

MASISA

Corporate Policy

Social Management and Community Relations

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1. INTRODUCTION

1.1 Target

To implement the Sustainable Development Policy in terms of its social management and community relations in a responsible, transparent and constructive manner with the stakeholders of the territories where Masisa's operations are located, in order to obtain/maintain the social license and contribute to the development of the territory creating shared value.

1.2 Scope

Applies to all Masisa's operations.

1.3 Definitions and abbreviations:

- **Sustainable Development:** development that meets the needs of present generations without compromising the possibilities of future generations (Principle 3, United Nations Rio Declaration of 1992), guaranteeing a balance between economy, environment and social welfare.
- **Social Management:** set of practices developed in a responsible and constructive manner with the stakeholders of the territory where the operations are located. Social Management is a dynamic and ongoing process that seeks to establish a link with the community in a transparent, responsible and constructive manner, that involves the following: diagnosis of the issue; a program of measures and actions that address and respond to the diagnosis; ongoing participation of the community; and a monitoring and evaluation system whose results are socialized internally and externally.
- **Community relations:** a bond which is based on transparency and mutual respect with stakeholders through effective citizen participation actions for mutual benefit and the achievement of mutual goals. Community relations management is a set of practices that seek to eliminate, mitigate or compensate for the risks and impacts that may be generated in the community due to Masisa's operations.
- **Stakeholders:** people or organizations that affect or are affected by the operation of the company, either positively or negatively, and that exert some influence on it. (R. Edward Freeman, 1984). Direct stakeholders are: neighbors, civil society, local government, institutions and authorities, among others. Indirect stakeholders are: employees, contractors and suppliers, customers and shareholders. The stakeholders are prioritized according to the risk management matrix.
- **Social License:** trust created in the stakeholders (shareholders, collaborators, clients, contractors and suppliers, neighboring communities, civil society, government, universities, among others).
- **Shared value:** expression of the Corporate Social Responsibility; it is understood as an interaction in a responsible and ethical manner with our neighboring communities and various stakeholders and in no case should it be interpreted as philanthropy.
- **Territory:** geographic, cultural, social and economic unit where the operation is located. For the purposes of this procedure, the territory must be understood based on the levels of influence of the operations:

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- a) **Direct territory:** nearby area of influence, where there is potential impact on neighbors and/or communities due to the company’s operations.
- b) **Indirect territory:** remote area of influence, where there is no potential impact by the company’s operations, however, they belong to the communal territory and there may be interaction with the company.
- **Sustainable Development Council (CDS):** led by the General Manager and made up of first- line Managers, who propose MASISA’s medium and long- term Sustainability Strategy, where the following are defined: policies, programs and goals, to ensure that MASISA achieves world-class social, environmental and community health and safety management standards. In addition, this council identifies and reports emerging issues and supports the executives of MASISA and its affiliates in the fulfillment of their actions and goals. It also coordinates compliance with the Principles of the United Nations Global Compact and the Sustainable Development Goals of the 2030 Agenda and with the Policy and Social and Environmental Sustainability Performance Standards of the International Finance Corporation.

2. RESPONSIBLE FOR ITS APPLICATION AND FOLLOW UP

Position	Application	Follow up
Operations Manager	X	
Communications Team	X	
Local Social Management and Community Relations Team	X	
SMS and Community Relations Manager	X	X
Legal and Corporate Affairs Manager		X
Sustainable Development Council		X
General Manager		X

3. DESCRIPTION OF THE PROCEDURE

3.1 Responsibilities

The SMS and Community Relations Manager and the Operations Manager are responsible for the relationship with the stakeholders of the operations under their management and, therefore, in charge of providing the Local Social Management and Community Relations team with the necessary resources for the execution of this procedure. The necessary resources will be required/allocated through the annual budget based on the provisions of the Social Management and Community Relations Plan for a 4- year term.

This annual Plan is prepared and implemented by the Local Social Management and Community Relations team together with the Environment and SMS Team. For its implementation, support can be requested from the Operations Management and the Human Resources Management.

The local Social Management and Community Relations teams are responsible for planning and implementing all stages. They must also provide technical support to the Operations and Human Resources Departments in matters of installing a culture of sustainability, to the commercial areas in customer social management, to the Operations and Supply areas in matters related to the social management of suppliers and contractors and to the Senior Management for other strategic stakeholders (national government, unions, etc.).

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The Social Management and Community Relations team must request the necessary support from the Communications team, in matters that correspond to them, for example, communication actions with local stakeholders, monitoring of local media and others.

The SMS and Community Relations Department provides technical support to the social management of the countries.

The General Manager ensures the alignment of the social management of all the businesses that the Company has in the country, in addition to the correct preparation of the Social Management and Community Relations plans and the execution in the Company's operations.

3.2 Purpose of Social Management and Community Relations

Social Management and Community Relations has three targets over time, according to the strategic analysis of the social impact/risk of the company's operations:

- 1) **Basic Level:** it seeks to obtain and maintain the social license to operate and is focused on controlling the risks and impacts of our operations on stakeholders.
- 2) **Intermediate Level:** it seeks to implement strategies to manage issues arising from operations and the planned management of environmental and/or social issues.
- 3) **Development and Creation of Shared Value:** it seeks to contribute to the development of the territory where the operation is inserted, with effective participation and focused on generating mutual benefits, bonds of trust and a sense of belonging to the territory and its stakeholders.

3.3 Execution stages

For the execution of the objectives, the stages described below in Tables 1, 2 and 3 must be fulfilled.

It is imperative for all operations that the stages of the Basic Management Level are implemented and adequately followed in the short term, while the Strategic Management level has its focus on the medium term and the Development and Shared Value Creation Level is the desirable long-term goal.

The execution of the stages and the scope of each level is different for each territory in which the company's operations are inserted, therefore, in the Annual Social Management and Community Relations Plan and the 4 years term Social Management and Community Relations Plan, the territory in which each action will be carried out must be specified.

TABLE 1. Basic Management Level: License to operate, focus on impact and risk control.

Diagnosis	Management Guidelines	Plans	Expected impacts
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<p>- Carry out an analysis of risks, impacts and definition of control measures.</p> <p>- Information is collected that allows the direct territory to be delimited.</p> <p>- The Social Consultation, which is used as a perception tool that provides basic information that contributes to decision making.</p> <p>The scope of this diagnosis includes only the direct territory.</p>	<ul style="list-style-type: none"> - It has indicators and responsible objectives. - It has a budget. - There is follow-up and evaluation. - There is systematization of the experience and communication of the results through reports and presentations. - There are communication channels that efficiently conduct complaints and requests (it is managed by trained personnel), giving an adequate response, keeping records and preparing reports on communications with the public. - The public recognize the contact person of the company. - There is participation in local events and festivities. - There is an annual communication plan that clearly defines the messages that Masisa transmits to its stakeholders. - Measure of success: complaints and requests received and adequately dealt with. This means that in the event of a complaint, a plan/action is defined and implemented and the community is informed within a maximum period of 1 month, while requests are analyzed and responded to. 	<p>Construction of a risk map considering the impacts of our operations in the direct territory.</p> <p>System to deal with requests and donations.</p> <p>Participation in community actions.</p> <p>External complaints system.</p>	<p>There is information on the types of potential risks to the direct territories.</p> <p>Through a donation management system, all donation requests are answered, which has a positive impact on the recognition of the company as an entity that contributes to the community.</p> <p>The company is recognized as an entity present in the territory.</p> <p>The company responds to complaints filed by neighbors and/or communities in a prompt and appropriate manner.</p>
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BASIC LEVEL ACTION PLAN

ACTIVITY	DESCRIPTION	REFERENCE DOCUMENT	REPORT (Local Social Management and
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			Community Relations Team)
- Annual Plan for Social Management and Community Relations.	- Guarantee the intervention that allows the social license. - It must respond to the needs of stakeholders in the territory, respond to public expectations, define objectives and goals, establish and manage Plan impact indicators.	Annual action plan (Gantt chart and activities)	- Quarterly reports to the Operations Department and SMS Management and Community Relations Department. - Consolidated indicators are reported to CDS and shareholders - Delivery of information for the preparation of the Annual Report

TABLE 2. Intermediate level: is a stage where strategies are implemented to manage issues arising from operations, environmental and/or social issues.

Diagnosis	Management Guidelines	Plans	Expected Impacts
- The information collected through: Risk Analysis, map of the stakeholders of the territory and the Social Consultation, allowing for the elaboration of strategies for Social Management and Community Relations, and being able to establish different scenarios and give an adequate response to contingencies, concerns and needs expressed by the communities. - This level, more than the control of impacts, seeks a rapprochement with the community for the construction of common elements that contribute to the territory through an action plan prepared based on the available evidence. - The stakeholders of the territory and their interests are identified. - This scope of this diagnosis	- It is built on the basis of evidence and community participation; seeks to generate proposals that contribute to the development of the community. It is a medium-term plan. - In this stage, Social Management and Community Relations strategies are established that allow for the generation of the necessary conditions to achieve mutual trust, deepen participation towards collective construction and	Map of risks considering the impacts of our operations in the direct and indirect territory. Social Consultation that allows measuring the impact of our operations, social management actions and community relations and the reputation of the company. Map of stakeholders in the territory. Education, preparation and training programs in trades and technical specialization. Working groups with civil society and the Local Government. Linking and alliances with institutions.	Information on the types of potential risks to the direct and indirect territories that allow managing (eliminating, mitigating and/or compensating) the risks and impacts on the communities, is socialized with the community. There will be information that will allow us to measure the perception of environmental impacts and assess the impact of social actions and community

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<p>considers direct and indirect territory.</p>	<p>the creation of shared value.</p> <ul style="list-style-type: none"> - It is focused on the Sustainable Development Goals of the United Nations 2030 Agenda. - There is systematization and communication of the experience and its results through open meetings. - Stage of relationship management where a link is established with the communities of the direct and indirect territory. - There is participatory work, with the different stakeholders of the territory and alliances are generated that seek to contribute to the development of the local territory. - Measure of success: Social Management and Community Relations strategies are established that allow the public to know the contribution of the company in the territory. 	<p>Company visit plan for the community.</p>	<p>relations.</p> <p>There will be a list of stakeholders from the direct and indirect territories.</p> <p>The training courses have a positive impact on the recognition of the company as an entity that contributes to the community and allows the development of local labor.</p> <p>The company is seen as a contribution to the development of the territory and that generates participation opportunities.</p> <p>The company has alliances with universities, companies, organizations and public institutions that allow it to respond to the needs presented by the community.</p> <p>The company transparently provides information about its operations.</p>
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INTERMEDIATE LEVEL ACTION PLAN			
ACTIVITY	DESCRIPTION	REFERENCE DOCUMENT	REPORT (Local Social Management and Community Relations) Team
<ul style="list-style-type: none"> - Annual Plan for Social Management and Community Relations. - Social Management and Community Relations Plan for a 4- year term. 	<ul style="list-style-type: none"> - Ensure strategic intervention in the territory. - It must involve stakeholders from the territory, respond to public expectations, define objectives and goals, establish and manage Plan impact indicators. 	<ul style="list-style-type: none"> Annual action plan (Gantt chart and activities) 	<ul style="list-style-type: none"> - Quarterly indicators will be reported to the Operations Department and SMS Management and Community Relations. - Consolidated Indicators will be reported to CDS and the shareholders. - Information will be delivered for the preparation of the Annual Report.

TABLE 3. Development and shared value: contribution to the development of the territory, with effective participation and focused on generating mutual benefits, bonds of trust and a sense of belonging to the territory and its stakeholders

Diagnosis	Management Guidelines	Plans	Expected impacts
<ul style="list-style-type: none"> - The information collected through: Risk Analysis, map of stakeholders of the territory and the Social Consultation, added to a new instrument of Participatory Review of the social actions and relationship of the company, allow new findings on the culture, relationships, interests and expectations of the inhabitants of the territory. - Beyond the control of its impacts, the company, through effective community participation, 	<ul style="list-style-type: none"> - The Action Plan has a broad approach and is built in a participatory way. It is a medium to long-term plan and expresses commitment to collective issues. - The stages of design, prioritization, implementation agreements, execution, monitoring and impact assessment are carried out collectively with the community. - It is focused on the Sustainable Development Goals of the United Nations 2030 Agenda. - There is systematization, 	<ul style="list-style-type: none"> Participatory review of the company's social management and community relations. Quality of life, health and well- being for the community. Transforming the Community Creating Shared Value. Open meetings with civil society and the Local Government. New links and 	<ul style="list-style-type: none"> The defined and planned actions were built with the participation of the stakeholders. The community has access to health promotion activities that improve their well- being, which allows the company to be recognized as an entity that contributes to the community. The people of the territories see their quality of life improved. We contribute to the creation and/or strengthening of local enterprises.

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<p>identifies needs, interests and expectations which are prioritized together with the community for the creation of action plans that contribute to the development of the territory.</p> <p>- This diagnosis covers the indirect territory.</p>	<p>communication and feedback from the community, of the experience and its results, through open meetings.</p> <p>- Stage of relationship for joint solution of the critical issues of the territory.</p> <p>- There is a bond based on effective participation, for the elaboration of common objectives that contribute to the territory.</p> <p>- There is collaborative work between the different stakeholders of the territory and new alliances are generated that contribute to the development of the communal territory.</p> <p>- Measure of success: the public knows how Masisa do business, there is trust and mutual respect.</p>	<p>alliances with institutions.</p>	<p>The company is seen as a contribution to the development of the territory.</p> <p>The company has new alliances with universities, companies, organizations and public institutions that respond to the strategies built with the community.</p>
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ACTION PLAN AT THE DEVELOPMENT AND SHARED VALUE MANAGEMENT LEVEL			
ACTIVITY	DESCRIPTION	REFERENCE DOCUMENT	REPORT (Local Social Management and Community Relations Team)
<p>- Social Management and Community Relations Plan for a 4-year term.</p>	<p>- Guarantee intervention in the territory that promotes the creation of Shared Value.</p> <p>- It must work together with the stakeholders in the territory, respond to public expectations, define objectives and goals,</p>	<p>Annual action plan (Gantt chart and activities)</p>	<p>- Quarterly indicators are reported to the Operations Department and SMS Management and Community Relations.</p> <p>- Consolidated Indicators are reported to CDS and</p>

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	establish and manage Plan impact indicators.		shareholders. - Information will be delivered for the preparation of the Annual Report.
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4. VALIDATION PROCESS

Function	Name	Position	Date
Reviewed by	Edgardo Anfossi	Social Management Specialist	June 2022
	Margarita Celis	Head of social and environmental management	June 2022
	Reinaldo Gallegos	SMS and Community Relations Manager	June 2022
Approved by	Alejandro Carrillo	General Manager	June 2022
Effective date: June 2022		Version: 04	

5. CHANGE CONTROL

Reason	Responsible	Date
Corporate Policy and Procedures Adaptation SMS and Community Relations Management	Reinaldo Gallegos	January 2021
Review and update in accordance with the Masisa Sustainable Development Policy and the Performance Standards on Social and Environmental Sustainability of the International Finance Corporation	Reinaldo Gallegos	May 2022
Review and incorporation of IDB observations	Margarita Celis	June 2022

6. POLICIES, PROCEDURES AND ASSOCIATED DOCUMENTS

- Sustainable Development Policy.
- Donations Policy.
- Environmental and Occupational Health and Safety Policies.
- Volunteering Procedure.
- Sustainable Coexistence with the Community (*Casa de la Paz*).
- Sustainable Development Goals of the United Nations 2030 Agenda.
- Policy and Performance Standards on Social and Environmental Sustainability of the International Finance Corporation.
- 2016- 2019 Cabrero Social Progress Index Measurement Report.