

# NATURE STRATEGY

## ARAUCO

### 2023



renewables  
for a  
better life

**arauco®**

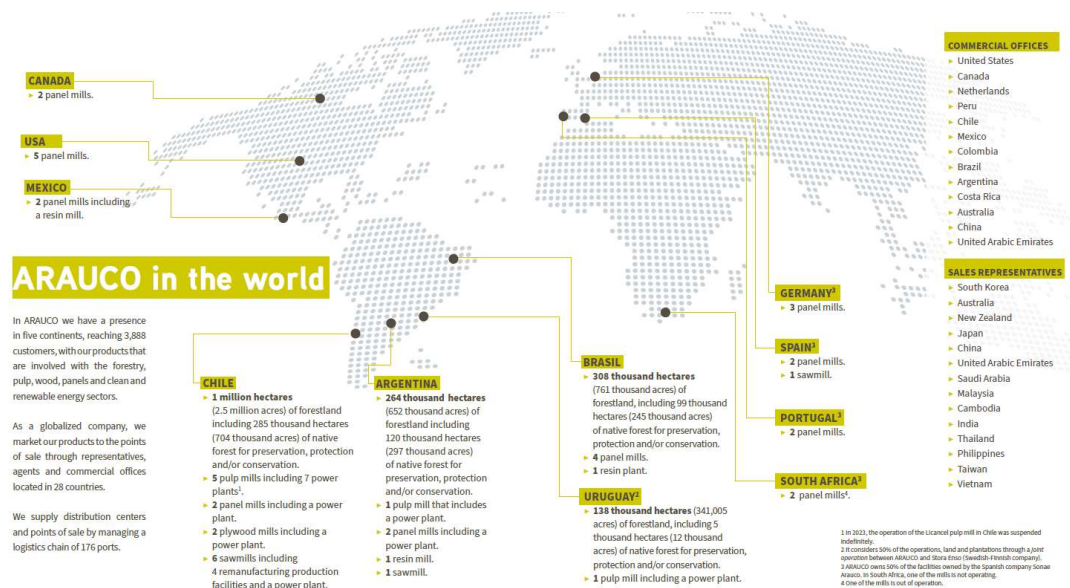
## OUR PURPOSE

From nature and renewables, we contribute to people and the planet.

## ARAUCO AND ITS COMMITMENT TO SUSTAINABILITY

At ARAUCO, our approach to sustainability is deeply rooted in the principle of being renewable for a better life. Thus, for ARAUCO, sustainability means providing solutions that enhance people's quality of life through a wide range of sustainable products and alternatives, made from a renewable resource like wood.

This is reflected in a model aimed at guiding the company's actions and decision-making processes, materializing our purpose of contributing to both people and the planet through our forests. We strive to ensure that these forests preserve their biodiversity, productivity, regenerative capacity, and vitality so that they can fulfill their essential ecological, economic, and social functions, both now and in the future.



We are present in the forestry, pulp, wood products, and renewable non-conventional energy businesses, offering sustainable solutions that help our customers meet the demand for goods with positive environmental impacts.

The great capacity of trees to capture and store CO2 has allowed us to become key players in an industry that acts as a catalyst for a sustainable economy. This is because it impacts industries such as packaging, construction, furniture, clothing, retail, and energy, enabling them to replace fossil-based materials with renewable alternatives.

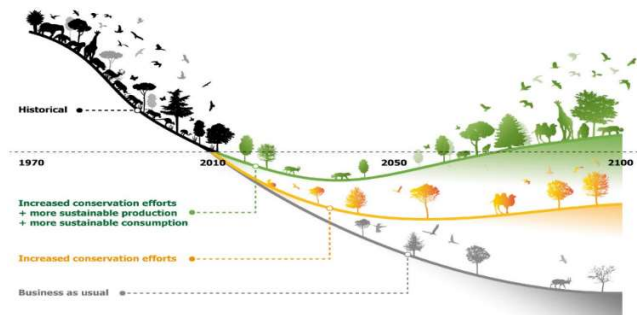
**1.7 million hectares**  
**(4.2 million acres)**  
in Chile, Argentina, Brazil and Uruguay  
make up our forest assets.

Trees are the raw material for all our products, which is why at ARAUCO we manage our forest assets in Chile, Argentina, Brazil, and Uruguay under Responsible Forest Management practices. Additionally, our production processes are certified by the most stringent environmental, social, and economic standards worldwide.

**29%**  
of this corresponds to native forest and protection and conservation areas of high social and environmental value, protected and preserved for future generations.





### ARAUCO ‘s ABC+ Plan

Human expansion in the biosphere has been accompanied by a decline in biodiversity, which has intensified since the industrial revolution. Today, it is one of the main threats to global sustainability along with climate change, and they are so interconnected that they are now addressed together.



Given this reality, the challenge is to reverse the trend, and the forestry industry plays a key role in this. At ARAUCO, we know we must redouble our efforts to mitigate the effects of climate change, reverse the loss of biodiversity, and tackle pollution on our planet.

To this end, we have a plan with four main pillars: Water, Biodiversity, Circularity, and Carbon. Additionally, we are measuring our natural capital with the aspiration of becoming Nature Positive.

|   |  |  |   |
|---|--|--|---|
|    |   |   |    |
| <b>Water (A)</b>  | <b>Biodiversity (B)</b>  | <b>Circularity (C)</b>   | <b>Carbon +</b>   |
| We maintain a constant commitment to hydrological monitoring, focusing on developing knowledge for the sustainable management of water resources and ensuring compliance with emission limits to respect the quality of water bodies, both in relation to effluent discharges and for the safe supply to plants and the conservation of water bodies. For the past decade, we have been developing the management strategy in Chile through the “Desafío Agua” program. | We conserve over 500,000 hectares of native forest and protected areas in Latin America. Additionally, we safeguard 1,234 threatened species of flora, fauna, and fungi as part of our commitment to preventing biodiversity extinction in the areas where we operate. Our conservation efforts are even more critical as we are in biodiversity hotspots. | We develop biodegradable and recyclable products with the potential to replace polyester in the fashion industry. Additionally, we produce natural fibers that serve as an alternative to more polluting materials like plastic. Lastly, we are committed to achieving zero non-hazardous solid waste by 2030. | We are certified as carbon neutral and have committed to additional emission reduction targets by 2030 through the Science Based Targets initiative. Additionally, the wood we produce each year removes millions of tons of CO2 from the atmosphere, equivalent to taking 5,000 cars off the road each day. Furthermore, with the aim of contributing to the challenge of limiting the planet's temperature rise to 1.5°C, ARAUCO has been working for years to elevate our standards and practices. |

On the other hand, as a forestry company that manages its wood resources responsibly, ARAUCO has defined a nature strategy based on identifying the main positive and negative impacts, as well as the risks and opportunities, with the aim of guiding the company's actions and decision-making, realizing our purpose.

This is complemented by the fact that products made from wood sourced from responsibly managed forests offer an alternative to fossil-based materials, thus helping to prevent soil loss and ecosystem destruction, and alleviating pressure on native forests.

At ARAUCO, we understand the importance of protecting biodiversity to maintain the well-being of our planet and its inhabitants. Biodiversity ensures that ecosystems function properly, providing basic life needs, improving the water cycle and water quality, and significantly contributing to CO2 capture and storage.

Our sustainable forest management allows us to maintain operations that ensure the preservation of biodiversity, productivity, regenerative capacity, and vitality of forests, playing a crucial role in the fight against climate change and biodiversity loss. In this way, our plantations are managed integrally with the landscape, based on a model designed and planned from a local context.

The Protected Productive Landscape (PPP) is a management model initiated in 2021 at ARAUCO with an approach that considers forest property at a broader landscape scale in Chile and Argentina, integrating production with environmental conservation and biodiversity, while promoting economic and social development. The approach was born in Argentina, designed by ProYungas Foundation and it has evolved and adopted by companies and organization in South America.

The key to Protected Productive Landscapes lies in managing forest property in a way that integrates production with the conservation of nature and ecosystem services in all its dimensions: operational, community, and environmental. To this end, we have configured our operation into thirty landscapes. In each landscape we assess biodiversity and ecosystem services regarding the effect of ARAUCO and generate goal driven land use proposals with indicators. Then we conduct environmental and social monitoring to evaluate progress for a continuous improvement of socio-environmental performance. Finally, we focus in Internal and external communication of PPP model and actions together with reinforcing strategic alliances with stakeholders.



## OUR COMMITMENT TO NATURE

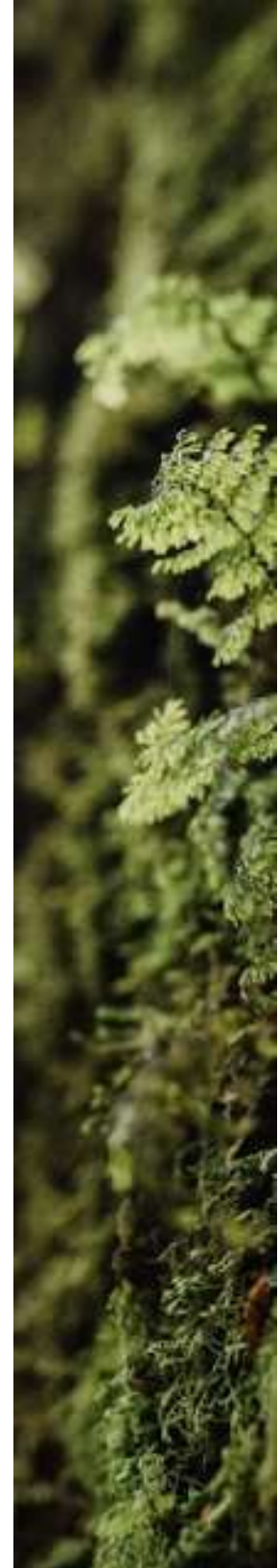
Realizing that the loss of nature has dramatically accelerated, responsible forest management emerges as a key component for biodiversity conservation. In particular, raw materials from fast-growing plantations are an alternative to fossil-based materials and also help reduce pressure on natural forests, conserve soil, and regulate the water cycle. These plantations must ensure that they do not lead to the replacement, pollution, or overexploitation of natural forests and other threatened ecosystems. They must also meet the highest standards to address and mitigate other threats to biodiversity, such as pests and biological invasions, many of which are facilitated by climate change.

At the landscape level, these plantations should also contribute to maintaining and improving habitat conditions for threatened native species, as well as ensuring the provision and distribution of ecosystem services for human communities.

Addressing these risks requires coordinated and effective action at global, regional, and local levels, involving governments, companies, communities, and non-governmental organizations. Strategies must include habitat conservation, ecosystem restoration, regulation of resource exploitation, reduction of greenhouse gas emissions, and promotion of sustainable practices.

At ARAUCO, we have defined a strategy based on maintaining and improving the abundance, diversity, integrity, and resilience of the species, ecosystems, and natural processes we depend on and influence. This involves continuously reviewing and expanding the number and ambition of our explicit science-based targets, establishing a path for the urgent implementation of actions with the goal of full compliance by 2050.

This strategy aims not only to monitor and protect what already exists and restore key sites but also to use approaches that allow us to measure and communicate ARAUCO's progress. Therefore, the strategy is based on the high-level business actions ACT-D approach (Assess, Commit, Transform and Disclose), which seeks to promote sustainable and responsible practices in the protection and management of biodiversity.

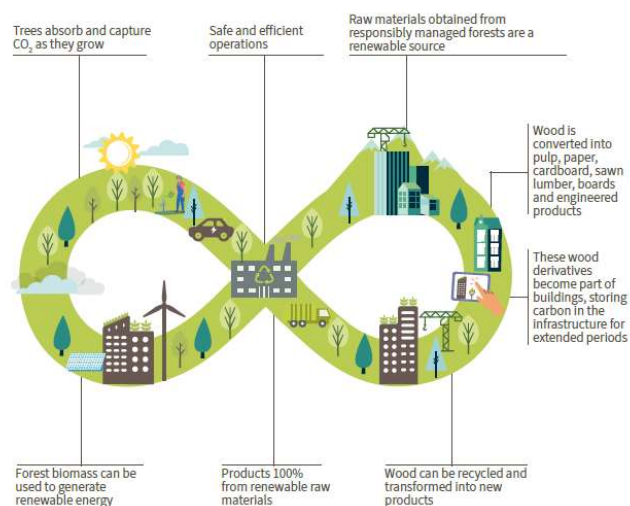


## We Assess

ARAUCO produces renewable raw materials from about 969,000 hectares of pine and eucalyptus plantations in 3 Biodiversity Conservation Hotspots in Latin America. These are sites that, due to their climate and soil, allow for high productivity and globally competitive raw materials, but at the same time, they are home to endemic species and have a history of significant changes due to anthropogenic activities prior to the plantations.

ARAUCO's sustainability model describes how we contribute to people and the planet through the use of our forests. In this way, we aim to ensure that the biodiversity of our forests is preserved so they can fulfill their ecological purposes both now and in the future.

As a global company, we maintain our focus on sustainability by committing to positively impact both people and the planet, replacing fossil-based materials with renewable alternatives, optimizing carbon emission reductions, and promoting the circular economy.



On the other hand, the company ensures that its suppliers meet strict sustainability standards. Additionally, we collaborate with suppliers to ensure that biodiversity is respected throughout the initial stages of the supply chain.

ARAUCO's forestry and industrial operations are constantly evaluated to minimize environmental impacts, including emissions, water management, and ecosystem conservation. This includes restoration and protection programs for high environmental value areas on our properties.

### Threats to biodiversity

Given the extent of the area, ARAUCO's strategy is based on assessing the impacts and dependencies of the socio-ecosystems where these plantations producing renewable raw materials are located. The main threats identified to biodiversity are:

- **Habitat Loss:** No native vegetation has been replaced since 2003, and we are currently restoring an area equivalent to the replacements detected after 1994, with ongoing monitoring to ensure compliance with this commitment.

- **Climate Change:** The risk of fires has been the primary phenomenon affecting ecosystems in the last decade, with over 9,000 hectares affected and currently in the process of restoration.

While no major pests or diseases associated with increased temperatures or changes in precipitation patterns have been identified so far, some *Araucaria Araucana* populations have and abnormal mortality that is being assessed with different techniques and in collaboration with multiple actors. Regarding water balance, wetlands and water dependent ecosystems are being monitored, specially assessing groundwater levels in the northernmost areas of Chile. Additionally, we work with potential distribution models of threatened species to evaluate the potential effects of climate change and have already initiated assisted migration experiments with the tree species most affected by fires in Chile.

- **Invasive Species:** The main risk to terrestrial ecosystems has been the increased dominance of pine and acacia species following fires. Our control programs have focused on High Conservation Value Areas as a top priority. We also monitor habitat damage to *Rhinoderma darwinii* caused by wild boars (*Sus scrofa*) that have become feral in Latin America and monitor other invasive species that could cause significant changes to ecosystems, although no major effects have been identified so far.
- **Overexploitation of Natural Resources:** The use of fast-growing forest crops has reduced pressure on wood from native forests, which has helped curb the devastation they experienced for over a century. Additionally, we track the collection of Non-Timber Forest Products and the visitor carrying capacity in ARAUCO's protected areas, with no negative effects detected.
- **Pollution:** ARAUCO has particularly rigorous certification standards concerning air, water, and soil pollution. Along with associated monitoring, no effects have been detected on native species and ecosystems. The same applies to industrial plants, where multiple compounds are monitored in both air and water and their effects on the ecosystems where we operate.

### Darwin's Frog: A Miniature Natural Phenomenon

In the temperate forests of southern Chile and Argentina, a small creature stands out for its peculiarity and beauty: the *Rhinoderma darwinii*, commonly known as Darwin's frog. Has captured attention not only for its unique appearance but also It is the only known amphibian species where the male raises tadpoles inside his vocal sac, a type of parental care that is unique in the world.

Measuring no more than 50 mm, its coloration—ranging from green to brown—allows it to blend in with the forest leaf litter, making this frog a crucial indicator of the environmental health of its habitat.

This frog is more than just a species; it is a natural treasure that has been classified as "critically endangered" by the International Union for Conservation of Nature (IUCN) due to a fungal disease and habitat loss that has decimated its population.

Today, various institutions have recognized and protected it, understanding that safeguarding Darwin's frog means conserving the rainforests of southern Chile.

To address these challenges, conservation programs have been implemented both in situ (in the natural habitat) and ex situ (in captivity). For the past 10 years, ARAUCO has been actively involved in these efforts, collaborating with other organizations to ensure its survival.

ARAUCO is implementing various strategies, including monitoring subpopulations and ex situ breeding. An example is the initiative led by the University of Concepción, in collaboration with national and international institutions, focusing on captive breeding to preserve genetic diversity and prepare for future reintroductions.

Currently, the company manages six of the sixty-six subpopulations, with monitoring conducted for the past 10 years. Since 2015, 410 individuals have been sighted in three of ARAUCO's high conservation value areas: Caramávida (20.482 has), Oncol (2.510 has), and Las Trancas (1.917 has).



Additionally, ARAUCO has led a binational group focused on habitat loss with a team of thirty experts, developing research, monitoring, and protection against any threats. The company is also developing ex situ breeding programs with breeders from the six subpopulations, producing offspring that will eventually be released into the wild.

Thus, this small, critically endangered creature has found an ally in ARAUCO, which is implementing comprehensive strategies from monitoring subpopulations to ex situ breeding, ensuring appropriate management for the conservation of this species.

### *Species, Ecosystems, and Natural Processes*

Regarding the central elements of biodiversity, ARAUCO has identified the ecosystems and species present or potentially present, and has assessed their threats, both from operations and other threats unrelated to the company, many of which are addressed in collaboration with other actors and institutions.

This assessment has required the implementation of field monitoring techniques and remote sensing to report on presence and subsequently on the effectiveness of proposed measures and the detection of unexpected changes (potentially including wildlife cameras, bioacoustics, environmental DNA, hyperspectral imaging, vegetation transects/plots, and plant surveys). This initial evaluation has been methodologically influenced by the company's forest certification requirements (e.g., HCV Assessment Manual – HCV Network, High Conservation Value Guidance for Forest Managers – FSC®).

In relation to other natural processes, one of the central elements in areas with larger human populations is water provision, with over half a million people relying on forest watersheds. To this end, we continuously monitor the water balance in watersheds and evaluate the available infrastructure (both green and gray) to ensure water provision.



Additionally, the raw material from plantations is processed in industrial plants equipped with the highest technology to use water efficiently and to reduce and mitigate impact on their discharge points, each of which has an ambitious monitoring and reporting plan.

Another key process is carbon, where fast-growing plantations with sustainable forest management efficiently capture atmospheric CO<sub>2</sub>, allowing its incorporation into raw materials that replace those with a higher carbon footprint, while also increasing carbon stock, especially in degraded soils where these forest crops have been established. To this end, we monitor plantation growth and emissions from operations and follow up annually based on our Carbon Neutrality Certification (Deloitte Neutrality Protocol).

Additionally, given the company's territorial extent, we work with local communities to identify and evaluate other ecosystem services with high demand (e.g., recreation and tourism, cultural identity, collection of Non-Timber Forest Products, education, etc.).

### *Transition Strategy and Opportunities*

ARAUCO recognizes that risks and opportunities related to climate change and biodiversity are key determinants for the long-term viability of its business model. Those two interconnected challenges influence our strategic decisions, driving us to innovate and adapt proactively to mitigate risks and capitalize on opportunities.

Our strategy includes:

- Product Diversification
- Adoption of Low-Emission Technologies
- Promotion of Ecosystem Conservation and Restoration

In this way, ARAUCO has integrated climate and biodiversity risk management as a strategic pillar, allowing evolution toward more sustainable and resilient production. The focus on the circular economy and carbon neutrality strengthens our capabilities in the face of regulatory changes and market demands.

ARAUCO's strategy includes product diversification, adoption of low-emission technologies, and the promotion of ecosystem conservation and restoration. These measures are part of our transition plan toward greater energy efficiency and reduced environmental impact. Material risks, such as climate variability, translate into increased evaluation of investments in resilient infrastructure and clean technology. ARAUCO allocates financial resources to ensure that our assets and operations maintain their profitability and competitiveness in the face of emerging risks.

Our plan for decarbonization and biodiversity conservation involves adaptive management to future climate scenarios, with long-term objectives that ensure our sustainability and regulatory compliance.

ARAUCO employs a combination of international tools and approaches to assess and manage both risks and opportunities arising from sustainability. On one hand, we use climate scenario analysis aligned with the TCFD (Task Force on Climate-related Financial Disclosures) framework to understand the potential impacts of climate change on our operations and value chain. On the other

hand, we measure our carbon footprint, water consumption, energy efficiency, and ecological conservation and restoration rates to track our environmental performance. We use indicators such as Scope 1, 2, and 3 greenhouse gas emissions, and biodiversity metrics like the pilot we are developing in Chile to measure our Natural Capital. These measurements are crucial for informing our mitigation and adaptation strategies and ensuring transparency with our stakeholders.

### **The bet on TreeCo**

On the other hand, during 2023, the company made a significant acquisition by obtaining a majority stake in TreeCo, a startup from the University of North Carolina.

This company uses CRISPR technology to edit the genomes of forest species, aiming to optimize processes and maximize the use of our resources while providing benefits to communities and smallholders.

Bioforest's goal is for these findings to support the research conducted in Chile and enable the development of more efficient plant species for ARAUCO's operations in over ten countries.

### *Expansion and Collaboration Plan*

ARAUCO has a plan to expand its nature assessment, which includes new areas of evaluation as new biodiversity threats are identified, such as water scarcity, urban expansion, and the effects of climate change. This approach allows us to anticipate risks and apply more effective corrective measures in collaboration with other stakeholders.

Additionally, ARAUCO is continuously evaluating and incorporating modern technologies to assess the state of nature. Recently, we have integrated modern technologies such as hyperspectral sensors, satellite monitoring, and environmental DNA to measure the impact on biodiversity more precisely. This innovation will enable a faster and more effective assessment of changes in the ecosystems where we operate.

Furthermore, ARAUCO is actively collaborating with local communities, scientists, and international organizations to co-design solutions that ensure the preservation of biodiversity in the regions where we have a presence.

This approach ensures that ARAUCO continues to expand and improve its conservation and responsible management efforts, actively contributing to the protection and restoration of the ecosystems in which we operate.

## ARAUCO Invests in Satellite Technology to Protect Biodiversity

In 2023, ARAUCO partnered with the German company OroraTech to design a pioneering platform for early detection of forest fires and to alert teams to initiate timely combat. Concurrently, ARAUCO's startup, Lemu, was working on launching the first private nanosatellite to study biodiversity into orbit.

This nanosatellite is designed to observe the planet and is equipped with a high-definition hyperspectral camera optimized for monitoring Earth's ecosystems. It allows for global biodiversity analysis with a resolution twenty times higher than current methods, making it the most efficient way to monitor the fifty-one billion hectares of our planet. This makes it a powerful tool for the study and protection of nature.

### How does this tiny yet important device work?

It measures 30 cm in length, 20 cm in height, and 10 cm in width—roughly the size of a shoebox. Its hyperspectral camera inside captures thirty-two spectral bands between 450 and 900 nanometers, enabling it to detect details invisible to the human eye.

Its creator states that it represents an unprecedented technological milestone in Chile. One reason is its ability to segment land cover and vegetation with twenty times greater precision than current methods, allowing it to not only see the composition of biodiversity but also its changes or trends over time.

### What areas will it initially observe?

The first areas the nanosatellite will observe include Andean wetlands from the high plateau to Tierra del Fuego, monitoring macroalgae forests along the Chilean coast, classifying changes in land use, identifying key plant species, and detecting invasive plant species.

### What opportunities does this open for sustainable forest management?

Among the possibilities are continuous monitoring that will help detect changes such as deforestation, degradation, or pest invasions more quickly; providing maps for more accurate forest management planning; tracking changes in land use over time to achieve better balance between development and conservation; and gathering information to assess the overall health of forests and to restore degraded areas, among many other benefits.



## We commit

ARAUCO has declared a firm commitment to the conservation and restoration of nature, integrating biodiversity as a strategic pillar of its business model. This commitment ensures a positive impact through the evaluation and management of maintaining and enhancing the abundance, diversity, integrity, and resilience of the species, ecosystems, and natural processes upon which we depend and in which we influence.

29% of ARAUCO's assets correspond to conservation areas encompassing native forests, native shrubland, wetlands, and/or sites undergoing native forest restoration. These lands are managed under conservation criteria, guided by sectoral authorities, scientific research, international standards, and cooperation with the community or environmental organizations.

We also recognize that our natural assets, including forests, soil, water, and biodiversity, are essential for the continuity and resilience of our business. Investing in the conservation and restoration of these resources ensures our long-term sustainability.

By integrating modern technologies and approaches for ecosystem restoration and protection, ARAUCO not only reduces environmental and climate risks but also creates opportunities to innovate in natural resource management and provide opportunities for local communities.

This set of evaluations and management actions not only minimizes negative impacts but also generates positive impacts on the ecosystems in which we operate. They are guided by a set of goals to be achieved by 2050 at the latest. These goals focus on:

- Maintain and improve the abundance and available habitat for populations of threatened species, safeguarding the genetic diversity of special populations (distribution limits, isolated and small populations).
- Maintain and enhance the diversity, integrity, and resilience of threatened ecosystems, with a particular emphasis on remnants of threatened ecosystems and connectivity in larger patches (avoiding and reversing fragmentation). Additionally, manage major threats such as wildfire and biological invasions.
- Identify and implement the protection of priority sites for the conservation and restoration of threatened species and ecosystems, as well as natural processes, with an eco-regional perspective, in partnership with various territorial actors. This includes, for example, by 2030, ensuring that the collection of HCVs (High Conservation Value Areas) and other conservation sites managed by ARAUCO allows the persistence of most threatened species that depend on their heritage.



### Our commitments and goals in Species and Ecosystems

| Commitment  | Management Indicators   |
|---|---|
| Protect and conserve approximately 500,000 hectares of native forest for preservation, protection, and/or conservation                                | Amount of hectares of native forest for preservation, protection, and/or conservation                           |
| Restore 25,000 hectares of native forest by 2050  | Amount of hectares in the restoration process   |
| Maintain the percentage of certified assets above 95% under responsible forest management   | % of certified productive land  |
| Maintain and expand the network of 157 High Conservation Value Areas covering 135,000 hectares  | Quantity and area of High Conservation Value Areas (HCVA)   |
| Account for and inventory the natural capital within the forest assets in Chile by 2024   | Value of the natural capital present in our assets in Chile   |
| Protect 1,234 species listed in the IUCN Red List and National Conservation Lists that are present in our local habitats                              | Number of species from the IUCN Red List and National Conservation Lists that are present in our local habitats |
| Maintain and enhance the conservation and increase of existing biodiversity, considering 22 species of flora and fauna present in our assets in Chile | Number of protected and monitored species each year   |

### ARAUCOS Strengthens Conservation Efforts for Marsh Deer in Argentina

The pampas deer (*Blastocerus dichotomus*), the largest native cervid in South America, is facing decline due to wetland conversion and excessive hunting. This species, which ranges from central Brazil to central Argentina, is listed as Vulnerable on the IUCN Red List.

The southernmost population of pampas deer inhabits the lower Paraná Delta in Argentina, 500 km from the nearest population. This population is genetically distinct, suggesting it should be considered a separate management unit.



Between 2013 and 2018, ARAUCO conducted a habitat assessment for the marsh deer on the Oasis Forest Property. During this period, actions taken under the property's Management Plan resulted in a 15% increase in high-quality habitat for the species. In 2014, these 10,700 hectares were certified by FSC®. This improvement was due not only to the area covered by willow plantations but also to the establishment of refuges and conservation areas according to the Biodiversity Strategies Protocol for Forest Plantations, enhancing landscape heterogeneity and the availability of high-quality natural habitats.

Conservation efforts appear to be paying off, as recent drone technology analysis has revealed an increase in the marsh deer population between 2019 and 2023.

### *Other Natural Processes*

In relation to other natural processes such as water balance, ARAUCO is committed to identifying and prioritizing sites to achieve management that maintains and improves the quality and quantity of water for both local communities and threatened ecosystems (e.g., wetlands).

### *Water*

In the industrial sector, efficient water use is one of ARAUCO's priorities. To this end, managing effluents and ensuring the supply of this resource is crucial. We have a continuous monitoring system for water resources in catchments and define controls and mitigation measures to ensure strict compliance with applicable standards, both for effluent discharges and for the safe supply to plants. Additionally, the implementation of maintenance plans for critical equipment and systems, such as effluent treatment plants and appropriate instrumentation, ensures efficient management of liquid waste.

In this regard, we are working on developing, reviewing, and exploring alternatives for effluent recirculation processes. Currently, a pilot for effluent treatment and recirculation at the Pulp and Energy industrial facilities is in the research stage. We will also continue to work on research to reduce the water footprint, both in terms of consumption and the quantity and quality of returned water.

### *Carbon*

In terms of carbon, since 2020, we have had carbon neutrality certification, meaning that our greenhouse gas emissions are even lower than the carbon sequestered by our forests and wood-derived products. However, we aim to go further and have made additional commitments to reduce our emissions through Science-Based Targets.

Specifically, ARAUCO is committed to reducing Scope 1 and 2 greenhouse gas emissions by 40.6% per metric ton of dry wood by 2030 compared to a 2019 baseline, which equates to an absolute reduction of 40.4%. We also commit to reducing Scope 3 emissions—covering purchased goods and services, capital goods, fuel, energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting, and end-of-life treatment of sold products—by 35.1% per metric ton of dry wood within the same timeframe. Additionally, we pledge that 95.46% of our suppliers and clients covering investment-related emissions will have science-based targets by 2027.

Additionally, we uphold and promote the implementation of the highest standards of responsible forest management under certification schemes that allow for the integration of mitigation hierarchy into various company activities. This approach achieves a positive environmental impact and fosters engagement with the surrounding environment and adaptation to climate change.

### Circularity

Understanding that the economy of wood-derived products is inherently circular, as these products are made from 100% renewable, recyclable, and biodegradable raw materials, while many of our products also serve as substitutes for non-renewable materials with high CO<sub>2</sub> emissions.

At ARAUCO, we offer our clients not only access to raw materials that enable the creation of recyclable and biodegradable products but also the opportunity to support the transition toward a circular bioeconomy.

In this way, ARAUCO is committed to working efficiently with resources, developing products from by-products, waste, and recovered materials, producing clean energy from residual biomass, setting a goal of zero non-hazardous waste to final disposal by 2030, and investing to continually improve our environmental standards and the technologies used in our operations.

### Contribution to a Positive Nature World by 2030

ARAUCO's ambition is not limited to minimizing its footprint; it aims to create a net positive impact on nature. This vision aligns with the global goals of the Global Biodiversity Framework, which seeks to halt biodiversity loss and restore ecosystems by 2030.

At ARAUCO, we maintain 500,000 hectares of conservation areas, contributing to the persistence of key habitats and endangered endemic species. These efforts are aligned with the goal of protecting at least 30% of terrestrial and marine ecosystems by 2030.

Our restoration commitment includes projects to reforest areas affected by fires and previous activities with native species, as well as the rehabilitation of high ecological value areas.

Additionally, we have implemented carbon neutrality strategies through responsible forest management, which not only contributes to carbon sequestration but also protects vital ecosystem services, in line with Goal 10 of the Global Biodiversity Framework.

Finally, ARAUCO has adopted advanced technologies to assess the impacts of its activities on ecosystems more efficiently and accurately. These technologies not only enhance biodiversity management but also allow for quicker adaptation to new threats.

### The largest in America

The jaguar (*Panthera onca*) is a felid carnivore. It is the only one of the five current species of this genus found in America. It is also the largest felid in America and the third in the world, after the tiger (*Panthera tigris*) and the lion (*Panthera leo*). Its current distribution extends from the extreme south of the United States continuing through part of Mexico, Central America and South America to the north and northeast of Argentina. It lives mainly in dry and humid tropical areas, but also lives in arid scrublands. Its diet is overly broad, it can hunt large prey, including livestock, or small animals.

*Panthera onca* is classified on the IUCN Red List as Least Concern. Threatening factors include habitat loss and fragmentation. Although international trade in specimens of this species or its parts is prohibited, this felid frequently dies at the hands of humans, especially in conflicts with ranchers.

ARAUCO is part of the Green Corridor in the province of Misiones. With its AAVCs San Jorge and Piray-San Pedro. In the province of Misiones, already identified individuals are being recorded, as well as new



specimens being periodically identified through the work led by the Yaguareté Project. Among the last individualizations, some females with cubs were photographed. The methodology used uses trap cameras, direct visualization, footprints, trails and feces. Specialists estimate that the population has increased from fifty to around ninety individuals in the last 10 years.



## We Take Action

Protecting biodiversity is essential to ensuring functional ecosystems that provide life's necessities, such as clean air, water, and food. At ARAUCO, we have developed a comprehensive strategy to preserve the ecological balance of the territories we manage, with a primary focus on conservation, monitoring, the non-substitution of native forests, and ecological restoration.

Our forest property, the foundation of all our business units, is managed under Responsible Forest Management practices, primarily aimed at meeting the company's industrial needs. These forests are managed sustainably, and our production processes are certified to meet the highest international standards.

This property is divided into Production areas, focused on meeting ARAUCO's industrial needs, and Conservation and Protection areas, dedicated to preserving biodiversity as well as protecting watercourses and soils to ensure the provision of ecosystem services. We also have General Use areas, consisting of roads, agricultural land, and other infrastructure.

At ARAUCO, 29% of our property consists of native forests and conservation areas, including lands of high social and environmental value. These lands are managed under strict conservation criteria, defined by the sectoral authority, scientific research, international standards, and collaboration with communities and environmental organizations.

We also focus on identifying and conserving key areas for biodiversity, including high conservation value areas. We implement sustainable forest management practices that minimize environmental impact, preserve species diversity, and develop specific programs for the conservation of endangered species, thereby ensuring the protection of ecosystems.

All ARAUCO's conservation and restoration activities are aligned with the goals of the Global Biodiversity Framework, particularly in terms of reducing biodiversity loss and restoring degraded ecosystems. This is achieved through our commitment to the non-substitution of native forests, our conservation and restoration objectives in line with the goal of restoring 30% of degraded ecosystems by 2030 and protecting endangered species with the aim of increasing their populations to prevent their extinction.

### NATIVE FOREST AND HIGH CONSERVATION VALUE AREAS

| Country      | Native Forest Area<br>(in thousands of hectares<br>and thousand acres) | % of Native Forest over<br>Forest Area | Number of HCVA's |           |                           |
|--------------|--|--|------------------|-----------|---------------------------|
|              |  |  | Biological       | Social    | Cultures and<br>religions |
| Chile        | 285 (704 ac)   | 29%                                    | 35               | 19        | 42                        |
| Argentina    | 120 (297 ac)   | 45%                                    | 16               | 22        | 10                        |
| Brazil       | 99 (245 ac)  | 32%                                    | 8                | 7*        | 0                         |
| Uruguay      | 5 (12 ac)  | 4%                                     | 6                | 0         | 1                         |
| <b>Total</b> | <b>509 (1258 ac)</b>   | <b>29%</b>                             | <b>65</b>        | <b>41</b> | <b>53</b>                 |

Two HCVA's have double environmental and social characterization (Gruta do Pinhalzinho – HCVA 01, 03 and 06 and RPPN Vale do Corisco – HCVA 01, 03 and 06)  
Includes all the company's forestry assets and the joint operations of Montes del Planta in Uruguay.

## Monitoring

The implementation of monitoring systems to assess the state of biodiversity, the effects of interventions, and the development and use of indicators to measure the success of conservation and restoration strategies have been part of ARAUCO's Biodiversity strategy.

Thus, the company has in-field monitoring methodologies that are simple to understand, explain, and measure. They are also cost-effective, of determined periodicity, and as swift as possible. These methodologies allow us to have accurate information to define conservation plans and to constantly adapt to new scenarios.



Furthermore, characterization enables us to understand the distribution and, therefore, take measures to maintain and improve the viability of existing flora and fauna populations within the ARAUCO property, also considering elements of the vegetation structure associated with the presence of fauna and flora. The information obtained is used as a reference for the designation of High Conservation Value Areas (HCVAs) for these values and additional safeguarding measures.

Today, we have 1,234 species included in the IUCN Red List and in national conservation lists that have been sighted in our local habitats. Likewise, we have conservation plans for twenty-two threatened species in Chile, Argentina, and Brazil, and we actively participate in national species plans. Additionally, we actively seek new sites with the presence of threatened species.

Similarly, there is permanent evaluation of new opportunities that can increase benefits for both the company and the community. For this reason, initiatives have been taken to advance in the management of Ecosystem Services through the expansion of the certification to these services and joint work with academia in the development of a general strategy for managing the native forest present in ARAUCO.

In 2023, the Wildlife Conservation Society (WCS) conducted a comprehensive biodiversity conservation assessment of ARAUCO's property in Chile, marking a significant step in the company's commitment to becoming "Nature Positive". This assessment establishes a solid foundation for the implementation of effective strategies that promote the protection and enhancement of local biodiversity. This effort aligns with global conservation objectives and reflects ARAUCO's commitment to significantly advancing its transformation into a company that not only minimizes its environmental footprint but also generates a positive impact on nature.

**NUMBER OF SPECIES INCLUDED IN THE IUCN RED LIST AND IN NATIONAL CONSERVATION LISTS THAT HAVE BEEN SIGHTED IN ARAUCO'S FOREST ASSETS.**

| CATEGORY              | CHILE      |           | ARGENTINA  |           | BRAZIL     |            | URUGUAY   |           | Total        |
|-----------------------|------------|-----------|------------|-----------|------------|------------|-----------|-----------|--------------|
|                       | Fauna      | Flora     | Fauna      | Flora     | Fauna      | Flora      | Fauna     | Flora     |              |
| In critical danger    | 13         | 7         | -          | 1         | 5          | 1          | 0         | 0         | 27           |
| In danger             | 45         | 21        | 3          | 3         | 8          | 7          | 6         | 0         | 93           |
| Vulnerable            | 40         | 16        | 31         | -         | 24         | 12         | 12        | 0         | 135          |
| Almost threatened     | 1          | -         | 18         | 2         | 26         | 4          | 16        | 0         | 67           |
| Minor danger          | 1          | 4         | 50         | -         | 592        | 198        | 14        | 0         | 859          |
| Provincial protection | -          | -         | 9          | 7         | -          | -          | 25        | 12        | 53           |
| <b>Total</b>          | <b>100</b> | <b>48</b> | <b>111</b> | <b>13</b> | <b>655</b> | <b>222</b> | <b>73</b> | <b>12</b> | <b>1,234</b> |

Includes all the company's forest assets.

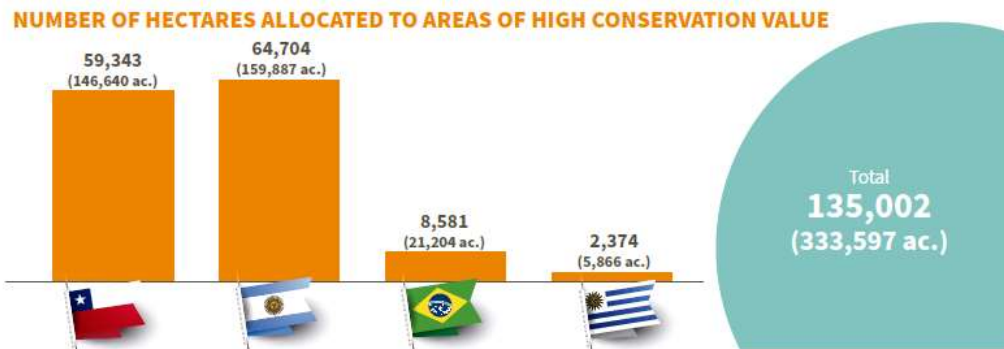
### High Conservation Value Areas

High Conservation Values (HCVs) are features extraordinarily significant or critically important, such as concentrations of threatened species, large forest cores, rare or endangered ecosystems. They also include the provision of basic services, such as water, in critical situations, and the basic needs of local communities, including their traditional identity.

At ARAUCO, these values are identified and effectively managed, defining management areas called High Conservation Value Areas (HCVAs). The objective of these areas is to maintain or enhance the identified HCV they contain. To achieve this, a methodology is employed that considers:

- **Identification:** The presence or absence of each category of High Conservation Values is assessed, based on an analysis of existing information and/or data collection in cases where information is lacking.
- **Management practices:** Appropriate management practices are defined and implemented to maintain or enhance the previously identified values.
- **Monitoring:** An effective control system is established to enable appropriate decisions to maintain and improve the identified values. The monitoring system includes detection of project deviations, key indicators for HCVs and it's threats. The monitoring regime provides information to improve the management plan that are reviewed periodically.

Our efforts include the maintenance and expansion of a network of 166 High Conservation Value Areas, covering more than 133,000 hectares, together with improving our monitoring and communication protocols.



### *Fire Control and Prevention Plan*

ARAUCO is aware that wildfires are events that generate significant social, environmental, and economic impacts, being one of the major threats to biodiversity. Therefore, the company invests substantial human, technological, and financial resources annually to maintain a Protection Program throughout its territory. This program is based on a wide and diverse deployment of resources to manage Fire Prevention and Combat, carried out through both in-house personnel and service companies.

We have a fire prevention and combat program with the highest global standards, in coordination with a network of local and regional organizations whose objective is to prevent, detect, and combat forest and rural fires, containing their impact, with biodiversity protection being the highest priority for this program.

The aim is to protect native forest and wildlife, plantations, infrastructure, industries, homes, and human lives from damage through three pillars: education and dissemination, fuel management, and coordinated response. The implementation of this initiative is carried out in collaboration with other institutions and organizations, both public and private.

During high alert days due to elevated temperatures, winds, and low humidity, patrols are conducted in close coordination with other companies and institutions. Additionally, we work with communities to ensure they are prepared for emergencies, supporting community brigades and local firefighters in advance. If fires start despite the prevention measures, ARAUCO employs various resources to minimize their magnitude, starting the combat as soon as possible.

In Chile, we are part of the Community Prevention Network, an organization that coordinates preventive work through local committees where neighbors, authorities, CONAF, Firefighters, Carabineros, and companies, among others, work together with communities. In 2023, we participated in the creation of ninety-seven new committees, reaching a total of 457 sponsored Prevention Committees.



## Water Challenge

At ARAUCO, we identify water catchment points used by communities downstream of ARAUCO properties, monitor them, and design actions. One example of this is the Water Challenge program, which addresses one of the main causes of water scarcity in the central-southern zone of Chile. This scarcity stems from a 30% reduction in rainfall over the last 20 years, as well as the increasing demand for the most vital resource: water. This program seeks effective solutions to ensure water supply to the communities neighboring ARAUCO.

Given the severity of the issue, specific local solutions have been implemented, such as rainwater harvesting during the winter and deepening wells—essential measures to mitigate water scarcity more permanently. Additionally, the coverage and implementation of rural drinking water projects have been expanded.

For more than a decade, ARAUCO's "Water Challenge" innovation program has worked in collaboration with the community and authorities, successfully supporting over 51,000 people through 116 Rural Drinking Water (APR) projects in forty-two municipalities. This has been made possible through the provision of studies, engineering, and land for the development of works, via public-private collaboration. Moreover, the project includes the implementation of methods to measure water parameters in forested basins near the water catchment areas of our neighbors.

The program also includes a Monitors initiative, which trains individuals in water and soil resource management. To date, more than 380 projects in twenty-two municipalities have received this training, strengthening water management in the communities.

## Restoration

Our voluntary commitment, made in 2003, not to substitute native forests and not to encourage substitution by third parties, demonstrates how our forest management is firmly focused on protecting and conserving biodiversity. Under this framework, we have developed protocols and policies that guarantee this objective.

At ARAUCO, we have various reforestation, restoration, and other initiatives aimed at restoring functionality to degraded ecosystems. Likewise, the reintroduction of native species in areas where they have disappeared is an ongoing effort, always ensuring that this process is safe and allows for the species' survival.

Under the voluntary commitment not to substitute native forests and not to encourage substitution by third parties, we have developed protocols and policies that ensure this objective.

Since 2012, we have had a restoration plan covering more than 30,000 hectares of native ecosystems in Chile and Argentina. To date, this program has achieved the restoration of 8,509 hectares in Chile and 4,120 hectares in Argentina.

In Chile, the plan covers more than 25,000 hectares declared as substituted post-1994, focusing on identifying sites that maximize the environmental and social benefits of restoration. We continually assess the best locations for the remaining areas to be restored, adding new areas every year as the priority restoration sites with existing plantations are harvested.

Within the overall restoration strategy, the need for more studies is recognized, which is why a research and action process has been incorporated to enable successful ecological restoration.

This research process is based on generating cycles of trials, evaluation, and scaling, with an emphasis on an adaptive approach that continuously incorporates design, management, and monitoring processes.

Additionally, the model incorporates the requirements and contributions of stakeholders, such as civil society organizations, academia, and neighboring communities, establishing a continuous, transparent, and long-term engagement mechanism.

The model includes various stages, including planning, assisted natural restoration, and enrichment with native species where natural regeneration has not been successful.

## Conserving Genetic Heritage: A Priority for Nahuelbuta Mountain Range Restoration

Preserving the genetic diversity of flora is a crucial part of maintaining biological diversity, sustainability, and the ability of forests to adapt to adverse or unexpected changes. By doing so, we ensure that future generations have access to the rich variety of ecosystems that nature offers us.

One of the restoration sites in the Nahuelbuta Mountain Range is "Caramávida," a High Conservation Value Area (HCVA) of ARAUCO. This area, covering more than 20,000 hectares, is considered by the scientific community as one of the sites with the greatest potential for conservation in the Biobío region. Here, the forestry company conducted a seed collection event with the aim of generating the trees that will be planted in the same territory.

Through this project, we seek to safeguard the genetic heritage of the Nahuelbuta Mountain Range, the oldest in Chile, 'The Mother Range,' where seeds from species facing conservation challenges, such as the queule and araucaria, are being collected. This also includes nothofagus species like raulí and coigües, among others, all of which are key to maintaining the area's rich biodiversity.

### A Collective Effort

At this crucial stage of the project, local community actors are being incorporated, bringing their knowledge and skills to strengthen the collection process, a task that began earlier with the installation of traps to capture seeds in areas with the presence of seed-producing trees. Once collected, the seeds go through a cleaning and selection process before being taken to a nursery, where they will be grown into plants to be returned to the territories for use in restoration projects driven by ARAUCO.



### The Mother Range

The Nahuelbuta mountain range stands out for its exceptional biodiversity and unique ecosystems. Located in the Biobío and La Araucanía regions, this range hosts a rich mosaic of native forests, including araucaria forests and nothofagus species such as oak and coigüe, which are essential for the area's ecological balance.

Its terrain, with relatively low altitudes up to higher peaks, creates diverse microclimates and habitats that allow for the coexistence of a wide range of flora and fauna, many of which are endemic and endangered. Due to its role as a source and refuge of biodiversity, with species that survived the last glaciation 14,000 years ago, it is referred to as The Mother Range.

### *Research and Development*

At ARAUCO, over the decades, we have moved from a reactive approach to a proactive and adaptive one in biodiversity management, anticipating and preventing problems before they occur and fostering a culture that values and prioritizes biodiversity in all operations and decisions.

Participation in international networks and forums that promote biodiversity conservation, the application of technologies such as remote sensing, artificial intelligence, and big data analysis to improve biodiversity conservation, and supporting scientific research that contributes to innovative solutions for biodiversity conservation and restoration have been part of our work.

Furthermore, with the conviction that collaboration is essential to advance these challenges, we have established a collaboration network with NGOs and academia to ensure that decisions about conservation and restoration are based on scientific and local knowledge, seeking synergies among different stakeholders.

Working in collaboration with a diverse network from scientific research programs to local communities allow us to improve our solutions for increasingly challenging and complex environmental issues, including building trust with the surrounding community.

This joint effort has resulted in significant advances and discoveries. The final product is reflected in publications in national and international scientific books and journals. These are shared with authorities and the community, becoming essential tools for managing and understanding various natural phenomena, such as climate change. The data obtained promotes sustainable practices in biodiversity conservation and ecosystem services, benefiting the community and contributing to the achievement of SDGs.

Finally, we have launched a pilot for the first natural capital assessment in Chile, with the ambition of becoming a Nature Positive company from natural capital perspective. This adds to our Native Forest Restoration and Conservation Plan and biodiversity monitoring, which, together with the development of a work plan, enables us to take concrete actions to improve species biodiversity, their habitats, and landscape values, supported by science-based solutions and continuous research programs.

## Bosque Abierto (Open Forest)

Since 2018, the Bosque Abierto program has opened forests for community use through planning that allows for sports, recreational, tourism, cultural, educational, and research activities within the forested areas. At the same time, it promotes care, conservation, and fire prevention.

This ARAUCO initiative is based on the belief that working together with communities allows us to achieve better care for heritage and landscapes, reduce disaster risks, and improve people's quality of life.

The goal is to open the forests so that communities can engage in activities that promote the care and conservation of nature, enjoying the environmental, social, and cultural values that forests provide.

In 2023, a total of 26,130 people participated in Chile, carrying out 148 activities within ARAUCO's forests. Of these, 43% were related to education and research, 38% to sports activities, and the rest were recreational and cultural activities. Additionally, 33,246 tourist visits were recorded.

## *Impact Management*

At ARAUCO, we understand impact management as a set of necessary actions to correct, mitigate, or eliminate the negative collateral effects that arise from the actions implemented in the forestry business. We have a structured model that defines the potential impacts and mitigation actions.

These models are based on the diversity of landscapes, vegetation cover, and the prioritization of the company's natural and productive areas. Among the actions to be implemented are maintaining and restoring vegetation cover, enriching natural areas, progressively eliminating invasive exotic species, and controlling their spread, among others.

## *Support and Promotion Activities Related to Nature and Memberships*

At ARAUCO, we carry out various activities to support and promote biodiversity conservation, focusing on ecological restoration, the protection of threatened species, and the sustainable management of our forest areas.

- **Restoration Projects:** At ARAUCO, we implement initiatives for the restoration of degraded ecosystems, prioritizing reforestation with native species and the rehabilitation of essential habitats.
- **Conservation of Key Species:** We participate in the protection of endangered species listed on the IUCN Red List.
- **Biodiversity Monitoring:** We use advanced monitoring systems to assess the impact of our activities and ensure the conservation of flora and fauna in the areas we manage.
- **Environmental Education and Collaboration with Local Communities:** We promote awareness and training programs on biodiversity conservation in collaboration with communities and environmental organizations.

Moreover, ARAUCO is part of key associations and alliances that drive its biodiversity conservation ambitions and holds certifications that guarantee sustainable forest management, in line with international conservation standards.



As a result, 93% of our plantation management is carried out under a certified forest management scheme, which includes several principles, such as soil care, biodiversity, water, productivity, and engagement with the surrounding environment. We will continue to increase this proportion and seek new complementary certification alternatives, such as ecosystem services certification, of which we already have six certified services.

We actively participate in national species conservation plans in Chile, Argentina, and Brazil, reinforcing our commitment to the protection of local species and ecosystems. We also have strategic partnerships with universities and research institutes in developing monitoring and ecological restoration methodologies that improve our conservation practices and align with our ambition for biodiversity leadership.

These partnerships allow ARAUCO to access advanced scientific knowledge and strengthen its responsible management and restoration practices, aligned with its long-term sustainability and conservation goals.

### A relict population

The huemul (*Hippocamelus bisulcus*), is a deer endemic to the Andean forests of southern Chile and Argentina, historically it was considered abundant in a varied range of habitat between the Cachapoal River (34° S) and the Estrecho de Magallanes (54° S) in Chile and from the Province of Mendoza (36°S) to Rio Gallegos (51°S) in Argentina, covering a continuous linear distribution of more than 2,000 km.

Furthermore, current populations are highly fragmented into 101 subpopulations distributed mainly on the eastern slopes of the Patagonian Andes (2006). A small remaining population in the Nevados de Chillán corresponds to the northernmost of the species. This population is of evolutionary importance and is spatially distributed between the Perquillauquen and Laja rivers in the Ñuble and Biobío regions, respectively.



The IUCN Red List recognizes it as Endangered, especially for Central Chile. It is the population with the highest risk of extinction due to its low population size, fragmentation of subpopulations and its geographical isolation of more than 400 km from the closest population. However, this northern population has its own RECOGE Plan (for its acronym in Spanish: Recovery, Conservation and Management) and is separate from the rest of the populations. southern populations. ARAUCO is part of the Nevados de Chillan Biological Corridor and a member of the RECOGE plan of huemul in Central Chile, with 12,331 hectares with the AAVC Huemules de Ñuble. Monitoring is carried out on whose assets from 2013 to the present. The methodology used uses trap cameras, direct visualization, footprints, trails and feces.

## We Disclose

The conservation and restoration of species and ecosystems are supported by various monitoring systems and techniques that translate into indicators to measure the impact of each project associated with ARAUCO's Biodiversity Strategy.

The management of plantations is carried out under a certified forest management scheme that prioritizes soil care, biodiversity conservation and enhancement, ecosystem balance, and water protection. Additionally, we ensure that our plantations grow equally or more than what is harvested, creating a suitable environment for the movement of most species within an integrated landscape that sustains biodiversity, ecosystem services, and the economic support necessary for the sustainability of forest management and our neighboring communities.



A relevant part of the company's biodiversity and ecosystem services management is ensuring the conservation of native vegetation or protection areas within our lands, connecting them through protective zones around watercourses. We understand that these native forest areas are repositories of biodiversity, and our plantations serve as buffer zones for them.

We have a Sustainability Committee responsible for overseeing the company's long-term economic, social, and environmental management, composed of the company's senior management.

Additionally, we have a Climate Change Committee, an interdisciplinary body at the management level that coordinates, sets objectives, and advances the organizational climate agenda, focusing on three main areas: climate mitigation, ecosystems and biodiversity, and circular bioeconomy. Among other achievements, the committee has led the certification of carbon neutrality, adherence to Science Based Targets, the definition of an emissions reduction roadmap, the measurement of our natural capital, and the political-climate agenda.

Furthermore, cultural change management has required the modification of territorial management structures, training, and communication. We have experts in biodiversity, environmental management, and forest operations. This team periodically evaluates the implementation and achievement of our biodiversity goals.

We have also requested independent external assurances from specialized organizations such as FSC® (Forest Stewardship Council) and PEFC™ (Programme for the Endorsement of Forest Certification), which certify the sustainability of our forestry operations and their alignment with

international conservation standards. External assurance is provided by accredited auditors who verify compliance with the criteria for responsible natural resource management.

Likewise, cultural change management has required the modification of territorial management structures, training, and communication. We have experts in biodiversity, environment, and forestry operations. This team periodically evaluates the implementation and compliance with our biodiversity goals. Additionally, we have sought independent external guarantees from specialized organizations such as FSC® (Forest Stewardship Council)<sup>1</sup> and PEFC™ (Programme for the Endorsement of Forest Certification), which certify the sustainability of our forestry operations and their alignment with international conservation standards. The external guarantee is provided by accredited auditors who verify compliance with responsible natural resource management criteria.

Moreover, we participate in partnerships and collaborations with universities and research centers that provide scientific validation of our restoration and conservation practices.

In addition to our international certifications, ARAUCO aligns itself with several initiatives and certifications at the regional and national levels. These include active participation in Species Conservation Plans developed by the Ministries of the Environment of Chile, Argentina, and Brazil, and collaboration with the Biodiversity Council on restoration and conservation projects in priority areas.

Additionally, we are working on a pilot project in Chile to measure our natural capital with the ambition of becoming a Nature Positive company, which adds to our Native Forest Restoration and Conservation Plan, as well as biodiversity monitoring. Together with the development of a work plan, this allows us to generate concrete actions to improve species biodiversity, their habitat, and landscape values, accompanied by science-based solutions and continuous research programs.

To measure our natural capital in Chile, we are working with the consultancy Economics for the Environment (EFTEC), using the British standard.

This calculation will allow us to recognize the value of our assets, not only for the company but also for society, helping us better understand and value these natural assets and allowing us to recognize the role of nature in the company's properties and link the actions the company takes to protect habitats and species with the benefits this has for the entire country.

### *Commitments and Sustainability Policies of ARAUCO*

ARAUCO adheres to various policies that establish the guidelines for ARAUCO's actions in environmental protection, efficient resource use, the value of biodiversity and ecosystem services on our lands, contribution to climate change mitigation, product quality, and occupational health

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<sup>1</sup> Forestal ARAUCO FSC® License Code: FSC®C108276

ARAUCO Forest Brasil Campo Do Tenente y Sengés FSC® License Code: FSC®C010303 y

ARAUCO Florestal Arapotí FSC® License Code: FSC®C010673

Mahal Empreendimentos e Participações FSC® License Code: FSC®C131921

Montes del Plata FSC® License Code FSC®016979

Arauco North America FSC® License Code: FSC®C019364

and safety for our employees, understanding that these are essential for the sustainability of ARAUCO, its activities, products, and services.

Among these policies, the most notable are the Occupational Health and Safety, Environmental and Quality, Biodiversity and Ecosystem Services, and Climate Change policies.



## SAFETY, OCCUPATIONAL HEALTH, ENVIRONMENT AND QUALITY POLICY

- ▶ We comply with applicable regulations and other commitments made surrounding safety and occupational health, environment and quality in our activities, products, and services, including the principles and criteria of the FSC® and PEFC standards.
- ▶ We responsibly use, such as wood, water, energy, and other resources, and we seek to design and optimize our processes by promoting resource efficiency.
- ▶ We monitor our operations and their impacts on water, air, soil, among others, and we are committed to protecting the environment. We continually seek to improve the performance of our processes with an integrated approach to risks, adequately and preventively managing occupational health and safety, as well as significant environmental aspects, and the quality of our products and/or services.
- ▶ We promote a circular economy approach, seeking to develop solutions that promote the use of our products and sustainable by-products whilst at the same time reducing the generation of waste and encouraging the reuse, recycling, and recovery of products and waste.
- ▶ We ensure that all employees, owners and service companies, have adequate training to fulfill their obligations, and we provide the means to complete the job to a high standard, respecting the standards of safety and occupational health, environment and quality.
- ▶ We incorporate occupational health and safety and environmental variables as central elements in decision-making in our operations and future projects.
- ▶ We take measures to prevent accidents at work occupational diseases and negative environmental effects on our activities, products and services and have emergency plans and committees with robust contingency plans to deal with emergencies that may arise in this regard.
- ▶ We are committed to implement, train and monitor the compliance with ARAUCO's preventive program for machines, equipment and power tools.
- ▶ We spread these concepts and commitments to collaborators, service companies, relevant suppliers and other stakeholders.

**All of us who work at ARAUCO are responsible for complying with and enforcing this policy, keeping it in mind in our everyday behavior and decisions.**

**Cristian Infante**  
Chief Executive Officer  
ARAUCO

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ARAUCO Forest Brasil Campo Do Tenente y Sengis FSC® License Code: FSC®C09303 y  
ARAUCO Forestal Araucari FSC® License Code: FSC®C090673  
Mehai Empreendimentos e Participações FSC® License Code: FSC®C09021  
ARAUCO Argentina Forestal FSC® License Code: FSC®C128100  
Arauco North America FSC License Code: FSC®C09364

Celulose Arauco y Constitución S.A. License Code: FSC®C006552  
Maderas Arauco S.A. License Code: FSC®C19538  
Arauco de Brasil S.A. License Code: FSC®C090928  
Arauco Argentina S.A. License Code: FSC®C00094, FSC®C19529, FSC® C121377  
Arauco Industria de México S.A. de C.V. License Code: FSC®C125093





## BIODIVERSITY AND ECOSYSTEM SERVICES POLICY

- ▶ We recognize the importance of managing our land and the value of biodiversity to meet the challenges of the planet, with the highest international standards in environmental, social, and economic matters.
- ▶ We plan our operations with an integrated view of the landscape looking for positive impacts on biodiversity conservation and a virtuous balance in the provision of multiple ecosystem services.
- ▶ We implement measures to avoid, reduce and mitigate the impacts of our forest operations in relation to biodiversity, water resources and soil, as well as the provision of ecosystem services.
- ▶ We fulfill the commitments signed in the field of biodiversity and ecosystem services, following the principles and criteria of the FSC® and PEFC standards, as well as the applicable regulations:
  - We protect and conserve native vegetation, defining and caring for long-term areas of high social and environmental conservation value present in our forestry assets.
  - We reaffirm our commitment not to replace native forests and not to encourage substitution by third parties.
  - We protect the native forest, the protection zones and the water resources present in our land, together with its flora and fauna, for present and future generations, monitoring their changes, conserving priority species, and promoting preservation and restoration.
- ▶ We research and encourage scientific information on biodiversity and ecosystem services, seeking to promote associative research and being proactive in making public relevant scientific information.
- ▶ We establish and maintain a permanent dialog with our stakeholders, for the identification and management of biodiversity and ecosystem services in our forestry assets and in the landscapes where we operate, recognizing their views and taking into account local ecological knowledge.

**All of us who work at ARAUCO are responsible for complying with and enforcing this policy, keeping it in mind in our everyday behavior and decisions.**

**Cristian Infante**  
Chief Executive Officer  
ARAUCO

Forestral ARAUCO FSC® License Code: FSC®C0108216  
ARAUCO Forest Brazil Campo Do Tenente y Santiago FSC® License Code: FSC®C0109003 y  
ARAUCO Florestal Arapoti FSC® License Code: FSC®C010673  
Mehel Empreendimentos e Participações FSC® License Code: FSC®C135921  
Montes del Plata FSC® License Code: FSC®C016777  
Arauco North America FSC® License Code: FSC®C019364





## CLIMATE CHANGE POLICY

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- ▷ We comply with the applicable regulations and other commitments signed under climate change and removals of greenhouse gas emissions.
- ▷ We develop sustainable products, from a natural, renewable, recyclable, and biodegradable raw material.
- ▷ We measure and manage our carbon footprint and have a plan to reduce it, contributing to the goal of achieving a low-carbon economy.
- ▷ We safeguard the regeneration capacity and vitality of our forests to improve their role as quality carbon sinks and suppliers of renewable raw materials, generating additional positive impacts for our stakeholders and biodiversity. Our products store carbon during their lifetime, helping to mitigate climate change. We map our main climate risks and vulnerabilities and seek to mitigate the effects on our operations and communities where we are present.
- ▷ We promote the generation of non-conventional renewable energy (NRCS) that allows us to contribute to decarbonize local and national energy systems.
- ▷ We seek to invest in additional NRNC generation capacity above the usual industry requirement, considering the provisions of the Kyoto Protocol's Clean Development Mechanism (CDM).
- ▷ We strive to make responsible use of energy and are committed to efficient energy management. We actively participate in research and development, seeking alliances that help address climate change, with an integrated approach to climate risk and opportunities.

**All the people who work in ARAUCO are responsible for spreading these concepts and commitments with our collaborators, service companies, customers, suppliers, community, and other parts to promote concrete actions that contribute to prevent or mitigate climate change, and keep this policy in mind in our daily behavior and decisions.**

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**Cristian Infante**  
Chief Executive Officer  
ARAUCO

### *Commitments to International Standards*

We recognize the importance of our forest assets and adhere to responsible forest management, following the highest international environmental, social, and economic standards. As a result, 93% of our productive lands, both owned and leased, are certified.

In 2023, we completed the recommendation audit for recertification under the international FSC® Forest Management standard (License code: FSC®C108276) for our forest assets in Chile, conducted by the auditing body Soil Association. Upon completing the process, the recommendation was to recertify for the next five years.

Also in Chile, we obtained the FSC® Chain of Custody recertification (License code: FSC®C013026) and the PEFC Chain of Custody recertification. In Argentina, the audits for the current FSC® (License code: FSC®C128100) and PEFC certifications were successfully conducted. The Cerfoar-PEFC Forest Management recertification audit was also completed.

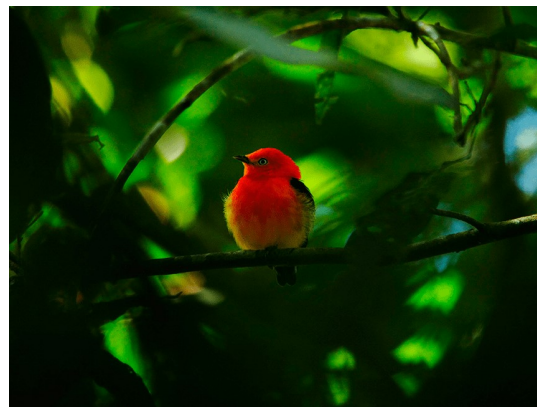
In Brazil, we achieved FSC® recertification for two forest units in the state of Paraná: Arauco Florestal Arapoti (15 years of FSC®) (License code: FSC®C010673) and Arauco Forest Brasil (20 years of FSC®) (License code: FSC®C010303), with 100% compliance. Additionally, we maintained FSC® certification in the Mato Grosso do Sul forest unit (License code: FSC®C010303), and the ecosystem services in the Private Reserve of Natural Heritage HCVA Vale do Corisco were certified under the Biodiversity Conservation standard (SE 1), with an impact of ES 1.6 Conservation of Species Diversity.

### **San Jorge Reserve, Argentina**

This reserve is located in the Department of Iguazú and was declared a Private Forest Reserve in 1999. It spans 16,500 hectares of well-preserved Atlantic Forest with high levels of conservation and biodiversity.

It is part of over 110,000 hectares of native forest and areas of high environmental conservation value, forming a crucial block of native forest that facilitates connectivity between two major reserves in northern Misiones: Iguazú National Park and Uruguáí Provincial Park.

This area hosts a large number of plant and animal species, with a notable diversity of orchids, trees, and plant species with pharmacological properties. Among the animals, there is a significant abundance of birds, including several endemic and/or endangered species. The presence of mammals such as the jaguar and tapir (both declared natural monuments) are also notable.



Additionally, within this area, there is a wide variety of landscapes and ecosystems, including wetlands, lowlands, and areas with dense forest cover.

ARAUCO also promotes scientific research and environmental education in the reserve, allowing guided tours and raising awareness about the importance of conserving the Atlantic Forest. These activities include interpretive trails and programs for local schools, as well as collaborations with researchers and NGOs.