

renewables  
for a  
better life

**arauco**®



**SUSTAINABLE**  
FINANCING  
FRAMEWORK  
November 2024



renewables  
for a  
better life

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**arauco**<sup>®</sup>


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# 1. Introduction

**ARAUCO is a global, diversified forestry company offering a wide variety of sustainable, quality products for the paper, construction, packaging, furniture, and energy industries.** Along with our work and innovation, we develop products based on renewable forest resources, which inspire us to create solutions aimed at improving the quality of life of millions of people around the world, with presence in the forestry, pulp, wood, panels, and clean and renewable energy businesses.



Our forestland and Pulp, Wood and Energy facilities are certified to national and international standards related to the management of aspects of the environment, quality, health and safety protection and responsible forest management.



**WE PRODUCE AND MANAGE RENEWABLE FORESTRY RESOURCES.**

Our GHG emission reduction targets were approved by the Science Based Targets (STBi), which will allow us to reduce approximately 1.5 million tons of CO<sub>2</sub>.

**508.738**

hectares (1,257,119 acres) of native forest and protected areas.

USD 13 million in social investments and USD 66 million in environmental investments.

**157**

Biological, Social and Cultural High Conservation Value Areas.

A large part of our products are substitutes for non-renewable materials and high in CO<sub>2</sub> emissions.

**WE ARE A GLOBAL COMPANY THAT EMBRACES THE CHALLENGES OF BEING PRESENT IN THE WORLD.**

**18.636**

direct collaborators. 2,482 collaborating companies with 43,449 employees.

**We are the first certified carbon neutral forestry company in the world.**

**3.888**

clients on five continents.

**USD 5.471**

millions paid to domestic suppliers.

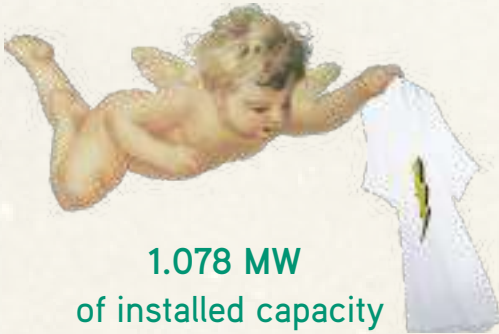
**WE ARE ARAUCO**

**WE USE OUR RAW MATERIALS TO DEVELOP SUSTAINABLE AND QUALITY SOLUTIONS FOR THE PAPER, CLOTHING, CONSTRUCTION, PACKAGING, FURNITURE AND ENERGY INDUSTRIES.**



**WE CREATE PRODUCTS THAT IMPROVE PEOPLE'S LIVES.**

Our products are made from 100% renewable, recyclable and biodegradable raw materials.



**1.078 MW** of installed capacity of clean and renewable energy.

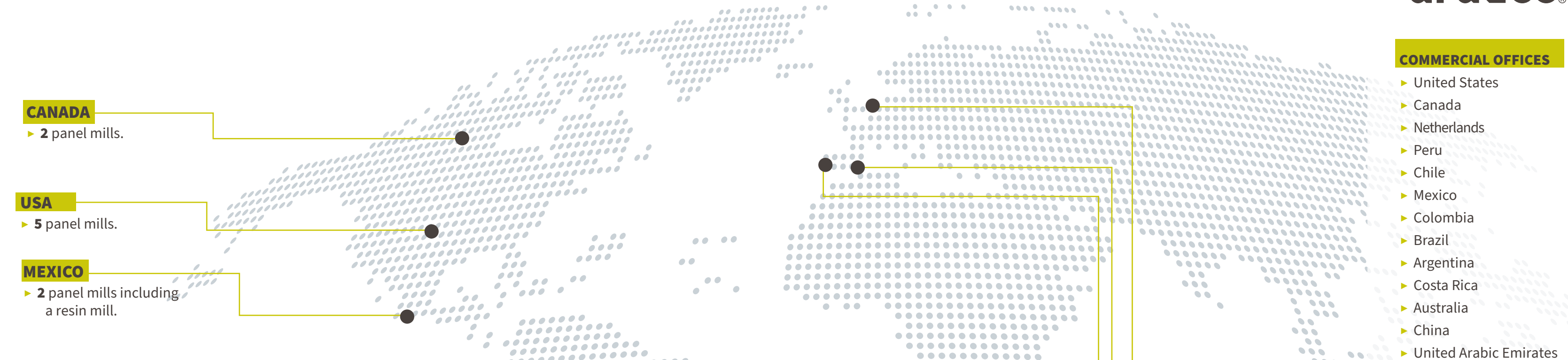
**3,8 million tons** of pulp produced.

**9,5 million cubic meters** produced of wood and panels.

Sales of **USD 6.012** million

EBITDA margin of **17%**

Our products offer sustainable solutions that help our customers meet the demand for goods with positive impacts on the environment.



**CANADA**

- ▶ 2 panel mills.

**USA**

- ▶ 5 panel mills.

**MEXICO**

- ▶ 2 panel mills including a resin mill.

**COMMERCIAL OFFICES**

- ▶ United States
- ▶ Canada
- ▶ Netherlands
- ▶ Peru
- ▶ Chile
- ▶ Mexico
- ▶ Colombia
- ▶ Brazil
- ▶ Argentina
- ▶ Costa Rica
- ▶ Australia
- ▶ China
- ▶ United Arab Emirates

**ARAUCO in the world**

In ARAUCO we have a presence in five continents, reaching 3,888 customers, with our products that are involved with the forestry, pulp, wood, panels and clean and renewable energy sectors.

As a globalized company, we market our products to the points of sale through representatives, agents and commercial offices located in 28 countries.

We supply distribution centers and points of sale by managing a logistic chain of 176 ports.

**SALES REPRESENTATIVES**

- ▶ South Korea
- ▶ Australia
- ▶ New Zealand
- ▶ Japan
- ▶ China
- ▶ United Arab Emirates
- ▶ Saudi Arabia
- ▶ Malaysia
- ▶ Cambodia
- ▶ India
- ▶ Thailand
- ▶ Philippines
- ▶ Taiwan
- ▶ Vietnam

**CHILE**

- ▶ **1 million de hectares** (2.5 million acres) of forestland including 285 thousand hectares (704 thousand acres) of native forest for preservation, protection and/or conservation.
- ▶ 5 pulp mills including 7 power plants<sup>1</sup>.
- ▶ 2 panel mills including a power plant.
- ▶ 2 plywood mills including a power plant.
- ▶ 6 sawmills including 4 remanufacturing production facilities and a power plant.

**ARGENTINA**

- ▶ **264 thousand hectares** (652 thousand acres) of forestland including 120 thousand hectares (297 thousand acres) of native forest for preservation, protection and/or conservation.
- ▶ 1 pulp mill that includes a power plant.
- ▶ 2 panel mills including a power plant.
- ▶ 1 resin mill.
- ▶ 1 sawmill.

**BRASIL**

- ▶ **308 thousand hectares** (761 thousand acres) of forestland including 99 thousand hectares (245 thousand acres) of native forest for preservation, protection and/or conservation.
- ▶ 4 panel mills.
- ▶ 1 resin plant.

**URUGUAY<sup>2</sup>**

- ▶ **138 thousand hectares** (341,005 acres) of forestland including 5 thousand hectares (12 thousand acres) of native forest for preservation, protection and/or conservation.
- ▶ 1 pulp mill including a power plant.

**GERMANY<sup>3</sup>**

- ▶ 3 panel mills.

**SPAIN<sup>3</sup>**

- ▶ 2 panel mills.
- ▶ 1 sawmill.

**PORTUGAL<sup>3</sup>**

- ▶ 2 panel mills.

**SOUTH AFRICA<sup>3</sup>**

- ▶ 2 panel mills<sup>4</sup>.

1 In 2023, the operation of the Licancel pulp mill in Chile was suspended indefinitely.  
 2 It considers 50% of the operations, land and plantations through a joint operation between ARAUCO and Stora Enso (Swedish-Finnish company)  
 3 ARAUCO owns 50% of the facilities owned by the Spanish company Sonae Arauco. In South Africa, one of the mills is not operating.  
 4 One of the mills is out of operation.

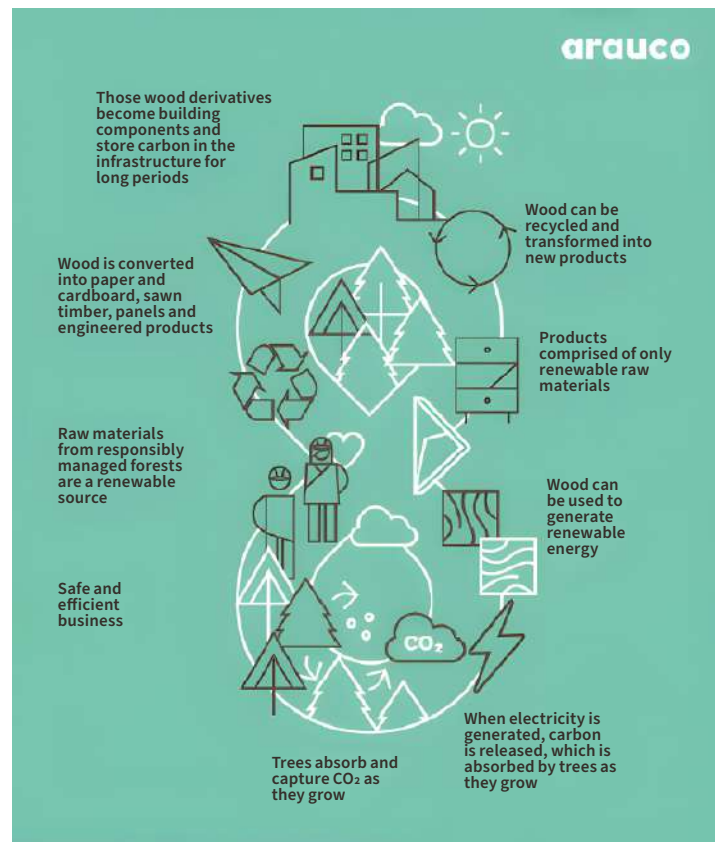


## 2. ARAUCO's approach to sustainability

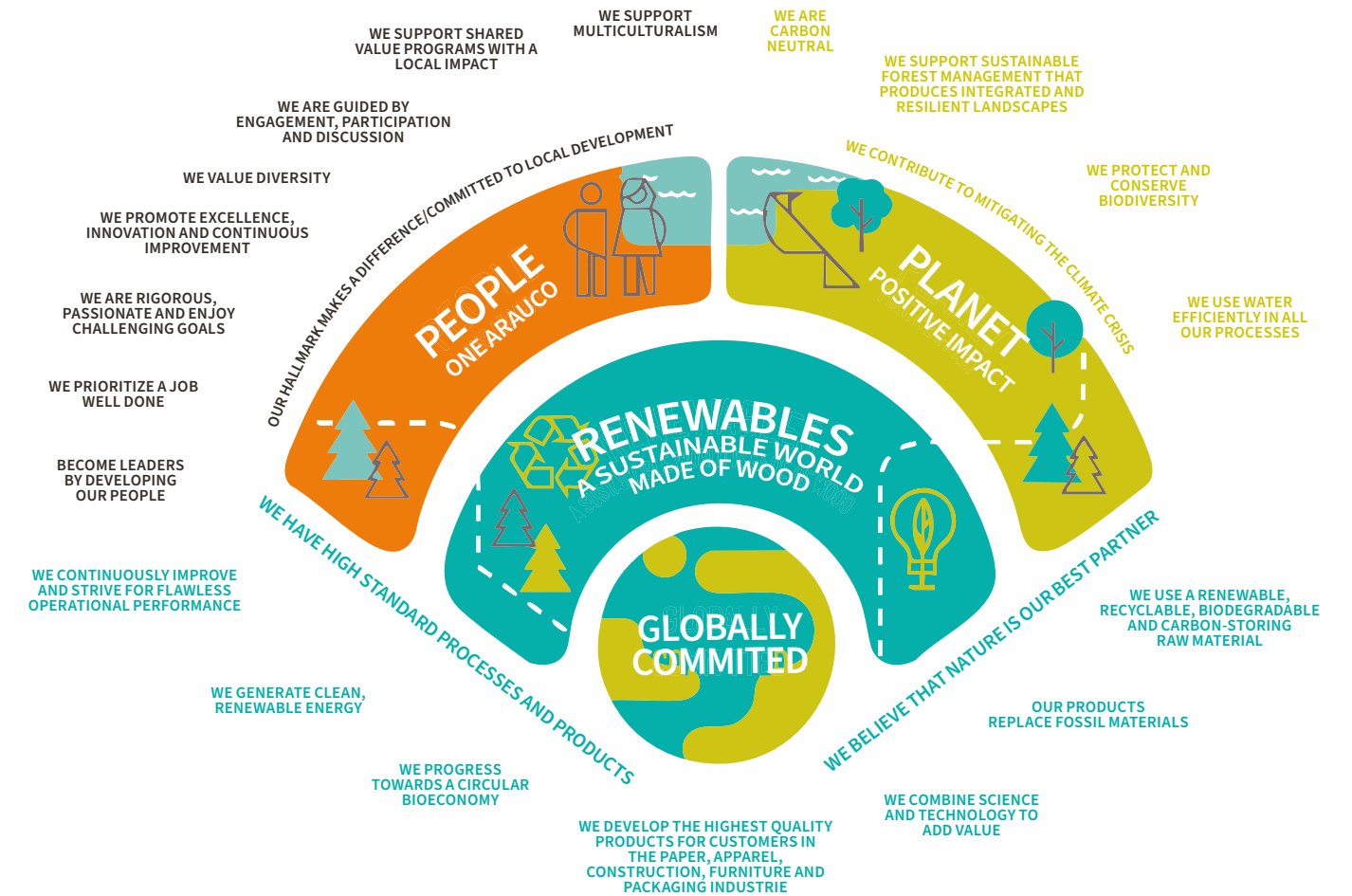
The foundation of ARAUCO's business is the production and management of renewable forest resources to develop products that improve the quality of life of millions of people around the world while simultaneously caring for the environment, its natural resources and being righteous actors in the environments we are part of, to become active agents in their economic and social development. Planning the forestry cycle is the cornerstone of ARAUCO's operational activities, the sustainable management of its operations and the creation of a maximum value form our forestland.

Our industry is at the center of the transition to a sustainable economy, as forestry products capture and store CO<sub>2</sub>. They can replace fossil-based materials in industries, such as packaging, construction, clothing, retail, and energy. At ARAUCO we believe in a future where products currently made from nonrenewable materials can mostly be manufactured from wood-based materials, as a way to continue effectively contributing to people and the planet. Through its products, ARAUCO enables the avoidance of 10.5 million tons of CO<sub>2</sub> emissions, displacing greenhouse gas emissions from fossil-based products. The uses that contribute the most to this effect are construction, furniture, and the pulp market.

Our sustainability model is based on operational management that is closely focused on ecosystems, caring for biodiversity, supporting the fight against climate change, and striving for the health, safety, and development of everyone at ARAUCO. Our company manages its business in an environmentally and socially sensitive manner that makes us a virtuous actor within our local communities. Our inspiration is to create solutions that improve people's quality of life, by providing them with a wide variety of sustainable products made from a renewable resource such as wood. We have had a positive impact on the paper, apparel, construction, packaging, furniture, and energy industries for more than 50 years.



### renewables for a better life



Humanity is facing a critical episode in its history due to climate change. Scientific knowledge has suggested that this can be mitigated by reducing greenhouse gas emissions by 2030, reversing biodiversity loss and improving the resilience of those already feeling the effects of climate change.

**At ARAUCO, we seek to triple our efforts to mitigate the effects of climate change, reverse the loss of biodiversity and confront the pollution of our planet.** In 2019, we created our Climate Action Plan, centered around four main focuses: water, biodiversity, climate, and circular bioeco-

nomy. As a fifth focus, we are measuring our natural capital with the goal of becoming Natural Positive, which we announced during our participation in COP 27.

Meanwhile, at COP 28, we announced the actions we are implementing to address the triple planetary crisis and therefore generate positive impacts for people and the planet.

**WATER**

We maintain a constant commitment to hydrological monitoring, focusing on the development of knowledge for the sustainable management of water resources and ensuring compliance with emission limits in order to respect the quality of water bodies, both associated with effluent discharges and for the safe supply of plants and the conservation of bodies of water. For a decade, we have developed the Desafío Agua management strategy in Chile.

**BIODIVERSITY**

We conserve more than 500 thousand hectares (1,236 thousand acres) of native forest and protection areas in Latin America, equivalent to more than half of Puerto Rico. In addition, we protect 1,234 threatened species of flora, fauna and fungi, within the framework of a commitment to avoid the extinction of biodiversity in the places where we are present and that our conservation efforts are even more important being in biodiversity hotspots.

**CLIMATE**

We are certified as carbon neutral and have acquired additional commitments to reduce emissions by 2030, through the Science Based Targets initiative.

Furthermore, the wood we produce each year reduces millions of tons of CO<sub>2</sub> from the atmosphere, equivalent to taking 5,000 cars off the road a day.

Likewise, with the objective of contributing to the challenge of limiting the increase in the planet's temperature to 1.5°C, as ARAUCO we have proposed for years to raise our standards and practices.




**CIRCULARITY**

We develop biodegradable and recyclable products with the potential to replace polyester in the fashion industry. In addition, we manufacture natural fibers that are an alternative to more polluting materials such as plastic.

Finally, we are committed to zero non-hazardous solid waste by 2030.



Sustainable goals

	Topic material	Commitments and goals	Progress 2023	Key Management Indicators (KPIs)
 <p><b>PLANET</b> ABC strategy to be Nature Positive</p>	<p><b>Water</b></p> <p>We make efficient use of water in all our processes.</p>	<p>Measure our water footprint</p> <hr/> <p>Expand the reach of our Desafío Agua program.</p>	<p><b>Moving forward</b> - We set out to work on measuring our water footprint by 2023 and managed to expand Desafío Agua to other areas of the company, allowing greater synergy between this social program and the company's production processes.</p>	<p>Water captured per unit of product and processed water discharged per unit of product.</p> <hr/> <p>Amount of people impacted by the Desafío Agua program and number of basins monitored to know the state of the water.</p>
	<p><b>Biodiversity</b></p> <p>We promote sustainable forest management with integrated and resilient landscapes that protect and conserve biodiversity.</p>	<p>Restore 25,000 hectares (61,776 acres) of native forest to 2050 and maintain the percentage of certified forest assets above 95% under responsible forest management. Maintain and expand network of 157 High Conservation Value Areas that cover 135 thousand hectares (334 thousand acres), account for and inventory the natural capital that is within the forest land in Chile by 2024 and protect 1,234 species on the IUCN Red List and National Conservation Lists that are present in our local habitats.</p>	<p><b>Moving forward</b> - We continue to monitor biodiversity in our forests and committed to accounting for and inventorying the natural capital that lies within the company's forests. In addition, the restoration program has reached 8,506 hectares (21,019 acres) in the process of restoration in Chile and 4,120 (10,180 acres) in Argentina. On the other hand, at the end of the year 93% of our forests were certified. The decrease in the percentage of certified land is since the company is in the process of purchasing land in Brazil, which is in the process of being certified.</p>	<p>% Of certified productive land, Number of hectares under restoration.</p>
	<p><b>Climate</b></p> <p>We are carbon neutral.</p>	<p>Reduce Scope 1 and 2 emissions by 40.696 by 2030 compared to the 2019 baseline; reduce Scope 3 emissions by 35.1% by 2030 compared to the 2019 baseline; and reach 95.46% of suppliers and customers by emissions covering investments with science-based goals by 2027.</p>	<p><b>Moving forward</b> - We certified the GHG emissions for the years 2021 and 2022 and SBT approved the commitments assumed by ARAUCO to reduce emissions.</p>	<p>Emissions balance, calculation of carbon neutrality of ARAUCO, reduction of emissions per unit of product.</p>
 <p><b>PEOPLE</b> One ARAUCO</p>	<p><b>Ethics &amp; Compliance</b></p> <p>Continue to maintain an ethical company culture.</p>	<p>Maintain 100% of direct collaborators to whom the Code of Ethics applies.</p>	<p><b>Achieved</b> - During the year, 5,489 employees were trained in the Code of Ethics.</p>	<p>% of direct collaborators to whom the Code of Ethics applies.</p>
	<p><b>Collaborators</b></p> <p>To be leaders based on the development of our people.</p>	<p>Enable continuous professional development for high performance, growth, and future employability, with an emphasis on responsible leadership.</p>	<p><b>Moving forward</b> - We obtained 82% favorability in the 2023 Climate Survey and 8,486 employees trained.</p>	<p>Average time to hire, coverage and cost of training plan, % of engagement and distribution of talent (potential performance succession), % of favorability climate survey.</p>
	<p><b>Equal opportunities</b></p> <p>Valuing diversity</p>	<p>Enhance diversity within ARAUCO, increasing the representation of women and moving toward an inclusive culture, through selection, training and a plan of accompaniment and development.</p>	<p><b>Moving forward</b> - This year we reached a representativeness of 14.7%.</p>	<p>% Of female employees, gender pay gap and number of hours of training for the development of skills that promote an inclusive and equitable work environment.</p>
	<p><b>Health and safety of employees and contractors</b></p> <p>Keeping safety as our first value</p>	<p>To be a World Class company in safety indicators.</p>	<p><b>Moving forward</b> - The accident rate was down 11% compared to 2022.</p>	<p>Total accident rate, incident recurrence rate, absenteeism rate, and number of fatal accidents</p>
	<p><b>Local development and relations with indigenous peoples</b></p> <p>Promote shared value programs with territorial impact</p>	<p>Support the development of the communes where our operations are located.</p>	<p><b>Moving forward</b> - We continue to implement our local development programs geared towards the communities where we operate. In addition, we created a unit specialized in impact measurement.</p>	<p>Local Reputation Index (INRELA), Social Investment, Participants per program, Number of stakeholders with whom the company interacts.</p>
 <p><b>RENEWABLES</b> A sustainable world is in wood</p>	<p><b>Circularity</b></p> <p>Moving towards a circular bioeconomy</p>	<p>100% recovery of non-hazardous solid waste by 2030</p>	<p><b>Moving forward</b> - We continue to work on the valorization of non-hazardous solid waste in the areas of pulp and wood, achieving the valorization of 61% of non-hazardous solid industrial waste in the area of pulp and energy, and 51% in the area of wood in Chile and Argentina.</p>	<p>% Recovery of non-hazardous solid industrial waste.</p>
	<p><b>Sustainable Supply Chain</b></p> <p>Impacting our entire value chain</p>	<p>Maintain 80% of purchases from SMEs in Chile in the five regions where we have industrial and forestry presence and expand the 'Juega Local' program to the other countries where ARAUCO has presence and maintain more than 90% of certified provisioned wood</p>	<p><b>Moving forward</b> - We continue to work on the incorporation of local suppliers, achieving 80% of purchases from SMEs in Chile in the regions where we have industrial and forestry presence. In the case of Brazil, 25% of purchases from micro-enterprises (ME) and small-scale enterprises (PPE) were made in priority municipalities.</p>	<p>% Of certified sourced wood and % of local suppliers.</p>



**ARAUCO's climate change related goals are to remain carbon neutral and reduce its CO<sub>2</sub> emissions** under Scopes 1, 2 and 3. ARAUCO combats climate change with renewable materials, resource efficient production and sustainable forest management. The company's operations utilize renewable biomass fuels from forest and process residuals.

A key milestone for 2023 is the validation of our emissions reduction targets for scopes 1, 2, and 3, by the Science Based Targets (SBT), to continue contributing to the global goal of achieving net-zero emissions by 2030 aligned to a 1.5°C scenario. This commitment involves reducing our CO<sub>2</sub> emissions by more than 1.5 million tons, equivalent to removing approximately 330,000 cars from the road or offsetting the annual emissions of 400,000 people.

Specifically, ARAUCO is committed to **reducing scope 1 and 2 GHG emissions by 40.6% per dry ton of wood by 2030 compared to a base year of 2019**, which is equivalent to an absolute reduction of 40.4%. The company is also committed to **reducing scope 3 GHG emissions**, covering purchased goods and services, capital goods, fuel and energy-related activities, upstream transportation and distribution, waste generated in operations, business travel, employee commuting and end-of-life treatment of products sold, **by 35.1% per dry ton of wood within the same period**. In addition, ARAUCO commits to ensuring that **95.46% of its suppliers and clients responsible for emissions covering investments will have science-based targets by 2027**.

ARAUCO has defined a biodiversity strategy aimed at guiding the company's actions and decision-making, materializing our purpose. Understanding that the loss of nature has dramatically accelerated, responsible forest management becomes a key component for biodiversity conservation. This adds to the fact that products made from wood sourced from responsibly managed forests offer an alternative to other fossil-based materials, thus contributing to the prevention of soil loss and ecosystem destruction, and alleviating pressure on native forests.

The risks to biodiversity are diverse and can have a significant impact on the environment, the economy, and society. Addressing these risks requires coordinated and effective action at global, regional, and local levels, involving governments, businesses, communities, and non-governmental organizations.

As ARAUCO, we have defined a strategy based on maintaining and improving, an integrated approach that seeks to preserve current biological diversity and increase its resilience and adaptability to threats, promoting sustainable and restorative practices that favor the health and functionality of ecosystems. This strategy aims not only to protect what already exists but also to improve and strengthen ecosystems, ensuring a sustainable future for new generation.

29% of ARAUCO's assets correspond to some type of native forest, secondary growth forest, or native shrubland, wetlands, and/or sites under native forest restoration. These lands are managed under conservation criteria,

whose guidelines come from sector authorities, scientific research, international standards requirements, and cooperation with the community or environmental organizations.

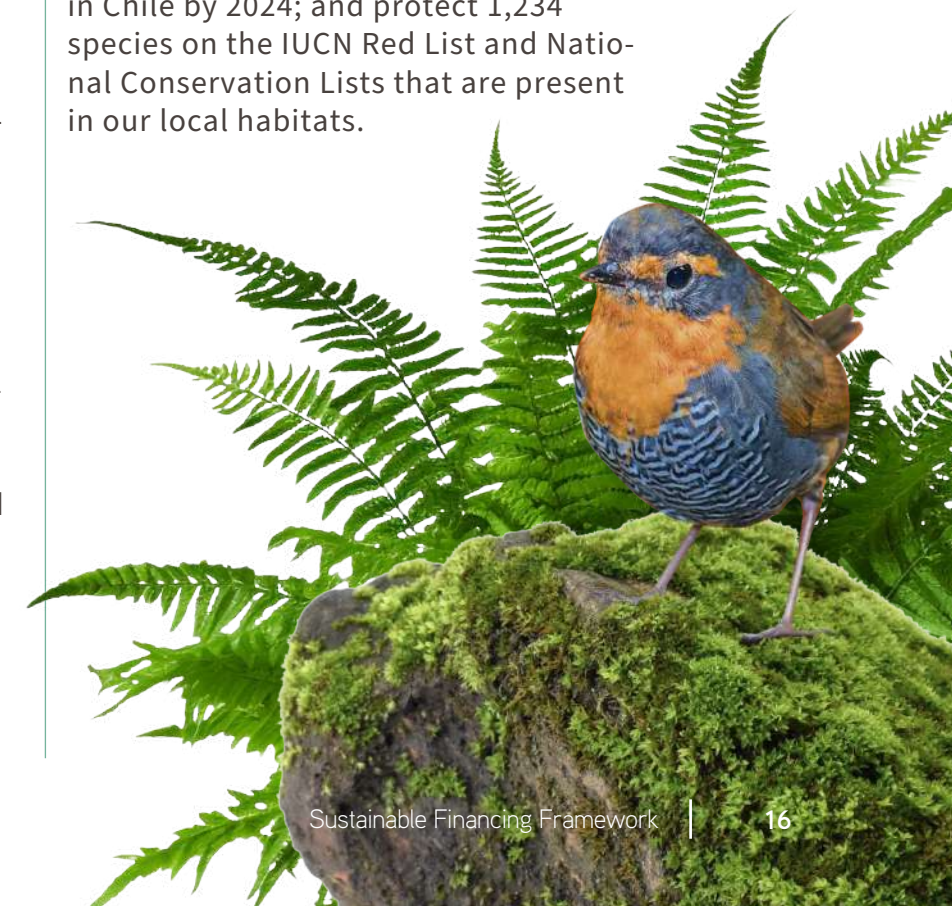
At ARAUCO, protecting and conserving biodiversity is an integral part of our forest management, and in 2003, we publicly committed to not replacing native forests and not encouraging their replacement by third parties. This commitment has led us to develop protocols and policies that ensure effective conservation management of native forests.

Plantation management 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 as much or more than what is harvested, creating a suitable environment for most species to move through, in an integrated landscape that supports biodiversity, ecosystem services, and the economic sustainability necessary for the sustainability of forest management and our neighboring communities.

A significant part of our Company's biodiversity and ecosystem services management is ensuring the conservation of native vegetation or protection areas within our assets, connecting them through protection zones around watercourses. We know that these native forest areas are repositories of biodiversity, and our plantations function as buffer zones for them.

In 2022, we announced the measurement of our natural capital with the ambition of becoming a Nature Positive company, adding to our Native Forest Restoration and Conservation Plan and 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, supported by science-based solutions and continuous research programs.

Some of our goals are protect and conserve approximately 500,000 hectares of native forest for preservation, protection, and/or conservation; restore 25,000 hectares of native forest by 2050; maintain the percentage of certified assets above 95% under responsible forest management; maintain and expand the network of 157 High Conservation Value Areas covering 135,000 hectares; account for and inventory the natural capital within the forest assets in Chile by 2024; and protect 1,234 species on the IUCN Red List and National Conservation Lists that are present in our local habitats.





## 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: *Rhinoderma darwinii*, commonly known as Darwin's frog. This species, discovered in 1841 near Valdivia by the naturalist Charles Darwin during his voyage aboard the HMS Beagle, has captured attention not only for its unique appearance but also for its conservation status.

Its size does not exceed 50 mm, and its coloration, which varies between green and brown, allows it to camouflage among the forest litter, making this little frog a crucial indicator of the environmental health of its habitat.

For ARAUCO, this frog is not just a species; it is a treasure of nature 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 have decimated its population. Today, various institutions have come to value and protect it, understanding that if we safeguard Darwin's frog, we conserve the rainforests of southern Chile.

To face these challenges, both in situ (in the natural habitat) and ex situ (in captivity) conservation programs have been implemented. For the past 10

years, ARAUCO has promoted and collaborated with other organizations for its survival.

At ARAUCO, various strategies are being implemented that range from monitoring subpopulations to ex situ breeding. An example is the initiative led by the University of Concepción—in collaboration with national and international institutions—that focuses on captive breeding to preserve its genetic diversity and prepare for future reintroductions.

Additionally, the company is conducting studies in six of the 66 subpopulations, where 410 individuals have been sighted in three High Conservation Value Areas: Caramávida, Oncol, and Las Trancas.



In addition, environmental management in industrial processes is fundamental for ARAUCO. Our company centers its activities around environmental monitoring, regulatory compliance, and ongoing improvement, including with respect to monitoring and control of air emissions, odors and liquid and solid waste, segregation, and recovery of solid waste, and conducting studies to determine potential impacts on operations from climate change and studies relating to the increase of the reuse and recycling of water.

ARAUCO's forests are sustainably managed to ensure that forests maintain their biodiversity, productivity, regeneration capacity, vitality, and the ecosystem services they provide. ARAUCO also uses

an integrated vision of the landscape to develop a plan that combines economic, social, and environmental aspects. Our company recognizes the importance of its forests, adopts responsible forest management practices, and complies with the highest international environmental, social, and economic standards, to be a positive actor in the areas where it maintains operations and continue to be an active agent for social, educational, and economic development.

### Distribution of forestry properties and certification coverage as of December 31, 2023

Country	Area	Certification coverage	Details of local landscapes and protected areas consisting of remnants of native ecosystems, such as scrublands and native forests within ARAUCO's properties
Chile	1,021,177 hectares (2,523,383 acres), where 594,338 hectares (1,468,641 acres) are productive forest plantations.	FSC <sup>®1</sup> /PEFC certificates for 1,006,124 hectares (2,486,186.1 acres).	Protected areas total 285,341 hectares (709,093 acres).
Argentina	264,439 hectares (608,964 acres), where 129,159 hectares (319,158.4 acres) are productive forest plantations.	FSC <sup>®2</sup> /PEFC certificates for 262,565 hectares (648,812 acres).	Protected areas total 119,578 hectares (295,483 acres).
Brazil	308,485 hectares (762,283 acres), where 158,212 hectares (390,950 acres) are productive forest plantations.	FSC <sup>®3</sup> /PEFC certificates for 203,434 hectares (502,696 acres).	Protected areas total 98,889 hectares (244,360 acres).
Uruguay	138,084 hectares (341,212 acres), where 87,615 hectares (216,501 acres) are productive forest plantations.	FSC <sup>®4</sup> /PEFC certificates for 137,000 hectares (338,534.4 acres).	Protected areas total 4,930 hectares (12,182.3 acres).

It includes all the company's forest area.



One of ARAUCO’s goals is to make full and responsible use of available forest resources. ARAUCO has committed to non-conversion of its native forests and does not use genetically modified trees in any of its products. ARAUCO is also committed to the protection of native forests on its land, understanding that the sustainability of its production processes is closely tied to the biodiversity and ecosystems found on such land. Many of ARAUCO’S native forests are under the category of High Conservation Value Areas (HCVAs) and are protected through conservation plans whose goal is the maintenance of their long-term high value.

ARAUCO’s forestland fulfills the natural function of carbon storage, sequestering CO<sub>2</sub> from the atmosphere and releasing oxygen into the air, thus contributing to reduce greenhouse gases and their effects.

Our company also actively participates on scientific research programs in joint efforts with universities, public institutions, and NGOs, promoting innovation through project development and management of environmental monitoring activities related to biodiversity, air emissions, water basins and water bodies, and develops research programs related to environmental commitments. In 1990, ARAUCO created Bioforest, a scientific studies center

established with the purpose of studying the development and application of technologies to maximize sustainable production of industrial forestry resources, by conducting research into processes operated by its Forestry, Pulp, and Timber and Panels divisions in various countries, among others.

In addition, ARAUCO’s Local Development Strategy aims to contribute to the development of local communities through programs that generate shared value, using a model based on dialogue and participation, the development of projects with high standards and technical excellence, collaboration, and development of alliances, working from and for the territory. ARAUCO’s local sustainable development projects represent an opportunity to contribute to the UN Sustainable Development Goals (SDGs), as these form an important part of our company’s sustainability strategy.

ARAUCO implements programs that are categorized into work areas defined according to the reality of each country where it operates, pursuing and fostering instances of transparent and honest communication with relevant stakeholders. These programs include community relations, education and training, environment and quality of life, promotion of production and social initiative, among others. In 1989, we

<sup>1</sup>License code: FSC®C108276.  
<sup>2</sup>License code: FSC®C128100.  
<sup>3</sup>License Code: FSC®C010303, FSC®C010673 and FSC®C131921.  
<sup>4</sup>License Code: FSC®C016979.

created the ARAUCO Educational Foundation, which, for 33 years has been placing teachers at the center, as essential actors of educational change. The Foundation focus has been to strengthen the skills and methods of teachers in service, ultimately leading to improvements in student learning.

Our company aims to create formal, continuous opportunities for discussion with local communities and stakeholders, and it promotes participation, as differing perceptions and expectations enrich the relationship with local communities.

It is also communicating with its neighbors to detect and minimize any potential negative impacts of its business and seeks opportunities to increase the contribution to local development.

Because ARAUCO’s forests and plantations are generators of several different ecosystem services and one of the most important ecosystem services for communities is water supply, our company has developed a water management strategy based on three pillars:

- Knowledge and information, as the foundation to understand the phenomena and interactions that occur in the basins where forestry activities take place.
- Preventive planning, consisting of forestland management with the goal of preventing and mitigating possible operational impacts and monitoring the water supply/demand ratio water in the basins.

- Work with our company’s communities through actions aimed at finding solutions for the lack of water availability.

ARAUCO also opened some of its forests to develop community-driven activities in 2021, based on participation and discussion. The aim is for neighbors to enjoy the environmental, social and cultural values of forests, while encouraging them to protect and conserve nature.

With respect to energy consumption, by using biomass in its generation boilers, ARAUCO provides energy for its own industrial needs and contributes an energy surplus off Chile, Argentina and Uruguay power grid. In addition to energy generation, ARAUCO’s recovery boilers recover inorganic compounds during the generation process minimizing the use of natural resources. ARAUCO seeks greater efficiency in its processes to reduce energy consumption and improve environmental performance.





## Recognitions

### ► Recognition to the FORMA Academy, I Expo Training Congress 2023

The initiative is dedicated to training both those who are now part of ARAUCO and the future professionals of our industry. The award was given by the sustainability eye by providing knowledge and techniques to perform in the world of work.



### ► 7 outstanding collaborators at the Corma Awards 2023

ARAUCO employees were recognized for their outstanding performance in fire prevention, female leadership, employability and environmental care, contributing to the development of the country's forestry sector.

### ► Recognition from the Network of Inclusive Companies (ReIN)

The commitment and dedication in the mentoring process 2023 were highlighted, an initiative whose main objective was to share practices through the experience developed in the field of labor inclusion of people with disabilities.

### ► Recognition from the Generación Empresarial Foundation

The work carried out by ARAUCO in terms of good practices, ethics and compliance was recognized.

### ► 25 Best Companies in Chile on LinkedIn in Top Companies 2023

ARAUCO was selected as one of the best companies in Chile in this ranking, which includes important companies in Chile and analyses several factors, such as the progression of employees and the acquisition of skills while working there, among others.

### ► Recognition in the Industrialized Housing Challenge

In the context of the housing deficit that Chile has, it participated in conjunction with Tallwood and Tree Engineering, in this initiative organized by the Chilean Chamber of Construction, Zero Deficit, the Council of Industrialized Construction CCI, the CTEC | Technological Center for Innovation in Construction, and the Ministry of Housing and Urbanism, Chile (MINVU), obtaining the only recognition given to a house specified with wood.

### ► First place in the Cultural Change category and second place in the Production Process Redesign category, Zero Waste 2023 awards

The most important event on recycling and waste management in Chile distinguishes organizations that, through concrete initiatives, aim to increase the recovery of waste, reduce those sent to final disposal and raise awareness of circularity issues in the community.



### Ecovadis

ARAUCO was included in the top 35%, ranking in the 72nd percentile. This means that the score obtained is equal to or greater than 72% of all the companies evaluated by this platform.



### Carbon Disclosure Project

ARAUCO was ranked B in the Carbon Disclosure Project (CDP) Forest Questionnaire, which analyses activities related to deforestation/forest products. Category B confirms that the company is taking coordinated action on forestry issues.



### ► Recognition by CEADS (Business Council for Sustainable Development) and EY

ARAUCO was recognized for contributing to the 2030 Agenda: Sustainable Development Goals.

### ► Recognition Job generation in the province of Misiones

ARAUCO Argentina was recognized for the generation of employment in the province of Misiones, in the ranking of the online newspaper Misiones 2023.

### ► Second place in Formobile award

Against all panel manufacturers in Brazil.

### ► Forbes Agro 100

Recognized as one of the 100 largest companies in the agribusiness sector in the country.

### ► Climate seal of Parana

Recognition obtained in the category A - Internal Market, for efforts to promote sustainability.

### ► The Zero Landfill Certification

Program recognizes those who care about finding the most noble and environmentally appropriate end destinations for each of their waste, ARAUCO received three certifications in the Platinum category for three units: Jaguariaiva, Pien and Ponta Grossa.



### ► Best Talent Recognition, from Skilling Centre Tecmilano

### ► Recognition for participation in the DINAPRQ

Verification Opinion for Durango mill on GHG emissions 2023-2025.



### ► Recognition for the contribution to the Sustainable Development Goals of the Leaders Award (Network of Companies for Sustainable Development)

For Montes del Plata, for the management of impacts of the General Mill Stoppage and for the work in environmental education of the M' Bopicua Biopark.

### ► Rosario Pou Prize for forest Innovation

Of the National Academy of Engineering of Uruguay for automatic irrigation project with artificial vision.

### ► Annual-CPA Safety Achievement Award

The Duraflake mill, Oregon, USA, received these awards for having the lowest incident rate among Class 2 mills and for operating for three years with more than 50% below the average rate of recordable incidents.

### ► Vernon King, Safety Innovator of the Year, Western, Pulp, Paper & Forest Product

The Duraflake, Oregon, USA mill partner received this recognition for the Development and Implementation of the Occupational Safety and Health Champion Program in the incorporation of new employees at the mill.

### ► Recognition for Participation and Dedication to Safety, from Western, Pulp, Paper & Forest Product

The Duraflake Mill Safety committee received this encouraging award.

### ► Employer of the Year Award from Western, Pulp, Paper & Forest Product

For the second consecutive year, the Duraflake, Oregon, USA mill received this award for work and involvement in Occupational Safety and Health.

### ► Oregon Governor's Occupational Safety and Health Award for Workplace Safety Programs

### ► Hot Springs County Industry of the Year Award, Arkansas, USA

Delivered to the Malvern mill.

### ► Hot Spring County Plant Manager of the Year Award, Arkansas, USA

For the Malvern Plant Manager.

### ► Annual CPA Safety Award, CPA Long Term Safety Award

For the Sault Saint Marie mill, Canada.

### ► Chamber of Commerce Business of the Year Award

For the Sault Saint Marie mill, Canada.





## Commitment to stakeholders

We are continually communicating with our neighbors, to create formal, continuous opportunities for discussion with local communities and stakeholders, and it promotes participation, as differing perceptions and expectations enrich the relationship with local communities. Furthermore, our sustainability strategy drives us to seek out

opportunities to increase our contribution to the Sustainable Development Goals (SDGs) through local development initiatives.

We are also committed to the principles in the UN Global Compact and the UN Guidelines on Business and Human Rights (<https://unglobalcompact.org/>).



## Corporate Governance

As a global company that embraces the challenges facing the planet, our task is to integrate sustainability into the objectives of our business and make it part of everyone's role at ARAUCO.



## Board Committees

ARAUCO's Board of Directors has an Audit Committee and an Ethics and Compliance Committee. Our company also has four other internal committees, which are the Sustainability Committee, the Climate Change Committee,

the Crisis Committee, and the Risk Management Committee. They are led by senior executives, and the Chief Executive Officer is in charge of reporting on these matters to the Board of Directors.

## Audit Committees

The Audit Committee is responsible for examining the balance sheet and other financial statements presented by the administrators or liquidators of the company to the shareholders and making a ruling regarding them prior to their presentation by the Board of Directors to the shareholders for approval in the Shareholders' Meeting in April of each year.

Likewise, it is responsible for knowing and analyzing the annual Audit plans, covering Celulosa Arauco y Constitución S.A. and its national and foreign subsidiaries, as well as their progress and any rescheduling that may arise during the year.

On the other hand, it is their duty to know, analyze and monitor the cases audited by the Internal Audit Management that have a High Risk category, as well as to know the impact and applicability of tax and accounting standards that significantly affect society, and

Suggest improvements for adequate internal control.

The committee meets four times a year where the Financial Statements accumulated for the corresponding quarter are reviewed and approved, including transactions or operations between related parties and Internal Audit aspects. Its members are the Second Vice Chairman and two Directors, the Chief Executive Officer, the President and Chief Operating Officer, one external member and the General Counsel.





### Ethics and Compliance Committee

The Ethics and Compliance Committee is responsible for supervising and monitoring compliance with ethical, legal, and regulatory standards, ensuring that robust and appropriate processes and systems are maintained to achieve this goal. Its members are the

Chairman, the Second Vice Chairman, the Chief Executive Officer, the President and Chief Operating Officer and the General Counsel. The Legal and Compliance Manager, is responsible for this committee and reports to the Board of Directors every six months.

### Sustainability Committee

The Sustainability Committee is responsible for monitoring ARAUCO’s long-term economic, social, and environmental performance. It meets monthly and the following senior executives are its members: Chief Executive Officer, Senior Vice President of Forestry

and Pulp Division, Senior Vice President Wood products division, Senior Vice President International and Business Development Division, Chief Financial Officer, Senior Vice-President Human Resources and Sustainability and General Counsel.

### Climate Change Committee

The Climate Change Committee is an interdisciplinary body at the Administration level that coordinates, defines objectives and advances the organizational climate agenda, mainly in three areas: climate mitigation, ecosystems and biodiversity, and circular bioeconomy. Among other things, the Committee has led the certification of carbon neutrality, adherence to Science Based Targets, the definition of an emissions reduction route, the measurement of our natural capital, and the political-climate agenda.

It meets quarterly and its members are the Chief Executive Officer, Senior Vice-President Human resources and Sustainability, Senior Vice President of Forestry and Pulp Division and Senior Vice President International and Business Development Division. The Human Resources and Communications Manager and Climate Action Leader is responsible for this committee.

### Crisis Committee

At ARAUCO, we understand crises to be situations that jeopardize personal safety, operational continuity, or our company’s reputation. The Board of Directors has created a Crisis Committee for senior executives to manage any such eventuality. This is led by the Chief Executive Officer, who reports directly to the Board of Directors during a crisis.

Crisis Subcommittees have been organized for each mill, industrial complex, and forest, who are responsible for cooperation and coordination, taking crisis-related decisions, mapping criti-

cal situations, updating protocols and simulations, and reviewing any lessons learned. During a crisis, these committees are responsible for coordinating communication with stakeholders, executing activities to adequately face the crisis, and ensuring operational continuity when required.



### Risk Management Committee

At ARAUCO, the Board’s function is to approve the strategic direction of risk management, establishing the environment, structures and resources necessary to operate effectively. It must also stay informed of the company’s main risks, at least once a year, or when considered necessary.

The Board of Directors has defined a Risk Management Committee at the Administration level, which is responsible for annually reporting to the Board of Directors on the vulnerabilities that affect the company. Their responsibilities include the definition of Risk Policy, risk propensity, structure and

responsibilities and mitigation plans. Also, it must guarantee that risk management is integrated into all processes and activities, and that its objectives are aligned with those of the company, its strategies and its organizational culture.

The members of this committee are the Chief Executive Officer, the Senior Vice-President Human Resources and Sustainability, the General Counsel, the Chief Financial Officer and Senior Vice presidents of all the operating and non-operating divisions.



### 3. Rationale for framework

ARAUCO recognizes the important role that the diversified forestry products industry can contribute to sustainability. ARAUCO hopes to continue to broaden its investor base by attracting like-minded investors that seek to manage their investments in a responsible manner by prioritizing screening criteria which value environmental and social priorities.

We view the transition towards a low-carbon society and sustainable financing as an enabling force towards that goal, as a source of funding and as a tool for further alignment between ARAUCO’s sustainability ambitions and our stakeholders’ expectations.

**We have established this Sustainable Financing Framework (the “Framework”) to support the future issuance of Sustainable Financing Instruments (“SFIs”), including:**

- Green Financing Instruments (“Green-FIs”): Any financing instrument where an equal amount of the net proceeds will be exclusively applied to finance or re-finance, in whole or in part, new and/or existing eligible Green Projects.
- Social Financing Instruments (“Social-FIs”): Any financing instrument where an equal amount of the net

proceeds will be exclusively applied to finance or re-finance, in whole or in part, new and/or existing eligible Social Projects.

- Sustainability Financing Instruments (“Sustainability-FIs”): Any financing instrument where an equal amount of the net proceeds will be exclusively applied to finance or re-finance, in whole or in part, new and/or existing eligible Green and Social Projects

**Eligible Instruments for SFIs:**

Under this Framework, we may from time to time, offer, enter and issue bonds (notes), debentures, private placements (preferred stock or mezzanine debt), commercial paper (with maturity longer than one year), loans<sup>5</sup> (such as revolving credit facilities<sup>6</sup>, term loans and/or contingent facilities) for new and/or existing specific investments, assets and projects that adhere to the Eligibility Criteria in this Framework. We believe that the issuance of any of SFI under this Framework and the corresponding investments made in Eligible Projects should contribute to the execution of ARAUCO’s sustainability strategy and the achievement of our medium and long-term targets.

<sup>5</sup> If loans include multiple tranches, only those tranches that comply with the eligible criteria of this Framework will be labelled as Green, Social and or Sustainable

<sup>6</sup> Reporting is done until loan maturity (rather than until fully drawn).

**Updates to the Framework:**

This Framework may be updated from time to time and will be applied to any SFIs issued by ARAUCO, its subsidiaries and any of its affiliates. In the event of an update to this Framework, any future investments will be in alignment with the categories recognized by the Principles. ARAUCO intends to follow the best market practice as standards develop. This Framework replaces the previous Frameworks published by ARAUCO in October 2019 and should be applied for all future labeled Instruments issued by Arauco or any of its subsidiaries and affiliates.

This Framework is intended to be used for future issuances and therefore past Sustainable bond instruments issued under the 2019 framework should not be affected in any manner. This new enhanced Framework provides a high-level approach to labeled Instruments, and investors should always refer to the relevant documentation for the specific instrument.





# 4. Alignment with the sustainability guidelines

The Sustainable Development Goals aim to officially implement the UN 2030 Agenda for Sustainable Development. This agenda encourages countries and businesses to initiate efforts to achieve the 17 Sustainable Development Goals (SDGs) in the next 7 years. ARAUCO, through its many sustainability initiatives, has identified opportunities to increase its contribution to the SDGs, integrating this challenge into ARAUCO's sustainability strategy.

**ARAUCO has developed this Framework as per the following voluntary process guidelines (the "Principles"), which are considered the best practices to promote transparency, disclosure, and integrity of this Framework:**

- International Capital Markets Association (ICMA) Green Bond Principles, 2021 ("GBP") (with June 2022 appendix)<sup>7</sup>

- International Capital Markets Association (ICMA) Social Bond Principles, 2023 ("SBP")<sup>8</sup>
- International Capital Markets Association (ICMA) Sustainable Bond Guidelines, 2021 ("SBG")<sup>9</sup>
- Loan Market Association ("LMA"), Asia Pacific Loan Market Association ("APLMA"), and Loan Syndication & Trading Association ("LSTA"), Green Loan Principles 2023, Social Loan Principles 2023 (SLP) ("GLP", and, together with GBP, SBP, SBG, SLP the "Principles")<sup>10</sup>

<sup>7</sup>For more information, please visit: Green Bond Principles (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>)

<sup>8</sup>For more information, please visit: Social Bond Principles (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf>)

<sup>9</sup>For more information, please visit: Sustainability Bond Principles (<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>)

<sup>10</sup>For more information, please visit: LSTA (<https://www.lsta.org/content/guidance-on-green-loan-principles-glp/>)





# 5. Sustainable financing section

### Alignment with the Principles

Any SFI issued by ARAUCO’s under this Framework will be aligned with the four core components and recommendations of The Principles:

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

This Framework also aligns with the recommendation of (5) using a framework and 6) external reviews of the components listed in items 1-4 above.

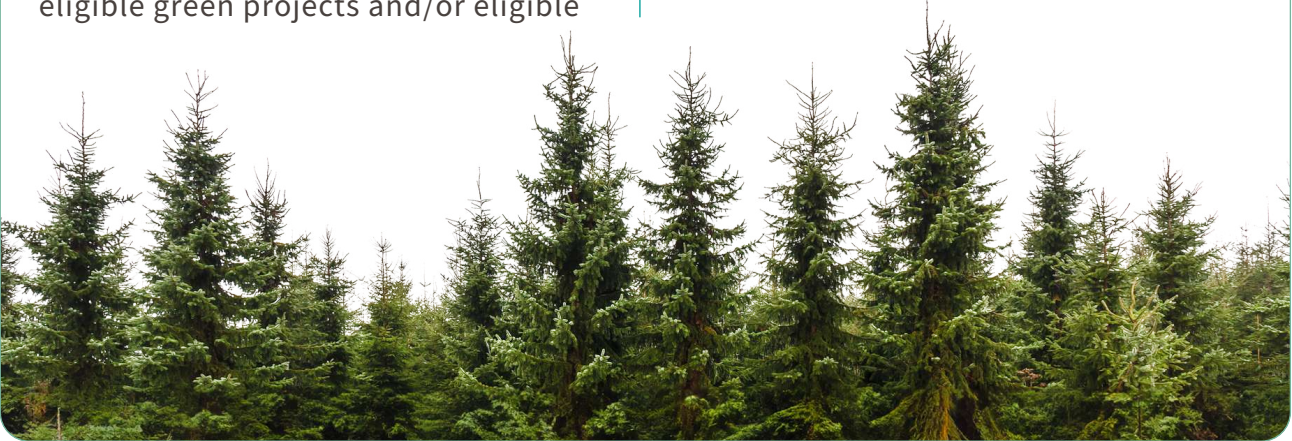
### 5.1 Use of Proceeds

ARAUCO intends to allocate an amount equal to the net proceeds from any SFI to finance or refinance, in whole or in part, existing or future investments in eligible green projects and/or eligible




social projects (together, the Eligible Investments) which include investments made by ARAUCO or any of its subsidiaries within the period beginning 24 months before the issuance of the instrument and ending on the final maturity date of such SFI, and which generally meet one or more of the Eligibility Criteria below.

**Examples of investments that may be considered Eligible Green and Social Projects include, but are not limited to, the following:**

- **Capital Expenditures and selected Operating Expenditures** (such as maintenance costs that either increase the lifetime or the value of the assets) of physical assets meeting the Eligibility Criteria; or
- **R&D Expenditures** aimed at developing new products and/or solutions as per the Eligibility Criteria.



## 5.2 Green Investment Eligibility Criteria:



Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
<b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b>	<p><b>Expenditures related to finance the acquisition, maintenance, and management of eucalyptus and/or pine forests primarily certified under the Forest Stewardship Council (“FSC®”) or CERTFOR (PEFC Standard (“PEFC”)), where applicable Expenditures related to new planting and replanting activities in owned and third parties areas, such as:</b></p> <ul style="list-style-type: none"> <li>• Production and acquisition of eucalyptus and pine seedlings;</li> <li>• Preparation of soil for the plantation of seedlings, including subsoiling and harrowing activity;</li> <li>• Planting of seedlings;</li> <li>• Protection and maintenance of planted seedlings up until harvest;</li> <li>• Development of species hybrids without transgenic manipulation to improve the productivity of eucalyptus and pine plantations while reducing water consumption, increasing CO<sub>2</sub> capture, and/or optimizing soil use;</li> <li>• Implementation of techniques such as mosaic planting, biological control and minimum tillage that result in the conservation of native vegetation and watersheds, and/or improved soil quality;</li> <li>• Afforestation or transformation of land use from non-forest to forest, through ARAUCO’s Sustainable Forest Management that ensures:                             <ol style="list-style-type: none"> <li>I. FSC® certification and PEFC; and</li> <li>II. That ARAUCO’s forests expansion plan considers well-adapted species for both planted and native forests (as forests are important carbon sinks and belowground carbon in this case).</li> </ol> </li> <li>• Activities and services required to assess practices and implement appropriate measures in small and medium-sized rural producers’ planted areas for FSC® or PEFC certification.</li> </ul>	Climate change mitigation Natural resource conservation	  



Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
Terrestrial and Aquatic Biodiversity Protection	<p><b>Expenditures on projects related to the restoration and conservation of existing natural resources and/or biodiversity, including the maintenance, protection and identification of endangered flora and fauna and the preservation and restoration of High Conservation Value (“HCV”) <sup>11</sup> Forests</b></p> <p><b>Project Include:</b></p> <ul style="list-style-type: none"> <li>Acquisition of native seedlings for Reforestation<sup>12</sup> practices, in own and third-parties properties, for existing forest management;</li> <li>Labor costs associated with planting native seedlings, pest management, and construction of fences combined with other infrastructure implementation such as fauna underpasses with conservational purposes only, as required;</li> <li>Labor and capital costs associated with creating and maintaining ecological corridors and mosaics in nonnative plantations so they can serve as wildlife and flora habitat conservation;</li> <li>Costs of legalization and environmental licensing costs related to developing new conservation areas on owned and leased lands;</li> <li>Specialized facilities and services to study and monitor the restored area, such as GIS analysis, satellite data collection and data analysis.</li> </ul> <p><b>Expenditures related to the conservation of fauna, including :</b></p> <ul style="list-style-type: none"> <li>Specialized facilities and services in studying and monitoring the behavior of species and fauna;</li> <li>Labor costs associated with maintaining the staff exclusively dedicated to the care and accommodation of animals (including a biologist and a veterinarian);</li> <li>Costs and investments related to rewilding extirpated and threatened native fauna species as well as treatments and accommodation;</li> </ul>	Climate change mitigation Biodiversity conservation	 

<sup>11</sup>HCV areas are those that have been identified for preservation by ARAUCO in partnership with experts and local communities because of the high value of their native plant or fauna species. The preservation of these species results in maintaining both plant and animal biodiversity. Any area designated for conservation cannot be harvested for pulp. Activities aligned with this use of proceeds criteria include funding studies that identify and evaluate HCV areas; monitoring flora, fauna, and water resources in HCVAs; funding environmental education projects; and funding services.

<sup>12</sup>Reforestation projects will be limited to those that utilize tree species that are well-adapted to site conditions.

Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
	<p><b>Expenditures related to the protection and oversight of roadkill hotspots</b>, With the implementation of these projects, expanded areas of pass-through corridors facilitate the transit of species and connectivity between fragments rich in biodiversity. Intended projects include initiatives such as:</p> <ul style="list-style-type: none"> <li>Implementing wildlife underpasses to connect biodiversity sections;</li> <li>Retrofitting existing water culverts;</li> <li>Non-electric wildlife fencing to support canopy bridges<sup>7</sup> and other infrastructure projects implementation;</li> <li>Implementation of wildlife passages.</li> </ul>		
Energy Efficiency	<p><b>Expenditures related to studies and/or projects that may result in increased energy efficiency, using best efforts basis to achieve at least a 30% energy efficiency improvement compared to the baseline scenario.</b></p> <p><b>Eligible Projects include:</b></p> <ul style="list-style-type: none"> <li>Financing of fully electric powered machinery or incorporation of energy saving technologies<sup>13</sup>, including LED lighting technology;</li> <li>Energy storage systems, energy efficient heating, ventilation, air conditioning (HVAC) and electrical equipment;</li> <li>Acquisition of more efficient electric engines, valves, and pumps;</li> <li>Optimization projects in the ARAUCO’s Mills;</li> <li>Development or study of projects associated with energy efficiency (thermal exchange, etc.).</li> </ul>	Climate change mitigation	 

<sup>13</sup> Energy efficiency expenditures that are primarily powered by fossil fuels are not eligible.



Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
<b>Sustainable Water and Wastewater Management</b>	<p><b>Expenditures related to projects on sustainable water management<sup>14</sup>, such as:</b></p> <ul style="list-style-type: none"> <li>The reduction of water consumption in industrial processes and related equipment;</li> <li>Systems facilitating the reuse of water and liquid waste in industrial processes;</li> <li>The implementation of technologies and systems that improve the quality of treated water and effluent;</li> <li>The development and implementation of plans for monitoring the quality of effluents and the quality of the waters of the receiving waters and their ecosystems (wastewater not derived from fossil fuel sources);</li> <li>The monitoring of water flows in forest water basins;</li> <li>The development of methods to measure water flows close to our neighbors' catchment areas; and</li> <li>Studies to identify or implement new water supply systems.</li> </ul>	Climate change mitigation Natural resource conservation	 
<b>Pollution, Prevention and Control</b>	<p><b>Investments related to projects on reduction in the generation of waste and emissions<sup>15</sup>, such as:</b></p> <ul style="list-style-type: none"> <li>Projects for the utilization, reuse, or valorization of solid waste;</li> <li>Projects or equipment to reduce chemical usage and waste generated in the process;</li> <li>Projects and/or equipment to recover fiber wastes (which are reused as biomass); and</li> <li>Expenditures on projects related to reduction in air emissions (such as NOx, PM, SO<sub>2</sub>).</li> </ul> <p><b>Investments projects to reuse waste in processes, such as:</b></p> <ul style="list-style-type: none"> <li>Transformation of solid waste of the industrial process into sub-products to use as soil correctives, and fertilizers;</li> <li>Projects to improve the treatment of liquid effluents;</li> </ul>	Pollution, prevention and control	 

<sup>14</sup>Only projects related to operations that are self-sustaining or supplied by renewable energy sources will be considered  
<sup>15</sup>Fossil fuel powered equipment is not eligible

Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
	<ul style="list-style-type: none"> <li>Projects to increase capacity to contain spills through operational controls and/or infrastructure works;</li> <li>Rainwater control projects;</li> <li>Development of hazardous and non-hazardous waste collection infrastructure<sup>16</sup> and initiatives that supports the source segregation of materials for recycling and reuse from such waste streams<sup>17</sup>;</li> <li>Plans for monitoring liquid effluents, atmospheric emissions (including sulfur gases), noise, air quality, water quality and ecosystems; and</li> <li>Projects to study or implement fossil fuel replacement or the use of cleaner fuels, such as biogas or biofuels<sup>18</sup>.</li> <li>Investments, acquisitions, or financings aimed at reduction of air emissions and greenhouse gas control, such as R&amp;D and other capital expenditures for carbon capture, use and storage and carbon dioxide removal projects such as point source capture, direct air capture, e-fuels, synthetic fuels, addition of biochar to soils, bioenergy and carbon capture and storage (BECCS)<sup>19</sup>.</li> </ul>		

<sup>16</sup>This may also include related R&D expenditures carried out in partnership with startups, universities and research centres to develop new processes and or uses of our waste in alignment to our goal of zero non-hazardous solid waste by 2030 which will enabling comprehensive and circular utilization of our raw materials.  
<sup>17</sup>Biomass criteria: Eligible investments are those that meet the following conditions: (a) Facilities operate above 80% of GHG emissions-reduction in relation to the relative fossil fuel comparator; and (b) Demonstrate woody carbon stocks maintained or enhanced; and (c) For installations that produce electricity from biomass / biofuel, the electricity generated must have GHG emissions not exceeding 100gCO<sub>2</sub>e / kWh; and (d) where the installations rely on anaerobic digestion of organic material, the production of the digestate meets the criteria for anaerobic digestion of sewage sludge from ARAUCO's operations and (e) feedstock will not be procured from land that was deemed to have high biodiversity OR a high level of carbon stock in the past 10 years.  
For electricity generation installations with a total rated thermal input from 50 to 100 MW, the activity applies high-efficiency cogeneration technology, or, for electricity-only installations, the activity meets an energy efficiency level associated with the best available techniques (BAT-AEL) ranges set out in the latest relevant best available techniques (BAT) conclusions, including the best available techniques (BAT) conclusions for large combustion plants.  
For electricity generation installations with a total rated thermal input above 100 MW, the activity complies with one or more of the following criteria: (e) attains electrical efficiency of at least 36%; or (f) applies highly efficient CHP (combined heat and power) technology (g) uses carbon capture and storage technology where the CO<sub>2</sub> that would otherwise be emitted from the electricity generation process is captured for the purpose of underground storage, the CO<sub>2</sub> is transported and stored underground.  
<sup>18</sup> Commercial scale BECCS projects shall have: (i) <100gCO<sub>2</sub>e / kWh of emissions, (ii) feedstock has a sustainability sourced certification and (iii) permanent carbon storage of 100% of GHG emissions



Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
Renewable Energy	<p><b>Expenditures related to the design, development, construction, expansion, operation, upgrade and/or maintenance of renewable energy projects, including:</b></p> <ul style="list-style-type: none"> <li>Solar (Photovoltaic and Concentrating Solar Power (“CSP”)<sup>20</sup>) sources;</li> <li>Wind (onshore and offshore) sources.</li> </ul> <p><b>Investments and expenditures related to the development, expansion, construction, maintenance, acquisition, and/or operation of projects and equipment that promote the substitution of fossil fuels with renewable sources and / or the generation of energy from renewable sources, including:</b></p> <ul style="list-style-type: none"> <li>Biomass Boilers and related facilities utilizing wood waste (such as twigs, scraps, bark) and black liquor from FSC® and / or CERFLOR (PEFC) certified forests and other mill residues as feedstock<sup>18,21</sup>;</li> <li>Use of Green Hydrogen from electrolysis processes in kilns to optimize the combustion process allowing us to further increase the use of alternative fuels<sup>18</sup>;</li> <li>Production of Biogas<sup>18</sup> and biofuel<sup>14</sup> as well as Transformation of Biogas to Hydrogen<sup>23</sup>;</li> <li>Electricity and Combined Heat and Power (CHP) from biomass</li> <li>Consolidation of electrical systems to export excess Non-Conventional Renewable Energy (NCRE) into the public grid<sup>25</sup>.</li> </ul>	Climate change mitigation	 

<sup>19</sup> To be eligible, CSP plants must generate at least 85% of electricity from solar sources

<sup>20</sup> Use of Palm Oil not eligible

<sup>21</sup> Hydrogen criteria: To be eligible, one of the following thresholds must be met: (1) Electricity to be produced by electrolysis and powered 100% by renewable energy sources OR (2) Direct CO<sub>2</sub> emissions from manufacturing of hydrogen: 0.95 tCO<sub>2</sub>e/t Hydrogen or less, OR (3) Electricity use for hydrogen produced by electrolysis is at or lower than 50 MWh/t Hydrogen, OR (4) The average carbon intensity of the electricity produced that is used for hydrogen manufacturing is at or below 100gCO<sub>2</sub>e/kWh (taxonomy threshold for electricity production is subject to periodical update).

<sup>22</sup> Production of Biogas and biofuel as well as Transformation of Biogas to Hydrogen projects are in early stage. As such, expenditures to these projects will be limited to only R&D.

<sup>23</sup> For acquisitions, financed amount to be equal to the net asset value of credible assets of the acquired company (i.e., Goodwill will not be included).

<sup>24</sup> To be eligible, grid infrastructure with average system grid emissions factor of less than 100gCO<sub>2</sub>e/kWh over a rolling five-year period;



Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
	<p><b>Acquisitions and/or Investments in companies where a minimum of 90% of the acquired company’s revenues are derived from revenue from activities aligned with the criteria outline in the Renewable Energy Category of this Framework and which include:</b></p> <ul style="list-style-type: none"> <li>Biogas<sup>18</sup>, biofuel<sup>18</sup>, electricity and combined Heat and Power (CHP) from biomass<sup>22</sup>; or</li> <li>Green hydrogen<sup>18</sup> using electrolysis technology.</li> </ul> <p><b>Transmission and distribution networks procurement (incl. land acquisition), development, installation, operational readiness, operation, and maintenance of electricity transmission and distribution networks supporting renewable energy consumption and the export of excess Non-Conventional Renewable Energy (NCRE) generated by ARAUCO to the public grid<sup>25</sup>.</b></p> <p><b>The purchase of renewable energy from wind, solar<sup>26</sup>, and/ or hydroelectric<sup>27</sup> power facilities, pursuant to long-term (≥ 5 years) power purchase agreements (PPAs), including those entered prior to the issuance of a Sustainable Financing Instrument and later extensions of a PPA.</b></p>		

<sup>25</sup> To be eligible, must meet Solar Criteria.

<sup>26</sup> To be eligible, must meet the following criteria:

A hydropower facility in operation before 2020 is eligible if it has either: (a) A power density > 5W/m<sup>2</sup>; OR (b) GHG emissions intensity < 100gCO<sub>2</sub>e/kWh. A hydropower facility commencing operation in 2020 or after is eligible if it has either: (c) A power density > 10W/m<sup>2</sup>; OR (d) GHG emissions intensity < 50g CO<sub>2</sub>e/kWh.



Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
Clean Transportation	<p><b>Expenditures related to the acquisition, modernization, and maintenance of our transport fleet, including transportation with zero direct greenhouse gas (“GHG”) emissions (i.e., electric vehicles) and low GHG emissions<sup>28</sup> (i.e., hybrid vehicles).</b></p> <p><b>Eligible projects include:</b></p> <ul style="list-style-type: none"> <li>• Electric and/or hybrid passenger-commercial fleet<sup>27</sup>, and heavy-duty trucks;</li> <li>• Use of low or zero-carbon biofuels<sup>30</sup> in our fleet ; and</li> <li>• Purchase of fully electric heavy mobile construction equipment and heavy-duty trucks<sup>30</sup>.</li> </ul> <p><b>Expenditures related to the installation, acquisition, modernization, and maintenance of infrastructure projects associated with lower-carbon, hybrid and/or electric vehicles, including fueling and charging stations.</b></p> <p><b>New Rolling Stock and/ or Improvements that will reduce GHG emissions and increase fuel efficiency<sup>31</sup>:</b></p> <ul style="list-style-type: none"> <li>• Modernizations and emissions upgrades on existing locomotives</li> <li>• Acquisition of fully electric or hybrid locomotives and train wagons to replace the usage of trucks</li> <li>• Railway Modernization and Expanding Network capacity to ARAUCO’s facilities<sup>32</sup></li> <li>• Purchase of new equipment<sup>33</sup> that will provide higher efficiency in the railroad maintenance and will allow the improvement of this sustainable transport</li> </ul>	Climate change mitigation	 

<sup>27</sup> To be eligible, hybrid passenger vehicles must meet the threshold of 50gCO<sub>2</sub>/km and hybrid freight vehicles (such as heavy trucks) must meet threshold of 25gCO<sub>2</sub>/km. In addition, the tailpipe emissions intensity of the eligible hybrid passenger vehicles must not exceed 50g CO<sub>2</sub>/km until 2025, and from 2026 onwards, eligible hybrid passenger vehicles must have emissions intensity of 0g CO<sub>2</sub>/km. ARAUCO intends to follow the World Harmonized Light-Duty Vehicle Test to determine Hybrid vehicle thresholds.

<sup>28</sup> To be eligible, Biofuels derived from non-waste feedstock must meet the following criteria : i) biofuel will be produced with lifecycle emissions 65% lower than the fossil fuel baseline (94gCO<sub>2</sub>e/MJ for transportation as the end use); and ii) the feedstock is certified by a credible third-party scheme, such as RSB, ISCC Plus, BONSUCRO, etc). Derived from non-waste feedstock.

<sup>29</sup> Heavy trucks must meet threshold of 25gCO<sub>2</sub>/km. ARAUCO intends to follow the World Harmonized Heavy-Duty Vehicle Test to determine Hybrid vehicle thresholds.

<sup>30</sup> Transportation of Fossil fuels is not an eligible activity.

<sup>31</sup> To be eligible, hybrid freight vehicles (such as locomotives) must meet threshold of 25gCO<sub>2</sub>/tkm. Railway projects will only transport the company’s pulp production. Transportation of fossil fuels (including blended fuels) is not an eligible activity.

<sup>32</sup> Expenditures related to Locomotive Parking facilities are not eligible.


Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
Eco-efficient and/or circular economy adapted products, production technologies and processes	<p><b>Investments that support ARAUCO’s Research Centers, focused on:</b></p> <ul style="list-style-type: none"> <li>• Capturing gains in productivity and product quality, as well as investments in machinery that enable operational eco-efficiency improvements for pulp such as increasing the forest productivity index, reducing the use of raw materials, reducing weight per unit, and replacing polyethylene and other fossil-based materials in packaging; and</li> <li>• Developing products, processes, and technologies for more efficient consumption of inputs, such as 100% bio-based products and new forestry technologies such as the multiple use of wood components.</li> </ul> <p><b>R&amp;D investments related to the development of next generation biochemicals and biofuels.</b></p> <p><b>Expenditures on projects for the development and introduction of environmentally sustainable products (FSC® Chain of Custody certified), with an eco-label or environmental certification, resource-efficient packaging, and distribution.</b></p> <p><b>Eligible Projects include<sup>34</sup>:</b></p> <ul style="list-style-type: none"> <li>• Sustainable construction materials based on wood structures and solutions; and</li> <li>• Natural and renewable bioproducts.</li> </ul> <p><b>Acquisitions<sup>35</sup> and/or investments in Pure-Player companies</b></p> <p>A Pure Player company is defined as a company that derives a minimum of 90% of its revenues from activities aligned with the criteria outlined in the Eco-efficient and/or circular economy adapted products, production technologies and processes Category.</p>	Climate change mitigation	

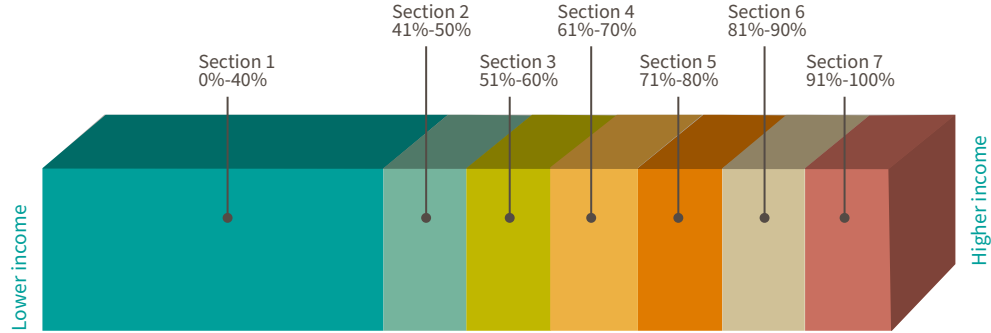
<sup>33</sup> To be eligible, Projects must be accompanied by a sustainable management plan that is certified under FSC® or PEFC

<sup>34</sup> For acquisitions, financed amount to be equal to the net asset value of credible assets of the acquired company (i.e., Goodwill will not be included).



### 5.3 Social Projects Target Population

Eligible Green Investment Category	Eligibility Criteria for Investments and Examples	Environmental Objective	Alignment with UN SDGs
Climate Change Adaption	<p><b>Investments related to activities related to assessing ARAUCO’s vulnerabilities and opportunities due to climate change and the means of improving the resilience of forestry, industrial and logistics operations, such as:</b></p> <p>ARAUCO strictly follows the respective local legislation and the FSC® recommendations / prohibitions in regard to chemical and biological inputs.</p> <p><b>Implementing the Forest Fire Prevention and Control Strategy, through preventive operations and innovations in planting methods to reduce the risk of forest fires among other risk reduction strategies, such as:</b></p> <ul style="list-style-type: none"> <li>Implementation of local education and other short-and long-term fire prevention programs;</li> <li>Implementation of programs Self-Protected Forest in our plantations and third parties plantations;</li> <li>Design of programs to reduce the occurrence of fires;</li> <li>Training to firefighters;</li> <li>Investments in improvements in the monitoring tower system, with the inclusion of automatic fire outbreak detection systems and the inclusion of warnings of outbreaks via satellite;</li> <li>Investments in the expansion of firefighting equipment – water trucks, Skidders, and helicopters<sup>36</sup>; and</li> <li>definition and implementation of a standard for combating large-scale fires.</li> </ul>	Climate change mitigation	

Target Population	Definition
Low-Income Individual	<ul style="list-style-type: none"> <li>Population in Bottom 2 Quintiles (Section 1 and Section 2) of Chile’s Socioeconomic Classification (CSE) system. Below are the Levels of CSE in Chile according to income.</li> </ul>  <p>Source: Ministry of finance.</p> <ul style="list-style-type: none"> <li>The Household Social Register<sup>37</sup> (Registro Social de Hogares - RSH) is the main public instrument used for selecting beneficiaries of the different social programs in Chile. Our Target population is aligned to the definition and criteria established by the Ministry of Finance of the Republic of Chile.</li> </ul>
Small and Medium-sized Enterprises (SMEs)	<p><b>SMEs defined by revenue size, as follows:</b></p> <ul style="list-style-type: none"> <li>Small Enterprise: UF 2,400 to UF 25,000 per year</li> <li>Medium-sized enterprise: UF 25,000 to UF 100,000 ARAUCO follows the same SME definition as the Internal Tax Service of Chile<sup>38</sup>.</li> </ul> <p><b>To be Eligible, SME’s must meet revenue size criteria above and at least one of the following:</b></p> <ol style="list-style-type: none"> <li>(1) SMEs are located in underdeveloped /disadvantaged regions where ARAUCO operates;</li> <li>(2) SMEs are majority owned by members of historically/marginalized/disadvantaged groups where ARAUCO operates; or</li> <li>(3) SMEs that face significant adversity as a result of a natural disaster or pandemic.</li> </ol>
Low Income Rural Population	<p><b>To be Eligible, individual must meet the following criteria:</b></p> <ul style="list-style-type: none"> <li>Low-Income Individual (per criteria above); and</li> <li>Inhabitants in secondary cities and smaller towns (population under 150,000); or</li> <li>Inhabitants in urban districts that have a majority of population within the bottom 2 quintiles; or</li> <li>Inhabitants in areas of low population density such as rural towns and settlements (even with populations below 150).</li> </ul>

<sup>35</sup> Only FSC® or PEFC certified forests are eligible for allocation.

<sup>36</sup> For more information, please visit: Registro Social de Hogares. (<https://registrosocial.gob.cl/>)

<sup>37</sup> For more information, please visit: Servicio de Impuestos Internos de Chile. ([https://www.sii.cl/contribuyentes/empresas\\_por\\_tamano/pymes.pdf](https://www.sii.cl/contribuyentes/empresas_por_tamano/pymes.pdf))






## 5.4 Social Investment Eligibility Criteria:

Target Population	Definition
People with Disabilities	<ul style="list-style-type: none"> <li>An individual with any physical, mental or sensory impairment that substantially limits one or more of the main activities of an individual.</li> </ul>
Elderly Population (Over 65 years old and low income)	<p>To be eligible, individual must meet the following requirements:</p> <ul style="list-style-type: none"> <li>Individual aged 65 or older; and</li> <li>Low-Income individual (per criteria above).</li> </ul>
Elderly Population (Over 65 years old and low income)	<p>To be eligible, individual must meet the following requirements:</p> <ul style="list-style-type: none"> <li>Individual aged 65 or older; and</li> <li>Low-Income individual (per criteria above).</li> </ul>
Vulnerable People as a Result of the impact caused by natural events	<p>To be eligible, individual must meet the following requirements:</p> <ul style="list-style-type: none"> <li>Individual affected by hazardous events that cause large numbers of victims, fatalities and/or overwhelming property damage, including but not limited to floods, volcanic eruptions, earthquakes, landslides, droughts, heat waves, tsunamis, tidal waves, cyclones, hurricanes, storms, tornadoes, tropical storms, typhoons, wildfires, insect infestations and epidemics; and</li> <li>Low-Income individual (per criteria above); or</li> <li>an Individual with Disabilities (per criteria above).</li> </ul>
Underserved	<ul style="list-style-type: none"> <li>Population lacking quality access to essential goods and services, including sanitation, water/waste treatment, electricity, food, health, and education following the Alkire, and Foster method utilized by Chile’s Ministry of Social Development which measures the multidimensional poverty which defines the underserved population<sup>39</sup>.</li> </ul>
Undereducated	<ul style="list-style-type: none"> <li>Population in First and Second Priority list in Chile’s School Vulnerability Index<sup>40</sup></li> <li>This index is calculated every year using the results of the Vulnerability Survey applied by JUNAEB (National Board of School Aid and Scholarships) to publicly funded educational institutions, along with administrative data from other public institutions such as the Ministry of Social Development and Family, National Health Fund (Fonasa), National Service for Specialized Protection of Children and Adolescents (Better Childhood), National Service for Minors (Sename), Civil Registry, and the Ministry of Education (Mineduc).</li> </ul>
Low income Women	<ul style="list-style-type: none"> <li>Focus on women as vulnerable population to reduce the “gender gap” and the inequalities that persist between women and men. To be eligible, individuals must meet the following requirements:</li> <li>Identify as a Woman; and</li> <li>Be a low-income individual (per criteria above).</li> </ul>

<sup>38</sup> For more information, please visit Desarrollo Social Familia. (<https://www.desarrollosocialfamilia.gob.cl/btca/txtcompleto/midesocial/berner-pobrmultidimensional.pdf>)

<sup>39</sup> Índice de Vulnerabilidad Escolar (IVE-SINAE). For more information, please visit JUNAEB. (<https://www.junaeb.cl/junaeb-publica-indices-de-vulnerabilidad-escolar-2022/>)

Eligible Social Investment Category	Eligibility Criteria for Investments and Examples	Target Population	Alignment with UN SDGs
Affordable Housing	<p>Expenditures related to the design, construction, development and/or promotion of affordable housing and territorial programs, including for the benefit of employees and/or members of the communities neighboring ARAUCO’s operations.</p>	<p><b>Target population:</b></p> <ul style="list-style-type: none"> <li>Low-Income Population</li> <li>Low Income Women</li> <li>Rural Population</li> <li>Elderly population (over 65 years old and low income)</li> <li>Vulnerable Population as a result of natural disaster</li> <li>Underserved Population</li> </ul>	 
Access to Essential Services	<p>Expenditures related to community development and/or access to essential services, including:</p> <ul style="list-style-type: none"> <li>investments in health programs and healthcare services;</li> <li>investments in safety services;</li> <li>projects related to expanding access to drinking water;</li> <li>sanitation sewage treatment systems;</li> <li>Equitable mobility<sup>41</sup>, which focuses on expanding target population’s access and connection between urban centers and peripheral areas, as well as between urban centers and rural areas; and</li> <li>development of green areas and coastal waterfront, education, job training, vocational services, and sports programs.</li> </ul>	<p><b>Target population:</b></p> <ul style="list-style-type: none"> <li>Low-Income Population</li> <li>Low Income Women</li> <li>Low Income Rural Population</li> <li>Elderly population (over 65 years old and low income)</li> <li>Elderly Population</li> <li>Vulnerable Population as a result of natural disaster</li> <li>Underserved Population</li> <li>Undereducated Population</li> </ul>	
Socioeconomic Advancement and Empowerment	<p>Support SME’s, including programs to expand opportunities for ventures, employment and/or business development.</p> <p>Programs designed to advance the Diversity and Inclusion agenda, including:</p> <ul style="list-style-type: none"> <li>Recruiting programs specially designed to select people with disabilities.</li> <li>Training plans focused on gender and disability issues.</li> <li>Infrastructure as an enabling factor.</li> <li>Programs to increase the participation of women in leadership positions and selection processes.</li> </ul> <p>Social programs designed to prevent and/or alleviate unemployment derived from socioeconomic crises stemming from a State of Catastrophe by the national authorities (i.e., pandemics, earthquakes) such as:</p> <ul style="list-style-type: none"> <li>Job Retraining Programs</li> <li>Small Business Support</li> <li>Youth Employment Programs</li> <li>Digital Skills Training</li> </ul>	<p><b>Target population:</b></p> <ul style="list-style-type: none"> <li>SME’s</li> <li>Low-Income Population</li> <li>Low income women</li> <li>People with Disabilities</li> </ul>	

<sup>40</sup> To be eligible transportation vehicles must meet eligibility criteria established in the Clean Transportation Category of this Framework.



## 5.5 Excluded Activities

ARAUCO will not knowingly allocate proceeds from any issuance of SFI to the following activities:

- Activities involving exploitation of human rights;
- Modern slavery (e.g., forced labor or human trafficking);
- Child labor;
- Alcohol;
- Tobacco;
- Weapons and arms trade;
- Gambling;
- Nuclear energy;
- Inorganic or synthetic fertilizers, Agrochemicals, pesticides, or herbicides;
- Palm oil;
- Activities in protected areas or activities that violate indigenous peoples' rights;
- Fossil fuel-related operations or other carbon-intensive activities; and/or
- Any other activity that ARAUCO determines is ineligible for allocation of proceeds at the time of allocation.



## 5.6 Process for Project Evaluation and Selection

ARAUCO has established a process to ensure only projects aligned with the aforementioned criteria are selected as Eligible Assets and Projects within this Framework. ARAUCO regularly analyzes the environmental and social impacts of our businesses and assess how we can mitigate impacts on communities in which we operate. We conduct extensive due diligence when evaluating potential new opportunities and monitoring of our investment positions.

Oversight of this process is conducted by a **Sustainable Finance Coordination Group** (the “Committee”), consisting of members from Finance, Sustainability, Environment and Legal departments.

The committee is chaired by the Chief Financial Officer, and the leaders of treasury and sustainability at ARAUCO serve as vice chairs.

### The Sustainable Financing Coordination Group is comprised of:

- 4 members of the Finance Department
- 3 members of the Sustainability Department
- 3 members of the Environment Department
- 1 members of the Climate Change Department
- 1 member of the Legal Department

Eligible Projects are analyzed according to the criteria in the “Use of Proceeds” section, the exclusion criteria, as well as our company’s governance and risk rules. Upon approval by the Finance Department, an amount equal to the net proceeds from our company’s SFI will be allocated to these projects. Projects meeting the Eligibility Criteria may receive allocation from an equal amount of the net proceeds of any SFI, subject to the final approval of ARAUCO’s CEO.

Annually, the Sustainable Finance Coordination Group reviews approved green and social projects. If a project fails to meet the Eligibility Criteria or the Exclusion Criteria, its funding will be reallocated to eligible assets and projects within 12 months.





## 5.7 Management of Proceeds

The Finance Department will be responsible for the management of an equal amount to the net proceeds from any SFI financed under this Framework. An equal amount to the net proceeds will be managed using ARAUCO’s internal systems which maintain a database that comprises relevant information for each Eligible Project.

Pending the allocation of an equal amount to the net proceeds from any SFI to Eligible Projects, all or a portion of the net proceeds may be used for the payment of outstanding indebtedness, other capital management activities or may be held on ARAUCO’s balance sheet, invested in cash, cash equiva-

lents and/or other liquid instruments, in accordance with ARAUCO’s Investment Policy.

Any payment of principal and interest on any SFI may be made from our general corporate accounts. Pursuant to the definition of exclusion criteria described in the use of proceeds section, investing any of the unallocated net proceeds from any SFI in controversial or in high emitting GHG emission sectors or activities is strictly prohibited.

Complete allocation of the proceeds from any SFI is expected as soon as possible but within 60 -months from the date of the issuance.

## 5.8 Reporting

Annually, until an equal amount of all the net proceeds from the issuance have been allocated, and at other times in case of material developments, ARAUCO will publish a Sustainable Instrument Financing Report (the “Report”) with updates on its website ([www.arauco.com](http://www.arauco.com)) that are expected to include:

- The amount of net proceeds allocated to each Eligible Projects either individually or by category

- The share of net proceeds used for financing compared to refinancing;
- Expected impact metrics (as described below), where feasible
- A selection of brief project descriptions of Eligible Projects
- The outstanding amount of net proceeds to be allocated to Eligible Projects at the end of the reporting period

### Examples of performance indicators include:

GBP Eligible Green Project Category	Examples of performance indicators that may be included are:
<b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b>	<ul style="list-style-type: none"> <li>• Annual Carbon sequestration (tCO<sub>2</sub>eq)</li> <li>• Annual GHG emissions reduced/avoided (tCO<sub>2</sub>eq/air-dry-ton (“ADT”))</li> <li>• Hectares of land afforested/revegetated</li> <li>• Reduced Emissions from Deforestation and Degradation (REDD)</li> <li>• Area of certified forest (Ha)</li> <li>• Certified third-party forest area(Ha)</li> <li>• Total managed area (Ha)</li> <li>• Land area restored (Ha)</li> <li>• Hectares Planted (Ha)</li> </ul>
<b>Terrestrial and Aquatic Biodiversity Protection</b>	<ul style="list-style-type: none"> <li>• Area of land conserved in hectares</li> <li>• Number of threatened species protected or conserved (#)</li> <li>• Number of native species seedlings (#)</li> <li>• Hectares of ARAUCO’s land that has been restored (ha)</li> <li>• Hectares of owned land area with conserved native vegetation (ha)</li> <li>• Number of springs registered for conservation /restoration</li> <li>• Number of Fauna and flora species identified (#)</li> <li>• Number of Endangered animals, according to the IUCN Red List (#)</li> <li>• Greenhouse gas sequestration (tCO<sub>2</sub>eq/adt)</li> <li>• Endangered species contemplated in reintroduction actions and/or population reinforcement</li> <li>• Assistance actions for wild animals</li> <li>• Absolute number of predefined target organisms and species per km<sup>2</sup> (bigger fauna) or m<sup>2</sup> (smaller fauna and flora) before and after the project</li> <li>• Absolute number of protected and/or priority species that are deemed sensitive in protected/conserved area before and after the project</li> <li>• Absolute number of invading species and/or area occupied by invading species in m<sup>2</sup> or km<sup>2</sup> before and after the project</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• % of self-sufficiency in power generation</li> <li>• Tons of CO<sub>2</sub> emissions avoided (tCO<sub>2</sub>eq/ton)</li> <li>• Annual energy savings in MWh/GWh (electricity) and GJ/TJ (other energy savings)</li> </ul>
<b>Sustainable Water Management</b>	<ul style="list-style-type: none"> <li>• Cubic meters per ton of water saved/reduced (m<sup>3</sup> or m<sup>3</sup>/adt)</li> <li>• Cubic meters per ton of reused water used (m<sup>3</sup> or m<sup>3</sup>/adt)</li> <li>• Cubic meters per ton of water (provided/cleaned)</li> <li>• Water consumption (m<sup>3</sup> or m<sup>3</sup>/adt)</li> </ul>
<b>Pollution, Prevention and Control</b>	<ul style="list-style-type: none"> <li>• GHG emissions avoided or reduced; (tonsCO<sub>2</sub>e/year)</li> <li>• Avoided PM emissions, (tons/year);</li> <li>• TRS reduction, (Nm<sup>3</sup>/h)</li> <li>• Volume of waste avoided in landfills (tons/year)</li> <li>• Reduced and reused waste (tons or kg/adt)</li> <li>• Number of odor complaints made by the community</li> <li>• Number of noise complaints made by the community</li> </ul>
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Total electricity generated from waste biomass at ARAUCO’s facilities (MWh or MWh/adt)</li> <li>• Greenhouse gases emission reduction (tCO<sub>2</sub>eq/adt)</li> <li>• Percentage of renewable sources in the energy matrix</li> <li>• Total electricity generated from Renewable Energy at ARAUCO’s facilities (MWh or MWh/adt)</li> <li>• Steam consumption (energy)</li> <li>• Capacity of renewable energy plant(s) constructed or rehabilitated (in MW)</li> </ul>



GBP Eligible Green Project Category	Examples of performance indicators that may be included are:
<b>Clean Transportation</b>	<ul style="list-style-type: none"> <li>• Tons of CO<sub>2</sub> emissions avoided or reduced (tCO<sub>2</sub>e/ton transported)</li> <li>• Number of clean vehicles deployed (e.g., electric)</li> <li>• Estimated reduction in fuel consumption</li> <li>• Total in kilometers of new or improved train lines</li> </ul>
<b>Eco-efficient and/or circular economy adapted products, production technologies and processes</b>	<ul style="list-style-type: none"> <li>• Forest Productivity (m<sup>3</sup>/ha/year)</li> <li>• Number of studies conducted</li> <li>• Number of units covered by the Environmental Management System</li> <li>• Reduction of fossil fuel consumption</li> <li>• Number of eco-efficient products breakthroughs or in development</li> </ul>
<b>Climate Change Adaption</b>	<ul style="list-style-type: none"> <li>• Monitored areas (in ha) with fire prevention and property protection measures.</li> <li>• Delivery of adaptation actions</li> <li>• Effectiveness of adaptation actions, where feasible</li> </ul>

SBP Eligible Green Project Category	Examples of performance indicators that may be included are:
<b>Affordable Housing</b>	<ul style="list-style-type: none"> <li>• Number of individuals that received housing and Territorial program</li> <li>• Number of housing units constructed/preserved</li> </ul>
<b>Access to Essential Services</b>	<ul style="list-style-type: none"> <li>• Number/volume of loans provided to target group</li> <li>• Number of new businesses created in low-income areas</li> <li>• Number of hours in education/training</li> <li>• Number of people who received education/training</li> <li>• Number of people benefiting from local community development measures</li> </ul>
<b>Socioeconomic Advancement and Empowerment</b>	<ul style="list-style-type: none"> <li>• Number of new businesses created</li> <li>• Number of beneficiaries</li> <li>• Number of new jobs created</li> <li>• Number of women hired</li> <li>• Number of Inclusion and Diversity Recruiting programs</li> <li>• Number of women in leadership positions</li> </ul>

## 5.9 External Review

### Second Party Opinion

• ARAUCO has obtained and intends to make publicly available a Second Party Opinion (“SPO”) from Sustainalytics<sup>42</sup> to provide an opinion on the environmental and social benefits of this Framework as well as the alignment to the Principles. The SPO will also be available on ARAUCO’s investor relations website, as well as the SPO provider’s website. ARAUCO will seek to contact Sustainalytics to update the SPO in case of any material amendment of the Framework or as needed from time to time.

### Assurance

#### We expect our Sustainable Financing Instrument Report to be accompanied by:

- Assertions that a portion or the entirety of an equal amount to the net proceeds of an offering of a SFI was allocated to Eligible Projects, as may be the case; and

- Limited assurance report from an independent third party who is expected to examine and review decisions regarding the use of an equal amount of the net proceeds from any SFI and provide assurance as to which portion or all of the net proceeds from any SFI have been allocated consistent with the Eligibility Criteria set forth in this Framework.



<sup>41</sup> For more information, please visit Sustainalytics ([https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/celulosa-arauco-y-constituci-n-s-a/arauco-sustainable-financing-framework-second-party-opinion-\(2024\)-\(english\)/arauco-sustainable-financing-framework-second-party-opinion-\(2024\)-\(english.\)](https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/celulosa-arauco-y-constituci-n-s-a/arauco-sustainable-financing-framework-second-party-opinion-(2024)-(english)/arauco-sustainable-financing-framework-second-party-opinion-(2024)-(english.)))



# 6. Disclaimer

The information and opinions contained in this ARAUCO’s Framework (this “Framework”) are provided as at the date of this Framework and are subject to change without notice. None of ARAUCO or any of its affiliates assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. This Framework represents current ARAUCO policy and intent, is subject to change in ARAUCO’s sole discretion at any time and is not intended to, nor can it be relied on, to create any legal relations, rights, or obligations.

This Framework is intended to provide non-exhaustive, general information for illustrative purposes only. This Framework may contain or incorporate by reference public information not separately reviewed, approved or endorsed by the ARAUCO and accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted by ARAUCO or any of its affiliates as to the fairness, accuracy, reasonableness, or completeness of such information.

This Framework may contain statements about future events and expectations that are forward looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the

assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of assumptions, fully stated in this Framework.

No representation is made as to the suitability of any instrument to fulfil environmental and sustainability criteria required by prospective investors. Each potential purchaser of Instruments should determine for itself the relevance of the information contained or referred to in this Framework or the relevant Instrument documentation for such Instruments regarding the use of proceeds and its purchase of Instruments should be based upon such investigation as it deems necessary. ARAUCO has set out its intended policy and actions in this Framework in respect of use of proceeds, project evaluation and selection, management of proceeds and reporting, in connection with the ARAUCO Sustainability Financing Instruments. However, it will not be an event of default or breach of any contractual obligations under the terms and conditions of any such Instruments if ARAUCO fails to adhere to this Framework in any respect, whether by failing to fund or complete Eligible Projects or by failing to ensure that proceeds do not contribute directly or indirectly to the financing of the activities specified in this Framework, or by failing (due to a lack of reliable information and/or data or otherwise) to provide investors with reports on uses of proceeds and environmental impacts as currently contemplated by

this Framework, or otherwise.

In addition, it should be noted that all of the expected benefits of the Eligible Projects as described in this Framework may not be achieved. Factors including (but not limited to) market, political and economic conditions, changes in government policy (whether with a continuity of the government or on a change in the composition of the government), changes in laws, rules or regulations, the lack of available Eligible Projects being initiated, failure to complete or implement projects and other challenges, could limit the ability to achieve some or all of the expected benefits of these initiatives, including the funding and completion of Eligible Projects. Each environmentally focused potential investor should be aware that Eligible Projects may not deliver the environmental or sustainability benefits anticipated and may result in adverse impacts.

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