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# Letter from our CEO



We are pleased to present our fourth sustainability report, an annual transparency exercise that has become a standard practice in Montes del Plata. This process not only helps us to be accountable to our stakeholders, but also helps us make an x-ray of our environmental, social and economic management to detect strengths and opportunities.

One of our main challenges this year was to be better prepared for possible fire incidents. To this end, we have strengthened our detection and response capabilities

from different angles in collaboration with other forestry companies.

We invested in new technologies, such as cameras with artificial intelligence for early detection; we incorporated two airplanes in addition to the three helicopter bases with firefighters, strategically located to cover the entire country. We trained our personnel and those of our contractors and shared our response plan with government authorities and neighboring communities, as well as with suppliers, associated producers, cattle herders and beekeepers. In addition, we set up a new WhatsApp communication channel that enables us to receive early alerts. Thanks to all these initiatives, we are much better prepared to provide quick and coordinated responses with the other stakeholders.

After a challenging first few months, we surpassed production of 1.4 million tons of premium quality pulp and generated 9.7% of the country's energy. It should be noted that our mill is serviced by a bimodal logistics system (road and river), which has enabled us to avoid traveling some 24 million kilometers on highways, with the resulting positive impact on the environment and surrounding communities.

We are convinced that productivity, efficiency and quality must go hand in hand with caring for the people. I would like to congratulate our entire team for the outstanding results obtained during this period. We improved every single health and safety indicator and have world-class figures that position us among the most remarkable levels for the industry. We exceeded 750 days without lost-time accidents among our own personnel and reached an all-time low in the accident frequency rate at the consolidated level. We continue to support our suppliers in improving their health and safety practices. This year, five forestry companies and two plant companies were certified under ISO 45001, adding to the 19 companies already certified in 2021.

Internally, we maintain various third-party certifications that attest to our commitment to responsible management: FSC®, PEFC, ISO 45001, ISO 9001 and ISO 14001 are some of our current certifications.

In 2022, we wanted to take a further step towards systematic sustainability management. Based on a collaborative process with individuals from various areas, six working groups were formed to prioritize issues, establish goals and indicators

for Montes del Plata in the areas of environment, community, people, indicators and performance, ethics and compliance, as well as the value chain. We are confident that this initiative will bring us even closer to a sustainable management model.

We are committed to the fight against climate change. We seek to play a leading role in the country in addressing this issue and therefore, this year, we once again measured our carbon footprint. Montes del Plata is a carbon-negative company, as it captures more carbon than is emitted in its operations.

For pulp production, 93% of our pulp mill was supplied by renewable energy sources. Thanks to process efficiencies, we were able to reduce water consumption per tonne of pulp produced by 5.8%.

I would also like to highlight the efforts being made for waste management at the industrial complex.

This year we began to see the results of circular economy programs designed in previous years. We increased the recovery of non-hazardous waste by 12% and were honored with the Circular Economy

award due to our initiatives for the recovery of inorganic process waste and energy recovery from used industrial oils.

In terms of talent management, we launched Montes del Plata Academy. The aim is to generate innovative learning experiences that promote the personal and professional development of individuals and, at the same time, prepare them for the challenges of the future. In 2022, 100% of our employees were trained and over 53,000 hours of training were provided at a consolidated level.

At the same time, we continue to promote the development of a diverse culture, where all individuals feel welcome and differences are valued. Each of these initiatives is reflected in our annual climate measurement which, in its sixth edition, had the participation of 89% of the company's employees and achieved a positive rating of 84%. We continue to move forward with the implementation of our social management plan, promoting dialogue, local development and the wellbeing of our neighboring communities.

We seek to be a company where people are in the core of our business. A team of

636 individuals that make up Montes del Plata and without whom nothing would be possible. This year, I would especially like to thank them for their effort, commitment, passion and for always transforming challenges into opportunities. My sincere thanks to them and to the companies in our productive ecosystem, associated producers and the communities with whom we work every day.

I would like to invite you to read this latest sustainability report, prepared in accordance with the international standards of the Global Reporting Initiative (2021) and the Sustainability Accounting Standard Board (SASB).

Sincerely,  
Diego Wollheim.



**We are Montes del Plata.**

Montes del Plata<sup>1</sup> is a Uruguayan forestry-industrial company created in 2009 as a result of the merger in Uruguay of the operations of two major companies: Arauco from Chile and Stora Enso from Finland-Sweden. Its primary activity consists of producing cellulose pulp from *Eucalyptus*.

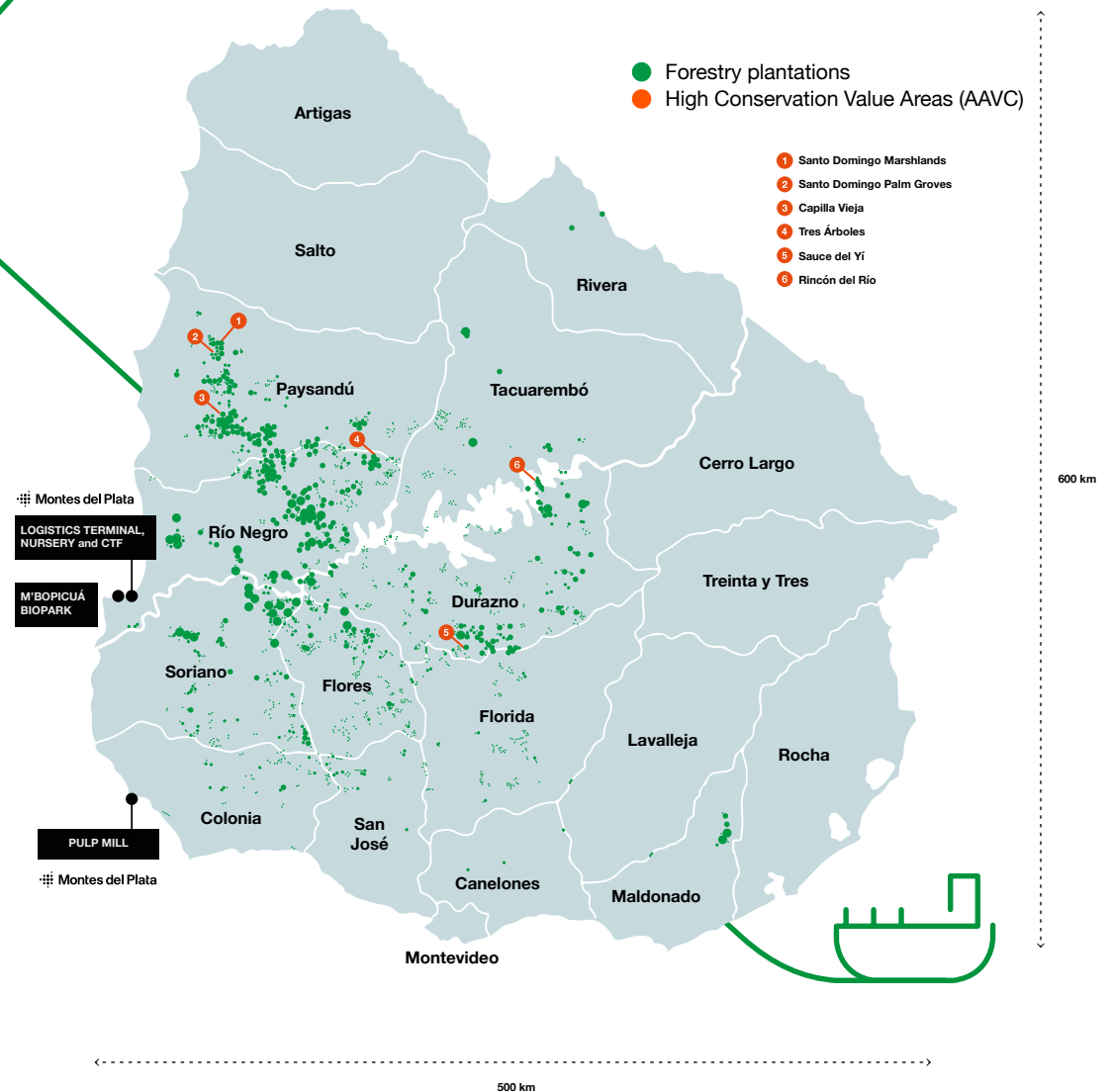
1. Montes del Plata is the brand under which the following companies operate: Stora Enso Uruguay S.A., Eufores S. A., Celulosa y Energía Punta Pereira S. A., El Esparragal Asociación Agraria de Responsabilidad Limitada, Zona Franca Punta Pereira S. A., Terminal Logística e Industrial de M'Bopicuá S. A., Ongar S. A. and Forestal Cono Sur S. A.

## OUR MISSION

"Become a world leader in sustainable pulp production through responsibly managed forests."

## OUR VISION

"Create long-term value for all our stakeholders starting from the responsible management and transformation of our forestry plantations into products that satisfy the needs of consumers."



## MISSION AND VISION

## VALUES

### Strategic pillars:



STRONG CULTURE  
OF SAFETY FOR  
PEOPLE AND THE  
ENVIRONMENT



OPTIMIZE THE  
PRODUCTION OF  
PULP AND  
ENERGY



POTENTIATE  
FORESTRY  
DEVELOPMENT



PROCESSES  
OBSESSION FOR  
EFFICIENCY AND  
COMPETITIVENESS  
WITH INNOVATION  
IN PROCESSES



A SINGLE TEAM:  
PROFESSIONAL  
AND WITH GOOD  
WORKING  
CLIMATE



A RESPONSIBLE  
COMPANY, CLOSE  
TO THE  
COMMUNITIES

## MANAGEMENT POLICY

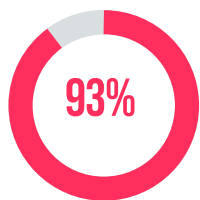
2022

# 2022

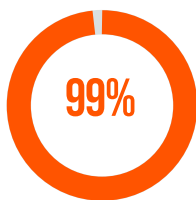
## PEOPLE



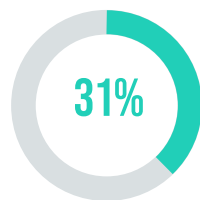
**636** direct collaborators



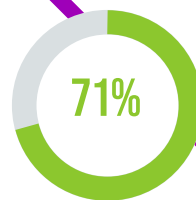
of direct collaborators work in the countryside.



are Uruguayan.



are women.



are under 40.

## CERTIFICATIONS

FSC® PEFC, ISO 9001  
ISO 14001, ISO 45001,  
Kosher.

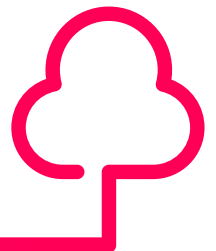
## PRODUCTION AND TRANSPORTATION

**275.783**

hectares managed on own and third-party lands with *Eucalyptus* forests.

**+11.633**

hectares planted in 2022.





# +3,500,000

m³ of harvested wood.

# +16,1 MILLION

plants produced at the nursery

# 1,429,334

million tons of cellulose pulp produced.  
100 % of the pulp produced in  
accordance with the expected quality.



MW of average  
annual power  
produced.



genetic improvement  
trials were  
performed.



of Uruguay's energy  
is produced in our  
industrial complex.

## CONSERVATION AREAS

# 12,000

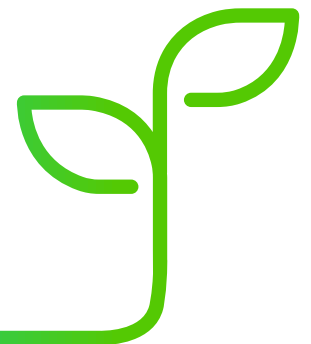
ha of protected natural areas, including  
more than 2,300 hectares of high  
conservation value

# 90,000

hectares of natural areas

# +65,000

hectares of natural pasture land



# Forest fire management plan



Learn more about the plan

In December 2021, Uruguay was affected by a heat wave with extremely high temperatures and low humidity levels. These conditions led to the occurrence of fires in several areas of the country, particularly in the departments of Río Negro and Paysandú.

Given the emergency, 320 people from Montes del Plata and contractors, together with firefighters, personnel from other forestry companies and community volunteers worked tirelessly to extinguish the fire and meet arising need: food, protective equipment, medical supplies, among others.

On that occasion, Montes del Plata provided support to the affected cattle ranchers, producers in neighboring areas and beekeepers who had hives on the company's premises. In addition, the company participated in the various instances of community dialogue to support those most affected, together with the Departmental Emergency Coordination Centers, the Ministry of Livestock, Agriculture and Fisheries and the Society of Forestry Producers (SPF).

At the roundtables convened by the SPF, a work plan was drawn up to address the problems identified by residents and local, departmental and national representatives in order to prevent similar situations in the future.

### NEW FOREST FIRE PREVENTION, DETECTION AND CONTROL MANAGEMENT PLAN FOR MONTES DEL PLATA

Through early detection, a fire can be controlled from the outset. To this end, a new artificial intelligence camera detection system was added to the aircrafts. In addition, a WhatsApp number is used to receive fire warnings from the community. These alerts are received by the Society of Forestry Producers' monitoring center, which then sends the resources for fire fighting.

To fight fires, investments were made, new equipment was purchased and trained brigades were added.

3

HELICOPTER BASES

with a brigade of firefighters, strategically located to serve the entire national territory.

2

AIRCRAFT

for firefighting and 21 air-trips with water sources.

8

ON-CALL BRIGADES

specific for firefighting.

In the event of a fire, an average of 30 individuals from Montes del Plata participate in fire fighting, supported by specific machinery and water tanks to replenish water supply. On the other hand, the Society of Forestry Producers' helicopters and aerial firefighting airplanes are intervening.

### COMMUNITY DIALOGUE

Throughout the year, meetings were held with authorities and neighbors from 11 communities to share the plan, hear their opinions and respond to their concerns. The plan was also presented to contractors, internal personnel, associated producers, livestock producers and beekeepers. In addition, a new Whatsapp communication channel was launched to provide early warning in the event of forest fires.

Another prevention activity implemented during 2022 consisted of the annual fire break maintenance plan.



In 2022, people from both Montes del Plata and contractor companies received firefighting training: 6,500 training hours.

### NEW FIRE DANGER RATING SYSTEM

The new new fire danger rating system by the Uruguayan Institute of Meteorology (Inumet) provides us with daily information showing where the risk of forest fires is highest. Depending on the risk, certain operational activities are not allowed while preventive measures are required when using machinery.

In turn, this is taken into account when fighting a fire or smoke, and in dispatching firefighting tools and equipment.

More information on the wildfire risk index.



## FOREST FIRES AND BIODIVERSITY

To understand the extent to which forest incentives affect ecosystems, we assessed the impact on biodiversity from three perspectives:

01

**Ecosystem assessment** and its capacity for recovery based on satellite information and field surveys, carried out by the Biodiversity and Conservation Ecology group of the School of Sciences and the Montes del Plata team. Consequently, the proportion of national burned areas varied between 10 and 23% depending on the location, reaching approximately 1,000 ha affected with a mainly low and moderate level of severity. The main environments affected were grasslands and park forests. In the first month following the fire, and according to monthly monitoring of the NBR (Nor- malized Burn Ratio) index,

some low severity affected areas of park forest and grasslands showed signs of recovery. Meanwhile, high severity affected environments, showed recovery levels three months after the event.

02

**Evaluation through bird species:** general and specific indicators related to the richness and composition of species of birds did not show significant changes throughout monitoring.

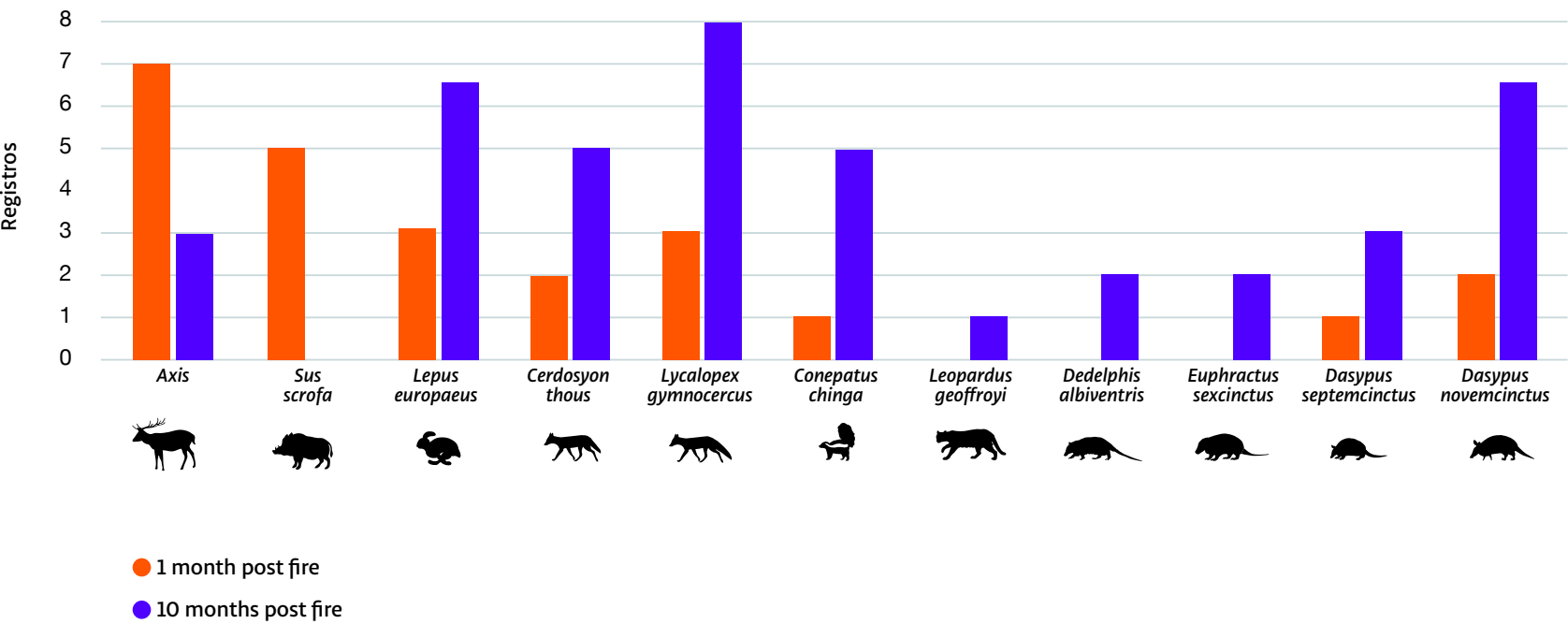
03

**Evaluation through mammals and vegetation:** camera traps were placed one month and 10 months after the fires in sites with no, low and high fire damage. One month after the fires, the herbaceous vegetation had recovered, while the shrub and tree vegetation, as well as the bare soil,

still showed signs of the fire. No dead animals were identified during the field rounds. At the time of the first monitoring, medium and large mammals were observed in areas affected by the fire, especially exotic or generalist species in terms of habitat requirements. In the grasslands, 10 months after the fire, it was concluded that they recovered both ground cover and height, in spite of the drought conditions. In addition, the number of native species increased, especially those that make greater use of open areas (e.g., skunks, and various armadillo species). The data collected show the recovery of the species once the environmental conditions improved.



SPECIES VARIATIONS BETWEEN MONITORING ACTIVITIES



# Avanzamos Program

During 2022, Montes del Plata launched "Avanzamos: sustainability team", an initiative involving various company areas to work on sustainability in a transversal manner with a continuous improvement logic.

The working groups were structured around the following topics:

-  Environment
-  Community
-  Ethics and compliance
-  Individuals
-  Indicators and reporting
-  Circles

Work began involving 40 participants from different areas to prioritize issues, establish goals and objectives and a sustainability indicator dashboard for Montes del Plata.



# New corporate visual identity

One of the milestones of the year was a brand identity change to reflect the company's evolution over the past 10 years of existence. This included a new, clearer and more concise logo, new typography, color palette and a new system built on the concepts of connection and integration that accompanies the entire development of the brand.

This new identity seeks to reflect the company's positioning in terms of efficiency, innovation and the integration of multiple disciplines, departments throughout the country, people and sectors to which the company is connected and energizes.

Watch our brand identity presentation video





Papelera

Montes del Plata

## Personas en Montes del Plata

620

6.500

Logotipo

Versiones color

Montes del Plata

Montes del Plata

Montes del Plata

Montes del Plata

Aplicaciones

Computas



## Zona libre de residuos plásticos

No lleva tu trabajo a la basura:  
No lleves residuos plásticos a la basura.

Montes del Plata

16

13

Paleta de colores

Secundaria

Los colores secundarios deberán aplicarse como  
los colores primarios: de fondo, gráficos, botones, entre otros.  
Nunca como fondo de colores primarios.

Montes del Plata  
CMYK: 100% C, 100% M, 100% Y, 100% K  
RGB: 0, 0, 0

Montes del Plata  
CMYK: 100% C, 100% M, 100% Y, 100% K  
RGB: 0, 0, 0

Montes del Plata  
CMYK: 100% C, 100% M, 100% Y, 100% K  
RGB: 0, 0, 0

Montes del Plata  
CMYK: 100% C, 100% M, 100% Y, 100% K  
RGB: 0, 0, 0

# Corporate governance model

# Corporate governance

## BOARD OF DIRECTORS

The Board of Directors of Montes del Plata is responsible for leading and supervising the company's management and protecting shareholders' interests. To fulfill this role, the Board of Directors analyzes and evaluates investment projects, ensures risk management, supervises executive management and monitors operating and financial decisions. It is governed by specific bylaws and the Shareholders' Agreement, which establish voting rules and procedures.

It is composed of five representatives from each of the owner companies, none of whom hold management positions in Montes del Plata. The governing body meets four times a year and had 100% attendance in 2022. There is no Chairman of the Board of Directors; all members are formally and functionally directors.

Each of the owner companies appoints an executive director to support the CEO in making day-to-day decisions that require the approval of the Board of Directors.

Four members of the Board of Directors are also members of the Audit Committee of Montes del Plata. They are joined by four professionals from the owner companies and four members of the Montes del Plata team. The Committee is responsible for reviewing financial information, the main findings of annual audits, monitoring the internal control system and the major corporate risks..

The members of the Board of Directors are not compensated for this function and their training and performance evaluation is managed directly by each of the owner companies. In 2022, all members of the Board of Directors were trained in free competition.



**CRISTIAN INFANTE**  
Director for ARAUCO

Chilean.  
Industrial Civil Engineer, Pontificia Universidad Católica de Chile.

Seniority in the Board of Directors: 13 years



**FRANCO BOZZALLA**  
Director for ARAUCO

Chilean.  
Civil Engineer, Pontificia Universidad Católica de Chile.

Seniority in the Board of Directors: 13 years



**GIANFRANCO TRUFFELLO**  
Director for ARAUCO

Chilean.  
Civil Engineer, Pontificia Universidad Católica de Chile, Master of Business Administration (Massachusetts Institute of Technology).

Seniority in the Board of Directors: 13 years



**HÉCTOR ARANEDA**  
Director for ARAUCO

Chilean.  
Chemical Civil Engineer, Universidad de Concepción. Master in Pulp and Paper, Universidade Federal de Viçosa, Brazil. MBA in Economics and Business Administration, Universidad de Concepción.

Seniority in the Board of Directors: 2 years



**IVÁN CHAMORRO**  
Director for ARAUCO

Chilean-American  
Civil Engineer, Pontificia Universidad Católica de Chile. Master of Business Administration, Pontificia Universidad Católica de Chile.

Seniority in the Board of Directors: 2 years



**ROY ANTINK**  
Director for Stora Enso

Dutch.  
Msc, Chemical Engineering. University of Twente.

Seniority in the Board of Directors:  
Entered in January 2023



**JOHANNA HAGELBERG**  
Director for Stora Enso

Swedish.  
Master of Science (Industrial Engineering and Management). Master of Science (Engineering & Management of Manufacturing Systems).

Seniority in the Board of Directors: 1 year



**MINNA KURKI**  
Director for Stora Enso

Finnish.  
Master of Sciences, Business Administration, Economics, Statistics (University of Lapland).

Seniority in the Board of Directors: 3 years



**TUOMO HEIKKINEN**  
Director for Stora Enso

Finnish.  
Master of Laws.  
University of Lapland.

Seniority in the Board of Directors:  
Entered in January 2023



**PER BÜLUND**  
Director for Stora Enso

Swedish.  
Master of Science Chemical Engineering, (Kungliga Tekniska högskolan). Master of Business Administration (Linköpings Universitet).

Seniority in the Board of Directors: 1 year

# Governance corporate

## SENIOR MANAGEMENT

The company's management and administration is delegated by the Board of Directors to the general manager, who is in charge along with the eight area managers who report to the general manager.

On a monthly basis, the CEO briefs the Board of Directors on the performance of the business, as well as on the progress of projects and associated strategic initiatives.

The main conclusions of the surveys and social research conducted with the various stakeholders are also presented, as well as the follow-up of the communications received by Montes del Plata.



**DIEGO WOLLHEIM**  
CEO

Profession: Accountant  
Nationality: Uruguayan.  
Seniority in the company<sup>2</sup> : 21 years



**DIEGO CARRAU**  
Forestry Manager

Profession: Agricultural Engineer  
Nationality: Uruguayan.  
Seniority in the company 20 years



**MARÍA NOEL FADEL**  
Regulatory Affairs and Continuous Improvement Manager

Profession: Chemical Engineer  
Nationality: Uruguayan.  
Seniority in the company: 16 years



**ALDO FAVRE**  
People and Organizational Culture Manager

Profession: Degree in Business Administration  
Nationality: Uruguayan.  
Seniority in the company: 16 years

2. Several members of the management team originated from some of the companies acquired by Montes del Plata in 2009, so the total seniority in several cases is greater than the seniority within the company.



**CAROLINA MOREIRA**  
Sustainability and C  
ommunications Manager

Profession: Degree in Social Communication  
Nationality: Uruguayan.  
Seniority in the company: 12 years



**CAROLINA GIL**  
Legal Affairs Manager

Profession: Lawyer  
Nationality: Uruguayan.  
Seniority in the company: 11 years



**JUAN MANUEL LAXAGUE**  
Logistics Manager

Profession: Mechanical Engineer  
Nationality: Uruguayan.  
Seniority in the company: 10 years



**MARÍA INÉS ODRIOZOLA**  
Administration and Finance Manager

Profession: Accountant  
Nationality: Uruguayan.  
Seniority in the company: 6 years



**GONZALO GASCUE**  
Mill Manager

Profession: Chemical Engineer  
Nationality: Uruguayan.  
Seniority in the company: 11 years

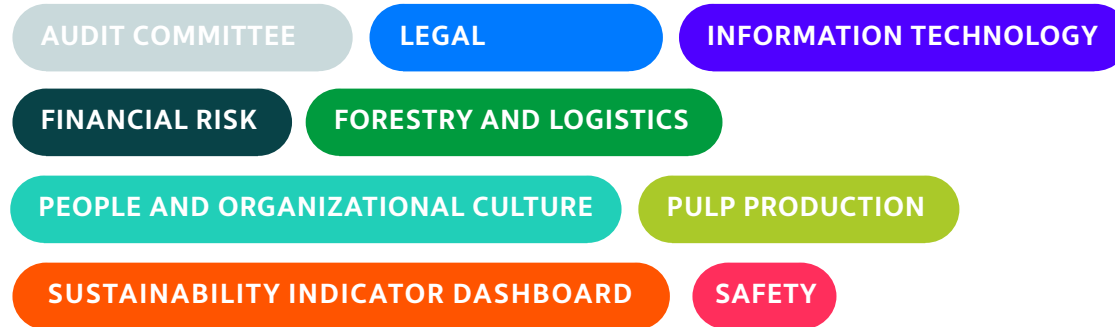
## SENIOR MANAGEMENT OMPENSATION POLICIES

Management compensation has a fixed and a variable component, which is established in the executive compensation policy. These salaries are determined using the Mercer International Position Evaluation Methodology (Mercer IPE) and are updated every two years based on market salary surveys. Changes are approved by the CEO and by the shareholders' executive directors.

Variable compensation is linked to the fulfillment of specific objectives associated with each of the strategic pillars and is determined based on each executive's areas of responsibility.

# Support groups

Support groups are created to assist area managers in specific aspects of management. Each one includes professional representatives of the owner companies who contribute their experience and points of view and work together with Montes del Plata executives.



# Risk management

The Internal Audit area annually updates Montes del Plata's risk matrix in collaboration with management departments involved in its administration.

In parallel, and as part of the different management systems, there are methodologies

and procedures in place to identify and assess risks to which operations and supply chains are exposed. Multidisciplinary teams with experience and knowledge of the processes and activities to be evaluated participate in these instances.





# Sustainability is at the core of our operations

For Montes del Plata, being sustainable means managing the business in a manner that is balanced and in harmony with the environment and all stakeholders. To this end, we use the best available practices and technologies and maintain an open and continuous dialogue with the communities in which we operate.

Our approach focuses on managing the impacts that our activities may generate. Accordingly, programs and actions are carried out both to enhance the naturally positive aspects of our operations and to mitigate any negative ones.

Our management policy is a guide for the actions of the entire organization and is the basis on which all our processes are developed. We are committed to producing wood, cellulose and energy in a socially, environmentally and economically responsible manner.

## MANAGEMENT POLICY COMMITMENTS

LEGAL AND REGULATORY COMPLIANCE

CREATION OF ECONOMIC VALUE AND COMPETITIVENESS

RESPONSIBLE BUSINESS CONDUCT

HEALTHY WORKING ENVIRONMENT

ENVIRONMENTAL RESPONSIBILITY

CONTRIBUTION TO LOCAL DEVELOPMENT

COMMUNICATION AND DIALOGUE



Our integrated management system (IMS) is an active and transversal management tool that helps ensure compliance with established processes, current regulations and efficiency in forestry, logistics and industrial operations. The IMS comprises policies, procedures, instructions, checklists and event and communication logs.

Each IMS components is subject to inspections, audits and internal and external evaluations to identify opportunities for improvement, detect training needs or the implementation of preventive or corrective actions.

#### IMS: MAIN HIGHLIGHTS OF 2022

**Free Trade Zone recertification under ISO 9001.**

**Plant certification according to SMETA standard.**

**Plant recertification under ISO 45001, ISO 9001 and ISO 14001 standards.**

**OEC recertification at the plant.**

**PEFC recertification and implementation of the national FSC® forest management standard.**

**Latest IDB audit visit.**

**Extension of FSC® certification for biodiversity conservation ecosystem service with respect to the Butia yatay palm groves.**

**Integration of 73 contractor companies and their 227 collaborators into the IMS to manage operational events.**

**Maintain ISO 45001 certification in forestry operations.**

**Shareholder safety visits.**

# Continuous improvement and innovation

Continuous improvement is part of Montes del Plata's philosophy. Although the Regulatory Affairs and Continuous Improvement area is responsible for seeking opportunities for operational efficiency, the operational areas are responsible for the formulation and execution of these initiatives.

The work methodology to generate improvement projects was developed using the best international practices available, such as LEAN, PMI and SCRUM. The ideas that arise are evaluated in terms of the organizational strategy, their feasibility, the potential savings they can generate and the investment required. When converted into improvement projects, their effectiveness is calculated by measuring process efficiency.

This same tool also allows us to promote inter-area work and the development of leadership and project development skills within teams. Likewise, innovation capacity and a solution-seeking attitude are also encouraged.



## HIGHLIGHTS

93

initiatives entered into the project portfolio.

56

active projects at year-end.

96

collaborators and 38 leaders participating in the process.

Launch of the second edition of the supply chain optimization program.

Implementation of inorganic solid waste valorization and biomass management optimization projects.

# Relations with stakeholders

One of our commitments is to establish effective, transparent, close communication that encourages participation and constructive dialogue with stakeholders. To identify and prioritize third parties, we took into consideration the type of bond between each group and Montes del Plata: responsibility, commercial or operational dependence, influence in the development of our activities, representation or degree of geographic proximity.



We seek to generate constructive dialogue with all stakeholders by listening to them.



| WHO ARE THEY?                                   | HOW DO WE INTERACT WITH THEM?                                                                                                                                                                                                                                                                                                | WHAT DO THEY EXPECT FROM MONTES DEL PLATA?                                                                                                                                                                                                                                                                            | HIGHLIGHTS 2022                                                                                                                                                                                                                                                                           |
|-------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SHAREHOLDERS</b>                             | <ul style="list-style-type: none"> <li>• Participation in the Board of Directors.</li> <li>• Specific reports, information requirements.</li> </ul>                                                                                                                                                                          | <ul style="list-style-type: none"> <li>• Compliance with environmental, social and economic guidelines.</li> <li>• Regulatory compliance.</li> <li>• Productivity and efficiency.</li> <li>• Product quality.</li> <li>• Risk Management.</li> <li>• Yield.</li> <li>• Supply security.</li> </ul>                    | <ul style="list-style-type: none"> <li>• Follow-up health and safety audits.</li> </ul>                                                                                                                                                                                                   |
| <b>FINANCING ENTITIES / INSURANCE COMPANIES</b> | <ul style="list-style-type: none"> <li>• Annual Reports.</li> <li>• Response to requirements.</li> <li>• Annual visits.</li> <li>• Specific reports.</li> </ul>                                                                                                                                                              | <ul style="list-style-type: none"> <li>• Compliance with environmental, social and economic commitments.</li> <li>• Safeguarding and mitigating environmental, labor, social, health and safety impacts.</li> <li>• Risk Management.</li> </ul>                                                                       | <ul style="list-style-type: none"> <li>• Latest IDB audit visit.</li> </ul>                                                                                                                                                                                                               |
| <b>CERTIFICATION COMPANIES</b>                  | <ul style="list-style-type: none"> <li>• Regular reports.</li> <li>• Response to requirements.</li> <li>• Regular visits / audits.</li> <li>• Sustainability Report</li> </ul>                                                                                                                                               | <ul style="list-style-type: none"> <li>• Compliance with environmental, social and economic commitments and standards.</li> <li>• Continuous improvement.</li> <li>• Safeguarding biodiversity and other environmental impacts.</li> <li>• Management of occupational, health and safety and social risks.</li> </ul> | <ul style="list-style-type: none"> <li>• Certification and recertification audits.</li> </ul>                                                                                                                                                                                             |
| <b>OWN PERSONNEL</b>                            | <ul style="list-style-type: none"> <li>• Internal communication channels.</li> <li>• Meetings, gatherings.</li> <li>• Organizational climate survey.</li> <li>• CEO webcast</li> <li>• Meetings with union representatives / Collective negotiations.</li> <li>• Training.</li> <li>• Ethical complaints channel.</li> </ul> | <ul style="list-style-type: none"> <li>• Safeguarding health and safety.</li> <li>• Employment protection.</li> <li>• Employment benefits.</li> <li>• Work-family life balance.</li> <li>• Career development.</li> <li>• Fair wages.</li> </ul>                                                                      | <ul style="list-style-type: none"> <li>• Forum 2022, which brought together 180 employees of Montes del Plata.</li> <li>• Montes del Plata's virtual reality experience campaign.</li> <li>• Social management workshops with employees from the forestry and logistics areas.</li> </ul> |

| WHO ARE THEY?                                                                       | HOW DO WE INTERACT WITH THEM?                                                                                                                                                                                                                                                                                                           | WHAT DO THEY EXPECT FROM MONTES DEL PLATA?                                                                                                                                                                                                                                         | HIGHLIGHTS 2022                                                                                                                         |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| <b>TRADE UNIONS AT NATIONAL LEVEL</b>                                               | <ul style="list-style-type: none"> <li>• Meetings with union representatives / Collective negotiations.</li> </ul>                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>• Fair wages.</li> <li>• Job creation.</li> <li>• Working conditions.</li> <li>• Employment benefits.</li> </ul>                                                                                                                            | <ul style="list-style-type: none"> <li>• Collective bargaining agreements.</li> <li>• Trade union agreements in nurseries.</li> </ul>   |
| <b>CONTRACTORS' EMPLOYEES</b>                                                       | <ul style="list-style-type: none"> <li>• Training.</li> <li>• Coordination meetings.</li> <li>• Ethical complaints channel.</li> </ul>                                                                                                                                                                                                  | <ul style="list-style-type: none"> <li>• Safeguarding health and safety.</li> <li>• Employment protection.</li> <li>• Working conditions.</li> <li>• Fair wages.</li> </ul>                                                                                                        | <ul style="list-style-type: none"> <li>• Training.</li> </ul>                                                                           |
| <b>CONTRACTORS AND OTHER CRITICAL SUPPLIERS</b>                                     | <ul style="list-style-type: none"> <li>• Bidding processes.</li> <li>• Coordination meetings.</li> <li>• Ethical complaints channel.</li> </ul>                                                                                                                                                                                         | <ul style="list-style-type: none"> <li>• Fair and timely payment.</li> <li>• Compliance with agreements.</li> <li>• Development opportunities.</li> </ul>                                                                                                                          | <ul style="list-style-type: none"> <li>• Social management workshops with contractors from the forestry and logistics areas.</li> </ul> |
| <b>ASSOCIATED PRODUCERS (PARTICIPANTS IN THE ALIANZAS PROGRAM)</b>                  | <ul style="list-style-type: none"> <li>• Coordination meetings.</li> <li>• Specific meetings.</li> </ul>                                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>• Productivity and efficiency.</li> <li>• Fair relations.</li> </ul>                                                                                                                                                                        | <ul style="list-style-type: none"> <li>• Meetings with Alianzas to discuss sustainability.</li> </ul>                                   |
| <b>COMMUNITIES / NEIGHBORS OF THE FACILITIES AND OPERATIONS / LOCAL COMMUNITIES</b> | <ul style="list-style-type: none"> <li>• Channel for community complaints, requests, and proposals.</li> <li>• Direct relationship with the Montes del Plata team.</li> <li>• Buen Vecino Program.</li> <li>• Specific meetings.</li> <li>• Sustainability Report</li> <li>• Socioeconomic and environmental impact studies.</li> </ul> | <ul style="list-style-type: none"> <li>• Response to commitments made.</li> <li>• Mitigation of negative impacts and enhancement of positive impacts.</li> <li>• Accountability for environmental, social and economic monitoring, as well as for projects implemented.</li> </ul> | <ul style="list-style-type: none"> <li>• Presentation of forest fire detection, combat and prevention plan.</li> </ul>                  |

| WHO ARE THEY?                                       | HOW DO WE INTERACT WITH THEM?                                                                                                                                                                                  | WHAT DO THEY EXPECT FROM MONTES DEL PLATA?                                                                                                                                                                                                                                                                           | HIGHLIGHTS 2022                                                                                                                                                                                      |
|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>LOCAL, DEPARTMENTAL AND NATIONAL AUTHORITIES</b> | <ul style="list-style-type: none"> <li>Established periodic reports.</li> <li>Response to specific requirements.</li> <li>Specific meetings.</li> <li>Sustainability Report.</li> </ul>                        | <ul style="list-style-type: none"> <li>Compliance with current environmental, social and economic regulations.</li> <li>Negative impact mitigation.</li> <li>Positive impact enhancement.</li> <li>Contribution to national and departmental development.</li> <li>Development of collaborative projects.</li> </ul> | <ul style="list-style-type: none"> <li>Presentation of forest fire detection, combat and prevention plan.</li> <li>Visits by officials to the industrial complex and forestry operations.</li> </ul> |
| <b>SOCIAL AND ENVIRONMENTAL GROUPS (NGOS)</b>       | <ul style="list-style-type: none"> <li>Specific meetings.</li> <li>Response to specific requirements.</li> <li>Socioeconomic and environmental impact studies.</li> </ul>                                      | <ul style="list-style-type: none"> <li>Response to commitments made.</li> <li>Accountability for environmental, social and economic monitoring and implemented projects.</li> </ul>                                                                                                                                  | <ul style="list-style-type: none"> <li>Participation in community environments with representation from organizations.</li> </ul>                                                                    |
| <b>MEDIA AND PUBLIC OPINION</b>                     | <ul style="list-style-type: none"> <li>Timely delivery of information on projects to be implemented / Press releases.</li> <li>Direct contact given significant events.</li> <li>Corporate website.</li> </ul> | <ul style="list-style-type: none"> <li>Crisis response.</li> <li>Innovative projects.</li> <li>Annual management results: social, economic and environmental.</li> </ul>                                                                                                                                             | <ul style="list-style-type: none"> <li>Periodic information on company news.</li> </ul>                                                                                                              |

**Montes del Plata is one of the eight founding companies of the Uruguayan chapter of the United Nations Global Compact <sup>3</sup>, an initiative that promotes 10 principles related to human rights, labor standards, the environment and anti-corruption.**



Carolina Moreira, Sustainability and Communications Manager, has held the position of Vice President of this initiative in Uruguay since 2021.

3. <https://www.pactoglobal.uy/10-principios/>



# Ethics and compliance management

**Integrity, ethical conduct, transparency and respect for current regulations are part of our organizational culture.**

In this regard, our management system enables us to maintain a proactive and preventive behavior and, if deviations are noticed, we take the necessary measures to quickly correct them promptly, notify the competent authorities and apply corrections to prevent their recurrence.

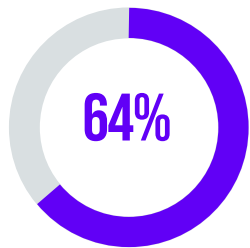
**The way we act speaks of the way we are. For this reason, we continue to train employees and contractors in business ethics, manage complaints received and improve our work procedures.**

## MAIN CORPORATE TOOLS THAT MAKE UP THE ETHICAL MANAGEMENT SYSTEM AND COMPLIANCE ARE:

- The code of ethics and conduct applies to all employees and members of the Board of Directors.
- Campaigns to promote and reinforce expected ethical behaviors.
- Induction processes for new employees, which include specific training.
- The code for suppliers and contractors is delivered at the time of contracting services.
- Montes del Plata's ethics committee, which convened four times in 2022 <sup>4</sup>.
- The business ethics courses and specific online programs for our own collaborators and contractors.
- The corporate engagement disclosure procedure where existing, potential or perceived conflicts of interest are reported.
- There are channels for reporting situations of non-compliance with current legislation, the Code of Ethics and Conduct or internal policies, where confidentiality is guaranteed to the person filing the complaint.
- There is a specific manual for the prevention of money laundering or terrorist financing crimes.
- The Free Competition Compliance Manual and Plan.

4. Composed of the CEO and representatives of the Legal, Internal Audit, People and Organizational Culture while the Sustainability and Communications department is the body responsible for: Promoting the values and conduct set forth in the Code of Ethics and Conduct, to ensure its circulation and application, to be a body for consultation and clarification, to update, correct and modify the document, and to investigate, channel and document cases.

## HIGHLIGHTS



of employees trained in business ethics.

33

Montes del Plata employees and the ten members of the Board of Directors were trained in free competition and money laundering prevention.

54

workers of the nursery's contract workers were trained.

34

Complaints received through the complaints channel (17 of them related to the same case).



of the complaints were investigated in a timely manner and satisfactorily concluded during the same period.



Implementation of a new standardized contract management system, which will facilitate internal procedures.

Implementation of a regulatory update platform, transversal to Montes del Plata, enabling to maintain everything in one centralized point.

# Economic performance, 2022

# Generated and distributed economic value

The economic value generated by Montes del Plata during 2022 corresponded entirely to pulp and energy production. The increase in this value compared to the previous year was due to the increase in international pulp prices.

Economic value distributed grew by dividend payments to shareholders, increased tax payments and higher compensation and benefits to direct employees.

| GENERATED AND DISTRIBUTED ECONOMIC VALUE*                | 2021              | 2022              | Variation 2021/2022 |
|----------------------------------------------------------|-------------------|-------------------|---------------------|
| <b>GENERATED ECONOMIC VALUE</b>                          | <b>\$ 962,5</b>   | <b>\$ 1.094,4</b> |                     |
| <b>DISTRIBUTED ECONOMIC VALUE</b>                        | <b>- \$ 794,4</b> | <b>- \$ 960,4</b> | <b>21%</b>          |
| 1. Operational costs                                     | - \$ 528,6        | - \$ 578,1        | 9%                  |
| 1.1 Consumption of raw materials and secondary materials | - \$ 355,1        | - \$ 384,3        | 8%                  |
| 1.2 Other expenses by type                               | - \$ 173,5        | - \$ 193,8        | 12%                 |
| 2. Direct employee salaries and benefits                 | - \$ 30,1         | - \$ 35,5         | 18%                 |
| 3. Payment to capital suppliers                          | - \$ 220,7        | - \$ 325,6        | 48%                 |
| 4. Direct tax payments**                                 | - \$ 11,7         | - \$ 17,9         | 53%                 |
| 5. Investments in the community                          | - \$ 3,2          | - \$ 3,3          | 2%                  |
| <b>RETAINED ECONOMIC VALUE</b>                           | <b>\$ 168,1</b>   | <b>\$ 134,0</b>   | <b>- 20%</b>        |
| 6. Reinvestment:                                         | \$ 168,1          | \$ 134,0          | - 20%               |

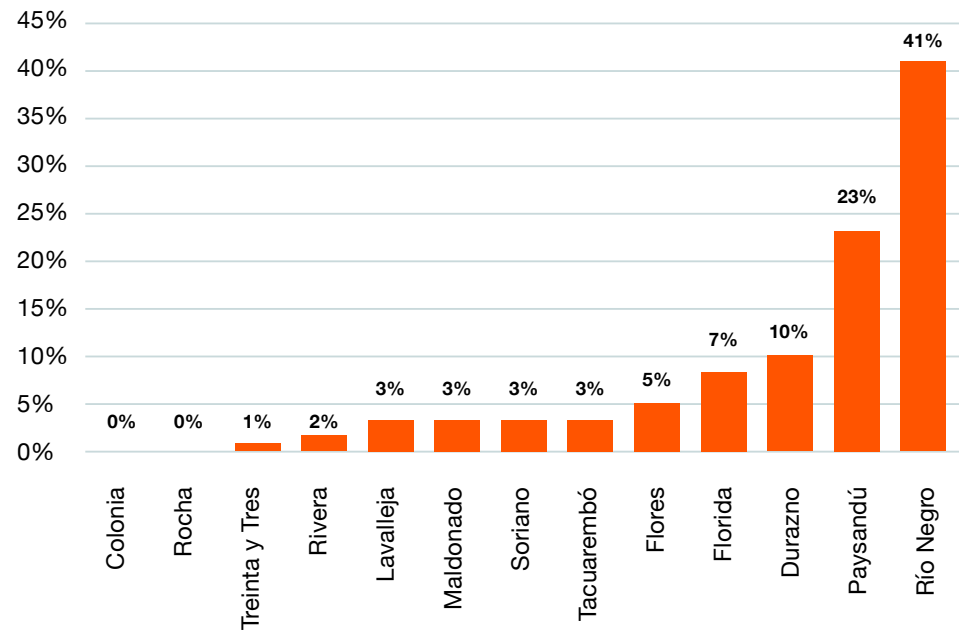
Amounts in million USD.

\*\* Payments for tax retentions and CESS are included separately in the expense or investment lines that give rise to them.

# Major investments during the period

Montes del Plata's annual investment plan involves: planting, pulp mill improvements, road construction and repair, new technologies, logistics improvements among others.

## ROAD INVESTMENT BY DEPARTMENT 2022



In 2022, investments exceeded

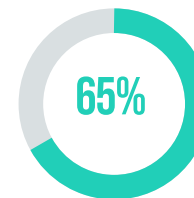
# +100 MILLION

↑ 46% more compared to 2021, primarily due to improvements in the pulp mill.

Investments in roads included

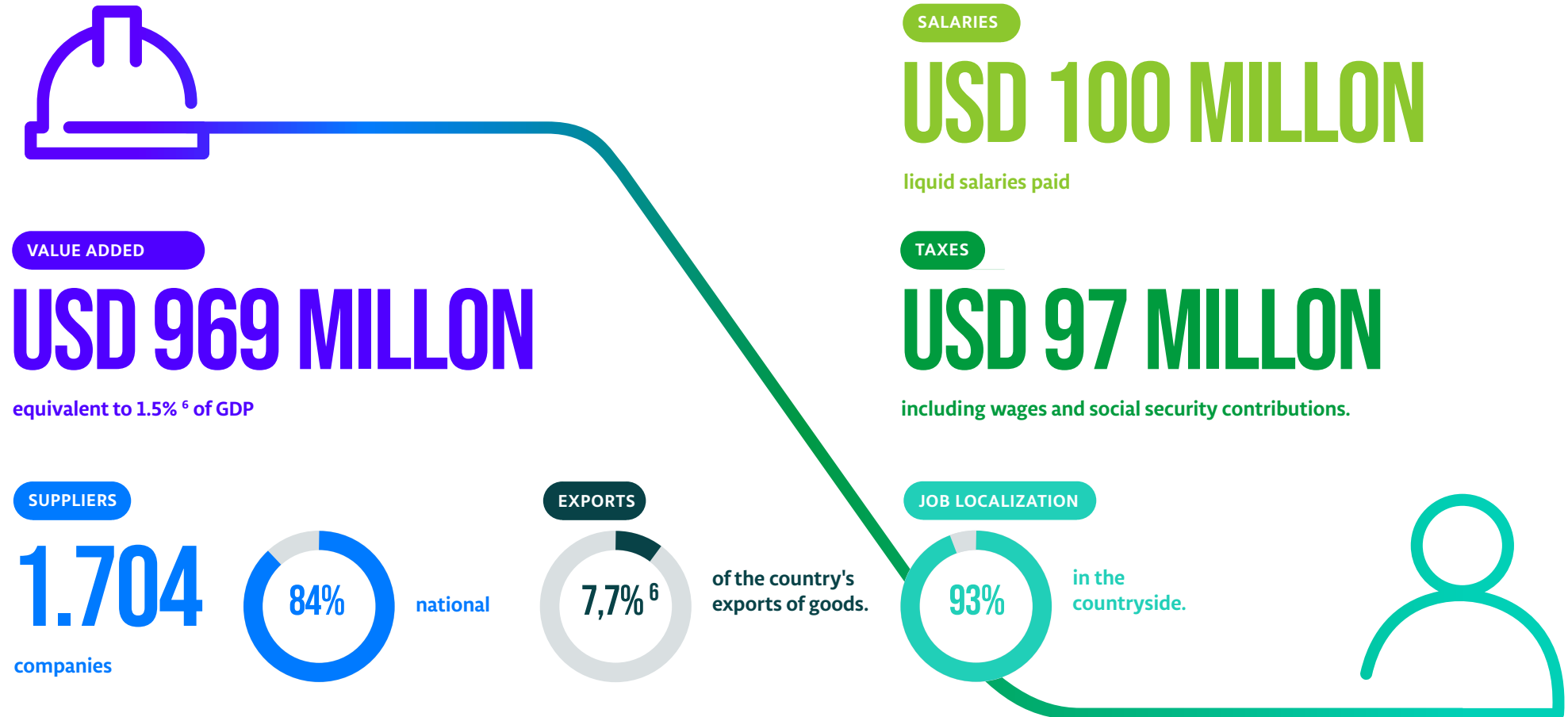
# USD 8,5 MILLION

↑ 34% more than the previous year.



65% of road investments -approximately USD 5.5 million- were carried out in the departments of Paysandú and Río Negro

## Direct and indirect economic impact<sup>5</sup>



5. Annual study prepared by Montes del Plata based on the Exante consulting firm's methodology. The latest report corresponds to the 2021 study which is available on our website: [https://s3.amazonaws.com/cdn.montesdelplata.com.uy/otros-documentos/informe\\_de\\_impacto\\_econo%CC%81mico\\_montes\\_del\\_plata\\_2021.pdf](https://s3.amazonaws.com/cdn.montesdelplata.com.uy/otros-documentos/informe_de_impacto_econo%CC%81mico_montes_del_plata_2021.pdf)

6. Average of the last 3 years.

# Tax footprint

According to Montes del Plata's 2021 Economic Impact Report in Uruguay, our operations involved the collection of USD 97 million.

Of this amount, 22% are direct taxes paid by Montes del Plata<sup>7</sup> for social security contributions<sup>8</sup>; wealth, income and value-added taxes; free trade zone fees; real estate taxes, among others.

The remaining 78% corresponds to taxes collected by the State on forestry and industrial production activities; 35% are indirect taxes and 42% are induced by Montes del Plata's activity and its productive forest ecosystem.

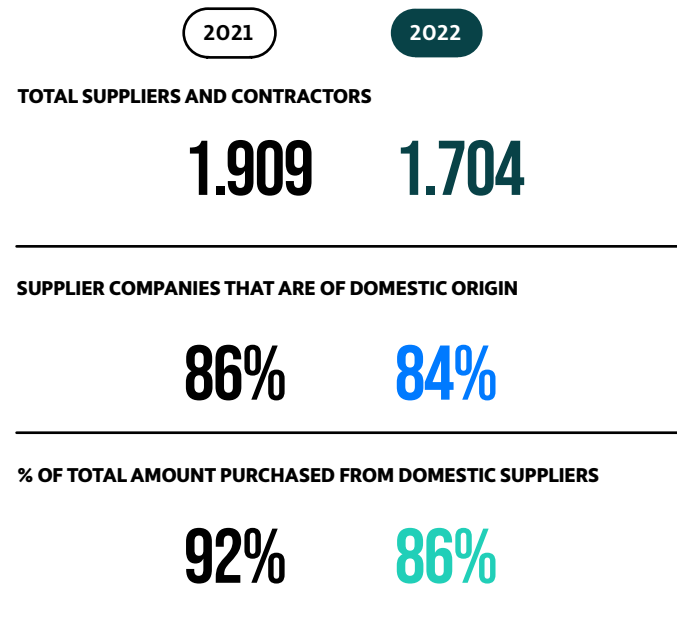


7. Impuestos directos: erogaciones de alguna de las sociedades que conforman Montes del Plata. Impuestos indirectos: erogaciones de proveedores y contratistas en las actividades que son supervisadas por Montes del Plata. Impuestos inducidos: erogaciones generadas por efectos derivados del consumo y gasto de proveedores y contratistas (efectos directos e indirectos)

8. Incluye cargas sociales patronales y personales

# Supply chain

We consider those who provide us with goods and services as a key part of our value chain. Therefore, we seek to maintain mutually beneficial business relationships, based on ethics and that last over time.



To develop a commercial relationship, suppliers and contractors must adhere to Montes del Plata's Code of Ethics and Conduct for Suppliers. By the end of 2022, suppliers representing 97% of the annual expenditure had already signed the document, pledging to comply with Montes del Plata's quality standards.

The Company's operational areas conduct annual evaluations of strategic suppliers, rating them according to their level of criticality and their performance in terms of health, safety, environmental management and product or service quality. This allows us to ensure compliance with our standards and to identify

improvement opportunities in each supplier's management. In 2022, a total of 79 suppliers were evaluated. Of these, 4 were rated with reserve and work plans were designed to improve their performance. 51 of our suppliers were rated as critical and, therefore, follow-up visits are made annually to ensure the correct implementation of the applicable regulations. No situations have been observed that would warrant disassociating any of the critical suppliers evaluated.

The National Customs Office granted Montes del Plata the status of Certified Economic Operator (OEC).

## Círculos project

One of the challenges we set ourselves in the "Avanzamos" sustainability team is to work transversally with suppliers and contractors in order to extend sustainability practices throughout the value chain.

Therefore, we began to undertake a census to generate information on these companies and classify them. In this way, we will be able to design work strategies to integrate sustainability into environmental, ethics and compliance, people and community issues that are adapted to the reality of those who are part of our value chain.



## Regulatory compliance

At Montes del Plata we rely on structures, regulations and procedures to ensure compliance with national legislation.

In 2022, the company received no fines or penalties for non-compliance with national environmental, social or economic laws or regulations, with the exception of two that arose from events generated in previous years and involved the payment of a total of 500 UR. One occurred in 2020, in relation to information provided upon request for prior environmental authorization for a plantation, while the second occurred in 2009 in relation to the planting of stands that did not comply with the design of the corresponding authorization.



# One single team

# One single team



From year to year, we work as a single team. Our work culture promotes a positive work environment and the development, safety and wellbeing of our people.

People and Organizational Culture management implements transversal and standardized processes to ensure alignment with business objectives and organizational strategy.

Effective listening mechanisms are a key tool for good talent management.



## HIGHLIGHTS

**Launch of the Montes del Plata Academy, seeking to generate innovative learning experiences to promote personal development, systematize training and organize courses into learning paths.**

**Strengthening of the Somos Oportunidad program for the inclusion of people with disabilities into our teams.**

**Development of the "Leading the Future" Forum with 180 participants.**

**Implementation of the 6th edition of the organizational climate survey, which reached 84% of favorable results.**

**First work environment monitoring among contractors' collaborators implemented.**

# Team demographics<sup>9</sup>

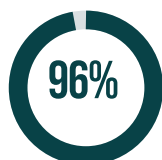
636

collaborators



69% MEN  
31% WOMEN

↑ 2% increase over the previous year.



employees with permanent contracts



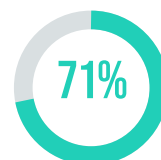
work in the countryside



work full time



are Uruguayan



are millennials<sup>10</sup>

42% percent of our employees work in the department of Colonia, where our industrial plant and port terminal are located. While 32% work in Río Negro, where the Nursery, the Forestry Technology Center and the M'Bopicuá Logistics Terminal are located.

## EMPLOYEES BY DEPARTMENT 2022

| DEPARTAMENT  | WOMEN      | MEN        | TOTAL      |
|--------------|------------|------------|------------|
| Colonia      | 78         | 190        | 268        |
| Durazno      | 5          | 14         | 19         |
| Lavalleja    |            | 2          | 2          |
| Maldonado    |            | 2          | 2          |
| Montevideo   | 33         | 12         | 45         |
| Paysandú     | 11         | 79         | 90         |
| Río Negro    | 72         | 136        | 208        |
| Soriano      |            | 2          | 2          |
| <b>Total</b> | <b>199</b> | <b>437</b> | <b>636</b> |

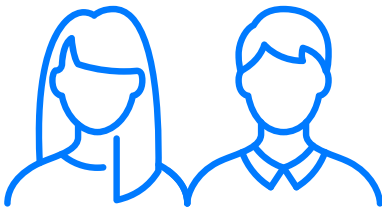
## EMPLOYEES BY DEPARTMENT

| EMPLOYEES             | %           |
|-----------------------|-------------|
| Forestry              | 46%         |
| Industrial            | 34%         |
| Logistics and Support | 20%         |
| <b>Total</b>          | <b>100%</b> |

9. Employee information is presented as of 12/31/2022

10. People born between 1981 and 1993

# Opportunities for everyone



The recruitment and hiring processes, in addition to complying with the labor legislation in force in Uruguay, are transparent in order to ensure that the team is both diverse and inclusive.

Candidates are chosen on the basis of their personal skills and abilities. Respect, gender responsive employment integrity and

responsibility towards individuals are pillars of these processes. Both men and women are eligible to apply, while applications are also open to people with disabilities.

When a position becomes vacant, both internal and external calls are made. In addition to using the intranet, the calls are publicized through our website, social networks as well as through the principal media outlets in the areas of influence. As a general guideline, when there is equal qualifications for a position, preference is given to applicants from a locality near the operation.

In 2022, a total of 69 collaborators (43 men and 26 women) were hired, of which 55 came from the communities surrounding our facilities, covering 80% of the vacancies. The hiring rate stood at 11%.

During this period, induction tours were again held, where new co-workers learn about the plant, nursery, logistics terminal and forestry operations.

55 individuals (39 men and 16 women) left in 2022. Turnover rate was of 9%. 45% of the departures were voluntary.

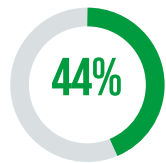
66

individuals received new job opportunities within the company, through promotions and horizontal movements. This figure represents 10% of the total workforce at the end of 2022 and was distributed proportionally between men and women.

|                             | 2020  |     |       | 2021  |     |       | 2022  |     |       |
|-----------------------------|-------|-----|-------|-------|-----|-------|-------|-----|-------|
|                             | WOMEN | MEN | TOTAL | WOMEN | MEN | TOTAL | WOMEN | MEN | TOTAL |
| Hiring rate <sup>11</sup>   | 3%    | 8%  | 6%    | 4%    | 7%  | 6%    | 13%   | 10% | 11%   |
| Turnover rate <sup>12</sup> | 5%    | 8%  | 7%    | 5%    | 7%  | 6%    | 8%    | 9%  | 9%    |

11. Number of new employees / Staffing at closing.  
 12. Turnover rate - GRI standard: Total exits of the year / Staffing at the close.

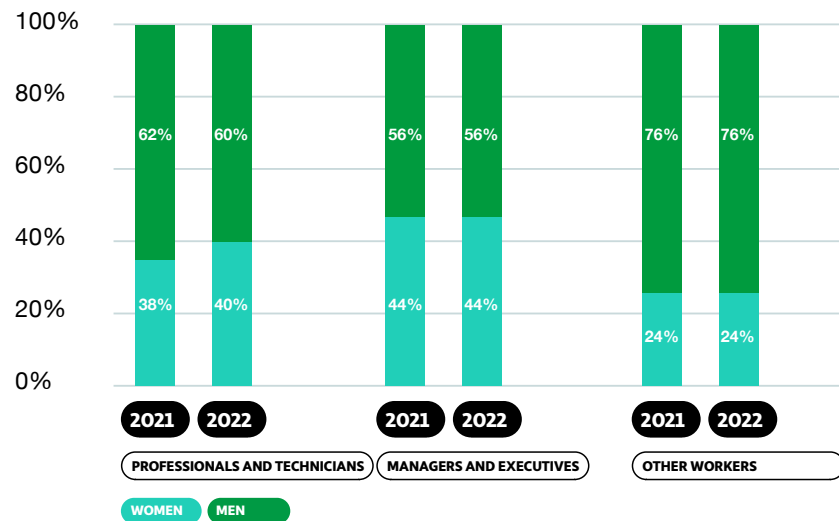
# Gender-responsive employment



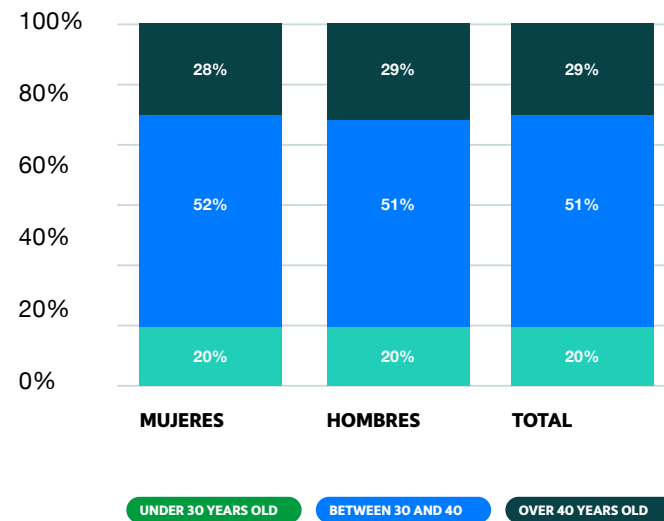
At the executive level, women hold 44% of all jobs.



Women's participation increased by 2% among professional and technical profiles.



## STAFF BY AGE RANGE AND GENDER



**WITH THE SUPPORT OF A SPECIALIZED CONSULTING FIRM, A DIAGNOSTIC STUDY WAS UNDERTAKEN EMPLOYING UN WOMEN'S METHODOLOGY.**

With the support of a specialized consulting firm, a diagnostic study was undertaken employing UN Women's methodology.

A review of personnel management policies was begun, with the aim of detecting gaps and incorporating a gender perspective.

Groundwork was laid to adhere, during 2023, to the UN Women's Empowerment Principles.

We held the first awareness workshop for the team in charge of managing this project.

| WORK CATEGORY <sup>13</sup>   | 2020 PAY EQUITY RATIO     | 2021 PAY EQUITY RATIO | 2022 PAY EQUITY RATIO |
|-------------------------------|---------------------------|-----------------------|-----------------------|
| Forestry operator             | Position held only by men |                       |                       |
| Plant operator                | 1,03                      | 1,04                  | 1,02                  |
| Nursery operator              | 1,08                      | 1,09                  | 1,08                  |
| Professionals and technicians | 1,07                      | 1,06                  | 1,07                  |
| Supervision and leadership    | 1,07                      | 1,05                  | 1,04                  |



**Among other activities, the NGO Colonia Diversa gave a talk on sexual diversity at the industrial plant during Diversity Month.**

13. The pay equity ratio is calculated as the average fixed remuneration of the category (Men) / Average fixed remuneration of the category (Women).

# We are opportunities

In 2022, we continued with the employment inclusion program for individuals with disabilities. To date, six workers have been admitted to working in Montes del Plata for this initiative (2 women and 4 men). Throughout the year, teamwork and follow-up activities were carried out with the areas involved.

The induction process included a module on disability awareness and inclusion in the workplace, available at the Montes del Plata Academy. Furthermore, the People and Organizational Culture team participated in training processes.

Additionally, plant contractor Andritz, developed its own program, incorporating a person with a disability at the plant's mechanical workshop.





**ACADEMIA**  
FORMANDO FUTURO

Montes   
del Plata

# Training and development

## MONTES DEL PLATA ACADEMY

After at least two years of development, in 2022 we launched the Montes del Plata Academy, a transversal training platform for all those who make up our team and, in the near future, also for contractor collaborators.

One of the main objectives of this tool is self-management of knowledge; workers choose what to study, allocate their time and define their own objectives. The tool is designed to unleash the full potential of workers while prepping them for the challenges they will face in the future. In addition, it makes it possible to centralize all training efforts while enhancing teams' in-house expertise.

Organized by schools and learning routes, the platform offered more than 700 courses at the end of the year developed by 250 universities.

It has learning communities facilitating adult

education and allows the development of virtual or e-learning courses. In 2022, ethics and sexual harassment prevention courses were held.



Over 53,000 hours of training were provided, significantly less than in 2021 because in that year, 35 employees participated in extensive on-the-job certification training, while in 2022, 18 employees did so.

On average, men received 90 hours of training and women 70 hours.

More than 40 employees participated in best-practice exchange events with teams from other countries, where they were able to learn and share knowledge related to their areas of expertise with representatives of forestry and pulp companies from Argentina, Chile, Brazil, Finland and the United States.

Noteworthy initiatives include training activities aimed at strengthening personal capacities, knowledge and leadership skills.

We continue to focus on training under Lean

methodology, a management philosophy with a long-term approach that seeks to improve processes and products through gradual changes. In addition, workshops on effective communication and project management were also held. Of the total hours taught, 80% were devoted to technical skills training, 14% to occupational safety, and the rest to professional and transversal skills.

In 2022 Montes del Plata supported 15 collaborators participating in postgraduate and master's degree programs in Uruguay and abroad.



- + 700 cursos
- + 250 universidades e instituciones educativas



TRAINING HOURS BY  
GENDER AND POSITION

|                               | 2021         |               |               | 2022          |               |               |
|-------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|
|                               | WOMEN        | MEN           | TOTAL         | WOMEN         | MEN           | TOTAL         |
| Managers and executives       | 374          | 244           | 618           | 105           | 97            | 202           |
| Professionals and technicians | 3.851        | 7.947         | 11.798        | 3.844         | 8.316         | 12.160        |
| Other workers                 | 3.803        | 59.614        | 63.417        | 9.974         | 30.765        | 40.739        |
| <b>TOTAL</b>                  | <b>8.028</b> | <b>67.805</b> | <b>75.833</b> | <b>13.923</b> | <b>39.178</b> | <b>53.101</b> |

AVERAGE HOURS OF  
TRAINING

|                               | 2021  |     |       | 2022  |     |       |
|-------------------------------|-------|-----|-------|-------|-----|-------|
|                               | WOMEN | MEN | TOTAL | WOMEN | MEN | TOTAL |
| Managers and executives       | 94    | 49  | 69    | 26    | 20  | 22    |
| Professionals and technicians | 37    | 46  | 42    | 34    | 48  | 42    |
| Other workers                 | 48    | 236 | 190   | 123   | 119 | 120   |

# Performance management

An annual competency-based evaluation is the tool that allows us to identify and manage opportunities for growth and development. The competency model that seeks to align the work, behaviors and attitudes of employees to Montes del Plata's strategic objectives and organizational culture. The model includes those who perform administrative or supervisory functions and includes an assessment of each employee's compliance with specific goals.

Plant operators have a specific evaluation model, linked to productivity and other objectives specific to the area. In turn, forestry and nursery operators are compensated according to their monthly productivity in addition to their fixed salary.

Additionally, in 2022, a pilot project for performance management in nursery, harvesting and forestry was implemented.

## EMPLOYEES WHO RECEIVED EVALUATIONS

|                               | 2021       |            | 2022       |            |
|-------------------------------|------------|------------|------------|------------|
|                               | WOMEN      | MEN        | WOMEN      | MEN        |
| Managers and executives       | 100%       | 100%       | 100%       | 100%       |
| Professionals and technicians | 90%        | 97%        | 90%        | 97%        |
| Otherworkers                  | 37%        | 47%        | 37%        | 47%        |
| <b>TOTAL</b>                  | <b>68%</b> | <b>68%</b> | <b>69%</b> | <b>67%</b> |



The internal Bravo! program allows each person to acknowledge, congratulate or thank those who have made specific achievements or demonstrated positive attitudes and values. In addition to the acknowledgement of each person along with their teams, there are public instances of acknowledgement in categories such as safety, ideas for improvement, innovation and exceptional performance. The new "Bravo!" intranet has a specific, more user-friendly section.





# Compensation and benefits

Montes del Plata's compensation policy includes a fixed and a variable component. The latter is determined based on the annual objectives of each employee, and is aligned with the strategic pillars defined at a transversal level. For operational personnel, variable compensation is determined by group and individual productivity.

The compensation model is updated annually with information from international job evaluation studies to ensure the system's internal equity and external competitiveness principles. As a result, salary bands are aligned with market trends and, in addition, the conditions and performance of each collaborator are taken into account.

In Montes del Plata, the lowest salary paid is 59% higher than the national minimum wage (NMW) in 2022.

## MONTES DEL PLATA BENEFITS

In addition to the fixed and variable remuneration, employees have access to a series of benefits: food, life and health insurance, flexibility for care and personal matters, agreements with local businesses and institutions, and educational scholarships, among others.



### FAMILY

Leave extension  
Extension of maternity leave and home office for an additional three months.

My First Work  
Experience: internships for employees' sons and daughters.



### HEALTH AND REST

Medical certification supplement.

Flexible days: three days off per year for personal matters and two days off to care for family members.



### EDUCATION AND CREDIT

Postgraduate and master's degree support.

Preferential rates in local banks.



### RECREATION

Discounts in local businesses and services.

Celebrations and special days.



In 2022, all persons entitled to parental leave under Uruguayan law (10 women and 16 men) made use of this benefit. At the end of each period, they all returned to their posts and continued working at Montes del Plata for the rest of the year.

Other benefits valued by employees include celebrations allowing them to share spaces beyond their daily tasks.

To celebrate and thank our teams, we share year-end holidays and special dates such as Children's Day, Mother's Day and Father's Day.

### MY FIRST WORK EXPERIENCE

This initiative allows the sons and daughters of Montes del Plata employees to complete an internship at the company. Since the start of this program, 18 teenagers have been able to join the Montes del Plata team for a determined period of time, supported by tutors in charge of training and motivating them. In 2022, young 3 people participated.

On the occasion of the nursery's tenth anniversary, an activity was held with the 250 workers of Montes del Plata and contractor companies to share lunch and commemorate the progress made.

# Work environment

A positive work environment, where everyone feels recognized, safe and motivated, promotes talent retention and productivity.

For this reason, we have been implementing a formal work environment evaluation mechanism for the past six years, and based on the results of this process, we have been working throughout the year to resolve potential gaps.

SUMÁ is an anonymous and confidential organizational climate survey, which in its sixth edition had the participation of 89% of employees, the figure was the same as in 2021. As a result, and for the sixth consecutive year, favorability increased from 80% to 84% in one year, 25 points higher than in the first survey.

The factors with the highest favourability percentages are safety (94%), resources (92%) and clarity and direction (91%). The aspects with the lowest favorability were suitability for the position (74%), compensation and benefits (75%), and discretionary effort (78%). At the

global level, not only is no decrease in scores with regard to the 2021 study, but rather these factors showed better results. The dimension that showed the best evolution with respect to 2021 was training and development with +9%.

Based on the results of the climate survey, workshops were implemented with 70 members of the nursery team to identify specific actions for improving less favorable areas.

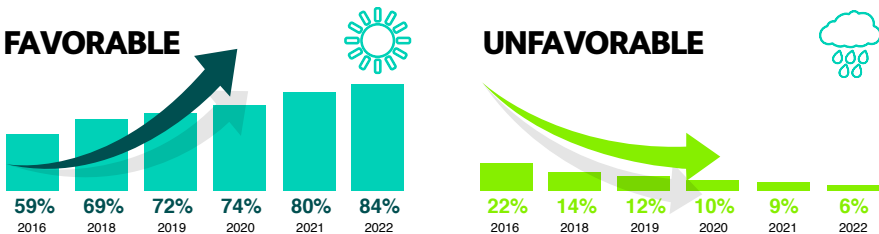
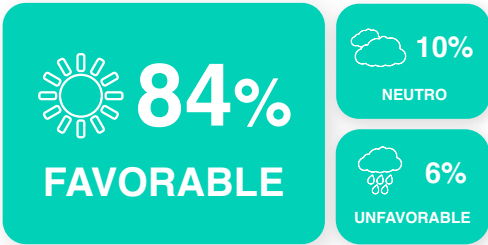
During 2022, we began a pilot plan to monitor the work environment of contractor employees. In this way, we designed a specific tool and applied it to 100% of the outsourced personnel working at the industrial plant or at the Port Terminal. More than 500 employees from 20 contractor companies participated.

In this pilot plan, the favorability index reached 77% in terms of recommendation and 75% in terms of satisfaction with the work environment. In 2023, we will extend the pilot plan to the rest of the contractor companies.

## GENERAL RESULTS

from our organizational climate survey

2022  
Participation 89%



SUMÁ  
2022

# Closeness

Being one team is about being close to our employees. One of the main milestones of the year was the "Leading the Future" Forum, an internal company event that brought together 140 area leaders from the various areas of the company plus 40 employees who were chosen by lottery.

On this occasion, 11 people from Montes del Plata and three guests gave presentations on leadership, the Montes del Plata Academy, innovation, digitalization, visual identity and sustainability.

With the same objective in mind, a webcast with the CEO, "How we are doing", is held every two years to allow all employees to learn about the latest developments in the various management areas.

During this period, we also updated the corporate intranet to make it an effective channel of communication with the teams and among members of different areas. This platform, available to all employees, was

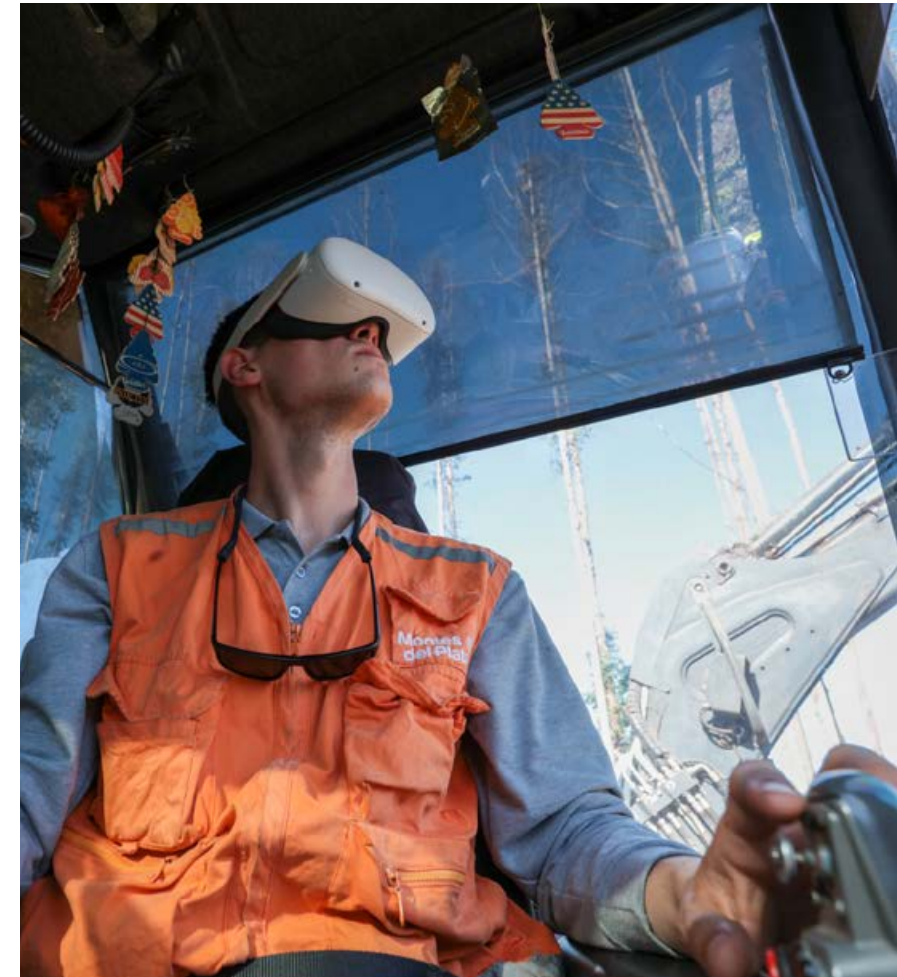
designed under a format that can be viewed on computers or cell phones, and as of this year integrates more functionalities and greater navigability.

## MONTES DEL PLATA EXPERIENCE

In 2022 we designed a 360° virtual reality experience opening the doors to the Montes del Plata universe and making our production known in all its stages.

This project, aimed at internal and external audiences, children and adults, describes our cellulose process through an immersive, innovative approach, using a friendly and attractive language.

So far, we have taken our virtual reality experience to 13 internal activities (with the Montes del Plata team and outsourced companies).



# Respect for human rights

Montes del Plata's policies and procedures were developed taking into consideration the fundamental values of the organization; respect, honesty, participation, non-discrimination and respect for human rights, over and above the applicable national labor regulations.

Uruguayan regulations, as well as our Code of Ethics and Conduct and the specific code for suppliers and contractors, reject the use of forced labor or child labor, in any form, both in the company and in the value chain.

In accordance with national regulations and corporate policies, everyone who works at Montes del Plata is guaranteed the right to freedom of thought, conscience and religion. Both the company's own personnel and those of contractors have the right to exercise their union activities.

Montes del Plata has teams dedicated to relations with trade union associations, to promote continuous and transparent dialogue. Throughout the country, our workers are represented by SOIMA (Sindicato de Obreros de la Industria Maderera y Afines) and by FOPCU (Federación de Obreros, Papeleros y Cartoneros del Uruguay).

In September, the Group 6 Wage Council (the "Wood, Pulp and Paper" activity sector, subgroup 1) was signed for a four-year term. The agreed conditions include wage adjustments and basic working conditions for the sector. In December 2022, an addendum to the internal collective bargaining agreement was signed with the nursery union, where a new variable remuneration system for the irrigation team was agreed upon.

The collective bargaining agreement for the

forestry sector has been in effect since 2021 and the agreement with the mill's worker's union is in effect since 2020.

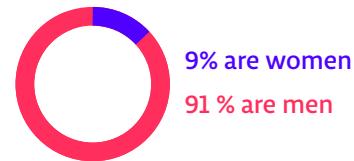
At the end of 2022, 78% of employees were covered by collective bargaining agreements in force and 60% of operating personnel were unionized (32% of the total workforce).

The terms defined in the collective bargaining agreements apply only to the persons covered by them. The company, through face-to-face workshops, provides employees with information on labor rights and obligations, both for its employees and for the personnel of forestry contractors.

# Contractor personnel

Throughout the production process, over 150 companies specialized in a variety of fields provide their services. These companies must comply with policies and procedures, according to the type of services they provide. A company that specializes in document monitoring verifies compliance with payment of salaries, social security contributions and legal severance payments to the workers of such companies.

**AT THE END OF 2022, 3,195 OUTSOURCED WORKERS<sup>14</sup> WERE PART OF OUR VALUE CHAIN.**



**+6,6%**

increase in the number of workers compared to the previous year.



**85**

representatives of contractor companies participated in workshops to raise awareness of community relations and dialogue.

**4,529**

workers from contractor companies were trained in health and safety. 2,346 in road safety and 1,373 in first aid.

**29,000**

health and safety training hours.

14. Outsourced personnel information is presented as of 12/31/2022

# Responsible forest management

# Forestry management plan

**MANAGING PLANTATIONS RESPONSIBLY MEANS ENSURING CARE FOR THE ENVIRONMENT, THE WELLBEING OF WORKERS AND NEARBY COMMUNITIES, AS WELL AS FOREST PRODUCTIVITY.**

Montes del Plata's forest management system is based on the implementation of processes and best practices for continuous improvement to ensure compliance with national regulations and internationally recognized standards.

Standards such as FSC® and PEFC certify Montes del Plata's responsible forest management practices and guarantee the origin of the wood used for pulp production.

Prior to operations, the environmental and social impacts and potential labor risks of all activities are assessed. With these results, preventive and mitigating measures are implemented and included in the work procedures, thus ensuring the standardization of our activities.

Forestry operations focus on efficiency, incorporation of new technologies, optimization and quality control.

For research purposes, Montes del Plata is supported by the Universidad de la República and regional research consortiums, such as the Instituto de Pesquisas e Estudos Florestais (IPEF), the Instituto Nacional de Tecnología Agropecuaria (INTA) and CAMCORE (Central American and Mexico Coniferous Resources Cooperative). In addition, we are members of the Research and Innovation Consortium together with the National Agricultural Research Institute, the Society of Forestry Producers and the Technological Laboratory of Uruguay.

For example, Montes del Plata holds agreements with SeedEnergy for the development of joint research on germplasm access and development.

## RESEARCH FOCUSES ON:

The study of soil preparation techniques, weed control, sprout and stock management, and plant nutrition.

Pests and diseases monitoring.

Hydrological analysis.

Plantation monitoring.



## NATIONAL REGULATORY FRAMEWORK

In forestry matters, the regulatory framework is based on Law 15,939 and its regulatory decrees. Livestock, Agriculture and Fisheries and Environment ministries are responsible for approving forestry plantations, in accordance with technical, environmental and social requirements.

In December 2021 the Executive Branch published a new Decree (No. 405/021), with changes to current legislation, applicable as of March 2022.

### BEFORE

Environmental authorization was required for all new forestry plantations larger than 100 hectares.

Soils were classified according to the CONEAT index.

Reforestation did not require authorization, since no change in land use is involved.

### NOW

Forest plantations larger than 40 ha require an environmental authorization.

Soils are classified by the CONEAT index and by the USDA international methodology.

Reforestations must be resubmitted to the Ministry of Environment, even if there is no change in land use.

These modifications implied the implementation of a series of changes in that the Montes del Plata team evaluates each project and carries out the corresponding procedures.

## FOR FORESTRY OPERATIONS

### FOREST ASSETS

### HECT

|                                                                                                               |                |
|---------------------------------------------------------------------------------------------------------------|----------------|
| <i>Eucalyptus Pinus</i> Plantations                                                                           | 174.557        |
| Other species<br>( <i>Salix</i> , <i>Populus</i> , <i>Eucalyptus camaldulensis</i><br><i>y tereticornis</i> ) | 301<br>664     |
| Areas to be planted                                                                                           | 9254           |
| Representantative areas <sup>15</sup> (AR)                                                                    | 8.268          |
| Sensitive areas <sup>16</sup> (AS)                                                                            | 80.200         |
| Historical and cultural areas <sup>17</sup>                                                                   | 27             |
| High Conservation Value Areas <sup>18</sup> (AAVC)                                                            | 2.338          |
| Restoration areas                                                                                             | 173            |
| <b>Total number of hectares of property</b>                                                                   | <b>275.782</b> |

15. These are areas that present well preserved and representative samples of a type of environment or natural landscape with typical and distinctive characteristics of a region.

16. These areas are vulnerable to anthropogenic pressure or natural changes and provide key ecosystem services, thus requiring management for their conservation.

17. These are areas where unique attributes created by humans have been identified or whose characteristics are of cultural, palaeontological, historical or sacred relevance to the community.

18. They have one or more of the following attributes: concentration of biodiversity values and/or significant areas in terms of landscape, rare, threatened or endangered ecosystems, basic natural services in critical situations (watershed protection, erosion control), resources that meet the basic needs of local communities and contribute to their cultural identity.

### ACTIVITY MONITORING

To verify proper implementation of procedures the following are carried out:

Follow-up inspections.

Specific inspections  
(Technical, environmental, health and safety and legal-labor).

Internal audits to verify compliance with all the defined processes.

Occupational health and safety tours and drills.

Main forestry indicators monitoring:

Forest growth and development.

Performance of the different products and activities, products marketed and material certified to ensure wood traceability from the forest to destination.

Environmental and social impacts, health and safety aspects.

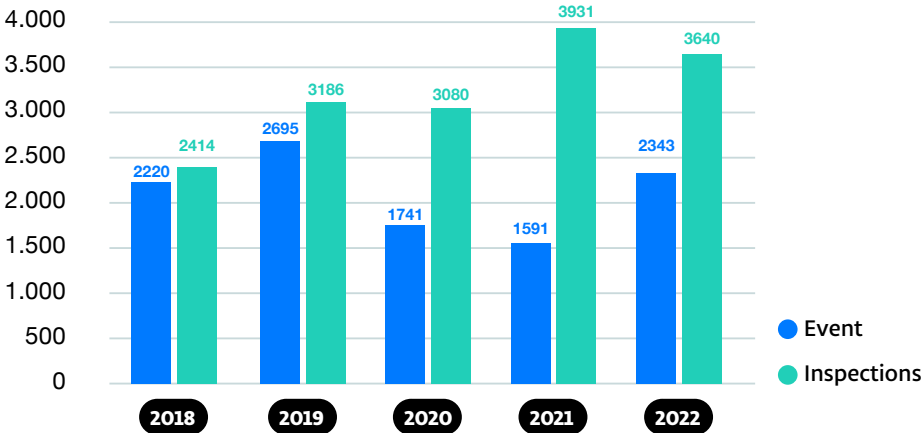
Staff training and evaluation Montes del Plata and contractor companies.

To ensure continuous improvement, events in operations are reported and managed as:

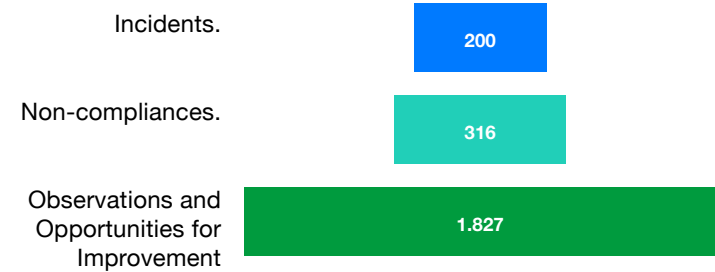
- Non-compliances.
- Observations.
- Incidents.
- Opportunities for improvement.

Most of these events are related to health and safety, environment and operations. Causes are analyzed for each of them and corrective actions are established to prevent their reoccurrence.

### EVENT AND INSPECTION LOG EVOLUTION



### 2022 FINDINGS PER CATEGORY



# Nursery and R&D

**MONTES DEL PLATA NURSERY AND R&D ARE KEY AREAS FOR FORESTRY DEVELOPMENT ARE AIMED AT:**

Improving the adaptation of the species of *Eucalyptus* to the environment.

Increasing efficiency and quality of forestry operations.

Developing new technologies to increase plantation yields.

Adding new genetic materials.





The reduction in the amount of surface area required for each ton of cellulose pulp produced has been one of the main R&D breakthroughs.

The Montes del Plata Nursery employs more than 200 people from Fray Bentos and Mercedes. Its design includes occupational health and safety aspects, environmental care and incorporation of the best available technologies. Montes del Plata does not engage in transgenic production.

#### HIGHLIGHTS



Nursery production was 100% clonal.

# +16,1 MILLONES

clone seedlings

# 30

field trials to improve fertilization techniques, weed and regrowth control, seedling and planting quality, soil preparation and planting density.

# Forestry planning to secure wood supply

## STRATEGIC PLAN:

-20 to 30 year - to optimize annual wood volumes according to their origin, land requirements and definition of the species to be planted.

## TACTICAL PLAN:

- 3 to 5 year- to optimize processes and resources: road, harvesting, cargo, land transportation and river transportation contractors.

## OPERATIVE PLAN:

12 to 24 months- determine budget for the next year's programmed activities.

The **monthly plan** defines the harvesting operations considering:



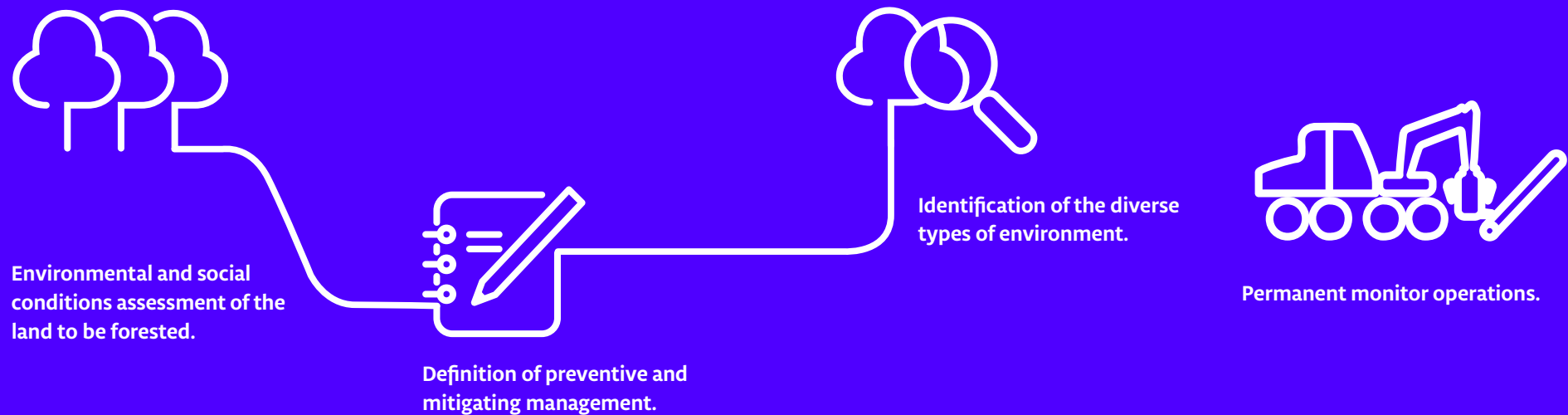
- Prioritization of felling of stands that are out of rotation, with decreasing growth, health problems or affected by fire.
- Definition of main roads and drainage ways to form the harvest block.
- The average distance of wood extraction.
- Identification of sensitive zones or conservation areas to avoid potential environmental impacts.

The **forest management plan** is the compilation of the technical, environmental and social information of each property managed by Montes del Plata throughout the successive production cycles and includes:



- Initial forestry plan for each property.
- Operational and property management guidelines.
- Documents submitted to national and departmental agencies to obtain authorizations.
- Relevant environmental, social and economic studies and characterizations.

# Environmental and social characterizations of sites



IN 2022, WE PERFORMED

# 50 SOCIAL

and environmental characterizations

# Continuous forest inventory

A statistically based methodology is used to update available wood information. Starting in the third year of tree growth, permanent plots are set up throughout the property and used to develop and expand growth models for the different species. Quality plots are set up in one-year plantations and, in the middle of the cycle, temporary plots are set up. Prior to the final cut, inventories are taken to adjust volumes and adequately plan the supply to the plant.

All this information is managed through the Geographic Information System and the Forest Management System, which serve as a basis for decision making and proper planning. In the last 5 years, technologies such as LiDAR and high-resolution satellite imagery have been used for more accurate inventories.

The average annual increment (AAGI) is the average annual growth of plantations by species.

| SPECIES                     | IMA<br>(m³ssc/ha/year) <sup>19</sup> | IMA<br>m³ssc/ha/year) <sup>20</sup><br>LLong term |
|-----------------------------|--------------------------------------|---------------------------------------------------|
| <i>Eucalyptus benthamii</i> | 28                                   | 26-29                                             |
| <i>Eucalyptus bicostata</i> | 12                                   | -                                                 |
| <i>Eucalyptus dunnii</i>    | 27                                   | 26-34                                             |
| <i>Eucalyptus globulus</i>  | 12                                   | -                                                 |
| <i>Eucalyptus grandis</i>   | 28                                   | -                                                 |
| <i>Eucalyptus híbridos</i>  | 33                                   | 32-38                                             |
| <i>Eucalyptus maidenii</i>  | 11                                   |                                                   |
| <i>Eucalyptus viminalis</i> | 10                                   |                                                   |
| General total               | 27                                   | 26-38                                             |

19. Stock 2022, IMA projected to age 10 for plantations with 5 or more years.  
 20. Long Term IMA = Projection in rotation (10 years) of plantations to be carried out between 2022-2024 (m3ssc = solid cubic meters without bark).

# Plantation health monitoring

Montes del Plata contributes to the national health monitoring system managed and led by the Health Commission of the Society of Forest Producers (SPF) of Uruguay, with the collaboration and guidance of the National Institute of Agricultural Research (INIA) and the University of the Republic to:

- Implement a permanent monitoring and sanitary control system for Uruguay's forestry companies' assets, with special attention to the entry of new pathogens.
- Standardize a sanitary monitoring system to alert on abnormal situations.
- Generate a database to evaluate temporal and spatial distribution of the main pathogens.
- Jointly manage control or handling measures for the highest-priority damage agents.
- Generate a space to exchange information and generate knowledge.

In 2022, field monitoring was carried out based on a network of 152 points distributed throughout the country, of which 40 were on Montes del Plata's properties. The work, carried out by expert consultants in forest health, covers an assessment of the presence and potential damage of pests and diseases in individual trees, identification of the causal agents and the severity level of each type of damage. We continue to work in cooperation with suppliers, experts and academia to achieve an efficient and integrated control of pests and diseases.

This is complemented by monitoring of Montes del Plata, which is recorded and evaluated by the R&D team.

IN 2022

The main occurrences reported in plantations in Montes del Plata were:

- **Plagues:** lizards, *Gonipterus* spp., fire ants (*Solenopsis* spp.), leaf cutter ant (*Acroxyrmex* spp.), isoca (*Diloboderus abderus*),
- **Diseases:** bacterial blight (*Erwinia* sp.) and Die Back.
- **Abiotic factors:** waterlogging, frost, wind, water deficit.



# A look at the forestry process

## FORESTRY PLANNING

Before planting or replanting, we prepare an integrated management plan incorporating economic, productive, environmental and social aspects to identify the areas suitable for planting and those destined for other uses such as grazing or conservation.

In addition, wood transport routes are planned, as well as works to be carried out on roads and routes and mitigation actions to generate the least impact to neighboring communities.



## SILVICULTURE

We work with 7 contractors and a team of 55 people from Montes del Plata.

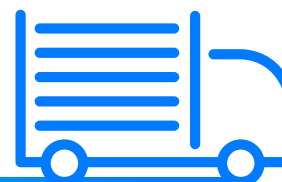
**+11,000**

hectares planted in 2022.

**+250**

livestock breeders graze their cattle on over 170,000 ha. belonging to Montes del Plata.

- 1 Soil preparation:**  
clearing or shredding of forest residue for further tillage.
- 2 Plantation:**  
begins after the area to be planted has been delimited according to the forest management plan. It can be manual or mechanized.
- 3 Care of growing trees:**  
in the first year, we control weeds and ants that can compete with the seedlings that take root.
- 4 Between year 1 and 8 of planting:**  
phytosanitary monitoring and fire prevention activities with firebreak maintenance and weed control through grazing.



## ROADS

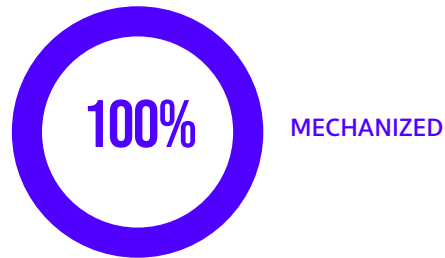
Road works and related structural works, such as bridges, culverts and speed bumps, are carried out between eight and ten years after planting. In the area of neighborhood roads, we work jointly with the local governments.

# 339 KM

roads built in 2022.

In 2022, a workshop was held with the 12 wood transportation companies to present results and progress of transportation safety programs, and reinforce other actions related to protection of roads, respect for the community and the

## HARVEST



Harvesting is carried out by 9 contracted companies and three in-house harvesting units employing more than 100 people. The harvesting methods to be used are:

**“CUT TO LENGTH” SYSTEM**  
or cut to measure.

**“TREE LENGTH” SYSTEM**  
or long logs or whole trunks.



The machinery used depends on the selected system and the type of forest. Harvesters and feller bunchers are mainly used to fell and cut trunks, while skidders or clumbunkers and forwarders are mainly used in the cut-to-length process. The wood is stacked at the roadside so that it can be loaded onto trucks.

# 3,520,729

m<sup>3</sup> in our own properties and of others.

**At the end of the harvest, the following are checked:**

- the state of the environment: waste management, sensitive areas, quarries, footprints.
- the quality of operations: condition of roads and stockpiles; logs not extracted; wood in the loading dock.
- infrastructure of the property (fences)
- follow-up of events generated in the Management System.

# Forestry and water

For the past 20 years, studies have been conducted on the impact of forestry on the quantity and quality of and water quality. The conclusion is that there is no difference between forested areas and those with livestock use<sup>21</sup>.

Moreover, forests regulate the water cycle, reduce the risk of flooding and soil erosion. They have great adsorption potential for various chemical compounds and sediment particles.

## About *Eucalyptus* plantations:

- They use less water compared to most other tree species.
- They are highly efficient in the production of biomass per unit of water.
- Do not consume groundwater.
- Forest growth adapts to water availability: in periods of drought activity is reduced (stomatal closure, loss of leaves).
- In Uruguay, historically, annual rainfall is greater than *Eucalyptus* water requirements.
- Proper plantaion management its essential to control effects on micro-waterheds

## WATER PROTECTION PRACTICES:

- The Ministry of the Environment, through prior environmental authorizations, regulates the percentage that can be forested in certain watersheds.
- According to criteria defined by the Ministry of the Environment, soil, water, and biodiversity are monitored in the watersheds, in accordance with the Environmental Forestry Management Plan (PGAF).
- Prior to the activities in any property, Montes del Plata evaluates the type of soil, the species to be planted and the activities to be carried out in order to ensure an adequate management.
- Plantations are designed to keep areas that are relevant to the hydrological cycle, such as drainage and low areas around watercourses, without forestry.
- Around any body of water, these areas are protected.
- Thanks to the implementation of the best forestry practices and exhaustive compliance controls, water contamination by chemicals, fertilizers or forest residues is prevented.
- Chemical and physical analyses of the main types of CONEAT soils employed in forestry are carried out.
- Together with an interdisciplinary team of researchers from the Universidad de la República and other forestry companies, a micro- watershed monitoring program has been carried out to evaluate the environmental effect of forestry plantations on water resources, taking into account the regional peculiarities of climate, rainfall, soils and topography.

21. Source: Forest hydrology study at La Corona farm, Tacuarembó – In this study, the following organizations participated: INIA, Universidad de Carolina del Norte, UdelaR and Lumin.

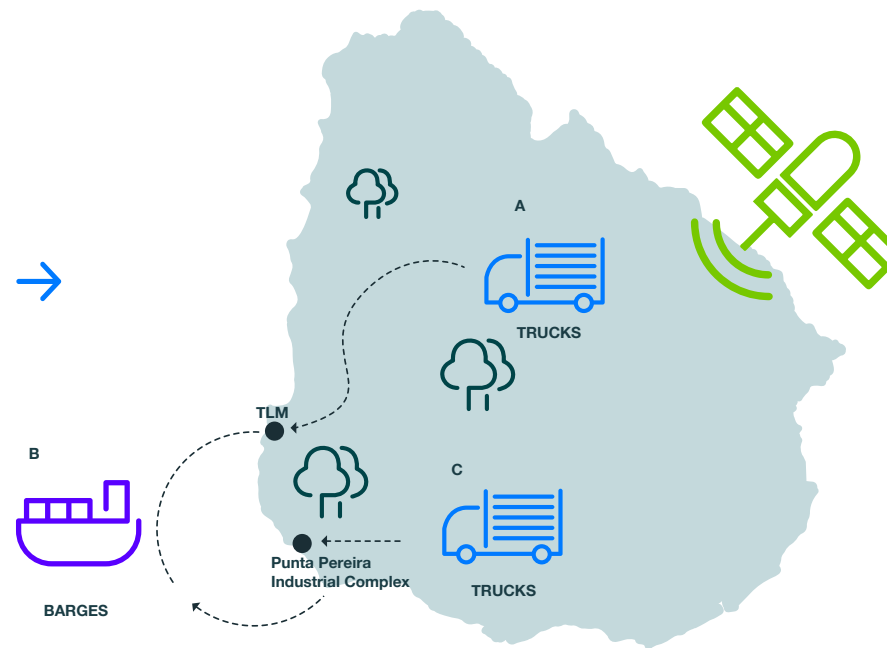


# Logistics and Industrial Operations

# Logistics operations

The wood is loaded onto forestry trucks and transported to the M'Bopicuá Logistics Terminal (TLM), to the Industrial Complex in Punta Pereira (PP) or to intermediate storage facilities located in Canelones, Durazno and Río Negro.

Our bimodal, river and land transportation system enables us to supply the industrial complex with wood: river transportation uses four barges with a capacity of 5,000 tons each, equivalent to 170 trucks, thus minimizing the use of national routes. This bimodal system spares approximately 24 million kilometers of truck transport on roads and highways per year with the resulting benefits for the environment, infrastructure and road safety.



The Transportation Center coordinates a fleet of 200 trucks from 12 Uruguayan trucking companies: it plans where each truck goes to load the wood, the route to be followed, while each unit is tracked.

The pulp produced is shipped from the Punta Pereira Port Terminal, recognized by international shipping companies as one of the most efficient in the world. It is ISPS (International Ship and Port Facility Security) certified.

HIGHLIGHTS

25 MILLION

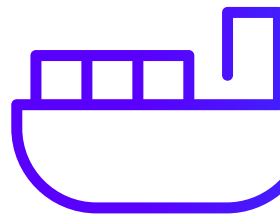
kilometers traveled with freight.

2 TRI-TRAIN TRUCKS TRANSPORTATION

high performance vehicles with a load capacity equivalent to two conventional trucks and with less impact on road infrastructure.

Arrival of barge number

3,000



48 barges for pulp transportation.

40 ships with materials.

Use of LEAN methodology in land transportation.

Implementation of the second edition of the supply chain optimization program.

Updating of procedures and protocols for truck operation and follow-up in the case of weather events.



# Industrial operations

**It is located in Punta Pereira, close to the town of Conchillas, in the department of Colonia. It is composed of a pulp mill, a power generation plant and a port terminal.**

The pulp mill produces approximately 1.4 million tons of bleached Eucalyptus pulp annually using the Kraft process. It was built in accordance to the best available technologies and techniques IPPC-BAT<sup>22</sup> for the cellulose pulp sector.

The mill is certified under ISO 9001:2015, Quality Management Systems; ISO 14001:2015, Environmental Management Systems; ISO 45001:2018, Occupational Health and Safety Management System and is even Kosher certified.

In addition, through the SMETA audit, one of the social auditing procedures that is most widely used in the world, labor conditions, human rights, environmental management and business ethics in the supply chains were evaluated. In turn, a team from Montes del Plata monitors compliance with environmental legislation and the Environmental Operating Authorization (AAO).

## MAIN CHARACTERISTICS OF THE MILL'S PRODUCTION PROCESS

- The cellulose pulp bleaching system is elemental chlorine free (ECF). Chlorine dioxide is used instead, minimizing its consumption by using oxygen and hydrogen peroxide.
- It includes in its production processes a circular conception in its management of supplies, water, energy and wood.
- The resulting biomass from the process is burned to generate heat and electric power, which fully supply the plant. The surplus is fed into the national power grid.
- The non-combustible part of the black liquor is removed from the boiler and treated to recompose the white liquor, which re-enters the process.
- Of the total water consumption, a fraction evaporates at different stages of the production process, another fraction is reused internally and the remainder is liquid effluent, which is treated before being released back into the Río de la Plata.
- All effluents are subjected to physical, chemical and biological treatments at the effluent treatment plant to ensure the necessary quality level before they are discharged into the Río de la Plata.
- Atmospheric emissions are 99% water vapor and, as with liquid effluents, comply with the most stringent national and international environmental standards.

22. Integrated Pollution Prevention and Control Directive: European regulation for the integrated control of large scale industrial activities and their impact on the receiving environments (air, water and soil). BAT: best available techniques and technologies.

# Energy production



The Punta Pereira plant generates 170 MW of renewable energy, of which 90 MW are consumed within the industrial complex and 80 MW are fed into the national grid. Thus, Montes del Plata was the largest private power generator in Uruguay and the third largest at a national level.

The plant's renewable energy generation project was accepted as part of the of the Clean Development Mechanism (CDM), a procedure contemplated in the Kyoto Protocol, which means that the plant is committed to reducing greenhouse gas emissions.

The energy fed into the national grid is equivalent to the consumption of 200,000 households, has contributed to the diversification and expansion of Uruguay's energy matrix from 100% renewable resources.

9,7%

of the country's energy is produced by Montes del Plata.

## MILL MAINTENANCE SHUTDOWN (MMS)

In April 2022, annual maintenance stoppage took place at the industrial complex: the plant stopped operations for approximately 15 days for maintenance, inspection and improvement of equipment and facilities, in terms of health and safety, environmental, production, quality and sustainability.

MMS is a key and necessary milestone for the mill's good performance and, therefore, of Montes del Plata's entire production chain. In order to carry out the work, a meticulous prior coordination is required for the preparation of equipment and of each of the individuals who carry out the tasks in the operational and service areas. In 2022, 168 companies worked, 28 of them from the department of Colonia.

MMS 2022

2,000

workers

1,500

uruguayan

In order to carry out these tasks, more than

5,900

works permits, with their respective safety analysis.

Each day

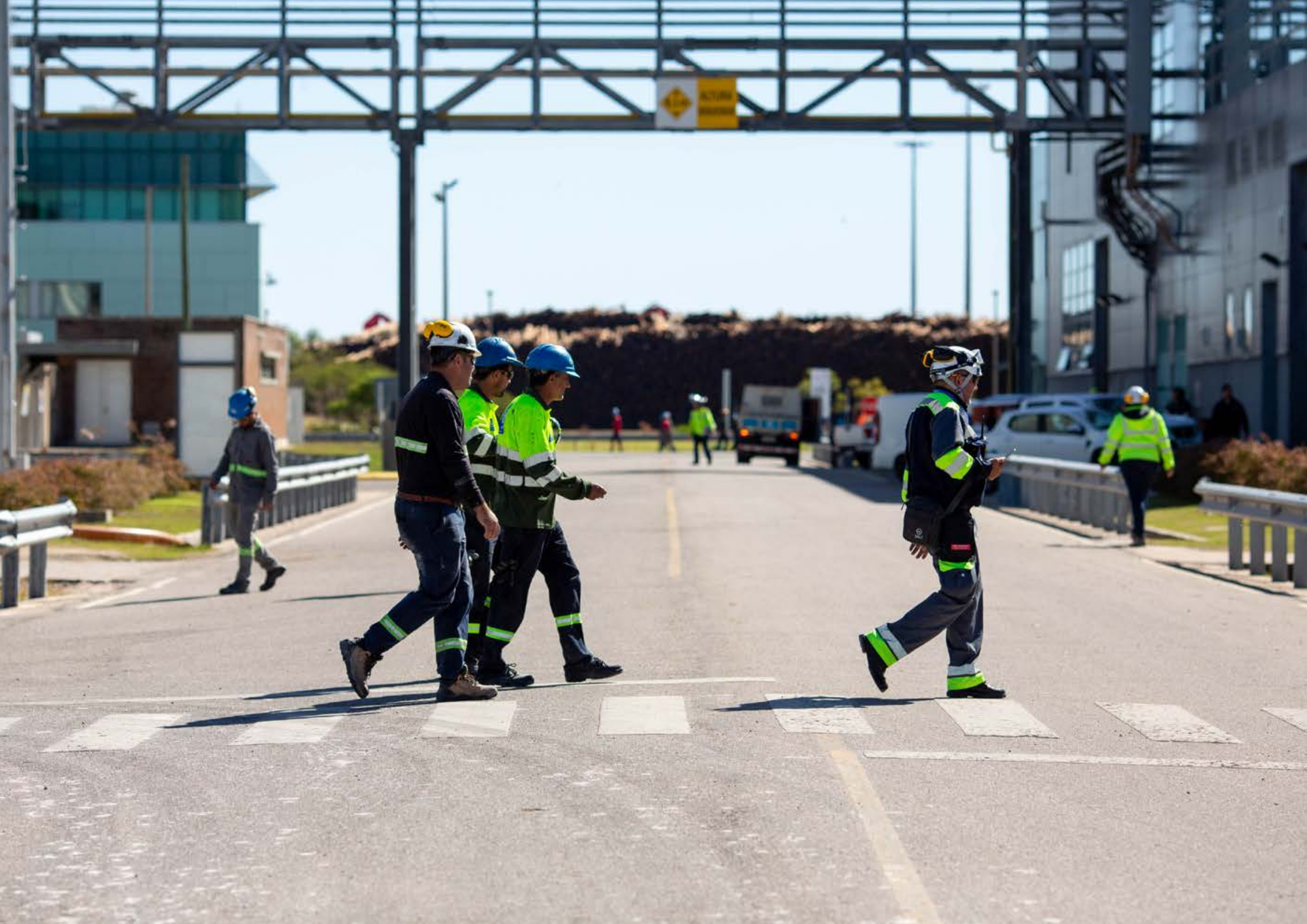
2,000

plates of food were served.

Special logistics were programmed for the mobilization of people who entered the plant.

As usual, we worked in conjunction with the Tourism Association of the Department of Colonia, the Real Estate Chamber of Colonia and the Chamber of Hoteliers, to coordinate the stays of workers arriving in the department during the MMS and thus maximize the positive impact on the department's economy.

On the other hand, training on occupational safety issues was reinforced for all new employees.



# Priority one safety

# Priority one safety

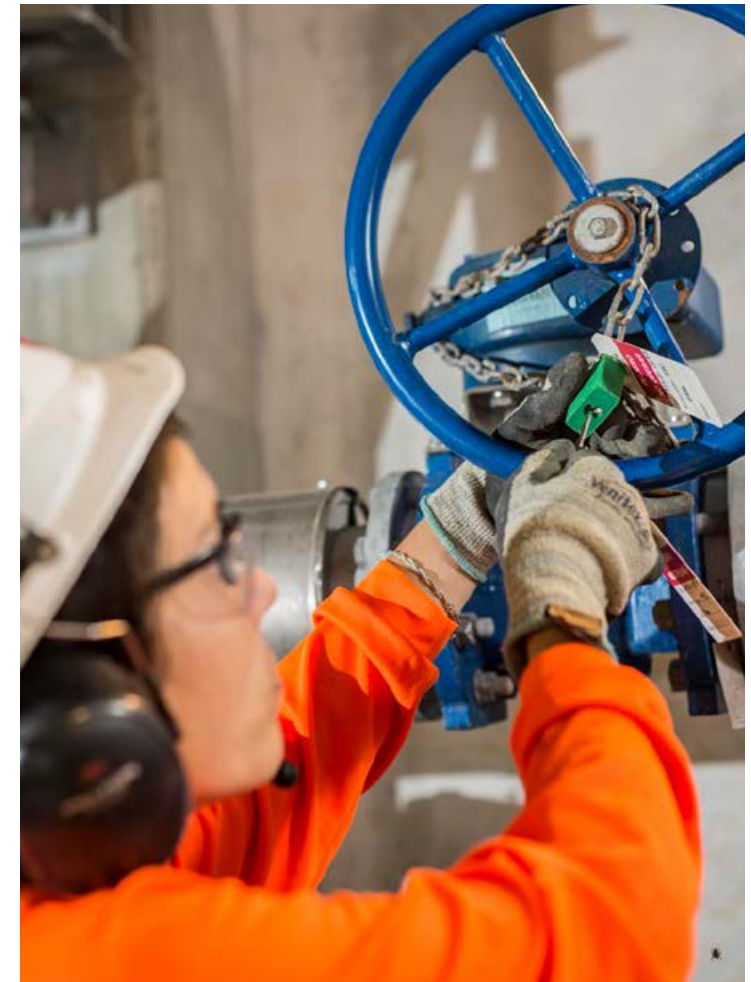
The management system applies to all co-workers of Montes del Plata and contractor companies. It is governed by national and international ISO 45001 standards for all operations, and complies with worker health and safety requirements set forth by FSC® and PEFC.

As part of the management system, the risks associated with each work area are identified and policies, plans and objectives are established for their prevention, control and minimization. In 2022, the safety and occupational health management system continues to be improved with ISRSTM (International Sustainability Rating System), a methodology that promotes excellence in safety management.

In the Forestry and Logistics areas, the process of updating the risk matrices continues, using the Hazard Identification and Risk Evaluation and Controls (IPERC) methodology to control risks 100 in the course of activities and to prevent occupational injuries or illnesses.

At the plant, a group comprised of the production manager, area superintendents, the Occupational Health and Safety superintendent and the main maintenance contractor's engineers perform monthly monitoring of high-potential incidents (HPI).

For the eighth consecutive year, we report a consistent and significant decrease in accidents, thanks to the systematic implementation of our OSH policy, safety practices and the development of a safety culture. The downward trend of both indicators, frequency index (FI) and severity index (SI), continues. World-class results in the forestry area stand out: FI, less than 1 and SI less than 10.



## SAFETY CULTURE

To reinforce the safety culture, both among its own personnel and those of its contractors, Montes del Plata implements work standards, specific qualifications, inspection schedules and annual training plans, as well as actions to strengthen the role of each team member in the construction of safe workplaces.

All Montes del Plata employees as well as outsourced companies and visitors - must report any event that may imply a risk to the health and safety of people or the environment to management or the person in charge. Montes del Plata's leaders must ensure that the activities they are in charge of are carried out in safe conditions, within the framework of the management system, and

that the channels for collecting and analyzing suggestions, complaints and grievances are available and operative. The Occupational Health and Safety area is responsible for ensuring policy compliance through the design of planned controls; conducting inspections and audits; periodically evaluating area management; and providing training and support in the investigation of incidents.

In the forestry area, the operational safety collaborators collect and transmit to the company's managers any deviations, unsafe conditions or acts, incidents and opportunities for improvement that have been detected.

## PREVENTIVE TOOLS FOR TASK RISK MANAGEMENT:

- Assessments with necessary control measures.
- Non-routine and high-risk routine task safety analysis.
- Preventive Safety Observations.
- Task Observation Reports where plant managers monitor each activity and necessary improvements are made.
- Inspections and programs to monitor compliance with standards, focusing on the condition of facilities and equipment.
- Training by area and position.
- Specific safety requirements for contractors.
- Safety meetings.
- Occupational Health and Safety committees enable the exchange of points of view and identification of opportunities for improvement. They operate in the industrial complex and in the nursery and are made up of the production manager, a prevention technician and safety delegates representing the workers.

## HEALTH AND SAFETY TRAINING

The training plan includes transversal and specific components, depending on the position of each employee. In 2022, the main focuses of training were around the **"10 Rules that Save Lives"** and the updating of risk matrices. At the mill, emphasis was placed on training in planned inspections, defensive driving, and the detection and analysis of high potential incidents.

Health, active breaks, accident, illness prevention and first aid training are performed every year. Likewise, safety days and campaigns, incident reporting activities, drills and safety alerts are also conducted annually. The main safety indicators are permanently published on the intranet and on electronic bulletin board.



2.

nunca conduzcas o trabajes bajo los efectos de alcohol o drogas.

Montes del Plata

3.



nunca conduzcas o trabajes bajo los efectos de alcohol o drogas.

Montes del Plata

4.



siempre ajustá la velocidad a las condiciones del camino.

Montes del Plata

5.



siempre realizará el análisis de seguridad (ppa/ast) previo a tareas de riesgo o no rutinarias.

Montes del Plata

6.



siempre utilizará el equipo de protección personal (EPP) adecuado.

Montes del Plata

### HEALTH AND SAFETY OF CONTRACTOR COMPANIES

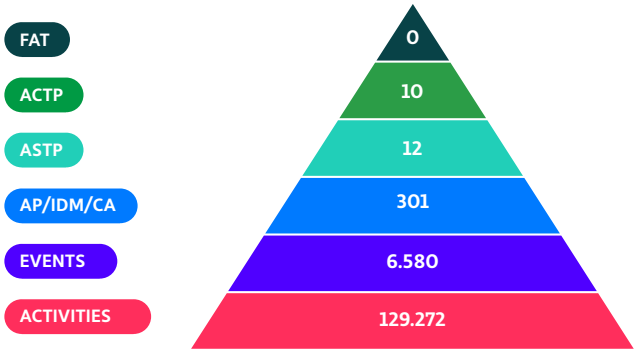
Montes del Plata's health and safety policy applies to all personnel working in the operations, including contractors. Prior to the start of work, companies must have a prevention technician and an occupational health and safety plan.

Each year, specific safety and health programs are developed in the operating areas, including activities such as operational controls, preventive tools, inspections, reports and follow-up meetings, health controls, training and permits.

Contractors must demonstrate compliance with these plans through a web platform. Every six months, the Montes del Plata team evaluates the contractors and verifies compliance with the regulations, plan and safety indicators.

In 2022, five forestry contractors obtained ISO 45001 certification in occupational health and safety. At the mill, two companies achieved this certification. This is in addition to the harvesting, road and cargo operations that have been certified since 2021.

### SAFETY PYRAMID



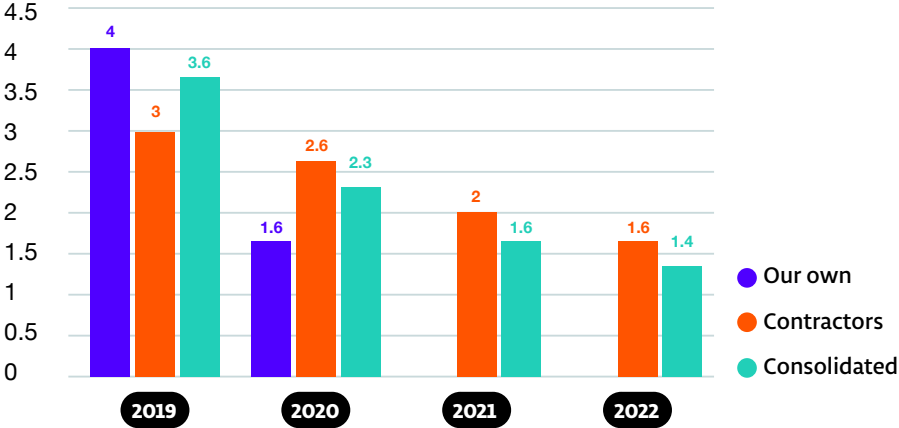
Achieving safety is not by chance, it is the result of the daily work of a team committed to the safety of people.

### MILESTONES 2022

- Historical minimum: 1.4 consolidated lost-time accident frequency rate.
- Improvement of all safety indices for people.
- 916 days without accidents with lost time for Montes del Plata personnel.
- ISO 45001 follow-up audits of forestry and mill operations.
- Consolidation of the Academy as a transversal training platform, including health and safety.
- Incorporation of contractor personnel in the Integrated Management System, who may report and manage an event, observation, nonconformity, incident, opportunity for improvement or lesson learned.

- Over 37,000 training hours.
- 1,276 of our own personnel and 4,529 contractors were trained in health and safety.
- 2,261 people were trained in first aid and 2,741 in road safety.
- Certification under ISO 45001 of 5 forestry contractors (in addition to the 19 harvesting, road and cargo contractors certified the previous year).
- Certification under ISO 45001 of 2 forestry contractors.

### FREQUENCY INDEX

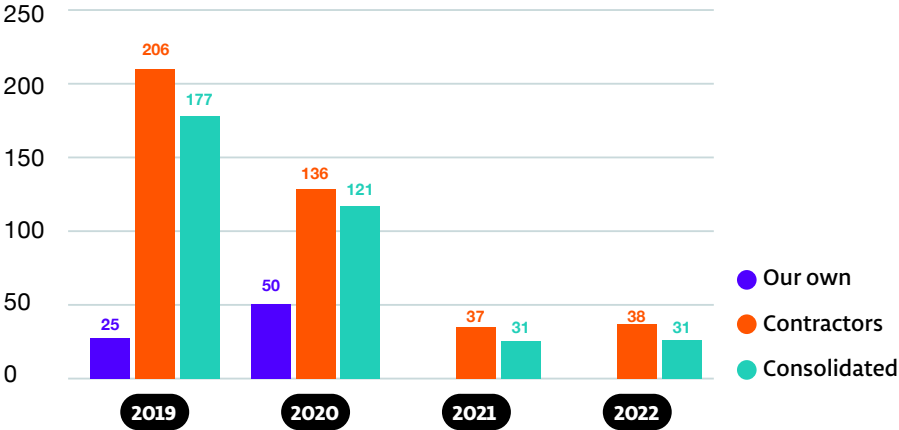


There were 10 lost time accidents in contractor companies: 5 at the mill, 4 in the logistics area and 1 in the forestry area.

In the Forestry area, there were ten traffic accidents, nine of them involving only property damage and one with a minor injury, who was referred to the accident insurance and released immediately. There were two traffic accidents at the plant with no personal injuries. In forestry transport, the frequency of traffic accidents was drastically reduced: from 18 recorded accidents in 2021 to only 2 in 2022. One involved lost days and the other involved primary care only.

### SEVERITY INDEX

The severity index is measured according to the time lost by the worker as a result of the accident.



In 2022, the 2021 rates were maintained. The accidents involving the most lost time among contractor personnel were one in the forestry transportation area and one in the plant.

# Road safety

To prevent the occurrence of traffic accidents, Montes del Plata has a road safety strategy that includes awareness-raising, education, listening and active dialogue with all the stakeholders involved: drivers, transportation companies, authorities, local communities and schools.

In 2022, 200 trucks and 600 drivers participated in wood transportation activities. Since 2020, we have been working on a project to implement the best available technologies for driver alerts. One of the most successful initiatives and one that required the largest investment was the implementation of the Guardian system, which, by the end of 2022, had been deployed in 100% of the truck fleet. This technology enables the driver and the transportation company to be instantly alerted in the event of drowsiness or distractions, so that they can act according to established procedures.

In addition, activities continued to diagnose sleep disorders and other risk factors. If they are detected, specific follow-ups are carried out. All drivers receive training related to the promotion of healthy habits.

In 2022, road safety campaigns were carried out with different activities.

At the plant, defensive driving training was organized for personnel from Montes del Plata and outsourced companies. During the General Mill Stoppage, multiple road safety education activities were carried out, speed controls were implemented and vehicle condition checks were carried out. It was decided that drivers of passenger vehicles should be exclusively dedicated to this task. On a bimonthly basis, Montes del

Plata meets with safety monitors from freight forwarding companies to:

- Share best practices.
- Monitor main accident rate indicators.
- Understand the causes and draw lessons learned.
- Design improvements and security plans.

In 2022, an awareness-raising day was held with 31 representatives of the transportation companies to share key concepts related to good relations with the communities.

Road safety training for

# 395

Montes del Plata employees and 2,346 collaborators from contractor companies.

To raise awareness among the communities neighboring the wood transport, a road safety campaign "One minute can change your life" was publicized in the local media.



# Occupational health

Montes del Plata's health and medical supervision program is aimed at all personnel and incorporates preventive or corrective plans according to the specific risks of forestry, industrial and logistical activities. As part of the program, quarterly check-ups are performed by physicians and technical specialists in occupational health and ergonomics. Mild musculoskeletal ailments related to the activity are the most frequent and, therefore, kinesic-postural and ergonomic evaluations are performed in the workplace, as well as active pause exercises in the different areas.

In operative areas, health tests are carried out with the advice of a specialist physician who gives each employee the results and establishes guidelines for follow-up control.

A permanent medical team is available for primary medical care in the nursery and at the mill.

In 2022, new health and medical monitoring programs were implemented for contractor personnel. In addition, the hearing conservation program continued to be developed.

Throughout Montes del Plata, courses were held on first aid for our own and contractors' personnel.

During the year, work began to ensure personnel of the plant's subcontractors are medically certified to work at heights and in confined spaces. In addition, informative talks were given at each work shift and

free consultations with ophthalmologists were incorporated. In addition, 100% of Montes del Plata's personnel have a medical certificate and health monitoring for the tasks they perform.

Montes del Plata has an agreement with the Evangelical Hospital of Colonia that allows all employees who are members of this health care provider, as well as their spouses and children, receive numerous benefits such as: consultation orders for general medicine and specialists free of charge, medicine vouchers, annual general check-ups and travel assistance with a special bonus, among others.

There were no cases of occupational disorders during the year.



# Environmental management

# Ecosystem conservation

In Montes del Plata approximately

## 35%

of the assets are not forested and are used for the conservation of native forests, palm groves, pastures and wetlands.

## 6

areas of high conservation value (AAVC)<sup>23</sup> that present unique environmental or historical-cultural attributes, where scientific studies, monitoring and various conservation activities are carried out.

## +20

years of monitoring in some areas, such as the birds of Santo Domingo.

## 109

representative areas in 41 of the company's properties.

### HIGHLIGHTS

Certification of the ecosystem services of the butia yatay palm groves.

50 Environmental and social characterizations of sites.

Control of exotic species in 14 forestry sites.

23. According to FSC® nomenclature, these are areas that present well-preserved and representative samples of a type of environment or natural landscape with typical and distinctive characteristics of a region.



# Conservation areas

The conservation strategy for Montes del Plata is based on systematic planning through the principles of representativeness and complementarity. It aims to conserve a representative sample of the biodiversity of the main ecosystems and includes elements that stand out for their components, processes and structures.

Classification is based on technical reports, current legislation and scientific evidence. Since 2013, in cooperation with the Faculty of Sciences of the University of the Republic, planning has been implemented according to ecoregions, which are geographic units with different characteristic flora and fauna communities and their own dynamics. Each ecoregion contains representative areas of the different ecosystems that compose it.

Background information  
on high conservation value  
areas (HCVAs)



**Natural areas are classified according to their ecological importance and their biological, scenic and cultural attributes.**

#### HIGH CONSERVATION VALUE AREAS (AAVC)

Resent well-preserved and representative samples of a type of environment or natural landscape with typical and distinctive characteristics of a region.

#### SENSITIVE AREAS (AS)

Vulnerable to anthropogenic pressure or natural changes and provide key ecosystem services, thus requiring management for their conservation.

#### REPRESENTATIVE AREAS (RA)

They have one or more of the following attributes: concentration of biodiversity values and/or significant areas in terms of landscape, rare, threatened or endangered ecosystems, basic natural services in critical situations (watershed protection, erosion control), resources that meet the basic needs of local communities and contribute to their cultural identity.

#### AREAS OF HISTORICAL, CULTURAL OR PALEONTOLOGICAL VALUE

Unique attributes created by humans have been identified or whose characteristics are of cultural, palaeontological, historical or sacred relevance to the community.

#### RELEVANT VISUAL BASINS

Characterize or imprint meaning on a given region.

#### SANTO DOMINGO

One of the areas of high conservation value in Montes del Plata is the Santo Domingo wetland.

##### Why are wetlands important?

Wetlands are ecosystems in which water is the main factor controlling the associated plant and animal life. Although they cover only 6% of the earth's surface, they are the habitat of 40% of all plant and animal species.

They provide essential ecosystem services such as water regulation and flood control.

Watch our video on the Santo Domingo wetland



| HCVA                            | DEPARTAMENT | DESCRIPTION                                                                                                                                                                                                                                                                                     | AREA MANAGEMENT MEASURES                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------|-------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SANTO DOMINGO PALM GROVE</b> | Paysandú    | <ul style="list-style-type: none"> <li>• Butiá yatay palm groves.</li> </ul>                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>• Monitoring of palm regeneration and fauna with a focus on birds.</li> <li>• Grazing is excluded in palm groves.</li> </ul>                                                                                                                                                                                                      |
| <b>SANTO DOMINGO WETLAND</b>    | Paysandú    | <ul style="list-style-type: none"> <li>• Presence of several aquatic species.</li> <li>• 276 species of native fauna.</li> </ul>                                                                                                                                                                | <ul style="list-style-type: none"> <li>• Hunting prohibited.</li> <li>• Control of exotic woody species.</li> <li>• Control of livestock entry.</li> </ul>                                                                                                                                                                                                               |
| <b>TRES ÁRBOLES</b>             | Río Negro   | <ul style="list-style-type: none"> <li>• Presence of Las Piedras gecko, a species listed as a priority by the National System of Protected Areas (SNAP).</li> <li>• Protected area of 12 hectares.</li> </ul>                                                                                   | <ul style="list-style-type: none"> <li>• Prohibition of collection of specimens, eggs and rocks.</li> <li>• Exclusion of grazing and all operations in the area.</li> <li>• Remote plantation health monitoring.</li> </ul>                                                                                                                                              |
| <b>SAUCE DEL YI</b>             | Durazno     | <ul style="list-style-type: none"> <li>• Area with cave paintings, declared a National Historic Monument.</li> </ul> <p>Major archaeological relevance: prehistoric cultural expressions between 1,500 and 2,000 years old.</p>                                                                 | <ul style="list-style-type: none"> <li>• Modifications or interventions are prohibited without the prior consent of the National Heritage Commission.</li> <li>• Maintenance of a surrounding buffer zone.</li> <li>• Control of invasive exotic woody species.</li> <li>• Controlled access.</li> <li>• Prevention of any type of depredation or alteration.</li> </ul> |
| <b>CAPILLA VIEJA</b>            | Paysandú    | <ul style="list-style-type: none"> <li>• Conservation of 1,780 ha of native forest on the banks of the Queguay Grande River.</li> <li>• Part of the National System of Protected Areas. • Native forests associated with other watercourses.</li> <li>• Over 200 vertebrate species.</li> </ul> | <ul style="list-style-type: none"> <li>• Hunting prohibited.</li> <li>• Control of exotic woody species.</li> <li>• Bird monitoring.</li> </ul>                                                                                                                                                                                                                          |
| <b>RINCÓN DEL RÍO</b>           | Durazno     | <ul style="list-style-type: none"> <li>• Conservation of 430 hectares with six different ecosystems with endangered habitats in Uruguay.</li> </ul>                                                                                                                                             | <ul style="list-style-type: none"> <li>• Hunting prohibited.</li> <li>• Control of exotic invasive species.</li> </ul>                                                                                                                                                                                                                                                   |

For more information on high conservation value areas (HCVAs), see page 152.

## CERTIFICATION OF ECOSYSTEM SERVICES

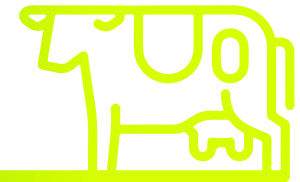
In 2022, Montes del Plata expanded FSC® certification to ecosystem service for the Butiá yatay palm grove area located on the Santo Domingo property in Paysandú. The certification recognizes the company's contribution to improving the biodiversity of an endemic and threatened ecosystem in South America.

Ecosystem services are the benefits that people obtain from nature. FSC® offers the possibility of certification by demonstrating the positive impact of responsible and sustainable forest management on ecosystem protection and conservation. Montes del Plata is the first company in Uruguay to obtain this certification.



These ecosystems, by the mere fact of being protected, generate concrete benefits to humanity. In order to obtain certification, the connection between management activities and the impacts generated was demonstrated.

- **The Biodiversity and Conservation Ecology Group of the School of Sciences of the Udelar together with Montes del Plata defined and evaluated key indicators with differential management: in palm groves with and without cattle grazing.**
- **In the ungrazed area, vegetation structure is significantly more complex, with greater cover and height of shrubs, herbaceous plants and adult palms. A greater number of bird species and a greater richness of mammals were detected, including species found only in this area.**



La marca del  
manejo forestal  
responsable

The conclusion is that the exclusion of cattle in Santo Domingo has been a favorable management measure to enhance population status, promote expansion and density, generate greater vegetation complexity and improve the habitat conditions of the butia yatay palm to maintain bird and mammal communities.

## FLORA AND FAUNA BIODIVERSITY PRIORITY FOR CONSERVATION

Experts have identified 13 priority flora species for conservation in Montes del Plata for SNAP that are monitored for their conservation.

Montes del Plata personnel have been trained to identify these species in the field promptly.

### Species identified in Montes del Plata properties as priority flora species for conservation

### Number of species

|              |           |
|--------------|-----------|
| Cactaceae    | 4         |
| Ferns        | 1         |
| Legumes      | 2         |
| Woody        | 4         |
| Palms        | 2         |
| <b>Total</b> | <b>13</b> |



### NUMBER OF FAUNA SPECIES FOUND WITHIN MONTES DEL PLATA'S PROPERTIES

| GROUP <sup>24</sup> | AT RISK | VULNERABLE | NEAR THREATENED | MINOR CONCERN | DATA INSUFFICIENT | TOTAL |
|---------------------|---------|------------|-----------------|---------------|-------------------|-------|
| Birds               | 3       | 10         | 11              |               | 2                 | 26    |
| Mammals             | 1       |            | 3               | 12            | 1                 | 17    |
| Reptiles            |         | 1          | 1               | 2             |                   | 4     |
| Total               | 4       | 11         | 15              | 14            | 3                 | 47    |

**47** priority species for conservation.

24. In the case of species included in the IUCN and national lists with a different categorization, the highest risk conservation category was considered.

## BIRDS AND AMPHIBIANS AS BIOINDICATORS

Changes in the environment can be identified through bird and amphibian monitoring.

Birds are classified into ecological groups according to their feeding and habitat requirements, which allows for the detection and interpretation of changes that may occur as they respond to changes in the environment. Annual bird monitoring is carried out in the high conservation value areas of Montes del Plata, while biennial monitoring is carried out in the representative areas.

Amphibians are important bioindicators of water availability and quality. Amphibian monitoring allows, in the medium and long term, to understand the ecosystem status at a local scale and provide information on possible changes in the distribution and detection patterns of the species.

Through the Acoustic Program for Anuran Monitoring, the variability of the species is monitored from acoustic records. Fourteen monitoring sites were implemented with productive activities: road walking, harvesting, transport, grazing and phytosanitary application. Seventeen species were identified, corresponding to seven families, representing approximately 34% of the total number of amphibian species known in Uruguay.

As a result, 10 monitoring sites were rated green, five of them with higher species variability than the previous year. Two sites are in yellow, and two were incorporated in 2022, so their baseline is being defined.



17

species, corresponding  
to seven families.

## CONTROL OF EXOTIC SPECIES

Uruguay has a list of plant species reported as invasive exotic species, which expand rapidly<sup>25</sup> outside their original distribution range and can produce alterations in ecosystem functions and in the ecological relationships between native species.

Montes del Plata has procedures in place to monitor properties and perform proactive diagnoses in each zone, as well as action strategies for each situation.

In 2022, control of exotic species was carried out in 14 forestry properties, owned and leased, with a total of 290 workdays.



25. International Union for Conservation of Nature (IUCN).



# Bopicuá Biopark

The Biopark is located in an area of great historical and environmental value in the department of Río Negro, on the banks of the Uruguay River. Covering 150 hectares, it includes a wildlife breeding station, an interpretive trail for native flora and a historical area of cultural value, consisting of the remains of a meat canning industry dating back to the XIX century - known as the **Saladero de M'Bopicuá**.

The objectives are to breed autochthonous fauna species for reintroduction into their natural habitat as well as environmental education. Since its inception, mammals, birds and reptiles have been reproduced and reintroduced.

In 2011 it was approved as a member of WAZA (World Association of Zoos and Aquariums) and declared of Governmental Interest by the Municipality of Río Negro.

56

animal species  
and 490  
specimens.

59

of species of flora  
path identification

411

animals released since 2006:  
260 peccaries, 66 rheas, 75  
caimans and 40 coatis.

In order to raise awareness and educate on biodiversity, visits to educational institutions that had been suspended during the pandemic were resumed.

2,917

visitors

210

children from 9 rural  
schools in Paysandú  
were invited to visit.

550

neighbors of Fray Bentos visited  
it in a special visiting program  
carried out in collaboration  
with the Municipality of Río  
Negro.

# Climate change

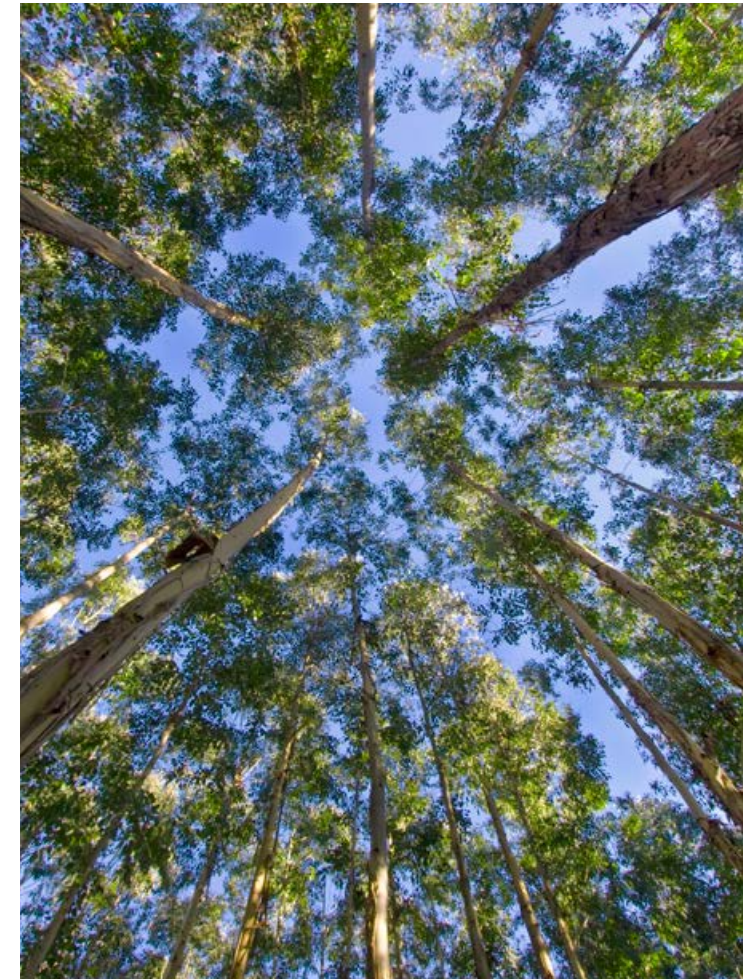
The role of forests in climate change mitigation and adaptation is crucial and widely recognized. Forestry, reforestation and restoration of natural ecosystems help remove carbon dioxide from the atmosphere<sup>26</sup>.

Furthermore, cellulose is a raw material used to manufacture different types of renewable, recyclable and biodegradable products such as paper, cardboard and packaging that are used around the world to replace materials that come from fossil fuels, such as plastic.

In addition to the efforts made at the international level to reduce greenhouse gas emissions, the positive impacts generated by forests through carbon sequestration and their contribution to reducing soil erosion and improving water quality are also being

incorporated. Trees, in addition to being a renewable resource, are one of the main carbon sinks due to their natural capacity to capture CO<sub>2</sub> and store it as part of their physical structures.

Climate change implies an increased frequency of acute natural events that can have a significant impact on business continuity. An example of this was the forest fires that occurred in Uruguay in December 2021. To address these events, during 2022 Montes del Plata strengthened its forest fire prevention, detection and firefighting plan. (For more information see chapter "Forest Fires" page 18).



26. Forest Sector SDG Roadmap 2019 - WBCSD: [https://docs.wbcsd.org/2019/07/WBCSD\\_Forest\\_Sector\\_SDG\\_Roadmap.pdf](https://docs.wbcsd.org/2019/07/WBCSD_Forest_Sector_SDG_Roadmap.pdf)

## CARBON NEUTRAL MEAT

Version Zero is the brand of carbon neutral meat developed between BPU Meat and Montes del Plata based on a production system combining livestock and forestry. It differentiates cattle raised in forest forests, verified by SGS international certifier under the ISO 14067 standard, with a “cradle-to-gate” scope: from the birth of the cattle until they leave the field. This verifies that the greenhouse gases emitted by livestock are neutralized by the presence of trees on each property.

In March, the first shipments were sent to supermarkets in Japan and to a German restaurant chain. The product is also available for the Uruguayan market.



## CARBON FOOTPRINT

Since 2019, we have been measuring our carbon footprint (CoF), one of the most widespread environmental indicators in recent years.

This study includes all sources of emissions from forestry, logistics and industrial activities. Furthermore, forest fire emissions are also included.

Since 2020 we have verified our carbon footprint by an independent third party, through ISO 14064-1 under the guidelines of this standard and the GHG (Protocol Corporate Accounting and Reporting Standard) and considers:

- Carbon sequestration from the trees on our forestry properties, which remove and store CO<sub>2</sub> in the atmosphere.
- Air emissions from our operations.

As carbon sequestration far exceeds emissions, we can conclude that Montes del Plata is carbon negative.

| SCOPE                                                                       | 2019<br>(tCO <sub>2</sub> -eq) | 2020<br>(tCO <sub>2</sub> -eq) | 2021<br>(tCO <sub>2</sub> -eq) | 2022<br>(tCO <sub>2</sub> -eq) |
|-----------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>Scope 1 Emissions</b><br>(direct emissions)                              | 217.826                        | 187.886                        | 219.439                        | 245.270                        |
| <b>Scope 2 Emissions</b><br>(purchased electricity)                         | 74                             | 395                            | 1.537                          | 1.198                          |
| <b>Scope 3 Emissions</b><br>(indirect emissions not managed by the company) | 115.080                        | 135.246                        | 153.975                        | 179.135                        |
| <b>TOTAL EMISSIONS</b>                                                      | <b>332.981</b>                 | <b>323.527</b>                 | <b>374.951</b>                 | <b>425.603</b>                 |
| <b>Removal by forestry plantations</b>                                      | -2.267.006                     | -5.540.286                     | -2.970.693                     | -3.443.858                     |
| <b>Removals by native forests</b>                                           | -12.441                        | -12.431                        | -12.431                        | -12.431                        |
| <b>TOTAL REMOVALS</b>                                                       | <b>-2.279.447</b>              | <b>-5.596.112</b>              | <b>-2.983.124</b>              | <b>-3.456.288</b>              |

The values are dynamic and are adjusted annually. At the time the report was finalized, Montes del Plata was in the process of verification under ISO 14064-1.

To see the latest report please visit <https://www.montesdelplata.com.uy/espanol/sustentabilidad-5>



At the mill, the project to generate energy from renewable resources was accepted as part of the Clean Development Mechanism (CDM) a process contemplated by the Kyoto Protocol.

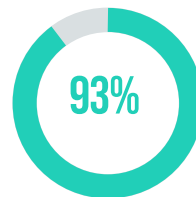
We obtained 66,006 certificates corresponding to the 2014-2016 period and 164,029 certificates corresponding to the 2017 and 2018 period, which were issued by the United Nations.

In October 2022, the CDM verification audit was initiated for the period from January 2019 to April 2021. It is expected that 185,984 certificates will be obtained. At the same time, in April 2022, the CDM project was revalidated for a seven-year period.

## POWER GENERATION AND CONSUMPTION

The industrial complex's power generation plant runs on biomass, which allows the mill to be supplied as well as to feed clean, renewable energy into the national power grid. Montes del Plata is the largest private power producer in the country and the third largest after the Salto Grande hydroelectric power plant and the Punta del Tigre combined cycle plant.

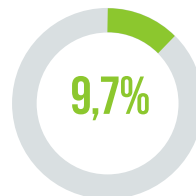
### HIGHLIGHTS



93% of the energy consumed in 2022 by the industrial complex came from renewable energy sources.

- 4% ↓

less energy consumed by the plant, compared to 2021.



9,7% of the country's power is produced at Punta Pereira.

- 1,5% ↓

less energy consumption per ton of pulp produced.

|                                             | 2019       | 2020       | 2021       | 2022       |
|---------------------------------------------|------------|------------|------------|------------|
| Electric power consumption in plant (in GJ) | GJ         | GJ         | GJ         | GJ         |
| Energy consumption                          | 4.392.360  | 4.551.477  | 4.828.110  | 4.533.171  |
| Exported power                              | -2.049.340 | -2.236.491 | -2.393.637 | -2.228.392 |
| Energy imported from the grid               | 12.136     | 15.750     | 7.565      | 20.621     |
| Total power consumed                        | 2.355.156  | 2.330.736  | 2.442.038  | 2.325.400  |

## FUEL CONSUMPTION FOR ELECTRIC AND THERMAL POWER GENERATION (IN GJ/YEAR)

|                                                         |                  | 2019              | 2020              | 2021              | 2022              |
|---------------------------------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| Renewable                                               | Black liquor     | 31.400.947        | 30.987.312        | 33.502.912        | 31.270.689        |
|                                                         | Biomass Methanol | 913.864           | 929.259           | 963.038           | 893.505           |
|                                                         | Odorous gases    | 433.933           | 302.746           | 358.927           | 302.113           |
|                                                         |                  | 443.586           | 630.667           | 534.954           | 494.515           |
| <b>Total renewable</b>                                  |                  | <b>33.192.330</b> | <b>32.849.982</b> | <b>35.359.831</b> | <b>32.960.822</b> |
| Non-renewable                                           | Fuel oil         | 2.287.389         | 2.104.178         | 2.383.914         | 2.512.324         |
|                                                         | Diesel           | 47.840            | 48.521            | 55.282            | 50.072            |
|                                                         | Propane          | 445               | 222               | 838               | 718               |
| <b>Total non-renewable</b>                              |                  | <b>2.335.674</b>  | <b>2.152.922</b>  | <b>2.440.034</b>  | <b>2.563.114</b>  |
| <b>Total fuel consumption for power generation (GJ)</b> |                  | <b>35.528.004</b> | <b>35.002.904</b> | <b>37.799.865</b> | <b>35.523.936</b> |

## INDUSTRIAL ENERGY DENSITY: PLANT ENERGY CONSUMPTION PER TON OF PULP PRODUCED (GJ/ADT)<sup>27</sup>

|                                          | 2019  | 2020  | 2021  | 2022  |
|------------------------------------------|-------|-------|-------|-------|
| <b>Total renewable</b>                   | 23,95 | 23,12 | 23,61 | 23,06 |
| <b>Total non-renewable</b>               | 1,69  | 1,52  | 1,63  | 1,79  |
| <b>Total energy consumption per year</b> | 25,64 | 24,64 | 25,24 | 24,85 |

27. ADt: air-dried tonne

## ENERGY MANAGEMENT IN THE FORESTRY AND LOGISTICS AREAS:

The main source of energy consumption in forestry and logistics operations is diesel fuel, which is used by both machinery and trucks transporting wood and supplies.



| Fuel consumption<br>(en GJ) | SILVICULTURE | HARVEST | ROADS  | Cargo  | Barge<br>transportation | Truck transport<br>to mill | Small truck<br>transport | Total            |
|-----------------------------|--------------|---------|--------|--------|-------------------------|----------------------------|--------------------------|------------------|
| <b>2019</b>                 | 34,042       | 226,979 | 27,245 | 23,311 | 116,162                 | 767,760                    | 18,464                   | <b>1,213,963</b> |
| <b>2020</b>                 | 50,202       | 173,681 | 13,236 | 22,202 | 114,158                 | 732,547                    | 18,144                   | <b>1,124,170</b> |
| <b>2021</b>                 | 49,866       | 204,788 | 25,808 | 24,642 | 106,391                 | 743,041                    | 14,181                   | <b>1,168,717</b> |
| <b>2022</b>                 | 51,540       | 253,049 | 31,062 | 25,198 | 103,108                 | 739,524                    | 16,346                   | <b>1,219,826</b> |

## ENERGY INTENSITY IN THE FORESTRY AND LOGISTICS AREAS:

|                                                          | 2020      | 2021      | 2022      |
|----------------------------------------------------------|-----------|-----------|-----------|
| GJ de energy consumida en el área forestry and logistics | 1,124,170 | 1,168,717 | 1,219,826 |
| Adt Production                                           | 1,420,701 | 1,497,557 | 1,429,334 |
| Energy intensity (GJ/ADt)                                | 0,79      | 0,78      | 0,85      |

In 2022, 1,219,826 million were consumed of GJ, equivalent to 29,763,762 liters of diesel fuel.

# Waste management

Current legislation and international best practices are our main references for waste management.

## TONNES OF HAZARDOUS WASTE MANAGED

|                      | 2019 | 2020 | 2021 | 2022 |
|----------------------|------|------|------|------|
| Forestry and         | 71   | 85   | 105  | 79   |
| logistics Industrial | 268  | 180  | 299  | 202  |
| Total                | 339  | 265  | 404  | 281  |



## WASTE MANAGEMENT IN FORESTRY OPERATIONS

### Waste management in forestry operations

**Classification** They are classified as: non-recyclable, metallic, hazardous or special and recyclable.

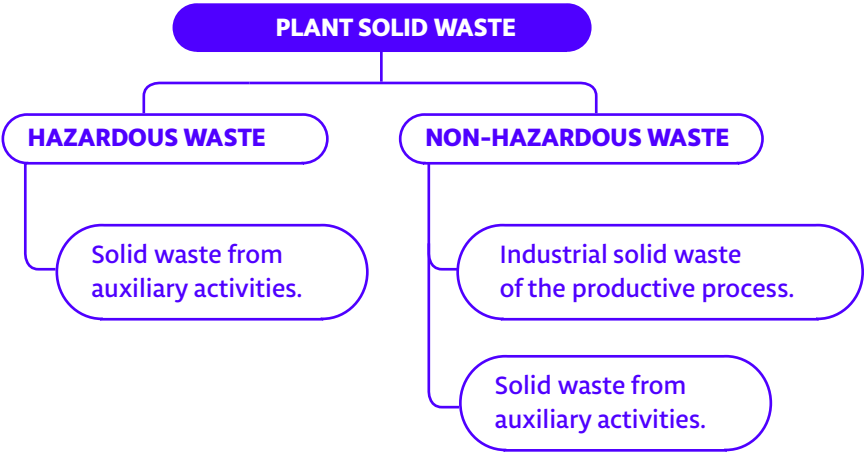
**Staging** Temporary storage in work fronts.

**Transfer to final destination** They are transferred to the final disposal sites or temporary staging centers (waste deposits) defined by the company .

The most common types of hazardous waste in forestry operations are used oils, agrochemical containers, hydraulic hoses and other materials (soil, personal protective equipment, cloths). Packaging of phytosanitary and fertilizer products is channeled through suppliers and Campo Limpio, an initiative that brings together more than 85 companies that import or formulate agrochemical products to comply with the Container Management Plan, in line with Decree 152/013. At Montes del Plata, empty containers are decontaminated using the triple washing technique, which is appropriate for the decontamination of rigid containers, prior to their delivery to the reception centers.

### WASTE MANAGEMENT IN INDUSTRIAL OPERATIONS

Waste management at the mill is based on in applicable local regulations and guidelines set forth in the best available international practices (IPPC-BAT). Integrated waste management is monitored using a computerized platform: information associated with the generation, conditioning and final destination of traceable waste is collected and reported to the environmental authority. In addition, reduction, reuse, recycling and recovery initiatives are established. Plant waste is generated as a result of the production process or auxiliary activities.



### TYPES OF HAZARDOUS WASTE MANAGED



01

Used oils: a percentage of the tons of waste oil is recovered internally in the lime kiln.

02

Containers, hydrocarbon residues, paint: they are sent to authorized waste managers who issue certificates that provide traceability of the waste from its origin to its final destination.

03

Containers containing solid hazardous substances (big bags): are washed for decontamination and baled for later recycling.

### TONNES OF HAZARDOUS WASTE MANAGED PER DESTINATION (MILL)

|                                                   | 2019         | 2020         | 2021         | 2022         |
|---------------------------------------------------|--------------|--------------|--------------|--------------|
| Energy valorization (internal and external)       | 46,6         | 41,2         | 54,7         | 55,6         |
| Preparation for reuse                             | 0,01         | 0,6          | 0,1          | 5,4          |
| Recycling                                         | 7,5          | 26,6         | 67,0         | 23,0         |
| Others <sup>28</sup>                              | 61,2         | 36,4         | 113,2        | 80,0         |
| Transportation to final destination <sup>29</sup> | 152,6        | 75,2         | 64,4         | 38,3         |
| <b>Total</b>                                      | <b>267,9</b> | <b>180,0</b> | <b>299,4</b> | <b>202,3</b> |

In 2022, the total weight of hazardous waste managed was reduced by 32%, which is mainly due to:

- Reduced generation and management of contaminated water.
- Reduction in the generation and disposal of contaminated soils sent to landfills.
- Reduced availability of big bags for recycling.

In 2022,  
**53%**  
of the plant's non-hazardous waste was recovered, 12% more than the previous year.

At the mill, non-hazardous waste includes solid industrial waste and non-hazardous waste from auxiliary activities. The first are taken from their points of generation in suitable containers to be transported to their final destinations. Within the industrial complex waste is sent for recovery as a soil improver or as a final destination in the industrial landfill.

Among the non-hazardous waste from auxiliary activities, the recyclables collected, conditioned and disposed of for recycling by authorized managers are identified. Wood is managed internally by valorizing it in the biomass boiler.

Non-recyclable waste is mostly disposed of at the final disposal site of the Intendencia Departamental de Colonia (IDC) or at the industrial landfill in Punta Pereira.

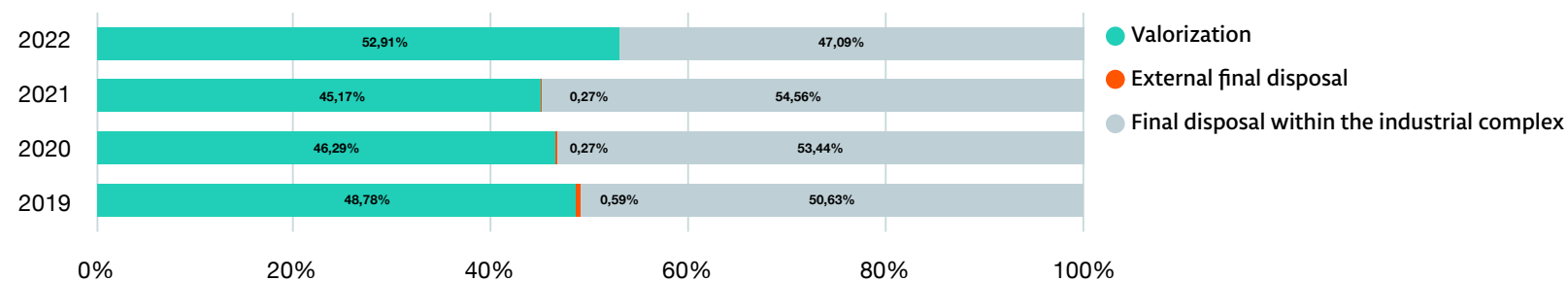
28. Sorting, valorization and miscellaneous destinations of waste, carried out by authorized waste managers. It mainly considers water contaminated with hydrocarbons. Management involves energy recovery of the oily phase and management in an effluent treatment plant for the aqueous phase, which is then discharged into a watercourse.

29. Final disposal site at the Plant, Safety Landfill of the Chamber of Industries and Landfill of the Municipality of Montevideo with previous conditioning to remove the hazardousness: decontamination, stabilization, etc.

## TONNES OF NON-HAZARDOUS WASTE MANAGED CLASSIFIED BY DESTINATION

|                                                                  | 2019           | 2020           | 2021           | 2022           |
|------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| Transfer to landfill of the IDC (similar to urban waste)         | 1,159          | 551            | 503            | 607            |
| Transfer to the final disposal site in CEPP - industrial complex | 99,441         | 109,255        | 102,614        | 84,387         |
| Reuse                                                            | 13,173         | 8,328          | 7              | 9              |
| Recycling                                                        | 13,701         | 12,874         | 9,241          | 16,468         |
| Energy valorization                                              | 68,950         | 73,447         | 75,710         | 78,329         |
| <b>Total</b>                                                     | <b>196,423</b> | <b>204,455</b> | <b>188,075</b> | <b>179,800</b> |

## NON-HAZARDOUS WASTE MANAGED BY TREATMENT TYPE



## CIRCULAR ECONOMY

Montes del Plata consolidated two circular economy initiatives developed jointly with a local concrete company in 2022: recycling of alkaline waste from the reclamation area for use in the production of clinker, and bulk concrete with a smaller environmental footprint.

In addition, an industrial solid waste valorization project was implemented. It comprised the composting of biosludge with biomass and the drying and mixing of various inorganic wastes (dregs, grits, fly ash and particulate material from the lime kiln) to obtain a soil amendment to be used in agricultural soils. Small-scale production trials and field tests were conducted during 2022.

Other innovation projects implemented included inorganic solid waste management and optimization of biomass management, applying the Lean methodology. As a result, improvements will be implemented in terms of waste generation, processing, use and transportation.

### CIRCULAR ECONOMY AWARD

Montes del Plata received the Circular Economy Award granted by the PAGE Uruguay Program of the Ministry of Industry, Energy and Mining, the Industrial Organization, Development Agency and the National Research and Innovation Agency. The recognition was for the initiatives for the use of inorganic waste from the industrial process and the energy recovery of used oils.



# Water collection, consumption and discharge at the industrial complex

All water used in the plant is sourced from the Río de la Plata, the second largest river basin in South America.

The extracted water is treated at the raw water treatment plant.

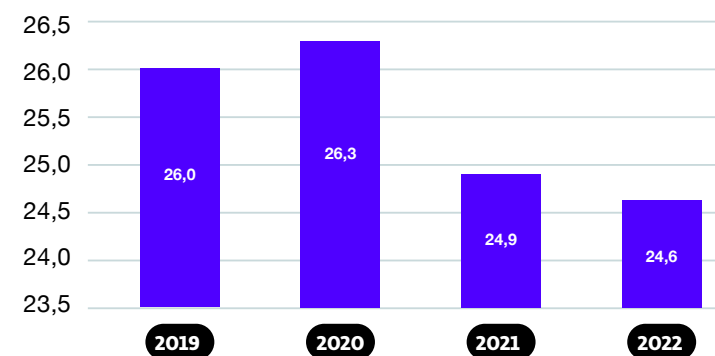
Before being discharged into the Río de la Plata, the water is treated by physicochemical and biological processes at the effluent treatment plant, in compliance with Uruguayan and international technical regulations (BAT 2001, IFC 2007).

Compliance with these standards is monitored by DINACEA and DINAGUA through continuous monitoring, inspections and audits.

The difference between the volume of water captured and returned corresponds to the water evaporated in the production process.

Plant water consumption decreased by 5.8% with respect to the previous year, thanks to the efficiency projects implemented. This made it possible to achieve the goal of consuming less than 25.5 m<sup>3</sup> ADt per year. In 2022, water consumption per ton of pulp produced was 24.6 m<sup>3</sup>/ADt.

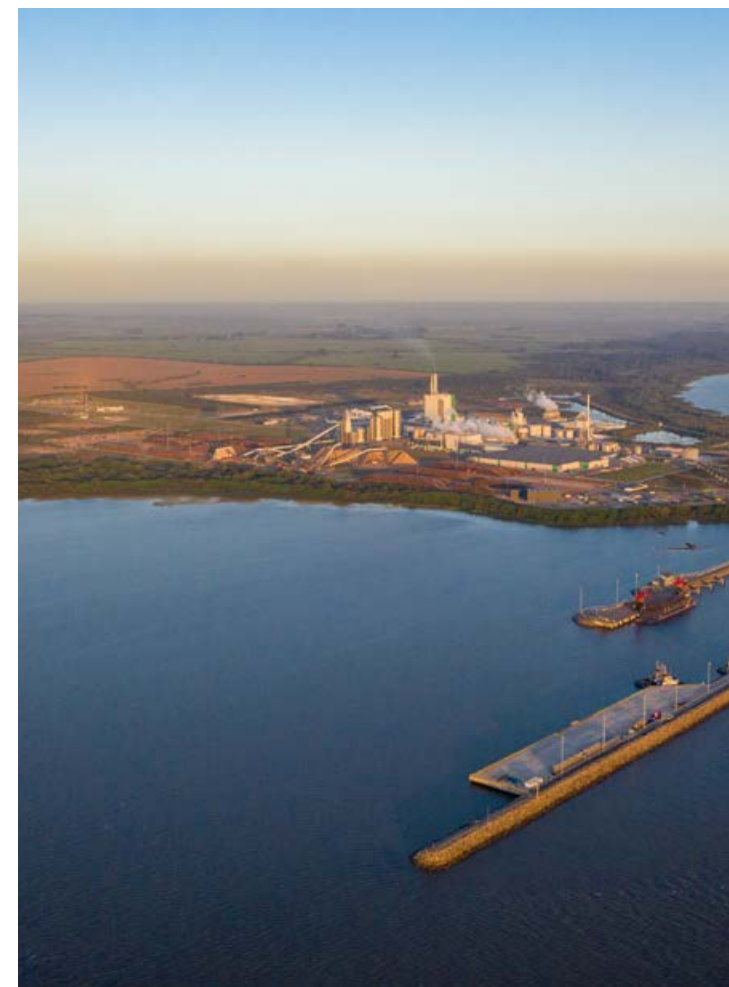
**WATER INTENSITY: m<sup>3</sup> extracted / ADt**



In relation to water discharges, Uruguayan and international regulations stipulate maximum limits for each effluent quality parameter. The company monitors these indicators on a daily, monthly and annual basis. In all parameters, Montes del Plata comfortably complies with both regulations.

The volume of effluents discharged to the Río de la Plata decreased in 2022 by 8.9% with respect to 2021, the year with the lowest specific effluent generation since the beginning of the pulp mill's operation. This is explained by the efficiency of industrial processes and lower water consumption.

|                                                         | 2019   | 2020   | 2021   | 2022   |
|---------------------------------------------------------|--------|--------|--------|--------|
| <b>Effluents discharged<br/>(in mill. m³)</b>           | 26.874 | 27.899 | 27.827 | 25.345 |
| <b>Effluent discharged<br/>per tonne produced (ADt)</b> | 19,4   | 19,6   | 18,6   | 17,7   |



## EFFLUENT QUALITY PARAMETERS (KG/ADT)

|                  | 2019 | 2020 | 2021 | 2022        | DINACEA limit | IPPC-BAT 2001 limit |
|------------------|------|------|------|-------------|---------------|---------------------|
| COD              | 4,00 | 4,00 | 4,56 | <b>4,22</b> | 15,00         | 23,00               |
| SST              | 0,10 | 0,20 | 0,10 | <b>0,17</b> | 1,00          | 1,50                |
| DBO <sub>5</sub> | 0,20 | 0,20 | 0,22 | <b>0,19</b> | 0,70          | 1,50                |
| PT               | 0,02 | 0,02 | 0,02 | <b>0,02</b> | 0,03          | 0,03                |
| NT               | 0,03 | 0,02 | 0,02 | <b>0,03</b> | 0,20          | 0,25                |
| AOX              | 0,04 | 0,04 | 0,04 | <b>0,05</b> | 0,15          | 0,25                |

30

30. COD: Chemical oxygen demand. TSS: Total suspended solids. DBO5: biological oxygen demand at day 5. PT: Total sulfur. NT: Total nitrogen. AOX: absorbable halogenated organic compounds.

In 2022, there was an increase in the reported parameters of AOX, NTotal, PTotal and TSS, always in compliance with DINACEA and IPPC BAT. It was not possible to determine the specific cause of the increase in AOX (absorbable halogenated organic compounds) levels for the month of December 2022, while the increase in the parameter in March is justified by the cleaning activities of the chlorine dioxide tank prior to the maintenance shutdown.

The increase in total suspended solids (TSS) is explained by the cleaning of the emergency lagoon and the change of diffuser membranes in the biological reactor. The increase in the

total nitrogen parameter is linked to cleaning activities of the emergency lagoon and the arrival of effluents from the fiber line with a higher chemical load.

As established in the plan approved by the authorities, two specific groundwater quality impact monitoring campaigns were conducted, studying water quality parameters, sediments, biodiversity and bioaccumulation factors at six specific sampling stations. The conclusion is that performance remains similar to the baseline performed prior to the start of plant operation and to the historical records since the beginning of operation.



# Other industrial emissions and air quality

Montes del Plata is equipped with technological devices to ensure strict control of compliance with regulatory limits and European reference standards (IPPC-BAT 2001) for emissions into the air from the mill. This information is shared online with the environmental authority.

As a result of combustion in the recovery and biomass boilers and the lime kiln, 80% of the emissions into the air are nitrogen, water vapor and oxygen. The remaining 20% correspond to combustion gases and particulate matter.

Due to an electrical failure in the lime kiln

reading controller, more SO<sub>2</sub> emissions were recorded during March and April than in the previous year. On the other hand, in the last quarter, this indicator was affected by the temperature of the biomass boiler bed, which can be explained by the drier than usual wood, due to the absence of rainfall in the country. In this sense, adjustments were made to the proportions of the biomass mixture to generate greater boiler stability.

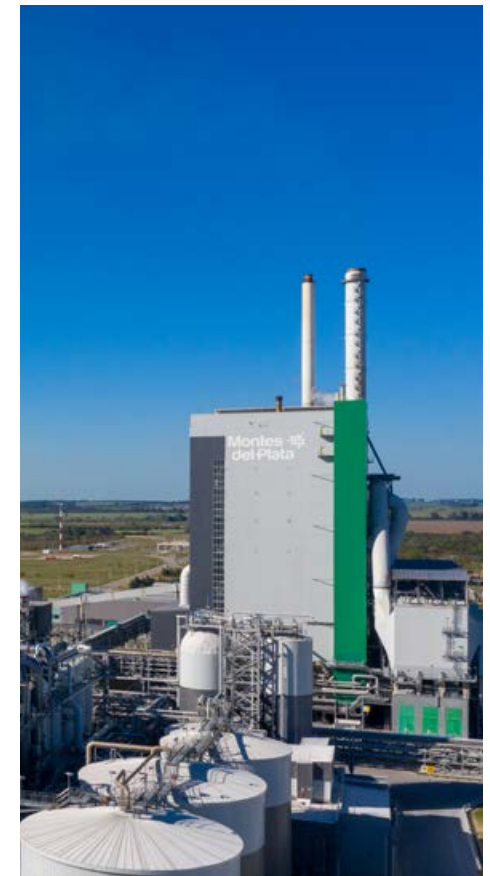
With respect to the TRS parameter, the higher emissions observed during the year are mainly explained by changes at the operating level in

the recovery boiler.

In 2022, emissions of manganese, mercury and nickel from the lime kiln were again monitored, and concentrations were once again below the limit established in national regulations.

In addition, dioxin and furan emissions were measured in the biomass and recovery boiler. The results reflected levels below the applicable limits in our environmental legislation and in the mill's Environmental Authorization for Operation.

|                                      |                             | 2019    | 2020    | 2021    | 2022          | VARIATION |
|--------------------------------------|-----------------------------|---------|---------|---------|---------------|-----------|
| <b>Other air emissions (in tons)</b> |                             |         |         |         |               |           |
| SO <sub>2</sub> <sup>31</sup>        | <b>Sulfur dioxide</b>       | 31,8    | 21,6    | 21,7    | <b>29,6</b>   | +36,4%    |
| NOx                                  | <b>Nitrogen oxide</b>       | 1.821,6 | 1.855,7 | 1.802,8 | <b>1758,9</b> | -2,4%     |
| MP                                   | <b>Particulate Matter</b>   | 217,6   | 172,3   | 234,4   | <b>206,2</b>  | -12,0%    |
| TRS                                  | <b>Total Reduced Sulfur</b> | 19,0    | 16,8    | 23,8    | <b>25,2</b>   | +5,9%     |



31. SO<sub>2</sub> and NOx measurement methodologies: Non-dispersive infrared spectroscopy (NDIR)- TRS: Thermal oxidation with selective catalyst , then UV fluorescence and finally laser scattering photometry.

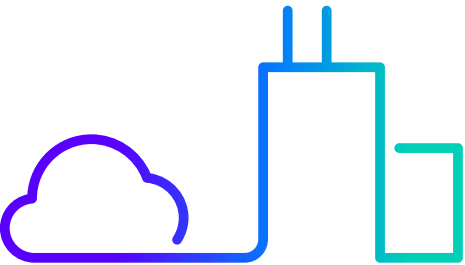
# Noise and odor management

Emissions of TRS (total reduced sulfur) gases can produce odor events and are monitored continuously. Under normal operating conditions, the plant does not generate odors. In certain specific operational situations, episodes may occur that, although do not imply harm to health or non-standard emissions, may cause nuisance to neighbors.

- The industrial plant has containment, collection and management systems for non-condensable TRS gases, characteristic of the pulp industry, to prevent them from being released into the atmosphere.
- Improvements in both infrastructure and operations are continually being implemented to minimize diffuse sources of odor.
- Montes del Plata has two monitoring stations, located in Conchillas and Puerto Inglés, to monitor of the immission air quality and other parameters such as wind speed and direction, temperature and humidity, radiation, rainfall and atmospheric pressure.
- Since the plant began operating, neighbors have been encouraged to report every odor episode through specific communication channels in order to have information to

analyze causes in order to make permanent improvements in this regard.

- Although Montes del Plata has been in full compliance with the regulations regarding these emissions, the company seeks to minimize any nuisance to the community.
- An event is any communication by which the community warns of some odor or noise perception associated with the plant. For each notification received, an internal investigation procedure is initiated -involving collaborators from different areas- and a response is given to the complainant.
- When planned maintenance or operational activities are carried out, neighbors are proactively informed.
- To identify in a timely manner potential noise impacts that could affect the quality of life of the area's residents, monitoring is performed monthly at five points outside the plant.



| Events /<br>Notifications | 2020 | 2021 | 2022 |
|---------------------------|------|------|------|
| Noise                     | 0    | 0    | 0    |
| Odours                    | 21   | 15   | 5    |

In 2022 there was a significant reduction in the number of plant odor episodes and there were no reports of noise events.

# Commitment with communities

# Social Management Model

Being a responsible neighbor and close to the community is one of the strategic pillars of Montes del Plata.

Montes del Plata maintains specific protocols and procedures for managing community relations, guidelines defining the lines of work, programs and responsibilities of each of the areas in relation to stakeholder engagement. Close, open, transparent and timely relationships are promoted through proactive dialogues with each of them. The Sustainability and Communications area designs and enables the implementation of a social management strategy based on the identification, assessment and sizing of the impacts of activities, and designs programs and actions to enhance or mitigate them.

**Social management strategy is structured in three main lines of action:**

**Dialogue and relations**

**Positive impact enhancement**

**Negative impact mitigation**

The listening processes are carried out through surveys, interviews, social characterization studies, analysis of received communications, media and one-on-one dialogues with neighboring communities.

Every two years, specific social studies are conducted in operations' areas of influence to identify changes in the environment as well as neighbors' perceptions. Together with surveys of other stakeholders and the gathering of secondary information, these studies complement the diagnoses for social management, update the impact matrices of the company's operations and feed the mapping of the communities of influence.



**IN 2022, A LARGE PART OF THE RELATIONSHIP WITH NEIGHBORING COMMUNITIES WAS FOCUSED ON A PLAN TO DETECT, PREVENT AND COMBAT FOREST FIRES:**

- Meetings in 11 communities to discuss the plan and hear their opinions.
- Meetings with departmental and local authorities.
- Meetings with herders, beekeepers and Alianzas partners.

**More information on this plan: page 18**

The plan to approach the departmental authorities continued with meetings on specific topics, seeking to maintain permanent and constructive communication.

Local media campaigns were conducted regarding the Alianzas productive integration program, road safety, fire prevention, rural workers' day, and attracting local talent, among others.

Through virtual reality experience 10,000 people learned immersively about Montes del Plata's production process at 27 exhibitions and fairs in Colonia, Durazno, Río Negro and Paysandú.



**NEW WHATSAPP COMMUNICATION  
CHANNEL 091 623 300.**

# Community relations

## GOOD NEIGHBOUR PROGRAM

The main objective of this program is for the communities in the area of influence to get to know Montes del Plata and the activities that will be carried out in their area, offer them direct communication channels and generate a good relationship. Through this initiative, meetings, visits and information is received from neighbor's concerns, as well as from local council, municipalities, schools, police stations and health clinics. The visits are made prior to the start of the operation and are implemented by Montes del Plata's operational team. During 2022 we visited 538 neighbors and local representatives.

538

visits to neighbors and local representatives.

## EXTERNAL COMMUNICATIONS MANAGEMENT

The external communications management system is centralized and is transversal throughout Montes del Plata. Inquiries, requests, queries, concerns, claims or complaints are submitted there, and are handled and responded to in a timely manner. Furthermore, this tool enables the analysis of record statistics, identification of opportunities and drive improvement actions. In 2022, 594 registrations were uploaded to the platform, 44% increase over the previous year.

594

orders and claims handled

## MONTES DEL PLATA WELCOMES YOU

This is the program of visits for the public interested in learning about Montes del Plata's operations.

In 2022, 4,600 people visited the plant, forestry activity sites, the biopark and the nursery.

933

schoolchildren participated in talks on the forestry process.

Reconocimiento a:

Montes  
del Plata



**DURING THIS PERIOD, THE COMPANY INCREASED ITS PRESENCE AT NATIONAL CONVENTIONS, EXHIBITIONS**

**MONTES DEL PLATA WAS PRESENT AT EXPO URUGUAY SOSTENIBLE AND EXPO PRADO 2022 WITH ITS 360 VIRTUAL REALITY EXPERIENCE.**

**AT THE DERES 2022 CONFERENCE "ACTIONS FOR A SUSTAINABLE FUTURE", THE "MUSHROOM TRAIL" AND "YO SIGO" PROGRAMS WERE HONORED FOR THEIR CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT OBJECTIVES.**



# Mitigation of impacts on communities

Montes del Plata's operations generate positive and negative impacts on the communities of influence of our industrial, forestry and logistics activities. To manage negative impacts, there are specific programs that include permanent monitoring of social environment as well as planning and execution of specific actions to minimize them.

- **Plant noise and odor management**  
(activities described on page 127).
- **Forest fire detection, prevention and combat plan**  
(activities described on page 18).
- **Mitigation of transportation impacts**  
(activities described on page 95).
- **Mitigation of impacts of Mill Maintenance Shutdown**  
(activities described on page 86).

In order to continue deepening aspects related to the linkage with and respect for neighboring communities, three social management workshops were held with the participation of 134 people from Montes del Plata as well as owners and managers of forestry and transportation contractors.



# Support to local development

Montes del Plata is committed to the development and improvement of the quality of life of the inhabitants of the communities neighboring the operations, which is an integral part of the positive impact enhancement strategy.

As such, we encourage and support projects that generate shared value and promote local development, strengthening of social fabric and long-term impacts such as education, employability and shared use of the forest.

# 173

community initiatives were supported so health and education institutions could improve the services they provide and neighborhood groups could carry out recreational and cultural activities.

Through an agreement between Montes del Plata, the Fondo Región Colonia and associated companies, 14 projects from social organizations in various localities of the department were financed.



## ALIANZAS: INTEGRATED PRODUCTION

The Alianzas program seeks to integrate forestry with other activities through agreements with producers who diversify their production through forestry or through the shared use of the forest. In this way, the trees are used by livestock for shade and shelter, they serve as shelter and a source of food for bees, and the neighbors of the communities collect the mushrooms that grow naturally there. Shared land use is encouraged with a more sustainable and responsible forestry management.

### HIGHLIGHTS OF 2022

35%

About 35% of the our forest lands are not used for planting but for other activities such as livestock and beekeeping.

547

farmers involved in the "Alianzas" program, with more than 85,000 hectares planted.

256

livestock farmers have 55,600 heads of cattle on over 176,000 ha. belonging to Montes del Plata.

200

mushroom gathering families.

41 BEEKEEPERS

have 6,610 hives which obtain shelter from forestry and use native forests and pastures as a source of food. These sites are very good for organic honey production due to the low use of agrochemicals; 40% are already certified organic, which positions producers in value-added niches.

### SHARED USE OF THE FOREST

| TYPE OF ENTERPRISE | INDICATOR                 | 2019    | 2020    | 2021    | 2022    |
|--------------------|---------------------------|---------|---------|---------|---------|
| Livestock grazing  | No. of livestock farmers  | 188     | 194     | 240     | 256     |
|                    | Total hectares contracted | 128,000 | 144,000 | 163,000 | 176,000 |
| Apiculture         | No. of beekeeping farmers | 40      | 38      | 38      | 41      |
|                    | Number of beehives        | 6,000   | 5,660   | 6,500   | 6,610   |

### WOOD PRODUCTION IN PARTNERSHIPS WITH PRODUCERS

The wood needed to feed the plant is obtained through the properties of Montes del Plata, purchases in the market and new plantations through different models of association with producers.

Montes del Plata maintains strategic alliances with 547 producers who have incorporated forestry on their land.

Alianzas represents

**40%**

of the total area of plantations managed by Montes del Plata.

The reliability and stability of forestry production was highlighted through the "Yes, Safetly" campaign.

A meeting was held with 250 producers from all over the country to share reflections on the future of the forestry sector and its role in combating climate change.



## THE MUSHROOM TRAIL

This program, carried out by Montes del Plata together with UTU and UTEC, aims to add value to edible mushrooms and formalize their harvesting, an economic activity carried out by residents of forest communities.

About 200 families from Paysandú and Río Negro, collect and sell to traders about 250,000 kg of edible mushrooms per year. The majority of households are made up of female heads of household.

As part of the program - which took its first steps in 2017 - UTU is providing training in conservation, collection and entrepreneurship, and a start-up project for collectors to develop their own businesses.

UTEC is developing four lines of research to learn more about mushrooms and extend their useful life, as well as explore other uses such as cosmetics and pharmaceuticals:

- **Evaluation of nutritional content and possible labeling of fresh and dried mushrooms.**
- **Shelf life evaluation of fresh mushrooms for drying.**
- **Production process design for dried mushrooms and mushroom powder as a by-product.**
- **Molecular characterization of edible mushrooms.**

4

projects linked to the mushroom trail have been launched with 5 registered products.

25

people received UTU diplomas.



## BOOSTING TOURISM

Colonia is a department in which tourism is one of the main economic activities. Since the mill was built, Montes del Plata has contributed to promote this activity through local initiatives such as the Tea Tables Contest, community festivals, heritage site restoration, tourism signs and infrastructure. Conchillas was the first town to be awarded the Pueblo Turístico prize in 2013, granted by the Ministry of Tourism.

The tourism sector was strongly affected by the pandemic, therefore Montes del Plata developed a line of work together with the Tourism Association of the Department of Colonia to promote the sector. Within this framework, a project was financed and implemented in two stages. In 2021, a communication strategy was implemented with an analysis of the characteristics of visitors and alignment of the strategies of all stakeholders in the sector.

In 2022, the marketing and communications plan was implemented and support was given to the "Nautica para todos" project, a departmental initiative that promotes this sporting activity.

In addition, since 2021, Montes del Plata has been a sponsor of the Plaza Colonia club, the most important club in the department and the only one whose soccer team plays in the first division at the national level. All their T-shirts carry the phrase "Visit Colonia". In this way, the athletes act as ambassadors of the department and promote tourism. This sponsorship reaffirms Montes del Plata's strong ties with the department and is a vehicle to promote and reactivate Colonia as a tourist destination.



## YO SIGO

This program promotes the educational continuity of young people in the area of influence of the Montes del Plata plant.

It is structured along three lines:

### Orientando Orientales

(vocational counseling)

### Un día en Montes del Plata

(Conchillas high school students' visits to the mill)

### University trips

For the seventh consecutive year, vocational orientation workshops were held at the Ombúes de Lavalle and Conchillas schools. This program helps students make decisions about their educational future, motivating them to continue with their studies. Employees from different areas of the company

share their vocational and work experiences with teenagers.

During 2022, this initiative reached 226 students.

**226**

students.

In 2020, an external study on the effectiveness of the program showed that 95.7% of those who participated in the program reached the baccalaureate level or higher, while only 60.4% of those who did not participate in the program did so. On the other hand, the research revealed that the high school dropout rate among the young people who participated in the program was 16.7%, while among the population that did not participate it was 42.3%.



## ENGLISH FOR ALL

This program, developed together with the Anglo-Uruguayan Cultural Institute, seeks to prepare young people from the Conchillas High School for their future employment. Classes are held in the town's emblematic Evans House and as part of the program, cultural and recreational activities are also developed to bring participants closer to British culture.

This program has increased the number of students studying English by 117%.

In 2022, four students from Conchillas graduated from the program and two traveled to England on scholarships from Montes del Plata, on an exchange program at the university's Oxford campus.



# About this report

# 4° Sustainability Report by Montes del Plata<sup>32</sup>

This document corresponds to Montes del Plata's 4th annual sustainability report in which we report on our economic, social, environmental and governance performance for the period between January 1 and December 31, 2022. Its publication date was June 30, 2023.

For Montes del Plata, this is a voluntary exercise that allows us to approach and be accountable to stakeholders in relation to our impacts, projects and future challenges.

In preparing this document, we had the collaboration of representatives from different areas of the company. The Sustainability and Communications area was in charge of project management. The data presented here were submitted and validated by each of the responsible management sectors. The document was not subject to third party verification.

The report was prepared following the Global Reporting Initiative (GRI) standard in its 2021 version, the most widely used methodology for the preparation of reports of this type worldwide. For the second year, the indicators of the Sustainability Accounting Standard Board (SASB) guidelines for the Forestry and Pulp and Paper sectors were also incorporated.

Starting this year, we decided to combine the Sustainability Report with the annual Forestry Management Summary.

Given the changes in the GRI standard in relation to the process for defining the topics considered relevant for this report, the list of relevant topics varied with respect to the previous period, in strict compliance with the guidelines of the aforementioned standards. In addition, restatements of information are duly noted throughout the document.

FOR QUESTIONS OR SUGGESTIONS,  
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32. Montes del Plata is the brand under which the following companies operate: Stora Enso Uruguay S. A., Eufores S. A., Celulosa y Energía Punta Pereira S. A., El Esparragal Asociación Agraria de Responsabilidad Limitada, Zona Franca Punta Pereira S. A., Terminal Logística e Industrial de M'Bopicuá S. A., Ongar S. A. and Forestal Cono Sur S. A.

# Process for defining material topics

## WHAT ARE MATERIAL ISSUES?

According to the GRI standard, material issues are those that represent the most significant impacts on the economy, the environment and people, including human rights impacts. The definition of these issues is a crucial process, as it allows to classify those aspects that, due to their relevance, should be included in the public document and those that should not.

## HOW WAS MATERIALITY DETERMINED FOR THIS REPORT?

The process of defining Montes del Plata's material issues was carried out in accordance with the methodology proposed by the GRI 3 standard and consisted of the following stages:

### UNDERSTANDING OF THE CONTEXT

Identification of industry issues and trends based on bibliographic analysis.

Benchmark of forestry and pulp and paper sector reports.

Review of internal planning documents, as well as internal and external communications.

Review of the most frequently mentioned topics in the media.

Review of the corporate risk matrix.



### IDENTIFYING IMPACTS

15 interviews to Montes del Plata executives.

Incorporation of requirements for FSC®  
Incorporation of results of consultations carried out Organizational community evaluation of community programs, communications platform, focus with contractors and collaborators.

SASB standard for forestry and cellulose sectors



### IMPACT ASSESSMENT

Consultation with five community representatives

Online survey of prioritization of issues for employees (71 responses)

Four interviews with representatives of critical suppliers

List of actual and potential impacts, both positive and negative. (61)

Application of an evaluation tool based on the internal risk analysis procedure for ISO 9001, 14001 and 45001.



### PRIORIZATION OF MATERIAL TOPICS

Evaluation of impacts according to severity and probability.

Definition of the materiality threshold.

High and medium-priority grouping of impacts in material topics (20).

Validation of material issues with the General Manager.

## LIST OF MATERIAL TOPICS

The results of the 2022 materiality exercise are presented below, in alphabetical order. Those marked with ★ are topics incorporated this year due to the aforementioned methodological change.

| MATERIAL TOPIC                               |   |
|----------------------------------------------|---|
| WATER AND DISCHARGE                          |   |
| ECONOMIC CONTRIBUTION TO THE COUNTRY         | ★ |
| BIODIVERSITY                                 |   |
| CLIMATE CHANGE                               |   |
| WORK CLIMATE                                 |   |
| SUPPLIER AND CONTRACTOR DEVELOPMENT EMPLOYEE | ★ |
| DEVELOPMENT                                  |   |
| DIVERSITY AND INCLUSION                      | ★ |
| DONATIONS AND OTHER COMMUNITY CONTRIBUTIONS  |   |
| EMPLOYMENT WORKING CONDITIONS.               |   |
| ENERGY                                       |   |
| TRANSPORTATION IMPACTS                       | ★ |
| FIRE                                         |   |
| MILL MAINTENANCE SHUTDOWN NUISANCES          | ★ |
| OTHER EMISSIONS (Odor, Noise) YIELD          |   |
| WASTE                                        |   |
| HEALTH AND SAFETY OF WORKERS AND CONTRACTORS |   |
| SYNERGY WITH OTHER PRODUCTIONS               |   |
| SOILS                                        | ★ |

# GRI Content Index

Montes del Plata has prepared the report in accordance with gri standards for the period from january 1, 2022 to december 31, 2022.

GRI 1: 2021 FOUNDATIONS

GRI 2: GENERAL CONTENT 2021

|      | CONTENT                                                                                       | PAGE          | REASON OMISSION |
|------|-----------------------------------------------------------------------------------------------|---------------|-----------------|
| 2-1  | Organizational details                                                                        | 10            |                 |
| 2-2  | Entities included in the report presentation                                                  | 10            |                 |
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| 2-8  | Non-employee workers                                                                          | 65            |                 |
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| 2-16 | Communication of critical concerns                                                            | 25            |                 |
| 2-17 | Collective knowledge of the highest governance body                                           | 23            |                 |
| 2-18 | Performance evaluation of the highest governance body                                         | 23            |                 |
| 2-19 | Compensation policies                                                                         | 23, 26        |                 |
| 2-20 | Process for determining compensation                                                          | 26            |                 |
| 2-21 | Total annual compensation ratio                                                               |               | Confidentiality |
| 2-22 | Sustainable Development Strategy Statement                                                    | 7             |                 |
| 2-23 | Commitments and policies                                                                      | 27, 37        |                 |
| 2-24 | Incorporation of commitments and policies                                                     | 27, 37        |                 |
| 2-25 | Processes to remediate negative impacts                                                       | 37, 129       |                 |
| 2-26 | Mechanisms for seeking advice and raising concerns                                            | 37, 129       |                 |
| 2-27 | Compliance with laws and regulations                                                          | 45            |                 |
| 2-28 | Membership of associations                                                                    | 151           |                 |
| 2-29 | Approach to stakeholder engagement                                                            | 32            |                 |
| 2-30 | Collective bargaining agreements.                                                             | 64            |                 |
| 3-1  | Process for determining material topics                                                       | 143           |                 |
| 3-2  | List of material topics                                                                       | 143           |                 |
| 3-3  | Management of material issues                                                                 | In each topic |                 |

| MATERIAL TOPIC                              | GRI THEMATIC STANDARDS                  | GRI THEMATIC CONTENT PAGE                                                                                                                                       | PAGE    | REASON OMISSION |
|---------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|-----------------|
| <b>Water and discharges</b>                 | GRI 303: Water and effluents, 2018      | 303-1 Interaction with water as a shared resource                                                                                                               | 79, 122 |                 |
|                                             |                                         | 303-2 Impact management related to water discharge                                                                                                              | 122     |                 |
|                                             |                                         | 303-3 Water extraction                                                                                                                                          | 122     |                 |
|                                             |                                         | 303-4 Water discharge                                                                                                                                           | 123     |                 |
|                                             |                                         | 303-5 Water consumption                                                                                                                                         | 122     |                 |
| <b>Economic contribution to the country</b> | GRI 203: Indirect economic impacts 2016 | 203-1 Infrastructure investments and supported services                                                                                                         | 41      |                 |
|                                             |                                         | 203-2 Significant indirect economic impacts                                                                                                                     | 41      |                 |
| <b>Biodiversity</b>                         | GRI 304: Biodiversity, 2016             | 304-1 Owned, leased or managed operations centers located within or adjacent to protected areas or areas of high value for biodiversity outside protected areas | 98      |                 |
|                                             |                                         | 304-2 Significant impacts of activities, products, and services and services on biodiversity                                                                    | 98      |                 |
|                                             |                                         | 304-3 Protected or restored habitats                                                                                                                            | 98      |                 |
|                                             |                                         | 304-4 IUCN Red Listed Species                                                                                                                                   | 98      |                 |
| <b>Climate change</b>                       | GRI 305: Emissions, 2016                | 305-1 Direct GHG emissions                                                                                                                                      | 110     |                 |
|                                             |                                         | 305-2 Indirect energy-related GHG emissions                                                                                                                     | 110     |                 |
|                                             |                                         | 305-3 Other indirect GHG emissions                                                                                                                              | 110     |                 |
|                                             |                                         | 305-4 Intensity of GHG emissions                                                                                                                                | 110     |                 |
|                                             |                                         | 305-5 Reduction of GHG emissions                                                                                                                                |         | Not applicable  |
|                                             |                                         | 305-6 Emissions of ozone-depleting substances                                                                                                                   |         | Not applicable  |
|                                             |                                         | 305-7 Emissions of nitrogen oxides (NOx), sulfur oxides (SOx) and other significant emissions into the air                                                      | 126     |                 |
| <b>Work climate</b>                         | --                                      | --                                                                                                                                                              | 62      |                 |
| <b>Supplier and contractor development</b>  | GRI 204: Sourcing practices, 2016       | 204-1 Proportion of spending on locally-based suppliers                                                                                                         | 44      |                 |

| MATERIAL TOPIC                                                         | GRI THEMATIC STANDARDS                 | GRI THEMATIC CONTENT PAGE                                                                                      | PAGE   | REASON OMISSION |
|------------------------------------------------------------------------|----------------------------------------|----------------------------------------------------------------------------------------------------------------|--------|-----------------|
| <b>Employee development</b>                                            | GRI 404: Training and Education, 2016  | 404-1 Average hours of training per year per employee                                                          | 55     |                 |
|                                                                        |                                        | 404-2 Programs for upgrading employee skills and transition assistance programs                                | 55     |                 |
|                                                                        |                                        | 404-3 Percentage of employees receiving periodic evaluations of their performance and professional development | 55     |                 |
| <b>Diversity and inclusion</b>                                         | GRI 405: Diversity and inclusion, 2016 | 405-1 Diversity in governing bodies and employees                                                              | 51     |                 |
|                                                                        |                                        | 405-2 Ratio of basic salary and remuneration of women vs.men                                                   | 51     |                 |
| <b>Donations and other community contributions</b>                     | GRI 413: Local communities, 2016       | 413-1 Operations with local community participation, impact assessments and development programs               | 129    |                 |
|                                                                        |                                        | 413-2 Operations with significant negative impacts - actual and potential - on local communities               | 129    |                 |
| <b>Employment y working conditions (employment, benefits, climate)</b> | GRI 401: Employment, 2016              | 401-1 New employee hiring and turnover                                                                         | 50     |                 |
|                                                                        |                                        | 401-2 Benefits for full-time 58 employees not provided to part-time or temporary employees                     | 60     |                 |
|                                                                        |                                        | 401-3 Parental leave                                                                                           | 60     |                 |
| <b>Energy</b>                                                          | GRI 302: Energy, 2016                  | 302-1 Energy consumption within the organization                                                               | 114    |                 |
|                                                                        |                                        | 102-2 Energy consumption outside the organization                                                              | 114    |                 |
|                                                                        |                                        | 302-3 Energy intensity                                                                                         | 114    |                 |
|                                                                        |                                        | 302-4 Energy consumption reduction                                                                             | 114    |                 |
|                                                                        |                                        | 302-5 Energy requirement reduction of products and services                                                    |        | Not applicable  |
| <b>Transportation impacts</b> --                                       | --                                     | --                                                                                                             | 81, 95 |                 |
| <b>Fires</b>                                                           | --                                     | --                                                                                                             | 16     |                 |
| <b>Mill Maintenance</b>                                                | --                                     | --                                                                                                             | 86     |                 |
| <b>Shutdown Nuisances</b>                                              | --                                     | --                                                                                                             |        |                 |

| MATERIAL TOPIC                               | GRI THEMATIC STANDARDS                        | GRI THEMATIC CONTENT PAGE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | PAGE                                                          | REASON OMISSION           |
|----------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|---------------------------|
| Other emissions (odor, noise)                | --                                            | --                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 127                                                           | Information not available |
| Yield                                        | --                                            | --                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 40                                                            |                           |
| Waste                                        | GRI 306: Waste, 2020                          | 306-1 Generation of waste and significant waste-related impacts<br>306-2 Management of significant waste-related impacts<br>306-3 Waste generated<br>306-4 Waste diverted from disposal<br>306-5 Waste directed to disposal                                                                                                                                                                                                                                                                                                                                                                                                            | 117<br>117<br>117<br>117<br>117                               |                           |
| Health and safety of workers and contractors | GRI 403: Occupational Health and Safety, 2018 | 403-1 Occupational health and safety management system<br>403-2 Hazard identification, risk assessment, and incident investigation<br>403-3 Occupational health services<br>403-4 Worker participation, consultation and communication on occupational health and safety<br>403-5 Worker training on occupational health and safety<br>403-6 Promotion of worker health<br>403-7 Prevention and mitigation of occupational health and safety impacts directly related to business relations<br>403-8 Coverage of the occupational health and safety management system<br>403-9 Work-related injuries<br>403-10 Work-related ill health | 89<br>96<br>107<br>89<br>89<br>60, 96<br>89<br>89<br>89<br>96 |                           |
| Synergy with other productions               | --                                            | --                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 135                                                           |                           |
| Soil                                         | --                                            | --                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 79                                                            |                           |

# INDEX SASB - Forestry management

| TOPIC                                           | ACCOUNTING METRIC                                                                                                                            | CODE         | PAGE / REPLY                                 |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------------------------|
| <b>Services and impacts ecosystemic</b>         | Area of forestland certified to a third-party forest management standard, percentage certified to each standard                              | RR-FM-160a.1 | 268.809 ha ectares certified FSC®/PEFC (97%) |
|                                                 | Area of forestland with protected conservation status                                                                                        | RR-FM-160a.2 | Page 98                                      |
|                                                 | Area of forestland in endangered species habitat                                                                                             | RR-FM-160a.3 | Page 98                                      |
|                                                 | Description of approach to optimizing opportunities from ecosystem services provided by forestlands                                          | RR-FM-160a.4 | Page 98                                      |
| <b>Rights of the people indigenous</b>          | Area of forestland in indigenous land                                                                                                        | RR-FM-210a.1 | 0                                            |
|                                                 | Description of engagement processes and the due diligence practices with respect to human rights, indigenous rights, and the local community | RR-FM-210a.2 | Not applicable                               |
| <b>Adapting to climate change</b>               | Description of strategy to manage opportunities for and risks to forest management and wood production presented by climate change           | RR-FM-450a.1 | Page 110                                     |
| ACCOUNTING METRIC                               | UNIT OF MEASUREMENT                                                                                                                          | CODE         | PAGE / REPLY                                 |
| <b>Area of forestland owned, leased managed</b> | Acres                                                                                                                                        | RR-FM-000.A  | 275.783 ha / 681.475 acres                   |
| <b>Standing timber inventory</b>                | M <sub>3</sub>                                                                                                                               | RR-FM-000.B  | 25.408.835 m³ssc                             |
| <b>Wood harvest volume</b>                      | M <sub>3</sub>                                                                                                                               | RR-FM-000.C  | 3 million m³ of harvested wood               |

# SASB Index - Pulp and Paper Product Sector

| TOPIC                     | ACCOUNTING METRIC                                                                                                                                                                                                           | CODE         | PAGE / REPLY                               |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--------------------------------------------|
| Greenhouse Gas Emissions  | Gross global Scope 1 emissions                                                                                                                                                                                              | RR-PP-110a.1 | Page 110                                   |
|                           | Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets.                                                     | RR-PP-110a.2 | Page 110                                   |
| Air Quality               | Atmospheric emissions of the following pollutants: (1) NOx (excluding N2O) (2) SO2, (3) volatile organic compounds (COV) (4) Particulate matter (PM) and (5) hazardous air pollutants (CAP).                                | RR-PP-120a.1 | Page 126                                   |
| Energy Management         | (1) Total energy consumed, (2) Percentage grid electricity, (3) Percentage from biomass, (4) Percentage from other renewable energies.                                                                                      | RR-PP-130a.1 | Page 114                                   |
| Water Management          | 1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress                                                                                         | RR-PP-140a.1 | Page 122                                   |
|                           | Description of water management risks and discussion of strategies and practices to mitigate those risks.                                                                                                                   | RR-PP-140a.2 | Page 79, 122                               |
| Supply Chain Management   | Percentage of wood fiber sourced from (1) third-party certified forests and the percentage for each standard, as well as (2) those meeting other standards relating to fiber sourcing and the percentage for each standard. | RR-PP-430a.1 | 268.809 ha certificadas FSC® / PEFC (97%). |
|                           | Amount of fibre recycled and recovered.                                                                                                                                                                                     | RR-PP-430a.2 | 0                                          |
| ACCOUNTING METRIC         | UNIT OF MEASUREMENT                                                                                                                                                                                                         | CODE         | PAGE / REPLY                               |
| Pulp Production           | Dry Metric Tonne (t)                                                                                                                                                                                                        | RR-PP-000.A  | 1.429.334 million                          |
| Paper production          | Dry Metric Tonne (t)                                                                                                                                                                                                        | RR-PP-000.B  | Not applicable                             |
| Total wood fiber supplied | Metric Tonne (t)                                                                                                                                                                                                            | RR-PP-000.B  | 3.959.783 tonnes entered the mill          |

# Memberships



United Nations  
Global Compact



Uruguayan Chamber  
of Industries



Chamber of Commerce  
Uruguay-Nordic Countries



DERES, Sustainable  
Development Business  
Network



ACDE, Christian Association  
of Business Leaders



AUGPEE, Uruguayan  
Association of Private  
Power Generators



SPF, Society of Uruguayan  
Forestry Producers.



Uruguayan Chamber  
of Free Zones



Uruguayan Exporters Union



Uruguayan Chamber of  
Commerce and Services



CERES, Center for the Study  
of Economic and Social  
Realities

# High Conservation Value Areas (AAVC)

Areas of high conservation value are those considered to be of extraordinary conservation value or of critical importance.

- Concentrations of threatened species.
- Large forest cores and are or threatened ecosystems.
- Provision of basic services, such as water and basic needs for local communities, including their traditional identity.

These values must be identified and managed appropriately, defining management areas called Areas of High Conservation Value (AAVC). The objective is to maintain or improve the values identified therein. For this purpose, a methodological approach is used that takes into account:

**Identification:** the presence or absence of each category of high conservation values is characterized based on an analysis of existing information or data collection.

**Management practices:** definition of appropriate management practices to maintain or increase the values identified above.

**Monitoring:** Establishment of an effective control system that allows appropriate decisions to be made in order to maintain and improve the identified values. The monitoring system is guided by the management plan's operational objectives and requires defining indicators to evaluate the status of the HCVAs.

These values identified in the company's property are under the categories recognized by FSC® in this aspect.

## Types of high conservation value areas:

- **AVC1:** significant concentrations of biodiversity values at the global, regional or national level (e.g. endemism, endangered species, wildlife refuges).
- **AVC2:** large, landscape-scale ecosystems and ecosystem mosaics that are globally, regionally or nationally important and are embedded in the Forest Management Unit (UMF) o that include the FMU where viable populations of most or all naturally occurring species exist in natural patterns of distribution and abundance.
- **AVC3:** endangered, threatened or rare ecosystems.

- **AVC4:** basic ecosystem services incritical situations (e.g. watershed protection, erosion control).
- **AVC5:** sites and resources critical to meeting the basic needs of local communities (e.g. livelihood, health).
- **AVC6:** sites, resources, habitats and landscapes significant for cultural reasons for the traditional cultural identity of local communities (areas of cultural, ecological, economic or religious importance identified in conjunction with these communities).

| AREA OF AAVC   | TYPE OF AAVC                          |
|----------------|---------------------------------------|
| Santo Domingo  | Marshlands: AVC1<br>Palm groves: AVC3 |
| Capilla Vieja  | AVC2                                  |
| Sauce del Yi   | AV6                                   |
| Tres Árboles   | AVC1                                  |
| Rincón del Río | AVC3                                  |

## RINCÓN DEL RÍO

Swamp forests and associated ecosystems of Rincón del Río.

Site defined as a site of high conservation value that includes as part of its attractions swamp forests and associated ecosystems of great landscape importance; low meadows and wetlands; the Río Negro river forest, park forests and dunes, in addition to the large number of recorded and potential species.

The area, with a surface area of approximately 430 ha, extends along the coast of the Río Negro, between the Sarandí and Sauce streams, extending along the tributary streams and their tributaries.



## FAUNA

The presence of different inter-connected environments has allowed the development and maintenance of a local fauna.

There are 160 registered species of native fauna. In addition, eight species are identified as endangered by the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

## MAMMALS

Compared to the monitoring conducted in 2016-2017, some changes in species were recorded: some species have appeared while others have disappeared. The margay (*Leopardus wiedii*), a priority species for conservation, is found.

There is a varied composition of carnivorous, insectivorous, omnivorous and herbivorous mammal species.

## BIRDS

Evolution of the number of bird species identified.

| TYPE OF ENVIRONMENT | ECOLOGICAL GROUP | MONITORING DATES |
|---------------------|------------------|------------------|
| FORESTS             | Omnivores        | 12               |
|                     | Carnivores       | 2                |
|                     | Insectivores     | 17               |
|                     | Granivores       | 7                |
|                     | Nectarivores     | 2                |
|                     | <b>Sub-Total</b> | <b>40</b>        |
| GRASSLANDS          | Omnivores        | 2                |
|                     | Carnivores       | 2                |
|                     | Insectivores     | 6                |
|                     | Scavengers       | 1                |
|                     | Granivores       | 2                |
|                     | <b>Sub-Total</b> | <b>13</b>        |
| WETLANDS            | Omnivores        | 2                |
|                     | Carnivores       | 2                |
|                     | Piscivores       | 0                |
|                     | Insectivores     | 3                |
|                     | <b>Sub-Total</b> | <b>7</b>         |
| <b>TOTAL</b>        |                  | <b>60</b>        |

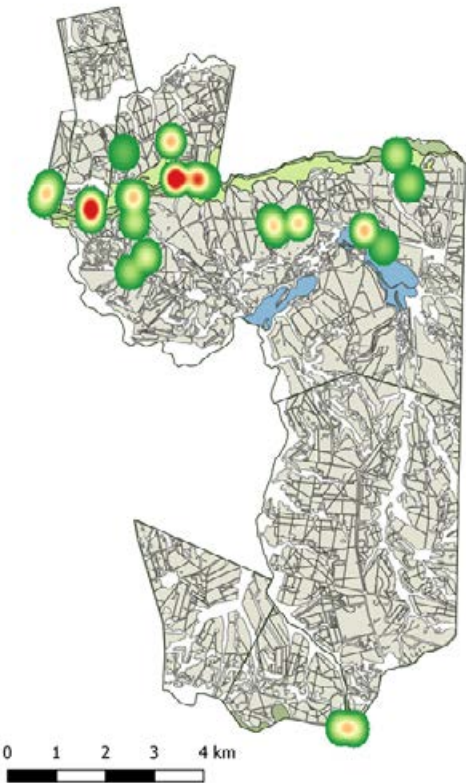
Bi-annual bird monitoring.

### SANTO DOMINGO

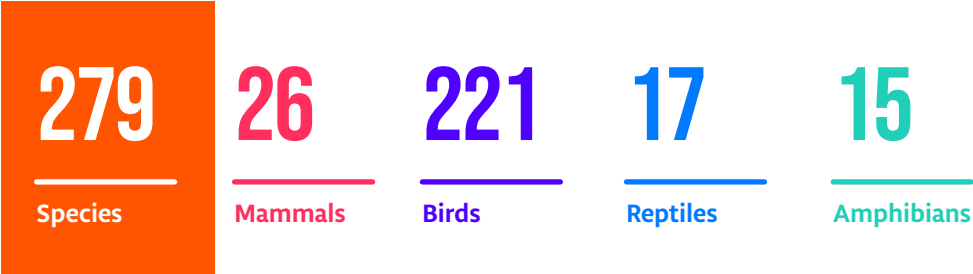
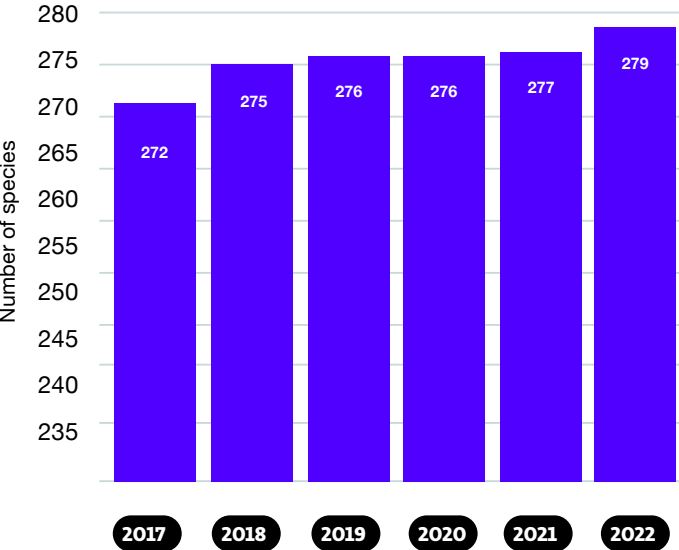
The Santo Domingo site is located in the department of Paysandú. This is a landscape where two High Conservation Value Areas coexist with forestry activities: a large wetland and a palm grove area. The 65% of its surface is covered by Eucalyptus plantations and the remaining 35% comprises low grasslands, an important wetland and three types of native forests: yatay palm (PY), park forest (BP) and riparian forest (BR).

### SANTO DOMINGO SITE

Species richness focal points. Red indicates a greater number of mammals recorded.



### EVOLUTION OF THE TOTAL NUMBER OF FAUNA PALM GROVE SPECIES OBSERVED IN SANTO DOMINGO 2017-2022



### PALM GROVE

#### Flora and fauna monitoring.

This AAVC is located within a palm corridor, a particular ecosystem that is monitored as a whole and is divided into six sectors with different management. The annual monitoring, carried out by a local expert, verifies the state of regeneration of the palms. In turn, a bird expert identifies the area's fauna, focusing on birds.

| YEAR | ADULT PALMS /HA. | PALMS YOUNGER THAN 2 M. /HA. |
|------|------------------|------------------------------|
| 2021 | 582              | 300                          |
| 2017 | 519              | 500                          |

Monitoring performed every 2 years.

During 2022, the two High Conservation Value Areas were included in the areas declared as ecosystem services of biodiversity according to the classification of the FSC®.

#### What are ecosystem services?

These are the benefits that ecosystems provide to humanity, in this case linked to the conservation of biodiversity in the Butia yatay palm groves. This threatened ecosystem is endemic to the southern cone and is very important for biodiversity conservation in Uruguay, where it is protected by law.

In order to obtain certification, the connection between management activities and the impacts was demonstrated. See page 102 for more information.



## MARSHLANDS

During 2022, maintenance work was carried out on the marshland, which has made it possible to register several species of ducks, including a species new to the property.

The enlargement of the water body, vegetation, has contributed to the recolonization of several waterfowl that had no recent records in the lands. This year the Purple Heron was again recorded nesting in the area (absent in 2020).

At least three nests were detected. Lastly, the presence of more than 20 capybaras (adults and young) and at least two specimens of yacaré caimans (adults) is also noteworthy.

Evolution of the number of bird species identified.

| TYPE OF ENVIRONMENT | ECOLOGICAL GROUP | MONITORING DATES |            |           |           |           |
|---------------------|------------------|------------------|------------|-----------|-----------|-----------|
|                     |                  | OCT 18           | DEC 19     | DEC 20    | DEC 21    | OCT 22    |
| FORESTS             | Omnivores        | 119              | 20         | 17        | 17        | 14        |
|                     | Carnivores       | 2                | 2          | 1         | 2         | 1         |
|                     | Insectivores     | 23               | 25         | 20        | 22        | 23        |
|                     | Granivores       | 8                | 10         | 7         | 9         | 8         |
|                     | Nectarivores     | 2                | 2          | 2         | 3         | 1         |
|                     | <b>Sub-Total</b> | <b>54</b>        | <b>59</b>  | <b>47</b> | <b>53</b> | <b>47</b> |
| GRASSLANDS          | Omnivores        | 2                | 5          | 4         | 5         | 7         |
|                     | Carnivores       | 4                | 4          | 5         | 6         | 6         |
|                     | Insectivores     | 9                | 11         | 8         | 9         | 8         |
|                     | Scavengers       | 1                | 4          | 2         | 1         | 4         |
|                     | Granivores       | 4                | 4          | 2         | 4         | 1         |
|                     | <b>Sub-Total</b> | <b>20</b>        | <b>25</b>  | <b>20</b> | <b>25</b> | <b>26</b> |
| WETLANDS            | Omnivores        | 12               | 11         | 8         | 9         | 9         |
|                     | Carnivores       | 12               | 11         | 8         | 6         | 9         |
|                     | Piscivores       | 3                | 4          | 1         | 1         | 1         |
|                     | Insectivores     | 2                | 1          | 1         | 1         | 2         |
|                     | <b>Sub-Total</b> | <b>29</b>        | <b>27</b>  | <b>18</b> | <b>17</b> | <b>21</b> |
| <b>TOTAL</b>        |                  | <b>103</b>       | <b>111</b> | <b>85</b> | <b>95</b> | <b>94</b> |

## SPECIES RICHNESS

The use of camera traps is a suitable methodology to meet the objectives of the monitoring plan, considering these data as evidence of their efficiency in recording species and tracking the released population of collared peccary. It allows not only to know the species assemblage present in the area but also to determine patterns of movement and activity of the species. To date, data continue to be obtained to visualize the diurnal activity pattern of the collared peccary and the activity of previously released species such as the coati and the yacare caiman is being recorded.

The species richness of wild mammals continues to increase.

Lately, a family of coaties *Nasua nasua* has been recorded with their young, a species bred in the M'Bopicuá Biopark and released in 2010 in this area.

Years of monitoring compared to baseline, allows us to say that the richness rates are maintained within the agroforestry environment despite the disturbances generated by harvesting, extraction, loading, soil preparation and planting.



## CAPILLA VIEJA

**It is part of the Protected Area with Managed Resources Montes del Queguay of the National System of Protected Areas.**

In this site, located in the Paysandú department, 10 km from the town of Pandule, a High Conservation Value Area has been defined in the 1,800 ha of native forest, on the banks of the Queguay Grande River, due to its great extension and abundant richness in biodiversity.

There are also native forests associated with other watercourses, such as the Capilla Vieja stream, and the park forests that occupy low and hilly areas, which are representative areas under conservation.

In this site, forestry, livestock and beekeeping production coexist with natural areas. Given research work on fauna carried out in recent years, a better knowledge of the vertebrate groups has been achieved, which amounts to 200 species. This research confirmed the importance of the identified

areas and the development of a specific management plan to preserve and improve them.

### FLORA

In 2010, when forest planting began on the property, 37 plots were installed and surveyed to characterize, as a baseline, the structure of the different types of native forests: riparian, parkland and transition.

In 2020, a team of technicians from Udelar surveyed the plots, using the same design and sampling protocol. The work carried out made it possible to identify the species with the highest ecological weight (IVI), which were maintained with respect to the 2010 baseline: *Sebastiania commersoniana*, *Scutia buxifolia* and *Myrrhinium atropurpureum* var. *octandrum*. In 2021, studies of these plots continued to deepen, and it was determined if after 10 years, forestry had generated changes in the structure and functioning of native forests on the Queguay forests.

In 2022, after evaluating several indicators in the 37 plots surveyed since 2010, the NDVI (Normalized Difference Vegetation Index) was chosen for use in monitoring the condition of native forests. This is a numerical indicator of vegetation greenness, as it indicates the amount of chlorophyll and the fraction of green cover.

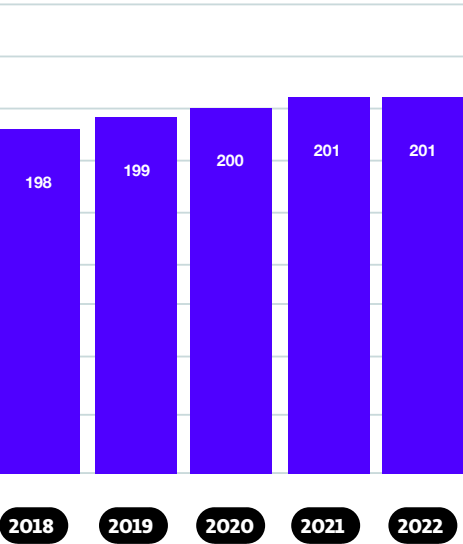
In this area the NDVI indicates reasonably well the spatial variability of tree richness associated with these forest types (successional and common park, fluvial hydrophilic, hydrophilic and mesophilic). NDVI generally had the best performance as an individual indicator since there is a correlation with tree richness and basal area. Between 2010 and 2020 the NDVI reproduced

the overall temporal trends in richness and basal area, when the variability associated with forest type and the forest type-NDVI interaction was integrated into a model. The relative variability of basal area over time (2010-2020) was 84% explained by the model that included NDVI variation, forest type and forest-NDVI interaction. This result is in line with what has been observed in numerous studies that have demonstrated the relationship between this index and plant biomass.

MONITORING

Bird monitoring is carried out with experts in the field in all representative areas and areas of high conservation value.

SPECIES IDENTIFIED BY YEAR



Evolution of the number of species identified by ecological group

| TYPE OF ENVIRONMENT |              | ECOLOGICAL GROUP |  | MONITORING DATES |        |        |        |        |
|---------------------|--------------|------------------|--|------------------|--------|--------|--------|--------|
|                     |              |                  |  | OCT 18           | DEC 19 | DEC 20 | DEC 21 | OCT 22 |
| FORESTS             | Omnivores    |                  |  | 20               | 19     | 17     | 20     | 15     |
|                     | Carnivores   |                  |  | 3                | 2      | 2      | 1      | 1      |
|                     | Insectivores |                  |  | 30               | 25     | 23     | 23     | 26     |
|                     | Granivores   |                  |  | 8                | 9      | 8      | 10     | 11     |
|                     | Nectarivores |                  |  | 1                | 2      | 1      | 2      | 1      |
|                     | Sub-Total    |                  |  | 62               | 57     | 51     | 56     | 54     |
| GRASSLANDS          | Omnivores    |                  |  | 2                | 6      | 2      | 4      | 6      |
|                     | Carnivores   |                  |  | 4                | 2      | 6      | 6      | 3      |
|                     | Insectivores |                  |  | 8                | 8      | 7      | 6      | 10     |
|                     | Scavengers   |                  |  | 1                | 1      | 1      | 1      | 9      |
|                     | Granivores   |                  |  | 5                | 3      | 4      | 4      | 1      |
|                     | Sub-Total    |                  |  | 20               | 20     | 20     | 21     | 29     |
| WETLANDS            | Omnivores    |                  |  | 1                | 2      | 0      | 0      | 1      |
|                     | Carnivores   |                  |  | 1                | 1      | 1      | 0      | 0      |
|                     | Piscivores   |                  |  | 1                | 1      | 0      | 0      | 1      |
|                     | Insectivores |                  |  | 0                | 0      | 0      | 0      | 1      |
|                     | Sub-Total    |                  |  | 3                | 4      | 1      | 0      | 3      |
|                     | TOTAL        |                  |  | 85               | 81     | 72     | 77     | 86     |

The classification of birds by ecological group allows us to visualize that habitats and diets are maintained in interannual variations.

201 SPECIES

9

Mammals

176

Birds

7

Reptiles

9

Amphibians

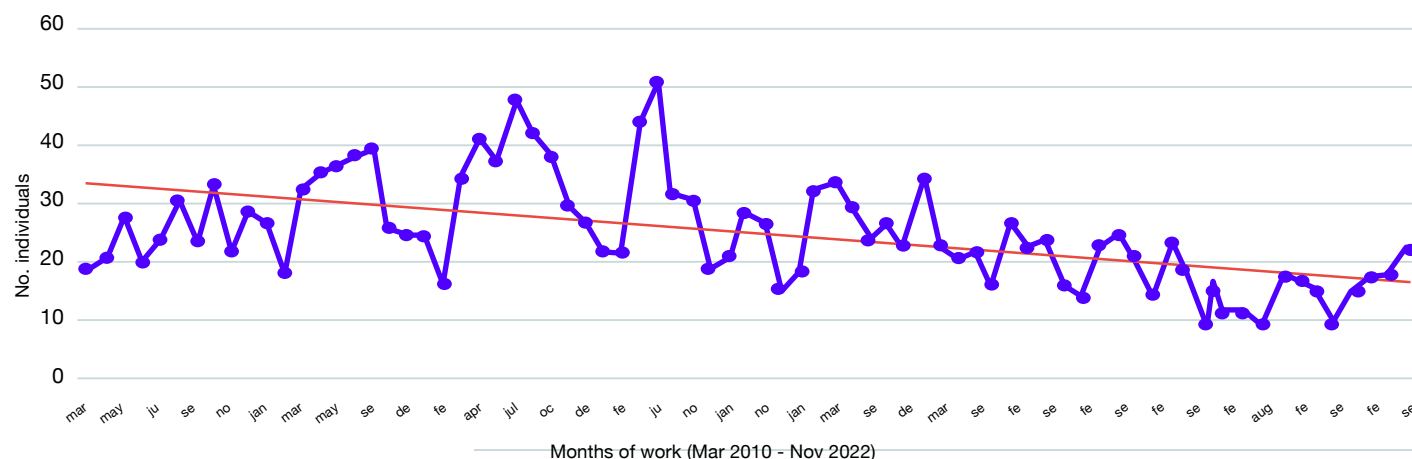
## TRES ÁRBOLES

This site is located in the department of Río Negro and has great cultural and environmental value. It maintains ancient stone constructions, which gives it historical value and has been the object of study due to the presence of a species catalogued as a priority by the National System of Protected Areas: the homonotte. Since the

discovery of the *Homonota uruguayensis*, the company declared this site as an Area of High Conservation Value, delimiting a protected area of 12 hectares. This species can be found in rocky areas of basalt or sandstone in the highlands of Uruguay and Brazil. It faces various threats, so the preservation of its environment is fundamental to its existence.

### TOTAL NUMBER OF INDIVIDUALS OF *H. URUGUAYENSIS* OBSERVED IN THE ENTIRE STUDY PERIOD 2010 - 2022.

THE LINEAR TREND IS SHOWN IN RED.



## HOMONOTA URUGUAYENSIS MONITORING

Throughout the study period (2010-2022), 76 trips were conducted, resulting in more than 11,000 observations, of which nearly 2,000 were related to reptiles, mostly of the target species (*H. Uruguayensis*). The results of the study indicated a moderate and sustained population decline. After specific management techniques were implemented to generate more sunny areas thus promoting an environment more conducive to their reproduction.

Currently, there is an increase in the number of registered individuals. Adults, juveniles and hatchlings were seen in Tres Árboles.

## SAUCE DEL YÍ

In this site, located in the department of Durazno there is an area with two cave paintings, declared a National Historic Monument. These pictographs are part of the Maestre Campo rupestrian locality which, together with that of Chamangá, in Flores, are the only ones of this type in Uruguay. These findings in the territory are associated with granite outcrops, characteristic of the south- central region, of great archeological relevance major archaeological relevance: prehistoric cultural expressions between 1,500 and 2,000 years old. The paintings represent geometric and abstract figures that have been preserved by the natural exudation process of the stone, making them difficult to distinguish with the naked eye.

In order to adequately conserve this art of singular heritage value, it has been declared an Area of High Conservation Value and specific management guidelines have been established as a protected cultural landscape.

**The annual monitoring of the general state of conservation of the cave paintings and their natural environment shows that they remain preserved over time.**

### Monitoring aspects:

- Conservation of cave paintings.
- Presence of invasive exotic species and weeds.
- Condition of perimeter fences.
- Signs of erosion and gully generation.
- Condition of the banks of watercourses.
- Unauthorized activities.

The protected landscape and its characteristic stones are maintained; there has not been any shrubbing of the meadow due to livestock management. There has been no erosion due to overgrazing, so it is considered that the stocking rate has been adequate.

For three years, the Pasture Conservation Index (ICP), which is an indication of the contribution that a producer makes to the conservation of grasslands measured through the presence and condition of natural grasslands, was carried out.

It remained stable, steadily improving the coverage of crop species. This allows us to demonstrate that the protected landscape is maintained and improved through these applied indexes.

The fauna identified is typical of open areas and includes, for example, the red-crested cardinal.







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