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## EDITORIAL

Our commitment to the development of sustainable forestry drives us to continuously improve every process within our organisation. In this annual report we share our main initiatives and achievements, grounded in the values that define our working culture and have been key to achieving our goals.

Collaboration towards *Shared Goals* has played a fundamental role in advancing our forestry and supply operations, particularly in response to the growing demand from our mills despite the challenging weather conditions encountered during the first half of the year.

Our approach is grounded on principle of mutual trust (*Trust and be Trusted*), which enables our employees and contractors to operate with dedication, safety and consistency. This, in turn, helps to strengthen our ties with the communities where we work.

Our commitment to *Innovate with courage* drives us to face challenges with a proactive attitude. We have advanced in the digitalisation of processes, optimised operations, and adopted new technologies. A highlight of the year was the “Rosario Pou Award for Innovation in Uruguay’s Forestry Chain”, presented by the National Academy of Engineering to the ELF24 forestry cultivation team —developed in collaboration with metalworks firm J. Hartwich— for their work in sustainable land preparation.

Occupational Health and Safety remains a key priority. In 2024, we carried out over 3,200 preventive safety inspections and reinforced ongoing training, reaffirming our commitment to providing a safe working environment for the more than 5,300 people involved in our operations.

Building strong relationships with local communities is central to our mission. In 2024, over 1,300 people visited our nurseries, gaining first-hand insight into our production processes. Through the UPM Foundation, we continued to support educational opportunities in rural areas, reaching more than 2,200 educators through training programs delivered in partnership with a range of academic institutions.

This has been a year of consolidation and progress. I encourage you to explore this report and learn more about our ongoing commitment to sustainable and responsible forestry development.

**Álvaro Fitipaldo**  
Vice President of Forestry  
Operations at UPM



# UPM

## A TRUSTED PARTNER IN THE RENEWAL OF MATERIALS AND VALUE CHAINS

UPM contributes to the sustainable transformation of society through material solutions based on renewable raw materials. We create long-term value through our broad portfolio of renewable fibres, advanced materials, decarbonisation solutions, and communication papers, working in collaboration with industries and brands around the world.

## UPM URUGUAY

UPM's operations in Uruguay include the pulp mills in Fray Bentos and Paso de los Toros; UPM Forestal Oriental, which supplies the mills with timber and has three nurseries located in Paysandú and Durazno; the UPM Foundation and the specialised pulp terminal in the port of Montevideo.

UPM Forestal Oriental manages approximately 329,000 hectares of arable land, including both company-owned properties and third-party land through the Fomento Forestry Program.

UPM's plantations are certified under the international FSC® (Forest Stewardship Council®) and PEFC sustainable forest management standards.

The company's pulp mills in Uruguay produce eucalyptus pulp, with raw materials sourced primarily from sustainably managed national plantations.

The Fray Bentos mill began operations in 2007 and continues to be one of the most modern and efficient mills in the world. Its annual production capacity is 1.3 million tonnes. Meanwhile, UPM Paso de los Toros, which started operations in April 2023, has a production capacity of 2.1 million tonnes.

In addition to the production of pulp, both mills generate biomass energy that is reliable, stable, and renewable, which is used to power their production processes. The surplus energy is used to produce chemicals and to supply the national UTE network, accounting for approximately 20% of the country's total energy production.

The pulp produced at the Paso de los Toros mill is transported by the Central Railway to Montevideo. This modern and efficient railway operates in accordance with European standards and best practices.

Founded in 2006, the UPM Foundation works in coordination with institutions and local leaders within the area of influence of its operations, aiming to serve as a catalyst for the long-term strengthening of communities.

UPM Uruguay and its contractors are responsible for the creation of more than 7,000 direct jobs. Additionally, the company's operations in Uruguay create around 10,000 indirect and induced jobs throughout its value chain.



# MORE THAN 30 YEARS OF HISTORY IN THE COUNTRY



1990

## KYMMENE

(UPM since 2009) and Shell create the Compañía Forestal Oriental S.A. Plantations and the genetic improvement program begins.

**BOTNIA**  
Botnia purchases the Shell shareholding at Compañía Forestal Oriental

2003



2005

## FOMENTO PROGRAM

The Fomento Program and the Botnia Foundation (now the UPM Foundation) are created

**PULP MILL IN FRAY BENTOS**  
The pulp mill in Fray Bentos begins its operations

2007



2009

## UPM

UPM purchases Botnia shareholding



2012

## NURSERIES

Inauguration of the second nursery in Paysandú and of the Research and Development Centre in the Fray Bentos mill

**PROTECTED AREAS**  
The Esteros y Algarrobales del Río Uruguay area is added to the National System of Protected Areas

2015



2016

## DISTINCTION

The Food and Agriculture Organisation (FAO) of the United Nations recognises UPM as an exemplary case due to its sustainability criteria at plantations

**FORESTRY RESEARCH CENTRE**  
UPM inaugurated a specialised pulp terminal in the port of Montevideo. In addition, in Paysandú, the first Forestry Research Centre specialised in Eucalyptus opened its doors

2022



2023

## PASO DE LOS TOROS MILL

UPM inaugurates its third nursery in Sarandí del Yí and its second mill in the centre of the country





## OUR OBJECTIVES

**Our primary objective in forestry management is to sustainably produce timber for pulp manufacturing,**

meeting the demand of the Fray Bentos and Paso de los Toros mills with timber sourced from both company-owned and third-party lands.

## STRATEGIC OBJECTIVES

Creating value for society—whether through sustainable products or responsible operations—is an integral part of UPM's strategy. The company's strategy is based on the versatile use of timber, integrating the biological and forestry industries through innovation, resource efficiency, and responsibility. This approach is a direct response to some of the greatest challenges facing the world today, including resource scarcity, climate change, biodiversity loss, and water use.

To guide its responsibility efforts, UPM has defined a set of goals and performance indicators for 2030 covering three key areas: economic, social, and environmental responsibility. Progress towards these goals is reviewed annually, and the results are published in UPM's global Annual Report.

The company's strategy, vision and values guide and motivate us in pursuing these ambitious goals, which are also aligned with the United Nations Sustainable Development Goals (SDGs).



## AREAS OF RESPONSIBILITY:

At UPM Forestal Oriental, we frame our **strategic objectives** within these three areas of responsibility:

### ECONOMIC RESPONSIBILITY

- Create value for our shareholders by ensuring the efficient use of resources
- Ensure competitiveness across the supply chain by continuously promoting technological improvements
- Foster responsible production and consumption
- Uphold proper business conduct in decision-making, management, and operations, along with responsible commercial practices
- Promote long-term relationships and open collaboration with suppliers, particularly those critical to our operations
- Ensure compliance with our Code of Conduct throughout the entire value chain



### SOCIAL RESPONSIBILITY

- Foster a strong organisational culture and a workplace that ensures a diverse and inclusive environment
- Ensure the safety and health of our employees, contractors, and local communities near our operations
- Support the continuous learning and development of skills and competencies within our teams
- Promote responsible leadership grounded in values and integrity
- Ensure the active engagement and commitment of third parties involved in our operations, while promoting local development
- Guarantee fair working conditions in line with local regulations and applicable international standards



### ENVIRONMENTAL RESPONSIBILITY

- Ensure the sustainable and responsible use of natural resources
- Preserve and enhance biodiversity
- Promote circular economy initiatives
- Safeguard forest ecosystem services and support climate-positive forestry
- Design solutions contemplating the product's entire life cycle



# UPM FORESTAL ORIENTAL



## COMMITMENT

At UPM Forestal Oriental, we are committed to respecting both people and the environment in an integrated way, building long-term, mutually beneficial relationships with local communities. Social development is embedded in all its activities, with the aim of contributing to the growth and progress of the communities within its area of influence.



## MISSION

Ensure the sustainable supply of timber for the production of pulp through strong customer relationships and competitive cost management.



## VALUES

UPM Forestal Oriental's approach to work and people is shaped by its core corporate values:

Trust and be trusted

Achieve success together

Innovate with courage



# UPM CODE OF CONDUCT

UPM aspires to be a trusted business partner and believes that responsible and ethical practices create long-term value for both the company and its stakeholders. UPM has expressed its commitment to integrity in the Code of Conduct. Our guiding principle is that we never compromise our standards of integrity under any circumstances, and we expect the same from our suppliers and external intermediaries.

All UPM suppliers and external intermediaries must comply with the standards set out in the UPM Code for Suppliers and Third-Parties or demonstrate compliance with similar standards defined in their own codes of conduct or company policies. This code defines a minimum threshold for performance that UPM requires from all its suppliers. Additional requirements apply to certain materials and services. The code is based on the United Nations Global Compact Initiative, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organisation Declaration on Fundamental Principles and Rights at Work.

1

**COMMITMENT  
TO INTEGRITY**



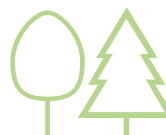
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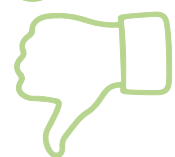
**RESPECT  
FOR PEOPLE  
AND HUMAN  
RIGHTS**

3

**MINIMISING  
ENVIRONMENTAL  
IMPACT AND  
ENSURING PRODUCT  
SAFETY**



4



**ZERO  
TOLERANCE  
FOR CORRUPTION  
AND BRIBERY**

5

**BUSINESS  
TRANSPARENCY**



6

**COMPLIANCE  
WITH ANTITRUST  
LEGISLATION**



7

**PROTECTION  
OF INFORMATION  
AND ASSETS**



8



**KNOWING  
OUR BUSINESS  
PARTNERS**

9

**ENGAGEMENT  
WITH  
STAKEHOLDERS  
AND SOCIETY**



10

**COMPLIANCE  
IS EVERYONE'S  
RESPONSIBILITY**



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# PROCEDURE FOR REPORTING INAPPROPRIATE BEHAVIOUR

At UPM, we are all responsible for upholding the company's integrity and ethical standards. If we suspect misconduct, we have a duty to listen to the concerns of others. Our aim is to address issues promptly, correct them, and prevent their recurrence. All employees must immediately report any suspected or observed violations of the law, UPM's Code of Conduct, or other corporate policies, following the established internal procedures.

Everyone can use UPM's Misconduct Reporting Channel, which is available online and in over 40 languages. Reports can also be made anonymously by phone by calling 0004044014 from Uruguay and entering access code 39864, or via email at [reportmisconduct@upm.com](mailto:reportmisconduct@upm.com)

UPM will carefully review all reports of inappropriate conduct and maintain strict confidentiality throughout the process.



# INTEGRATED MANAGEMENT SYSTEM

UPM Forestal Oriental operates through an Integrated Management System (IMS) that organises internal processes and establishes a decision-making model based on records and measurements, as well as supplier integration. This approach enables the implementation of a continuous improvement system.

The IMS includes and consolidates  
in a single workflow methodology, actions, plans,  
and revisions for the following systems:



This ensures compliance with the highest quality, safety and occupational health and environmental standards.

FORESTRY OPERATIONS  
ARE GUIDED BY  
THREE MAIN  
PROCESSES:





## FOREST ACTION PROGRAM

**UPM has established the Forest Action Program, a comprehensive global forest responsibility initiative.** It serves as a framework to guide forest responsibility actions, promote increased activity across all UPM timber-sourcing regions, and raise awareness about the program's five focus areas: climate, biodiversity, water, soil, and social contribution.



# CERTIFICATIONS

Achieving and maintaining long-term certification requires the implementation of policies, standards, and working procedures that ensure the protection, monitoring, and care of all company resources and its operations. UPM Forestal Oriental publicly commits to long-term adherence to the FSC® Principles and Criteria within its Management Unit, as well as to related FSC® Policies and Standards.

UPM Forestal Oriental manages a group certification scheme (UPM Forestal Oriental Certification Group, SGSCH-FM / COC - 002240) that includes small and medium-sized producers from Cerro Largo, Durazno, Lavalleja, Maldonado, Paysandú, Río Negro, Rocha, and Treinta y Tres.



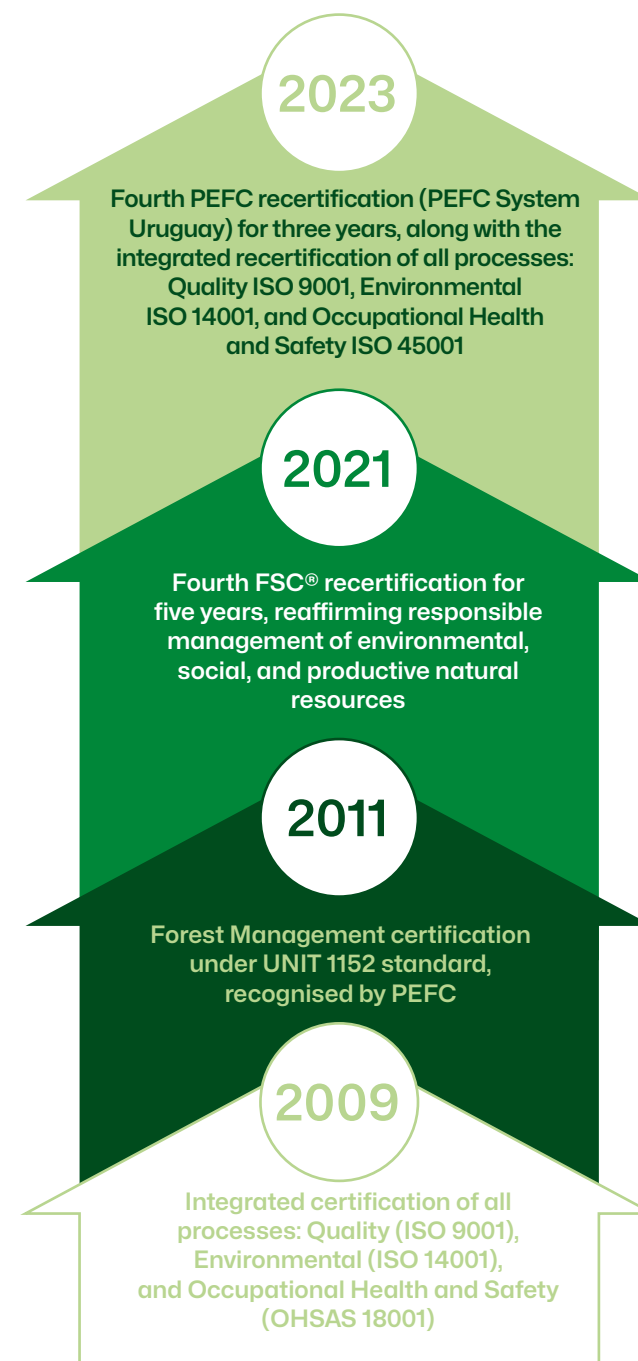
La marca del  
manejo forestal  
responsable

**The Forest Stewardship Council® (FSC)** is an international organisation dedicated to promoting environmentally responsible, socially beneficial, and economically viable forest management worldwide by establishing a globally recognised set of principles and criteria. Through its work and in accordance with FSC® principles and criteria, UPM Forestal Oriental supports the maintenance of ecosystem functions and biodiversity, contributes to the country's scientific knowledge base, and provides education related to environmental conservation.



**The Program for the Endorsement of Forest Certification (PEFC)** is an international non-governmental organisation committed to promoting sustainable forest management through independent certification based on rigorous ecological, social, and ethical standards. Rather than applying a single forest management standard globally, PEFC recognises and validates standards developed by each country. It sets requirements regarding the development process for these standards, the key aspects they must address, and the environmental, social, and legal compliance parameters to be considered.

UPM FORESTAL ORIENTAL CERTIFICATION GROUP: FSC® - C022008





## MAP OF CERTIFIED AREAS

TOTAL AREA WITH FSC® CERTIFICATION  
(SGS-FM/ COC-000606)

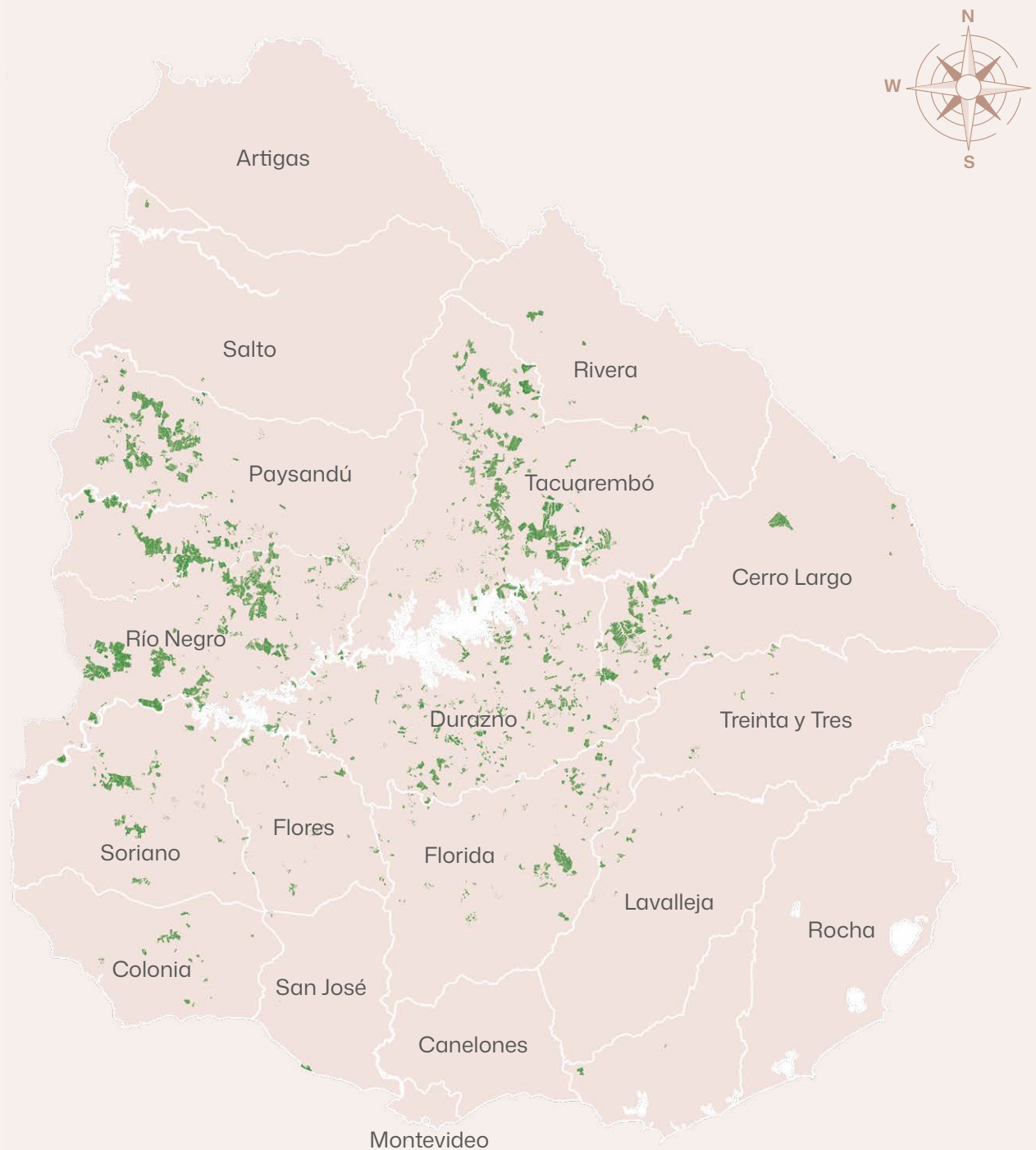
**463,254 ha**

TOTAL AREA WITH PEFC CERTIFICATION  
(UY11/20080091):

**463,254 ha**

TOTAL AREA WITH FSC® CERTIFICATION FROM  
THE UPM FORESTAL ORIENTAL GROUP  
CERTIFICATION SCHEME  
(SGS-FM/COC-002240):

**14,308 ha**





# ASSETS

Forestry assets form the foundation for the sustainability and competitiveness of UPM's operations underpinning the supply strategy for the pulp mills in Fray Bentos and Paso de los Toros.

On site, company specialists conduct studies on the biophysical environment as well as the social and cultural resources of the immediate surroundings. This allows for an assessment of the potential impact of interventions, enabling the planning of activities that respect and preserve environmental conditions.

The primary aim of this planning is to determine the most appropriate use of the land while safeguarding biodiversity, soil quality, and water resources, which are essential elements for the long-term sustainability of forestry operations. At UPM Forestal Oriental, we do not convert native forests into plantations.

## AREAS INTENDED FOR FORESTRY PRODUCTION

Suitable for the growth of eucalyptus plantations and compliant with the environmental criteria and land-use planning regulations established by both regional and national legislation.

## AREAS INTENDED FOR THE CONSERVATION OF SPECIES AND ENVIRONMENTS

These include natural ecosystems important for the preservation of habitats or species—such as native forests, natural grasslands, sand dunes, and tussock grasslands—and other areas relevant for conservation such as riparian areas, buffer zones, ridges, and more. They also encompass sites of archaeological or historical-cultural value, visual basins, among others.

## OTHER NON-PLANTED AREAS

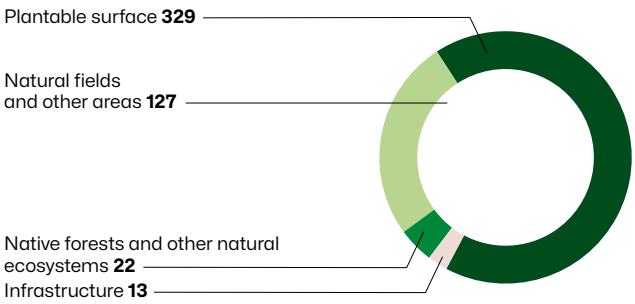
This category covers infrastructure zones (including roads and service areas), firebreaks, and other surrounding areas of plantations serving various functions.

Our team of supervisors continuously patrols and monitors operations, with one of their key responsibilities being the control and prevention of illegal or unauthorised activities.



Area by on ownership (Thousands of ha)		
Ownership	Total surface area	Plantable surface
Owned	317	189
Fomento Program (leases)	174	140
<b>Total</b>	<b>491</b>	<b>329</b>

Total surface distribution by use  
(Thousands of ha)



OUT OF THE LANDS  
OWNED BY UPM FORESTAL  
ORIENTAL

~60%

Areas intended for production



~40%

Areas intended for the conservation  
of species, cattle raising  
and infrastructure



# MAIN SPECIES FOR PLANTATION

*Eucalyptus grandis* and *E. dunnii* have shown superior adaptability to local conditions (such as soil types, frost risk, and drought). Their tolerance to the edaphic and climatic conditions of the region ensures healthy growth and robust plantations. Additionally, while other species are planted on a smaller scale in different areas, they are still included in the company’s operational plans.

Selecting tolerant and resistant genotypes is a priority within the Genetic Improvement Program. Plant materials that are more vulnerable to pests and diseases are discarded, and only those exhibiting greater resistance are commercially planted. These selected materials are continuously monitored throughout their growth and development stages, from nursery production to harvest.

We implement an integrated management of pests and forestry systems with the primary goal of minimising the use of chemical pesticides, ensuring their optimised application in alignment with the main objectives of the management plan.

**Forested Area  
by Species  
(Thousands of ha)**

## UPM Forestal Oriental’s health monitoring program has the following objectives:

- UPM Forestal Oriental’s health monitoring program has the following objectives
- To determine the incidence and progression of those pests and diseases already present in the country and region
- To test alternative control methods and evaluate their effectiveness, coordinating with relevant private and public entities when appropriate

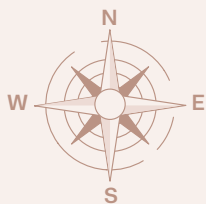
Continuous monitoring is conducted for damage caused by climatic factors such as frost, wind, fires, and drought.


The data collected is compiled into reports highlighting the main sanitary, climatic, and other issues affecting the plantations. These reports serve as an essential source of information for management decisions and the handling of affected areas.

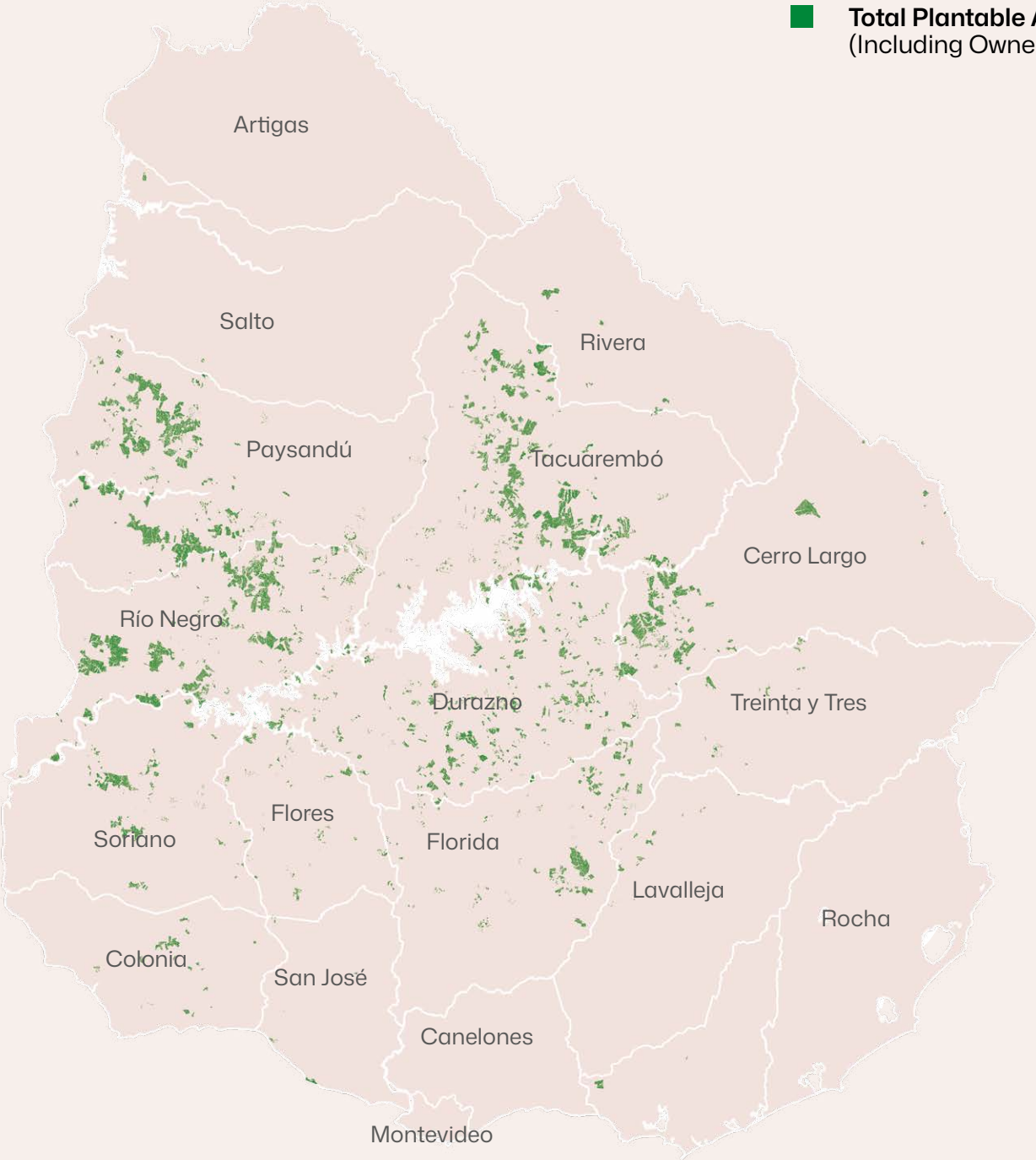
In 2024, replacement rates exceeded historical averages due to increased incidence of climatic factors—namely drought and frost—during planting phases, accounting for 54% of all replacements carried out.



Eucalyptus and Pines		Others	TOTAL
Owned	186	3	189
Fomento Program (leases)	139	-	139
TOTAL	326	3	329



 **Total Plantable Area**  
(Including Owned and Leased Land)





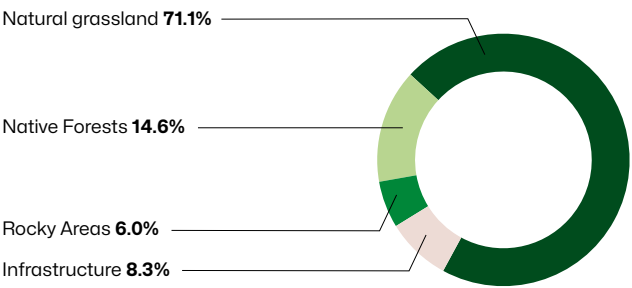
# ENVIRONMENT

## BIOLOGICAL DATA

### Environments

The natural environments of a region or site result from the interaction of various factors such as climate, geology, soil, flora, and vegetation, and they vary accordingly. To classify environments, the company employs a methodology based on satellite imagery, soil group data, and digital terrain models. These environments are categorised according to their degree of vulnerability, which facilitates effective management and conservation. Additionally, the internal and external connectivity between the most natural environments is analysed, alongside the location and size of the company's reserved areas.

**Distribution of the different environments  
in non-planted areas**





## GEOCLIMATIC DATA



### TEMPERATURE

Daily average:  
12°C to 25°C



### RAINFALL

Annual average: 1200 to 1500 mm  
depending on the area



### GEOLOGY

The plantations in the west coast are primarily located on the following geological formations: Guichón, Mercedes, Asencio, Salto and Fray Bentos. Meanwhile, those in the central-north area are situated on the Tacuarembó, Cuchilla del Ombú, San Gregorio, Melo, Yaguari, and Tres Islas formations.



### SOIL

The plantations fall mainly into the following groups and soil types according to the CONEAT classification (National Commission for the Agronomic Study of the Earth):

- 9.1 (*Argisols and Brunisols*)
- 9.3 (*Argisols, Planosols and Brunisols*)
- 09.3 (*Argisols and Planosols*)
- 7.32 (*Luvissols and Acrisols*)
- 2.12 (*Brunisols and Argisols*)
- 8.8 (*Luvissols and Acrisols*)



### HYDROLOGY

According to the current classification by predominant use (Decree 253/79), the watercourses within the company's forest management units correspond to class 3: "water intended for the preservation of fish in general and other water flora and fauna, or the irrigation of crops whose product is not consumed unprocessed or, in cases where it is consumed unprocessed, the irrigation system does not water the product."



# COMMUNITY RELATIONSHIP

At UPM Forestal Oriental we operate through five forest regions across 14 departments.



In line with our strategy and community engagement efforts, we have implemented initiatives centred on dialogue, impact management, and supporting development through the UPM Foundation.

The potential impact identified in local communities include timber transportation, road use, dust, and others. To address these, which are categorised by area and activity in a detailed matrix, we take specific actions evaluated on a case-by-case basis through direct communication with those affected. For example, with timber transport, we coordinate closely with local representatives, neighbours, and use radio announcements as needed. In addition, we also carry out specific actions as part of our Road Safety Program, further details of which are available in the Transport section.

Through our Social Monitoring program, we track the perceptions of both communities and employees. This analysis covers factors such as the local economic situation, forestry operations, environmental care, certification awareness, understanding and trust in the company, job satisfaction, income, safety measures, access to training, workplace environment, and certification processes. Monitoring is conducted every three years, with the next assessment planned for 2026.

## COMMUNITIES OF INFLUENCE

Our communities of influence are those connected to the company's operational activities. Each year, the list is reviewed and updated, with priorities set according to planned activities. The company works with these communities to prevent, mitigate, and address any impacts.

### SIZE

Communities of influence are classified according to the number of inhabitants:

85%

of our communities have less than 500 inhabitants

9%

have between 500 and 1,000 inhabitants

4%

have between 1,001 and 5,000 inhabitants

2%

have between 5,001 and 10,000 inhabitants

*Fray Bentos and Paso de los Toros are considered communities of influence that have more than 10,000 inhabitants*

### FORESTRY ACTIVITY NEARBY

This characterisation is updated annually according to forestry activities

**Permanent:** Neighbouring communities located near the company-managed lands and/or those frequently affected by operational activities.

**Temporary:** Communities close to operations for a limited period.

Ongoing engagement with local stakeholders, along with social monitoring, provides essential input for the development of our annual work plan and strategic decisions.

To support this, we carry out various activities, including:

### Meetings with stakeholders

Working groups with various stakeholders where concerns, needs, and development opportunities are shared

### Informative keynotes

Content varies according to the specific concerns of the communities

### Visits

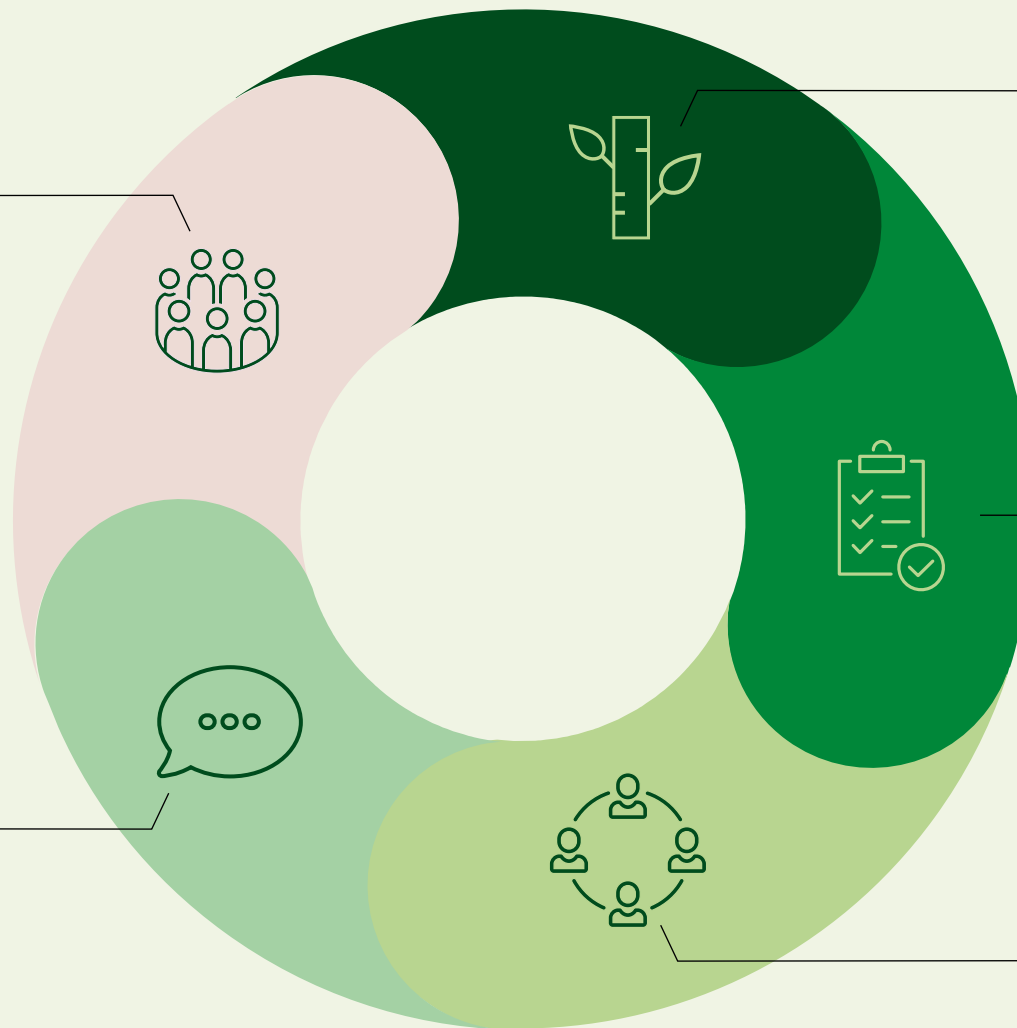
Tour of the company's forestry and industrial operations

### Social monitoring

Triennial studies that monitor the impacts and perceptions of communities near the company's operations

### Visits to neighbours

Engagement sessions with local communities to inform them about operational activities in the area and to gather any concerns





## Continuous communication with local communities

The active engagement and ongoing contact between the UPM Forestal Oriental team and the local population encourages open interaction and allows us to receive various concerns, complaints, comments, or suggestions. The company considers this feedback essential for the continuous improvement of the entire forestry supply chain. All complaints or suggestions received from different stakeholders regarding aspects of our operations are recorded as part of management monitoring, following established standards.

In 2024, 111 complaints were registered and classified into categories such as road conditions, dust, truck traffic, fence conditions, among others. Each concern was addressed individually, and follow-ups took place involving the relevant parties to reach satisfactory solutions. All reported cases have now been resolved. In addition to receiving feedback during field visits, people can submit their comments through our offices or various communication channels.

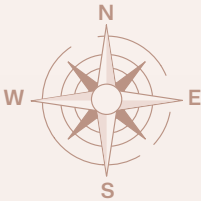


ACTIVITIES  
CARRIED OUT  
IN 2024:

539

COASTAL  
REGION  
Colonia,  
Paysandú,  
Río Negro,  
and Soriano

271



NORTH-CENTRAL  
REGION

Tacuarembó, Durazno,  
Cerro Largo, Flores, Florida,  
and Treinta y Tres

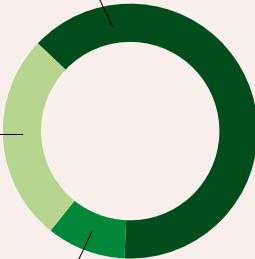
268

Activities with local  
communities

Community activities:  
visits to local residents,  
educational centres, biodiversity  
reserves, and nurseries **343**

Part of UPM  
Foundation **142**

Related to Dialogue:  
meetings with  
stakeholder groups,  
visits to operations **54**







## OPEN DOOR NURSERIES

In 2024, we continued to encourage visits from neighbours, workers' family members, educational centres, and community leaders to UPM's three nurseries: San Francisco in Paysandú, Santana in Guichón, and Sarandí del Yí. The main aim was to provide visitors with a firsthand understanding of the nurseries' operations and facilities. **More than 1,300 people took part** in these sessions, which proved to be highly enriching for everyone involved.



# UPM FOUNDATION

GROWING TOGETHER  
IN THE INTERIOR



FUNDACIÓN UPM

UPM Foundation was established in Fray Bentos over 15 years ago with the goal of supporting community development. As UPM's operations have grown, the Foundation has expanded and refined its vision to become a key instrument for strengthening communities over the long term.

To achieve this, the Foundation promotes projects and offers educational training scholarships in rural areas of the country. All projects are led by organisations recognised as leaders in their fields.

A board of five members meets every two months to evaluate new proposals and monitor the progress of ongoing projects.

## Proposal submissions

We welcome educational and community development proposals throughout the year. Interested individuals or institutions can submit their proposals by email to [fundacion@upm.com](mailto:fundacion@upm.com)

## Over 2,220 educators from rural areas have received scholarships from UPM Foundation

In recent years, the Foundation has awarded scholarships to more than 2,200 teachers from around 150 communities across the country for various training programs covering topics such as Management and Leadership, Inclusion, Socioemotional Skills, and Pedagogical Training.



## 2024 IMPACT

**22 PROJECTS IMPLEMENTED**  
IN COORDINATION WITH 16  
PARTNER ORGANIZATIONS:

**17**

EDUCATIONAL  
PROJECTS\*

**5**

COMMUNITY  
DEVELOPMENT  
PROJECTS

*\* Of the 22 projects carried out in 2024, some were implemented across both regions: coastal and Coastal and North-Central*

THROUGH THE PROJECTS  
IMPLEMENTED, **WE IMPACTED:**

**4,000**  
People

**+250**  
Institutions

**+120**  
Rural communities

## ON NEIGHBOURING COMMUNITIES CLOSE TO FORESTRY OPERATIONS

**17**  
**COMPLETED  
PROJECTS**

COASTAL  
REGION  
Colonia,  
Paysandú,  
Río Negro,  
and Soriano



**16**

**COMPLETED  
PROJECTS**

**NORTH-CENTRAL  
REGION**

Cerro Largo,  
Durazno, Flores, Florida  
Tacuarembó, and  
Treinta y Tres



# OUR TEAM

The development of people and their skills is fundamental to achieving UPM's objectives.

To support this, we implement tools to identify development needs within our human resources, taking into account economic, operational, and social sustainability. These tools are aimed at both our own employees and those of contracting companies, as well as residents from communities near our operations. We trust in our people and take pride in having a committed team full of energy and a positive spirit.

These qualities are reflected in every goal we set and in the care we put into everything we do. We are the ideal workplace for those who value continuous learning and want to work in a growing industry. We believe in innovation, an open mindset, and learning from others. That is why we constantly offer opportunities for both personal and professional development to our team.





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# EQUITY AND GENDER POLICIES

UPM Forestal Oriental operates under UPM's global equity and gender policies. In Uruguay, various actions and mechanisms are implemented to ensure equity and gender equality throughout all operations.

## Our Code of Conduct

This code encompasses our core values and ethical standards that guide our actions. It supports a stimulating work environment and helps us navigate the evolving business landscape. This forms the foundation for the success of our operations. A key part of our culture of integrity is ensuring employees feel comfortable raising any concerns, and trust that UPM will take appropriate action. We are all responsible for fostering this culture of integrity through everything we do and every decision we make. Each person must understand the Code of Conduct and use it as a compass to guide their daily work.

All employees participate regularly in Code of Conduct training because at UPM, every choice matters. Through our Code of Conduct, we promote an inclusive culture at work and do not tolerate discrimination based on race, age, nationality, gender, or sexual orientation.

At UPM Forestal Oriental, we strive to ensure team leadership is grounded in values such as diversity and inclusion. We see Diversity & Inclusion as a key tool to leverage differences

among individuals such as gender, age, race, sexual identity, thinking styles, experience, skills, and backgrounds, crucial in creating an environment that's conducive to better decision making. The most diverse and inclusive companies are better equipped to innovate and build workplaces where everyone feels included and can solve problems more quickly and flexibly, ensuring business success.

In 2024, we continued promoting workshops on topics such as diversity, inclusion, and workplace harassment.

## Our job opportunities are open to all

Job announcements explicitly include candidates registered in the National Registry of People with Disabilities (LAW 19.691), provided they meet the qualifications and suitability for the role.





## CREATING MORE OPPORTUNITIES FOR SMALL AND MEDIUM-SIZED COMPANIES

# 348

Uruguayan companies provided services  
in forestry operations

Assets **74**

Timber Transportation **56**

Nursery **50**

Contracted Harvesting **32**

Forestry **25**

Planning **23**

Road Maintenance **17**

IT **15**

Transportation **16**

Research & Development **10**

Environment **9**

Occupational Health & Safety **9**

Planning and Storage **8**

Quality **5**

Cargo **5**

Own Harvesting **3**

Fire Prevention & Control **3**

Headquarters & Facilities **2**

Certifications **1**

Finance **1**



# +4,900

People in the interior of the  
country are employed by these  
contracting companies

# 291

Field audits were conducted on  
contracting companies to verify labor,  
legal, certification, and safety aspects.  
After completion, each contractor  
received an audit report



## CREATING PERMANENT, QUALITY EMPLOYMENT IN THE THE COUNTRY

**+ 5,300**

People work throughout UPM's forestry supply chain in Uruguay

**95%**

Of our team live and work in various communities across the departments of Cerro Largo, Durazno, Paysandú, Río Negro, Soriano, and Tacuarembó

**430**

People were part of UPM's forestry team in 2024

**38**

New employees joined our team in 2024

**52%**

Of the income generated in 2024 came from female employees



# SAFETY AS A CORE VALUE

UPM's **strategic vision** reaffirms its commitment to occupational health and safety across all operations.



Through leadership, active involvement, and visible support from senior management on safety matters, combined with the commitment of every employee, UPM strengthens safety as a core value in every process.

The focus is on raising awareness on safety among both our own employees and contractors, fostering a sense of belonging, encouraging teamwork and commitment, and recognising employees and companies for outstanding safety performance.

Occupational health and safety are effectively managed by strengthening communication and building strong capabilities between UPM and its contractors. This approach has enabled notable levels of performance throughout all operations. Continuous improvement is a fundamental pillar in UPM's processes.

To this end, the management system is regularly updated and enhanced, developing preventative safety tools including operational standards, risk assessments, safety rounds, and safety meetings, which enable operations to be conducted at the highest safety standards and with excellent accident rates.

# SAFETY

TASKS COMPLETED IN 2024

**+3,200**

Safety rounds conducted throughout all forestry operations

**+1,000**

Participants in various training sessions, including safety standards, safety academy, safety leadership, safe handling of phytosanitary products, total preventive safety observation training, and road safety talks for transport fleet drivers

**100%**

Of transport companies audited

**+50**

Safety audits performed on contractor companies

**3**

Safety meetings held with company directors and safety technicians

**3**

Safety bulletins issued with relevant information for all units, shared with company personnel and contractors

# OCCUPATIONAL SAFETY

We work in Occupational Health, a multidisciplinary field focused on controlling risks and reducing work-related illnesses and accidents.

ACTIVITIES CARRIED OUT IN 2024:

**+450**

People working in nurseries and the Forestry Research Centre were trained in evacuation and emergency plans

**+350**

Nursery and harvesting frontline workers attended talks on workplace ergonomics

**+130**

UPM employees received flu vaccinations as part of our Annual Vaccination Plan

**+100**

UPM employees participated in first aid training sessions



## 2024 MILESTONES

1

Year without time-lost accidents in the **asset management** process

1

Year without time-lost accidents in **own-harvest fronts**

3

Years without time-lost accidents at the **San Francisco Nursery** and **Sarandí del Yí Nursery**

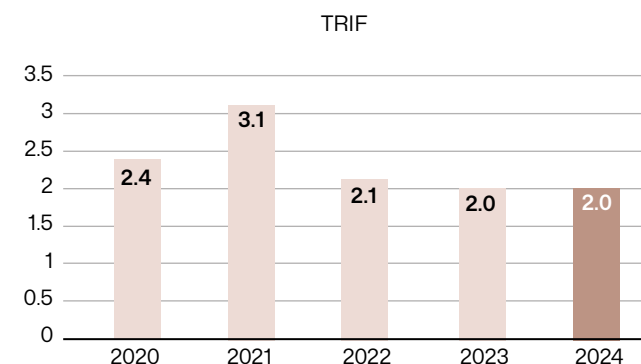
20

Companies were awarded for their performance in relation to **Health & Safety**



## WORK-RELATED **INCIDENTS** REGISTERED IN UPM FORESTAL ORIENTAL AND CONTRACTING COMPANIES:

At UPM we use the TRIF indicator (Total Recordable Incident Frequency) to be able to continue working proactively in time-lost accident prevention



TRIF (Total Recordable Incident Frequency) is the global rate of registered incidents involving those who require medical treatment, modified tasks, or loss time incidents.

According to the ISO 45,001 standard, an incident is “an event that happens because of work or during work and that could or does result in injury and ill health.”

$$\text{TRIF} = \frac{\text{Modified Tasks} + \text{Medical Treatment} + \text{Loss Time Incidents}}{\text{Hours worked}} \times 1.000.000$$

\* Frequency of recordable incidents (total)



# FIRE SAFETY: A PERMANENT COMMITMENT

UPM continues to strengthen its commitment to fire safety, focusing on prevention, detection, suppression, and the use of data analysis to support informed decision-making. This work is carried out in close coordination with the relevant authorities and the wider forestry sector through the Society of Forestry Producers (SFP).

Each year, regulatory frameworks and any changes are reviewed to ensure compliance. In 2024, the firebreak and pruning management plan was updated to align with Law 20.238 (December 2023), with a focus on maintaining firebreaks that required mechanical clearing and/or pruning, as well as those managed through controlled grazing. In addition, UPM supported 57 inspections carried out by the Forestry Directorate of the Ministry of Livestock, Agriculture and Fisheries.



## Objectives

- **Protecting** the company's assets
- **Managing** all aspects of fire protection
- **Coordinating** fire response operations
- **Analysing** fire events and monitoring affected areas

## Work areas

- **Prevention** 
- **Detection** 
- **Firefighting** 
- **Information analysis** 

## Annual activity plan

- **This involves** UPM employees, contractors, local communities, and coordination with the competent authority: the National Fire Department
- **Activities** include training sessions, drills, simulations, and other fire prevention and response actions



## PREVENTION

**Prevention** begins at the plantation design stage

**We maintain firebreaks and safety zones**, and manage potential fuel loads through grazing activities

**We run awareness campaigns** in local media across the country's interior

**We provide training** to our own teams and that of contractors

**We have a coordination and monitoring team** in place to regulate activities that could pose a fire risk. Thanks to the planning and decisions made by this group, operations were able to continue even on days classified as VERY HIGH risk during the fire season



### WE HAVE AN ANNUAL TRAINING PLAN COVERING TOPICS SUCH AS:

- Wildfire suppression
- Use of heavy machinery in forest fires
- Investigation of fire origins and causes
- Training for fire truck drivers
- Incident command system
- Training for middle management in forest fire response
- Talks for beekeepers on fire prevention
- Use of Firechief and fire-monitoring drones

**In 2024, we ran a range of training sessions, with attendance up 30% compared to 2023.** More than 1,000 people took part, including UPM employees, staff from contracting companies, local beekeepers, and community representatives from nearby areas.



## DETECTION

Detection tasks are carried out as part of the **Forest Fire Protection Operation (FFPO)** coordinated by the **Society of Forest Producers (SFP)**, in collaboration with other companies in the sector. At UPM, we also have a support team specialising in Planning and IT to handle mapping, systems, and functionalities related to the SFP's Fire Management System and those of the companies involved.

THE SFP'S FIRE PROTECTION OPERATIVE HAS:

60

Detection and monitoring cameras with artificial intelligence for smoke detection

3

Heliborne Brigades with response services

3

Combat planes specially fitted for fighting forest fires

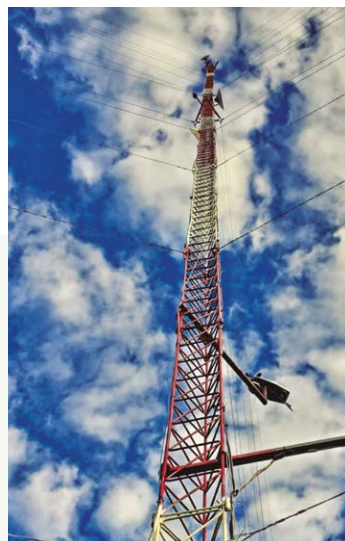
3

Detection aircraft routes, with three daily flights depending on the risk of fires

2

Air coordination aircrafts to handle direction, coordination, and logistics on combat aircraft supply runways

All this equipment is managed from a **Monitoring and Dispatch Centre** located in Durazno







## FIREFIGHTING

**Every season, we improve the availability and deployment of firefighting equipment and resources to ensure a swift response to forest fires and other threats to company property.** To enhance our emergency response capabilities and reduce reaction times, we conduct regular drills that help identify areas for improvement and corrective actions, while also fostering team spirit during fire incidents. In 2024, we focused on strengthening our aerial response with firefighting and coordination aircraft, as well as upgrading support infrastructure, including runways equipped with water storage for these resources.

OUR TEAM, ALONGSIDE CONTRACTORS' PERSONNEL, RECEIVED ANNUAL TRAINING ON THE USE OF EQUIPMENT, INCLUDING:

105

Light attack units  
with a 400-litre  
capacity

47

Warehouses with  
personal firefighting  
tools and materials

29

First-response tankers  
with capacities between  
1,500 and 2,000 litres

17

Support tankers  
ranging from 3,000  
to 10,000 litres

14

Wildland pumps

1

Firefighting equipment  
with a 10,000-litre capacity  
for tackling fires in  
hard-to-reach locations

We also use a mobile app to automatically dispatch firefighting resources, which helps improve record-keeping and supports better analysis for decision-making.













## UPM as a partner in the SFP Forest Fire Protection Operation

**UPM Forestal Oriental actively participates in the Forest Fire Protection Operation run by the Society of Forest Producers (SFP), which includes most of the country's forestry companies.**

The Monitoring and Dispatch Centre operates year-round,

while three helitack brigades are deployed during the fire season from December through March. Additional shared resources, such as firefighting aircrafts and water tankers, are also mobilised as needed based on the risk level.

1

**PROTECTING THE ASSETS OF PARTNER COMPANIES, FOCUSING ON PREVENTION, DETECTION, AND SUPPRESSION OF FOREST FIRES**



2

**ALL ACTIVITIES AND OPERATIONS ARE COORDINATED WITH THE NATIONAL FIRE DEPARTMENT AND RELEVANT AUTHORITIES**



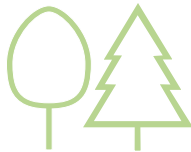
3

**THE PROGRAM OPERATES YEAR-ROUND**



4

**IN 2024, NEARLY 90% OF THE COUNTRY'S FOREST PLANTATIONS WERE PROTECTED BY THIS INITIATIVE**



5

**UPM FORESTAL ORIENTAL CONTRIBUTES 330,634 HECTARES OF BOTH OWNED AND LEASED LAND TO THE PROGRAM**



6

**A MEDIA CAMPAIGN IS RUN TO ENCOURAGE PREVENTATIVE BEHAVIOURS, EMPHASISING THE PROHIBITION OF FIELD BURNING AND SHARING EMERGENCY CONTACT NUMBERS**

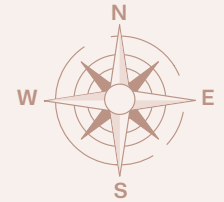


7

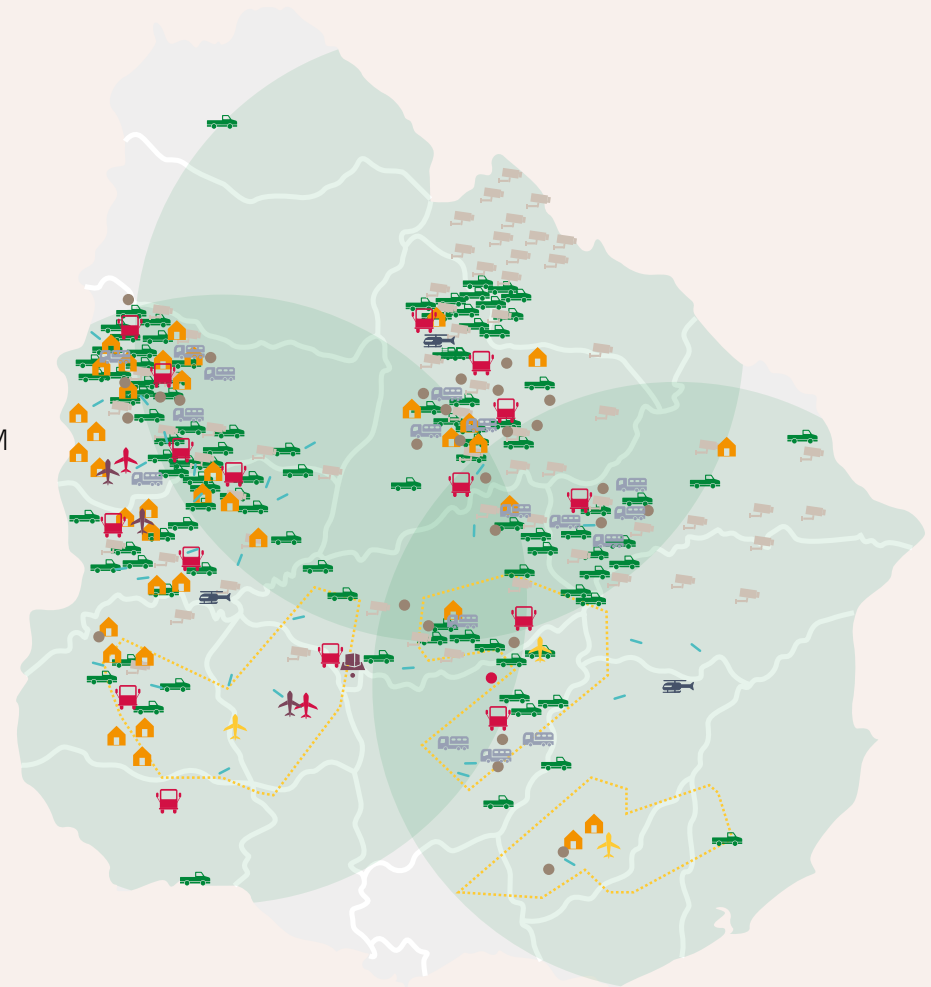
**THE EMERGENCY PHONE LINE 098-BOSQUE (098 267 783) IS PROMOTED, ALLOWING THE PUBLIC TO REPORT FIRES OR SMOKE SIGHTINGS BY SUBMITTING PHOTOS AND LOCATION DETAILS. ALERTS AND FIREFIGHTING RESPONSES ARE THEN PROMPTLY ACTIVATED AS NEEDED**



## LOCATION OF UPM FORESTAL ORIENTAL AND FPS' RESOURCES FOR FIGHTING AND DETECTING FOREST FIRES



-  **105** LIGHT ATTACK UNITS / UPM
-  **60** DETECTION AND MONITORING CAMERAS / SPF
-  **47** WAREHOUSES WITH FIREFIGHTING TOOLS AND MATERIALS / UPM
-  **29** LIGHT ATTACK WATER TANKERS / UPM
-  **28** AIR SUPPORT RUNWAYS EQUIPPED WITH WATER FOR AERIAL FIREFIGHTING
-  **17** SUPPORT TANKERS FOR EXTENDED FIREFIGHTING OPERATIONS / UPM
-  **14** FOREST FIRE ENGINES / UPM
-  **3** DETECTION FLIGHT ROUTES / SPF
-  **3** HELITACK BRIGADES / SPF
-  **3** FIREFIGHTING AIRCRAFT / SPF
-  **2** COORDINATION AIRCRAFT / SPF
-  **1** HEAVY FIREFIGHTING UNIT FOR HARD-TO-ACCESS AREAS "FIREFIGHTING" / UPM
-  MONITORING AND DISPATCH CENTRE IN DURAZNO / SPF
- NETWORK OF WATER POINTS MAPPED AND ACCESSIBLE VIA MOBILE DEVICES



# PRODUCTION PROCESS

## 1 PLANNING

Assessment of land to be forested, definition of road layout, and designation of conservation areas. All these activities are carried out with environmental conservation in mind

## 3 NURSERIES

Production of seedlings from seeds or through vegetative propagation

## 4 FORESTRY

Planting in areas defined by the planning and environmental teams

## 5 HARVESTING

Specialised forestry machinery cuts, prunes, debarks, and sections the trees, leaving them by the roadside ready for transport

## 7 CARGO AND TRANSPORTATION

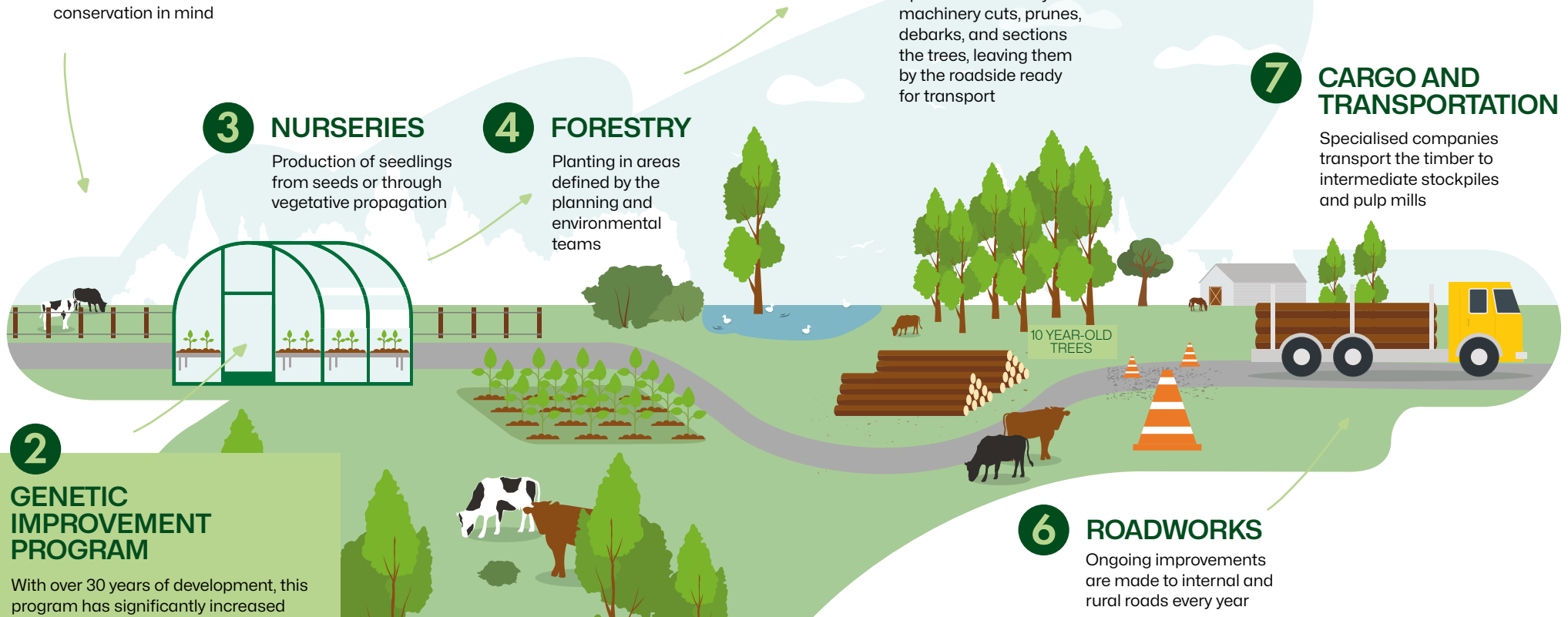
Specialised companies transport the timber to intermediate stockpiles and pulp mills

## 2 GENETIC IMPROVEMENT PROGRAM

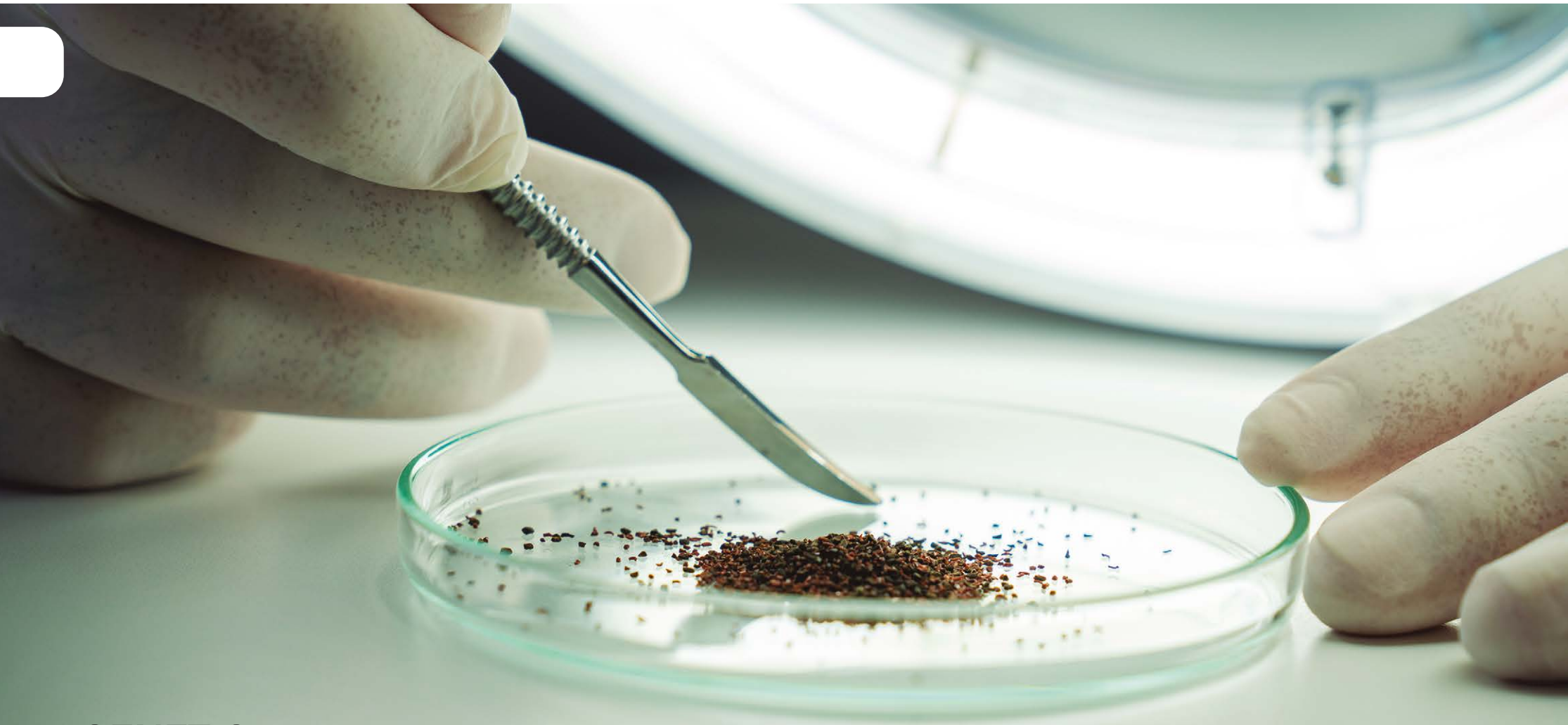
With over 30 years of development, this program has significantly increased the amount of pulp obtained per hectare of plantation

## 6 ROADWORKS

Ongoing improvements are made to internal and rural roads every year







## GENETIC IMPROVEMENT PROGRAM

The goal of the program is to develop and provide the company and its Associated Producers with improved genetic material that adds value across the entire production chain. The strategy is based on the annual evaluation of thousands of trees, selecting those with

increased productivity. These are then propagated through vegetative cloning to maximise genetic gains and ensure plantation uniformity. No genetically modified organisms (GMOs) are used in this program. The main species used as a genetic base

are *Eucalyptus grandis*, *Eucalyptus dunnii*, and their hybrids. Other minority species such as *E. globulus*, *E. maidenii*, and *E. benthamii* are also used to improve pulp productivity, reduce wood costs, and enhance adaptability to different site conditions.





# NURSERIES

UPM's three nurseries have an annual production capacity of over 40 million clonal eucalyptus plants. They are equipped with state-of-the-art technology, including next-generation greenhouses, computerised climate control, and high-precision irrigation systems. In 2024, more than 70% of the plants met the highest quality standards, and over 80% reached the target height range.

IN 2024

**40M**

Plants shipped





## FORESTRY

To ensure a sustainable supply of wood, it's essential to maintain a stable forest base with the right match between species and site conditions. UPM Forestal Oriental uses cutting-edge machinery to simplify operations and improve efficiency across its forestry processes. The main species grown are *Eucalyptus grandis*, *E. dunnii*, and their hybrids. Other species, including *E. globulus*, *E. maidenii* and *E. benthamii*, are also used in breeding programs to boost pulp yield and improve adaptability across different growing environments.

# 100%

Of activities are monitored  
by GPS

## 26k ha

Planted



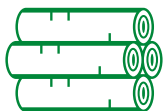
## 22k ha

Of plantations



## 4k ha

Of resprouts



# HARVESTING

UPM Forestal Oriental has a rigorous and detailed harvesting plan, designed to efficiently meet the demand and operational needs of its industrial plants located in Fray Bentos and Paso de los Toros. This planning process takes into account a range of strategic factors, including the species planted, the age structure of each plantation, and growth curves among others.

In addition, the specific characteristics of the areas to be harvested are carefully assessed to consider the presence of flora or fauna with special conservation status and the proximity to rivers or watercourses, in order to ensure environmentally responsible management.

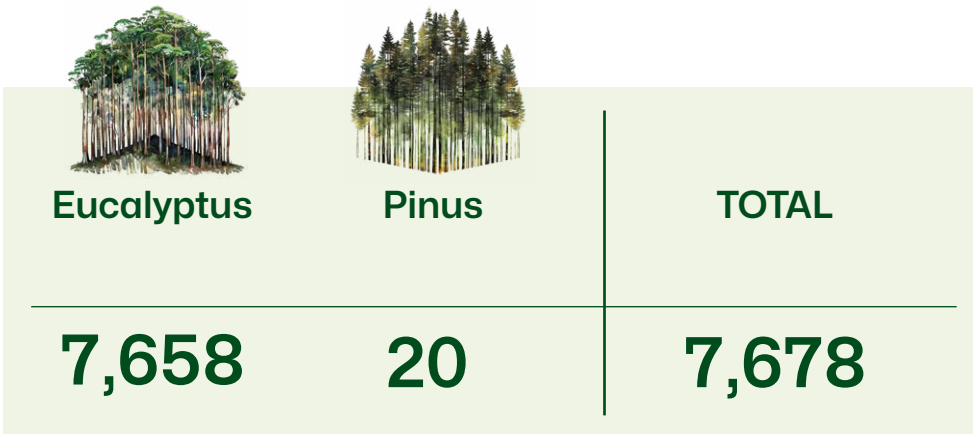
To carry out these operations, the company manages three of its own harvesting fronts and collaborates with nineteen contractor-run teams, all of which use fully mechanised harvesting systems. UPM Forestal Oriental fosters a culture of continuous improvement, aimed at enhancing productive efficiency, strengthening competitiveness, and ensuring safe working conditions for everyone involved.

Operations are continuously monitored to ensure compliance with environmental standards, as well as to minimise waste generation, and prevent damage to other timber, non-timber products, and ecosystem services. The period between harvesting and replanting is tracked monthly. In 2024, the area temporarily left without any plantations accounted for just 2.2% of the total productive land, a figure that demonstrates UPM Forestal Oriental’s commitment to sustainability and responsible forest management.



Average yield (m³/ha)	Coastal Region	Northern Region	South Central Region
E.grandis	24-32	26-34	22-28
E.dunnii	20-28	24-30	22-26
E.maidenii	15-20	16-20	16-20
E.globulus	07-12	07-11	11-16
E.viminalis	20-28	15-20	18-24
Pinus sp.	12-16	15-20	12-18
E.tereticornis/E.camaldulensis	10-14	11-15	8-12
Benthamii	22-28	24	22-26

## Total harvest (thousands of m³)







## TRANSPORTATION

Supplying timber from forestry operations to the pulp mills requires detailed planning and coordination among all parties involved. For its transportation, UPM contracts specialised transport companies that use both semi-trailer trucks and tritrains. These vehicles have a specific configuration that allows them to carry more tonnes per trip while minimising the impact on the roads. This approach reduces the number of journeys needed and helps lower carbon emissions.



IN 2024

**68M**

Kilometres travelled in timber supply operations to UPM Fray Bentos and UPM Paso de los Toros

**700**

Trucks on average entered UPM Fray Bentos and UPM Paso de los Toros daily

**+430**

Trucks transported timber

**39**

Forestry transport companies involved

# ROAD SAFETY PROGRAM FOR TIMBER TRANSPORTATION

Our program promotes responsible driving, safety, and awareness of traffic regulations. It is aimed at all employees of forestry transport companies, rural communities, public and private institutions, as well as UPM staff.

## Initiatives led by UPM



### Transport Unit Scoring System

The aim is to correct drivers' driving habits. Each unit begins the month with a maximum score. As they deviate from complying with traffic regulations or work standards defined by UPM Forestal Oriental, points are deducted. In some cases, units may be temporarily suspended from receiving new assignments



### GPS tracking

Speed checks, convoy event tracking and route zone monitoring



### Psychotechnical evaluations

Behind-the-Wheel (BTW) driving courses and on-road monitoring



### Quarterly road safety sessions for drivers



### Unit checklist inspections



### Inspections, incident reports and monthly road safety guidance provided by the Accident Prevention Centre (APC)



### Biannual meetings with transport companies



### Quarterly safety bulletins



### 24-hour "How Am I Driving?" hotline (4562 7710)



### Accident and fire response drills



### Monitoring of convoy-related incidents





IN 2024

100%

Of transport companies were audited under the Road Safety Management System (RSMS), based on ISO 39001 standards

+10,000

On-road assessments carried out to evaluate the operational behaviour of the forestry transport fleet

+5,000

Checklists completed to assess various components of the fleet

+3,500

Drivers attended road safety briefings

1,200

Psychotechnical tests completed

900

Behind-the-Wheel (BTW) driving assessments conducted





# ROADS

IN 2024

**+10M**

Invested in the construction of over 700 km of roads on both company-owned and third-party land used for the production of timber to supply the mills

**+900**

Kilometres of public rural roads maintained and upgraded in coordination with local government authorities



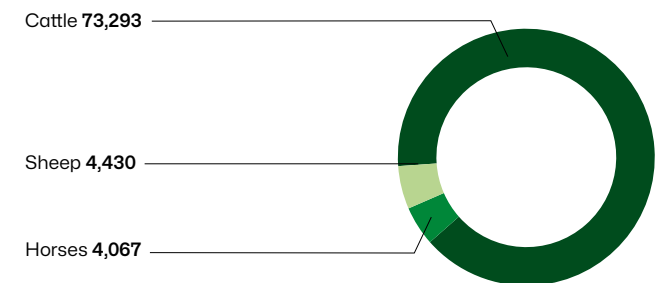
# COMPLEMENTARY FORESTRY PRODUCTS

To make full use of eucalyptus plantations, UPM Forestal Oriental promotes the multiple use of resources in coordination with nearby communities.

## GRAZING

These activities are carried out by third parties and allow traditional production practices to be integrated with forestry. Producers make productive use of the pasture, shade, and shelter provided by the forested areas.

### Types of livestock (headcount)



**+550**

Uruguayan rural producers

**+100,000 ha**

Under third-party grazing

**181 ha**

On average per producer



## BEEKEEPING

Institutions and independent beekeepers from across the country manage hives within UPM's sustainably managed forest plantations—an ideal, certified environment for this activity thanks to the eucalyptus flowering season. All beekeepers harvesting honey on UPM land are required to follow the Good Beekeeping Practices set by the Ministry of Livestock, Agriculture and Fisheries (MLAF). By professionalising their operations, beekeepers are able to maximise the productive potential of the land and increase their yields. This collaborative approach aims to promote community development and strengthen local institutions through active participation in beekeeping. These same institutions are responsible for coordinating and assigning hive locations within UPM Forestal Oriental plantations.

### Participating local institutions:

- CALAGUI Cooperativa Agraria Ltda.
- COAPIKOL
- Cooperativa Agraria Ltda. Apicultores de Young
- Cooperativa Agraria Sierras del Olimar (CASDO)
- Cooperativa Apícola Conchillas (C.A.C.)
- Liga del Trabajo de Molles (Molles Labour League)
- Sociedad Agraria del Yí Ltda.
- Sociedad de Fomento de Apicultores de Tacuarembó (Tacuarembó Beekeeping Promotion Society)
- Sociedad de Fomento Rural Chacras de Porongos (Chacras de Porongos Promotion Society)
- Sociedad de Fomento Rural de Nuevo Berlín (Nuevo Berlín Rural Development Society)



130

Beekeepers

69,608 ha

Available

15,577 Production units

On company owned fields



## MUSHROOM HARVESTING

UPM allows local residents near its plantations to collect mushrooms during autumn and spring. The company has a system in place to identify and train harvesters, as well as to keep a record of their activities. This system ensures that mushroom gathering is carried out safely and in an organised manner, while also providing local producers with an additional source of income.



# FOMENTO FORESTRY PROGRAM





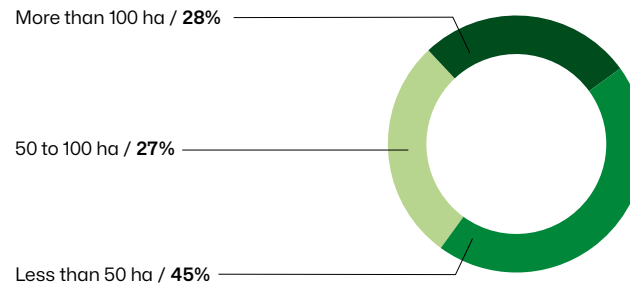
Since 2005, the Fomento Forestry Program has grown alongside rural producers across the country aiming to share our knowledge and experience with them, and to provide access to the most suitable technology and genetics for a successful and harmonious integration of forestry within their farms.

Through this partnership, producers gain an additional tool for diversifying their income, while also benefiting from the services that forestry provides to the wider agricultural operation, primarily offering shade and shelter for livestock.

Each forestry project is assessed individually, with the goal of designing plantations that meet both the producers' needs and our own, complying with national environmental regulations, maintaining high-quality standards, and aligning with the international certifications that distinguish us.

Our objective is to contribute significantly to the supply of timber for the Fray Bentos and Paso de los Toros mills, sourced from producers associated with UPM's Fomento Forestry Program.

#### Agreements by the size of the Associated Producer's land



#### Institutions with complementary, cooperation and / or production agreements:

- Asociación Civil Servicio Mutuo de Bienestar Social de Funcionarios y ex Funcionarios IMM (Mutual Service of Social Welfare for employees and former employees of Montevideo's Municipal Administration)
- Asociación Rural de Soriano (Soriano Rural Association)
- Caja de Jubilaciones y Pensiones Bancarias (Bank retirement and pension fund)
- Caja de Jubilaciones y Pensiones de Profesionales Universitarios (Bank retirement and pension fund for university professionals)
- Caja Notarial de Seguridad Social (Social Security Notarial Savings Bank)
- Federación Uruguaya de los Grupos Crea (FUCREA) (Uruguayan Federation of Crea Groups)
- Sociedad Fomento de Flores (Flores Development Partnership)
- Unión Rural de Flores (Flores Rural Union)

# +900

Associated producers

# 167k ha

Suitable for planting

# 139k ha

Lease development

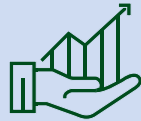
# 28k ha

Partnership development



### Higher yields

Access to high-potential genetic material adapted to each site



### Added value

Support with forest certification under FSC® and PEFC standards, promoting environmental, social, and economic benefits



### Social impact

Through Sinergia Forestal initiatives, rural educational institutions receive educational materials



### Security

Guaranteed purchase of all timber produced



### Profitability

Ensured through income diversification and stability



### Priority

Access to livestock grazing on the Producer's unplanted areas within UPM Forestal Oriental, helping maintain livestock numbers and benefiting from the shade and shelter provided by the forests



+400

Associated Producers visited  
UPM Paso de los Toros

In 2024, we invited our Associated Producers and their families to get a firsthand look at the main destination of the timber from their plantations: UPM's plant in Paso de los Toros. Over the course of 10 days, we welcomed more than 400 producers from various regions across the country, helping them gain an in-depth understanding of the pulp production process through hands-on experience.

The tour began at the control centre, where our technical team gave an informative briefing.

Producers then visited the wood yard, the chipping area, and the drying and packaging zones, exploring every stage of the production process. The visit concluded at the train loading area, where they saw cellulose-filled wagons heading to the port terminal in Montevideo.

These visits were not only a chance to strengthen our relationship with the producers but also an opportunity to share the commitment and excellence that define our operations.





# RESPONSIBLE ENVIRONMENTAL MANAGEMENT

UPM Forestal Oriental is committed to respecting both people and the environment in an integrated manner, fostering long-term relationships with local communities that are built on mutual benefit. We are committed to maintaining exemplary environmental performance throughout all our operations and making a meaningful contribution to biodiversity conservation.

We continuously manage the environmental aspects of our activities, which serve as the foundation for setting annual goals and developing detailed environmental programs, complete with measures, timelines, and assigned responsibilities. Progress towards these objectives is regularly monitored to ensure we stay on track.





## Objectives

Our key strategic environmental objectives are:

1

**ENSURE PRACTICES  
MAXIMISE POSITIVE  
IMPACTS WHILE MINIMISING  
NEGATIVE ENVIRONMENTAL EFFECTS**



2

**GUARANTEE COMPLIANCE  
WITH ALL ENVIRONMENTAL  
REQUIREMENTS**



3

**CONTRIBUTE TO THE  
CONSERVATION OF  
SENSITIVE HABITATS  
AND BIODIVERSITY**



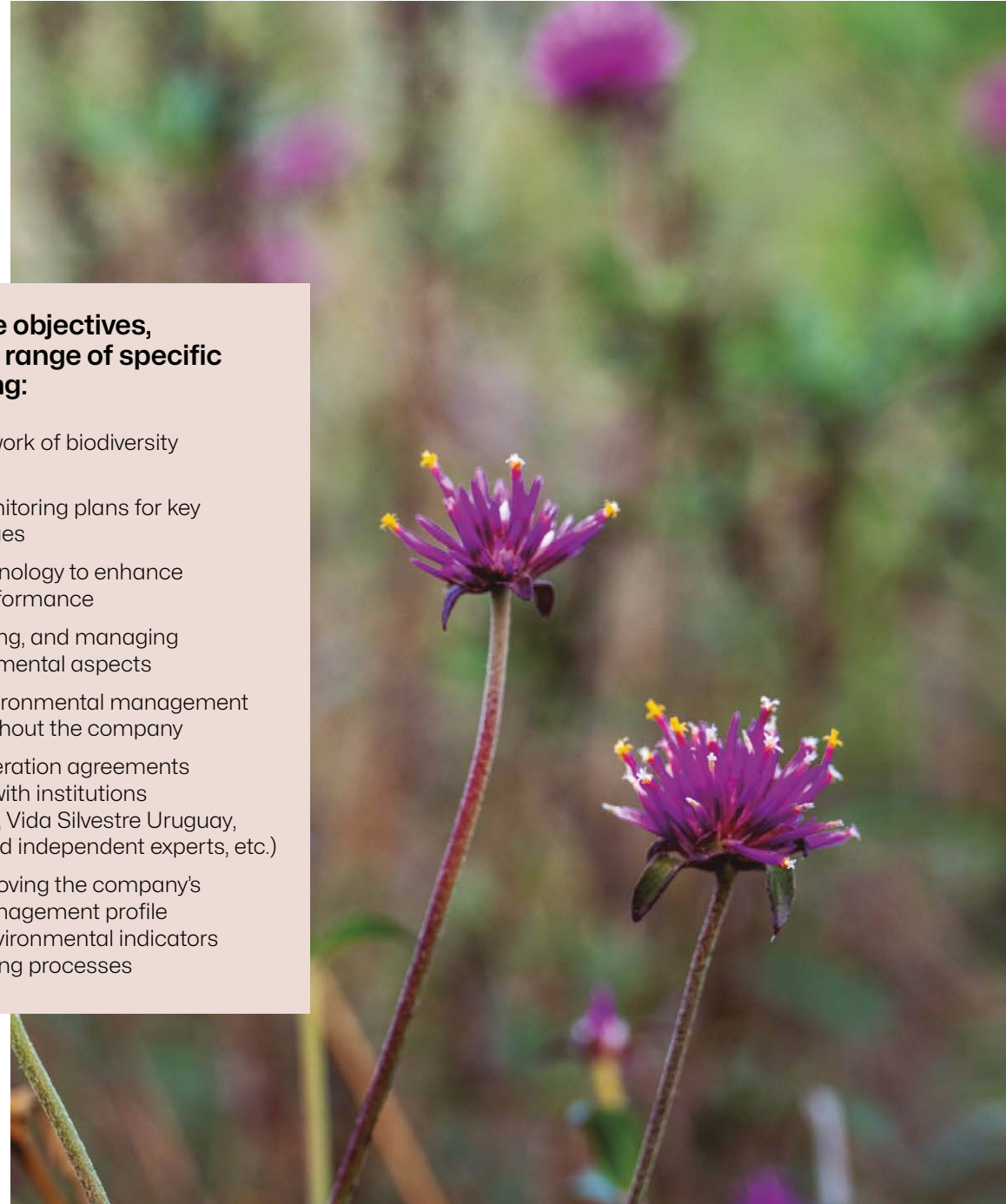
4

**MAINTAIN THE COMPANY'S  
LEADERSHIP IN ENVIRONMENTAL  
MANAGEMENT AT A NATIONAL LEVEL**



**To achieve these objectives,  
we implement a range of specific  
actions, including:**

- Maintaining a network of biodiversity reserves
- Implementing monitoring plans for key environmental values
- Incorporating technology to enhance environmental performance
- Identifying, analysing, and managing significant environmental aspects
- Strengthening environmental management capabilities throughout the company
- Establishing cooperation agreements and partnerships with institutions (UDELAR, CENUR, Vida Silvestre Uruguay, IPEF-PROMAB, and independent experts, etc.)
- Continuously improving the company's environmental management profile and integrating environmental indicators into decision-making processes





## HOW WE WORK

Prior to the start of activities, we conduct a thorough environmental and social assessment of the area, which includes evaluating key environmental and social values both within the management units and in surrounding areas that could potentially be affected by forestry activities.

These assessments are conducted with the appropriate level of depth and frequency to identify possible impacts, both positive and negative, as well as immediate and long-term, of our management practices. They cover everything from the stand level to the broader landscape and involve culturally appropriate engagement with interested and affected communities.

We then plan and implement effective measures to prevent negative impacts from management activities on environmental and social values, as well as to mitigate any adverse effects that do occur, proportionate to their scale, intensity, and likelihood of occurrence, including those resulting from potential natural disasters.

### The main significant environmental aspects of our operations include:



The **physical presence** of the plantation



Soil preparation **activities**



**Use of chemical** products



**Generation** of solid waste



**Emissions of** particulate matter during operations



**Transportation**

Based on our evaluations, we develop work programs and procedures that outline best operational practices. These include measures for preventing, mitigating, and offsetting potential negative impacts. The documents take into account legal and corporate requirements, as well as the main standards and certification frameworks. For activities with higher potential impact, we carry out detailed site-level microplanning.

To ensure environmental standards are met across operations, we implement continuous and proactive operational monitoring. This

involves tracking activities to assess alignment with planned processes, work methods, and available resources, as well as identifying deviations and implementing corrective actions. This approach allows us to evaluate how well our operations comply with established standards.

In particular, environmental rounds are a key internal management tool. They are conducted to verify compliance with standards during operations. Throughout these rounds, we proactively record any potential non-conformities or opportunities for improvement.





IN 2024

**70,195**

Hectares of natural areas under conservation managed by UPM

**+ 5,000**

Participants from UPM and contractor teams took part in training sessions on topics such as biodiversity, conservation area management, waste management, spill prevention and control, chemical use, best operational practices, certification, safe work practices, and workers' rights and responsibilities

**+4,300**

Hectares where control measures for Invasive Exotic Woody Species (IEWS) were implemented

**160**

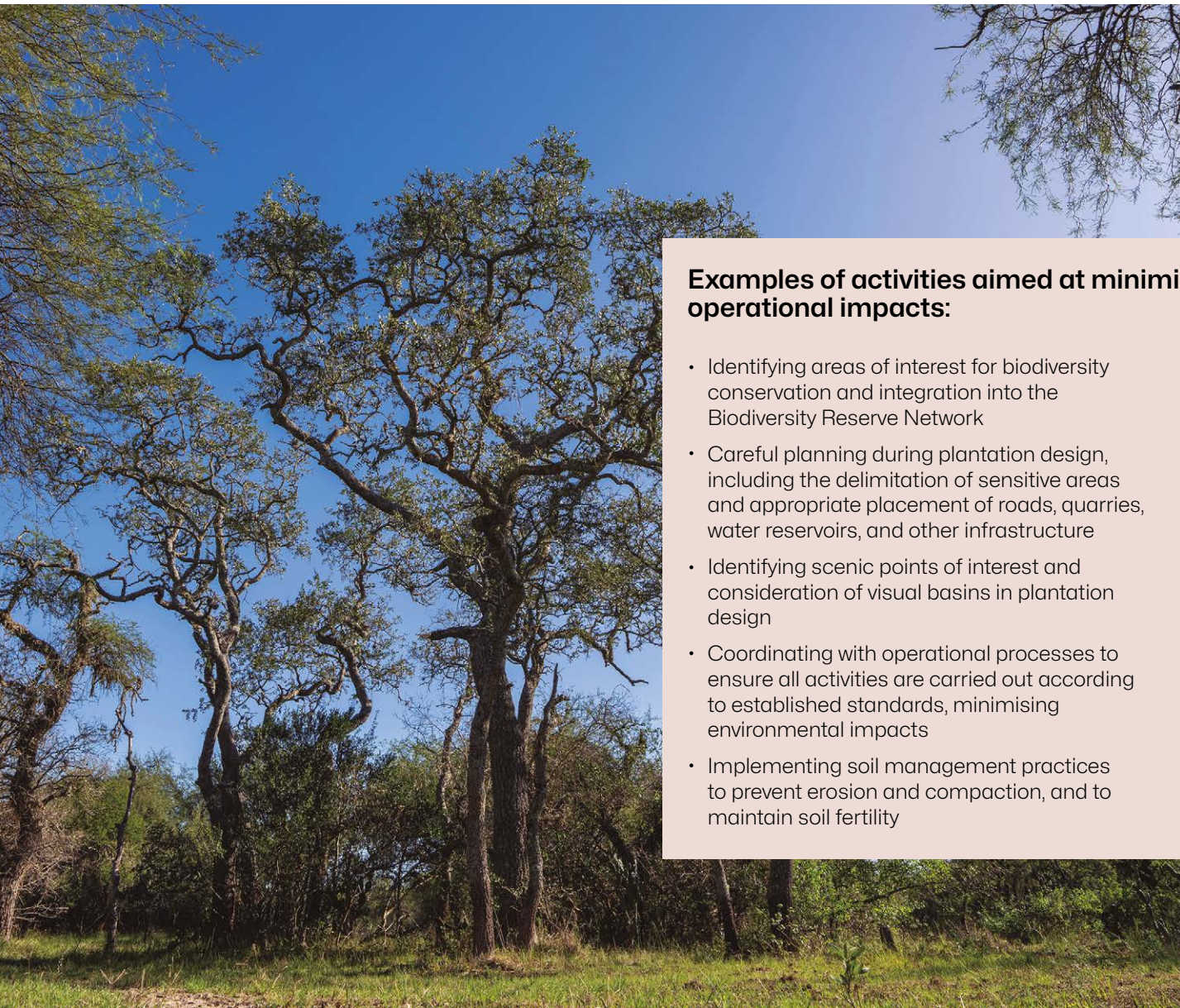
Environmental rounds were carried out to verify compliance with environmental requirements across operations



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# ENVIRONMENTAL PROTECTION MEASURES TO PREVENT AND MITIGATE NEGATIVE IMPACT

We carry out site-specific assessments to evaluate the potential environmental impacts of forestry operations. When considered significant, these evaluations are formally documented.



## Examples of activities aimed at minimising potential operational impacts:

- Identifying areas of interest for biodiversity conservation and integration into the Biodiversity Reserve Network
- Careful planning during plantation design, including the delimitation of sensitive areas and appropriate placement of roads, quarries, water reservoirs, and other infrastructure
- Identifying scenic points of interest and consideration of visual basins in plantation design
- Coordinating with operational processes to ensure all activities are carried out according to established standards, minimising environmental impacts
- Implementing soil management practices to prevent erosion and compaction, and to maintain soil fertility
- Minimising traffic in sensitive areas such as drainage channels, lowlands, streams, wetlands, and wildlife habitats
- Cleaning of machinery, clothing, and other equipment only in designated areas
- Implementing spill prevention and control procedures
- Waste management through specialised companies authorised by relevant government agencies
- Reducing the time between harvest and replanting to protect potentially affected environmental values, particularly soil resources
- Responsible use of approved agrochemicals and fertilisers



# ENVIRONMENTAL VALUES

## SOIL

The soil monitoring program covers the main CONEAT (National Commission for the Agronomic Study of the Land) groups and, within them, the most relevant soil types. Each year, new monitoring sites are added to ensure all groups and types are represented. At each site, samples are taken from both a planted area and an adjacent unplanted area

for comparison. Every five years, or twice per forestry cycle, each monitoring site is reassessed.

By the end of 2024, the soil monitoring program included over 100 paired sampling sites, with more than 70 of them having undergone two or more measurement cycles.

IN 2024

# +100

Paired sampling sites, with more than 70 having undergone two or more measurement cycles.

Results indicate that soils under forestry use show some variations in certain chemical properties over time. However, these changes do not lead to environmental impacts and can be easily reversed through conventional agronomic practices.

Similar changes in soil chemical properties have also been observed in areas under agricultural use.

**Plantations are primarily established on land classified as having “high suitability for forestry”. Since 2010, we have implemented a soil monitoring program with the following main objectives:**

- Identify potential changes in the physical and chemical properties of soils resulting from changes in the use of the land
- Assess the need for corrective measures to ensure long-term environmental and productive sustainability
- Use the resulting data as a tool to support the ongoing review and improvement of operational procedures





## WATER RESOURCES



The objective of the hydrological monitoring program is to gather data and quantify the influence of forest plantations on water dynamics, while also assessing the hydrological cycle and water quality to support long-term resource management and conservation.

The program's results indicate that mature forest plantations make efficient use of water, with consumption slightly higher than the land's previous use (mainly natural grasslands), but always within positive numbers (more rainfall than water use). As a result, the availability of water for other uses remains unaffected.

No significant changes have been detected in the monitored water indicators, even as forest cover increased in the watersheds studied, regardless of whether forest cover was low, medium or high. Overall, the results remain within the acceptable limits set by Decree No. 253/979 on water pollution control.

No measurable amounts of agrochemicals were found in the analysed samples. The detection limit refers to the smallest amount that can be reliably and accurately measured with the method used, which reinforces the reliability of the results.



## HYDROLOGICAL MONITORING ACTIVITIES: SUMMARY OF ONGOING PROJECTS

Project	Objective	Location	Start date	Period
Study on Even Basins*	Understand the impact of eucalyptus plantations on water balance at both local and regional levels, as well as on surface water quality	"La Nueva Esperanza" estate (near Paso de los Mellizos, Río Negro) and "El Viraró" estate (near Los Cuadrados, Tacuarembó)	"La Nueva Esperanza" 2007-2010: calibration. 2011: Planting and monitoring  "El Viraró" 2011-2015: calibration. 2016: Planting and monitoring	Long-term project (20 years)
Water Quality in Surface Flows	Evaluate changes in the physical and chemical properties of watercourses located within the area of influence of eucalyptus plantations	9 sub-basins 11 watercourses (rivers, streams, and creeks) 29 monitoring points	2011: Begin monitoring on five Order 3 basins  2018: Adaptation as required by DINACEA in the Environmental Management Plans for Forestal Oriental plantations, adding more monitoring points	Long-term project (20 years)
Water Quality and Suitability for Use	Assess water quality in facilities with wells used for human consumption and classify it according to its suitability for different uses	All wells located on UPM Forestal Oriental-managed properties	2010: Begin systematic monitoring	Annual indicator
Water monitoring on the Santana Nursery sphere of influence	Establish a baseline of water quality before nursery construction and monitor changes over time	3 monitoring points in creeks that flow into the Santana Stream 4 points in the Santana Stream 2 piezometers for groundwater monitoring on the nursery site	2011: Baseline established; monitoring began for Santana Stream and piezometers  2012: Ongoing monitoring began	Long-term project (20 years)
Water monitoring on the San Francisco Nursery sphere of influence	Monitoring of treated wastewater discharge into surface water	5 sampling points, including 2 in the San Francisco Stream	2016: Monitoring began	Long-term project (20 years)
Water monitoring on the Sarandí del Yí Nursery sphere of influence	Establish a baseline of water quality before nursery construction and monitor changes over time.	4 monitoring points: one in a tributary ravine, one at the dam outlet, and two in the Yí River	2020/2021: Baseline characterization  2022: Monitoring began	Long-term project (20 years)

\* Even basins are part of a joint research program between Universidad de la República (Fing/IMFIA and FAgro), the National Agency for Research and Innovation (ANII) and companies Montes del Plata and Forestal Atlántico Sur. Assistance is received from external specialists from Instituto de Pesquisas Florestais (IPEF) within the framework of the "Environmental Monitoring Program for Microbasins" (PROMAB).





# ENVIRONMENT AND BIODIVERSITY



**Biodiversity conservation is a key component of our environmental management strategy.** When developing our operations, we consider four core dimensions:

- MANAGEMENT OF DIVERSE LANDSCAPES WITH MULTIPLE ECOSYSTEMS**
- IDENTIFICATION AND CONSERVATION OF VALUABLE HABITATS**
- IDENTIFICATION AND CONSERVATION OF PRIORITY FLORA AND FAUNA SPECIES PARTICULARLY THOSE NOT REPRESENTED IN THE NATIONAL SYSTEM OF PROTECTED AREAS (NSPA)**
- CONTROL OF THE INVASION OF NATURAL ECOSYSTEMS BY EXOTIC SPECIES, ESPECIALLY WOODY SPECIES, TO PRESERVE THE ENVIRONMENTAL VALUE OF THESE ECOSYSTEMS**



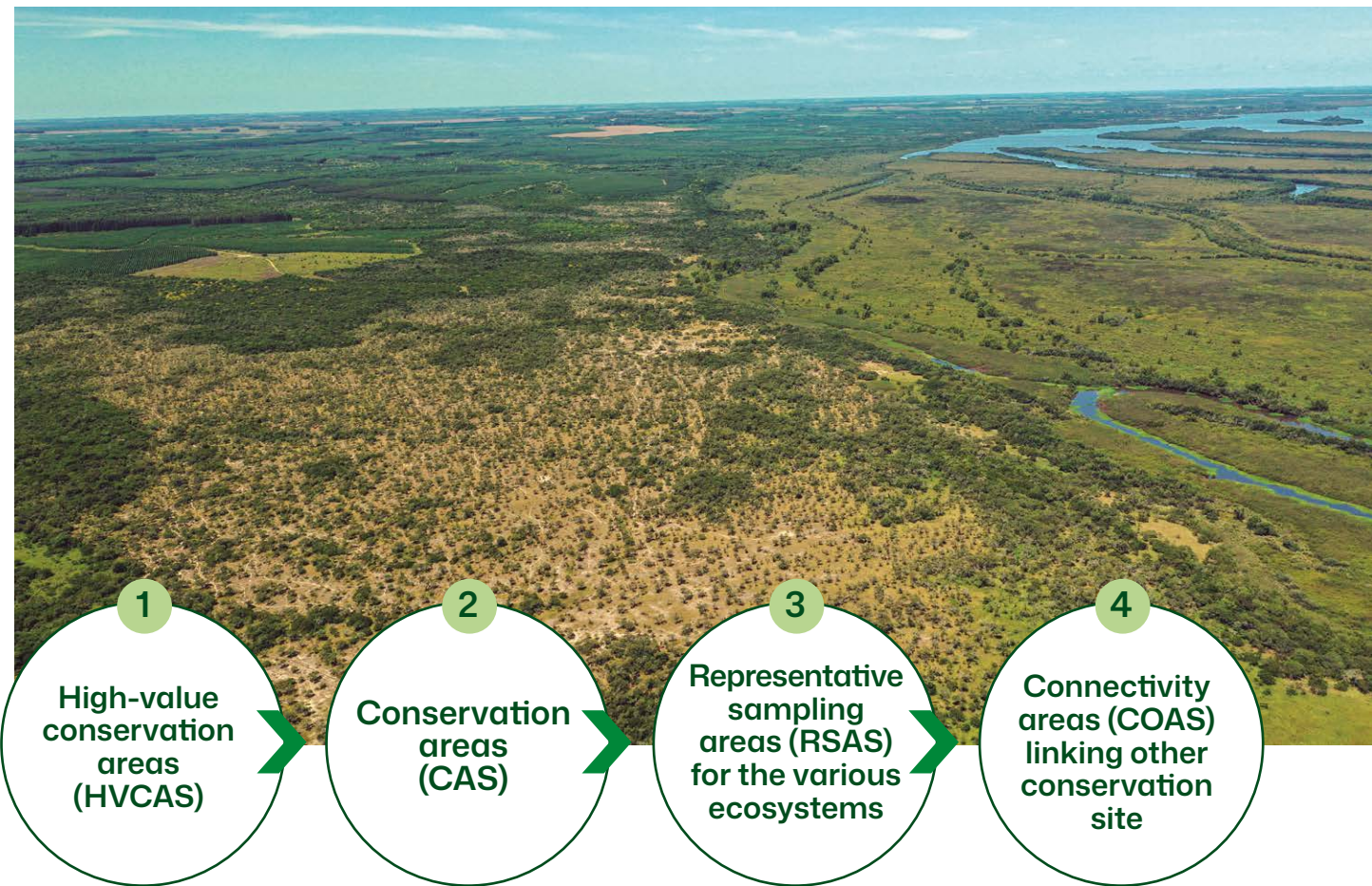
## Biodiversity Conservation

The Network of Biodiversity Reserve Areas—which includes High Conservation Value Areas and Conservation Areas—makes a significant contribution to preserving biodiversity across landscapes, ecosystems, and species. We have internal standards and work guidelines in place to protect native species and ecosystems, especially those that are threatened or at risk.



## NATURAL PROTECTED AREAS

Based on their characteristics, we classify non-planted areas set aside to conservation into four categories



Since 1991, UPM Forestal Oriental has identified areas that require protection due to their environmental value. We regularly update this list as new eco-regions fall within the company's area of influence.

Within this Network of Biodiversity Reserve Areas, we have established clear and measurable management targets both for the network as a whole and for each individual site. This has led to significant contributions to biodiversity conservation in Uruguay.



## UPM FORESTAL ORIENTAL HAS **37 RESERVE AREAS**

Of these, 35 are primarily focused on biodiversity conservation (Biodiversity Reserves), while the remaining two protect palaeontological and historical-cultural values.

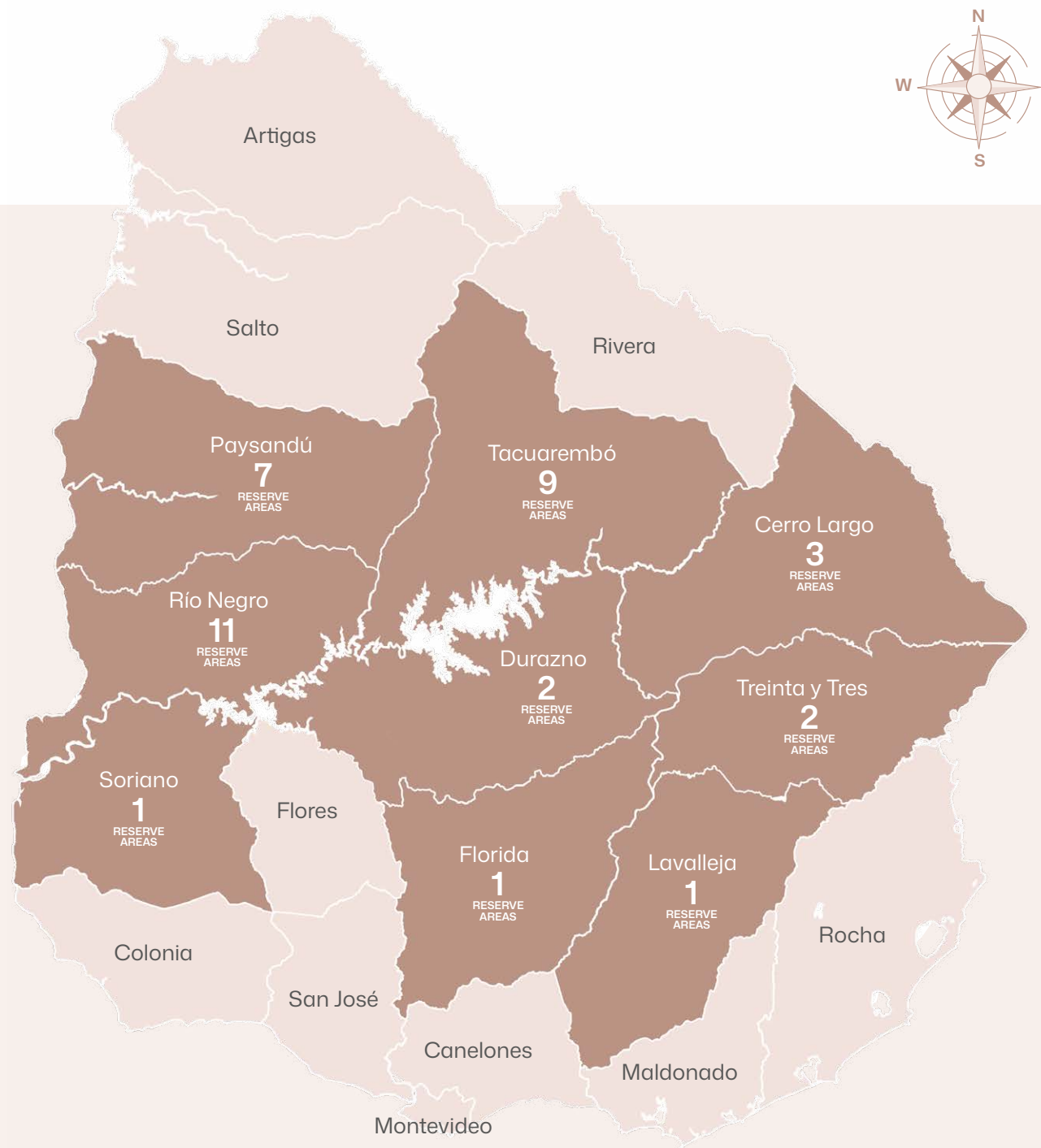
Preserved natural areas	
Category	TOTAL (ha)
HVCA	7,424
CA	7,566
RSA	8,354
COA	46,852
<b>Total</b>	<b>70,195</b>

**HVCA:** High-value conservation areas

**CA:** Conservation areas

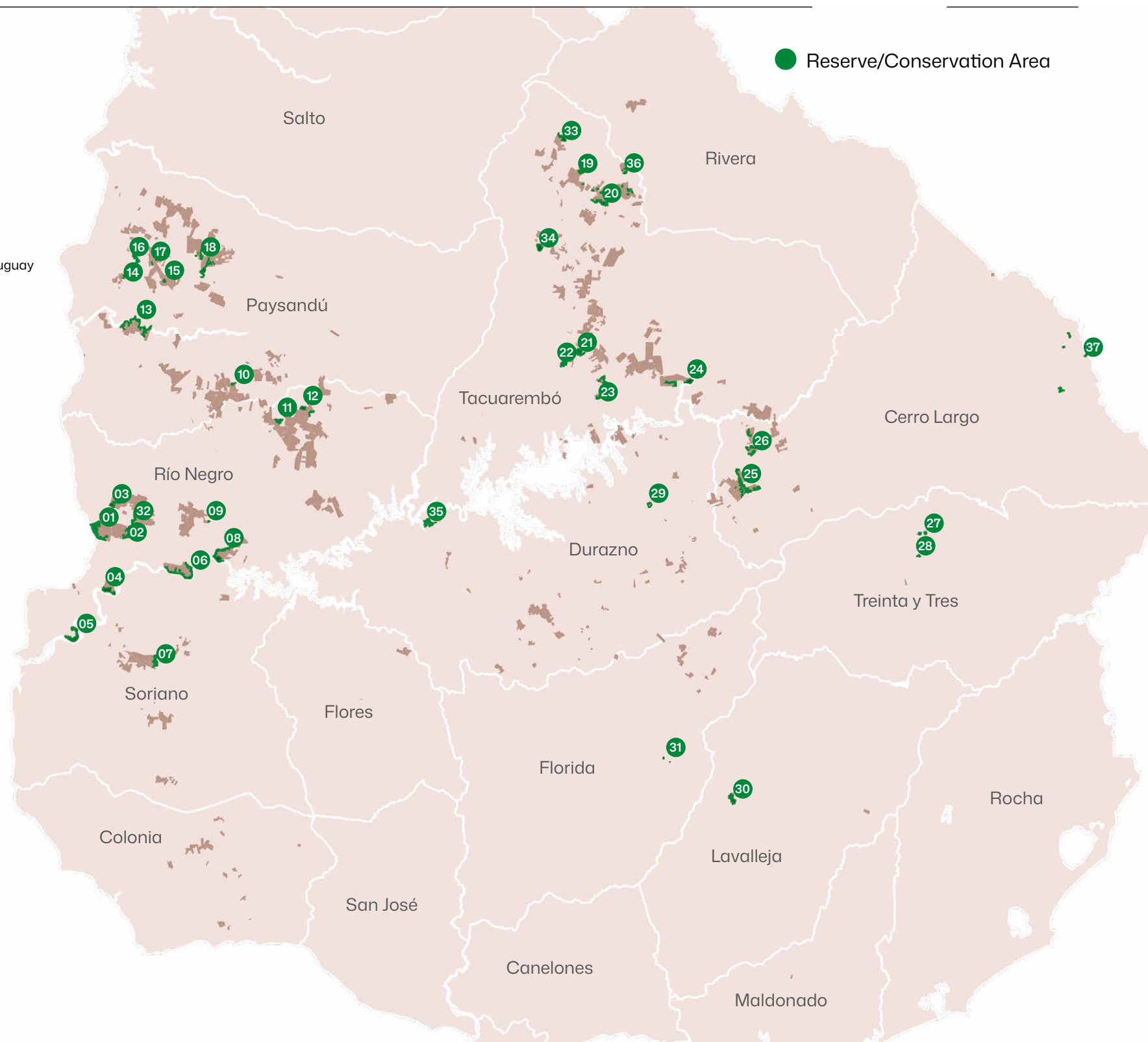
**RSA:** Representative sampling areas

**COA:** Connectivity areas



## RESERVE AREAS

01. Esteros y Algarrobales del Río Uruguay
02. Mafalda Este
03. El Rosario
04. Barrancas Negras
05. El Cerro
06. Bloque Jabali
07. Coquimbo
08. La Trinidad
09. Viraroes
10. El Refugio
11. Las Tunas
12. El Ombú
13. El Retiro
14. El Pucará
15. Santa Carolina
16. Chasicó
17. El Carretón
18. San Pedro
19. El Retorno 2
20. Cerro Agudo
21. Arroyo Malo
22. El Alero III
23. Lambaré
24. La Rinconada
25. La Palma
26. Peñarrosa
27. Quiebrayugos 2
28. Quiebrayugos
29. Palmares de las Cañas
30. Los Gauchos
31. CJPP-Arteaga
32. Coladeras
33. El Tala 2
34. Porto Veloso
35. El Cencerro
36. La Corona/La Tuna
37. Sierra de los Ríos





## BIODIVERSITY CONSERVATION

We have been conducting biodiversity surveys across various forests since the start of our operations. We have established specific indicators for Areas of High Conservation Value (AHCVs), which are assessed annually in line with FSC® requirements.

Since 2019, indicators required by environmental authorities have also been included to evaluate the condition of the ecosystems.



IN 2024

WE IDENTIFIED

172

Spider species

80

Fish species

12

Mollusc species



## IN 2024

In 2024 we developed and validated a set of indicators to measure how effectively we manage biodiversity and to set clear targets. The table presents the indicators, how they are evaluated, the targets, and their current status.

Biodiversity Indicators – Uruguay			
Indicators	Objectives	Metrics	2024
Conservation areas on UPM-owned land	Ensure conservation areas cover at least 20% of UPM-owned land	% of conservation area relative to total UPM-owned land	19.6%
Endemic and threatened species	Maintain or improve populations of endemic and threatened species	Change in number of endemic and threatened species recorded over the last 5 consecutive years / Total number of endemic and threatened species recorded since 1992	2.8%
Control of invasive exotic woody species	Reduce active area of invasive exotic woody species by 8% annually	Change in active area of invasive exotic woody species between the start and end of the year	-
Coverage of UPM's biodiversity reserve network	Cover at least 85% of landscape units within UPM-owned land	Percentage of landscape units within UPM-owned land included in the biodiversity reserve network	75%
Conservation status index of High Conservation Value Areas (HCVAs)	Maintain an average conservation status index above 0.75	Average conservation status index of High Conservation Value Areas	0.82

### First Fish Survey in El Retiro HVC Area

As part of our partnership with the Regional University Center in West Coast we conducted the first fish survey in the High Conservation Value (HVC) area El Retiro, located on the left bank of the Queguay River.

Over the course of two survey campaigns, 70 fish species were recorded – representing almost 70% of the species known to inhabit the Queguay River basin. Notably, **four species were identified for the first time in the basin: *Schizodon borellii*, *Diapoma pampeana*, *Hoplias missionera*, and *Hypostomus spiniger***. These remarkable results are attributed to the diversity of habitats found in the area, including Queguay's tributary streams, lagoons, and the river channel, as well as the overall good condition of these ecosystems.

### We launched a pilot project to use environmental DNA as a tool for biodiversity monitoring

In partnership with the Clemente Estable Institute of Biological Research, we've begun a pilot project exploring the use of environmental DNA (eDNA) as a biodiversity monitoring tool. This technique involves collecting water and sediment samples, isolating the DNA present, and analysing it to identify the organisms living in the environment. This is the first time this technique has been applied in protected areas in Uruguay and marks a significant contribution to the country's scientific development. For many species, genomic sequences are still unknown and this project will help generate that data. So far, the project has recorded: 62 taxonomic units of macroinvertebrates, 8 species of amphibians, 48 taxa (distinct species), including 24 that had not previously been recorded in the protected area. The first field survey also confirmed the presence of a new fish species for Uruguay's fauna: *Megaleporinus piavussu* (Boga).

### We carried out the second non-annual fish survey in Esteros y Algarrobales del Río Uruguay

Led by researchers from the Fluvial Ecology Unit of local state university (CENUR-UDELAR), the survey was conducted in Arroyo Amarillo, a stream within the protected area. The findings confirmed Arroyo Amarillo is a highly diverse fish habitat, with several species recorded there for the first time.



# FAUNA

Through field surveys, we identify the wildlife species present on company land. Tetrapods from four groups have been recorded: amphibians, reptiles, birds, and mammals. Notably, sightings include the Southern Tamandua and the Margay.



IN UPM FORESTAL ORIENTAL LAND WE HAVE IDENTIFIED:

64%

Of tetrapod species detected in Uruguay have been found in UPM land

75%

Of species flagged as priority for conservation in HVCS\*, excluding marine species

## Tetrapod species identified



Non-marine birds



Terrestrial mammals



Amphibians

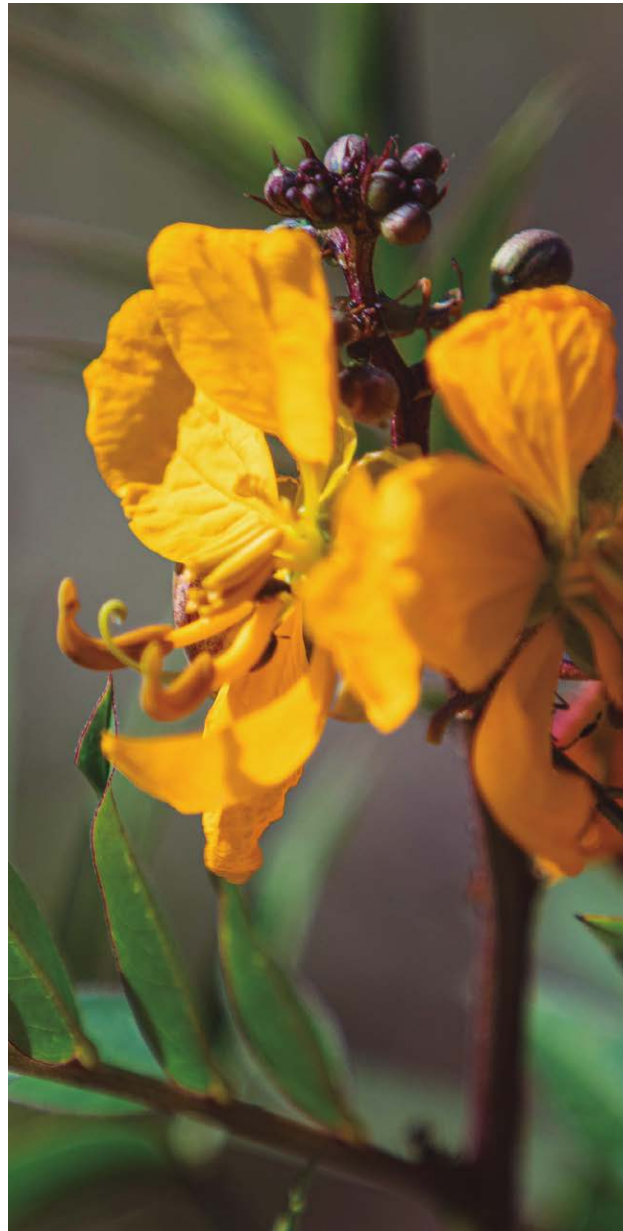
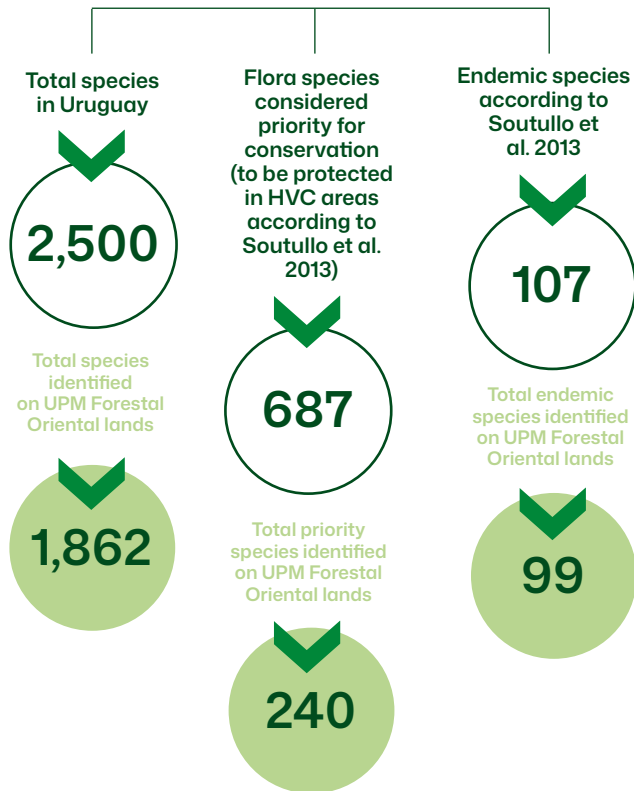


Reptiles

	Non-marine birds	Terrestrial mammals	Amphibians	Reptiles	TOTAL
Total in Uruguay	410	89	47	72	618
Total in UPM Forestal Oriental land	273	49	36	37	395

# FLORA

## NATIVE FLORA SPECIES



ON UPM FORESTAL ORIENTAL LANDS,  
THE FOLLOWING HAS BEEN IDENTIFIED:

**74%**

Of Uruguay's native plant species

**33%**

Of the flora species considered a priority for conservation

**33**

Plant species were recorded for the first time in Uruguay on UPM's lands, increasing the country's known plant diversity. Among these are *Chloraea bella* (Orchidaceae), *Conyza lorentzii* (Asteraceae), *Leptochloa chloridiformis* (Poaceae), and *Ipheion tweedianum* (Alliaceae). A new species to science was also discovered on the property: *Antiphytum charruasorum* (Boraginaceae).

Over the past five years, 65% of Uruguay's native flora species have been detected, highlighting the effectiveness of conservation efforts on these lands.



## CONSERVATION AND HIGH-VALUE ECOLOGICAL ATTRIBUTES OF RESERVE AREAS AND THE MEASURES TAKEN TO MANAGE THEM

High-value conservation areas					
Departament	Name	Area (ha)	Conservation attributes	Area Type (ha)	Examples of implemented management measures
Cerro Largo	Peñarrosa	282	Swampy forests, flora species prioritised for conservation	HVCAS I and III	Flora monitoring and surveys
	Sierra de los Ríos	227	Ravine vegetation, rocky natural grasslands, and species prioritised for conservation	HVCAS I and III	Flora monitoring; adjustment of plantation buffer zones near native forests
Durazno	Palmares de las Cañas	63	Swampy forests, populations of species newly recorded for Uruguay ( <i>Screptidium</i> sp.)	HVCAS III	Grazing management. Monitoring of endemic species Monitoring the regeneration of pre-existing invasive species
Florida	Arteaga	5	Site of cultural historical interest: traditional farmhouse and Puente de las Cadenas (Chain Bridge)	HVCAS VI	Park maintenance and conservation of native species
Paysandú	El Retiro	1,031	Ecosystems similar to neighbouring Protected Areas or nationally/regional significant sites (native forests, natural grasslands, rocky outcrops). Conservation of <i>Sporophila</i> spp. (seedeaters) and <i>Xolmis dominicanus</i> (White Monjita) in tall grasslands. High scenic value and priority species for conservation	HVCAS III	Control of exotic species. Flora monitoring in grasslands and native forests
Río Negro	Barrancas Negras	589	Scenic landscape conservation; key habitats for threatened birds ( <i>Sporophila cinnamomea</i> ) and endemic rodents ( <i>Ctenomys rionegrensis</i> ); priority flora and fauna	HVCAS III	Monitoring and control of invasive woody species (notably <i>Gleditsia triacanthos</i> ). Flora and fauna surveys
	El Cerro	950	Wetlands, native forests, areas of interest for threatened birds and rodents	HVCAS II	Control of illegal activities and livestock pressure. Flora monitoring
	El Jabalí	865	Rich in animal and plant species. Diversity of priority species for conservation.	HVCAS I	Monitoring flora and fauna. Control of invasive woody species (IWSS). Anti-poaching measures. Grazing management
	Esteros y Algarrobales del Río Uruguay (former Mafalda)	1,550	Part of the Esteros de Farrapos Ramsar site (wetlands). Native forest (riverside and Chaco Park). Diversity of flora and fauna. Diversity of priority species for conservation	HVCAS I and III	Flora monitoring. Control of poaching and illegal activities, including improvement of perimeter fencing. Restoration of degraded habitats (grazing management, monitoring of flora and fauna). Educational and recreational activities including public use of the area (nature trail). Control of invasive woody species (IWSS). Establishing rotational grazing across different environments

High-value conservation areas					
Departament	Name	Area (ha)	Conservation attributes	Area Type (ha)	Examples of implemented management measures
Tacuarembó	El Alero III	277	Critically endangered endemic species, scenic value	HVCAS III	Grazing management. Monitoring of endemic species Increased connectivity of natural environments
	El Retorno II	174	Sandstone cornices and flat-top hills. Forests. Populations of endemic and threatened species	HVCAS III	Control of IWES, especially pine. Increasing connectivity of natural areas through removal of old pine stands
	La Rinconada	649	Continental dunes and their surrounding areas. Priority flora and fauna species. Native grass	HVCAS III	IWES control (mainly pine), Flora and fauna monitoring using camera traps. Flora and fauna monitoring
	El Tala II	393	Population of priority species for conservation Representative ecosystems associated with grasslands	HVCAS III	IWES control and removal of pre-existing pine stands on flat-topped hills. Grazing management
	Porto Veloso	429	Population of priority species for conservation Ecosystems representative of the landscape unit Grasslands with flat-topped hills. Sites of historical and cultural interest	HVCAS VI and III	Grazing management. Flora and fauna monitoring Control of invasive species. Evaluation of potential visitor trails and historical significance
	La Corona /La Tuna	163	Ravine and cliff-edge forests, home to priority conservation species	HVCAS I&III	Invasive species control. Flora monitoring. Adjusting distance of pre-existing plantations from native forest
Treinta y Tres	La Corona	163	Ravine and cliff-edge forests, home to priority conservation species	HVCAS I&III	Invasive species control. Flora monitoring. Adjusting distance of pre-existing plantations from native forests
	Quiebrayugos II	82	High diversity of flora and fauna, including endangered and endemic species. Habitat of the Straight-billed Reedhaunter ( <i>Limnortyx rectirostris</i> ), a threatened bird species	HVCAS III	Conservation of the threatened bird species Straight billed reedhaunter ( <i>Limnortyx rectirostris</i> ) and its habitat, <i>Eryngium pandanifolium</i> . Flora and fauna monitoring



Conservation areas			
Departament	Name	Area (ha)	Conservation attributes
Cerro Largo	La Palma	1,072	Threatened grasslands and prairies, native forests
Durazno	El Cencerro	309	Natural grasslands
Lavalleja	Los Gauchos	612	Serrano forest, rocky native grasslands, priority flora and fauna species
Paysandú	Chasicó	279	Regenerating populations of <i>Butia yatay</i> palm groves
	El Pucará and El Carretón III	45	Special management sites for the conservation of capuchin seedeaters ( <i>Sporophila cinnamomea</i> ) and newly described species ( <i>Antiphytum charruasorum</i> )
	El Refugio	45	Ravine native forest associated with a permanent watercourse; priority flora and fauna species
	San Pedro / Cerro de los Chivos	632	Conservation area for <i>Butia yatay</i> palm groves, natural grasslands and native forests
	Santa Carolina	67	Site of paleontological interest
Río Negro	El Ombú	345	<i>Butia yatay</i> palm groves, natural grasslands and rocky cliff-edge forests; parkland forest
	El Rosario	290	Wetlands, native forest, and grasslands. High biodiversity value
	La Trinidad	1,000	Protected species by law ( <i>Butia yatay</i> ); threatened grasslands and prairies; high scenic value
	Las Tunas	178	Priority species for conservation (herbaceous and cacti)
	Las Tunas	178	Populations of priority plant species, rocky outcrops and natural grasslands
	Mafalda Este	119	“Blanqueal” vegetation; restoration of degraded habitats
	Viraroes	29	Native forest associated with a permanent waterway
	Coladeras	445	“Blanqueal” vegetation and “algarrobo” woodland
			<i>Atta vollenweiderii</i> anthills
			Protection of areas sensitive to cattle trampling
			Grazing load monitoring
			Flora and fauna monitoring
			Invasive species control
Soriano	Coquimbo	368	Conservation area for natural grasslands; parkland forest with “blanqueales” and wetlands
Tacuarembó	Arroyo Malo	569	Native forest, wet and sandy grasslands; rare species
	Cerro Agudo	533	Wetlands, priority species for conservation
	Lambaré I, II y III	420	Threatened ecosystems, population of endangered species
Treinta y Tres	Queibrayugos I	30	Habitat of the Straight-billed Reedhaunter ( <i>Limnortyx rectirostris</i> ), an endangered bird; ravine forests; endemic cacti populations and priority native fauna

# RESULTS OF THE HVC AREA MONITORING PLAN

The biodiversity monitoring plan includes, but is not limited to, all the HVCAs that make up the Biodiversity Reserve Network. A total of 27 indicators are assessed, grouped into three main categories:

Each indicator falls within a defined range used to determine its status as Poor, Fair, Good, or Very Good. These indicators reflect the effectiveness of conservation measures in relation to biodiversity.

Some indicators are specific to certain areas. For example, populations of *Ctenomys rionegrensis* (the Río Negro tuco-tuco) are only assessed in HVC Areas where the species has been confirmed.

As a general benchmark, the goal is for at least 70% of indicators in each area to be rated Good or Very Good. Management actions are implemented to improve indicators that fall below this threshold wherever possible. In 2023, more than half of the HVC Areas met this benchmark. In the remaining areas, improvement measures are already underway.

By 2024, UPM Forestal Oriental had reached of Preserved Natural Areas whose main native vegetation types include: natural grasslands, sand-dune vegetation, riparian forests, Chaco park forests, flat-topped hill forests, “blanqueales”, palm groves, tallgrass marshes and wetlands. Some of these ecosystems receive special attention as they are either in decline, represent relict habitats, or are home to rare or range-restricted species in Uruguay.



**The Management Plan for Esteros y Algarrobales del Río Uruguay** was developed in collaboration with Vida Silvestre Uruguay (Uruguayan Wildlife) and approved by the Department of the Environment. Vida Silvestre Uruguay is now leading its implementation.



## SCENIC VALUE



We recognise the landscape as a social and cultural asset, and manage it responsibly through active engagement with local communities, particularly in regions where forestry is still a relatively recent activity. The design of our plantations takes landscape features into account, taking into account the diversity of species, sizes, ages, spatial scales, and regeneration cycles.

We aim to strike a balance between production and conservation. To do this, we assess the landscape as a whole, beyond the boundaries of our properties, taking into consideration scale, intensity, and potential risks, and adjusting our approach where needed.

## ECOSYSTEM SERVICES



Ecosystem services are the benefits that an ecosystem provides to society, contributing to improved health, economic stability, and overall quality of life. By protecting biodiversity and sustaining functional diversity, we work to maintain the stability and ecological balance of these ecosystems.

Carbon sequestration is one of the key ecosystem services provided by forestry activities.

## ATMOSPHERE



As part of UPM's commitment to the 2030 Sustainable Development Goals, we recognise the important role of forestry in capturing atmospheric carbon and contributing to climate change mitigation.

**At UPM Forestal Oriental, we are implementing a range of initiatives to better understand and manage our carbon footprint, including:**

- Identifying, managing, and monitoring our carbon emissions and sequestration
- Providing data for UPM's global annual reporting on carbon balance
- Tracking changes in the soil's organic carbon over time

**The information shared here can be expanded upon** by reaching out through the communication channels listed in the Contacts section of this report.

# AGROCHEMICAL MANAGEMENT

At UPM Forestal Oriental, the use of agrochemicals in forestry operations for the control of pests, diseases, and weeds is guided by the principles of Integrated Pest Management (IPM).

## NURSERIES

In the nurseries, Integrated Pest Management (IPM) begins with controlling temperature and humidity in greenhouses through proper ventilation, aiming to prevent the spread of pests and diseases. Light and adhesive traps are also used to reduce insect populations. The use of agrochemicals is considered a last resort and is applied only when monitoring confirms it is necessary.

## PLANTED FORESTS

In forest plantations the IPM strategy aims to encourage rapid seedling growth to reduce the time during which weed and ant control is necessary. Achieving this early growth involves planting at an optimal time, ensuring proper site preparation, and using high-quality genetic material and seedlings. In 2024, the period until the final application was limited to six months after planting (considering the forest rotation period is 10 to 11 years, this means applications were carried out during approximately 5% of the total time).

### The general guidelines for agrochemical use are as follows:

- Determining the minimum effective doses through rigorously analysed trials
- Applying treatments only when truly necessary, avoiding routine calendar-based applications
- Rotating active ingredients to reduce the risk of herbicide resistance in weeds, pests, and diseases
- Using only products authorised in Uruguay and registered for forestry use by the authorities
- Excluding any products listed as prohibited under international Responsible Forestry Management standards
- Conducting an Environmental and Social Risk Assessment (ESRA) before use, following both international Responsible Forestry Management standards and national regulations, and implementing measures to minimise any risks to people and the environment

**In 2024**, ten herbicides and one insecticide (specifically for ants) were used to control weeds and leaf-cutting ants in plantations. Meanwhile, at UPM's nurseries, nine fungicides were applied to manage diseases, along with seven insecticides for pest control.



# WASTE MANAGEMENT

At UPM Forestal Oriental, we have a **waste management plan** that ensures compliance with national legislation and aligns with best international practices.

We classify and manage waste by category, prioritising reduction, reuse, and recycling. We collaborate closely with local recyclers to handle uncontaminated recyclable materials such as plastic, glass, paper, and cardboard.

We have established specific sorting procedures at every work site, which are continuously reviewed and monitored.

Waste generated from the use of chemical products is managed in accordance with national environmental regulations. Empty agrochemical containers are treated in the field following established triple-rinse and puncturing protocols.

These containers are subsequently placed in dedicated, specially prepared storage facilities on-site.

Priority is given to returning containers to the supplier. If this is not feasible, they are handled through Campo Limpio, a program authorised by the National Directorate for Environmental Standards and Evaluation, that complies with Decree 152/13 and includes a management plan for empty containers and obsolete stock.

Additionally, we also participate in a master recycling plan for used tyres, ensuring responsible recycling of these waste products.

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