

GREEN BOND
2018 FINAL REPORT

CMPC: 2017 GREEN BOND 2018 FINAL UPDATE

In 2017, CMPC became the first company in Chile to issue a green bond to the value of USD 500,000,000 over a period of 10 years and paying a nominal rate of interest of 4.375%. The effective interest rate upon issuance was 4.42% per annum, with a spread over 10-year United States Treasury Bonds of 2.00%.

A green bond is one whose funds are intended exclusively to finance or refinance, partly or completely, new and/or existing eligible projects that produce environmental benefits.

This pioneering milestone in Chile clearly reinforces CMPC's commitment to sustainable development, since it also complies with the standards established in the World Bank's Green Bond Principles (GBP) that promote integrity in the

market for green bonds through directives that recommend transparency, disclosure and accountability.

The financing of eligible green projects continued during 2018 with USD 159.325.426 allocated in the following categories:

- Sustainable Forest Management
- Preservation of Biodiversity and Restoration of Forest
- Pollution Prevention and Control
- Energy Efficiency



In May 2018, the Climate Bond Initiative recognized CMPC in the category: New Countries Taking Green Bonds Global, of the Green Bond Pioneer Awards.



In 2018 there were no projects related to Sustainable Water Resource Management, compared to USD 2.333.827 allocated to this category in 2017.

In total, USD 518,033,773 have been spent on eligible green projects, thus fully allocating all the proceeds of the 2017 Green Bond.

ELIGIBLE GREEN PROJECTS BY CATEGORY

	AMOUNT 2017 (USD)	AMOUNT 2018 (USD)	CUMULATIVE TOTAL (USD)
Sustainable Forest Management	326,345,608	133,798,424	460,144,032
Process of planting/replanting of Radiata pine, Eucalyptus and others species	192,687,678	74,393,700	267,081,378
Process of planting/replanting in Guaiba and Losango	129,548,257	57,794,678	187,342,935
Development of Eucalyptus hybrids and genetic improvements strategy for better yields in Radiate Pine and Eucalyptus Nitiens	4,109,673	1,610,046	5,719,719
Sustainable Water Resource Management	2,333,827	-	2,333,827
Fiber recovery in Valdivia Boxboard mill	2,333,827	-	2,333,827
Preservation of Biodiversity and Restoration of Forest¹	1,005,613	732,948	1,738,561
Categorization, description and conservation of native forests	272,429	153,367	425,796
Native forest restoration program (in partnership with FSC and Certfor)	503,339	347,096	850,435
Maintenance of high conservation value areas (HCVA)	229,844	232,485	462,328
Pollution Prevention and Control	14,053,558	24,769,168	38,822,726
Gas capture and incineration TRS WLP at Pacifico mill and Gas capture and incineration TRS fiber lines at Laja mill + Effluent reduction at Laja mill + Modification of gas system DTVG Pacifico/Reduction of PM CaO Boiler at Pacifico mill	14,053,558	24,769,168	38,822,726
Energy Efficiency	14,969,741	24,886	14,994,627
Energy efficiency projects (Plan EE 20/20 + iCel)	5,846,557	24,886	5,871,443
Transport of wood for pulping by barge to the Guaiba mill	9,123,184	-	9,123,184
TOTAL	358,708,347	159,325,426	518,033,773

¹ KPMG Report on the Application of Agreed Procedures, attached to this report, wrongly allocates the total of the 2018 amount corresponding to the category Preservation of Biodiversity and Restoration of Forest to the project Categorization, Description and Conservation of Native Forests. This table shows the correct detail of the amounts allocated to each of the three projects in the category.



CONSOLIDATED ENVIRONMENTAL BENEFITS

Thanks to the issue of the 2017 Green Bond, CMPC has been able to finance sustainable projects in the above mentioned categories of eligible green projects, with the following results:



Energy savings²
10,5
GWh/year.



Avoided CO_{2e} emissions⁵
20,453
metric tons CO_{2e}/year.



New forest plantations in Brazil⁸
23,054
hectares.



Additional renewable energy generation³
79
GWh/year.



CO₂ captured⁶
2,233,375
metric tons CO₂/year.



Area restored in Chile
741
hectares.



Reduced water consumption⁴
4,320,290
m³/year.



New forest plantations in Chile⁷
55,005
hectares.



Area classified for conservation in Chile
57,253
hectares.

² Energy savings are generated by a project in the Energy Efficiency Plan 2020 (Plan EE 20/20) evaluated ex post.

³ The generation of renewable energy is the sum of the seven projects in the Energy Efficiency Plan 2020 (Plan EE 20/20) that have been evaluated ex post.

⁴ Water consumption data comes from projects in the Sustainable Water Resource Management category as well as Energy Efficiency and Pollution Prevention and Control categories.

⁵ The CO₂ emissions avoided were calculated based on the difference in fuel consumption when transporting by barges as opposed to by trucks.

⁶ Corresponding to the total of the Sustainable Forestry Management projects in Chile and Brazil.

⁷ Corresponding to the total of the four projects reported by Forestal Mininco.

⁸ Total of two projects reported by Bosques Brazil.



EXAMPLES OF OUTSTANDING CMPC GREEN BOND PROJECTS

Transport of wood by barge, Guaiba, Brazil (1 barge is equivalent to 61 trucks / 1 barge transports 2,577 m³ per trip).

Due to the start up of the new product line (Guaiba II) at the pulp mill and the increase in production at the mill, it became necessary to develop logistical support for the transport of pulpwood to the mill.

This project reduced the environmental, social and economic impact produced by transporting wood in trucks from the port of Pelotas to the mill at Guaiba, by preferring to use barges as a lower-impact means of transport, which avoids risks such as damage to roads and noise in the local community.

CMPC would need to use more than one barge daily to transport 2,500 m³ per day, the equivalent of approximately 61 trucks.

Impact measurement

The project avoids
20,453 CO₂/year
metric tons from being released into the atmosphere by trucks in using barges as an alternative means of transport.



Planting/replanting process in Chilean and Brazilian forests

The objective of forestation is to populate areas that in recent years have been used for purposes other than forestry, generally soils that have been exhausted then abandoned by agriculture and livestock.

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

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

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⁹ Cumulative data for years 2017 and 2018.



Impact measurement

New forest plantations (hectares)

2017: 28,191

2018⁹: 55,005

CO₂/year captured:

2017: 992,025

2018: 2,061,780

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Forestal Mininco Program (in collaboration with FSC® and CERTFOR) for the Restoration of Native Forests

Forestal Mininco established a commitment through Forest Stewardship Council (FSC®) certification to restore native vegetation cover to those areas replaced with forest plantations after 1994.

The areas that have been listed as priority areas for restoration are: substitution areas or other areas that are not considered of substitution but that possess attributes of great significance to be restored, such as High Conservation Value Areas (AAVC), micro-catchments that supply water to nearby populations, and species in conservation categories.

Impact measurement

2017: 288 ha.

2018¹⁰: 741 ha.

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The development of eucalyptus hybrids as an alternative to Eucalyptus Globulus for better yields

In order to use water resources and the various species of eucalyptus efficiently, CMPC has developed a program of genetic improvement.

The program consists of the selection of several species of Eucalyptus that, on flowering, are selected as the progenitors to carry out controlled plant breeding. This implies that flowers from a female plant are pollinated by pollen from a male plant of a different species of Eucalyptus, to produce different species of Eucalyptus that are termed hybrids.

There is no need for laboratory genome transformation, since the hybridization process occurs naturally in places like Australia where different species of Eucalyptus grow together.

After the hybridization process, the seeds are sown in a nursery and then planted in one of the company's plantations. After four years, outstanding plants are selected to generate clones through vegetative reproduction stakes.

These clones are tested on the farms, and after four to six years, the best are chosen for wood production and are mass produced at the CMPC nurseries.

Finally, the hybrids are used to replace Eucalyptus Globulus plantations.

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¹⁰ Cumulative data for years 2017 and 2018.

Impact measurement

CO₂/year captured:

2017: 78,766

2018: 171,595

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REPORTS
OF CHECK





MANAGEMENT'S ASSERTION REGARDING ALLOCATION OF FUNDS TO ELIGIBLE GREEN PROJECTS

Empresas CMPC S.A. (CMPC) is responsible for the completeness, accuracy and validity of the Empresas CMPC Management Eligible Green Projects Allocation Report (the "Report") as of December 31, 2018. Management asserts that as of December 31, 2018, the total proceeds from the April 4, 2017 issuance of the 4.375% Notes Due April 4, 2027 (the "2017 Green Bond") were either invested in qualifying eligible green projects or have been released for expenditures previously incurred by CMPC consolidated subsidiaries for qualifying Eligible Green Projects in accordance with the 2016 Green Bond Principles and the accompanying Eligible Green Project Criteria.

Eligible Green Projects Criteria: Eligible Green Projects include: (i) committed projects with disbursement made in the 24 months preceding the issue date, (ii) ongoing projects committed prior to the issuance of the Notes with disbursements to be made following the issue date of the Notes and (iii) projects with disbursements to be made after the issuance date of the Notes up to the maturity date of the Notes.

CATEGORY

Sustainable Forest Management

Expenditures related to sustainable forest management for eucalyptus and radiata pine plantations certified by FSC, CERTFOR (PEFC) or equivalent certification, schemes such the acquisition, planting and maintenance of seedlings up to harvest and the development of hybrids without genetic manipulation to improve the productivity of plantations while reducing water consumption and increasing CO₂ capture.

Sustainable Water Resource Management

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

Preservation of Biodiversity and Restoration of Forest

Expenditures related to the restoration and conservation of existing native forests, the protection and identification of endangered flora and fauna, and the preservation and restoration of High Conservation Value Areas.

Pollution Prevention and Control

Expenditures related to pollution and prevention control, such as liquid and solid waste prevention and control projects, and gas capture and incineration in production facilities.

Energy Efficiency

Expenditures related to projects that increase energy efficiency, such as projects that replace pulpwood truck transportation with more energy efficient barges.





**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

EMPRESAS CMPC S.A.

Agreed-Upon Procedures Report
as of December 31, 2018

To
Empresas CMPC S.A.;

We have performed the procedures enumerated below, which were agreed to by Management of Empresas CMPC S.A., solely to assist you on the confirmation of "Costs associated with Green Bond funds" incurred between January 1 and December 31, 2018. The Company's management is responsible for the proper recording and presentation of the Company's accounting balances. The sufficiency of these procedures is solely the responsibility of the Management of Empresas CMPC S.A. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

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

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the Colegio de Contadores de Chile A.G. We were not engaged to and did not conduct an audit or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the "Costs associated with funds from the Green Bond" incurred between January 1 and December 31, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The work on accumulated balances as of December 31, 2017, was conducted by other auditors.

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



Patricio Guevara R.

Santiago, March 12, 2019

KPMG Ltda.

Appendix I – Agreed-Upon Procedures

Scope

The procedures agreed-upon with Empresas CMPC S.A. were established in the Engagement Letter dated March 4, 2019.

Empresas CMPC S.A. has issued a Green Bond to invest in sustainable forestry projects, conservation of terrestrial and aquatic biodiversity, pollution prevention and control and energy efficiency. The table below summarizes the amount incurred by each project.

Concept	Costs for 2018 US\$	Accumulated costs as of 12-31-2017 US\$ (1)	Total accumulated costs as of 12-31-2018 US\$
Sustainable Forest Management	133,798,424	326,345,608	460,144,032
Radiata pine, eucalyptus and others	74,393,700	192,687,678	267,081,378
Guaiba and Losango	57,794,678	129,548,257	187,342,935
Development of eucalyptus hybrids	1,610,046	4,109,673	5,719,719
Sustainable water resource management	-	2,333,827	2,333,827
Fiber recovery Valdivia	-	2,333,827	2,333,827
Terrestrial and aquatic biodiversity conservation	732,948	1,005,613	1,738,561
Typification, characterization and conservation of native forest	732,948	272,429	1,005,377
Native forest restoration program (committed to FSC and Certfor)	-	503,339	503,339
Maintenance of high conservation value	-	229,844	229,844
Pollution Prevention and Control	24,769,168	14,053,558	38,822,726
Gas capture and incineration TRS WLP Pacifico and Gas capture and incineration TRS fiber lines Laja + Effluent reduction at Laja mill	24,769,168	14,053,558	38,822,726
Energy Efficiency	24,886	14,969,741	14,994,627
Projects related to energy efficiency (Plan EE 20/20 + iCel)	24,886	5,846,557	5,871,443
Transportation of pulpwood in barges to Guaiba mill	-	9,123,184	9,123,184
Total	159,325,426	358,708,347	518,033,773

(1) The work on accumulated balances was conducted by other auditors.

Detail

a. General

We selected a sample from the 6 bases provided to us by Management, where we confirmed 416 items amounting to US\$52,111,239, equivalent to 33% of total bases.

b. Agreed-Upon Procedures

1. Sustainable Forest Management

1.1 For investment projects "Radiata pine, eucalyptus and other", we conducted the following procedures:

- I. We selected a sample of 150 items with the highest U.S. dollar value extracted from file "Forestal Chile_dic_18 (depurada)".
- II. We confirmed the date of the 150 items selected using the related supporting documentation. We found no exceptions as a result of the performance of this procedure.
- III. We confirmed using the supporting documentation for the 150 items that the outflows were related to the investment project under the caption "Radiata pine, eucalyptus and other." Exceptions identified are detailed in topic 1.1 of Appendix II.
- IV. For items related to consumption of aggregates, as indicated by Management, we confirmed the consumption using the supporting documentation for transfers for the period from inventory to the biological asset. We noted no exceptions as a result of the performance of this procedure.

1.2 For investment projects "Guaiba and Losango", we conducted the following procedures:

- I. We selected a sample of 20 items with the highest U.S. dollar value extracted from the file "2.Guaiba y Riograndense".
- II. We selected a random sample of 5 items extracted from the file "2.Guaiba y Riograndense".
- III. We compared the date of the 25 items selected to the related supporting documentation. We noted no exceptions as a result of the performance of this procedure.
- IV. We confirmed using the supporting documentation of the 25 items that outflows related to the investment project related to the caption "Guaiba + Losango." We noted no exceptions as a result of the performance of this procedure.
- V. For items related to provisions as indicated by Management, we confirmed that the item matched total provisions according to the related supporting Excel template provided to us by Management. We noted no exceptions as a result of the performance of this procedure.

1.3 For investment projects "Development of eucalyptus hybrids", we conducted the following procedures:

- I. We selected a sample of 50 items with the highest U.S. dollar amount extracted from file "Detalle 3 y 5".
- II. We compared the date of the 50 items selected to the related supporting documentation. We noted no exceptions as a result of the performance of this procedure.
- III. We confirmed using the supporting documentation of the 50 items whether outflows related to the investment project under caption "Development of eucalyptus hybrids." We noted no exceptions as a result of the performance of this procedure.

2. Conservation of terrestrial and aquatic biodiversity

2.1 For investment projects "Typification, characterization and conservation of native forest", we conducted the following procedures:

- I. We selected a sample of 80 items with the highest U.S. dollar value extracted from the file "Detalle 3 y 5".
- II. We compared the date of the 80 items selected to the related supporting documentation. We noted no exceptions as a result of the performance of this procedure.
- III. We confirmed using the supporting documentation of the 80 items whether the supporting documentation related to the investment project in "Typification, characterization and conservation of native forest." Exceptions identified are detailed in topic 2.1 of Appendix II.

3. Pollution Prevention and Control

3.1 For investment projects "Gas capture and incineration TRS WLP Pacifico" and "Gas capture and incineration TRS fiber lines Laja + Effluent reduction at Laja mill", we conducted the following procedures:

- I. We selected a sample of 100 items with the highest U.S. dollar value extracted from the file "Proyectos mov2018 Bonos verdes DEPURADOS 26 febrero".
- II. We compared the date of the 100 items selected to the related supporting documentation. We found no exceptions as a result of the performance of this procedure.
- III. We confirmed using the supporting documentation of the 100 items whether the supporting documentation related to the investment project in "Gas capture and incineration TRS WLP Pacifico" and "Gas capture and incineration TRS fiber lines Laja + Effluent reduction at Laja mill." Exceptions identified are detailed in topic 3.1 of Appendix II.

4. Energy Efficiency

4.1 For investment projects "Projects for energy efficiency (Plan EE 20/20 + iCel)", we conducted the following procedures:

- I. We compared the date of the item selected to the related supporting documentation. We found no exceptions as a result of the performance of this procedure.
- II. We confirmed using the supporting documentation of total items whether the concept of the file was related to investment projects "6._y_7. Proyectos mov2018 Bonos verdes" related to the investment project in caption "Projects for energy efficiency (Plan EE 20/20 + iCel)". Exceptions identified are detailed in topic 4.1 of Appendix II.

Appendix II - Findings

a. General

From all the samples selected for 2018, totaling 416 items amounting to US\$52,111,239, we were able to confirm 372 items as indicated in the agreed-upon procedures amounting to US\$49,404,852 (equivalent to 95% of total samples). Accordingly, we present as findings 44 items amounting to US\$2,706,387 (equivalent to 5% of total samples).

b. Findings

1.1 For investment projects "Radiata pine, eucalyptus and other", we identified the following exceptions:

- The following items relate to transfers from other asset accounts to biological asset accounts. These were not verified against the supporting documentation, but against the general ledger in the SAP system:

No. of document	Amount in US\$	Explanatory text
1042207	326,511	Control of usufruct reimbursements

- The following item relates to the transfer of the radiata pine account from production cost to the biological asset account. These were not verified against the supporting documentation, but against the Excel file (Zenith) provided to us by Management:

No. of document	Amount in US\$	Explanatory text
1056824	90,079	Control of formation of the plantations CR1

2.1 For investment projects "Typification, characterization and conservation of native forest", we identified the following exceptions:

- The following items relate to transfers from payroll accounts to biological asset accounts. These were not verified against the supporting documentation but against the payroll:

No. of document	Amount in US\$	Explanatory text
5020210	21,181	Human Resources (Payroll)
1041691	22,173	Human Resources (Payroll)
5015086	21,852	Human Resources (Payroll)
5018473	21,593	Human Resources (Payroll)
5016870	20,849	Human Resources (Payroll)

No. of document	Amount in US\$	Explanatory text
5011764	22,579	Human Resources (Payroll)
5004641	23,200	Human Resources (Payroll)
5006529	23,196	Human Resources (Payroll)
5008268	22,362	Human Resources (Payroll)
5013712	20,664	Human Resources (Payroll)
1056376	20,477	Human Resources (Payroll)
5002833	23,447	Human Resources (Payroll)
5015086	21,852	Human Resources (Payroll)
5018473	21,593	Human Resources (Payroll)
5016870	20,849	Human Resources (Payroll)
5020210	21,181	Human Resources (Payroll)
5011764	22,579	Human Resources (Payroll)
1036203	15,253	Human Resources (Payroll)
1016889	16,575	Human Resources (Payroll)
1016889	16,575	Human Resources (Payroll)
5004641	23,200	Human Resources (Payroll)
5006529	23,196	Human Resources (Payroll)
5008268	22,362	Human Resources (Payroll)
5013712	20,664	Human Resources (Payroll)
5002833	23,447	Human Resources (Payroll)
5001240	22,370	Human Resources (Payroll)
Total	555,269	

- The following items relate to severance indemnity payments and quarterly variable bonus transferred from payroll accounts to biological asset accounts. These were not verified against the supporting documentation but against Excel worksheets provided to us by Management:

No. of document	Amount in US\$	Explanatory text
1004319	9,959	Provision for sev. indemnity payments for January 2018
5004741	8,530	Provision for Annual bonus
Total	18,489	

- The following items relate to items voided for 2018. These were not verified against the supporting documentation:

No. of document	Amount in US\$	Explanatory text
5004745	8,530	Provision for Annual bonus
1008573	6,684	Car rent
Total	<u>15,214</u>	

- 3.1 For investment projects "Gas capture and incineration TRS WLP Pacifico" and "Gas capture and incineration TRS fiber lines Laja + Effluent reduction at Laja mill", we identified the following exceptions:

- The following items relate to transfers from payroll accounts to biological asset accounts. These were not verified against the supporting documentation but against the payroll:

No. of document	Amount in US\$	Explanatory text
1749615	733,389	Other API Costs
1855590	141,087	Other API Costs
2081915	136,165	Payroll for Back-up Personnel
1891432	135,561	Payroll for Back-up Personnel
1807919	120,736	Payroll for Back-up Personnel
2163279	120,064	Payroll for Back-up Personnel
1988689	116,122	Payroll for Back-up Personnel
Total	<u>1,503,124</u>	

- The following items relate to transfers from property, plant and equipment accounts to biological asset accounts. These were not verified against the supporting documentation but against transfer movements in the SAP system:

No. of document	Amount in US\$	Explanatory text
5068962908	138,652	C-851 Civil works in area 26 water treatment
5074691056	59,074	Import note expenses
Total	<u>197,726</u>	

- 4.1 For investment projects "Projects for energy efficiency (Plan EE 20/20 + iCel)", we identified the following exceptions:

- The following items relate to exchange rate differences. These were not verified against the supporting documentation:

No. of document	Amount in US\$	Explanatory text
5105694182	(23)	Exchange rate difference in accounts payable
5105898563	9	Exchange rate difference in accounts payable
5106135146	(11)	Payable exchange rate differences
Total	<u>(25)</u>	

Inversiones CMPC S.A.

Type of engagement: Annual Review

Date: April 2019

Engagement Leader: Ankita Shukla, Project Manager, ankita.shukla@sustainalytics.com, +1(617) 603 3329
Mayur Mukati, Project Support, mayur.mukati@sustainalytics.com, +1 (647) 936 5656

Introduction

In April 2017, Inversiones CMPC S.A. (CMPC) issued USD 500 million in green bonds aimed at financing projects focused on sustainable forestry, sustainable water management, preservation of biodiversity and restoration of high conservation value forests, pollution prevention and control, and energy efficiency. In April 2019, CMPC engaged Sustainalytics to review the projects funded through the issued green bond and provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the CMPC Green Bond Framework. This is Sustainalytics second annual review of CMPC's 2017 green bond following a previous review in March 2018.

Evaluation Criteria

Sustainalytics evaluated CMPC's projects financed between December 2017 to December 2018 based on whether the projects:

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

Table 1 lists the Use of Proceeds, Eligibility Criteria and the associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria and the associated KPIs

Use of Proceeds	Projects	Key Performance Indicators
Sustainable Forestry	Expenditures related to sustainable forest management for eucalyptus and radiata pine plantations certified by FSC, CERTFOR (PEFC) or equivalent certification, such as the acquisition, planting, maintenance of seedlings up to harvest and the development of hybrids without genetic manipulation to improve the productivity of plantations while reducing water consumption and increasing CO ₂ capture.	<ul style="list-style-type: none"> • Ha/year; • CO₂ emissions avoided through planted forests, ton CO₂/year; • Maintenance of FSC; Certfor (PEFC) or equivalent internationally recognized certification; • Less water consumption m³/year, improved CO₂ sequestration ton CO₂/year.
Sustainable Water Management	Expenditures related to sustainable water management projects, such as the reduction of water consumption in industrial processes, systems facilitating reuse of water in industrial processes and the development and installation of technologies and systems that improve the quality of treated water; reduction of organic content and volume of effluent.	<ul style="list-style-type: none"> • Cubic meter of water saved, reduced or reused, m³/year; • Reduction of fiber content in effluent, mg/l or percent; • Reduction of DBO in effluent, mgO₂/lt.
Preservation of Biodiversity and Restoration of High Conservation Value Forests	Expenditures related to the restoration and conservation of existing native forests, the protection and identification of endangered flora and fauna and the preservation	<ul style="list-style-type: none"> • Land area restored (Ha); • Number of visitors to Jorge Alessandri Park;

	and restoration of High Conservation Value Forests.	<ul style="list-style-type: none"> • Monitored Ha, number of species under conservation programs.
Pollution Prevention and Control	Expenditures related to pollution and prevention control, such as systems reducing the environmental impact of our operations, including liquid and solid waste prevention and control projects; gas capture and incineration in production facilities.	<ul style="list-style-type: none"> • Reduction of liquid/solid waste; • M³/day; • Avoided PM emissions, ton/year; • TRS reduction, Nm³/h.
Energy Efficiency	Expenditures related to projects that increase energy efficiency, such as projects that replace pulpwood truck transportation with more energy efficient barges.	<ul style="list-style-type: none"> • GWh/ADT reduction; • Ton of Fuel Oil/m³ transported, Ton FO/Adt; • Ton of CO₂ emissions avoided, tons CO₂/year.

Issuing Entity's Responsibility

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

Independence and Quality Control

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

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

Conclusion

Based on the limited assurance procedures conducted,¹ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of CMPC' green bonds, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the CMPC Green Bond Framework. CMPC has disclosed to Sustainalytics that the proceeds of the green bond were fully allocated as of December 31, 2018.

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

Detailed Findings

Table 2: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the green bond in 2018 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework. For a list of projects financed by eligibility criteria, please refer to Appendix 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the green bond in 2018 to determine if impact of projects was reported in line with the KPIs outlined in the Green Bond Framework.	Projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

Appendix 1: Impact Reporting by Eligibility Criteria

Use of Proceeds	Environmental Impact		KPI Reported
Sustainable Forestry	2017	2018 (Aggregate ²)	
Process of plantation/replantation of Radiata Pine	331,820-ton CO ₂ /yr	640,300-ton CO ₂ /yr	CO ₂ emissions captured through planted forests
Process of plantation/replantation of eucalyptus	303,910-ton CO ₂ /yr	612,565-ton CO ₂ /yr	
Process of plantation/replantation of other species	1,710-ton CO ₂ /yr	2,025-ton CO ₂ /yr	
Process of plantation/replantation in Guaíba	326,550-ton CO ₂ /yr	693,140-ton CO ₂ /yr	Additional CO ₂ emissions captured through better performing plantations
Process of plantation/replantation in Losango	28,035-ton CO ₂ /yr	113,750-ton CO ₂ /yr	
Development of eucalyptus hybrids as an alternative to E.Globulus, with better performance ³	56,220-ton CO ₂ /yr	125,140-ton CO ₂ /yr	
Development of genetic improvement strategy for mayor performance Radiata Pine and Eucalyptus nitens ³	22,546-ton CO ₂ /yr	46,455-ton CO ₂ /yr	
Sustainable water management			
Fiber recovery in Valdivia Boxboard mill	Not completed until February 2018	980 ton/yr; 135 trucks trips; 115,000 m ³ /yr	Reduction of waste disposal in landfills, reduction of truck trips to landfill, and use of water reduction.
Terrestrial and aquatic biodiversity conservation			
Typification, characterization and conservation of native forest	27,327 ha	57,253 ha	Area of land restored
Native forest restoration program (committed with FSC and Certfor)	288 ha	741 ha	
Maintenance high conservation value	174.2 ha	318 ha	Area of land conserved

² The aggregate environmental impact metrics are reported for 2018 to better capture the overall impact of each project.

³ Projects did not involve transformation of the genome

Pollution Prevention and Control ⁴			
Modification of gas system DTVG Pacifico ⁵	108.5 ton PM/yr; 7.8 ton TRS/yr	108.5 ton PM/yr; 7.8 ton TRS/yr	Reduction PM emissions; TRS emission avoided
Reduction of PM CaO kiln Pacifico	24.2-ton PM/yr	24.2-ton PM/yr	Reduction of PM emissions
Gas capture and incineration TRS WLP Pacifico	8,400 Nm ³ /h	8,400 Nm ³ /h	Reduction of TRS emissions
Gas capture and incineration TRS fiber lines Laja	Not completed until February 2018	30,550 Nm ³ /h	Reduction of TRS emissions
Effluent reduction at Laja mill	Not completed until February 2018	690,270 m ³ /yr	Use of water reduction
Energy Efficiency			
Projects for energy efficiency (Plan EE 20/20 + iCel)	Energy savings: 1.7 GWh/yr; Renewable energy production: 72 GWh/yr; Water savings: 3,235,720 m ³ /yr	Energy savings: 10.5 GWh/yr; Renewable energy production: 79 GWh/yr; Water savings: 3,515,020 m ³ /yr	Energy savings; Waste to energy production
Pulpwood transportation by barges to the Guaiba mill ⁶	19,255-ton CO ₂ /yr	20,453-ton CO ₂ /yr	Emissions avoided per year

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⁴ The 2018 Impact values on Pollution Prevention and Control category are reported without aggregation.

⁵ The TRS emissions avoided in 2017 has been revised by CMPC since the previous review to provide a more accurate estimation of the impact.

⁶ The 'Pulpwood transportation by barges to the Guaiba mill' project is reported without aggregation.

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