



## Corporate Procedure

# Community Relations Management



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## 1. INTRODUCTION

### 1.1 Purpose

To ensure the implementation of the Sustainable Development Policy in its social dimension, by establishing the activities that Masisa should carry out in order to generate responsible and constructive relations with the stakeholders located within the territory where Masisa's operations are carried out.

### 1.2 Scope

This procedure applies to Masisa's industrial and forestry operations.

### 1.3 Definitions and abbreviations

- **Community Relations in the territory:** a set of practices aimed at building responsible and constructive relationships with the stakeholders located in the territory where our operations are (neighbors, local organizations, NGOs, local government agencies and authorities, among others). This is based on mutual respect, the improvement of the quality of life of the communities and the sustainability of Masisa's business.
- **Stakeholders:** For these purposes, direct audiences are as follows: neighbors, local organizations, NGOs, educational institutions, local government agencies and authorities. The indirect audiences are as follows: employees (development of the culture of sustainability and social responsibility), suppliers and customers (development of social and environmental issues in the value chain) and shareholders (risk control and information reporting). Audiences are prioritized according to risk/opportunity levels.
- **CSR:** Corporate Social Responsibility.
- **Territory:** a geographic, social, economic, cultural and environmental unit where the operation is located. For the purposes of this document, the territory is divided by the levels of influence of our operations:
  - a) **Direct territory:** the area nearby the Company's operations, where the quality of life of neighboring communities may be affected by environmental and/or social issues. Such communities are represented by the respective organizations and the local government.
  - b) **Indirect territory:** a larger area which Masisa's stakeholders have an interest towards. It is generally larger than the direct territory (for example, companies' council, consumer association, among others).
- **CDS:** Sustainable Development Council.

## 2. RESPONSIBLE FOR ITS APPLICATION AND FOLLOW-UP

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<b>Position</b>	<b>Application</b>	<b>Follow-up</b>
Operation Managers or Heads of Industrial Plant / Forestry Operations	X	
Head of community relations in connection with forestry and industrial operations	X	
CSR Department		X
Sustainable Development Council		X
Country's General Manager		X

**3. DESCRIPTION OF THE PROCEDURE**

**3.1 Responsibilities**

The Operations Manager and the Industrial Plant /Forestry Operations Manager are primarily responsible for building relationships with the stakeholders located in the areas managed by them and are therefore in charge of providing the CSR team with the necessary resources to carry out and adequate community management therein. The necessary resources will be required/allocated by the annual budget based on the provisions of the 4-year CSR Plan. Said plan is approved according to the following:

- a) In the case of industrial operations: Country General Manager, Country Operations Manager or Industrial Plant/Forestry Operation Manager, Country Human Resources Manager and CSR Manager.
- b) In the case of forestry operations: Country Forestry Operation Head, Country Forestry Manager, Forestry Manager, CSR Manager (the Country General Manager must be kept properly informed).

Said Plan and the Annual Plan are prepared and implemented by the person in charge of community relations together with the CSR Manager. For its implementation, support can be requested from the Human Resources Department.

Those in charge of community relations are responsible for planning and implementing all the stages of the community management in respect of the direct audiences (diagnosis, dialogue and annual and 4-year CSR Plan). They must also provide technical support to the Human Resources departments in terms of installing a culture of sustainability, with regard to the commercial areas (social management of clients), to the Operations and Supply departments in matters related to the management of suppliers and contractors and the Country Management for other strategic audiences (national government, unions, etc.).

The CSR team must request the necessary support for marketing and communication in all those matters that correspond to them (for example, communication actions with local audiences, monitoring of local media and others).

The CSR Department provides technical support to the social management of the countries.

The Country's General Manager must ensure that there is an alignment in community relations management for all the businesses of the Company across the country. This also applies to the correct preparation of CSR plans and their correct execution. He must also participate in the approval of the 4 and 1-year plans for the industrial area, and he must be kept informed of such plans before they are approved.

### **3.2 Purpose of Community Relations Management**

Community Relations Management has two main goals that can be achieved over time, according to the strategic analysis of the community impact/risk of a given operation:

- 1) To obtain and maintain a social license to do business. This corresponds to the Basic Management Level, which is focused on controlling the risks and impacts of our operations on the stakeholders.
- 2) To contribute to the development of the territory where our operations are located. This corresponds to the Development Level focused on generating mutual benefits, bonds of trust and a sense of belonging regarding the territory and its stakeholders.

### **3.3 Execution stages**

For the achievement of our goals, the stages described in Tables 1 and 2 below must be carried out.

For all the operations, the Basic Management Level stages must be adequately implemented and followed. A good Development Level is desirable and the urgency with which it will be implemented will depend on the degree of impact/risk of our operations and the strategic interest.

**TABLE 1. Basic Management Level:** License to do business and focus on impact and risk control.

<b>STAGES OF COMMUNITY RELATIONS MANAGEMENT</b>		
<b>Diagnosis</b>	<b>Dialogue</b>	<b>Action Plan</b>
<ul style="list-style-type: none"> <li>- Define the map of the territory where our operation is located. The direct territory is delimited. Likewise, a risk analysis is carried out and the stakeholders and their interests are identified. The areas of impact and defined control measures are identified.</li> <li>- The Diagnosis is linked to the SGI. Organized records are kept.</li> <li>- Community Consultations are used as a diagnostic tool.</li> </ul>	<ul style="list-style-type: none"> <li>- Communication and relationship tools are used. There are means of communication that efficiently channel complaints and requests, which are managed by trained personnel. There must be an adequate response, registration and reporting of communications with the stakeholders. The stakeholders are informed of the company's point of contact.</li> <li>- There is participation in local events and festivities.</li> <li>- There is an annual communication plan that clearly defines the messages that Masisa transmits to these audiences.</li> <li>- Measure of success: complaints are received and adequately addressed. This means that in the event of a complaint, a plan/action is defined and implemented and the community is informed of it within 1 month.</li> </ul>	<ul style="list-style-type: none"> <li>- Contained in the annual CSR Plan of the operation, which is based on the 4-year CSR Plan.</li> <li>- Established according to the inputs of the communication and consultation channels. It is oriented to the impacts, risks, opportunities and expectations of the stakeholders.</li> <li>- Includes objectives and goals, persons in charge and budget. There is monitoring, indicators and reporting. It has a strategic orientation, i.e., it is more than a list of actions.</li> <li>- There is systematization of the experience and communication of the results.</li> </ul>

**TABLE 2. Development Level:** It is contribution to the development of the territory, focused on bonding, trust and sense of belonging to the territory and its stakeholders.

<b>STAGES OF COMMUNITY RELATIONS MANAGEMENT</b>		
<b>Diagnosis</b>	<b>Dialogue</b>	<b>Action Plan</b>
<ul style="list-style-type: none"> <li>- The execution of the CSR plan and the new relationships have allowed knowledge to be gained with respect to the territory, culture, power relations, interests and expectations.</li> <li>- The company identifies issues that are critical for the well-being of the community.</li> <li>- The diagnosis of the territorial management areas</li> </ul>	<ul style="list-style-type: none"> <li>- Building a relationship for the joint solution of the critical issues of the territory.</li> <li>- Coordination with local territory development organizations (community-involved entities) and alliances with stakeholders.</li> <li>- There is active participation in local</li> </ul>	<ul style="list-style-type: none"> <li>- The Development Action Plan has a broad approach, not only focused on the company. It is a medium to long-term plan and expresses commitments to solve collective issues.</li> <li>- It is synergistically integrated with Masisa's CSR Plan.</li> <li>- The stages of design, negotiation, agreements of implementation, execution,</li> </ul>

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<p>and initiatives allows for a holistic vision of the role of the company.</p> <ul style="list-style-type: none"> <li>- This diagnosis includes the scope of the indirect territory.</li> </ul>	<p>organizations.</p> <ul style="list-style-type: none"> <li>- Measure of success: the public knows how Masisa works and there is mutual respect.</li> </ul>	<p>monitoring and evaluation of impacts are carried out collectively with the community.</p> <ul style="list-style-type: none"> <li>- There is systematization and communication of the experience and its results.</li> </ul>
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**3.4 Management, reporting and control practices**

Next, the Basic Level management practices and the report that the CSR Coordinator must make for each stage of the process, are indicated.

All this must be linked to the Integrated Management System, guaranteeing an adequate control of documents and records. In addition, they are subject to verification by the SAR, so they must have the necessary records.

**DIAGNOSIS STAGE**

<b>ACTIVITY</b>	<b>DESCRIPTION</b>	<b>REFERENCE DOCUMENT</b>	<b>REPORT (CSR Coordinator)</b>
<b>List of audiences with whom a relationship must be built</b>	<ul style="list-style-type: none"> <li>- Audience details, organized by categories.</li> <li>- Must be updated every 2 years</li> </ul>	SGI document	Provide information for the Annual Report
<b>Analysis of aspects, impacts, hazards and risks</b>	<ul style="list-style-type: none"> <li>- Environmental and health and safety issues that may affect the external audiences.</li> <li>- Assessment of risks according to scenarios of the territory</li> <li>- Updated every 5 years or in the event of operational changes.</li> </ul>	<ul style="list-style-type: none"> <li>- SGI document</li> <li>- Map of impacts and risks</li> </ul>	CSR and CDS Department, whenever prepared or updated
<b>Community Consultations</b>	<ul style="list-style-type: none"> <li>- Diagnosis Method to discover the public's perception.</li> <li>- Carried out every 4 and 2 years (assesses the perception of progress)</li> </ul>	Corporate Reference Terms	<ul style="list-style-type: none"> <li>- Perception indicator reported to the CDS and shareholders, once it is developed.</li> <li>- Provide information for the Annual Report</li> </ul>

**DIALOG STAGE**

ACTIVITY	DESCRIPTION	REFERENCE DOCUMENT	REPORT (CSR Coordinator)
It is based, among other aspects, on the Country or Company's communications policy/procedure, if any. This issue must be planned and supported by the communications department of the respective country.	<ul style="list-style-type: none"> <li>- Procedure for the reception, response, registration and reporting of communications.</li> <li>- Appointment of persons in charge.</li> <li>- Provide training to guards/forest rangers, caretakers and receptionists.</li> <li>- Apply the Crisis Management Procedure to conflict scenarios.</li> </ul>	<ul style="list-style-type: none"> <li>- SGI document</li> <li>- Communications procedure/policy</li> <li>- Crisis Management Procedure</li> <li>- Communications recording</li> </ul>	<ul style="list-style-type: none"> <li>- Indicator of complaints and/or news in the media (including local): report by event to the Operations, RSE and Communications Departments. A report should also be provided at the time the event is closed.</li> <li>- Consolidated report to CDS and shareholder.</li> <li>- Provide information for the Annual Report</li> </ul>
Donations Policy	<ul style="list-style-type: none"> <li>- Document that establishes the rules, records and controls for donations.</li> </ul>	<ul style="list-style-type: none"> <li>- Corporate Policy</li> <li>- Donations Registry</li> </ul>	<ul style="list-style-type: none"> <li>- Quarterly donations indicator to be reported to the CSR Department</li> <li>- Provide information for the Annual Report</li> </ul>
Community participation	<ul style="list-style-type: none"> <li>- Participation in at least one local community organization as a way to build relationships and invite the public to visit the Company's operations.</li> </ul>	No reference	Provide information for the Annual Report

Treatment and internal communication procedure in relation to news that presents a reputational risk for the Company is addressed in the "Crisis Management Procedure".

**ACTION PLAN STAGE**

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ACTIVITY	DESCRIPTION	REFERENCE DOCUMENT	REPORT (CSR Coordinator)
4-year CSR plan and CSR Annual Plan	<ul style="list-style-type: none"> <li>- Ensures a strategic intervention in the territory.</li> <li>- Must involve stakeholders from the territory, respond to public expectations, define objectives and goals, establish and manage Plan impact indicators.</li> </ul>	SGI document	<ul style="list-style-type: none"> <li>- Quarterly indicators to be reported to the Operations and CSR Departments</li> <li>- Consolidated report to CDS and the shareholders.</li> <li>- Provide information for the Annual Report</li> </ul>

There must be a CSR CECO at each plant/Industrial operation, in each forestry operation of the country or by country, which allows covering all the activities included in the Annual Plan. This expense is added to the product cost.

**4. VALIDATION**

Function	Name	Position	Date
Prepared by	Fausto Amadigi	Head of CSR	July 2012
Reviewed by	CSR Coordinators Ivan Rubio	CSR Operations Coordinators Operations and Environment Manager	August 2012
Approved by	Francesca Tondreau	CSR Manager	September 2012
Effective Date: October 2012		Version: 01	

**5. CHANGE CONTROL**

Reason	Responsible	Date
Issuance of a new document	Francesca Tondreau	August 2012

**6. RELATED POLICIES AND PROCEDURES**

- Sustainable Development Policy.
- Donations Policy.
- Environmental and Occupational Health and Safety Policies.
- Volunteer Procedure.

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This procedure is complemented by the “*Convivencia sustentable con la comunidad*” guide, AcciónRSE and Casa de La Paz, 2006.