

Environmental and Social Review Summary (ESRS) Arauco Sucuriú – Brazil

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1. General Information of the Project and Overview of Scope of IDB Invest's Review

The proposed transaction consists of a loan to be granted to Celulosa Arauco y Constitución ("Arauco," the "Company," or the "Client") for the implementation of the Sucuriú Project (the "Project"), which marks the entry of Arauco's pulp division into Brazil and involves the construction of an industrial plant with an estimated annual production capacity of 3.5 million tons of short-fiber pulp, supported by 400,000 hectares of eucalyptus plantations.

Arauco is a global company with a presence on five continents. It operates factories in Brazil, Chile, Argentina, Uruguay, Mexico, the United States, Canada, Germany, Spain, Portugal, and South Africa.

The Project will consist of high-efficiency processing units, including a recovery boiler, two lime kilns, an evaporation plant, and a crystallization plant. The gasification system is expected to include two units of 92 MW each, while the biomass boiler will have a capacity of 200 t/h. The operation is expected to be energy self-sufficient, capable of generating 400 MW of clean energy, with a surplus of 220 MW that may be sold through the National Interconnected System ("SIN"). The Project will also include strategic associated infrastructure, such as: (i) a 91 km transmission line ("T-Line") connecting the industrial plant to the Ilha Solteira substation; (ii) a 47 km rail spur connecting the Project to Rumo Logística's railway network; and (iii) a new terminal within the Port of Santos, currently in the planning phase.

The industrial plant will be built 50 km from the urban center of the municipality of Inocência, in the state of Mato Grosso do Sul, Brazil, on the left bank of the Sucuriú River, which gives the Project its name. The site is located 100 km from the Paraná River and can be accessed via the state highway MS 377. The proximity to road and rail transportation modes will facilitate the distribution of pulp for sale in both domestic and international markets.

Construction of the industrial plant is expected to begin in the second half of 2025, with operations anticipated to start by the end of 2027. The Project is estimated to generate approximately 14,000 jobs during the construction phase and 6,000 permanent positions across the forestry, industrial, and logistics sectors.

The Environmental and Social Due Diligence ("ESDD") process included reviewing the following issues, among others: (i) Project technical information; (ii) the Company's environmental and social management systems ("ESMS"); (iii) the environmental and social ("E&S") management policies, plans and procedures, including occupational health and safety ("OHS") aspects; (iv) the Project's environmental and social impact assessments; (v) contingency plans; (vi) social baseline studies; (vii)

biodiversity monitoring reports; (viii) audits and protocols to manage contractors; (ix) human resources policies; and (x) the planning and execution of stakeholder engagement processes, including grievance mechanisms and the social investment activities carried out by the Project.

The ESDD covered visits to the Project's key sites, including the city of Inocência. Meetings were also held with (i) Arauco's technical teams and consultants; (ii) Company workers and contractors; and (iii) representatives from the communities located in the area of direct influence of the Project.

To assess the Project's commitment to respect and protect human rights, its zero tolerance for retaliation, and its commitment to providing and guaranteeing a safe environment for stakeholders to voice their concerns without fear of retaliation, the ESDD process also included the review of the following documents: (i) Code of Ethics; (ii) Conflict of Interest Policy; (iii) Integrity Program; (iv) Human Rights Policy; (v) Diversity and Inclusion Policy; (vi) Whistleblowing Procedure; and (vii) Human Capital Management Procedures.

2. Environmental and Social Categorization and Rationale

This operation has been classified as Category A in accordance with IDB Invest's Environmental and Social Sustainability Policy. The main E&S risks and impacts associated with the construction phase of the Project include, among others: (i) influx of temporary workers and associated impacts on community health and safety; (ii) potential impacts on modified or natural habitats for the establishment of planted forests; (iii) potential gender-based violence; (iv) generation or handling of hazardous waste; and (v) the potential lack of capacity of local municipalities to absorb and manage the additional pressure on social and physical infrastructure.

During the operation phase, the main risks and negative impacts include, among others: (i) community safety risks associated with wood transportation from new silviculture areas to pulp-mill, including OHS risks; (ii) water and air emissions, and hazardous material transportation and storage; and (iii) possible need to improve urban planning to guide the urban expansion induced by the new plant, as well as the municipal capacity to manage a rapidly transforming socioeconomic environment.

The Performance Standards ("PS") triggered by the Project are i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; iv) PS4: Community Health, Safety, and Security; v) PS5: Land Acquisition and Involuntary Resettlement; and vi) PS6: Biodiversity Conservation and Sustainable Management of Living Natural Resources.

3. Environmental and Social Context

3.1 General characteristics of the Project's site

The Project site is located within the municipality of Inocência, in the state of Mato Grosso do Sul, Brazil. The area is part of the Cerrado biome, featuring a mix of open savanna formations such as Cerrado stricto sensu, cerradão, and gallery forests. Much of the Project's area of influence consists of pastureland and eucalyptus plantations, interspersed with small native forest fragments. These

remnants support various forms of native flora and fauna, although some degree of habitat degradation has been noted. Despite these pressures, the landscape still retains ecological value, offering corridors and habitats for wildlife typical of the Cerrado, such as armadillos, maned wolves, and diverse bird species

In terms of human occupation, the Project will affect privately owned rural properties, some of which are leased to Arauco for eucalyptus cultivation. The Project does not directly interfere with indigenous lands, quilombola (Afro-Brazilian) communities, or rural settlements. The closest indigenous community is located more than 120km from the Project's Area of Influence.

3.2 Contextual risks

Contextual risks include limitations in local public services (such as health, education, and sanitation), potential social tensions resulting from population influx and land speculation, and heightened vulnerabilities affecting women, children, and people experiencing homelessness — particularly in relation to exposure to gender-based violence ("GBV"), limited access to basic services, and increased socio-economic marginalization.

4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures

4.1 Assessment and Management of Environmental and Social Risks

4.1.a E&S Assessment and Management System

The current ESMS for the Sucuriú Project includes elements that are aligned with PS1, particularly regarding Environmental, Health and Safety ("EHS") management during the construction phase. However, a fully integrated ESMS encompassing all Project components—including the pulp mill, forestry operations, and associated facilities—has not yet been established. Key gaps include: (i) lack of integration between forestry and industrial operations; (ii) limited coverage of social risks such as workforce influx, gender-based violence ("GBV"), child protection, and community health and safety; (iii) absence of a Stakeholder Engagement Plan ("SEP") and a robust grievance mechanism; and (iv) limited risk-based E&S monitoring for forestry activities.

Moving forward, the Company will develop and implement an integrated, risk-based ESMS consistent with the requirements of PS1. The ESMS will incorporate a clear policy framework, risk and impact identification, gender-responsive management programs, stakeholder engagement processes, emergency preparedness measures, and a monitoring and review framework that includes sex-disaggregated indicators. A formalized ESMS for both construction and operations will demonstrate implementation through documented procedures, defined responsibilities, and coordination across all Project components.

4.1.b Policy

Arauco's corporate sustainability strategy is anchored in five core pillars: (i) renewable products; (ii) climate and biodiversity action; (iii) local development, (iv) people-centered practices; and (v) strong governance. At the corporate level, the company has adopted a comprehensive set of sustainability

and responsibility policies, many of which reflect alignment with PS requirements. The Code of Ethics underscores integrity, anti-corruption, and legal compliance, while the Human Rights and Diversity, Equity, and Inclusion (“DEI”) policies support non-discrimination, labor rights, and inclusive workplaces. Environmental stewardship is embedded in the company’s Biodiversity, Climate Change, and OHS policies, which emphasize ecosystem protection, greenhouse gas (“GHG”) emissions reduction, and safe working conditions. These policies also commit to avoiding, minimizing, and restoring biodiversity impacts through integrated landscape planning and practices aligned with the Forest Stewardship Council (“FSC”). In addition, Arauco’s Procurement Policy incorporates Environmental, Social, and Governance (“ESG”) criteria into supplier selection and oversight processes, promoting responsible sourcing and contributing to local development.

4.1.c Identification of Risks and Impacts

Arauco has established initial processes for identifying E&S risks and impacts, including a corporate risk management procedure and risk registers covering both industrial and forestry operations. Risk and impact identification is conducted in accordance with applicable Brazilian legal and regulatory requirements. For the construction of the pulp mill, the primary basis for impact assessment is the approved Environmental and Social Impact Assessment (“ESIA”). Most construction-related permits for the pulp mill have been obtained; however, key permits for associated facilities—including the railway, T-Line, and port terminal—remain pending, under review, or are expected to be submitted following the confirmation of final design and site locations.

Risks and impacts associated with forestry activities are identified through a dedicated process documented in the preliminary Environmental Aspects and Impacts Survey (referred to as LAIA in Portuguese), which is generally aligned with the requirements of PS1. The LAIA is currently under revision and will be integrated into a unified E&S matrix that covers both the mill and forestry operations. However, defined plans for assessing cumulative impacts, managing long-term water resources, supporting community health (including ecosystem services and road safety), and biodiversity management have yet to be established.

Moving forward, Arauco will enhance its E&S risk assessment processes by addressing currently unassessed risks and broadening the scope to include the railway, T-Line, port, access roads, and forestry activities, as well as social risks associated with construction and operations. Key actions will include: (i) conducting an Ecosystem Services Risk Assessment to evaluate community reliance on water resources; (ii) conducting a Social Impact Risk Assessment covering construction and operation of all Project components; and (iii) conducting a Gender-Based Violence (“GBV”) Risk Assessment and preparing a costed GBV and Child Protection Action Plan. This plan will identify key risks and propose mitigation measures across all Project phases to prevent GBV, strengthen response services and referral mechanisms, and promote awareness through stakeholder engagement, targeted campaigns, and youth-focused prevention programs. A monitoring and evaluation framework will be implemented to ensure accountability and track progress throughout the life of the Project.

4.1.c.i Cumulative impact analysis

The ESIA prepared for the Project includes considerations on cumulative impacts in accordance with criteria established by the European Commission in 2001. This assessment features the development of an Integrated Environmental Assessment Matrix to evaluate cumulative and synergistic impacts of existing and planned developments within the Paraná River basin segment located in the state of Mato Grosso do Sul.

In order to update the assessment and align the methodology with international good practices—including the selection of Valued Environmental and Social Components (“VEC”)—the Project is currently revising the assessment with support from an external consultancy. Under the ESAP, the Project will incorporate the recommendations from the updated Cumulative Impact Assessment (“CIA”) into its environmental and social management plans and procedures. In addition, the Project commits to participating in potential sectoral or regional working groups focused on cumulative impact management. Existing management and monitoring programs will be periodically updated to incorporate measures that fall within the Project's scope and responsibility.

4.1.c.ii Gender risks

The main gender-related risks are associated with the rapid increase in workforce and population during the construction phase, particularly in nearby communities such as Inocência. The large influx of predominantly male workers can create new dynamics that may affect public safety and community well-being, especially for women.

Moving forward, Arauco will develop targeted assessments and integrate gender and child safeguarding considerations into its management system.

4.1.c.iii Gender Programs

The Project is in the process of identifying opportunities to strengthen gender inclusion and will include gender considerations into workforce planning and stakeholder engagement activities. These includes but are not limited to: (i) enhance stakeholder mapping to include gender-disaggregated data; (ii) promote inclusive communication strategies; and (iii) strengthen internal capacity to monitor and manage gender-related risks and opportunities.

4.1.c.iv Climate change exposure

The Project is exposed to certain physical climate risks typical of forestry operations, including droughts, increased temperatures, pests, and forest fires. However, these risks are considered low and manageable due to the adoption of a comprehensive set of climate adaptation measures. These include the use of diverse eucalyptus clones, mosaic planting, optimized planting schedules, water-retaining treatments for seedlings, and careful site selection to enhance soil water retention.

The pulp mill itself is not expected to be negatively impacted by climate change and has been designed with sufficient cooling capacity and energy self-sufficiency. The Project also benefits from

Arauco's forest fire prevention and response system, modeled after its experience in Chile. This includes 24/7 monitoring, automated detection technology, and extensive firefighting infrastructure.

4.1.d Management Programs

Arauco has prepared Environmental Management and Monitoring Plans ("EMPs") to guide the management of environmental impacts during the construction of the pulp mill. These EMPs are consistent with Brazil's environmental licensing requirements and include 24 Basic Environmental Programs (*Programas Básicos Ambientais – PBAs*) mandated under the Project's Installation License ("LI"). EMPs for the railway branch and T-Line are currently under review by the State Environmental Agency (IMASUL), and Arauco will develop specific EMPs for these components upon issuance of their respective licenses.

To align with the requirements of the PSs, the Project will: (i) strengthen construction-phase EMPs by developing and implementing social management programs, including an influx management plan, contractor E&S oversight procedures, social management protocols, safeguarding measures for sexual exploitation, abuse and harassment ("SEAH"), and a SEP; (ii) prepare and implement dedicated environmental and social management programs for forestry operations, with attention to identified social and gender-related risks; and (iii) establish specific E&S management programs for the construction and operation of the port terminal.

4.1.e Organizational Capacity and Competency

Arauco has established a solid organizational structure for environmental management that encompasses both the pulp mill and forestry operations. The EHS team is experienced and adequately staffed, comprising professionals from both Arauco and its EPC contractors. The ESG Director reports directly to the CEO, ensuring a degree of independence from operational areas. The forestry team is also well organized, led by a qualified director, and continues to expand its capacity in line with Project needs. The six defined management areas provide a clear division of responsibilities, and the teams demonstrate strong in-house technical and operational capabilities.

However, given the scale and complexity of the Project's social risks and impacts, there is a need to strengthen the capacity of the social management team. A more robust organizational structure is required, with clearly defined roles, responsibilities, and authority to effectively identify and manage E&S risks—particularly those related to community engagement and GBV.

Arauco will enhance the organizational capacity of the social team by defining a structure with adequate resources and appropriate skill sets. This includes reviewing and adjusting roles to ensure integrated oversight across both construction and forestry operations, and implementing mitigation measures to address identified social and GBV-related risks.

4.1.f Emergency Preparedness and Response

Emergency Response Plans ("ERPs") for the construction of the pulp mill have been developed and are being implemented by construction contractors under the supervision of Arauco's emergency

response leadership. Each contractor is responsible for preparing a ERP tailored to the specific risk scenarios associated with their activities. These plans clearly define responsibilities, roles, and response functions, and are aligned with the overarching ERP for the Sucuriú Project. Integration across all contractor ERPs ensures consistency in emergency action hierarchies, communication protocols, and response procedures.

The emergency scenarios addressed in these plans are based on identified environmental aspects, hazards, and risks, and include preparedness and response measures for accidents, near misses, medical emergencies, fires, explosions, natural disasters, and acts of vandalism. Emergency response teams include medical personnel, rescue drivers, and on-site firefighters, supported by resources such as ambulances, fire response vehicles, and emergency equipment containers.

Forestry operations are supported by a dedicated ERP designed to safeguard employees, contractors, and third parties in the event of emergencies. The plan covers a wide range of potential risks, including large-scale forest fires, structural fires, natural disasters, and major accidents. It includes an Emergency Response Framework and a Crisis Management Committee, classifies emergencies by severity, and assigns responsibilities to trained responders (*Socorristas*) and fire brigade members (*Brigadistas*).

To strengthen wildfire preparedness and response, Arauco will install 19 fire lookout towers equipped with high-resolution cameras by mid-2025. The company will also upgrade its detection and monitoring system to the Fire Hawk platform. Firefighting capacity will be expanded through the deployment of aircraft, helicopters, mobile brigades, and specialized firefighting equipment. These efforts are guided by best practices from Arauco Chile's fire management framework (see PS4 section below for further details on community health and safety, and risks to local forest-based infrastructure). ERPs for the construction and operations of the railway branch, T-Line, and port terminal will be guided by site-specific ERPs to be developed prior to construction.

4.1.g Monitoring and Review

Environmental monitoring during the construction of the pulp mill is being carried out in accordance with the Project's EMPs. Arauco has engaged a qualified and specialized third-party firm to implement the monitoring program and the Company follows a structured planning and oversight process that ensures effective supervision of EPC contractors and their subcontractors, emphasizing routine inspections and systematic documentation of non-conformities. Environmental monitoring for the railway branch, T-Line, and port terminal will be guided by site-specific EMPs to be developed prior to construction.

For forestry operations, environmental monitoring is currently limited to compliance with Forest Stewardship Council (FSC) requirements and national legislation. As forestry-related impacts are not addressed under the existing EMPs, the current monitoring framework does not provide comprehensive or systematic coverage of environmental risks. In addition, social aspects have not yet been integrated into forestry monitoring efforts (refer to the Environmental and Social Management Programs section).

Moving forward, Arauco will: (i) develop and implement a dedicated E&S monitoring system for forestry operations to assess the effectiveness of E&S management programs; and (ii) establish a social monitoring system to track key social risks and impacts related to construction and operations across all Project components. These systems will include defined monitoring protocols, clear roles and responsibilities, risk-based indicators, and robust mechanisms for incident tracking and corrective action.

4.1.h Stakeholder Engagement

Arauco has undertaken a range of information-sharing and consultation activities related to the Project, including the legally mandated public hearings held as part of the ESIAs for the pulp mill and the T-Line. In December 2023 and June 2024, the Company organized open meetings with community members, local authorities, and the City Council of Inocência to report on Project progress, present strategic planning and mitigation measures, and gather stakeholder feedback. Additional outreach efforts include targeted consultations with directly affected communities (*Escutas com a Comunidade*), broader biannual public meetings (*Encontros Abertos*), and the "Bom Vizinho" community relations program targeting populations near forestry operations.

While these efforts have contributed to transparency and information dissemination, they are not currently integrated into a formal SEP that is aligned with Project risks and impacts. In addition, there is no structured mechanism for providing feedback to participants or tracking stakeholder inputs over time.

Moving forward, Arauco will develop a comprehensive SEP covering all Project components. The SEP will include: (i) a description of the Company's engagement principles, objectives, and approach; (ii) applicable national regulations and international standards; (iii) a summary of key environmental and social risks and impacts; (iv) documentation of past engagement activities; (v) stakeholder identification, analysis, and prioritization, with a focus on directly affected communities and vulnerable groups; (vi) a structured engagement program for the construction phase; (vii) a description of Arauco's grievance mechanisms and procedures for monitoring contractor grievance systems; and (viii) a timeline, resource plan, and definition of roles and responsibilities.

The SEP will also cross-reference other relevant management plans addressing E&S risks and impacts. The Company's ESG Director will be responsible for overseeing SEP implementation and scaling up the community liaison team, as needed, throughout construction and operations. The SEP will be updated ahead of the operational phase.

4.1.i External Communication and Grievance Mechanisms

Arauco currently manages community grievances through various corporate and field-based channels, including its website, toll-free number, WhatsApp, the "Bom Vizinho" outreach program, in-person interactions with forestry and visitor teams, and the Casa Arauco kiosk located in Inocência. Grievances are registered through the *Painel de Gestão* portal and addressed in line with internal protocols, including the *Procedimento de Denúncias* and the Company's Code of Ethics.

Moving forward, Arauco will enhance its community grievance mechanism to include: (i) a grievance handling procedure aligned with PS1 principles; (ii) broad disclosure of the mechanism to all identified stakeholders; (iii) alternative submission channels for those without access to technology (e.g., suggestion boxes in public spaces); (iv) analysis of systemic issues and trends; (v) mechanisms to provide timely feedback to complainants and affected communities; (vi) clear guidelines for grievance resolution, response, and coordination with operational teams; (vii) dedicated procedures for handling SEAH-related reports, based on a survivor-centered approach that avoids re-victimization and provides referral to specialized GBV and child protection services identified within the Project area; (viii) establishment of a grievance resolution committee with minimum female representation; (ix) staff training for consistent implementation, including specific training for managing SEAH cases; and (x) periodic monitoring of the mechanism's performance using defined Key Performance Indicators ("KPIs").

4.2 Labor and Working Conditions

As of March 2025, construction activities at the Sucuriú mill had mobilized 4,257 workers employed by EPC and EPCm contractors and subcontractors, of which 5% were women. The estimated peak workforce is 13,626, expected for September 2026. Construction is scheduled for completion in the second half of 2027. Once operational, the mill will directly employ 942 workers, including 173 contractor staff.

In the forestry operations, 2,156 workers were engaged in silviculture activities as of the same reporting date, comprising 1,457 direct employees (16% women) and 699 contractor workers (9% women). An additional 1,200 workers are expected to be hired in 2027 to support harvesting activities. Once forestry operations stabilize, the Project anticipates employing approximately 4,479 workers across silviculture, harvesting, and transport operations—of which 70% will be Arauco employees and 30% will be contractor staff.

4.2.a Working Conditions and Management of Worker Relationships

4.2.a.i Human Resources Policies and Procedures

Arauco's corporate policies—including the Code of Ethics, Integrity Program, and Human Rights ("HR") Policy—are contractually binding on contractors and subcontractors, as specified in legal agreements. However, the current Code of Ethics does not explicitly reference a zero-tolerance stance on SEAH, violence, or other harmful behaviors, nor does it clearly define its applicability to third parties. To address these gaps, Arauco will revise its Code of Ethics and HR policies to explicitly include contractors and third parties, and to reinforce commitments to non-discrimination and the prevention of SEAH.

These updates will be supported by a comprehensive program of awareness-raising and capacity-building initiatives. Arauco will ensure consistent reinforcement of these commitments through mandatory onboarding and refresher training for all staff and contractors—including senior leadership—focused on protection from SEAH. In addition, KPIs will be adopted to monitor the implementation and effectiveness of these measures.

4.2.a.ii Working Conditions and Terms of Employment

Terms of employment for both direct employees and contracted workers are defined in accordance with national labor legislation and collective bargaining agreements with unions, and are consistent with PS2 requirements. Arauco has established monitoring systems to oversee working conditions, including the verification of employment contracts, timely payment of wages and social security benefits, and the tracking of working hours and overtime. Internal audit teams monitor direct employees, while an external service provider oversees contracted workers.

As of March 2025, the construction workforce comprised 4,257 individuals. Available accommodation, operated by Arauco and third-party providers, offered 2,400 beds, of which 2,255 were occupied. The remaining 2,002 workers were accommodated in hotels or private residences in the municipality of Inocência. A total of 535 beds were available for women, with the flexibility to expand to 1,000 if needed. In preparation for the peak construction period projected for September 2026, Arauco is evaluating strategies to ensure sufficient lodging, including expanding existing facilities and enhancing coordination with local lodging providers.

Accommodation for both direct and indirect workers is supervised by a third-party service provider, while forestry-related accommodations are monitored directly by Arauco staff. However, the accommodation strategy for the peak construction period has not yet been fully defined. Key planning elements such as documentation of occupancy, laundry and leisure services, maintenance protocols, and gender-specific arrangements are still under development. To address this, Arauco will develop and implement a comprehensive Workforce Accommodation Management Plan, consistent with international good practices. The plan will cover both Arauco-managed and third-party accommodations, with specific provisions for infrastructure, services, health and safety standards, documentation, and the well-being of workers during both the construction and operational phases.

All employees, contractors, and subcontractors undergo onboarding training that covers administrative procedures, workplace safety, environmental protection, and occupational health, with refresher sessions delivered in accordance with applicable legislation. While these courses are delivered by Arauco's designated training provider, each EPC contractor is responsible for managing their own workforce and ensuring appropriate behavior on-site. However, structured training on topics such as sexually transmitted infections, substance abuse, and SEAH—as well as integration with Arauco's Code of Ethics and broader awareness campaigns—has not yet been established. In addition, there is currently no system in place to assess the effectiveness of onboarding training.

Moving forward, Arauco will strengthen contractor management and training programs. This will include the development and delivery of mandatory training modules on the Company's Code of Ethics, with a specific focus on preventing SEAH against women and children in both urban and rural communities. These efforts will be complemented by periodic awareness campaigns aimed at promoting a culture of zero tolerance for all forms of misconduct, abuse, and violence, targeting all categories of workers, including employees, contractors, and subcontractors.

4.2.a.iii Workers' Organizations

Arauco's HR Policy affirms the right of employees to freely form and join trade unions without fear of retaliation. For the Project, human capital management standards applicable to contractors and subcontractors require alignment with relevant trade unions, adherence to existing collective bargaining agreements ("CBAs"), and the negotiation of a unified CBA where applicable. Key provisions include structured labor relations processes, a dedicated channel for workers to raise concerns, and strict compliance with union requirements.

Contractors must ensure that wages and benefits are consistent with the terms of the applicable CBAs and provide mandatory training for workers on their collective rights. CBAs must be reviewed regularly to maintain their relevance and ensure ongoing compliance. Conditions of employment for both construction and forestry workers are governed by these agreements, which are negotiated with the respective trade unions representing each sector.

4.2.a.iv Non-discrimination and Equal Opportunity

Female employment in the Project construction stands at 5.4 percent, while in the forestry operations 16 percent of employees and 9 percent of contractors are women. Management attributes the shortfall to labor market segmentation and a lack of skilled women workers but needs to undertake proactive recruitment efforts to address the gender gap. Moving forward, Arauco will implement an Equal Opportunity Plan aligned with its Diversity and Inclusion Policy, with a focus on incentivizing greater female and local youth participation through active recruitment, contractor incentives, and procurement targets. The plan will also address risks for apprentices under 18, ensuring compliance with national law.

4.2.a.v Grievance Mechanism

The Project's workers' grievance mechanism (*Canal do Trabalhador – Ouvidoria de Obra*) allows employees, contractors, and subcontractors to submit complaints through multiple channels, including QR code, website, toll-free phone line, email, and in-person reporting. The system offers options for anonymity and includes whistleblower protections. However, the mechanism currently lacks accessible non-digital channels for individuals without reliable access to technology, detailed investigation protocols, and specialized procedures for addressing reports of SEAH.

Moving forward, Arauco will enhance the grievance mechanism by; (i) introducing non-digital reporting options such as physical complaint boxes and direct Project-level focal points; (ii) establishing a robust SEAH response system, including trained personnel, survivor-centered procedures, access to psychosocial support, and ensuring minimum representation of women in investigation and decision-making processes; (iii) strengthening monitoring through the use of structured grievance categories, sex-disaggregated data collection, and periodic evaluations of the mechanism's effectiveness; and (iv) Implementing standardized procedures for grievance registration, escalation, resolution, and the identification of recurring systemic issues, supported by secure data management systems.

All communication channels will be widely publicized across worker accommodations and work areas of all Project components to ensure broad accessibility and uptake.

4.2.b Protecting the Workforce

Arauco's HR Policy includes explicit provisions prohibiting the use of child labor and forced labor. In Brazil, past violations of workers' rights in the forestry sector—particularly related to poor living conditions for subcontracted workers—have been documented. The Project recognizes these sector-specific risks, and corresponding mitigation measures are discussed in the section on Workers Engaged by Third Parties below.

4.2.c Occupational Health and Safety

OHS programs are currently structured across two main components: pulp mill construction and forestry operations. Transportation of wood from forestry areas to the mill is addressed separately under the PS4 section. For the pulp mill construction, the Project has developed a comprehensive EHS manual that consolidates corporate procedures and defines responsibilities, risk management protocols, and operational guidance. The manual includes a detailed risk matrix, task-specific procedures for high-risk activities (e.g., working at heights, excavation, mobile equipment), and systems for inspections, audits, and KPI monitoring to support compliance and continuous improvement.

The Company will expand the EHS system to include the construction of the T-Line and railway. As the pulp mill transitions into the operational phase, Arauco will also develop and implement a dedicated EHS program for the industrial facility. This program will align with the corporate EHS framework already applied to forestry operations and will include: (i) hazard identification and risk assessments; (ii) procedures for routine and non-routine tasks; (iii) emergency preparedness and response; (iv) training for employees and contractors; and (v) systems for monitoring and continuous improvement.

Arauco's OHS management program for forestry is aligned with its corporate standards and applies to both employees and contractors. The program prioritizes key safety rules, leadership engagement, and prevention of high-potential incidents. It includes risk mapping and mitigation, regular inspections, safety culture promotion, recognition and incentive initiatives, and systematic analysis of safety data and incidents. Given the scale and inherent risks of the planned wood supply operations, Arauco will enhance this program to include: (i) identification and assessment of risks to both workers and nearby communities, including life-threatening hazards; and (ii) targeted training for harvesting personnel and wood transport drivers to reinforce safe operating practices.

4.2.d Workers Engaged by Third Parties

The pulp mill is being constructed under an EPC model, with Valmet responsible for the main process areas and AFRY overseeing key Balance of Plant ("BOP") components. AFRY acts as the EPC manager ("EPCm"), with overall responsibility for supervising the performance of the primary EPC contractor. Contractual agreements include key E&S provisions—such as OHS, legal compliance, and environmental monitoring—and are generally aligned with PS requirements.

Forestry activities—including planting, management, harvesting, and transport—are overseen by Arauco Brazil’s forestry team, based in Paraná. To date, the Project has secured 237,000 hectares of the 400,000 hectares required to support operations. In cases where third-party contractors are engaged for forestry-related work, Arauco will: (i) conduct labor audits to assess the employment terms and working conditions of contracted workers engaged by Timber Investment Management Organizations (“TIMOs”); and (ii) review the labor monitoring systems used by external service providers, including procedures for reporting and addressing non-compliances.

To mitigate potential adverse impacts associated with worker demobilization on both contracted workers and local communities, Arauco will develop and implement a Demobilization Plan. The plan will include: (i) a mechanism to monitor and ensure the timely payment of severance packages to demobilized workers; (ii) provisions to support workers through job transition services (e.g., resume assistance, information on employment opportunities, certification of training received during the Project); (iii) clear communication of the demobilization timeline to workers, local authorities, and businesses; (iv) proactive measures to support the return of non-local workers to their place of origin; and (v) systems to monitor and address any outstanding worker liabilities in host communities, such as unpaid bills or property damage.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

The Project will produce bleached eucalyptus kraft pulp and is designed in accordance with Best Available Techniques (“BAT”) standards, including those outlined in the European Union (“EU”) BAT (2001) and World Bank Group’s (WBG) EHS Guidelines for Pulp and Paper Mills (2007). The engineering design, although still under development, already integrates high-efficiency, low-impact technologies.

The mill is expected to achieve a high level of efficiency, minimizing wood and chemical use and reducing energy consumption. It includes efficient recovery boilers, extensive vent gas collection systems, energy optimization features such as variable frequency drives, and a heat recovery system. The expected power consumption of 570–706 kWh/ADt and water consumption of approximately 21.2–29 m³/ADt fall within or below WBG’s EHS Guidelines benchmarks.

4.3.a.i Greenhouse Gases

The Project is expected to sequester significant CO₂e annually through natural regeneration in set aside areas and eucalyptus plantations on degraded lands, with continuous replanting on a 7-year rotation and potential for voluntary carbon credits. A significant proportion of the carbon sequestered in the trees will remain in the roots, contributing to long-term soil carbon storage. In addition, carbon in set aside areas will continue to grow. It is estimated that the pulp mill will generate approximately 488.6 MW of renewable energy from biomass, exporting approximately 197.9 MW to the grid—avoiding an estimated approximately 217,736 tons of CO₂e annually. It is expected that an additional approximately 55.8 MW will be sold to chemical plants, avoiding another approximately 61,393 tons of CO₂e, and that the use of wood for energy will reduce by

more than 90% the need for fossil fuels, further reducing emissions. The mill will also compost all organic waste which can be applied to the plantations and reduce future fertilizer use. GHG emissions from forestry and pulp operations are expected to be largely offset by carbon removals (soil carbon and set aside areas) and the renewable energy exported.

4.3.a.ii Water Consumption

During operations, the mill will withdraw water from the Sucuriú River and about 92% of the water intake will be returned to the river as treated effluent. Water use per unit of production is estimated between 21.2 and 29 m³/ADt, which is within the range of good international industry practices (“GIIP”) and compliant with the WBG EHS Guidelines for Pulp and Paper. The mill’s consumption rate represents less than 1% of the 7Q10 low flow of the Sucuriú River and is expected to pose low risk to water availability.

Eucalyptus plantations are not irrigated. Newly planted seedlings receive limited watering using tanker trucks (approximately 4 liters per plant) during planting and may be watered up to four times afterward to support establishment. No ongoing irrigation is conducted once the plantation is established. Arauco has obtained the required water abstraction authorizations from IMASUL, and water use is reported regularly to the authorities. Groundwater level monitoring data in the region has not been updated since 2010. Moving forward, Arauco will install a network of piezometers within the plantation areas to enable continuous monitoring of groundwater conditions and support sustainable water resource management.

4.3.b Pollution Prevention

The main sources of air emissions from the mill will be the recovery and biomass boilers and two lime kilns, all of which will be equipped with high-efficiency combustion and emissions control systems consistent with the WBG EHS Guidelines and EU BAT. Air dispersion modeling conducted using the AERMOD model confirmed that, under normal operating conditions, emissions will remain within applicable air quality standards. Planned mitigation measures include real-time emissions monitoring, advanced control systems, and emergency response protocols. A continuous ambient air quality monitoring system will be installed and operational prior to plant commissioning.

During the construction phase, the primary sources of air emissions are dust from earthworks and exhaust fumes from heavy machinery. Dust suppression measures—such as the use of water trucks—are in place, and the condition of construction equipment, particularly emissions performance, is verified prior to site access. These construction-related emissions are addressed through targeted control measures outlined in the EMP.

In addition to the noise monitoring carried out during the initial environmental assessment, Arauco has established an ambient noise monitoring program in compliance with the requirements of the environmental license. Monitoring will be conducted quarterly at six designated locations surrounding the Project site. The program follows the Brazilian technical standard NBR 10151:2020. Baseline data collected in 2022 indicated that background noise levels were generally within applicable limits. The mill is located approximately 50 kilometers from the municipality of Inocência, with no major population centers in close proximity to the industrial site. As a result, noise impacts

during operations are expected to be minimal. Nevertheless, the Project will continue to implement regular monitoring and apply corrective measures as needed, in accordance with its EMP.

Process effluents from the pulp mill will be treated in a wastewater treatment plant (“WWTP”) designed with primary and secondary treatment in a biofilm activated sludge system (“BAS”). The WWTP is expected to comply with WBG’s EHS Guidelines for Pulp and Paper (2007), Table 1a (kraft bleached pulp), as well as with EU BAT (2001) standards. Real-time monitoring systems will be integrated into the treatment process to track effluent quality and allow for timely operational adjustments. The effluent will be discharged into the Sucuriu River through a multi-port diffuser system designed to ensure efficient mixing and dilution, achieving an adequate dilution ratio during low flow conditions.

4.3.b.i Wastes

The pulp mill construction site is currently operating under a Waste Management Plan (“WMP”) that is broadly aligned with Brazilian regulatory requirements and incorporates key elements of PS3. Waste management infrastructure for the construction phase is in place, including an external storage area, secondary containment structures, and an internal drainage system. However, some improvements are needed to fully separate drainage systems for incompatible waste streams and to ensure proper routing to designated containment units. Waste collection is managed by a single authorized contractor using a cloud-based system to ensure traceability.

Once operational, the pulp mill is expected to generate approximately 610,050 tons of industrial residues per year, including dregs, grits, lime sludge, and ash. These Projected volumes are significantly below the benchmarks established under the EU BAT. Arauco is designing the facility as a zero solid waste operation and does not plan to dispose of residues in landfills. To support this objective, the Company will implement a dedicated Waste Treatment Center (“WTC”) at the mill. The WTC will process industrial waste into usable outputs, with the primary product being an organic soil conditioner for application in Arauco’s forestry operations, and potential surplus volumes available for commercial use.

Non-hazardous wastes—including glass, metals, paper, organic material, and tires—will be segregated and directed to recycling streams. Hazardous wastes such as used oils, empty chemical containers, and spent batteries will be managed by authorized third-party contractors for safe disposal. Although the Operational WMP is still under development, the Project’s waste strategy is aligned with international best practices, and the final plan will be reviewed by lenders during Project supervision to ensure full compliance with applicable environmental and social requirements.

4.3.b.ii Hazardous Materials Management

Current hazardous materials handling practices at the construction site are generally aligned with good international industry practices. A Hazardous Materials Management Plan (“HMMP”) is in place and is broadly consistent with the requirements of PS3 and relevant EHS Guidelines. The plan includes procedures for the safe handling, storage, and transportation of hazardous materials. However, while the HMMP contains indirect references to the need for a hazardous materials

inventory, it does not explicitly require the establishment of a centralized database for tracking and managing such materials. These elements will be further developed as part of the ongoing enhancement of the Project's ESMS, as outlined in PS1 section above.

For the operational phase, a dedicated HMMP has not yet been developed, which is consistent with the current stage of the Project. The plan will be finalized and implemented prior to the commissioning of the mill.

In forestry operations, hazardous materials—including pesticides, fertilizers, fuels, and lubricants—are currently managed through a set of operational procedures rather than under a comprehensive HMMP. These procedures primarily address specific aspects such as chemical transportation and pesticide application but do not yet encompass the full hazardous materials lifecycle, including acquisition, storage, use, and final disposal. These gaps will be addressed through the development of an integrated hazardous materials management approach for forestry operations.

4.3.b.iii Pesticide Use and Management

Arauco has implemented an Integrated Pest Management ("IPM") program that is aligned with GIIP to ensure the safe and responsible use of agrochemicals in its forestry operations. The program strictly prohibits the use of pesticides classified by the World Health Organization ("WHO") as Class 1a or 1b, as well as any products that are legally banned. Controls are in place at the procurement stage to prevent unauthorized substances from entering the supply chain. Only products approved under the FSC standards are utilized.

Field inspections have confirmed that agrochemicals are properly stored in secure facilities, with clear labeling that promotes safe handling and application. The primary pest affecting forestry operations is the leaf-cutting ant, which poses a significant threat during the early stages of plantation development. Control methods include both manual and mechanized application of liquid treatments and bait formulations. Interventions begin during the pre-planting phase and continue throughout the early years of the tree cycle, based on observed levels of pest activity.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

The accelerated pace of construction and resulting influx of workers into the municipality of Inocência have altered local socioeconomic dynamics and placed increased pressure on public services. Although the Strategic Socio-Environmental Plan ("PES"), developed by Arauco in collaboration with local and regional authorities, provides a medium-term framework to address social infrastructure gaps in the municipality, it does not fully mitigate these risks and impacts. In response, Arauco will carry out an Influx Risk Assessment and Situation Analysis to inform the development and implementation of a Labor Influx Management Plan. This plan will assess the impacts of workforce-related in-migration on local services—including healthcare, housing, social assistance, and public safety—identify capacity gaps, and implement short-term mitigation measures such as temporary staffing, expanded housing options, partnerships with local institutions, and targeted training.

The plan will also analyze in-migration trends and associated E&S and gender-related risks; evaluate institutional capacity; and map key stakeholders to support a coordinated response. Based on this assessment, strategic actions will be developed to manage labor influx in alignment with the Project's construction timeline. The findings will be consolidated into a comprehensive plan that includes mitigation measures, defined roles and responsibilities, implementation timelines, budget allocations, a monitoring framework, and KPIs

4.4.a.i Infrastructure and Equipment Design and Safety

Arauco has planned several infrastructure enhancements to mitigate community health and safety risks and to support regional development. These improvements include upgrades to public roads, the construction of a private road to divert wood transport away from populated areas, and the development of a railway connection to reduce reliance on trucking. Additional measures include the implementation of a forest fire detection and response system and support for the expansion of local healthcare infrastructure, particularly in the municipality of Inocência.

The Project has also conducted detailed assessments of road conditions and capacity to evaluate safety requirements along routes to be used during construction and future wood transport. Planned infrastructure upgrades include paving unpaved segments, adding passing lanes, and constructing a viaduct at the mill entrance to reduce traffic-related risks. Wood transport will be carried out using bi-, tri-, and hexa-train trucks. To further reduce community exposure, the Project includes the construction of a dedicated internal road and two bridges, though land acquisition and permitting for these components are still pending.

While these infrastructure plans are generally consistent with PS4 requirements, a road safety risk assessment for affected communities—including an evaluation of GBV risk areas along transport routes—has not yet been completed. Moving forward, Arauco will develop and implement a Road Traffic Safety Risk Assessment and Road Traffic Management Plan, in line with WBG's General EHS Guidelines (Section 3.4 – Traffic Safety) and relevant good practice road safety standards. This plan will address both public and private transport routes and include appropriate mitigation and monitoring measures.

4.4.a.ii Ecosystem Services

Arauco has implemented a water quality monitoring plan and initiated baseline sampling, with monthly collections conducted between May 2024 and January 2025. However, the hydrological watershed monitoring program is still under review and has not yet been implemented. To date, potential impacts of forest management on surface water bodies within eucalyptus plantation areas have not been assessed, and groundwater level monitoring in forestry zones remains pending.

Given that both mill operations and forestry activities may influence ecosystem services and pose potential health and safety risks to surrounding communities, comprehensive surface and groundwater monitoring is required. Moving forward, Arauco will develop an Ecosystem Services Risk Assessment covering all operational areas. The assessment will focus on community dependence on water resources, including surface and groundwater quality and availability, and will

consider potential impacts from activities such as mill operations and soil preparation. Based on the findings, mitigation measures will be defined and implemented as necessary.

4.4.a.iii Emergency Preparedness and Response

The construction site is equipped with key emergency response resources, including two ambulances (one for basic life support and one intensive care unit), a rapid response vehicle, and a water truck for fire emergencies. In addition, four emergency containers stocked with response equipment are strategically located across the site. These resources are integrated into Arauco's corporate crisis management system, which outlines defined roles, response procedures, and regular emergency drills to ensure readiness.

Forestry operations are supported by an ERP and a dedicated fire detection and suppression system, which is expected to be fully operational by mid-2025. The system includes 19 monitoring towers equipped with high-resolution cameras, meteorological stations, mobile command units, and both aerial and ground-based firefighting resources—including a team of 97 trained firefighters. This system forms part of Arauco's broader emergency management framework at both the corporate and operational levels.

In line with GIIP, Arauco will strengthen its forest fire detection and response strategy by incorporating community participation into emergency preparedness activities, such as simulations and drills. The updated plan will also establish communication protocols with neighboring communities and formalize joint preparedness initiatives with local stakeholders.

4.4.b Security Personnel

Arauco's facilities—including the construction site, worker accommodations, and forestry operations—are secured by contracted private security services. A trained security firm with experience in managing housing camps has been engaged to support both the Project and contractor accommodations. The use of firearms and force is strictly prohibited, and any security-related incidents must be referred to the appropriate local authorities. All personnel, including contractors, are required to adhere to Arauco's Code of Ethics, which emphasizes respect for community relations and human rights.

Moving forward, Arauco will carry out a Security Risk Assessment and develop a comprehensive Security Management Plan. This plan will ensure that all contracted security providers are legally bound to uphold PS4 principles and receive appropriate training on human rights, GBV prevention, grievance mechanisms, and compliance monitoring.

4.5 Land Acquisition and Involuntary Resettlement

4.5.a General

The area of Mato Grosso do Sul where the Sucuriú Project is located is predominantly characterized by large rural properties used for livestock farming and eucalyptus plantations. These farms typically include a small number of houses for permanent workers and temporary accommodations for

seasonal labor during planting and harvesting periods. There are no reported land disputes associated with the Project.

4.5.a.i Project Design

In 2024, land for the construction of the pulp mill was acquired through voluntary transactions with private landowners. These properties, previously used for residential purposes, leisure, fishing, and in one case, commercial aquaculture, were obtained through willing-buyer, willing-seller negotiations, in line with the principles of PS5. Affected households voluntarily agreed to sell their land and assets, with compensation provided at fair market value as determined by independent appraisals conducted by a specialized firm.

As of March 2025, forestry operations cover a land base of 237,200 hectares. This is expected to expand to a net effective area of 400,000 hectares through additional land acquisition and lease agreements. Considering the 25% set-aside requirement for conservation areas, roads, and infrastructure, the total gross land base is Projected to reach approximately 500,000 hectares. Since 2009, land is being acquired or being object of land usufruct rights (*direitos reais de usufruto*, in Portuguese language) or land surface rights (*direitos reais de superficie*) through willing-buyer willing seller transactions with private landowners, and involving properties previously used for grazing or eucalyptus cultivation. Contracts require that land be delivered free of encumbrances. Between 2009 and 2025, 138 properties were acquired or leased, and 36 properties are currently under due diligence. All transactions have been voluntary, based on market-value compensation, and no grievances related to land acquisition have been recorded since the beginning of the program.

The planned T-Line will extend approximately 91.3 kilometers, with a 50-meter-wide right-of-way ("RoW"). Following a route selection process, the final alignment was identified as having the lowest overall environmental and social impact, avoiding physical or economic displacement. Compensation for the RoW was provided based on valuations conducted by a specialized firm.

The railway line, currently in the feasibility stage, is expected to span approximately 47 kilometers, with an 80-meter-wide RoW. A preliminary valuation of potentially affected properties has been completed by a specialized firm, and negotiations are ongoing. Moving forward, Arauco will update these land valuations to account for all affected productive and non-productive assets and ensure compensation at full replacement cost, in accordance with PS5. In case of physical and/or economic displacement, Arauco will develop a Resettlement and Livelihood Restoration Plan

4.5.a.ii Compensation and Benefits for Displaced Persons

To manage usufruct or surface rights' land acquisition, Arauco has developed the Procedure for Contracting New Rural Properties, which establishes a structured approach for identifying, negotiating, and formalizing rural land agreements. This procedure includes legal and technical due diligence to evaluate regulatory, environmental, and physical feasibility, and considers potential social risks, such as the presence of informal land users, traditional communities, rural settlements, or groups with cultural or livelihood ties to the land. However, the current procedure does not require the collection of socioeconomic baseline data or assessment of tenure arrangements, which

limits the ability to fully identify and mitigate risks of physical and/or economic displacement in line with PS5.

In line with international good practices, Arauco will revise and expand the Procedure for Contracting Rural Properties to ensure its applicability across all Project components and full alignment with PS5 requirements. The revised procedure will include: (i) guidance on expropriation processes for linear infrastructure; (ii) a clear methodology for land and asset valuation; (iii) measures to prevent adverse impacts on Indigenous Peoples and traditional communities, if identified; (iv) provisions to avoid physical and economic displacement where feasible; (v) requirements to conduct socioeconomic baseline surveys and assess land tenure arrangements; (vi) procedures for identifying individuals and groups affected by displacement; (vii) protocols for meaningful consultation and culturally appropriate, accessible grievance mechanisms; and (viii) clear definitions of roles and responsibilities.

4.5.a.iii Resettlement and Livelihood Restoration Planning and Implementation

In addition to the revised Procedure for Contracting Rural Properties, Arauco will develop a Resettlement and Livelihood Restoration Framework to define the overarching principles for managing physical and/or economic displacement associated with the Project. Where required, Arauco will also prepare a Resettlement and Livelihood Restoration Plan to address impacts from ongoing and future land acquisition. Furthermore, the Company will enhance and publicly disclose its grievance mechanism to ensure that all affected people—including tenants, caretakers, sharecroppers, and informal users—can raise concerns related to land negotiations. A Social Assistance Program will be implemented if deemed applicable.

4.6 Biodiversity Conservation and Natural Habitats

4.6.a Protection and Conservation of Biodiversity

The Project is located within the Cerrado ecoregion, a recognized biodiversity hotspot characterized by high levels of endemic flora and fauna. By 2031, the Project aims to manage approximately 400,000 hectares of eucalyptus plantations within a total land base of around 500,000 hectares. This includes mandatory set-asides such as Legal Reserves (equivalent to 20% of rural properties in this region) and Areas of Permanent Preservation (“APPs”), as required under Brazil’s Forest Code.

There are no internationally recognized areas (e.g., Ramsar Sites, Key Biodiversity Areas) within the Project’s woodshed (defined as a ~150 km radius from the mill site). However, several Legally Protected Areas (“LPAs”) overlap with or are adjacent to Project components, primarily Environmental Protection Areas (*Áreas de Proteção Ambiental* – APA), which are classified as IUCN

Category V¹. Notably, the pulp mill site, approximately one-third of the planned T-Line, a highway expansion, and a new railway segment intersect the APA Municipal da Sub-bacia do Rio Sucuriú. Arauco will engage with the relevant APA administrative authorities to agree on and implement additional conservation measures to support local biodiversity conservation goals. Arauco will also assess whether similar actions are required in relation to other LPAs within the Project's area of influence.

Arauco's biodiversity baseline (i.e. EIA-Rima and other biodiversity monitoring) has identified several priority biodiversity values associated with the Project area, including the Globally Critically Endangered (CR) Killifish *Melanorivulus egens*; the Globally and Nationally Endangered (EN) Crowned Solitary Eagle (*Buteogallus coronatus*), the scarabeid beetle *Dichotomius eucranioides*, and the Killifish *Melanorivulus scalaris*; the Globally EN and Nationally CR Electric fish *Tembeassu marauna*; the Globally EN and Nationally Vulnerable (VU) Marsh Seedeater (*Sporophila palustris*); as well as other four Globally VU species of mammals, four of birds and one of reptile. A preliminary assessment indicated the Marsh Seedeater, *D. eucranioides*, *M. egens*, *M. scalaris* and *T. marauna* as likely Critical Habitat values for the project area.

Moving forward, Arauco will complete a Critical Habitat assessment based on engagement with relevant experts and primary data collection, as relevant. No direct adverse impact from habitat conversion or degradation is expected on these species, as remnant Natural Habitat for terrestrial species will be set-aside for protection, and wetlands and other freshwater habitat for the aquatic species are among mandatory set asides per Brazil's legislation.

Arauco's woodshed contains mostly Modified Habitats, consisting of established pastures dominated by exotic grasses. Remnant Natural Habitat in the rural landscape consists mostly of mandatory set asides required per Brazil's Forest Code. A preliminary assessment of Natural Habitat per PS6 definitions identified that No Net Loss would also apply for 2,896.43 hectares lost since 2020 to Project operations, of which ~47% (1,368.42 ha) correspond to initial stages of Cerrado regeneration over pasturelands.

Moving forward, Arauco will hire competent professionals to develop a Biodiversity Management Plan ("BMP"), to encompass all biodiversity-related actions during both the construction and operation stages of the Project, including (i) the development of mitigation and monitoring plan to facilitate fauna crossings in the gallery forest of the Sucuriu river, with emphasis on primates; (ii) identify fauna roadkill hotspots and develop of a comprehensive strategy to mitigate roadkill incidents; (iii) adoption of a raptor safe design for the 230 kV transmission line to prevent bird electrocutions, and installation of flapper bird flight diverters to prevent bird collisions; and (iv) a Biodiversity Monitoring Program to verify effectiveness of mitigation measures. Arauco will adapt its management practices based on the monitoring results.

¹ Category V of the International Union for Conservation of Nature ("IUCN") refers to "Protected Landscapes/Seascapes." This category recognizes areas where the interaction between people and nature over time has shaped a landscape with significant ecological, cultural, and scenic value. These areas: (i) allow for the sustainable use of natural resources, provided it is compatible with biodiversity conservation; (ii) often include traditional agriculture, low-impact tourism, and resident communities; and (iii) are managed with the goal of maintaining harmony between conservation and local livelihoods. In Brazil, many Environmental Protection Areas (Áreas de Proteção Ambiental – "APAs") fall under this category.

Arauco will also hire competent professionals to develop a Biodiversity Action Plan (“BAP”). The BAP will include (i) the development of a strategy for achieving No Net Loss and Net Gain, including priority biodiversity values, (ii) loss and gain calculations and proposed offsets; (iii) an offset program based on the principles of equivalence (like-for-like or better), additionality and permanence, as well as monitoring requirements to ensure its effectiveness; and (iv) additional conservation actions aimed at supporting biodiversity conservation objectives of the Legally Protected Areas situated in the project’s areas of influence. Arauco will engage with administrative authorities of such Legally Protected Areas to identify pertinent actions.

4.6.b Management of Ecosystem Services

FSC certification requires the maintenance or enhancement of attributes within HCV areas. These areas are identified based on environmental and social criteria, including the provision of critical ecosystem services such as watershed protection and soil erosion control (HCV4), areas essential to fulfilling the basic needs of local communities (e.g., access to water, food, and health resources) (HCV5), and areas of cultural, archaeological, or religious significance (HCV6).

As part of the FSC certification process, Arauco will: (i) continue to identify and assess priority ecosystem services—such as water resources—considering both dependencies and potential impacts; and (ii) complete the implementation of a paired watershed hydrological monitoring program, including the collection of groundwater and surface water data. Based on monitoring results, Arauco will adapt its management plans to ensure alignment with applicable requirements.

4.6.c Sustainable Management of Living Natural Resources

To date, 60,904 hectares—approximately 53%—of Arauco’s current 115,000-hectare Sucuriú forest management area are FSC certified, with plans in place to achieve full Forest Management (“FM”) certification. All Sucuriú plantations will be managed in accordance with FSC standards for responsible forest management.

4.6.c.i Supply chain

The Sucuriú forestry land base currently comprises 40,400 hectares (17% of the net effective plantation area) owned directly by Arauco. The majority of the land—approximately 180,800 hectares (76%)—is under Arauco’s management through land usufruct agreements. In addition, long-term wood supply arrangements have been established with forestry investment funds.

Over time, the Project will supplement its wood supply with third-party sources. Although no third-party wood is currently being procured, Arauco is in the process of developing a Controlled Wood (“CW”) verification system, which will be finalized and operationalized before any such procurement begins. The CW system will be designed to meet FSC CW standards and PS requirements, incorporating: (i) documented due diligence procedures; (ii) traceability mechanisms; (iii) measures to prevent the conversion of natural and critical habitats; and (iv) controls to avoid sourcing from unacceptable or high-risk areas.

Arauco will also commit to sourcing wood exclusively from plantations established on previously anthropized land or from areas where conversion occurred prior to the FSC cutoff date of July 2020. Additionally, the system will be designed to support compliance with the forthcoming European Union Deforestation Regulation (“EUDR”).

4.7 Indigenous Peoples

No Indigenous Peoples (“IP”) have been identified within the operational footprint or area of influence of the Project. The nearest officially recognized Indigenous territory—Ofayé-Xavante—is located approximately 140 kilometers from the mill site and over 100 kilometers from the farms acquired to date.

4.8 Cultural Heritage

Two archaeological surveys and assessments were carried out for the industrial plant and the T-Line, and an additional survey was conducted for the railway. The artifacts found during the survey of the industrial site were treated according to the Brazilian cultural heritage legislation which shares foundational principles with international standards in terms of practices for the protection, field-based study, and documentation of cultural heritage.

As part of its management programs, Arauco will develop and implement a Chance Find Procedure for all Project components to manage unexpected discoveries of cultural heritage. The procedure will outline steps for site protection, notification of authorities, and appropriate mitigation, and will be integrated into contractor agreements and site management plans.

5. Local Access of Project Documentation

The documentation relating to the Project can be accessed at the following link: www.sucuriu.arauco.com