As filed with the Securities and Exchange Commission on April 5, 2024

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

☐ REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2023

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________________ to __________________.

OR

☐ SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report __________________.

Commission File Number: 33-99720

CELULOSA ARAUCO Y CONSTITUCIÓN S.A.

(Exact name of Registrant as specified in its charter)

Arauco and Constitution Pulp Inc.
(Translation of Registrant's name into English)
Republic of Chile
(Jurisdiction of incorporation or organization)
Avenida El Golf 150
14th Floor
7550107 Las Condes, Santiago
Chile
(Address of principal executive offices)

Gianfranco Truffello
Tel.: 56-2-2461-7200
E-mail: gianfranco.truffello@arauco.com
Avenida El Golf 150
14th Floor
7550107 Las Condes, Santiago
Chile

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
None	N/A	N/A

Securities registered or to be registered pursuant to Section 12(g) of the Act:
None
Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

Title of each class:

4.500% Notes due 2024
3.875% Notes due 2027
4.250% Notes due 2029
4.200% Notes due 2030
5.500% Notes due 2047
5.500% Notes due 2049
5.150% Notes due 2050

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report: Shares of Common Stock, without par value: 120,474,350.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this Chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer	☐	**Accelerated Filer**	☐
Non-Accelerated Filer	☒	**Emerging Growth Company**	☐

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statement included in this filing:

U.S. GAAP ☐	**International Financial Reporting Standards as issued by the International Accounting Standards Board ☒**	**Other ☐**

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

(Applicable only to issuers involved in bankruptcy proceedings during the past five years)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☐ No ☐

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CERTAIN TERMS AND CONVENTIONS

Celulosa Arauco y Constitución S.A. is a *sociedad anónima* (corporation) organized under the laws of the Republic of Chile, and subject to certain rules applicable to *sociedades anónimas abiertas* (Chilean public corporations). Except where otherwise specified or the context otherwise requires, when we refer to the "Company," "Arauco," "we," "our" or "us" in this annual report, we mean Celulosa Arauco y Constitución S.A. and its consolidated subsidiaries. When we refer to "Chile," we mean the Republic of Chile; when we refer to "Argentina," we mean the Argentine Republic; when we refer to "Brazil," we mean the Federative Republic of Brazil; when we refer to "the U.S.," "U.S.A.," or "the United States," we mean the United States of America; when we refer to "Uruguay," we mean the Oriental Republic of Uruguay; and when we refer to "Mexico," we mean the United Mexican States.

All references to "tonnes" or "tons" are to metric tons (1,000 kilograms), which equals 2,204.7 pounds. One "hectare" equals 10,000 square meters or 2.471 acres. Discrepancies in any table between totals and the sums of the amounts listed may be due to rounding.

Unless otherwise specified, all references to "$," "U.S.$," "U.S. dollars" or "dollars" are to United States dollars; references to "Chilean pesos" or "Ch$" are to Chilean pesos; references to "Argentine pesos" or "AR$" are to Argentine pesos; references to "UYU" are to Uruguayan pesos; references to "Brazilian reais," "Brazilian reals" or "R$" are to Brazilian reais; references to "Mexican pesos" or "MXN$" are to Mexican pesos; references to "€," "EUR" or "euro" are to the euro, the single European currency established pursuant to the European Economic and Monetary Union; and references to "UF" are to *Unidades de Fomento*. The UF is a unit of account that is linked to, and adjusted daily to reflect changes in the Chilean consumer price index Reported by the *Instituto Nacional de Estadísticas* (Chilean National Institute of Statistics). As of December 31, 2023, one UF equaled U.S.$41.94 and Ch$36,789.36.

Regarding our pulp business, references to "hardwood" kraft pulp are to pulp made from eucalyptus or short fiber, and references to "softwood" kraft pulp are to pulp made from pine or long fiber.

PRESENTATION OF FINANCIAL AND OTHER DATA

This report includes the audited consolidated statement of financial position of Arauco and our subsidiaries as of December 31, 2023 and 2022 and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the three years for the period ended December 31, 2023 (collectively, the "audited consolidated financial statements" or "financial statements"). In addition, this report includes selected financial information as of and for the periods ended December 31, 2019, 2020, 2021, 2022 and 2023.

We make statements in this report about the pulp market partly on the basis of information from third-party sources. This information is principally sourced from reports published by Hawkins Wright Ltd. and Resource Information Systems Inc. ("Fastmarkets RISI"), which are specialized consultants in the pulp market, and other data providers.

For your convenience, this annual report contains certain translations of Chilean peso amounts into U.S. dollars at specified rates. Unless otherwise indicated, the U.S. dollar equivalent for information in Chilean pesos is based on the observed exchange rate reported by Banco Central de Chile, which we refer to as the "Central Bank of Chile" or the "Central Bank." The Federal Reserve Bank of New York does not report a noon buying rate for Chilean pesos. On December 31, 2023, the observed exchange rate for Chilean pesos, as published in the website of the *Diario Oficial de la República de Chile* (the "Official Gazette") on January 1, 2024, was Ch$877.12 to U.S.$1.00, and on April 1, 2024, the observed exchange rate was Ch$952.59 to U.S.$1.00, as published in the website of the Official Gazette on April 2, 2024. You should not construe these translations as representations that the Chilean peso amounts actually represent such dollar amounts or could be converted into U.S. dollars at the rates indicated or at any other rate. Unless otherwise specified, references to the devaluation or the appreciation of the Chilean peso against the U.S. dollar are in nominal terms (without adjusting for inflation) based on the observed exchange rates published by the Central Bank of Chile for the relevant period.

FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains words such as "believe," "expect," "anticipate" and similar expressions that identify forward-looking statements, which reflect our views about future events and financial performance. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Such statements constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the United States Private Securities Litigation Reform Act of 1995, as amended.

Forward-looking statements involve inherent risks and uncertainties. These forward-looking statements are based on current plans, estimates and projections; therefore, readers should not place undue reliance on them. Actual results could differ materially from those projected in such forward-looking statements because of various factors that may be beyond our control, including but not limited to our ability to service our debt, fund our working capital requirements, comply with financial covenants in certain of our debt instruments, fund and implement our capital expenditure programs and maintain our relationships with customers, as well as the effects on us from competition, future worldwide demand for forestry and wood products we produce in the different countries in which we have industrial operations, international prices for forestry and sawn timber products, the condition of our forests, possible shortages of energy, including electricity, the state of the economies in the main countries we operate and the world economy generally, the effects of a pandemic or epidemic and any subsequent mandatory regulatory restrictions or containment measures, the relative value of the local currencies in the countries we run manufacturing operations compared to other currencies, inflation, increases in interest rates, the effects of earthquakes, floods, tsunamis, forest fires or other catastrophic events, geopolitical risks and changes in our regulatory environment, including our ability to comply with new or stricter environmental regulations and to resolve environmental liabilities. Forward-looking statements in this annual report speak only as of their dates, and we do not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial information as of December 31, 2019, 2020, 2021, 2022 and 2023 and for each of the five years then ended is derived from, should be read in conjunction with, and is qualified in its entirety by reference to, our audited consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") ("IFRS Accounting Standards").

	As of and for the year ended December 31,				
	2023	**2022**	**2021**	**2020**	**2019**
	(in thousands of U.S. dollars, except ratios and share data)				
INCOME STATEMENT DATA					
Revenue	6,011,819	7,102,070	6,349,761	4,732,869	5,329,214
Cost of sales	(4,744,095)	(4,274,496)	(3,681,603)	(3,445,284)	(3,910,378)
Gross profit	1,267,724	2,827,574	2,668,158	1,287,585	1,418,836
Other income	573,017	100,129	378,977	283,816	232,393
Distribution costs	(693,039)	(922,226)	(682,996)	(535,704)	(586,873)
Administrative expenses	(624,326)	(613,608)	(577,147)	(510,137)	(554,038)
Other expenses	(480,336)	(373,889)	(192,101)	(182,883)	(203,698)
Other gains (losses)	0	0	0	0	21,674
Finance income	131,666	72,116	33,499	29,449	32,582
Finance costs	(373,496)	(200,366)	(219,982)	(268,179)	(273,639)

Share of profit (loss) of associates and joint ventures accounted for using equity method	7,709	33,684	31,386	2,317	7,775
Exchange rate differences	(194,739)	(77,067)	(5,281)	(39,111)	(32,507)
Income (loss) before income tax	(385,820)	846,347	1,434,513	67,153	62,505
Income tax	27,293	(142,121)	(402,914)	(41,848)	(535)
Net income (loss)	(358,527)	704,226	1,031,599	25,305	61,970
BALANCE SHEET DATA					
Current assets	4,175,578	3,774,921	3,919,325	3,544,325	3,931,381
Property, plant and equipment	10,207,477	9,848,822	9,133,490	8,544,438	7,932,562
Biological assets (1)	3,022,579	3,195,370	3,008,897	3,598,827	3,669,426
Total assets	17,910,364	17,180,108	16,661,310	16,028,319	15,860,030
Total current liabilities	2,071,742	1,526,284	1,429,642	1,097,593	1,261,522
Total non-current liabilities	7,829,593	7,393,840	7,413,164	7,515,091	7,229,093
Issued capital	803,618	803,618	803,618	603,618	353,618
Total equity	8,009,029	8,259,984	7,818,504	7,415,635	7,369,415
CASH FLOW DATA					
Cash flow from (used in) operating activities	740,427	1,700,492	1,939,878	1,142,144	675,250
Cash flow from (used in) investing activities	(1,333,124)	(1,469,976)	(1,136,778)	(1,678,855)	(1,317,741)
Cash flow from (used in) financing activities	645,667	(527,219)	(822,241)	56,204	1,145,020
Net (decrease) increase in cash and equivalents before effect of exchange rate changes	52,970	(296,703)	(19,141)	(480,507)	502,529
OTHER FINANCIAL DATA					
Capital expenditures (2)	1,263,725	1,431,420	1,362,268	1,740,634	1,198,906
Depreciation and amortization	661,068	507,029	492,704	516,012	519,380
Fair value cost of timber harvested	487,778	431,845	342,701	302,490	323,271
EBIT (3)	(143,990)	974,597	1,620,996	305,883	303,562
Adjusted EBITDA (3)	1,025,977	2,166,820	2,493,370	1,071,834	1,147,368
Adjusted EBITDA (3)/finance costs	2.75	10.81	11.33	4.00	4.19
Adjusted EBITDA (3)/revenue	17,1%	30.5%	39.3%	22.6%	21.5%
Average debt (4)/Adjusted EBITDA (3)	6.23	2.61	2.36	5.71	4.60
Total debt (5)	7,055,471	5,718,360	5,581,293	6,193,959	6,049,790
Total debt (5)/capitalization (6)	46.8%	40.9%	41.7%	45.5%	45.1%
Total debt (5)/equity attributable to parent company	88.2%	69.3%	71.5%	83.9%	82.5%
Working capital (7)	2,103,836	2,248,637	2,489,683	2,446,732	2,669,859
Number of shares	120,474,350	120,474,350	120,474,350	117,223,375	113,159,655
Net income (loss) per share (U.S.$ per share)	(3.0)	5.8	8.6	0.2	0.5
Dividends paid (8)	279,622	376,103	471,000	-	182,040
Dividends per share (U.S.$ per share)	2.32	3.12	3.91	-	1.61

(1) Biological assets refer to our forests (current and non-current).
(2) Includes capital expenditures in respect of property, plant and equipment and biological assets accrued for the period. Excludes acquisitions of companies.
(3) We calculate EBIT as "net income" before "finance costs," "finance income" and "income tax". We calculate EBITDA as EBIT, plus "depreciation and amortization".
(4) Average debt is calculated as the average of total debt between the beginning and the end of the applicable year.
(5) Total debt is calculated as the sum of other current financial liabilities and other non-current financial liabilities, minus hedging instruments.
(6) Capitalization is calculated as total debt, including accrued interest, plus total equity.
(7) Working capital is calculated by subtracting current liabilities from current assets.
(8) Dividends paid corresponds to dividends paid to our shareholders.

Adjusted EBITDA is calculated by adding "fair value cost of timber harvested," "exchange rate differences" and other expenses, and deducting "gain from changes in fair value of biological assets" to EBITDA. "Fair value cost of timber harvested" is a non-cash expense included in our cost of sales (as a component of raw materials) that represents the fair value of the wood harvested and sold from our own plantations, which is commonly excluded from the non-generally accepted accounting principles (non-GAAP) measures used by analysts to compare participants in our industry as it is a non-cash item (purchases of wood from third parties are cash expenses that are not included in "fair value cost of timber harvested"). "Gain from changes in fair value of biological assets" is a gain that does not represent cash flow. We believe that Adjusted EBITDA provides investors with a useful supplemental indicator of the performance of our core business because (i) it cancels out the effects of fair value that are independent of the cost efficiency of our operating facilities and (ii) it excludes the effect of exchange rate differences, which are mainly derived from our debt instruments.

In evaluating the performance of Arauco, we believe that each of these non-GAAP financial measures should be considered together with and should not be considered in isolation, or as a substitute for, the analysis of our results as reported under IFRS Accounting Standards. Some of the limitations of our non-GAAP financial measures are that EBIT, EBITDA and Adjusted EBITDA do not reflect: (i) our cash expenditures, or future requirements, for capital expenditures or contractual commitments; (ii) changes in, or cash requirements for, working capital needs; or (iii) the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our outstanding debt.

Because not all companies calculate EBIT, EBITDA or Adjusted EBITDA in the same manner, such measures calculated by us may differ from such measures calculated by other companies. We compensate for these limitations by using EBIT, EBITDA and Adjusted EBITDA as supplemental measures to monitor our performance and by relying primarily on our financial statements that have been prepared in accordance with IFRS Accounting Standards.

The following table presents, for the periods indicated, a reconciliation of EBIT, EBITDA and Adjusted EBITDA to net income.

	As of and for the year ended December 31,				
	2023	**2022**	**2021**	**2020**	**2019**
	(in thousands of U.S. dollars, except ratios and share data)				
Net income (loss)	(358,527)	704,226	1,031,599	25,305	61,970
(+) Finance costs	373,496	200,366	219,982	268,179	273,639
(-) Finance income	(131,666)	(72,116)	(33,499)	(29,449)	(32,582)
(+) Income tax	(27,293)	142,121	402,914	41,848	535
EBIT	(143,990)	974,597	1,620,996	305,883	303,562
(+) Depreciation and amortization (*)	661,068	507,029	492,704	516,012	519,380
EBITDA	517,078	1,481,626	2,113,700	821,895	822,942

(+) Fair value cost of timber harvested	487,778	431,845	342,701	302,490	323,271
(-) Gain from changes in fair value of biological assets	(264,477)	(12,932)	(81,986)	(182,950)	(154,705)
(+) Exchange rate differences	194,739	77,067	5,281	39,111	32,507
(+) Others (**)	90,858	189,214	113,674	91,288	123,353
Adjusted EBITDA	1,025,976	2,166,820	2,493,370	1,071,834	1,147,368

(*) See Note 7 and Note 19 of our audited consolidated financial statements for more detail on depreciation and amortization.

(**) Reflects other non-cash expenses for loss of forest due to fires, theft and impairment provisions of industrial property, plant and equipment.

A. Reserved

B. Capitalization and indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Summary of Risk Factors

We are subject to a number of risks related to our business that are described under "Risk Factors" and elsewhere in this annual report. These risks could materially and adversely impact our business, results of operations, financial condition and future prospects. Among these important risks are the following:

Risks Relating to the Company

- Fluctuations in market price for our products could adversely affect our financial condition, results of operations and cash flows.

- Worldwide competition in the markets for our products may adversely affect our business, financial condition, results of operations and cash flows.

- Global economic and other developments, and particularly economic developments in the Asian, European and U.S. economies, could have an adverse effect on the demand for our products, our financial condition, results of operations and cash flows.

- We depend on free international trade as well as economic and other conditions in our principal markets.

- In Chile and in Mexico, we are located in a seismic area that exposes our properties to the risk of earthquakes and tsunamis.

- The costs of complying with, and addressing liabilities arising under, environmental laws and regulations have in the past and may in the future adversely affect our business, financial condition, results of operations and cash flows.

- Environmental concerns led to the temporary suspension of our operations at the Valdivia mill in 2005, which adversely affected, and in the future may continue to adversely affect, our business, financial condition, results of operations and cash flows.

- We have been and currently are subject to legal proceedings related to some of our mills which could adversely affect our business, financial condition, results of operations and cash flows.

- Our ability to access local and international credit or capital markets may be restricted at a time when we need financing, which could have a material adverse effect on our flexibility to react to changing economic and business conditions.

- Material disruptions affecting our manufacturing mills, remanufacturing facilities, forestry assets or commercial operations could negatively impact our financial results and forestry operations.

- Currency fluctuations may have a negative effect on our financial results.

- Disease or fires could affect our forests and manufacturing processes and, in turn, adversely affect our business, financial condition, results of operations and cash flows.

- Climate change may negatively affect our business, financial condition, results of operations and cash flows.

- We may undertake mergers, acquisitions and investments to expand or complement our operations that could result in operating difficulties or otherwise adversely affect our business, financial conditions and results of operations.

- Labor action, contractual and other disputes could adversely affect our operations.

- Cybersecurity events, such as a cyberattack, could adversely affect our business, financial condition and results of operations.

Risks Relating to Chile

- Adverse changes in Chile's political, legal, tax, social and economic conditions could directly impact our business and the market price of our securities.

- Chile has different corporate disclosure standards from those with which you may be familiar in the United States, and Chile's securities laws may not afford you the same protections as U.S. securities laws.

Risks Relating to the United States and Canada

- Economic conditions in the United States and Canada may have a direct impact on our business, financial condition, results of operations and cash flows.

Risks Relating to Brazil

- Economic conditions and government policies in Brazil may have a direct impact on our business, financial condition, results of operations and cash flows.

- The Brazilian government has exercised significant influence over the Brazilian economy. Brazilian political and economic conditions have a direct impact on our business.

Risks Relating to Argentina

- Economic conditions and government policies in Argentina may have a direct impact on our business, financial condition, results of operations and cash flows.

- The Argentine government has exercised significant influence over the Argentine economy. Argentine political and economic conditions have a direct impact on our business.

Risks Relating to Mexico

- Economic conditions and government policies in Mexico may have a direct impact on our business, financial condition, results of operations and cash flows.

- The Mexican government has exercised significant influence over the Mexican economy. Mexican political and economic conditions have a direct impact on our business.

Risks Relating to Uruguay

- Economic conditions in Uruguay, or the failure of Montes del Plata and its affiliates to service their debt, may have a direct impact on our financial condition, results of operations and cash flows.

Risks Relating to Other Markets

- Our business, earnings and prospects may be adversely affected by developments in other countries that are beyond our control.

- Developments in other emerging and developed markets may adversely affect the market price of our securities and our ability to raise additional financing.

Risks Relating to Our Securities

- The non-payment of funds by our subsidiaries could have a material adverse effect on our business, financial condition, results of operations and ability to service our debt, including our securities.

- Changes in Chilean tax laws could lead us to redeem our securities.

- Credit rating downgrades below investment grade could have a material and adverse effect on our business, financial condition, results of operations and ability to service our debt, including our securities.

- As a result of these risks and other risks described under "Risk Factors" there is no guarantee that we will experience growth or profitability in the future.

DETAILED RISK FACTORS

We are subject to various changing economic, political, social and competitive conditions, particularly in our principal markets. Any of the following risks, if they actually occur, could materially and adversely affect our business, financial condition, results of operations and cash flows.

Risks Relating to the Company

Fluctuations in market price for our products could adversely affect our financial condition, results of operations and cash flows.

Prices for many of the products we sell can fluctuate significantly. The prices of our products are highly correlated with international prices. Consequently, prices of our products are highly dependent on prevailing international and regional prices.

The following table sets forth historic price fluctuations for bleached hardwood kraft pulp sold in China (pulp made from eucalyptus or birch which is sold in China or "BHKP – China") which is the benchmark for bleached hardwood pulp sold in China, for bleached hardwood kraft pulp sold in Europe (pulp made from eucalyptus or birch which is sold in Europe or "BHKP – Europe") which is the benchmark for bleached hardwood pulp sold in Europe, for Norscan bleached softwood kraft market pulp sold in China (pulp produced in North American, Nordic and Central European countries and sold to manufacturers of paper products delivered in China, or "NBSK – China") which is the benchmark for bleached softwood pulp sold in China and for Norscan bleached softwood kraft market pulp sold in Europe (pulp produced in North American, Nordic and Central European countries and sold to manufacturers of paper products delivered in Northern Europe, or "NBSK – Europe") which is the benchmark for bleached softwood pulp sold in Europe, for each of the years indicated.

	Year ended December 31,				
BHKP	**2019**	**2020**	**2021**	**2022**	**2023**
China					
Minimum Price	456.69	441.26	500.46	588.18	474.65
Maximum Price	699.95	499.08	780.09	866.17	810.07
Year-end Price	456.92	499.08	576.42	827.59	653.35
Europe					
Minimum Price	680.00	680.00	680.00	1,140.00	800.00
Maximum Price	1,024.16	681.80	1,140.00	1,380.00	1,379.97
Year-end Price	680.01	680.00	1,140.00	1,380.00	1,007.96
NBSK					
China					
Minimum Price	557.57	554.41	672.88	762.12	650.10
Maximum Price	714.43	670.56	985.23	989.69	910.07
Year-end Price	557.57	670.56	755.05	884.99	749.25
Europe					
Minimum Price	819.84	819.96	879.79	1,260.00	1,145.88
Maximum Price	1,188.70	879.36	1,340.00	1,498.06	1,429.58
Year-end Price	819.95	879.36	1,260.67	1,429.03	1,242.99

* Source: Fastmarkets RISI, Prices in U.S. dollars.

Hardwood Pulp. During the first months of 2019, prices for NBHK – China and NBHK – Europe remained relatively stable, due to the Chinese New Year that took place in February 2019 and lower pulp demand, respectively. After the first quarter, prices started to decrease and this trend continued through the end of the year, mainly due to (i) growing trade tensions between China and the United States, (ii) higher inventories of some pulp producers and (iii) lower economic activity in Europe. Throughout 2020, hardwood pulp prices remained low and stable mainly due to the impact of the COVID-19 pandemic and high inventories of some pulp and paper producers. During the last weeks of 2020 and the first quarter of 2021, prices of both BHKP – Europe and BHKP – China started steadily increasing, mostly due to normalization of demand and logistic issues which constrained supply chains to a certain extent. During the second quarter of 2021, prices remained stable for BHKP – China, albeit at high levels, and continued to increase for BHKP – Europe. Prices for BHKP – Europe remained largely stable during the second half of 2021, and prices for BHKP – China decreased somewhat mostly due to a lower operating rate of paper producers and electrical outages. During the first quarter of 2022, prices increased in comparison with the last week of the fourth quarter of 2021, in both BHKP – Europe and BHKP – China, mostly due to logistical issues, strikes or work stoppage that occurred to a relevant competitor, meanwhile in Europe due to high economic activity and low levels of imports from Asia. Moreover, shortage of birch in Northern Europe caused significant pressure on short fiber which make producers switch to long fiber. During the second quarter of 2022, prices increased again due to inflation affecting the markets in both BHKP – Europe and BHKP – China. During the second half of 2022, prices of both BHKP – Europe and BHKP – China remained relatively stable due to a normalization of logistical issues and a relatively stabilization of inventories. 2023 began with price declines for both BHKP-Europe and BHKP-China, with an increase in supply due to the injection of new pulp capacity in the market towards the end of March. BHKP-China prices reached their minimum of the year yet started to stabilize by the end of the second quarter of 2023, while BHKP-Europe continued declining due to reduced demand. During the third quarter of 2023, BHKP-China prices increased due to higher demand, while BHKP-Europe began to stabilize. By the end of 2023, prices for both BHKP-China and BHKP-Europe increased, fueled by improved European demand resulting from reduced pulp inventories and narrowed price differentials with China.

Softwood Pulp. During the first quarter of 2019, softwood pulp prices followed a similar trend to hardwood pulp prices. After the first quarter and through the third quarter of 2019, prices in China and Europe began to markedly deteriorate mainly due to growing trade tensions between China and the United States and duties imposed by both countries that impacted pulp demand. During the fourth quarter of 2019, prices stabilized to a certain extent. Throughout the first three quarters of 2020 softwood pulp prices remained low and stable mainly due to the impact of the COVID-19 pandemic and high (yet decreasing) inventories of some pulp and paper producers. During the fourth quarter of 2020, inventories somewhat stabilized which led to an increase in prices of NBSK mainly during the final weeks of the year. The first quarter of 2021 continued with the trend observed during the last weeks of 2020, with prices of both NBSK – Europe and NBSK – China steadily increasing, mostly due to normalization of demand, and logistic issues which constrained supply chains to a certain extent. During the second quarter of 2021, prices remained stable for NBSK – China, albeit at high levels, and continued to increase for NBSK – Europe. Prices for NBSK – Europe remained largely stable during the second half of 2021, and prices for NBSK – China decreased somewhat mostly due to a lower operating rate of paper producers and electrical outages. During the first quarter of 2022, prices increased in comparison with the last week of the fourth quarter of 2021, in both NBSK – Europe and NBSK – China, mostly due to logistical issues and also in Europe, due to high economic activity and low levels of imports from Asia. During the second quarter of 2022, prices increased again due to inflation affecting the markets in both NBSK – Europe and NBSK – China. During the third quarter of 2022, prices of both NBSK – Europe and NBSK – China remained relatively stable; and at the end of the year of 2022, prices decreased due to a normalization of logistic issues and a relatively stabilization of inventories. Prices decreased considerably during the first quarter of 2023 for NBSK-Europe and NBSK-China due to high inventories and low paper production. During the second quarter of 2023, prices remained low for NBSK-China while prices for NBSK-Europe continued to decline. In the third quarter of 2023, prices for both NBSK-Europe and NBSK-China increased towards the end of the quarter until year-end, due to higher demand rates.

Wood Products. Throughout 2019, the panels market remained healthy with strong sales particularly in the United States and Canada. The sawn timber and plywood markets both evidenced oversupply and prices were thereby affected. Additionally, trade tensions between China and the United States added further pressure on prices, especially with respect to sawn timber products. Wood products markets remained stable during 2019 in terms of prices and sales volume compared to 2018. During the first half of 2020, we confronted significant challenges due to adverse effects that the COVID-19 pandemic had on the wood products markets, especially during the second quarter of the year. During the second half of 2020, prices continuously improved due to an increase in demand, especially in the construction and remodeling sectors, among other reasons. During 2021, the wood products markets remained generally stable and at high levels both in terms of prices and sales volume. Prices for some wood products continued to increase throughout the year, and we observed some supply shortages in some of the markets we participate in. During 2022, the wood products markets' demand remained relatively stable in panel consumptions in North America. In addition, our sawn timber segment's demand was relatively stable during the first half of 2022 and a relatively restricted supply due to logistic issues. During 2023, average prices of all wood products decreased throughout the year, with panels being affected by higher interest rates, oversupply, high inventories, and political uncertainty. Sawn timber was mainly affected by slower markets throughout the year.

Global economic conditions may exert downward pressure on commodity prices, including the international prices of the products we sell, which could result in material and adverse declines in our revenues, results of operations and financial condition. We have no control over the factors that cause prices to change which include, among others:

- worldwide demand (which may be affected by a number of factors, including economic or political conditions in Asia, Latin America, North America and Europe);

- prevailing world prices, which historically have been subject to significant fluctuations over relatively short periods of time, depending on worldwide demand;

- world production capacity; and
- the availability of substitutes.

In addition, the prices of many of the products we sell are correlated to some extent, and historical fluctuations in the price of one product have usually been accompanied by similar fluctuations in the prices of other products. If the price of one or more of the products that we sell were to decline significantly from current levels, it could have a material adverse effect on our revenues, results of operations and financial condition.

Worldwide competition in the markets for our products may adversely affect our business, financial condition, results of operations and cash flows.

We experience substantial worldwide competition in each of our geographical markets and in each of our product lines. Some of our competitors are larger than we are or may have greater financial and other resources, which, among other things, may enhance their ability to support strategic expenditures directed to increase their market share. Our market share and competitive position may be adversely affected if we are unable to successfully continue to expand our productivity at the same pace as our competitors.

Both the pulp and wood products industries are sensitive to changes in industry capacity and producer inventories, as well as to cyclical changes in the world's economies, all of which may significantly affect selling prices and, thereby, our profitability. One or more of these factors could materially and adversely affect our business, financial condition, results of operations and cash flows.

Global economic and other developments, and particularly economic developments in the Asian, European and U.S. economies, could have an adverse effect on the demand for our products, our financial condition, results of operations and cash flows.

The global economy, and in particular global industrial production, is the primary driver of demand for pulp, paper and wood products. For example, our wood products segment, which is highly dependent on the strength of the home-building industry, has experienced decreases in its prices and demand for its products from time to time.

A decrease in the level of activity in either the domestic or the international markets within which we operate could adversely affect the demand and the price of our products and thus our cash flows and operational and financial results.

Our business, financial condition, results of operations and cash flows could be materially and adversely affected if the economic and other conditions in Asia, Europe, the United States and elsewhere deteriorate, and if we are unable to address competitive challenges resulting from currency fluctuations or reallocate our wood products and other products to other markets on equally beneficial terms, which could require us to recognize additional impairment charges.

Furthermore, in February 2022, Russian troops invaded Ukraine. Although the severity and duration of the ongoing military action are highly unpredictable, Russia's prior annexation of Crimea, recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and subsequent military interventions in Ukraine have led to sanctions being levied by the United States, the European Union, and other countries against Russia, with additional potential sanctions threatened and/or proposed. Russia's military incursion and the market volatility could adversely affect the global economy and financial markets and thus could affect our business, financial condition, or results of operations. In addition, the conflict has resulted in significant volatility in certain commodity prices, as well as in supply chain complications and increases in oil and natural gas prices which has resulted in higher fuel prices and – consequently – in a sharper rise in inflation around the world. If prolonged, these fluctuations could materially affect our business, financial condition or results of operations. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions caused by this conflict or resulting sanctions may magnify the impact of other risks described in this annual report.

More recently, on October 19, 2023 the Houthi movement, which controls parts of Yemen, launched a number of attacks on marine vessels in the Red Sea. The Red Sea is an important maritime route for international trade. As a result of such disruptions, we have experienced, and may continue to experience, extended lead times, delays in supplier deliveries, increased transportation and component costs, and increased costs for expedited shipments. Finally, the ongoing military conflict in the Middle East between Israel and Hamas is also a source of uncertainty. The conflict could bring about disruption, instability and volatility in global markets and supply chains, which could in turn adversely affect our business operations and financial performance.

The duration and material impact of these conflicts remain highly unpredictable but could be substantial.

We depend on free international trade as well as economic and other conditions in our principal markets.

We are a global company with industrial operations in eleven countries, from which we sell our products in the domestic market and through exports. In 2023, 34.2% of our sales were to customers in Asia, 31.7% to customers in North America, 25.6% to customers in Central and South America, 6.7% to customers in Europe, and 1.8% to customers in other regions. Consequently, our results of operations and cash flows depend, to a significant degree, on economic, political and regulatory conditions in our principal markets. Our ability to compete effectively in our markets could be materially and adversely affected by a number of factors beyond our control, including deterioration in macroeconomic conditions, exchange rate volatility, government subsidies and the imposition of increased tariffs or other trade barriers. If our ability to sell our products competitively in one or more of our principal markets were impaired by any of these developments, it might be difficult to reallocate our products to other markets on equally favorable terms and our business, financial condition, results of operations and cash flows might be adversely affected.

In Chile and in Mexico, we are located in a seismic area that exposes our properties to the risk of earthquakes and tsunamis.

Our properties in Chile and in Mexico are located in seismic areas that expose our facilities, plants, equipment and inventories to the risk of earthquakes and even subsequent tsunamis in some areas. A significant earthquake or other catastrophic event could severely affect our ability to meet our production targets or satisfy customer demand and could require us to make unplanned capital expenditures, resulting in lower sales and having a material adverse effect on our financial results. For example, on February 27, 2010, an earthquake with an 8.8 magnitude on the Richter scale occurred in the South-Central Region of Chile, followed by a tsunami that affected the coast. This event led to the suspension of our operations in the region. It resulted in significant asset impairment charges due to earthquake-related damage to property and inventories, as well as a significant decrease in our sales volumes due to plant closures, which had an adverse effect on our results of operations and cash flows.

We cannot assure that we will not experience suspensions or interruptions or unexpected damage to our property as a result of earthquakes, aftershocks, tsunamis, any related repair and maintenance or other consequences associated with such events, or that our insurance coverage will be sufficient, any of which could have a material adverse effect on our revenue, results of operations and financial condition.

The costs of complying with, and addressing liabilities arising under, environmental laws and regulations have in the past and may in the future adversely affect our business, financial condition, results of operations and cash flows.

We have significant operations in Argentina, Brazil, Canada, Chile, Mexico and the United States. We also have operations in Uruguay through our 50% share in the Montes del Plata joint operation and in Spain, Portugal, Germany and South Africa through our 50% share in the Sonae Arauco joint venture. In each of those countries we are subject to a wide range of national and local environmental laws and regulations concerning, among other matters, the preparation of environmental impact assessments for our projects, the protection of the environment and human health, the generation, storage, handling and disposal of waste, the discharge of pollutants and the remediation of contamination. As a forest products manufacturer, we generate air and water emissions and solid and hazardous wastes. These emissions and our waste disposal are subject to limits and controls prescribed by law or by our operating permits, and we may be required to install or upgrade our pollution control equipment in order to meet these legal requirements. We have made, and expect to continue to make, expenditures to maintain compliance with environmental laws. Notwithstanding our policy to strictly comply with all requirements established by applicable environmental laws, any failure to comply with such environmental laws may result in civil, administrative or criminal fines or sanctions, claims for environmental damages, remediation obligations, the revocation of environmental authorizations or the temporary or permanent closure of facilities.

Environmental regulations in countries in which we operate have become increasingly stringent in recent years (for example, in connection with the approval and development of new projects). Future changes in environmental laws, or in the application, interpretation or enforcement of those laws, including new or stricter requirements related to harvesting activities, air and water emissions and/or climate change regulations, could result in substantially increased capital, operating or compliance costs, impose conditions that restrict or limit our operations or otherwise adversely affect our business, financial condition, results of operations and cash flows. These changes could also limit the availability of our funds for other purposes, which could adversely affect our business, financial condition, results of operations and cash flows.

In respect to such regulations, in November 2015, the Cruces river, where the Valdivia mill disposes its effluents, became subject to the Secondary Water Quality Standard for the Valdivia River Basin (hereinafter, the "Norm" or "SWQSVR"). The Valdivia mill discharges its treated effluents into the Cruces River, which is part of the Valdivia River Basin.

We and other local entities challenged the validity of the Norm before the Third Environmental Court in January 2016, expressing concerns, among others, regarding various aspects of the Norm's General Environmental and Social Impact Assessment (AGIES, for its acronym in Spanish). These objections included the lack of identification and consideration for the economic and social costs resulting from the adoption of the Norm. Other objections included that the Norm's parameters and limits exceeded the reviewed water quality criteria enforced by reference countries in both quantity and stringency; and that many of the parameters and limits were not technically or environmentally reasonable. The Third Environmental Court ruled in our favor on September 29, 2016, declaring the invalidity of the Norm, and the decision was upheld by the Supreme Court in July 2017.

In December 2017, the government restarted the rulemaking process and published a new draft SWQSVR for public comments. The draft proposes to impose regulations with practically the same parameters and limits included in the previous Norm declared void by the Supreme Court. In our opinion, the draft presents flaws similar to those detected in the previous rulemaking process, among others, the lack of identification and consideration of its actual economic and social costs and that most of its parameters and limits are not technically or environmentally reasonable. The public comment process finished in March 2018 and several comments from the public and different stakeholders were submitted, including various technical, economic and legal reports from third parties. In September 2023, the government submitted a final report for the consideration of the Sustainability and Climate Change Ministers' Committee (*Consejo de Ministros para la Sustentabilidad y el Cambio Climático*) and the President of the Republic. If the new norm enters into force, we cannot exclude the possibility that the regulatory authority may declare that the Valdivia River Basin is "contaminated" and thus initiate an administrative proceeding to impose a decontamination plan, which may include new limits on discharges of wastewater applicable to our Valdivia mill.

Environmental concerns led to the temporary suspension of our operations at the Valdivia mill in 2005, which adversely affected, and in the future may continue to adversely affect, our business, financial condition, results of operations and cash flows.

Our operations at the Valdivia mill have been subject to environmental scrutiny by Chilean environmental regulators and the Chilean public since the mill began its operations in 2004. A variety of concerns and claims have been raised regarding the mill's potential environmental impacts in the area. Primarily, it has been alleged that the mill's operations impacted the habitat of the nearby Carlos Anwandter Nature Sanctuary and contributed to the migration and death of black-neck swans living in the area. In connection with an environmental administrative proceeding, environmental regulators required us to suspend operations at the Valdivia mill for approximately one month in January 2005.

In February 2009, as previously required by the environmental authorities, we submitted an environmental impact study for the construction of a pipeline to discharge the Valdivia mill's wastewater in the Pacific Ocean near Punta Maiquillahue, complying with the requirement that such wastewater be discharged in a body of water other than the Cruces River, the Carlos Anwandter Nature Sanctuary or their respective sources. In February 2010 and October 2012, the environmental authorities approved this environmental impact study subject to some conditions. On April 30, 2013, the Committee of Ministers passed Exempt Resolution No. 391, which modified certain paragraphs of the above-mentioned approval (establishing effluent discharge limits for 13 parameters).

The construction and operation of the pipeline requested by the environmental authority in order to discharge the Valdivia mill's wastewater in a body of water other than the Cruces River, the Carlos Anwandter Nature Sanctuary or their respective sources, remains subject to environmental, regulatory, engineering and political uncertainties. As of the date of this annual report, it has not been possible to obtain relevant permits and authorizations for the project. As a result, we cannot provide any assurances that the project will be completed and that any deadline extensions would be granted, even if we comply with all the requirements that may be set forth by those authorities. If the installation of the pipeline is delayed for reasons attributable to us, we may face sanctions that include warnings, fines or the revocation of the Valdivia mill's environmental permit for operation.

The suspension of operations at the Valdivia mill in 2005 adversely affected our business, financial condition, results of operations and cash flows. Any future suspension of operations at the Valdivia Mill or at any other of our significant operating mills can be expected to have similar adverse effects. We offer no assurance that the Valdivia Mill, or our other mills, will be able to operate without further interruption.

We have been and currently are subject to legal proceedings related to some of our mills which could adversely affect our business, financial condition, results of operations and cash flows.

In connection with the death of fish in the Cruces River in January 2014 close to the Valdivia mill's effluent discharge, in January 2019, the National Defense Council instituted a civil lawsuit seeking reparations from us for environmental harm allegedly caused by our Valdivia mill in connection with the death of fish in the Cruces River in January 2014. The National Defense Council did not determine the damages in this lawsuit, which could be sought by the National Defense Council in a separate proceeding before a civil court. The Company filed its defense in February 2019. The lawsuit remains under review by the court as of the date of this annual report. A decision by the Third Environmental Court is expected to be rendered during 2024, which could eventually be appealed before the Supreme Court. We cannot predict the outcome or impact of this lawsuit or when it may be resolved. If the result of such lawsuit is unfavorable to us, we may be required to conduct studies on ecosystems and biodiversity as well as to implement programs to both repopulate and monitor species under conservation. We may be required to incur in significant costs to repair any environmental harm a court determines we have caused.

The commencement of similar criminal and civil proceedings against us at any time in the future could adversely affect some of our mills. We can neither predict the likelihood that we will face such similar proceedings in the future, nor the likely outcome or impact of any such proceedings.

We are also subject to certain administrative proceedings. In 2016 the Superintendence of the Environment initiated administrative proceedings against the Valdivia mill. The first part of the proceeding against the Valdivia mill concluded in 2017. On December 15, 2017, the Superintendence of the Environment decided that the Valdivia mill was liable for ten out of eleven charges and imposed a fine of 7,777 UTA (approximately U.S.$6.5 million as of December 2018). We appealed this decision on April 5, 2018 before the Third

Environmental Court. A decision by the Third Environmental Court was issued in February 2020. This decision partially accepted the claim, only in connection with the inadequate classification of one of the charges, ordering the Superintendence to make a new classification. The decision also mentioned that the Superintendence had not proved that the death of fish in the Cruces River in January 2014 was caused by the operations of the Valdivia mill. This ruling was appealed by both the Superintendence and us before the Supreme Court. In December 2022, the Supreme Court upheld the Third Environmental Court decision, confirming most of the fines but stating that the death of fish in the Cruces River in January 2014 was not caused by the operations of the Valdivia mill. The Superintendence will make a new classification in connection therewith (as of the date of this annual report, the Superintendence has not yet made this new classification). In January 2023, we paid the corresponding fines of approximately 5,360.2 UTA (approximately U.S.$4.9 million as of January 2023).

In 2019, our Moncure mill received an initial notice of violation from the North Carolina Department of Energy, Mineral, and Land Resources for exceedings of stormwater benchmarks. The administrative proceeding will remain open until the Moncure mill can demonstrate long-term compliance with such benchmarks. There was no civil penalty assessed for the initial notice of violation.

Any such proceedings or claims, or any subsequent interruption in our operations as a result of such proceedings as well as any unexpected costs to resolve such proceedings, may have an adverse effect on our business, financial condition, results of operations and cash flows. See "Item 3. Key Information—Risk Factors—Risks Relating to the Company—Environmental concerns led to the temporary suspension of our operations at the Valdivia mill in 2005, which adversely affected, and in the future may continue to adversely affect, our business, financial condition, results of operations and cash flows."

Our ability to access local and international credit or capital markets may be restricted at a time when we need financing, which could have a material adverse effect on our flexibility to react to changing economic and business conditions.

As of December 31, 2023, we had approximately U.S.$ 7.1 billion of outstanding indebtedness. The economic environment prevailing at any point in time may prevent us from accessing, or restrict our access to, credit and capital markets to satisfy our financing needs, or we may not be able to refinance our existing indebtedness on terms that are favorable to us or at all. If we are unable to refinance our indebtedness as it becomes due, or if we refinance such indebtedness on terms that are not favorable to us, our business, results of operations and financial condition could be materially and adversely affected. For further information, see "Item 11. Quantitative and Qualitative Disclosures About Market Risk—Interest Rate Risk".

Material disruptions affecting our manufacturing mills, remanufacturing facilities, forestry assets or commercial operations could negatively impact our financial results and forestry operations.

A material disruption at any of our manufacturing, processing or remanufacturing facilities, or commercial operations could prevent us from satisfying customer demand for our products, meeting our production targets and/or require us to make unplanned capital expenditures, resulting in lower sales, which could have a negative effect on our financial results. Our Chilean and Mexican facilities are located in regions known for seismic activity that exposes our facilities to the risk of earthquakes and, in some areas, to subsequent tsunamis.

A long-lasting conflict in part of the South of Chile has extended in territory and escalated in violence in recent years towards areas where we have operations, especially in the Biobío, Araucanía and Los Ríos regions. This conflict has included assaults, occupation of lands, arson of machinery and other assets, road blockades and confrontations with police. We have also faced other additional difficulties in such regions, including theft of logs. Further escalation of violence may result in material disruptions to our forestry or industrial operations in such regions.

Our commercial operations could also be affected by disruptions or other difficulties regarding supply chains, the availability of containers or ships, among other factors.

In addition, our facilities (or any of our machines within an otherwise operational facility) could cease operations unexpectedly due to a number of events, including:

- unscheduled maintenance outages;
- prolonged power failures;
- an equipment failure;
- fires, floods, hurricanes or other adverse weather;
- disruptions in the transportation infrastructure, including roads, bridges, railroad tracks, tunnels and ports;
- a chemical spill or release;
- explosion of equipment;
- the effect of a drought or reduced rainfall on its water supply;
- labor difficulties;
- terrorism or threats of terrorism;
- coronavirus or other global epidemic;
- domestic and international laws and regulations applicable to our Company and our business partners, including joint operation partners, around the world; and
- other operating problems.

In connection with losses to our production plants, facilities, equipment and forestry assets caused by material disruptions, our insurance coverage may be insufficient. The incurrence of losses or other liabilities that are not covered by insurance could result in significant and unexpected additional costs. Moreover, the terms and conditions for the renewal of our insurance policies may change in the future depending upon market circumstances and the type and amount of risks insured. See "Item 4. Information on our Company—Description of Business—Insurance".

Currency fluctuations could have a negative effect on our financial results.

Domestic currencies of the countries in which we have industrial operations have been subject to depreciations and appreciations in the past and may be subject to significant fluctuations in the future. Even though most of our business is denominated in U.S. dollars, a portion of our revenues, costs, incomes and other expenses are denominated in domestic currencies other than the U.S. dollar, such as the Chilean peso, the Euro, the Argentine peso, the Uruguayan peso, the Brazilian real, the Mexican peso and the Canadian dollar, among others. As a result, fluctuations in the exchange rates of such foreign currencies relative to the U.S. dollar may have a material adverse effect on our business, results of operations, financial conditions and cash flows.

Disease or fires could affect our forests and manufacturing processes and, in turn, adversely affect our business, financial condition, results of operations and cash flows.

Our operations are subject to various risks affecting our forests and manufacturing facilities, including disease and fire. Pests and diseases afflicting radiata or taeda pine plantations in other parts of the world may migrate and may significantly affect the forestry industries in Chile, Argentina, Brazil or Uruguay in the future.

Similarly, forest fires are always a risk, particularly during the forestry fires season in Chile that typically extends through the southern hemisphere summer, from the last quarter of each calendar year through the first quarter of the following year.

In January and February 2017, wildfires, exacerbated by high temperatures, the action of the winds, low atmospheric humidity and the complexity of combatting multiple focal points that appeared simultaneously in different places, broke out in the central and southern regions of Chile, and in respect of us, in the Maule, Ñuble and BioBío regions. As a consequence of such fires, we suffered the burning of approximately 72,500 hectares of forest plantations, which had a fair value of approximately U.S.$210 million, according to IFRS Accounting Standards . The affected forest plantations represented approximately 5.6% of the fair value of the total of our forest plantations, and approximately 1.5% of our total assets.

During the 2021-2022 forest fire season, approximately 7,566 hectares of our forest plantations were adversely affected by fires.

During the 2022-2023 forest fire season, approximately 47,000 hectares of our productive forest plantations in Chile were adversely affected by fires that occurred in early 2023 in the regions of Maule, Ñuble, Araucanía, Biobío and Los Ríos due to a combination of multiple irresponsible and/or intentional actions by third parties and extreme unfavorable weather conditions such as high temperatures, low humidity and high winds. As of December 31, 2023, we recognized a forest fire loss of U.S.$17 million net of insurance compensation for the fires in Chile, representing approximately 3.2% of the fair value of our total forest plantations.

As of the date of this annual report, during the 2023-2024 forest fire season, approximately 800 hectares of our forest plantations had been adversely affected by fires.

In connection with losses to our production plants, facilities, equipment and forestry assets caused by fires, our insurance coverage may be insufficient. We do not maintain insurance coverage against pests, diseases and, in certain areas, fires that could affect our planted forests. The incurrence of losses or other liabilities could result in significant and unexpected additional costs. Moreover, the terms and conditions for the renewal of our insurance policies may change in the future depending upon market circumstances and the type and amount of risks insured. See "Item 4. Information on our Company—Description of Business—Insurance."

Climate change could negatively affect our business, financial condition, results of operations and cash flows.

A significant number of scientists, environmentalists, international organizations, regulators and other commentators maintain that global climate change has contributed, and will continue to contribute, to the increasing unpredictability, frequency and severity of natural disasters (including, but not limited to, hurricanes, droughts, tornadoes, freezes, other storms and fires) in certain parts of the world. As a result, a number of legal and regulatory measures as well as social initiatives have been introduced in numerous countries in an effort to reduce carbon dioxide and other greenhouse gas emissions and combat global climate change. Such reductions in greenhouse gas emissions could result in increased energy, transportation and raw material costs and may require us to make additional investments in facilities and equipment. In addition, our plantations are located in regions which have favorable climatic conditions for a short growing cycle. Any climate changes that negatively affect such favorable climate conditions in central or southern Chile or in any region in which we benefit from favorable climate conditions could adversely affect the growth rate and quality of our plantations, or our production costs.

Regarding water scarcity, Chile has experienced a drought during the last years; consequently, the Licancel mill had to cease its activities for approximately three months at the end of 2019. Rainfall in the Maule region slightly increased during the 2020 and 2021 summer seasons compared to 2019. Thus, we were able to ensure the continuity of our operations, except in February 2022 and February 2023 when the Valdivia pulp mill had to cease its activities for five days and one day, respectively, due to the low flow of the Cruces River. Following such events, different alternatives to mitigate the effect of the drought are being evaluated.

On the contrary, the year 2023 had a very rainy season in central and southern Chile, which caused some regions to overcome the water deficit they had carried over from previous years, reaching their normal records and in some cases surpassing them.

In June and August 2023, heavy rainfall in the Maule region caused the Mataquito River to overflow, flooding Licantén city and the Licancel pulp mill. In September 2023, Licancel's indefinite suspension of operations was publicly announced due to, among other reasons, high climate variability.

In the 2023 summer season, great damages were caused in Chile both to nature and individuals due to high temperatures combined with strong gusts of wind and very dry land caused by lack of rainfall in previous years. This scenario caused the spread of forest fires that devastated part of Arauco's forestry assets. For more information regarding certain risks to our forests presented by disease and fire, see "Item 3. Key Information—Risk Factors—Risks Relating to the Company—Disease or fires could affect our forests and manufacturing processes and, in turn, adversely affect our business, financial condition, results of operation and cash flows."

Although we cannot predict the impact of changing global climate conditions, if any, or potential legal, regulatory and social responses to concerns about global climate change, any such occurrences may negatively affect our business, financial condition, results of operations and cash flows.

We may undertake mergers, acquisitions and investments to expand or complement our operations that could result in operating difficulties or otherwise adversely affect our business, financial conditions and results of operations.

From time to time, we carry out mergers, acquisitions and investments to expand or complement our operations. In connection with such transactions, we may be exposed to various risks, including those arising from: (i) not having accurately assessed the value, future growth potential, strengths, weaknesses and potential profitability of potential acquisition targets; (ii) difficulties in successfully integrating, operating, maintaining or managing newly-acquired operations, including personnel; (iii) unexpected costs of such transactions; or (iv) unexpected contingent or other liabilities or claims that may arise from such transactions. If any of these risks were to materialize, it could adversely affect our business, financial condition and results of operations.

Labor action, contractual and other disputes could adversely affect our operations.

We have had certain strikes, work slowdowns, stoppages and other labor-related disruptions that have adversely affected our operations.

Under Chilean, Brazilian, Mexican, Argentine and Uruguayan labor legislation, we are secondarily liable for the payment of labor and social security obligations owed to our contractors' employees. In Chile, if we do not supervise our contractors in their fulfillment of their labor and social security obligations pursuant to labor laws, then our responsibility will be elevated from secondary to joint and several, thus enabling an employee of a contractor to bring a claim against both the contractor and us (as the party hiring such contractor), even though the contractor will remain primarily liable for its obligations. We also have some responsibilities for the health and safety conditions of the contractors' employees and are obliged to ensure that the contractors comply with all obligations related to such conditions, while such employees are performing activities within the scope of our business operations.

In Argentina, joint liability rules that are substantially similar to those we are subject to in other countries where we have industrial operations, apply to a principal and its contractors. In addition, the national rural labor law, Law No. 26,727, promulgated on December 28, 2011 and fully in effect since March 2013, permits contractor employees under forestry contracts to bring actions directly against the principal to whom the employees' services are being provided, instead of requiring them to bring actions against the contractor. For works or services related to the ordinary production process of a principal, the law provides that an employment relationship is deemed to exist between the principal and the employee of the contractor.

In Uruguay, under Laws 18.099 and 18.251, the liability for our Montes del Plata joint operation with Stora Enso arises only in case of subcontractors, intermediaries or suppliers of labour manpower (as defined in Article 1 of Law 18.251). The liability will be joint and several unless Montes del Plata duly exercises its right to be informed that contractors fulfill their labor and social security obligations pursuant to labor laws.

We may be affected by future strikes, work slowdowns, stoppages or other labor-related developments in the various countries in which we operate, including such developments attributable to employees of contractors performing outsourced services, and such strikes, slowdowns, stoppages or other developments could have a material adverse effect on our business, financial condition, results of operations or prospects.

Cybersecurity events, such as a cyberattack, could adversely affect our business, financial condition and results of operations.

Our business depends on information technology systems to effectively manage our production processes. Therefore, interruptions in these systems caused by employee error or attacks, external cyber-attacks, obsolescence or technical failures can deeply harm our business operations. Cybersecurity risks have generally increased in recent years as a result of the proliferation of new technologies and the increased sophistication and activities of cyberattacks. Any failure of our systems related to sensitive information could disrupt our business and result in production errors, processing inefficiencies and the loss of sales and customers, which in turn could result in decreased revenue, increased costs and excess or out-of-stock inventory levels.

Additionally, cyberattacks or internal actions, including negligence or misconduct of our employees and suppliers, may have a negative impact on our reputation, our relationship with external entities (government, regulators, partners, among others) and our strategic positioning with relation to our competitors. Any significant security breaches or disruptions in the performance of our information technology systems could have a material adverse effect on our results of operations and financial condition. For more information regarding our cybersecurity policy, see “Item 4. Information on our Company—Description of Business—Cybersecurity”.

Risks Relating to Chile

Adverse changes in Chile’s political, legal, tax, social and economic conditions could directly impact our business and the market price of our securities.

For the year ended on and as of December 31, 2023, 70.9% of our property, plant and equipment and forest assets were directly owned by Arauco and our Chilean subsidiaries, and 51.2% of our revenues were attributable to our Chilean operations. Accordingly, our business, financial condition, results of operations and cash flows depend, to a considerable extent, upon political and economic conditions in Chile. Future changes in Chile’s political, regulation and economic conditions - affecting interest rates, inflation, tax rates or charges on imports and/or exports, among others - could adversely affect our business, financial condition, results of operations and cash flows and may impair our ability to proceed with our strategic plan of business. In addition, such changes may impact the market price of our securities.

On October 25, 2020, Chile held a referendum whereby nearly 80% of voters opted to replace the National Constitution and to have a new National Constitution drafted by a special constitutional convention (the “Constitutional Convention”). The Constitutional Convention was composed of 155 members, and elections to select the members were held on May 15 and 16, 2021. The Constitutional Convention began working on a proposed constitution in July 2021 and finalized the proposed constitution on July 4, 2022. On September 4, 2022, Chile held a national plebiscite in which the proposed constitution was rejected by 61.86% of the voters.

After the rejection of the constitution proposed by the Constitutional Convention, the Chilean lawmakers agreed to enter into a new constitutional process and submit a new proposal to public referendum. On March 6, 2023, an expert’s commission was installed to draft a new constitutional proposal to be afterwards reviewed and eventually revised by a constitutional council (the “Constitutional Council”) composed by 50 members elected in public elections held on May 7, 2023.

On December 17, 2023, the new constitution proposed by the Constitutional Council was submitted to a national plebiscite in which it was rejected by 55.76% of the votes cast.

We cannot assure that the political and social situation or future developments in Chile, will not have an adverse effect on our business, financial condition or result of operations. Further, we cannot assure that any new government policies, or any new law enacted by Congress will not adversely affect the Chilean economy or, directly or indirectly, our business, operations, and revenues.

Chile has different corporate disclosure standards from those with which you may be familiar in the United States, and Chile's securities laws may not afford you the same protections as U.S. securities laws.

The securities disclosure requirements applicable to certain foreign private issuers differ from those applicable to issuers domiciled in the United States in some important respects. Accordingly, the information about us available to you will not be the same as the information disclosed by a U.S. company required to file reports with the U.S. Securities and Exchange Commission (the "SEC").

In addition, although Chilean law imposes restrictions on insider trading and price manipulation, applicable Chilean securities laws and regulations are different from those in the United States, and some investor protections available in the United States may not be available in the same form, or at all, in Chile.

Risks Relating to the United States and Canada

Economic conditions in the United States and Canada may have a direct impact on our business, financial condition, results of operations and cash flows.

For the year ended on and as of December 31, 2023, 4.6% of our property, plant and equipment were owned by our U.S. subsidiaries, and 14.1% of our revenues were attributable to our U.S. operations. See "Item 4. Information on our Company—Description of Business."

For the year ended on and as of December 31, 2023, 0.3% of our property, plant and equipment were owned by our Canadian subsidiaries, and 3.5% of our revenues were attributable to our Canadian operations. See "Item 4. Information on our Company—Description of Business."

As a result of the foregoing, to a certain extent, our business, financial condition, results of operations and cash flows will be dependent on economic conditions in the United States and Canada.

Risks Relating to Brazil

Economic conditions and government policies in Brazil may have a direct impact on our business, financial condition, results of operations and cash flows.

For the year ended on and as of December 31, 2023, 5.0% of our property, plant and equipment and forest assets were owned by our Brazilian subsidiaries and 10.2% of our revenues were attributable to our Brazilian operations. See "Item 4. Information on our Company—Description of Business." As a result of the foregoing, to a certain extent, our business, financial condition, results of operations and cash flows will be dependent on economic conditions in Brazil.

The Brazilian government has exercised significant influence over the Brazilian economy. Brazilian political and economic conditions have a direct impact on our business.

The Brazilian government has exercised a substantial influence over many aspects of the Brazilian economy. The Brazilian government's actions to control inflation and other policies and regulations have involved in the past, among other measures, wage and price controls, currency devaluations, capital controls and limits on imports. The business, financial condition, results of operations and cash flows of our Brazilian subsidiaries may be adversely affected by such matters, changes in policy or regulation involving tariffs and exchange controls, as well as by other factors.

The Brazilian government's actions have had and may continue to have a material effect on private sector entities, including our operations in Brazil. We have no control over and cannot predict how government intervention and policies will affect the Brazilian economy or, directly and indirectly, our operations and revenues.

Future economic, social and political developments in Brazil may adversely affect the business, financial condition, results of operations and cash flows of our Brazilian subsidiaries.

Risks Relating to Argentina

Economic conditions and government policies in Argentina may have a direct impact on our business, financial condition, results of operations and cash flows.

For the year ended on and as of December 31, 2023, 4.9% of our property, plant and equipment and forest assets were owned by our Argentine subsidiaries, and 9.5% of our revenues were attributable to our Argentine operations. As a result of the foregoing, our business, financial condition, results of operations and cash flows will be dependent, to a certain extent, on economic conditions in Argentina. See "Item 4. Information on our Company—Description of Business—History."

There are various aspects of the Argentine economy that could adversely affect our operations, including, among others, inflation, interest rates, taxes and foreign exchange controls implemented in Argentina, which include the obligation to repatriate foreign currency obtained abroad and strong restrictions on the transfer of funds abroad, with certain exceptions for authorized transactions.

In 2017, we signed an intercompany loan with Arauco Argentina S.A. ("Arauco Argentina"), for U.S.$250 million, which proceeds were used to repay in full certain Arauco Argentina's debt that we guaranteed. During 2018, Arauco Argentina prepaid U.S.$90 million. The balance due after such prepayment was U.S.$160 million.

On May 28, 2020, the Central Bank of the Argentine Republic ("BCRA") issued Communication "A" 7030 (as amended from time to time, "Communication 7030"), which established additional requirements on outflows made through the local foreign exchange market ("MULC"). Among other things, Communication 7030 provides that the BCRA's prior approval is required to access the foreign exchange market to make financial debts principal payments abroad if the creditor is an affiliate of the debtor. This requirement is applicable until December 31, 2024. This provision continues in force and the BCRA has not yet authorized Arauco Argentina to make the principal payments that were due on June 1, 2020, December 1, 2020, June 1, 2021, December 1, 2021, and June 1, 2022, which is the loan expiration date. However, under Communication "A" 7301 of the BCRA, which allows access to the MULC without the prior approval of the BCRA for the cancellation of this type of loans between related parties, to those who have a Certification of increase in Exports of Goods for the year 2021, Arauco Argentina made a partial cancellation of U.S.$ 6 million of the overdue debt on July 14, 2022. The balance due after such payment of principal is U.S.$154 million.

On April 21, 2023, the BCRA issued Communication "A" 7746 which provides that the BCRA's prior approval is required to access the foreign exchange market to make payments abroad of interests of financial debts if the creditor is an affiliate of the debtor. This requirement is applicable until December 31, 2024. This provision continues in force and the BCRA has not yet authorized Arauco Argentina to make the interest payments that were due on June 1, 2023, and December 1, 2023. As of December 31, 2023 the amount of interest due is approximately U.S.$ 26.9 million.

During 2023, the former administration of the Argentine government approved different rules that complexified or directly prohibited access to the MULC for payments to foreign suppliers. For this reason, Arauco Argentina has received a series of loans from its shareholder Arauco Wood Ltd. in order to be able to make certain payments on overdue debts. The balance due as of December 31, 2023 is U.S.$23.5 million.

We cannot predict how current foreign exchange restrictions may change after the date hereof and whether they may limit or impede our ability to fulfill our commitments, which in turn may have a negative impact on our financial condition, results of operations and cash flows.

We have no control over and cannot predict how any future changes in economic policy or other changes in the Argentine economy may affect our operations and revenues in Argentina.

The Argentine government has exercised significant influence over the Argentine economy. Argentine political and economic conditions have a direct impact on our business.

The Argentine government has exercised a substantial influence over many aspects of the Argentine economy. In furtherance of its economic objectives, the Argentine government has adopted a wide variety of measures, such as wage and price controls, currency devaluations, exchange and capital controls and limits on imports, among others. The business, financial condition, results of operations and cash flows of our Argentine subsidiaries may be adversely affected by any such measures or regulatory changes, including with respect to tariffs and exchange controls.

On December 10, 2023, Mr. Javier Milei took office as new President of Argentina. During the first weeks in office, the new government announced several economic measures, including a devaluation of the Argentine currency.

Despite the proposals of the new administration, the regulations currently in force may continue to have a material effect on the private sector, including our operations in Argentina. We have no control over and cannot predict how government intervention and policies will affect the Argentine economy or, directly and indirectly, our operations and financial condition.

Future economic, social and political developments in Argentina may adversely affect the business, financial condition, results of operations and cash flows of our Argentine subsidiaries.

Risks Relating to Mexico

Economic conditions and government policies in Mexico may have a direct impact on our business, financial condition, results of operations and cash flows.

For the year ended on and as of December 31, 2023, 1.3% of our property, plant and equipment were owned by our Mexican subsidiaries, and 3.4% of our revenues were attributable to our Mexican operations. See "Item 4. Information on our Company—Description of Business."

In the past, Mexico has experienced several periods of slow or negative economic growth, high inflation, high interest rates, currency devaluation, government intervention in the economy and other economic disruptions. Future economic, social and political developments in Mexico may adversely affect the business, financial condition, results of operations and cash flows of our Mexican subsidiaries.

The Mexican government has exercised significant influence over the Mexican economy. Mexican political and economic conditions have a direct impact on our business.

The Mexican government has exercised a substantial influence over many aspects of the Mexican economy. The Mexican government's actions to control inflation and other policies and regulations have involved in the past, among other measures, wage and price controls, currency devaluations, capital controls and limits on imports. The business, financial condition, results of operations and cash flows of our Mexican subsidiaries may be adversely affected by such matters, changes in policy or regulation involving tariffs and exchange controls, as well as by other factors.

The Mexican government's actions have had and may continue to have a material effect on private sector entities, including our operations in Mexico. We have no control over and cannot predict how government intervention and policies will affect the Mexican economy or, directly and indirectly, our operations and revenues.

Future economic, social and political developments in Mexico may adversely affect the business, financial condition, results of operations and cash flows of our Mexican subsidiaries.

Risks Relating to Uruguay

Economic conditions in Uruguay, or the failure of Montes del Plata and its affiliates to service their debt, may have a direct impact on our financial condition, results of operations and cash flows.

For the year ended on and as of December 31, 2023, 13.0% of our property, plant and equipment and forest assets were located in Uruguay, and 8.1% of our revenues were attributable to the Uruguayan joint operation of Montes del Plata. See "Item 4. Information on our Company—Description of Business."

We have made significant investments, and we may make additional ones in the future. As a result, our financial condition and results of operations may consequently depend, to a certain extent, on political and economic conditions. Certain future actions by the Uruguayan government, including, among others, actions with respect to forestation, inflation, interest rates, foreign exchange controls and taxes, could have a material adverse effect on our operations.

Risks Relating to Other Markets

Our business, earnings and prospects may be adversely affected by developments in other countries that are beyond our control.

Our business, financial condition, results of operations and cash flows depend on the level of economic activity, government and foreign exchange policies and political and economic developments in our principal markets. Our business, earnings and prospects, as well as our financial condition, results of operations, cash flows and the market price of our securities, may be materially and adversely affected by developments in our principal markets relating to inflation, interest rates, currency fluctuations, protectionism, government subsidies, price and wage controls, exchange control regulations, taxation, expropriation, social instability or other political, economic or diplomatic developments. For example, certain target countries to which we export may impose buying restrictions in our industry, which may adversely affect our sales. We have no control over these conditions and developments which could adversely affect us and our business, financial condition, results of operations and cash flows or the price or market of our securities.

Developments in other emerging and developed markets may adversely affect the market price of our securities and our ability to raise additional financing.

Our financial condition and the market price of our securities may be adversely affected by declines in the international financial markets and world economic conditions. Investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries. Negative developments in the international financial markets in the future could adversely affect the market price of our securities and impair our ability to raise additional capital.

Risks Relating to Our Securities

The non-payment of funds by our subsidiaries could have a material adverse effect on our business, financial condition, results of operations and ability to service our debt, including our securities.

Our cash flow and ability to service debt is dependent, in part, on the cash flow and earnings of our subsidiaries and the payment of funds by those subsidiaries to us, in the form of loans, interest, dividends or otherwise. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due under the terms of our securities or to make any funds available for such purpose.

Furthermore, claims of creditors of our subsidiaries, including trade creditors, will have priority over our creditors, including holders of our securities, with respect to the assets and cash flow of our subsidiaries. Our right to receive assets of any of our subsidiaries upon their liquidation or reorganization (and the consequent right of the holders of our securities to participate in those assets) will be effectively subordinated to the claims of our subsidiaries' creditors.

Changes in Chilean tax laws could lead us to redeem our securities.

Under current Chilean law and regulations, payments of interest made from Chile to holders of debt securities who are neither residents nor domiciled or organized in Chile for purposes of Chilean taxation will, generally, be subject to Chilean withholding tax at a rate of 4.0%. Subject to certain exceptions, we will pay additional amounts (as described in "Item 10. Additional Information-Taxation") so that the net amounts received by the holder of our notes (including additional amounts) after such Chilean withholding tax will equal the amounts that would have been received in respect of the notes in the absence of such Chilean withholding tax. In the event of certain changes in Chilean tax laws requiring that we pay additional amounts that are in excess of the additional amounts that we would owe if payments of interest on our securities were subject only to a 4.0% withholding tax, we will have the right to redeem our securities.

Credit rating downgrades below investment grade could have a material and adverse effect on our business, financial condition, results of operations and ability to service our debt, including our securities.

Credit rating agencies could downgrade our ratings either due to factors specific to us, a prolonged cyclical downturn in the forestry industry or macroeconomic trends (such as global or regional recessions) and trends in credit and capital markets more generally. Any decline in our credit rating would increase our cost of borrowing and may significantly harm our financial condition, results of operations and profitability, including our ability to refinance our existing indebtedness.

On September 27, 2019, Fitch Ratings changed our ratings outlook from stable to negative, mentioning a projected increase in net debt as a result of weaker pulp prices which has also decreased the operating cash flow available.

On October 15, 2019, Standard & Poor's changed our ratings outlook from stable to negative, citing higher leverage expectations for the next two years amid lower-than-expected pulp prices coupled with a high investment cycle.

On April 20, 2021, Standard & Poor's changed our ratings outlook from negative to stable, citing a recovery in pulp prices and the expectation of an acceleration in deleveraging.

On July 28, 2021, Fitch Ratings changed our outlook from negative to stable, and our local rating from AA- to AA mentioning the strengthening of our credit profile and strong operating cash flow generation due to a substantial recovery in pulp prices and increased demand in the wood products division.

On November 24, 2023, Moody's changed our ratings outlook from stable to negative, mentioning subpar financial results during the first nine months of 2023 due to unique circumstances, such as the ramp up process of Line 3 of the Arauco pulp mill ("Arauco 3") contemplated by the "MAPA" project, a steep fall in prices, the severe forest fire in early 2023 and mill stoppages.

We cannot assure that we will not be subject to further credit rating downgrades. Credit rating downgrades below investment grade could have a material and adverse effect on our ability to service our debt, including our securities, which, in turn, could have a material adverse effect on our business, financial condition and results of operations.

Item 4. Information on our Company

DESCRIPTION OF BUSINESS

Overview

We believe we are one of Latin America's largest forest plantation owners and one of the world's largest producers of market pulp, bleached and unbleached softwood kraft pulp, bleached hardwood kraft pulp, dissolving and fluff pulp, and panels (fiberboard and particleboard) in terms of production capacity. We have industrial operations in Chile, Argentina, Brazil, Mexico, the United States and Canada. We also have industrial operations in Uruguay, through our 50% share in the Montes del Plata joint operation, and in Spain, Portugal, Germany and South Africa, through our 50% share in the Sonae Arauco joint venture. As of December 31, 2023, we owned more than 822 thousand hectares of forest plantations in Chile, Argentina, Brazil and Uruguay combined.

During 2023, (i) we sold 3.8 million metric tons of pulp, in the form of hardwood bleached pulp, softwood bleached pulp, softwood unbleached pulp, fluff pulp, and dissolving pulp; (ii) we sold 7.3 million cubic meters of wood products, including sawn timber (green and kiln-dried lumber), remanufactured wood products, plywood and panels (medium-density fiberboard ("MDF"), particleboard ("PBO"), and high-density fiberboard ("HDF")); and (iii) we harvested 19.5 million cubic meters of sawlogs and pulplogs. Our revenues consist of export sales and domestic sales in the countries where we have industrial operations. During 2023, sales in Asia, North America and South and Central America accounted for 34.2%, 31.7% and 25.6%, respectively, of our total revenue for such year.

As of December 31, 2023, our planted forests consisted of approximately 55.8% radiata, taeda and elliottii pine and approximately 42.0% eucalyptus. We seek to manage our forestry resources sustainably and in a way that ensures that the annual growth of our forests is equal to or greater than the volume of resources we harvest each year. In 2023, we planted a total of 100,615 hectares and harvested a total of 57,782 hectares in Chile, Argentina, Brazil and Uruguay.

We operate our business through two main segments: pulp and wood products, each as described below.

Pulp

Our pulp segment consists of our manufacturing of market pulp, bleached and unbleached softwood kraft pulp, bleached hardwood kraft pulp, dissolving pulp and fluff pulp. Our pulp segment also includes our sales of forestry products (i.e., sawlogs, pulplogs, chips and others) and energy.

We own five pulp mills in Chile, one in Argentina and jointly own one in Uruguay through our Montes del Plata joint operation with Stora Enso. Our aggregate installed annual pulp production capacity (including our 50% share of the Montes del Plata mill's 1.4 million metric ton capacity) is approximately 5.3 million metric tons. During 2023, our pulp mills produced 3.5 million tonnes of bleached pulp and 0.3 million tonnes of unbleached pulp.

During 2023, our sales volume (in tonnes) in Asia and Oceania, Europe, North and South America and others represented approximately 76.8%, 15.8%, 7.3%, and 0.1%, respectively, of our total pulp sales volume for such year. During 2023, our pulp and forestry segment revenues were U.S.$2,686.8 million, representing 44.7% of our total revenues for such year.

Wood Products

Our wood products segment consists of our manufacturing of fiberboard panels, sawn timber, plywood and remanufactured wood products.

During 2023, our wood products sales volume (in cubic meters) in North America, Central and South America, Asia and Oceania, and other countries represented approximately 49.0%, 36.4%, 11.3% and 3.3%, respectively, of our total wood products sales volume for such year. During 2023, our wood products segment revenues were U.S.$3,131.1 million, representing 52.1% of our total revenues for such year, and were comprised of (i) U.S.$2,148.3 million in sales of fiberboard panels and (ii) U.S.$982.9 million in sales of sawn timber, plywood and remanufactured wood products.

Fiberboard Panels

We own and operate fiberboard panels mills in Chile, Argentina, Brazil, the United States, Canada and Mexico. Fiberboard includes MDF, PBO and HDF. As of December 31, 2023 our aggregate installed annual fiberboard panels production capacity was approximately 6.6 million cubic meters, and our production during 2023 was approximately 5.1 million cubic meters.

During 2023, our sales volume (in cubic meters) of particleboard panels and medium-density fiberboard panels represented approximately 48.9% and 51.1% of our total fiberboard panels sales volume, respectively. For the same year, our fiberboard panels sales volume (in cubic meters) in the United States and Canada, Brazil, Mexico, Argentina, Chile and other countries represented approximately 42.8%, 27.8%, 11.6%, 9.8%, 4.6% and 3.4%, respectively, of our total fiberboard panel sales volume for such year.

Sawn Timber, Plywood & Remanufactured Wood Products

We own and operate sawmills in Chile and in Argentina with an aggregate installed annual production capacity of approximately 2.7 million cubic meters of sawn timber. We also own plywood mills with an aggregate installed annual production capacity of approximately 0.7 million cubic meters. Additionally, we own remanufacturing facilities in Chile and in Argentina that reprocess sawn timber into remanufactured wood products such as mouldings and frames. In 2023, we produced 2.9 million cubic meters of sawn timber, plywood and remanufactured wood products.

During 2023, our sawn timber, plywood and remanufactured wood products sales volume (in cubic meters) in the United States, Chile, China, Mexico, South Korea, Vietnam, Japan, Saudi Arabia and others represented approximately 24.9%, 13.6%, 11.3%, 8.2%, 7.7%, 5.2%, 4.4%, 4.3% and 20.2%, respectively, of our total sawn timber and remanufactured wood products sales volume for such year.

HISTORY AND DEVELOPMENT OF THE COMPANY

Celulosa Arauco y Constitución S.A. is a *sociedad anónima* (corporation) organized under the laws of Chile and subject to certain rules applicable to *sociedades anónimas abiertas* (Chilean public corporations). We were formed on September 14, 1979 in a merger between Industrias de Celulosa Arauco S.A., or Industrias Arauco, and Celulosa Constitución S.A., or Celulosa Constitución. Our two predecessor companies were created in the late 1960s and early 1970s by Corporación de Fomento de la Producción, or Corfo, a Chilean government development corporation, to develop forest resources, improve soil quality in former farming areas and promote employment. As part of the Chilean government's privatization program, Corfo sold Industrias Arauco to Compañía de Petróleos de Chile S.A., or Copec, in 1977 and Celulosa Constitución to Copec in 1979. In October 2003, Copec transferred all of its gasoline- and fuel-related business assets to a new subsidiary, Compañía de Petróleos de Chile COPEC S.A. In 2003, Copec changed its legal name to Empresas Copec S.A., or Empresas Copec, while in 2021 Compañía de Petróleos de Chile COPEC S.A. changed its legal name to COPEC S.A. ("COPEC"). See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders."

In 1996, we acquired Alto Paraná S.A., an Argentine company that subsequently changed its name to Arauco Argentina S.A., which, at the time of the acquisition, owned plantations and other land in Argentina and manufactured and sold bleached softwood kraft pulp. With this initial acquisition, we began our expansion outside of Chile.

Between 2005 and 2016, we expanded our presence in Chile, Argentina, Brazil, the United States, Canada and Uruguay through a series of acquisitions described below that increased our land holdings and the production capacity of various sectors of our business.

In 2009, together with a subsidiary of Stora Enso, we acquired the Uruguayan subsidiaries of Grupo Empresarial ENCE, S.A. The main assets of these Uruguayan companies included 130,000 hectares of land, of which 73,000 had forestry plantations, 6,000 hectares under agreements with third parties, an industrial site, the necessary environmental permits for the construction of a pulp mill, a river terminal, a chip producing mill and a nursery.

On September 27, 2009, we entered into a series of joint operation agreements with Stora Enso, which resulted in Stora Enso and us agreeing joint control over a group of companies operating in Uruguay, which comprise the Montes del Plata joint operation ("Montes del Plata").

In 2011, the Montes del Plata joint operation built a state-of-the-art pulp mill with an annual production capacity of 1.3 million tonnes, a port and a power producing unit based on renewable sources, all located in Punta Pereira in the department of Colonia, Uruguay. The Montes del Plata pulp mill entered the production phase in June 2014 and reached full production capacity in October 2015.

In September 2012, we acquired 100% of the shares of Flakeboard Company Limited, ("Flakeboard"), a North American producer of wood paneling for furniture with seven panel mills in Canada and the U.S., with an aggregate annual production capacity of 1.2 million cubic meters of MDF panels, an annual production capacity of 1.2 million cubic meters of PBO, and an annual production capacity of 634,000 cubic meters of melamine.

In May 2015, we acquired 50% of the shares of a Spanish subsidiary of Sonae Industria, named Tableros de Fibras S.A., and changed its name to "Sonae Arauco". We and Sonae Industria jointly control Sonae Arauco. Sonae Arauco and its subsidiaries produce market wood panels of the oriented strand board ("OSB"), MDF and PBO type, and sawn timber through the operation of: (i) two panel mills and one sawmill in Spain; (ii) two panel mills and one resin plant in Portugal; (iii) three panel mills and one impregnation papers plant in Germany, (iv) and two panel mills in South Africa (one of which is currently shut down). The aggregate annual production capacity of Sonae Arauco is approximately 460,000 cubic meters of OSB, 1,450,000 cubic meters of MDF, 2,270,000 cubic meters of particleboards and 100,000 cubic meters of sawn timber.

On October 25, 2016, our Board of Directors approved the "MDP Grayling" project by our U.S. subsidiary Flakeboard America Limited, located in the State of Michigan, United States of America. The project consisted of the construction and operation of a mill dedicated to the manufacture of medium-density particle board. The current production capacity of the mill is 800,000 cubic meters of PBO per year, of which approximately 320,000 cubic meters are coated with melamine paper. The project began operations by April 2019 and required an investment of approximately U.S.$450 million, which was financed with our own resources and bank loans.

On September 13, 2017, our Board of Directors approved a "Dissolving Pulp" project at the Valdivia mill, aiming to diversify the type of pulp produced by enabling dissolving pulp production. This project required an investment of approximately U.S.$200 million. This project was built in the current facilities of the Valdivia mill, implementing certain adjustments and new equipment. The project installed two new additional digesters to optimize the production level of dissolving pulp, a new discharging tank of pulp (storing process) and certain modifications to the treatment areas, among other changes. In addition, the project increased the mill's capacity to inject energy to the Chilean power grid (Sistema Eléctrico Nacional, or SEN) from the current units of the mill. Construction of this project was completed at the end of 2019, and the mill started to produce dissolving pulp in June 2020.

On December 6, 2017, through our Brazilian subsidiary Arauco do Brasil S.A., we acquired from Masisa S.A., or "Masisa", 100% of Masisa do Brasil Ltda., currently named Arauco Indústria de Painéis Ltda. The main assets acquired as a result of the transaction consist of two industrial complexes located in Ponta Grossa (Paraná) and in Montenegro (Rio Grande do Sul). They have a line of MDF boards with an annual installed capacity of 300,000 m3, a line of PBO with a current annual installed capacity of 500,000 m3, and four lines of melamine coating, with a total annual installed capacity of 660,000 m3.

In January 2019, through our subsidiaries Arauco Internacional and AraucoMex, S.A. de C.V., we acquired all the shares of certain of Masisa's Mexican subsidiaries. The main assets acquired were two industrial complexes located in Durango and Zitácuaro, that consist of three PBO lines with an annual installed capacity of 339,000 m3; an MDF line with an annual installed capacity of 220,000 m3; thermally fused laminates ("TFL") lines with an annual installed capacity of 309,000 m3; a chemical plant with an installed capacity of 60,000 tonnes of resins and 60,600 tonnes of formaldehyde; and impregnation lines with an aggregate annual installed capacity of 28.9 million of m2.

On July 24, 2018, our Board of Directors approved the modernization and expansion of the Arauco mill located in the Province of Arauco, Bio Bío Region, Chile (*Proyecto Modernizacion Ampliacion de la Planta Arauco, MAPA*). The MAPA project included the construction and start-up of a new production line of 1,560,000 annual tonnes of bleached hardwood kraft pulp (Arauco 3), with an estimated investment of approximately U.S.$2.85 billion. The MAPA project is expected to increase the net production of the Arauco mill by approximately 1,270,000 tonnes of pulp, reaching Arauco mill a total production capacity of approximately

2,100,000 annual tonnes. The modernization and expansion began in February 2019. Line 1 of the Arauco mill ceased its operations on January 3, 2022, and on January 20, 2023, the production of the first bale of pulp manufactured entirely in Arauco 3 was completed.

On September 1, 2019, our subsidiary Arauco North America, Inc, acquired the shares of Prime-Line, Inc. for a price of approximately U.S.$19.8 million. The main asset acquired consisted of a facility with three fully automated MDF moulding lines with an installed annual capacity of 135,000 m3.

In 2020, Arauco Forest Brasil and Empreendimentos Florestais Santa Cruz sold 33,749 hectares of real estate properties, including 12,544 hectares of planted forest assets.

On May 13, 2021, our subsidiary Forestal Arauco S.A. ("Forestal Arauco") executed a master agreement, by means of which it agreed to sell to Vista Hermosa Inversiones Forestales SpA, a company controlled by BTG Inversiones Forestales Fondo de Inversión, managed by BTG Pactual Chile S.A. Administradora General de Fondos, 461 forest properties that included a total of 80,489 hectares, for a total price of U.S.$385,500,000 net of value added tax. On August 17, 2021, the conditions precedent for the closing of the aforementioned transaction were fulfilled, and we proceeded to transfer 430 properties pursuant to the master agreement, for a total price of U.S.$343,668,299 net of value added tax.

In December 2021 Arauco Forest Brasil S.A. acquired the remaining 20% participation that Stora Enso Amsterdam B.V. had in Arauco Florestal Arapoti S.A. for a price of approximately R$294.5 million (U.S.$52.5 million).

On June 22, 2022, we signed a collaboration agreement with the Government of Mato Grosso do Sul, in Brazil. The foregoing is an important preparatory step that allows us to continue our evaluation of building a new pulp mill. If conditions permit, which would include obtaining all necessary permits and the approval of our Board of Directors, this new mill (Sucuriú Project) would have an estimated production capacity of 2.5 million tons of short fiber pulp and would require an estimated investment of approximately U.S.$3 billion.

On September 27, 2022, our Board of Directors approved the decision adopted by our subsidiary Arauco Industria de México, S.A. de C.V., to carry out the construction of a new production line of MDF with an estimated investment of approximately U.S.$235 million, to be located in our industrial complex in Zitácuaro, Michoacán, Mexico. Upon completion, this project is expected to add approximately 300,000 cubic meters of annual MDF production capacity, of which 150,000 cubic meters would be melamine laminated.

On December 20, 2023, we entered into a share purchase and sale agreement by virtue of which we agreed, together with our subsidiary Inversiones Arauco Internacional Limitada, to sell all of our shares and equity rights held directly in Arauco Florestal Arapoti S.A. and Arauco Forest Brasil S.A., and indirectly in Empreendimentos Florestais Santa Cruz Ltda. and Florestal Vale do Corisco S.A., which hold assets mainly in the state of Paraná, Brazil, to a company specially incorporated for such purpose and appointed by the Brazilian company Klabin S.A. We hold the totality of the shares and rights in such Brazilian forestry companies except for Florestal Vale do Corisco S.A., where we indirectly own only 49% of the shares and rights of such company.

The eucalyptus and pine forest plantations subject to the aforementioned sale occupy approximately 85,000 hectares. Moreover, it should be considered that the sale of shares and social rights does not extend to the industrial assets related to the panel plants in Brazil, nor to other forestry assets located mainly in the state of Mato Grosso do Sul, Brazil, and which relate to an industrial project to build a pulp mill in the future, called the "Sucuriú Project". The total price of the agreed purchase and sale (which is subject to adjustments customary for this type of transactions) is US$1,160,000,000, payable at the transaction closing date. The closing of the transaction is subject to the fulfilment of certain conditions precedent, including the authorization of the Brazilian competition authorities (Administrative Council for Economic Defense or "CADE").

On March 12, 2024, Eufores S.A. and Forestal Cono Sur S.A. (affiliates of Montes del Plata) acquired all the shares and social rights of four companies owned by Global Timber Spain SLU and Global Timer International LLC in Uruguay. The companies acquired are: Taurion S.A., Taurion Asociación Agraria de Responsabilidad Limitada, Monte Fresnos S.A. and Monte Fresnos Asociación Agraria de Responsabilidad

Limitada. These companies jointly own approximately 32,000 hectares in Uruguay, of which approximately 19,000 hectares are planted with eucalyptus.

Our principal executive offices are located at Avenida El Golf 150, 14th Floor, Las Condes, Santiago, Chile, and our telephone number is +56-2-2461-7200. Our website is www.arauco.cl or www.arauco.com. The contents of our website and other websites referred to herein or therein are not part of this annual report. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC (http://www.sec.gov).

ORGANIZATIONAL STRUCTURE

We are substantially wholly-owned by Empresas Copec S.A., a public company listed on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange. Empresas Copec is a holding company, the principal interests of which are in Arauco, gasoline and gas distribution, electricity, fishing and mining. See "Item 7. Major Shareholders and Related Party Transactions—Major Shareholders."

The following table sets forth our ownership interests in our subsidiaries as of December 31, 2023.

	Country of incorporation	Total stock held (%)
Agrícola Ranquillón SpA	Chile	98.6411
Agrícola San Carlos SpA	Chile	99.9484
Agrícola Santa Emilia SpA	Chile	98.9484
Agrícola Santa Isabel SpA	Chile	99.9484
Agrícola Siberia SpA	Chile	98.6411
Agrícola Trupán SpA	Chile	98.6411
Arauco Argentina S.A.	Argentina	99.9801
Arauco Australia Pty Ltd.	Australia	99.9990
Arauco Bioenergía SpA	Chile	99.9990
Arauco Canada Ltd.	Canada	99.9991
Arauco Celulose do Brasil S.A.	Brazil	99.9991
Arauco Colombia S.A.	Colombia	99.9983
Arauco do Brasil S.A.	Brazil	99.9991
Arauco Europe Cooperatief U.A.	The Netherlands	99.9990
Arauco Florestal Arapoti S.A.	Brazil	99.9990
Arauco Forest Brasil S.A.	Brazil	99.9991
Arauco Industria de México S.A. de C.V.	Mexico	99.9991
Arauco Indústria de Painéis S.A.	Brazil	99.9991
Arauco Middle East DMCC	Dubai	99.9990
Arauco MS Participações S.A.	Brazil	99.9990
Arauco North America, Inc.	U.S.A.	99.9991
Arauco Participações Florestais Ltda	Brazil	99.9991
Arauco Perú S.A.	Peru	99.9990
Arauco Pulp Limited	United Kingdom	99.9990
Arauco Ventures Limited	United Kingdom	99.9990
Arauco Wood (China) Company Limited	China	99.9990
Arauco Wood Limited	United Kingdom	99.9991
Araucomex S.A. de C.V.	Mexico	99.9991
Araucomex Servicios S.A. de C.V.	Mexico	99.9991
Consorcio Protección Fitosanitaria Forestal S.A.	Chile	56.8311
E2E SpA	Chile	99.9986
Empreendimentos Florestais Santa Cruz Ltda.	Brazil	99.9991
Forestal Arauco S.A.	Chile	99.9484
Forestal Cholguán S.A.	Chile	98.6411
Inversiones Arauco Internacional Limitada	Chile	99.9990
Investigaciones Forestales Bioforest SpA	Chile	99.9489

Leasing Forestal S.A. (1)	Argentina	99.9801
Lemu Earth SpA	Chile	87.6539
Lemu Global Limited	United Kingdom	94.3783
Lemu Inc.	U.S.A.	94.3783
Maderas Arauco Costa Rica S.A.	Costa Rica	99.9990
Maderas Arauco S.A.	Chile	99.9986
Mahal Empreendimentos e Participações S.A.	Brazil	99.9991
Novo Oeste Gestão de Ativos Florestais S.A.	Brazil	99.9991
Servicios Aéreos Forestales Ltda.	Chile	99.9991
Servicios Logísticos Arauco SpA	Chile	99.9992
Tecverde Engenharia S.A.	Brazil	89.3906
Woodaffix LLC.	U.S.A.	99.9991

(1) Company under ongoing liquidation.

BUSINESS OVERVIEW

Business Strategy

Our strategy consists of focusing on maximizing value and pursuing growth opportunities with respect to our forestland and industrial assets, managing our operations sustainably and developing products that contribute to an economy based on renewable resources that we believe improves the quality of life of millions of people around the world. We seek to implement our strategy through the following principles and initiatives:

- Striving to combine science, technology and innovation to unlock the full potential of our plantations and develop renewable products in our business segments.
- Seeking to manage our operations in an environmentally and socially responsible manner by adopting the best environmental practices and promoting the safety and development of our employees and contractors.
- Creating high quality products and materials for the paper, packaging, furniture, construction and energy industries and providing high quality service to our customers.
- Consolidating and expanding our presence internationally in regions we believe offer comparative advantages in the industry sectors in which we operate.

Domestic and Export Sales

The following table sets forth our revenues derived from exports and domestic sales for the years indicated.

	Year ended December 31,		
	2023	2022	2021
	(in millions of U.S. dollars)		
Export Sales (1)			
Bleached pulp	$ 1,885	$ 1,920	$ 1,819
Unbleached pulp	208	418	320
Dissolving pulp	280	244	305
Sawn timber	355	501	485
Remanufactured wood products	261	405	301
Plywood	254	333	287
Fiberboard panels	369	574	412
Other	5	6	5
Total export revenue	$ 3,617	$ 4,401	$ 3,934

Domestic Sales (2)			
Bleached pulp	$ 176	$ 162	$ 131
Unbleached pulp	4	8	12
Dissolving pulp	0	1	1
Sawn timber	54	84	97
Remanufactured wood products	20	25	28
Plywood	39	45	64
Fiberboard panels	1,779	2,077	1,822
Logs	96	110	82
Chips	-	-	3
Electric power	90	90	87
Other	137	99	89
Total domestic revenue	$ 2,395	$ 2,701	$ 2,416
Revenue	$ 6,012	$ 7,102	$ 6,350

The following table sets forth a geographic market breakdown of our revenues for the years indicated.

	Year ended December 31		
	2023	**2022**	**2021**
	(in millions of U.S. dollars)		
Export Sales (1)			
Asia	$ 2,056	$ 1,976	$ 1,919
North America	840	1,210	919
Europe	400	558	434
Central and South America	211	285	337
Other	110	372	325
Total export revenues	$ 3,617	$ 4,401	$ 3,934
Domestic Sales (2)			
Asia	-	-	-
North America	1,067	1,388	1,137
Europe	-	-	-
Central and South America	1,328	1,313	1,279
Other	-	-	-
Total domestic revenues	$ 2,395	$ 2,701	$ 2,416
Revenue	$ 6,012	$ 7,102	$ 6,350

(1) Export sales are sales in a country different from the country where the goods were produced.
(2) Domestic sales are sales in the same country where the goods were produced.

Forestry Activity

Radiata and taeda pines grow at the fastest rates within a narrow band of latitude and under certain climatic conditions. One of South America's main advantages in the forestry industry is the short growing cycle of its radiata and taeda pine plantations. The fast growth rate of radiata and taeda pine trees allows harvesting of pulplogs and sawlogs approximately 18 years after planting and of high-quality sawlogs approximately 24 years after planting. For most temperate softwood forests in the Northern Hemisphere this range is 18 to 45 years for pulplogs and 50 to 150 years for high quality sawn timber. Consequently, in the countries in which we have pine (Argentina and Chile), the forestry industry is a relatively low-cost producer, since it takes less time and a smaller area to produce the same volume of pine as its North American or European competitors, who face lower forest growth rates and higher transportation and investment costs as a result of the larger tracts of forests necessary to produce equivalent yields of softwood. Accordingly, since the mid-1970s, we have focused our forest management on the application of advanced genetic and silviculture techniques to increase productivity and the quality of our plantations.

Once planted, eucalyptus trees require no further forest management (other than fire control and weed reduction) until harvest. The average harvest cycle of eucalyptus plantations is approximately 7 to 12 years in the countries in which we have eucalyptus forests (Chile, Brazil, Uruguay and Argentina). Once harvested, eucalyptus can be replanted or regrown.

Throughout our history, we have had a continued commitment to the improvement of our forest management policies. We have adopted environmentally sensitive policies towards our holdings of native forests, which are protected and preserved in their entirety. Our products come from our established plantations only; we do not sell any products derived from our native forests. We conduct our forestry operations in accordance with current legislative and environmental sustainability standards. Certain of our subsidiaries have received various environmental certifications as of the date of this annual report. You can find more information about our certifications under the "Sustainability" section of our website (https://www.arauco.cl/en/sostenibilidad/certificaciones/).

Forest Plantations

The information in this section refers to 100% of the plantations we own in Chile through Forestal Arauco, 100% of the plantations we own in Argentina through Arauco Argentina, 50% of the plantations we own in Uruguay through the Montes del Plata joint operation, 100% of the plantations owned in Brazil by Arauco Forest Brasil, 100% of the plantations owned by Arauco Florestal Arapoti, 100% of the plantations owned by Mahal Emprendimentos e Participacoes S.A., 100% of the plantations owned by Novo Oeste Gestao de Ativo Florestais S.A., 100% of plantations owned by Arauco Celulose do Brasil S.A. and 49% of plantations owned by Arauco Forest Brasil in the areas granted in usufruct by Florestal Vale do Corisco, unless otherwise mentioned.

As of December 31, 2023, our planted forests mainly consisted of approximately 55.8% radiata, taeda and elliottii pine and 42.0% eucalyptus. Radiata, taeda and elliottii pine have a rapid growth rate and a short harvest cycle compared to many other commercial softwoods. These pine species are sufficiently versatile for both the production of forestry and timber and the production of long-fiber pulp for sale to manufacturers of paper and packaging. Eucalyptus is used to produce short-fiber pulp for sale to manufacturers of paper and tissue.

We seek to manage our forestry resources seeking to ensure that the annual growth of our forest is equal to or greater than the volume of resources harvested each year. In 2023, we planted a total of 100,615 hectares and harvested a total of 57,782 hectares in Chile, Argentina, Brazil and Uruguay.

Our planted radiata pine forests are located in central and southern Chile, and within close proximity to our major production facilities. As of December 31, 2023, we owned approximately 1.1 million hectares of land in Chile, of which approximately 596 thousand hectares are forest plantations.

As of December 31, 2023, we owned approximately 264,439 hectares of forest and other land in Argentina, approximately 308,485 hectares of forest and other land in Brazil and approximately 138,084 hectares of forest and other land that Montes del Plata owns in Uruguay. Of the total land we own in Uruguay through the Montes del Plata joint operation, 63% is planted with eucalyptus (mainly dunnii with 78%, and other species with 22%).

Of the total land we own in Argentina, Brazil and Uruguay (through Montes del Plata), approximately 139,205 hectares of land are planted with taeda pine and elliottii pine, both species of softwood that have a growth rate similar to that of radiata pine, and 219,214 hectares with eucalyptus. The balance includes plantations of other species of trees, land to be planted, protected areas and native forests.

The following table sets forth the number of hectares and types of uses of our land holdings and rights, as of December 31, 2023.

	As of December 31, 2023	
	Total	**Distribution**
	(in hectares)	**(percentage)**
Pine plantations (1)		

0-5 years	169,176	10%
6-10 years	120,891	7%
11-15 years	116,051	7%
16-20 years	65,732	4%
21+ years	71,820	4%
Subtotal	543,670	31%
Eucalyptus plantations (2)	408,887	23%
Plantations of other species	21,278	1%
Subtotal of plantations	973,835	55%
Land for plantations	141,088	8%
Land for other uses (3)	659,172	37%
Total (4)	1,774,095	100%

(1) All years are calculated from the date of planting.
(2) Approximately 78% of our eucalyptus plantations are less than 10 years old.
(3) Includes roads, firebreaks, native forests and yards.
(4) Includes 100% of the plantations we own in Chile through Forestal Arauco, 100% of the plantations we own in Argentina through Arauco Argentina, 50% of the plantations we own in Uruguay through the Montes del Plata joint operation, 100% of the plantations owned in Brazil by Arauco Forest Brasil, 100% of the plantations owned by Arauco Florestal Arapoti, 100% of the plantations owned by Mahal Empreendimentos e Participacoes S.A., 100% of the plantations owned by Novo Oeste Gestao de Ativo Florestais S.A. and 49% of plantations owned by Arauco Forest Brasil in the areas granted in usufruct by Florestal Vale do Corisco. Also includes 151,581 hectares for which we have the right to harvest but do not own the land, of which 10,737 hectares are in Chile, 174 hectares are in Argentina, 97,724 hectares are in Brazil and 42,945 hectares are in Uruguay.

Land Acquisition and Afforestation

As of December 31, 2023, we owned forest plantations in Chile, Brazil, Argentina, and via our joint operation Montes del Plata, in Uruguay. Our total land assets have increased from fewer than 170,000 hectares in 1980 to 1.8 million hectares as of December 31, 2023. In the five years ending December 31, 2023, we purchased 18,308 hectares of land, all of which were in Chile. For more information regarding our material acquisitions, see “Item 4. Information on our Company—Description of the Business—History”.

We expect to acquire additional land if we have the possibility to do so at a desired price or location. There can be no assurance that we will be able to acquire land at a desired price or in a desired location.

We plan to continue our policy of supplementing our pulplog production with purchases from domestic third parties. We believe that this policy is economically efficient, given the significant quantities of pulplog available from third parties and our increasing proportion of sawlogs yielded from our plantations. We will seek to ensure that the aggregate of our existing plantations, the land that we own which we intend to afforest and the volumes that we purchase from third-parties will be sufficient to satisfy our anticipated future demand for sawlogs and pulplogs.

Forest Management

For our pine plantations, our forestry management activities seek to increase our production of sawlogs through advanced genetic techniques, planting and site preparation procedures, thinning and pruning. Managed forests can produce trees of larger diameter and, if pruned, a higher proportion of clear wood, which generally commands a higher price than knotted wood. Although some land is not suitable for the production of pruned logs, as of December 31, 2023, approximately 44% of our pine forests in Chile were conducive to clear wood production.

For our eucalyptus plantations, our forestry management activities seek to increase the amount of fiber production per hectare through advanced genetic techniques and planting and site preparation procedures. Eucalyptus is more expensive to plant than pine; however, after planting, eucalyptus requires minimal forest management, yields more fiber per hectare and has a shorter growth cycle and greater wood density than pine, resulting in a greater amount of pulp production per hectare.

As of December 31, 2023, we had 20 nurseries in Chile, Argentina, Brazil and Uruguay (through Montes del Plata), in which we grow seedlings using seeds and cuttings from genetically selected trees. To achieve higher quality trees and an increased growth rate, we apply strict selection criteria to the trees from which seedlings are produced. We then plant the seedlings manually or mechanically. Depending upon the species of tree to be planted and the nutrient and physical characteristics of the soil, we may also undertake a certain amount of ground preparation before planting. Our other principal forest activities are thinning, pruning and harvesting.

Thinning, or cutting inferior trees from the plantation, occurs when commercially necessary. Thinned trees are used in pulp production or, depending on the quality of the land, as sawlogs. Commercial thinning occurs when trees are 8 to 14 years old and results in an average reduction of the number of trees per hectare from the original stocking of 1,000 and 1,333, depending on the productivity of the land, to approximately 700 in the first thinning (8 to 9 years) and to approximately 450 in the second thinning (12 to 14 years).

Thinning benefits us for the following reasons:

- the higher number of young trees ensures that they protect each other from different climatic circumstances;
- it leaves only the highest quality trees to be harvested; and
- removing inferior trees contributes to improved forest health.

Pruning involves removing branches, the source of knots, which are the main defect in sawn timber. Pruning results in a high-quality clear wood sawlog of 5.8 meters from each tree, and is conducted three times:

- when trees are five to seven years old,
- one year later, when trees are six to eight years old, and
- one year later, when trees are seven to nine years old.

Our eucalyptus plantations are neither thinned nor pruned.

Harvesting timber involves felling trees, removing branches from the logs, cutting the logs into appropriate sections and loading those logs onto trucks for transport to sawmills, panel mills or pulp mills. We use the lower section of the radiata pine, comprising the first 7 to 12 meters, in sawmills and plywood mills. We use the mid-section of the radiata pine, comprising, on average, the next 8 to 13 meters, in either sawmills or pulp mills, depending on the diameter and quality of the pine. We use the top section of the tree for pulp, MDF and PBO production.

We monitor product demand and our current inventory levels, and we match harvests from sections of our plantations that will provide the optimal yield given our product requirements. This process involves the use of sophisticated research models and close communication between our different operating areas to ensure that the correct amounts of timber of the required characteristics are supplied. We replant as soon as practicable after harvesting, with an average period between harvesting and replanting of one year.

The following table illustrates, on a hectare basis, the extent of our thinning, pruning and harvesting activities in Chile during the periods indicated.

	Year ended December 31,		
	2023	**2022**	**2021**
		(in hectares)	
Thinning	2,421	6,688	3,511

Pruning	21,048	15,029	23,898
Harvesting	30,392	30,005	31,785

We manage our forest activities, but we hire independent contractors to perform many of our operations, including planting, maintenance, thinning, pruning, harvesting, transportation and access road construction. As of December 31, 2023, we had arrangements with more than 174 independent contractors that employed over 10,426 workers in Chile. Many of these contractors have long-standing relationships with us, but we award the contracts based on competitive bids. We manage our forests both internally and via independent contractors. We developed a program aimed to increase the mechanization of our harvesting operations.

Our plantations are interspersed with native forests and farmland, and, as a result, they are naturally protected against the spread of certain pests and diseases. In addition, we have strategies to protect our forests from pest and disease threats. In recent years, radiata pine plantations in Chile have been affected by two main problems: 1) the insect *Sirex noctilio*, a wasp which attacks and kills stressed trees, and 2) the fungus *Fusarium circinatum* which causes plant mortality during the first year after planting. To mitigate the effects of the *Sirex noctilio*, we have implemented a biological control program under which we have released into the affected forests natural enemies of the *Sirex noctilio*, including the *nematode*, the *Deladenus siricidicola* and the *parasitoid Ibalia leucospoide and Megarhyssa nortoni*. To reduce damage by *Fusarium circinatum,* we identified the main sources of the fungus inoculum in the nursery and implemented a new protocol to manage the disease and reduce plant mortality.

We operate an extensive fire control system to minimize fire damage to our forests in Chile. Our fire control system consists primarily of a system of automated spotter towers, cameras and drones from which information regarding direction of any fire observed is sent to a central command post, manned 24 hours a day during the summer months, where the fire's exact location is determined, and an appropriate ground and/or aerial response is formulated. The focus of this operation is to detect the fires as soon as possible and to reach the location in less than 20 minutes in order to prevent fires from spreading. Our resources include, among others, Air Crane and Super Puma helicopters, land and heliborne professional brigades and a Mobile-App designed to provide forestry brigades with the best route to fight fires in the shortest time possible. Also, when feasible, we work in firefighting activities with governmental authorities, other fire control organizations and local communities.

During the 2019-2020 season, approximately 7,431 hectares of our forest plantations were affected by forest fires. This includes approximately 4,703 hectares of forest plantations affected in our Brazilian and Argentine operations. During the 2020-2021 season, considering our plantations in Chile, Argentina, Brazil and 50% of our plantations in Uruguay, approximately 4,145 hectares were affected by forest fires. During the 2021-2022 season, 7,566 hectares of our forest plantations were adversely affected by forest fires.

The estimated fair value of our plantations adversely affected by the forest fires in the 2021-2022 season was approximately U.S.$15.0 million, representing approximately 0.7% of the fair value of our total forest plantations and approximately 0.09% of our total assets, in each case under IFRS Accounting Standards.

During the 2022-2023 forest fire season, approximately 47,000 hectares of our productive forest plantations in Chile were adversely affected by fires that occurred in early 2023 in the regions of Maule, Ñuble, Araucanía, Biobío and Los Ríos due to a combination of multiple irresponsible and/or intentional actions by third parties and extreme unfavorable weather conditions such as high temperatures, low humidity and high winds. As of December 31, 2023, we recognized a forest fire loss of U.S.$17 million, net of insurance compensation, for the fires in Chile, representing approximately 3.2% of the fair value of our total forest plantations and approximately 0.1% of our total assets, in each case under IFRS Accounting Standards.

For more information regarding certain risks to our forests presented by disease and fire, see "Item 3. Key Information—Risk Factors—Risks Relating to the Company—Disease or fires could affect our forests and manufacturing processes and, in turn, adversely affect our business, financial condition, results of operation and cash flows."

Forest Production

We harvested 19.5 million cubic meters of logs during the year ended December 31, 2023, consisting of 8.0 million cubic meters of sawlogs, 6.1 million cubic meters of pine pulplogs and 5.5 million cubic meters of eucalyptus pulplogs and other logs. During 2023, our sawmills and panel mills used 5.8 million cubic meters of sawlogs. We also sold 1.1 million cubic meters of sawlogs to unaffiliated domestic sawmills during 2023.

A log merchandising facility located at the same site as our Horcones I sawmill (Chile) optimizes, cuts and classifies wood destined for our plywood facility, sawmills or pulp mills with an annual processing capacity of 1.0 million cubic meters of logs per year. The Nueva Aldea complex (Chile) also includes a log merchandising facility, with an annual processing capacity of 2.6 million cubic meters of logs per year.

Our forests are subject to various risks, including disease or fires. The forest plantations affected by the fires had insurance coverage, with their corresponding deductibles and limits.

For more information regarding certain risks to our forests presented by disease and fire, see "Item 3. Key Information—Risk Factors—Risks Relating to the Company—Disease or fires could affect our forests and manufacturing processes and, in turn, adversely affect our business, financial condition, results of operation and cash flows."

Pulp

We believe that we were Chile's largest producer of bleached and unbleached softwood market pulp in terms of production in 2023. For the year ended December 31, 2023, our worldwide pulp sales were U.S.$2.6 billion, representing 42.5% of our consolidated revenues for such year.

Pulp obtained from wood fibers is mainly used in the manufacture of printing and writing paper, hygienic and sanitary paper, board and packaging. Whether a specific kind of pulp is suitable for a particular end-use depends not only on the type of wood but also on the process used to transform the wood into pulp. Pulp made from softwoods, such as radiata pine, has long fibers and it is used to provide strength to paper products. Bleached hardwood pulp is used primarily for printing and writing papers and tissue. Unbleached pulp is used primarily for linerboard (a packaging material). Pulp made from hardwoods, such as eucalyptus, has short fibers and is used in combination with long fiber in manufacturing paper products.

We use a chemical process, known as the kraft process, in our pulp mills in Chile, Argentina and Uruguay. The raw material is in the form of pulplogs and chips, which are used in the production process to produce pulp. The pulplogs are first debarked and chipped. The chips are then screened, mixed and cooked with chemicals to separate the bulk of the lignin from the wood fibers. After the material is screened and washed, it is then passed to high-density tanks. For bleached pulp, the next step is a bleaching process using chemicals, primarily chlorine dioxide. At all of our pulp mills, the bleaching process is preceded by an oxygen delignification stage. Then, the fibers are subject to a final stage where a sheet is formed and subsequently dried and baled to be transported to customers. The lignin and bark produced during this process are used as fuel in the boilers to produce steam, providing heat and generating electricity for the mill. Our bleached pulp is bleached to a 90+ brightness level, as measured by the ISO test procedure, which is one of the industry's measurement methods. In the case of dissolving pulp, the process aims to obtain a pulp with a high cellulose content with a specific range of viscosity. The process is similar to the aforementioned kraft process with two additional key stages: (i) a stage before cooking called prehydrolysis, in which steam is used to degrade and remove hemicelluloses from the chips, obtaining a pulp with a high cellulose content, and (ii) an ozone stage in the bleaching sequence that allows for better control of the viscosity of the pulp.

Pulp Mills

As of December 31, 2023, we owned five pulp mills in Chile, one in Argentina, and jointly owned one in Uruguay with Stora Enso, with an aggregate installed annual production capacity of approximately 5.3 million tonnes. This figure includes 50% of the installed annual production capacity of our Montes del Plata joint operation in Uruguay. Our six pulp mills, and the 50% volume from our interest in the Montes del Plata mill, produced 3.5 million tonnes of bleached pulp and 0.3 million tonnes of unbleached pulp in 2023.

All our pulp mills in Chile, Argentina and Uruguay are certified under international standards. You can find more information about our certifications under the “sustainability” section of our website (https://www.arauco.cl/en/sostenibilidad/certificaciones/).

The following table sets out kraft pulp installed capacity and production in thousands of tonnes for each of the years indicated.

			Production				
Mill	**Product**	**Installed Capacity**	**2023**	**2022**	**2021**	**2020**	**2019**
Chile							
Arauco 1[(1)]	BHKP	**-**	-	1	225	240	262
Arauco 2	BSKP	**540**	479	469	486 *	477	496 *
Arauco 3 [(2)]	BHKP	**1,560**	803	-	-	-	-
Nueva Aldea	BHKP	**520**	486	481	515	526	522
Nueva Aldea	BSKP	**520**	486	483	481	502	500
Valdivia [(3)]	DP/BHKP	**550**	296	324	436	543	491
Constitución	UKP	**355**	215	288	309	296	311
Licancel [(4)]	UKP	**160**	87	148	150	123	142
Uruguay							
Montes del Plata [(5)]	BHKP	**720**	719	715	749	710	693
Argentina							
Puerto Esperanza	FLUFF/BSKP	**350**	257	266	298	304	304
Total		**5,275**	**3,828**	**3,175**	**3,649**	**3,721**	**3,721**

(*) Represents bleached and unbleached production volume.
(1) In January 2022, after 50 years in operation, Line 1 of the Arauco mill was permanently shut down as contemplated by the MAPA project and in accordance with the environmental permit.
(2) In our Arauco mill, the new Line 3 started feeding the digester on December 29, 2022. Therefore, production of our Arauco mill is not yet at its full capacity. For more information, see “Item 4. Information on our Company—Description of Business—History.”
(3) In May 26, 2022 a fire broke out in the drying machine of our Valdivia mill which forced us to stop operations until September 2022, when we partially started operations again thanks to a temporary repair. We stopped operations in the mill in April 2023, in order to permanently repair the damaged dryer. In August 2023, the mill started normal operations once again.
(4) Licancel mill indefinitely suspended operations in August 2023.
(5) Considers 50% of Montes del Plata.

The following is a description of each of our pulp mills in Chile, Argentina and Uruguay.

Chile

Arauco Line 2, or “Arauco 2”. Arauco 2 is located at the Arauco mill and was completed in 1991. Arauco 2 produces elementary chlorine-free pulp, which does not use chlorine gas. Elementary chlorine-free pulp is also produced by most of our competitors in each of the world’s major pulp producing regions. This mill includes technological improvements in its production process and environmental design, when compared to other mills that we have had. The installed annual production capacity of Arauco 2 is approximately 540,000 tonnes. Although the mill mainly produces bleached softwood kraft pulp, it could also produce unbleached softwood kraft pulp.

Arauco 3. Arauco 3 is also located in the Arauco mill and produced its first bale of pulp in January 2023. The mill was designed considering an elementary chlorine free bleaching process and seeking to minimize the use of water per tonne, minimizing gaseous and liquid emissions to the environment, and optimizing the use of energy to maximize power energy surplus to national net based in biomass. The installed annual production capacity of Arauco 3 is approximately 1,560,000 annual tonnes of bleached hardwood kraft pulp.

Constitución Mill. The Constitución mill is located in the Maule Region, Chile, and has an installed annual production capacity of approximately 355,000 tons, which we believe ranks it among the largest unbleached softwood market pulp mill in the world. The unbleached pulp produced in this mill does not use any chlorine in its production process.

Licancel Mill. We acquired the Licancel mill in September 1999. It is located in the Maule Region, in Licantén, which is 250 kilometers south of Santiago. Investments made during 2018 increased the mill's installed annual production capacity from approximately 155,000 tonnes to 160,000 tonnes of unbleached softwood kraft pulp. For the second time in 2023, the Licancel mill had to stop its operations completely on August 21, 2023 as a result of the overflow of the Mataquito River caused by the severe weather conditions that affected the central-southern zone of Chile. Following a thorough analysis of the consequences and damages resulting from such event, and as result of the same, together with the extreme climatic variability, consecutive floods of the Mataquito River during the winter of 2023, extreme periods of drought leading to repeated shutdowns in previous summers, high-impact forest fires that have significantly reduced the availability of wood at an industrial level, in addition to the years of operation of the main equipment, on September 12, 2023 we took the decision to indefinitely suspend the pulp manufacturing process at the Licancel mill.

Valdivia Mill. The Valdivia mill commenced operations in February 2004. The Valdivia mill is located in the Los Ríos Region of Chile, an area with significant radiata pine and eucalyptus plantations. The Valdivia mill has an installed annual production capacity of approximately 550,000 tonnes of bleached hardwood pulp. The Valdivia mill is equipped to produce elementary chlorine-free pulp. In June 2020, we completed the "Dissolving Pulp Project" that allowed the Valdivia mill to produce dissolving pulp, and also to switch back to producing paper-grade bleached hardwood pulp when required. See "Item 4. Information on our Company—Description of Business—History" for further information on the Valdivia mill.

Nueva Aldea Mill. Located in the Ñuble Region of Chile, this mill was completed in 2006, and after certain investments made during 2018, it increased its production capacity from 1,027,000 tonnes per year to 1,040,000 tonnes per year, half of which is dedicated to the production of bleached softwood kraft pulp and the other half of which is dedicated to the production of bleached hardwood kraft pulp. The Nueva Aldea mill is equipped to produce elementary chlorine-free pulp.

Argentina

Puerto Esperanza Mill. Arauco Argentina's softwood pulp mill is located in the Province of Misiones. The mill has an installed annual production capacity of 350,000 tonnes of pulp, consisting of fluff pulp and bleached softwood pulp.

Uruguay

Montes del Plata. Located in Punta Pereira in the department of Colonia, Uruguay, the Montes del Plata pulp mill began operations in June 2014. The total investment was approximately U.S.$2.7 billion. The mill had an annual installed capacity of 1.4 million air dry tonnes of bleached pulp.

On December 2017, the environmental authorities of Uruguay (Ministry of Environment) approved an increase in the annual production capacity. Between 2017 and 2020 we made some operational improvements that led to an increase in the annual capacity of this mill, which together with high levels of efficiency during the year 2021 allowed it to reach a production of approximately 1.5 million tonnes. Of this total annual capacity, we own 50% due to our joint operation with Stora Enso.

Cash Cost of Bleached Softwood Kraft Pulp Delivered to China

Based on information published by Hawkins Wright Ltd., we believe that in 2023 our total delivered cash cost for bleached softwood kraft pulp produced in Chile and delivered to China was lower than the average total delivered cash cost for bleached softwood kraft pulp produced in certain other regions of the world and delivered to China, mainly due to lower wood and labor costs, as well as lower transportation costs from Chile to China.

The following table sets forth (i) our cash costs for bleached softwood kraft pulp produced by Arauco in Chile and delivered to China and (ii) based on information published by Hawkins Wright Ltd., estimated average cash costs for bleached softwood kraft pulp produced in the regions specified below and delivered to China.

	Cash Production Costs of Bleached Softwood Kraft Pulp Delivered to China					
	Arauco[1]	**British Columbia Coast**	**West Canada Interior**	**United States**	**Sweden**	**Finland**
	(in U.S.$ per tonne)					
Wood	234	284	271	206	344	358
Chemicals	87	70	74	92	89	79
Labor and other cash costs[2]	188	231	237	215	160	122
Operating costs	508	585	583	514	593	559
Transportation[3]	48	70	111	82	54	49
Marketing and sales	4	21	14	15	7	8
Total delivered cash cost	560	676	707	610	654	616

Source: Arauco and Hawkins Wright Ltd. ("The Outlook for Market Pulp Demand, Supply, Costs and Prices", December 2023)

(1) Includes cash costs only for Arauco's bleached softwood kraft pulp produced in Chile and delivered to China.
(2) Other cash costs include energy, maintenance costs and other mill costs.
(3) Includes transportation cost only for bleached softwood kraft pulp delivered to China (and not other markets).

Sales

Estimated installed bleached kraft pulp capacity worldwide for the year ended December 31, 2023 was 70.6 million tonnes according to Hawkins Wright Ltd. We believe that our production capacity represented approximately 5.1% of the worldwide market for bleached kraft pulp in 2023. During the same year, we exported 97.5% of our bleached pulp (in terms of tonnes sold), mainly to customers in Asia and Western Europe.

Unbleached softwood pulp is mainly produced by integrated manufacturers, and there are a few companies that sell market pulp like us. "Market pulp" is pulp sold to manufacturers of paper products, as opposed to pulp produced by an integrated paper producer for use in its own paper production facilities. With a worldwide installed capacity of unbleached softwood kraft pulp of 3.6 million tonnes for 2023, according to Hawkins Wright Ltd., we are the world's largest single producer of unbleached softwood market pulp in terms of production capacity, with approximately 15.3% of the total market in 2023. During the same year, 98.2% of our total unbleached market pulp sales (in terms of tonnes sold) consisted of export sales. While for the last eight years Asia has been our principal export market for unbleached market pulp, we continually seek niche markets for our products in Western Europe and the United States.

The following table sets forth, by region, our sales volume to unaffiliated third parties of bleached and unbleached pulp for the years indicated.

	For the Year Ended December 31,		
	2023	**2022**	**2021**
	(in tonnes)		
Bleached Pulp			
Asia and Oceania	2,670,497	1,855,033	2,171,688
Europe	562,051	603,076	581,507
North and South America	273,773	227,863	347,988
Other	350	272	745
Total	3,506,672	2,686,244	3,101,928
Unbleached Pulp			
Asia and Oceania	259,357	412,291	356,217

North and South America	3,726	3,776	76,710
Europe	40,649	69,390	1,164
Other	2,398	3,069	2,646
Total	306,130	488,526	436,737

While there are many grades and varieties, pulp is considered a commodity that is marketed primarily based on price, quality and logistical service. In marketing our pulp, we seek to establish long-term relationships with end users of pulp by providing a competitively priced, high-quality, consistent product and excellent service. The quality of our pulp derives from the high standards of production that we maintain at our mills and our use of a single species of tree, in contrast to pulp producers in some of the world's major softwood pulp producing regions that mix different species, depending on availability and seasonality. Our bleached pulp is marketed under the brand names "Arauco" and "Arauco Argentina" and our unbleached pulp is marketed under the brand name "Celco." Our dissolving pulp is marketed under the brand name "Arauco Create". Our 50% share of the pulp produced from Montes del Plata is marketed under the brand name "Arauco." Our forestry products are mainly sawlogs, pulplogs, chips and others. As a result of our forest management policies and the increasing maturity of our plantations, our plantations are yielding increasing volumes of forestry products, particularly clear wood. As the volume of clear wood has grown, we have broadened our range of forestry products.

Prices for bleached kraft market pulp produced from radiata pine and eucalyptus normally fluctuate depending on prevailing world prices, which historically have been cyclical. The fluctuations generally depend on worldwide demand, world production capacity, business strategies adopted by major forestry, pulp and paper producers, the availability of substitutes and the relative strength of the U.S. dollar. Prices for dissolving pulp normally fluctuate depending on similar variables as those that affect bleached kraft pulp, such as worldwide demand for, and world production capacity of, dissolving pulp. Additionally, dissolving pulp prices depend on dynamics caused by the price difference between paper-grade pulp and dissolving pulp mainly due to the fact that a significant portion of the worldwide dissolving pulp production capacity comes from mills which also have the capacity to switch from producing paper-grade pulp to dissolving pulp, and vice versa. See "Item 5. Operating and Financial Review and Prospects—Management's Discussion and Analysis of Financial Conditions, Results of Operations and Cash Flows—Overview" and "—Pulp Prices" and "Item 3. Key Information—Risk Factors—Risks Relating to the Company—Fluctuations in market price for our products could adversely affect our financial condition, results of operations and cash flows."

The following table sets forth our average bleached and unbleached pulp prices per tonne for each quarter, of the years indicated.

	2023	**2022**	**2021**
		(U.S.$ per tonne)	
Bleached Pulp[1]			
1Q	850	741	608
2Q	664	843	787
3Q	601	919	802
4Q	651	919	747
Unbleached Pulp			
1Q	720	778	665
2Q	642	874	829
3Q	635	896	824
4Q	689	860	781

(1) Includes bleached kraft pulp and dissolving pulp.

In accordance with customary pulp market practice, we do not have long-term sales contracts with our customers (except for a few limited cases); rather, we maintain long-standing relationships with our customers with whom we periodically reach agreements on specific volumes and prices. We have a diversified customer base located throughout the world and totaling, as of December 31, 2023, more than 297 customers. As of December 31, 2023, we employed 8 sales agents to represent us in more than 40 countries. We manage this worldwide sales network from our headquarters in Chile.

Additionally, and as part of the business activities contained within our pulp business segment, we sell certain forestry products to third parties. The following table sets forth, by category, forestry product sales to unaffiliated third parties for each of the years indicated.

	Year ended December 31,				
	2023	2022	2021	2020	2019
	(in thousands of cubic meters)				
Sawlogs	1,066	1,263	1,431	1,221	1,815
Pulplogs	1,068	1,319	1,242	936	762
Chips	-	-	34	322	361
Others	1,945	1,281	1,773	2,464	1,229

Energy

We utilize renewable fuels such as forest biomass sub-products in power plants that cogenerate the steam and electricity required for our manufacturing operations, thus reducing greenhouse emissions. Biomass co-generation allows for high thermal efficiency, approaching 80% in some cases. In addition to meeting our energy needs, we generate a significant amount of surplus power in Chile delivered to the SEN, distributing electrical power throughout Chile´s central and southern regions. In Uruguay, biomass sub-products from the Montes del Plata pulp mill also cogenerate the steam and electricity to meet our energy needs, and surplus power is delivered to the Uruguayan power grid.

The following table sets forth, by country and mill, our energy producing facilities and their annual installed capacities, maximum generation, average consumption and surplus power as of December 31, 2023:

Country/Mill	Installed Capacity (MW)	Maximum Generation (MW)	Average Consumption (MW)	Surplus power delivered to Power Grid (MW)
Chile:				
Arauco	425	328	162	166
Constitución	40	30	22	8
Cholguán	29	28	15	13
Licancel[(1)]	29	20	14	6
Valdivia	140	115	54	61
Horcones (gas/diesel)	24	24	-	24
Nueva Aldea I	30	28	14	14
Nueva Aldea II (diesel)	10	10	-	10
Nueva Aldea III	136	100	63	37
Bioenergía Viñales	41	41	9	32
Total Chile	904	724	353	371
Uruguay:				
Montes del Plata [(2)]	91	91	41	50
Total Uruguay	91	91	41	50
Argentina:				
Piray	38	30	16	15
Puerto Esperanza	44	44	44	-
Total Argentina	82	74	60	15
Brazil:				
Jaguariaíva solar plant	1	1	1	-
Total Brazil	1	1	1	-
Total	1,078	890	455	436

(1) Licancel mill indefinitely suspended operations in August 2023.
(2) Considers 50% of our Montes del Plata joint operation.

As of December 31, 2023, we had registered five co-generation power plants in Chile as greenhouse emission reduction project activities under the Clean Development Mechanism (CDM) of the Kyoto Protocol. Three of them were registered in 2006 (Trupán, Nueva Aldea (first phase) and Nueva Aldea (second phase)); a fourth plant was registered in 2009 (the Valdivia biomass power plant); and the fifth one was registered in 2011 (the Horcones power plant expansion project). These power plants generate electricity through forestry biomass (forestry and wood industrial sub-products, including the wood pulp by-product called "black liquor"). This renewable carbon-neutral fuel allows the facilities to decrease their reliance on fossil-fuel intensive grid electricity.

We were the first Chilean forestry company to issue Certificates of Emission Reductions (CERs or carbon credits) under the CDM of the Kyoto Protocol. Between 2007 and 2023, we had contributed 7.92% of total carbon credits in the energy generation from residual biomass projects portfolio registered worldwide in accordance with the CDM standard. This portfolio of initiatives represents a net issuance of 4.5 million CERs under our CDM projects.

In 2023, no certificates issued under the CDM were sold, as there was no stock available.

The following table shows the volumes of certificates issued under the CDM and sold in each of the years indicated:

	Year ended December 31				
	2023	**2022**	**2021**	**2020**	**2019**
			(in thousands)		
CERs issued (net of the commission paid to United Nations Framework Convention on Climate Change, or "UNFCCC")	-	-	139.0	75.0	109.8
CERs sold or donated	-	267.7	1,050.0	113.2	-

Wood Products

We produce panels (fiberboard and particleboard), sawn timber (green, kiln-dried lumber and flitches), remanufactured wood products and plywood. For the year ended December 31, 2023, our sales of wood products totaled U.S.$3.1 billion, representing 52.1% of our consolidated revenues for such year. We sell our wood products primarily to customers in North America, Central and South America and Asia and Oceania.

The following table sets forth our wood products sales to unaffiliated third parties for each of the years indicated.

	Year ended December 31,				
	2023	**2022**	**2021**	**2020**	**2019**
			(in thousands of cubic meters)		
Panels (fiberboard and particleboard)	4,933	5,465	6,127	5,650	5,908
Sawn timber	1,534	1,650	1,803	1,726	1,811
Remanufactured wood products	352	458	447	424	443
Plywood	474	529	551	505	494
Total	7,293	8,102	8,928	8,305	8,656

As of December 31, 2023, we owned and operated two panel mills, six sawmills and two plywood mills in Chile; two panel mills and one sawmill in Argentina; four panel mills in Brazil; two panel mills in Mexico, five panel mills in the United States and two panel mills in Canada. Our total installed annual production capacity of fiberboard panels and plywood as of December 31, 2023 was approximately 7.3 million cubic meters. We operate our sawmills in coordination with our forestry and sales operations, since our sawn timber is generally produced in accordance with customer specifications.

As of December 31, 2023, we also owned five remanufacturing facilities, four in Chile and one in Argentina. These facilities produced 546 thousand cubic meters of remanufactured wood products in 2023. See "Item 4. Information on our Company—Description of Business—History." for a description of acquisitions that have resulted in the consolidation of our wood products business in Chile, North America, Argentina, Brazil and Mexico.

Our wood products mills are certified under international standards. You can find more information about our certifications under the "sustainability" section of our website (https://www.arauco.cl/en/sostenibilidad/certificaciones/).

The following tables set our installed capacity for Solid Wood (sawn timber, remanufactured wood products and plywood), and Panels (fiberboard panels) in thousands of cubic meters as of December 31, 2023.

Solid Wood

Countries	Mills	Sawn Timber	Kiln-dried Lumber (*)	Remanufactured (*)	Laminated Beams (*)	CLT (*) (2)	Plywood
	Horcones I	484	362	148	-	-	-
	Horcones II (3)	-	-	-	-	-	-
	Valdivia	464	336	96	-	-	-
	Nueva Aldea	431	351	-	-	-	-
Chile	Nueva Aldea	-	-	-	-	-	360
	Viñales	377	358	110	-	-	-
	Cholguán	317	273	125	21	7	-
	Colorado	325	175	-	-	-	-
	Arauco	-	-	-	-	-	350
Sub-Total		**2,398**	**1,855**	**479**	**21**	**7**	**710**
Argentina	Piray	318	308	67	-	-	-
Sub-Total		**318**	**308**	**67**	**-**	**-**	**-**
Spain (1)	Cuellar	35	-	-	-	-	-
Sub-Total		**35**	**-**	**-**	**-**	**-**	**-**
Total		**2,751**	**2,163**	**546**	**21**	**7**	**710**

(*) Sub Processes from Sawn Timber.
(1) Considers 50% of our Joint Venture Sonae Arauco.
(2) Cross Laminated Timber.
(3) In July 2023, Horcones II Sawmill in Chile indefinitely suspended its operations.

Panels

Countries	Mills	Products	Panels	Melamine Laminated (*)	Mouldings (*)
Chile	Trupán	MDF	500	40	240
	Teno	PBO	340	350	-
Sub-Total			**840**	**390**	**240**
Brazil	Jaguariaiva	MDF	780	780	-
	Ponta Grossa	MDF	300	330	-
	Piên	MDF	440	-	-
	Montenegro	PBO	450	-	-
Sub-Total			**1,970**	**1,110**	**-**
United States	Grayling	PBO	800	320	-
	Carolina	PBO	580	280	-
	Malvern	MDF	310	-	98
	Moncure	MDF	285	23	82
	Duraflake	PBO	250	92	-
Sub-Total			**2,225**	**715**	**180**
Argentina	Piray	MDF	300	168	-
	Zárate	PBO	260	220	-
Sub-Total			**560**	**388**	**-**
Mexico	Durango	MDF	250	172	
	Durango	PBO	155		
	Zitácuaro (1)	PBO	160	107	-
Sub-Total			**565**	**279**	**-**
Canada	Sault Sainte Marie	MDF	310	115	-
	St. Stephen	MDF	110	-	-
Sub-Total			**420**	**115**	**-**
Germany (2)	Nettgau	PBO	325	124	
	Nettgau	OSB	230		
	Beeskow	PBO	200	66	-
	Beeskow	MDF	175	-	-
	Meppen	MDF	155		
Sub-Total			**1,085**	**190**	**-**
Portugal (2)	Oliveira	PBO	225	142	-
	Mangualde	MDF	180	-	-
Sub-Total			**405**	**142**	**-**
South Africa (2)	White River	PBO	150	-	-
	Panbult (3)	PBO	76	-	-
	White River	MDF	35	120	-
Sub-Total			**261**	**120**	**-**
Spain (2)	Linares	PBO	215	105	-
	Valladolid	MDF	70	9	-
Sub-Total			**285**	**114**	**-**
Total			**8,616**	**3,561**	**420**

(*) Sub Processes from Panels.
(1) New MDF line approved for construction in 2023. For more information, see “Item 4. Information on our Company—Description of Business—History.”
(2) Considers 50% of our joint venture Sonae Arauco.
(3) Currently shut down.

Sustainability

Sustainability Strategy

We are committed to promoting an economy based on renewable resources and to developing products that improve the lives of millions of people around the world as a result of our sustainable management of renewable assets. We aim to maximize the value of our forestry assets through growth based on generating economies of scale and competitive advantages that are sustainable over time. Through science, technology and innovation, we seek to unlock the full value of our plantations in accordance with rigorous management standards to ensure constant improvement in our environmental performance in a manner that promotes the health, safety and development of our personnel and neighboring communities.

Persons of Excellence

A key part of our sustainability strategy is having people of excellence, because they provide us with a distinctive organizational culture that enables us to embrace future challenges and achieve results sustainably. We focus on attracting, training and retaining a talented and inclusive team of persons who share our values to place the safety of people first, to respect and protect the environment and local communities we depend on, to value teamwork and the ability to reconcile different points of view to achieve a common objective, and to question the present and challenge the future and innovate.

Diversity, Equality, and Inclusion

We have highly qualified, diverse, and motivated people who share our corporate values, culture and strategic objectives, and we do not unfairly discriminate based on gender, ethnicity, beliefs, appearances, or any other reason.

We recognize people for their individuality and diversity. We believe that each person's contribution is unique, and teams are enriched by integrating different perspectives and abilities. We consider inclusion and diversity as fundamental aspects for achieving the present and future challenges of the Company.

Arauco offers employment opportunities regardless of race, color, religion, country of origin, disability or genetic information, in compliance with applicable law. We are committed to complying with the Disability Act in each of the countries in which we have presence, and to taking all necessary actions to ensure equal employment opportunities for individuals with the appropriate skills who have a specific disability.

Since 2021, we have sought to improve the gender diversity of our work force through a diagnosis of the situation in the organization according to different thematic axes, such as recruitment and selection; training and organizational development; compensation and remuneration; infrastructure; work-life balance, personal and family life, and harassment protocols.

- As of December 31, 2023, 14.7% of our workers were women.

- In 2023, to strengthen our Talent Attraction and People Selection policy, we thoroughly reviewed the different stages involved in the selection process, ensuring they incorporate a gender perspective and the inclusion of people with disabilities. As a result, we have implemented new practices, such as having a final shortlist of candidates for positions that includes women and a data dashboard to enable the tracking of diversity, equity, and inclusion-related goals.

- Regarding community work, we continue to maintain and coordinate our efforts with various local universities and institutes with the goal of attracting talent and promoting diversity, equity, and inclusion.

- We developed strategic agreements with organizations specialized in inclusion, allowing us to have their expert technical support, enhance our recruitment, our employer brand, and develop mutual collaboration.

- We developed campaigns showcasing stories of successful women in our industry, in addition to ensure that our communications, in terms of images and language, are inclusive.

Occupational Health and Safety

We believe that our people represent the heart of our Company. Accordingly, the safety and health of our employees and collaborators are our highest priority. Our risk management model promotes a safety culture based on the value of people and teamwork and is designed to foster conditions for work that is both safe and productive. Our employees are affirmatively encouraged to be part of safety teams and assume prominent roles not only in their own safety but also in the safety of others.

We strive to ensure sanitary and healthy workplace conditions for our workers to enhance their high performance at work and promote illness-free operations. Prevention of occupational diseases lies in the proper implementation of two key processes. The first is environmental surveillance, focused on identification, evaluation and control of risks that our workers might be exposed to. The second is medical surveillance, focused on prevention and early detection of illnesses in subclinical or pre-symptomatic phases, so we can adopt the necessary measures to mitigate or reverse the progress of any such illness.

Initiatives to enhance the health and safety of our personnel include the following:

- Our "Together for a better life" model, which is based on best practices and three guiding principles: empowered workers, safety teams and work well done. Within this model, complementary practices are developed to help drive cultural change, correct behaviors, generate learning, and promote the role of team leaders in terms of safety.

- To achieve a job well done, we are focusing on guiding teams to properly identify risks and define effective barriers to prevent accidents before starting their activities.

- Furthermore, we continue to strengthen those practices that have proven to be effective: the safe team, the corporate ABC, 123 practices, the 5 key rules, and the ongoing work to comply with our corporate standards.

- The "ABC PRACTICE" implemented in 2019 is designed to create the habit of identifying potentially unsafe behaviors or conditions that precede incidents. Workers are evaluated each day with an A, B, or C letter according to the actions they took to correct the behaviors or conditions detected during their shift or activity.

- The "123 PRACTICE" consists of three steps activated when a high-potential incident occurs. Step 1: investigation of the incident to determine root causes. Step 2: communicate the root causes and control measures to the peer areas of other plants or forest units. Step 3: communicate the learnings to workers at all levels through the "Learning Card."

- To strengthen the role of leaders, the pulp and wood products businesses have developed practices of visible leadership. In timber, during 2022, visible leadership practices were homogenized, and a global practice called Cascading was implemented. On the other hand, in pulp, the Safe Align program was implemented in 2018, providing leadership tools to anyone who leads a work team or has influence in team management.

- The cultural change committees continue to manage the work points that are relevant to the specific issues of each locality. These committees have been evolving and increasingly including service companies that play a leading role in achieving our safety goals. In these committees, the influential role of leaders in each locality has been key to managing in a timely manner the issues raised by the safe teams.

- We train our workers to understand the risks they may be exposed to as well as measures available to mitigate the risk of occupational illness. Our workers potentially exposed to risk of occupational illness are required to have periodic medical examinations, and workers who work at heights, in confined spaces or operate mobile equipment are required to have periodic medical examinations to determine their fitness to perform such tasks.

- Promoting the health of our employees and preventing the occurrence of occupational diseases is a key task for us. With this goal, we implement two key stages in Occupational Health at all its facilities: environmental surveillance, which consists of identifying, evaluating, and controlling the risks to which workers may be exposed; and on the other hand, medical surveillance, to prevent or detect a disease in the subclinical or presymptomatic phase, in order to take appropriate measures to reverse its effects or delay its progress.

- Thus, employees with a certain level of risk are medically evaluated to determine if their health is suitable to perform safely and then, are periodically monitored. To facilitate access to medical care, all our facilities have first aid rooms (FAR) or clinics. These are staffed by duly trained health personnel, such as nurses, nursing technicians, and doctors.

- We have programs to protect our workers from high levels of noise and to provide respiratory protection, as well as an ergonomics program and vaccination control.

- Since 2020, we have implemented a COVID-19 contingency plan aimed at reducing health and safety risks for our employees.

Community and Social Development

We seek to be a virtuous actor in the communities we are a part of and an active agent in their economic and social development. We are committed to the United Nations’ Sustainable Development Goals and believe that the development and wellbeing of our local communities is essential to the sustainability of our business. Through a model of dialogue and participation, we engage actively with local communities and implement a range of social and community programs that promote collaboration and common interests including, among others, the following:

- For over thirty years our Educational Foundation (Fundación Educacional Arauco) in Chile has contributed to the widespread improvement of the quality of local education by strengthening the core competencies and teaching skills of school principals and teachers in hundreds of schools serving thousands of young students.

- Our Water Supply Challenge (Desafío Agua) program in Chile promotes improved community hygiene and sanitation by providing equipment and infrastructure to rural communities and schools to improve their access to reliable sources of clean water for human consumption.

- We promote access to affordable housing through our Housing Program (Programa Vivienda) in Chile by counseling our employees, suppliers and their families in applying for public housing subsidies and by assisting them in finding and evaluating adequate housing. Since its inception, this program has supported the construction of more than 1,750 new housing units to the program’s beneficiaries.

- Our Environmental Education Program (Educación Ambiental Arauco) focuses on schools in communities in Brazil and Argentina, where we have presence and promotes values, knowledge and awareness regarding the importance of environmental conservation and sustainable forestry practices.

- Our Program of Forest Gatherers has positively impacted more than 300 gatherers of non-wood forestry products in 20 municipalities located in five Chilean regions. The program seeks to encourage and promote the professionalization of such activity as a sustainable and responsible activity.

- Our Program Green Club in Argentina promotes environmental care from an early age through activities carried out together with schools, municipalities and boys and girls in primary education. During 2023 we carried out more than 100 workshops in 35 primary institutions with 1,674 boys and girls.

- The Continuous Teacher Training Program is committed to improving the Basic Education Development Index (IDEB) in the grades of primary school in the main municipalities where Arauco operates in Brazil. During 2023, 1,989 teachers participated in our training programs and 20,000 teachers have participated since 2006.

- Viral diseases such as COVID-19, dengue, and others can become a community health problem, so prevention is crucial. With The Tent Care Plus Program in Argentina, in partnership with health services, we promote coronavirus vaccination and encourage compliance with school vaccination schedules. Additionally, we provide sanitary kits, masks, and hand sanitizer. During 2023 we visited five locations in the northern province of Misiones and 3,131 people were reached.

Responsible Management of our Forestry and Other Renewable Assets

We base our business on the production and management of renewable forest resources and taking care of the environment and our natural resources is very important. The planning of our forest cycle is complemental and consistent with our operational activities, selling wood products and supplying our industrial mills.

Carbon Footprint

In 2020, in accordance with our first certification, we believe we became the first forestry company to become carbon neutral regarding our carbon captures and footprint of 2018. This means that, at a global level, our carbon dioxide captures exceed our emissions. This achievement is sustained by two complementary paths: efficiencies at an operational level that allow us to reduce greenhouse gas emissions, and at the same time, an increase in $CO2$ captured by the native forest, forest plantations, and carbon stored in our pulp and wood products. This achievement builds on the path we set for ourselves almost three decades ago, when we elected to integrate clean and renewable energy from biomass into our production processes, thus contributing to the much needed decarbonization of the Chile's energy grid.

An independent international audit firm assisted us in the development of a neutrality protocol which was applied to verify our global operation—and that other companies and industries can also use—considering all of our businesses for the year 2020. In this context, we achieved neutrality by generating a net surplus of 7,177,644 tons of CO2e captured.

In addition to this important commitment, we announced in 2019 (as part of the United Nations Climate Summit held in New York) our adherence to the Science Based Targets, a global initiative that calls on companies to adopt a science-based emissions reduction trajectory to limit the global warming, in alignment with the Paris Agreement.

Furthermore, in September 2020, we decided to join a new global commitment: "Race to Zero", a global campaign towards COP26 that mobilizes the leadership and support of businesses, cities, regions, universities, and investors for a healthy, resilient, and fair recovery. Carbon neutrality is a central aspect of this initiative, which aims to create jobs, drive inclusive and sustainable growth, and reduce the risk of future shocks from climate change.

The Science Based Targets initiative (SBTi), which aims to engage companies in reducing their greenhouse gas ("GHG") emissions and thus reduce their impact on the environment - analyzed and validated the commitments made by Arauco.

While we have been certified as carbon neutral since 2020, being the first in our industry globally to achieve such certification, we intend to take our commitment one step further, pledging to reduce our emissions by approximately 1.5 million tons of CO_2 by 2030.

Specifically, we have pledged to reduce scope 1 and 2 GHG emissions 40.6% per bone dry ton by 2030 from a 2019 base year, equivalent to 40.4% absolute reduction. We also have pledged to reduce scope 3 GHG emissions covering purchased goods and services, capital goods, fuel and energy related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting and end of life treatment of sold products 35.1% per bone dry ton within the same timeframe. We further intend that 95.46% of our suppliers and customers by emissions covering investments will have science-based targets by 2027.

To continue to move forward with greenhouse gas emission reductions, we will strive to produce more clean and renewable energy, replace fossil fuels that have a high carbon footprint; incentivize suppliers to reduce their own carbon footprint; and continue to increase the reuse of byproducts from industrial processes, among other initiatives.

Preservation of Native Forests

A part of our forestry assets consists of native forests, and we are committed to their preservation and restoration. We manage our native forests in accordance with scientific research and conservation strategies developed in close collaboration with governmental authorities, local communities and environmental organizations. We manage some of our native forests as parks open to the public and others as High Conservation Value Areas ("HCVA") or strictly protected areas.

Our native forest preservation and restoration program includes the restoration of 25,000 hectares of native forest in Latin America by 2050 and expanding the protection of watercourses, where we have made advancements in more than 12,100 hectares since 2012.

Special Protected Areas

In addition to native forests, our forestry assets also include approximately 135 thousand hectares of sites of such special environmental, social and cultural significance that have been designated as HCVAs. We consult actively with local communities and specialists in order to identify HCVAs of particular social significance. Our designation allows these sites to be specifically identified, maintained and improved in a manner that enhances their biological, ecosystemic and cultural attributes.

Monitoring Biodiversity and Protecting Ecosystems

We believe that forests are more than wood and fiber. They are a critical part of a larger ecosystem which we try to protect, maintain and enhance. One of the main challenges of our business is to maintain and enhance biodiversity in our forests. To do so, we apply a Biodiversity and Ecosystem Services Policy (which was updated during 2023) that emphasizes constant assessment and management of the effects of our operations on biodiversity and other ecosystems. We make a constant effort to conduct research programs to identify biodiversity elements (species, ecosystems, wetlands, etc.) and to prepare management protocols and monitoring plans emphasizing threat control. Many of the most significant areas in terms of biodiversity are designated as HCVAs. In addition, in November 2022, as part of our participation in COP ("Convention of the Parties") 27, we announced the measurement of our natural capital with the goal of becoming Natural Positive. To achieve this goal the Company is working with Economics of the Environment (EFTEC), based on an international standard measurement that will be applied for the first time in Chile, in a pilot project that will allow measuring and monitoring Arauco´s relationship with nature.

Management of Water Resources

Water is an essential element for the life of plants, animals and humans. That is why the increase in consumption in a context of climate change has generated growing awareness of the importance of managing water in a sustainable manner. Its decreasing availability has imposed on us the challenge to improve water management, infrastructure and uses, aiming to guarantee its availability in enough quality and quantity.

Since 2008, at Arauco, we have maintained a commitment to hydrological monitoring, focusing on the development of knowledge for the sustainable management of water resources. We value the critical importance of water for ecosystems and communities, and to date have 17 monitored basins: 16 in Chile and 1 in Argentina.

Regarding water scarcity, Chile has experienced a drought during the last years and, as a consequence, the Licancel mill had to cease its activities for approximately three months in the end of the 2019. Rainfalls in the region slightly increased during the 2020 and 2021 summer seasons compared to 2019. Thus, we were able to ensure the continuity of our operations, except in February 2022 and February 2023, when the Valdivia mill had to cease its activities for three days and one day, respectively, due to the low flow of the Cruces River. We evaluated and implemented several initiatives to mitigate the effect of drought. Those operational measures have helped us to decrease the exposure of our operation in the face of water shortage and allow mills to operate normally.

From an industrial point of view, continuous improvement and efficient use of water is an important goal for us. In this regard, among others, we monitor water availability in the facilities where we draw water from; and we look to implement diverse initiatives aimed at optimizing water usage.

In addition, the execution of maintenance plans for critical equipment and systems such as effluent treatment plants and appropriate instrumentation ensures efficient management of liquid waste.

During the year 2023, water management focused on the continuation and strengthening of projects and plans aimed at reducing consumption and promoting efficient utilization. This effort included the development of initiatives to minimize water usage and ensure sustainable supply.

For more information regarding certain risks relating to water scarcity, see “Item 3. Key Information—Risk Factors—Risks Relating to the Company— Climate change could negatively affect our business, financial condition, results of operations and cash flows.”

Forest Fire Prevention

We strive to sustain the integrity of our forestland, protecting forest plantations, neighboring communities and conservation areas. We seek to decrease the occurrence of forest fires and to manage combustible material to lessen the potential propagation of fires when they occur. Due to Chile’s climatic conditions, our plantations in Chile have historically been at greater risk of forest fire than our plantations in other countries. The fires of recent seasons in Chile have allowed us to develop enhanced measures to address fire prevention, detection and control.

We work with neighboring communities through joint fire prevention initiatives including local fire prevention committees in which neighbors, governmental authorities and private businesses collaborate. We have strengthened our fire detection capabilities by creating a new, unified central command post in Chile that collects all information on detection and resource deployment and by deploying new monitoring and early detection tools such as fixed and robot cameras, and by developing patrol routes for fire detection during high-risk periods.

We continuously seek to improve measures to reduce the intensity and speed of fires once there is an outbreak. We maintain hundreds of kilometers of fire protection belts, consisting of firebreaks (gaps in combustible vegetation) and fire buffer zones (areas of reduced vegetation), to protect residential areas near our forest plantations. We deploy air and ground resources, including night firefighting crews, to respond quickly in the initial phase of outbreaks and continue to enhance our resources available for firefighting.

Environmental Management of our Industrial Operations

Environmental management in our industrial processes is key for us. We center our activities around tracing and monitoring management and continuous improvement and compliance with environmental regulations, especially in terms of odors, effluents, atmospheric emissions and solid residues.

Our industrial mills and forestry assets are certified under national and international standards related to corporate governance, environment, quality, health and safety and responsible forest management. Our plants and mills have environmental metrics associated to raw material consumption, effluents, solid waste, water consumption, energy consumption, among others. At the same time, we continuously monitor our effluents and emissions, as means of guaranteeing compliance with our environmental commitments and adequate environmental surveillance.

Solid Waste Disposal

Solid waste that comes from the manufacturing of our products is treated in accordance with the environmental applicable regulatory framework and our management policies.

In the case of our pulp business, solid residues mostly come from the caustification process; in the case of our lime kilns, from our effluent treatment plants in the form of sludge, among other sources. Most of these residues are sent to our own deposits of industrial residues. Nevertheless, as part of our strategy and environmental objectives, we have studied to add value to these residues by selling them to companies with whom we have arrangements so that they can use these residues as raw materials. The main uses are manufacturing of concrete, as soil improver both in agriculture and in forestry, and also manufacturing of fertilizers.

In the case of our wood products business, we have a strategy that seeks to increase the percentage of residues recycled and to diminish the volume of those that go to final disposal.

During 2023, our pulp business recovered and recycled approximately 61% of its non-hazardous waste, and our wood products business recovered and recycled approximately reached 51% of such waste in Chile and Argentina.

Our global goal is to achieve zero waste by 2030, maximizing the use of resources and inputs and creating added value through smart solutions. To achieve this, we have been building collaborative partnerships with startups, local universities, and other think tanks. The goal is to develop new circular solutions and business models that could replace non-renewable raw materials and reduce waste throughout our value chain.

Liquid Effluents

Most of our industrial operations generate liquid effluents. These are continuously monitored to ensure that the emission levels stay between the parameters defined by the relevant authorities and/or applicable regulatory framework. All of our pulp mills have effluent treatment systems that we believe allow us to remain in compliance with the aforementioned parameters. Additionally, we are working on the development and review of alternatives for effluent recirculation. The pilot project for effluent treatment and recirculation is currently in the research stage at the industrial facilities in the pulp and energy business.

In our wood products business, our mills also treat their liquid effluents. This is done either in the pulp mills adjacent to them if applicable or, when there is no neighboring pulp mill, in independent systems.

Energy Management

In a context in which the clean energy supply is limited, renewable energy generation and its efficient use are a challenge for us. By using biomass in our boilers, we are self-sufficient in energy consumption in Chile, Argentina and Uruguay, contributing energy surplus to each country’s power grid. In addition to energy generation, our recovery boilers recover inorganic compounds that are part of the process. We also promote greater efficiency in its processes to reduce energy consumption and improve environmental performance.

Air Emissions

Air emissions are permanently monitored. In the case of our pulp mills, Total Reduced Sulphur ("TRS") is continuously controlled in order to minimize odor-related events associated to TRS gas venting. Particle air emissions are controlled through mitigation equipment, such as electrostatic precipitators and gas washers.

In the case of our wood products mills, emissions of particulates are controlled through mitigation equipment such as gas scrubbers and electrostatic precipitators. Fine wood dust emissions from remanufacturing and sawing processes are reduced by using bag filters that collect the sawdust, which we then use as biomass fuel.

Competitors

We face substantial worldwide competition in each of our geographical markets and in each of our product lines.

Pulp

We believe that our main competitors[8] are:

- Hardwood pulp: Asia Pacific Resources International Holdings Limited (APRIL), Asia Pulp and Paper (APP), CMPC Celulosa S.A. (CMPC), Eldorado Brasil Celulose S.A., Klabin S.A, Stora Enso, Suzano Papel e Cellulose S.A. (Suzano), and UPM-Kymmene Oyj (UPM), among others.

- Softwood pulp market: Domtar Corporation, Georgia Pacific, Ilim Pulp Enterprise Ltd., International Paper Company (IP), Mercer International INC., Metsö Fibre, Södra, and UPM-Kymmene Oyj (UPM), among others.

- Dissolving pulp market: Caima Industria de Celulose S.A., Sappi Limited, LD Celulosa S.A., Hunan Juntai New Material Technology Co., Ltd. and Shandong Sun Paper Industry Joint Stock Co., Ltd, among others.

Wood Products

We believe that our main competitors are:

- MDF market: Berneck, Duraplay, Duratex S.A., Egger, Guararapes, Kronospan, Masisa, Proteak, Roseburg Forest Products Co., West Fraser and Weyerhaeuser, among others.

- PBO market: Berneck S.A., Duratex S.A., Egger, Kronospan, Masisa, Novopan, Fibraplac S.A, Sonae Indústria and Uniboard, among others.

- Plywood market: CMPC, Eagon, Georgia-Pacific, Guararapes, Leonera Forestal, Lumin, Metsa, Roseburg, Sudati and UPM, among others.

- Remanufactured wood products: multiple competitors mainly located in Chile, Brazil, Mexico, the United States and Asia.

- Sawn timber: multiple competitors mainly located in Chile, Argentina, Brazil, Uruguay, the United States, Canada, Europe and New Zealand.

[8] Based on information published by Hawkins Wright Ltd.

We believe that our operating efficiencies, competitive logistics costs, ability to serve customers with multiple specifications, geographical presence in 50 countries and the versatility of our radiata and taeda pine allow us to compete effectively in the world market for timber products.

Transportation, Storage and Distribution

We manage and develop our facilities, transportation, storage and product distribution network seeking to consolidate and expand our presence worldwide, offering competitive advantages that allow us to reach over 4,800 customers around the world.

Pulp

We believe that our shipping costs are competitive with those of our main international competitors due in part to the large volumes we export. In addition, we believe that the proximity of our plantations to our mills and from our mills to the ports give us a competitive advantage notwithstanding some of our distance from certain of our main markets.

Chile

The distribution (in tonnes) of our exports by port of origin is the following: Coronel 47%, Lirquén 43%, San Antonio 6%, Valparaiso 1% and in San Vicente 3%.

Uruguay

We ship our finished product through the port managed by our joint operation Montes del Plata located next to the pulp mill in Punta Pereira, Colonia, Uruguay.

Argentina

The distribution (in tonnes) of our exports are the following: Buenos Aires 86%, Dock Sud 12%, and in Rosario 2%.

We ship pulp to various ports in Asia, Middle East, Europe, North and South America and, as is customary in the pulp industry, we store some stock in those ports. We use 17 foreign ports that have warehouse facilities available, and standard storage terms provide that we are entitled to a certain period of storage free of charge. We seek to ensure that we do not exceed the free storage period for each shipment. As of December 31, 2023, we had approximately 71,000 tonnes of pulp in storage in warehouses at foreign ports.

Wood Products

Globally, we strive to service our customers with excellence, seeking service differentiation to remain competitive in the industry.

United States and Canada

We distribute our products to over 439 customers through trucks and trains. Products imported from our South American operations are shipped into 21 major ports of entry and stored in 14 warehouses. Our products are dispatched to more than 4,400 locations in the United States and Canada.

Brazil

In our local distribution operation, we deliver finished products to more than 870 customers in over 365 cities, many of which are separated by long distances. Additionally, we export our products to 15 countries through 32 ports of destination.

Chile

The distribution (in cubic meters) of our exports by port of origin is the following: Coronel 53%, Lirquén 33%, San Vicente 10%, Valparaiso 1% and in San Antonio 3%.

Mexico

Products from our operations are shipped into 8 ports of entry and stored in 4 warehouses. Our mills in Durango and Zitácuaro service over 182 customers throughout Mexico.

Argentina

The distribution of our exports (in cubic meters) by port of origin is the following: Buenos Aires 56%, Dock Sud 41%, Zárate 2%, and Rosario 2%, reaching 31 ports around the world and a total of 297 customers.

We ship wood products to various ports in Asia, North and Latin America, Middle East, Europe, Oceania and Africa. We distribute our products worldwide to over 200 ports of destination both directly to our customers or through a domestic distribution network in 7 countries consisting of warehousing and truck/train transportation to final destinations. As of December 31, 2023, we had approximately 1.2 million cubic meters of wood products in storage in warehouses and distribution centers.

PROPERTY, PLANTS AND EQUIPMENT

The following table presents our principal properties as of December 31, 2023.

Country	Forestry	Plants and Facilities
Chile	1,059,971 total hectares 595,735 hectares of plantations	5 Pulp mills [(1)] 1 PBO mill 1 MDF mill 2 Plywood mills 6 Sawmills 4 Remanufacturing Facilities
Argentina	264,439 total hectares 129,159 hectares of plantations	1 Pulp mill 1 MDF mill 1 PBO mill 1 Sawmill 1 Remanufacturing Facility 1 Resin mill
Brazil	311,601 total hectares 161,327 hectares of plantations	3 MDF mills 1 PBO mill 1 Resin mill
Uruguay [(2)]	138,084 total hectares 87,615 hectares of plantations	1 Pulp mill
United States		3 PBO mills 2 MDF mills 1 Impregnation of melamine paper mill

Canada	2 MDF mill 1 Resin mill
Mexico	1 PBO mill 1 MDF-PBO mill 1 Resin mill
Portugal (3)	1 MDF mill 1 PBO mill 1 Resin mill
Spain (3)	1 MDF mill 1 PBO mill 1 Sawmill
Germany (3)	1 MDF mill 1 MDF-PBO mill 1 PBO-OSB mill 1 Impregnation of melamine paper mill
South Africa (3)	1 PBO Mill (4) 1 MDF-PBO mill

(1) Licancel mill indefinitely suspended operations in August 2023.
(2) Arauco owns 50% of Montes del Plata joint operation.
(3) Arauco owns 50% of joint venture Sonae Arauco.
(4) This mill is currently shut down.

Future expansion plans will depend on global market conditions. For information regarding environmental risks associated with our use of our properties, see "Item 3. Key Information—Risk Factors—Risks Relating to the Company."

Insurance

Our global insurance program includes our production plants, facilities and equipment. This insurance program provides coverage, in the event of fire, explosion, machinery breakdowns or natural disasters, including earthquakes and tsunamis. Subject to exclusions and deductibles, our insurance covers up to U.S.$800 million per loss in Chile, U.S.$300 million per loss in Argentina, United States and Canada, U.S.$145 million per loss in Mexico and R$1,000 million (equivalent to approximately U.S.$204.3 million using the exchange rate of December 31, 2023, as published by the Central Bank of Brazil) per loss in Brazil, including physical damage and business interruption for up to 18 months for Chile, Argentina and Brazil, and up to 12 months for United States, Canada and Mexico.

The deductibles for Chile and Argentina for physical damage are U.S.$3 million per occurrence for damages caused. In case of damages caused by earthquakes and tsunamis in Chile, the deductible is 2% of the total insured amount for each location, subject to a cap of U.S.$25 million. Deductibles for Chile and Argentina for business interruption are 30 days for all losses, 45 days for machinery breakdowns and 45 days for machinery breakdowns of turbines. The deductible for Mexico for business interruption is 30 days. For Chile and Argentina, we also have an annual self-insurance retention of U.S.$15 million, with a U.S.$7.5 million maximum per event. The deductible for Arauco North America, including physical damage and business interruption is U.S.$2.5 million. The deductible for Mexico, including physical damage and business interruption is U.S.$1 million. The deductible for Brazil, including physical damage and business interruption is R$5 million. Our insurance policies covering our production plants, facilities and equipment in Chile is carried by Seguros Generales Suramericana S.A. (49.8%), Mapfre S.A. (22.4%) and Everest Compañía de Seguros Generales (27.7%). In Argentina, Brazil and Mexico by Seguros Generales Suramericana S.A. (100%); in the United States, and Canada by Great Lakes (100%). We also have a retention for each and every loss of U.S.$100 million on top of deductibles for all our operations.

In Chile, we have contracted fire insurance coverage for all of our Chilean forest holdings and nurseries but do not insure against pests or disease.

In January and February 2017, wildfires, exacerbated by high temperatures, the action of the winds, low atmospheric humidity and the complexity of combatting multiple focal points that appeared simultaneously in different places, broke out in the central and southern regions of Chile, and with respect to us, in the Maule, Ñuble and Bio Bío regions. As a consequence of such fires, we suffered the burning of approximately 72,500 hectares of forest plantations, which had a fair value of approximately U.S.$210 million, according to IFRS Accounting Standards. The forest plantations affected by the fires had insurance coverage, with their corresponding deductibles and limits. In accordance with the final report of the insurance adjusters, in October 2017 our subsidiary Forestal Arauco recovered U.S.$35 million, after applying a U.S.$15 million deductible.

After the 2017 wildfires in Chile, we increased the limits of our forestry insurance coverage in Chile to U.S.$85 million with a deductible of U.S.$25 million for the whole season (regardless of the number of the events).

That policy was contracted with Orion Seguros Generales (100%), for the period between October 14, 2022 and October 14, 2023. A claim settlement was established through the evaluation of satellite images of the burned areas, which allowed us to have more accurate and faster information about the claims.

During the 2022-2023 forest fire season, approximately 47,000 hectares of our productive forest plantations in Chile were adversely affected by fires that occured in early 2023 in the regions of Maule, Ñuble, Araucanía, Biobío and Los Ríos due to a combination of multiple irresponsible and/or intentional actions by third parties and extreme unfavorable weather conditions such as high temperatures, low humidity and high winds. As of December 31, 2023, we recognized a forest fire loss of U.S.$17 million, net of insurance compensation, for the fires in Chile, representing approximately 3.2% of the fair value of our total forest plantations and approximately 0.1% of our total assets, in each case under IFRS Accounting Standards . The forest plantations affected by the fires have insurance coverage, with corresponding deductibles of U.S.$25 million and limits of U.S.$85 million after applying a deductible.

In Argentina, we maintain fire insurance for 17.293 hectares for a total amount of U.S.$25.0 million of timber assets located in the Delta of the Paraná river, close to Buenos Aires and Entre Ríos. The insurance policies for plantations located in the Delta of the Paraná river, are carried by Sancor Seguros and are capped at U.S.$4 million with a deductible of U.S.$100,000. For the rest of our forests in Argentina, we do not maintain fire insurance since historically Argentina receives significant amount of rainfalls, especially during the summer months and we believe that the risk of damage from fire does not justify the costs of carrying insurance.

In September 2020, wildfires in Brazil affected approximately 4,137 hectares of forest plantations, which had a fair value of approximately U.S.$9.1 million, under IFRS Accounting Standards. The forest plantations affected by the wildfires had insurance coverage, with their corresponding deductibles and limits. In accordance with the final report of the insurance adjusters, in January 2021 we recovered U.S.$5.3 million, after applying a U.S.$0.6 million deductible. As a consequence of the September 2020 wildfires, the Swiss Re Insurance Company terminated the insurance policy because the claim was indemnified at the maximum contract value. We have decided not to maintain fire insurance for our forest in Brazil since we believe that the risk of damage from fire does not justify the costs of carrying insurance.

During 2023, given the world catastrophes and the high loss ratio carried over from the last summer season, we had to be innovative and disruptive by changing the way of ensuring the forest assets, for which we created a structured insurance through Orion General Insurance Company, with a parametric and structured system.

The structured system is a model in which we contract insurance for 3 years (from October 2023 to October 2026) with immobilized price and capacity, regardless of the number of fires we suffer during the three-year period.

The settlement of claims is made with satellite information, as is the case with parametric insurance.

We believe that the terms, deductibles and limits of our insurance policies in all the countries where we operate are generally consistent with industry practice, and that such insurance in conjunction with our own resources, allow us to manage these risks responsibly. Nevertheless, our insurance coverage could prove to be insufficient to cover losses to our production plants, facilities, forests and equipment caused by fires or otherwise. The incurrence of losses or other liabilities that are not covered by insurance could result in significant and unexpected additional costs. Moreover, the terms and conditions for the renewal of our insurance policies may change in the future depending upon market circumstances and the type and amount of risks insured. For more information regarding the risks for which we insure our property, see "Item 3. Key Information—Risk Factors—Risks Relating to the Company—Disease or fires could affect our forests and manufacturing processes and, in turn, adversely affect our business, financial condition, results of operations and cash flows."

Cybersecurity

We have developed a cybersecurity policy and regulatory framework based on the guidelines and criteria contemplated by the international standards ISO 27001, ISO 27002, ISO 27032 / NIST, and ISA 62443, for administrative and industrial environments, as appropriate. We have also implemented control mechanisms, technologies, processes and procedures developed on the basis of guidelines and criteria addressed by such international standards, with attention not only to identification and protection, but also to strengthening and improving recovery mechanisms.

Additionally, we have security solutions and technological partners that monitor our infrastructure, and we periodically make security assessments which allow us to complement and improve ongoing initiatives and our cybersecurity strategic plan, in addition to applying the best market practices in administrative and industrial network environments. We have a cybersecurity team dedicated to these functions.

We also continue to adopt more simulation exercises and Human Resources policies to improve our employees compliance with our cybersecurity policies.

During 2023, Arauco did not face any material losses due to cybersecurity breaches. However, even though we have thorough cybersecurity practices and governance in place, we cannot assure that in the future we will not be subject to any material cybersecurity incidents.

For more information regarding cybersecurity risk, see "Item 3. Key Information—Risk Factors—Risk Relating to the Company—Cybersecurity events, such as a cyber-attack could adversely affect our business, financial condition and results of operations." and for more information regarding how we manage these risks, see "Item 16K—Cybersecurity".

Capital Expenditures

To utilize our increasing volume of forest production, we have added to, expanded and modernized our processing facilities.

For the year ending December 31, 2020, our aggregate capital expenditures were U.S.$1,508.1 million, consisting primarily of U.S.$1,322.7 million for the addition of property, plant and equipment, and U.S.$185.3 million for maintenance and acquisition of biological assets.

For the year ending December 31, 2021, our aggregate capital expenditures were U.S.$1,362.3 million, consisting primarily of U.S.$1,170.9 million for the addition of property, plant and equipment, and U.S.$191.4 million for maintenance and acquisition of biological assets.

For the year ending December 31, 2022, our aggregate capital expenditures were U.S.$1,431.4 million, consisting primarily of U.S.$1,138.1 million for the addition of property, plant and equipment, and U.S.$293.3 million for maintenance and acquisition of biological assets.

For the year ending December 31, 2023, our aggregate capital expenditures were U.S.$1,263.7 million, consisting primarily of U.S.$845.4 million for the addition of property, plant and equipment, and U.S.$418.4 million for maintenance and acquisition of biological assets.

For the year ending December 31, 2024, we have currently budgeted capital expenditures of U.S.$1,193.3 million, which primarily includes U.S.$632.8 million for the addition of property, plant and equipment, and U.S.$560.5 million in maintenance and acquisition of biological assets. Our ability to complete our capital expenditure plan depends on factors that are beyond our control.

Government Regulation

Environmental Regulation

In each country where we have operations, we are subject to numerous national and local environmental laws, regulations, decrees and municipal ordinances concerning, among other things, health, the handling and disposal of solid and hazardous waste, discharges into the air, soil and water and other environmental impacts. Some of these laws require us to conduct environmental impact studies of future projects or activities (or major modifications thereto). Under these laws, our operations may be subject to specific approvals, consents and regulatory requirements, and emissions and discharges may be required to meet specific standards and limitations. We have made and will continue to make substantial expenditures to comply with such environmental laws, regulations, decrees and ordinances.

Chile

The Chilean legislation to which we are subject includes the *Ley Sobre Bases Generales del Medio Ambiente* (Chilean Environmental Law) and related regulations.

Current environmental institutions include the following public entities: the Ministry of the Environment (aimed at developing national environmental policy), the Service of Environmental Evaluation (in charge of administering the environmental assessment system), the Evaluation Commissions (in charge of evaluating projects and activities within the Environmental Impact Evaluation System), and the Superintendence of Environment (in charge of supervising and auditing environmental compliance). More recently on September 6, 2023, Law No. 21.600 created the Biodiversity and Protected Areas Service and the National System of Protected Areas (whose main focus is the conservation of national biodiversity).

Under the Chilean Environmental Law, we are required to conduct environmental impact studies or declarations on the environmental impact of any future projects or activities (or their significant modifications) that may affect the environment. These and other regulations also establish procedures for private citizens to object to the plans or studies submitted by project owners.

Governmental agencies may participate in the oversight of the implementation of projects in accordance with their environmental impact studies or declarations of environmental impact. Under the Chilean Environmental Law and other regulations, affected private citizens, public agencies and local authorities can sue to enforce compliance with environmental regulations. Enforcement remedies include temporary or permanent closure of facilities and fines. The Superintendence of Environment has issued numerous resolutions, instructions and requirements to various companies, officials and supervised parties, including our Company.

In respect of such regulations, in November 2015, the Cruces river, where the Valdivia mill disposes its effluents became subject to the Norm. The Valdivia mill discharges its treated effluents into the Cruces River, which is part of the Valdivia River Basin. The Company and other local entities challenged the validity of the Norm before the Third Environmental Court in January 2016, expressing concerns, among others, regarding various aspects of the Norm's General Environmental and Social Impact Assessment (AGIES, for its acronym in Spanish). These objections included the lack of identification and consideration for the effective economic and social costs resulting from the adoption of the Norm. Other objections included that the Norm's parameters and limits exceeded the reviewed water quality criteria enforced by reference countries in both quantity and stringency; and that many of the parameters and limits were not technically or environmentally reasonable. The Third Environmental Court ruled in our favor on September 29, 2016, declaring the invalidity of the Norm, and this decision was upheld by the Supreme Court in July 2017.

In December 2017, the government restarted the rulemaking process and published a new draft SWQSVR for public comments. The draft proposes to regulate using practically the same parameters and limits included in the previous Norm declared void by the Supreme Court. In our opinion, the draft presents flaws similar to those detected in the previous rulemaking process, among others, the lack of identification and consideration of its actual economic and social costs and that most of its parameters and limits are not technically or environmentally reasonable. The public comment process finished in March 2018 and several comments from the public and different stakeholders were submitted, including several technical, economical and legal reports from third parties. In September 2023, the government submitted a final report for the consideration of the Sustainability and Climate Change Ministers' Committee *(Consejo de Ministros para la Sustentabilidad y el Cambio Climático)* and the President of the Republic. Once the new norm enters into force, we cannot exclude the possibility that the authority may declare that the Valdivia River Basin is contaminated and thus initiate an administrative proceeding to impose a decontamination plan, which may include new limits on discharges of wastewater applicable to the Valdivia mill.

We believe that we are currently in material compliance with local and national environmental regulations and orders applicable to our operations in Chile.

The application of these environmental laws and remedies may adversely affect the manner in which we seek to implement our business strategy and our ability to realize our strategy. See "Item 3. Key Information—Risk Factors—Risks Relating to the Company—The costs to comply with, and to address liabilities arising under, environmental laws and regulations could adversely affect our business, financial condition, results of operations and cash flows."

We have faced, and continue to face, certain environmental proceedings in connection with some of our mills. For a description of these proceedings, see "Item 8. Financial Information—Legal Proceedings." and Note 18 of our audited consolidated financial statements.

United States and Canada

Our North American operations are subject to U.S. and Canadian environmental legislations, including federal, provincial, state and local laws and regulations. Such laws and regulations govern the use, storage, handling, generation, treatment, emission, release, discharge and disposal of certain hazardous materials and wastes, the remediation of contaminated soil and groundwater, plant and wildlife protection, landfill sites and the health and safety of employees. For example, under the Clean Air Act, the United States Environmental Protection Agency (EPA), has established Maximum Achievable Control Technology (MACT), environmental regulations that establish emission standards for point sources of pollution, such as press and dryer exhausts, process vents and equipment leaks. In addition, some of our operations require environmental permits and controls to prevent and reduce air and water pollution. Our failure to comply with applicable environmental, health and safety requirements, including permits related thereto, may result in:

- civil penalties;
- supplemental environmental projects;
- enforcement actions or other sanctions, such as judicial orders enjoining or curtailing operations or requiring corrective measures;
- loss of operating permits;

- required installation of pollution control equipment; or
- remedial actions.

In addition, we may become liable for third-party claims for personal injury and property damage due to contamination at our mills, even where the activity that caused such contamination occurred before we owned the mills.

We believe that we are currently in material compliance with local and national environmental regulations and orders applicable to our operations in the United States and Canada.

Brazil

Our Brazilian operations are subject to environmental legislation, including municipal, regional and federal governmental laws, regulations and licensing requirements. Law No. 6,938 establishes strict liability for environmental damage, mechanisms for the enforcement of environmental standards and licensing requirements for activities that are damaging or potentially damaging to the environment. A violation of environmental laws and regulations may result in:

- fines,
- partial or total suspension of activities,
- forfeiture or restriction of tax incentives or benefits, or
- forfeiture or suspension of participation in credit lines with official credit establishments.

As a result, we may become liable for environmental damages caused by the management of our materials, including damages caused during the transportation, treatment and disposal of our industrial waste, even where third parties manage such activities on our behalf.

Law No. 9,605 provides that individuals or entities whose conduct or activities cause harm to the environment are subject to criminal and administrative sanctions and are liable for any costs to repair the damages resulting from such harm. For individuals who commit environmental crimes, criminal sanctions range from fines to imprisonment; for legal entities, criminal sanctions may include fines, partial or total suspension of activities, restrictions on participation in government contracts and, in cases of bad faith, dissolution. In addition, Law No. 9,605 establishes that the corporate structure of a company may be disregarded if the structure impedes the recovery for harm caused to the environment. We are not aware of any successful assertion of claims against shareholders under this provision of Law No. 9,605.

We believe that we are currently in material compliance with local and national environmental regulations applicable to our operations in Brazil.

Argentina

Our operations in Argentina are subject to Argentine environmental legislation, including regulation by municipal, provincial and federal governmental authorities.

Argentine environmental legislation includes the requirement that water used or recovered in the production process must be chemically, biologically and thermally treated before being returned to public waters, such as the Paraná River. In addition, all gaseous emissions must be scrubbed to ensure satisfactory levels of waste particle recovery and odor removal. Regular testing of river water, soil and air quality is used to monitor the ultimate impact of the mill on the environment.

We believe that we are currently in material compliance with local and national environmental regulations applicable to our operations in Argentina.

Mexico

Our Mexican operations are subject to environmental legislation, including federal, state and local laws and regulations. Such laws and regulations govern the use, storage, handling, generation, treatment, emission, release, discharge and disposal of certain hazardous materials and wastes, the remediation of contaminated soil and groundwater, plant and wildlife protection, landfill sites and the health and safety of employees. For example, under the Mexican Environmental Law, the Ministry of Environmental and Natural Sources has established environmental regulations including emission standards for point sources of pollution, such as press and dryer exhausts, process vents and equipment leaks. In addition, some of our operations require environmental permits and controls to prevent and reduce air and water pollution. Our failure to comply with applicable environmental, health and safety requirements, including permits related thereto, may result in:

- civil penalties;

- supplemental environmental projects;

- enforcement actions or other sanctions, such as judicial orders enjoining or curtailing operations or requiring corrective measures;

- loss of operating permits;

- required installation of pollution control equipment; or

- remedial actions.

In addition, we may become liable for third-party claims for personal injury and property damage due to contamination at our mills, even where the activity that caused such contamination occurred before we owned the mills.

We believe that we are currently in material compliance with all local and national environmental regulations applicable to our operations in Mexico.

Uruguay

The activities of the Montes del Plata joint operation are subject to Uruguayan national and municipal environmental regulations. The principal environmental authorization required to carry out such project's construction activities was the environmental authorization, or AAP, regulated by the Environmental Impact Assessment Act, Law No. 16,466, and its regulatory Decree No. 349/005. AAPs are granted by the National Environmental Bureau, or DINACEA (former DINAMA), which pertains to the Ministry of Environment (former Housing, Land Use Management and Environment).

On July 14, 2020, Law No. 19,889 was published on the Uruguayan Official Gazette, creating the Ministry of Environment, empowered with exclusive competence on environmental matters. Law No. 19,889 also provided for the transfer of all environmental related powers of the Ministry of Housing, Land Management and Environment to the new Ministry of Environment.

In order to obtain this authorization, an applicant must submit a complete report regarding all aspects of any proposed works including a classification of the same by a competent professional in one of the three categories, A, B or C. If the proposed project is classified by DINACEA as A, then no other step to obtain the authorization would be required. However, if the proposed project is classified by DINACEA as B or C, a comprehensive environmental impact assessment (which includes all aspects of the project) is required and in some cases a public hearing may be required (such as when the project is classified as C). Once the AAP is granted, the interested party is required to perform the project in accordance with the terms and conditions of such authorization.

For certain activities (including, construction of an industrial plant), a Viability Location Report, or VAL, is required. This report should be submitted before the National Environmental Bureau and must include a notification to the municipal government where the project is to be located (*Intendencia*) and the delivery of information similar to that required for the AAP. This process contemplates a period for public comment on summary information that is available. The Intendencia involved in any such project may submit its findings to the DINACEA for consideration. The relevant companies that comprise Montes del Plata have already obtained the AAP and the VAL.

Once construction is completed according to the approved project and the AAP conditions, and prior to starting operations, a company needs to obtain the environmental authorization for operation, which is regulated by the same decree, comes to regulate the environmental compliance of the relevant companies in the operational phase of the endeavor and needs to be renewed every 3 years. Montes del Plata obtained this authorization from the National Environmental Bureau, DINACEA, in June 2014, and its corresponding renewals, and the current one has been renewed until December 2026.

We believe that the Montes del Plata operation is currently in material compliance with local and national environmental regulations applicable to the operation in Uruguay.

Forestry, Land-Use and Land Ownership Regulations

Chile

The management and exploitation of forests in Chile is regulated by the Forests Law of 1931, as amended, and Decree Law No. 701 of 1974, as amended. The Forests Law and Decree Law No. 701 impose a variety of restrictions on the management and exploitation of forests. Forestry activities, including thinning, on land that is designated as preferably suited for forests or that has native or planted forests, are subject to management plans that require the approval of the Corporación Nacional Forestal, or National Forest Service, or CONAF. In addition, the Forests Law and Decree Law No. 701 impose fines for the harvesting or destruction of trees and shrubs in violation of the terms of a forest management plan. We believe that we are in material compliance with the Forests Law and Decree Law No. 701.

Law No. 20,283 provides for the management and conservation of native tree forests and forest development. Its purposes are the protection, recovery and improvement of native forests in order to guarantee both forest sustainability and environmental policy. This law established a fund for the conservation and sustainable management of native forests. According to this law, owners of native forests are able to exploit them so long as they have a "management plan" approved by the CONAF. Depending on the owner's approved plan, as well as other factors, the subsidy provided by the fund may vary between U.S.$200 and U.S.$400 per hectare. The law also prohibits the harvesting of native trees in certain areas and under certain conditions. Additionally, Law No. 21.595 (which systematizes economic crimes and environmental offenses) includes certain violations to forestry regulations as economic crimes. In compliance with applicable regulations, we have adopted environmentally sensitive policies towards our holdings of native forests, which are protected and preserved in their entirety. Our products come from established plantations only; we do not sell any wood derived from our native forests. Arauco's forestry operations adhere to our international control systems, which are all in accordance with current legislative and environmental sustainability standards.

We believe that we are in material compliance with Law No. 20,283. See "Item 4. Information on our Company—Description of Business—Forestry Activity."

Brazil

Environmental laws and regulations relating to the management and exploitation of forests and the protection of Brazilian plants and wildlife govern our Brazilian forestry operations. Under this regulatory framework, Brazilian authorities establish forest preservation areas and regulate replanting of forests after harvesting.

There are discussions about certain Brazilian legal restrictions on the acquisition of rural properties by foreign companies and by Brazilian companies controlled by foreign persons. Those restrictions are contained in the Opinion issued by the Office of the General Counsel to the Federal Government in August 2010, which has been subject to several judicial challenges. Currently, there is a pending litigation before the *Supremo Tribunal Federal* (Highest Court in Brazil) to determine if Federal Law No. 5,709/1971 is applicable to Brazilian companies with foreign shareholders, as it could arguably be contrary to the Brazilian constitution. Our local counsel has advised us that, although in its opinion these restrictions are not applicable to the transactions consummated by our Brazilian subsidiaries, they could apply from August 2010 and to future transactions which have as object, the acquisition of land by persons that have foreign majority capital.

We believe that our Brazilian operations are in material compliance with the applicable regulatory framework.

Argentina

The management and exploitation of forests in Argentina is regulated by National Law No. 13,273, National Law No. 25,080 (as amended and extended by Laws No. 26,432 and 27,487), National Decree No. 710, Provincial Law No. 854, Provincial Law No. 3,426 and other regulations promulgated thereunder, which collectively constitute the regulatory framework. The regulatory framework imposes a variety of restrictions on the management and exploitation of forests in Argentina. The regulatory framework regulates the replanting of land after harvesting.

On December 28, 2011, National Law No. 26,737 was promulgated, which established limitations on the ability of foreigners to purchase rural land in Argentina. This law provides that foreigners cannot acquire more than 15% of all rural land in the country, and that no foreigner can individually hold more than 30% of said 15%. For the purposes of the National Law No. 26,737, rural land is all land located outside the urban area. Even though National Law No. 26,737 has been repealed by the DNU 70/2023 ("DNU"), the DNU is subject to review by the Congress and has been judicially challenged.

We believe that our Argentine operations are in material compliance with the applicable regulatory framework.

Uruguay

The management and exploitation of forests in Uruguay is regulated primarily by Law No. 15,939 (as amended by Law No. 18,083 and by the regulatory decree No. 452/988), which has declared forestry activity as an area of national interest. This law classifies forests into three categories: protectors, yield and general, and provided certain tax and financial benefits related to forests classified as protectors and yield located in areas classified as forestry priority. In order to obtain such classification, interested parties must submit a forestry management plan to the General Forestry Bureau. This law also establishes certain conservation requirements and controls for each category of forest.

These regulations are also included in Decree No. 333/004 (General Principles and Basic Technical Standards to achieve soil and water rational and sustainable use and their recovery) and Decree No. 405/008 (Responsible and Sustainable Use of Soil).

Additionally, forest activity is subject to environmental and soil care regulations. According to Law No. 16,466 and Decree No. 349/005, plantations of more than 100 hectares need prior environmental authorization. Law No. 15,239 also provides certain measures that must be adopted to reduce erosion and degradation of the soil to promote its restoration when necessary. Forestry regulations from local municipalities may also require additional permits depending on the forest location.

In December 2021, Decree No. 405/021 was issued by the Executive Branch and proposed changes in the regulation of forest plantations. The Decree set parameters for the creation of the Environmental Registry of Forest Plantations applicable to new forest plantations from one hundred to forty hectares. The Decree also adjusted the definitions of forest land and requirements (Special Environmental Authorization—AAE) for new plantations of one hundred or more hectares in soils already forested with no previous environmental authorization.

We believe that the Montes del Plata forestry operations are in material compliance with the applicable regulatory framework.

Item 5. Operating and Financial Review and Prospects

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS

The following discussion is based on and should be read in conjunction with our audited consolidated financial statements and the notes thereto, included elsewhere in this annual report. Our consolidated financial statements are prepared in accordance with IFRS Accounting Standards and presented in U.S. dollars.

Overview

We derive our revenues from the sale of bleached and unbleached pulp, wood products such as MDF, PBO, plywood, sawn timber and remanufactured wood products, forestry products, such as sawlogs and pulplogs, and sales of electricity. We sell our products in domestic and export markets. During 2023 and 2022, sales of wood products constituted the single largest component of our revenues. As occurs with many other commodities, pulp is subject to significant cyclical price fluctuations determined by global supply and demand. Accordingly, our revenues are subject to cyclical fluctuations. Prices for wood and forestry products also fluctuate significantly. Although variations in prices tend to have the most significant effect on our results of operations, variations in sales volume and product mix, production costs and exchange rates can also have a significant impact on our results. See "Item 3. Key Information—Risk Factors—Risks Relating to the Company—Fluctuations in market price for our products could adversely affect our financial condition, results of operations and cash flows".

Our business, results of operations and cash flows depend, to a large extent, on the level of economic activity, on government and foreign exchange policies and on political and economic developments in our principal markets.

The regional distribution of our pulp sales according to year was as follows:

- In 2021, 59.3% of our sales of pulp were to customers in Asia, 13.6% to customers in Europe, and 17.7% to customers in Central and South America

- In 2022, 57.9% of our sales of pulp were to customers in Asia, 16.4% to customers in Central and South America and 16.1% to customers in Europe.

- In 2023, 65.0% of our sales of pulp were to customers in Asia, 18.4% to customers in Central and South America and 12.6% to customers in Europe.

The regional distribution of our sales of wood products according to year was as follows:

- In 2021, 56.2% of our sales of wood products were to customers in North America and 31.6% to customers in Central and South America.

- In 2022, 62.0% of our sales of wood products were to customers in North America and 26.9% to customers in Central and South America.

- In 2023, 58.7% of our sales of wood products were to customers in North America and 31.9% to customers in Central and South America.

Our business, earnings and prospects may be materially and adversely affected by developments in the markets we operate within, including inflation, interest rates, currency fluctuations, protectionism, government subsidies, price and wage controls, exchange control regulations, taxation, expropriation or social instability, as well as by political, economic or diplomatic developments. See "Item 3. Key Information—Risk Factors—Risks Relating to the Company—Worldwide competition in the markets for our products may adversely affect our business, financial condition, results of operations and cash flows".

As of December 31, 2023, 70.9% of our property, plant, equipment and forest assets were directly owned by us and our Chilean subsidiaries, 4.9% by our Argentine subsidiaries, 5.0% by our Brazilian subsidiaries, 4.9% by our U.S. and Canadian subsidiaries, 1.3% by our Mexican subsidiaries and 13.0% by our joint operation in Uruguay. In 2023, 51.2% of our consolidated revenues were derived from our operations in Chile, 9.5% of our consolidated revenues were derived from our operations in Argentina, 10.2% of our consolidated revenues were derived from our operations in Brazil, 17.6% of our consolidated revenues were derived from our operations in the United States and Canada, 3.4% of our consolidated revenues were derived from our operations in Mexico and 8.1% of our revenues were derived from our operations in Uruguay. Accordingly, our financial condition, results of operations and cash flows are affected by, to a significant degree, economic conditions in Chile, Argentina, Brazil, Uruguay, the United States, Canada and Mexico. See "Item 3. Key Information—Risk Factors—Risks Relating to Chile," "—Risks Relating to the United States and Canada," "-Risks Relating to Brazil," "—Risks Relating to Argentina," "—Risks Relating to Uruguay," "—Risks Relating to Other Markets".

Economic Indicators in Chile, Argentina, Brazil, Uruguay, the United States, Canada and Mexico

Chile

According to the Central Bank of Chile, in real terms Chile's GDP increased 11.7% in 2021, increased 2.4% in 2022, and increased 0.2% in 2023. The Chilean peso depreciated 18.8% against the U.S. dollar in 2021, depreciated 1.3% in 2022 and depreciated 2.5% in 2023. See "Item 3. Key Information—Risk Factors—Risks Relating to Chile."

United States

According to the U.S. Bureau of Economic Analysis, the United States GDP, increased 5.9% in 2021, increased 2.1% in 2022, and increased by 2.5% in 2023. See "Item 3. Key Information—Risk Factors—Risks Relating to the United States and Canada."

Canada

According to the Bank of Canada, in real terms Canada's GDP increased 5.3% in 2021, increased 3.8% in 2022 and increased 1.1% in 2023. The Canadian dollar appreciated 0.3% against the U.S. dollar in 2021, depreciated 7.5% in 2022 and appreciated 2.2% in 2023. See "Item 3. Key Information—Risk Factors—Risks Relating to the United States and Canada."

Brazil

According to the *Instituto Brasileiro de Geografia e Estatística* (the Brazilian Institute of Geography and Statistics), in real terms Brazil's GDP increased 4.6% in 2021, increased 2.9% in 2022 and increased 2.9% in 2023. In 2021, 2022, and 2023, the Brazilian real depreciated against the U.S. dollar by 7.3%, appreciated by

5.2% and appreciated by 9.8%, respectively. See "Item 3. Key Information—Risk Factors—Risks Relating to Brazil."

Argentina

According to the *Instituto Nacional de Estadística y Censos* (the Argentine National Statistics and Census Institute, or the "INDEC"), in real terms Argentina's GDP increased 10.3% in 2021, increased 5.2% in 2022 and contracted by 1.6% in 2023. In 2021, 2022 and 2023, the Argentine peso depreciated against the U.S. dollar 21.6%, 72.2% and 355.0% respectively. In 2021, 2022 and 2023, the INDEC's national CPI was 51.4%, 94.8% and 211.4%, respectively. See "Item 3. Key Information—Risk Factors—Risks Relating to Argentina."

Uruguay

According to the *Banco Central del Uruguay* (the Central Bank of Uruguay), in real terms Uruguay's GDP increased 4.4% in 2021, increased 4.9% in 2022 and increased 2.0% in 2023. The Uruguayan peso depreciated 5.8% against the U.S. dollar in 2021, appreciated 10.8% in 2022 and appreciated 1.8% in 2023. See "Item 3. Key Information—Risk Factors—Risks Relating to Uruguay."

Mexico

According to the *Banco de México* (the Central Bank of Mexico), in real terms Mexico's GDP increased 1.1% in 2021, increased 3.1% in 2022 and increased 3.2% in 2023. The Mexican peso depreciated 53.4% against the U.S. dollar in 2021, appreciated 5.0% in 2022 and depreciated 14.4% in 2023. See "Item 3. Key Information—Risk Factors—Risks Relating to Mexico."

Exchange Rate Fluctuations

We generally express our export prices in U.S. dollars, whereas our sales in Chile are priced in Chilean pesos except for pulp sales, which are priced in U.S. dollars; sales in Brazil are priced in Brazilian reals; sales in Argentina are priced in Argentine pesos except for pulp sales, which are priced in U.S. dollars, and sales in Mexico are priced in Mexican pesos. To the extent that these local currencies depreciate against the U.S. dollar, our revenues from sales priced in local currencies may be adversely affected when expressed in U.S. dollars.

The effect of exchange rate fluctuations is partially offset by the fact that certain of our operating expenses are denominated in U.S. dollars (such as our freight costs and selling expenses in the form of commissions paid to our sales agents abroad) and a significant part of our indebtedness is denominated in U.S. dollars. As of December 31, 2023, our U.S. dollar-denominated indebtedness was U.S.$ 4.4 billion. In addition, if the U.S. dollar appreciates against the local currency in any of our export markets, we must, from time to time, express our sales in that local currency to compete effectively.

Future developments in the Chilean, Argentine, Brazilian, Uruguayan, Mexican, Canadian and U.S. economies may impair our ability to proceed with our strategic plan, including with respect to pricing. For additional discussion regarding the risks we face in each of the aforementioned markets, see "Item 3. Key Information—Risk Factors—Risks Relating to Chile," "—Risks Relating to Argentina," "—Risks Relating to Brazil," "—Risks Relating to Uruguay," "—Risks Relating to Mexico" and "—Risks Relating to the United States and Canada."

Fluctuations in Market Prices for our Products

In recent years, our revenues have been affected by price level volatility in our domestic and export markets. The prices for each of our pulp, wood and forestry products depend on the markets in which they are sold. While prices are generally similar for a given product on a global basis, domestic market conditions affect prices in markets such as Asia, Central and South America, Europe and the United States.

The following table sets forth, for the years indicated, average unit sales prices for our products.

	Year ended December 31, [1]		
	2023	2022	2021
	(U.S.$ per tonne) [3]		
Product [2]			
Pulp			
Bleached pulp	667.6	866.0	726.7
Unbleached pulp	692.5	873.9	759.8
Logs (U.S.$ per cubic meter) [3]	45.1	42.8	30.5
	(U.S.$ per cubic meter) [3]		
Wood Products			
Sawn timber	266.5	354.5	323.1
Remanufactured wood products	797.2	938.5	736.0
Plywood	618.9	713.8	637.9
Panels	435.5	485.1	364.7

(1) Calculated as average unit prices for the year based on our internally collected data.
(2) Each category of product contains different grades and types and the shipping terms vary with the product, as well as the customer.
(3) We generally quote our prices in U.S. dollars for export sales and in U.S. dollars, Chilean pesos, Argentine pesos, Brazilian reals or Mexican pesos, as applicable for domestic sales.

Pulp Prices

Overview

Historically, world pulp prices have been subject to significant fluctuations over short periods of time. Pulp prices depend primarily on worldwide demand, world production capacity, worldwide pulp and paper inventory levels and availability of substitutes, and in general terms, are directly related to global economic growth. All of these factors are beyond our control. See “Item 3. Key Information—Risk Factors—Risks Relating to the Company—Fluctuations in market price for our products could adversely affect our financial condition, results of operations and cash flows”.

Prices for bleached grades of hardwood pulp, including eucalyptus, generally follow the same cyclical pattern as prices for softwood pulp. However, historically softwood has had higher prices mainly due to lower global supply. Moreover, during the last five years, the majority of the added global pulp production capacity has been dedicated to production of hardwood pulp, particularly eucalyptus pulp. Prices for dissolving pulp normally fluctuate depending on variables similar to those that affect bleached kraft pulp, such as worldwide demand and world production capacity for dissolving pulp. Additionally, dissolving pulp prices are affected by price differences between paper-grade pulp and dissolving pulp, mainly due to the fact that a significant portion of the worldwide dissolving pulp production capacity comes from mills that can also switch from producing paper-grade pulp to dissolving pulp, and vice versa, thereby affecting the supply of dissolving pulp.

Prices for unbleached softwood market pulp also follow cyclical patterns related to worldwide demand, stock levels and supply. Based on information published by Hawkins Wright Ltd., in 2023 unbleached softwood market pulp represented about 4.6% of the total capacity in the global wood pulp market. The majority of unbleached softwood pulp is sold in Asia, and its price in that market does not necessarily follow the cycle of prices for softwood or hardwood in other markets.

During 2019, average prices decreased 31.7% in the case of NBSK – Europe, which reached U.S.$819.95 per tonne at the end of the year, and decreased 21.9% in the case of NBSK – China, which reached U.S.$557.57

per tonne at the end of the year. BHKP – Europe decreased 33.6% in 2019, reaching U.S.$680.01 per tonne at year end, and BHKP – China decreased 28.9% in 2019, reaching U.S.$456.92 at year end. The downward trend during most of 2019 was mainly driven by trade tensions between China and the United States, as well as lower paper demand in Europe, which adversely affected both hardwood and softwood pulp prices. Hardwood pulp prices were also adversely impacted by the high levels of inventories registered during the year, which started to decrease after mid-2019. Towards the end of 2019, prices stabilized after China and the United States reached understanding on certain commercial issues and due to a decrease in inventories.

During 2020, average prices increased 7.2% in the case of NBSK – Europe, which reached U.S.$879.36 per tonne at the end of the year, and increased 20.3% in the case of NBSK – China, which reached U.S.$670.56 per tonne by year end. BHKP – Europe remained stable, ending the year at U.S.$680.00 per tonne, and BHKP – China increased 9.2%, reaching U.S.$499.08 per tonne at year end. Prices remained stable, albeit at low levels, for most of 2020 and continued to be adversely affected by trade tensions between China and the United States, the COVID-19 pandemic and lower demand for paper products in Europe. Towards the end of 2020, inventories started to decrease, and improvements related to the COVID-19 pandemic situation had a positive impact on the hardwood and softwood pulp market. These developments led to price increases during the last days of the year for many of the benchmark pulp products.

During 2021, average prices increased 43.4% for NBSK – Europe, which reached U.S.$1,260.67 per tonne at the end of the year, and increased 12.6% for NBSK – China which reached U.S.$755.05 by year end. BHKP – Europe increased 67.6% reaching U.S.$1,140.0 by year end. In the case of BHKP – China, prices increased 15.5%, reaching U.S.$576.42 by year end. In general, prices across all fibers and markets increased, especially during the first half of the year, mostly due to normalization of demand and certain supply issues caused by the COVID-19 pandemic. During the second half of the year, prices remained stable and at high levels in European markets and adjusted downwards somewhat on Chinese markets.

During 2022, average prices increased 13.4% for NBSK - Europe, which reached U.S.$1,429.03 per tonne at the end of the year, and increased 17.2% for NBSK – China, which reached U.S.$884.99 by year end. BHKP - Europe increased 21.1% reaching U.S.$1,380.00 by year end. In the case of BHKP – China, prices increased 43.6% reaching U.S.$827.59 by year end. In general, prices across all fibers and markets increased in 2022, mainly in the first half of the year due to logistic issues and restricted supply because of the conflict between Russia and Ukraine. During the second half of the year, prices remained relatively stable and at the end of the year, prices slightly decreased due to a normalization of logistic issues and a relative stabilization of inventories.

During 2023, average prices decreased 13.0% for NBSK - Europe, which reached U.S.$1,242.99 per tonne at the end of the year and decreased 15.8% for NBSK - China which reached U.S.$745.25 by year end. BHKP - Europe decreased 27.0% reaching U.S.$1,007.96 by year end. In the case of BHKP - China, prices decreased 21.1% reaching U.S.$653.35 by year end. In general, prices across all fibers and markets decreased, especially during the first half of the year, mostly due to high inventories, low paper production and new capacity in the market. During the second half of 2023, prices increased in both European and Chinese markets mainly due to higher demand.

Prices of Northern Bleached Softwood Kraft Pulp (NBSK - Europe) (1)

The following table sets forth the prices for NBSK – Europe, as listed on the NBSK – Europe index, as of the dates indicated, as well as the percentage variation with respect to the previous date:

List Price as of December 31,	**U.S.$/tonne**	**Change YoY**
2021	1,260.67	43.4%
2022	1,429.03	13.4%
2023	1,242.99	(13.0)%

Prices of Northern Bleached Softwood Kraft Pulp (NBSK - China) (1)

The following table sets forth the prices for NBSK – China, as listed on the NBSK – China index, as of the dates indicated, as well as the percentage variation with respect to the previous date:

List Price as of December 31,	U.S.$/tonne	Change YoY
2021	755.05	12.6%
2022	884.99	17.2%
2023	745.25	(15.8)%

Prices of Bleached Hardwood Kraft Pulp (BHKP - Europe) (1)

The following table sets forth the prices for BHKP – Europe, as listed on the BHKP – Europe index, as of the dates indicated, as well as the percentage variation with respect to the previous date:

List Price as of December 31,	U.S.$/tonne	Change YoY
2021	1,140.00	67.6%
2022	1,380.00	21.1%
2023	1,007.96	(27.0)%

Prices of Bleached Hardwood Kraft Pulp (BHKP - China) (1)

The following table sets forth the prices for BHKP – China, as listed on the BHKP – China index, as of the dates indicated, as well as the percentage variation with respect to the previous date:

List Price as of December 31,	U.S.$/tonne	Change YoY
2021	576.42	15.5%
2022	827.59	43.6%
2023	653.35	(21.1)%

(1) Source: Fastmarkets RISI.

Prices of Unbleached Kraft Pulp (UKP)

The following table sets forth the price of our UKP as of the dates indicated, as well as the percentage variation with respect to the previous date:

Price as of December 31,	U.S.$/tonne	Change YoY
2021	779.44	33.2%
2022	831.62	6.7%
2023	754.66	(9.3)%

Source: Arauco.

Prices of Dissolving Pulp

The following table sets forth the price of our dissolving pulp as of the dates indicated, as well as the percentage variation with respect to the previous date:

Price as of December 31,	U.S.$/tonne	Change YoY
2021	906.33	34.1%
2022	932.26	2.9%
2023	864.48	(7.3)%

Source : Arauco.

* YoY means year over year

Wood Products Prices

Over the last five years, the average prices for our wood products have fluctuated significantly, reflecting the effect on demand of global economic developments.

During 2019, average prices for our wood products decreased 4.5% compared to 2018. Our panels sales increased 9.2% in volume, partially offset by a 1.3% decrease in average prices. Our volume increase in panels sales was mainly explained by the start-up of our new Grayling mill and our acquisition of the Mexican assets, in each case in the first quarter of 2019. In 2019, average prices for our sawn timber decreased 11.6%, and the volume of our sawn timber sales decreased 0.8%, primarily as a result of lower demand from China, reflecting the trade tensions between China and the United States.

During 2020, average prices for our wood products decreased 1.9% compared to 2019. Average prices for our panels decreased 5.0%, and the volume of our panel sales decreased 4.4%. These decreases were mainly explained by adverse effects of the COVID-19 pandemic outbreak. In 2020, average prices for our sawn timber decreased 4.4%, and the volume of our sawn timber sales decreased 4.7% compared to 2019, also explained by the adverse effects of the COVID-19 pandemic outbreak.

During 2021, average prices for our wood products increased 26.0% compared to 2020. Average prices for our panels increased 22.0%, and the sales volume for panels increased 8.4% compared to 2020. These increases were mainly explained by a higher demand in the global markets, and supply issues at the industry level. In 2021, average prices for our sawn timber increased 43.0%, and the volume of our sawn timber sales increased 4.5% compared to 2020, also explained by a higher demand in the global markets and generalized supply issues.

During 2022, average prices for our wood products increased 27.4% compared to 2021. Average prices for our panels increased 33.0%, and the sales volume for panels decreased 10.8% compared to 2021. Such price increases were mainly explained by a stable global demand and a stable panel consumption in North America, continuing the price levels seen at the end of 2021. In 2022, average prices for our sawn timber increased 9.7%, and the volume of our sawn timber sales decreased 8.5% compared to 2021, also explained by the same reasons.

During 2023, average prices for our wood products decreased 14.0% compared to 2022. Average prices for our panels decreased 10.2%, and the sales volume for panels decreased 9.7% compared to 2022. These decreases were mainly explained by higher interest rates, oversupply, high inventories, and political uncertainty. In 2023, average prices for our sawn timber decreased 24.8%, and the volume of our sawn timber sales increased 7.0% compared to 2022, also explained by the same reasons.

Costs and Expenses

Cost of Sales

Our major costs of sales are the following:

- timber,
- chemicals,
- forestry labor,
- depreciation and amortization,

- maintenance,
- other raw materials, and
- energy and fuel.

Our property, plant and equipment are depreciated on a straight-line basis over the remaining useful lives of the underlying assets. However, the amount of such depreciation that relates to our fixed production assets, such as pulp mills, panel mills and sawmills, is allocated to finished goods held as inventories and accumulates until charged to cost of sales when the finished goods are sold. Our forests and land are not depreciated.

Distribution Costs

Our distribution costs are comprised of our selling costs, which consist primarily of our shipping and freight costs which are the freight, port services, customs and other outbound logistical costs of shipping our products to our customer's, in addition to, per tonne fees we pay to our selling agents.

Administrative Expenses

Our major administrative expenses are wages and salaries, expenses related to services, information technology (IT) expenses, insurance expenses and other expenses.

Results of Operation

The following table provides a breakdown of our financial results of operations and sales volumes for the years ended December 31, 2021, 2022 and 2023. The table and the discussion that follows are based on and should be read in conjunction with our audited consolidated financial statements, including the notes thereto, as of and for the years ended December 31, 2021, 2022 and 2023 included elsewhere herein. The audited consolidated financial statements included herein are prepared in accordance with IFRS Accounting Standards and presented in U.S. dollars.

	For the year ended December 31,								
	2023			**2022**			**2021**		
	Sales	**%**	**Volume**	**Sales**	**%**	**Volume**	**Sales**	**%**	**Volume**
	(in millions of U.S. dollars, except percentages and volume)								
Revenues									
Pulp									
Bleached pulp[1]	2,341.2	38.9	3,506.7	2,326.4	32.8	2,686.2	2,254.2	35.5	3,102.1
Unbleached pulp[1]	212.0	3.5	306.1	426.9	6.0	488.5	331.8	5.2	436.7
Pulp Subtotal	2,553.2	42.5	3,812.8	2,753.3	38.8	3,174.8	2,586.0	40.7	3,538.8
Logs, net[2]	96.2	1.6	2,134.0	110.4	1.6	2,582.6	81.6	1.3	2,672.7
Chips[2]	-	0.0	-	-	0.0	-	2.7	0.0	34.3
Other[2]	37.5	0.6	1,945.3	23.8	0.3	1,280.5	35.7	0.6	1,773.0
Forestry Products Subtotal[2]	133.6	2.2	4,079.3	134.2	1.9	3,863.1	119.9	1.9	4,480.0
Total	2,686.8	44.7	-	2,887.5	40.7	-	2,705.9	42.6	-
Wood Products									
Fiberboard panels[2]	2,148.3	35.7	4,932.6	2,651.3	37.3	5,564.9	2,234.4	35.2	6,126.8

Sawn timber(2)	409.0	6.8	1,534.3	584.9	8.2	1,650.0	582.5	9.2	1,803.0
Remanufactured wood products(2)	280.5	4.7	351.8	430.1	6.1	458.2	329.3	5.2	447.5
Plywood	293.4	4.9	474.1	377.8	5.3	529.3	351.4	5.5	550.9
Total	3,131.1	52.1	7,292.8	4,044.0	56.9	8,102.4	3,497.6	55.1	8,928.1
Energy	89.8	1.5		89.8	1.3		87.1	1.4	
Other	104.1	1.7		80.7	1.1		59.2	0.9	
Total revenues	6,011.8	100		7,102.1	100		6,349.8	100	
Cost of sales									
Timber	(1,068.7)			(859.8)			(773.7)		
Forestry labor costs	(692.5)			(623.9)			(554.5)		
Maintenance costs	(355.4)			(319.1)			(261.1)		
Chemical costs	(649.4)			(712.3)			(546.4)		
Depreciation and amortization	(535.2)			(408.2)			(401.7)		
Other costs of sales	(1,442.9)			(1,351.1)			(1,144.5)		
Total cost of sales	(4,744.1)			4,274.5			(3,681.6)		
Gross profit	1,267.7	21.1%		2,827.6	39.8%		2,668.2	42.0%	
Other income	573.0			100.1			379.0		
Distribution costs	(693.0)			(922.2)			(683.0)		
Administrative expenses	(624.3)			(613.6)			(577.1)		
Other expenses	(480.3)			(373.9)			(192.1)		
Other gains (losses)	0.0			0.0			0.0		
Income (loss) from operating activities	43.0			1,018.0			1,594.6		
Financial income	131.7			72.1			33.5		
Financial costs	373.5			(200.4)			(220.0)		
Share of profit (loss) of associates and joint ventures accounted for using equity method	7.7			33.7			31.4		
Exchange rate differences	(194.7)			(77.1)			(5.3)		
Income (loss) before income tax	(385.8)			846.3			1,434.5		
Income tax	27.3			(142.1)			(402.9)		
Net income (loss)	(358.5)			704.2			1,031.6		

(1) Volumes measured in thousands of tonnes. Does not include subproduct sales (i.e. energy, chemicals) which are presented in the pulp reportable segment in Note 24 in our audited consolidated financial statements.
(2) Volumes measured in thousands of cubic meters. Does not include subproduct sales (i.e. energy, chemicals) which are presented in the wood products reportable segment in Note 24 in our audited consolidated financial statements.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenues

Revenues decreased 15.4%, from U.S.$7,102.1 million in 2022 to U.S.$6,011.8 million in 2023, primarily as a result of:

- a 22.6%, or U.S.$912.9 million, decrease in revenues from wood product sales; and
- a 7.0%, or U.S.$200.7 million, decrease in revenues from pulp and forestry products sales.

Pulp. Revenues from bleached and unbleached pulp decreased 7.3%, from U.S.$2,753.3 million in 2022 to U.S.$2,553.2 million in 2023, mainly due to a 22.8% decrease in average prices, offset by a 20.1% increase in sales volume. Revenues from sales of bleached pulp increased 0.6% mainly due to a 30.5% increase in sales volume, offset by a 22.9% decrease in average prices. Revenues from unbleached pulp decreased 50.3% during 2023, mainly due to a 37.3% decrease in sales volume and a 20.8% decrease in average prices. In general, during 2023, prices across all fibers and markets decreased, especially during the first half of the year, mostly due to weak sales and low paper production. During the second half of the year, prices increased for both European and Chinese markets due to higher demand rates.

Revenues from sales of forestry products decreased 0.5%, from U.S.$134.2 million in 2022 to U.S.$133.6 million in 2023, mainly due to a U.S.$14.3 million decrease in revenues from sales of logs.

Wood Products. Revenues from wood products decreased 22.6%, from U.S. $4,044.0 million in 2022 to U.S.$3,131.1 million in 2023, primarily due to a 14.0% decrease in average prices and a 10.0% decrease in sales volume.

Revenues from panel products decreased 19.0%, from U.S.$2,651.3 million in 2022 to U.S.$2,148.3 million in 2023, due to a 10.2% decrease in average prices and a 9.7% decrease in sales volume. The decrease in average prices and sales volume was primarily due to higher interest rates, oversupply, high inventories, and political uncertainty.

Revenues from sawn timber decreased 30.1%, from U.S.$584.9 million in 2022 to U.S.$409.0 million in 2023, mainly due to a 24.8% decrease in average prices and a 7.0% decrease in sales volume.

Revenues from plywood decreased 22.3%, from U.S. $377.8 million in 2022 to U.S.$293.4 million in 2023, mainly due to a 13.3% decrease in average prices and a 10.4% decrease in sales volume.

Revenues from remanufactured wood products sales decreased 34.8%, from U.S.$430.1 million in 2022 to U.S.$280.5 million in 2023, mainly due to a 23.2% decrease in sales volume and a 15.1% decrease in average prices.

Other revenue. Revenues from other sources, consisting mainly of revenues from sales of energy, chemicals and other services, increased 13.7%, from U.S.$170.6 million in 2022 to U.S.$193.9 million in 2023, mainly as a result of a U.S.$38.1 million increase in other services, offset by a U.S.$14.5 million decrease in sales of chemicals.

Cost of sales

Cost of sales increased 11.0%, from U.S.$4,274.5 million in 2022 to U.S.$4,744.1 million in 2023, primarily as a result of:

- a 24.3% increase in timber costs, from U.S.$859.8 million in 2022 to U.S.$1,068.7 million in 2023 mainly due to higher sales volume and higher cost of timber;

- a 31.1% increase in depreciation and amortization, from U.S.$408.2 million in 2022 to U.S.$535.2 million in 2023 mainly due to the inclusion of Line 3 of the Arauco mill;

- a 11.0% increase in forestry labor costs, from U.S.$623.9 million in 2022 to U.S.$692.5 million in 2023, due to increases in harvesting costs;

- a 38.1% increase in other indirect costs, from U.S.$169.4 million in 2022 to U.S.$233.9 million in 2023, due to higher costs associated to Arauco 3´s ramp up process; and

- a 11.4% increase in maintenance costs, from U.S.$319.1 million in 2022 to U.S.$355.4 million in 2023, due to higher costs associated to scheduled and non-scheduled maintenance stoppages during the year.

Gross Profit

As a percentage of total revenue, our gross profit decreased from 39.8% in 2022 to 21.1% in 2023, due to a 15.4% decrease in our revenues coupled with an increase of 11.0% in our cost of sales.

Other income

Other income increased 472.3%, from U.S.$100.1 million in 2022 to U.S.$573.0 million in 2023. This increase was mainly driven by a U.S.$251.5 million gain from an increase in the fair value of our biological assets compared to 2022 and our receipt of U.S.$ 199.6 million in payments from insurance companies for claims related to damages in our Valdivia and Constitución mills.

Distribution costs

Distribution costs decreased 24.9%, from U.S.$922.2 million in 2022 to U.S.$693.0 in 2023, primarily as a result of a 29.0% decrease in freight costs. This decrease was due to lower shipping fees during 2023 as a result of the lifting of COVID related restrictions and, to a lower extent, due to lower sales volume of wood products. For more information, see "Item 3. Key Information—Risk Factors—Risks Relating to the Company—We depend on free international trade as well as economic and other conditions in our principal markets."

As a percentage of revenues, distribution costs decreased to 11.5% in 2023, from 13.0% in 2022.

Administrative expenses

Administrative expenses increased 1.7%, from U.S.$613.6 million in 2022 to U.S.$624.3 in 2023, primarily as a result of:

- a 108.3% or U.S.$28.1 million increase in insurance costs; and

- a 29.9% increase, or U.S.$ 9.9 million increase in depreciation and amortization.

This increase in administrative expenses was offset by a 11.9% or U.S.$18.1 million decrease in other administrative expenses and a 3.7% or U.S.$9.6 million decrease in wages, salaries and severance indemnities.

As a percentage of revenues, administrative expenses increased to 10.4% in 2023, compared to 8.6% in 2022.

Other expenses

Other expenses increased 28.5%, from U.S.$373.9 million in 2022 to U.S.$480.3 million in 2023, mainly due to an increase in operating expenses related to mill stoppages and the ramp up process of Arauco 3 contemplated by the "MAPA" project. These increases were partially offset by a U.S.$ 59.6 million decrease in our impairment provision for property, plant, equipment and others, mainly due to the impairment provision related to our Argentine operations occurred in 2022.

Finance costs

Finance costs increased 86.4% from U.S.$200.4 million in 2022 to U.S.$373.5 million in 2023, primarily as a result of higher interest costs compared to 2022 and also due to a 23.4% or U.S.$1,337.1 million increase in our outstanding debt. For more information, see "Item 5. Operating and Financial Review and Prospects—Financing Activities."

Exchange rate differences

Losses from exchange rate differences increased 152.7%, from a loss of U.S.$77.1 million in 2022 to a loss of U.S.$194.7 million in 2023, primarily due to the devaluation of the Argentine peso. See "-Economic Indicators in Chile, Argentina, Brazil, Uruguay, the United States and Canada."

Income tax

We recorded an income tax benefit of U.S.$27.8 million in 2023 compared to an income tax expense of U.S.$ 142.1 million in 2022. This increase was primarily associated to a lower gross profit due to a decrease in average prices and sales volume of most of the products we commercialize.

Net income

Net income decreased 150.9% from U.S.$ 704.2 million in 2022 to a loss of U.S.$358.5 million in 2023. This is mainly explained by lower operational results in our forestry and pulp business segment, driven by a decrease in average pulp prices, a heavy forest fire season, operational disruptions in some of our mills and Arauco 3's ramp-up.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Revenues

Revenues increased 11.8%, from U.S.$ 6,349.8 million in 2021 to U.S.$7,102.1 million in 2022, primarily as a result of:

- a 15.6%, or U.S.$546.4 million, increase in revenues from wood product sales; and
- a 6.7%, or U.S.$181.6 million, increase in revenues from pulp and forestry products sales.

Pulp. Revenues from bleached and unbleached pulp increased 6.5%, from U.S.$2,586.0 million in 2021 to U.S.$2,753.3 million in 2022, mainly due to an 18.7% increase in average prices, partially offset by a 10.3% decrease in sales volume. Revenues from sales of bleached pulp increased 3.2% in 2022, mainly due to a 19.2% increase in average prices, partially offset by 13.4% decrease in sales volume. Revenues from sales of unbleached pulp increased 28.7% in 2022, mainly due to a 15.0% increase in average prices and by an 11.9% increase in sales volume. In general, prices across all fibers and markets increased in 2022, especially during the first half of the year, mostly due to logistic issues. During the second half of the year, prices remained on an upward trend until the end of the year when prices decreased due to a normalization of logistic issues and a stabilization of inventories.

Revenues from sales of forestry products increased 11.9%, from U.S.$ 119.9 million in 2021 to U.S.$134.2 million in 2022, mainly due to a U.S.$28.8 million increase in revenues from sales of logs.

Wood Products. Revenues from wood products increased 15.6%, from U.S.$3,497.6 million in 2021 to U.S.$4,044.0 million in 2022, primarily due to a 27.4% increase in average prices, partially offset by a 9.2% decrease in sales volume.

Revenues from panel products increased 18.7%, from U.S.$2,234.4 million in 2021 to U.S.$2,651.3 million in 2022, due to a 33.0% increase in average prices, partially offset by a 10.8% decrease in sales volume. The increase in average prices was primarily due to the effects of inflation, higher interest rates, and also to logistic issues at the industry level due to the conflict between Russia and Ukraine.

Revenues from sawn timber remained stable with a 0.4% yearly increase, from U.S.$582.5 million in 2021 to U.S.$584.9 million in 2022, mainly due to a 9.7% increase in average prices which was offset by 8.5% decrease in sales volume.

Revenues from plywood increased 7.5%, from U.S.$351.4 million in 2021 to U.S.$377.8 million in 2022, mainly due to an 11.9% increase in average prices and a 3.9% decrease in sales volume.

Revenues from remanufactured wood products sales increased 30.6%, from U.S.$329.3 million in 2021 to U.S.$430.1 million in 2022, mainly due to increases of 27.5% in average prices and 2.4% in sales volume. The increase in average prices was primarily due to a strong demand in the second and third quarter of 2022.

Other revenue. Revenues from other sources, consisting mainly of revenues from sales of energy, chemicals and other services, increased 16.6%, from U.S.$146.3 million in 2021 to U.S.$170.6 million in 2022, mainly as a result of a U.S.$21.5 million increase in sales of chemicals and other services.

Cost of sales

Cost of sales increased 16.1%, from U.S.$ 3,681.6 million in 2021 to U.S.$4,274.5 million in 2022, primarily as a result of:

- a 30.5% increase in chemical costs, from U.S.$546.0 million in 2021 to U.S.$712.3 million in 2022, primarily as a result of increases in the average prices of certain chemical products used in our production processes;

- a 11.1% increase in timber costs, from U.S.$773.7 million in 2021 to U.S.$859.8 million in 2022;

- a 12.5% increase in forestry labor costs, from U.S.$554.5 million in 2021 to U.S.$623.9 million in 2022, due to increases in harvesting costs;

- a 22.2% increase in maintenance costs, from U.S.$261.1 million in 2020 to U.S.$319.1 million in 2022, due to higher costs associated to scheduled and non-scheduled maintenance stoppages during the year; and

- a 20.8% increase in energy and fuel costs, from U.S.$201.9 million in 2020 to U.S.$244.0 million in 2022, due to increases in global fuel prices.

Gross Profit

As a percentage of total revenue, our gross profit decreased from 42.0% in 2021 to 39.8% in 2022, primarily as a result of an increase of 16.1% in cost of sales which increased at a higher rate than our 11.8% increase in revenues.

Other income

Other income decreased 73.6%, from U.S.$379.0 million in 2021 to U.S.$100.1 million in 2022. This decrease was mainly driven by the effects of the sale of forestry assets that we entered into during August 2021 and executed during such year.

Distribution costs

Distribution costs increased 35.0%, from U.S.$683.0 million in 2021 to U.S.$922.2 million in 2022, primarily as a result of a 33.9% increase in freight costs, and also to a 33.3% increase in costs associated to port services. These increases were due to higher shipping fees as a result of logistic issues. For more information, see "Item 3. Key Information—Risk Factors—Risks Relating to the Company—We depend on free international trade as well as economic and other conditions in our principal markets."

As a percentage of revenues, distribution costs increased to 13.0% in 2022, from 10.7% in 2021.

Administrative expenses

Administrative expenses increased 6.3%, from U.S.$577.1 million in 2021 to U.S.$613.6 million in 2022, primarily as a result of:

- an 18.3% or U.S.$8.1 million increase in third-party variable services;
- a 23.1% increase, or U.S.$7.5 million increase in computer services; and
- a 2.9% increase, or U.S.$7.3 million increase in wages, salaries and severance indemnities.
- As a percentage of revenues, administrative expenses decreased to 8.6% in 2022, compared to 9.1% in 2021.

Other expenses

Other expenses increased 94.6%, from U.S.$192.1 million in 2021 to U.S.$373.9 million in 2022, mainly due to a U.S.$83.0 million impairment provision related to our Argentine operations, and to a U.S.$82.3 million related to scheduled and non-scheduled stoppages in our mills.

Finance costs

Finance costs decreased 8.9%, from U.S.$220.0 million in 2021 to U.S.$200.4 million in 2022, primarily as a result of lower incurred costs compared to 2021 due to lower average debt and a U.S.$22.8 increase in capitalized interests, which are excluded from finance costs.

Exchange rate differences

Losses from exchange rate differences increased 1,359.3%, from a loss of U.S.$5.3 million in 2021 to a loss of U.S.$77.1 million in 2022, primarily due to fluctuations of the Argentine peso, and to a lesser extent the Chilean peso and the Brazilian reais against the US dollar. See "-Economic Indicators in Chile, Argentina, Brazil, Uruguay, the United States and Canada."

Income tax

We recorded an income tax expense of U.S.$142.1 million in 2022 compared to income tax expense of U.S.$402.9 million in 2021. This decrease was primarily associated to lower operating income, that includes the effect of an U.S.$83.0 million impairment provision of our Argentine pulp mill and the re-valuation of our forest in 2022 that resulted in a decrease from U.S.$82.0 million in 2021 to U.S.$12.9 million in 2022.

Net income

Net income decreased 31.7% from U.S.$1,031.6 million in 2021 to U.S.$704.2 million in 2022. This is mainly explained by lower sales volumes in both of our pulp and wood products segments. Also, we recorded higher costs during the year.

Liquidity and Capital Resources

Our primary sources of liquidity are funds from operations, domestic and international borrowings from banks and debt offerings in the domestic and international capital markets.

We have a financial policy, approved by our Board of Directors, which serves as a framework and contains several policies aimed at preserving our liquidity and strengthening our commitment to our Investment Grade rating. This financial policy includes a (i) liquidity policy, which maintains certain criteria regarding our liquidity management both in the short and long term, (ii) a counterparty policy which establishes limits on the maximum exposure we may have with respect to our different banking counterparties, (iii) investments and (iv) derivatives policies which regulate the type of investments and/or instruments we take positions into.

We entered into a U.S.$375.0 million committed revolving credit facility on February 20, 2020, that expires on February 20, 2025. In June 2023, U.S.$225.0 million were drawn under this credit facility, and as of December 2023 the total outstanding amount under this facility was U.S.$ 225.0 million.

We believe that cash flow generated by operations, cash balances, borrowings from banks, debt offerings in the domestic and international capital markets and equity contributions are likely to be sufficient to meet our short and medium working capital, debt service and capital expenditure requirements. See "Item 4. —Information on our Company—Capital Expenditures."

Cash Flow from Operating Activities

Our net cash flow provided by operating activities was U.S.$740.4 million in 2023 and U.S.$1,700.5 million in 2022. This decrease in 2023 was principally due to a U.S.$1,418.8 million decrease in receipts from sale of goods and rendering of services, mostly associated to lower revenues, partially offset by an increase of U.S.$194.9 million in payments to suppliers, a decrease of U.S.$176.5 million in income taxes paid and an increase of U.S.$163.6 million in receipts from other operating activities.

Our net cash flow provided by operating activities was U.S.$1,700.5 million in 2022 and U.S.$1,939 million in 2021. This decrease in 2022 was principally due to a U.S.$1,206.8 million increase in payments to suppliers and employees, and an increase of U.S.$320.7 million in income taxes paid, partially offset by a U.S.$1,240.2 million increase in 2022 in receipts from sale of goods and rendering of services, mostly associated with the increase in average prices for all of our products.

Cash Flow Used in Investing Activities

Our net cash used by investing activities was U.S.$1,333.1 million in 2023, compared to U.S.$1,469.9 million in 2022. This decrease was principally due to a U.S.$427.3 million or 33.6% decrease in acquisition of property, plant and equipment, partially offset by a U.S.$111.7 million or 37.2% increase in purchase of long-term assets.

Our net cash used in investing activities was U.S.$1,469.9 million in 2022 and U.S.$1,189.6 million in 2021. This increase in 2022 was principally due to a U.S.$204.7 million decrease in 2022 in inflows originated from the sale of other long-term assets, mostly due to the effects of the sale of forestry assets that we executed in August 2021.

Cash Flow from Financing Activities

Our net cash provided by financing activities was U.S.$645.7 million in 2023, compared to U.S.$527.2 million used in 2022 primarily as a result of an U.S.$1,808.2 million increase in proceeds from both short term and long-term loans and from dividends paid during 2023 (a total of U.S.$282.7 million). This was partially offset as a result of our payment in 2023 of U.S.$1,808.3 million in loan payments.

Our net cash used by financing activities was U.S.$527.2 million in 2022, compared to U.S.$769.5 million in 2021, primarily as a result of our payment in 2022 of U.S.$380.9 million in dividends and U.S.$397.9 million in loan payments.

Contractual Obligations

As is customary practice in the pulp and wood products industries, we generally do not have long-term sales contracts with our customers; rather, we maintain commercial relationships with our customers, with whom we reach agreements from time to time on specific volumes and/or prices.

Investing Activities

During 2023, our main investment activities were investments in (i) projects, (ii) sustaining our panel, sawmill and pulp mills, and (iii) sustaining our biological assets. Our main capital expenditures in projects during 2023 included Arauco 3`s ramp-up.

Financing Activities in 2023

On April 1, 2019, we entered into an export credit agreement with Finnvera (the Finnish state-owned financing company) and three banks (BNP Paribas, JPMorgan Chase & Co. and Santander) for a total amount of €555.0 million. The agreement sets forth the disbursement period during the construction of the MAPA project and an 8.5-year maturity period with equal annual amortization installments. The funds were used to purchase equipment for the MAPA project from the main suppliers (i.e., Andritz and Valmet). As of December 31, 2023, the total amount disbursed is €555.0 million, equivalent to the total of the export credit agreement (equivalent to approximately U.S.$ 608.1 million using the exchange rate of December 31, 2023).

On April 25, 2023, we issued two series of sustainability bonds in the Chilean market for a total amount of UF 7.0 million. The amount of the issuance of the 9-year series was UF 2.0 million, equivalent to U.S.$83.9 million as of December 31, 2023, while the amount of the 21-year series was UF 5.0 million, equivalent to U.S.$209.7 million as of December 31, 2023. Additionally, on June 13, 2023 we issued another sustainability bond in the Chilean market. The amount of the issuance of this 23-year series was UF 5.0 million, equivalent to U.S.$209.7 million as of December 31, 2023. All of the proceeds from these issuances were used for general corporate purposes. Additionally, we assumed a commitment, in line with our Sustainable Bond Framework published on our website, to finance or refinance eligible green and social projects, in an amount equivalent to the issuance of such bonds.

In June 2023, we withdrew U.S.$225.0 million under our U.S.$375.0 million committed revolving credit facility entered on February 20, 2020, which expires on February 20, 2025. As of December 31, 2023 the total outstanding amount under this facility was U.S.$ 225.0 million.

In November 21, 2023, we signed a credit term loan agreement with The Bank of Nova Scotia, Mizuho Bank LTD, BNP Paribas and MUFG Bank LTD for a total amount of U.S.$275.0 million. The structure of this loan includes a three year term and a bullet payment. As of December 31, 2023 the total outstanding amount under this facility was U.S. 275.0 million.

On March 26, 2024, our subsidiary Arauco North America, Inc. signed a credit term loan agreement with Itaú Chile – NY Branch, The Bank of Nova Scotia, Banco Bilbao Vizcaya Argentaria S.A., and JPMorgan Chase Bank, N.A. for a total of U.S.$210 million, where we acted as guarantor. The structure of this loan includes a three year term and a bullet payment.

On March 28, 2024, our subsidiary Arauco North America, Inc. prepaid in full its 2017 committed facility loan (to which we acted as guarantor), for a total of U.S.$210 million plus accrued interest, with maturity on April 28, 2024. We had in place certain interest rate swap agreements associated with this loan, which we unwound following its prepayment.

As of December 31, 2023, the current portion of our bank debt was U.S.$475.0 million of which 80.7% was U.S. dollar-denominated. As of December 31, 2023, our total non-current portion of our bank debt was U.S.$1,024.0 million of which 48.4% was U.S. dollar-denominated.

As of December 31, 2023, we also had total capital markets borrowings (including the current portion of such debt) of U.S.$5.0 billion, 68.1% of which were U.S. dollar-denominated.

As of December 31, 2023, the weighted average maturity of our non-current debt was 15.4 years. The interest rate on our floating rate debt is determined principally by reference to the SOFR, and as of December 31, 2023, the average spread for our U.S. dollar floating rate debt over six-month SOFR was 1.97%. As of December 31, 2023, the average interest rate for our U.S. dollar fixed rate debt was 4.92%. These average rates do not reflect the effect of swap agreements.

As of December 31, 2023, we guaranteed obligations of U.S.$210.0 million related to Arauco North America, Inc. and U.S.$203.2 million related to Arauco do Brasil.

The instruments and agreements governing our bank loans and local bonds set limits on our incurrence of debt and liabilities through the use of financial covenants. The principal financial covenants contained in our bank loan agreements in effect on December 31, 2023 were the following:

- Our net debt to equity ratio must not exceed 1.2:1; and
- Our interest coverage ratio must not be less than 2:1.

The principal financial covenant contained in our local bond agreements in effect on December 31, 2023 is:

- Our net debt to equity ratio must not exceed 1.2:1.

We were in compliance with all bank loan and bond covenants as of December 31, 2023. Our U.S. dollar-denominated bonds do not contain financial maintenance covenants.

Treasury Management

Our corporate financial policy establishes a set of guidelines, procedures and responsibilities to minimize certain financial risks to which we are exposed. This policy, which incorporates all countries where we operate, seeks to manage such risks and is administered by our Corporate Finance Department based in Chile. Additionally, we seek to manage our financial needs to ensure long term business continuity and operations. Seeking to achieve sustainable growth over time, we also manage the funding needs associated to investment projects, while maintaining an adequate capital structure considering economic cycles that impact our business and the nature of the industries in which we operate.

We manage our treasury activities on a centralized basis. In the case of our Argentine and Brazilian subsidiaries, our Corporate Finance Department supervises and controls compliance with our financial policies, but their daily treasury activities are managed independently.

The treasury activities of our Montes del Plata joint operation are conducted pursuant to a corporate financial policy approved by its Board of Directors based on the same principles underlying our cash and deposits policy. In addition, our joint operation is supervised by a financial committee comprised of members of both shareholders' finance departments.

The treasury activities of Sonae Arauco, our joint venture with Sonae, are conducted pursuant to a corporate financial policy approved by its Board of Directors, based on the same principles underlying our cash and deposits policy. In addition, they are supervised by a financial committee comprised of members of both shareholders.

Hedging

We periodically review our exposure to risks arising from fluctuations in market prices related to positions assumed by us with respect to different assets and/or liabilities also used by us in order to conduct our business activity and decide, on a case-by-case basis at our senior management level whether to hedge such risks. Our Derivatives Policy establishes the minimum requisites our counterparties must meet, as well as proper procedures. As a result, from time to time we enter into hedging contracts with respect to the previously mentioned financial positions. See Note 23 to our audited consolidated financial statements. We apply hedge accounting for financial instruments whose purpose is to hedge against fluctuations in prices of the aforementioned assets and/or liabilities.

Cross Currency Swap Agreements

We have outstanding the following cross currency swap agreements in Chile to hedge our local bonds issued in UF:

Bank – Country	UF Notional Amount	U.S.$ Notional Amount	Hedging Start Date	Maturity
BCI – Chile	545,455	21,000,013	10/30/2021	10/30/2029
Scotiabank – Chile	545,455	21,025,232	10/30/2021	10/30/2029
Banco de Chile – Chile	545,455	20,714,763	04/30/2019	10/30/2029
BCI – Chile	545,455	20,933,693	04/30/2023	10/30/2029
BCI – Chile	545,455	20,959,872	04/30/2023	10/30/2029
BCI – Chile	545,455	20,520,850	04/30/2023	10/30/2029
BCI – Chile	545,455	20,714,761	04/30/2023	10/30/2029
BCI – Chile	818,182	31,500,021	11/15/2021	11/15/2032
BCI – Chile	818,182	31,497,364	11/15/2021	11/15/2032
Itaú Corpbanca– Chile	818,182	34,698,415	11/15/2023	11/15/2032
Santander – Chile	1,636,363	68,322,611	11/15/2023	11/15/2032
Santander – Chile	3,000,000	128,611,183	10/01/2014	04/01/2024
JP Morgan – U.K.	1,000,000	43,185,224	10/01/2014	04/01/2024
Itaú Corpbanca – Chile	1,000,000	43,277,070	10/01/2014	04/01/2024
Santander – Chile	5,000,000	201,340,031	11/15/2016	11/15/2026
Goldman Sachs N.A. – U.S.	1,000,000	40,521,750	10/10/2018	10/10/2028
Scotiabank – Chile	1,000,000	40,537,926	10/10/2018	10/10/2028

Goldman Sachs N.A. – U.S.	1,000,000	40,066,555	10/10/2018	10/10/2028
Santander – Chile	3,000,000	118,400,504	10/10/2018	10/10/2038
Santander – Chile	2,500,000	97,971,786	10/10/2018	10/10/2038
JP Morgan – U.K.	2,000,000	89,387,460	04/10/2023	04/10/2032
Santander – Chile	2,000,000	90,274,363	04/10/2023	04/10/2032
Banco de Chile – Chile	1,000,000	44,572,044	04/10/2023	04/10/2032
JP Morgan – U.K.	1,000,000	44,572,044	04/10/2023	04/10/2032
JP Morgan – U.K.	1,000,000	44,559,642	04/10/2023	04/10/2032
BCI – Chile	1,000,000	43,724,036	05/15/2023	05/15/2033
BCI – Chile	1,000,000	43,709,927	05/15/2023	05/15/2033
BCI – Chile	1,000,000	43,762,973	05/15/2023	05/15/2033
Banco de Chile – Chile	1,000,000	43,601,403	05/15/2023	05/15/2033
Itaú Corpbanca – Chile	1,000,000	43,654,189	05/15/2023	05/15/2033
Total	38,409,094	1,597,617,705		

These cross currency swap agreements allow us to hedge our currency exposures. Through these agreements, we receive cash flows in UF, which allow us to comply with the terms of our outstanding bonds and pay fixed amounts in U.S. dollars, the currency in which a significant amount of our assets and sales are denominated.

We have outstanding the following cross currency swap agreements in Chile to hedge our bank loans denominated in Euro:

Bank– Country	**EUR Notional Amount**	**U.S.$ Notional Amount**	**Hedging Start Date**	**Maturity**
Santander – Chile	70,588,235	83,767,059	06/15/2021	12/15/2029
Banco de Chile – Chile	35,294,118	41,883,529	06/15/2021	12/15/2029
MUFG Bank – Japan	70,588,235	83,767,059	06/15/2021	12/15/2029
JP Morgan – U.S.	141,176,471	167,534,118	06/15/2021	12/15/2029
HSBC – U.S.	35,294,118	41,883,529	06/15/2021	12/15/2029
Total	352,941,177	418,835,294		

Through these cross currency swap agreements we receive cash flows in EUR, which allow us to comply with the terms of our outstanding bank liabilities and pay fixed amounts in U.S. dollars, the currency in which a significant amount of our assets and sales are denominated.

The aggregate fair value of our UF and EUR cross currency swap agreements as of December 31, 2023, represented a liability of U.S.$79.1 million as compared to December 31, 2022, when they represented a liability of U.S.$20.5 million. This variation was primarily a result of changes in the fair value related to fluctuations in rates both for U.S. dollars and Chilean pesos, and also due to variations of the U.S. dollars to Chilean pesos exchange rate.

Interest Rate Swap Agreements

We have the following interest rate swap agreements to hedge fluctuations in floating rates for long-term debt outstanding in the U.S.:

Bank– Country	**Currency**	**U.S.$ Notional Amount**
JP Morgan – U.S.	U.S.$	70,000,000
JP Morgan – U.S.	U.S.$	70,000,000

Goldman Sachs – U.S.	U.S.$	70,000,000

As of December 31, 2023, the fair value of the aforementioned agreements represented an asset of U.S.$ 6.6 million as compared to December 31, 2022, when they represented an asset of U.S.$ 15.1 million.

Forward Agreements

As of December 31, 2023, we have the following forward agreements outstanding in Uruguay to hedge fluctuations in the respective local currencies, as follows:

Bank – Country	**Exchange Rate**		**U.S.$ Notional Amount**	**Hedging Start Date**	**Maturity**
HSBC – Uruguay	U.S.$	-UYU	8,490,000[(1)]	-	-
Citibank – U.K.	U.S.$	-UYU	5,550,000[(1)]	-	-
Itaú – Uruguay	U.S.$	-UYU	12,855,000[(1)]		
Banco de la República Oriental de Uruguay – Uruguay	U.S.$	-UYU	1,920,000[(1)]	-	-
Itaú – Uruguay	U.S.$	-EUR	299,000[(1)]	-	-
Banco Santander –Uruguay	U.S.$	-EUR	916,000[(1)]	-	-

(1) U.S.$ notional amount includes multiple contract agreements.

The fair value of these agreements as of December 31, 2023, represented an asset of U.S.$0.9 million, which includes the 50% of total fair value of the forward agreements entered into by Montes del Plata (of which Arauco owns 50% of its shares).

As of December 31, 2023, we have the following forward agreements outstanding in Argentina to hedge fluctuations in the respective local currencies, as follows:

Bank– Country	**Exchange Rate**		**U.S.$ Notional Amount**	**Hedging Start Date**	**Maturity**
BBVA – Argentina	U.S.$	-AR$	6,000,000	03/30/2023	04/28/2023
HSBC – Argentina	U.S.$	-AR$	5,000,000	11/29/2023	01/31/2024

The fair value of these agreements as of December 31, 2023, represented a liability of U.S.$0.5 million.

Research and Development

We spent U.S.$10.1 million in 2021, U.S.$10.8 million in 2022, and U.S.$12.3 million in 2023 on research and development.

For over 30 years, we have been researching, developing, and applying innovative technologies to enhance the productivity of our forest and industrial resources. We continuously study and apply new processes in the Forestry, Pulp, and Wood Products business segments in the various countries where we operate.

We believe that research and development are essential to ensure long-term sustainability, and for this purpose we own the research center of Investigaciones Forestales Bioforest SpA ("Bioforest"). Bioforest has been restructured in order to focus more on disruptive research and in delivering greater value to our businesses. As a result, it now has a team of more than 30 people primarily dedicated to researching new technologies and products derived from the pulp process and forest improvements.

Bioforest collaborates with a broad network in pursuit of continuous improvement of our industrial and forestry management based on empirical evidence and transferring knowledge, which adds value to our business.

Additionally, through scientific research programs, we uphold our commitment to the surrounding environment of our operations and to building trust with the adjacent communities.

Moreover, during 2023, significant collaboration took place with various academic institutions to advance several environmental and ecological research projects. We expect the final products to be published in national and international scientific books and journals and to be disseminated among authorities and the community, becoming important tools for community management.

On the other hand, the synergy with research projects has improved the understanding of natural phenomena concurrent with industrial activity, such as climate change. The data obtained promotes sustainable practices in biodiversity conservation and ecosystem services, benefiting the community and contributing to the fulfillment of the Sustainable Development Goals ("SDGs”). Furthermore, these experiences can be replicable in this and other industries.

During 2023 we made an investment in TreeCo, a startup company affiliated with North Carolina State University, United States, that is dedicated to genome editing of forest species. The expertise of prominent researchers from the United States was incorporated into the portfolio of projects in the Forestry area. This, along with other initiatives, will allow Bioforest to drive an investment in forest research of over US$50 million committed until 2030.

Additionally, we are implementing certain new technologies in our pulp mills that involve investments of over US$100 million through 2025. With this, improvements are expected in the production process and also in the environmental footprint of our operations, achieving the reuse of a significant portion of our solid waste, reducing disposal in landfills.

Critical Accounting Estimates

See Note 1 to our audited consolidated financial statements for information on Critical Accounting Estimates.

Trend Information

Pulp

According to Fastmarkets RISI, softwood pulp prices increased slightly in Asia and Europe during the fourth quarter of 2023. According to Fastmarkets RISI, hardwood pulp prices also increased slightly in Europe and slightly increased in China during the fourth quarter of 2023.

In the first quarter of 2024, we observed a general increase in softwood and hardwood pulp benchmark prices in Europe, while prices in China remained stable, as published by Fastmarkets RISI. In the case of dissolving pulp, our prices increased somewhat during the first quarter of 2024. During the remainder of 2024, developments could affect our pulp business, additional pulp capacity in the market, logistical issues, a weakening of our export markets, paper demand deterioration and uncertainties associated with the current geopolitical environment. As of the date of this annual report, it is difficult to predict any future variations in pulp prices (See “Item 3. —Key Information—Risk Factors—Global economic and other developments, and particularly economic developments in the Asian, European and U.S. economies, could have an adverse effect on the demand for our products, our financial condition, results of operations and cash flows.” for a more detailed discussion about this topic).

Wood Products

During the fourth quarter of 2023, demand of wood products slightly improved, however still with an oversupply along with negative seasonality and a slow market, ultimately reflected on a decrease in our volumes sold and average prices. The North American markets remained slow with low construction, repair and remodeling activity, yet demand started to improve in some products.

Prices for certain of our wood products increased slightly during the first quarter of 2024 in some markets. As of the date of this annual report, it is difficult to predict any future variation in market conditions or prices for our wood products. (See "Item 3. Key Information-Risk Factors-Global economic and other developments, and particularly economic developments in the Asian, European and U.S. economies, could have an adverse effect on the demand for our products, our financial condition, results of operations and cash flows." for a more detailed discussion about this topic).

Item 6. Directors, Senior Management and Employees

DIRECTORS AND EXECUTIVE OFFICERS

Directors

A Board of Directors manages our business. Our *estatutos* (by-laws) require that the Board of Directors consist of nine directors. Our directors cannot also be our executives. Our entire board is elected every three years and can be re-elected for any number of periods. The board was reelected at the shareholders meeting held on April 25, 2023. Due to the resignation of one of our directors (Mr. Alberto Etchegaray), a new board will be elected in the shareholders meeting to be held on April 23, 2024. The board may appoint replacements to fill any vacancies that occur during periods between elections; however, at the annual shareholders' meeting following any such replacement, an election of the entire board must take place. Scheduled meetings of the Board of Directors are generally held once a month. Extraordinary board meetings are called when summoned by the Chairman or when requested by at least two directors. We have not entered into any contracts with our current directors to provide any benefits upon the termination of their relationship with us. We do not have a compensation committee.

Our current directors are listed below.

Name	Years as Director	Position	Age
Manuel Bezanilla	37	Chairman	79
Robe	37	First Vice-Chairman	75

rto Angelini			
Jorge Andueza	30	Second Vice-Chairman	75
Eduardo Navarro	16	Director	58
Timothy C. Purcell	19	Director	64
Franco Me	9	Director	48

llafe			
Juan Ignacio Langlois	8	Director	56
Jorge Bunster	23	Director	71

Included below are brief biographical descriptions of each of our directors.

Manuel Bezanilla became a Director on April 30, 1986 and became Chairman of the Board of Directors on April 23, 2013. He served as Second Vice-Chairman of the Board of Directors from May 4, 2007 to April 23, 2013. He is also a partner of the law firm Portaluppi, Guzmán y Bezanilla. He serves as Chairman of the board of Forestal Arauco and Inversiones Arauco Internacional Limitada, and serves as a member of the Boards of Directors of Empresas Copec, Pesquera Iquique-Guanaye S.A., AntarChile S.A.("AntarChile"), Inversiones Siemel S.A. and Inversiones Angelini y Compañía Limitada ("Inversiones Angelini"). Mr. Bezanilla holds a law degree from the Catholic University of Chile.

Roberto Angelini became a Director on April 30, 1986 and became First Vice-Chairman of the Board of Directors on May 4, 2007. He served as Vice-Chairman of the Board of Directors from April 18, 1991 to January 4, 2005, when he voluntarily resigned, and as Second Vice-Chairman of the Board of Directors from January 27, 2005 to May 4, 2007. He serves as Chairman of the Board of Directors of Empresas Copec, COPEC, AntarChile, Corpesca S.A., Pesquera Iquique-Guanaye S.A., Inversiones Alxar S.A., Inversiones Angelini, Inversiones Caleta Vitor S.A. and Servicios Corporativos Sercor S.A. He also serves as a member of the boards of directors of Forestal Arauco, Inversiones Arauco Internacional Limitada, Inversiones Nutravalor S.A., Nutrisco S.A., Cumbres Andinas S.A.C. and Inversiones Siemel S.A. Mr. Angelini holds a degree in civil engineering from the Catholic University of Chile.

Jorge Andueza became a Director on April 11, 1994 and was appointed Second Vice-Chairman of the Board of Directors on April 23, 2013. He is also the Chairman of the Board of Directors of Inversiones Siemel

S.A. and Nutrisco S.A., and serves as a member of the Board of Directors of COPEC, Empresas Copec, Forestal Arauco, Inversiones Arauco Internacional Limitada, Inversiones Nutravalor S.A., Corpesca S.A., Pesquera Iquique-Guanaye S.A., Organización Terpel S.A., Inversiones Caleta Vitor S.A. and Servicios Corporativos Sercor S.A. Mr. Andueza holds a degree in electronic civil engineering from Federico Santa María Technical University.

Eduardo Navarro became a Director on September 25, 2007. He is also the Chief Executive Officer of Empresas Copec S.A., the Chief Executive Officer of Pesquera Iquique-Guanaye S.A., and serves as Chairman of the Board of Directors of Abastible S.A. and a member of the Board of Directors of COPEC, Colgas S.A., Solgas S.A., Duragas S.A., Corpesca S.A., Inversiones Caleta Vitor S.A., Nutrisco S.A., Inversiones Alxar S.A. and Cumbres Andinas S.A.C. Mr. Navarro holds degrees in commercial engineering and a master´s degree in economics, all from the Catholic University of Chile.

Timothy C. Purcell became a Director on April 26, 2005. He is also Managing Partner of Linzor Capital Partners, LP. Mr. Purcell currently serves as a member of the Board of Directors of Engenium Capital S.A. de C.V., Inconcert Holding S.L. and the Santo Tomás Educational Foundation. He is also Chairman of the Board of Directors of Colegios Cree in Chile. Mr. Purcell received an undergraduate degree in economics from Cornell University, as well as a master's degree in international studies from the University of Pennsylvania and a master's degree in business from Wharton Business School.

Franco Mellafe became a Director on April 21, 2015. He has also served as member of the Board of Directors of Forestal Arauco and Inversiones Angelini since July 2013. Mr. Mellafe holds a master's degree in business administration from Babson College and an undergraduate degree in business administration from Gabriela Mistral University. Before joining our Board of Directors, Mr. Mellafe worked for twelve years in different positions in Arauco.

Juan Ignacio Langlois became a Director on April 26, 2016. He is also Partner of Tyndall Group. Mr. Langlois currently serves as a member of the Board of Directors of Metrogas S.A and Inversiones Soprole S.A. He also serves as alternate director of Minera Las Cenizas S.A. Mr. Langlois received a law degree with maximum distinction from the Universidad de Chile School of law, a master's degree in business administration (MBA) from the Kenan-Flagler Business School, University of North Carolina at Chapel Hill and a master's degree in law (LLM) from the University of California, Berkeley.

Jorge Bunster served as a Director between April 1994 and March 2010, when he voluntarily resigned to assume the position of Vice Minister of Foreign Trade at the Ministry of Foreign Affairs of Chile, and subsequently, on April 2012, as Minister of Energy until March of 2014. He rejoined our Board of Directors in April 2017. Mr. Bunster serves as a member of the boards of directors of COPEC, Organización Terpel S.A., and Nutrisco S.A. Mr. Bunster holds degrees in commercial engineering and economics from the Catholic University of Chile and a master's degree in business administration from IESE, Navarra University, Spain.

Included below is a brief biographical description of *Alberto Etchegaray,* who resigned to his position as a member of our Board of Directors as of March 31, 2024.

Alberto Etchegaray became a Director on April 11, 1994 and served as Chairman of the Board of Directors from January 4, 2005 to May 4, 2007, when he voluntarily resigned. He is also a partner of Domet Ltda., and serves as a member of the Board of Directors of Compañía de Seguros Confuturo S.A. He served as the Chilean Minister of Housing for four years. Mr. Etchegaray holds a degree in civil engineering from the Catholic University of Chile.

Executive Officers

Our executive officers are appointed by our Board of Directors and hold office at its discretion. Our principal executive officers and the directors as of December 31, 2023, of each area or department are listed below.

Name	Years with Arauco	Position	Age
Matías Domeyko	33	Chief Executive Officer	62
Cristián Infante	27	President & Chief Operating Officer	57
Gianfranco Truffello	29	Chief Financial Officer	55
Iván Chamorro	22	Senior Vice-President of Forestry & Woodpulp Business	50
Charles	37	Senior Vice-President of Human Resources & Sustainability	62

Kimber			
Pablo Franzini	19	Senior Vice-President of Wood Business	49
Gonzalo Zegers	15	Senior Vice-President of International & Business Development	63
Felipe Guzmán	15	General Counsel	54

Included below are brief biographical descriptions of each of our executive officers and the directors of each area or department as of March 31, 2024.

Matías Domeyko is the Chief Executive Officer of Arauco. Mr. Domeyko worked at Arauco from 1987 to 1994, and then rejoined in 1997 as our Chief Financial Officer. In 2005, Mr. Domeyko assumed the position of Chief Executive Officer of Arauco. He previously served as the Director of Development of Copec. Mr. Domeyko holds a degree in commercial engineering from the University of Chile.

Cristián Infante is the President & Chief Operating Officer of Arauco, a position that was created by Arauco in July 2011. He joined Arauco in 1996 as a wood pulp sales representative, and in 1998 was appointed sales manager for industrial lumber and remanufactured products of Forestal Arauco. He then moved to Centromaderas S.A., where he worked until 2001. Mr. Infante later served as the Corporate Management &

Development and Atlantic Region Managing Director. Mr. Infante holds a degree in civil engineering from the Catholic University of Chile.

Gianfranco Truffello is the Chief Financial Officer of Arauco since 2005. He joined Arauco in 1994 and was previously our Finance Manager. He also served as the Chief Financial Officer of Arauco Argentina. Mr. Truffello holds a degree in civil engineering from the Catholic University of Chile and a master's degree in business administration from the Massachusetts Institute of Technology.

Iván Chamorro is the Senior Vice-President of Forestry & Woodpulp Business of Arauco. He holds a degree in civil engineering and MBA from the Catholic University of Chile. Mr. Chamorro joined the Company in 2001, working in the commercial department and later, as its Manager of Public Affairs and Communications. Mr. Chamorro later served as the Senior Vice-President of Human Resources & EHS.

Charles Kimber is the Senior Vice-President of Human Resources & Sustainability of Arauco. He graduated from the Catholic University of Chile with a degree in commercial engineering and joined Arauco in 1986, where he has held several positions in sales. He was previously Managing Director of Arauco Wood Products Inc.

Pablo Franzini is the Senior Vice-President of Wood Business of Arauco. He holds a bachelor's degree in business economics from Torcuato Di Tella University, Argentina and has an MBA from Erasmus University, Netherlands. Mr. Franzini joined the Company in 2005. He served as President of Arauco North America, including operations in the United States, Canada, and Mexico. Throughout his career, he has worked as CFO of Arauco Argentina, CEO of Arauco Brazil, and SVP of Arauco International Business based in Chile.

Gonzalo Zegers is the Senior Vice-President of International & Business Development of Arauco. He joined Arauco in 2008. Before joining Arauco, he was the general manager of Agrofruta S.A. from 1991 to 1995, Chief Financial Officer (1995-1996) and Chief Executive Officer (1996-2005) of Masisa, and Chief Executive Officer of ATC Panels Inc. (USA) until 2008. Mr. Zegers holds a degree in commercial engineering from the Santiago University of Chile.

Felipe Guzmán is the General Counsel of Arauco. He joined Arauco in December 2008. Before joining Arauco, he worked at the law firm Portaluppi, Guzmán y Bezanilla (1996-2008), and he spent a year as an International Associate at Simpson Thacher & Bartlett in New York (2000-2001). Mr. Guzmán holds a law degree from Finis Terrae University, and a master´s degree in law (LLM) from Duke University.

Compensation

For 2023, the aggregate compensation of all our directors, executive officers and senior managers paid or accrued in that year for services in all capacities, including salaries and compensation for their service to those executive officers who serve as directors, was approximately U.S.$79.9 million. We do not maintain any pension or retirement programs, or incentive compensation plans for our directors. Compensation for our executive officers, is comprised of a fixed monthly salary and a performance bonus paid on a yearly basis subject to our financial performance, the fulfillment of objectives and individual performance. We also do not maintain any plans providing for benefits upon termination of employment. The following table sets out the compensation of our directors for their services in 2023, as disclosed in our annual report submitted every year with the *Comisión para el Mercado Financiero* in Chile (the Comission for the Financial Market, or the "CMF").

Name	**2023**
Manuel Bezanilla	U.S.$ 580,325
Roberto Angelini	344,617
Jorge Andueza	344,617
Franco Mellafe	190,070
Alberto Etchegaray (1)	128,426
Eduardo Navarro	128,426
Timothy Purcell	128,426
Jorge Bunster	128,426
Juan Ignacio Langlois	128,426
Total Compensation	2,101,758

(1) Alberto Etchegaray, resigned to his position as a member of our Board of Directors as of March 31, 2024.

Board Practices

In 2013, we created an Audit Committee, which was composed of two directors, Jorge Andueza and Timothy C. Purcell, as well as the Chief Executive Officer of Arauco, the Chief Operating Officer of Arauco, the Senior Vice-President Comptroller of Arauco and the General Counsel of Arauco. Our securities are not listed on any U.S. national securities exchange and, therefore, we are not subject to the rules relating to audit committees imposed by the Sarbanes-Oxley Act of 2002, as amended. In November 2015 the Board of Directors agreed to reinforce the role of the Audit Committee, giving it new powers and expanding its membership. It is now comprised by three directors: Jorge Andueza, Timothy C. Purcell, and Eduardo Navarro, as well as the Chief Executive Officer of Arauco, the President and Chief Operating Officer of Arauco, the General Counsel of Arauco and Mr. Robinson Tajmuch (former comptroller of Arauco). Beginning on the fourth quarter of 2020, the Chief Financial Officer and the Audit Manager have participated of the committee's sessions, to show topics regarding financial statement and internal audit issues respectively. The General Counsel of Arauco periodically reports to our Board of Directors about the functioning of the Audit Committee.

In January 2021, our Board of Directors reviewed and adjusted some of the tasks of the Audit Committee, as well it was defined that the members will remain for a 3 year-term. At the end of such term, our Board of Directors will designate the members for the new period, which could be totally or partially the same as the previous period.

In 2019, our Board of Directors created an Ethics and Compliance Committee. The members of such Ethics and Compliance Committee are Messrs. Manuel Bezanilla (Chairman of the Board of Directors), Jorge Andueza (second Vice-Chairman of the Board of Directors), Matías Domeyko (Chief Executive Officer), Cristián Infante (President & Chief Operating Officer), Felipe Guzmán (General Counsel). Mr. Camilo Naranjo (Chief Compliance Officer) is in charge of the proper functioning of the Ethics and Compliance Committee, and reports to the Board of Directors on a semi-annual basis. The Committee replaced the previously existing ethics committee and is in charge of the supervision of the processes implemented by the Company in order to comply with the ethical standards and the regulations related to compliance. In addition, the Committee reviews and decides whether to open investigations on reports received through the reporting hotline.

Employees

The following table provides a breakdown of our employees by main category of activity as of the end of each year in the three-year period ended December 31, 2023.

	2023	2022	2021
Executives	391	386	497
Professionals and Technicians	6,990	5,279	5,135
Workers	11,255	13,378	12,519
Total	18,636	19,043	18,151

Approximately 57% of our employees in Chile, 55% of our employees in Argentina, 35% of our employees in Uruguay, 8% of our employees in Brazil (although 100% are represented by the unions), 44% of our employees in Mexico and none of our employees in the United States or Canada were unionized as of December 31, 2023. We have negotiated collective bargaining agreements with unionized employees.

We believe we generally have stable relations with our employees in Chile, Argentina, Brazil, Uruguay, Mexico, the United States and Canada.

Chile

In Chile there were 15 collective bargaining processes in the year 2023. 14 of those collective bargaining processes occurred in our wood products business. Also, in September 2023 two unions from our Viñales complex went on strike for 2 days. All the above mentioned processes concluded with a 2-year term agreement that included semi-annual CPI adjustments, negotiation termination bonus, and loans with better conditions.

The remaining collective bargaining process occurred in our forestry, pulp and energy business. Said process also concluded with a 2-year term agreement that included the same benefits as the ones granted in the wood products business collective bargaining processes mentioned in the preceding paragraph.

In August 2023, due to a series of adverse circumstances that had recently affected the operation of our Licancel pulp mill in Chile, we suspended the pulp manufacturing at this mill indefinitely. The reasons for this measure include extreme weather variability, consecutive river floods, periods of severe drought leading to repeated shutdowns, and high-impact forest fires that have significantly reduced the availability of wood on an industrial scale, all compounded by the years of operation of the main equipment.

In July 2023, Horcones II Sawmill in Chile indefinitely suspended its operations due to supply issues, rising costs and decreased availability of raw materials (all of which affected the entire timber business in Chile).

Between March and May 2022, we had stoppages in our lumber production processes for a total of 7 days in the Horcones facility, as the result of the access being blocked by contractor workers.

We renewed all the collective bargaining instruments that expired during 2023 in Chile. We cannot assure that a work slowdown, work stoppage or strike will not occur before or after the expiration of our labor agreements, and we cannot estimate the degree to which any work slowdown, work stoppage or strike may adversely affect our sales.

In addition, we depend to a significant extent on employees of contractors to which we outsource a wide range of services including management of certain of our plantations and transportation of raw materials and products.

In Chile, as of December 31, 2023, we had contracts with approximately 434 contractors, who employed approximately 25,465 employees.

United States and Canada

During the last ten years, we experienced no strikes or other material work stoppages at our U.S. and Canadian subsidiaries.

Our U.S. operations must comply with the regulations issued by the Occupational Safety & Health Administration (OSHA) and the Federal Labor Standards Act (FLSA), among others. Our Canadian operations must comply with the regulations of Worksafe New Brunswick and Ontario Ministry of Labor.

In August 2019, Arauco North America announced the closure of the St. Stephen particleboard operation, which ceased its operations on December 13, 2019, dismissing 60 employees.

On February 11, 2020, we announced the closure of our Eugene MDF facility, which ceased operations on May 1, 2020, dismissing 70 employees. On April 22, 2020, we announced the closure of our Bennettsville MDF facility, which ceased operations on May 28, 2020, dismissing 118 employees. Both MDF closures were related to an imbalance between supply and demand coupled with the fact that the older manufacturing platform was less competitive compared to our other advanced, high-capacity particleboard platforms.

In April 2020, we announced the closure of our Moncure particleboard line, which ceased its operations on May 1, 2020, resulting in the dismissal of 45 employees. The Moncure closure was the result of the opening of our particleboard facility in Grayling, Michigan, which provided a more efficient model in costs and volume.

On June 11, 2020, we announced the closure and ceased operations of our Duraflake Particleboard facility, discontinuing two treating lines (one TFL line- and one particleboard line). This closure resulted in the dismissal of 83 employees. The closure of our Duraflake operations was based on an assessment that determined the older manufacturing platform was less competitive in a challenging marketplace. The aforementioned closures across our manufacturing sites resulted in the elimination of 29 shared services roles from our corporate support offices.

In The United States and Canada, as of December 31, 2023, we had contracts with approximately 10 contractors, who employed approximately 45 employees.

Brazil

Our Brazilian operations have not experienced any material work stoppages in the last eleven years, other than a generalized truck-drivers' strike in 2018 that affected our operations. As a consequence of this event, we could not receive raw materials or dispatch products, and our employees could not easily access our Brazilian mills during such time, which resulted in a stoppage of ten days. As a result, transportation costs increased 25% in average, which directly affected the cost of our final product, increasing them between 3% to 5% depending on the type of product.

In Brazil, as of December 31, 2023, we had contracts with approximately 985 contractors, who in turn employed approximately 7,877 employees.

Approximately 8% of our employees in Brazil were unionized as of December 31, 2023. We negotiate collective agreements for one and two years, and 100% of our employees are represented by the unions.

Argentina

Our Argentine operations have not experienced any material work stoppages in the last six years.

Approximately 55% of our employees in Argentina were unionized as of December 31, 2023. We have negotiated collective bargaining agreements with unionized employees.

In Argentina, as of December 31, 2023, we had contracts with approximately 740 contractors, who employed approximately 6,210 employees.

Mexico

During 2022 and 2023, we experienced no strikes or other material work stoppages affecting our Mexican operations. We have collective-bargaining agreements with the unions representing the employees of our Durango and Zitácuaro mills, corresponding to our Mexican subsidiaries.

As a result of recent changes to the Mexican labor law, union negotiations have been held and will be held with the unions of our Durango and Zitácuaro mills with effective dates of January 1, 2023 and May 1, 2023 respectively.

In Mexico, as of December 31, 2023, we had contracts with approximately 57 contractors, who employed approximately 505 employees.

Uruguay

During 2022 and 2023, our Uruguayan operations did not experience any material work stoppages. The Montes del Plata joint operation has a collective labor agreement with the pulp mill union employees (which is valid through 2024), as well as with the nursery union employees (which is valid through 2025).

As a result of the foregoing, we may be affected by future strikes, work slowdowns, stoppages or other labor-related developments in the various countries in which we operate, including such developments attributable to employees of contractors performing outsourced services, and such strikes, slowdowns, stoppages or other developments could have a material adverse effect on our business, financial condition, results of operations or prospects.

In Uruguay, as of December 31, 2023, we had contracts with approximately 256 contractors, who employed approximately 3,347 employees.

Share Ownership

Our First Vice-Chairman, Roberto Angelini, directly and indirectly owns approximately 36.0% of Inversiones Angelini, which is the principal shareholder of AntarChile. He directly owns approximately 0.2% of AntarChile. Through his direct and indirect interests in Inversiones Angelini, AntarChile and Empresas Copec, Mr. Angelini beneficially owns approximately 14.2% of our shares. Our Director Franco Mellafe owns indirectly approximately 4.9% of Inversiones Angelini. He also directly owns 0.059% of AntarChile, and approximately 0.00006% of Empresas Copec. Through his direct and indirect interests in Inversiones Angelini, AntarChile and Empresas Copec, Mr. Mellafe beneficially owns approximately 2.06% of our shares.

None of our other directors or executive officers beneficially owns 1% or more of our shares.

Item 7. Major Shareholders and Related Party Transactions

MAJOR SHAREHOLDERS

Our only outstanding voting securities are shares of common stock of a single series, without nominal (par) value. The following table sets forth certain information concerning ownership of our common stock, as of the date of this annual report, with respect to each shareholder known by us to own more than 5% of the outstanding shares of our common stock and all of our directors and executive officers, as a group.

	Number of Shares Owned	Percentage Ownership
Empresas Copec	120,474,249	99.99
Directors and executive officers of our Company, as a group	-	-

Through its ownership of our Common Stock, Empresas Copec currently has voting control over us.

Empresas Copec is a Chilean public company listed on the Santiago Stock Exchange and the Chilean Electronic Stock Exchange. It is a holding company, the principal interests of which are in Arauco, gasoline distribution, electricity, gas distribution, fishing and mining. Before October 1, 2003, Empresas Copec's legal name was Compañía de Petróleos de Chile S.A. As of that date, Compañía de Petróleos de Chile S.A. transferred all its gasoline and fuel-related business assets to COPEC, and changed its legal name to Empresas Copec S.A. As of December 31, 2023, AntarChile owned approximately 60.8% of Empresas Copec.

Through its ownership in Empresas Copec, AntarChile beneficially owned approximately 60.8% of our shares as of December 31, 2023. As of the date of this annual report, AntarChile beneficially owned approximately 60.8% of our shares. Inversiones Angelini in turn owns approximately 63.4% of AntarChile's shares, and certain other related investors own approximately an additional 11.07% of AntarChile. Inversiones Angelini and such other investors are defined herein as the "Angelini Group."

The principal equity owners of interest in Inversiones Angelini are Mr. Roberto Angelini Rossi directly and indirectly with approximately 36.0% and Mrs. Patricia Angelini Rossi directly and indirectly with approximately 29.0%.

As of December 31, 2023, and as of the date of this annual report, the Angelini Group controlled Arauco through the ownership structure described above.

RELATED PARTY TRANSACTIONS

We engage in a variety of transactions in the ordinary course of business with related parties. Related parties include, among others, directors, officers and affiliates of our Company. The norms for transactions with related parties by and among public corporations and their subsidiaries are mainly regulated by Title XVI of the Chilean Companies Act, or Title XVI, and articles 44 and 89 of the Chilean Companies Act. Title XVI requires that our transactions with related parties contribute to our Company's interest and be on a market basis or on terms similar to those prevailing in the market. In addition, Title XVI provides that related party transactions must be approved by an informed majority of the disinterested members of the Board of Directors. If a majority of the disinterested directors abstains from voting on a particular transaction, the transaction must be approved by a unanimous vote of the non-abstaining disinterested directors or by two-thirds of the shares with voting rights. Resolutions approving any such transactions must be reported to our shareholders at the next annual shareholders' meeting.

Notwithstanding the above, in accordance with Article 147 of the Chilean Companies Act, the following transactions with related parties do not need to follow the procedure set forth in the previous paragraph: (i) transactions which do not involve material amounts; (ii) transactions with affiliates in which we control 95% or more of the equity; and (iii) transactions that are considered by our Board to be performed in the ordinary course of our business in accordance with our general policy of customary dealings, which was approved by our Board on July 28, 2020 and is available to shareholders at our main office and is published on our website, at www.arauco.cl or www.arauco.com.

Article 146 of the Chilean Companies Act defines related party transactions as negotiations, acts, contracts or transactions between a corporation and any other person or entity that involve the following:

- directors or officers of the corporation (or their respective spouses and certain other relatives) acting on their own or on behalf of persons different from the corporation;
- directors or officers of the corporation (or their respective spouses and certain other relatives) who have a direct or indirect ownership interest of at least 10% of the equity shares of the other company or are also directors or officers of such other company;
- persons who have been in the last 18 months previous to the transaction, directors or officers of the corporation; and
- "related persons" of the corporation, as defined in article 100 of the Chilean Law 18,045, or Chilean Securities Markets Law.

Article 100 of the Chilean Securities Markets Law establishes that the following are "related persons" to a company: (i) the entities of the *grupo empresarial* (corporate group) to which such company belongs; (ii) the entities that are either parent company, subsidiary, owners of at least 10% of the equity of a company or other companies in which the company owns at least 10%; (iii) directors or officers of the company (or their respective spouses and certain other relatives); (iv) any person who, individually or with other persons under a voting agreement can designate at least one member of the management of the company or control at least 10% of the capital of such company; and (v) any other person who is indicated as such by the CMF, in accordance with certain parameters established by the above-mentioned Article 100.

Our transactions with affiliates include the following:

- We purchase goods and services that may also be provided by other suppliers. Among the most significant are our fuel purchases from COPEC, a subsidiary of Empresas Copec, our majority shareholder;
- We hire port services from our 50% affiliate Compañía Puerto de Coronel S.A.;
- We purchase chlorate sodium from EKA Chile, which is 50% controlled by Arauco, and we provide EKA Chile with electricity; and
- We obtain legal services from Portaluppi, Guzmán y Bezanilla, a law firm of which one of our directors, Manuel Bezanilla, is a partner.

Financial information concerning transactions with affiliates is included in Note 13 to our audited consolidated financial statements.

Item 8. Financial Information

See "Item 18. —Financial Statements."

EXPORT SALES

Export sales (i.e., sales in a different country from the one in which the goods are produced) constituted 60.2% of our revenues for the year ended December 31, 2023. Our total export revenues for 2023 were U.S.$ 3,616.9 million. Our principal overseas markets are North America, Asia and Europe. See "Item 4. Information on our Company—Description of Business—Domestic and Export Sales."

LEGAL PROCEEDINGS

From time to time, we have been subject to environmental proceedings related to allegations by the Chilean environmental regulators and private parties including proceedings related to the Valdivia mill, the Arauco mill, the Nueva Aldea complex, the Licancel mill and the Constitución mill. As a result of these proceedings, we have been subject to monetary fines as well as sanctions, including orders to suspend or limit our operations. We are also subject to certain other legal proceedings. For more information regarding the environmental proceedings and other legal proceedings see Note 18 to our audited consolidated financial statements.

On August 7, 2023, Chile enacted Law 21.595, which introduced significant modifications to the regime of corporate criminal liability in Chile. This new law significantly expands the catalogue of offenses that, under certain conditions, trigger criminal liability for individuals and legal entities and establishes new and stricter sentencing guidelines for the commission of these offenses. The criminal liability for legal entities established in Law 21.595 will come into effect in September 1, 2024.

We do not have knowledge of any fact that is likely to result in our criminal responsibility under such regulations.

Environmental Proceedings

We have been subject to certain administrative proceedings. See "Item 3. Key Information—Risk Factors—Risks Relating to the Company. We have been subject to legal proceedings related to some of our mills which could adversely affect our business, financial condition, results of operations and cash flows."

In addition, in 2016 the Superintendence of the Environment initiated administrative proceedings against the Valdivia, Nueva Aldea, Licancel and Constitución mills. In 2017, the Superintendence of the Environment initiated an administrative proceeding against the Arauco mill. The first part of the proceeding against the Valdivia mill concluded in 2017. On December 15, 2017, the Superintendence of the Environment decided that the Valdivia mill was liable for ten out of eleven charges and imposed a fine of 7,777 UTA (approximately U.S.$6.5 million as of December 2018). We appealed this decision on April 5, 2018 before the Third Environmental Court. A decision by the Third Environmental Court was issued in February 2020. This decision partially accepted the claim, only in connection with the inadequate classification of one of the charges, ordering the Superintendence to make a new classification. The decision also mentioned that the Superintendence had not proved that the death of the fish in the Cruces River in January 2014 was caused by the operations of the Valdivia mill. This ruling was appealed by both the Superintendence and the Company before the Supreme Court. In December 2022, the Supreme Court upheld the Third Environmental Court decision, confirming most of the fines though stating that the death of fish in the Cruces River in January 2014 was not caused by the operations of the Valdivia mill. The Superintendence is expected to make a new classification in connection therewith (as of the date of this annual report, this is still under review by the Superintendence). In January 2023, we paid the corresponding fines for approximately 5,360.2 UTA (approximately U.S.$4.9 million as of January 2023).

Tax Litigation in Chile

On August 25, 2005, the Chilean IRS (*Servicio de Impuestos Internos*) issued tax calculations No. 184 and No. 185 of 2005 objecting to certain capital reduction transactions effected by us on April 16, 2001 and October 31, 2001, and furthermore, requesting reimbursement for amounts returned to us in respect of certain claimed tax losses. On November 7, 2005, we requested a *Revisión de la Actuación Fiscalizadora* (Review of the Supervision Action, or RAF), which is an administrative review of the tax action brought by the Chilean IRS, and subsequently, a claim was filed against the above-mentioned tax calculations No. 184 and No. 185 of 2005. The RAF was resolved on January 9, 2009 by the Chilean IRS, which resolution, however, only partially sustained our request. In response, we filed an additional complaint with regard to the portion of the RAF that was not granted administrative review. On September 20, 2017, the Chilean Tax and Custom Court resolved to confirm the Chilean IRS tax calculations No. 184 and No. 185. On October 12, 2017, we appealed this decision before the Santiago Court of Appeals. On June 29, 2018, the Santiago Court of Appeals confirmed the first instance ruling. On July 19, 2018, we filed a "*recurso de casación en el fondo y en la forma*" (nullity recourse) before the Supreme Court.

On June 21, 2019, we submitted a claim before the Constitutional Court to obtain the declaration of unconstitutionality ("*requerimiento de inaplicabililidad por inconstitucionalidad*") in respect of the third paragraph of article 53 of the Chilean Tax Code. On October 29, 2019, the abovementioned provision was declared unconstitutional by the Constitutional Court with respect to our case.

On October 29, 2019 the Constitutional Court accepted the claim that we filed, finding unconstitutional and declaring the inapplicability of section 53, paragraph 3 of the Tax Code in the context of the proceeding "Celulosa Arauco y Constitución S.A. with SII Large taxpayers", which was in the Supreme Court docket as a "*recurso de casación en el fondo y en la forma*" (nullity recourse) under case file 24,758-2018.

The third paragraph of article 53 of the Chilean Tax Code establishes a penalty interest of 1.50% per month for each month or fraction of a month, in the event of delay in the payment (total or partial) of any kind of taxes. As a result of the ruling issued by the Constitutional Court, the penalty interest could not be applied against us in this case.

On January 24, 2023, a hearing of pleadings before the Supreme Court was held in this case.

On March 7, 2023, the abovementioned "*recurso de casación en el fondo y en la forma*" (nullity recourse) was rejected by the Supreme Court, bringing an end to this case without any material effects on our results as of December 31, 2023.

Tax Litigation in Brazil

The Federal Reserve of Brazil contested the amortization of goodwill resulting from acquisitions of Placas do Paraná S.A, Tafibrás, Tafisa Brasil (now, Arauco do Brasil S.A.) and Dynea Brasil S.A.

On July 20, 2015, Arauco do Brasil was notified of the first-level administrative ruling which partially upheld the infringement. Against this ruling, a Voluntary Appeal was filed seeking to revoke the Infringement Notice before the Brazilian Administrative Tax Council (Conselho Administrativo de Recursos Fiscais de Brasil or "CARF"), which is the second administrative level. The CARF's decision was issued on May 16, 2017 and took into consideration certain arguments presented by the Company regarding the premium but preserving other charges. On September 27, 2018, Arauco do Brasil was notified of the CARF's decision, for which Arauco do Brasil filed an appeal for declaration embargoes, to elicit clarifications from the CARF regarding certain points of the decision. On January 25, 2019, the CARF ruled that there were no clarifications or omissions to be made and, consequently, granted a term for filing the last remedy within the administrative realm ("Special Remedy"). This Special Remedy was submitted before the Upper Chamber of Fiscal Remedies of the CARF (Cámara Superior de Recursos Fiscais, or "CSRF") on February 11, 2019, reiterating our defense allegations regarding the matters and charges that remained in such process.

On August 28, 2020, we learned of an intermediate decision in Grievance of Instrument, issued by the CARF that divided the claim into two parts, one at the administrative level and the other one at the judicial level:

I – The administrative level allocated deductibility of interests and an isolated fine of 50% with an estimated amount of R$34.5 million (U.S. $7.1 million as of December 31, 2023). Pursuant to these requirements on March 27, 2023, Arauco do Brasil adhered to the government program of reduction of fiscal litigation which permits a reduction of the 65% of the entire amount of the debt through the payment of the 35% of the debt in two ways: (a) payment in cash of the 30%, totaling R$3.7 million (U.S.$0.8 million as of December 31, 2023) and (b) payment of 70% of fiscal losses, totaling R$8.6 million (U.S.$1.8 million as of December 31, 2023). Later, Arauco do Brasil completed the abovementioned payment in cash and of fiscal losses. The Brazilian IRS will have to confirm Arauco do Brasil's adherence to the program, for the closure of the administrative level of the claim.

II – The judicial level related to contractual expenses deducted in the purchase of Tafisa Brasil (point 3.5 of the claim); interests and legal expenses on debts paid in the amnesty program (point 3.6); Imposto de Renda Pessoa Jurídica, or "IRPJ" and less Contribuição Social sobre o Lucro Líquido, or "CSLL" (points 3.7 and 3.8), with an estimated amount of R$42.2 million (U.S.$8.7 million as of December 31, 2023). In response, Arauco do Brasil filed a nullity claim of tax debt with the CARF.

On March 9, 2023, the Federal Court of the Paraná State accepted the nullity claim with respect to the points 3.5, 3.7 and 3.8 above, which nullified and voided part of the debt in the amount of R$26.6 million (U.S.$5.5 million as of December 31, 2023). The court rejected the nullity claim regarding point 3.6, with an estimated amount of R$15.6 million (U.S.$3.2 million as of December 31, 2023).

On May 25, 2023, the Federal Reserve filed an Appeal seeking the reversal of the judgment in the part in which it was favorable to Arauco and, on June 26, 2023, Arauco also filed an Appeal seeking the validity of the judgment in the part that was favorable to it and the reversal of the judgement in the part that was unfavorable (point 3.6). On July 18, 2023, the case was sent to the court for trial in the second instance, where it is currently awaiting trial.

We believe that our position is based on solid legal grounds, but no assurance can be given that we will prevail in this claim. As of December 31, 2023, we had not made any provision in connection with this contingency. As of the date of this annual report, in our opinion, this proceeding does not represent a relevant risk for the operations or the financial position of Arauco.

Tax Litigation in Mexico

On December 12, 2022, the Tax Administration Service issued tax credit assessment resolution number 900-04-04-00-00-00-2022-978 corresponding to the 2014 tax year. Under such assessment, objections against the following items were filed: (i) the deduction of interest in the historical amount of MXN $85,172,274 (U.S.$ 5.0 million as of December 31, 2023), from loans granted by Masisa S.A. (Chile); (ii) the tax loss in the total amount of MXN$ 275,986,671 (U.S.$ 16.3 million as of December 31, 2023); (iii) the deduction of payments made to Masisa S.A. for logistics services in the total amount of MXN$ 3,058,221 (U.S.$ 0.2 million as of December 31, 2023); (iv) the alleged generation of non-distributed dividends related to the payments indicated in items (i) and (iii) above; (v) the rejection of contributions to the Single Contribution Account in amounts expressed in Mexican pesos of $ 342,372,000 (U.S. $ 20.2 million as of December 31, 2023), MXN$ 66,250,020 (U.S.$ 4.0 million as of December 31, 2023), MXN$ 46,389,980 (U.S.$ 2.7 million as of December 31, 2023) and MXN$ 11,457,000 (U.S.$ 0.7 million as of December 31, 2023), respectively; and (vi) an alleged incorrect application of the double taxation avoidance treaty between Mexico and Chile in connection with payments described in (i) and (iii) above. The total amount of omitted tax, updates, surcharges, and fines assessed to the company amounts to MXN$ 427,484,272 (U.S.$ 25.3 million as of December 31, 2022).

On February 13, 2023, a motion to dismiss was filed against the above assessment, before the General Legal Administration of the Tax Administration Service. Currently, the term for the Company to submit additional evidence has elapsed, subsequently, is pending for the tax authorities to issue a ruling which, if unfavorable, could be challenged by the Company before the Federal Court of Administrative Justice.

We believe that our position is based on solid legal grounds, but no assurance can be given that we will prevail in this claim. As of December 31, 2023, we had not made any provision whatsoever in connection with this contingency.

Service Provider Lawsuit in Brazil

In 2013, a service provider instituted a civil lawsuit against us seeking compensation for damages allegedly caused by Arauco do Brasil's unilateral termination of its contract in connection with the implementation of the MDF 2 line of the Jaguariaiva mill. On November 1, 2021, the Civil Court of Curitiba issued its ruling, ordering Arauco do Brasil to pay to the service provider an amount of R$84 million (approximately U.S.$17.3 million as of December 31, 2023) in consideration of the alleged damages borne by the service provider during the course of the services contracts and as a result of its early termination by Arauco do Brasil. Arauco do Brasil appealed to the Court of Justice of the Paraná State and, on April 6, 2023, the Court accepted Arauco do Brasil's appeal regarding procedural irregularities, and declared the previous decision null and void.

Such declaration also affects the expert evidence (*prueba pericial*), which will need to be redone. As a result of this, the accounting provision of R$ 42,945,528 (US$ 8.9 million as of December 31, 2023) was wholly reversed. In May 2023, the service provider filed a motion requesting a clarification of the decision, which was rejected. In August 2023, the service provider filed a special recourse before the Superior Tribunal of Justice requesting the revocation of the decision in favor of Arauco do Brasil. In October 2023, such special recourse was also rejected. In November 2023, the service provider filed to the Superior Tribunal of Justice a new recourse as an attempt to achieve admissibility. Such recourse in pending as of the date of this annual report.

Arbitral Proceeding in Chile

On April 26, 2023, Ingeniería y Construcción Sigdo Koppers S.A. ("ICSK") filed before the Arbitration and Mediation Center of the Chamber of Commerce of Santiago (CAM Santiago) an arbitral lawsuit against us, requesting the specific performance (*cumplimiento forzado*) of Contract No. 906 Civil Electromechanical Assembly of Digester, Washing, Bleaching, Machine, and Final Line, executed on June 18, 2019 (the "Contract"), and the payment of an indemnification amount for damages. The total amount requested by ICSK arised to Ch$246,650 million (US$ 281.2 million as of December 31, 2023), plus adjustments to account for inflation. ICSK indicated in its lawsuit that $60,657 million (US$ 69.2 million as of December 31, 2023), owed by ICSK to us, should be discounted from such amount, once adjusted to account for inflation. ICSK requested that such amount be paid with interest starting April 2023.

On June 16, 2023, we replied to the lawsuit filed by ICSK requesting its' rejection. Additionally, we filed a counter lawsuit (*demanda reconvencional*) against ICSK seeking a declaration that ICSK breached the Contract's deadlines and, consequently, requesting that ICSK be ordered to pay the fines associated to such breach, which amounted, at the moment of the presentation of the lawsuit, to Ch$37,302 million (US$ 42.5 million as of December 31, 2023). Furthermore, Arauco sued for the reimbursement of the total amount of Ch$60,657 million (US$ 69.2 million as of December 31, 2023), plus adjustments and interests, delivered to ICSK during the Contract's execution for diverse reasons.

On January 31, 2024, the parties agreed to terminate the arbitration proceeding. With this, both the claim filed by ICSK and the counter lawsuit filed by us were settled in terms satisfactory to both parties. The agreement included the termination of the Contract and did not produce material effects on our results as of December 31, 2023.

DIVIDEND POLICY

Article No. 79 of the Chilean Companies Act states that, unless otherwise unanimously agreed by the shareholders, public corporations must distribute annually at least 30% of net income for the current year as cash dividend to shareholders determined in proportion to their shares or in the proportion established in the by-laws for preferred shares, if any, except where necessary to absorb accumulated losses from prior years. In April 2002, our shareholders approved the current dividend policy, setting the cash dividend at 40% of our consolidated net income for each year, which was determined under Chilean GAAP through the year ended December 31, 2008, and has been determined under IFRS since January 1, 2009. Under IFRS, the determination of the dividend amount is based on the effective realized profit net of any relevant variations in the value of unrealized assets and liabilities.

On October 28, 2019, our shareholders approved an amendment to article 36 of our bylaws, in order to establish that our shareholders will determine at our annual Ordinary Shareholders' Meeting, the dividend distribution amount for the respective year, without being subject to the 30% distributable minimum indicated in the Chilean Companies Act.

On January 31, 2020, our Board of Directors, in reliance on the abovementioned amendment of our bylaws, proposed that we do not distribute dividends with respect to fiscal year 2019, in order to enhance our ability to address our upcoming financial requirements, especially those related to the MAPA Project. On April 21, 2020, our shareholders voted to approve at the Board's proposal not to distribute dividends with respect to the results of year 2019.

On September 28, 2021, our Board of Directors agreed to update our dividend policy, establishing a dividend distribution for fiscal year 2021 of an amount equivalent to 40% of the distributable net income for such year, excluding from the calculation of such net income any extraordinary profits obtained by us from the sale of real estate to Vista Hermosa Inversiones Forestales SpA, a transaction that was informed to the CMF through a Material Fact (*Hecho Esencial*) on August 17, 2021. For subsequent fiscal years, an amount equivalent to 40% of the distributable net income for each fiscal year, is to be distributed as dividends among shareholders. In any event, the Board of Directors may decide to distribute and pay interim dividends to shareholders, to the extent that it expects the year to finalize with positive financial results and that our liquidity allows such distribution and payment.

On April 8, 2022, our Board of Directors approved an amendment to 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 us for the aforementioned sale of real estate by the subsidiary Forestal Arauco to Vista Hermosa Inversiones Forestales SpA. The amendment to our dividend policy was based upon the positive financial results obtained by Arauco during fiscal year 2021, already informed to the market, and our current cash availability.

On April 6, 2023, our Board of Directors agreed to propose to our Shareholders' Meeting summoned for April 25, 2023, the payment of a definitive dividend (*dividendo definitivo*), to be exceptionally distributed among our shareholders for an amount equivalent to 50% of the distributable net profit obtained in the year 2022, as follows:

- Dividend of U.S.$ 2.3210073314 per share, unique series, for an aggregate amount of approximately U.S.$ 279.6 million, payable starting on May 10, 2023.

This dividend corresponds to the 50% of the distributable net income of fiscal year 2022, once deducted the interim dividend paid to the shareholders starting on December 14, 2023.

The following table details the dividends paid by us to our shareholders for the previous five years:

Years	**Aggregate Amount of Dividends (U.S.$)**	**Distribution Dates**
2019	-	N/A
2020	-	N/A
2021 (1)	663,132,403	October 25, 2021 – November 5, 2021 – May 10, 2022
2022	463,593,359	December 14, 2022 – May 10. 2023
2023 (2)	-	-

(1)For 2021, the U.S.$663,132,403 million include U.S.$200 million paid as an extraordinary dividend (*dividendo eventual*) charged to the retained earnings fund (*fondo de utilidades acumuladas*).
(2)For the fiscal year ending December 31, 2023, being that no net profit was obtained, the Board of Directors has proposed to the shareholders meeting to be held on April 23, 2024 not to distribute dividends for 2023. Such proposal shall be reviewed and approved by the shareholders meeting.

Although our Board of Directors has no current plans to make further changes in our dividend policy, our dividend policy has been changed in the past and no assurance can be given that it will not be changed again in the future, due to changes in Chilean law, capital requirements, operating results or other factors.

SIGNIFICANT CHANGES

Except as identified in this annual report, no other significant change has occurred since the date of the financial statements contained in this annual report. See "Item 5. Operating and Financial Review and Prospects—Trend Information."

Item 9. The Offer and Listing

Neither our stock nor our SEC-registered securities are listed on any stock exchange or other regulated market.

Trading in our securities takes place primarily in the over-the-counter market. Accordingly, we are unable to obtain reliable information on such trading.

Item 10. Additional Information

ARTICLES OF INCORPORATION AND BY-LAWS

When we refer to the "Company," "Arauco" or "we," in this description of the articles of incorporation and by-laws, we mean Celulosa Arauco y Constitución S.A.

Organization and Registration

We are a *sociedad anónima* (corporation) organized in Chile under the laws of Chile, subject to certain rules applicable to *sociedades anónima abiertas* (Chilean public corporations), which bylaws were approved on August 18, 1971, by resolution 300-S of the Chilean Securities Commission and recorded in the Santiago Commercial Register of 1971 on page 6433 under entry number 2994 and on page 6431 under entry number 2993. Notice was published in the Official Gazette on September 4, 1971.

Objects and Purposes

Our purpose, as stated in our *estatutos* (by-laws), includes the manufacture of forestry products, the management of forestry lands and other activities.

Capital

In 2002, our by-laws and the by-laws of several of our subsidiaries were amended in order to denominate our and their capital in U.S. dollars.

Directors

Pursuant to our by-laws, our Board of Directors is composed of nine members elected at a regular meeting of our shareholders. Our directors are not required to be shareholders. Our by-laws state that the amount of compensation to be received by the directors for their directorial services shall be fixed by the shareholders' meeting. Directors may be compensated for any non-directorial services rendered to us at levels of compensation comparable with compensation commonly paid for these services, compensation which is compatible with the directors' compensation fixed by the shareholders' meeting. The by-laws also state that our Board of Directors has all the authorities of administration and disposal that Chilean law or the by-laws do not confer upon the shareholders' meeting. The Board of Directors has the right to act on our behalf without the need for a special power of attorney, even in cases where a power of attorney is required by law. In particular, the by-laws provide that the Board of Directors is empowered to encumber our assets, real and personal property with mortgages, easements or pledges regardless of the value of such property or the amount of the respective encumbrances and to borrow money paying interest, with or without a guaranty for the loan.

Our by-laws provide that we may enter into acts or contracts in which one or more directors are interested only if the interested director's interest is made known to the board, the acts or contracts are approved by the board and the terms of the act or contract conform to those prevailing in the market. In addition, board resolutions approving interested director transactions must be reported by the chair of the meeting at the first shareholders' meeting following the approval of the interested director transaction. See "Item 7. Major Shareholders and Related Party Transactions" for further information and applicable rules on related party transactions.

See "Item 6. Directors, Senior Management and Employees" for further information about our Board of Directors.

Shareholders

Our share capital consists of common stock shares of a single series, without nominal (par) value issued in registered form. Record holders of shares are registered in our share register. Any transfer of shares must be noted in our share register.

Voting Rights

Each share of our stock entitles the holder to one vote at any meeting of shareholders. Resolutions may be taken upon a vote of an absolute majority of the voting shares present or represented. Any resolution relating to amendments to our by-laws must be approved by an absolute majority of the voting shares issued. Resolutions with regard to the following matters, among others, require the affirmative vote of two-thirds of the voting shares issued:

- transformation, division or merger with another company;
- advanced dissolution;
- change of corporate domicile;
- reduction in our equity capital;
- approval and appraisal of non-cash capital contributions;
- reduction in the number of members of the Board of Directors;
- the disposal of 50% or more of our assets, whether or not such disposal also includes any of our liabilities;
- the disposal of 50% or more of the assets of one our subsidiaries, provided that such subsidiary represents at least 20% of our assets; and any disposal of shares by our Company that causes us to lose control of a subsidiary that represents at least 20% of our assets; and
- changes to the way in which corporate benefits will be distributed.

According to our by-laws, holders of our shares also have the right to vote at the regular shareholders' meeting for the election of directors. Shareholders or their representatives may accumulate their votes in favor of one candidate or distribute them among various candidates. A vote on the election of directors may be omitted if an election is proposed by acclamation and none of the shareholders present or represented opposes the motion. The Board of Directors may also be dismissed by a regular or special shareholders' meeting, though the shareholders may only vote to dismiss the board as a whole.

Changes to Shareholders' Rights

To change the rights of holders of our shares or create a new series of our shares, we must amend our by-laws. Any reduction of the rights of our shares requires a two-thirds majority vote of all holders of our shares under Chilean law. Any changes to the way in which corporate benefits are distributed must be approved by a two-thirds majority of all holders of the corporation's shares.

Shareholders' Meetings

Our by-laws provide that the Board of Directors shall call shareholders' meetings. Notice of shareholders' meetings must be made by a prominent notice published at least three times, on different days, in the newspaper of one of our corporate domiciles, as determined by a shareholders' meeting, or in the absence of a determination, in the Official Gazette.

A shareholder must be registered in our share register as of the meeting date to be entitled to participate and vote at any shareholders' meeting. In addition, other persons may represent shareholders at meetings. Powers of attorney must be given in writing and must be granted with respect to all of the shares the shareholder is entitled to vote as of the date of the shareholders' meeting.

Shareholders' meetings may be regular or special meetings. Regular shareholders' meetings are held once a year within the first four months of the year. Among other things, the regular shareholders' meeting appoints independent external auditors to examine our accounts, inventory, balance sheet and other financial results. The by-laws provide that the following matters are to be considered at regular shareholders' meetings:

- the review of our results of operations and external auditors' reports and the approval or rejection of our annual report, our balance sheet and financial statements;
- the distribution of profits of each financial period and the distribution of our dividends;
- the election or dismissal of the members of the Board of Directors; and
- any matter of corporate interest that is not considered transacted at a special shareholders' meeting pursuant to the Chilean law.

Special shareholders' meetings may be held at any time required by corporate needs to consider any matter that the law or our by-laws require to be considered at a shareholders' meeting. Our by-laws require the meeting notice to disclose any matters to be discussed at a special shareholders' meeting. According to the by-laws and the Chilean Companies Act, the following matters must be considered at special shareholders' meetings:

- dissolution;
- transformation, merger or division and the amendment of our by-laws;
- the issue of bonds or debentures convertible into shares;
- the disposal of 50% or more of our assets, whether or not such disposal also includes any of our liabilities, and the formulation or modification of any business plan that contemplates the disposal of assets for an amount higher than such percentage; the disposal of 50% or more of the assets of one of our subsidiaries, provided that such subsidiary represents at least 20% of our assets; and any disposal of shares by the Company that causes us to lose control of a subsidiary that represents at least 20% of our assets; and
- the grant of real or personal guarantees to secure obligations of third parties, unless they are subsidiaries, in which case the approval of the Board of Directors will be sufficient.

Any other matters within the competence of regular shareholders' meetings may be considered at special shareholders' meetings.

Any act of a shareholders' meeting relating to our dissolution, transformation, merger or division, the amendment of our by-laws, any disposal of 50% or more of our assets or the issue of bonds convertible into shares or convertible debentures must be held before a notary public, who must certify that the minutes of such meeting are the true expression of what occurred and was resolved at such meeting.

Allocation of Net Income and Distribution of Dividends

Our by-laws provide that the shareholders at a regular shareholders' meeting shall determine the annual distribution of our net profits for each financial period, within the limitations prescribed by law. The shareholders shall also set the date on which any distribution shall be paid, within the time limits prescribed by law. Chilean law prescribes that distributions shall be paid within 30 days of the regular shareholders' meeting at which such distribution was determined.

On October 28, 2019, the Extraordinary Shareholders' Meeting of Arauco approved an amendment to article 36 of the Company's bylaws, in order to establish that the Ordinary Shareholders' Meeting will determine on an annual basis, the dividend distribution amount for the respective period, without being subject to the 30% distributable minimum indicated in the Chilean Companies Act. See "Item 8. Financial information-Dividend Policy" for more information.

In accordance with Chilean law, in the event of liquidation, capital can be distributed to the shareholders only after the rights of the creditors have been secured or debts owed to creditors have been paid. Our by-laws provide that a shareholders' meeting will appoint one or more liquidators to carry out the liquidation and to call shareholders' meetings, as required under Chilean law.

Regulation of and Restrictions on Foreign Investors

There are no limitations on the rights to hold securities, including rights of non-resident or foreign shareholders to hold or exercise voting rights on securities.

Disclosure of Shareholder Ownership

We register certain information about our shareholders in our shareholder registry. We are required to disclose this information to the CMF on a quarterly basis.

Rights of Shareholders

Our by-laws provide that, in the case of a dispute between shareholders or between shareholders and management, the parties will submit their dispute to an arbitrator, who may determine the procedural rules to be used in the arbitration but must issue a final judgment in accordance with Chilean law. Subject to limited exceptions, the arbitrator's judgment shall not be subject to appeal. The parties shall appoint the arbitrator by mutual agreement and if no agreement is reached, an arbitrator will be appointed by the civil court system from among present and former associate justices of the Supreme Court of Justice of Chile.

MATERIAL CONTRACTS

Not applicable.

EXCHANGE CONTROLS

The Central Bank is responsible for, among other things, monetary policies and exchange controls in Chile. Prior to 1989, Chilean law permitted the purchase and sale of foreign currency only in cases explicitly authorized by the Central Bank. Law No. 18,840, the *Ley Orgánica Constitucional del Banco Central de Chile* (Organic Law of the Central Bank of Chile), or the Central Bank Act, enacted in 1989, liberalized the rules that govern the ability to buy and sell foreign currency.

The Central Bank Act empowers the Central Bank to determine which types of foreign exchange operations must be carried out in the Formal Exchange Market rather than the *Mercado Cambiario Informal* (Informal Exchange Market). The Central Bank has ruled that certain foreign exchange transactions, including those attendant to foreign investments and bond issuances, may be effected only in the Formal Exchange Market. The Central Bank may also impose restrictions on foreign exchange operations that are conducted or are required to be conducted in the Formal Exchange Market. These restrictions may include the requirement of prior authorization from the Central Bank, the imposition of reserve requirements and the limitation of foreign exchange operations that may be conducted by the entities that participate in the Formal Exchange Market.

The Formal Exchange Market consists of banks and other entities authorized by the Central Bank to participate in such Formal Exchange Market. On April 16, 2001, the Central Bank agreed that, effective April 19, 2001, the prior foreign exchange restrictions would be eliminated and a new *Compendio de Normas de Cambios Internacionales* (Compendium of Foreign Exchange Regulations, or the Compendium) would be applied.

The main objective of this change was to facilitate capital movements from and into Chile and to encourage foreign investment.

The following specific restrictions were eliminated:

- a reserve requirement with the Central Bank for a period of one year;
- the requirement for prior approval by the Central Bank for certain operations, such as repatriation of investments and payments to foreign creditors;
- the mandatory return of foreign currencies to Chile; and
- the mandatory conversion of foreign currencies into Chilean pesos.
    - Under the amended regulations, only the following limitations are applicable to these operations:
- the Central Bank must be provided with information related to certain operations, such as foreign investments and foreign credits; and
- certain operations, such as money transfers to and from Chile related to foreign investments and foreign credits, must be conducted within the Formal Exchange Market.

International Issue of Bonds

In accordance with the regulations issued by the Central Bank, which are included in the Chapter XIV of the Compendium, any international issue of bonds in an aggregate amount exceeding U.S.$1,000,000 must be registered and dated by the Central Bank or by a bank or other entity authorized by the Central Bank to participate in the Formal Exchange Market before the proceeds from the issuance can be remitted to Chile and received by the issuer or simultaneously with the remittance into Chile of such proceeds. The issuer must submit forms regarding the offering to the registering entity or directly to the Central Bank, along with a letter of instructions indicating whether it prefers to receive the proceeds in Chilean pesos or in a foreign currency. If presented through a Formal Exchange Market entity, such entity must, in turn, verify that the forms submitted by the issuer are in accordance with the documentation relating to the issue and inform the Central Bank of the operation no later than 11:00 a.m. on the banking business day following the date on which the proceeds of the issue are transferred to the issuer.

If the issuer opts to receive the proceeds of the issue outside of Chile, it must report this to the Central Bank directly or through a Formal Exchange Market entity during the first ten calendar days of the month following the one in which the proceeds were received.

Chapter XIV of the Compendium also states that proceeds from the issue, as well as payment of capital and interest relating to the issue, must be received and sent from and through the Formal Exchange Market, but purchases of U.S. dollars in connection with payments on debt securities issued directly by us can be made either in the Formal or in the Informal Exchange Market. There can be no assurance, however, that we will be able to purchase U.S. dollars in the Informal Exchange Market or in the Formal Exchange Market at the time or in the amounts required to pay debt service related to any such debt securities, since the registration of the debt securities with the Central Bank does not grant us access to the Formal Exchange Market for the purchase of U.S. dollars necessary to make payments in respect of those securities. There can also be no assurance that further Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile would not restrict or prevent our purchase of U.S. dollars to make payments under our securities.

We are also required to inform the Central Bank from time to time material changes on the information that has been previously filed.

The regulations of Chapter XIV of the Compendium do not make any reference to the one-year mandatory deposit in the Central Bank that was previously required by Chapter XIV. However, the Central Bank is authorized, under the Central Bank Act, to impose such a requirement.

There can be no assurance that we will be able to purchase U.S. dollars in the Informal Exchange Market or in the Formal Exchange Market at the time or in the amounts required to pay debt service related to any such debt securities. There can also be no assurance that further Central Bank regulations or legislative changes to the current foreign exchange control regime in Chile and will not restrict or prevent our purchase of U.S. dollars to make payments under our securities from Chile.

TAXATION

General

The following summary contains a description of certain Chilean and United States federal income tax consequences of the purchase, ownership and disposition of our securities, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase our securities. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States and Chile.

This summary is based on the tax laws of Chile and the United States as in effect on the date of this Form 20-F, as well as regulations, rulings and decisions of Chile and the United States available on or before such date and now in effect. All of the foregoing is subject to change, and any changes could apply retroactively and could affect the continued validity of this summary.

Prospective purchasers of our securities should consult their own tax advisors as to the Chilean, United States or other tax consequences of the purchase, ownership and disposition of our securities, including, in particular, the application to their particular situations of the tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

On December 19, 2023, the income tax treaty between Chile and the United States (the "Treaty") entered into force. The provisions of the Treaty became fully effective on February 1, 2024.

Chilean Taxation

The following is a general summary of the principal consequences under Chilean tax law, as currently in effect, of an investment in our securities made by a foreign holder. Foreign holder means either:

- in the case of an individual, a person who is neither a resident nor is domiciled in Chile. For purposes of Chilean taxation, (a) an individual is resident in Chile if he or she remains in Chile, uninterruptedly or not, for a period or periods exceeding 183 days in total, within any lapse of twelve months; (b) an individual is domiciled in Chile if such individual resides in Chile with the intention of remaining in Chile (the intention will be determined according to the circumstances); or

- in the case of a legal entity, a legal entity that is not organized under the laws of Chile, unless our securities are assigned to a branch or a permanent establishment of such entity in Chile.

Under Chile's income tax law, payments of interest made from Chile in respect to our securities to a foreign holder will generally be subject to a Chilean withholding tax assessed at a rate of 4.0% (the "Chilean Interest Withholding Tax"), only to the extent the requirements for applying a 4.0% rate are complied with.

We have agreed, subject to specific exceptions and limitations, to pay to the foreign holders of notes additional amounts in respect of the Chilean Interest Withholding Tax in order to ensure that the interest amount the foreign holder receives is net of Chilean Interest Withholding Tax. If we pay additional amounts in respect of the Chilean Interest Withholding Tax, any tax refunds in respect of these amounts will be for our benefit. In the event that certain changes in Chilean tax laws require us to pay additional amounts in respect of the Chilean Interest Withholding Tax at a rate in excess of 4.0%, we have the right to redeem our securities.

Under existing Chilean law and regulations, a foreign holder will not be subject to any Chilean taxes in respect of payments of principal that we make with respect to our securities. Our payments with respect to our securities of amounts not considered principal or interest may be subject to a Chilean withholding tax of up to 35%.

The Chilean Income Tax Law provides that a foreign holder is subject to income tax on his Chilean source income. For this purpose, Chilean source income means earnings from activities performed in Chile or from the sale, disposition or other transactions in connection with assets or goods located in Chile. Article 11 of the Chilean income tax law states that, for this purpose, notes and other private or public securities will only be considered as located in Chile if they are issued in Chile by a Chilean issuer. In consideration that our securities are not issued in Chile, any capital gains realized on the sale or other disposition by a foreign holder of our securities generally will not be subject to any Chilean income taxes.

A foreign holder will not be liable for estate, gift, inheritance or similar taxes with respect to its holdings unless the securities held by a foreign holder:

- are located in Chile at the time of such foreign holder's death or at the time the transfer takes place, or

- were purchased or acquired with monies obtained from Chilean sources.

A foreign holder will not be liable for Chilean stamp, registration or similar taxes.

The issue of our securities directly by us was subject to the Chilean stamp tax, which we paid.

United States Taxation

This summary of certain United States federal income tax considerations deals principally with United States Holders (defined below) that hold our securities as capital assets and whose functional currency is the United States dollar. It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular investor, and generally does not address the tax treatment of United States Holders that may be subject to special tax rules, such as banks, financial institutions, tax-exempt entities, regulated investment companies, real estate investment trusts, insurance companies, partnerships and partners therein, dealers in securities or currencies, traders in securities electing to mark to market, certain short-term holders of our securities, persons that will hold our securities as a position in a "straddle" or conversion transaction, or as part of a "synthetic security" or other integrated financial transaction, or nonresident alien individuals present in the United States for more than 182 days in a taxable year. United States Holders should be aware that the U.S. federal income tax consequences of holding our securities may be materially different for investors described in the previous sentence, including as a result of certain laws applicable to investors with short holding periods on hedging transactions. This summary addresses only U.S. federal income tax consequences and does not address consequences arising under state, local, or foreign tax laws, U.S. federal estate or gift tax laws, any alternative minimum tax, the Medicare tax on net investment income, or special timing rules prescribed under section 451 (b) of the U.S. Internal Revenue Code of 1986, as amended.

As used under this section "United States Taxation," the term "United States Holder" means a beneficial owner of a security that is a citizen or resident of the United States or a United States domestic corporation or that otherwise is subject to United States federal income taxation on a net income basis in respect of our securities.

Taxation of Interest and Additional Amounts

A United States Holder will treat the gross amount of interest and Additional Amounts (*i.e.,* without reduction for Chilean withholding tax at the appropriate rate applicable to the United States Holder) as ordinary interest income in respect of our securities at the time that such payments are accrued or are actually or constructively received, in accordance with the United States Holder's method of tax accounting.

Subject to generally applicable limitations and conditions, Chilean withholding tax paid at the appropriate rate applicable to the United States Holder may be eligible for credit against such United States Holder's U.S. federal income tax liability. These generally applicable limitations and conditions include new requirements adopted by the Internal Revenue Service ("IRS") in regulations promulgated in December 2021, and any Chilean tax will need to satisfy these requirements in order to be eligible to be a creditable tax for a United States Holder. In the case of a United States Holder that either (i) is eligible for, and properly elects, the benefits of the Treaty, or (ii) consistently elects to apply a modified version of these rules under recently issued temporary guidance and complies with specific requirements set forth in such guidance, the Chilean tax on interest generally will be treated as meeting the new requirements and therefore as a creditable tax. In the case of all other United States Holders, the application of these requirements to the Chilean tax on interest is uncertain and we have not determined whether these requirements have been met. If the Chilean tax is not a creditable tax for the United States Holder or the United States Holder does not elect to claim a foreign tax credit for any foreign income taxes paid or accrued in the same taxable year, the United States Holder may be able to deduct the Chilean tax in computing such United States Holder's taxable income for U.S. federal income tax purposes. Interest and Additional Amounts will constitute income from sources without the United States and, for United States Holders that elect to claim foreign tax credits, generally will constitute "passive category income" for foreign tax credit purposes. Foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in securities and may not be allowed for withholding taxes imposed in respect of arrangements in which a United States Holder's expected economic profit is insubstantial.

The availability and calculation of foreign tax credits and deductions for foreign taxes depend on a United States Holder's particular circumstances and involve the application of complex rules to those circumstances. The temporary guidance discussed above also indicates that the Treasury and the IRS are considering proposing amendments to the December 2021 regulations and that the temporary guidance can be relied upon until additional guidance is issued that withdraws or modifies the temporary guidance. United States Holders should consult their own tax advisors regarding the application of these rules to their particular situations.

Taxation of Dispositions

A United States Holder will generally recognize gain or loss on the sale, exchange or other disposition of a security in an amount equal to the difference between the amount realized on the sale, exchange or other disposition (less any accrued interest, which will be taxable as such) and the United States Holder's tax basis in the security. A United States Holder's tax basis in a security will generally equal its cost, increased by any amounts includible in income by the holder as market discount and reduced by any amortized premium (each as defined below). Subject to the discussion on market discount below, gain or loss realized by a United States Holder on the sale, redemption or other disposition of our securities generally will be treated as U.S. source capital gain or loss and such gain or loss will be long-term capital gain or loss if at the time of the disposition, the security has been held for more than one year. The net amount of long-term capital gain recognized by a United States Holder that is an individual is generally taxed at a reduced rate. The deduction of capital losses is subject to limitations.

Premium and Market Discount

A United States Holder that purchases a security at a cost greater than its stated principal amount will be considered to have purchased the security at a premium, and may elect to amortize the premium (as an offset to interest income), using a constant-yield method, over the remaining term of the security. Such election, once made, generally applies to all bonds held or subsequently acquired by the United States Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A United States Holder that elects to amortize the premium must reduce its tax basis in a security by the amount of the premium amortized during its holding period. With respect to a United States Holder that does not elect to amortize bond premium, the amount of bond premium will be included in the United States Holder's tax basis when the security matures or is disposed of by the United States Holder. Therefore, a United States Holder that does not elect to amortize such premium and that holds the security to maturity generally will be required to treat the premium as capital loss when the security matures.

If a United States Holder of a security purchases the security at a price that is lower than its stated principal amount by at least 0.25% of its stated principal amount multiplied by the number of remaining whole years to maturity, the security will be considered to have "market discount" in the hands of such United States Holder. In such case, gain realized by the United States Holder on the disposition of the security generally will be treated as ordinary income to the extent of the market discount that accrued on the security while held by the United States Holder. In addition, the United States Holder could be required to defer the deduction of a portion of the interest paid on any indebtedness incurred or maintained to purchase or carry the security. In general terms, market discount on a security will be treated as accruing ratably over the term of the security, or, at the election of the holder, under a constant-yield method. A United States Holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a security as ordinary income. If a United States Holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any such election, if made, applies to all market discount bonds acquired by the United States Holder on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

Specified Foreign Financial Assets

Individual United States Holders that own "specified foreign financial assets" with an aggregate value in excess of U.S.$ 50,000 on the last day of the taxable year or U.S.$ 75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-U.S. financial institution, as well as securities issued by a non-U.S. issuer (which would include our securities) that are not held in accounts maintained by financial institutions. Higher reporting thresholds apply to certain individuals living abroad and to certain married individuals. Regulations extend this reporting requirement to certain entities that are treated as formed or availed of to hold direct or indirect interests in specified foreign financial assets based on certain objective criteria. United States Holders who fail to report the required information could be subject to substantial penalties. In addition, the statute of limitations for assessment of tax would be suspended, in whole or part. Holders should consult their own tax advisors concerning the application of these rules to their investment in the securities, including the application of the rules to their particular circumstances.

Backup Withholding and Information Reporting

Information returns will be filed with the IRS in connection with payments on our securities made to and the proceeds of any disposition of our securities effected by, certain United States Holders. In addition, certain United States Holders may be subject to a U.S. backup withholding tax in respect of such amounts if they do not provide their taxpayer identification numbers to the payor or otherwise establish an exemption. A beneficial owner of our securities that is a nonresident individual or a foreign corporation, estate, or trust generally is exempt from these withholding and reporting requirements, but may be required to comply with applicable certification and identification procedures to establish their eligibility for such an exemption. The amount of any backup withholding from a payment to a holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle the holder to a refund, provided that the required information is timely furnished to the IRS.

DOCUMENTS ON DISPLAY

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, we file reports and other information with the SEC. These materials, including this Annual Report and the exhibits thereto, may be inspected and copied at the SEC's Public Reference

Room at 450 Fifth Street, N.W., Washington, D.C. 20549. Copies of the materials may be obtained from the Public Reference Room at the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the SEC maintains an Internet website at http://www.sec.gov, from which these materials may be electronically accessed. The public may obtain information on the operation of the SEC Public Reference Room by calling the SEC in the United States at 1-800-SEC-0330.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

The following discussion about our risk management activities includes forward-looking statements that involve risk and uncertainties. Actual results could differ materially from those projected in such forward-looking statements.

We are exposed to market risk from changes in interest rates, currency exchange rates and prices of commodities. Our Board of Directors approves our policies that address these risks. From time to time, we assess our exposure and monitor opportunities to manage these risks, including entering into derivative contracts. For information on the currency, interest rate swaps and commodity derivatives into which we entered with respect to a portion of our borrowings, see "Item 5. Operating and Financial Review and Prospects—Hedging" and Note 23 to our audited consolidated financial statements. In the normal course of business, we also face risks that are either non-financial or non-quantifiable. Such risks principally include country risk, credit risk and legal risk and are not represented in the tables below.

Interest Rate Risk

Interest rate risk exists principally with respect to our indebtedness that bears interest at floating rates. As of December 31, 2023, we had outstanding U.S.$7.1 billion of indebtedness, including accrued interest and discounts and costs of issuance, of which 94.1% bore interest at fixed interest rates and 5.9% bore interest at floating rates of interest. The fixed and floating rates and the aforementioned percentages do not reflect the effect of swap agreements. 62.5% of our indebtedness was denominated in U.S. dollars as of that date. The interest rate on our variable rate debt is determined principally by reference to SOFR. As of December 31, 2023, we were party to interest rate swap agreements in our Chilean operations and our Uruguayan joint operation to hedge fluctuations in floating rates for long-term debt. See "Item 5. Operating and Financial Review and Prospects—Hedging" and Note 23 to our audited consolidated financial statements.

The following table summarizes our debt obligations, as of December 31, 2023. These obligations are sensitive to changes in interest rates. The table presents the aggregate principal amount of each category of indebtedness maturing in each year, at the weighted average interest rate for each category of indebtedness. Average interest rates for liabilities are calculated based on the prevailing interest rate for each loan as of December 31, 2023.

	Average Interest Rate	2024	2025	2026	2027	2028	Thereafter	Total Debt	Fair Value
				(U.S.$ in millions)					
Interest Bearing Debt									
Fixed Rate									
(U.S.$-denominated)	4.92%	725.5	234.9	282.1	503.3	7.8	2,441.6	4,195.1	4,036.6
(UF/CLP$-denominated)	3.15%	71.7	59.8	263.4	52.6	176.6	1,035.5	1,659.6	1,635.3
(R$-denominated)	0.10%	19.3	9.3	11.4	12.4	14.4	299.4	366.1	366.1

(CAD-denominated)	0.00%	0.1	0.0	0.0	0.0	-	-	0.2	0.2
(MXN-denominated)	0.08%	1.9	0.8	0.6	0.3	0.0	-	3.5	3.5
(EUR-denominated)	1.11%	72.5	66.0	69.1	69.0	69.0	69.0	414.6	414.6
Floating Rate									
(U.S.$-denominated) SOFR+	7.24%	212.6	-	-	-	-	-	212.6	212.6
(R$-denominated) CDI +	13.26%	17.4	41.3	114.1	31.0	-	-	203.8	203.8
Total		1,120.9	412.2	740.6	668.6	267.8	3,845.4	7,055.5	6,872.7

Foreign Currency Risk

Our principal exchange rate risk involves changes in the value of the Chilean peso and, to a lesser extent, the Brazilian real, the Argentine peso and the Euro relative to the U.S. dollar. We estimate that a majority of our consolidated costs and expenses are denominated in U.S. dollars. As of December 31, 2023:

- 55.8% of our accounts receivable were denominated in U.S. dollars, 27.1% in Chilean pesos and 17.0% in other currencies.
- 54.4% of our cash and short-term investments were denominated in U.S. dollars, 23.7% in Chilean pesos, 10.3% in Argentine pesos, 5.3% in Brazilian reais and 6.3% in other currencies.
- 62.5% of our debt was denominated in U.S. dollars before swaps; and
- a significant portion of our consolidated total assets was denominated in U.S. dollars.

Most of our foreign currency-denominated revenues, receivables and indebtedness are denominated in U.S. dollars and the majority of our costs and expenses are denominated in U.S. dollars. As of December 31, 2023, 62.5% of our debt was denominated in U.S. dollars before swaps. As of December 31, 2023, we were party to cross currency swap agreements in Chile to hedge our local bonds in UF and to hedge a bank loan in EUR, and forward agreements to swap local currencies to U.S. dollars. See "Item 5. Operating and Financial Review and Prospects—Hedging" and Note 23 to our audited consolidated financial statements. Accordingly, variations in the value of the Chilean peso relative to the U.S. dollar will not have a significant effect on the cost in U.S. dollars of our foreign debt service obligations.

Commodity Risk

Prices for pulp, forestry and wood products can fluctuate significantly, and our revenues are highly sensitive to fluctuations in such prices. For a more detailed discussion and sensitivity analysis relating to the risks arising from changes in the market price of pulp, which is our primary commodity risk, see Note 23 to our audited consolidated financial statements. As of December 31, 2023, we were party to derivative contracts to partially hedge our exposure to Fuel Oil N° 6 and Brent in Chile and Uruguay, which include commodity swap agreements. See "Item 5. Operating and Financial review and Prospects—Hedging" and Note 23 to our audited consolidated financial statements.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

(a) *Disclosure controls and procedures.* We carried out an evaluation under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as of December 31, 2023. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon our evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures, as of December 31, 2023, were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the U.S. Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

(b) *Management's annual report on internal controls and procedures.* Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS Accounting Standards, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on our evaluation under the framework in *Internal Control-Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective as of December 31, 2023.

(c) *Attestation Report of the registered public accounting firm*. Not applicable.

(d) *Changes in internal controls over financial reporting.* There has been no change in our internal control over financial reporting during 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

We have an Audit Committee, described in "Item 6. Directors, Senior Management and Employees-Directors and Executive Officers." We believe that the members of our Audit Committee have sufficient financial and other experience to perform their responsibilities. Our Board of Directors has determined that Timothy C. Purcell qualifies as an "audit committee financial expert" within the meaning of Item 16A of Form 20-F and is independent as that term is defined in Rule 10A-3 under the Exchange Act. For a description of Mr. Purcell's professional experience, see "Item 6. Directors, Senior Management and Employees—Directors and Executive Officers."

Item 16B. Code of Ethics

We have adopted a code of ethics, as defined in Item 16B of Form 20-F under the Securities Exchange Act of 1934, as amended. Our code of ethics applies to all of our employees and directors, including, but not limited to, our Chief Executive Officer and Chief Financial Officer. We will provide any person without charge, upon request, a copy of such code of ethics. Requests for a copy of the code of ethics may be made to Celulosa Arauco y Constitución S.A., El Golf 150, 14th Floor, Santiago, Chile, Attn: Gianfranco Truffello, tel. (562) 2461-7200. Our code of ethics is also published on our website at www.arauco.cl or www.arauco.com. If we amend the provisions of our code of ethics that apply to our Chief Executive Officer and Chief Financial Officer, or if we grant any waiver of such provisions, we will disclose the amendment or waiver in our annual report on Form 20-F.

On December 20, 2016, we amended our code of ethics to incorporate provisions relating to the protection of corporate property, a declaration of our five corporate values, an extension of the scope of persons who can inform breaches under the code of ethics and an amendment to the list of crimes for which the Company may be liable. In October 2019, we amended our code of ethics in order to update its content and include the new functions of the recently established Compliance and Ethics Committee. In January 2023, we adjusted our code of ethics to state explicitly our commitment to respect human rights, to incorporate a new chapter about the reporting hotline, and to include other adjustments intended to provide a global scope and update the content of the code of ethics as a result of the experience gained in recent years.

Item 16C. Principal Accountant Fees and Services

Audit and Non-Audit Fees

Our independent auditors for the fiscal year ended December 31, 2023 and 2022 were PricewaterhouseCoopers Consultores, Auditores y Compañía Limitada ("PwC"; PCAOB ID: 1364) located in Santiago, Chile. The following table sets forth the fees billed to us by our independent auditors PwC, during the fiscal years ended December 31, 2023 and 2022.

	Year ended December 31,	
	2023	**2022**
	(U.S.$ in thousands)	
Audit fees	$ 2,579	$ 2,720
Audit-related fees	$ -	-
Tax fees	$ 642	1,419
Other fees	$ 8	-
Total fees	$ 3,229	$ 4,139

Audit fees in the above table are the aggregate fees billed by PwC for the fiscal years ended December 31, 2023 and 2022, in each case in connection with the audit of our annual financial statements in accordance with IFRS Accounting Standards, as well as the review of other filings.

Audit-related fees in the above table are the aggregate fees billed by PwC for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements or that are traditionally performed by the external auditor.

Tax fees in the above table are fees billed by PwC for the fiscal years ended December 31, 2023 and 2022, associated with tax compliance services in Chile, Brazil, Argentina, Colombia, Uruguay, Peru, Netherland, The United States and Mexico; and tax consultation services in Chile.

Audit Committee Approval Policies and Procedures

Our Board of Directors has established pre-approval policies and procedures for the engagement of our independent auditors. Pursuant to our pre-approval policy, our Board of Directors has pre-approved a list of services that our independent auditors are allowed to provide to us or our subsidiaries.

Additionally, our Board of Directors expressly approves, on a case-by-case basis, any engagement of our independent auditors for audit and non-audit services that are not included on the pre-approved list.

All of the services referred to in the first paragraph of this Item were approved by the Board of Directors pursuant to paragraph (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

Not applicable. Neither our stock nor our SEC-registered securities are listed on any stock exchange or other regulated market.

Item 16H. Mine Safety Disclosures

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

Item 16J. Insider Trading Policies

Not applicable.

Item 16K. Cybersecurity

We maintain a process for assessing, identifying and managing material risks from cybersecurity threats, including risks relating to disruption of business operations or financial reporting systems, intellectual property theft; fraud; extortion; harm to employees or customers; violation of privacy laws and other litigation and legal risk; and reputational risk, as part of our overall risk management system and processes.

We asses and manage our cybersecurity risks though our Information Technologies (“IT”) Committee, which is integrated by the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Senior Vice Presidents of the Company and our Chief Information Officer, This Committee meets on a biannual basis.

The Chief Operating Officer presents to our Board of Directors, on a yearly basis, the work carried out on the identification, categorization, and mitigation procedures put in place in relation to the most relevant risks of the company, including cybersecurity risks. In this sense, risks related to cybersecurity have been categorized as “high relevance” for the Company. See “Item 3—Risk Factors” for more information on our cybersecurity-related risks.

Our cybersecurity risk management processes include the following:

- Asset Management: We maintain a continuous process that includes the identification and inventory of hardware and software assets. This process includes useful life management and obsolescence analysis.

- Access Management: We maintain a continuous process that includes, user identification, registration and authentication, assignment of permissions and roles, password policies, conditional access and two-factor authentication, as well as control over remote access, approval policies and session recording.

- Vulnerability Scanning & Patching: We maintain an ongoing process of vulnerability scanning and updates.

- Monitoring of security alerts/events in administrative and industrial networks: Our cybersecurity systems (Endpoint Detection and Response or “EDR”, Next Generation Fire Wall or “NGFW” and others) are monitored by a continuously operating Security Operation Center ("SOC”), where events from our main platforms are correlated. The alerts are managed by a response team.

- Awareness: We maintain a user awareness process, with phishing campaigns, mailings, webinars and e-learning.

- Change of management: We have a change of management process validating the different initiatives and ensuring operational continuity.

- Recovery: Our main systems have Disaster Recovery Plan (“DRP") and backup and we test them periodically.

  Additionally, in connection with our cybersecurity risk management processes, we engage to

- Maintain a continuous cybersecurity management process, aligned with the security practices defined in ISO 27001/2, ISO 27032/NIST, ISA/IEC 62443, NERC-CIP.

- Assessment and Ethical hacking on the different platforms and systems.

- Incident Response Plan / Table Top Exercises.

The cybersecurity risk management processes described above are managed by our Chief Financial Officer, who is primarily responsible for the oversight of risks from cybersecurity threats, including responsibility for administrative and industrial environments. To fulfill this responsibility, our Chief Financial Officer meets bimonthly with our Chief Information Officer and our Chief Information Security Officer to discuss cybersecurity risks, receiving reports regarding;

- Vulnerabilities status
- Obsolescence analysis
- Cybersecurity alert status
- Assessment and/or Ethical hacking status
- Cybersecurity indicators
- Status of implementation of the strategic cybersecurity plan.

Our business strategy, results of operations and financial condition have not been materially affected by risks from cybersecurity threats, including previous cybersecurity incidents, but we cannot provide assurance that they will not be materially affected in the future by such risks and any future material incidents. See “Item 3—Risk Factors” for more information on our cybersecurity-related risks.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

Our audited consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, and are included in this annual report beginning at page F-1.

Item 19. Exhibits

Documents filed as exhibits to this annual report:

1.1	English translation of the *estatutos* (by-laws) of Celulosa Arauco y Constitución S.A., as of April 8, 2022, including the amendment approved on May 19, 2020 and a declaration regarding the actual paid-in capital of the Company executed by public deed on January 28, 2022.
8.1	List of subsidiaries
12.1	Certification of chief executive officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
12.2	Certification of principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
13.1	Certification of chief executive officer and principal financial officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Linkbase Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

Omitted from the exhibits filed with this annual report are certain instruments and agreements with respect to our long-term debt, none of which authorizes securities in a total amount that exceeds 10% of our total assets. We hereby agree to furnish to the SEC copies of any such omitted instruments or agreements as the SEC requests.

Index of Exhibits

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101.PRE	Inline Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

CELULOSA ARAUCO Y CONSTITUCIÓN S.A.

By: /s/ Matías Domeyko
Matías Domeyko
Chief Executive Officer

Date: April 5, 2024

**CONSOLIDATED
FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2023 AND 2022 AND FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

INDEX

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Celulosa Arauco y Constitución S.A.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Celulosa Arauco y Constitución S.A. and its subsidiaries (the "Company") as of December 31, 2023 and 2022, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

pwc

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Valuation of Biological Assets

As described in Notes 1q) and 20 to the consolidated financial statements, the Company's consolidated biological assets balance was ThUS$ 3,022,579 at December 31, 2023. Management measures biological assets at fair value less cost to sell. Fair value is estimated by management using a discounted cash flow model. Management's cash flow projections included significant judgments and assumptions relating to forest growth, sales margins and discount rates.

The principal considerations for our determination that performing procedures relating to the valuation of biological assets is a critical audit matter are (i) the significant judgment by management when developing the fair value measurement of the biological assets; (ii) a high degree of auditor judgement, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to forest growth, sales margins and discount rates; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others (i) testing management's process for developing the fair value estimate; (ii) evaluating the appropriateness of the discounted cash flow model; (iii) testing the completeness and accuracy of underlying data used in the model; and (iv) evaluating the significant assumptions used by management related to forest growth, sales margins and discount rates. Evaluating management's assumptions related to forest growth, sales margins and discount rates involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the biological assets; (ii) the consistency with external market and industry data and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in the evaluation of the Company's discounted cash flow model and significant assumptions, including the forest growth, sales margins and discount rates.

/s/ PricewaterhouseCoopers Consultores, Auditores y Compañía Limitada

Santiago, Chile
April 4, 2024

We have served as the Company's auditor since 2015.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Assets			
Current assets			
Cash and cash equivalents	5-23	570,008	667,207
Other current financial assets	23	45,604	15,350
Other current non-financial assets	25	240,254	206,059
Trade and other current receivables	23	997,902	873,295
Accounts receivable from related companies	13-23	2,616	7,563
Current inventories	4	1,399,846	1,470,011
Current biological assets	20	370,957	330,435
Current tax assets	6	119,031	203,722
Total current assets other than assets or disposal groups classified as held for sale		**3,746,218**	**3,773,642**
Non-current assets or disposal groups classified as held for sale	22	429,360	1,279
Total current assets		**4,175,578**	**3,774,921**
Non-current assets			
Other non-current financial assets	23	33,512	63,321
Other non-current non-financial assets	25	106,174	92,514
Non-current receivables	23	101,501	32,674
Investments accounted for using equity method	15-16	423,611	365,671
Intangible assets other than goodwill	19	66,431	73,439
Goodwill	17	55,891	54,800
Property, plant and equipment	7	9,607,116	9,542,335

Right of use assets	8	600,361	306,487
Non-current biological assets	20	2,651,622	2,864,935
Deferred tax assets	6	88,567	9,011
Total non-current assets		**13,734,786**	**13,405,187**
Total assets		**17,910,364**	**17,180,108**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Note	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Equity and liabilities			
Liabilities			
Current liabilities			
Other current financial liabilities	23	1,082,525	375,451
Current lease liabilities	8-23	47,242	36,784
Trade and other current payables	23	760,455	812,838
Accounts payable to related companies	13-23	6,958	14,280
Other short-term provisions	18	3,905	9,513
Current tax liabilities	6	13,318	26,869
Current provisions for employee benefits	10	7,863	7,571
Other current non-financial liabilities	25	50,148	242,978
Total current liabilities other than liabilities included in disposal groups classified as held for sale		**1,972,414**	**1,526,284**
Liabilities included in disposal groups classified as held for sale	22	99,328	-
Total current liabilities		**2,071,742**	**1,526,284**
Non-current liabilities			
Other non-current financial liabilities	13-23	5,521,568	5,155,371
Non-current lease liabilities	8-23	512,140	227,440
Non-current payables		50,577	20,116
Non-current accounts payable to related companies	23	22,981	6,731
Other long-term provisions	18	28,651	40,706
Deferred tax liabilities	6	1,543,624	1,785,915
Non-current provisions for employee benefits	10	86,462	87,689
Other non-current non-financial liabilities	25	63,590	69,872
Total non-current liabilities		**7,829,593**	**7,393,840**
Total liabilities		**9,901,335**	**8,920,124**
Equity			
Issued capital	3	803,618	803,618
Retained earnings		8,034,963	8,500,901
Other reserves		(836,135)	(1,049,724)
Equity attributable to parent company		**8,002,446**	**8,254,795**
Non-controlling interests		6,583	5,189
Total equity		**8,009,029**	**8,259,984**
Total equity and liabilities		**17,910,364**	**17,180,108**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	For the years ended December 31, 2023 ThU.S.$	2022 ThU.S.$	2021 ThU.S.$
Statements of profit or loss				
Revenue	9	6,011,819	7,102,070	6,349,761
Cost of sales	3	(4,744,095)	(4,274,496)	(3,681,603)
Gross profit (loss)		**1,267,724**	**2,827,574**	**2,668,158**
Other income	3	573,017	100,129	378,977
Distribution costs	3	(693,039)	(922,226)	(682,996)
Administrative expenses	3	(624,326)	(613,608)	(577,147)
Other expense by function	3	(480,336)	(373,889)	(192,101)
Profit (loss) from operating activities		**43,040**	**1,017,980**	**1,594,891**
Finance income	3	131,666	72,116	33,499
Finance costs	3	(373,496)	(200,366)	(219,982)
Share of profit (loss) of associates and joint ventures accounted for using equity method	3-15	7,709	33,684	31,386
Gains (losses) on exchange differences on translation		(194,739)	(77,067)	(5,281)
Profit (loss) before income tax		**(385,820)**	**846,347**	**1,434,513**
Income tax benefit (expense)	6	27,293	(142,121)	(402,914)
Net profit (loss)		**(358,527)**	**704,226**	**1,031,599**
Net profit (loss) attributable to				
Net profit (loss) attributable to parent company		(358,560)	704,480	1,030,812
Net profit (loss) attributable to non-controlling interests		33	(254)	787
Net profit (loss)		**(358,527)**	**704,226**	**1,031,599**
Earnings (loss) per share				
Basic earnings (loss) per share (in U.S.$ per share)				
Basic earnings (loss) per share from continuing operations		(2.9762)	5.8476	8.6322
Basic earnings (loss) per share		**(2.9762)**	**5.8476**	**8.6322**
Diluted earnings (loss) per share (in U.S.$ per share)				
Diluted earnings (loss) per share from continuing operations		(2.9762)	5.8476	8.6322
Diluted earnings (loss) per share		**(2.9762)**	**5.8476**	**8.6322**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	For the years ended December 31, 2023 ThU.S.$	2022 ThU.S.$	2021 ThU.S.$
Net profit (loss)		**(358,527)**	**704,226**	**1,031,599**

Components of other comprehensive income that will not be reclassified to profit or loss before tax:				
Remeasurements of defined benefit plans				
Other comprehensive income before tax gains losses on remeasurements of defined benefit plans	10	(2,726)	(20,011)	(1,479)
Other comprehensive income that will not be reclassified to profit or loss before tax		**(2,726)**	**(20,011)**	**(1,479)**
Components of other comprehensive income that will be reclassified to profit or loss before tax:				
Exchange differences on translation				
Gains (losses) on exchange differences on translation, before tax	11	121,470	57,867	(80,965)
Other comprehensive income before tax exchange differences on translation		**121,470**	**57,867**	**(80,965)**
Cash flow hedges				
Gains (losses) on cash flow hedges, before tax	23	(72,816)	186,911	(84,879)
Reclassification adjustments on cash flow hedges before tax	23	(1,634)	(9,577)	(45,426)
Other comprehensive income before tax cash flow hedges		**(74,450)**	**177,334**	**(130,305)**
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss before tax				
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss before tax		308	9,968	2,590
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss before tax		**308**	**9,968**	**2,590**
Other Comprehensive income that will be reclassified to profit or loss before tax		**47,328**	**245,169**	**(208,680)**
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss before tax				
Income tax relating to remeasurements of defined benefit plans of other comprehensive income	6	736	5,403	438
Income tax relating to components of other comprehensive income that will not be reclassified to profit or loss before tax		**736**	**5,403**	**438**
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss before tax				
Income tax relating to exchange differences on translation of other comprehensive income		135,171	-	**-**
Income tax relating to cash flow hedges of other comprehensive income	6-22	19,610	(50,587)	30,453
Income tax relating to share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss		(218)	(2,396)	(696)
Income tax relating to components of other comprehensive income that will be reclassified to profit or loss		**154,563**	**(52,983)**	**29,757**
Other comprehensive income (loss)		**199,901**	**177,578**	**(179,964)**
Total comprehensive income (loss)		**(158,626)**	**881,804**	**851,635**

Comprehensive Income attributable to

Comprehensive income (loss), attributable to owners of parent company	(158,848)	882,057	857,938
Comprehensive income (loss), attributable to non-controlling interests	222	(253)	(6,303)
Total comprehensive income (loss)	**(158,626)**	**881,804**	**851,635**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

12-31-2023	Issued capital ThU.S.$	Reserve of exchange differences on translation ThU.S.$	Reserve of cash flow hedges ThU.S.$	Reserve of actuarial losses on defined benefit plans ThU.S.$	Other reserves ThU.S.$	**Total other reserves ThU.S.$**	Retained earnings ThU.S.$	**Equity attributable to owners of parent ThU.S.$**	Non-controlling interests ThU.S.$	**Total equity ThU.S.$**
Opening balance at 01-01-2023	803,618	(1,097,329)	(10,112)	(35,374)	93,091	**(1,049,724)**	8,500,901	8,254,795	5,189	8,259,984
Changes in Equity:										
Comprehensive income										
Net profit (loss)	-	-	-	-	-	-	(358,560)	(358,560)	33	(358,527)
Other comprehensive income, net of tax	-	256,452	(54,840)	(1,990)	90	**199,712**	-	199,712	189	199,901
Comprehensive income	**-**	**256,452**	**(54,840)**	**(1,990)**	**90**	**199,712**	**(358,560)**	**(158,848)**	**222**	**(158,626)**
Equity issue	-	-	-	-	-	-	-	-	1,376	1,376
Dividends	-	-	-	-	-	-	(92,719)	(92,719)	(204)	(92,923)
Increase (decrease) through transfers and other changes equity	-	-	-	-	13,877	**13,877**	(13,877)	-	-	-
Increase (decrease) through changes in ownership interests in subsidiaries that do not result in loss of control	-	-	-	-	-	-	(782)	(782)	-	(782)
Changes in equity	**-**	**256,452**	**(54,840)**	**(1,990)**	**13,967**	**213,589**	**(465,938)**	**(252,349)**	**1,394**	**(250,955)**
Closing balance at 12-31-2023	**803,618**	**(840,877)**	**(64,952)**	**(37,364)**	**107,058**	**(836,135)**	**8,034,963**	**8,002,446**	**6,583**	**8,009,029**

12-31-2022	Issued capital ThU.S.$	Reserve of exchange differences on translation ThU.S.$	Reserve of cash flow hedges ThU.S.$	Reserve of actuarial losses on defined benefit plans ThU.S.$	Other reserves ThU.S.$	**Total other reserves ThU.S.$**	Retained earnings ThU.S.$	**Equity attributable to owners of parent ThU.S.$**	Non - controlling interests ThU.S.$	**Total equity ThU.S.$**
Opening balance at 01-01-2022	803,618	(1,155,195)	(136,859)	(20,766)	71,750	**(1,241,070)**	8,248,185	7,810,733	7,771	7,818,504
Changes in Equity:										
Comprehensive income										
Net profit (loss)	-	-	-	-	-	**-**	704,480	704,480	(254)	704,226
Other comprehensive income, net of tax	-	57,866	126,747	(14,608)	7,572	**177,577**	-	177,577	1	177,578

Comprehensive income	**-**	**57,866**	**126,747**	**(14,608)**	**7,572**	**177,577**	**704,480**	**882,057**	**(253)**	**881,804**
Dividends	-	-	-	-	-	-	(437,995)	(437,995)	(2,329)	(440,324)
Increase (decrease) from transfers and other changes	-	-	-	-	13,769	**13,769**	(13,769)	-	-	-
Changes in equity	**-**	**57,866**	**126,747**	**(14,608)**	**21,341**	**191,346**	**252,716**	**444,062**	**(2,582)**	**441,480**
Closing balance at 12-31-2022	**803,618**	**(1,097,329)**	**(10,112)**	**(35,374)**	**93,091**	**(1,049,724)**	**8,500,901**	**8,254,795**	**5,189**	**8,259,984**

12-31-2021	Issued capital ThU.S.$	Reserve of exchange differences on translation ThU.S.$	Reserve of cash flow hedges ThU.S.$	Reserve of actuarial losses on defined benefit plans ThU.S.$	Other reserves ThU.S.$	**Total other reserves ThU.S.$**	Retained earnings ThU.S.$	**Equity attributable to owners of parent ThU.S.$**	Non - controlling interests ThU.S.$	**Total equity ThU.S.$**
Opening balance at 01-01-2021	603,618	(1,081,320)	(37,007)	(19,725)	29,255	**(1,108,797)**	7,889,901	7,384,722	30,913	7,415,635
Changes in Equity:										
Comprehensive income										
Net profit	-	-	-	-	-	-	1,030,812	1,030,812	787	1,031,599
Other comprehensive income, net of tax	-	(73,875)	(99,852)	(1,041)	1,894	**(172,874)**	-	(172,874)	(7,090)	(179,964)
Comprehensive income	**-**	**(73,875)**	**(99,852)**	**(1,041)**	**1,894**	**(172,874)**	**1,030,812**	**857,938**	**(6,303)**	**851,635**
Issue of equity	200,000	**-**	**-**	**-**	**-**	**-**	**-**	200,000	-	200,000
Dividends	-	-	-	-	-	-	(596,012)	(596,012)	(203)	(596,215)
Increase (decrease) from transfers and other changes	-	-	-	-	40,601	**40,601**	(40,636)	(35)	-	(35)
Increase (decrease) from changes in the interests of subsidiaries that do not imply loss of control	-	-	-	-	-	-	(35,880)	(35,880)	(16,636)	(52,516)
Changes in equity	**200,000**	**(73,875)**	**(99,852)**	**(1,041)**	**42,495**	**(132,273)**	**358,284**	**426,011**	**(23,142)**	**402,869**
Closing balance at 12-31-2021	**803,618**	**(1,155,195)**	**(136,859)**	**(20,766)**	**71,750**	**(1,241,070)**	**8,248,185**	**7,810,733**	**7,771**	**7,818,504**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	January - December		
	2023 ThU.S.$	**2022 ThU.S.$**	**2021 ThU.S.$**
STATEMENTS OF CASH FLOWS			
Cash flows from (used in) operating activities			
Classes of cash receipts from operating activities			
Receipts from sales of goods and rendering of services	6,211,313	7,630,153	6,385,257
Receipts from rents and subsequent sales of such assets	16,509	3,815	1,280
Other cash receipts from operating activities	702,283	551,357	530,229
Classes of cash payments			

Payments to suppliers for goods and services	(5,049,907)	(5,244,822)	(4,116,093)
Payments to and on behalf of employees	(736,789)	(656,540)	(607,029)
Payments to manufacture or acquire assets held for rental to others and subsequently held for sale	(10,848)	(27,405)	-
Other cash payments from operating activities	(174,824)	(167,533)	(141,588)
Interest paid	(328,317)	(259,052)	(260,394)
Interest received	137,480	76,581	32,381
Income taxes (paid) refunded	(28,463)	(204,954)	115,791
Other inflows (outflows) of cash, net	1,990	(1,108)	(503)
Net cash flow from (used in) operating activities	**740,427**	**1,700,492**	**1,939,331**
Cash flows from (used in) investing activities			
Cash flow from losing control of subsidiaries and other businesses	-	-	47,988
Cash flow used in obtaining control of subsidiaries or other businesses	-	-	(797)
Cash flow used in the purchase of non-controlling interests	-	(14)	(34)
Other cash receipts from sales of equity or debt instruments of other entities classified as investing activities	-	1,878	-
Other cash payments to acquire equity or debt instruments of other entities classified as investing activities	(23,728)	(9,665)	-
Other cash receipts from sales of interests in joint ventures	-	-	2,621
Other cash payments to acquire interests in joint ventures	(11,222)	(176)	(7,759)
Loans to related entities	-	(3,304)	(1,891)
Proceeds from sales of property, plant and equipment	11,859	33,177	106,707
Purchase of property, plant and equipment	(844,470)	(1,271,742)	(1,316,803)
Proceeds from sales of intangible assets	281	314	-
Purchase of intangible assets	(6,682)	(6,251)	(6,994)
Proceeds from other long-term assets	6,088	51,934	256,659
Purchase of other long-term assets	(411,897)	(300,209)	(218,918)
Dividends received	4,265	33,980	3,049
Other inflows (outflows) of cash, net	(57,618)	102	(59)
Cash flows from (used in) investing activities	**(1,333,124)**	**(1,469,976)**	**(1,136,231)**
Cash flows from (used in) financing activities			
Cash flow used in the purchase of non-controlling interests	-	-	(52,782)
Proceeds from issuing shares	-	-	200,000
Total proceeds from borrowings	2,126,607	318,357	167,962
Proceeds from long-term borrowings	1,160,649	82,207	87,962
Proceeds from short-term borrowings	965,958	236,150	80,000
Repayments of borrowings	(1,118,156)	(397,977)	(596,490)
Payments of lease liabilities	(73,806)	(65,000)	(67,895)
Dividends paid	(282,728)	(380,969)	(471,167)
Other inflows (outflows) of cash, net	(6,250)	(1,630)	(1,869)
Cash flows from (used in) financing activities	**645,667**	**(527,219)**	**(822,241)**
Net increase (decrease) in cash and cash equivalents before effect of exchange rate changes	**52,970**	**(296,703)**	**(19,141)**
Effect of exchange rate changes on cash and cash equivalents	(150,169)	(47,190)	(34,473)
Net increase (decrease) of cash and cash equivalents	**(97,199)**	**(343,893)**	**(53,614)**
Cash and cash equivalents, at the beginning of the period	667,207	1,011,100	1,064,714
Cash and cash equivalents, at the end of the period	**570,008**	**667,207**	**1,011,100**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2023 AND 2022

NOTE 1. PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

Entity information

Celulosa Arauco y Constitución S.A. and subsidiaries, (hereafter "Arauco" or the "Company"), tax identification number 93,458,000-1, is a closely held corporation, which was registered in the Securities Registry (the "Registry") of the Chilean Commission for the Financial Market ("CMF") as No. 042 on June 14, 1982. Additionally, the Company is registered as a non-accelerated filer in the Securities and Exchange Commission (SEC) of the United States of America.

The Company's head office address is El Golf Avenue 150, 14th floor, Las Condes, Santiago, Chile.

Arauco is principally engaged in the production and sale of products related to the forestry and timber industries. Its main operations are focused on business areas of pulp and wood products.

As of December 31, 2023, Arauco is controlled by Empresas Copec S.A., tax identification number 90,690,000-9, which owns 99.999916% of Arauco, and is registered in the Securities Registry as No. 0028. Each of the above mentioned companies is subject to the oversight of the CMF.

Moreover, Empresas Copec S.A. is controlled by the public corporation AntarChile S.A., tax identification number 96,556,310-5, which owns 60.8208% of Empresas Copec S.A. Furthermore, the ultimate shareholders of AntarChile S.A. and, consequently, of Empresas Copec S.A., are Mr. Roberto Angelini Rossi, tax identification number 5,625,652-0, and Mrs. Patricia Angelini Rossi, tax identification number 5,765,170-9.

Arauco's consolidated financial statements were prepared on a going concern basis.

Presentation of consolidated financial statements

The financial statements presented by Arauco are comprised by the following:

-Consolidated statements of financial position as of December 31, 2023 and 2022.
-Consolidated statements of profit or loss for the years ended December 31, 2023, 2022 and 2021.
-Consolidated statements of comprehensive income for the years ended December 31, 2023, 2022 and 2021.
-Consolidated statements of changes in equity for the years ended December 31, 2023, 2022 and 2021.
-Consolidated statements of cash flows for the years ended December 31, 2023, 2022 and 2021.
-Explanatory disclosures (notes).

Period covered by the consolidated financial statements

As of December 31, 2023 and 2022 and for the period between January 1 and December 31 of 2023, 2022 and 2021.

Date of approval of consolidated financial statements

These consolidated financial statements were approved by the Board of Directors of the Company (the "Board") at the Extraordinary Meeting held on April 4, 2024.

Abbreviations used in this report:

IFRS - International Financial Reporting Standards.

IASB - International Accounting Standards Board.
IAS - International Accounting Standards.
MU.S.$ - Millions of U.S. dollars.
ThU.S.$ - Thousands of U.S. dollars.
U.F. – Inflation index-linked units of account.
ICMS – Tax movement of inventories and services (Brazil).
ThCLP$ - Thousands of Chilean Pesos.
ThR$ - Thousands of Brazilian real.

Functional and presentation currency

Arauco and most of its subsidiaries determined the United States ("U.S.") dollar as its functional currency since the majority of its revenues from sales of its products are derived from exports denominated in U.S. dollars, while their costs of sales are to a large extent related or indexed to the U.S. dollar.

For the pulp reportable segment, most of the sales are exports denominated in U.S. dollars and costs are mainly related to plantation costs which are settled in U.S. dollars.

For the wood reportable segment, although total sales include a mix of domestic and exports sales, prices of the products are established in U.S. dollars, which is also the case for the cost structure of the related raw materials.

In relation to the cost of sales, although labor and services costs are generally billed and paid in local currency, these costs are not as significant as the costs of raw materials, which are driven mainly by global markets and therefore, influenced mostly by the U.S. dollar.

The currency used to finance operations is mainly the U.S. dollar.

The presentation currency of the consolidated financial statements is the U.S. dollar. Figures on these consolidated financial statements are presented in thousands of rounded U.S. dollar (ThU.S.$).

Summary of significant accounting policies

a) Basis for preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and they represent the explicit and unreserved adoption of IFRS.

The consolidated financial statements have been prepared on a historical cost basis, except for biological assets and certain derivative financial instruments which are measured at revalued amounts or fair value at the end of each period as explained in the following significant accounting policies.

b) Critical accounting estimates and judgments

The preparation of these consolidated financial statements, in accordance with IFRS, requires management to make estimates and assumptions that affect the carrying amounts reported. These estimates are based on historical experience and various other assumptions that are considered to be reasonable. Actual results may differ from these estimates. Management believes that the accounting policies below are the critical judgments that have the most significant effect on the amounts recognized in the consolidated financial statements.

- Biological assets

The recovery of forest plantations is based on discounted cash flow models which means that the fair value of biological assets is calculated using cash flows from continuing operations on a discounted basis, based on our sustainable forest management plans and the estimated growth of forests.

The measurement of the fair value of the biological assets is determined using a discounted cash flow model. Our cash flow projections include significant judgments and assumptions relating to discount rates, estimated growth of the forests and sales margins. This valuation is performed on the basis of each identifiable farm block and for each type of tree. The main considerations used to calculate the valuation of forest plantations and a sensitivity analysis are presented in Note 20.

- Litigation and contingencies

Arauco and its subsidiaries are subject to certain litigation proceedings. Future impact on Arauco's financial condition derived from such litigations is estimated by management, in collaboration with its legal advisors. Arauco applies judgment when interpreting the reports of its legal advisors who provide updated estimates of the legal contingencies at each reporting period and/or at each time a modification is determined to be necessary. For a description of current litigations see Note 18.

c) Consolidation

The consolidated financial statements include all entities over which Arauco has the power to direct the relevant financial and operating activities. Subsidiaries are consolidated from the date on which control is obtained and up to the date that control ceases.

Specifically, a company controls an investee or subsidiary if, and only if, they have all of the following:

(a) power over the investee, i.e. the investor has existing rights which give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
(b) exposure or rights to variable returns from involvement with the investee; and
(c) the ability to use power over the investee to affect the amount of the investor's returns.

When Arauco holds less than the majority of the voting rights in a company in which it participates, it nonetheless has the power over said company - when these voting rights are enough - to grant it in practice the ability to unilaterally direct said company's relevant activities. Arauco takes into account all facts and circumstances in order to assess if the voting rights in a company in which it participates are enough for granting it the power, including:

a) the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
b) potential voting rights held by the investor, other vote holders or other parties;
c) rights arising from other contractual arrangements; and
d) any additional facts and circumstances that indicate the investor has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Company will reevaluate whether or not it holds control of a company in which participates if the facts and circumstances indicate that changes have occurred in one or more of the three elements of control mentioned above.

Consolidation of an investee shall begin from the date the investor obtains control of the investee and cease when the investor loses control of the investee. An entity includes the income and expenses of an acquired or sold subsidiary in the consolidated financial statements from the date it gains control until the date when the entity ceases to control the subsidiary.

The profit or loss of each component of other comprehensive income is attributed to owners of the parent company and the non-controlling interest, as appropriate. Total comprehensive income is attributed to the owners of the parent company and non-controlling interests even if the results of the non-controlling interest have a deficit balance.

If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for transactions and other events in similar circumstances, appropriate adjustments are made to the consolidated financial statements of subsidiaries in order to ensure compliance with Arauco's accounting policies.

All intercompany transactions and unrealized gains and losses from subsidiaries have been fully eliminated from these consolidated financial statements and non-controlling interest is presented in the consolidated statement of financial position within equity.

The consolidated financial statements at the end of this period include the assets, liabilities, income and expenses of the subsidiaries shown in Note 13.

Certain consolidated subsidiaries have Brazilian real, Mexican pesos, Canadian dollars, Chilean pesos and Argentine pesos as their functional currencies. For consolidation purposes, the financial statements of those subsidiaries have been prepared in accordance with IFRS and translated as indicated in Note 1 (e) (ii).

The subsidiaries non-controlling interests in profits or losses and in the equity are presented separately in the consolidated statement of comprehensive income, in the consolidated statement of changes in equity and in the consolidated statement of financial position respectively.

d) Segments

Arauco has defined its reportable segments according to its business areas, based on the products and services sold to its customers. This definition is consistent with the management, resource allocation and performance assessment made by key personnel responsible for making relevant decisions related to the Company's operation. The personnel responsible for making such decisions are the Executive Vice-president and the Chief Executive Officer who are the highest authorities for making decisions and are supported by the Vice-presidents of each segment.

Based on the aforementioned process, the Company has established reportable segments according to the following business units:

- Pulp
- Wood products

Refer to Note 24 for detailed financial information by reportable segment.

e) Functional currency

(i) Functional currency

All items in the financial statements of Arauco and each of its subsidiaries, associates and jointly controlled entities are measured using the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in U.S. dollars, which is Arauco's functional and presentation currency.

(ii) Translation to the presentation currency of Arauco

For the purposes of presenting consolidated financial statements, assets and liabilities of Arauco's operations in a functional currency different from Arauco's are translated into U.S. dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange rate differences are recognized in other comprehensive income and accumulated in "Other reserves" within equity.

(iii) Foreign currency transactions

Transactions in currencies other than the functional currency are recognized at the exchange rates prevailing at the dates of the transactions. Profit or loss on transactions in currencies other than the functional currency resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the consolidated statements of profit or loss, except those which are recorded in other comprehensive income and accumulated in equity such as cash flows hedging derivatives.

f) Cash and cash equivalents

Cash and cash equivalents include cash-on-hand, deposits held on demand at financial entities and other short-term highly liquid investments with an original maturity of three months or less and which are subject to an insignificant risk of changes in value.

g) Financial instruments

Financial assets

Initial classification

Arauco classifies its financial assets into the following categories: fair value through profit or loss and amortized cost.

Arauco does not have financial assets at fair value through other comprehensive income.

The classification is based on the business model used to manage the assets and the characteristics of their contractual cash flows.

Management determines the classification of its financial assets at the time of their initial recognition.

(a) Financial assets at fair value through profit or loss: these instruments are initially measured at fair value. Net income and losses, including any income from interest or dividends, are registered in the profit or loss of the period. Financial assets are classified in the category of financial assets at fair value through profit or loss when they are maintained for negotiation or designated in their initial registration as assets at fair value through profit or loss. A financial asset can be classified in this category if it is acquired mainly for the purposes of being sold in the short-term. Gain or losses of assets held for negotiations are registered in the consolidated statements of profit or loss, and the related interest is registered independently as financial income. Derivatives are classified as acquired for negotiation also unless they are designated as hedging instruments.

(b) Assets measured at amortized cost: they are initially registered at the fair value of the transaction, adding or subtracting the transaction costs that are directly attributable to the issuance of the financial asset or financial liability. The financial asset is maintained within a business model, the objective of which is to maintain financial assets to obtain contractual cash flows and the contractual conditions of the asset give rise, on specified dates, to cash flows that are solely payments of principal and interest ("SPPI") over the amount of the outstanding principal.

Subsequent measurement

Financial instruments are subsequently measured at fair value through profit or loss or amortized cost.

The classification is based on two criteria: i) the Company's business model for the management of financial instruments, and ii) whether the contractual cash flows related to the financial instruments represent "Solely Payments of Principal and Interest".

a) Financial assets at fair value through profit or loss: these instruments are subsequently measured at fair value. Net earnings and losses, including income from interest and dividends, are registered as profits or losses for the period. These instruments are held for negotiation, and they are mainly acquired to be sold in the short-term. Derivatives are also classified as held for negotiation, unless they are registered as hedging instruments. Financial instruments of this type are classified as other current and non-current financial assets. They are subsequently valuated by determining their fair value, registering changes in value in the consolidated statements of profit or loss, in the items of financial income or financial costs.

b) Financial assets measured at amortized cost: These instruments are subsequently measured at amortized cost minus accumulated amortizations, using the effective interest method and adjusted by loss allowance and volume discounts, in the case of financial assets. Financial income and expenses, foreign exchange income and losses, and impairment are registered in results. Any earnings or losses due to initial or subsequent reductions of the value of the asset are registered in the statement of profit or loss of the period. Borrowings and receivables are non-derivative financial instruments with fixed or determinable payments not traded in any active market. They are registered at amortized cost, registering accrued conditions directly in profit or loss.

Arauco measures accumulated losses in a quantity equivalent to expected credit losses during the lifelong commitment. Expected credit losses are based on contractual cash flow differences based on the allowance of each contract and the cash flows that Arauco expects. The difference is then discounted based on an approximation of the asset's original effective interest rate. The asset's carrying value is reduced as the allowance is used, and the loss is recognized in sales expenses in the consolidated statements of profit or loss. When an account receivable cannot be collected, it is regularized against the allowance account for receivables. Subsequent recoveries of previously impaired amounts are recognized as a debit in distribution cost.

Derivative financial instruments are explained in Note 1 h).

Financial liabilities

Arauco classifies its financial liabilities as follows: fair value through profit or loss, derivatives designated as effective hedging instruments and amortized costs.

Management determines the classification of its financial liabilities upon initial recognition. Financial liabilities are derecognized when the obligation is cancelled, settled or expired. When an existing financial liability is replaced with another of the same provider under substantially different terms, or where the terms of an existing liability are substantially amended, such exchange or modification is treated as a write-off of the original liability, with a new liability being recognized, and the difference between the respective carrying amounts is recognized in the consolidated statement of profit or loss.

Financial liabilities are initially recognized at fair value, and in the case of borrowings, they include the costs directly attributable to the transaction. The subsequent measurement of the financial liabilities depends on their classification:

Financial liabilities at fair value through profit or loss

Financial liabilities are included in the category of financial liabilities at fair value through profit or loss when they are held for trading or originally designated at fair value through profit or loss. Income and losses from liabilities held for trading are recognized in profit or loss. This category includes non-designated derivatives for hedging accounting.

Financial liabilities at amortized cost

Other financial liabilities are subsequently valued at their amortized cost based on the effective interest rate method. The amortized cost is calculated taking into account any premium or acquisition discount and includes the costs of transactions that are an integral part of the effective interest rate. This category includes commercial accounts payable and other accounts payable, lease liabilities, as well as the borrowings included in other current and non-current financial liabilities.

h) Derivative financial instruments

(i) Derivative financial instruments - The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps, currency swaps and zero cost collar contracts. The Company's policy is to enter into derivatives contracts only for economic hedging purposes and there are no instruments with speculation objectives.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently re-measured at fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss unless the derivative is designated as a hedging instrument and complies with hedge accounting requirements, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(ii) Embedded derivatives

The Company assesses the existence of embedded derivatives in financial instrument contracts. Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL as a whole. Arauco has determined that no embedded derivatives currently exist.

(iii) Hedge accounting

The Company designates certain hedging instruments as either fair value hedges or cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, Arauco documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

-Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

-Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss, and is included in the Finance costs line item in the consolidated statement of profit or loss. Amounts previously recognized in other comprehensive income are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecasted transaction is ultimately recognized in profit or loss. When a forecasted transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

i) Inventories

Inventories are measured at the lower of cost or net realizable value. Cost is determined using the weighted average cost method.

The cost of finished and in process products includes the cost of raw materials, direct labor, other direct costs and manufacturing overhead expenses.

Initial costs of harvested wood are determined at fair value less cost of sale at the point of harvest.

Biological assets are transferred to inventories when forests are harvested.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When market conditions result in the production costs of a product exceeding its net realizable value, the inventories are written-down to their net realizable value. This write-down also includes obsolescence amounts resulting from slow moving inventories and technical obsolescence.

Spare parts that will be consumed in a period of less than twelve months are presented in inventories and recognized as an expense when they are consumed.

j) Non-current assets held for sale

Arauco classifies certain property, plant and equipment, intangible assets, investments in associates and disposal groups (groups of assets to be sold together with their directly associated liabilities) as non-current assets held for sale which as of the date of the consolidated statements of financial position are the subject of active sale efforts which are estimated to be highly probable.

These assets or disposal groups are measured at the lower of the carrying amount or the fair value less the costs to sell, and are no longer depreciated or amortized from the time they are classified as non-current assets held for sale.

k) Business combinations

Arauco applies the acquisition method to account for a business combination. This method requires the identification of the acquirer, determination of the acquisition date, recognition and measurement of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and recognition and measurement of goodwill or a gain from a bargain purchase. Identifiable assets acquired and liabilities assumed and any contingent liabilities in a business combination are initially measured at fair value at the acquisition date, except:

-deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income taxes and IAS 19 respectively;

-liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 3 at the acquisition date; and

-assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current assets held for sale and discontinued operations are measured in accordance with such standard.

Acquisition-related costs are accounted for as expenses when they are incurred, except for costs to issue debt or equity securities which are recognized in accordance with IAS 32 and IFRS 9.

A parent will present non-controlling interests in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent company.

Changes in the ownership interest of a parent in its subsidiary that do not result in a loss of control are treated as equity transactions. Any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the parent company. No adjustment is made to the carrying amount of goodwill, neither gains nor losses are recognized in the statement of profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may initially be measured either at fair value or at the present

ownership instruments' proportionate share of non-controlling interests, in the recognized amounts of the acquirer's identifiable net assets. The choice is made on a transaction-by-transaction basis.
Arauco measures the fair value of the acquired company in the business combination achieved in each stage ("step acquisition"), recognizing the effects of remeasurement of previously held equity in the acquiree in the consolidated statements of profit or loss.
If the initial accounting for a business combination is not completed by the end of the reporting period in which the combination occurs, Arauco reports preliminary amounts for the items for which the accounting is incomplete. During the measurement period (no more than one year), these preliminary amounts are retrospectively adjusted, or additional assets or liabilities are recognized to reflect new information about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognized at that date.
Business combinations that are under common control transactions are accounted using as a reference the pooling of interest. Under this method, assets and liabilities related to the transaction carry over the previous carrying values. Any difference between assets and liabilities included in the consolidation and the consideration transferred, is accounted in equity.

l) Investments in associates and joint arrangements

Associates are entities over which Arauco exercises significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Joint arrangement is defined as an entity over which there is joint control, which exists only when the decisions about strategic of activities, both financial and operational, require the unanimous consent of the parties sharing control.

Investments in joint arrangements are classified as a joint venture or as a joint operation. A joint operation is a joint arrangement in which the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement in which the parties that have joint control of the arrangement (i.e., participants in a joint venture) have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. Their carrying amount is increased or decreased to recognize the portion corresponding to the statement of profit or loss or to the statement of comprehensive income. Dividends received are recognized by deducting the amount received from the carrying amount of the investment. Arauco's investment in associates includes goodwill (both net of any accumulated impairment loss).

The investments in joint operations are recognized through consolidation of assets, liabilities and results of operations in relation to Arauco's ownership percentage.

If the acquisition cost is lower than the fair value of the net assets of the associate acquired, the difference is recognized directly in statement of profit or loss in line other gains (losses).

Investments in associates and joint ventures are presented in the consolidated statement of financial position in the line item "Investments accounted for using equity method".

If Arauco's share of losses of an associate or joint venture equals or exceeds its interest in the associate or joint venture, Arauco discontinues recognizing its share of further losses. After Arauco's carrying value in the investee is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that Arauco has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, Arauco resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

m) Intangible assets other than goodwill

After initial recognition, intangible assets with finite useful lives are carried at cost less any accumulated amortization and impairment losses.

Amortization of an intangible asset with a finite useful life is allocated over the asset's useful life. Amortization begins when the asset is available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

(i) Computer software
Computer software licenses are capitalized in terms of the costs incurred to acquire and make them compatible with existing software. These costs are amortized over the estimated useful lives of the software.

(ii) Water rights, easements and other rights
This item includes water rights, easements and other acquired rights recognized at historical cost which have indefinite useful lives as there is no foreseeable limit to the period over which these assets are expected to generate future cash flows. These rights are not amortized, but are tested for impairment at least annually, or when there is any indication that the assets might be impaired.

(iii) Customers relationships
Correspond to the valuation over the time of the established relationship with customers, from the sale of products and services through its sales team. These relations will materialize in sales orders, which generate revenue and cost of sales. The useful life has been determined to be 15 years.

n) Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquired company, and the fair value of the acquirer's previously held equity interest in the acquired company (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the total of consideration transferred, non-controlling interest recognized and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the statements of profit or loss.

Goodwill is not amortized but tested for impairment on annual basis.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill in a business combination is allocated as of the acquisition date to the cash generating unit or a group of cash generating units expected to benefit from the synergies of the combination irrespective of whether other assets or liabilities of the acquired company are allocated to those units or group of units.

The goodwill generated on acquisitions of foreign companies, is expressed in the functional currency of such foreign company.

Goodwill recognized in subsidiaries Arauco Canada Ltd. and Arauco do Brasil S.A., generated on subsidiaries acquisitions whose functional currency is different from the functional currency of the parent company and presentation of these consolidated financial statements, are translated into U.S. dollars at the closing exchange rate.

o) Property, Plant and Equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. The cost includes expenditures that are directly attributable to the acquisition of the assets.

Subsequent costs, such as improvements and replacement of components, are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to Arauco and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized from property, plant and equipment. All other repairs and maintenance costs are expensed in the period in which they are incurred.

Arauco capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of those assets, until the assets are ready for their intended use (See Note 12).

Depreciation is calculated by components using the straight-line method.

The useful lives of the items of property, plant and equipment is estimated according to the expected use of the assets. The residual values and useful lives of assets are reviewed and adjusted, if appropriate, annually.

p) Leases

Arauco applies IFRS 16 for recognizing leases in a manner consistent with contracts with similar features and akin circumstances.

At the beginning of a contract, Arauco assesses whether the contract is, or if it contains, a lease. A contract is, or contains, a lease if it transfers the right to control the use of a given asset for a certain period of time, in exchange for consideration.

As of the initial date for recording a lease, Arauco, as lessee, recognizes an asset by the right of use at cost.

The cost of the asset for right of use comprises:

- The amount of the initial measurement of the lease liability. This measurement is at present value of the payments for leases that have not been disbursed as of that date. Payments for leases are discounted using the incremental interest rate for financial borrowings;
- Payments for leases performed prior to or as of the initiation date, minus the lease incentives that have been received;
- The initial direct costs incurred by the lessee; and
- An estimation of the costs to be incurred by the lessee when dismantling and eliminating the underlying asset, restoring the location where the same is located, or restoring the underlying asset to the condition required under the terms and conditions of the lease, unless such costs are incurred in order to produce inventories. The lessee assumes obligations stemming from such costs either at the commencement date, or as a result of having used the underlying asset during a specific period.

After the initial recognition date, Arauco, as lessee, recognizes its asset for right of use by applying the cost model, minus the accumulated depreciation and impairment losses, and adjusted for remeasurement of the liability for lease.

At the beginning, Arauco in the capacity of lessee, recognizes the lease liability at present value of the lease payments that have not been disbursed as of that date. Lease payments are discounted using the incremental interest rate for financial borrowings.

After the initial recognition date, Arauco, as lessee, recognizes a liability for leases by increasing the book value, so as to reflect the interest over the liability for lease, reducing the amount in order to reflect the payments for leases that have been performed and once again recognizing the book value, so as to reflect the remeasurement and also to reflect the essential fixed payments for leases that have been revised.

Arauco presents the assets by right of use in the consolidated statement of financial position and are further disclosed in Note 8. Likewise, lease liabilities are presented in the consolidated statement of financial position and further disclosed in Note 23.

IFRS 16 maintains substantially the accounting requirements of the lessor from IAS 17. Therefore, Arauco has continued to classify its leases as operational or financial, as the case may be.

Income from operating leases in which Arauco is the lessor are recognized on a straight-line basis during the term of the lease. Initial direct costs are added to the book value of the underlying asset and are recognized as expenses during the term of the lease on the same basis as the lease income. Leased assets are included within the statement of financial position, in property, plant and equipment. Arauco did not make adjustments with respect to assets that maintains as a lessor, as a result of IFRS 16 adoption.
When assets are leased under a financial lease, the present value of lease payments are recognized as financial accounts receivable. The difference between the gross receivable and the present value of such amount, is recognized as financial return on capital.

Arauco evaluates the economic nature of the contracts that grant the right to use certain assets, for the purposes of determining the existence of implied leases. In these cases, the Company separates, at the beginning of the contract and based on its relative reasonable values, payments and considerations associated with the lease, from the rest of the elements incorporated into the contract.

q) Biological assets

IAS 41 requires that biological assets, such as standing trees, are measured at fair value less cost to sell in the statement of financial position. Forestry plantations are accounted for at fair value less costs to sell, based on the presumption that fair values of these assets can be measured reliably.

The measurement of the fair value of the biological assets is determined using a discounted cash flow model. Our cash flow projections include significant judgments and assumptions relating to discount rates, estimated growth of the forests and sales margins. This valuation is performed on the basis of each identifiable farm block and for each type of tree.

The measurement of new forestry plantations made during the current year is made at cost, which corresponds to the fair value at that date. After twelve months, the valuation methodology used is that explained in the preceding paragraph.

Biological assets shown as current assets correspond to those forestry plantations that will be harvested in the short-term.

Biological growth and changes in fair value of forestry plantations are recognized in the line item “Other income” in the consolidated statements of profit or loss.

r) Income taxes

The tax liabilities are recognized in the consolidated financial statements based on the determination of taxable income for the year and calculated using the tax rates in force in the countries where Arauco operates.

Deferred income tax is recognized using liability method, on the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. Deferred income tax is determined using tax rates contained in laws adopted as of the date of the financial statements and that are expected to be applicable when the related deferred tax asset is realized, or the deferred income tax liability is settled.

Deferred taxes are recognized in accordance with the standards established in IAS 12 - Income Tax.

The goodwill arising on business combinations does not give rise to deferred tax.

The deferred tax assets and tax credits are generally recognized for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which those deductible temporary differences can be utilized.

s) Provisions

Provisions are recognized when the Company has a present obligation, legal or constructive, as a result of past events, under which, it is probable that an outflow of resources will be required to settle the obligation; and when a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period.

t) Revenue recognition

Revenues are valued at fair value of the consideration received or to be received, derived from them. Arauco analyses and takes under consideration all relevant facts and circumstances to apply the five-step model established under IFRS 15 to customer contracts: (i) identify the contract, (ii) identify the performance obligations, (iii) determine the transaction price, (iv) allocate the transaction price, and (v) recognize revenue. Additionally, Arauco evaluates the incremental costs of obtaining a contract and the costs incurred to comply with a contract. Arauco recognizes revenues when the steps established in IFRS have been satisfactorily complied with.

Accounts receivable are recognized when control over goods or services has been transferred to the customer, because at this point of the time collection is unconditional and the passage of time is only needed to receive payment.

(i) Revenue recognition from the sale of goods

Revenue from the sale of goods is recognized when Arauco has transferred to the buyer the significant risks and rewards of ownership of the committed goods, when the amount of revenue can be reliably measured, when Arauco does not retain any managerial involvement over the goods sold and when it is probable that the economic benefits associated with the transaction will flow to Arauco and the costs incurred in respect of the transaction can be measured reliably. Revenue from the sale of goods are recognized when there is no obligation unsatisfied that could affect the customer's acceptance of the product. The delivery is effective when the products are sent to the specific location, the risks of obsolescence and loss have been transferred to the customer and when Arauco has objective evidence that all acceptance criteria have been satisfied.

Sales are recognized in terms of the price agreed to in the sales contract, less any volume discounts and estimated product returns at the date of the sale. There is no significant financing component given that receivables from sales are collected within a short period, which is in line with market practices.

The structure for recognizing revenue from export sales is based on the 2010 Incoterms, which are the official rules for the interpretation of commercial terms issued by the International Chamber of Commerce.

The main Incoterms used by Arauco are the following:

"CFR (Cost and freight)", where the company bears all costs including main transportation, until the products arrives at its port of destination. The risk is transferred to the purchaser once the products have been loaded onto the vessel, in the country of origin.

"CIF (Cost Insurance & Freight)", where the Company organizes and pays for external freight services and some other expenses. Arauco is no longer responsible for the products once they have been delivered to the ocean carrier company.

(ii) Revenue recognition from rendering of services

Revenue from the rendering of services is recognized as long as the performance obligation have been satisfied.

Revenue is recognized considering the stage of completion of the transaction at the date of the reporting period, when Arauco has the enforceable right of payment from the rendering of the services.

There is no significant financing component, given that sales are made with a reduced average collection period, which is in line with market practice.

Arauco mainly provides power supply services which are transacted principally in the spot market of the Sistema Eléctrico Nacional (SEN) ("National Electrical System"). According to current regulations, the prices on that market called "Marginal Costs" are calculated by the Coordinador Eléctrico Nacional (CEN) ("National Electrical Coordinator") and are generally recognized in the period in which the services are rendered.

Electrical power is generated as a by-product of the pulp and wood process and is a complementary business to it, which is initially supplied to the group's subsidiaries and any surplus is sold to the SEN.

Arauco provides other non-core services such as port services and pest control whose revenues are derived from fixed price service contracts are recognized considering the stage of completion of the services rendered at the date of reporting, generally during the period of the service contract on a straight-line basis over the term of the contract.

Revenues from reportable segments mentioned in Note 24 are measured in accordance with the policies indicated in the preceding paragraphs.

Revenues from inter-segment sales (which are made at market prices) are eliminated in the consolidated financial statements.

u) Minimum dividend

Article No. 79 of the Chilean Corporations Law states that, unless otherwise unanimously agreed by the shareholders, corporations must distribute annually at least 30% of net income for the current year as cash dividend to shareholders determined in proportion to their shares or in the proportion established in the by-laws for preferred shares, if any, except where necessary to absorb accumulated losses from prior years.

The current policy is that an amount equivalent to the 40% of the distributable net income for each fiscal year will be distributed as dividends. Nevertheless, the Board of Directors may decide to distribute and pay 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.

v) Earning per share

Basic earnings per share are calculated by dividing the net profit for the period attributable to the parent company by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares in the Company held by a subsidiary, if such circumstance exists. Arauco has not performed any type of transaction with a potential dilutive effect that would cause diluted earnings per share to be different from basic earnings per share.

w) Impairment

Non-financial assets
The recoverable amount of property, plant and equipment and other long-term assets with finite useful lives are measured whenever there are any circumstances indicating that the assets have to recognize an impairment loss. Among the circumstances to consider as evidence of impairment are significant declines in the assets' market value, significant adverse changes in the technological environment, obsolescence or physical damages of assets and changes in the manner in which the asset is used or expected to be used). Arauco evaluates at the end of each reporting period whether there is any evidence of the indications above mentioned.

A previously recognized impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount however a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

For the purposes of assessing impairment losses, assets are grouped at the lowest level for which there is identifiable cash flows separately for each cash-generating unit. Non-financial assets, other than goodwill, which had recognized an impairment loss, are reviewed at the end of each reporting period whether there are any circumstances indicating that an impairment loss previously recognized may no longer exists or has decreased.

"Cash-generating units" are the smallest identifiable groups of those cash inflows that are largely independent of the cash inflow from other assets or groups of assets.

Goodwill

Goodwill and intangible assets with indefinite useful life are tested annually for impairment or whenever circumstances indicate it. The recoverable amount of an intangible asset is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognized whenever the carrying amount exceeds the recoverable amount.

A cash-generating unit, for which goodwill has been allocated, is tested for impairment annually or more frequently when there are circumstances indicating that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to other assets pro rata based on the carrying amount of each asset in the unit. Any impairment loss of goodwill is recognized directly in the consolidated statement of profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Goodwill is allocated to cash-generating units for impairment testing purposes. The allocation is made between cash-generating units or groups of cash generating units expected to benefit from the synergies of the combination.

Financial assets

At the end of each reporting period, an assessment is performed in order to identify whether there is any objective evidence that a financial asset or a group of financial assets may have been impaired.

An allowance for doubtful accounts is established based on a measurement of expected losses using a simplified approach.

The allowance for doubtful accounts is measured as the difference between the carrying amount of receivables and the present value of estimated future cash flows. The carrying amount of the receivable is reduced through the use of the allowance. If the impairment loss decreases in later periods, it is reversed either directly or by adjusting the provision for doubtful accounts, with effect in profit or loss.

x) Employee benefits

Arauco constitutes labor obligations for severance payable in all circumstances for certain of its employees with at least 5 years of work in the Company, based on the terms of the staff's collective and individual bargaining agreements.

The related provision is an estimate of the years of service to be recognized as a future labor obligation liability, in accordance with contracts between Arauco and its employees and pursuant to actuarial valuation criteria for this type of liability. This post-employment benefit is considered a defined benefit plan.

The main factors considered for calculating the actuarial value of severance obligation for years of service are employee turnover, salary increases and life expectancy of the workers included in this benefit.

Actuarial gains and losses are recognized in other comprehensive income in the year they are incurred.

These obligations are related to post-employee benefits in accordance with current standards.

y) Employee Vacations

Arauco recognizes the expense for employee vacation according to labor legislation in each country on an accrual basis.

This obligation is presented in line item “Trade and other current payables” in the consolidated statements of financial position.

z) Recent accounting pronouncements

z.1) Standards, interpretations and amendments that are mandatory for the first time for annual periods beginning on January 1, 2023:

Amendments and improvements	Content	Mandatory application for annual periods beginning on or after
IAS 1 and IAS 8	To IAS 1, Practice statement 2 and IAS 8, aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies.	January 1, 2023
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction, require companies to recognize deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deduct able temporary differences.	January 1, 2023
IAS 12	International tax reform - pillar two model rules These amendments give companies temporary relief from accounting for deferred taxes arising from the Organization for Economic Co-operation and Development’s (OECD) international tax reform. The amendments also introduce targeted disclosure requirements for affected companies. The deferred tax exemption and disclosure of the fact that the exception has been applied, is effective immediately. The other disclosure requirements are effective annual periods beginning on or after 1 January 2023.	January 1, 2023

The adoption of the standards, amendments and interpretations described in the table above have not had a significant impact on Arauco’s consolidated financial statements during its initial application period.

z.2) Standards, interpretations and amendments, the application of which is not yet mandatory, which have not been adopted in advance:

Amendments and improvements	Content	Mandatory application for annual periods beginning on or after
IAS 1	Non-current liabilities with covenants Clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.	January 1, 2024

	Presentation of financial statements Clarifies that liabilities are classified as current or non-current depending on the rights that exist at the end of the reporting period. The classification is not affected by the entity's expectations or events after the reporting date (for example, the receipt of a waiver or a breach of agreement).	January 1, 2024
IFRS 16	Leases on sale and leaseback include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	January 1, 2024
IAS 7 and IFRS 7	Statements of cash flows and financial instruments Require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk.	January 1, 2025
IAS 21	Lack of Exchangeability An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose.	

Arauco estimates that the adoption of the standards, amendments and interpretations described in the table above will not have a significant impact on Arauco's consolidated financial statements during its initial application period.

NOTE 2. ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES

Changes to accounting policies

As of December 31, 2023, there had been no material changes in the accounting policies with respect to the 2022 financial year.

Changes to accounting estimates

As of December 31, 2023, there had been no changes in the methodologies for calculating the accounting estimates with respect to the 2022 financial year.

NOTE 3. DISCLOSURE OF OTHER INFORMATION

a) Disclosure of information on issued capital

As of December 31, 2023, the shareholders composition according to the amount of shares owned was as follows:

Shareholders	Shares	%
Empresas Copec S.A.	120,474,249	99.99991616%
AntarChile S.A.	101	0.00008384%
	120,474,350	**100.00000000%**

At the date of these consolidated financial statements the share capital of Arauco was ThU.S.$ 803,618.

100% of Capital corresponds to ordinary shares.

	12-31-2023	12-31-2022
Description of shares by type of capital in ordinary shares	**100% of Capital corresponds to ordinary shares**	
Number of authorized shares by type of capital in ordinary Shares	120,474,350	
Nominal value of shares by type of capital in ordinary shares	U.S.$ 6.6704 per share	
Amount of capital in shares by type of ordinary shares that constitute capital	ThU.S.$ 803,618	

	12-31-2023	12-31-2022
Number of shares issued and fully paid by type of capital in ordinary shares	120,474,350	

b) Dividends paid

On May 10, 2023, a definitive dividend of ThU.S.$ 279,622 was paid according to the extraordinary dividend policy distribution of 50% of the distributable net profit after discounting the payment made in December 2022, which is detailed in the following paragraph.

In December 2022 a provisional dividend of ThU.S.$ 183,971 was paid with a charge to the profits of the year 2022, which represented 20% of the distributable net profit as of September 31, 2022.

In May 2022 a definitive dividend of ThU.S.$ 192,132 was paid with a charge to the profits of the year 2021. In November 2021 a provisional dividend of ThU.S.$ 271,000 was paid with a charge to the profits of the same year.

The amount of ThU.S.$ 92,719 presented in the consolidated statement of changes in equity for the year ended December 31, 2022, contains the minimum dividend provision of an additional and extraordinary 10% to be paid for the profits of the parent company of 2022, approved in April 2023. As of December 31, 2023, there was no minimum dividend provision for the 2023 losses.

See Note 26 for details.

As of December 31, 2023, ThU.S.$ 282,728 are shown in the line of dividends paid of the statements of cash flows (ThU.S.$ 380,969 as of December 31, 2022), of which ThU.S.$ 279,622 (ThU.S.$ 376,103 as of December 31, 2022) correspond to the original amount in U.S. dollars of the dividends' payment from the parent company.

Dividends paid detail, ordinary shares	
Dividends paid	**Definitive dividend**
Classes of shares for which there are dividends paid	Ordinary shares without series
Date of dividends paid	05-10-2023
Amount of dividends	ThU.S.$ 279,622
Number of shares on which pay dividends	120,474,350
Dividend per shares	U.S.$ 2.321007

Dividends paid detail, ordinary shares	
Dividends paid	**Provisional dividend**
Classes of shares for which there are dividends paid	Ordinary shares without series
Date of dividends paid	12-14-2022
Amount of dividends	ThU.S.$ 183,971
Number of shares on which pay dividends	120,474,350
Dividend per shares	U.S.$ 1.527060

Dividends paid detail, ordinary shares	
Dividends paid	**Definitive dividend**
Classes of shares for which there are dividends paid	Ordinary shares without series
Date of dividends paid	05-10-2022
Amount of dividends	ThU.S.$ 192,132
Number of shares on which pay dividends	120,474,350
Dividend per shares	U.S.$ 1.594799

c) Disclosure of information on reserves

Other reserves comprise reserves of exchange differences on translation, reserves of cash flow hedges and other reserves. Arauco does not have any restrictions associated with these reserves.

Reserves of exchange differences on translation

Reserves of exchange differences on translation correspond to exchange differences of Arauco's subsidiaries whose functional currency is other than Arauco's presentation currency.

Reserves of cash flow hedges

The hedging reserve corresponds to the part of the net gains or losses of derivatives financial instruments that qualify as cash flow hedges, in force in Arauco at the end of each period/fiscal year.

Reserve of actuarial losses in defined benefit plans

This corresponds to changes in the present value of the obligation for defined benefits resulting from experience adjustments (the effect of the differences between the previous actuarial assumptions and the events that occurred within the context of the plan) and the effects of the changes in the actuarial assumptions.

Other reserves

This mainly corresponds to the share of legal reserves and other comprehensive income of investments in associates and joint agreements.

d) Other items in the consolidated statements of profit or loss

The table below sets forth other income, other expenses, finance income, finance costs and share of profit (loss) of associates and joint ventures for the twelve-months period ended December 31, 2023, 2022 and 2021 are as follows:

	January - December		
	2023	**2022**	**2021**
	ThU.S.$	**ThU.S.$**	**ThU.S.$**
Classes of Other Income			
Total Other Income	**573,017**	**100,129**	**378,977**
Gain from changes in fair value of biological assets (Note 20)	264,477	12,932	81,986
Net income from insurance compensation	204,966	2,046	1,101
Revenue from export promotion	943	1,157	1,608
Lease income	10,158	3,447	1,689
Gain on sales of assets	27,755	48,653	241,662
Access easement	488	905	308
Recovery of tax credits	7,102	-	1,674
Compensations received	7,285	221	7,018
Gain on sales of subsidiary	-	-	20,381

Reversal of impairment loss assets	6,886	2,288	-
Reimbursement provisions (legal and others)	12,322	4,524	-
Other operating income	30,635	23,956	21,550
Classes of Other Expenses by function			
Total Other Expenses by function	**(480,336)**	**(373,889)**	**(192,101)**
Depreciation of leased assets	(1,494)	-	**-**
Provision legal expenses	(14,398)	(10,478)	(8,466)
Impairment provision for property, plant and equipment, provision for inventory obsolescence, withdrawals and others	(110,559)	(170,207)	(76,218)
Operating expenses related to staff restructuring or from plants stoppage or closed (*)	(236,525)	(82,337)	(5,875)
Expenses related to projects	(13,975)	(27,837)	(20,663)
Loss of asset sales	(12,389)	(12,575)	(9,996)
Loss and repair of assets	(11,076)	(12,585)	(1,700)
Loss of forest due to fires	(25,101)	(17,127)	(38,133)
Other Taxes	(20,977)	(20,413)	(17,666)
Research and development expenses	(3,939)	(4,432)	(2,903)
Fines, readjustments and interest	(1,146)	(6,142)	(241)
Loss on sale of permanent investments	-	-	(431)
Loss of tax credits	(4,287)	(212)	(491)
Other expenses	(24,470)	(9,544)	(9,318)
Classes of Finance Income			
Total Finance Income	**131,666**	**72,116**	**33,499**
Finance income by mutual funds - term deposits	113,522	60,054	30,720
Finance income resulting from derivatives	8	39	39
Other finance income	18,136	12,023	2,740
Classes of Finance Costs			
Total Finance Costs	**(373,496)**	**(200,366)**	**(219,982)**
Interest expense, Bank borrowings	(78,753)	(20,827)	(20,013)
Interest expense, Bonds	(214,079)	(114,297)	(138,334)
Interest expense resulting from derivatives	(26,800)	(17,774)	(17,598)
Interest expense for right-of-use	(19,995)	(9,825)	(8,042)
Other finance costs	(33,869)	(37,643)	(35,995)
Share of profit (loss) of associates and joint ventures accounted for using equity method			
Total	**7,709**	**33,684**	**31,386**
Investments in associates	3,990	7,069	330
Investments in joint ventures	3,719	26,615	31,056

(*) These expenses are mainly due to industrial plants temporarily stopped due to failures.

The analysis of expenses by nature contained in these consolidated financial statements is presented below:

	January - December		
	2023	**2022**	**2021**
Cost of sales (*)	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**
Timber	1,068,662	859,811	773,732
Forestry labor costs and other services	692,518	623,902	554,460
Depreciation and amortization	535,244	408,248	401,672
Depreciation for right of use	28,082	40,539	43,284
Maintenance costs	355,389	319,100	261,143

Chemical costs	649,413	712,331	546,048
Sawmill costs	122,748	117,786	113,592
Other raw materials	285,828	315,078	243,882
Other indirect costs	233,903	169,423	127,751
Energy and fuel	275,732	243,986	201,949
Cost of electricity	65,191	46,902	36,927
Staff expenses	431,385	417,390	377,163
Total	**4,744,095**	**4,274,496**	**3,681,603**

(*) Total amount is comprised of the cost of inventory sales for ThU.S.$ 4,616,212 as of December 31, 2023 (ThU.S.$ 4,185,527 and ThU.S.$ 3,599,930 as of December 31, 2022 and 2021, respectively) and the cost of rendering services for ThU.S.$ 127,883 as of December 31, 2022 (ThU.S.$ 88,969 and ThU.S.$ 81,673 as of December 31, 2022 and 2021, respectively).

	January – December		
Distribution cost	**2023 ThU.S.$**	**2022 ThU.S.$**	**2021 ThU.S.$**
Selling costs	**41,966**	**37,652**	**38,467**
Commissions	15,400	12,607	14,566
Insurance	7,186	6,813	4,236
Provision for doubtful accounts	3,094	(462)	758
Other selling costs	16,286	18,694	18,907
Shipping and freight costs	**651,073**	**884,574**	**644,529**
Port services	61,802	69,478	52,132
Freights	528,218	743,590	555,357
Depreciation for right of use	1,184	2,975	2,291
Shipping internment, warehousing, stowage, customs and other costs	59,869	68,531	34,749
Total	**693,039**	**922,226**	**682,996**

	January – December		
Administrative expenses	**2023 ThU.S.$**	**2022 ThU.S.$**	**2021 ThU.S.$**
Wages and salaries	245,822	255,378	248,079
Marketing, advertising, promotion and publications expenses	14,542	16,105	12,601
Insurances	54,173	26,009	23,749
Depreciation and amortization	43,075	33,155	34,771
Depreciation for right of use	7,361	7,103	7,061
Computer services	37,859	39,827	32,614
Lease of offices, other property and vehicles	7,854	5,079	5,264
Donations, contributions, scholarships	10,983	11,510	9,264
Fees (legal and technical advisors)	35,831	34,322	38,124
Property taxes, city permits and rights	32,639	27,410	24,522
Cleaning services, security services and transportation	28,381	31,069	33,336
Third-party variable services (maneuvers, logistics)	38,537	54,547	44,325
Basic services (electricity, telephone, water)	7,323	6,044	4,605
Maintenance and repair	6,933	7,926	8,040
Seminars, courses, training materials	2,637	3,498	2,908
Travels, clothing and safety equipment, environmental expenses, audits and others	50,376	54,626	47,884
Total	**624,326**	**613,608**	**577,147**

NOTE 4. INVENTORIES

Components of inventory	**12-31-2023**	**12-31-2022**

	ThU.S.$	ThU.S.$
Raw materials	141,554	199,174
Production supplies	202,924	209,396
Work in progress	84,644	70,625
Finished goods	721,267	769,558
Spare parts	249,457	221,258
Total inventories	**1,399,846**	**1,470,011**

Inventories recognized as cost of sales as of December 31, 2023 were ThU.S.$ 4,616,212 (ThU.S.$ 4,185,527 and ThU.S.$ 3,599,930 as of December 31, 2022 and 2021, respectively).

In order to have inventories recorded at net realizable value, inventories are subject to evaluations and obsolescence provision recognition as of December 31, 2023, a net decrease of inventories was recognized associated with a higher provision of ThU.S.$ 33,361 (ThU.S.$ 11,880 and ThU.S.$ 33,890 as of December 31, 2022 and 2021, respectively). As of December 31, 2023, the amount of obsolescence provision arises to the sum of ThU.S.$ 110,731 (ThU.S.$ 77,370 as of December 31, 2022).

As of December 31, 2023, there were inventory write-offs of ThU.S.$ 3,614 (ThU.S.$ 4,865 and ThU.S.$ 993 as of December 31, 2022 and 2021, respectively) which are presented in the consolidated statements of profit or loss within cost of sales.

The inventory obsolescence provision is calculated based on the sales conditions of products and age of inventory (inventory turnover).

As of the date of these consolidated financial statements, no inventories were pledged as security.

NOTE 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank checking account balances, time deposits and mutual funds. These are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

The investment objective of time deposits is to maximize the amounts of cash surpluses in the short-term. These instruments are permitted under Arauco's Investment Policy which allows investing in fixed income securities. These instruments have a maturity of less than three months from the date of acquisition.

Arauco invests in local and international mutual funds in order to maximize the returns of cash surpluses denominated in Chilean pesos or in foreign currencies such as U.S. dollars or Euros. These instruments are permitted under Arauco's Investment Policy.

As of the date of these consolidated financial statements, there are no amounts of cash and cash equivalents with restrictions on use.

Components of Cash and Cash Equivalents	**12-31-2023 ThU.S.$**	**12-31-2022 ThU.S.$**
Cash on hand	60	64
Balances with Banks	337,973	298,513
Short-term deposits	99,167	258,566
Mutual funds	132,808	110,064
Total	**570,008**	**667,207**

The risk classification of the Company's mutual funds as of December 31, 2023 and 2022 is shown below.

	12-31-2023	**12-31-2022**

	ThU.S.$	ThU.S.$
AAAfm	83,712	24,933
No classification	49,096	85,131
Total Mutual Funds	**132,808**	**110,064**

Changes in financial liabilities

	12-31-2023			
	Bank borrowings	Hedging liabilities	Bonds and promissory notes	Other financial liabilities, Total
	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$
Opening balance January 1	**940,677**	**76,686**	**4,513,459**	**5,530,822**
Cash flows (+) Borrowings obtained	1,594,613	-	531,994	**2,126,607**
(-) Borrowings paid	(1,070,319)	(1,633)	(46,204)	**(1,118,156)**
(-) Commissions paid	(473)	-	(5,776)	**(6,249)**
(-) Interest paid	(71,995)	(33,711)	(202,497)	**(308,203)**
(+) Accrued interest	78,703	34,190	205,238	**318,131**
(+/-) Inflation adjustment	15,395	-	(2,899)	**12,496**
(+) Business combination	395	-	-	**395**
(+/-) Changes in fair value	-	32,472	-	**32,472**
(+/-) Other movements	12,055	-	3,723	**15,778**
Closing balance	**1,499,051**	**108,004**	**4,997,038**	**6,604,093**

	12-31-2022			
	Bank borrowings	Hedging liabilities	Bonds and promissory notes	Other financial liabilities, Total
	ThU.S.$	ThU.S.$	ThU.S.$	ThU.S.$
Opening balance January 1	**991,956**	**296,316**	**4,426,033**	**5,714,305**
Cash flows (+) Borrowings obtained	318,357	-	-	**318,357**
(-) Borrowings paid	(347,459)	(9,578)	(40,940)	**(397,977)**
(-) Commissions paid	(1,656)	-	-	**(1,656)**
(-) Interest paid	(18,450)	(37,141)	(193,737)	**(249,328)**
(+) Accrued interest	22,679	37,039	194,200	**253,918**
(+/-) Inflation adjustment	(29,757)	-	120,091	**90,334**
(+/-) Changes in fair value	-	(209,936)	-	**(209,936)**
(+/-) Other movements	5,007	(14)	7,812	**12,805**
Closing balance	**940,677**	**76,686**	**4,513,459**	**5,530,822**

	Lease liabilities	
	12-31-2023	12-31-2022
	ThU.S.$	ThU.S.$
Opening balance January 1	**264,224**	**163,304**
Cash flows (-) Borrowings paid	(73,806)	(65,000)
(-) Interest paid	(20,114)	(9,724)
(+) Accrued interest	20,445	9,753
(+/-) Inflation adjustment	(724)	839
(+) Business combination	134	-
(-) Decrease through transfer to liabilities included in disposal groups classified as held for sale	(18,795)	-
(+) Increase due to new leases liabilities	376,259	167,370
(+/-) Other movements	11,759	(2,318)
Closing balance	**559,382**	**264,224**

NOTE 6. INCOME TAXES

The tax rates applicable in the countries in which Arauco operates are 27% in Chile, 35% in Argentina, 30% in Mexico, 34% in Brazil, 25% in Uruguay and 21% in the United States (federal tax rate).

Deferred Tax Assets

The following table sets forth the deferred tax assets as of the dates indicated:

Deferred tax assets	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Deferred tax assets relating to liabilities provisions	14,008	17,896
Deferred tax assets relating to investments (*)	78,061	-
Deferred tax assets relating to post-employment benefits	25,726	25,904
Deferred tax assets relating to property, plant and equipment	80,410	45,919
Deferred tax assets relating to impairment provision	12,319	13,517
Deferred tax assets relating to financial instruments	82,535	53,347
Deferred tax assets relating to tax loss carryforward	233,466	110,526
Deferred tax assets relating to inventories	25,011	20,942
Deferred tax assets relating to provisions for income	16,807	9,941
Deferred tax assets relating to allowance for doubtful accounts	2,384	2,472
Deferred tax assets relating to intangible revaluation	35	1,466
Deferred tax assets relating to other deductible temporary differences	39,067	25,777
Total deferred tax assets	**609,829**	**327,707**
Offsetting presentation	(521,262)	(318,696)
Net effect	**88,567**	**9,011**

(*) See explanatory text in note 22.

Certain subsidiaries of Arauco mainly in Chile and Brazil, as of the date of these consolidated financial statements, present tax losses for which we estimate that, given the projection of future profits, will allow the recovery of the deferred tax assets recorded. The total amount of these tax losses is ThU.S.$ 956,949 (ThU.S.$ 443,250 as of December 31, 2022), which are mainly originated by operational and financial losses.

In addition, as of the closing date of these consolidated financial statements, there are ThU.S.$ 251,396 (ThU.S.$ 125,391 as of December 31, 2022) of non-recoverable tax losses mainly from subsidiaries in USA and Netherlands. These companies in Uruguay have certain assets for which deferred tax assets have not been recognized, which total ThU.S.$ 40,059. The estimated recovery period exceeds the expiry date of such tax losses.

Deferred tax liabilities

The following table sets forth the deferred tax liabilities as of the dates indicated:

Deferred tax liabilities	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Deferred tax liabilities relating to property, plant and equipment	1,394,892	1,415,173
Deferred tax liabilities relating to financial instruments	46,975	33,749
Deferred tax liabilities relating to biological assets	475,592	527,988
Deferred tax liabilities relating to inventory	57,619	56,531
Deferred tax liabilities relating to prepaid expenses	36,837	37,760
Deferred tax liabilities relating to intangible	10,420	10,173
Deferred tax liabilities relating to other taxable temporary differences	42,551	23,237
Total deferred tax liabilities	**2,064,886**	**2,104,611**
Offsetting presentation	(521,262)	(318,696)
Net effect	**1,543,624**	**1,785,915**

The effect of this period in current and deferred tax liabilities related to financial hedging instruments corresponds to a debit of ThU.S.$ 19,610 as of December 31, 2023 (credit of ThU.S.$ 50,587 as of December 31, 2022), which is presented net in reserves for cash flow hedges in the consolidated statement of changes in equity.

Reconciliation of deferred tax assets and liabilities

Deferred tax assets	**Opening balance 01-01-2023 ThU.S.$**	**Deferred tax income (expenses) ThU.S.$**	**Deferred tax of items charged to equity ThU.S.$**	**Increase (decrease) business combination ThU.S.$**	**Decrease due to classification to held for sale ThU.S.$**	**Increase (decrease) net exchange differences ThU.S.$**	**Closing balance 12-31-2023 ThU.S.$**
Deferred tax Assets relating to liabilities provisions	17,896	(3,993)	-	-	(280)	385	14,008
Deferred tax Assets relating to investments (*)	-	(57,110)	135,171	-	-	-	78,061
Deferred tax Assets relating to post-employment benefits	25,904	(924)	736	-	-	10	25,726
Deferred tax Assets relating to property, plant and equipment	45,919	34,370	-	-	-	121	80,410
Deferred tax Assets relating to impairment provision	13,517	(1,907)	-	-	-	709	12,319
Deferred tax Assets relating to financial instruments	53,347	15,191	17,397	-	(3,986)	586	82,535
Deferred tax Assets relating to tax loss carryforward	110,526	121,522	-	3,516	(3,387)	1,289	233,466
Deferred tax Assets relating to inventories	20,942	4,047	-	-	(50)	72	25,011
Deferred tax Assets relating to provisions for income	9,941	6,859	-	-	-	7	16,807
Deferred tax Assets relating to allowance for doubtful accounts	2,472	(90)	-	-	-	2	2,384
Deferred tax Assets relating to intangible revaluation	1,466	(1,055)	-	-	(457)	81	35
Deferred tax Assets relating to other deductible temporary differences	25,777	12,887	-	-	(239)	642	39,067
Total deferred tax assets	**327,707**	**129,797**	**153,304**	**3,516**	**(8,399)**	**3,904**	**609,829**

(*) See explanatory text in note 22.

Deferred tax liabilities	**Opening balance 01-01-2023 ThU.S.$**	**Deferred tax income (expenses) ThU.S.$**	**Deferred tax of items charged to equity ThU.S.$**	**Increase (decrease) business combination ThU.S.$**	**Decrease due to classification to held for sale ThU.S.$**	**Increase (decrease) net exchange differences ThU.S.$**	**Closing balance 12-31-2023 ThU.S.$**

Deferred tax liabilities relating to property, plant and equipment	1,415,173	(9,894)	-	-	(15,638)	5,251	1,394,892
Deferred tax liabilities relating to financial instruments	33,749	15,439	(2,213)	-	-	-	46,975
Deferred tax liabilities relating to biological assets	527,988	2,157	-	-	(60,167)	5,614	475,592
Deferred tax liabilities relating to inventory	56,531	1,059	-	-	-	29	57,619
Deferred tax liabilities relating to prepaid expenses	37,760	(891)	-	-	-	(32)	36,837
Deferred tax liabilities relating to intangible	10,173	(311)	-	-	-	558	10,420
Deferred tax liabilities relating to other taxable temporary differences	23,237	18,224	-	208	-	882	42,551
Total deferred tax liabilities	**2,104,611**	**25,783**	**(2,213)**	**208**	**(75,805)**	**12,302**	**2,064,886**

Deferred tax assets	**Opening balance 01-01-2022 ThU.S.$**	**Deferred tax income (expenses) ThU.S.$**	**Deferred tax of items charged to equity ThU.S.$**	**Increase (decrease) net exchange differences ThU.S.$**	**Closing balance 12-31-2022 ThU.S.$**
Deferred tax Assets relating to liabilities provisions	13,987	3,767	-	142	17,896
Deferred tax Assets relating to post-employment benefits	19,738	745	5,403	18	25,904
Deferred tax Assets relating to property, plant and equipment	32,480	13,439	-	-	45,919
Deferred tax Assets relating to impairment provision	8,564	4,664	-	289	13,517
Deferred tax Assets relating to financial instruments	108,910	(8,024)	(47,883)	344	53,347
Deferred tax Assets relating to tax loss carryforward	24,972	83,930	-	1,624	110,526
Deferred tax Assets relating to inventories	18,793	2,120	-	29	20,942
Deferred tax Assets relating to provisions for income	19,323	(9,408)	-	26	9,941
Deferred tax Assets relating to allowance for doubtful accounts	4,625	(2,155)	-	2	2,472
Deferred tax Assets relating to intangible revaluation	2,301	(1,013)	-	178	1,466
Deferred tax Assets relating to tax credits	8,996	(8,996)	-	-	-
Deferred tax Assets relating to other deductible temporary differences	24,328	647	-	802	25,777
Total deferred tax assets	**287,017**	**79,716**	**(42,480)**	**3,454**	**327,707**

Deferred tax liabilities	Opening balance 01-01-2022 ThU.S.$	Deferred tax income (expenses) ThU.S.$	Deferred tax of items charged to equity ThU.S.$	Increase (decrease) net exchange differences ThU.S.$	Closing balance 12-31-2022 ThU.S.$
Deferred tax liabilities relating to property, plant and equipment	1,281,546	130,377	-	3,250	1,415,173
Deferred tax liabilities relating to financial instruments	25,334	5,712	2,704	(1)	33,749
Deferred tax liabilities relating to biological assets	605,166	(80,917)	-	3,739	527,988
Deferred tax liabilities relating to inventory	46,336	10,272	-	(77)	56,531
Deferred tax liabilities relating to prepaid expenses	38,088	(337)	-	9	37,760
Deferred tax liabilities relating to intangible	12,511	(2,648)	-	310	10,173
Deferred tax liabilities relating to other taxable temporary differences	18,204	4,520	-	513	23,237
Total deferred tax liabilities	**2,027,185**	**66,979**	**2,704**	**7,743**	**2,104,611**

Deferred tax assets	Opening balance 01-01-2021 ThU.S.$	Deferred tax income (expenses) ThU.S.$	Deferred tax of items charged to other comprehensive income ThU.S.$	Decrease through loss of control in subsidiary ThU.S.$	Increase (decrease) net exchange differences ThU.S.$	Closing balance 12-31-2022 ThU.S.$
Deferred tax assets relating to provisions	5,042	745	-	-	(57)	5,730
Deferred tax assets relating to accrued liabilities	8,107	179	-	(24)	(5)	8,257
Deferred tax assets relating to post-employment benefits	22,026	(2,667)	438	(56)	(3)	19,738
Deferred tax assets relating to property, plant and equipment	24,397	8,083	-	-	-	32,480
Deferred tax assets relating to impairment provision	14,193	(5,193)	-	-	(436)	8,564
Deferred tax assets relating to financial instruments	79,765	(1,572)	31,062	-	(345)	108,910

Deferred tax assets relating to tax loss carryforward	126,405	(99,915)	-	(207)	(1,311)	24,972
Deferred tax assets relating to inventories	7,964	10,854	-	-	(25)	18,793
Deferred tax assets relating to provisions for income	7,905	11,427	-	-	(9)	19,323
Deferred tax assets relating to allowance for doubtful accounts	2,427	2,213	-	-	(15)	4,625
Deferred tax assets relating to intangible revaluation	3,713	(1,207)	-	-	(205)	2,301
Deferred tax assets relating to tax credits	20,898	(11,902)	-	-	-	8,996
Deferred tax assets relating to other deductible temporary differences	20,018	4,823	-	4	(517)	24,328
Total deferred tax assets	**342,860**	**(84,132)**	**31,500**	**(283)**	**(2,928)**	**287,017**

Deferred tax liabilities	**Opening balance 01-01-2021 ThU.S.$**	**Deferred tax income (expenses) ThU.S.$**	**Deferred tax of items charged to other comprehensive income ThU.S.$**	**Decrease through loss of control in subsidiary ThU.S.$**	**Increase (decrease) net exchange differences ThU.S.$**	**Closing balance 12-31-2022 ThU.S.$**
Deferred tax liabilities relating to property, plant and equipment	1,020,282	264,397	-	(121)	(3,012)	1,281,546
Deferred tax liabilities relating to financial instruments	26,755	(2,030)	609	-	-	25,334
Deferred tax liabilities relating to biological assets	644,348	(31,706)	-	(2,946)	(4,530)	605,166
Deferred tax liabilities relating to inventory	32,567	15,131	-	(1,395)	33	46,336
Deferred tax liabilities relating to prepaid expenses	42,319	(4,227)	-	-	(4)	38,088

Deferred tax liabilities relating to intangible	14,826	(1,908)	-	-	(407)	12,511
Deferred tax liabilities relating to other taxable temporary differences	19,608	(1,173)	-	(179)	(52)	18,204
Total deferred tax liabilities	**1,800,705**	**238,484**	**609**	**(4,641)**	**(7,972)**	**2,027,185**

Temporary differences

The following tables summarize the deductible and taxable temporary differences:

Detail of classes of deferred tax temporary differences	**12-31-2023**		**12-31-2022**	
	Deductible difference ThU.S.$	**Taxable difference ThU.S.$**	**Deductible difference ThU.S.$**	**Taxable difference ThU.S.$**
Deferred tax assets	376,363	-	217,181	-
Deferred tax assets - tax loss carryforward	233,466	-	110,526	-
Deferred tax liabilities	-	2,064,886	-	2,104,611
Total	**609,829**	**2,064,886**	**327,707**	**2,104,611**

Detail of temporary difference income and loss amounts	**January – December**	
	2023 ThU.S.$	**2022 ThU.S.$**
Deferred tax assets	8,275	(4,214)
Deferred tax assets - tax loss carryforward	121,522	83,930
Deferred tax liabilities	(25,783)	(66,979)
Total	**104,014**	**12,737**

Income tax expense

Income tax expense consists of the following:

Income tax composition	**January – December**		
	2023 ThU.S.$	**2022 ThU.S.$**	**2021 ThU.S.$**
Current income tax expense	(122,530)	(350,143)	(254,186)
Tax benefit arising from tax credit used to reduce current tax expense	34,671	126,545	176,226
Prior period current income tax adjustments	(11,037)	4,716	(2,036)
Other current benefit tax (expenses)	22,175	64,024	(302)
Current tax expense, net	**(76,721)**	**(154,858)**	**(80,298)**
Deferred tax expense relating to origination and reversal of temporary differences	(17,508)	(71,193)	(222,701)
Tax benefit arising from tax credits used to reduce deferred tax expense	121,522	83,930	(99,915)
Total deferred tax benefit (expense), net	**104,014**	**12,737**	**(322,616)**
Total income tax benefit (expense)	**27,293**	**(142,121)**	**(402,914)**

The following table presents the current income tax expense detailed by foreign and domestic (Chile) companies at December 31, 2023, 2022 and 2021:

	January – December		
	2023 ThU.S.$	2022 ThU.S.$	2021 ThU.S.$
Foreign current income tax expense	(57,856)	(96,745)	(113,821)
Domestic current income tax expense	(18,865)	(58,113)	33,523
Total current income tax expense	**(76,721)**	**(154,858)**	**(80,298)**
Foreign deferred tax benefit (expense)	(28,941)	64,462	(59,995)
Domestic deferred tax benefit (expense)	132,955	(51,725)	(262,621)
Total deferred tax benefit (expense)	**104,014**	**12,737**	**(322,616)**
Total income tax benefit (expense)	**27,293**	**(142,121)**	**(402,914)**

Reconciliation of income tax expense from statutory tax rate to the effective tax rate.

The reconciliation of income tax expense is as follows:

	January – December		
Reconciliation of income tax from statutory rate to effective tax rate	**2023 ThU.S.$**	**2022 ThU.S.$**	**2021 ThU.S.$**
Statutory domestic (Chile) income tax rate	**27%**	**27%**	**27%**
Tax expense at statutory tax rate	**104,171**	**(228,514)**	**(387,319)**
Tax effect of foreign tax rates	2,418	8,853	(9,984)
Tax effect of income exempt from taxation	85,540	80,229	62,879
Tax effect of not deductible expenses	(61,380)	(40,149)	(29,050)
Tax rate effect of previously unrecognized tax loss	-	81	-
Tax effect of a new evaluation of deferred tax assets (**)	(79,121)	1,557	13,345
Tax effect of change in tax rates	-	-	(46,215)
Tax effect of tax provided in excess in prior periods	(11,037)	4,716	(2,036)
Other tax rate effects (*)	(13,298)	31,106	(4,534)
Total adjustments to tax expense at applicable tax rate	**(76,878)**	**86,393**	**(15,595)**
Tax benefit (expense) at effective tax rate	**27,293**	**(142,121)**	**(402,914)**

(*) This line includes mainly the tax effect generated by exchange differences on translation of tax bases.
(**) The amount of 2023, corresponds mainly to deferred tax associated with the future sale of net assets of the subsidiaries and associate in Brazil (see note 22).

Arauco has evaluated the potential impact derived from the implementation of the so-called “GloBE or Pillar 2 Rules”, whereby multinational groups are required to pay a minimum effective tax rate of 15%.

To date, this regulation has not been adopted in Chile (the jurisdiction where Arauco’s parent company is based), but it has been adopted in other jurisdictions where Arauco operates, making it necessary to estimate the prospective impact of its application following its entry into force (January 1, 2024). We note that, at the closing of these financial statements, the group does not present current tax expenses (income) related to Pillar 2 income tax, since the aforementioned legislation will take effect from subsequent fiscal years. Arauco applies the exception to recognize and disclose information on deferred tax assets and liabilities related to Pillar 2 income taxes, as provided in the amendments to IAS 12 issued in May 2023.

In view of the fact that Arauco has subsidiaries in the United Kingdom and the Netherlands, jurisdictions where the relevant legislation has already been enacted, estimates have been made to determine the potential impacts on the taxes to be paid by Arauco starting in 2024. As of the date of these financial statements, it is estimated that this legislation will have no impact whatsoever, or that this will not be material. However, due to the complexity of this new legislation, it is possible that there are certain implications that have not yet been foreseen.

Current tax assets and liabilities

The current tax assets and liabilities balances are as follow:

Current tax assets	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Monthly Provisional Payments	18,065	21,974
Income tax receivable	91,027	181,705
Provision tax income	(35,886)	(25,341)
Other tax receivables	45,825	25,384
Total	**119,031**	**203,722**

Current tax liabilities	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Provision tax income (First category)	45,703	256,164
Monthly Provisional Payments and other tax receivables	(31,154)	(231,846)
Other tax payables	(1,231)	2,551
Total	**13,318**	**26,869**

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Property, plant and equipment, net		
Construction work in progress	611,424	3,592,689
Land	882,222	893,237
Buildings	3,774,756	2,085,868
Plant and equipment	4,074,957	2,760,925
Information technology equipment	42,659	22,642
Fixtures and fittings	12,795	11,017
Motor vehicles	50,678	45,927
Other property, plant and equipment	157,625	130,030
Total net	**9,607,116**	**9,542,335**
Property, plant and equipment, gross		
Construction work in progress	611,424	3,592,689
Land	882,222	893,237
Buildings	6,425,405	4,510,660
Plant and equipment	8,947,315	7,220,981
Information technology equipment	136,672	108,645
Fixtures and fittings	54,560	49,861
Motor vehicles	108,528	98,126
Other property, plant and equipment	175,501	147,277
Total gross	**17,341,627**	**16,621,476**
Accumulated depreciation and impairment		
Buildings	(2,650,649)	(2,424,792)
Plant and equipment	(4,872,358)	(4,460,056)
Information technology equipment	(94,013)	(86,003)
Fixtures and fittings	(41,765)	(38,844)
Motor vehicles	(57,850)	(52,199)
Other property, plant and equipment	(17,876)	(17,247)
Total	**(7,734,511)**	**(7,079,141)**

Description of property, plant and equipment pledged as security for liabilities

As of December 31, 2023, there are no significant assets pledged as collateral to be disclosed in these consolidated financial statements.

Disbursements commitments for the acquisition of property, plant and equipment and disbursements for property, plant and equipment under construction.

	12-31-2023 ThU.S.$	**12-31-2022 ThU.S.$**
Amount committed for the acquisition of property, plant and equipment	239,815	363,504

Reconciliation of property, plant and equipment

The following tables set forth the reconciliation of the carrying amount of property, plant and equipment as of December 31, 2023 and 2022:

Reconciliation of property, plant and equipment	**Construction work in progress ThU.S.$**	**Land ThU.S.$**	**Buildings ThU.S.$**	**Plant and equipment ThU.S.$**	**IT equipment ThU.S.$**	**Fixtures and fittings ThU.S.$**	**Motor vehicles ThU.S.$**	**Other property, plant and equipment ThU.S.$**	**Total ThU.S.$**
Opening balance 01-01-2023	**3,592,689**	**893,237**	**2,085,868**	**2,760,925**	**22,642**	**11,017**	**45,927**	**130,030**	**9,542,335**
Changes									
Additions	686,387	20,611	41,435	63,303	1,135	329	5,379	26,784	**845,363**
Business combination	-	-	19	428	-	13	2	227	**689**
Disposals	(242)	(2,348)	(1,669)	(7,087)	(839)	(5)	(107)	-	**(12,297)**
Withdrawals	(1,659)	(266)	(1,533)	(11,957)	(14)	(14)	(24)	-	**(15,467)**
Depreciation	-	-	(218,546)	(394,057)	(8,954)	(3,425)	(8,852)	(1,430)	**(635,264)**
Impairment loss recognized in profit or loss	-	-	(20,883)	(48,527)	(322)	(14)	(5)	-	**(69,751)**
Increase (decrease) through net exchange differences	2,717	9,635	14,069	41,432	177	46	1,441	1,200	**70,717**
Reclassification of assets held for sale	(2,524)	(38,647)	(5,384)	(17,628)	(326)	(67)	(4,388)	-	**(68,964)**
Transfers from construction in progress closed and reclassifications	(3,665,944)	-	1,881,380	1,717,243	29,160	4,915	32,432	814	**-**
Reclassification from lease to property, plant and equipment	-	-	-	455	-	-	-	-	**455**
Decrease through	-	-	-	(29,573)	-	-	(21,127)	-	**(50,700)**

transfers of leasing assets									
Total changes	**(2,981,265)**	**(11,015)**	**1,688,888**	**1,314,032**	**20,017**	**1,778**	**4,751**	**27,595**	**64,781**
Closing balance 12-31-2023	**611,424**	**882,222**	**3,774,756**	**4,074,957**	**42,659**	**12,795**	**50,678**	**157,625**	**9,607,116**

Reconciliation of property, plant and equipment	**Construction work in progress**	**Land**	**Buildings**	**Plant and equipment**	**IT Equipment**	**Fixtures and fittings**	**Motor vehicles**	**Other property, plant and equipment**	**Total**
	ThU.S.$	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**
Opening balance 01-01-2022	**2,822,874**	**888,465**	**2,165,318**	**2,915,611**	**23,516**	**13,563**	**13,678**	**112,641**	**8,955,666**
Changes									
Additions	1,076,619	2,003	13,230	26,102	815	808	462	18,115	**1,138,154**
Disposals	(18)	(9,747)	(1,571)	(2,788)	(221)	(273)	(62)	(17)	**(14,697)**
Withdrawals	(2,573)	(391)	(569)	(5,319)	(286)	(15)	(80)	(351)	**(9,584)**
Depreciation	-	-	(132,521)	(305,572)	(6,326)	(3,071)	(4,477)	(1,144)	**(453,111)**
Impairment loss recognized in profit or loss	-	-	(25,611)	(118,026)	4	(521)	-	-	**(144,154)**
Increase (decrease) through net exchange differences	53	11,769	10,308	36,234	143	82	503	646	**59,738**
Reclassification of assets held for sale	-	347	68	(437)	-	-	-	-	**(22)**
Increase (decrease) through transfers from construction in progress	(304,266)	791	57,216	210,682	4,997	444	29,996	140	-
Reclassification from lease to property, plant and equipment	-	-	-	4,438	-	-	5,907	-	**10,345**
Total changes	**769,815**	**4,772**	**(79,450)**	**(154,686)**	**(874)**	**(2,546)**	**32,249**	**17,389**	**586,669**
Closing balance 12-31-2022	**3,592,689**	**893,237**	**2,085,868**	**2,760,925**	**22,642**	**11,017**	**45,927**	**130,030**	**9,542,335**

The depreciation expense for the period ending December 31, 2023, 2022 and 2021 is as follows:

	January-December		
	2023	**2022**	**2021**
Depreciation for the year	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**
Cost of sales	535,244	408,248	401,672

Administrative expenses	29,009	18,413	19,228
Other expenses	46,122	15,009	681
Total	**610,375**	**441,670**	**421,581**

The useful lives of property, plant and equipment are estimated based on the expected use of the assets. The average useful lives by asset class are as follow:

	Years of Useful Life (Average)
Buildings	58
Plant and equipment	30
Information technology equipment	8
Fixtures and fittings	28
Motor vehicles	7
Other property, plant and equipment	14

See Note 12 for details of capitalized borrowing costs.

NOTE 8. LEASES

Arauco acting as lessee

In the application of IFRS 16, Arauco chose not to apply the requirements to recognize a liability and an asset for right of use for leases which term ends within 12 months and for leases in which the underlying asset is of low value ThU.S.$ 5.

Lease liabilities and their maturity are presented in Notes 11 and 23.

Right of use assets

	12-31-2023 ThU.S.$	**12-31-2022 ThU.S.$**
Property, plant and equipment by right of use, net		
Land	460,386	195,290
Buildings	16,412	16,731
Plant and equipment	60,993	66,709
Information technology equipment	186	157
Motor vehicles	50,869	24,437
Other property, plant and equipment	11,515	3,163
Total net	**600,361**	**306,487**
Property, plant and equipment by right of use, gross		
Land	493,297	230,231
Buildings	35,183	32,610
Plant and equipment	85,252	86,870
Information technology equipment	412	630
Motor vehicles	223,708	175,261
Other property, plant and equipment	12,666	3,723
Total gross	**850,518**	**529,325**
Accumulated depreciation and impairment by right of use		
Land	(32,911)	(34,941)
Buildings	(18,771)	(15,879)
Plant and equipment	(24,259)	(20,161)
Information technology equipment	(226)	(473)
Motor vehicles	(172,839)	(150,824)
Other property, plant and equipment	(1,151)	(560)
Total	**(250,157)**	**(222,838)**

Reconciliation of property, plant and equipment by right of use

The following tables set forth the reconciliation of the carrying amount of property, plant and equipment by right of use as of December 31, 2023 and 2022:

Reconciliation of property, plant and equipment by right of use	Land ThU.S.$	Buildings ThU.S.$	Plant and equipment ThU.S.$	IT equipment ThU.S.$	Motor vehicles ThU.S.$	Other property, plant and equipment ThU.S.$	Total ThU.S.$
Opening balance 01-01-2023	**195,290**	**16,731**	**66,709**	**157**	**24,437**	**3,163**	**306,487**
Changes							
Additions	307,524	5,196	31	186	53,171	10,151	**376,259**
Business combination	-	231	-	-	-	-	**231**
Withdrawals	(14,191)	(23)	(242)	(21)	(1,381)	(626)	**(16,484)**
Depreciation (1)	(23,759)	(5,666)	(5,526)	(147)	(25,978)	(797)	**(61,873)**
Increase (decrease) through net exchange differences	12,816	(29)	21	9	99	-	**12,916**
Reclassification from lease to Property, plant and equipment	-	-	-	-	-	(455)	**(455)**
Increase (decrease) through others	14	(28)	-	2	521	79	**588**
Reclassification of assets held for sale	(17,308)	-	-	-	-	-	**(17,308)**
Total changes	**265,096**	**(319)**	**(5,716)**	**29**	**26,432**	**8,352**	**293,874**
Closing balance 12-31-2023	**460,386**	**16,412**	**60,993**	**186**	**50,869**	**11,515**	**600,361**

(1) The amount of depreciation related to land leased for plantations is reclassified to biological assets to form part of the formation costs.

Reconciliation of property, plant and equipment by right of use	Land ThU.S.$	Buildings ThU.S.$	Plant and equipment ThU.S.$	IT equipment ThU.S.$	Fixtures and fittings ThU.S.$	Motor vehicles ThU.S.$	Other property, plant and equipment ThU.S.$	Total ThU.S.$
Opening balance 01-01-2022	**72,384**	**20,682**	**17,198**	**224**	**218**	**55,093**	**14,307**	**180,106**
Changes								
Additions	135,407	2,531	56,720	148	-	7,827	305	**202,938**

Withdrawals	-	(1,101)	(15)	-	(203)	(4)	-	**(1,323)**
Depreciation (1)	(12,660)	(5,400)	(7,174)	(229)	(15)	(38,596)	(1,334)	**(65,408)**
Increase (decrease) through net exchange differences	159	22	8	14	-	117	-	**320**
Reclassification from lease to Property, plant and equipment	-	-	-	-	-	-	(10,346)	**(10,346)**
Increase (decrease) through others	-	(3)	(28)	-	-	-	231	**200**
Total changes	**122,906**	**(3,951)**	**49,511**	**(67)**	**(218)**	**(30,656)**	**(11,144)**	**126,381**
Closing balance 12-31-2022	**195,290**	**16,731**	**66,709**	**157**	**-**	**24,437**	**3,163**	**306,487**

(1) The amount of depreciation related to land leased for plantations is reclassified to biological assets to form part of the formation costs.

The depreciation expense for the period ending December 31, 2023 and 2022 recognized in property, plant and equipment by right of use is as follows:

	January - December		
Depreciation for the period	**2023 ThU.S.$**	**2022 ThU.S.$**	**2021 ThU.S.$**
Cost of sales	28,082	40,539	43,284
Distribution costs	1,184	2,975	2,291
Administrative expenses	7,361	7,103	7,061
Total	**36,627**	**50,617**	**52,636**

Additionally, Arauco has recognized directly in the consolidated statement of profit or loss, the following leases excluded from right of use assets:

	January – December		
	2023 ThU.S.$	**2022 ThU.S.$**	**2021 ThU.S.$**
Expenses from payments of variable leases	205,083	208,812	141,775
Expenses from low value leases	3,899	6,696	3,051
Expenses from short-term leases	34,574	34,857	21,993
Total	**243,556**	**250,365**	**166,819**

Arauco acting as lessor

Reconciliation of financial lease minimum payments:

	12-31-2023		
Periods	**Gross ThU.S.$**	**Interest ThU.S.$**	**Present value ThU.S.$**
Less than one year	16,314	-	16,314

Between one and six years	69,226	4,615	64,611
More than six years	-	-	-
Total	**85,540**	**4,615**	**80,925**

	12-31-2022		
Periods	**Gross ThU.S.$**	**Interest ThU.S.$**	**Present value ThU.S.$**
Less than one year	5,067	-	5,067
Between one and six years	25,750	1,882	23,868
More than six years	-	-	-
Total	**30,817**	**1,882**	**28,935**

Financial lease receivables are presented in the consolidated statements of financial position in line items "Trade and other current receivable" and "Trade and other non-current receivable" depending on their maturities stated above.

Arauco accounts for its lease contracts as financial leases. These lease contracts are for a term of less than six years at market interest rates and leased assets are forestry machinery and equipment. They also include an early termination option, under general and special conditions stipulated in each contract.

Arauco holds leases as lessee and lessor, described in the previous tables, for which there are no impairment contingent payments or restrictions to report.

NOTE 9. REVENUE

	January – December		
Classes of revenue	**2023 ThU.S.$**	**2022 ThU.S.$**	**2021 ThU.S.$**
Revenue from sales of goods	5,869,341	6,997,617	6,251,442
Revenue from rendering of services	142,478	104,453	98,319
Total	**6,011,819**	**7,102,070**	**6,349,761**

The reportable segments revenues by business area and by geographical area are presented in Note 24.

NOTE 10. EMPLOYEE BENEFITS

Classes of benefits and expenses by employee

	2023 ThU.S.$	**2022 ThU.S.$**	**2021 ThU.S.$**
Employee expenses	**747,288**	**718,990**	**670,616**
Wages and salaries	717,548	697,833	651,371
Severance indemnities	29,740	21,157	19,245

	2023	**2022**	**2021**
Discount rate	3.23%	3.02%	2.56%
Inflation	3.20%	3.20%	3.20%
Annual rate of wage growth	5.22%	5.22%	5.22%
Mortality rate	RV-2014	RV-2014	RV-2014

Sensitivities to assumptions	**2023 ThU.S.$**

Discount rate	
Increase in 100 bps	(6,203)
Decrease in 100 bps	7,114

Wage growth rates	
Increase in 100 bps	6,177
Decrease in 100 bps	(5,459)

The following tables set forth the balances and the reconciliation of the present value of severance indemnities obligations as of December 31, 2023 and 2022:

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Current	7,863	7,571
Non-current	86,462	87,689
Total	**94,325**	**95,260**

Reconciliation of the present value of severance indemnities obligations	**12-31-2023 ThU.S.$**	**12-31-2022 ThU.S.$**
Opening balance	95,260	72,560
Current service cost	9,833	6,832
Interest cost	4,737	3,673
(Gains) losses from changes in actuarial assumptions	131	727
Actuarial gains and losses arising from experience	2,595	19,285
Benefits paid	(16,197)	(7,561)
Increase (decrease) for foreign currency exchange rates changes	(2,034)	(256)
Closing balance	**94,325**	**95,260**

The average staffing as of December 31, 2023 was 18,636 people.

NOTE 11. BALANCES IN FOREIGN CURRENCY AND FOREIGN CURRENCY EXCHANGE RATE IMPACT IN PROFIT OR LOSS.

December 31, 2023	**U.S dollar ThU.S.$**	**Euros ThU.S.$**	**Brazilian real ThU.S.$**	**Argentine pesos ThU.S.$**	**Mexican pesos ThU.S.$**	**Other currencies ThU.S.$**	**Chilean pesos ThU.S.$**	**U.F. ThU.S.$**	**Total ThU.S.$**
Assets									
Current assets									
Cash and cash equivalents	310,108	6,532	30,402	58,592	26,439	3,149	134,786	-	570,008
Other current financial assets	20,303	-	-	25,301	-	-	-	-	45,604
Other current non-financial assets	61,669	569	31,594	2,945	2,975	8,671	131,831	-	240,254

Trade and other current receivables	711,883	30,330	67,137	19,916	34,234	640	115,907	17,855	997,902
Accounts receivable due from related companies	14	-	-	174	-	-	2,428	-	2,616
Current Inventories	1,234,477	-	117,927	-	46,389	-	1,053	-	1,399,846
Current biological assets	298,703	-	72,254	-	-	-	-	-	370,957
Current tax assets	103,781	-	3,716	-	9,007	1,388	1,139	-	119,031
Non-current assets or disposal groups classified as held for sale	**2,740,938**	**37,431**	**323,030**	**106,928**	**119,044**	**13,848**	**387,144**	**17,855**	**3,746,218**
Non-current assets or disposal groups classified as held for sale	107	-	429,197	-	56	-	-	-	429,360
Total current assets	**2,741,045**	**37,431**	**752,227**	**106,928**	**119,100**	**13,848**	**387,144**	**17,855**	**4,175,578**
Non-current assets									
Other non-current financial assets	33,512	-	-	-	-	-	-	-	33,512
Other non-current non-financial assets	71,784	-	28,415	4,965	620	8	382	-	106,174
Trade and other non-current receivables	13,613	-	21,614	-	-	-	1,889	64,385	101,501
Investments accounted for using equity method	137,746	215,322	34,557	-	-	-	35,986	-	423,611
Intangible assets other	62,868	-	3,352	-	211	-	-	-	66,431

than goodwill									
Goodwill	41,458	-	14,433	-	-	-	-	-	55,891
Property, plant and equipment	9,037,099	-	406,713	-	162,067	-	1,237	-	9,607,116
Right of use assets	203,637	-	395,560	-	1,164	-	-	-	600,361
Non-current biological assets	2,496,739	-	154,883	-	-	-	-	-	2,651,622
Deferred tax assets	81,309	-	6,947	-	311	-	-	-	88,567
Total non-current assets	**12,179,765**	**215,322**	**1,066,474**	**4,965**	**164,373**	**8**	**39,494**	**64,385**	**13,734,786**
Total assets	**14,920,810**	**252,753**	**1,818,701**	**111,893**	**283,473**	**13,856**	**426,638**	**82,240**	**17,910,364**

December 31, 2023	**U.S dollar ThU.S. $**	**Euros ThU.S.$**	**Brazilian real ThU.S. $**	**Argentine pesos ThU.S. $**	**Mexican pesos ThU.S.$**	**Other currencies ThU.S. $**	**Chilean pesos ThU.S.$**	**U.F. ThU.S. $**	**Total ThU.S. $**
Liabilities									
Current liabilities									
Other current financial liabilities	935,282	72,415	19,143	496	-	-	-	55,189	1,082,525
Current lease liabilities	11,215	95	17,487	-	1,879	66	11,107	5,393	47,242
Trade and other current payables	150,867	18,933	88,484	46,403	18,336	14,609	381,289	41,534	760,455
Accounts payable to related companies	-	-	-	-	-	-	6,958	-	6,958
Other short-term provisions	2,542	-	-	-	-	-	18	1,345	3,905
Current tax liabilities	13,313	-	5	-	-	-	-	-	13,318
Current provisions for employee benefits	-	-	-	-	-	-	7,863	-	7,863
Other current non-financial liabilities	6,868	61	25,086	3,014	7,827	1	7,291	-	50,148
Current liabilities other than liabilities included in disposal groups classified as held for sale	**1,120,087**	**91,504**	**150,205**	**49,913**	**28,042**	**14,676**	**414,526**	**103,461**	1,972,414
Liabilities included in disposal groups classified as held for sale	-	-	99,328	-	-	-	-	-	99,328
Total liabilities, current	**1,120,087**	**91,504**	**249,533**	**49,913**	**28,042**	**14,676**	**414,526**	**103,461**	**2,071,742**
Non-current liabilities									
Other non-current financial liabilities	3,453,766	342,013	186,687	-	-	-	-	1,539,102	5,521,568
Non-current lease liabilities	114,984	55	346,524	-	1,661	130	22,382	26,404	512,140
Other non-current payables	22,814	-	9,714	-	-	-	18,049	-	50,577

Non-current accounts payable to related companies	15,400	-	-	-	-	-	7,581	-	22,981
Other long-term provisions	-	-	3,299	25,352	-	-	-	-	28,651
Deferred tax liabilities	1,289,086	-	29,744	-	7,193	-	217,601	-	1,543,624
Non-current provisions for employee benefits	-	-	-	-	1,209	-	85,253	-	86,462
Other non-current non-financial liabilities	-	-	63,574	6	-	-	10	-	63,590
Total non-current liabilities	**4,896,050**	**342,068**	**639,542**	**25,358**	**10,063**	**130**	**350,876**	**1,565,506**	**7,829,593**
Total liabilities	**6,016,137**	**433,572**	**889,075**	**75,271**	**38,105**	**14,806**	**765,402**	**1,668,967**	**9,901,335**

December 31, 2022	**U.S. dollar**	**Euros**	**Brazilian real**	**Argentine pesos**	**Mexican pesos**	**Other currencies**	**Chilean pesos**	**U.F.**	**Total**
	ThU.S.$	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**
Assets									
Current assets									
Cash and cash equivalents	395,254	4,884	103,829	97,859	28,564	26,793	10,024	-	667,207
Other current financial assets	15,350	-	-	-	-	-	-	-	15,350
Other current non-financial assets	74,898	115	17,745	5,333	2,979	7,406	97,583	-	206,059
Trade and other current receivables	614,204	36,425	50,646	33,287	33,089	1,972	97,616	6,056	873,295
Accounts receivable due from related companies	-	-	-	4,713	-	-	2,850	-	7,563
Current Inventories	1,298,649	-	130,707	-	39,353	-	1,302	-	1,470,011
Current biological assets	264,858	-	65,577	-	-	-	-	-	330,435
Current tax assets	174,287	-	8,333	10,296	9,495	1,137	174	-	203,722
Non-current assets or disposal	**2,837,500**	**41,424**	**376,837**	**151,488**	**113,480**	**37,308**	**209,549**	**6,056**	**3,773,642**

groups classified as held for sale									
Non-current assets or disposal groups classified as held for sale	1,215	-	15	-	49	-	-	-	1,279
Total current assets	**2,838,715**	**41,424**	**376,852**	**151,488**	**113,529**	**37,308**	**209,549**	**6,056**	**3,774,921**
Non-current assets									
Other non-current financial assets	63,321	-	-	-	-	-	-	-	63,321
Other non-current non-financial assets	2,980	-	16,022	97	742	8	72,665	-	92,514
Trade and other non-current receivables	5,880	-	-	-	-	-	3,434	23,360	32,674
Investments accounted for using equity method	87,826	203,443	36,489	-	-	-	37,913	-	365,671
Intangible assets other than goodwill	71,141	-	1,940	-	358	-	-	-	73,439
Goodwill	41,408	-	13,392	-	-	-	-	-	54,800
Property, plant and equipment	9,024,490	-	389,522	-	127,120	-	1,203	-	9,542,335
Right of use assets	161,087	-	144,626	-	774	-	-	-	306,487
Non-current biological assets	2,549,796	-	315,139	-	-	-	-	-	2,864,935
Deferred tax assets	5,035	-	3,500	-	476	-	-	-	9,011
Total non-current assets	**12,012,964**	**203,443**	**920,630**	**97**	**129,470**	**8**	**115,215**	**23,360**	**13,405,187**
Total assets	**14,851,679**	**244,867**	**1,297,482**	**151,585**	**242,999**	**37,316**	**324,764**	**29,416**	**17,180,108**

December 31, 2022	U.S. dollar ThU.S.$	Euros ThU.S.$	Brazilian real ThU.S.$	Argentine pesos ThU.S.$	Mexican pesos ThU.S.$	Other currencies ThU.S.$	Chilean pesos ThU.S.$	U.F. ThU.S.$	Total ThU.S.$
Liabilities									
Current liabilities									
Other current financial liabilities	252,091	69,139	2,810	17	-	-	-	51,394	375,451
Current lease liabilities	10,636	91	10,063	-	1,579	23	10,716	3,676	36,784
Trade and other current payables	234,226	23,277	82,988	54,078	16,791	10,476	351,646	39,356	812,838
Accounts payable to related companies	202	-	-	-	-	-	14,078	-	14,280
Other short-term provisions	7,934	-	264	-	-	-	-	1,315	9,513
Current tax liabilities	19,482	5,123	1,512	-	752	-	-	-	26,869
Current provisions for employee benefits	-	-	-	-	-	-	7,571	-	7,571
Other current non-financial liabilities	192,359	51	33,011	5,120	4,828	16	7,593	-	242,978
Total current liabilities	**716,930**	**97,681**	**130,648**	**59,215**	**23,950**	**10,515**	**391,604**	**95,741**	**1,526,284**
Non-current liabilities									
Other non-current financial liabilities	3,637,416	386,186	67,080	-	-	-	-	1,064,689	5,155,371
Non-current lease liabilities	120,656	110	91,206	-	1,659	-	549	13,260	227,440
Other non-current payables	-	-	2,462	-	-	-	17,654	-	20,116
Non-current accounts payable to	-	-	-	-	-	-	6,731	-	6,731

related companies									
Other long-term provisions	1,677	-	12,512	26,517	-	-	-	-	40,706
Deferred tax liabilities	1,681,957	-	97,822	-	6,136	-	-	-	1,785,915
Non-current provisions for employee benefits	-	-	-	-	957	-	86,732	-	87,689
Other non-current non-financial liabilities	-	-	69,849	10	-	-	13	-	69,872
Total non-current liabilities	**5,441,706**	**386,296**	**340,931**	**26,527**	**8,752**	**-**	**111,679**	**1,077,949**	**7,393,840**
Total liabilities	**6,158,636**	**483,977**	**471,579**	**85,742**	**32,702**	**10,515**	**503,283**	**1,173,690**	**8,920,124**

	12-31-2023			**12-31-2022**		
	Up to 90 days ThU.S.$	**From 91 days to 1 year ThU.S.$**	**Total ThU.S.$**	**Up to 90 days ThU.S.$**	**From 91 days to 1 year ThU.S.$**	**Total ThU.S.$**
Total current liabilities	**1,030,309**	**1,041,433**	**2,071,742**	**1,241,515**	**284,769**	**1,526,284**
Other current financial liabilities	124,220	958,305	1,082,525	141,110	234,341	375,451
U.S. dollar	116,665	818,617	935,282	138,283	113,808	252,091
Euros	-	72,415	72,415	-	69,139	69,139
Brazilian real	7,059	12,084	19,143	2,810	-	2,810
Argentine pesos	496	-	496	17	-	17
U.F.	-	55,189	55,189	-	51,394	51,394
Bank borrowings	86,243	388,779	475,022	109,889	167,905	277,794
U.S. dollar	79,184	304,280	383,464	107,079	98,766	205,845
Euros	-	72,415	72,415	-	69,139	69,139
Brazilian real	7,059	12,084	19,143	2,810	-	2,810

Other borrowings	37,977	569,526	607,503	31,221	66,436	97,657
U.S. dollar	37,481	514,337	551,818	31,204	15,042	46,246
Argentine pesos	496	-	496	17	-	17
U.F.	-	55,189	55,189	-	51,394	51,394
Current lease liabilities	16,911	30,331	47,242	11,339	25,445	36,784
U.S. dollar	3,184	8,031	11,215	2,799	7,837	10,636
Euros	24	71	95	24	67	91
Brazilian real	8,848	8,639	17,487	2,240	7,823	10,063
Mexican pesos	458	1,421	1,879	457	1,122	1,579
Other currencies	16	50	66	2	21	23
Chilean pesos	2,648	8,459	11,107	4,264	6,452	10,716
U.F.	1,733	3,660	5,393	1,553	2,123	3,676
Trade and other current payables	744,010	16,445	760,455	795,533	17,305	812,838
U.S. dollar	150,702	165	150,867	233,932	294	234,226
Euros	18,933	-	18,933	23,271	6	23,277
Brazilian real	72,204	16,280	88,484	66,586	16,402	82,988
Argentine pesos	46,403	-	46,403	54,078	-	54,078
Mexican pesos	18,336	-	18,336	16,188	603	16,791
Other currencies	14,609	-	14,609	10,476	-	10,476
Chilean pesos	381,289	-	381,289	351,646	-	351,646
U.F.	41,534	-	41,534	39,356	-	39,356
Accounts payable to related companies	6,958	-	6,958	14,280	-	14,280
U.S. dollar	-	-	-	202	-	202
Chilean pesos	6,958	-	6,958	14,078	-	14,078
Other short-term provisions	3,905	-	3,905	8,198	1,315	9,513
U.S. dollar	2,542	-	2,542	7,934	-	7,934
Brazilian real	-	-	-	264	-	264
Chilean pesos	18	-	18	-	-	-
U.F.	1,345	-	1,345	-	1,315	1,315
Current tax liabilities	1,567	11,751	13,318	24,251	2,618	26,869
U.S. dollar	1,562	11,751	13,313	16,864	2,618	19,482
Euros	-	-	-	5,123	-	5,123

Brazilian real	5	-	5	1,512	-	1,512
Mexican pesos	-	-	-	752	-	752
Current provisions for employee benefits	7,863	-	7,863	6,706	865	7,571
Chilean pesos	7,863	-	7,863	6,706	865	7,571
Other current non-financial liabilities	25,547	24,601	50,148	240,098	2,880	242,978
U.S. dollar	6,868	-	6,868	192,359	-	192,359
Euros	61	-	61	51	-	51
Brazilian real	2,935	22,151	25,086	33,011	-	33,011
Argentine pesos	3,014	-	3,014	5,120	-	5,120
Mexican pesos	7,827	-	7,827	4,828	-	4,828
Other currencies	1	-	1	16	-	16
Chilean pesos	4,841	2,450	7,291	4,713	2,880	7,593
Liabilities included in disposal groups classified as held for sale	99,328	-	99,328	-	-	-
Brazilian real	99,328	-	99,328	-	-	-

	12-31-2023				12-31-2022			
	From 13 months to 3 years ThU.S.$	**From 3 years to 5 years ThU.S.$**	**More than 5 years ThU.S.$**	**Total ThU.S.$**	**From 13 months to 3 years ThU.S.$**	**From 3 years to 5 years ThU.S.$**	**More than 5 years ThU.S.$**	**Total ThU.S.$**
Total non-current liabilities	**2,434,678**	**1,034,845**	**4,360,070**	**7,829,593**	**2,392,390**	**1,104,841**	**3,896,609**	**7,393,840**
Other non-current financial liabilities	1,181,498	877,395	3,462,675	5,521,568	1,028,450	947,217	3,179,704	5,155,371
U.S. dollar	594,470	494,363	2,364,933	3,453,766	782,284	492,898	2,362,234	3,637,416
Euros	134,999	138,032	68,982	342,013	126,793	129,736	129,657	386,186
Brazilian real	155,703	30,984	-	186,687	31,943	35,137	-	67,080

U.F.	296,326	214,016	1,028,760	1,539,102	87,430	289,446	687,813	1,064,689
Bank borrowings	786,031	169,016	68,982	1,024,029	368,353	164,873	129,657	662,883
U.S. dollar	495,329	-	-	495,329	209,617	-	-	209,617
Euros	134,999	138,032	68,982	342,013	126,793	129,736	129,657	386,186
Brazilian real	155,703	30,984	-	186,687	31,943	35,137	-	67,080
Other borrowings	395,467	708,379	3,393,693	4,497,539	660,097	782,344	3,050,047	4,492,488
U.S. dollar	99,141	494,363	2,364,933	2,958,437	572,667	492,898	2,362,234	3,427,799
U.F.	296,326	214,016	1,028,760	1,539,102	87,430	289,446	687,813	1,064,689
Non-current lease liabilities	70,451	58,933	382,756	512,140	45,904	38,906	142,630	227,440
U.S. dollar	21,617	16,715	76,652	114,984	21,562	17,653	81,441	120,656
Euros	48	7	-	55	109	1	-	110
Brazilian real	20,403	26,754	299,367	346,524	17,335	16,375	57,496	91,206
Mexican pesos	1,386	275	-	1,661	1,646	13	-	1,659
Other currencies	96	34	-	130	-	-	-	-
Chilean pesos	15,933	4,661	1,788	22,382	197	352	-	549
U.F.	10,968	10,487	4,949	26,404	5,055	4,512	3,693	13,260
Non-current payable	27,763	-	22,814	50,577	2,462	-	17,654	20,116
U.S. dollar	-	-	22,814	22,814	-	-	-	-
Brazilian real	9,714	-	-	9,714	2,462	-	-	2,462
Chilean pesos	18,049	-	-	18,049	-	-	17,654	17,654
Non- current accounts payable to related companies	-	7,581	15,400	22,981	3,283	-	3,448	6,731
U.S. dollar	-	-	15,400	15,400	-	-	-	-
Chilean pesos	-	7,581	-	7,581	3,283	-	3,448	6,731

Other long-term provisions	28,543	108	-	28,651	40,706	-	-	40,706
U.S. dollar	-	-	-	-	1,677	-	-	1,677
Brazilian real	3,191	108	-	3,299	12,512	-	-	12,512
Argentine pesos	25,352	-	-	25,352	26,517	-	-	26,517
Deferred tax liabilities	985,219	82,142	476,263	1,543,624	1,152,877	94,256	538,782	1,785,915
U.S. dollar	758,669	81,004	449,413	1,289,086	1,088,336	92,026	501,595	1,681,957
Brazilian real	1,756	1,138	26,850	29,744	58,405	2,230	37,187	97,822
Mexican pesos	7,193	-	-	7,193	6,136	-	-	6,136
Chilean pesos	217,601	-	-	217,601	-	-	-	-
Non-current provisions for employee benefits	86,462	-	-	86,462	77,746	9,943	-	87,689
Mexican pesos	1,209	-	-	1,209	957	-	-	957
Chilean pesos	85,253	-	-	85,253	76,789	9,943	-	86,732
Other non-current non-financial liabilities	54,742	8,686	162	63,590	40,962	14,519	14,391	69,872
Brazilian real	54,726	8,686	162	63,574	40,939	14,519	14,391	69,849
Argentine pesos	6	-	-	6	10	-	-	10
Chilean pesos	10	-	-	10	13	-	-	13

The table below sets forth the subsidiaries that have determined a functional currency other than the U.S. dollar as follows:

Subsidiary	**Country**	**Functional currency**
Arauco Canada Ltd.	Canada	Canadian dollar
Arauco Celulose do Brasil	Brazil	Brazilian real
Arauco do Brasil S.A.	Brazil	Brazilian real
Arauco Florestal Arapoti S.A.	Brazil	Brazilian real
Arauco Forest Brasil S.A.	Brazil	Brazilian real
Arauco Industria de Mexico, S.A. de C.V.	Mexico	Mexican pesos
Arauco Industria de Paineis S.A.	Brazil	Brazilian real
Arauco MS Participações S.A.	Brazil	Brazilian real

Arauco Participações Florestais Ltda.	Brazil	Brazilian real
Araucomex Servicios, S.A. de C.V.	Mexico	Mexican pesos
Consorcio Protección Fitosanitaria Forestal S.A.	Chile	Chilean pesos
Empreendimentos Florestais Santa Cruz Ltda.	Brazil	Brazilian real
E2E SpA.	Chile	Chilean pesos
Leasing Forestal S.A.	Argentina	Argentine pesos
Lemu Earth SpA.	Chile	Chilean pesos
Mahal Empreendimentos e Participações S.A.	Brazil	Brazilian real
Novo Oeste Gestao de Ativos Florestais S.A.	Brazil	Brazilian real
Tecverde Engenharia S.A.	Brazil	Brazilian real

The table below shows a detail per company of the effect in the period of the reserve of exchange differences on translation:

	January - December		
	2023 ThU.S.$	**2022 ThU.S.$**	**2021 ThU.S.$**
Agrícola el Paque SpA.	(950)	-	-
Arauco Canada Ltd.	8,210	(16,249)	357
Arauco do Brasil S.A.	36,141	55,101	(25,371)
Arauco Florestal Arapoti S.A. (*)	42,281	4,582	(4,843)
Arauco Forest Brasil S.A. (*)	124,804	17,585	(21,990)
Arauco Industria México S.A. de C.V.	37,086	12,057	(3,008)
E2E SpA.	1,781	-	-
Sonae Arauco S.A.	7,197	(11,508)	(16,092)
Others	(98)	(3,702)	(2,928)
Total reserve of exchange differences on translation	**256,452**	**57,866**	**(73,875)**

(*) 2023 includes ThU.S.$ 135,171 of deferred taxes on investments in foreign subsidiaries and associate classified as held for sale (see Note 22).

Effect of foreign exchange rates changes

	January - December		
	2023 ThU.S.$	**2022 ThU.S.$**	**2021 ThU.S.$**
Exchange differences recognized in profit or loss, except for those arising on financial instruments measured at fair value through profit or loss	(35,419)	(18,436)	9,022
Reserve of exchange differences on translation (with non-controlling interests)	121,470	57,867	(80,965)

NOTE 12. BORROWING COSTS

Arauco capitalizes interest at effective rate on current investment projects.

During 2023, Arauco only capitalized financial interest related to minor projects.

Until 2022, Arauco capitalized financial interest related to the modernization and expansion of Planta Arauco (MAPA) in Chile.

	January - December	
	2023 ThU.S.$	**2022 ThU.S.$**
Interest cost capitalized, property, plant and equipment		
Capitalization rate of interest cost capitalized, property, plant and equipment	4.87%	4.33%

Amount of the interest cost capitalized, property, plant and equipment	248	103,629

NOTE 13. RELATED PARTIES

Related party disclosures

Related parties are those entities defined in IAS 24 and under the rules of the Chilean Commission for the Financial Market and the Chilean Corporations Law.

The receivable and payable amounts among related parties at the end of each period correspond to commercial and financing transactions denominated in Chilean pesos, U.S. dollars and Brazilian real, where collection or payment deadlines are shown in the following tables and in general do not bear interest, except for financing transactions.

As of the date of these consolidated financial statements, the main transactions with related parties are related to fuel purchases with Copec S.A. and sodium chlorate purchases at EKA Chile S.A.

As of the date of these consolidated financial statements, there were neither provisions for accounts of doubtful collection nor any guarantees granted or received related to the balances with related parties.

Name of group's main shareholders

The ultimate shareholders of Arauco, directly and indirectly, are Mr. Roberto Angelini Rossi and Mrs. Patricia Angelini Rossi.

Name of the intermediate controlling entity that produces consolidated financial statements for public use

Empresas Copec S.A.

Key management personnel compensation

Compensation to key management personnel, including directors, managers and deputy managers, consist of a fixed monthly salary, and managers and deputy managers also receive an annual bonus subject to the results of the Company and the fulfillment of goals of the business as well as individual performance.

Pricing strategy terms and conditions corresponding to transactions with related parties

Transactions carried out with related parties are intended to contribute to the corporate interest, are adjusted in price, terms and conditions to those prevailing in the market at the time of approval, and meet the requirements and procedures set forth in the law.

The table below sets forth information about the relationship between the parent company and its subsidiaries

	Functiona l	% Ownership interest	% Ownership interest

ID N°	Company Name	Country	Currency	12-31-2023 Direct	12-31-2023 Indirect	12-31-2023 Total	12-31-2022 Direct	12-31-2022 Indirect	12-31-2022 Total
77.630.621-5	Agrícola Ranquillón SpA.	Chile	U.S. Dollar	-	98.64114	98.64114	-	98.58669	98.58669
77.630.618-5	Agrícola San Carlos SpA.	Chile	U.S. Dollar	-	99.94839	99.94839	-	99.94839	99.94839
77.630.623-1	Agrícola Santa Emilia SpA.	Chile	U.S. Dollar	-	99.94839	99.94839	-	99.94839	99.94839
77.630.625-8	Agrícola Santa Isabel SpA.	Chile	U.S. Dollar	-	99.94839	99.94839	-	99.94839	99.94839
77.630.626-6	Agrícola Siberia SpA.	Chile	U.S. Dollar	-	98.64114	98.64114	-	98.58669	98.58669
77.630.629-0	Agrícola Trupán SpA.	Chile	U.S. Dollar	-	98.64114	98.64114	-	98.58669	98.58669
-	Arauco Argentina S.A.	Argentina	U.S. Dollar	9.97070	90.00940	99.98010	9.97070	90.00940	99.98010
-	Arauco Australia Pty Ltd.	Australia	U.S. Dollar	-	99.99898	99.99898	-	99.99898	99.99898
96.547.510-9	Arauco Bioenergía SpA.	Chile	U.S. Dollar	98.00000	1.99897	99.99897	98.00000	1.99897	99.99897
-	Arauco Canada Ltd.	Canada	Canadian Dollar	-	99.99911	99.99911	-	99.99911	99.99911
-	Arauco Celulose do Brasil S.A.	Brazil	Brazilian Real	-	99.99907	99.99907	-	99.99907	99.99907
-	Arauco Colombia S.A.	Colombia	U.S. Dollar	1.47783	98.52042	99.99825	1.47783	98.52042	99.99825
-	Arauco do Brasil S.A.	Brazil	Brazilian Real	1.06807	98.93105	99.99912	1.06807	98.93105	99.99912
-	Arauco Europe Cooperatief U.A.	Netherlands	U.S. Dollar	0.44979	99.54919	99.99898	0.52148	99.47751	99.99899
-	Arauco Florestal Arapoti S.A.	Brazil	Brazilian Real	-	99.99899	99.99899	-	99.99900	99.99900
-	Arauco Forest Brasil S.A.	Brazil	Brazilian Real	8.51901	91.48006	99.99907	8.68654	91.31253	99.99907
-	Arauco Participações Florestais Ltda.	Brazil	Brazilian Real	-	99.99907	99.99907	-	99.99907	99.99907
-	Arauco Industria de México, S.A.de C.V.	Mexico	Mexican pesos	-	99.99910	99.99910	-	99.99910	99.99910
-	Arauco Industria de Paineis S.A.	Brazil	Brazilian Real	-	99.99912	99.99912	-	99.99912	99.99912
-	Arauco Middle East DMCC.	Dubai	U.S. Dollar	-	99.99898	99.99898	-	99.99898	99.99898
-	Arauco North America, Inc.	United States	U.S. Dollar	0.00010	99.99901	99.99911	0.00010	99.99901	99.99911
-	Arauco MS Participações S.A. (3)	Brazil	Brazilian Real	0.20000	99.79898	99.99898	-	-	-
-	Arauco Perú S.A.	Peru	U.S. Dollar	0.00126	99.99772	99.99898	0.00126	99.99772	99.99898
-	Arauco Pulp Limited.	United Kingdom	U.S. Dollar	-	99.99898	99.99898	-	99.99898	99.99898
-	Arauco Ventures Limited.	United Kingdom	U.S. Dollar	-	99.99898	99.99898	-	99.99898	99.99898
-	Arauco Wood (China)	China	U.S. Dollar	-	99.99898	99.99898	-	99.99898	99.99898

	Company Limited.							
-	Arauco Wood Limited.	United Kingdom	U.S. Dollar	12.63126	87.36785	99.99911	12.63126	87.36785	99.99911
-	Araucomex S.A. de C.V.	Mexico	U.S. Dollar	0.00050	99.99861	99.99911	0.00050	99.99861	99.99911
-	Araucomex Servicios, S.A. de C.V.	Mexico	Mexican pesos	0.33333	99.66578	99.99911	0.33333	99.66578	99.99911
96.657.900-5	Consorcio Protección Fitosanitaria Forestal S.A.	Chile	Chilean Pesos	-	56.83107	56.83107	-	56.82817	56.82817
-	Empreendimentos Florestais Santa Cruz Ltda.	Brazil	Brazilian Real	-	99.99907	99.99907	-	99.99866	99.99866
76.869.577-0	E2E SpA. (1)	Chile	Chilean Pesos	1.00000	98.99861	99.99861	-	-	-
85.805.200-9	Forestal Arauco S.A.	Chile	U.S. Dollar	99.94839	-	99.94839	99.94839	-	99.94839
93.838.000-7	Forestal Cholguán S.A.	Chile	U.S. Dollar	-	98.64114	98.64114	-	98.58669	98.58669
96.563.550-5	Inversiones Arauco Internacional Ltda.	Chile	U.S. Dollar	98.01862	1.98036	99.99898	98.01862	1.98036	99.99898
79.990.550-7	Investigaciones Forestales Bioforest SpA.	Chile	U.S. Dollar	1.00000	98.94891	99.94891	1.00000	98.94891	99.94891
-	Leasing Forestal S.A.	Argentina	Argentine pesos	-	99.98010	99.98010	-	99.98010	99.98010
76.860.724-9	Lemu Earth SpA.	Chile	Chilean Pesos	-	87.65386	87.65386	-	86.61426	86.61426
-	Lemu Global Limited.	United Kingdom	U.S. Dollar	-	94.37831	94.37831	-	99.99898	99.99898
-	Lemu Inc. (2)	United States	U.S. Dollar	-	94.37831	94.37831	-	-	-
-	Maderas Arauco Costa Rica S.A.	Costa Rica	U.S. Dollar	-	99.99898	99.99898	-	99.99898	99.99898
96.510.970-6	Maderas Arauco S.A.	Chile	U.S. Dollar	-	99.99860	99.99860	-	99.99860	99.99860
-	Mahal Empreendimentos e Participações S.A.	Brazil	Brazilian Real	-	99.99907	99.99907	-	99.99901	99.99901
-	Novo Oeste Gestão de Ativos Florestais S.A.	Brazil	Brazilian Real	-	99.99907	99.99907	-	99.99907	99.99907
76.375.371-9	Servicios Aéreos Forestales Ltda.	Chile	U.S. Dollar	14.47369	85.52544	99.99913	-	99.99898	99.99898
96.637.330-K	Servicios Logísticos Arauco SpA.	Chile	U.S. Dollar	45.00000	54.99923	99.99923	45.00000	54.99923	99.99923
-	Tecverde Engenharia S.A. (1)	Brazil	Brazilian Real	-	89.39060	89.39060	-	-	-

(1) In March 2023, Arauco acquired the remaining 50% of share in E2E SpA., gaining control of the company and indirectly over Tecverde Engenharia S.A., which is E2E SpA. subsidiary.

(2) This company was created in February of 2023.
(3) This company was created in November of 2023.

The companies in the table below are classified as joint operations in accordance with IFRS 11. The assets, liabilities, income and expenses are recorded in relation to the Company's ownership percentage as specified in the contractual arrangement.

Company Name	**Country**	**Functional currency**
Eufores S.A.	Uruguay	U.S. dollar
Celulosa y Energía Punta Pereira S.A.	Uruguay	U.S. dollar
Zona Franca Punta Pereira S.A.	Uruguay	U.S. dollar
Forestal Cono Sur S.A.	Uruguay	U.S. dollar
Stora Enso Uruguay S.A.	Uruguay	U.S. dollar
El Esparragal Asociación Agraria de R.L.	Uruguay	U.S. dollar
Ongar S.A.	Uruguay	U.S. dollar
Terminal Logística e Industrial M'Bopicuá S.A.	Uruguay	U.S. dollar

According to significant restrictions on the ability of subsidiaries to transfer funds to Arauco, in the form of cash dividends or repayment of borrowings and/or advances, we state the following:

Long-term debt with related entities - mutual agreement with Arauco Argentina S.A.

On June 5, 2017, Arauco signed a mutual agreement with its subsidiary Arauco Argentina S.A., pursuant to which this subsidiary received an amount of U.S.$ 250,000,000, which accrues an interest at the SOFR interest rate for 180 days plus a fixed spread of 5.20% and an adjustment of 0.42826% resulting from the replacement of LIBOR rates in dollars with SOFR rates (this according to the "Selections and Recommendations" of the "Alternative Reference Rates Committee" or ARRC), with payments every six months on June 1 and December 1 of each year.

Since 2020, the Central Bank of the Argentine Republic (BCRA) established certain foreign exchange controls, preventing Arauco Argentina S.A. from repaying the amount of ThU.S.$160,000 owed under the mutual agreement described above which matured on June 1, 2022.

On July 14, 2022, Arauco Argentina S.A. paid ThU.S.$ 6,000 of the amount owed under the mutual agreement described above, remaining to pay ThU.S.$ 154,000 as of the date of these consolidated financial statements.

Key management personnel compensation and redundancy benefits

	January - December		
	2023 ThU.S.$	**2022 ThU.S.$**	**2021 ThU.S.$**
Salaries and bonuses	76,329	83,266	78,114
Per diem compensation to members of the Board of Directors	2,630	2,432	2,538
Termination benefits	4,647	8,320	2,437
Total	**83,606**	**94,018**	**83,089**

Related party receivables, current

Name of related party	**Tax ID No.**	**Nature of relationship**	**Country**	**Currency**	**Maturity**	**12-31-2023 ThU.S.$**	**12-31-2022 ThU.S.$**
Forestal Mininco S.A.	91.440.000-7	Common stockholder	Chile	Chilean pesos	30 days	10	1

Eka Chile S.A.	99.500.140-3	Joint venture	Chile	Chilean pesos	30 days	2,113	2,626
Colbún S.A.	96.505.760-9	Common stockholder	Chile	Chilean pesos	30 days	217	21
Alxar Internacional SpA.	76.879.169-4	Common controlling parent	Chile	Chilean pesos	30 days	42	-
Sociedad Efecto Producciones Ltda.	77.131.710-3	Common matrix director	Chile	Chilean pesos	30 days	9	-
Fundación Acerca Redes	65.097.218-K	Parent company is founder and contributor	Chile	Chilean pesos	-	-	41
Parque Eólico Ovejera Sur SpA.	76.839.949-2	Joint venture	Chile	Chilean pesos	-	10	100
Compañía Puerto de Coronel S.A.	79.895.330-3	Subsidiary of an associate	Chile	U.S. dollar	30 days	14	-
E2E SpA.	76.218.856-2	Joint venture (actual subsidiary)	Chile	Chilean pesos	-	-	60
EMOAC SpA.	76.208.888-6	Common controlling parent	Chile	Chilean pesos	30 days	27	1
Softys Argentina S.A. (Ex-La Papelera del Plata S.A.)	-	Common shareholder of the parent company	Argentina	Argentine pesos	30 days	174	4,713
TOTAL						**2,616**	**7,563**

Related party payables, current

Name of related party	Tax ID No.	Nature of relationship	Country	Currency	Maturity	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Copec S.A.	99.520.000-7	Common controlling parent	Chile	Chilean pesos	30 days	6,017	4,474
Abastible S.A.	91.806.000-6	Common controlling parent	Chile	Chilean pesos	30 days	319	189
Fundación Educacional Arauco	71.625.000-8	Parent company is founder and contributor	Chile	Chilean pesos	30 days	444	780
Bioenergías Forestales SpA.	76.188.197-3	Common stockholder	Chile	Chilean pesos	30 days	5	-
Red to Green S.A.	86.370.800-1	Common stockholder	Chile	Chilean pesos	30 days	1	-
Empresa Nacional de Telecomunicaciones S.A.	92.580.000-7	Common stockholder	Chile	Chilean pesos	30 days	7	4
Servicios Corporativos Sercor S.A.	96.925.430-1	Associate	Chile	Chilean pesos	30 días	14	-

Compañía Puerto de Coronel S.A.	79.895.330-3	Subsidiary of an associate	Chile	U.S. dollar	-	-	202
Vía Limpia SpA.	79.874.200-0	Common controlling parent	Chile	Chilean pesos	30 days	4	-
Copec Aviation S.A.	96.942.120-8	Joint venture of controlling parent	Chile	Chilean pesos	30 days	4	3
Agrícola San Gerardo SpA	77.017.167-9	Joint venture	Chile	Chilean pesos	30 days	143	146
Agrícola Fresno SpA	77.470.229-6	Joint venture	Chile	Chilean pesos	30 days	-	8,482
TOTAL						**6,958**	**14,280**

Related party payables, non-current

Name of related party	Tax ID No.	Nature of relationship	Country	Currency	Maturity	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Agrícola Fresno SpA.	77.470.229-6	Joint venture	Chile	Chilean pesos	12-31-27	7,581	6,731
TreeCo, Inc.	-	Joint venture	United States	U.S. dollar	On demand	15,400	-
TOTAL						**22,981**	**6,731**

Related party transactions

Purchases

Name of Related Party	Tax ID No.	Nature of Relationship	Country	Currency	Transaction Descriptions	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$	12-31-2021 ThU.S.$
Abastible S.A.	91.806.000-6	Common controlling parent	Chile	Chilean pesos	Fuel	4,033	3,207	2,644
Copec S.A.	99.520.000-7	Common controlling parent	Chile	Chilean pesos	Fuel and other	168,859	92,643	75,166
Compañía Puerto de Coronel S.A.	79.895.330-3	Subsidiary of the Associate	Chile	U.S. Dollar	Transport, stowage and port services	17,008	7,643	8,518
EKA Chile S.A.	99.500.140-3	Joint Venture	Chile	Chilean pesos	Sodium chlorate	50,815	41,540	42,318
Forestal del Sur S.A.	79.825.060-4	Associate of a subsidiary's minority shareholder	Chile	Chilean pesos	Wood and chips	-	-	433
Portaluppi, Guzman y Bezanilla Abogados Ltda.	78.096.080-9	Common director	Chile	Chilean pesos	Legal services	1,065	851	778
Empresa Nacional de Telecomuni	92.580.000-7	Common Stockholder	Chile	Chilean pesos	Telephone services	105	123	214

caciones S.A.								
Entel PCS Telecomunicaciones S.A.	96.806.980-2	Common Stockholder	Chile	Chilean pesos	Telephone services	922	970	-
Colbún S.A.	96.505.760-9	Common Stockholder	Chile	Chilean pesos	Electrical Power	1,187	834	386
Colbún Transmisión S.A.	76.218.856-2	Common Stockholder	Chile	Chilean pesos	Electrical Power	-	77	514
Bionergías Forestales SpA.	76.188.197-3	Common Stockholder	Chile	Chilean pesos	Electrical Power	202	-	-
Woodtech S.A.	76.724.000-7	Indirect associate of controlling parent	Chile	Chilean pesos	Wood volumen measurement services	1,283	1,012	1,238
Elemental S.A.	76.659.730-0	Associate of controlling parent	Chile	Chilean pesos	Services and other purchases	53	113	93
Servicios Corporativos Sercor S.A.	96.925.430-1	Associate	Chile	Chilean pesos	Other purchases	215	246	222
Vía Limpia SpA	79.874.200-0	Common controlling parent	Chile	Chilean pesos	Other purchases	280	199	199

Sales

Name of Related Party	Tax ID No.	Nature of Relationship	Country	Currency	Transaction Descriptions	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$	12-31-2021 ThU.S.$
Colbún S.A.	96.505.760-9	Common Stochholder	Chile	Chilean pesos	Electrical Power	430	161	256
EKA Chile S.A.	99.500.140-3	Joint venture	Chile	Chilean pesos	Electrical Power	23,162	23,539	21,891
Forestal del Sur S.A.	79.825.060-4	Associate of a subsidiary’s minority shareholder	Chile	Chilean pesos	Harvesting services, wood and chips	-	-	7,329
Fundación Educacional Arauco	71.625.000-8	Parent company is founder and contributor	Chile	Chilean pesos	IT and administrative services	226	299	139
CMPC Pulp S.A.	96.532.330-9	Common Stockholder	Chile	Chilean pesos	Wood and chips	6	525	9,027
Entel PCS Telecomunicaciones S.A.	96.806.980-2	Common Stockholder	Chile	Chilean pesos	Leases	405	289	318
Cartulinas CMPC S.A.	96.731.890-6	Common Stockholder	Chile	Chilean pesos	Pulp	222	-	-
Softys Chile SpA.	96.529.310-8	Common Stockholder	Chile	Chilean pesos	Pulp	782	-	1,127
Forestal Mininco SpA.	91.440.000-7	Common Stockholder	Chile	Chilean pesos	Pest control service and other sales	441	127	87
Compañía Puerto de Coronel S.A.	79.895.330-3	Subsidiary of an associate	Chile	U.S. dollar	Other sales	294	453	56

E2E SpA.	76.879.577-0	Joint venture	Chile	Chilean pesos	Wood, plywood and boards	117	246	355
EMOAC SPA	76.208.888-6	Indirect subsidiary of controlling parent	Chile	Chilean pesos	Electrical Power	2,125	3,272	-
Softys Argentina S.A. (Ex-La Papelera del Plata S.A.)	-	Common Stockholder	Argentina	Argentine pesos	Pulp	15,534	16,686	20,126

Other transactions

Name of related party	Tax ID No.	Nature of relationship	Country	Currency	Transaction descriptions	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$	12-31-2021 ThU.S.$
Falcão MS SPE S.A.	-	Associate	Brasil	Reales	Capital contribution	23,553	9,664	-
Agrícola San Gerardo SpA	77.017.167-9	Joint venture	Chile	Chilean pesos	Capital contribution	-	136	-
Agrícola Fresno SpA	77.470.229-6	Joint venture	Chile	Chilean pesos	Capital contribution	1,509	31,998	7,452
Agrícola El Paque SpA	77.209.739-5	Joint venture	Chile	Chilean pesos	Capital contribution		-	1,095
Parque Eólico Ovejera Sur SpA.	76.839.949-2	Joint venture	Chile	Chilean pesos	Capital contribution	222	118	123
TreeCo, Inc.	-	Joint venture	United States	U.S. dollar	Issuance of new shares	15,400	-	-
TreeCo, Inc.	-	Joint venture	United States	U.S. dollar	Capital contribution	9,230	-	-
TreeCo, Inc.	-	Joint venture	United States	U.S. dollar	Borrowing capitalization	1,770	-	-
E2E SpA.	76.879.577-0	Joint venture (current subsidiary)	Chile	Chilean pesos	Capital contribution	5,254	-	7,759
Tecverde Engenharia S.A.	-	Subsidiary of a joint venture	Brazil	U.S. dollar	Borrowing	2,668	-	-
E2E SpA.	76.879.577-0	Joint venture	Chile	U.S. dollar	Borrowing	537	3,546	1,125

NOTE 14. INVESTMENTS IN SUBSIDIARIES

The main operations carried out as of December 31, 2023 and 2022 are reported below:

On March 17, 2023, Arauco took over control of the company E2E SpA., acquiring the remaining 50% interest. The payment for this transaction amounted to ThCLP$ 102.

On June 22, 2022, a cooperation agreement was signed with the Government of Mato Grosso do Sul, Brazil. Signing this agreement is an important and preparatory step that will enable us to continue assessing the construction of a new pulp mill. If conditions allow – among which conditions are obtaining all necessary permits and board approval – this new plant would have an estimated production capacity of 2.5 million tons of short-fiber pulp and would require an estimated investment of approximately US$ 3 billion. For the same purposes, in August 2022 and through subsidiary Arauco Forest Brasil S.A., the company Arauco Celulose do Brasil S.A. was incorporated. This company participates in forestry-related activities, such as the formation of eucalyptus forests, logging, and electric power generation.

<u>Reorganization</u>
Arauco estimated necessary to reorganize its activity in the wood product segment by centralizing its investments in the wood market in an entity that allows a common direction and control. This is the reason why, on May 23, 2022, the company Arauco Wood Limited was created. Such international parent entity was incorporated in the United Kingdom, a country which is considered and valued as one of the main investment platforms and center global financial system, and known for its institutional stability.

In June and December 2022, Arauco, through its subsidiary Inversiones Arauco International Ltda. and the parent of the group, Celulosa Arauco y Constitución S.A., contributed their subsidiaries from the wood segment to the new company Arauco Wood Limited. These contributions were for a total amount of ThU.S.$ 1,989,972. This operation did not generate an effect within the consolidated statements of profit or loss.

With this reorganization, Arauco intends to 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. This centralization of the wood product segment will also allow a better and more efficient management, enhancing its investments with a solid structure and greater projections of profitability, growth and sustainability.

NOTE 15. INVESTMENTS IN ASSOCIATES

As of December 31, 2023 and 2022, these are the main movements of investments in associates to report:

On August 8, 2022, the subsidiary Arauco Participações Florestais Ltda. from Brazil incorporated the company Falcão MS SPE S.A., and during the year 2022, Arauco contributed capital to the new company for ThR$ 49,985 (equivalents to ThU.S.$ 9,664). In 2023, Arauco contributed capital to Falcão MS SPE S.A. for ThR$ 116,742 (equivalents to ThU.S.$ 23,553).

The following tables set forth information about investments in associates.

Name	Inversiones Puerto Coronel S.A.	
Country	Chile	
Functional currency	U.S. dollar	
Corporate purpose	Investments in movables and real estate, acquisition of companies, securities and investment instruments, investment management and development and/or participation in all kind of businesses and companies related to industrial, shipping, forestry and commercial activities.	
Ownership interest (%)	50.0000%	
	12-31-2023	**12-31-2022**
Carrying amount accounted for using equity method	ThU.S.$ 64,788	ThU.S.$ 64,000

Name	Servicios Corporativos Sercor S.A.	
Country	Chile	
Functional currency	Chilean pesos	
Corporate purpose	Consulting services related to business management to Boards of Directors and Senior Management of all Arauco's entities.	
Ownership interest (%)	20.0000%	
	12-31-2023	**12-31-2022**
Carrying amount accounted for using equity method	ThU.S.$ 451	ThU.S.$ 325

Name	Genómica Forestal S.A.	
Country	Chile	
Functional currency	Chilean pesos	
Corporate purpose	Developing forestry genomics, through the use of biotechnological, molecular and bioinformatics tools with the purpose of strengthening genetic programs so as to improve the competitive position of the Chilean forestry industry for priority tree species.	
Ownership interest (%)	25.0000%	
	12-31-2023	**12-31-2022**
Carrying amount accounted for using equity method	ThU.S.$ 9	ThU.S.$ 6

Name	Consorcio Tecnológico Bioenercel S.A.	
Country	Chile	
Functional currency	Chilean pesos	
Corporate purpose	Developing of technologies which will promote the development of a biofuels industry in Chile, obtained from lingo-cellulosic materials. The future execution of this sustainable project is financed by the Innova Chile Committee.	
Ownership interest (%)	20.0000%	
	12-31-2023	**12-31-2022**
Carrying amount accounted for using equity method	ThU.S.$ 1	ThU.S.$ 1

Name	Florestal Vale do Corisco S.A.	
Country	Brazil	
Functional currency	Brazilian real	
Corporate purpose	Management of forestry activities.	
Ownership interest (%)	49.0000%	
	12-31-2023	**12-31-2022**
Carrying amount accounted for using equity method	ThU.S.$ 29,102 (*)	ThU.S.$ 26,910

(*)This investment is presented in assets held for sale (see note 22).

Name	Falcão MS SPE S.A.	
Country	Brazil	
Functional currency	Brazilian real	
Corporate purpose	Management of land for leases to related parties.	
Ownership interest (%)	49.0000%	
	12-31-2023	**12-31-2022**
Carrying amount accounted for using equity method	ThU.S.$ 34,558	ThU.S.$ 9,579

Summarized financial information of associates

12-31-2023	**Assets**

	Inversiones Puerto Coronel S.A. ThU.S.$	Serv.Corporativos Sercor S.A. ThU.S.$	Florestal Vale do Corisco S.A. ThU.S.$	Falcão MS SPE S.A. ThU.S.$	Consorcio Tecnológico Bioenercel S.A. ThU.S.$	Genómica Forestal S.A. ThU.S.$	Total ThU.S.$
Current	1	7,449	4,841	11,746	-	10	24,047
Non-current	131,395	2,188	77,284	169,486	4	62	380,419
Total of associates	**131,396**	**9,637**	**82,125**	**181,232**	**4**	**72**	**404,466**

	Liabilities and Equity						
	Inversiones Puerto Coronel S.A. ThU.S.$	Serv.Corporativos Sercor S.A. ThU.S.$	Florestal Vale do Corisco S.A. ThU.S.$	Falcão MS SPE S.A. ThU.S.$	Consorcio Tecnológico Bioenercel S.A. ThU.S.$	Genómica Forestal S.A. ThU.S.$	Total ThU.S.$
Current	54	6,021	1,743	4,238	-	-	12,056
Non-current	-	1,362	20,990	106,468	3	35	128,858
Equity	131,342	2,254	59,392	70,526	1	37	263,552
Total of associates	**131,396**	**9,637**	**82,125**	**181,232**	**4**	**72**	**404,466**
12-31-2023							
Income	-	4,996	10,533	-	-	-	15,529
Other income / expenses	2,095	(4,360)	(4,476)	238	-	-	(6,503)
Net profit or loss (continuing operations) of associates	**2,095**	**636**	**6,057**	**238**	**-**	**-**	**9,026**
Other comprehensive income	-	-	-	-	-	-	-
Comprehensive income	2,095	636	6,057	238	-	-	9,026
Dividends received	-	-	2,187	-	-	-	2,187

12-31-2022	Assets						
	Inversiones Puerto Coronel S.A. ThU.S.$	Serv.Corporativos Sercor S.A. ThU.S.$	Florestal Vale do Corisco S.A. ThU.S.$	Falcão MS SPE S.A. ThU.S.$	Consorcio Tecnológico Bioenercel S.A. ThU.S.$	Genómica Forestal S.A. ThU.S.$	Total ThU.S.$
Current	1	5,677	2,368	413	-	12	8,471
Non-current	129,819	2,273	73,089	19,136	4	52	224,373
Total of associates	**129,820**	**7,950**	**75,457**	**19,549**	**4**	**64**	**232,844**

	Liabilities and Equity						
	Inversiones Puerto Coronel S.A. ThU.S.$	Serv.Corporativos Sercor S.A. ThU.S.$	Florestal Vale do Corisco S.A. ThU.S.$	Falcão MS SPE S.A. ThU.S.$	Consorcio Tecnológico Bioenercel S.A. ThU.S.$	Genómica Forestal S.A. ThU.S.$	Total ThU.S.$

Current	54	4,527	1,066	1	-	7	5,655
Non-current	-	1,798	19,475	-	3	28	21,304
Equity	129,766	1,625	54,916	19,548	1	29	205,885
Total of associates	**129,820**	**7,950**	**75,457**	**19,549**	**4**	**64**	**232,844**
12-31-2022							
Income	-	4,323	9,741	-	-	-	14,064
Other income / expenses	9,544	(3,736)	(5,290)	(3)	-	-	515
Net profit or loss (continuing operations) of associates	**9,544**	**587**	**4,451**	**(3)**	**-**	**-**	**14,579**
Other comprehensive income	-	-	-		-	-	-
Comprehensive income	9,544	587	4,451	(3)	-	-	14,579
Dividends received	-	-	1,511	-	-	-	1,511

Reconciliation of Investment in Associates and Joint Ventures

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Opening balance as of January 1	**365,671**	**336,642**
Changes		
Investment in joint ventures, additions (*)	23,553	9,664
Investment in joint ventures, additions (**)	55,885	32,252
Disposals, investment in associates and joint ventures (***)	-	(1,878)
Share of profit (loss) in investment in associates	3,990	7,069
Share of profit (loss) in investment in joint ventures	3,719	26,615
Dividends received, Investments in associates	(3,687)	(35,187)
Increase (decrease) in foreign exchange currency on translation of associates and joint ventures	9,467	(11,779)
Reclassification from (to) assets held for sale (****)	(29,102)	-
Other increase (decrease) in investment in associates and joint ventures	(5,885)	2,273
Total changes	**57,940**	**29,029**
Closing balance	**423,611**	**365,671**

Year 2023

(*) Arauco Participações Florestais Ltda. made a capital contribution to Falcão MS SPE S.A., for ThR$ 116,742 that is equivalent to ThU.S.$ 23,553 for 116,741,636 shares.

(**) On January 9, 2023 Maderas Arauco S.A. made a capital contribution to E2E SpA., through the capitalization of loans maintained with this entity for ThCLP$ 4,446,808 that is equivalent to ThU.S.$ 5,254 for 4,446,808 shares.

-Forestal Arauco S.A. and Agrícola San Carlos SpA. In March 2023 made a non-monetary assets contribution to Agrícola Fresno SpA for ThU.S.$ 1,509. For this contribution they subscribed 266,204 and 35,556 shares respectively. In the act, Agrícola San Carlos SpA sold the subscribed shares of Agrícola Fresno SpA to Forestal Arauco S.A., maintaining Forestal Arauco S.A. a 50% of share in Agrícola Fresno SpA.

-Arauco Bioenergía SpA., during the year 2023 made capital contributions to the company Parque Eólico Ovejera Sur SpA. for ThCLP$ 185,000 equivalent to ThU.S.$ 222 corresponding to 185 shares.

-Arauco Venture Limited., during the year 2023 acquired 51.1278% of TreeCo, Inc. shares, for a total of ThU.S.$ 48,900, which were carried out based on the committed agreements. As of December 31, 2023 the contribution paid was ThU.S.$ 11,000, through the capitalization of loan receivable for ThU.S.$ 1,770 and cash contributions for ThU.S.$ 9.230.
(****) Arauco Forest Brasil S.A. investment on Florestal Vale do Corisco S.A.

Year 2022
(*) Arauco Participações Florestais Ltda. made a capital contribution to Falcão MS SPE S.A., for ThR$ 49,985 that in total is equivalent to ThU.S.$ 9,664 for 49,984,900 shares.
(**) Forestal Arauco S.A. made a capital contribution in assets as non-monetary assets to Agrícola Fresno, for ThU.S.$ 31,998 for 6,399,520 shares.
(***) ThU.S.$ 1,878 equivalent to R$ 9,800,000 corresponding to a capital decrease of Arauco Forest do Brasil S.A. in Florestal Vale Do Corisco S.A. on October 11, 2022.

	12-31-2023 ThU.S.$	**12-31-2022 ThU.S.$**
Carrying amount of investments in associates accounted for using equity method	99,806	100,821
Carrying amount of investments in joint ventures accounted for using equity method	323,805	264,850
Total investment accounted for using equity method	**423,611**	**365,671**

NOTE 16. INTERESTS IN JOINT ARRANGEMENTS

Investments and contributions made

The main operations carried out as of December 31, 2023 and 2022 are reported below:

On September 13, 2023, Arauco, through its United Kingdom investment company Arauco Ventures Ltd., acquired 51.1278% of the company TreeCo, Inc. in the United States. This company is engaged in research aimed at development and studies focusing on the development and commercial application of genome editing, biotechnology and forest genetics technologies and/or knowledge, including in vitro and ex vitro plant propagation, tissue culture and clone delivery, plant establishment, wood property analysis and development or sale of clones, seedlings and trees for application to forestry. The price agreed for the shares representing the aforementioned shareholding percent is ThU.S.$48,900, payable based on the committed agreements. At the closing of these financial statements the amount paid was ThU.S.$ 11,000.

Arauco initially recorded this acquisition based on the information available to date, making a preliminary determination of the allocation of fair values. The amounts were considered provisional amounts and may be adjusted during the measurement period of this acquisition to reflect new information obtained about facts and circumstances existing at the date of the acquisition which, if known, would have affected the measurement of the amounts recognized at that date.

As of September 6, 2023, Eufores S.A. and Forestal Cono Sur S.A. (entities that classify as Arauco's joint operation in Uruguay) entered into a share purchase agreement (Share Purchase Agreement, "SPA") under which they agreed to purchase all the shares and social rights that the sellers (Global Timber Spain SLU and Global Timber International LLC) own in four companies that have assets in Uruguay, of a total of approximately 32,000 gross hectares located in different sectors in Uruguay, of which approximately 20,000 are planted with eucalyptus. To date, the relevant milestones foreseen in the "SPA" are being met. In this sense, Arauco is processing the required government authorizations for this type of operations (Competition Defense and Executive Branch offices).

On March 12, 2024, Eufores S.A. and Forestal Cono Sur S.A.(affiliates of Montes del Plata) acquired all the shares and social rights of four companies that Global Timber Spain SLU and Global Timber International LLC had in Uruguay. The companies acquired are: Taurion S.A., Taurion Asociación Agraria de Responsabilidad Limitada, Monte Fresnos S.A. y Monte Fresnos Asociación Agraria de Responsabilidad Limitada. These

Companies jointly own approximately 32,000 hectares in Uruguay, of which approximately 19,000 are planted with eucalyptus.

As of January 9, 2023, Maderas Arauco S.A. made a capital contribution to E2E SpA., through the capitalization of loans maintained with this entity for ThCLP$ 4,446,808 (equivalent to ThU.S.$ 5,254).

On October 13, 2021, Arauco, through its subsidiary Forestal Arauco S.A. created Agrícola Fresno SpA with the purpose of developing agricultural projects. It was incorporated with a capital of ThU.S.$ 1,000, Forestal Arauco S.A. contributed the equivalent of 50% of the shares of the new subsidiary. In November of 2021, it was agreed to increase the capital to ThU.S.$ 7,452 and during the period of 2022 ThU.S.$ 31,998, Forestal Arauco S.A. contributed all of the committed capital (50%) through the contribution of assets.

As of December 31, 2023 and 2022, Arauco has not made contributions to Uruguayan companies Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A.

The set of investments in Uruguay qualify as a joint operation, and Arauco holds a 50% interest in these investments. In relation to “other rights and contractual conditions”, the joint operation has the primary objective of providing the parties an output. As established in the “Pulp Supply Agreement”, both Arauco and its partner have the obligation to acquire 100% of the yearly pulp produced by the joint operation. Arauco has recognized the assets, liabilities, income and expenses associated with its interest ownership, pursuant to IFRS 11.

Arauco holds a 50% interest in Sonae Arauco, which subsidiary produces and commercializes wood panels, of the type of MDF, PB and OSB, and sawn timber, through the operation of two panel plants and one sawmill in Spain; two panel plants and one resin plant in Portugal; three panel plants in Germany and two panel plants in South Africa.

Furthermore, Arauco holds a 50% ownership in Eka Chile S.A. (“Eka”), a company that sells sodium chlorate to pulp plants in Chile. There is a contractual agreement with this company whereby Arauco has engaged in an economic activity subject to common control, which is classified as a joint venture.

The following tables set forth summarized financial information of the more significant interests in joint arrangements, which qualify as joint operations:

Celulosa y Energía Punta Pereira S.A. (Uruguay)	12-31-2023 Assets ThU.S.$	12-31-2023 Liabilities ThU.S.$	12-31-2022 Assets ThU.S.$	12-31-2022 Liabilities ThU.S.$
Current	408,066	44,798	478,480	114,012
Non-current	1,948,800	133,661	1,982,237	141,588
Equity	-	2,178,407	-	2,205,117
Total joint arrangement	**2,356,866**	**2,356,866**	**2,460,717**	**2,460,717**
Investment	**1,089,204**		**1,102,559**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	941,429	1,108,952
Expenses	(664,772)	(636,797)
Joint arrangement net income (loss)	**276,657**	**472,155**

Forestal Cono Sur S.A. (consolidated)	12-31-2023 Assets ThU.S.$	12-31-2023 Liabilities ThU.S.$	12-31-2022 Assets ThU.S.$	12-31-2022 Liabilities ThU.S.$
Current	51,173	5,911	30,769	5,894
Non-current	150,619	3,931	158,787	4,119
Equity	-	191,950	-	179,543

Total joint arrangement	**201,792**	**201,792**	**189,556**	**189,556**
Investment	**95,975**		**89,772**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	8,775	2,870
Expenses	3,632	(434)
Joint arrangement net income (loss)	**12,407**	**2,436**

	12-31-2023		12-31-2022	
Eufores S.A. (consolidated)	**Assets ThU.S.$**	**Liabilities ThU.S.$**	**Assets ThU.S.$**	**Liabilities ThU.S.$**
Current	150,509	223,974	125,027	193,423
Non-current	965,695	116,226	892,452	119,050
Equity	-	776,004	-	705,006
Total joint arrangement	**1,116,204**	**1,116,204**	**1,017,479**	**1,017,479**
Investment	**388,002**		**352,503**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	288,378	252,524
Expenses	(216,764)	(237,338)
Joint arrangement net income (loss)	**71,614**	**15,186**

	12-31-2023		12-31-2022	
Zona Franca Punta Pereira S.A. (Uruguay)	**Assets ThU.S.$**	**Liabilities ThU.S.$**	**Assets ThU.S.$**	**Liabilities ThU.S.$**
Current	6,842	90,235	13,824	101,385
Non-current	425,634	-	432,769	-
Equity	-	342,241	-	345,208
Total joint arrangement	**432,476**	**432,476**	**446,593**	**446,593**
Investment	**171,121**		**172,604**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	21,172	20,703
Expenses	(24,139)	(10,120)
Joint arrangement net income (loss)	**(2,967)**	**10,583**

The following tables set forth summarized financial information of the more significant interests in joint ventures accounted in for equity method and its movements are presented in Note 15:

	12-31-2023		12-31-2022	
Eka Chile S.A.	**Assets ThU.S.$**	**Liabilities ThU.S.$**	**Assets ThU.S.$**	**Liabilities ThU.S.$**
Current	16,898	4,397	17,673	4,821
Non-current	39,854	5,142	39,496	5,347
Equity	-	47,213	-	47,001
Total joint arrangement	**56,752**	**56,752**	**57,169**	**57,169**
Investment	**23,607**		**23,501**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	50,825	45,335
Expenses	(47,613)	(41,580)
Joint arrangement net income (loss)	**3,212**	**3,755**

Other comprehensive income	-	-
Comprehensive income	3,212	3,755
Dividends	1,500	500

Sonae Arauco S.A.	12-31-2023 Assets ThU.S.$	12-31-2023 Liabilities ThU.S.$	12-31-2022 Assets ThU.S.$	12-31-2022 Liabilities ThU.S.$
Current	274,085	202,434	320,837	229,330
Non-current	705,465	346,471	668,138	352,759
Equity	-	430,645	-	406,886
Total joint arrangement	**979,550**	**979,550**	**988,975**	**988,975**
Net assets	**194,762**		**180,896**	
Net asset adjustment (goodwill)	20,561		22,547	
Investment	**215,323**		**203,443**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	1,018,422	1,241,698
Expenses	(1,005,984)	(1,159,060)
Joint arrangement net income (loss)	**12,438**	**82,638**
Other comprehensive income	-	-
Comprehensive income	12,438	82,638
Dividends	-	33,176

Agrícola El Paque SpA.	12-31-2023 Assets ThU.S.$	12-31-2023 Liabilities ThU.S.$	12-31-2022 Assets ThU.S.$	12-31-2022 Liabilities ThU.S.$
Current	245	77	966	1,360
Non-current	4,240	225	18,914	5,450
Equity	-	4,183	-	13,070
Total joint arrangement	**4,485**	**4,485**	**19,880**	**19,880**
Investment	**2,091**		**6,534**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	-	-
Expenses	37	379
Joint arrangement net income (loss)	**37**	**379**
Other comprehensive income	-	-
Comprehensive income	37	379
Dividends	-	-

Parque Eólico Ovejera del Sur SpA.	12-31-2023 Assets ThU.S.$	12-31-2023 Liabilities ThU.S.$	12-31-2022 Assets ThU.S.$	12-31-2022 Liabilities ThU.S.$
Current	301	95	100	224
Non-current	3,103	-	2,885	-
Equity	-	3,309	-	2,761
Total joint arrangement	**3,404**	**3,404**	**2,985**	**2,985**
Investment	**1,655**		**1,381**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	-	-
Expenses	(63)	(43)
Joint arrangement net income (loss)	**(63)**	**(43)**
Other comprehensive income	-	-
Comprehensive income	(63)	(43)

Dividends	-	-

E2E SpA.	02-28-2023 Assets ThU.S.$	02-28-2023 Liabilities ThU.S.$	12-31-2022 Assets ThU.S.$	12-31-2022 Liabilities ThU.S.$
Current	7,693	20,282	7,361	20,327
Non-current	21,411	2,520	20,914	11,301
Equity	-	6,302	-	(3,353)
Total joint arrangement	**29,104**	**29,104**	**28,275**	**28,275**
Investment	**3,151**		**-**	

	02-28-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	224	2,183
Expenses	(1,244)	(35,759)
Joint arrangement net income (loss)	**(1,020)**	**(33,576)**
Other comprehensive income	-	-
Comprehensive income	(1,020)	(33,576)
Dividends	-	-

Agrícola San Gerardo SpA.	12-31-2023 Assets ThU.S.$	12-31-2023 Liabilities ThU.S.$	12-31-2022 Assets ThU.S.$	12-31-2022 Liabilities ThU.S.$
Current	765	2,225	844	62
Non-current	4,981	-	5,661	2,871
Equity	-	3,521	-	3,572
Total joint arrangement	**5,746**	**5,746**	**6,505**	**6,505**
Investment	**1,761**		**1,786**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	-	-
Expenses	31	109
Joint arrangement net income (loss)	**31**	**109**
Other comprehensive income	-	-
Comprehensive income	31	109
Dividends	-	-

Agrícola Fresno SpA	12-31-2023 Assets ThU.S.$	12-31-2023 Liabilities ThU.S.$	12-31-2022 Assets ThU.S.$	12-31-2022 Liabilities ThU.S.$
Current	2,939	7,558	28,952	1,657
Non-current	96,303	1,159	58,755	7,232
Equity	-	90,525	-	78,818
Total joint arrangement	**99,242**	**99,242**	**87,707**	**87,707**
Investment	**45,263**		**39,409**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	-	-
Expenses	(1,198)	(33)

	12-31-2023	12-31-2022
Joint arrangement net income (loss)	**(1,198)**	**(33)**
Other comprehensive income	-	-
Comprehensive income	(1,198)	(33)
Dividends	-	-

	12-31-2023		12-31-2022	
TreeCo Inc.	**Assets ThU.S.$**	**Liabilities ThU.S.$**	**Assets ThU.S.$**	**Liabilities ThU.S.$**
Current	3,500	-	-	-
Non-current	92,143	-	-	-
Equity	-	95,643	-	-
Total joint arrangement	**95,643**	**95,643**	**-**	**-**
Investment	48,900	-	**-**	

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Income	-	-
Expenses	-	-
Joint arrangement net income (loss)	**-**	**-**
Other comprehensive income	-	-
Comprehensive income	-	-
Dividends	-	-

NOTE 17. IMPAIRMENT OF ASSETS

In 2022, as a result of loss of dryer, an impairment provision was made for ThU.S.$ 10,500 in Valdivia mill in Chile, which was recognized into impairment provisions of individual assets for which reversals were made in 2023, leaving a balance of ThU.S.$ 3,639 at the end of 2023.

In 2022, as a result of closing MDP line of Pien mill in Brasil, an impairment provision was made for ThU.S.$ 14,388, which amount include an impairment of goodwill for ThU.S.$ 3,895, which is mentioned later in this note.

At the end of 2022, considering the current projections of future margins, exchange differences and the sustained increasing risk in the Argentine Republic, and applying the usual procedures for determining impairment in accordance with IFRS, in the subsidiary Arauco Argentina, an impairment was recorded in the cash generating unit for the manufacture of celulose pulp, which to date is ThU.S.$ 127,260. (ThU.S.$ 127,605 as of December 31, 2022).

The premises included in this projection consider a discount rate of 22.07%, sales volume based on expected production data, sales prices based on the projection of international consultants and future investments of the machinery in its current state.

On September 12, 2023 was informed the decision to suspend the manufacturing pulp process at the Licancel mill (Chile). As of December 31, 2023, the Licancel mill impairment provision was recognized for a total of ThU.S.$ 61,039 (includes Property, plant and equipment and Inventory of spare parts). This decision was based on a series of adverse circumstances that affected the operation of the Licancel pulp mill in Chile during 2023. The reasons for this measure include extreme weather variability, consecutive river floods, periods of severe drought leading to repeated shutdowns, and high-impact forest fires that have significantly reduced the availability of wood on an industrial scale, all compounded by the years of operation of the main equipment.

As of December 31, 2023, an impairment provision of ThU.S.$ 6,037 was recognized corresponding to the closure of the Aserraderos Horcones II in Chile. This closure was due to supply issues, rising costs and decreased availability of raw materials (all of which affected the entire timber business in Chile).

As of December 31, 2023, impairment provisions associated with sales and recoveries from property, plant and equipment from the subsidiaries of United States, impairment provisions associated with from property, plant and equipment were reversed for a total of ThU.S.$ 7,113 (ThU.S.$ 7,014 as of December 31, 2022).

In addition, due to the modernization and expansion project of the Arauco mill (Proyecto de Modernización y Ampliación de la Planta Arauco, or MAPA Project), was totally impaired as of December 31, 2021. As of December 31, 2022 and 2021, accumulated impairment of the assets of the CGU Line 1 of Arauco mill (pulp segment) was ThU.S.$ 101,069.

All impairment provision charges are presented in the consolidated statement of profit or loss under other expenses by function, whose movements are shown below:

Changes in CGUs impairment provision	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Opening balance	324,350	190,042
Impairment loss recognized in profit or loss	80,146	141,137
Reversal of impairment loss recognized in profit or loss	(7,899)	(9,164)
Increase (decrease) in foreign exchange	4,930	2,335
Closing balance	**401,527**	**324,350**

Changes in provisions for impairment of property, plant and equipment and spare parts due to technical obsolescence or loss to forest due to fires, are shown below:

Changes in impairment provision from impaired assets	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Opening balance	33,324	27,037
Impairment loss recognized in profit or loss	8,600	13,823
Reverse of impairment recognized loss in profit or loss	(10,197)	(7,691)
Increase (decrease) in foreign exchange	206	155
Closing balance	**31,933**	**33,324**

Goodwill

Goodwill is allocated to the groups of cash-generating units that are expected to benefit from the synergies of the combination.

At the date of these consolidated financial statements, the balance of goodwill is ThU.S.$ 55,891 (ThU.S.$ 54,800 on December 31, 2022), as shown below:

Goodwill	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Arauco Canada Ltd. (Flakeboard Company Ltd)	40,726	40,676
Arauco do Brasil S.A. (Pien mill)	14,433	13,392
Arauco North America, Inc. (Prime-Line, Inc.)	732	732
Closing balance	**55,891**	**54,800**

Goodwill movement	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Opening balance at January 1	**54,800**	**57,697**

Increase (decrease) impairment	-	(3,895)
Increase (decrease) in foreign exchange	1,091	998
Closing balance	**55,891**	**54,800**

Of the total of goodwill, ThU.S.$ 40,726 (ThU.S.$ 40,676 as of December 31, 2022) were generated by the acquisition of "Flakeboard" (currently Arauco Canada Ltd.), a company that, directly and/or through its subsidiaries, possesses and operates 7 panel plants, for which Arauco acquired and paid, on September 24, 2012, the price of ThU.S.$ 242,502 for the 100% interest ownership. The remaining balance of ThU.S.$ 732 corresponds to the acquisition of Prime-Line Inc., on September 1, 2019, for which Arauco North America Inc, a subsidiary of Arauco Canada Ltd. paid ThU.S.$ 18,880 for all the shares of said company.

The recoverable amount for Flakeboard's cash generating unit was determined based on the calculations of its value in use, and this calculation was made using cash flow projections covering a 7-year term, a period time, which is considered to represent the cyclicality of the business performance, applying a nominal discount rate of 7% which reflects current market assessments for the wood products segment in North America.

Due to the investment in panel plant in Pien, Brazil, there is a goodwill of ThU.S.$ 14,433 (ThU.S.$ 13,392 as of December 31, 2022).

The recoverable amount for the Pien mill's cash generating unit was determined based on the calculations of its value in use, and this calculation was made using cash flow projections covering a 5-year term based on the operational plan approved by the Administration, applying a 7.4% nominal discount rate that reflects current evaluations for the panel segment in Brazil.

As of December 31, 2023, the carrying value of the goodwill of the plants did not exceed their recoverable value, except at the end of December 2022 in Brazil for the MDF line of the Pien mill, was recognized an impairment of the goodwill, and it was for ThU.S.$ 3,895.

NOTE 18. PROVISIONS, CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The contingent liabilities for outstanding litigations are as follows:

Celulosa Arauco y Constitución S.A.

On April 26, 2023, Ingeniería y Construcción Sigdo Koppers S.A. ("ICSK") filed before the Arbitration and Mediation Center of the Santiago Chamber of Commerce an arbitration claim against the Company, requesting the specific performance of contract No. 906, Civil Electromechanical Assembly Digester, Washing, Bleaching, Machine and Final Line, executed between the parties on June 18th, 2019 ("Contract"), also seeking the compensation of damages. The total sum claimed by ICSK amounts to CLP$ 246,650,876,566 (ThU.S.$ 281,205 as of December 31, 2023), plus adjustments. It is relevant to highlight that, according to ICSK's claim, the above amount should be reduced by CLP$ 60,657,576,943 (ThU.S.$ 69,155 as of December 31, 2023), owed by ICSK to Arauco, once the claimed amount has been readjusted. ICSK also requests that the claimed sum be paid with current interest, computed as of April 2023.

On June 16, 2023, Arauco answered the claim filed by ICSK, requesting the rejection of the claim. Simultaneously, Arauco filed a counterclaim against ICSK, seeking a declaration that ICSK breached the term of the Contract and, consequently, for the arbitration court to order ICSK to pay the fine associated with such breach, which amounted, at the time the claim was answered, to the sum of CLP$ 37,302,818,060 (ThU.S.$ 42,529 as of December 31, 2023). Arauco also demanded the restitution of the total amount of CLP$ 60,657,576,943 (ThU.S.$ 69,155 as of December 31, 2023), plus adjustments and interest, paid to ICSK during the performance of the Contract as consideration for various items.

On January 31, 2024, the parties mutually agreed to terminate the arbitration proceedings. With this, both the claim filed by ICSK and the counterclaim filed by Arauco have been released and terminated on satisfactory terms for both parties. This reached agreement considered the closing and termination of the contract, and did not produce material effects in Arauco´s income as of December 31, 2023.

Celulosa Arauco y Constitución S.A., Forestal Arauco S.A., Maderas Arauco S.A. and Servicios Logísticos Arauco SpA.

1. On August 13, 2018, Asociación Gremial de Dueños de Camiones de Constitución (ASODUCAM) filed a complaint seeking the performance of a contract and claiming compensation for damages against Celulosa Arauco y Constitución S.A. before the Civil Court of Constitución (C-757-2018), Forestal Arauco S.A., Maderas Arauco S.A. and Servicios Logísticos Arauco SpA., The complaint is based on assumptions on alleged breaches of some agreements for the allocation, distribution and supply of cargo volumes for the years 2001 and 2005, initially executed by associates of ASODUCAM with Forestal Arauco S.A., and then, allegedly, with Servicios Logísticos Arauco SpA., in favor of the other two defendants, Celulosa Arauco and Constitución S.A. and Maderas Arauco S.A. The complaint seeks to enforce the contract, plus CLP$575,000,000 (equal to ThU.S.$ 656 as of December 31, 2023) in compensation for damages. In the alternative, it claims (a) CLP$11,189,270,050 (equivalent to ThU.S.$ 12,757 as of December 31, 2023), for actual damages; (b) CLP$ 11,189,270,050 monthly during the entire course of the trial, until the termination of the contract is declared in the final ruling, for loss of profits, and (c) CLP$5,000,000,000 (equivalent to ThU.S.$ 5,700 as of December 31, 2023) for moral damages.

On August 28, 2018, the claim was served on all the defendants, with the exception of Servicios Logísticos Arauco SpA.

Five years after the lawsuit was filed, on September 7, 2023, ASODUCAM amended its claim, withdrawing it with respect to Servicios Logísticos Arauco SpA.

In case No. 31.570-2022, processed before the Supreme Court, reviewing a cassation appeal on the merits (recurso de casación en el fondo), which pertains to the same facts of this trial under No. C-757-2018, and in which case the litigating parties Asoducam et al, and Maderas Arauco S.A. and Celulosa Arauco y Constitución S.A., the parties reached a settlement, as evidenced by the minutes dated November 22, 2023. Pursuant to this settlement, which did not imply a payment or disbursement for Arauco, the parties agreed to the withdrawal of the claim by Asoducam, which should have materialized no later than January 22, 2024. To date, this has not occurred, which is why, on January 29, 2024, Maderas Arauco S.A. and Celulosa Arauco y Constitución S.A. informed the Judge of Constitución, in case C-757-2018, of the abandonment by Asoducam, as agreed in the minutes.

On January 31, 2024, the court decided not to give a rise to the last presentation. An appeal for reconsideration and subsidy appeal was filed against said resolution, which is being processed.

On February 5, 2024, Celulosa Arauco y Constitución S.A. and Maderas Arauco S.A. formally objected to a transaction exception and, in subsidy, answered the lawsuit. For its part, Forestal Arauco S.A. directly answered the lawsuit presented by ASODUCAM.

On February 9 of this year, the appeal filed by Maderas Arauco S.A. and Celulosa Arauco y Constitución S.A. against the resolution that did not give rise to the request to withdraw the previously reported lawsuit was submitted to the Court of Appeals of Talca. The case is being processed under file 260-2024 and has been under review since February 28.

Regarding the settlement exception, by resolution of February 29, 2024, the court decided that it be received in evidence together with the main case, ordering the resumption of the procedure. An appeal for reconsideration and subsidy appeal was filed against said resolution. By resolution dated March 12, 2024, the court rejected the appeal for reconsideration and gave rise to the appeal filed, elevating the proceedings to the I. Court of Appeals of Talca. The appeal is processed under role 471-2024.

Once the procedure was resumed, by resolution of February 29, the claim by Maderas Arauco and Celulosa Arauco was considered answered. On March 7, ASODUCAM presented the reply (this includes Forestal

Arauco S.A.). For its part, Maderas Arauco S.A., Forestal Arauco S.A. and Celulosa Arauco y Constitución S.A. They presented a rejoinder, which was considered evacuated by resolution of March 20, 2024.

Forestal Arauco S.A.

On July 7, 2015 Inversiones Forestales Los Alpes Limitada and Forestal Neltume-Carrasco S.A. filed a claim against Forestal Arauco S.A. before the Civil Court of Angol (C-502-2015), in which they request that Forestal Arauco S.A. restitute the material possession of 1,855.9 hectares, which would be part of their property "Resto del Fundo Los Alpes", which would have an area of approximately 2,700 hectares. Likewise, they requested that it be declared that the property is the exclusive domain of the actors, the restitution of the civil and natural fruits, in addition to the deteriorations that the property would have experienced, with litigation costs.

On May 29, 2019, the lawsuit was answered, and the counterclaim of the acquisitive prescription was filed.

On September 1, 2020, the court received the case. Moreover, the resolution was notified on August 30, 2022, along with the resolution to reactivate the discovery period.

On September 2, 2022, the company filed a motion for abandonment of proceedings, the resolution of which is still is pending.

Considering that the Company's position is supported by solid legal arguments, there is a reasonable margin of obtaining a favorable result for the Company and that is why, as of December 31, 2023, Arauco has not established any provision for this contingency.

Arauco Argentina S.A.

Pursuant to law No. 25,080, the former Secretary of Agriculture, Livestock, Fishing and Foodstuffs, the enforcement agency referred to in the law approved, by Res. No. 952/2000, the forestry and industrial-forestry projects submitted by Arauco Argentina S.A. In the context of these projects, the Company afforested: 1) 4,777 hectares during 2000, in observance of its committed yearly plan; and 2) 23,012 hectares between 2000 and 2006 as a part of the multi-year afforestation plan. Likewise, a sawmill was built with installed capacity to produce 250,000 m3 of sawn timber per year.

On January 11, 2001, Arauco Argentina S.A. submitted an expansion for the approved industrial-forestry project. The expansion was approved via Res. No. 84/03 issued by the former Secretary of Agriculture, Livestock, Fishing and Foodstuffs. In accordance with the assumed obligations, the Company built a MDF board (panels) plant and afforested 8,089 hectares between 2001 and 2006.

Additionally, the Company has filed yearly forestry plans between years 2007 and 2021 for its local operations in the provinces of Misiones and Buenos Aires.

On March 25, 2019, the Secretary of Agriculture, Livestock and Fishing approved the resolution No. 2019-55-APN-SECAGYP#MPYT, approving the annual forestry plan for 2007. In addition, said organism through the resolution No. 2019-114-APN-SECAGYP#MPYT approved the annual forestry plan for 2009 on June 12, 2019, and through the resolution No. 2019-228-APN-SECAGYP#MPYT approved the annual forestry plan for 2008 on November 29, 2019. For this reason, Arauco Argentina S.A. may compute the exemption in the income tax related to the forest appraisal on the plantations to be harvested from the lands included in those plans as from the 2019 period.

In March 2005, Note No. 145/05 of the Subsecretary of Agriculture, Livestock and Afforestation suspended the benefit that exempted Arauco Argentina S.A. from paying export duties under Law No. 25,080. This measure is currently under discussion by the Company. On November 8, 2006, the V Chamber of the National Appeals Court for Adversarial Administrative and Federal Matters issued a ruling ordering Arauco Argentina S.A. to continue to enjoy an exemption from paying the exportation duties, in the same manner and scope it had prior to the suspension ordered by Note No. 145/05, if the clearance of merchandise is performed pursuant to the guarantee regime established in article 453, subsection a) of the Customs Code, for the exempted tax obligation. The judicial measure became effective beginning in March of 2007 by collateralization through the granting of bond (caution) policies for each shipment permits exempted from payment of export duty. The company maintains an assignment of funds equivalent to $ 23,821 for guaranteed export duties between 2007-2015, which appears under long-term provisions. Additionally, the Company filed a restitution claim for a total amount of ThU.S.$ 6,555, plus interest accrued from the service of the claim, corresponding to export duties between March 2005 and March 2007, as a result of the application of Note 145/05 issued by the Undersecretary of Agriculture, Livestock and Afforestation. The Company's claim is being heard under case file No. 21830/2006 before the Federal Contentious Administrative Court No. 4. On October 28, 2019, a judgment of first instance was issued in said case, rejecting the claim and imposing the litigation costs on Arauco. Against that judgment, the Company filed an appeal and expressed the corresponding arguments in December 2019. On June 15, 2022, the Chamber of Appeals confirmed the judgement of first instance. On July 1, 2022, Arauco Argentina filed the Federal Extraordinary Appeal before the Supreme Court of Justice. The Chamber admitted the appeal lodged by Arauco regarding the federal matter of the litigation; however, the grounds pertaining to arbitrariness were dismissed. Arauco filed a direct complaint before the Supreme Court, seeking for the higher court to broaden its examination of the case and also address such argument. Currently, both proposals are in process.

On the other hand, Arauco Argentina S.A. currently has a guarantee at an amount of $ 435,952,315 Argentine pesos (ThU.S.$ 540 as of December 31, 2023) in favor of the Secretary of Agriculture, Livestock and Fishing.

Arauco Argentina S.A. believes that it has complied with all of the obligations imposed upon it by the system set forth under Law No. 25,080.

Arauco do Brasil S.A.

1) The Federal Reserve of Brazil contested the amortization of goodwill resulting from acquisitions of Placas do Paraná, Tafibrás, Tafisa (now, Arauco do Brasil S.A.) y Dynea Brasil S.A.

On July 20, 2015, Arauco do Brasil was notified of the first-level administrative ruling which partially upheld the infringement. Against this ruling, a Voluntary Appeal was filed seeking to revoke the Infringement Notice before the Brazilian Administrative Tax Council (Conselho Administrativo de Recursos Fiscais de Brasil or "CARF"), which is the second administrative level.

The CARF's decision was issued on May 16, 2017 and took into consideration certain arguments presented by the Company regarding the premium but preserving other charges. On September 27, 2018, Arauco do Brasil was notified of the CARF's decision, for which Arauco do Brasil S.A. filed an appeal for declaration embargoes, to elicit clarifications from the CARF regarding certain points of the decision. On January 25, 2019, the CARF ruled that there were no clarifications or omissions to be made and, consequently, granted a term for filing the last remedy within the administrative realm ("Special Remedy"). This Special Remedy was submitted before the Upper Chamber of Fiscal Remedies of the CARF (CSRF) on February 11, 2019, reiterating the Company's defense allegations regarding the matters and charges that remained in such process.

On August 28, 2020, the Company was served with an intermediate decision in Grievance of Instrument, issued by CARF that divided the claim into two parts, one at the administrative level and the other one at the judicial level:

I – The administrative level fine(deductibility of interest and isolated fine of 50%) whose estimated amount of R$34.5 million (equivalent to ThU.S.$ 7,113 as of December 31, 2023). Pursuant to these requirements on March 27, 2023, Arauco do Brasil adhered to the government program of reduction of fiscal litigation which permits a reduction of the 65% of the entire amount of the debt through the payment of the 35% of the debt in two ways: (a) payment in cash of the 30%, totaling R$3.7 million (ThU.S.$ 758 as of December 31, 2023) and (b) payment of 70% of fiscal losses, totaling R$8.6 million (ThU.S.$ 1,768 as of December 31, 2023).

Subsequently, Arauco do Brasil performed the payment in cash and also the offset with tax losses. Notwithstanding the foregoing, the Federal Reserve of Brazil (Brazilian tax service) must confirm Arauco do Brasil's compliance with the program, thus closing the part of the case which was being reviewed before an administrative venue.

II – Part of the case that remained in a judicial venue (contractual expenses deducted in the purchase of Tafisa Brasil; interest and legal expenses on debts in the amnesty program; Imposto de Renda Pessoa Jurídica, or “IRPJ”, and lower Contribuição Social sobre o Lucro Líquido, or “CSLL” whose updated estimated amount is R$ 42,167,507 (ThU.S.$ 8,692 as of December 31, 2023). Arauco do Brasil filed the Tax Debt Annulment Action.

On March 9, 2023, the trial court issued a judgment that was partially favorable to Arauco do Brasil, upholding the aforementioned claims, and thus setting aside the portion of the debt corresponding to R$ 26,554,677 (ThU.S.$ 5,474 as of December 31, 2023). However, the judgment rejected the claim related to interest and legal expenses on debts under the amnesty program, which estimated amount is R$ 15,612,831 (ThU.S.$ 3,218 as of December 31, 2023).

On May 29, 2023, the Federal Reserve filed an appeal seeking the revocation of the judgment in the section that was favorable to Arauco, while, on June 26, 2023, Arauco also filed an appeal, but seeking the ratification of the judgment regarding interest and legal expenses on debts in the amnesty program. Arauco filed its counter-arguments to the Appeal of the National Treasury and is currently awaiting the filing of counter-arguments by the National Treasury to subsequently send the case to the Court for an appellate judgment.

After the submission of counter-arguments by both parties, on July 18, 2023 the case was referred to the court for an appellate trial. The case is currently awaiting trial in court.

Considering that the Company's position is supported by solid legal arguments, there is a reasonable margin of obtaining a favorable result for the Company and that is why, as of December 31, 2023, Arauco has not established any provision for this contingency.

2) In 2013, a service provider instituted a civil lawsuit against us seeking compensation for damages allegedly caused by Arauco’s unilateral termination of its contract in connection with the implementation of the MDF 2 line of the Jaguariaiva mill. On November 01, 2021, the Civil Court of Curitiba issued its ruling, ordering Arauco to pay to the service provider an amount of ThR$ 84,000 (ThU.S.$ 17,315 as of December 31, 2023) in consideration of the alleged damages borne by the service provider during the course of the services contracts and as a result of its early termination by Arauco.

After the judgment, we were summoned and on March 8, 2022 we filed an Appeal, and the opposing party was summoned to present arguments on our appeal and filed the petition on April 11, 2022, also appealing the judgment.

In April 2023, a favorable ruling was handed down in our Appeal and we succeeded in annulling the judgment so that the case could return to its origin. This annulment ruling will also affect the expert evidence, which will have to be produced again. As a result, the provision of R$ 42,945,528 (ThU.S.$ 8,853 as of December 31, 2023) was fully reversed.

In May 2023, the contractor company filed a Motion for Clarification presenting alleged omissions, in an attempt to preserve the decision or at least the evidence already produced. Review of these remedies is currently pending. In July 2023, the appeal was dismissed.

In August 2023, the contractor filed a Special Appeal before the Higher Court of Justice, in an attempt to reverse the decision in favor of Arauco. We are waiting for a decision on the admissibility of the appeal to proceed to trial.

In October 2023, the Court decided to deny the admissibility of the new appeal to the Superior Court of Justice and the contractor filed an appeal to modify this decision and have its appeal be reviewed by the Superior Court.

In November 2023, the service provider filed to the Superior Tribunal of Justice a new recourse as an attempt to achieve admissibility. Such recourse in pending as of the date of this annual report.

Arauco Industria de México, S.A. de C.V. (before Maderas y Sintéticos de México, S.A. de C.V.

On December 12, 2022, the Tax Administration Service issued tax credit assessment resolution number 900-04-04-00-00-00-2022-978 corresponding to the 2014 tax year. Under such assessment, objections against the following items were filed: (i) the deduction of interest in the historical amount of $ 85,172,274 Mexican pesos (ThU.S.$ 5,035 as of December 31, 2023), from loans granted by Masisa S.A. (Chile); (ii) the tax loss in the total amount of $ 275,986,671 Mexican pesos (ThU.S.$ 16,315 as of December 31, 2023); (iii) the deduction of payments made to Masisa S.A. for logistics services in the total amount of $ 3,058,221 Mexican pesos (ThU.S.$ 181 as of December 31, 2023); (iv) the alleged generation of non-distributed dividends related to the payments indicated in items (i) and (iii) above; (v) the rejection of contributions to the Single Contribution Account in amounts expressed in Mexican pesos of $ 342,372,000 (ThU.S.$ 20,239 as of December 31, 2023), $ 66,250,020 (ThU.S.$ 3,916 as of December 31, 2023), $ 46,389,980 (ThU.S.$ 2,742 as of December 31, 2023) and $ 11,457,000 Mexican pesos (ThU.S.$ 677 as of December 31, 2023), respectively; and (vi) an alleged incorrect application of the double taxation avoidance treaty between Mexico and Chile in connection with payments described in (i) and (ii) above. The total amount of omitted tax, updates, surcharges, and fines assessed to the company amounts to $ 427,484,272 Mexican pesos (ThU.S.$ 25,270 as of December 31, 2023).

On February 13, 2023, a motion to dismiss was filed against the above assessment, before the General Legal Administration of the Tax Administration Service. Currently, the term for the Company to submit additional evidence has elapsed, subsequently, is pending for the tax authorities to issue a ruling which, if unfavorable, could be challenged by the Company before the Federal Court of Administrative Justice.

We believe that our position is based on solid legal grounds, but no assurance can be given that we will prevail in this claim. As of December 31, 2023, we had not made any provision whatsoever in connection with this contingency.

At the closing date, there are no other contingencies in which the Companies act as obligor, that may significantly affect their financial, economic or operational conditions.

Provisions recorded as of December 31, 2023 and 2022 are as follows:

Classes of Provisions	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Short-term provisions	**3,905**	**9,513**
Provisions for litigations	440	639
Other short-term provisions	3,465	8,874
Long-term provisions, non-Current	**28,651**	**40,706**
Provisions for litigations	28,651	39,029
Other long-term provisions	-	1,677
Total provisions	**32,556**	**50,219**

	12-31-2023		
Movements in provisions	**Litigations (*) ThU.S.$**	**Other Provisions (**) ThU.S.$**	**Total ThU.S.$**
Opening balance	**39,668**	**10,551**	**50,219**
Changes in provisions			
Additional provisions	27,732	-	27,732
Increase due to business combination	87	-	87
Used provisions	(1,743)	(5,440)	(7,183)

Reversal of unused provision	(32,276)	(1,676)	(33,952)
Increase (decrease) in foreign exchange	(3,524)	30	(3,494)
Other increases (decreases)	(31)	-	(31)
Decrease through transfer to liabilities included in disposal groups classified as held for sale	(822)	-	(822)
Total changes	**(10,577)**	**(7,086)**	**(17,663)**
Closing balance	**29,091**	**3,465**	**32,556**

(*) The increase in litigations is mainly made up of ThU.S.$ 25,098 (subsidiaries in Brazil) for civil and labor lawsuits. In addition, the decrease legal litigations correspond mainly to the reversal of the provision for a lawsuit with a supplier in the Arauco do Brasil S.A.
(**) The decrease in Other Provisions corresponds mainly to the reversal of the provision for dismantling of Line 1 o Arauco mill and the decrease in the balance of the provision for negative equity of E2E SpA.

	12-31-2022		
Movements in provisions	**Litigations (*) ThU.S.$**	**Other Provisions ThU.S.$**	**Total ThU.S.$**
Opening balance	**29,886**	**-**	**29,886**
Changes in provisions			
Additional provisions	24,582	8,875	33,457
Used provisions	(13,652)	-	(13,652)
Increase (decrease) in foreign exchange	(1,144)	-	(1,144)
Other increases (decreases)	(4)	1,676	1,672
Total changes	**9,782**	**10,551**	**20,333**
Closing balance	**39,668**	**10,551**	**50,219**

(*) The increase in litigations is mainly made up of ThU.S.$ 24,533 (subsidiaries in Brazil) for civil and labor lawsuits.
(**) The increase in Other Provisions corresponds to the dismantling L1.

	12-31-2021		
Movements in provisions	**Litigations (*) ThU.S.$**	**Other provisions ThU.S.$**	**Total ThU.S.$**
Opening balance	**30,836**	**-**	**30,836**
Changes in provisions			
Additional provisions	8,592	-	8,592
Used provisions	(5,349)	-	(5,349)
Increase (decrease) in foreign currency exchange	(4,505)	-	(4,505)
Other Increases (Decreases)	312	-	312
Total Changes	**(950)**	**-**	**(950)**
Closing balance	**29,886**	**-**	**29,886**

(*) The increase in litigations is mainly made up of ThU.S.$ 8,543 (subsidiaries in Brazil) for civil and labor lawsuits.

Provisions for litigations are related to labor and tax claims whose payment period is uncertain. Other provisions mainly include constitution of provision for the lawsuit of export duties (see Arauco Argentina's contingent liability set forth in this note).

NOTE 19. INTANGIBLE ASSETS

Classes of intangible assets, net	**12-31-2023 ThU.S.$**	**12-31-2022 ThU.S.$**
Intangible assets, net	**66,431**	**73,439**
Intangible assets under development (IT programs)	2,793	5,076
Computer software	21,429	22,323
Water rights	4,999	5,185

Customer relationship	19,457	24,015
Other identifiable intangible assets	17,753	16,840
Classes of intangible assets, gross	**232,484**	**226,642**
Intangible assets under development (IT programs)	2,793	5,076
Computer software	124,794	119,353
Water rights	4,999	5,185
Customer relationship	75,337	74,860
Other identifiable intangible assets	24,561	22,168
Classes of accumulated amortization and impairment		
Total accumulated amortization and impairment	**(166,053)**	**(153,203)**
Accumulated amortization and impairment, intangible assets	**(166,053)**	**(153,203)**
Computer software	(103,365)	(97,030)
Customer relationship	(55,880)	(50,845)
Other identifiable intangible assets	(6,808)	(5,328)

Reconciliation of the carrying amount of intangible assets at the beginning and end of each reporting period balances

	12-31-2023					
	Intangible assets under development	**Computer software**	**Water rights**	**Customer relationship**	**Others**	**Total**
Reconciliation of intangible assets	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**
Opening balance	**5,076**	**22,323**	**5,185**	**24,015**	**16,840**	**73,439**
Changes						
Additions	2,273	4,035	-	-	744	7,052
Additions through business combination	-	190	-	-	1,140	1,330
Disposals	(356)	(880)	(186)	-	-	(1,422)
Amortization	-	(8,726)	-	(4,681)	(659)	(14,066)
Impairment los recognised in profit or loss	-	-	-	-	(195)	(195)
Increase (decrease) in foreign exchange	-	312	-	124	(117)	319
Other increases (decreases)	(4,200)	4,290	-	(1)	-	89
Decrease through classified as held for sale	-	(115)	-	-	-	(115)
Changes total	**(2,283)**	**(894)**	**(186)**	**(4,558)**	**913**	**(7,008)**
Closing balance	**2,793**	**21,429**	**4,999**	**19,457**	**17,753**	**66,431**

	12-31-2022					
	Intangible assets under development	**Computer software**	**Water rights**	**Customer relationship**	**Others**	**Total**
Reconciliation of intangible assets	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**	**ThU.S.$**
Opening balance	**4,881**	**27,268**	**5,684**	**29,218**	**17,159**	**84,210**
Changes						
Additions	1,696	3,758	2,134	-	140	7,728
Disposals	(853)	-	(2,633)	-	(108)	(3,594)

Amortization	-	(9,398)	-	(4,969)	(375)	(14,742)
Increase (decrease) in foreign exchange	-	120	-	(234)	24	(90)
Other increases (decreases)	(648)	575	-	-	-	(73)
Changes total	**195**	**(4,945)**	**(499)**	**(5,203)**	**(319)**	**(10,771)**
Closing balance	**5,076**	**22,323**	**5,185**	**24,015**	**16,840**	**73,439**

	Years of useful life (average)
Computer software	5
Customer relationship	15
Brands	7

The amortization of customer relationship and computer software is presented in the consolidated statements of profit or loss under the administrative expenses line item.

NOTE 20. BIOLOGICAL ASSETS

Biological assets comprise forestry plantations, mainly radiata and taeda pine, and to a lesser extent eucalyptus. The plantations are located in Chile, Argentina, Brazil and Uruguay.

As of December 31, 2023, Arauco had a total surface of 1.7 million hectares of which 969 thousand hectares are used for forestry planting, 509 thousand hectares are native forest, 114 thousand hectares are used for other purposes and 140 thousand hectares not yet planted. Lands corresponding to native forest, lands used for other purposes and lands not yet planted are presented in property, plant & equipment, Forest plantations are presented in Biological Assets.

For the twelve-months period ended December 31, 2023, the production volume of logs totaled 19.7 million m3 (21 million m3 as of December 31, 2023).

Measurements of fair value of Arauco's biological assets are classified as Level 3, due to the fact that inputs are not observable. However, this information reflects the assumptions that market participants would use in pricing the asset, including assumptions about risk.

These unobservable inputs were developed using the best information available and includes internal data from Arauco. These unobservable inputs can be adjusted if the available information indicates that other market participants would use different information or there is something specific in Arauco that is not available to other market participants.

The main considerations in determining the fair value of biological assets include the following:

- Arauco uses discounted expected future cash flows of its forest plantations, which are based on a harvest projection date for all existing plantations.

- Current forestry plantations are projected based on a net volume that will not decrease, with a minimum growth equivalent to the current supply demand.

- Future plantations are not considered.

- The harvest of forestry plantations supplies raw materials for all other products that Arauco produces and trades. By directly controlling the development of forests that will be processed, Arauco ensures high quality timber for each of its products.

- Expected cash flows are determined in terms of harvest and expected sale of forestry products, associated with the demand from the Company's own industrial centers and sales to third parties at market prices. Sales margin of the different products that are harvested in the forest is also considered in the valuation. The changes in the value of the plantations pursuant to the criteria defined above are accounted for in the results for the period, as established in IAS 41. These changes are presented in the consolidated statements of profit or loss under the line item other income per function, which as of December 31, 2023 amounted to ThU.S.$ 264,477 (ThU.S.$ 12,932 as of December 31, 2022). The appraisal of biological assets resulted in a greater cost of the lumber sold in comparison to the real incurred cost, which is presented included in the cost of sales which as of December 31, 2023 amounted to ThU.S.$ 344,991 (ThU.S.$ 309,670 as of December 31, 2022).

- Forestry plantations are harvested according to the needs of Arauco's production plants.

- The discount rates used are 7.0% in Chile, 8.3% Brazil, 21% in Argentina and 9% in Uruguay.

- It is expected that prices of harvested timber are constant in real terms based on market prices.

- Cost expectations with respect to the lifetime of the forests are constant based on estimated costs included in the projections made by Arauco.

- The average crop age by species and country is:

	Chile	Argentina	Brazil	Uruguay
Pine	24	15	15	-
Eucalyptus	12	10	7	10

The following table sets forth changes in fair value of biological assets considering variations in significant assumptions considered in calculating the fair value of the assets:

		ThU.S.$
Discount rate	0.5	(116,381)
	-0.5	124,280
Margins (%)	10	450,997
	-10	(450,997)

The significant unobservable input data used in the measurement of the fair value of biological assets are discount rates and sales margins of the different products that are harvested from the forest. Increases (decreases) in any of these input data considered in isolation would result in a smaller or greater fair value measurement.

The adjustment to fair value of biological assets minus sale costs is recorded in the consolidated statements of profit or loss, under the line item other income or other expenses, depending on whether it corresponds to profits or losses.

Forestry plantations classified as current biological assets are those to be harvested and sold within twelve months after the reporting period.

The Company has contracted fire insurance policies for its forestry plantations, which in conjunction with the Company's resources, allow risks to be minimized.

As of the date of these consolidated financial statements, there are no committed disbursements for the acquisition of biological assets.

Detail of biological assets pledged as security

As of December 31, 2023, there were no forestry plantations pledged as security.

Detail of Biological Assets with Restricted Ownership

As of the date of these consolidated financial statements, there are no biological assets with restricted ownership.

No significant government grants have been received.

Current and Non-Current Biological Assets

As of the date of these consolidated financial statements, the current and non-current biological assets were as follows:

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Current	370,957	330,435
Non-current	2,651,622	2,864,935
Total	**3,022,579**	**3,195,370**

Reconciliation of carrying amount of biological assets

	12-31-2023		
Movement	**Current ThU.S.$**	**Non-current ThU.S.$**	**Total ThU.S.$**
Opening balance	**330,435**	**2,864,935**	**3,195,370**
Changes in real incurred cost	**(3,401)**	**163,890**	**160,489**
Additions through acquisition	1,570	416,792	418,362
Sales	(168)	(6,167)	(6,335)
Harvest	(147,901)	-	(147,901)
Increases (decreases) in foreign exchange	(4,032)	20,039	16,007
Loss of forest due to fires	(1,652)	(63,353)	(65,005)
Transfers to non-current assets held for sale	(11,022)	(43,939)	(54,961)
Transfers from non-current to current	159,804	(159,804)	-
Other increases (decreases)	-	322	322
Changes in fair value	**43,923**	**(377,203)**	**(333,280)**
Gain (losses) arising from changes in fair value minus sale costs	-	264,477	264,477
Sales	(51)	(5,736)	(5,787)
Harvest	(322,232)	-	(322,232)
Loss of forest due to fires	-	(43,721)	(43,721)
Transfers to non-current assets held for sale	(48,148)	(177,869)	(226,017)
Transfers from non-current to current	414,354	(414,354)	-
Total changes	**40,522**	**(213,313)**	**(172,791)**
Closing balance	**370,957**	**2,651,622**	**3,022,579**

	12-31-2022		
Movement	**Current ThU.S.$**	**Non-current ThU.S.$**	**Total ThU.S.$**
Opening balance	**329,586**	**3,008,897**	**3,338,483**
Changes in real incurred cost	**18,600**	**156,351**	**174,951**
Additions through acquisition	35	293,231	293,266
Sales	(428)	(9,512)	(9,940)
Harvest	(115,373)	-	(115,373)
Increases (decreases) in foreign exchange	(2,077)	14,680	12,603
Loss of forest due to fires	-	(13,346)	(13,346)
Transfers to non-current assets held for sale	-	4,938	4,938
Transfers from non-current to current	133,640	(133,640)	-
Decrease due to loss of control in subsidiary	2,803	-	2,803
Changes in fair value	**(17,751)**	**(300,313)**	**(318,064)**

Gain (losses) arising from changes in fair value minus sale costs	2,345	10,587	12,932
Sales	106	(13,306)	(13,200)
Harvest	(320,810)	-	(320,810)
Loss of forest due to fires	-	(3,781)	(3,781)
Transfers to non-current assets held for sale	-	5,220	5,220
Transfers from non-current to current	299,498	(299,498)	-
Decrease due to loss of control in subsidiary	1,110	465	1,575
Total changes	**849**	**(143,962)**	**(143,113)**
Closing balance	**330,435**	**2,864,935**	**3,195,370**

Regarding the fires that occurred in Chile in early 2023 in the regions of Maule, Ñuble, Araucanía, Biobío and Los Ríos. Arauco had 47 thousand hectares of productive forest plantations were affected. During 2023, management was carried out that allowed to recover an approximate equivalent to 12 thousand hectares.

As of December 31, 2023, a forest fires loss net of insurance compensation of U.S.$ 17 million was recognized for the fires in Chile, reducing the gross value of the biological assets, which represents 3.2% of the value of the forest plantations of Arauco.

NOTE 21. ENVIRONMENTAL MATTERS

Environment management

For Arauco, sustainability means management strategy. This strategy incorporates values, commitments and standards, that together with the adoption of best practices as well as the use of the latest available technologies, seek to continuously improve the Company's environmental management. It is the environmental department and each of its specialists that ensure these guidelines are met and are put into practice in everyday company operations.

All Arauco's production units have certified environmental management systems, which reinforce the Company's commitment to environmental performance and ensure the traceability of all raw materials used.

Arauco uses several supplies in its productive processes such as wood, chemical products, and water, etc., which in turn produce liquid and gas emissions. As a way to make the Company's environmental management more efficient, significant progress has been made to reduce consumption and emissions.

Environmental investments have been made related to the control of atmospheric emissions, process improvements, water and waste management, as well as effluent treatment, in order to improve the environmental performance of all Arauco's business units.

These investments are reflected in the consolidated financial statements as property, plant and equipment when they refer to disbursements in major works executed and are reflected in Expenses when they refer to improvements or management not directly associated with investment projects.

Detail information of disbursements related to the environment

As of December 31, 2023 and 2022 Arauco had made and / or had committed the following disbursements in major environmental projects:

12-31-2023	Disbursements undertaken 2023	Committed Disbursements

Company	Name of project	State of project	Amount ThU.S.$	Asset Expense	Asset/expense destination item	Amount ThU.S.$	Estimated date
Celulosa Arauco y Constitucion S.A.	Environmental improvement studies	In process	1,624	Assets	Properties, plants and equipments	608	2024
Celulosa Arauco y Constitucion S.A.	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	In process	9,095	Assets	Properties, plants and equipments	4,019	2024
Celulosa Arauco y Constitucion S.A.	Expansion of solid industrial waste dumpsite for management of these in the future	In process	5,102	Assets	Properties, plants and equipments	13,072	2024
Celulosa Arauco y Constitucion S.A.	Environmental improvement studies	In process	19,046	Expense	Operating costs	-	2024
Celulosa Arauco y Constitucion S.A.	Expansion of solid industrial waste dumpsite for management of these in the future	In process	17,397	Expense	Operating costs	-	2024
Arauco do Brasil S.A.	Environmental improvement studies	In process	1,395	Assets	Properties, plants and equipments	918	2024
Arauco Industria de Paineis S.A.	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	In process	3,677	Expense	Operating costs	127	2024
Forestal Arauco S.A.	Environmental improvement studies	Finished	336	Expense	Operating costs	-	2023

Forestal Arauco S.A.	Environmental improvement studies	In process	1,895	Expense	Operating costs	1,785	2023
Maderas Arauco S.A.	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	In process	654	Assets	Properties, plants and equipments	52	2024
Celulosa y Energía Punta Pereira S.A.	Expansion of solid industrial waste dumpsite for management of these in the future	In process	-	Assets	Properties, plants and equipments	2,650	2024
Arauco North America, Inc	Investment projects for the control and management of gas emissions from industrial process	In process	2,854	Assets	Properties, plants and equipments	697	2024
Arauco North America, Inc	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	In process	249	Assets	Properties, plants and equipments	-	2024
Arauco North America, Inc	Investment projects for the control and management of gas emissions from industrial process	Finished	856	Assets	Properties, plants and equipments	-	2023
Arauco North America, Inc	Investment projects for the control and management of hazardous	Finished	1,984	Assets	Properties, plants and equipments	-	2023

	liquids and water energy optimization of industrial plants						
		TOTAL	66,164			23,928	

12-31-2022		Disbursements undertaken 2022				Committed Disbursements	
Company	Name of project	State of project	Amount ThU.S.$	Asset Expense	Asset/expense destination item	Amount ThU.S.$	Estimated date
Celulosa Arauco y Constitucion S.A.	Environmental improvement studies	In process	6,898	Assets	Property, plant and equipment	2,029	2023
Celulosa Arauco y Constitucion S.A.	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	In process	1,540	Assets	Property, plant and equipment	10,677	2023
Celulosa Arauco y Constitucion S.A.	Investment projects for the control and management of gas emissions from industrial process	In process	167	Assets	Property, plant and equipment	687	2023
Celulosa Arauco y Constitucion S.A.	Expansion of solid industrial waste dumpsite for management of these in the future	In process	68	Assets	Property, plant and equipment	632	2023
Celulosa Arauco y Constitucion S.A.	Environmental improvement studies	In process	12,506	Expense	Operating cost	-	2023
Celulosa Arauco y Constitucion S.A.	Expansion of solid industrial waste dumpsite for management of these in the future	In process	13,556	Expense	Operating cost	-	2023

Arauco Argentina S.A.	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	In process	119	Assets	Property, plant and equipment	169	2023
Arauco Argentina S.A.	Expansion of solid industrial waste dumpsite for management of these in the future	Finished	427	Assets	Property, plant and equipment	-	2022
Arauco Florestal Arapoti S.A.	Environmental improvement studies	Finished	724	Assets	Property, plant and equipment	-	2022
Arauco Industria de Paineis S.A.	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	In process	4,102	Assets	Property, plant and equipment	8	2023
Arauco Industria de Paineis S.A.	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	Finished	366	Assets	Property, plant and equipment	-	2022
Forestal Arauco S.A.	Environmental improvement studies	In process	1,648	Expense	Operating cost	124	2023
Maderas Arauco S.A.	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	In process	47	Assets	Property, plant and equipment	295	2023

Maderas Arauco S.A.	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	Finished	687	Expense	Operating cost	-	2022
Arauco North America, Inc	Investment projects for the control and management of gas emissions from industrial process	In process	684	Assets	Property, plant and equipment	1,651	2023
Arauco North America, Inc	Investment projects for the control and management of hazardous liquids and water energy optimization of industrial plants	In process	1,369	Assets	Property, plant and equipment	454	2023
		TOTAL	**44,908**			**16,726**	

NOTE 22. NON-CURRENT ASSETS HELD FOR SALE

On December 20, 2023, Arauco entered into a share purchase agreement (“SPA”). Pursuant to this agreement, Arauco, along with its subsidiary Inversiones Arauco Internacional Limitada (“IAIL”, and jointly with Celulosa Arauco, the “Sellers”), agreed to sell to a company specially incorporated for such purpose and designated by the Brazilian company Klabin S. A. (the “Buyer”) all of the shares and interests that the Sellers directly hold in the subsidiaries Arauco Florestal Arapotí S.A. and Arauco Forest Brasil S.A., and indirectly hold in the subsidiary Empreendimentos Florestais Santa Cruz Ltda. and in the associate Florestal Vale do Corisco S.A. (jointly, the “Brazilian Forestry Companies”), which own assets mainly in the state of Paraná, Brazil.

The assets included in the sale are all the shares and interests in these Brazilian forestry companies, except for Florestal Vale do Corisco S.A., where the Sellers indirectly own 49% of this associate shares.

The eucalyptus and pine forest plantations included in the transaction span approximately 85,000 hectares. Moreover, it should also be noted that the sale of shares and interests does not extend to the industrial assets related to the panel mills in Brazil, nor to other forestry assets located mainly in the state of Mato Grosso do Sul, Brazil, which are related to an industrial project to subsequently build a pulp mill, known as “Project Sucuriú.”

The total price of the agreed purchase amounts to the sum of ThU.S.$ 1,160,000, payable on the closing date of the transaction (the “Closing”). The purchase price is subject to customary adjustments in this type of transactions, depending on factors such as working capital, net debt and the amount of standing timber of pine and eucalyptus of the Brazilian forestry companies, existing at the Closing. Furthermore, the Closing would be subject to the fulfillment of the usual conditions precedent for this type of operation, among which is the authorization by the Brazilian antitrust authorities (Consejo Administrativo de Defensa Económica or "CADE").

It has been preliminarily estimated that, should the transaction close, it will have a positive effect on earnings for 2024 of approximately US$ 130 million after taxes (plus the reverse of the deferred tax recorded in 2023 and mentioned later in this Note), resulting from the sale of the shares and interests in the Brazilian forestry companies, which belong to the pulp segment.

Given the above conditions and effective as of December 31, 2023, the assets and liabilities associated with this operation, have been reclassified to Assets and Liabilities held for sale, in accordance with IFRS 5.

Prior to the reclassification to held for sale and as prescribed by IFRS 5, Arauco assessed whether at that date it was necessary to conduct an adjustment to bring such assets to the lower of their book value and realizable value, resulting in no adjustment to be recorded (the value of the sale is higher than the book value).

The following table sets forth information on the main types of non-current assets and liabilities held for sale:

Assets classified as held for sale	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Current assets classified as held for sale		
Cash and cash equivalents	9,852	-
Other current non-financial assets	3,244	128
Trade and other current receivables	2,879	-
Inventories	13,780	-
Current biological assets	59,169	-
Current tax assets	1,348	-
Total	**90,272**	**128**
Non-current assets classified as held for sale		
Other non-current non-financial assets	1,869	-
Intangible assets other tan goodwill	115	-
Property, plant and equiment	68,040	307
Right of use assets	17,308	-
Non-current biological assets	222,654	844
Investments accounted using the equity method	29,102	-
Total	**339,088**	**1,151**
Assets classified as held for sale (*)	**429,360**	**1,279**

(*) Only ThU.S.$ 180 of the ThU.S.$ 429,360 correspond to assets other than the sale operation that will be carried out by the Brazilian companies.

In 2023 there was a decrease of ThU.S.$ 1,099, mainly in biological assets and plants and equipment that were not sold and that were transferred back to their original items.

Liabilities classified as held for sale	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Current liabilities classified as held for sale		
Other current non-financial liabilities	1,040	-
Trade and other current payables	7,834	-
Current tax liabilities	3,430	-
Current lease liabilities	4,826	-
Total	**17,130**	**-**
Non-current liabilities classified as held for sale		
Non-current payables and other accounts payables	1	-

Other long-term provisions	822	-
Deferred tax liabilities	67,406	-
Non-current lease liabilities	13,969	-
Total	**82,198**	**-**
Liabilities classified as held for sale	**99,328**	**-**

As of December 31, 2023, the Company has recognized net deferred tax assets of ThU.S.$78,061 resulting from the proposed sale transaction. These deferred taxes reflect the difference between the financial book value and tax value of the companies to be sold, which were not previously recorded in accordance with IAS 12. This value is comprised of a charge to earnings for 2023 of ThU.S.$57,110 and a credit to conversion reserves of ThU.S.$135,171 (see note 6). These deferred taxes will be subsequently allocated to the tax result that will be generated at the closing of the sale of the aforesaid investments. As of December 31, 2022, there were no significant impacts on earnings to be reported.

NOTE 23. FINANCIAL INSTRUMENTS

23.1 Classification

Arauco's financial instruments as of December 31, 2023 and 2022, are displayed in the table below. Regarding those instruments valued at an amortized cost, an estimation of their fair value is displayed for informational purposes.

Financial instruments	**12-31-2023**		**12-31-2022**	
Thousands of dollars	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Financial assets at fair value through profit or loss (held for trading)	**132,869**	**132,869**	**110,208**	**110,208**
Derivative (1)	61	61	144	144
Mutual funds (1)	132,808	132,808	110,064	110,064
Financial assets at amortized cost	**1,551,929**	**1,551,929**	**1,476,046**	**1,476,046**
Cash and cash equivalents (amortized cost)	437,200	437,200	557,143	557,143
Cash	338,033	338,033	298,577	298,577
Time deposits	99,167	99,167	258,566	258,566
Accounts receivable (net)	1,099,403	1,099,403	905,969	905,969
Trade receivables	688,134	688,134	726,972	726,972
Lease receivable	80,925	80,925	28,935	28,935
Sundry debtors	11,320	11,320	8,911	8,911
Other receivables	248,217	248,217	56,973	56,973
Prepayments	70,807	70,807	84,178	84,178
Accounts receivable from related parties	**2,616**	**2,616**	**7,563**	**7,563**
Other financial assets (2)	**12,710**	**12,710**	**5,371**	**5,371**
Hedging assets	**41,044**	**41,044**	**73,156**	**73,156**
Financial liabilities at amortized cost (3)	**7,896,442**	**7,227,349**	**6,572,325**	**6,331,528**
Bonds issued denominated in U.S. dollars	3,402,747	2,936,324	3,397,376	3,136,318
Bonds issued denominated in U.F. (4)	1,594,291	1,323,194	1,116,083	1,167,251
Bank borrowings in U.S. dollars	878,793	933,723	415,462	408,278
Bank borrowings in other currencies	620,258	633,755	525,215	501,492
Lease liabilities	559,382	559,382	264,224	264,224
Trade and other payables	811,032	811,032	832,954	832,954
Accounts payable to related parties	29,939	29,939	21,011	21,011

Financial liabilities at fair value through profit or loss	**498**	**498**	**17**	**17**
Hedging liabilities	**107,506**	**107,506**	**76,669**	**76,669**

(1) Although mutual funds are measured at fair value through profit or loss for purposes of the consolidated statements of financial position mutual funds are classified as "Cash and cash equivalents" due to the are highly liquid short-term investment.

(2) Corresponds to the balance of assets from margin call for current derivatives (collateral).

(3) Financial liabilities measured at amortized cost, other than "Trade and other payables", "Accounts payable to related parties" and derivatives are presented in the consolidated statements of financial position in the line item "Other financial liabilities" as current and non-current based on their maturity.

(4) The Unidad de Fomento ("U.F.") is a unit of account that is linked to, and is adjusted daily to reflect changes in the Chilean consumer price index.

23.2 Fair Value Hierarchy of Financial Assets and Liabilities

The assets and liabilities measured at fair value in the consolidated statements of financial position as of December 31, 2023 and 2022, have been measured based on the valuation methodologies provided in IFRS 13. The methodologies applied for each financial instrument are classified according to their hierarchy as follows:

- Level 1: Securities or quoted prices in active markets for identical assets and liabilities

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value	**12-31-2023 ThU.S.$**	**Level 1 ThU.S.$**	**Level 2 ThU.S.$**	**Level 3 ThU.S.$**
Financial assets at fair value through profit or loss (held for trading)				
Derivatives	61		61	-
Mutual Funds	132,808	132,808	-	-
Hedging assets	41,044	-	41,044	-
Financial liabilities at fair value through profit or loss	498	-	498	-
Hedging liabilities	107,506	-	107,506	-

Fair value	**12-31-2022 ThU.S.$**	**Level 1 ThU.S.$**	**Level 2 ThU.S.$**	**Level 3 ThU.S.$**
Financial assets at fair value through profit or loss (held for trading)				
Derivatives	144	-	144	-
Mutual Funds	110,064	110,064	-	-
Hedging assets	73,156	-	73,156	-
Financial liabilities at fair value through profit or loss	17	-	17	-
Hedging liabilities	76,669	-	76,669	-

At the closing date of these consolidated financial statements, there have been no transfers between the different hierarchy levels.

23.3 Explanation of the valuation of financial instruments.

Cash and cash equivalent and accounts receivable

The carrying amount of accounts receivable, cash and cash equivalents (including mutual funds), and other financial assets and liabilities approximate their fair value due to the short-term nature of such instruments.

Derivative financial instruments

Arauco's current derivatives are valued under the cash flow discount method. These flows are discounted at the rate applicable according to the transaction’s and counterparties’ risk, using an internal methodology based on the information obtained from Bloomberg.

Given that our cross-currency swaps correspond to future flows in U.F., U.S. dollars and Euros, Arauco calculates the current value of such flows by using the U.F. zero coupon curve, dollar zero coupon and the Euro zero coupon.

The fair value of the interest rate swap contracts is calculated by reference to the rate differential between the agreed upon rate and the market rate as of the end date of these consolidated financial statements.

The fair value of the currency forward contracts is calculated by reference to the current forward exchange rates of contracts with similar maturity profiles.

The fair value of zero cost collar contracts is calculated by reference to the price differential between the agreed price range and the market price of the hedge’s object.

The counterparty risk uses the Z-Spread obtained from the curve of the bonds issued by counterparties, and they are deducted from each flow as appropriate.

Financial Liabilities

The fair value of bonds issued was determined with reference to quoted market prices as they have standard terms and conditions.

The fair value of bank borrowings was determined based on discounted cash flow analysis applying the corresponding discount yield curves to the remaining term to maturity.

Disclosures of the fair value of financial liabilities at amortized cost are determined via the use of discounted cash flows, calculated over variables of the observable markets as of the date of informing the consolidated financial statements, and correspond to Level 2 of the fair value hierarchy.

The following table sets forth a reconciliation between the financial liabilities and the consolidated statements of financial position as of December 31, 2023 and 2022:

	12-31-2023							
Thousands of dollars	Up to 90 days	From 91 days to 1 year	Other current financial liabilities, Total	From 1 year to 3 years	From 3 years to 5 years	More than 5 years	Other non-current financial liabilities, Total	Total

Bonds obligations	29,114	569,526	598,640	296,326	708,379	3,393,693	4,398,398	4,997,038
Bank borrowings	86,243	388,779	475,022	786,031	169,016	68,982	1,024,029	1,499,051
Swap and Forward	8,863	-	8,863	99,141	-	-	99,141	108,004
Total other financial liabilities (a)	**124,220**	**958,305**	**1,082,525**	**1,181,498**	**877,395**	**3,462,675**	**5,521,568**	**6,604,093**

	12-31-2023							
Thousands of dollars	**Up to 90 days**	**From 91 days to 1 year**	**Total Current**	**From 1 year to 3 years**	**From 3 years to 5 years**	**More than 5 years**	**Total non-current**	**Total**
Lease liabilities	16,911	30,331	47,242	70,451	58,933	382,756	512,140	559,382
Total lease liabilities (b)	**16,911**	**30,331**	**47,242**	**70,451**	**58,933**	**382,756**	**512,140**	**559,382**

	12-31-2023							
Thousands of dollars	**Up to 90 days**	**From 91 days to 1 year**	**Total Current**	**From 1 year to 3 years**	**From 3 years to 5 years**	**More than 5 years**	**Total non-current**	**Total**
Trade and other payables	744,010	16,445	760,455	27,763	-	22,814	50,577	811,032
Accounts payable to related companies	6,958	-	6,958	-	7,581	15,400	22,981	29,939
Total accounts payable (c)	**750,968**	**16,445**	**767,413**	**27,763**	**7,581**	**38,214**	**73,558**	**840,971**
Total financial liabilities (a) + (b) + (c)	**892,099**	**1,005,081**	**1,897,180**	**1,279,712**	**943,909**	**3,883,645**	**6,107,266**	**8,004,446**

	12-31-2022							
Thousands of dollars	**Up to 90 days**	**From 91 days to 1 year**	**Other current financial liabilities, Total**	**From 1 year to 3 years**	**From 3 years to 5 years**	**More than 5 years**	**Other non-current financial liabilities, Total**	**Total**
Bonds obligations	29,114	66,436	95,550	585,518	782,344	3,050,047	4,417,909	4,513,459
Bank borrowings	109,889	167,905	277,794	368,353	164,873	129,657	662,883	940,677
Swap and Forward	2,107	-	2,107	74,579	-	-	74,579	76,686
Total other financial	**141,110**	**234,341**	**375,451**	**1,028,450**	**947,217**	**3,179,704**	**5,155,371**	**5,530,822**

liabilities (a)								

Thousands of dollars	12-31-2022 Up to 90 days	From 91 days to 1 year	Total Current	From 1 year to 3 years	From 3 years to 5 years	More than 5 years	Total non-current	Total
Lease liabilities	11,339	25,445	36,784	45,904	38,906	142,630	227,440	264,224
Total lease liabilities (b)	**11,339**	**25,445**	**36,784**	**45,904**	**38,906**	**142,630**	**227,440**	**264,224**

Thousands of dollars	12-31-2022 Up to 90 days	From 91 days to 1 year	Total Current	From 1 year to 3 years	From 3 years to 5 years	More than 5 years	Total non-current	Total
Trade and other payables	795,533	17,305	812,838	2,462	-	17,654	20,116	832,954
Accounts payable to related companies	14,280	-	14,280	3,283	-	3,448	6,731	21,011
Total accounts payable (c)	**809,813**	**17,305**	**827,118**	**5,745**	**-**	**21,102**	**26,847**	**853,965**
Total financial liabilities (a) + (b) + (c)	**962,262**	**277,091**	**1,239,353**	**1,080,099**	**986,123**	**3,343,436**	**5,409,658**	**6,649,011**

23.4 Derivative Instruments

Hedging instruments recorded as of December 31, 2023 are cash flow hedges. Arauco uses derivatives for hedging purposes, such as cross currency swaps, currency and commodity forwards, interest rate swaps, and options. Depending on the fair value of each instrument, the position could be either an asset or a liability, and they are listed in the consolidated statements of financial position under other non-current financial assets or other non-current financial liabilities, respectively. The effects for the period are presented in consolidated statement of changes in equity as other comprehensive income or the consolidated statements of comprehensive income as finance income or finance costs, net of differences in exchange rate of the hedged items and the deferred tax.

A summary of the derivative financial instruments included in the consolidated statements of financial position as of December 31, 2023 and 2022, is presented below:

Financial instruments	12-31-2023 Fair value ThU.S.$	12-31-2022 Fair value ThU.S.$
Financial assets at fair value through profit or loss	**61**	**144**
Derivatives (1)	61	144

Hedging assets	**41,044**	**73,156**
Derivatives (1)	7,533	17,629
Cross Currency Swaps (2)	33,511	55,527
Financial liabilities at fair value through profit or loss	**(498)**	**(17)**
Derivatives (1)	(2)	(17)
Forward	(496)	-
Hedging liabilities	**(107,506)**	**(76,669)**
Derivatives (1)	(1,201)	(650)
Cross currency swaps (2)	(106,305)	(76,019)

(1) Includes HFO swap, zero cost collar, forward and IRS from Chile, USA, Argentina and Uruguay tables.
(2) Includes cross currency swaps from Chile.

23.4.1. Chile

In order to cover the exposure to variation in cash flows associated with fluctuations in exchange rates, interest rates or commodity prices, Arauco Chile has the following derivatives as of December 31, 2023 and 2022:

Cross currency swaps

Cross currency swaps to cover the exposure to the exchange rate risk generated from bonds denominated in U.F.

Bond	Institution	Amount U.S.$	Amount U.F.	Starting date	Ending date	12-31-2023 fair value ThU.S.$	12-31-2022 fair value ThU.S.$
F	Scotiabank	24,453,184	636,364	10-30-2014	4-30-2023	-	1,625
F	Scotiabank	24,422,642	636,364	10-30-2014	4-30-2023	-	1,673
F	Santander	24,167,222	636,364	10-30-2014	4-30-2023	-	1,905
F	BCI	21,000,013	545,455	10-30-2021	10-30-2029	2,400	2,692
F	BCI	23,940,993	636,364	10-30-2014	4-30-2023	-	2,154
F	Scotiabank	21,025,232	545,455	10-30-2021	10-30-2029	2,673	3,212
F	Banco de Chile	20,714,763	545,455	4-30-2019	10-30-2029	1,998	2,104
F	BCI	20,933,693	545,455	4-30-2023	10-30-2029	1,922	-
F	BCI	20,959,872	545,455	4-30-2023	10-30-2029	1,901	-
F	BCI	20,520,850	545,455	4-30-2023	10-30-2029	2,273	-
F	BCI	20,714,761	545,455	4-30-2023	10-30-2029	2,104	-
P	BCI	31,500,021	818,182	11-15-2021	11-15-2032	4,019	4,709
P	BCI	31,497,364	818,182	11-15-2021	11-15-2032	4,861	5,695
P	Itau	34,698,415	818,182	11-15-2023	11-15-2032	(407)	-
P	Santander	68,322,611	1,636,363	11-15-2023	11-15-2032	(685)	-
P	Scotiabank	36,629,274	863,636	11-15-2013	11-15-2023	-	(1,025)
P	Santander	36,059,158	863,636	11-15-2013	11-15-2023	-	(448)
P	Deutsche	36,059,158	863,636	11-15-2013	11-15-2023	-	(401)
R	Santander	128,611,183	3,000,000	10-1-2014	4-1-2024	(4,612)	(5,117)
R	JP Morgan	43,185,224	1,000,000	10-1-2014	4-1-2024	(1,556)	(1,725)
R	Itau	43,277,070	1,000,000	10-1-2014	4-1-2024	(1,447)	(1,835)
S	Santander	201,340,031	5,000,000	11-15-2016	11-15-2026	8,946	10,004
W	Goldman Sachs	40,521,750	1,000,000	10-10-2018	10-10-2028	(129)	(167)
W	Scotiabank	40,537,926	1,000,000	10-10-2018	10-10-2028	(154)	(148)
W	Goldman Sachs	40,066,555	1,000,000	10-10-2018	10-10-2028	414	369
X	Santander	118,400,504	3,000,000	10-10-2018	10-10-2038	(6,778)	10,457
X	Santander	97,971,786	2,500,000	10-10-2018	10-10-2038	(5,358)	8,928

Y	JP Morgan	89,387,460	2,000,000	4-10-2023	4-10-2032	(9,435)	-
Z	Santander	90,274,363	2,000,000	4-10-2023	4-10-2032	(10,687)	-
Z	Banco de Chile	44,572,044	1,000,000	4-10-2023	4-10-2032	(4,135)	-
Z	JP Morgan	44,572,044	1,000,000	4-10-2023	4-10-2032	(4,290)	-
Z	JP Morgan	44,559,642	1,000,000	4-10-2023	4-10-2032	(3,962)	-
AB	BCI	43,724,036	1,000,000	5-15-2023	5-15-2033	(3,116)	-
AB	BCI	43,709,927	1,000,000	5-15-2023	5-15-2033	(2,744)	-
AB	BCI	43,762,973	1,000,000	5-15-2023	5-15-2033	(2,893)	-
AB	Banco de Chile	43,601,403	1,000,000	5-15-2023	5-15-2033	(2,534)	-
AB	Itau	43,654,189	1,000,000	5-15-2023	5-15-2033	(2,581)	-
						(33,992)	**44,661**

Cross currency swaps contracts to cover the exposure to the risk of the exchange rate for bank contracts in Euro.

Institution	Amount U.S.$	Amount EUR	Starting date	Ending date	12-31-2023 fair value ThU.S.$	12-31-2022 fair value ThU.S.$
Santander	83,767,059	70,588,235	6-15-2021	12-15-2029	(8,173)	(13,279)
Banco de Chile	41,883,529	35,294,118	6-15-2021	12-15-2029	(3,640)	(6,491)
MUFG	83,767,059	70,588,235	6-15-2021	12-15-2029	(7,729)	(12,898)
JP Morgan	167,534,118	141,176,471	6-15-2021	12-15-2029	(15,392)	(26,033)
HSBC	41,883,529	35,294,118	6-15-2021	12-15-2029	(3,868)	(6,452)
					(38,802)	**(65,153)**

23.4.2. Uruguay

Forward

As of December 31, 2023 and 2022, Arauco through its subsidiaries as a joint operation (50%) in Uruguay maintained the following forward contracts in force and effect for the purposes of ensuring an exchange rate for sale of dollars:

Exchange rate	Institution	12-31-2023 notional ThU.S.$	12-31-2023 fair value ThU.S.$	12-31-2022 notional ThU.S.$	12-31-2022 fair value ThU.S.$
UYUUSD	HSBC - Uruguay	8,490	292	13,735	1,138
UYUUSD	Citibank U.K.	5,550	163	-	-
UYUUSD	Itau - Uruguay	12,855	358	8,480	451
UYUUSD	Itau - Uruguay	-	-7	-	-
UYUUSD	Banco de la República Oriental de Uruguay	1,920	107	3,805	166
EURUSD	Itau - Uruguay	299	14	859	33
EURUSD	Santander - Uruguay	916	10	2,416	3
EURUSD	Santander - Uruguay	-	-	-	(1)
			937		**1,790**

Commodity swap

Arauco Uruguay's profits and through its subsidiaries as a joint operation (50%), also face exposure to the price variation of certain fuels, as occurs with Fuel Oil N°6, which is used during the pulp manufacturing process. In order to minimize this risk, the volatility of future flows associated to the purchase of Fuel Oil No. 6 through forwards of this commodity. The agreements that are in force and effect as of December 31, 2023 and 2022, are detailed below:

Commodity	Institution	12-31-2023 notional ThU.S.$	12-31-2023 fair value ThU.S.$	12-31-2022 notional ThU.S.$	12-31-2022 fair value ThU.S.$
Fuel Oil N°6	JP Morgan - N.A.	4,257	43	7,367	677
Fuel Oil N°6	DNB Bank ASA	7,206	9	7,366	62
Fuel Oil N°6	BNP Paribas	4,111	19	-	-
Fuel Oil N°6	JP Morgan - N.A.	-	(353)	-	(252)
Fuel Oil N°6	DNB Bank ASA	-	(530)	-	(397)
Fuel Oil N°6	BNP Paribas	-	(313)	-	-
			(1,125)		**90**

Interest rate swap

In addition, Arauco through its subsidiaries as a joint operation (50%) in Uruguay, does not maintains any Interest Rate Swap in force and effect, a derivative instrument which purpose is to set the interest rate of a variable rate debt in the same currency (USD). The valuation off this instrument as of December 31, 2023 and 2022 is shown below:

Exchange rate	Institution	Notional ThU.S.$	12-31-2023 fair value ThU.S.$	12-31-2022 fair value ThU.S.$
USD	DNB Bank ASA	-	-	110
			-	**110**

Note: The values and amounts indicated in the section 23.4.2 correspond to 50% of the total Uruguayan companies amounts, showing the participation that Arauco has in this companies.

23.4.3. United States

Interest rate swap

Arauco through its subsidiary in United States maintains an Interest Rate Swap with the purpose of setting the interest rate of a variable rate debt in the same currency (USD). The instrument was settled on September 2020 and the valuation off this instrument as of December 31, 2023 and 2022 is shown below:

Institution	Amount ThU.S.$	Starting date	Ending date	12-31-2023 fair value ThU.S.$	12-31-2022 fair value ThU.S.$
JP Morgan - N.A.	70,000,000	4-28-2020	4-28-2024	2,234	5,062
Goldman Sachs N.A.	70,000,000	4-28-2020	4-28-2024	2,109	5,004
JP Morgan - N.A.	70,000,000	4-28-2020	4-28-2024	2,236	5,067
				6,579	**15,133**

23.4.4. Argentina

As of December 31, 2023 and 2022, Arauco through its subsidiary in Argentina maintained the following forward contracts in force and effect for the purposes of ensuring an exchange rate of dollars:

Exchange rate	Institution	Amount ThU.S.$	Starting date	Ending date	12-31-2023 fair value ThU.S.$	12-31-2022 fair value ThU.S.$
ARSUSD	BBVA - Argentina	6,000	3-30-2023	4-28-2023	-	(17)
ARSUSD	HSBC	5,000	11-29-2023	1-31-2024	(496)	-

	(496)	**(17)**

23.5 Cash equivalent, loans, receivables and other financial assets

The financial assets measured at amortized cost using the effective interest method and tested for impairment are: cash and cash equivalent, time deposits, repurchase agreements, trade and other current/non-current receivables (with third parties and from related parties).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. In the consolidated statements of financial position, they are included in line items "Cash and cash equivalents" (certain components of cash and cash equivalents), "Trade and other current/non-current receivables" and "Accounts receivable from related parties".

As of December 31, 2023 and 2022, there are provisions for impairment for ThU.S.$ 10,430 and ThU.S.$ 7,960, respectively.

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Financial assets at amortized cost	**1,551,929**	**1,476,046**
Cash and cash equivalents (Mutual Funds not included)	**437,200**	**557,143**
Cash	338,033	298,577
Time deposits	99,167	258,566
Accounts receivables (net)	**1,102,019**	**913,532**
Trade receivables	688,134	726,972
Lease receivable	80,925	28,935
Sundry debtors	11,320	8,911
Other receivables	248,217	56,973
Prepayments	70,807	84,178
Accounts receivable from related parties	2,616	7,563
Other financial assets (*)	**12,710**	**5,371**

(*) Corresponds to the balance of assets from margin call for current derivatives (collateral).

23.5.1. Cash and cash equivalents

Includes cash on hand, bank checking account balances and time deposits and other short-term highly liquid investments with an original maturity of three months or less. They are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

The composition of cash and cash equivalents (including the balance of mutual funds displayed in this note as valuation, instruments at fair value with profit or loss) at December 31, 2023 and 2022, classified by currency is as follows:

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Cash and cash equivalents	**570,008**	**667,207**
U.S. dollars	310,108	395,254
Euro	6,532	4,884
Real	30,402	103,829
Argentine pesos	58,592	97,859
Mexican pesos	26,439	28,564
Other currencies	3,149	26,793
Chilean pesos	134,786	10,024

23.5.2 Time deposits and repurchase agreements: The investment objective of time deposits and repurchase agreements is to maximize in the short-term the amounts of cash surpluses. These instruments are authorized by Arauco's Investment Policy, which allows investing in fixed income securities. These instruments have a maturity of less than three months from the date of acquisition.

23.5.3 Trade and other receivables: These represent enforceable rights for Arauco resulting from the normal course of the business.

23.5.4 Sundry debtors: These correspond to receivables from sales, services or loans that are not considered within the normal course of the business.

The allowance for doubtful accounts is presented as a deduction of trade and other receivables. The provision for doubtful accounts is established based on an analysis of the age of the portfolio and considering the insurance coverage on accounts receivable. Other conditions are assessed for example when there is objective evidence that Arauco will not receive payments under the original sale terms and when the customer is a party to a bankruptcy court agreement or cessation of payments, and is written-off when Arauco has exhausted all levels of recovery of the receivable in a reasonable time.

23.5.5 Accounts receivable from related parties: Represent enforceable rights for Arauco resulting from the normal course of business, calling normal to the line of business, activity or purpose of exploitation and financing, and which Arauco owns a non-controlling ownership of the counterparty.

The following table sets forth trade and other current/non-current receivables classified by currencies as of December 31, 2023 and 2022:

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Trade and other current receivables	**997,902**	**873,295**
U.S. dollars	711,883	614,204
Euros	30,330	36,425
Real	67,137	50,646
Argentine pesos	19,916	33,287
Mexican pesos	34,234	33,089
Other currencies	640	1,972
Chilean pesos	115,907	97,616
U.F.	17,855	6,056
Accounts receivable from related parties, current	**2,616**	**7,563**
Other currencies	14	-
Argentine pesos	174	4,713
Chilean pesos	2,428	2,850
Trade and other non-current receivables	**101,501**	**32,674**
U.S. dollars	13,613	5,880
Real	21,614	-
Chilean pesos	1,889	3,434
U.F.	64,385	23,360

23.6 Financial liabilities

Arauco's financial liabilities to the date of these consolidated financial statements are as follows:

Financial liabilities	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Total financial liabilities	**8,004,446**	**6,649,011**
Financial liabilities at fair value through profit or loss	498	17
Hedging liabilities	107,506	76,669
Financial liabilities at amortized cost	7,896,442	6,572,325

The following table sets forth the current portion of the non-current bank borrowings and debt issued as of December 31, 2023 and 2022.

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Bank borrowings - current portion	304,830	139,252
Bonds issued - current portion	89,970	95,550
Total	**394,800**	**234,802**

23.7 Financial liabilities measured at amortized cost

Financial liabilities correspond to non-derivative financial instruments with contractual cash-flow payments that can be either fixed or variable.

Also, this category includes those non-derivative financial liabilities for services or goods delivered to Arauco at the end of each reporting period that have not yet been paid. These amounts are not insured and are generally paid within thirty days after being recognized.

At the end of these consolidated financial statements, Arauco includes in this category bank borrowings, bonds issued denominated in U.S. dollars and in U.F., lease liabilities, and trade and other payables.

		12-31-2023 ThU.S.$	12-31-2022 ThU.S.$	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
	Currency	Amortized cost		Fair value	
Total financial liabilities		**7,896,442**	**6,572,325**	**7,227,349**	**6,331,528**
Bonds issued	U.S. dollar	3,402,747	3,397,376	2,936,324	3,136,318
Bonds issued	U.F.	1,594,291	1,116,083	1,323,194	1,167,251
Bank borrowings	U.S. dollar	878,793	415,462	933,723	408,278
Bank borrowings	Euro	414,428	455,325	633,755	501,492
Bank borrowings	Other currencies	205,830	69,890	-	-
Lease liabilities	U.F.	31,797	16,936	31,797	16,936
Lease liabilities	Chilean pesos	33,489	11,265	33,489	11,265
Lease liabilities	Real	364,011	101,269	364,011	101,269
Lease liabilities	Mexican pesos	3,540	3,238	3,540	3,238
Lease liabilities	U.S. dollar	126,199	131,292	126,199	131,292
Lease liabilities	Euro	150	201	150	201
Lease liabilities	Other currencies	196	23	196	23
Trade and other payables	U.S. dollar	173,681	234,226	173,681	234,226
Trade and other payables	Euro	18,933	23,277	18,933	23,277
Trade and other payables	Real	98,198	85,450	98,198	85,450
Trade and other payables	Argentine pesos	46,403	54,078	46,403	54,078
Trade and other payables	Mexican pesos	18,336	16,791	18,336	16,791
Trade and other payables	Other currencies	14,609	10,476	14,609	10,476
Trade and other payables	Chilean pesos	399,338	369,300	399,338	369,300
Trade and other payables	U.F.	41,534	39,356	41,534	39,356
Accounts payable to related parties	U.S. dollar	15,400	202	15,400	202
Accounts payable to related parties	Chilean pesos	14,539	20,809	14,539	20,809

The financial liabilities at amortized cost presented in the consolidated statements of financial position as of December 31, 2023 and 2022 are as follows:

	12-31-2023 ThU.S.$		
	Current	Non-current	Total
Other financial liabilities	1,073,662	5,422,427	6,496,089
Lease liabilities	47,242	512,140	559,382

Trade and other payables	760,455	50,577	811,032
Accounts payable to related parties	6,958	22,981	29,939
Total financial liabilities at amortized cost	**1,888,317**	**6,008,125**	**7,896,442**

	12-31-2022 ThU.S.$		
	Current	**Non-current**	**Total**
Other financial liabilities	373,344	5,080,792	**5,454,136**
Lease liabilities	36,784	227,440	**264,224**
Trade and other payables	812,838	20,116	**832,954**
Accounts payable to related parties	14,280	6,731	**21,011**
Total financial liabilities at amortized cost	**1,237,246**	**5,335,079**	**6,572,325**

23.8 Cash flow hedges reserve reconciliation

The following table sets forth the reconciliation balances of cash flow hedges presented in the consolidated statements of comprehensive income:

	January - December		
	2023 ThU.S.$	**2022 ThU.S.$**	**2021 ThU.S.$**
Opening balance	**(10,112)**	**(136,859)**	**(37,007)**
Gains (losses) on cash flow hedges, before tax	(72,816)	186,911	**(84,879)**
Recycle of cash flow hedges to profit or loss	(1,634)	(9,577)	(45,426)
Income tax relating to cash flow hedges of other comprehensive income	19,610	(50,587)	30,453
Closing balance	**(64,952)**	**(10,112)**	**(136,859)**

23.9 Capital disclosures

23.9.1 Information on objectives, policies and processes applied by the company regarding capital management

Arauco's policies on capital management have the objective of:

a) Ensuring business continuity and normal operations in the long-term;
b) Ensuring funding for new investments to achieve sustainable growth over time;
c) Keeping adequate capital structure considering all economic cycles that impact the business and the nature of the industry; and
d) Maximizing the Company's value and providing an adequate return to shareholders.

23.9.2 Qualitative information on objectives, policies and processes applied by the company regarding capital management

Arauco determines and manages its capital structure based on its carrying amount of equity plus its financial debt (bank borrowings, bonds and lease liabilities).

23.9.3 Quantitative Information on capital management

The financial covenants to which Arauco is subject are shown in the following table:

Instrument	**12-31-2023 ThU.S.$**	**12-31-2022 ThU.S.$**	**Interest coverage >= 2,0x**	**Debt level (1) <= 1,2x**
Domestic bonds (Chile)	1,594,291	1,116,083	N/R	✓
Term loan credit	272,664	-	✓	✓

RCF credit	225,040	-	✓	✓
Syndicate borrowing - Grayling	212,619	242,483	✓	✓
Syndicate ECA - MAPA	414,428	455,325	✓	✓

N/R: Not required for the financial obligation.
(1) Debt to equity ratio (financial debt divided by equity plus non-controlling interests).

As of December 31, 2023 and 2022, Arauco has complied with all of its financial covenants.

The following table sets forth the credit ratings of our debt instruments as of December 31, 2023, are as follows:

Instrument	Standard & Poor's	Fitch Ratings	Moody's	Feller Rate
Local bonds	-	AA	-	AA
Foreign bonds	BBB-	BBB	Baa3	-

Capitalization requirements are established based on the Company's financial needs and on maintaining an adequate liquidity level and complying with financial covenants established in current debt arrangements. The Company manages its capital structure and makes adjustments based on the prevailing economic conditions in order to mitigate the risks associated with adverse market conditions and based on opportunities that may arise to improve the Company's level of liquidity.

The capitalization of Arauco as of December 31, 2023 and 2022 is as follows:

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Equity	8,009,029	8,259,984
Bank borrowings	1,499,051	940,677
Lease liabilities	559,382	264,224
Bonds issued	4,997,038	4,513,459
Capitalization	**15,064,500**	**13,978,344**

23.10 Risk management

Arauco's financial instruments are exposed to various financial risks: credit risk, liquidity risk and market risk (including exchange rate risks, interest rate risks and price risks). Arauco's overall risk management program focuses on uncertainty in financial markets and aims to minimize potential adverse effects on Arauco's financial profitability.

Arauco's financial risk management is overseen by the Corporate Finance Department. This department identifies, assesses and hedges financial risks in close collaboration with Arauco's operational units. The company is not actively involved in trading its financial assets for speculative purposes.

23.10.1 Type of risk: Credit risk

Description

Credit risk refers to financial uncertainty at different periods of time relating to the fulfillment of obligations with counterparties, at the time of exercising the contract rights to receive cash or other financial assets on behalf of Arauco.

Explanation of credit risk exposure and how this risk arises

Arauco's exposure to credit risk is directly related to each of its customer's individual abilities to fulfill their contractual commitments, reflected in trade receivables.

Accounts exposed to credit risk are trade receivables, financial lease debtors and other debtors.

Arauco does not have a securitized portfolio.

	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$
Current receivables		
Trade receivables	688,098	726,936
Lease receivable	16,314	5,067
Sundry debtors	8,615	4,451
Other receivables	222,945	54,525
Prepayments	61,930	82,316
Net subtotal	**997,902**	**873,295**
Trade receivables	694,183	731,445
Lease receivable	16,314	5,067
Sundry debtors	10,464	4,866
Other receivables	223,956	55,687
Prepayments	61,930	82,316
Gross subtotal	**1,006,847**	**879,381**
Provision for doubtful trade receivables	6,085	4,509
Provision for doubtful lease receivable	-	-
Provision for doubtful sundry debtors	1,849	415
Provision for doubtful other receivables	1,011	1,162
Subtotal bad debt	**8,945**	**6,086**
Non-current receivables		
Trade receivables	36	36
Lease receivable	64,611	23,868
Sundry debtors	2,705	4,460
Other receivables	25,272	2,448
Prepayments	8,877	1,862
Net subtotal	**101,501**	**32,674**
Trade receivables	1,521	1,910
Lease receivable	64,611	23,868
Sundry debtors	2,705	4,460
Other receivables	25,272	2,448
Prepayments	8,877	1,862
Gross subtotal	**102,986**	**34,548**
Provision for doubtful trade receivables	1,485	1,874
Provision for doubtful lease receivable	-	-
Provision for doubtful sundry debtors	-	-
Provision for doubtful other receivables	-	-
Subtotal bad debt	**1,485**	**1,874**

Explanation of risk management objectives, policies and processes, and measurement methods

The Credit and Collections Sub-Division, dependent from the Treasury Department, is the area entrusted with minimizing the credit risk of the accounts receivable, supervising the delinquency of the accounts. The regulations and procedures applicable for the control and administration of the Arauco Group can be found in the Corporate Credit Policy.

As of December 31, 2023, Arauco's balance for commercial debtors was ThU.S.$ 695,704 of which, according to the agreed sales conditions, 54.18% corresponded to sales on credit (open account), 44.29% to sales with letters of credit and 1.53% to other types of sales. The client with the largest Open Account debt represented 2.08% of the total accounts receivable as of that date.

Below we provide detail regarding accounts receivable, classified in tranches:

December 31, 2023

Age of trade receivables

Days	**Non-past due**	**1 to 30**	**31 to 60**	**61 to 90**	**91 to 120**	**121 to 150**	**151 to 180**	**181 to 210**	**211 to 250**	**More than 250**	**Total**
N° debtor	1,375	750	34	30	79	8	3	3	2	42	**2,326**
ThU.S.$	638,656	41,369	1,503	9,275	70	104	55	15	11	4,646	**695,704**
%	91.80%	5.95%	0.22%	1.33%	0.01%	0.01%	0.01%	0.00%	0.00%	0.67%	**100%**

December 31, 2022

Age of trade receivables

Days	**Non-past due**	**1 to 30**	**31 to 60**	**61 to 90**	**91 to 120**	**121 to 150**	**151 to 180**	**181 to 210**	**211 to 250**	**More than 250**	**Total**
N° debtor	1,500	689	69	43	37	25	18	27	16	62	**2,486**
ThU.S.$	700,691	23,995	1,941	474	352	133	87	94	67	5,521	**733,355**
%	95.56%	3.27%	0.26%	0.06%	0.05%	0.02%	0.01%	0.01%	0.01%	0.75%	**100%**

Arauco applies the simplified approach regarding the expected losses from commercial debtors, which allows for the use of an estimate of expected credit losses over the instrument's lifespan for all commercial accounts receivable. In order to establish this estimate, the commercial debtors have been grouped in relation to the corresponding risks for sales conditions as well as for tranches, including clients that are up-to-date or in default.

December 31, 2023:

Days	**Non-past due**	**1 to 30**	**31 to 60**	**61 to 90**	**91 to 120**	**121 to 150**	**151 to 180**	**181 to 210**	**211 to 250**	**More than 250**	**Total**
Letters of credit	303,333	4,828	-	-	-	-	-	-	-	-	**308,161**
Loss allowance provision	-	-	-	-	-	-	-	-	-	-	**-**
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Credit line	327,223	35,426	1,468	9,214	58	101	55	15	11	3,307	**376,878**
Loss allowance provision	3,272	-	44	30	6	10	6	15	11	2,799	**6,193**
Expected loss rate	1.00%	0.00%	3.00%	0.33%	10.34%	9.90%	10.91%	100.00%	100.00%	84.64%	

Others	8,100	1,115	35	61	12	3	-	-	-	1,339	**10,665**
Loss allowance provision	-	-	-	6	5	2	-	25	-	1,339	**1,377**
Expected loss rate	0.00%	0.00%	0.00%	9.84%	41.67%	66.67%	0.00%	0.00%	0.00%	100.0%	
Total trade receivables (ThU.S.$)	**638,656**	**41,369**	**1,503**	**9,275**	**70**	**104**	**55**	**15**	**11**	**4,646**	**695,704**
Total allowance for doubtful accounts (ThU.S.$)	**3,272**	**-**	**44**	**36**	**11**	**12**	**6**	**40**	**11**	**4,138**	**7,570**

December 31, 2022:

Days	**Non-past due**	**1 to 30**	**31 to 60**	**61 to 90**	**91 to 120**	**121 to 150**	**151 to 180**	**181 to 210**	**211 to 250**	**More than 250**	**Total**
Letters of credit	335,897	1,080	10	-	-	-	-	-	-	-	**336,987**
Loss allowance provision	-	-	-	-	-	-	-	-	-	-	**-**
Expected loss rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Credit line	363,423	22,175	1,791	300	299	100	87	93	67	3,505	**391,840**
Loss allowance provision	1,545	-	59	34	38	10	9	93	41	2,487	**4,316**
Expected loss rate	0.43%	0.00%	3.27%	11.22%	12.74%	9.52%	9.82%	99.08%	60.88%	70.95%	
Others	1,371	740	140	174	53	33	-	1	-	2,016	**4,528**
Loss allowance provision	-	-	1	17	31	19	-	1	-	2,000	**2,069**
Expected loss rate	0.00%	0.00%	0.85%	9.94%	57.52%	55.92%	0.00%	96.35%	0.00%	99.25%	
Total trade receivables (ThU.S.$)	**700,691**	**23,995**	**1,941**	**474**	**352**	**133**	**87**	**94**	**67**	**5,521**	**733,355**
Total allowance for doubtful accounts (ThU.S.$)	**1,545**	**-**	**60**	**51**	**69**	**29**	**9**	**94**	**41**	**4,487**	**6,385**

Arauco does not conduct rescheduling or renegotiations with its clients that imply an amendment to the maturity of the invoices and, should it be necessary, any debt renegotiation with a client shall be analyzed on a case-by-case basis and subjected to the approval of the Corporate Finance Division.

Regarding the loss allowance for trade receivables and others, below we provide detail for the movements as of December 31, 2023, 2022 and 2021:

	December 2023 ThU.S.$	December 2022 ThU.S.$	December 2021 ThU.S.$
Opening loss allowance as at January 1	**7,960**	**8,792**	**8,000**
Increase in loan loss allowance recognized in profit or loss during the year	3,507	1,097	2,229
Receivables written off during the year as uncollectible	-	(321)	(216)
Unused amount reversed	(1,037)	(1,608)	(1,221)
Closing balance	**10,430**	**7,960**	**8,792**

Currently there is a policy for provisions for doubtful accounts receivable under IFRS for all the Arauco group companies.

Explanation regarding the sales risk with letters of credit

The sales with letters of credit mainly occur in markets in Asia and the Middle East. Periodically, a credit assessment is conducted regarding the banks that issue the letters of credit with the purpose of obtaining their score over the basis of risk-qualification ratings, country-specific risk and financial statements. The decision of approving the issuing bank or asking for confirmation of the letter of credit is made in consideration to this assessment.

Explanation of the sales risk with credit line

Sales on credit are subject to the credit limit for each customer. The approval or rejection of a credit limit for all term sales is conducted by the Corporate Credit Sub-Division, as well as by the Credit and Collections area for North America, Brazil and Argentina, which report to the Corporate Finance Division. The regulations and procedures applicable for the correct control and risk management over the sales on credit are ruled by the Credit Policy.

A procedure that must be applied by all the companies of the Arauco group has been established for the approval and/or modification of client credit lines. Credit line requests are entered to the SAP that analyzes all available information. Afterwards, the same are either approved or rejected in each one of the internal committees of each company belonging to the Arauco group, depending on the maximum amount authorized by the Credit Policy. Lines of credit are renewed during this internal process on a yearly basis.

All sales are automatically controlled by a credit verification system, which has been configured to block any orders from clients who are delinquent in a given percentage of a debt and/or from clients whose line of credit, as of the time of the product's shipping, has been exceeded or is overdue.

In order to minimize the credit risk for term or Open Account sales, it is Arauco's policy to take out insurance to cover the export sales of companies Celulosa Arauco y Constitución S.A., Maderas Arauco S.A., Forestal Arauco S.A., Arauco Argentina S.A., and Arauco do Brasil S.A., as well as the domestic sales of Arauco Europe Coöperatief U.A., Arauco Argentina S.A., Araucomex S.A. de C.V., Arauco Industria de México, S.A. de C.V., Arauco Peru S.A., Arauco North America, Inc., Arauco Canada Ltd., Celulosa Arauco y Constitución S.A., Maderas Arauco S.A., Arauco Florestal Arapoti S.A., Arauco Forest Brasil S.A., Arauco do Brasil S.A. and Arauco Industria de Paineis S.A. Arauco works with credit insurance company Allianz Trade For Multinationals (Aa2 rating, as per risk rating companies Moody's).

As another way of minimizing risk and supporting a line of credit approved by the Credit Committee through guarantees, Arauco holds guarantees such as mortgages, pledges, Standby letters of credit, bank performance bonds, checks, promissory notes, borrowings or any other that could be required under the laws of each country. The total amount held in guarantees amounts to ThU.S.$ 112,873, effective as of December 31, 2023, as summarized in the following chart. The procedure for guarantees is regulated by Arauco's Policy on Guarantees, whose purpose is to control their accounting, due date and custody.

Guarantees Arauco group (ThU.S.$)		
Guarantees debtors (received from clients)		
Certificate of deposits	2,182	2.02%
Standby	7,404	9.36%
Promissory notes	88,541	74.68%
Finance	1,796	1.67%
Mortgage	721	0.94%
Pledge	632	0.59%
Loan agreement	11,597	10.74%
Total guarantees	**112,873**	**100.00%**

The maximum exposure to credit risk is limited to the value at amortized cost of the Debtors' account for sales registered as of the date of this report, minus the percentage of sales insured by the aforementioned credit insurance companies and the guarantees granted in favor of Arauco.

In summary, the open account debt covered by the various insurance policies and guarantees amounts to 99.04% and, therefore, Arauco's portfolio exposure amounts to 0.96%.

Secured open accounts receivable	ThU.S.$	%
Total open accounts receivable	**434,541**	**100.00%**
Secured receivables (*)	430,369	99.04%
Unsecured receivables	4,172	0.96%

(*) Insured debt is deemed to be the portion of accounts receivable that is covered by a credit company or by guarantees such as standby letters of credit, mortgages, performance bonds, among others.

Investment policy:

Arauco has an Investment Policy which identifies and limits the financial instruments and the entities into which the Arauco companies, in particular Celulosa Arauco y Constitucion S.A., are authorized to invest. The Company's Treasury Department is centralized with operations in Chile, USA, Canada and México. The Head Office is responsible for carrying out investments, cash flow surplus investments, and short and long-term debt subscriptions. Exceptions to this rule apply to short and long-term debt, and will be for specific investments made through other companies where authorization is required from the Chief Financial Officer.

For financial instruments, the only permitted investments are fixed income investments with adequate liquidity. Each instrument has defined classifications and limits, depending on duration and type of issuer.

Regarding intermediaries (such as banks, securities brokers and dealers of mutual funds that are bank affiliates), a scoring methodology is used to determine the relative degree of risk of each intermediary based on their financial position and assign score points that result in a credit risk rating to each intermediary. Arauco uses this scoring system to determine its investment limits for each intermediary.

The required information to evaluate the various criteria are obtained from published financial statements from the banks under evaluation and from the credit risk ratings of short and long-term debt securities obtained from rating agencies authorized by the Commission for the Financial Market (Fitch Ratings Chile, Humphreys and Feller Rate).

Any necessary exceptions regarding investment limits in each particular instrument or entity must have the authorization from Arauco's Chief Financial Officer.

23.10.2 Type of risk: Liquidity risk

Description

This risk corresponds to Arauco's ability to fulfill its financial obligations upon maturity.

Explanation of liquidity risk exposure and how this risk arises

Arauco's exposure to liquidity risk is mainly from its obligations to bondholders, banks and financial institutions, creditors and other payables. Liquidity risk may arise if Arauco is unable to meet the net cash flow requirements, which sustain its operations under both normal and exceptional circumstances.

Explanation of objectives, policies and processes for risk management, and measurement methods

The Corporate Financial Management Division monitors on an ongoing basis the Company's cash flow forecasts based on short and long-term forecasts and available financing alternatives. In order to manage the risk level of financial assets, Arauco follows its investment policy.

The following tables detail Arauco's liquidity analysis for its financial liabilities as of December 31, 2023 and 2022.

The tables have been drawn up based on the contractual undiscounted cash outflows and their remaining contractual maturities.

December 31, 2023				**Maturity**							**Total**			
Tax ID	**Name**	**Currency**	**Bank borrowings**	**Up to 3 months ThU.S.$**	**3 to 12 months ThU.S.$**	**1 to 2 Years ThU.S.$**	**2 to 3 years ThU.S.$**	**3 to 4 years ThU.S.$**	**4 to 5 years ThU.S.$**	**More than 5 years ThU.S.$**	**Current ThU.S.$**	**Non current ThU.S.$**	**Effective rate**	**Nominal rate**
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Bank of Nova Scotia	-	19,715	19,661	293,584	-	-	-	19,715	313,245	7.09%	Fixed 7.05%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Bank of Nova Scotia	-	15,037	227,465	-	-	-	-	15,037	227,465	6.63%	Fixed 6.60%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Banco de Chile	70,316	-	-	-	-	-	-	70,316	-	5.72%	Fixed 5.72%
93.458.000-1	Celulosa Arauco y Constitución S.A.	Euros	BNP paribas / ECA	-	76,690	75,881	75,118	74,346	73,577	72,803	76,690	371,725	1.10%	Fixed 1.06%
-	TecVerde Engenharia S.A.	Brazilian real	ITAU	-	1,722	-	-	-	-	-	1,722	-	9.00%	Fixed 4.63%
-	TecVerde Engenharia S.A.	Brazilian real	Banco Regional de Desenvolvimiento do Extremo Sul	30	34	121	146	-	-	-	64	267	6.00%	Fixed 5.10%

-	Zona Franca Punta Pereira S.A.	U.S. dollar	Banco República Oriental del Uruguay	-	7,678	-	-	-	-	-	7,678	-	4.76%	Fixed 4.76%
-	Stora Enso Uruguay S.A.	U.S. dollar	Banco República Oriental del Uruguay	-	2,559	-	-	-	-	-	2,559	-	4.76%	Fixed 4.76%
-	Eufores S.A.	U.S. dollar	Banco República Oriental del Uruguay	-	28,153	-	-	-	-	-	28,153	-	4.76%	Fixed 4.76%
-	Eufores S.A.	U.S. dollar	BBVA	-	17,989	-	-	-	-	-	17,989	-	5.60%	Fixed 5.6%
-	Eufores S.A.	U.S. dollar	ITAU	-	7,713	-	-	-	-	-	7,713	-	5.75%	Fixed 5.75%
-	Eufores S.A.	U.S. dollar	Scotiabank	-	2,569	-	-	-	-	-	2,569	-	5.65%	Fixed 5.65%
-	Eufores S.A.	U.S. dollar	Santander	-	28,262	-	-	-	-	-	28,262	-	5.70%	Fixed 5.7%
-	Arauco Forest Brasil S.A.	Brazilian real	Banco Safra S.A.	2,773	2,641	18,670	16,880	15,104	-	-	5,414	50,654	13.30%	CDI + 1.65%
-	Arauco do Brasil S.A.	Brazilian real	Itaú Unibanco S.A.	34	34	68	550	-	-	-	68	618	13.40%	CDI + 1.75%
-	Arauco Celulose do Brasil S.A.	Brazilian real	Itaú Unibanco S.A.	4,729	4,752	9,440	76,976	-	-	-	9,481	86,416	13.27%	CDI + 1.62%
-	Arauco Celulose do Brasil S.A.	Brazilian real	Banco BTG pactual S.A.	-	6,713	22,786	20,562	18,302	-	-	6,713	61,650	13.21%	CDI + 1.56%
-	Arauco Celulose do Brasil S.A.	Brazilian real	Banco Safra S.A.	-	13,988	12,628	11,311	-	-	-	13,988	23,939	13.20%	CDI + 1.55%
-	Arauco Argentina S.A.	Brazilian real	Banco Industria y Comercial de China	-	585	-	-	-	-	-	585	-	14.50%	Fixed 14.5%
-	Arauco Argentina S.A.	U.S. dollar	Banco Industria y Comercial de China	-	602	-	-	-	-	-	602	-	15.00%	Fixed 15.0%
-	Arauco Argentina S.A.	U.S. dollar	Banco Industria y Comercial de China	-	1,842	-	-	-	-	-	1,842	-	15.50%	Fixed 15.5%
-	Arauco Argentina S.A.	U.S. dollar	Banco Industria y Comercial de China	953	-	-	-	-	-	-	953	-	15.50%	Fixed 15.5%
-	Arauco Argentina S.A.	U.S. dollar	Banco Industria y Comercial de China	-	1,192	-	-	-	-	-	1,192	-	15.60%	Fixed 15.6%
-	Arauco Argentina S.A.	U.S. dollar	Banco Industria y Comercial de China	608	-	-	-	-	-	-	608	-	16.00%	Fixed 16.0%
-	Arauco North America, Inc.	U.S. dollar	Banco Itau Corpbanca - NY Branch	-	217,811	-	-	-	-	-	217,811	-	7.36%	1.90% + Sofr 6m
			Total	**79,443**	**458,281**	**386,720**	**495,127**	**107,752**	**73,577**	**72,803**	**537,724**	**1,135,979**		

December 31, 2023				Maturity							Total			
Tax ID	Name	Currency	Bonds	Up to 3 months ThU.S.$	3 to 12 months ThU.S.$	1 to 2 years ThU.S.$	2 to 3 years ThU.S.$	3 to 4 years ThU.S.$	4 to 5 years ThU.S.$	More than 5 years ThU.S.$	Current ThU.S.$	Non current ThU.S.$	Effective rate	Nominal rate
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-F	-	23,465	22,671	21,876	21,081	20,286	19,492	23,465	105,406	4.26%	4.21%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-F	-	9,386	9,068	8,750	8,432	8,115	7,797	9,386	42,162	4.24%	4.21%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-P	-	25,444	24,696	23,947	23,199	22,451	82,318	25,444	176,611	3.96%	3.96%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-R	-	7,417	7,417	7,417	7,417	7,417	256,060	7,417	285,728	3.57%	3.57%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-S	-	4,959	4,959	212,811	-	-	-	4,959	217,770	2.43%	2.39%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-W	-	2,605	2,605	2,605	2,605	127,317	-	2,605	135,132	2.12%	2.09%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-X	-	6,132	6,132	6,132	6,132	6,132	320,618	6,132	345,146	2.70%	2.68%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-Y	-	2,558	2,558	2,558	2,558	2,558	92,093	2,558	102,325	3.10%	3.08%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-Z	-	6,599	6,599	6,599	6,599	6,599	303,536	6,599	329,932	3.18%	3.17%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-AB	-	6,599	6,599	6,599	6,599	6,599	323,333	6,599	349,729	3.19%	3.17%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2024	11,250	511,250	-	-	-	-	-	522,500	-	4.52%	4.50%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2027	-	19,375	19,375	19,375	519,375	-	-	19,375	558,125	3.90%	3.88%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2047	-	22,000	22,000	22,000	22,000	22,000	818,000	22,000	906,000	5.50%	5.50%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2029	-	21,250	21,250	21,250	21,250	21,250	510,625	21,250	595,625	4.27%	4.25%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2049	-	27,500	27,500	27,500	27,500	27,500	1,063,750	27,500	1,173,750	5.51%	5.50%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2030	10,500	10,500	21,000	21,000	21,000	21,000	531,500	21,000	615,500	4.21%	4.20%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2050	12,875	12,875	25,750	25,750	25,750	25,750	1,053,625	25,750	1,156,625	5.16%	5.15%
			Total	**34,625**	**719,914**	**230,179**	**436,169**	**721,497**	**324,974**	**5,382,747**	**754,539**	**7,095,566**		

December 31, 2023				Maturity							Total	
Tax ID	Name	Currency	Underlying asset class	Up to 3 months ThU.S.$	3 to 12 months ThU.S.$	1 to 2 years ThU.S.$	2 to 3 years ThU.S.$	3 to 4 years ThU.S.$	4 to 5 years ThU.S.$	More than 5 years ThU.S.$	Current ThU.S.$	Non current ThU.S.$

85.805.200-9	Forestal Arauco S.A.	U.F.	Motor vehicles	176	408	442	274	4	-	-	584	720
85.805.200-9	Forestal Arauco S.A.	U.F.	Lands	478	-	478	418	418	418	6,767	478	8,499
85.805.200-9	Forestal Arauco S.A.	U.S. dollar	Lands	60	180	240	240	240	240	-	240	960
85.805.200-9	Forestal Arauco S.A.	U.F.	Plants and equipments	510	1,189	2,078	2,081	1,750	1,750	1,021	1,699	8,680
85.805.200-9	Forestal Arauco S.A.	Chilean pesos	Plants and equipments	101	202	505	632	135	-	-	303	1,272
-	Arauco Argentina S.A.	U.S. dollar	Buildings and constructions	146	439	38	-	-	-	-	585	38
-	Arauco Argentina S.A.	U.S. dollar	IT equipment	5	9	-	-	-	-	-	14	-
-	Arauco Argentina S.A.	U.S. dollar	Plants and equipments	251	418	-	-	-	-	-	669	-
-	Arauco Argentina S.A.	U.S. dollar	Motor vehicles	585	1,004	498	165	-	-	-	1,589	663
-	Arauco Industria de Paineis S.A.	Brazilian real	IT equipment	4	13	12	-	-	-	-	17	12
-	Arauco do Brasil S.A.	Brazilian real	Buildings and constructions	56	8	-	-	-	-	-	64	-
-	Arauco do Brasil S.A.	Brazilian real	IT equipment	11	6	-	-	-	-	-	17	-
-	Arauco Celulose do Brasil S.A.	Brazilian real	Lands	11,308	18,810	24,625	26,022	25,990	27,219	442,609	30,118	546,465
-	Arauco Celulose do Brasil S.A.	Brazilian real	Buildings and constructions	18	55	73	12	-	-	-	73	85
-	Arauco Celulose do Brasil S.A.	Brazilian real	IT equipment	13	38	51	30	-	-	-	51	81
-	Mahal Empreendimentos e Participações S.A.	Brazilian real	Lands	1,106	1,573	2,679	2,679	2,679	2,679	24,114	2,679	34,830
93.458.000-1	Celulosa Arauco y Constitución S.A.	Brazilian real	Buildings and constructions	434	1,302	1,735	1,735	1,735	1,736	-	1,736	6,941
93.458.000-1	Celulosa Arauco y Constitución S.A.	Brazilian real	Motor vehicles	433	1,299	1,732	1,732	1,732	1,732	509	1,732	7,437
93.458.000-1	Celulosa Arauco y Constitución S.A.	Brazilian real	Plants and equipments	1,003	3,008	4,026	4,040	4,055	4,070	56,456	4,011	72,647
93.458.000-1	Celulosa Arauco y Constitución S.A.	Brazilian real	Motor vehicles	2,911	8,732	10,857	5,611	2,423	2,423	1,818	11,643	23,132
93.458.000-1	Celulosa Arauco y Constitución S.A.	Brazilian real	Motor vehicles	42	103	90	27	-	-	-	145	117
-	Arauco North America, Inc.	Brazilian real	Buildings and constructions	481	1,209	1,199	1,442	206	226	270	1,690	3,343
-	Arauco Canada Limited	Brazilian real	Motor vehicles	17	53	51	55	40	-	-	70	146
-	Arauco North America, Inc.	Brazilian real	Motor vehicles	199	626	437	216	62	1	-	825	716
-	Celulosa y Energía Punta Pereira S.A.	Brazilian real	Plants and equipments	240	560	641	641	641	641	6,693	800	9,257

-	Eufores S.A.	Brazilian real	Lands	1,008	3,021	6,808	6,327	5,834	5,548	35,413	4,029	59,930
-	Eufores S.A.	U.S. dollar	Plants and equipments	306	917	917	1,222	1,222	306	-	1,223	3,667
-	Eufores S.A.	U.S. dollar	Buildings and constructions	87	108	111	152	158	163	648	195	1,232
96.510.970-6	Maderas Arauco S.A.	U.F.	Motor vehicles	9	19	6	3	-	-	-	28	9
-	E2E SpA.	Chilean pesos	Lands	107	321	-	-	-	-	-	428	-
-	TecVerde Engenharia S.A.	Brazilian real	Lands	-	-	143	-	-	-	-	-	143
-	Arauco Europe Cooperatief U.A.	Euros	Motor vehicles	8	23	23	13	8	-	-	31	44
-	Arauco Europe Cooperatief U.A.	Euros	Buildings and constructions	19	56	19	-	-	-	-	75	19
-	Araucomex S.A. de C.V.	Mexican pesos	Buildings and constructions	421	1,303	643	359	196	17	-	1,724	1,215
-	Araucomex S.A. de C.V.	U.S. dollar	Buildings and constructions	9	81	126	138	155	174	31	90	624
-	Arauco Industria de México, S.A. de C.V.	Mexican pesos	Motor vehicles	25	80	63	40	-	-	-	105	103
-	Arauco Industria de México, S.A. de C.V.	Mexican pesos	Buildings and constructions	34	107	157	175	78	-	-	141	410
-	Arauco Industria de México, S.A. de C.V.	Mexican pesos	Lands	1	4	-	-	-	-	-	5	-
-	Arauco Industria de México, S.A. de C.V.	Mexican pesos	IT equipment	2	5	4	-	-	-	-	7	4
-	Araucomex Servicios S.A. de C.V.	Mexican pesos	Motor vehicles	7	22	19	3	-	-	-	29	22
79.990.550-7	Investigaciones Forestales Bioforest SpA.	U.F.	Motor vehicles	3	2	-	-	-	-	-	5	-
			Total	**22,634**	**47,313**	**61,526**	**56,484**	**49,761**	**49,343**	**576,349**	**69,947**	**793,463**

As part of the policy of Arauco, it considers compliance with all accounts payable, whether with related (see Note 13) or third parties, within a period not exceeding 30 days.

December 31, 2022				**Maturity**							**Total**			
Tax ID	**Name**	**Currency**	**Bank borrowings**	**Up to 3 months Th U.S.$**	**3 to 12 months Th U.S.$**	**1 to 2 years Th U.S.$**	**2 to 3 years Th U.S.$**	**3 to 4 years Th U.S.$**	**4 to 5 years Th U.S.$**	**More than 5 years Th U.S.$**	**Current Th U.S.$**	**Non current Th U.S.$**	**Effective rate**	**Nominal rate**
93.458.000-1	Celulosa Arauco y Constitución S.A.	Euros	BNP paribas / ECA	-	71,000	66,743	66,040	65,380	64,711	127,424	71,000	390,298	1.10%	1.06%

93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Banco de Chile	60,259	-	-	-	-	-	-	60,259	-	5.17%	Fixed 5.17%
-	Zona Franca Punta Pereira S.A.	U.S. dollar	Banco Interamericano de Desarrollo A	1,138	1,074	-	-	-	-	-	2,212	-	5.89%	2.05% + libor 6m
-	Zona Franca Punta Pereira S.A.	U.S. dollar	Banco BBVA	-	5,122	-	-	-	-	-	5,122	-	4.95%	Fixed 4.95%
-	Celulosa y Energia Punta Pereira S.A.	U.S. dollar	Banco Interamericano de Desarrollo A	4,512	4,300	-	-	-	-	-	8,812	-	5.89%	2.05% + libor 6m
-	Celulosa y Energia Punta Pereira S.A.	U.S. dollar	Finnish Export Credit	24,459	-	-	-	-	-	-	24,459	-	3.20%	3.20%
-	Eufores S.A.	U.S. dollar	Banco República Oriental del Uruguay	-	27,688	-	-	-	-	-	27,688	-	1.40%	Fixed 1.4%
-	Stora Enso Uruguay S.A.	U.S. dollar	Banco República Oriental del Uruguay	-	2,517	-	-	-	-	-	2,517	-	1.40%	Fixed 1.4%
-	Zona Franca Punta Pereira S.A.	U.S. dollar	Banco República Oriental del Uruguay	-	7,551	-	-	-	-	-	7,551	-	1.40%	Fixed 1.4%
-	Eufores S.A.	U.S. dollar	Banco Itaú	-	15,382	-	-	-	-	-	15,382	-	5.17%	Fixed 5.165%
-	Eufores S.A.	U.S. dollar	Santander	-	21,382	-	-	-	-	-	21,382	-	5.12%	Fixed 5.12%
-	Arauco Forest Brasil S.A.	Brazilian real	Banco Safra S.A.	2,826	2,830	5,586	17,983	16,081	14,194	-	5,656	53,844	15.30%	CDI + 1.65%
-	Mahal Empreendimentos e Participações S.A.	Brazilian real	Banco Safra S.A.	-	4,209	13,463	12,029	10,628	-	-	4,209	36,120	15.20%	CDI + 1.55%
-	Arauco North America, Inc.	U.S. dollar	Banco Itau Corpbanca - NY Branch	-	45,760	21,247	-	-	-	-	45,760	21,247	4.23%	1.65% + libor 6m
			Total	**93,194**	**208,815**	**303,039**	**96,052**	**92,089**	**78,905**	**127,424**	**302,009**	**697,509**		

December 31, 2022				**Maturity**							**Total**			
Tax ID	**Name**	**Currency**	**Bonds**	**Up to 3 months ThU.S.$**	**3 to 12 months ThU.S.$**	**1 to 2 years ThU.S.$**	**2 to 3 years ThU.S.$**	**3 to 4 years ThU.S.$**	**4 to 5 years ThU.S.$**	**More than 5 years ThU.S.$**	**Current ThU.S.$**	**Non current ThU.S.$**	**Effective rate**	**Nominal rate**
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-F	-	23,934	23,149	22,365	21,581	20,797	39,243	23,934	127,135	4.25%	4.25%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-F	-	9,573	9,260	8,946	8,633	8,319	15,697	9,573	50,855	4.24%	4.25%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-P	-	25,840	25,102	24,364	23,625	22,887	103,359	25,840	199,337	3.95%	4.00%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-R	-	7,317	7,317	7,317	7,317	7,317	259,931	7,317	289,199	3.56%	3.60%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-S	-	4,892	4,892	4,892	209,947	-	-	4,892	219,731	2.43%	2.40%

93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-W	-	2,570	2,570	2,570	2,570	2,570	125,603	2,570	135,883	2.11%	2.10%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.F.	Barau-X	-	6,050	6,050	6,050	6,050	6,050	322,353	6,050	346,553	2.68%	2.70%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2024	11,250	11,250	522,500	-	-	-	-	22,500	522,500	4.51%	4.50%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2027	-	19,375	19,375	19,375	19,375	509,688	-	19,375	567,813	3.89%	3.88%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2047	-	22,000	22,000	22,000	22,000	22,000	840,000	22,000	928,000	5.50%	5.50%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2029	-	21,250	21,250	21,250	21,250	21,250	531,875	21,250	616,875	4.26%	4.25%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2049	-	27,500	27,500	27,500	27,500	27,500	1,091,250	27,500	1,201,250	5.50%	5.50%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2030	10,500	10,500	21,000	21,000	21,000	21,000	552,500	21,000	636,500	4.20%	4.20%
93.458.000-1	Celulosa Arauco y Constitución S.A.	U.S. dollar	Yankee 2050	12,875	12,875	25,750	25,750	25,750	25,750	1,079,375	25,750	1,182,375	5.16%	5.15%
			Total	**34,625**	**204,926**	**737,715**	**213,379**	**416,598**	**695,128**	**4,961,186**	**239,551**	**7,024,006**		

December 31, 2022				**Maturity**							**Total**	
Tax ID	**Name**	**Currency**	**Underlying asset class**	**Up to 3 months Th U.S. $**	**3 to 12 months Th U.S. $**	**1 to 2 years Th U.S. $**	**2 to 3 years Th U.S. $**	**3 to 4 years Th U.S. $**	**4 to 5 years Th U.S. $**	**More than 5 years Th U.S. $**	**Current Th U.S. $**	**Non current Th U.S. $**
85.805.200-9	Forestal Arauco S.A.	U.F.	Motor vehicles	421	639	571	433	268	4	-	1,060	1,276
85.805.200-9	Forestal Arauco S.A.	U.F.	Lands	282	-	282	282	282	282	4,654	282	5,782
85.805.200-9	Forestal Arauco S.A.	U.S. dollar	Lands	60	180	240	240	240	240	240	240	1,200
85.805.200-9	Forestal Arauco S.A.	U.F.	Plants and equipments	242	-	-	-	-	-	-	242	-
85.805.200-9	Forestal Arauco S.A.	U.F.	Other property, plant and equipment	96	289	268	209	640	-	-	385	1,117
85.805.200-9	Forestal Arauco S.A.	Chilean pesos	Other property, plant and equipment	97	169	120	120	354	-	-	266	594
-	Arauco Argentina S.A.	U.S. dollar	Buildings and constructions	116	345	460	38	-	-	-	461	498
-	Arauco Argentina S.A.	U.S. dollar	IT equipment	6	10	-	-	-	-	-	16	-
-	Arauco Argentina S.A.	U.S. dollar	Plants and equipments	251	752	668	-	-	-	-	1,003	668
-	Arauco Argentina S.A.	U.S. dollar	Motor vehicles	429	1,161	750	-	-	-	-	1,590	750

-	Novo Oeste Gestão de Ativos Florestais S.A.	Brazilian real	Motor vehicles	5	3	-	-	-	-	-	8	-
-	Novo Oeste Gestão de Ativos Florestais S.A.	Brazilian real	Buildings and constructions	1	3	-	-	-	-	-	4	-
-	Arauco Industria de Paineis S.A.	Brazilian real	Fixed facilities and accessories	9	16	-	-	-	-	-	25	-
-	Arauco Industria de Paineis S.A.	Brazilian real	IT equipment	5	12	16	11	-	-	-	17	27
-	Arauco Industria de Paineis S.A.	Brazilian real	Motor vehicles	10	30	9	-	-	-	-	40	9
-	Arauco Forest Brasil S.A.	Brazilian real	IT equipment	1	-	-	-	-	-	-	1	-
-	Arauco Forest Brasil S.A.	Brazilian real	Lands	1,569	3,285	4,885	4,885	4,506	3,636	-	4,854	17,912
-	Arauco Forest Brasil S.A.	Brazilian real	Motor vehicles	147	405	131	-	-	-	-	552	131
-	Arauco Florestal Arapoti S.A.	Brazilian real	Motor vehicles	92	89	24	-	-	-	-	181	24
-	Arauco do Brasil S.A.	Brazilian real	Buildings and constructions	52	157	52	-	-	-	-	209	52
-	Arauco do Brasil S.A.	Brazilian real	IT equipment	21	53	14	-	-	-	-	74	14
-	Arauco do Brasil S.A.	Brazilian real	Motor vehicles	18	20	2	-	-	-	-	38	2
-	Arauco Celulose do Brasil S.A.	Brazilian real	Lands	381	4,030	4,058	4,058	4,058	4,058	45,148	4,411	61,380
-	Mahal Empreendimentos e Participações S.A.	Brazilian real	Motor vehicles	203	552	328	164	-	-	-	755	492
-	Mahal Empreendimentos e Participações S.A.	Brazilian real	Lands	-	2,381	2,381	2,381	2,381	2,381	23,808	2,381	33,332
-	Mahal Empreendimentos e Participações S.A.	Brazilian real	Buildings and constructions	18	53	-	-	-	-	-	71	-
93.458.000-1	Celulosa Arauco y Constitucion S.A.	U.F.	Buildings and constructions	424	1,273	1,697	1,697	1,697	1,697	1,698	1,697	8,486
93.458.000-1	Celulosa Arauco y Constitucion S.A.	U.F.	Motor vehicles	139	174	142	88	27	-	-	313	257
93.458.000-1	Celulosa Arauco y Constitucion S.A.	Chilean pesos	Buildings and constructions	15	-	-	-	-	-	-	15	-
93.458.000-1	Celulosa Arauco y Constitucion S.A.	U.S. dollar	Plants and equipments	999	2,998	4,011	4,026	4,040	4,055	60,526	3,997	76,658
93.458.000-1	Celulosa Arauco y Constitucion S.A.	Chilean pesos	Motor vehicles	2,866	2,953	-	-	-	-	-	5,819	-
-	Arauco North America, Inc.	U.S. dollar	Buildings and constructions	336	852	1,020	1,131	1,162	499	429	1,188	4,241
-	Arauco North America, Inc.	U.S. dollar	Motor vehicles	173	540	593	244	52	4	-	713	893
-	Arauco Canada Limited	Canadian dollar	Motor vehicles	4	23	-	-	-	-	-	27	-
-	Celulosa y Energía Punta Pereira S.A.	U.S. dollar	Plants and equipments	239	719	800	641	641	641	7,332	958	10,055
-	Eufores S.A.	U.S. dollar	Lands	975	2,926	6,808	6,306	5,861	5,373	38,052	3,901	62,400

	Eufores S.A.	U.S. dollar	Plants and equipments	306	917	1,222	1,222	1,222	1,222	-	1,223	4,888
-	Eufores S.A.	U.S. dollar	Buildings and constructions	70	88	49	-	-	-	-	158	49
96.510.970-6	Maderas Arauco S.A.	Chilean pesos	Motor vehicles	1,400	3,451	-	-	-	-	-	4,851	-
96.510.970-6	Maderas Arauco S.A.	U.F.	Motor vehicles	63	42	28	6	3	-	-	105	37
-	Arauco Europe Cooperatief U.A.	Euros	Motor vehicles	7	18	19	12	2	-	-	25	33
-	Arauco Europe Cooperatief U.A.	Euros	Buildings and constructions	18	54	72	18	-	-	-	72	90
-	Araucomex S.A. de C.V.	Mexican pesos	Buildings and constructions	456	1,126	1,620	-	-	-	-	1,582	1,620
-	Araucomex S.A. de C.V.	U.S. dollar	Buildings and constructions	29	68	-	-	-	-	-	97	-
-	Arauco Industria de México, S.A. de C.V.	Mexican pesos	Motor vehicles	17	53	76	26	11	-	-	70	113
-	Arauco Industria de México, S.A. de C.V.	U.S. dollar	Plants and equipments	79	26	-	-	-	-	-	105	-
-	Arauco Industria de México, S.A. de C.V.	Mexican pesos	Buildings and constructions	13	9	-	-	-	-	-	22	-
-	Arauco Industria de México, S.A. de C.V.	Mexican pesos	Lands	1	3	5	-	-	-	-	4	5
-	Arauco Industria de México, S.A. de C.V.	Mexican pesos	IT equipment	1	5	7	4	-	-	-	6	11
-	Araucomex Servicios S.A. de C.V.	Mexican pesos	Motor vehicles	6	17	26	17	3	-	-	23	46
96.637.330-K	Servicios Logisticos Arauco S.A.	U.F.	Motor vehicles	16	-	-	-	-	-	-	16	-
79.990.550-7	Investigaciones Forestales Bioforest S.A.	U.F.	Motor vehicles	9	12	5	-	-	-	-	21	5
			Total	**13,193**	**32,981**	**33,459**	**28,259**	**27,450**	**24,092**	**181,887**	**46,174**	**295,147**

As part of the policy of Arauco, it considers compliance with all accounts payable, whether with related (see Note 13) or third parties, within a period not exceeding 30 days.

Guarantees

As of the date of these consolidated financial statements, Arauco has financial assets of approximately MU.S.$ 18 that have been pledged to third parties (beneficiaries), as direct guarantee. If Arauco does not fulfill its obligations, the guarantors could execute the guarantees.

As of December 31, 2023, the total assets pledged as an indirect guarantee were MU.S.$ 413. In contrast to direct guarantees, indirect guarantees are given to secure obligations assumed by a third party.

On September 29, 2011, Arauco entered into a Security Agreement under which it granted a non-joint guarantee limited to 50% of the obligations of the Uruguayan companies (joint ventures) Celulosa y Energía Punta Pereira S.A. and Zona Franca Punta Pereira S.A., under the IDB Facility Agreement in the amount of up to MU.S.$ 454 and the Finnvera Guaranteed Facility Agreement in the amount of up to MU.S.$ 900. As of December 31, 2023 both agreement were paid, finishing the related indirect guarantee.

Direct and indirect guarantees granted by Arauco:

DIRECT

Subsidiary	Guarantee	Assets pledged	Currency	ThU.S.$	Guarantor
Celulosa Arauco y Constitución S.A.	Guarantee letter	-	Chilean pesos	697	Directorate General of Maritime Territory and Merchant Marine
Celulosa Arauco y Constitución S.A.	Guarantee letter	-	Chilean pesos	317	Railways
Celulosa Arauco y Constitución S.A.	Guarantee letter	-	Chilean pesos	15,351	Sociedad Concesionaria Autopista Costa Arauco S.A.
Investigaciones Forestales Bioforest SpA.	Guarantee letter	-	Chilean pesos	213	Innova Chile
Investigaciones Forestales Bioforest SpA.	Guarantee letter	-	U.F.	1,356	Innova Chile
		Total		**17,934**	

INDIRECT

Subsidiary	Guarantee	Assets pledged	Currency	ThU.S.$	Guarantor
Celulosa Arauco y Constitución S.A.	Full Guarantee, of Arauco North America, Inc.	-	U.S. dollar	210,000	Bank Itaú Corpbanca – NY Branch
Arauco do Brasil S.A.	Endorsement of Arauco Forest Brasil S.A.	-	Brazilian real	43,689	Banco Safra S.A.
Arauco do Brasil S.A.	Endorsement of Mahal Empreendimentos e Participações S.A.	-	Brazilian real	31,464	Banco Safra S.A.
Arauco do Brasil S.A.	Endorsement of Arauco Celulose do Brasil S.A.	-	Brazilian real	74,810	Itaú Unibanco S.A.
Arauco do Brasil S.A.	Endorsement of Arauco Celulose do Brasil S.A.	-	Brazilian real	53,275	Bank BTG Pactual S.A.

Total	**413,238**

23.10.3 Type of risk: Market risk – exchange rate

Description

Market risk arises from the probability of being affected by losses from fluctuations in currencies exchange rates in which assets and liabilities are denominated, in a functional currency other than the functional currency of Arauco.

Explanation of currency risk exposure and how this risk arises

Arauco is exposed to the foreign currency risk from currency fluctuations arising from sales, purchases and obligations undertaken in foreign currencies, such as the Chilean peso, Euro, Brazilian real or other foreign currencies. In the case of significant exchange rate variations, the Chilean peso is the currency that represents the main currency risk. See Note 11 for details assets and liabilities classified by currency.

Explanation of risk management objectives, policies and processes, and measurement methods

Arauco performs sensitivity analyses to measure the effect of this variable on equity and net result.

Sensitivity analysis considers a variation of +/- 10% of the exchange rate over the Chilean peso. This fluctuation range is considered possible given current market conditions as of the date of these consolidated financial statements. With all other variables at a constant rate, a U.S. dollar exchange rate variation of +/- 10% in relation to the Chilean peso would mean a change in the net income year after tax +/- 2.26% (equivalent to ThU.S.$ -/+ 8,115), and +/- 0.06% of equity (equivalent to ThU.S.$ -/+ 4,869).

Additionally, a sensitivity analysis is carried out assuming a variation of +/- 10% in the closing exchange rate on the Brazilian real, which is considered a possible range of fluctuation given the market conditions as of the date of these consolidated financial statements. With all the other variables constant, a variation of +/- 10% in the exchange rate of the dollar on the Brazilian real would mean a variation on the net income after tax +/- 2.29% (equivalent to ThU.S.$-/+$ 8,195) and a change on the equity of +/- 1.38% (equivalent to ThU.S.$ -/+$ 110,754).

23.10.4 Type of risk: Market risk – interest rate risk

Description

Interest rate risk refers to the sensitivity of the value of financial assets and liabilities in terms of interest rate fluctuations.

Explanation of interest rate risk exposure and how this risk arises

Arauco is exposed to risks due to interest rate fluctuations for bonds issued, bank borrowings and financial instruments that bear interest at a variable rate.

Explanation of risk management objectives, policies and processes, and measurement methods

Arauco completes its risk analysis by reviewing its exposure to changes in interest rates. As of December 31, 2023, 5.9% our financial debt accrues interest at variable rates. A change of +/- 10% in the interest rate is considered a possible range of fluctuation. Such market conditions would affect the income after tax at rate of +/- 0.47% (equivalent to ThU.S.$-/+ 1,698) and +/- 0.013% (equivalent to ThU.S.$-/+ 1,019) on equity.

	December 2023	Total

	ThU.S.$	
Fixed rate	**6,639,075**	**94.1%**
Bonds issued	4,997,038	
Bank borrowings and others (*)	1,082,655	
Lease liabilities	559,382	
Variable rate	**416,396**	**5.9%**
Bonds issued	-	
Bank borrowings	416,396	
Total	**7,055,471**	**100.0%**

	December 2022 ThU.S.$	Total
Fixed rate	**5,637,820**	**98.6%**
Bonds issued	4,513,459	
Bank borrowings and others (*)	860,137	
Lease liabilities	264,224	
Variable rate	**80,540**	**1.4%**
Bonds issued	-	
Bank borrowings	80,540	
Total	**5,718,360**	**100.0%**

(*) Includes variable rate bank borrowings changed by fixed rate swaps.

23.10.5 Type of risk: Market risk – price of pulp risks

Description

Pulp prices are determined by world and regional market conditions. Prices fluctuate based on demand, production capacity, commercial strategies adopted by large-scale forestry companies, pulp and paper producers and by the availability of substitutes.

Explanation of price risk exposure and how this risk arises

Pulp prices are reflected in revenue from sales and directly affect the net income for the period.

As of December 31, 2023, revenue due to pulp sales accounted for 46.6% of total sales. Pulp prices are fixed on a monthly basis in accordance with the market. Forward contracts or other financial instruments are not used for pulp sales.

Explanation of risk management objectives, policies and processes, and measurement methods

This risk is approached in different ways. Arauco has a team of specialists who perform periodic market and competition analyses, providing tools to analyze and evaluate trends and adjust forecasts. Similarly, Arauco performs price financial sensitivity analysis in order to take the necessary safeguards to confront different scenarios in the best possible manner.

Sensitivity analysis considers a variation of +/- 10% in the average pulp price, a possible fluctuation range given current market conditions at the date of the closing balance. With all other variables constant, a variation of +/- 10% in the average pulp price would mean a variation of +/- 52.2% (equivalent to ThU.S.$-/+ 187,291) on the income for the year 2023 after tax and +/- 1.4% (equivalent to ThU.S.$ -/+ 112,374) on equity.

NOTE 24. REPORTABLE SEGMENTS

The main products that generate revenue for each reportable segment are described as follows:

Pulp segment

The main products sold by this reportable segment are long fiber bleached pulp (BSKP), short fiber bleached pulp (BHKP), long fiber raw pulp (UKP), pulp fluff and dissolving pulp (DP). Additionally, it manages a forest plantations in order to supply its production plants and, at the same time, to sell to the wood products segment or to third parties what it does not use (pruning, sawing, poles and chips). Finally, depending on its needs, it buys logs and chips from third parties which are consumed or sold to the wood products segment.

The Pulp reportable segment uses wood exclusively from pine and eucalyptus plantations for the production of different classes of wood celulose or pulp. Bleached pulp is mainly used as raw material for producing printing and writing paper, as well as toilet paper and high-quality wrapping paper. Unbleached pulp is used to produce packing paper, filters, fiber cement products, dielectric paper and others. Fluff pulp is mainly used in the production of diapers and female hygiene products. On the other hand, dissolving pulp is used as raw material for the manufacture of different fabrics.

Arauco has seven plants: five in Chile, one in Argentina and one in Uruguay (50% property of Arauco), and they have a total production capacity of approximately 5.3 million tons per year. Pulp is sold in more than 42 countries, mainly in Asia and Europe.

Wood products segment

The main products sold by this segment correspond to plywood, MDF (Medium Density Fiberboard), PB (chipboard), sawn wood of different dimensions and remanufactured products such as moldings, pre-cut pieces, finger joints, among others.

The Panels area produces a wide range of panel products and several kinds of moldings aimed at the furniture, decoration and construction industries. It consists of 20 industrial plants: 4 in Chile, 2 in Argentina, 4 in Brazil, 2 in Mexico, and 8 plants in the U.S. and Canada. The Company has a total annual production capacity of 7.3 million cubic meters of PBO, MDF, plywood and moldings.

Through the joint venture Sonae Arauco, Arauco produces and sells wood panels, of the type of MDF, PB and OSB, and sawn timber, through the operation of 2 panel plants and 1 sawmill in Spain; 2 panel plants and one resin plant in Portugal; 3 panel plants in Germany and 2 panel plants in South Africa. In total, Sonae Arauco's production capacity is approximately 1.2 million m3 of MDF, 2.4 million m3 of PB, 460,000 m3 of OSB and 70,000 m3 of sawn timber.

Including Sonae Arauco at 50%, Arauco in its mills totalize a capacity of 4.2 million m3 of MDF, 4.2 million m3 of PB and 230,000 m3 of OSB, 710,000 m3 of Plywood and 2,800,000 m3 of sawn timber.

The Sawn Timber area produces a wide range of wood and remanufactured products with different kinds of uses and appearances, which include a wide variety of uses in the furniture, packing, construction and refurbishing industries.

With 7 sawmills in operation (6 in Chile and 1 in Argentina), the Company has a production capacity of 2.7 million m3 of sawn wood.

Furthermore, the Company has 5 remanufacturing plants: 4 in Chile and 1 in Argentina. These plants reprocess sawn wood and produce high quality remanufactured products, such as finger joint and solid moldings as well as precut pieces.

Arauco has no customers representing 10% or more of its revenues.

Below is summarized information concerning the assets, liabilities and profits and losses at the end of each period, by segments. The profit (loss) of each segment informed takes into consideration that taxes and income and financial costs have not been allocated to the various segments, and are shown as part of the Corporate's segment:

Twelve-months period ended December 31, 2023	**Pulp ThU.S.$**	**Wood products ThU.S.$**	**Others ThU.S.$**	**Corporate ThU.S.$**	**Subtotal ThU.S.$**	**Elimination ThU.S.$**	**Total ThU.S.$**
Revenues from sales of goods	2,687,390	3,181,951	-	-	**5,869,341**		**5,869,341**
Revenues from rendering of services	113,520	28,335	623	-	**142,478**		**142,478**
Revenues from ordinary activities	**2,800,910**	**3,210,286**	**623**	-	**6,011,819**		**6,011,819**
Revenues from transactions with reportable segments	475,535	23,040	49,914	-	**548,489**	(548,489)	**-**
Finance income	-	-	-	131,666	**131,666**		**131,666**
Finance costs	-	-	-	(373,496)	**(373,496)**		**(373,496)**
Net finance costs	-	-	-	**(241,830)**	**(241,830)**		**(241,830)**
Depreciation and amortizations	464,721	186,340	1,660	8,347	**661,068**		**661,068**
Other income	498,021	54,688	334	19,974	**573,017**		**573,017**
Other expenses	399,094	54,980	684	25,578	**480,336**		**480,336**
Share of profit (loss) of associates and joint ventures accounted for using equity method							
Associates	3,084	-	-	906	**3,990**		**3,990**
Joint ventures	-	2,794	-	925	**3,719**		**3,719**
Income tax expense	-	-	-	27,293	**27,293**		**27,293**
Profit (loss) of each reportable segment	**(182,369)**	**371,015**	**(5,517)**	**(541,656)**	**(358,527)**		**(358,527)**
Geographical information on revenues							
Revenue – Chilean entities	1,929,554	1,145,647	623	-	**3,075,824**		**3,075,824**

Revenue – Foreign entities	871,356	2,064,639	-	-	**2,935,995**		**2,935,995**
Total revenues from ordinary activities	**2,800,910**	**3,210,286**	**623**	-	**6,011,819**		**6,011,819**

Twelve-months period ended December 31, 2023	**Pulp ThU.S.$**	**Wood products ThU.S.$**	**Others ThU.S.$**	**Corporate ThU.S.$**	**Subtotal ThU.S.$**	**Elimination ThU.S.$**	**Total ThU.S.$**
Amounts of additions to non-current assets							
Acquisition of property, plant and equipment and biological assets	1,109,609	137,867	251	15,322	**1,263,049**	-	**1,263,049**
Acquisition and contribution of investments in associates and joint venture	-	-	-	34,950	**34,950**	-	**34,950**

Twelve-months period ended December 31, 2023	**Pulp ThU.S.$**	**Wood products ThU.S.$**	**Others ThU.S.$**	**Corporate ThU.S.$**	**Subtotal ThU.S.$**	**Elimination ThU.S.$**	**Total ThU.S.$**
Segment assets	13,864,686	2,967,646	16,480	1,135,689	**17,984,501**	**(74,137)**	**17,910,364**
Segment assets (excluding deferred tax assets)	13,864,686	2,967,646	16,480	1,047,122	**17,895,934**	(74,137)	**17,821,797**
Deferred tax assets				88,567	**88,567**		**88,567**
Investments accounted through equity method							
Associates	34,558	-	-	65,248	**99,806**		**99,806**
Joint Ventures	-	215,322	-	108,483	**323,805**		**323,805**
Segment liabilities	1,170,684	392,104	47,487	8,291,060	**9,901,335**		**9,901,335**
Segment liabilities (excluding deferred tax liabilities)	1,170,684	392,104	47,487	6,747,436	**8,357,711**		**8,357,711**
Deferred tax liabilities				1,543,624	**1,543,624**		**1,543,624**

Geographical information on

non-current assets							
Chile	8,565,525	463,179	15,481	504,903	**9,549,088**	**(6,668)**	**9,542,420**
Foreign countries	2,888,631	1,245,369	-	58,366	**4,192,366**		**4,192,366**
Total non-current assets	**11,454,156**	**1,708,548**	**15,481**	**563,269**	**13,741,454**	**(6,668)**	**13,734,786**

Twelve-months period ended December 31, 2022	**Pulp ThU.S.$**	**Wood products ThU.S.$**	**Others ThU.S.$**	**Corporate ThU.S.$**	**Subtotal ThU.S.$**	**Elimination ThU.S.$**	**Total ThU.S.$**
Revenues from sales of goods	2,886,870	4,110,747	-	-	**6,997,617**		**6,997,617**
Revenues from rendering of services	103,771	1	681	-	**104,453**		**104,453**
Revenues from ordinary activities	**2,990,641**	**4,110,748**	**681**	**-**	**7,102,070**		**7,102,070**
Revenues from transactions with reportable segments	501,011	21,347	54,345	-	**576,703**	(576,703)	**-**
Finance income	-	-	-	72,116	**72,116**		**72,116**
Finance costs	-	-	-	(200,366)	**(200,366)**		**(200,366)**
Net finance costs	-	-	-	**(128,250)**	**(128,250)**		**(128,250)**
Depreciation and amortizations	296,425	198,632	1,679	10,293	**507,029**		**507,029**
Other income	63,759	31,248	101	5,021	**100,129**		**100,129**
Other expenses	299,469	50,311	9	24,100	**373,889**		**373,889**
Share of profit (loss) of associates and joint ventures accounted for using equity method							
Associates	2,180	-	-	4,889	**7,069**		**7,069**
Joint ventures	-	24,531	-	2,084	**26,615**		**26,615**
Income tax expense	-	-	-	(142,121)	**(142,121)**		**(142,121)**
Profit (loss) of each reportable segment	**320,201**	**883,346**	**(2,906)**	**(496,415)**	**704,226**		**704,226**

Geographical information on revenues							
Revenue – Chilean entities	1,961,303	1,743,181	681	-	**3,705,165**		**3,705,165**
Revenue – Foreign entities	1,029,338	2,367,567	-	-	**3,396,905**		**3,396,905**
Total revenues from ordinary activities	**2,990,641**	**4,110,748**	**681**	**-**	**7,102,070**		**7,102,070**

Twelve-months period ended December 31, 2022	**Pulp ThU.S.$**	**Wood products ThU.S.$**	**Others ThU.S.$**	**Corporate ThU.S.$**	**Subtotal ThU.S.$**	**Elimination ThU.S.$**	**Total ThU.S.$**
Amounts of additions to non-current assets							
Acquisition of property, plant and equipment and biological assets	1,128,434	72,069	478	6,456	**1,207,437**	-	**1,207,437**
Acquisition and contribution of investments in associates and joint venture	-	-	-	132	**132**	-	**132**

Twelve-months period ended December 31, 2022	**Pulp ThU.S.$**	**Wood products ThU.S.$**	**Others ThU.S.$**	**Corporate ThU.S.$**	**Subtotal ThU.S.$**	**Elimination ThU.S.$**	**Total ThU.S.$**
Segment assets	13,094,867	2,959,042	18,291	1,256,321	**17,328,521**	**(148,413)**	**17,180,108**
Segment assets (excluding deferred tax assets)	13,094,867	2,959,042	18,291	1,247,310	**17,319,510**	(148,413)	**17,171,097**
Deferred tax assets				9,011	**9,011**		**9,011**
Investments accounted through equity method							
Associates	36,489	-	-	64,332	**100,821**		**100,821**
Joint Ventures	-	203,443	-	61,407	**264,850**		**264,850**
Segment liabilities	1,049,313	438,864	22,237	7,409,710	**8,920,124**		**8,920,124**
Segment liabilities (excluding deferred tax liabilities)	1,049,313	438,864	22,237	5,623,795	**7,134,209**		**7,134,209**
Deferred tax liabilities				1,785,915	**1,785,915**		**1,785,915**

Geographical information on non-current assets							
Chile	8,540,801	491,283	17,008	398,820	**9,447,912**	**(16,294)**	**9,431,618**
Foreign countries	2,742,416	1,190,257	-	40,896	**3,973,569**		**3,973,569**
Total non-current assets	**11,283,217**	**1,681,540**	**17,008**	**439,716**	**13,421,481**	**(16,294)**	**13,405,187**

Period ended December 31, 2021	**Pulp ThU.S.$**	**Wood products ThU.S.$**	**Others ThU.S.$**	**Corporate ThU.S.$**	**Subtotal ThU.S.$**	**Elimination ThU.S.$**	**Total ThU.S.$**
Revenues from sales of goods	2,702,346	3,549,096	-	-	**6,251,442**		**6,251,442**
Revenues from rendering of services	97,988	1	330	-	**98,319**		**98,319**
Revenues from ordinary activities	**2,800,334**	**3,549,097**	**330**	**-**	**6,349,761**		**6,349,761**
Revenues from transactions with reportable segments	503,455	30,396	43,737	-	**577,588**	(577,588)	**-**
Finance income	-	-	-	33,499	**33,499**		**33,499**
Finance costs	-	-	-	(219,982)	**(219,982)**		**(219,982)**
Net finance costs	**-**	**-**	**-**	**(186,483)**	**(186,483)**		**(186,483)**
Depreciation and amortizations	297,413	179,549	1,634	11,164	**489,760**		**489,760**
Other income	331,827	22,935	265	23,950	**378,977**		**378,977**
Other expenses	141,338	27,315	6,140	17,308	**192,101**		**192,101**
Share of profit (loss) of associates and joint ventures accounted for using equity method							
Associates	2,380	-	-	(2,050)	**330**		**330**
Joint ventures	-	35,250	-	(4,194)	**31,056**		**31,056**
Income tax expense	-	-	-	(402,914)	**(402,914)**		**(402,914)**
Profit (loss) of each reportable segment	**851,804**	**906,745**	**(9,605)**	**(717,345)**	**1,031,599**		**1,031,599**

Geographical information on revenues							
Revenue – Chilean entities	1,933,450	1,538,804	330	-	**3,472,584**		**3,472,584**
Revenue – Foreign entities	866,884	2,010,293	-	-	**2,877,177**		**2,877,177**
Total revenues from ordinary activities	**2,800,334**	**3,549,097**	**330**	**-**	**6,349,761**		**6,349,761**

Period ended December 31, 2021	**Pulp ThU.S.$**	**Wood products ThU.S.$**	**Others ThU.S.$**	**Corporate ThU.S.$**	**Subtotal ThU.S.$**	**Elimination ThU.S.$**	**Total ThU.S.$**
Amounts of additions to non-current assets							
Acquisition of property, plant and equipment and biological assets	1,461,957	76,088	870	3,800	**1,542,715**	-	**1,542,715**
Acquisition and contribution of investments in associates and joint venture	-	-	-	61,372	**61,372**	-	**61,372**

Period ended December 31, 2021	**Pulp ThU.S.$**	**Wood products ThU.S.$**	**Others ThU.S.$**	**Corporate ThU.S.$**	**Subtotal ThU.S.$**	**Elimination ThU.S.$**	**Total ThU.S.$**
Segment assets	12,236,794	3,021,804	19,350	1,487,952	**16,765,900**	**(97,589)**	**16,668,311**
Segment assets (excluding deferred tax assets)	12,236,794	3,021,804	19,350	1,480,315	**16,758,263**	(97,589)	**16,660,674**
Deferred tax assets				7,637	**7,637**		**7,637**
Investments accounted through equity method							
Associates	26,823	-	-	56,101	**82,924**		**82,924**
Joint Ventures	-	203,504	-	50,214	**253,718**		**253,718**
Segment liabilities	725,397	480,521	11,010	7,632,879	**8,849,807**		**8,849,807**
Segment liabilities (excluding deferred tax liabilities)	725,397	480,521	11,010	5,885,074	**7,102,002**		**7,102,002**
Deferred tax liabilities				1,747,805	**1,747,805**		**1,747,805**

Geographical information on

non-current assets							
Chile	7,978,912	530,618	18,307	330,600	**8,858,437**	**(9,304)**	**8,849,133**
Foreign countries	2,671,205	1,200,693	-	23,236	**3,895,134**		**3,895,134**
Total non-current assets	**10,650,117**	**1,731,311**	**18,307**	**353,836**	**12,753,571**	**(9,304)**	**12,744,267**

Information required by geographic area:

2023	Geographical area						
	Local country	Foreign country					
Disclosure of geographical areas	**Chile ThU.S.$**	**Argentina ThU.S.$**	**Brazil ThU.S.$**	**USA/Canada ThU.S.$**	**Uruguay ThU.S.$**	**Mexico ThU.S.$**	**Total ThU.S.$**
Revenues from sale of goods	2,998,896	570,933	586,512	1,057,027	449,316	206,657	5,869,341
Revenues from rendering of services	76,928	-	28,332	-	37,215	3	142,478
Revenues as of December 31, 2023	**3,075,824**	**570,933**	**614,844**	**1,057,027**	**486,531**	**206,660**	**6,011,819**
Non-current Assets at 12-31-2023 other than deferred tax	9,466,748	612,467	1,035,237	687,247	1,681,160	163,360	**13,646,219**

2022	Geographical area						
	Local country	Foreign country					
Disclosure of geographical areas	**Chile ThU.S.$**	**Argentina ThU.S.$**	**Brazil ThU.S.$**	**USA/Canada ThU.S.$**	**Uruguay ThU.S.$**	**Mexico ThU.S.$**	**Total ThU.S.$**
Revenues from sale of goods	3,633,847	600,923	658,329	1,309,652	573,877	220,989	6,997,617
Revenues from rendering of services	71,318	-	-	-	33,134	1	104,453
Revenues as of December 31, 2022	**3,705,165**	**600,923**	**658,329**	**1,309,652**	**607,011**	**220,990**	**7,102,070**
Non-current Assets at 12-31-2022 other than deferred tax	9,426,583	548,528	906,174	721,824	1,664,974	128,093	**13,396,176**

2021	Geographical area						
	Local country	Foreign country					
Disclosure of geographical areas	**Chile ThU.S.$**	**Argentina ThU.S.$**	**Brazil ThU.S.$**	**USA/Canada ThU.S.$**	**Uruguay ThU.S.$**	**Mexico ThU.S.$**	**Total ThU.S.$**
Revenues from sale of goods	3,409,152	524,976	630,440	1,041,285	454,498	191,091	6,251,442

Revenues from rendering of services	63,432	-	-	-	34,886	1	98,319
Revenues as of December 31, 2021	**3,472,584**	**524,976**	**630,440**	**1,041,285**	**489,384**	**191,092**	**6,349,761**
Non-current Assets at 12-31-2021 other than deferred tax	8,845,193	688,698	642,578	735,846	1,698,320	125,995	**12,736,630**

NOTE 25. OTHER NON-FINANCIAL ASSETS AND NON-FINANCIAL LIABILITIES

Current non-financial assets	**12-31-2023 ThU.S.$**	**12-31-2022 ThU.S.$**
Roads to amortize, current	58,464	56,171
Prepayment to amortize (insurance and others)	9,742	17,474
Recoverable taxes (related to purchases)	167,086	126,368
Other current non-financial assets	4,962	6,046
Total	**240,254**	**206,059**

Non-current non-financial assets	**12-31-2023 ThU.S.$**	**12-31-2022 ThU.S.$**
Roads to amortize, non-current	67,701	71,094
Guarantee values	3,391	4,400
Recoverable taxes	6,221	6,363
Other non-current non-financial assets	28,861	10,657
Total	**106,174**	**92,514**

Current non-financial liabilities	**12-31-2023 ThU.S.$**	**12-31-2022 ThU.S.$**
Provision of minimum dividend (1)	2,283	189,375
ICMS, PIS-COFINS and other tax payables - Brazil	23,180	32,145
Other tax payable	16,104	14,186
Other Current non-financial liabilities	8,581	7,272
Total	**50,148**	**242,978**

(1) Correspond mainly to the minimum dividend provision of the parent company (see Note 26).

Non-current non-financial liabilities	**12-31-2023 ThU.S.$**	**12-31-2022 ThU.S.$**
ICMS and other tax payable - Brazil	58,069	66,736
Other non-current non-financial liabilities	5,521	3,136
Total	**63,590**	**69,872**

NOTE 26. DISTRIBUTABLE NET PROFIT AND EARNINGS PER SHARE

Distributable net profit

As a general policy, the Board of Directors of Arauco agreed that the net profit to be distributed as dividend is determined based on realized net gains/(losses) of any relevant variations in the value of unrealized assets and liabilities, which are excluded from the calculation of net profit during the period such changes are made.

As a result of the foregoing, for purposes of determining the distributable net profit of the Company, which is the same considered for calculating the minimum dividend required and additional dividend, the following unrealized gains/losses are excluded from the net profit for the year:

Unrealized gains/losses relating to the fair value recorded for forestry assets under IAS 41, adding them back to distributable net profit when they are realized through sale or disposed of by other means.

Those generated through the acquisition of entities. These results will be added back to net profit when they are realized through sale.

The deferred taxes associated with the amounts described in 1) and 2) above are also excluded.

In 2021, Arauco updated the dividend policy of the Company, establishing that in respect of fiscal year 2021, it will be distributed among the shareholders an amount equivalent to the 40% of the net profit for such year capable of being distributed as dividends, excluding from the calculation of such net profit the extraordinary benefits that the Company will obtain, through its subsidiary Forestal Arauco S.A., for the sale of assets to Vista Hermosa Inversiones Forestales SpA.

In the movement of consolidated statements of changes in equity was recognized a decrease of ThU.S.$ 437,995 (ThU.S.$ 596,012 as of December 31, 2021), of which ThU.S.$ 370,874 correspond to the provision of 40% of the distributable net profit for the year 2022 (ThU.S.$ 396,012 for the period of 2021) and ThU.S.$ 67,121 correspond to the difference in the dividend provisioned for the change in policy on profits for year 2021 mentioned later in this Note.

As of December 31, 2022 Arauco in the financial statements recognized the balance of minimum dividend provision of the parent company for ThU.S.$ 186,903 (125,012 as of December 31, 2021). In December 2022 Arauco paid a provisional dividend for ThU.S.$ 183,971 (ThU.S.$ 271,000 as of November of 2021) decreasing the minimum dividend provision.

In consideration of the profits obtained by the Company during the year 2021, in the Extraordinary Shareholders' Meeting held on October 12, 2021, it was agreed the distribution of a definitive dividend (eventual dividend) with charge on the fund of retain profits. Generating a provision for ThU.S.$ 200,000, it was paid from October 25, 2021.

On April 8, 2022, our Board of Directors approved an amendment to 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 profit for such fiscal year the extraordinary profits obtained by the Company for the aforementioned sale of assets 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.

The aforementioned modification to the Company's dividend policy only applies for fiscal year 2021. For the eventual profits of the current fiscal year 2022 and for subsequent fiscal years, an amount equivalent to the 40% of the distributable net income for each fiscal year will be distributed as dividends. Nevertheless, the Board of Directors may decide to distribute and pay 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.

Considering the change in the dividend policy described above, the final dividend paid for the year 2021 increased by ThU.S.$ 67,121 compared to the provision as of December 31, 2021.

In 2023, the amount of ThU.S.$ 92,719 presented in the consolidated statement of changes in equity was provisioned, corresponding to an additional and extraordinary dividend of 10% to be paid for the profits of the parent company of 2022.

For the profits of the fiscal year 2022 and for subsequent fiscal years, an amount equivalent to the 40% of the distributable net income for each fiscal year will be distributed as dividends. Nevertheless, the Board of Directors may decide to distribute and pay 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.

The following table details the adjustments made for the determination of distributable net profit as of December 31, 2023, 2022 and 2021:

	Distributable net profit		
	12-31-2023 ThU.S.$	12-31-2022 ThU.S.$	12-31-2021 ThU.S.$
Net profit (loss) attributable to parent company	**(358,560)**	**704,480**	**1,030,812**
Adjustments:			
Sale of lands	**-**	**-**	**(167,802)**
Biological assets			
Unrealized gains (losses)	(264,477)	(12,933)	(79,452)
Realized gains (losses)	394,179	327,268	249,441
Deferred income taxes	(37,394)	(91,629)	(42,970)
Total adjustments	**92,308**	**222,706**	**127,019**
Distributable net profit (loss)	**(266,252)**	**927,186**	**990,029**

Due to the fact that the distributable net profit as of December 31, 2023 resulted in a loss, no amount related to the 2023 period was provisioned on that date.

Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit or loss attributable to ordinary equity holders of parent by the weighted average number of ordinary shares outstanding. Arauco does not have any shares with potential dilutive effect.

	January-December		
	2023 ThU.S.$	2022 ThU.S.$	2021 ThU.S.$
Profit or loss attributable to ordinary equity holder of parent	(358,560)	704,480	1,030,812
Weighted average of number of shares	120,474,350	120,474,350	119,414,435
Basic and diluted earnings per share (in U.S.$ per share)	(2.9762352)	5.8475518	8.6322

NOTE 27. SUBSEQUENT EVENTS

The authorization for the issuance and publication of these consolidated financial statements for the twelve-months period ended December 31, 2023, was approved by the Board of Directors of Arauco at the Extraordinary Meeting held on April 4, 2024.

Subsequent to December 31, 2023, and as of the date of issuance of these consolidated financial statements, there have been no additional events, that could materially affect the presentation of these consolidated financial statements.