile S.A., RUT N° 96.556.310-5, que es dueña del 60,82080% de las acciones de la referida sociedad. A su vez, los controladores finales de AntarChile S.A., y en consecuencia controladores de Empresas Copec S.A. son don Roberto Angelini Rossi, RUT N° 5.625.652-0 y doña Patricia Angelini Rossi, RUT N° 5.765.170-9.

## Controlling shareholders

As of December 31, 2022, the publicly listed corporation Empresas Copec S.A., Chilean ID number 90.690.000-9, controls Celulosa Arauco y Constitución S.A., as it owns 99.9999% of its shares. Empresas Copec S.A. is controlled by the publicly listed corporation AntarChile S.A., Chilean ID number 96.556.310-5, as it owns 60.82080% of its shares. The ultimate controlling shareholders of AntarChile S.A. and consequently controlling shareholders of Empresas Copec S.A. are Mr. Roberto Angelini Rossi, Chilean ID number 5.625.652-0 and Ms. Patricia Angelini Rossi Chilean ID number 5.765.170-9.

The ultimate controlling shareholders have direct holdings in Empresas Copec S.A., which are described below: Mr. Roberto Angelini Rossi directly owns 0.00187% of Empresas Copec S.A. and Mrs. Patricia Angelini Rossi directly owns 0.00019% of Empresas Copec S.A.

The following individuals are related by kinship to the ultimate controlling shareholders and directly own the percentages of Empresas Copec S.A. described below: Mrs. Daniela Angelini Amadori, Chilean ID number 13.026.010-1: 0.00005%; Mr. Maurizio Angelini Amadori, Chilean ID number 13.232.559-6: 0.00005%; Mr. Claudio Angelini Amadori, Chilean ID number 15.379.762-5: 0.00005%; Mr. Mario Angelini Amadori, Chilean ID number 16.095.366-7: 0.00005%; Mr. Franco Mellafe Angelini, Chilean ID number 13.049.156-1: 0.00006%; Mr. Maximiliano Valdés Angelini, Chilean ID number 16.098.280-2: 0.00006%; and Mrs. Josefina Valdés Angelini, Chilean ID number 16.370.055-7: 0.00006%.

The ultimate controlling shareholders of AntarChile S.A. are Roberto and Patricia Angelini Rossi, who have signed a shareholders agreement, which does not contain limitations to the free disposal of their shares.

This control is exercised as follows:

- a) Shares directly owned by the ultimate controlling shareholders:
  - a.1) Mr. Roberto Angelini Rossi directly owns 0.2126% of AntarChile S.A. and a.2) Ms. Patricia Angelini Rossi directly owns 0.22661% of AntarChile S.A. Total shares

directly owned by the ultimate controlling shareholders represent: 0.43921%.

- b) Shares indirectly owned through companies controlled by the ultimate controlling shareholders:

- b.1) Inversiones Angelini y Compañía Limitada, Chilean ID number 93,809,000-9, directly owns 63.40150% of AntarChile S.A. and indirectly owns 0.07330% of AntarChile S.A. through its subsidiary Inmobiliaria y Turismo Río San José S.A.

Inversiones Angelini y Compañía Limitada is controlled by the ultimate controlling shareholders, Mr. Roberto Angelini Rossi and Ms. Patricia Angelini Rossi, as follows:

- 1) Mr. Roberto Angelini Rossi, directly owns 18.9659% and indirectly owns 16.9923%, through Inversiones Arianuova Limitada, Chilean ID number 76,096,890-0, where he has 99% of the corporate rights.
- 2) Mrs. Patricia Angelini Rossi, directly owns 15.2968% and indirectly owns 13.6993%, through Inversiones Rondine Limitada, Chilean ID number 76.096.090-K, where she has 99% of the corporate rights.
- 3) Mr. Roberto Angelini Rossi statutorily controls Inversiones Golfo Blanco Limitada, Chilean ID number 76,061,995-7, which has 19.4397% of the corporate rights of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Golfo Blanco Limitada are: (i) Mr. Roberto Angelini Rossi with 0.00011% of the corporate rights and (ii) Mr. Maurizio Angelini Amadori, Ms. Daniela Angelini Amadori, Mr. Claudio Angelini Amadori, and Mr. Mario Angelini Amadori, Chilean ID number 16,095,366-7, with 24.99997% of the corporate rights each.
- 4) Mrs. Patricia Angelini Rossi controls Inversiones Senda Blanca Limitada, Chilean ID number 76,061,994-7, which owns 15.6059% of the corporate rights of Inversiones Angelini y Compañía Limitada. The partners of Inversiones Senda Blanca Limitada are: (i) Mrs. Patricia Angelini Rossi with 0.00014%

of the corporate rights, and (ii) Mr. Franco Roberto Mellafe Angelini, Mr. Maximiliano Valdés Angelini, and Mrs. Josefina Valdés Angelini, with 33.33329% of the corporate rights each.

- b.2) Inversiones Golfo Blanco Limitada is statutorily controlled by Mr. Roberto Angelini Rossi and directly owns 5.77307% of AntarChile S.A.
- b.3) Inversiones Senda Blanca Limitada is statutorily controlled by Mrs. Patricia Angelini Rossi and directly owns 4.3298% of AntarChile S.A.
- b.4) Finally, AntarChile S.A. owns 1,558,042 of its own shares, which represents 0.3414 % of its total shares as of December 31, 2022.

Accordingly, the controlling group directly and indirectly owns 74.35828% of AntarChile S.A.

Finally, Inversiones Angelini y Compañía Limitada directly owns 0.15075% of Empresas Copec S.A. and indirectly owns 0.04934% of Empresas Copec S.A., through its subsidiary Inmobiliaria y Turismo Río San José S.A.

The interests of the ultimate controlling shareholders increased during 2022, due to an acquisition of its own shares by AntarChile S.A., which changed the indirect ownership percentages of the ultimate controlling shareholders in Celulosa Arauco y Constitución S.A.

Name	Chilean ID number	Domicile	Nationality	Country of birth	Date of birth	Percentage share as BF
Roberto Angelini Rossi	5.625.652-0	Av. El Golf 150 Floor 19, Santiago de Chile	Chilean	Italy	July 30, 1948	14.199%
Patricia Angelini Rossi	5.765.170-9	Av. El Golf 150 Floor 19, Santiago de Chile	Chilean	Chile	April 5, 1954	11.481%

## Industrial sector description

A brief description of each of the Company's industrial sectors is as follows.

### Forestry Industry

The characteristics of the climate, the soil, and other species in some countries in the southern hemisphere, create significant advantages for forestry plantation productivity compared to the northern hemisphere.

For example, radiata pine in Chile can produce logs for pulp and sawn timber in 16 to 18 years and high quality sawn timber in 25 years. Whereas, it takes 18 to 45 years to produce logs for pulp in the northern hemisphere and 50 to 150 years to produce logs for sawn timber.

This has resulted in South America's growing importance as an industrial timber supplier, as Brazil, Chile, Uruguay and Argentina are the main wood producing countries in South America.

### Industria de Celulosa

Pulp is a component of a huge range of products used by people every day. Pulp is the cellulose extracted from wood fibers and it is used to make printing and writing paper, toilet and sanitary paper, cardboard and packaging materials, and many other products.

Cellulose is the most important component in the cell walls of mills, which makes it the most abundant biomolecule in nature, as it is used to build most of the biomass on land. It is mainly made from pulpable wood, which comes from upper eucalyptus trunks and branches of pine trees.

It is classified by the degree of processing into raw and bleached pulp, and it is further classified into its originating species as long-fiber pulp (from conifers) and short-fiber pulp (from eucalyptus), which have different prices according to their quality and specific characteristics. Pulp from radiata pine has long fibers and gives durability and strength to paper products.

Bleached pulp is mainly used to produce printing, writing and tissue paper. Unbleached or raw pulp is mainly used to produce packaging material, filters, fiber cement production, and other products. Pulp from hardwoods, such as eucalyptus, has short fibers and is combined with long fiber pulp to produce paper products.

Global pulp demand was approximately 60 million tons in 2022 and it is expected to increase to around 66 million tons by 2026. Pulp production capacity reached 77.1 million tons for paper grade in 2022, where 67.9 million tons were bleached pulp, 4.6 million tons were high-yield pulp and 4.2 million tons were radiata pine raw pulp (UKP).

The price of pulp is volatile and is determined by inventories and expected demand. The industry's cycles and its correlation with the economic situation of the major powers mean that variables such as the economic growth among the most developed countries is critical in determining the prices of pulp and pulp products. The price is also influenced by fluctuations in the exchange rates for major currencies, increases in production capacity and energy costs.

### Timber and Panels Industry

Panels are boards composed of wooden components of various sizes, from veneers to fibers, which are mixed with chemicals and resins to form a paste and heated to acquire a solid shape that has similar characteristics to wood, but with significant price advantages.

The panel industry is divided into three categories, which are plywood, particleboard and fiberboard (MDF and HB), and the cost structure of this industry mainly depends on the cost of wood, resin and electricity.

Global panel production during 2021 was 407 million m<sup>3</sup>, according to FAO data, which represents growth of 3.95% compared to 2000. The 407 million m<sup>3</sup> of panels were classified into 27% MDF, 35% particleboard, 31% plywood, 2% hardboard and 5% veneers. Source: <http://www.fao.org/faostat/es/#data/FO>

The sawn timber and its derivatives market in Chile is comprised of the following products:

- Sawn timber, which includes dry and green timber with additives against fungi.
- Processed or remanufactured timber, which includes planed timber, blocks, cutstock, finger-joints and solid moldings.
- Doors, frames and construction parts.

- Global sawn timber production will reach 490 million cubic meters in 2021, according to FAO data, which represents growth of 1.15% compared to 2000.

At the end of the fourth quarter of 2022, sawn timber represented more than 15.5% of Chile's total forestry exports in millions of US\$ FOB, which is shipped to more than 45 markets, mainly China, the European Union, Mexico, South Korea and Japan.

The sawn timber and its derivatives industry has made tremendous progress in recent years.

ARAUCO mainly exports its products to the USA, Canada, southern Latin America including Chile, Peru, Argentina and Brazil, northern Latin America including Mexico, Venezuela, Colombia and the Caribbean, and to a lesser extent Europe and Asia.

### Competition

ARAUCO faces significant worldwide competition in each market and each product line.

### Pulp

Our competitors in the pulp market generally vary according to the geographical region and the pulp variety. Suzano Papel e Celulose S.A., Asia Pacific Resources International Holdings Limited (APRIL), CMPC Celulosa S.A., Asia Pulp and Paper (APP),

El Dorado Brasil Celulose S.A., UPM-Kymmene Oyj (or "UPM"), Stora Enso Oyj and Klabin S.A. are significant competitors in most geographical regions. Suzano produces short fiber pulp, while CMPC produces short and long fiber pulp. In Asia we face competition from Canadian, Brazilian, Russian and Indonesian producers and in Europe we face competition from Brazilian, Scandinavian and North American producers.

### Panels

ARAUCO's main competitors in the plywood panel market are in Chile (CMPC), the USA (Georgia Pacific, Roseburg, Martco), Brazil (Guararapes and Sudati), Australia and New Zealand (CHH), Finland (Metsa, UPM), Spain (Garnica), Belarus (Kronospan) and Russia (Bratsk Plywood and Sveza). ARAUCO also competes in some regions with plywood panels produced in China, Indonesia, Malaysia and other worldwide regions.

The main competitors in the MDF panel market in Latin America are Duratex, Berneck, Guararapes, Masisa, Proteak and other important South American producers; in North America they are local producers such as WestFraser, Weyerhaeuser and Kronospan LLC; in Asia they are Malaysian and Chinese producers; and in the Middle East they are European and Asian producers.

ARAUCO competes in the Latin American particleboard (PB) market with Duratex, Berneck, Masisa, EGGER and Novopan. ARAUCO competes in the North American

market primarily with Roseburg, Uniboard, Tafisa, Egger, Kronospan and Funder.

### Timber products

The main competitors in the remanufactured timber market are in Chile, Brazil and the USA. The main competitors in the sawn timber market are in Europe, New Zealand, Canada, Brazil and Chile.

We believe that we can effectively compete in the global timber market, due to our operational efficiencies, competitive logistics costs, our ability to serve customers with multiple specifications, our offices in 38 countries and the versatility of our radiata and loblolly pine.

## Regulatory Framework

### Forestry

#### Chile

Forestry management and harvesting is mainly regulated by the Forestry Law of 1931 and Decree Law 701 of 1974. The Forestry Law and Decree Law 701 regulate and restrict forestry management and harvesting. Forest Management Plans including thinning on properties classified as preferentially forested or with native forests are subject to approval from the National Forestry Corporation (Conaf). The Forestry Law and Decree Law 701 imposes fines for cutting down or destroying trees and shrubs that are outside the terms of the approved Forest Management Plan.

Law 20,283 was published in the Official Gazette on July 30, 2008, and establishes regulations governing the management and conservation of native forests. Its purpose is to protect, recover and improve native forests, in order to secure the sustainability of forests and environmental policies. The law establishes a fund for sustainable native forest conservation and management. This law permits owners of native forests to harvest them provided they have a Forest Management Plan approved by Conaf. This law prohibits cutting down native trees in some areas and under certain conditions. ARAUCO has adopted appropriate environmental policies with respect to native forests that comply

with regulations, and it fully protects and conserves them. ARAUCO's products only come from its plantations, it does not sell timber from its native forests. The Company's forestry management complies with forestry certification systems that apply strict international sustainability standards.

ARAUCO manages all its forests using an ISO 14001 Environmental Management System, certified until 2020. Chile obtained the CERTFOR/PEFC Sustainable Forest Management Certification in 2003. Since 2004, PEFC (Programme for the Endorsement of Forest Certification) has maintained the Chilean standard and ensured that it complies with international PEFC requirements.

In 2009, ARAUCO began to evaluate and implement the Forest Stewardship Council® standard (Arauco Forest License Code: FSC® - C108276). The Company can now certify its forestry properties and management according to FSC® principles and criteria.

The Soil Association is an FSC® certification body, and it issued a certificate in September 2013 that certified that all ARAUCO's forests in Chile are being managed under the Forest Stewardship Council® standard (Arauco Forest License Code: FSC® - C108276). This certificate is valid for five years and annual audits verify that ARAUCO's forestry management still complies with these standards.

Accordingly, the FSC® standard was re-certified in 2018, which initiated a second five year certificate.

The Arauco, Constitución, Licancel and Valdivia pulp mills and the Arauco and Nueva Aldea panel mills obtained CERTFOR/PEFC Chain of Custody certification in 2005, which certifies that their raw materials comply with the standard's Sustainable Forest Management practices, which also establish that no endangered species or species whose use is prohibited by law were used. The National Standards Institute (INN) also accredited the effluent laboratories at the Constitución and Arauco mills, in accordance with the strict requirements of Chilean environmental standards.

#### Argentina

Forest management and exploitation in Argentina is substantially regulated by Laws 13,273, 25,080 (extended by Laws 26,432 and 27,487) and 26,331, and National Decree 710/95. Furthermore, each province has their own regulations, which together with the national regulations constitute the regulatory framework.

National Law 26,737 establishes that foreigners may not acquire more than 15% of all rural land in Argentina, and that no foreigner may individually own more than 30% of that 15%.

#### Brazil

The Company's forests are regulated by environmental laws and regulations that cover forestry management and exploitation, and protect Brazilian flora and fauna. The authorities in Brazil have used this regulatory framework to establish forest preservation areas and regulate forest replanting after harvesting.

#### Uruguay

Forest management and exploitation in Uruguay is mainly regulated by Law 15,939, which has declared forestry an area of national interest. This law has three forest classifications, which are protective, profitable and general. It has established specific tax and financial benefits related to forests classified as protective and profitable. Interested parties must submit a forest plan to the General Forestry Office, in order to obtain this classification. This Law also establishes specific conservation restrictions and controls for each forest classification. Furthermore, forestry management is subject to environmental and soil conservation regulations. Plantations covering more than 100 hectares (247.1 acres) require prior environmental authorization, according to Law 16,466 and Decree 349/005, Law 15,239 also requires the adoption of specific measures to reduce soil erosion and degradation or to restore it when necessary. This is

Affected citizens, public agencies and local authorities may demand compliance with environmental regulations in the event of environmental damage, in accordance with Law 19,300 and other regulations. Failure to comply with environmental regulations may result in the revocation of permits, temporary or permanent closure of industrial facilities, fines and warnings.

**Argentina**

ARAUCO's business in Argentina is subject to environmental legislation and to municipal, provincial and federal regulations. Argentine environmental legislation requires that water used or recovered from production processes must be chemically, biologically and thermally treated before it is returned to public water bodies, such as the Paraná river. Gas emissions must be treated to ensure satisfactory chemical, particulate and odor removal. All solid waste is treated in compliance with specific regulations. Regular monitoring of surface and groundwater, soil and air quality is used to assess the impact of industrial mills on the environment. ARAUCO is absolutely committed to identifying best practices and technologies that minimize the impact and maximize the sustainability of its business.

**Environmental**

**Chile**

The main law regulating environmental issues in Chile is Law 19,300 on General Environmental Law and its complementary regulations. The environmental institutional framework is mainly composed of: (i) the Ministry of the Environment, which is responsible for creating or proposing environmental public policies and environmental regulations; (ii) the Environmental Evaluation Service, which is responsible for managing the Environmental Impact Evaluation System; and (iii) the Superintendency of the Environment, which is responsible for environmental inspections and sanctions.

Law 19,300 requires ARAUCO to submit to the environmental authority environmental impact assessments for any project or significant modifications thereof that could affect the environment, in accordance with the criteria described in those regulations, and may only implement those projects after their submissions are approved by an Environmental Approval Resolution ("EAR").

These regulations and other related regulations have established procedures for citizens to comment on assessments submitted by project owners, and to challenge the validity of EARs.

promote sustainable forestry development.

ARAUCO complies with legislation by being authorized by the Ministry of the Environment and Natural Resources (SEMARNAT) to harvest, transport, and operate storage and processing centers for forestry raw materials, their products and by-products such as branches, firewood, stumps, chips, resins, bark, etc. in each Mexican state, in compliance with the requirements of the Law and its regulations, which include aspects related to contracts, supply letters, supply-demand balances, entry and exit registers and entries in the National Forestry Registry. ARAUCO has the documentation required to demonstrate the legal origin of its forestry raw materials, and the products and by-products used in its storage and processing centers. This information consists of forestry referrals issued by the owner or harvester of forestry plantations.

SEMARNAT is the competent Federal authority that protects the environment and its natural resources. This authority created the National Forestry Registry, to register authorizations to operate storage and processing centers for forestry raw materials, in order to control and organize such centers. ARAUCO's authorizations are duly registered in this registry.

extensively described in Decree 333/004 (General principles and basic technical standards to achieve the rational and sustainable use of soils and water and their recovery) and Decree 405/008 (Responsible and sustainable soil use).

Decree 405/021 regulating forestry plantations was issued in December 2021. It created a Forestry Plantations Environmental Registry for forestry plantations covering between forty and one hundred hectares, it defined forests and the requirements for plantations of one hundred or more hectares on already forested land without prior environmental authorization (Special Environmental Authorization - SEA).

**Mexico**

Forestry management and harvesting is regulated by the General Sustainable Forestry Development Law and its regulations, which regulate and promote integrated and sustainable management of forest ecosystems and their raw materials, through the conservation, protection, restoration, production, organization, cultivation, management and harvesting of these resources, and they regulate: i) harvesting, ii) transport, iii) storage, iv) selling, v) exporting and vi) processing forest raw materials and their products. This Law distributes forestry responsibilities between the Federation, the Federal States and the Municipalities, in order to

**Brazil**

ARAUCO's business in Brazil is subject to environmental legislation and to municipal, provincial and federal regulations and licenses. These include: (a) Law 6,938/1981, which establishes legal liability for environmental damage, mechanisms for compliance with environmental standards, and licensing requirements for activities that damage or potentially damage the environment. (b) Law 12,305/2010, which establishes guidelines for correctly managing solid waste. (c) Law 12,651/2012 (Forest Code), which establishes environmental protection of forests and the obligation to maintain protected areas, divided between Permanent Preservation Areas (PPA) and Legal Reserves (LR). Failure to comply with environmental laws and regulations could result in: (i) fines, (ii) partial or total suspension of activities, (iii) fines or restrictions on tax incentives or benefits, and (iv) fines or suspension of credit lines with official lending institutions.

Law 9,605/1998 establishes that individuals or legal entities who damage the environment may be subject to criminal and administrative sanctions and are liable for the costs of repairing the damage. Criminal sanctions for individuals who commit environmental crimes can range from fines

to imprisonment. For legal entities they include fines, partial or total suspension of activities, restrictions on participation in government contracts and dissolution for cases of bad faith. Law 9,605/1998 establishes that a company may be terminated if it prevents the recovery of damage to the environment.

**Uruguay**

Montes del Plata's business in Uruguay is subject to Uruguayan national and municipal environmental laws and regulations. The main environmental authorization required is the Prior Environmental Authorization or PEA, regulated by Law 16,466 on Environmental Impact Assessments and its Regulatory Decree 349/005. A PEA is granted by the National Directorate of Environmental Quality and Assessment (DINACEA, formerly DINAMA), under the Ministry of Housing, Land Management and the Environment. This authorization requires the applicant to submit a full report regarding every aspect of the proposed project, including a classification recommendation for the proposed project by a competent professional using categories A, B or C. If the proposed project is ultimately classified by DINACEA (formerly DINAMA) as B or C, then a sectoral Environmental Impact

Assessment is required for B projects and a full Environmental Impact Assessment is required for C projects, which covers all aspects of the project. In some cases a public hearing is also required for B projects, with a public hearing being mandatory for C projects. Once the PEA has been granted, the applicant must implement the project in accordance with the terms and conditions of that authorization. A feasibility report is required for some projects, including the construction of an industrial mill, which must include a notification to the respective Municipality and the submission of information similar to that required by the PEA.

Furthermore, some municipal governments request forestry projects to be submitted, in order to assess their land use viability in the department, as established in the land use regulations. This regulation establishes the guidelines for forestry projects, and addresses the protection of natural resources, such as soil use, native forest protection, conservation areas and the location's viability.

**USA and Canada**

The Company's business in North America is subject to environmental legislation and to local, state, provincial and federal laws and regulations. These laws and regulations govern the use, storage,

handling, generation, treatment, emission, discharge, and disposal of specific hazardous materials and wastes, remediation of contaminated soil and subsoil, protection of flora and fauna, use of landfill sites, and employee health and safety. Some of the Company's activities require environmental permits and controls to prevent and reduce air and water pollution, which are subject to routine internal audits and regulatory inspections. Failure to comply with environmental, health and safety requirements may result in fines, court orders to increase controls or limit the business, loss of operating permits, and other penalties.

**Mexico**

ARAUCO's business in Mexico is subject to federal, state and local environmental laws and regulations, and to Mexican official standards and technical standards. Jurisdiction over environmental issues is distributed between federal, state and municipal authorities based on a "residual formula" in the Mexican Constitution, which establishes that matters not expressly reserved for federal authorities come under the jurisdiction of local governments, also known as concurrent jurisdiction.

The principal environmental laws in Mexico that apply to ARAUCO are the General Law on

## Legal compliance

The Company continually strives to comply with the regulations that govern its business, with respect to its customers, employees, the environment, competition, etc.

The Company has a general grievance procedure for its employees established in its Internal Regulations, which can be exercised by any employee. Celulosa Arauco y Constitución S.A. has not been subject to any convictions for breaches of fundamental rights filed by direct employees during 2022.

The Environmental Management Department has a Preventive Environmental Management Model, under the responsibility of the Environmental Compliance and Audit Department that ensures compliance with ARAUCO's environmental obligations.

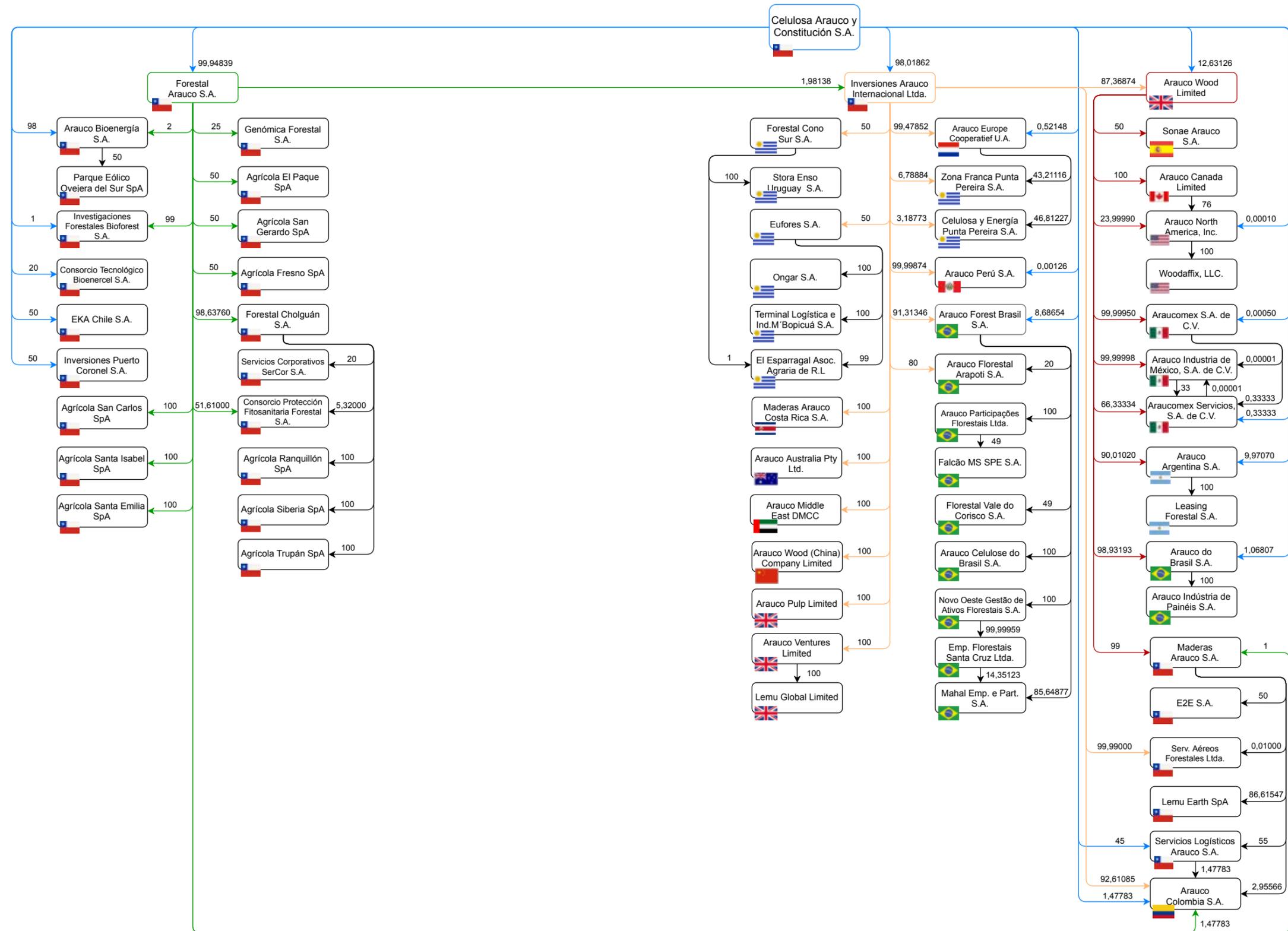
An IT platform was developed to manage environmental regulations and permits during 2021 and 2022, to optimize the identification of legal requirements, monitor compliance and manage evidence. This environmental regulation management system also forms part of the Legal Requirements Procedures of the ISO 14001 management system.

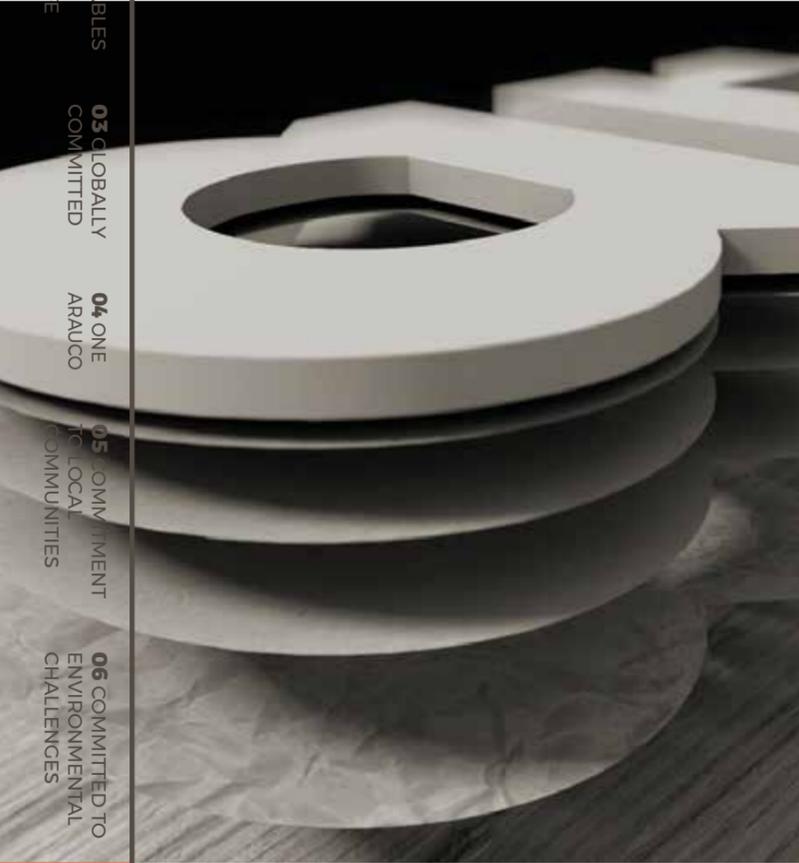
SEMARNAT is the federal environmental authority responsible for defining environmental policies and issuing various authorizations with respect to the issues described in the preceding paragraph. The Federal Attorney General's Office for Environmental Protection is a decentralized agency of SEMARNAT, and it has the authority to investigate and inspect facilities, impose sanctions, and resolve administrative appeals submitted by those who have been sanctioned for non-compliance with environmental laws.

Ecological Balance and Environmental Protection, the General Law on the Prevention and Integral Management of Waste, the Law on National Waters, the General Law on Sustainable Forestry Development, the Federal Law on Environmental Responsibility and the General Law on Climate Change. These laws have been supported by various regulations regarding environmental impacts, risks, noise, atmospheric emissions, etc., which apply to ARAUCO.

# ARAUCO'S CORPORATE STRUCTURE

Updated as of  
December 31, 2022





## COMPANIES RELATED TO ARAUCO

### Subsidiary and associate information

#### **Agrícola Ranquillón SpA**

- Date constituted: August 24, 2022
- Directors: Not applicable
- Chief Executive Officer: Juan Pablo Ventura Albornoz
- Share capital: ThUS\$ 1,147
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 98.58669%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 98.58669%
- Percentage that this investment represents of the individual company's total assets 0.00008%

#### **Corporate Purpose:**

To conduct research and development of agricultural projects; acquire real estate, water rights and administrative authorizations of all kinds for the financing, development, planting, cultivation, harvesting, operation and maintenance of agricultural projects; sell, distribute and export fruits and agricultural products; and generally perform anything and sign all contracts that are necessary, related or conducive to complying with these purposes, including buying, selling or leasing land and water rights, constituting all kinds of companies or acquiring an interest in companies.

#### **Business:**

Cultivation of trees, shrubs and fruits.

#### **Agrícola San Carlos SpA**

- Date constituted: August 24, 2022
- Directors: Not applicable
- Chief Executive Officer: Iván Chamorro Lange
- Share capital: ThUS\$ 1,758
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.94839%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 99.94839%.
- Percentage that this investment represents of the individual company's total assets 0.00012%

#### **Corporate Purpose:**

To conduct research and development of agricultural projects; acquire real estate, water rights and administrative authorizations of all kinds for the financing, development, planting, cultivation, harvesting, operation and maintenance of agricultural projects; sell, distribute and export fruits and agricultural products; and generally perform anything and sign all contracts that are necessary, related or conducive to complying with these purposes, including buying, selling or leasing land and water rights, constituting all kinds of companies or acquiring an interest in companies.

#### **Business:**

Cultivation of trees, shrubs and fruits.

**Agrícola Santa Emilia SpA**

- Date constituted: August 24, 2022
- Directors: Not applicable
- Chief Executive Officer: Iván Chamorro Lange
- Share capital: ThUS\$ 702
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.94839%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 99.94839%.
- Percentage that this investment represents of the individual company's total assets 0.00005%

**Corporate Purpose:**

To conduct research and development of agricultural projects; acquire real estate, water rights and administrative authorizations of all kinds for the financing, development, planting, cultivation, harvesting, operation and maintenance of agricultural projects; sell, distribute and export fruits and agricultural products; and generally perform anything and sign all contracts that are necessary, related or conducive to complying with these purposes, including buying, selling or leasing land and water rights, constituting all kinds of companies or acquiring an interest in companies.

**Business:**

Cultivation of trees, shrubs and fruits.

**Agrícola Santa Isabel SpA**

- Date constituted: August 24, 2022
- Directors: Not applicable
- Chief Executive Officer: Iván Chamorro Lange
- Share capital: ThUS\$ -
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.94839%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 99.94839%.
- Percentage that this investment represents of the individual company's total assets Not applicable.

**Corporate Purpose:**

To conduct research and development of agricultural projects; acquire real estate, water rights and administrative authorizations of all kinds for the financing, development, planting, cultivation, harvesting, operation and maintenance of agricultural projects; sell, distribute and export fruits and agricultural products; and generally perform anything and sign all contracts that are necessary, related or conducive to complying with these purposes, including buying, selling or leasing land and water rights, constituting all kinds of companies or acquiring an interest in companies.

**Business:**

Cultivation of trees, shrubs and fruits.

**Agrícola Siberia SpA**

- Date constituted: August 24, 2022
- Directors: Not applicable
- Chief Executive Officer: Juan Pablo Ventura Albornoz
- Share capital: ThUS\$ 1,767
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 98.58669%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 98.58669%.
- Percentage that this investment represents of the individual company's total assets 0.00012%

**Corporate Purpose:**

To conduct research and development of agricultural projects; acquire real estate, water rights and administrative authorizations of all kinds for the financing, development, planting, cultivation, harvesting, operation and maintenance of agricultural projects; sell, distribute and export fruits and agricultural products; and generally perform anything and sign all contracts that are necessary, related or conducive to complying with these purposes, including buying, selling or leasing land and water rights, constituting all kinds of companies or acquiring an interest in companies.

**Business:**

Cultivation of trees, shrubs and fruits.

**Agrícola Trupán SpA**

- Date constituted: August 24, 2022
- Directors: Not applicable
- Chief Executive Officer: Juan Pablo Ventura Albornoz
- Share capital: ThUS\$ 113
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 98.58669%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 98.58669%.
- Percentage that this investment represents of the individual company's total assets 0.00001%

**Corporate Purpose:**

To conduct research and development of agricultural projects; acquire real estate, water rights and administrative authorizations of all kinds for the financing, development, planting, cultivation, harvesting, operation and maintenance of agricultural projects; sell, distribute and export fruits and agricultural products; and generally perform anything and sign all contracts that are necessary, related or conducive to complying with these purposes, including buying, selling or leasing land and water rights, constituting all kinds of companies or acquiring an interest in companies.

**Business:**

Cultivation of trees, shrubs and fruits.

**Arauco Argentina S.A.**

- Date constituted: September 8, 1975
- Directors: Pablo Cristián Ruival  
Marcelo Claudio Miceli  
Jorge Cañada
- Chief Executive Officer: Pablo Cristián Ruival
- Share capital: ThUS\$ 565,608
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.9801%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00012%
- Percentage that this investment represents of the individual company's total assets 0.03593%

**Corporate Purpose:**

To manufacture long-fiber pulp and other types of pulp; manufacture inputs, by-products or products for the pulp-paper sector; manage and exploit forests directly or indirectly; buy, sell, import, export and distribute the raw materials, inputs, by-products and products described in its purpose, to transport them and other raw materials, inputs, by-products and products; provide advisory and management services to companies with the same purposes or require technical services or experience to develop their businesses; contribute capital for businesses or potential businesses, whether or not they are related to these purposes.

**Business:**

Manufacture of pulp, boards and sawn timber, and manage its forests.

**Arauco Australia Pty Ltd.**

- Date constituted: 8 de julio de 2009
- Directors: Charles Kimber Wylie  
Gonzalo Zegers Ruiz-Tagle  
Antonio Luque Guerrero  
Francisco Figueroa Duclos  
David Walter Staples
- Chief Executive Officer: David Walter Staples
- Share capital: MUS\$ 61
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0,00000%
- Percentage that this investment represents of the individual company's total asset: 0,00005%

**Corporate Purpose:**

To distribute and sell forest products.

**Business:**

Sell timber wood and panel products mainly in the Australian and New Zealand markets.

**Arauco Bioenergía S.A.**

- Date constituted: December 22, 1988
- Directors: Cristián Infante Bilbao  
Franco Bozzalla Trabucco  
Antonio Luque Guerrero
- Chief Executive Officer: Leonardo Bastidas Almarza
- Share capital: ThUS\$ 15,980
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99897%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00000%
- Percentage that this investment represents of the individual company's total assets 0.00126%

**Corporate Purpose:**

To generate and supply of electricity and provide general engineering services.

**Business:**

Generation, collection and distribution of electricity.

**Arauco Canada Limited**

- Date constituted: April 1, 1960
- Directors: Kelly Shotbolt  
Pablo Franzini  
David Williams
- Chief Executive Officer: Pablo Franzini
- Share capital: ThCAD 30,931
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.999%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00013%
- Percentage that this investment represents of the individual company's total assets 0.04353%

**Corporate Purpose:**

To manufacture medium density panels and boards, pressed timber, shredded timber, particleboard, plywood, laminated or ennobled wood, and to sell its products

**Business:**

Production and sale of particleboard PB, medium density particleboard, MDF, high density particleboard HDF and low pressure TFL decorative panels.

industry, the construction and packaging market, manufactured with domestic and imported raw material, under its own or third party brands; to broker, sell and distribute wholesale all kinds of pulp and timber derivatives; to manage forests and reforestation.

**Business:**  
Sell timber and forestry business products. Search for business development opportunities in these markets.

**Arauco Colombia S.A.**

- Date constituted: February 15, 2008
- Directors: Antonio Luque Guerrero  
Charles Kimber Wylie  
Francisco Figueroa Duclos
- Chief Executive Officer: Juan Pablo Gómez
- Share capital: ThUS\$ 2,502
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99825%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: -0.00002
- Percentage that this investment represents of the individual company's total assets 0.00000

**Corporate Purpose:**  
Fabricar, comercializar y distribuir celulosa To manufacture, sell, distribute and market kraft pulp, sawn timber or in other forms, timber panels of all kinds, laminated products and wood moldings, and other products for the furniture

distribution of electricity; and participation as partner, shareholder or member of other civil or commercial companies or commercial enterprises of any nature, in Brazil or abroad, regardless of their corporate purpose.

**Business:**  
Manufacture, trade, import and export paper and pulp or other products from the transformation of forestry raw materials and formation, exploration and sale of forests and timber, derived from afforestation and reforestation and any resulting activities such as genetic improvement, silviculture, management and harvesting of owned or third party timber, directly or through contracts with companies specializing in forestry and forest management; production and sale of seedlings, seeds, timber and its by-products.

**Arauco Celulose do Brasil S.A.**

- Date constituted: August 9, 2022
- Directors: Matías Domeyko Cassel  
Cristián Infante Bilbao  
Antonio Luque Guerrero
- Chief Executive Officer: Carlos Altimiras Ceardi
- Share capital: ThBRL 140,010
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99907%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 99.99907%
- Percentage that this investment represents of the individual company's total assets 0.00175%

**Corporate Purpose:**  
To manufacture, trade, import and export paper and pulp or other products from the transformation of forestry raw materials; formation, exploration and sale of forests and timber, derived from afforestation and reforestation and any resulting activities such as genetic improvement, silviculture, management and harvesting of owned or third party timber, directly or through contracts with companies specializing in silviculture and forest management; production and sale of seedlings, seeds, timber and its by-products; provide technical assistance services and projects related to forestry activities; provide import and export services, and exploitation of goods related to its corporate purpose; transportation, for itself and on behalf of third parties; generation, sale and

**Arauco do Brasil S.A.**

- Date constituted: August 10, 1965
- Directors: Antonio Luque Guerrero  
Cristián Infante Bilbao  
Matías Domeyko Cassel
- Chief Executive Officer: Carlos Altimiras Ceardi
- Share capital: ThBRL 1,138,778
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99899%
- Incorporated on August 10, 1965 and acquired by ARAUCO in March 2005.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00013%
- Percentage that this investment represents of the individual company's total assets 0.01626%

**Corporate Purpose:**

To manufacture and sell wood panels; process and sell sawn, raw or planed timber, and chemical products in general; forestation, reforestation, and their associated activities; production and sale of seeds, seedlings, timber and their by-products; provide services related to these purposes; export and import, for itself or on

behalf of third parties, industrial and agricultural products, the products described above, raw materials, machinery, equipment, components and spare parts, whether or not related to the Company's purposes.

**Business:**

Sell and promote timber business products in Africa (except South Africa), the Middle East (except Turkey and Israel) and India. Search for business development opportunities in these markets.

**Arauco Europe Cooperatief U.A.**

- Date constituted: September 29, 2010
- Directors: Alfonso Valdés González  
Ricardo Strauszer  
Gianfranco Truffello  
Jijena
- Chief Executive Officer: Alfonso Valdés González
- Share capital: ThUS\$ 557,239
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.9990%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00001%
- Percentage that this investment represents of the individual company's total assets 0.08161%

**Corporate Purpose:**

To acquire, hold and sell investments and manage them; to acquire, hold and sell interests in companies and

**Business:**

Distribute pulp produced in Uruguay to various European and Asian customers in the paper industry on a purchase and sale basis, arranging sales transactions and contracts for the sale of boards and pulp as a commission agent, and management and financing of associates.

**Arauco Florestal Arapoti S.A.**

- Date constituted: December 9, 2004
- Directors: Antonio Luque Guerrero  
Cristián Infante Bilbao  
Matías Domeyko Cassel
- Chief Executive Officer: Carlos Altimiras Ceardi
- Share capital: ThBRL 174,821
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.9990%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00000%
- Percentage that this investment represents of the individual company's total assets 0.00587%

**Corporate Purpose:**

To manage forests, reforestation, harvesting and sales of products and by-products from the exploration of these activities; production and sales of eucalyptus and pine seeds; representation of other domestic or foreign companies, for itself or on behalf of third parties.

**Business:**

Forestry, reforestation, harvesting and selling products and by-products from the exploration of these activities. Production and selling of eucalyptus and pine seeds.

**Arauco Forest Brasil S.A.**

- Date constituted: June 29, 1994
- Directors: Antonio Luque Guerrero  
Cristián Infante Bilbao  
Matías Domeyko Cassel
- Chief Executive Officer: Carlos Altimiras Ceardi
- Share capital: ThBRL 1,797,615
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99907%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: -0.00001%
- Percentage that this investment represents of the individual company's total assets 0.02901%

**Corporate Purpose:**

To manage forests, reforestation and associated activities such as genetic improvement, silviculture, timber management and harvesting; production and sales of seeds, seedlings, timber and their by-products.

**Business:**

Forestry, reforestation, harvesting and selling products and by-products from the exploration of these activities.

**Arauco Industria de México, S.A. de C.V.**

- Date constituted: August 23, 2001
- Directors: José Hernández Ayala  
Cristián Infante Bilbao  
Antonio Luque Guerrero  
Pablo Franzini
- Chief Executive Officer: José Manuel Hernández Ayala
- Share capital: ThMXN 3,422,132
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99910%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00010%
- Percentage that this investment represents of the individual company's total assets 0.01731%

**Corporate Purpose:**

To acquire, buy, sell, import, export, store, manufacture, distribute and sell all kinds of goods and products made from wood or timber panels or any other material in any form, directly or through brokers; plant, exploit and sell all kinds of forests; invest in all kinds of

**Business:**

Domestic production and sale of PB, MDF (bare) and melamine in both substrates, as well as resins. It currently operates the Durango and Zitácuaro mills.

**Arauco Indústria de Painéis S.A.**

- Date constituted: May 8, 1995
- Directors: Antonio Luque Guerrero  
Cristián Infante Bilbao  
Matías Domeyko Cassel
- Chief Executive Officer: Carlos Altimiras Ceardi
- Share capital: ThBRL 904,574
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99912%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00013%
- Percentage that this investment represents of the individual company's total assets 0.00528%

**Corporate Purpose:**

To manage, trade, import and export reconstituted timber panels; agricultural and extractive activities of silviculture, afforestation and reforestation; sales of forests, timber and forestry by-products.

To manage and execute forestry projects for itself or on behalf of third parties, and provide administration and execution services for forestry projects.

**Business:**

Manufacture, industrialize and sell wood panels in domestic and foreign markets.

**Arauco Middle East DMCC.**

- Date constituted: April 29, 2015
- Directors: Charles Kimber Wylie  
Antonio Luque Guerrero  
Francisco Figueroa Duclos
- Chief Executive Officer: Alberto Larenas Gajardo
- Share capital: ThUS\$ 1,001
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00000%
- Percentage that this investment represents of the individual company's total assets 0.00008%

**Corporate Purpose:**

To sell raw materials, timber products, vegetables, fruits, food, beverages, paper, cotton and natural fibers.

**Business:**

Sell and promote timber business products in Africa (except South Africa), the Middle East (except Turkey and Israel) and India. Search for business development opportunities in these markets.

**Arauco North America, Inc.**

- Date constituted: June 16, 2006
- Directors: Kelly Shotbolt  
Pablo Franzini  
David Williams
- Chief Executive Officer: Pablo Franzini
- Share capital: ThUS\$ 160,863
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99911%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00013%
- Percentage that this investment represents of the individual company's total assets 0.05224%

**Corporate Purpose:**

To manufacture medium density panels and boards, pressed timber, shredded timber, particleboard, plywood, laminated or ennobled wood, and to sell its products.

**Business:**

Produce, sell and import particleboard PB, medium density particleboard, MDF, high density particleboard HDF and low pressure TFL decorative panels. Plywood, sawn lumber, and MDF and pine moldings.

**Arauco Participações Florestais Ltda.**

- Date constituted: October 27, 2021
- Directors: Not applicable
- Chief Executive Officer: José Artemio Totti
- Share capital: ThBRL 100,101
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99907%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: -0.00001%
- Percentage that this investment represents of the individual company's total assets Not applicable

**Corporate Purpose:**

Investments in civil or commercial companies, as partner, shareholder or otherwise.

**Business:**

Investments in civil or commercial companies, as partner, shareholder or otherwise.

**Arauco Perú S.A.**

- Date constituted: October 27, 1997
- Directors: Charles Kimber Wylie  
Antonio Luque Guerrero  
Francisco Figueroa  
Duclos
- Chief Executive Officer: Enrique Bazán Barraza
- Share capital: ThUS\$ 22
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00000%
- Percentage that this investment represents of the individual company's total assets 0.00034%

**Corporate Purpose:**

To purchase, sell, distribute, market, import or export, for itself or on behalf of others, of all kinds of timber, forest products, by-products and derivatives, and any other business that the General Shareholders' Meeting may approve.

**Business:**

Import and sale of timber boards and strips in Peru.

**Arauco Pulp Limited**

- Date constituted: October 2, 2022
- Directors: Matías Domeyko Cassel  
Cristian Infante Bilbao  
Gianfranco Truffello  
Jijena  
Antonio Luque Guerrero  
Felipe Guzmán Rencoret
- Share capital: ThUS\$ 1
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 99.99898%
- Percentage that this investment represents of the individual company's total assets Not applicable.

**Corporate Purpose:**

To invest in production companies.

**Business:**

None at the moment.

**Arauco Ventures Limited**

- Date constituted: October 3, 2022
- Directors: Matías Domeyko Cassel  
Cristian Infante Bilbao  
Gianfranco Truffello  
Jijena  
Antonio Luque Guerrero  
Felipe Guzmán Rencoret
- Share capital: ThUS\$ 1
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 99.99898%
- Percentage that this investment represents of the individual company's total assets Not applicable.

**Corporate Purpose:**  
To invest in production companies.

**Business:**  
None at the moment.

**Arauco Wood (China) Company Limited**

- Date constituted: August 16, 2018
- Directors: Antonio Luque Guerrero  
Charles Kimber Wylie  
Francisco Figueroa
- Chief Executive Officer: Rodolfo Ziegele
- Share capital: ThUS\$ 146
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00000%
- Percentage that this investment represents of the individual company's total assets 0.00003%

**Corporate Purpose:**  
Sell, broker, market and promote forest products and conduct market research.

**Business:**  
Sell, broker, market and promote forest products and conduct market research.

**Arauco Wood Limited**

- Date constituted: May 23, 2022
- Directors: Matías Domeyko Cassel  
Cristian Infante Bilbao  
Gianfranco Truffello  
Jijena  
Antonio Luque Guerrero  
Felipe Guzmán Rencoret
- Share capital: ThUS\$ 1,989,972
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99911%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 99.99911%
- Percentage that this investment represents of the individual company's total assets 0.18725%

**Corporate Purpose:**  
To invest in production companies.

**Business:**  
None at the moment.

**Araucocomex S.A. de C.V.**

- Date constituted: September 1, 2000
- Directors: José Hernández Ayala  
Antonio Luque Guerrero  
Cristián Infante Bilbao  
Pablo Franzini
- Chief Executive Officer: José Manuel Hernández Ayala
- Share capital: ThUS\$ 32,831
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99911%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00013%
- Percentage that this investment represents of the individual company's total assets 0.00260%

**Corporate Purpose:**  
To purchase, sale, import, export, market and distribute pulp, timber boards, derivatives and raw or processed wood in all its forms, including sized timber and manufactured for special or general purposes, either directly or through third parties or in association with third parties under any legal form; manufacture of wood and pulp products, including the manufacture of pallets and the assembly of any product or form derived from wood or pulp.

**Business:**  
Purchase, sale and distribution of timber and panels, and production and sale of pallets.

**Araucocomex Servicios S.A. de C.V.**

- Date constituted: August 23, 2001
- Directors: José Hernández Ayala  
Antonio Luque Guerrero  
Cristián Infante Bilbao  
Pablo Franzini
- Chief Executive Officer: José Manuel Hernández Ayala
- Share capital: ThMXN 167
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99911%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00013%
- Percentage that this investment represents of the individual company's total assets 0.00026%

**Corporate Purpose:**

To provide all kinds of services, for example advisory, administrative, professional, technical, human resources, operational, managerial, marketing, programming, sales and consulting services, and sign all contracts required to provide these services in the Mexican Republic or abroad, excluding legal services.

**Business:**

Provide specialized personnel services to group companies in common areas such as treasury, accounting, taxes, accounts payable.

**Consortio Protección Fitosanitaria Forestal S.A.**

- Date constituted: November 12, 1992
- Directors: James Smith Bloom  
Miguel Castillo Salazar  
Marcelo Vaccaro Bustos  
Rodrigo Ahumada Núñez  
Ricardo Austin Miller
- Chief Executive Officer: Claudio Goycoolea Prado
- Share capital: ThCh\$ 468,055
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 56.82817%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.38007%
- Percentage that this investment represents of the individual company's total assets 0.00001%

**Corporate Purpose:**

To produce, purchase and sell forestry products, and provide services that protect and improve the cultivation and development of tree species of any kind; production, research and training in forestry resources and anything related to the foregoing, and anything that directly or indirectly leads to the fulfillment of these purposes.

**Business:**

Provide production, research and training services in forestry resources.

**Consortio Tecnológico Bioenercel S.A.**

- Date constituted: August 21, 2009
- Directors: Fernando Rioseco Schmidt  
Eckart Eitner Delgado  
Eduardo Rodríguez Treskow  
Iván Rubio Huerta  
David Contreras Perez  
Jose Andres Pesce A.  
Germán Aroca
- Share capital: ThCh\$ 1,778,606
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 20.00000%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: Not applicable
- Percentage that this investment represents of

**Corporate Purpose:**

To develop, adapt and implement technologies related to the production of biofuels, such as bioethanol and bio-oil, from forest resources.

**Business:**

Research and experimental development in the field of science.

**Empreendimentos Florestais Santa Cruz Ltda.**

- Date constituted: November 21, 2008
- Directors: Not applicable
- Share capital: ThBRL 141,529
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99866%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00013%
- Percentage that this investment represents of the individual company's total assets 0.00178%

**Corporate Purpose:**

To manage forests, reforestation, harvesting and marketing of forestry products and by-products; production, repackaging, storage and trade of eucalyptus and pine seeds; export and import these products for itself or on behalf of third parties together with industrial and agricultural products, such as raw materials, machinery, equipment and spare parts, regardless of whether they are related to the company's purpose; making financial investments and administrating of its own assets.

**Business:**

Investments in civil or commercial companies, as partner, shareholder or otherwise.

livestock services to third parties; lease movable property to third parties; provide forest fire protection services; grow grapes and produce wine.

**Corporate Purpose:**

Manage forests on its own properties and nurseries or those it exploits under any title, especially through afforestation, reforestation, thinning, care, management, exploitation and industrialization of artificial and native forests.

**Forestal Arauco S.A.**

- Date constituted: November 9, 1978
- Directors: Manuel Bezanilla Urrutia  
Cristián Infante Bilbao  
Jorge Andueza Fouque  
Jorge Garnham Mezzano  
Matías Domeyko Cassel  
Roberto Angelini Rossi  
Franco Mellafe Angelini  
Juan Saavedra Flórez  
Felipe Guzmán Rencoret

- Chief Executive Officer: Iván Chamorro Lange
- Share capital: ThUS\$ 884,858
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.94839%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: -0.00001%
- Percentage that this investment represents of the individual company's total assets 0.00175%

**Business:**

To manage forests on its own properties and nurseries or those it exploits under any title, especially through afforestation, reforestation, thinning, care, management, exploitation and industrialization of artificial and native forests; agricultural and livestock farming on its own properties or those it exploits under any title; sale and export of products and by-products of its forestry, industrial, agricultural and livestock businesses; provide forestry, agricultural and

**Florestal Vale do Corisco S.A.**

- Date constituted: November 19, 2001
- Directors: Cristiano Cardoso Teixeira  
Fabio Fernandez Medeiros  
Marcos Paulo Conde Ivo  
Antonio Luque Guerrero  
Carlos Altimiras Ceardi

- Chief Executive Officer: José Artemio Totti
- Share capital: ThBRL 77,953
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 48.99954%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: -0.00001%
- Percentage that this investment represents of the individual company's total assets 0.00175%

**Corporate Purpose:**

To manage forestry assets; forestation and reforestation; sell timber and its by-products; administer its own or third parties' assets; invest in domestic or foreign companies as partner or shareholder.

**Business:**

Land management and leasing to related parties.

**Falcão MS SPE S.A.**

- Date constituted: August 8, 2022
- Directors: Matheus de Barros Moura  
Mario José de Souza Neto  
Roberto Trevisan
- Chief Executive Officer: Matheus de Barros Moura

- Share capital: ThCh\$ 10
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 48.99954%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 48.99954%
- Percentage that this investment represents of the individual company's total assets 0.00037%

**Corporate Purpose:**

To acquire rural properties suitable for planting eucalyptus trees in the State of Mato Grosso do Sul for third parties to manage.

**Business:**

Land management and leasing to related parties.

**Forestal Cholguán S.A.**

- Date constituted: November 29, 1978
- Directors: Juan Saavedra Flórez  
Iván Chamorro Lange  
Jorge Serón Ferré  
Jorge Garnham  
Mezzano  
Robinson Tajmuchi  
Vásquez
- Chief Executive Officer: Juan Pablo Ventura  
Albornoz
- Share capital: ThUS\$ 55,916
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 98.58669%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00528%
- Percentage that this investment represents of the individual company's total assets 0.01777%

**Corporate Purpose:**

To engage in forest management in all its forms, including the acquisition, in any form, of rural land suitable for forestry and planting and re-foresting that land; maintain and exploit forests and undertake any other general business related to the agricultural-forestry industry; the industrialization of timber, either directly or with the Company participating as a partner or shareholder in other companies with similar businesses.

**Business:**

Sale of standing logs to the related company Forestal Arauco, and afforestation, reforestation and all the maintenance of its forests.

**Genómica Forestal S.A.**

- Date constituted: October 25, 2006
- Directors: Eduardo Rodríguez  
Francisco Rodríguez  
Andrea Rodríguez  
Felipe Leiva  
Sofía Grez
- Chief Executive Officer: Sofía Valenzuela  
Aguila
- Share capital: ThCh\$ 245,586
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 24.9871%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: Not applicable
- Percentage that this investment represents of the individual company's total assets 0.00000%

**Corporate Purpose:**

To perform all kinds of services that develop forest genomics using biotechnological, molecular and bioinformatics tools; provide technology, engineering, biotechnology and bioinformatics services; purchase, sell and market seeds, tools, and all kinds of tangible and intangible assets required to fulfill its purpose; administrate and execute forest genomics projects.

**Business:**

Service related to agriculture.

**Inversiones Arauco Internacional Ltda.**

- Date constituted: September 7, 1989
- Directors: Manuel Bezanilla Urrutia  
Matías Domeyko Cassel  
Cristián Infante Bilbao  
Roberto Angelini Rossi  
Jorge Andueza Fouque  
Gonzalo Zegers  
Ruiz-Tagle  
Antonio Luque  
Guerrero  
Robinson Tajmuchi  
Vásquez
- Chief Executive Officer: Cristián Infante Bilbao
- Share capital: ThUS\$ 3,631,035
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00000%
- Percentage that this investment represents of the individual company's total assets 0.31089%

**Corporate Purpose:**

To invest in Chile and abroad in tangible and intangible real estate and personal property, shares, bonds and other marketable securities, rights in partnerships, and in all kinds of assets; perform anything complementary to its purpose.

**Business:**

Investment company.

**Inversiones Puerto Coronel S.A.**

- Date constituted: January 4, 1996
- Directors: Eduardo Hartwig  
Iturriaga  
Jorge Garnham  
Mezzano  
Álvaro Saavedra Flórez  
Fernando Reveco  
Santander  
Felipe Vial  
Fernando Elgueta  
Gálmez
- Chief Executive Officer: Michelle Prater
- Share capital: ThUS\$ 58,189
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 50%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: Not applicable
- Percentage that this investment represents of the individual company's total assets 0.00428%

**Corporate Purpose:**

To invest in all kinds of tangible and intangible real estate and personal property, acquire shares of corporations or limited partnerships, partnership rights, debentures, bonds, commercial paper and all kinds of marketable securities or investment instruments and administer these investments and their fruits, and develop and participate in all kinds of businesses, projects, companies and corporations in the industrial, port, forestry and commercial sectors.

**Business:**

Funds and investment companies.

**Investigaciones Forestales Bioforest S.A.**

- Date constituted: April 11, 1990
- Directors: Cristián Infante Bilbao  
Antonio Luque Guerrero  
Franco Bozzalla Trabucco  
Matías Domeyko Cassel  
Iván Chamorro Lange
- Chief Executive Officer: Sebastian Fernández Padilla
- Share capital: ThUS\$ 298
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.94891%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: -0.00001%
- Percentage that this investment represents of the individual company's total assets 0.00022%

**Corporate Purpose:**

Develop technologies to achieve a high degree of knowledge of forest resources in order to maximize their productivity.

**Business:**

Develop technologies to achieve a high degree of knowledge of forest resources in order to maximize their productivity.

**Lemu Global Limited**

- Date constituted: November 1, 2022
- Directors: Cristián Infante Bilbao  
Gianfranco Truffello Jijena  
Matías Domeyko Cassel  
Gonzalo Zegers Ruiz-Tagle  
Alejandro Tocigl Domeyko
- Share capital: ThUS\$ 1
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 99.99898%
- Percentage that this investment represents of the individual company's total assets Not applicable

**Corporate Purpose:**

To invest in production companies.

**Business:**

None at the moment.

**Maderas Arauco Costa Rica S.A.**

- Date constituted: May 7, 2018
- Directors: Francisco Figueroa Duclos  
Charles Kimber Wylie  
Antonio Luque Guerrero
- Chief Executive Officer: Andrés Castro Arias
- Share capital: ThUS\$ 300
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.0000%
- Percentage that this investment represents of the individual company's total assets 0.00005%

**Corporate Purpose:**

To sell timber and forest products, and promote, conduct market research and broker the sale of timber and forest products. Accordingly, it may buy, sell, encumber, mortgage, grant bonds, lease, own and dispose of all kinds of real estate and personal property, real and personal rights, open accounts in any public or private bank in the national and international banking system, form part of other companies and grant trusts.

**Business:**

Promote, conduct market research and broker sales of timber products manufactured by the Arauco Group's manufacturing entities in Central America.

**Maderas Arauco S.A.**

- Date constituted: November 13, 1986
- Directors: Gonzalo Zegers Ruiz-Tagle  
Charles Kimber Wylie  
Cristián Infante Bilbao  
Franco Bozzalla Trabucco  
Gianfranco Truffello Jijena  
Matías Domeyko Cassel  
Iván Chamorro Lange
- Chief Executive Officer: Antonio Luque Guerrero
- Share capital: ThUS\$ 237,001
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99860%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: -0.00088%
- Percentage that this investment represents of the individual company's total assets 0.05786%

**Corporate Purpose:**

To industrialize forests owned by it or by third parties, especially through the production of medium density panels and boards, pressed timber, shredded timber, particleboard, plywood, laminated or ennobled wood; sales of the products and by-products it produces and of all kinds of products made from industrialized timber; sell, distribution, market, import and export, for itself or on behalf of third parties, all kinds of complementary raw materials and pro-

**Lemu Earth SpA**

- Date constituted: January 6, 2018
- Directors: Matías Domeyko Cassel  
Cristián Infante Bilbao  
Gianfranco Truffello Jijena  
Gonzalo Zegers Ruiz-Tagle  
Alejandro Tocigl Domeyko

• Chief Executive Officer: Leonardo Arturo Prieto Williamson

- Share capital: ThCh\$ 1,485,761
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 86.61426%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: -0.00079%
- Percentage that this investment represents of the individual company's total assets -0.00005%

**Corporate Purpose:**

To provide ethics-driven industrial artificial intelligence (IAI) using cutting-edge technologies to help reverse environmental crises.

**Business:**

Information technology and computer services.

**Novo Oeste Gestão de Ativos Florestais S.A.**

- Date constituted: October 22, 2010
- Directors: Cristián Infante Bilbao  
Matías Domeyko Cassel  
Antonio Roberto Luque Guerrero

• Share capital: ThBRL 484,634

• Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99907%.

• Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00004%

• Percentage that this investment represents of the individual company's total assets 0.00629%

**Corporate Purpose:**

To manage forestry assets; sell timber and other by-products, and acquire inputs for plantations of eucalyptus and other species.

**Business:**

Forestry, reforestation, harvesting and selling products and by-products from the exploration of these activities.

**Mahal Empreendimentos e Participações S.A.**

- Date constituted: April 28, 2009
- Directors: Cristián Infante Bilbao  
Matías Domeyko Cassel  
Antonio Roberto Luque Guerrero

• Chief Executive Officer: Carlos Altimiras Ceardi

• Share capital: ThBRL 816,635

• Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99901%.

• Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00001%

• Percentage that this investment represents of the individual company's total assets 0.01057%

**Corporate Purpose:**

To process timber, acquire inputs for plantations of eucalyptus and other species.

**Business:**

Forestry, reforestation, harvesting and selling products and by-products from the exploration of these activities.

ducts and by-products made from natural and industrialized wood; provide related or similar services; produce, purchase, sell, transport and distribute electricity and steam; generate, purchase, sell and market Certified Greenhouse Gas Emission Reductions, known as Carbon Credits; provide specific business administration services, including information technology related services.

**Business:**

Sell, produce and distribute boards, sawn timber, moldings and plywood, and generate and supply electricity.

**Business:**

Broker port contracts in general, including wharfage, launches, cargo mobilization, storage, stevedoring and unstowage of vessels.

**Servicios Logísticos Arauco S.A.**

- Date constituted: April 27, 1992
- Directors: Cristián Infante Bilbao  
Antonio Luque Guerrero  
Franco Bozzalla  
Trabucco  
Gonzalo Zegers  
Ruiz-Tagle  
Iván Chamorro Lange

- Chief Executive Officer: Ricardo Brunner Moreno
- Share capital: ThUS\$ 417
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99923%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: -0.00049%
- Percentage that this investment represents of the individual company's total assets 0.00012%

**Corporate Purpose:**

To broker port contracts in general, including wharfage, launches, cargo mobilization, storage, stevedoring and unstowage of vessels; directly provide these port services; broker land, air, sea and river transport services contracts; directly these transportation services; provide logistic services related to these services.

**Servicios Corporativos Sercor S.A.**

- Date constituted: July 3, 2000
- Directors: Roberto Angelini Rossi  
Eduardo Navarro  
Beltran  
Andrés Lehuedé  
Bromley  
Matías Domeyko Cassel  
Jorge Andueza Fouque

- Chief Executive Officer: Patricio Tapia Costa
- Share capital: ThCh\$ 2,974,624
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 19.71734%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.00106%
- Percentage that this investment represents of the individual company's total assets 0.00002%

**Corporate Purpose:**

To advise boards of directors and senior management on business management, strategic planning, corporate communications, internal auditing, management control, shareholder registers, economic studies, project evaluations, company valuations and market research.

**Business:**

Provide advisory services to boards of directors and senior management of all kinds of companies in matters related to business management.

**Servicios Aéreos Forestales Ltda.**

- Date constituted: March 27, 2014
- Directors: Cristián Infante Bilbao  
Iván Chamorro Lange
- Chief Executive Officer: Gianfranco Truffello  
Jijena
- Share capital: ThUS\$ 26,000
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99898%.
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 0.0%
- Percentage that this investment represents of the individual company's total assets 0.00100%

**Corporate Purpose:**

- To provide air transportation services for passengers and cargo, forest patrols, photography, advertising, magnetic surveys, using its own or third party aircraft.
- To maintain, alter, repair and modify aeronautical products, their components and spare parts.

**Business:**

Transport passengers by air in support of forestry management.

trees; agriculturally farming these properties, and generally performing anything and signing all contracts that are necessary, related or conducive to complying its purposes, including the purchase, sale or lease of land, constitution of all kinds of companies and acquisition of interests in companies.

**Agrícola San Gerardo SpA**

- Date constituted: April 1, 2019
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.9742%.
- Percentage that this investment represents of the individual company's total assets 0.00012%
- Clear description of its business: Agricultural support services.

**Corporate Purpose:**

To develop an agricultural project in Molina.

**Agrícola El Paque SpA**

- Date constituted: July 6, 2020
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.9742%.
- Percentage that this investment represents of the individual company's total assets 0.00043%
- Clear description of its business: Agricultural support services.

**Corporate Purpose:**

To plant and construct agricultural assets and comprehensively manage them for this agricultural project.

**Agrícola Fresno SpA**

- Date constituted: October 13, 2021
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.9742%.
- Percentage that this investment represents of the individual company's total assets 0.00120%
- Clear description of its business: Cultivation of trees, shrubs and fruits.

**Corporate Purpose:**

To sell, distribute and export fruits and agricultural products; study and develop agricultural projects in the Maule, Ñuble and Biobío regions in Chile; acquire agricultural real estate and water rights in these regions then finance, develop, plant, cultivate, harvest, operate and maintain fruit trees, including hazelnut and walnut

Investments in other companies

**Woodaffix, LLC.**

- Date constituted: October 15, 2021
- Directors: Not applicable
- Chief Executive Officer: Pablo Franzini
- Share capital: -
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 99.99911%
- Changes in the shareholding of Celulosa Arauco y Constitución S.A. during 2022: 99.99911%
- Percentage that this investment represents of the individual company's total assets -0.000001%

**Corporate Purpose:**

To manufacture and sell wooden components to the furniture industry based on decorative laminated panels.

**Business:**

Manufacture of built-in furniture systems and components for shelving and prefabricated furniture, namely, thermally fused laminated panels, thermally fused melamine panels, laminated fiberboard, laminated chipboard edges and edge-glued panels; decorative laminated wood; all for the construction and furniture industry, and the prefabricated furniture industry.

**El Esparragal Asociación Agraria de Responsabilidad Ltda.**

- Date constituted: May 30, 2007
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.99949%.
- Percentage that this investment represents of the individual company's total assets 0.00041%
- Clear description of its business: Rural property operated by third parties.

**Corporate Purpose:**

To produce timber for industrial purposes; perform anything required to fulfill this purpose, such as forestation, silvicultural treatments, logging and sale of timber; perform all the secondary purposes of forests, and any other complementary forest exploitation on the company's properties; purchase, sell, lease and operate real estate, and any other agricultural activity classified as such under Law 17,777.

**EKA Chile S.A.**

- Date constituted: September 20, 2002
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 50%.
- Percentage that this investment represents of the individual company's total assets 0.00122%
- Clear description of its business: Manufacture and export of chemical products.

**Corporate Purpose:**

To produce, import, export, acquire, sell and market chemical products, and the machinery and equipment required to process these products; provide maintenance services for this machinery and equipment.

**E2E S.A.**

- Date constituted: May 2, 2018
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.9993%.
- Percentage that this investment represents of the individual company's total assets 0.00033%
- Clear description of its business: Design and construct using timber and panels.

**Corporate Purpose:**

To develop high standard dry construction solutions using timber frames, including perimeter and internal walls, in prefabricated panels, and flooring, ceilings and facades, all delivered with complete on-site installation and assembly in Chile and the rest of Latin America.

**Celulosa y Energía Punta Pereira S.A.**

- Date constituted: May 4, 2005
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.9995%.
- Percentage that this investment represents of the individual company's total assets 0.07274%
- Clear description of its business: Production of pulp, and the generation and sale of electricity.

**Corporate Purpose:**

To operate in a Duty Free Zone and to take advantage of the taxation exemptions and other benefits described in Law 15,921, provide all kinds of industrial and commercial services, such as: a) the sale, deposit, storage, conditioning, selection, classification, fractioning, assembling, disassembling, handling or mixing of domestic and foreign goods and raw materials; b) the installation and operation of manufacturing facilities; and c) provide the financial, computer, repair, maintenance, professional and other services required to operate its business and sell those services in other countries.

**Sonae Arauco S.A.**

- Date constituted: May 14, 1946
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.99956%.
- Percentage that this investment represents of the individual company's total assets 0.01266%
- Clear description of its business: Produce timber panels and derived products in industrial and commercial facilities in Portugal, Spain, Germany, the United Kingdom, Switzerland, France, the Netherlands, Morocco and South Africa.

**Corporate Purpose:**

To manufacture and sell boards of any kind and manufacture and sell raw materials, such as wood, glues, resins or their derivatives or construction materials; and perform anything derived from manufacturing or applying these products. To acquire, hold, enjoy, administer and sell all kinds of marketable securities in the name and on behalf of the Company.

**Parque Eólico Ovejera Sur SpA**

- Date constituted: January 19, 2018
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.99949%.
- Percentage that this investment represents of the individual company's total assets 0.00009%
- Clear description of its business: Develop renewable energy generation projects.

**Corporate Purpose:**

To directly or indirectly perform for itself or on behalf of third parties in Chile or abroad the following: (a) conduct research and development into wind power generation projects; (b) purchase, sell and lease any kind of tangible or intangible real estate and personal property that is required to fulfill its purpose; and (c) generally perform anything directly and indirectly necessary or conducive to fulfilling its purpose.

**Forestal Cono Sur S.A.**

- Date constituted: August 16, 1996
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.99949%.
- Percentage that this investment represents of the individual company's total assets 0.00592%
- Clear description of its business: Rural property operated by third parties.

**Corporate Purpose:**

To manage forests, and to process and sell, export and import timber in all its forms.

**Eufores S.A.**

- Date constituted: April 15, 1983
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.99949%.
- Percentage that this investment represents of the individual company's total assets 0.02326%
- Clear description of its business: Develop forests by planting, handling and exploiting them.

**Corporate Purpose:**

To produce timber for industrial purposes; perform silviculture, exploit forests and sell timber; perform all the secondary purposes of forests, and any other complementary forest exploitation on the company's properties.

**Business relationships with subsidiaries or associates during the year**

As of the reporting date, the main transactions with related parties are fuel purchases from Copec S.A. and sodium chlorate purchases from EKA Chile S.A.

On July 14, 2022, Arauco Argentina S.A. paid ThUS\$ 6,000 of the principal due, leaving ThUS\$ 154,000 payable as of the reporting date.

**Zona Franca Punta Pereira S.A.**

- Date constituted: May 24, 2006
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.99949%.
- Percentage that this investment represents of the individual company's total assets 0.01139%
- Clear description of its business: Develop the Punta Pereira Duty Free Zone Accordingly, it must provide basic infrastructure and services such as maintenance of green areas, security, lighting, telephony, etc., to the resident companies there.

**Corporate Purpose:**

To exploit a duty free zone in accordance with Law 15,921 and its regulatory decrees, and perform anything inherent to that exploitation, provided it is permitted by the regulations that apply to companies exploiting duty free zones.

**Terminal Logística e Industrial M'Bopicuá S.A.**

- Terminal Logística e Industrial M'Bopicuá S.A.
- Date constituted: July 22, 1999
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.99949%.
- Percentage that this investment represents of the individual company's total assets 0.00058%
- Clear description of its business: Operates a storage yard and a port in the Río Negro department, mainly for forestry products.

**Corporate Purpose:**

To execute and finance infrastructure projects at the logistics terminal, port and industrial park, perform anything necessary or conducive to obtain the corresponding legal authorizations and permits, publish, promote and position the project; exploit and administer the logistics and industrial businesses developed within the logistics terminal, port and industrial park; exploit trademarks and analogous intangible assets; purchase, sell, lease, administer, construct and all kinds of real estate; invest in, incorporate or acquire companies operating in these places; import, export, represent, commission and consign; exploit industrial, commercial and merchandise storage facilities and anything else directly related to its purpose; form part of stakeholder and economic groups.

**Stora Enso Uruguay S.A.**

- Date constituted: November 8, 2004
- Percentage shareholding of Celulosa Arauco y Constitución S.A.: 49.99949%.
- Percentage that this investment represents of the individual company's total assets 0.00497%
- Clear description of its business: Farming and forestry.

**Corporate Purpose:**

To exploit agricultural land and forests, grow fruit, citriculture and its derivatives, manufacture these products and their derivatives; invest in companies related to its purpose, develop businesses related to investments in Uruguay and abroad, operated by public, private or mixed, national or foreign companies.

## Contracts with subsidiaries or associates

The main investment transactions in subsidiaries during 2022 are as follows.

ARAUCO has had to reorganize its timber business by centralizing its investments in the timber market in an entity that provides common management and control. On May 23, 2022, an international parent company Arauco Wood Limited was incorporated in the United Kingdom. This country is considered to be a principal investment platform and global financial center, due to its institutional stability.

In June and December 2022, the ARAUCO subsidiary Inversiones Arauco Internacional Ltda. and the group controller Celulosa Arauco y Constitución S.A. contributed their timber business subsidiaries to Arauco Wood Limited.

This reorganization should achieve a more efficient international structure in a first class financial center, thus generating an attractive investment focus for potential new investors or other market players. Centralizing the industrial segment of the Timber business should result in efficient management, stronger investments, a solid structure and forecast increases in profitability, growth and sustainability.

The main investment transactions in associates during 2022 are as follows.

The Brazilian subsidiary Arauco Participações Florestais Ltda. contributed capital of ThBRL 49,985 (equivalent to ThUS\$ 9,664) to Falcao MS SPE S.A. during 2022.

## Other securities

As of December 31, 2022, Celulosa Arauco y Constitución S.A. had issued the following bonds:

Instrument name	Currency	Total US\$	Maturity	Country
Series F	UF	127,477,807	10/30/29	CHILE
Series F	UF	51,379,173	10/30/29	CHILE
Series P	UF	188,019,444	11/15/32	CHILE
Series R	UF	206,277,710	03/30/35	CHILE
Yankee 2024	US dollar	507,462,926	07/31/24	USA
Series S	UF	201,965,338	11/15/26	CHILE
Yankee 2047	US dollar	397,906,108	11/02/47	USA
Yankee 2027	US dollar	496,073,253	11/02/27	USA
Series W	UF	121,338,013	10/10/28	CHILE
Series X	UF	219,627,147	10/10/43	CHILE
Yankee 2029	US dollar	497,006,746	04/30/29	USA
Yankee 2049	US dollar	492,725,706	04/30/49	USA
Yankee 2030	US dollar	504,177,029	01/29/30	USA
Yankee 2050	US dollar	502,022,999	01/29/50	USA

**Details of dividends and common shares**

**Details of dividends and common shares**

Dividends	Dividends
Shares classes that have paid dividends	Shares classes that have paid dividends
Dividend payment date	Dividend payment date
Dividend value	Dividend value
Number of shares entitled to dividends	Number of shares entitled to dividends
Dividend per share	Dividend per share

**Details of dividends and common shares**

Dividends	Final dividend
Shares classes that have paid dividends	Common shares
Dividend payment date	05/10/22
Dividend value	ThUS\$ 192,132
Number of shares entitled to dividends	120,474,350
Dividend per share	US\$ 1.594799

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**Dividends**

**Dividend policy**

The Company's dividend policy was modified for the next few years at the Board meeting held on September 28, 2021, which agreed to distribute shareholder dividends of 40% of net income each year.

At the same meeting the Board agreed to declare interim dividends, provided that a positive year-end result is forecast and the Company has sufficient cash resources.

Finally, the Board meeting held on April 6, 2023, agreed to propose to the Shareholders' Meeting that an amount equivalent to 50% of net income only with respect to 2022 be exceptionally distributed among the shareholders as dividends.

## Subsidiaries and functional currencies

The subsidiaries whose functional currency is not the US dollar are as follows.

Subsidiary	Country	Functional currency
Arauco Canadá Ltda.	Canada	Canadian dollar
Arauco Celulose do Brasil S.A.	Brazil	Real
Arauco do Brasil S.A.	Brazil	Real
Arauco Florestal Arapoti S.A.	Brazil	Real
Arauco Forest Brasil S.A.	Brazil	Real
Arauco Industria de México, S.A. de C.V.	Mexico	Mexican peso
Arauco Industria de Paineis S.A.	Brazil	Real
Arauco Participações Florestais Ltda.	Brazil	Real
Araucorex Servicios, S.A. de C.V.	Mexico	Mexican peso
Consortio Protección Fitosanitaria Forestal S.A.	Chile	Chilean pesos
Emprendimientos Florestais Santa Cruz Ltda.	Brazil	Real
Lesing Forestal S.A.	Argentina	Argentine peso
Maham Emprendimientos e Participações S.A.	Brazil	Real
Novo Oeste Gestao de Ativos Florestais S.A.	Brazil	Real
Lemu Earth SpA	Chile	Chilean peso

## Useful life of assets

The useful life of property, mill and equipment is based on expected asset use.

The average useful lives by asset class are as follows.

		Promedio
		Average
Buildings	Useful life (years)	58
Mill and equipment	Useful life (years)	30
IT equipment	Useful life (years)	8
Fixtures and fittings	Useful life (years)	28
Motor vehicles	Useful life (years)	7
Other property, mill and equipment	Useful life (years)	14

## Risks

ARAUCO's principal markets are subject to natural, economic, political, social and competitive risks, and any of them may adversely affect its business, financial position and operating results.

These important risks include the following.

### Company-related risks

- Fluctuations in the market price of our products could adversely affect our financial position, operating results and cash flows.
- In certain cases, global competition in the markets for our products may adversely affect our business, financial position, operating results and cash flows.
- Global economic developments, particularly in the Asian, European and US economies, could adversely affect demand for our products, our financial position, operating results and cash flows.

- We depend on free international trade, and on the economies of our principal markets. Therefore, international market instabilities or crises may affect our results.
- Chile is a seismic country that exposes our assets to the risk of earthquakes and tsunamis, and we experienced significant business disruptions and losses as a result of the earthquake on February 27, 2010.
- Increasing regulatory requirements and the consequent costs of complying with them may affect our business, our financial position, operating results and cash flows.
- We have been involved in legal proceedings, which could adversely affect our business, financial position, operating results and cash flows.
- Our ability to access local and international credit or capital markets may be restricted when we need financing, which could have a significant

- adverse effect on our response to changing economic and business conditions.
- Substantial disruptions that affect our mills, forests or sales could adversely affect our financial results and forestry management.
- Environmental problems led to the temporary suspension of our Valdivia mill in 2005, which may continue to negatively affect our business, financial position, operating results and cash flows.
- Exchange rate fluctuations may have a negative effect on our financial results.
- We may be adversely affected by changes in LIBOR rates, or how LIBOR is determined, or by changes in interest rates, including the discontinuation of LIBOR.
- Diseases or fires could affect our forests and manufacturing processes, which would adversely

- affect our business, financial position, operating results and cash flows.
- Climate change may adversely affect our business, financial position, operating results and cash flows.
- We may undertake mergers, acquisitions and investments to expand or complement our business, which could result in operating difficulties or adversely affect our business, financial position, operating results and cash flows.
- Our business could be adversely affected by labor, contractual and other disputes.
- Cyber-security breaches and cyber-attacks could adversely affect our business, financial position, operating results and cash flows.
- Events related to the COVID-19 pandemic may continue to have an adverse effect on our business.

**Company and industry related risks**

• **Fluctuations in the price of pulp, timber products and their byproducts.**

The prices of many of the products we sell can change significantly, as they are highly correlated to international prices. As a result, they are highly dependent on prevailing international and regional prices.

The following table shows the price fluctuations of Norscan bleached short-fiber Kraft pulp sold in Europe, which is pulp produced in North American, Nordic and Central European countries, sold to paper product manufacturers and delivered in Northern Europe, or "NBSK - Europe", which is the

benchmark for bleached short-fiber Kraft pulp sold in Europe, from Norscan bleached short-fiber Kraft pulp sold in China, which is pulp produced in North American, Nordic and Central European countries, sold to paper product manufacturers and delivered in China, or "NBSK - China", which is the benchmark for bleached softwood pulp sold in China, for bleached hardwood Kraft pulp sold in Europe, which is pulp made from eucalyptus or birch sold in Europe, or "BHKP - Europe", which is the benchmark for bleached hardwood pulp sold in Europe, and for bleached hardwood Kraft pulp sold in China, which is pulp made from eucalyptus or birch sold in China, or "BHKP - China", which is the benchmark for bleached hardwood pulp sold in China, for each of these years.

As of December 31,						
NBSK	2018	2019	2020	2021	2022	
<b>Europa</b>						
Minimum price	1,003.33	819.84	819.96	879.79	1,260.00	
Maximum price	1,230.00	1,199.96	879.36	1,340.00	1,498.06	
Year-end price	1,200.02	819.95	879.36	1,260.27	1,428.00	
<b>China</b>						
Minimum price	723.07	557.57	554.41	672.88	755.05	
Maximum price	902.61	714.43	670.56	985.23	989.69	
Year-end price	723.07	557.57	670.56	757.82	882.60	

As of December 31,					
BHKP	2018	2019	2020	2021	2022
<b>Europa</b>					
Minimum price	981.69	680.00	680.00	680.00	1,140.00
Maximum price	1,050.01	1,024.16	681.80	1,140.00	1,380.00
Year-end price	1,025.73	1,025.73	680.00	1,140.00	1,380.00
<b>China</b>					
Minimum price	652.51	456.69	441.26	500.46	576.42
Maximum price	772.26	699.95	499.08	780.09	866.17
Year-end price	652.51	456.92	499.08	570.73	827.59

During 2018, NBSK - China prices remained stable for most of the year, with a slight decrease towards the end of the year, which was mainly due to trade tensions between China and the USA.

During the first few months of 2019, NBSK - China and NBSK - Europe prices remained relatively stable, due to the Chinese New Year in February 2019 and lower pulp demand, respectively. From the first quarter to the third quarter of 2019, prices in China and Europe began to noticeably deteriorate, mainly due to increasing trade tensions between China and the USA and tariffs imposed by both countries that impacted pulp demand.

Prices began to stabilize during the fourth quarter of 2019.

Short-fiber pulp prices remained low and stable throughout the first three quarters of 2020, due to the impact

of the COVID-19 pandemic and the high, although declining, inventories held by some pulp and paper producers. Inventories stabilized during the fourth quarter of 2020, leading to an increase in NBSK prices during the last weeks of that year.

This trend continued during the first quarter of 2021 with both NBSK - Europe prices and NBSK - China prices steadily increasing, due to demand returning to normal and logistical issues were resolved that restricted supply chains. NBSK - China prices remained stable during the second quarter of 2021, although these were high, and NBSK - Europe prices continued to increase.

NBSK - Europe prices remained largely stable during the second half of 2021, and NBSK - China prices decreased a little, mainly due to lower paper production and power outages.

NBSK - Europe prices and NBSK - China prices increased during first quarter of 2022, compared to the last week of 2021, due to logistical issues, while in Europe this was due to high economic growth and falling imports from Asia. Prices increased again during the second quarter of 2022, as inflation affected the NBSK - Europe market and the NBSK - China market.

NBSK - Europe prices and NBSK - China prices remained relatively stable during the third quarter of 2022, and by the end of 2022 they were decreasing, as logistical issues were being resolved and inventories were relatively stable.

During January 2018, sustained demand and stable supplies led to an increase in prices that continued until May 2018 when BHKP - Europe prices peaked, and until June 2018 when BHKP - China prices peaked.

During the rest of the year, they stabilized and decreased. The fall in demand at the end of 2018 was mainly explained by trade tensions between China and the USA.

Long-fiber pulp prices followed a similar trend to short-fiber pulp prices during the first quarter of 2019. Then they started to gradually fall through to the end of the year, mainly due to (i) increasing trade tensions between China and the USA, (ii) inventories growing at some pulp producers, and (iii) lower economic growth in Europe.

Long-fiber pulp prices remained low and stable throughout 2020, mainly due to the impact of the

COVID-19 pandemic and high inventories at some pulp and paper producers.

This trend continued during the first quarter of 2021 with both BHKP - Europe prices and BHKP - China prices steadily increasing, due to demand returning to normal and logistical issues were resolved that partially restricted supply chains. BHKP - China prices remained stable during the second quarter of 2021, although these were high and BHKP - Europe prices continued to increase.

BHKP - Europe prices remained largely stable during the second half of 2021, and BHKP - China prices declined, due to operating rates from paper producers and power outages.

BHKP - Europe prices and BHKP - China prices increased during first quarter of 2022, compared to the last week of 2021. In China this was due to logistical issues and a strike at a significant competitor, while in Europe this was due to high economic growth and falling imports from Asia. The shortage of birch in northern Europe caused significant pressure on short fiber prices, which caused producers to switch to long fiber.

BHKP - Europe and BHKP - China prices increased again during the second quarter of 2022, due to inflation affecting both markets. BHKP - Europe and BHKP - China prices remained relatively stable in the second half of 2022, due to logistical issues being resolved and inventories remaining relatively stable.

The demand for wood products in Latin America remained stable during the first half of 2018. Uncertainty surrounding trade tensions between China and the USA affected demand towards the end of 2018.

The US construction sector grew slightly compared to 2017, which continued throughout 2018. Average prices remained stable in 2018 compared to 2017, with variations by product.

The panel market remained healthy throughout 2019, with strong sales, particularly in the USA and Canada.

The timber and plywood markets were oversupplied, accordingly prices were affected. Trade tensions between China and the USA added further pressure on prices, especially with respect to timber products.

Timber product markets remained stable throughout 2019 compared to 2018 in terms of prices and sales volumes.

We faced significant challenges during the first half of 2020, due to the adverse effects of the COVID-19 pandemic on timber product markets, especially in the second quarter.

Prices improved steadily during the second half of 2020, due to an increase in demand, especially in the construction and remodeling sectors, and other reasons.

Timber product markets remained generally stable during 2021, and remained at high sales

prices and volumes. Prices for some timber products continued to increase throughout the year, and supply shortages appeared in some of our markets.

Demand for panels remained relatively stable in North American timber product markets during 2022. Demand for our timber segment was relatively stable during the first half of the year and supply was relatively restricted due to logistical problems.

Global economic conditions may exert downward pressure on commodity prices, including the international prices for our products, which could result in significant reductions in our revenue, financial position and operating results. We have no control over the factors that cause prices to change, which include:

- Global demand, which can be affected by several factors, such as economic and political conditions in Asia, Latin America, North America and Europe.
- Global prices, which have been subject to significant fluctuations over relatively short periods, and depend on global demand.
- Global inventories of pulp and paper
- Global production capacity.
- Substitutes becoming available.

• **Heavy dependence on free international trade, and economic and other trading conditions in our main export markets.**

We are a global company with industrial facilities in eleven countries and we sell our products in domestic and export markets.

In 2022, 36.6% of our sales were to customers in North America, 30.9% to customers in Asia, 22.5% to customers in Central and South America, 7.9% to customers in Europe and 2.1% to customers in other countries.

The economic, political and regulatory conditions in our principal markets can substantially affect our operating results and cash flows. Our ability to effectively compete in markets could be adversely affected by several factors beyond our control, including deteriorating macroeconomic conditions, exchange rate volatility, government subsidies, new customs tariffs or other trade barriers. If any of these developments affected our ability to competitively sell our products in one or more of our major markets, then it may be difficult to reallocate them to other markets on equally favorable terms, which could have an adverse effect on our business, financial position, operating results and cash flows.

military interventions in Ukraine have led to sanctions being imposed by the USA, the European Union and other countries against Russia, with further sanctions threatened.

Russia's military incursion and market volatility could adversely affect the global economy and financial markets, which could affect our business, financial position, operating results and cash flows. This war has led to significant volatility in the prices of specific commodities and increases in oil and natural gas prices, which has generated higher fuel prices and a sharp increase in inflation worldwide. If these fluctuations are prolonged, then they could significantly affect our business, financial position, operating results and cash flows. The scope and duration of military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any disruption caused by this war or the resulting sanctions may magnify the impact of other risks described in this annual report.

The war between Russia and Ukraine has contributed to price increases and supply chain difficulties in the oil and natural gas markets and price volatility for basic commodities during 2022. The duration and impact of this war remains highly unpredictable, but could be substantial.

• **Global economic trends, especially Asian, European and US economies.**

The global economy, particularly global industrial production, is the main driver of demand for pulp, paper and timber products. For example, our timber products segment relies heavily on the strength of the house building industry, and demand for its products and their prices have occasionally declined.

Falling economic growth in our domestic or international markets could adversely affect the demand for our products and their prices, and consequently our financial position, operating results and cash flows.

Any deterioration in economic conditions in Asia, Europe, the USA and elsewhere could have a significant adverse effect on our business, financial position, operating results and cash flows. Similarly, if we are unable to address the competitive challenges arising from currency fluctuations or reallocate our timber products to other markets on equally beneficial terms, as we would then be required to recognize additional impairment losses.

Russian troops invaded Ukraine in February 2022. Although the severity and duration of military action is highly unpredictable, Russia's prior annexation of Crimea, its recent recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and its subsequent

The prices of many of our products are partially correlated, so fluctuations in the price of one product have generally been accompanied by similar fluctuations in the prices of other products.

If the price of one or more of our products were to decrease significantly, then this could have an adverse material impact on our revenue, financial position and operating results.

• **Increased competition in ARAUCO's markets.**

We face substantial global competition in each geographical market and for each product line. Some of our competitors are larger than us and have greater financial resources, which may give them extra scope to incur strategic expenditure that increases their market share. Our market share and competitive position may be adversely affected if we cannot successfully expand our productivity at the same pace as our competitors. Both the pulp and timber product industries are sensitive to changes in industry capacity and producer inventories, as well as cyclical changes in the world's economies, all of which can significantly affect selling prices and consequently our profitability. One or more of these factors could have a significant adverse effect on our business, financial position, operating results and cash flows.

• **Facilities in Chile are exposed to earthquake and tsunami risks.**

Chile is a seismic country that exposes our facilities, mills, equipment and inventory to the risk of earthquakes and even subsequent tsunamis in some areas. A significant earthquake or other catastrophic event could seriously affect our ability to meet our production targets or satisfy customer demand and could require us to incur unplanned capital expenditure, resulting in lower sales and a substantial adverse effect on our financial results.

On February 27, 2010, an earthquake occurred in the southern-central Chile that measured 8.8 on the Richter scale, which was followed by a tsunami that hit the coast. A substantial portion of our Chilean industrial facilities were located in the affected area. All our production facilities implemented their contingency plans immediately after the earthquake, which involved shutting down operations and assessing the damage caused by the earthquake to each facility. Our Mutrun sawmill was destroyed by the earthquake and subsequent tsunami.

Earthquake-related property and inventory damage resulted in significant impairment losses, and a significant decrease in our sales volumes due to mill closures and suspended operations in Chile, which had an adverse effect on our operating results and cash flows.

Further earthquakes, aftershocks or tsunamis may cause unexpected suspensions, interruptions or damage to our property, which will require repairs and maintenance or other consequences associated with such events, or our insurance coverage may be insufficient, any of which could have an adverse effect on our revenue, financial position and operating results.

**The Company has been involved in legal proceedings related to production facilities, which could adversely affect our business, financial position, operating results and cash flows.**

1) In April 2005, the State Defense Council (CDE) sued the Company seeking repairs and compensation for environmental damage that the plaintiff alleged was caused by discharges from the Valdivia mill.

In July 2013, the court granted the State Defense Council's claim and required the Company to adopt specific measures to preserve the Carlos Anwandter Nature Sanctuary, including a study of the current status of the wetland; create an artificial wetland with species that represent the Cruces River wetland; implement an environmental monitoring program for no less than five years; create a wetland research center; and implement community development programs. The ruling required payment of damages at the compliance stage. However, the State Defense Council

and the Company reached an compensation agreement of Ch\$ 2,600,000,000, plus a further Ch\$ 2,600,000,000 that the Company will invest in the community development programs required by the ruling. The Company presented a final report in March 2021 that covered all the measures implemented in compliance with the ruling, entitled "Consolidated Report on Compliance with the Measures in the Ruling by the First Civil Court of Valdivia in Case 746-2005". On March 20, 2021, before referring the case to the CDE, the court recognized full compliance with all the measures imposed in the final judgment issued on July 27, 2013. Case closed and archived.

2) In January 2019, the State Defense Council filed a civil lawsuit demanding compensation for alleged environmental damage caused by the Valdivia mill in connection with fish mortalities in the Cruces River in January 2014. The State Defense Council did not demand a specific amount, but reserved the right to be represented in a separate proceeding before a civil court. ARAUCO presented its defense in February 2019.

This trial was suspended, due to the COVID-19 pandemic. During 2022, the parties agreed to suspend proceedings with a view to reaching a settlement. Since then, the trial has not resumed.

We cannot predict the outcome of these proceedings, or their impact on this demand, or when it could be resolved. However, if the outcome is unfavorable, then we may be required to conduct studies on ecosystems and biodiversity at the site, and implement programs to repopulate and monitor the species under conservation. Finally, we would have to incur significant costs to repair any environmental damage that the court decides we have caused, which could adversely affect our business, financial position, operating results and cash flows.

3) The Company has also been involved in other judicial and administrative proceedings in relation to its mills.

In 2016, the Environmental Superintendency initiated an administrative procedure against the Valdivia mill. The first part of the procedure was concluded in 2017.

On December 15, 2017, the Environmental Superintendency decided that the Valdivia mill was responsible for ten of the eleven charges against it, and imposed a fine of 7,777 UTAs (approximately US\$ 6.5 million as of December 2018).

ARAUCO challenged this decision on April 5, 2018 before the Third Environmental Court.

In February 2020, the Third Environmental Court partially upheld the claim, as one of the char-

the quantities and man hours involved and affected the Contract term and price.

It argued that it will sue for compliance with the Contract and request compensation for damages, which would amount to approximately UF 6,900,000.

ARAUCO will assert during the arbitration that ICSK's demands are totally inappropriate and that it was responsible for the delay in executing the Contract, and that it owes ARAUCO for fines for delays, for repayments of advances and other items.

**Mexico**

On December 12, 2022, the Tax Administration Service issued the tax credit resolution number 900-04-04-00-00-2022-978 for 2014. It objects to: (i) the deduction of interest of 85,172,274 Mexican pesos (ThUS\$ 4,369 as of December 31, 2022) on loans from Masisa S.A. (Chile); (ii) the tax loss of 275,986,671 Mexican pesos (ThUS\$ 14,156 as of December 31, 2022); (iii) the deduction of payments to Masisa S.A. for logistics services of 3,058,221 Mexican pesos (ThUS\$ 157 as of December 31, 2022); (iv) the alleged generation of fictitious dividends related to the payments described in items (i) and (iii) above; (v) the rejection of contributions to the Single Contribution Account of 342,372 Mexican pesos (ThUS\$ 18 as of December 31, 2022), 66,250,020

**Chile**

On August 25, 2005, the Chilean Internal Revenue Service issued tax settlements 184 and 185 of 2005.

These challenged the capital reduction transactions on April 16, 2001 and October 31, 2001 by Celulosa Arauco y Constitución S.A., and requested reimbursement of the amounts refunded in respect of tax losses, and for the amendments to its taxable profits and losses carried forward.

On March 7, 2023, the Second Chamber of the Supreme Court rejected the appeals filed by Celulosa Arauco y Constitución S.A. Case closed.

**Arbitration case**

On November 28, 2022, Ingeniería y Construcción Sigdo Koppers S.A. ("ICSK") filed a request for arbitration with the Arbitration and Mediation Center of the Santiago Chamber of Commerce, to resolve disputes between it and Celulosa Arauco y Constitución S.A., in connection with Contract 906, Civil Electromechanical Assembly of Digester, Washer, Bleacher, Machine and Final Line, signed on June 18, 2019 ("the Contract").

ICSK mentioned in its request that there were alleged breaches during the execution of the Contract that prevented the works from being executed as agreed, which led to an increase in

In 2019, the Moncure mill received an initial non-compliance notice from the North Carolina Department of Energy, Mineral, and Land Resources for exceeding stormwater reference values. The administrative proceedings will remain open until the Moncure mill can demonstrate long-term compliance with these reference values. No civil penalty was imposed for the initial non-compliance notice.

Our Eugene, Oregon mill was involved in an administrative proceeding by the Lane Regional Air Protection Agency in 2018. We reached an agreement that included fines and improvements to specific emission control equipment and processes.

The Eugene mill closed on May 1, 2020, and its Air permits were consequently revoked.

Any proceeding, or claim, or any subsequent disruption to our business as a result of such proceedings, and any unexpected costs to resolve such proceedings, may have an adverse effect on our business, financial position, operating results and cash flows.

• **Significant rulings**

ARAUCO's financial statements describe the significant lawsuits and proceedings that involve ARAUCO and its subsidiaries. They include the following:

ges was incorrectly classified and it ordered the Superintendency to reclassify it. The ruling also mentioned that the Superintendency had not proven that fish mortalities in the Cruces River in January 2014 were caused by the Valdivia mill.

This ruling was challenged by both the Superintendency and ARAUCO. In December 2022, the Supreme Court upheld the decision of the Third Environmental Court, ratified most of the fines, but mentioned that the fish mortalities in the Cruces River in January 2014 were unrelated to the Valdivia mill. Consequently, the Superintendency will submit a new classification of the seriousness of the charge. The Company paid the fine of 5,360.2 UTA (approximately US\$ 4,000,000) in January 2023.

Our Moncure mill in the USA was involved in an administrative proceeding by the North Carolina Department of Environment and Natural Resources.

We agreed to a "Special Orders by Consent" or "SOC" in 2015 and 2019 with the North Carolina Department of Environmental Quality that included a fine and an agreement to replace specific emission control equipment. We fully complied with the terms and conditions agreed in the SOC. Therefore, the SOC was formally closed by the authority in November 2021.

Mexican pesos (ThUS\$ 3,398 as of December 31, 2022), 46,389,980 Mexican pesos (ThUS\$ 2,379 as of December 31, 2022) and 11,457,000 Mexican pesos (ThUS\$ 588 as of December 31, 2022), and (vi) the alleged incorrect application of the double taxation treaty between Mexico and Chile. The total value of the pending tax, updates, surcharges and fines was 416,908,418 Mexican pesos (ThUS\$ 21,384 as of December 31, 2022).

On February 13, 2023, an appeal was filed before the General Legal Administration of the Tax Administration Service against this tax credit resolution. There is a deadline for the Company to submit additional evidence. Subsequently, the tax authorities must issue a ruling. If this is unfavorable, then it could be challenged by the Company before the Federal Court of Administrative Justice.

There is a reasonable possibility of obtaining a favorable result for ARAUCO, as the Company's position is based on solid legal arguments. Therefore, ARAUCO has not created any provisions for this contingency as of December 31, 2022.

**Brazil**

The Federal Reserve of Brazil objected to the amortization of goodwill from the acquisitions of Placas do Paraná, Tafibrás, Tafisa and Dynea by Arauco do Brasil, by issuing an "infraction order", which was challenged by the Company.

On July 20, 2015, Arauco do Brasil was notified

of a decision at the first administrative level of the Federal Reserve of Brazil to partially uphold the penalty. In response, ARAUCO filed an appeal before the CARF (Brazilian Tax Appeals Administrative Council), at the second administrative level. On May 16, 2017, the CARF issued a resolution partially accepting the appeal filed by the Company, and partially reducing the fine for ARAUCO. On September 27, 2018, ARAUCO was notified of the CARF's decision and filed an appeal, in order to clarify some points regarding the court's decision. On January 25, 2019, the CARF indicated that there would be no clarifications. The period for filing the last administrative appeal ("Special Appeal") began with that resolution. This appeal was submitted to the CARF Superior Chamber of Fiscal Resources (CSRF) on February 11, 2019.

On August 28, 2020 the Company was told that the CARF issued an interim decision regarding the appeal that split the charges into two parts:

- (i) Part that is still waiting for the administrative decision on the Special Appeal submitted to the CSRF (the issue of the isolated 50% fine and default interest) estimated at BR\$ 29,250,417 (equivalent to US\$ 5,241,540.54\* as of December 31, 2021), plus interest and inflation adjustments with effect from January 31, 2019 until the administrative decision is issued.
- (ii) Part that closes the administrative decision (for contractual expenses relating to the

acquisition of Tafisa, legal expenses on debts in the amnesty program, and payment of IRPJ and CSLL in the second half of 2010).

The second part amounts to BR\$ 31,774,176 (equivalent to US\$ 5,693,786.58 as of December 31, 2021) plus interest and inflation adjustments from August 28, 2020 until the final judicial decision is issued, so a Tax Annulment Action was filed, together with a guarantee to suspend the collection of these amounts and obtain Tax Compliance Certificates until the final decision is issued.

In May 2022, ARAUCO initiated an expert assessment, which was completed during the year.

This evidence resulted in an opinion issued by the expert appointed by the court, which fully supported the arguments defended by ARAUCO.

The National Treasury did not inspect the expert's opinions.

The case is currently before the judge for his decision.

• **Demand filed by a service provider in Brazil.**

In 2013, a service provider filed a civil demand against ARAUCO claiming compensation for damages allegedly caused by ARAUCO unilaterally terminating their contract that involved implementing the MDF 2 line at the Jaguariaiva mill.

On November 1, 2021, the Civil Court of Curitiba ruled that ARAUCO must pay the service provider BR\$ 84 million (approximately US\$ 15

million as of December 31, 2021), in consideration of the alleged damages borne by the service provider during the term of the service contracts and as a consequence of their early termination by ARAUCO.

ARAUCO appealed this ruling before the State Court of Justice.

• **Interest and exchange rate risks.**

The ratio between ARAUCO's fixed-rate debt and its total consolidated debt is approximately 98.6% as of December 31, 2022, which minimizes the financial risks from fluctuations in interest rates. This ratio is consistent with the timber industry.

The functional currency of most subsidiaries in the forestry sector is US dollars. However, they are exposed to the risk of fluctuations in exchange rates when their assets and liabilities are denominated in currencies other than the functional currency defined by ARAUCO.

• **Temporary suspension of any of the Company's mills.**

A significant suspension of any of the Company's production facilities could result in ARAUCO not being able to satisfy customer demand, nor meet its production goals and may require unplanned investments. This could result in fewer sales and negatively affect its financial results. The Company's facilities are exposed in some places to earthquake and tsunami risks, and may unexpectedly cease production due to events such as: i) unscheduled maintenance;

ii) prolonged power cuts; iii) failures in critical equipment; iv) fires, floods, or other catastrophes; v) chemical spills; vi) boiler explosions; vii) labor problems and social conflicts; viii) terrorist threats; ix) sanctions applied by environmental or employment authorities; x) lack of steam and water; xi) blockades and strikes; xii) lack of timber; xiii) accidents involving people; and xiv) other operational problems.

In relation to point viii), a protracted conflict in the Araucanía region of Chile has spread throughout the country and violence has escalated in recent years to regions where we have mills, especially in the Biobío, Araucanía and Los Ríos regions.

This conflict has included assaults, land seizures, the burning of machinery and other assets, road blockades and confrontations with the security forces.

We have also faced other difficulties in these regions, such as timber theft.

Any escalation in violence may result in major disruptions to our forestry or industrial business in these regions.

• **Exchange rate fluctuations may have a negative effect on our financial results.**

The currencies of countries where we operate industrial facilities have depreciated and appre-

ciated in the past and may be subject to significant fluctuations in the future.

We conduct a significant proportion of our business in US dollars, and the US dollar is the primary currency of our economic environment. However, a proportion of our operating costs are in currencies other than the US dollar. Therefore, an increase in the exchange rate between any of these currencies and the US dollar would increase our operating costs.

As an international company operating in Chile and other countries, we conduct a proportion of our business and own assets and liabilities in Chilean pesos and in currencies other than the US dollar, such as the Euro, the Argentine peso, the Uruguayan peso, the Brazilian real, the Mexican peso and the Canadian dollar.

If the Chilean peso depreciates against the US dollar, then our Chilean domestic revenue may be adversely affected when expressed in US dollars. The same may occur for domestic sales in Argentina, Brazil, Mexico and Canada, or any other country where we sell our products in local currencies.

Accordingly, fluctuations in the exchange rates of these foreign currencies relative to the US dollar may have a substantial adverse effect on our business, financial position, operating results and cash flows.

• **We may be adversely affected by changes in LIBOR and SOFR rates, or how they are determined, or by changes in interest rates, including the sudden suspension of LIBOR.**

We are exposed to interest rate risk, principally to the London Interbank Offered Rate ("LIBOR") in US dollars.

Our outstanding debt as of the reporting date includes [4.6]% of LIBOR-indexed loans and no Secured Overnight Financing Rate ("SOFR") indexed loans.

The U.K. Financial Conduct Authority ("FCA") regulates LIBOR and on March 5, 2021 it announced that all the LIBOR rates that are relevant to us will cease to be published after June 30, 2023. This means that if any of our LIBOR-based borrowings extend beyond June 30, 2023, then they will require transitioning to a substitute rate.

The Alternative Reference Rates Committee ("ARRC") in the USA is comprised of private sector entities with members appointed by the Federal Reserve Board and the Federal Reserve Bank of New York. It has recommended SOFR plus a recommended spread as a substitute for LIBOR.

There are significant differences between LIBOR and SOFR. There include LIBOR is an unsecured lending rate, while SOFR is a secured lending rate, and SOFR is an overnight rate, while LIBOR reflects forward rates at various maturities. A

transition from LIBOR benchmark interest rates could adversely affect our business, financial position, operating results and cash flows.

If our LIBOR-based borrowings are converted to SOFR, then the difference between LIBOR and SOFR plus the recommended spread, could result in higher interest costs than if LIBOR remained available, which could have a material adverse effect on our operating results.

Although SOFR is the ARRC's recommended replacement rate, lenders could choose other replacement rates that may differ from LIBOR in a manner similar to SOFR or in other ways that may still result in higher interest costs.

We cannot predict the effect of terminating LIBOR rates on our borrowing costs. The impact of a transition away from LIBOR could also be significant for us.

Any of these proposals could have a material adverse effect on our financing costs.

**Environmental risks**

The Company is subject to the environmental laws and regulations that apply in each country. These regulations govern preparing environmental impact assessments for projects, protecting the environment and human health, generating, storing, handling and eliminating waste, emissions into the air, soil and water, and repairing environmental damage, when appropriate.

business, financial position, operating results and cash flows.

Central Chile experienced a drought during the last few months of 2019 and as a result, the Licancel mill was shutdown for approximately three months.

Rainfall in the region increased slightly during the summers of 2020 and 2021 compared to 2019, and we were able to secure operational continuity.

However, a drought in 2022 again forced us to shutdown the Valdivia Pulp mill for five days.

Although we cannot predict the impact of global climate change, we know that it may adversely affect our business, financial position, operating results and cash flows.

**Investment risks**

- **We may undertake mergers, acquisitions and investments to expand or complement our business, which could result in operating difficulties or adversely affect our business, financial position, operating results and cash flows.**

Initiatives to undertake mergers, acquisitions or investments to expand or complement our business are frequently studied.

These transactions may expose us to various risks, including those arising from: (i) failure to

Consequently, numerous statutory and regulatory measures and social initiatives have been introduced in various parts of the world, to reduce the volume of greenhouse gas emissions and other carbon emissions, which are believed to be important contributors to global climate change.

Public expectations with regard to reductions in greenhouse gas emissions could result in cost increases for electricity, transport and raw materials and may require the Company to invest in additional mill and equipment.

Our plantations are in regions with ideal climatic conditions for a short growing cycle. Therefore, any climatic change that negatively affects these conditions could negatively affect our plantations, growth rates and production costs.

Water scarcity is a problem that some have associated with climate change, and it affects a significant part of the planet. This issue has been emphasized by various national and international organizations.

Accordingly, ARAUCO is researching various initiatives focused on reducing water consumption at its industrial facilities, under its commitment to develop a sustainable business.

Although we cannot predict the impact of global climate change, nor can we predict the impact of legal, regulatory and social responses to concerns about global climate change. Nevertheless, they could adversely affect the Company's

season. Approximately 675 (1,667.9 acres) hectares were affected during the 2018-2019 season. Forest fires were reported in Chile, Argentina and Brazil during the 2019-2020 season, where 7,431 hectares (18,362.4 acres) were affected and their approximate fair value was US\$ 14.6 million. Approximately 4,145 hectares (10,242.5 acres) were affected during the 2020-2021 season, which includes fires in Chile, Brazil and Uruguay. ARAUCO's share of losses in Uruguay is 50% as it has a joint venture with Montes del Plata. Therefore, the fair value of burnt forests was US\$ 19.1 million, which represents 0.57% of its total forestry plantations and 0.11% of ARAUCO's total assets.

Approximately 7,566 hectares (18,695.9 acres) were affected by forest fires in Chile, Argentina and Brazil during the 2021-2022 season, which represents US\$ 15.0 million.

Southern-central Chile has been heavily affected by fires during the 2022-2023 season, which to date have burnt 58,000 hectares (143,321.1 acres) of ARAUCO's plantations.

- **Climate change**

Scientists, environmental experts and international organizations argue that climate change has contributed and will continue to contribute to the growing unpredictability, frequency and severity of natural disasters. These include, but are not limited to, hurricanes, tornadoes, frost, drought, storms and fire, in various parts of the world.

The Company manufactures forestry products that generate solid, liquid and gaseous waste. These emissions and waste are subject to limits prescribed by legal regulations or operational permits.

The authorities may require a gradual increase in their legal requirements, to control the environmental impact of projects. The Company invests in order to comply with environmental laws.

However, the Company's policy is to strictly comply with all the requirements established in the law. Any non-compliance with environmental laws and regulations could result in fines and civil, administrative or criminal sanctions, claims for environmental damage, repair obligations, revocation of operating permits, and the temporary or permanent closure of production mills.

Future changes in environmental laws or their application, interpretation or application, including stricter requirements related to harvest, emissions and climate change regulations, may result in considerable increases in capital, operating costs and operational limits.

- **Pests and forest fires**

ARAUCO's business is exposed to pests that can affect the forests that supply its raw material, and to forest fires that can spread to manufacturing mills. Both risks could have a significant negative impact on ARAUCO's assets.

Wildfires have been considerably less severe since 2017. Fires consumed approximately 873 hectares (2,157.2 acres) during the 2017-2018

01 A SUSTAINABLE WORLD IS MADE OF WOOD

02 RENEWABLES FOR A BETTER LIFE

03 GLOBALLY COMMITTED

04 ONE ARAUCO

05 COMMITMENT TO LOCAL COMMUNITIES

06 COMMITTED TO ENVIRONMENTAL CHALLENGES

07 FINANCIALS

08 INDEX OF CONTENTS

accurately assess the value, future growth potential, strengths, weaknesses and potential profitability of an acquisition target; (ii) difficulties in integrating, exploiting, maintaining and managing recent acquisitions, including labor problems; (iii) unexpected costs of such transactions; or (iv) unforeseen contingencies or other obligations or claims that may arise from such transactions.

• **Our business could be adversely affected by labor, contractual and other disputes.**

Approximately 57% of our employees in Chile were unionized as of December 31, 2022, together with 55% of our employees in Argentina, 34% of our employees in Uruguay, 8% of our employees in Brazil although they are all represented by unions, 44% of our employees in Mexico and none of our employees in the USA and Canada. Strikes and other work-related interruptions have adversely affected our business.

Chilean, Brazilian and Mexican labor laws make us vicariously liable for the labor and social security liabilities of our subcontractors' employees. If we fail to check that our subcontractors in Chile are paying their labor and social security liabilities in accordance with labor legislation, then our liability may be raised from vicarious to joint and several, and an employee of that subcontractor could then file a claim against both the subcontractor and us as the contracting party, although the subcontractor will remain primarily liable for its liabilities. We are also responsible for the health and safety of sub-

contractor's employees and must ensure that subcontractors comply with all such obligations while their employees are fulfilling their duties for our business.

**Chile**

There were no strikes by our own employees during collective bargaining negotiations in Chile during 2022.

All collective bargaining in Chile during 2022 was successfully completed, with all the collective agreements renewed and signed. However, there can be no assurance that illegal strikes will not occur before or after these collective agreements expire. Also the extent to which any of these situations may adversely affect our business cannot be predicted.

However, part of our business depends on third party management, such as subcontractors for a wide range of services, including the management of some of our plantations and transportation of raw materials and products.

**USA and Canada**

We have not had any strikes or other significant work stoppages in our US and Canadian subsidiaries over the last ten years.

Our US business must comply with Occupational Safety and Health Administration (OSHA) regulations, the Federal Labor Standards Act (FLSA), and other legislation. Our Canadian business must comply with Worksafe New Brunswick and Ontario Ministry of Labour regulations.

Arauco North America announced the closure of the St. Stephen particleboard business in August 2019, which closed down on December 13, 2019 and laid off 60 employees. On February 11, 2020, we announced the closure of our Eugene MDF mill, which closed down on May 1, 2020 and laid off 70 employees. On April 22, 2020, we announced the closure of our Bennettsville MDF mill, which closed down on May 28, 2020 and laid off 118 employees. Both MDF mill closures were driven by their older manufacturing platforms becoming less competitive than the Company's advanced high capacity particleboard platforms. We announced the closure of the Moncure PB particleboard line in April 2020, which closed down on May 1, 2020 and laid off 45 employees. The Moncure mill closure was the result of opening our particleboard mill in Grayling, Michigan, which uses a more cost and volume-efficient model. On June 11, 2020, we announced the closure of our Duraflake particleboard mill and we suspended a thermally fused laminate processing line (also known as a melamine coating line or "TFL") and a particleboard processing line. This closure resulted in laying off 83 employees. The Duraflake mill closure was based on an assessment that the older manufacturing platform was less competitive in a difficult market. These closures at our manufacturing mills triggered the elimination of 29 shared services positions at our corporate support offices.

**Brazil**

Our Brazilian business has not had any significant strikes over the last eleven years, apart from a widespread truck drivers' strike in 2018 that affected our business. As a result of this strike, we were unable to receive raw materials or deliver products and our employees were unable to easily reach our Brazilian mills during this period, which resulted in a ten-day work stoppage. Consequently, transportation costs increased by 25%, which directly increased the costs of our final products by between 3% and 5%.

As of December 31, 2022, we had contracts with approximately 30 subcontractors in Brazil, who employed approximately 642 people, where 386 were full-time employees and 256 were part-time.

Approximately 8% of our employees in Brazil were unionized as of December 31, 2022. We negotiate one and two-year collective agreements, and all our employees are represented by unions.

**Argentina**

Our Argentine business has not had any significant work stoppages over the last six years.

Joint and several labor liability regulations in Argentina are substantially similar to other countries where we have industrial mills. They apply to the principal and its subcontractors. National Rural Labor Law 26,727 was enacted on December 28, 2011 and became effective in March 2013. It allows employees of subcontractors with

forestry contracts to directly claim against the principal contractor receiving those services, rather than claiming against the subcontractor. The law establishes that when services related to a principal employer's production are contracted, then an employment relationship exists between the principal employer and the subcontractor's employees.

Approximately 55% of our employees in Argentina were unionized as of December 31, 2022. We have negotiated two, three and four-year collective agreements with unionized employees.

**Mexico**

Our Mexican business has not had any strikes or significant work stoppages during 2022. We have collective agreements with the unions representing the employees of our Durango and Zitácuaro mills, our Mexican subsidiaries. Negotiations will be held with the unions at our Durango and Zitácuaro mills on January 1, 2023 and May 1, 2023, respectively, due to changes in Mexican labor legislation that affects unions.

**Uruguay**

Our Uruguayan business has not had any significant work stoppages during 2020, 2021 and 2022. The Montes del Plata joint operation has a collective agreement with the pulp mill union employees until 2024, and with security services employees until 2025.

Accordingly, we may be affected by strikes, work stoppages or other labor-related events in each country, including events attributable to subcontractor's employees who are providing subcontracted services, and these events could have a significant adverse effect on our business, financial position, operating results or prospects.

**Cyber risks**

Cyber-security events, such as a cyber-attack, may adversely affect our business, financial position, operating results and cash flows.

Our business, like many others, depends on information technology systems to effectively manage our processes.

Therefore, any interruption to these systems caused by external cyber-attacks, obsolescence, technical failures, employee errors or internal attacks can profoundly affect our business.

Cyber-security risks have increased across all industries in recent years, as a result of new technologies proliferating and cyber-attacks becoming increasingly sophisticated and numerous.

Any systems failures involving sensitive information can disrupt ARAUCO's business and result in production errors, process inefficiencies, and lost sales and customers, which can lead to falling

revenue, higher costs, and inventory surpluses or outages.

Cyber-attacks, internal events and negligence or willful misconduct by our employees, could have a negative effect on our reputation, our relationship with external entities such as governments, regulatory entities and partners, and our strategic positioning compared to our competitors.

Any significant security breach or disruption in our information technology systems could have a significant adverse effect on our business, financial position, operating results and cash flows.

We have mitigated these risks by developing a cyber-security policy and regulatory framework based on the guidelines and criteria described in international standards ISO 27001, ISO 27002, ISO 27032 / NIST and ISA 62443, for administrative and industrial environments. We have implemented control mechanisms, technologies, processes and procedures based on the guidelines and criteria described in these international standards, which not only focus on identification and protection, but also on improving recovery mechanisms.

We have security solutions and technology partners that monitor our infrastructure, and we regularly conduct security assessments that improve our initiatives and our strategic cyber-security plan.

We have seen a significant increase in cyber-crime over the last few years, so together with third parties we initiated a strategic review with the aim of implementing best practice for IT and OT environments and strengthening our OT cyber-security team, which is dedicated to these issues.

We are increasing our simulation exercises and HR policies to ensure that all employees comply with our cyber-security policies.

ARAUCO suffered no significant losses from cyber-security breaches during 2022. Although we have implemented comprehensive cyber-security and governance practices, they cannot provide assurance that we will not be affected by significant cyber-security incidents in the future.

**Risks associated each country that hosts ARAUCO's businesses**

ARAUCO's business significantly depends on local economic conditions, government policies and trade policies with the principal markets for its products.

**Chile**

Adverse changes in political, social, legal, tax, social or economic conditions in Chile may directly impact our business and the market prices of our products. As of December 2022, 70.7% of ARAUCO's property,

mill, equipment and forestry plantations were in Chile, with 52.2% of its revenue attributable to its business in that country. Consequently, ARAUCO's business, financial position, operating results and cash flows will largely depend on the status of the Chilean economy.

Fluctuations in exchange rates and changes in monetary policy interest rates, tax rates, import and export tariffs, inflation, other political, legal and economic conditions and other natural risks could adversely affect ARAUCO and the price of our products.

Changes in political, regulatory and economic conditions in Chile, and interest rates, inflation, tax rates, import and export tariffs could affect our business, financial position, operating results and cash flows, and could impair our ability to implement our strategic business plan. These changes could affect our share price.

On October 25, 2020, Chile held a referendum and almost 80% of voters chose to replace the Constitution and request a special constitutional convention to prepare a new Constitution.

On May 15 and 16, 2021, elections were held to elect the 155 members of the constitutional convention and it prepared a new Constitution for Chile. The constitutional convention's proposed new Constitution was submitted for approval in a public referendum, which was held in September 2022, but it was rejected by more than 62% of the votes.

Subsequently, the government agreed to initiate a

new constitutional process and submit the next proposal to a public referendum.

An Expert Commission was formed on March 6, 2023, to draft a new constitutional proposal, which will be examined and reviewed by a constitutional council (the "Constitutional Council") to be composed of 50 members selected in public elections to be held on May 7, 2023. The final constitutional proposal approved by the Constitutional Council must be submitted to the scrutiny of the technical admissibility committee.

The Constitutional Council will begin its review on June 7, 2023 and will have five months to draft a new proposed Constitution and must submit this proposal to the President of the Republic, who will submit it to a public referendum on December 17, 2023.

We cannot forecast whether the final outcome will have an adverse effect on ARAUCO's business, financial position, operating results and cash flows.

**Argentina**

Economic conditions and government policies in Argentina could adversely affect our business, financial position, operating results and cash flows.

As of December 2022, 4.6% of ARAUCO's property, mill, equipment and forest plantations were in Argentina, with 8.5% of its revenue attributable to its business in that country.

There are many aspects of the Argentine economy

that could adversely affect ARAUCO's business, including inflation, interest rates, exchange rate controls and taxes. There are several exchange rate and currency exchange control measures in Argentina, which include the obligation to repatriate foreign currency received abroad and tight restrictions on transferring funds abroad, with specific exceptions for authorized transactions.

During 2022, the exchange rate depreciated by 72.5% and inflation was 94.8%.

We signed an intercompany loan with Arauco Argentina in 2017 for US\$ 250 million, which was entirely used to repay an Arauco Argentina debt that we had guaranteed. Arauco Argentina prepaid US\$ 90 million of that loan in 2018, which left US\$ 160 million outstanding.

On May 28, 2020, the Argentine Republic Central Bank (ARCB) issued Communication "A" 7030, which established that prior authority from the ARCB will be required from that date to access the Free Foreign Exchange Market (FFEM), when funds are needed to repay foreign financial debts and the creditor is related to the debtor. This requirement has not lapsed and the ARCB has not yet authorized the principal repayments due on June 1, 2020, December 1, 2020, June 1, 2021, December 1, 2021 and June 1, 2022, which is the date the loan matured. However, Arauco Argentina partially repaid US\$ 6 million on July 14, 2022 under the

provisions of Communication "A" 7301 of the ARCB, which grants access to the FFEM without prior authority from the ARCB to repay foreign related company loans, when the Company has an increased exported goods certificate for 2021. This leaves a balance of US\$ 154 million.

Many regulations controlling foreign currency exchange were issued during 2020, 2021 and 2022, and these have hindered imports and payments for foreign goods and services.

We have no control over Argentine economic policies and cannot predict how any future changes or other changes in the economy may affect our business and revenue in Argentina.

The Argentine government continues to exert significant influence over many aspects of the Argentine economy. The Argentine government has implemented a wide variety of measures in pursuit of its economic objectives, such as price and wage controls, currency devaluation, exchange and capital controls and import restrictions. The business, financial position, operating results and cash flows of our subsidiaries in Argentina could be adversely affected by such measures or changes in regulations.

The Argentine government's measures may continue to affect private entities, including our business in Argentina. We have no control over the government's economic policies and interven-

tions, nor can we predict how these will affect the Argentine economy, or directly or indirectly affect our business.

**Brazil**

Economic conditions and government policies in Brazil could adversely affect our business, financial position, operating results and cash flows.

As of December 2022, 6.0% of ARAUCO's property, mill, equipment and forest plantations were in Brazil with 9.3% of its revenue attributable to its business in that country.

The COVID-19 pandemic began in 2020 and we tackled the 2020 crisis with expectations that the economy would face many challenges in 2021.

The forecast was for slow economic growth with a slow recovery, even under this apparently negative scenario. However, Arauco do Brasil's business performed surprisingly well.

An increase in demand for our products resulted in an excellent performance, with a visible impact on the cash flows of our Brazilian subsidiaries.

**Uruguay**

Economic conditions in Uruguay, or the failure of the Montes del Plata mill, or any of its debtors, may adversely affect our financial position, operating results and cash flows.

As of December 2022, 12.7% of ARAUCO's property, mill and equipment and forest plantations were in Uruguay with 8.5% of its revenue attributable to its business in that country.

We have significantly invested in Uruguay and may increase our investments there. Accordingly, our financial position and operating results may depend to a certain extent on political and economic conditions in Uruguay. Measures introduced by the Uruguayan government, such as inflation, interest rate, foreign exchange control and taxation measures could adversely affect our business in Uruguay.

ARAUCO's business, financial position and operating results in Uruguay will depend on the economic and political conditions in that country.

**USA**

Economic conditions in Canada could adversely affect our business, financial position, operating results and cash flows.

As of December 2022, 0.3% of ARAUCO's property, mill and equipment were in Canada, with 4.2% of its revenue attributable to its business in that country.

Accordingly, our business, financial position, operating results and cash flows may depend to a certain extent on economic conditions in Canada.

**Canada**

Economic conditions in Canada could adversely affect our business, financial position, operating results and cash flows.

As of December 2022, 0.3% of ARAUCO's property, mill and equipment were in Canada, with 4.2% of its revenue attributable to its business in that country.

Accordingly, our business, financial position, operating results and cash flows may depend to a certain extent on economic conditions in Canada.

**Mexico**

Economic conditions and governmental policies in Mexico could adversely affect the business, financial position, operating results and cash flows of our Mexican subsidiaries.

As of December 31, 2022, 1% of our property, mill and equipment was in Mexico with 3.1% of its revenue attributable to its business in that country. In the past, Mexico has experienced several periods of low economic growth, high inflation, high interest rates, currency devaluation and other economic problems. Future economic, social and political developments in Mexico could adversely affect the business, financial position, operating results and cash flows of our Mexican subsidiaries.

**Other markets**

Deteriorating economic conditions in countries where ARAUCO operates mills and markets its products could adversely affect its financial and operating performance, as it could be adversely affected by exchange rate fluctuations, inflation, social instability, pulp price variations, liquidity restrictions in debt or equity financing markets, changes in tax rates, changes in import and export tariffs, and other political, legal and economic changes in those markets..

**Workforce**

**Workforce by nationality, position and gender**

MEN	Chilean	Colombian	Brazilian	Argentina	Peruvian	North American	Panamanian	Ecuadorian
Senior executives	10	0	0	1	0	0	0	0
Managers	173	1	46	28	1	0	0	1
Supervisors	880	2	252	197	5	5	0	0
Other professionals	1,373	0	191	274	1	3	0	0
Other technicians	1,135	1	318	297	0	0	0	0
Operators	5,322	1	1,257	652	3	13	0	2
Sales force	18	2	27	18	0	2	0	0
Administrative staff	228	0	145	76	0	0	0	0
Support staff	21	0	881	55	0	0	0	0
<b>TOTAL</b>	<b>9,160</b>	<b>7</b>	<b>3,117</b>	<b>1,598</b>	<b>10</b>	<b>23</b>	<b>0</b>	<b>3</b>

Mexican	Uruguayan	Venezuelan	Canadian	Haitian	No information	Other nationalities	TOTAL
1	0	0	0	0	1	0	<b>13</b>
27	22	0	1	0	34	5	<b>339</b>
77	99	7	1	0	123	3	<b>1,651</b>
74	17	29	1	0	115	3	<b>2,081</b>
52	26	3	0	0	33	1	<b>1,866</b>
379	257	27	2	0	865	8	<b>8,788</b>
10	0	0	0	0	30	1	<b>108</b>
8	10	1	0	0	5	0	<b>473</b>
27	0	0	0	0	0	0	<b>984</b>
<b>655</b>	<b>431</b>	<b>67</b>	<b>5</b>	<b>0</b>	<b>1,206</b>	<b>21</b>	<b>16,303</b>

WOMEN	Chilean	Colombian	Brazilian	Argentina	Peruvian	North American	Panamanian	Ecuadorian
Senior executives	0	0	0	0	0	0	0	0
Managers	21	0	5	4	0	0	0	0
Supervisors	152	1	59	31	4	2	0	0
Other professionals	513	4	156	92	5	2	0	0
Other technicians	20	0	19	2	0	0	0	0
Operators	536	0	60	8	0	2	0	0
Sales force	29	0	10	7	4	0	0	0
Administrative staff	172	0	112	33	0	0	0	0
Support staff	3	0	75	20	0	0	0	0
<b>TOTAL</b>	<b>1,446</b>	<b>5</b>	<b>496</b>	<b>197</b>	<b>13</b>	<b>6</b>	<b>0</b>	<b>0</b>

Mexican	Uruguayan	Venezuelan	Canadian	Haitian	No information	Other nationalities	TOTAL
0	0	0	0	0	0	0	<b>0</b>
13	7	1	1	0	6	2	<b>60</b>
14	34	4	0	0	26	1	<b>328</b>
60	38	21	0	0	73	3	<b>967</b>
1	8	0	0	0	1	0	<b>51</b>
9	81	3	0	0	71	0	<b>770</b>
15	0	1	0	0	22	6	<b>94</b>
4	29	3	0	0	10	0	<b>363</b>
9	0	0	0	0	0	0	<b>107</b>
<b>125</b>	<b>197</b>	<b>33</b>	<b>1</b>	<b>0</b>	<b>209</b>	<b>12</b>	<b>2,740</b>

TOTAL	Chilean	Colombian	Brazilian	Argentina	Peruvian	North American	Panamanian	Ecuadorian
Senior executives	10	0	0	1	0	0	0	0
Managers	194	1	51	32	1	0	0	1
Supervisors	1,032	3	311	228	9	7	0	0
Other professionals	1,886	4	347	366	6	5	0	0
Other technicians	1,155	1	337	299	0	0	0	0
Operators	5,858	1	1,317	660	3	15	0	2
Sales force	47	2	37	25	4	2	0	0
Administrative staff	400	0	257	109	0	0	0	0
Support staff	24	0	956	75	0	0	0	0
<b>TOTAL</b>	<b>10,606</b>	<b>12</b>	<b>3,613</b>	<b>1,795</b>	<b>23</b>	<b>29</b>	<b>0</b>	<b>3</b>

Mexican	Uruguayan	Venezuelan	Canadian	Haitian	No information	Other nationalities	TOTAL
1	0	0	0	0	1	0	<b>13</b>
40	29	1	2	0	40	7	<b>399</b>
91	133	11	1	0	149	4	<b>1,979</b>
134	55	50	1	0	188	6	<b>3,048</b>
53	34	3	0	0	34	1	<b>1,917</b>
388	338	30	2	0	936	8	<b>9,558</b>
25	0	1	0	0	52	7	<b>202</b>
12	39	4	0	0	15	0	<b>836</b>
36	0	0	0	0	0	0	<b>1,091</b>
<b>780</b>	<b>628</b>	<b>100</b>	<b>6</b>	<b>0</b>	<b>1,415</b>	<b>33</b>	<b>19,043</b>

**Workforce by age range, position and gender**

MEN	Under 30 years old	30 to 40 years old	41 to 50 years old	51 to 60 years old	61 to 70 years old	Over 70 years old	TOTAL
Senior executives	0	0	4	3	6	0	13
Managers	0	41	149	103	43	3	339
Supervisors	79	540	619	338	75	0	1,651
Other professionals	251	793	640	279	111	7	2,081
Other technicians	307	699	476	304	79	1	1,866
Operators	1,695	2,767	2,471	1,474	374	7	8,788
Sales force	16	26	23	28	15	0	108
Administrative staff	110	138	124	81	19	1	473
Support staff	403	256	188	112	21	4	984
<b>TOTAL</b>	<b>2,861</b>	<b>5,260</b>	<b>4,694</b>	<b>2,722</b>	<b>743</b>	<b>23</b>	<b>16,303</b>

WOMEN	Under 30 years old	30 to 40 years old	41 to 50 years old	51 to 60 years old	61 to 70 years old	Over 70 years old	TOTAL
Senior executives	0	0	0	0	0	0	0
Managers	0	11	37	11	1	0	60
Supervisors	35	126	111	51	5	0	328
Other professionals	211	442	220	68	25	1	967
Other technicians	15	23	7	5	1	0	51
Operators	189	232	198	133	18	0	770
Sales force	14	33	27	16	4	0	94
Administrative staff	112	96	90	59	6	0	363
Support staff	50	23	21	9	4	0	107
<b>TOTAL</b>	<b>626</b>	<b>986</b>	<b>711</b>	<b>352</b>	<b>64</b>	<b>1</b>	<b>2,740</b>

**Workforce by length of service, position and gender**

MEN	Under 3 years old	3 to 6 years old	6 to 9 years	9 to 12 years old	Over 12 years old	TOTAL
Senior executives	0	1	0	0	12	13
Managers	23	35	26	33	222	339
Supervisors	285	231	188	219	728	1,651
Other professionals	592	433	235	205	616	2,081
Other technicians	503	416	219	229	499	1,866
Operators	2,440	1,683	1,281	905	2,479	8,788
Sales force	16	21	9	16	46	108
Administrative staff	134	74	51	60	154	473
Support staff	640	149	74	41	80	984
<b>TOTAL</b>	<b>4,633</b>	<b>3,043</b>	<b>2,083</b>	<b>1,708</b>	<b>4,836</b>	<b>16,303</b>

TOTAL	Under 30 years old	30 to 40 years old	41 to 50 years old	51 to 60 years old	61 to 70 years old	Over 70 years old	TOTAL
Senior executives	0	0	4	3	6	0	13
Managers	0	52	186	114	44	3	399
Supervisors	114	666	730	389	80	0	1,979
Other professionals	462	1,235	860	347	136	8	3,048
Other technicians	322	722	483	309	80	1	1,917
Operators	1,884	2,999	2,669	1,607	392	7	9,558
Sales force	30	59	50	44	19	0	202
Administrative staff	222	234	214	140	25	1	836
Support staff	453	279	209	121	25	4	1,091
<b>TOTAL</b>	<b>3,487</b>	<b>6,246</b>	<b>5,405</b>	<b>3,074</b>	<b>807</b>	<b>24</b>	<b>19,043</b>

WOMEN	Under 3 years old	3 to 6 years old	6 to 9 years	9 to 12 years old	Over 12 years old	TOTAL
Senior executives	0	0	0	0	0	0
Managers	2	14	9	11	24	60
Supervisors	63	83	32	49	101	328
Other professionals	367	225	136	88	151	967
Other technicians	17	13	7	4	10	51
Operators	243	339	81	56	51	770
Sales force	20	22	13	10	29	94
Administrative staff	152	56	37	32	86	363
Support staff	85	10	3	6	3	107
<b>TOTAL</b>	<b>949</b>	<b>762</b>	<b>318</b>	<b>256</b>	<b>455</b>	<b>2,740</b>

TOTAL	Under 3 years old	3 to 6 years old	6 to 9 years	9 to 12 years old	Over 12 years old	TOTAL
Senior executives	0	1	0	0	12	13
Managers	25	49	35	44	246	399
Supervisors	348	314	220	268	829	1,979
Other professionals	959	658	371	293	767	3,048
Other technicians	520	429	226	233	509	1,917
Operators	2,683	2,022	1,362	961	2,530	9,558
Sales force	36	43	22	26	75	202
Administrative staff	286	130	88	92	240	836
Support staff	725	159	77	47	83	1,091
<b>TOTAL</b>	<b>5,582</b>	<b>3,805</b>	<b>2,401</b>	<b>1,964</b>	<b>5,291</b>	<b>19,043</b>

**Number of people with disabilities, by position and gender**

	Men	Women	TOTAL
Senior executives	0	0	0
Managers	1	0	1
Supervisors	14	4	18
Other professionals	22	14	36
Other technicians	27	0	27
Operators	99	10	109
Sales force	0	1	1
Administrative staff	15	16	31
Support staff	35	2	37
<b>TOTAL</b>	<b>213</b>	<b>47</b>	<b>260</b>

**Employment status, by gender**

	Men	Women	TOTAL
Workforce with an indefinite contract	15,633	2,583	18,216
Workforce with a fixed-term contract	587	154	741
Workforce with a project contract	12	2	14
People who provide services on a fee basis.	71	1	72
<b>TOTAL</b>	<b>16,303</b>	<b>2,740</b>	<b>19,043</b>

**Workforce by working agreement and gender**

	Men	Women	TOTAL
Workforce working full-time	16,280	2,725	19,005
Workforce working part-time	23	15	38
Workforce with flexible working agreements for employees with family responsibilities	0	0	0
<b>TOTAL</b>	<b>16,303</b>	<b>2,740</b>	<b>19,043</b>

**Workplace flexibility and remote working**

	Men	Women	TOTAL
People working remotely or with flexibility agreements	1,696	886	2,582

## Percentage of women in the workforce

### Percentage of women in the workforce (as a percentage of the total workforce)

Women	Men	Percentage
2,740	16,303	14.39%

### Percentage of women in all management positions, including junior, middle and senior management (as a percentage of total management positions)

Women	Men	Percentage
388	2,003	16.23%

### Percentage of women in junior management positions (as a percentage of total junior management positions)

Women	Men	Percentage
328	1,651	16.57%

### Percentage of women in senior management positions no more than two levels away from the CEO or in comparable positions (as a percentage of total senior management positions)

Women	Men	Percentage
2	8	20.00%

### Percentage of women in junior, middle and senior management positions that generate income (for example sales) as a percentage of all managers (excluding support roles such as Human Resources, IT, Legal, etc.)

Women	Men	Percentage
324	2,662	10.85%

### Percentage of women in STEM-related positions (as a percentage of total STEM-related positions)

Women	Men	Percentage
122	482	20.20%

## Postnatal leave

**Number of people who took postnatal leave, by position and gender**

	Men	Women	TOTAL
Senior executives	0	0	0
Managers	15	121	136
Supervisors	4	10	14
Other professionals	101	722	823
Other technicians	9	2	11
Operators	53	29	82
Sales force	0	4	4
Administrative staff	2	8	10
Support staff	19	0	19
<b>TOTAL</b>	<b>203</b>	<b>896</b>	<b>1,099</b>

**Average number of legal and extra postnatal leave days during the year, by position and gender**

	Legal		Extra		TOTAL
	Men	Women	Men	Women	
Senior executives	0	0	0	0	0
Managers	1	36.17	0.67	0	9.46
Supervisors	2	41.60	41.83	12.17	24.40
Other professionals	2	87.46	20.06	15.33	31.21
Other technicians	1	24.33	31	0	14.08
Operators	1.98	44.05	0.37	21.35	16.94
Sales force	0	47.33	0	10.92	14.56
Administrative staff	1	42.77	20	32	23.94
Support staff	1	0	0	0	0.25
<b>TOTAL AVERAGE</b>	<b>1.11</b>	<b>35.97</b>	<b>12.66</b>	<b>10.20</b>	<b>14.98</b>

# MEMBERSHIPS AND NETWORKS

## Argentina

- Argentine Forestry Association (AFOA)  
[www.afoa.org.ar](http://www.afoa.org.ar)
- Association of Pulp and Paper Manufacturers, Argentina (AFCP)  
[www.afcparg.org.ar](http://www.afcparg.org.ar)
- Argentine Federation of Timber and Allied Industries (FAIMA)  
[www.faima.org.ar](http://www.faima.org.ar)
- Argentine Chamber of the Particleboard Industry (CAIMA)
- Argentine Chamber of Sawmills, Warehouses and Related Timber Industries  
[www.cadamda.org.ar](http://www.cadamda.org.ar)
- Chilean Argentine Chamber of Commerce UIA -
- Argentine Industrial Union
- Atlantic Forest Research Center (CEIBA)  
[www.ceiba.org.ar](http://www.ceiba.org.ar)
- Institute of Subtropical Biology (IBS)
- Institute for Forest Research and Studies (IPEF)
- CAMCORE Cooperative - Genetic Improvement and Silviculture Cooperative
- National Institute of Agricultural Technology (INTA)
- Iguazú Forest Protection Consortium
- FSC® International, member of the Southern Economic Chamber
- Forestry Sciences Faculty at the Universidad Nacional de Misiones
- Exact, Chemical and Natural Sciences Faculty (UNaM)
- Exact and Natural Sciences Faculty at the Universidad de Buenos Aires
- Temaiken Foundation  
[www.temaiken.com.ar](http://www.temaiken.com.ar)
- Park Ranger Corps of the Ecology Ministry of Misiones Province

- Dignified Housing Foundation
- A Christmas Eve for All
- Mediterranean Foundation
- Argentina Wildlife Foundation
- Yaguaroundí Reserve
- Curindy Reserve
- National Park Management
- Argentine Birds-La Plata Guira Oga Ornithological Association
- Friends of Guapoy Association
- Argentine Union of Rural Workers and Stevedores  
[www.uatre.org.ar](http://www.uatre.org.ar)
- Tabay Creek Water Basin Committee
- Tupicúa Creek Water Basin Committee
- Corrientes Norte Forestry Consortium
- Libertad Volunteer Firefighters Association
- Forestry Engineers College
- APF - Misiones and Corrientes Forestry Production Cluster. (We participate in the APF through AFoA. APSA is currently contributing to a research project on Integrated Pest Management).
- Civil Association Council for the Responsible Management of Forests and Forestry Areas
- CEADS (Argentine Business Council for Sustainable Development)  
[www.ceads.org.ar](http://www.ceads.org.ar)

## Australia

- Glue Laminated Timber Association of Australia  
[www.gltaa.com](http://www.gltaa.com)

## Brazil

- Paraná Association of Forestry Companies (APRE)  
[www.apreflorestas.com.br](http://www.apreflorestas.com.br)
- Sul-Mato-Grossense Forest Plantation Producers and Consumers Association  
[www.reflore.com.br](http://www.reflore.com.br)
- Paraná Forest Dialogue - Santa Catarina  
[www.dialogoflorestal.org.br](http://www.dialogoflorestal.org.br)
- Forest Stewardship Council (FSC®)  
[www.fsc.org](http://www.fsc.org)
- Forest Stewardship Council (FSC®) Brazil  
[www.br.fsc.org](http://www.br.fsc.org)
- Brazilian Agrochemicals Industry (IBÁ)  
[www.iba.org](http://www.iba.org)
- Gaucha Forestry Companies Association (AGEFLOR)  
[www.ageflor.com.br](http://www.ageflor.com.br)
- Forestry Research Society (SIF)  
[www.sif.org.br](http://www.sif.org.br)
- Global partners for the future our forests (CAMCORE)  
[www.camcore.cnr.ncsu.edu](http://www.camcore.cnr.ncsu.edu)
- Women's Forestry Network  
[www.redemulherflorestal.org](http://www.redemulherflorestal.org)

## Chile

- Center Industrialists Association , Maule Region  
[www.asicent.cl](http://www.asicent.cl)
- Mariquina Businessmen and Industrialists Trade Association
- Adelanto del Maule Board, Maule Regione  
[www.juntaadelantodelmaule.cl](http://www.juntaadelantodelmaule.cl)
- Chilean Chapter of the World Business Council For Sustainable Development (Acción empresas)  
[www.accionempresas.cl](http://www.accionempresas.cl)
- Chilean Chamber of Construction in Valdivi  
[www.cchc.cl](http://www.cchc.cl)

- Chilean-Argentine Chamber  
[www.camarco.cl](http://www.camarco.cl)
- Chilean-Brazilian Chamber of Commerce  
[www.camarachilenobrasilena.cl](http://www.camarachilenobrasilena.cl)
- British-Chilean Chamber Of Commerce  
[www.britcham.cl](http://www.britcham.cl)
- Chinese-Chilean Chamber of Commerce, Industry and Tourism  
[www.chicit.cl](http://www.chicit.cl)
- North American Chilean Chamber of Commerce  
[www.amchamchile.cl](http://www.amchamchile.cl)
- Chilean-Italian Chamber of Commerce  
[www.camit.cl](http://www.camit.cl)
- Asia Pacific Chamber of Commerce (APCC)  
[www.asiapacific-chamber.com](http://www.asiapacific-chamber.com)
- Valdivia Chamber of Commerce and Industry  
[www.cciv.cl](http://www.cciv.cl)
- Concepción Chamber of Production and Commerce  
[www.cpcbiobio.cl](http://www.cpcbiobio.cl)
- Production and Commerce Confederation - CPC  
[www.cpc.cl](http://www.cpc.cl)
- Forestry Pest Control  
[www.cpf.cl](http://www.cpf.cl)
- Corporation for the Advancement and Development of Arauco Province  
[www.corparauco.cl](http://www.corparauco.cl)
- Chilean Chamber for Timber  
[www.corma.cl](http://www.corma.cl)
- Corporation for the Productive Development of La Araucanía  
[www.corparaucania.cl](http://www.corparaucania.cl)
- Valdivia Development Corporation  
[www.codeproval.cl](http://www.codeproval.cl)
- Arauco Promotion and Productive Development Corporation  
[www.gorebiobio.cl](http://www.gorebiobio.cl)
- Biobío Regional Development Industrial Corporation  
[www.ciderebiobio.cl](http://www.ciderebiobio.cl)

- Belén Educa Foundation  
[www.beleneduca.cl](http://www.beleneduca.cl)
- Icare  
[www.icare.cl](http://www.icare.cl)
- Global Compact Network Chile  
[www.pactoglobal.cl](http://www.pactoglobal.cl)
- Industrial Development Society  
[www.sofofa.cl](http://www.sofofa.cl)
- Pontificia Universidad Católica de Chile  
[www.uc.cl](http://www.uc.cl)
- Universidad de Chile, Faculty of Economics and Business  
[www.fen.uchile.cl](http://www.fen.uchile.cl)
- Vision Valdivia  
[www.visionvaldivia.cl](http://www.visionvaldivia.cl)
- Trade Association of Forestry Contractors / ACOFOR AG  
[www.acoforag.cl](http://www.acoforag.cl)
- Private Development Corporation of the Biobío Region  
CORBIOBIO  
[www.corbiobio.cl](http://www.corbiobio.cl)
- Regional Business Administration Institute  
<https://irade.cl>

## Mexico

- National Association of Timber Panel Manufacturers A.C.  
[www.anafata.com.mx](http://www.anafata.com.mx)
- National Association of Importers and Exporters of Forestry Products A.C.  
[www.imexfor.com](http://www.imexfor.com)
- National Association of the Chemical Industry - ANIQ  
[www.aniq.com.mx](http://www.aniq.com.mx)

- National Chamber of the Transformation Industry (CANACINTRA)  
<https://canacintra.org.mx/camara/>
- Michoacán State Industrial Association  
<http://www.aiemac.org.mx/>
- Durango Forest Industry Association  
<https://www.cylex.mx/durango-durango/asociacion+de+industriales+forestales+de+durango-11416699.html>
- Mexican-Chilean Chamber of Commerce and Investment  
[www.camaramexicanachilena.com.mx](http://www.camaramexicanachilena.com.mx)
- National Wooden Pallet & Container Association – NWPCA  
[www.palletcentral.com](http://www.palletcentral.com)

## NORTH AMERICA

- Association of Woodworking & Furnishing Suppliers  
[www.awfs.org](http://www.awfs.org)
- Composite Panel Association  
[www.compositepanel.org](http://www.compositepanel.org)
- North American Wholesale Lumber Association  
[www.lumber.org](http://www.lumber.org) [www.nawla.org](http://www.nawla.org)
- WMA - World Millwork Alliance  
[www.worldmillworkalliance.com](http://www.worldmillworkalliance.com)
- North American Building Material Distribution Association  
[www.nbmda.org](http://www.nbmda.org)
- Timber Products Inspection (TP) Corporation  
[www.tpinspection.com](http://www.tpinspection.com)
- WMMPA - Wood Moulding and Millwork Producers Association  
[www.wmmpa.com](http://www.wmmpa.com)
- National Council for Air and Stream Improvement (NCASI)
- North Carolina Manufacturer’s Association (NCMA)

- NC Chamber of Commerce
- Carolina’s Pollution Control Association (CAPCA)
- South Carolina Manufacturer’s Association (NCMA)
- Oregon Manufacturing and Commerce (OMC)
- American Forestry and Paper Association (AF&PA)/American Wood Council (AWC)
- Michigan Manufacturer’s Alliance
- Green Building Initiative (GBI)

## Colombia

- Colomobian-Chilean Chamber of Commerce  
[www.colombochilena.com](http://www.colombochilena.com)

## Peru

- Peruvian Chamber of Construction  
[www.capeco.org](http://www.capeco.org)
- Peruvian-Chilean Chamber of Commerce  
[www.camaraperuchile.org](http://www.camaraperuchile.org)

# 8.

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## INDEX OF CONTENTS



**General Standard 461 issued by the Financial Market Commission (CMF)**

GENERAL CONTENTS	CHAPTER	PAGE
<b>1. TABLE OF CONTENTS</b>		
Specific reference to international reporting standards	Chapter: A sustainable world is made of wood "About this report"	24
The section of these standards to which the information refers	Chapter: Table of contents "General Standard 30 issued by the CMF"	330 - 333
<b>2. CORPORATE PROFILE</b>		
2.1 Mission, vision, purpose and values	Chapter: A sustainable world is made of wood "Our purpose"	8 - 9
2.2 Historical information	Chapter: A sustainable world is made of wood "Our history"	16 - 17
2.3 Ownership	Chapter: Renewables for a better life "Corporate Governance"	38 - 40
	Chapter: Financial information "Company description"	220 - 222
2.3.1 Controlling shareholders	Chapter: Financial information "Controlling shareholders"	223 - 224
2.3.2 Significant changes in ownership or control	Chapter: Financial information "Controlling shareholders"	224
2.3.3 Description of majority shareholders	Chapter: Financial information "Controlling shareholders"	223 - 224
2.3.4 Shares, their features and rights	Chapter: Financial information "Controlling shareholders"	223 - 224
2.3.5 Other securities	Chapter: Financial information "Related companies" (section: Other securities).	275
<b>3. CORPORATE GOVERNANCE</b>		
3.1 Governance framework	Chapter: Renewables for a better life	38-52
3.2 Board of Directors	Chapter: Renewables for a better life "the Board"	40 - 45
3.3 Board Committees	Chapter: Renewables for a better life "the Board" (section: Directors' committees)	42 - 44
3.4 Senior Executives	Chapter: Renewables for a better life "Senior executives"	46 - 49
3.5 Compliance with national or international codes	Chapter: A sustainable world is made of wood "About this report"	24

GENERAL CONTENTS	CHAPTER	PAGE
<b>3. CORPORATE GOVERNANCE</b>		
3.6 Risk management	Chapter: Renewables for a better life "Risk and opportunity management"	53 - 55
	Chapter: Financial information "Risks"	280 - 305
3.7 Relationship with stakeholders and the general public	Chapter: A sustainable world is made of wood "About this report" (section: Stakeholders and communication mechanisms)	25 - 33
	Chapter: Local commitment "Communities, participation and discussion"; "Mapuche engagement"	137 - 139; 154 - 157
<b>4. STRATEGY</b>		
4.1 Time Horizons	Chapter: A sustainable world is made of wood "Sustainability strategy"; "ARAUCO's sustainable goals"	18 - 20; 34 - 35
	Chapter: Table of contents: Climate-related financial disclosures (TCFD).	343 - 344
4.2 Strategic Objectives	Chapter: A sustainable world is made of wood "Sustainability strategy"; "ARAUCO's sustainable goals".	18 - 20; 34 - 35
4.3 Investment Plans	Chapter: Globally committed	58 - 81
<b>5. PEOPLE</b>		
5.1 Workforce	Chapter One ARAUCO "Our people"	96 - 97
5.1.1 Number of people by gender	Chapter: One ARAUCO "Our employees"	97
5.1.2 Number of people by nationality	Chapter: Financial information "Workforce" (table: Workforce by nationality, position and gender)	306 - 311
5.1.3 Number of people by age range	Chapter: Financial information "Workforce" (table: Workforce by age range, position and gender).	312 - 314
5.1.4 Length of service	Chapter: Financial information "Workforce" (table: Workforce by length of service, position and gender)	315 - 317
5.1.5 Number of people with disabilities	Chapter: One ARAUCO "Diversity, inclusiveness and non-discrimination"	112
	Chapter: Financial information "Workforce" (table: Number of people with disabilities, by position and gender)	318

GENERAL CONTENTS	CHAPTER	PAGE
<b>5. PEOPLE</b>		
5.2 Employment status	Chapter: One ARAUCO "Our employees"	96
	Chapter: Financial information "Workforce" (table: Employment status, by gender)	318
5.3 Workplace flexibility	Chapter: One ARAUCO "Our employees"	96
	Chapter: Financial information "Workforce" (table: Number of people by working agreement, gender and workplace flexibility; Workplace flexibility - remote working)	319
5.4 Salary equity, by gender	Chapter: One ARAUCO "Diversity, inclusiveness and non-discrimination"	113
5.4.1 Equity policy	Chapter: One ARAUCO "Diversity, inclusiveness and non-discrimination"	112
5.4.2 Salary gap	Chapter: A single ARAUCO "Diversity, inclusion and non-discrimination" (Table: Salary gap by position).	113
5.5 Workplace and sexual harassment	Chapter: One ARAUCO " Workplace and sexual harassment measures"	114 - 115
5.6 Postnatal leave	Chapter: One ARAUCO "Diversity, inclusiveness and non-discrimination"	112
	Chapter: Financial information "Workforce" (table: Postnatal leave)	322 - 323
5.7 Training and benefits	Chapter: One ARAUCO "New skills for the future"; "Attracting and retaining talent"; "Working environment and well-being"; "Collaborative engagement"	106; 116; 128
5.8 Subcontracting policy	Chapter: One ARAUCO "Collaborative engagement"; "Subcontractors"	128 - 129; 132 - 133
<b>6. BUSINESS MODEL</b>		
6.1 Industrial Sector	Chapter: Financial information "Industrial sector description"	225 - 227
6.2 Business	Chapter: Globally committed	58 - 81
6.3 Stakeholders	Chapter: A sustainable world is made of wood "Commitment to our stakeholders" (table: Stakeholders and communication mechanisms)	25 - 27
6.4 Properties and facilities	Chapter: A sustainable world is made of wood "ARAUCO in the world"	14 - 15
6.5 Subsidiaries, associates and investments in other companies	Chapter: Financial information "Subsidiaries and functional currencies"	278 - 279
<b>7. SUPPLIER MANAGEMENT</b>		
7.1 Supplier payments	Chapter: Globally committed "Suppliers" (table: Supplier payments)	85
7.2 Supplier assessment	Chapter: Globally Committed "Suppliers"	82 - 85

GENERAL CONTENTS	CHAPTER	PAGE
<b>8. INDICATORS</b>		
8.1 Legal and regulatory compliance	Chapter: Financial information "Regulatory framework"; "Legal compliance"	228 - 235
8.1.1 Our customers	Chapter: Renewables for a better life "Good corporate practice"	50 - 52
	Chapter: Globally committed "Customers"	90 - 91
8.1.2 Employees	Chapter: Financial information "Regulatory framework"; "Legal compliance"	228 - 235
8.1.3 The Environment	Chapter: Financial information "Regulatory framework"; "Legal compliance"	228 - 235
8.1.4 Antitrust issues	Chapter: Renewables for a better life "Good corporate practice"	50 - 52
	Chapter: Financial information "Regulatory framework"; "Legal compliance"	228 - 235
8.1.5 Others	Chapter: Renewables for a better life "Good corporate practice"; Chapter: Financial information "Regulatory framework"; "Legal compliance"	50 - 52; 228 - 235
	Chapter Table of contents: SASB index	346 - 350
8.2 Sustainability indicators by industry	Chapter: Financial information "Significant events"	210 - 219
<b>9. SIGNIFICANT EVENTS</b>		
<b>10. COMMENTS FROM SHAREHOLDERS AND THE DIRECTORS' COMMITTEE</b>		
	Chapter: Renewables for a better life	40
<b>11. FINANCIAL STATEMENTS</b>		
	Chapter: Globally committed "Globalization and efficiency"	80

GRI content index

STATEMENT OF USE	ARAUCO has prepared this report in accordance with the GRI Standards for the period from January 1 to December 31, 2022.
GRI 1 USED	GRI 1: Foundation 2021

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	COMMENTS	PAGE NUMBER
<b>GRI 2: GENERAL DISCLOSURES 2021</b>				
	2-1 Organizational details	Chapter: A sustainable world is made of wood "ARAUCO in the world" Chapter: Financial information "Company description"		14 - 15 220
	2-2 Entities included in the organization's sustainability reporting	Chapter: A sustainable world is made of wood "About this report" Chapter: Financial information "Group structure"		24 236 - 237
	2-3 Reporting period, frequency and contact point	Chapter: A sustainable world is made of wood "About this report" Chapter: Financial information "Company description"		24 221
	2-4 Restatements of information		INFORMATION FROM PREVIOUS REPORTS HAS NOT BEEN RESTATED.	
	2-5 External assurance	Chapter: Globally committed "Globalization and efficiency"	SUSTAINABILITY INDICATORS HAVE NOT BEEN EXTERNALLY VERIFIED. ONLY THE FINANCIAL INFORMATION HAS BEEN EXTERNALLY VERIFIED.	80
	2-6 Activities, value chain and other business relationships	Chapter: A sustainable world is made of wood "Sustainability strategy" Chapter: Globally committed		18 58 - 91
	2-7 Employees	Chapter: One ARAUCO Chapter: Financial information "Workforce"	ALL EMPLOYEE INFORMATION WAS PREPARED IN ACCORDANCE WITH GS 461 ISSUED BY THE CHILEAN FINANCIAL MARKET COMMISSION.	94 - 133 306 - 323
	2-8 Workers who are not employees	Chapter: One ARAUCO "Subcontractors"		132
	2-9 Governance structure and composition	Chapter: Renewables for a better life "The Board", "Senior executives"		40; 46

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	COMMENTS	PAGE NUMBER
<b>GRI 2: GENERAL DISCLOSURES 2021</b>				
	2-10 Nomination and selection of the highest governance body	Chapter: Renewables for a better life "The Board"		40
	2-11 Chair of the highest governance body	Chapter: Renewables for a better life "the Board"		39
	2-12 Role of the highest governance body in overseeing the management of impacts	Chapter: Renewables for a better life "Board Committees"		42 - 44
	2-13 Delegation of responsibility for managing impacts	Chapter: Renewables for a better life "Board Committees"		42 - 44
	2-14 Role of the highest governance body in sustainability reporting	Chapter: Renewables for a better life "Board Committees"; "Good corporate practice" Chapter: Financial information "Control situation" Chapter: Table of contents "Climate-related financial disclosures (TCFD)"		42 - 44; 50 223 - 224 343 - 344
	2-15 Conflicts of interest	Chapter: Renewables for a better life "Board Committees"; "Good corporate practice"		42 - 44; 50 - 52
	2-16 Communication of critical concerns	Chapter: Renewables for a better life "Board Committees"		42 - 44
	2-17 Collective knowledge of highest governance body	Chapter: Renewables for a better life "Board Committees"		42 - 44
	2-18 Evaluation of the performance of the highest governance body	Chapter: Renewables for a better life "Directors' performance"		40 - 41

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	COMMENTS	PAGE NUMBER
<b>GRI 2: GENERAL DISCLOSURES 2021</b>				
	2-19 Compensation policies	Chapter: Renewable for a better life "Remuneration"; "Senior management remuneration"		44 - 45
	2-20 Process to determine remuneration	Chapter: Renewable for a better life "Remuneration"; "Senior management remuneration"		45; 49
	2-21 Annual total compensation ratio	Chapter: A single ARAUCO "Diversity, inclusion and non-discrimination" (Table: Salary gap by position)	ARAUCO CALCULATES THE COMPENSATION RATIO FOR MEN AND WOMEN BY JOB CATEGORIES.	113
	2-22 Statement on sustainable development strategy	Chapter: A sustainable world is made of wood "Chairman's letter"		4 - 5
	2-23 Policy commitments	Chapter: Renewables for a better life "Good corporate practice"		50 - 52
	2-24 Embedding policy commitments	Chapter: Renewables for a better life "Good corporate practice"		50 - 52
		Chapter: A sustainable world is made of wood "Commitment to our stakeholders"; "Communication and response channels"		25 -27
	2-25 Processes to remediate negative impacts	Chapter: Renewables for a better life "Good corporate practice"		50 - 52
		Chapter: Local commitment "Communities, participation and discussion"; "Mapuche enagement"		136 - 157
		Chapter: Committed to environmental challenges		160 - 207
	2-26 Mechanisms for seeking advice and raising concerns	Chapter: Renewables for a better life		38 - 52
	2-27 Compliance with laws and regulations	Chapter: Financial information "Regulatory framework"; "Legal compliance"		228 - 235

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	COMMENTS	PAGE NUMBER
<b>GRI 2: GENERAL DISCLOSURES 2021</b>				
	2-28 Membership associations	Chapter: A sustainable world is made of wood "Commitment to our stakeholders"; "Memberships"		30 - 31
		Chapter: Financial information "Memberships and networks"		324 - 327
	2-29 Approach to stakeholder engagement	Chapter: A sustainable world is made of wood "Commitment to our stakeholders"		24 - 27
	2-30 Collective bargaining agreements	Chapter: One ARAUCO "Collaborative engagement"		128 - 133
<b>GRI 3: MATERIAL TOPICS 2021</b>				
	3-1 Process to determine material topics	Chapter: A sustainable world is made of wood "Materiality analysis"		32 - 33
	3-2 List of material topics	Chapter: A sustainable world is made of wood "Materiality analysis"		32 - 33
	3-3 Management of material topics	Chapter: A sustainable world is made of wood "Materiality analysis"; "ARAUCO's sustainability goals"		32 - 35
<b>GRI 302: ENERGY 2016</b>				
	302-1 Energy consumption within the organization	Chapter: Committed to environmental challenges "Energy management"		198
	302-2 Energy consumption outside of the organization	Chapter: Committed to environmental challenges "Energy management"		198
	302-3 Energy intensity		INFORMATION NOT AVAILABLE.	
	302-4 Reduction of energy consumption	Chapter: A sustainable world is made of wood "ARAUCO's sustainability goals"		34 - 35
		Chapter: Committed to environmental challenges "Energy management"		198
	302-5 Reduction in energy requirements of products and services		INFORMATION NOT AVAILABLE.	

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	COMMENTS	PAGE NUMBER
<b>GRI 303: WATER AND EFFLUENTS</b>				
	303-1 Interactions with water as a shared resource	Chapter: Committed to environmental challenges "Water management"; "Water consumption"		182 - 184; 199
	303-2 Management of water discharge-related impacts	Chapter: Committed to environmental challenges "Water consumption"; "Effluents"; "Spills"		199 - 202
	303-3 Water withdrawal	Chapter: Committed to environmental challenges "Water consumption";		199
	303-4 Water discharge	Chapter: Committed to environmental challenges "Effluents" (table: planned and unplanned water discharges); "Spills"		200 - 202
	303-5 Water consumption	Chapter: Committed to environmental challenges "Water consumption";		199
<b>GRI 304: BIODIVERSITY 2016</b>				
	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Chapter: Committed to environmental challenges "Sustainable forest management" (table: Distribution of forestry properties as of December 31, 2022)	THE SCOPE IS ARAUCO'S OWN FORESTS. ARAUCO'S APPROACH IS TO CREATE ADJACENT PROTECTED AREAS OR EVEN WITHIN THEIR FORESTS AND PLANTATIONS. THIS MEANS THAT ALL FORESTS ARE CLOSE TO HIGH VALUE AREAS.	165
	304-2 Significant impacts of activities, products and services on biodiversity	Chapter: Committed to environmental challenges "Sustainable forest management"	THE SCOPE IS ARAUCO'S OWN FORESTS	164 - 187
	304-3 Habitats protected or restored	Chapter: Committed to environmental challenges "Sustainable forest management"	THE SCOPE IS ARAUCO'S OWN FORESTS	164 - 187
	304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Chapter: Committed to environmental challenges "Sustainable forest management" (table: Species in the IUCN Red List and in National Conservation Lists that have been sighted on ARAUCO's properties).	THE SCOPE IS ARAUCO'S OWN FORESTS	176

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	COMMENTS	PAGE NUMBER
<b>GRI 305: EMISSIONS 2016</b>				
	GHG emissions - Direct emissions (Scope 1)	Chapter: Committed to environmental challenges "Carbon footprint"		162
	GHG emissions - indirect energy (Scope 2)	Chapter: Committed to environmental challenges "Carbon footprint"		162
	GHG emissions - other indirect emissions (Scope 3)	Chapter: Committed to environmental challenges "Carbon footprint"		162
	GHG emissions intensity	Chapter: Committed to environmental challenges "Carbon footprint"		162 - 163
	Reduction in GHG emissions	Chapter: A sustainable world is made of wood "Climate Action Plan"		22 - 23
		Chapter: Committed to environmental challenges "Carbon footprint"		162 - 163
	Other significant emissions	Chapter: Committed to environmental challenges "Atmospheric emissions and odors"		202 - 203
<b>GRI 306: EFFLUENTS AND WASTE 2016</b>				
	306-1 Water discharge by quality and destination	Chapter: Committed to environmental challenges "Effluents" (table: planned and unplanned water discharges)		200 - 201
	306-2 Waste by type and disposal method	Chapter: Committed to environmental challenges "Waste management"		192 - 197
	306-3 Significant spills	Chapter: Committed to environmental challenges "Spills"		202
	306-4 Transport of hazardous waste	Chapter: Committed to environmental challenges "Waste management" (table: Hazardous waste)		194
	306-5 Water bodies affected by discharges of water and runoff	Chapter Committed to environmental challenges "Water consumption"; "Effluents"; "Spills"		199 - 202

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	COMMENTS	PAGE NUMBER
<b>GRI 401: EMPLOYMENT 2016</b>				
	401-1 New employee hires and employee turnover	Chapter: One ARAUCO "Attraction and retention of talent" (tables: Recruitment; Internal mobility)		106 - 108
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Chapter: One ARAUCO "Well-being"		117
	401-3 Parental leave	Chapter: One ARAUCO "Our employees" Chapter: Financial information "Workforce" (table: Postnatal leave).		96 322 - 323
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>				
	403-1 Occupational health and safety management system	Chapter: One ARAUCO "Occupational health and safety"		118
	403-3 Occupational health services	Chapter: One ARAUCO "Well-being"		117
	403-4 Employee participation, consultation, and communication on occupational health and safety	Chapter: One ARAUCO "Occupational health and safety"		118
	403-5 Employee training on occupational health and safety	Chapter: One ARAUCO "Occupational health and safety"		118 - 127
	403-6 Promotion of employee health	Chapter: One ARAUCO "Occupational health and safety"		122
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Chapter: One ARAUCO "Occupational health and safety"		118 - 121
	403-8 Employees covered by an occupational health and safety management system	Chapter: One ARAUCO "Occupational health and safety"		118 - 127

GRI STANDARD / OTHER SOURCE	DISCLOSURE	LOCATION	COMMENTS	PAGE NUMBER
<b>GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2018</b>				
	403-9 Work-related injuries	Chapter: One ARAUCO "Occupational health and safety"		120; 126 - 127
	403-10 Work-related ill health	Chapter: One ARAUCO "Occupational health and safety"		122 - 123
<b>GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016</b>				
	405-1 Diversity of governance bodies and employees	Chapter: One ARAUCO "Diversity, inclusiveness and non-discrimination"		112
	405-2 Ratio of basic salary and remuneration of women to men	Chapter: A single ARAUCO "Diversity, inclusion and non-discrimination" (Table: Salary gap by job category)		113
<b>GRI 411: RIGHTS OF INDIGENOUS PEOPLES 2016</b>				
	411-1 Incidents of violations involving rights of indigenous peoples	There were no such incidents during 2022 For more information, see: Chapter: Local commitment "Engagement with indigenous peoples"		154 - 157
<b>GRI 413: LOCAL COMMUNITIES 2016</b>				
	413-1 Operations with local community engagement, impact assessments, and development programs	Chapter: Local commitment		137 - 157
	413-2 Operations with significant actual and potential negative impacts on local communities	Chapter: Local commitment	THERE WERE NO SIGNIFICANT NEGATIVE IMPACTS DURING 2022.	137 - 157

**Climate-related financial disclosures:**  
**Task Force on Climate-related**  
**Financial Disclosures (TCFD)**

The management of climate change issues is integrated with the management of other non-financial issues and associated reporting to the Board of Directors depends on the subject matter and context. For example: 1) Risks are reported to the Board of Directors by the COO. 2) Regulatory and compliance issues are reported semi-annually to the Board's Ethics and Compliance Committees by the Ethics and Compliance Manager. 3) Annual progress towards ARAUCO's sustainable goals is reported by the Corporate HR and Sustainability Manager. 4) If there is a specific climate-related issue, then it is reported to the Board by the Sustainability Committee. The main climate-related topics addressed by the Climate Action Committee, such as scenario analysis, scope 1, 2, and 3 emission reductions, and the commitment to becoming Nature Net Positive, are reported directly to senior management by the Climate Action Leader/Communications Manager.

The resilience and position of ARAUCO's business and forestry assets under various climate scenarios (IPCC RCP 2.6 and RCP 8.5) have been analyzed by Bioforest (ARAUCO's R&D Center)

and other members of the scientific community. The results of these analyses indicate that if CO<sub>2</sub> emissions are low, then the transition risks would be more important and ARAUCO would be well positioned, as the characteristics and nature of its business mean that it can adapt to these risks and opportunities. In contrast if CO<sub>2</sub> emissions are high, then physical risks would have the greatest impact on its business and assets, which could affect the productivity of its plantations.

ARAUCO's climate change related goals are to remain carbon neutral and reduce its CO<sub>2</sub> emissions under Scopes 1, 2 and 3, which are being validated by the Science Based Targets initiative (SBTi) to align them with the 1.5 C° roadmap in the Paris Agreement. We certified our carbon neutrality for the third consecutive year in 2022. We presented our emission reduction targets to the SBTi and look forward to disclosing these targets and their roadmap in the 2023 annual report. This roadmap has been developed together with Bioforest researchers and will define ARAUCO's focus for its journey to Net Zero.

GRI STANDARD/ OTHER SOURCE	DISCLOSURE	LOCATION	COMMENTS	PAGE NUMBER
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016				
	414-1 New suppliers that were screened using social criteria	Chapter: Globally committed "Suppliers"  Chapter: Local commitment "Juega Local" (Play Local)		82  152
	414-2 Negative social impacts in the supply chain and actions taken.	Negative social impacts in the supply chain and actions taken	THERE WERE NO SIGNIFICANT NEGATIVE IMPACTS DURING 2022.	82

Other climate change related goals are to restore 50,000 hectares of native forest in Latin America by 2050, recover all our non-hazardous waste by 2030, ensure the conservation of 142 threatened species that live in our properties, maintain and expand our network of high conservation value areas, and become a company with a positive impact on nature that focuses on water, biodiversity and carbon.

The Financial Stability Board (FSB) and its Task Force on Climate-related Financial Disclosures (TCFD) recommend a framework for disclosing climate-related risks and opportunities. ARAUCO's data regarding the TCFD's recommendations is listed in this table of contents.

RECOMMENDED DISCLOSURE	LOCATION AND COMMENTS	PAGE NUMBER
<b>I - GOVERNANCE</b>		
a) Describe the board's oversight of climate-related risks and opportunities.	Chapter: Renewables for a better life "Board Committees"	42 - 44
b) Describe management's role in assessing and managing climate-related risks and opportunities.	Chapter: Renewables for a better life "Board Committees"	43 - 44
<b>II - STRATEGY</b>		
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Chapter: Renewables for a better life "Risk management and opportunities"; "Risks associated with climate change"	54 - 55
	Chapter: Financial information "Risks"; section: Climate change	296 - 297
	Chapter: A sustainable world is made of wood "Strategy"; "Climate Action Plan"	22 - 23
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Capítulo: Renovables por una vida mejor "Gestión de riesgos y oportunidades"; "Riesgos asociados al cambio climático"	53
	Capítulo: Información financiera "Riesgos"; sección: Cambio climático	296 - 297
	Capítulo: Un mundo sustentable es en madera "Estrategia"; "Plan de Acción Climática"	22 - 23

RECOMMENDED DISCLOSURE	LOCATION AND COMMENTS	PAGE NUMBER
<b>II - STRATEGY</b>		
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Chapter 8 "Climate-related financial disclosure (TCFD)"	343 - 344
	Chapter: A sustainable world is made of wood "Strategy"; "Climate Action Plan"	22 - 23
<b>III - RISK MANAGEMENT</b>		
a) Describe the organization's processes for identifying and assessing climate-related risks.	Chapter: Renewables for a better life "Risk management and opportunities"; "Risks associated with climate change"	53 - 55
	Chapter: Financial information "Risks" and "Climate change"	296 - 297
b) Describe the organization's processes for managing climate-related risks.	Chapter: Renewables for a better life "Risk management and opportunities"; "Risks associated with climate change"	53 - 55
	Chapter: Financial information "Risks" and "Climate change"	296 - 297
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Chapter: Renewables for a better life "Risk management and opportunities"; "Risks associated with climate change"	53 - 55
	Chapter: Renewables for a better life "Board Committees"	296 - 297
<b>IV - METRICS AND TARGETS</b>		
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	Chapter: A sustainable world is made of wood "ARAUCO's sustainability goals"	34 - 35
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Chapter: Committed to the environment "Carbon footprint"	161 - 162
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Chapter: A sustainable world is made of wood "ARAUCO's sustainability goals"	34 - 35

### 8.3 SASB

#### SASB Wood products

##### Sustainability disclosure topics & accounting metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	CODE	RESPONSE	PAGE NUMBER
ENERGY MANAGEMENT	(1) Total energy consumed. (2) Percentage of electricity from the grid. (3) Percentage from biomass. (4) Percentage from other renewable energies.	Quantitative	CG-BF-130a.1	Chapter: Committed to environmental challenges, section: Flawless industrial operation "Energy management" (table: Energy consumption)	198
	Analysis of processes to assess and manage risks and hazards associated with chemicals in products.	Debate and analysis	CG-BF-250a.1	Chapter: Committed to environmental challenges, section : Flawless industrial operation "Atmospheric emissions and odors"	202 - 203
MANAGEMENT OF CHEMICALS IN PRODUCTS	Percentage of products meeting the standards for volatile organic compound (VOC) content and emissions.	Quantitative	CG-BF-250a.2	Chapter: Committed to environmental challenges, section : Flawless industrial operation "Atmospheric emissions and odors" (table: Atmospheric emissions)	203
	Description of how product life cycle impacts are managed, and satisfy the demand for sustainable products.	Debate and analysis	CG-BF-410a.1	Chapter: A sustainable world is made of wood "Climate Action Plan"; "ARAUCO's sustainability goals". Chapter: Committed to environmental challenges, section : Flawless industrial operation "Waste management"	22 - 23; 34 - 35 192 - 196
LIFE CYCLE MANAGEMENT AND ENVIRONMENTAL IMPACT OF PRODUCTS	(1) Weight of material recovered at the end of its useful life. (2) Percentage of recovered materials recycled.	Quantitative	CG-BF-410a.2	Chapter: Committed to environmental challenges, flawless industrial section "Waste management" (tables: Hazardous waste; non-hazardous waste)	194 - 195
	Percentage of wood fiber from: (1) Forests certified by third parties and the percentage for each standard. (2) Other sources certified by other fiber supply standards and the percentage for each standard.	Quantitative	CG-BF-430a.1	Chapter: Globally committed "Timber" (section: Significant events)	66 - 67

##### Activity metrics

ACTIVITY METRICS	CODE	RESPONSE	PAGE NUMBER
Annual production	CG-BF-000.A	Chapter: Globally committed "Timbers" (table: Production by product)	65
Production facilities area	CG-BF-000.B	Chapter: A sustainable world is made of wood "ARAUCO in the world"	14 - 15

SASB Pulp and paper products

Sustainability disclosure topics & accounting metrics

ACCOUNTING METRIC	CATEGORY	CODE	RESPONSE	PAGE NUMBER
GREENHOUSE GAS EMISSIONS	Quantitative	RR-PP-110a.1	Chapter: Committed to environmental challenges "Carbon footprint"	162
	Debate and analysis	RR-PP-110a.2	Chapter: A sustainable world is made of wood "Climate Action Plan"	22 - 23
			Chapter: Committed to environmental challenges "Carbon footprint"	161 - 163
AIR QUALITY	Quantitative	RR-PP-120a.1	Chapter: Committed to environmental challenges, section : Flawless industrial operation "Atmospheric emissions and odors" (table: atmospheric emissions)	203
ENERGY MANAGEMENT	Quantitative	RR-PP-130a.1	Chapter: Committed to environmental challenges, section : Flawless environmental operation "Energy management" (table: Energy consumption)	198
WATER MANAGEMENT	Quantitative	RR-PP-140a.1	Chapter: Committed to environmental challenges, section : Flawless environmental operation "Water consumption" (table: Water consumption; percentage of water consumption from water stress zones)	199
	Debate and analysis	RR-PP-140a.2	Chapter: Committed to environmental challenges, section : Flawless environmental operation "Water consumption"	192
GESTIÓN DE LA CADENA DE SUMINISTRO	Quantitative	RR-PP-430a.1	Chapter: Globally committed "Pulp" (section: Significant events)	61-63
	Quantitative	RR-PP-430a.2	Chapter: Committed to environmental challenges, section : Flawless environmental operation "Waste management" (tables: Hazardous waste; non-hazardous waste)	194 - 195

Activity metrics

ACTIVITY METRICS	CODE	RESPONSE	PAGE NUMBER
Pulp production	CG-BF-000.A	Chapter: Globally committed "Pulp" (pulp production table by product type; Significant events 2022)	60
Paper production	RR-PP-000.B	Not applicable	
Total wood fiber procured	RR-PP-000.C	Chapter: Globally committed "Pulp" (section: Significant events)	61 - 63

## SASB Forest Management

### Sustainability disclosure topics & accounting metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	CODE	RESPONSE	PAGE NUMBER
ECOSYSTEM SERVICES AND IMPACTS	Area of forest certified to a third-party forest management standard and the percentage certified to each standard.	Quantitative	RR-FM-160a.1	Chapter: Committed to environmental challenges, "Sustainable forest management" (table: distribution of forestry properties as of December 31, 2022)	165
	Forest area with protected conservation status.	Quantitative	RR-FM-160a.2	Chapter: Committed to environmental challenges, "Sustainable forest management" (table: distribution of forestry properties as of December 31, 2022)	165
	Forest area in endangered species habitat.	Quantitative	RR-FM-160a.3	Chapter: Committed to environmental challenges "Sustainable forest management" (table: distribution of forestry properties as of December 31, 2022; section Biodiversity monitoring)	165; 174 - 176
	Description of the method for optimizing the opportunities from ecosystem services provided by forests.	Debate and analysis	RR-FM-160a.4	Chapter: Committed to environmental challenges "Sustainable forest management"	164 - 187
RIGHTS OF INDIGENOUS PEOPLES	Forest area in indigenous territories.	Quantitative	RR-FM-210a.1	Chapter: Local commitment "Mapuche engagement: Community consultation"	154 - 157
	Description of participatory processes and due diligence related to human rights, indigenous rights and the local communities.	Debate and analysis	RR-FM-210a.2	Chapter: Local commitment "Mapuche engagement: Community consultation"	154 - 157
ADAPTACIÓN AL CAMBIO CLIMÁTICO	Description of the strategy for managing the climate change-related opportunities and risks of forest management and timber production.	Debate and analysis	RR-FM-450a.1	More information at: Chapter: Climate-related financial disclosures	343 - 344

### Activity metrics

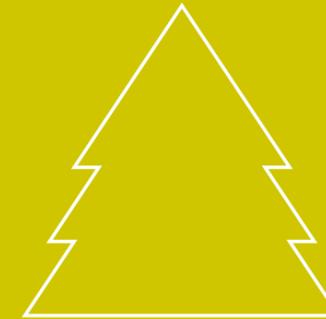
ACCOUNTING METRIC	CATEGORY	CATEGORY	RESPONSE	PAGE NUMBER
Area of forest owned, leased, or managed by the entity	Quantitative	RR-FM-000.A	Chapter: Globally committed "Forestry" (table: Forest distribution by use) Chapter: Committed to environmental challenges "Sustainable forest management" (table: distribution of forestry properties as of December 31, 2022)	73 165
Total standing timber inventory	Quantitative	RR-FM-000.B	Chapter: Globally committed "Forestry" (section: Significant events)	74 - 75
Volume of timber exploitation	Quantitative	RR-FM-000.C	Chapter: Globally committed "Forestry" (section: Significant events during 2022)	74 - 75

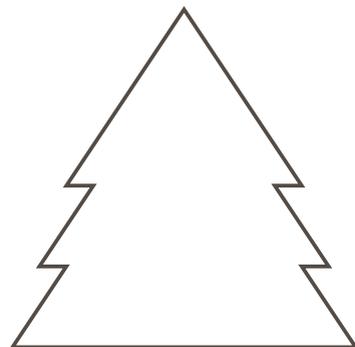
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**DECLARACIÓN DE RESPONSABILIDAD**

Los suscritos, en su calidad de Directores, Vicepresidente Ejecutivo y Gerente General de Cehlosa Arauco y Constitución S.A., suscribimos la presente declaración asumiendo bajo juramento las responsabilidades pertinentes por la fidelidad de la información incorporada en el presente Reporte Integrado de la Sociedad.

Nombre	Cargo	Rut	Firma
Manuel Enrique Bezanilla Urrutia	Presidente del Directorio	4.775.030-K	
Roberto Angelini Rossi	Primer Vicepresidente del Directorio	5.625.652-0	
Jorge Andueza Fouque	Segundo Vicepresidente del Directorio	5.038.906-5	
Eduardo Navarro Beltrán	Director	10.365.719-9	
Jorge Bunster Betteley	Director	6.066.143-K	
Alberto Etchegaray Aubry	Director	5.163.821-2	
Juan Ignacio Langlois Margozzini	Director	7.515.463-1	
Franco Mellafe Angelini	Director	13.049.156-1	
Timothy C. Purcell	Director	14.577.313-K	
Matías Domeyko Cassel	Vicepresidente Ejecutivo	5.868.254-3	
Cristián Infante Bilbao	Gerente General	10.316.500-8	





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