EMPRESAS CMPC S.A.

GREEN FINANCE FRAMEWORK

May 2019

1. INTRODUCTION TO CMPC

Inversiones CMPC S.A., issuer of the Green Financing Instrument (GFI), is a wholly owned subsidiary of Empresas CMPC S.A. and serves as a financing vehicle for the consolidated group. Empresas CMPC S.A. in turn fully and unconditionally guarantees the GFI issued by to Inversiones CMPC S.A.

Empresas CMPC S.A. and its subsidiaries (from here on referred to as "CMPC") is a vertically-integrated leading Chilean-based company which produces and commercializes forestry, pulp, paper, tissue and personal care, and packaging products through its three business divisions: Pulp, Softys and Packaging. CMPC sells more than 25 different product lines in more than 45 countries worldwide. Additionally, according to estimates by external sources, CMPC is the fourth largest pulp producer and the ninth largest tissue producer in the world.

CMPC´s production facilities are strategically located in 8 Latin American countries: Chile, Brazil, Argentina, Mexico, Peru, Colombia, Uruguay and Ecuador employing over 17 thousand direct collaborators. Additionally, CMPC has an array of well-recognized products and brands in all the markets where it operates. Its consumer products, in particular, are recognized for their superior quality and performance as CMPC believes in offering the best products to consumers and maintaining long-term relationships with its clients.

For CMPC and all of its operations, sustainable development is considered essential for business growth. For that reason, CMPC Pulp has both FSC® and PEFC® Chain of Custody Certifications to ensure that all pulp is sourced exclusively from sustainable plantations from origin to final destination.

Through these certifications and other green programs and initiatives, CMPC seeks to maintain harmonious operations in economic, social and environmental aspects. All mills and plants are constantly in close dialogues with their neighboring communities and encourage long-term agreements that integrate their operations with shared value programs in order to preserve forest assets.

2. RATIONALE FOR CMPC TO ISSUE GFI

The mission of CMPC is to produce and sell wood, pulp, paper, packaging and personal care products in a sustainable manner using man-made forest plantations, thereby ensuring superior quality and competitiveness, adding value to all its stakeholders and creating opportunities for personal development and growth of its employees and local communities alike.

To accomplish its mission, CMPC has adopted various policies among which stand out:

- To apply the principles of Sustainable Development, contributing to the economic and social development of the countries it operates in, and minimizing any potential impact on the environment.
- To use modern technology in all its processes, achieving high standards of personnel health and safety while enhancing operational efficiency.
- To strictly adhere to all the laws and regulations pertaining to each country in which the company currently operates.

In relation to CMPC´s social responsibility initiatives, the two corporate values that form the foundations for and guide community relations between CMPC and its neighbors are respect for the individual and consideration of the needs of the adjoining communities. CMPC permanently allocates human and financial resources towards initiatives, campaigns and programs to establish communication and create bonds with local communities.

CMPC understands that facing global challenges such as climate change and transitioning towards a low carbon economy requires a wide range of solutions such as this one. The issuance of GFI as a financial tool will further support CMPC's business strategy and allow to finance and refinance projects with a focus on sustainability. In addition, through these GFI, CMPC hopes to continue increasing its investor base, in particular attracting those environmentally conscientious and socially responsible investors with a long term vision.

3. CMPC GREEN FINANCE FRAMEWORK

CMPC is committed to playing an important role in the development of the Green Financing Instruments (GFI) markets in Chile and the world by highlighting its ability to channel more investments towards relevant environmental initiatives. GFI include Green Bonds, Green Loans, and other debt or financing instruments, which fund Eligible Green projects that conform to Green Finance principles:

· International Capital Market Association (ICMA) Green Bond Principles 2018;

· Loan Market Association (LMA) and Asia Pacific Loan Market Association (APLMA) Green Loan Principles 2018.

This Green Finance Framework has been created to facilitate transparency, disclosure, and integrity of CMPC' GFI issuances. The Green Finance Principles introduce voluntary process guidelines for best practices when issuing GFI and in alignment with these, the Framework is based on the following four pillars:

1. Use of Proceeds
2. Project Evaluation and Selection Process
3. Management of Proceeds
4. Reporting

3.1 Use of Proceeds

The proceeds will be used to fund eligible projects, which have had expenditures in the last 24 months prior to the issuances and/or will incur such expenditures over the next 36 months. All projects must be associated with the plants owned and operated by CMPC.

An amount equivalent to the proceeds of CMPC's GFI will be allocated to financing and/or refinancing one or more "Eligible Green Projects"

For a list of projects please refer to Appendix I.

3.2 Project Selection and Evaluation Process

CMPC will establish a Sustainability Committee chaired by the Chief Financial Officer and the Chief Sustainability Officer. The Sustainability Committee will be comprised of representatives of the Corporate Finance Department, the Sustainability Department and qualified persons belonging to the technical and financial departments of CMPC. The Sustainability Committee will oversee the selection of projects, acquisitions and investments and review the allocation of funds. For the selected projects and/or acquisitions, the business units are responsible for ensuring the compliance with the requirements for the Use of Proceeds, preparing the audit documents and gathering the necessary evidence to facilitate the external audit check.

3.3 Management of Proceeds

At the end of each calendar year, the Net Proceeds of the GFI will be reduced by the amounts invested in Eligible Green Projects in the given annual period. Pending the full allocation to Eligible Green Projects, CMPC will hold the balance of Net Proceeds not already allocated to Eligible Green Projects within the treasury of the company, invested in cash, cash equivalents and/or financial instruments. In addition, CMPC will implement an internal monitoring process of its projects. The Sustainability Committee will be in charge of this process.

3.4 Reporting

Until the Net Proceeds are allocated in full to Eligible Green Projects, or later in the case of any material changes to the list of Eligible Green Projects, CMPC will provide the following to investors on an annual basis:

Eligible Category	Project Name	KPI
Eco-Efficient and/or Circular Economy Adapted Products	Retail Paper Bags Project - Chillan, Chile	Volume of plastic bags replaced (tons/year)
Energy Efficiency	Cost Reduction at Paper Machine 20 - Puente Alto, Chile	Reduction of steam consumption at the paper machine (tons/year), lowering fiber consumption (tons/year)
Green Buildings	Corporate Building - Los Angeles, Chile	MWh/year saved in comparison with a non-LEED certified corporate building
Pollution Prevention and Control	Woodchip Knots Reprocessing - Laja, Chile	Reduction of knots (m3/year) sent to landfills.

	Environmental Pollution Reduction in Personal Care Conversion Lines - Puente Alto, Chile	Reduction of waste to landfill (tons/year)
	Modernization of Steam System - Valdivia, Chile	Reduction of waste to landfill (tons/year) and reduction in the concentration of Particulate Matter (mg/m^3N)
	Installation of a Biofilter System in a Neutralization Tank - Laja, Chile	Reduction of H_2S emissions in the atmosphere (mg/year)
Preservation of Biodiversity and Restoration of Forest	Restoration of Native Forests and Conservation of Biodiversity	Hectares restored (ha/year) Hectares conserved (ha/year)
Sustainable Forest Management	Process of Planting/Replanting of Radiata Pine, Eucalyptus Nitens and Eucalyptus Globulus - Chile	New plantations (ha/year)
	Process of Planting/Replanting of Eucalyptus species - Brazil	New plantations (ha/year)
Sustainable Water and Wastewater Management	Effluent Treatment Plant Improvement Project - Caieiras, Brazil	Reduction (mg/L) in Biological Oxygen Demand (BOD) concentration
	System for the Recirculation and Recovery of Water - Zarate, Argentina	Water savings per ton of product (m3/ton)
	New Effluent Treatment Plant - Chillan, Chile	Reduction in TSS (mg/L) and BOD (mg/L) concentrations
	Effluent Treatment Plant Improvement Project - Laja, Chile	Reduction of water consumption per ton of product (m3/ADt) and reduction of BOD (mg/L) and COD (mg/L) concentrations
	New Effluent Treatment Plant - Los Angeles, Chile	Reduction of BOD (mg/L) concentration

Allocation Reporting

The full list of Eligible Green Projects, with their respective descriptions and the amount of proceeds allocated to each one will be available in the Green Finance Instrument Annual Report. In addition, in case of any problems with an Eligible Green Project, CMPC will provide investors with information on key issues at stake and actions undertaken by CMPC.

Impact Reporting

Information on the environmental outcomes of the Eligible Green Projects will be made available on http://ir.cmpc.com around the date of publication of the Green Finance Instrument Annual Report.

3.5 External Review

3.5.1 Second Opinion

CMPC has appointed Sustainalytics to assess the positive environmental impact of its Green Finance Framework. Sustainalytics applies its own methodology in line with market norms and the Green Finance Principles 2018 guidelines to carry out this assessment. The results are documented in Sustainalytics' *Second Party Opinion*, which refers to the current Green Finance Framework in its entirety.

3.5.2 External Verification

Annually, until the Net Proceeds are allocated in full to Eligible Green Projects and later, in case of any material changes in the list of Eligible Green Projects, one of the external auditors of CMPC is expected to deliver a report on (i) compliance in all material respects of the Eligible Green Projects with the set of environmental criteria approved both by CMPC and Sustainalytics, and (ii) whether the amount of the GFI proceeds allocated to Eligible Projects is consistent with data from the underlying accounting records.

4. APPENDICES

Eligible Category	Project Name	KPI	Description
Eco-Efficient and/or Circular Economy Adapted Products	Retail Paper Bags Project - Chillan, Chile	Volume of plastic bags replaced (tons/year)	The project involves the acquisition of a machine for the production of paper bags with flexible handles, with a production capacity of 36 million bags per year, and a new printing machine with a capacity of 600 m/min. This project will provide an alternative to plastic bags whose consumption is expected to decrease in the short term in sectors such as: supermarkets, department stores, and other retail outlets.
Energy Efficiency	Cost Reduction at Paper Machine 20 - Puente Alto, Chile	Reduction of steam consumption at the paper machine (tons/year), lowering fiber consumption (tons/year)	The project considers the reduction in steam consumption and fiber loss at the main paper machine of the Puente Alto cardboard mill. It involves the replacement of trays, water receptacles, scrapers and coating of the press rollers, among others.
Green Buildings	Corporate Building - Los Angeles, Chile	MWh/year saved in comparison with a non-LEED certified corporate building	CMPC built its new regional corporate headquarters in the city of Los Angeles, Chile with more than 5000 m2 in space and a capacity of 470 employees. It was built using the highest efficiency standards prioritizing the use of wood in its structure and design in order to take advantage of natural light. Additionally, thermo-insulation systems and efficient climate controls were included in order to reduce energy consumption. This is the first building in the country to obtain an FSC® Chain of Custody Certification (Forest Stewardship Council) and the fourth in Latin America. Furthermore LEED (Leadership in Energy and Environmental Design) Silver Certification is currently underway.
Pollution Prevention and Control	Woodchip Knots Reprocessing - Laja, Chile	Reduction of knots (m3/year) sent to landfills	This project allows for the reprocessing of knots accumulated during the processing of woodchips in the digester at Laja pulp mill. Additionally, it prevents woodchips from been sent to landfills.

	Environmental Pollution Reduction in Personal Care Conversion Lines - Puente Alto, Chile	Reduction of waste to landfill (tons/year)	Replacement and relocation of air filters in personal care products conversion lines of the Puente Alto mill with self-cleaning filtration equipment located outside the production building. Acquisition of equipment to compact material recovered from filters with a volume reduction ratio of 40:1.
	Modernization of Steam System - Valdivia, Chile	Reduction of waste to landfill (tons/year) and reduction in the concentration of Particulate Matter (mg/m3N)	The project consisted of developing an environmental impact assessment and the subsequent acquisition of a steam boiler for untreated forest biomass with the corresponding emissions abatement system, with a capacity of 30 tons per hour to supply the steam demand of the Valdivia boxboards mill. This new state-of-the-art boiler replaced a thermal plant with higher atmospheric emissions.
	Installation of a Biofilter System in a Neutralization Tank - Laja, Chile	Reduction of H_2S emissions in the atmosphere (mg/year)	This project involves the installation of a new biological reactor that captures the emissions of hydrogen sulfide in a neutralization tank of the Laja pulp mill.
Preservation of Biodiversity and Restoration of Forest	Restoration of Native Forests and Conservation of Biodiversity	Hectares restored (ha/year) Hectares conserved (ha/year)	Expenses on typification, characterization and conservation of native forest, Native Forest Restoration Program (committed with FSC and Certfor) and maintenance of high conservation value areas (HCVA).
Sustainable Forest Management	Process of Planting/Replanting of Radiata Pine, Eucalyptus Nitens and Eucalyptus Globulus - Chile	New plantations (ha/year)	Building forest base which captures and stores CO2. This process includes producing and acquiring the seedlings, preparing the soil for the seedlings through subsoiling and harrowing, planting the seedlings, or protecting and maintaining the seedlings until harvest. The sustainable management of forest plantations is certified through CERTFOR-PEFC™ and FSC®.
	Process of Planting/Replanting of Eucalyptus species - Brazil	New plantations (ha/year)	Building forest base which captures and stores CO2. This process includes producing and acquiring the seedlings, preparing the soil for the seedlings through subsoiling and harrowing, planting the seedlings, or protecting and maintaining the seedlings until harvest. The sustainable management of forest plantations is certified through CERFLOR-PEFC™ and FSC®.

Sustainable Water and Wastewater Management	Effluent Treatment Plant Improvement Project - Caieiras, Brazil	Reduction (mg/L) in Biological Oxygen Demand (BOD) concentration	Improvement of the effluent treatment plant at the Caieiras tissue paper mill in order to improve the quality of discharge in the river, well below the new requirements of the National Environmental Agency.
	System for the Recirculation and Recovery of Water - Zarate, Argentina	Water savings per ton of product (m3/ton)	Recirculation and recovery of water in order to reduce the total water consumption of the Zarate tissue paper mill.
	New Effluent Treatment Plant - Chillan, Chile	Reduction in TSS (mg/L) and BOD (mg/L) concentrations	The development of an environmental impact assessment and the subsequent construction of a wastewater treatment plant with a primary chemical treatment and secondary biological filter at the Chillan paper sack mill.
	Effluent Treatment Plant Improvement Project - Laja, Chile	Reduction of water consumption per ton of product (m3/ADt) and reduction of BOD (mg/L) and COD (mg/L) concentrations	This project will allow the improvement of the operational efficiency of the effluent treatment plant and of the quality of its liquid discharge at the Laja pulp mill.
	New Effluent Treatment Plant - Los Angeles, Chile	Reduction of BOD (mg/L) concentration	This wastewater treatment plant will replace the existing plant and will improve the quality of effluent of the Los Angeles remanufactured wood plant.