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## EDITORIAL

### Álvaro Fitipaldo

Head of Operations  
at UPM Forestal Oriental

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The start of operations of the new pulp mill in the department of Durazno set up the dynamics of a year where we solidified the increase of the scale of UPM Forestal Oriental's operations in Uruguay, and reached a historic milestone for UPM's activity overall.

The positive impact produced by the new mill was very visible in the amount of activity in rural areas and communities in the sphere of influence, which will capitalize on the momentum generated by this new operation.

At UPM Forestal Oriental, 2023 was also a year of corroborations. After several years of preparations to secure the forestry base and the supply capacity for the expanded demand for timber that comes with two operational pulp mills, we validated the success of detailed and rigorous planning. We also affirmed the importance of a methodical and orderly implementation, which was carried out by our fantastic team and our solid base of contractors, who proved to be up to this enormous challenge.

This annual report which we are sharing reflects, in each section, the key findings of each of our processes and operational areas, as well as our progress in the different projects we are committed to continue to ensure a long-term, responsible, and sustainable forestry operation.

In February we officially inaugurated our third nursery, located in Sarandí del Yí. This state-of-the-art nursery, which has created 120 permanent jobs in the area, recorded exceptional production levels throughout the year, adding 10 million plants to those already produced in our nurseries in the department of Paysandú. These plants help us ensure the supply of the best genetic material for plantations in our own fields and those of our more than 900 producers associated with the Development Programme.

Same as the other productive sectors in agriculture, we were impacted by climatic challenges throughout the year due to the significant drought that affected the country. In this challenging context, we continued with our afforestation process to develop our long-term forestry base, capitalizing on operational windows, and achieving excellent planting levels.

The supply process showcased a leap in the scale of its operations. To support with logistic operations, we continued developing internal roads and upkeep of more than 850 kilometres of local roads in agreement with departmental governments. We now also operate 6 intermediate timber stockpiles, located in strategic areas on paved routes, allowing our transport fleet to operate during rainy days, avoiding the use of local roads during the aforementioned period.

In the harvesting side of things, we topped the growth charts our own operations and of all contractors, increasing the total production volume by 90% compared to the previous year. Meanwhile, in loading and transportation, we oversaw an average of more than 700 daily trips to provide timber to the mills. That's 50

million kilometres travelled during the entire year. We also continued to advance in our Road Safety programme and incorporated the latest safety technology in all transport units.

The digitalization of all our processes and the implementation of optimization systems that took place within the framework of the company's growth plans have been essential in managing these new operation levels in an efficient and orderly manner.

In October, as part of our commitment to the environment and local communities, we opened the doors to a Visitor Centre in the Esteros y Algarrobales del Río Uruguay Reserve Area. This centre is equipped to receive groups of visitors interested in discovering and learning about this unique area of biodiversity that was incorporated into the System of National Protected Areas (SNAP). In addition to the necessary infrastructure to receive visitors, the new centre is also fitted with research facilities and has two exploration trails of about 3km in length that allow visitors to discover more than 900 species of flora and fauna. This reserve area, together with 34 other conservation areas that we manage in different areas of the country, make up a unique heritage in terms of biodiversity and conservation.

In occupational health and safety, we sustained a constant focus on promoting safety as a core value within all our operations. We recognize the importance of each individual and each third-party company in this task. Everyone needs to be involved in promoting an increasingly safer work environment for the more than 4,600 people carrying out their daily activities in our operations.

As part of our daily work, we are involved with local communities, their main referents, and authorities. Throughout the year, we developed more than 570 joint activities that allowed us to provide information on our operations and identify areas in which we can work together.

During 2023 we also implemented social monitoring activities, which help us incorporate perspectives from both local communities and workers in the sector. This monitoring is a great tool for us to be able to measure perceptions and needs.

This 2023 has been a year of important achievements. I invite you to explore this report and learn more about our company and our commitment to sustainable and responsible forestry development.



**Álvaro Fitipaldo**  
Head of Operations at  
UPM Forestal Oriental



## UPM

We offer responsible, renewable, and innovative solutions to move towards a future that goes beyond fossil-based products in six business areas: UPM Fibres, UPM Energy, UPM Raflatac, UPM Specialty Papers, UPM Communication Papers and UPM Plywood. As an industry leader in responsibility, we are committed to the United Nation's Business Ambition for 1.5 °C and to scientifically set targets to mitigate climate change. We have around 16,600 employees worldwide and our annual sales reach approximately 10,500 million euros. Our shares are listed on the Nasdaq Helsinki Ltd. Stock Exchange. UPM Biofore: Beyond Fossils.

## 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 around 320,000 hectares of plantable areas, including company owned land and third-party properties through the Forestry Development Programme.

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 cellulose pulp from raw materials that come mainly from national plantations managed in a sustainable way.

The pulp mill at Fray Bentos began operations in 2007 and continues to be one of the most modern and efficient mills in the world. It has an annual production capacity of 1.3 million tonnes. On the other hand, UPM Paso de los Toros, which began operations in April of 2023, has the capacity to produce 2.1 million tons. In addition to the

production of cellulose, both mills produce substantial, predictable, and renewable biomass energy to supply their production processes. Meanwhile, the surplus energy is used to produce chemicals and to supply the national UTE network, which represents around 20% of the total energy produced in the country.

The production of pulp from the mill in Paso de los Toros is transported by the central railway to Montevideo. This modern and efficient railway is based on European standards and best practices.

Founded in 2006, the UPM Foundation works in coordination with local institutions and community leaders within the sphere of influence of its operations with the aim of becoming an instrument in strengthening communities in the long term.

Alongside its contractors, UPM generates close to 7,000 direct jobs. Additionally, the company's operations in the country have created some 10,000 indirect and induced jobs throughout its value chain.

# MORE THAN 30 YEARS OF HISTORY IN THE COUNTRY



UPM Forestal Oriental

**1990**

**KYMMENE**

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



**2003**

**BOTNIA**

Botnia purchases the Shell shareholding at Compañía Forestal Oriental



**2005**

**DEVELOPMENT PROGRAMME**

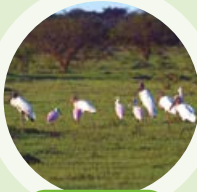
The Development Programme and the Botnia Foundation (now the UPM Foundation) are created



**2007**

**PULP MILL IN FRAY BENTOS**

The pulp mill in Fray Bentos begins its operations



**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



**2015**

**PROTECTED AREAS**

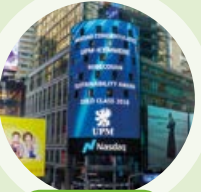
The Esteros y Algarrobales del Río Uruguay area is added to the National System of Protected Areas



**2012**

**NURSERIES**

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



**2009**

**UPM**

UPM purchases Botnia shareholding



**2022**

**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



**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





**Inauguration of the Visitor Centre  
in the Esteros y Algarrobales  
del Río Uruguay area**

National and local authorities, together with representatives from nearby communities walked through the flora and fauna sighting trails on the inauguration day.



# 2023 MILESTONES

FEBRUARY



**The inauguration of the third UPM nursery in Sarandí del Yí**

This nursery, with cutting-edge technology, has an annual production capacity of 10 million Eucalyptus seedlings and offers 120 permanent jobs for people from the town and nearby communities.

The nursery has metallic structure greenhouses with smart temperature, humidity, fertilisation, and irrigation control, as well as a biomass-based heating system.

In addition, it has mobile aluminium countertops to support the trays that hold the plants and make it easier for them to be transported internally from different nurseries, ensuring correct ergonomics for all workers.

JUNE



**The inauguration of UPM Paso de los Toros**

At UPM Forestal Oriental we prepared to supply timber to the new mill with an important growth plan that we implemented in all areas, focusing on always ensuring the safety and sustainability of our operations. This required a lot of planning, coordination, and teamwork with all our collaborators and contractors.

The main challenge that was brought about by the growth of our operations has been reflected in every one of the operational processes, which have now increased their capacity to meet the new demand. For example, in relation to harvesting, we incorporated 12 new fronts with more than 400 new jobs, and in cargo and transportation, the number of daily trips to the mill have increased from 350 to more than 800 as we now supply two mills.

OCTOBER



**New Visitor Centre in the Esteros y Algarrobales del Río Uruguay in Río Negro**

The inauguration of the new Visitor Centre that we have built in the Esteros y Algarrobales del Río Uruguay reserve area foresees the visit of groups interested in touring the area and discovering its riches. The Centre also includes facilities for researchers who study the protected area and gives them the chance of holding meetings on site and with research equipment on hand.

The area is part of the National System of Protected Areas and is the first to be managed by a private company. It has two trails for visitors to explore the different unique environments, which stand out for the diversity of flora and fauna, many of them priority for conservation efforts. They offer a 3 kilometre walk that are intended for the sighting of many species and ecosystems. Thanks to ten years of systematic monitoring in the area, more than 900 species have been identified.

## UPM FORESTAL ORIENTAL



### OUR OBJECTIVES

**The main forestry management objective is the sustainable production of timber for the manufacturing of pulp,** primarily meeting the demand of the Fray Bentos and Paso de los Toros mills with timber from the company's own plots and those of third parties.



### 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 use of timber in all forms, bringing together the biological and forestry industry to create a future without fossil fuels that has innovation, efficient use of resources and responsibility as its central axes. This strategy acknowledges some of the biggest

challenges the world is facing today, including resource scarcity, climate change, loss of biodiversity and use of water.

To guide the company's corporate responsibility of policies, UPM defined a set of goals and performance indicators for 2030 across three different areas: economic, social, and environmental responsibility.

The targets are reviewed annually, and the results are published in UPM's global Annual Report.

The company's strategy, vision and values guide and motivate us to achieve these challenging goals that, at the same time, contribute to several of the United Nations Sustainable Development Goals (SDEGs).

## AREAS OF RESPONSIBILITY:

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

More information on upm's performance in each responsibility objective



### ECONOMIC RESPONSIBILITY

- Create value for our shareholders, ensuring the efficient use of resources
- Ensure competitiveness in the supply chain by continuously incorporating new technological improvements
- Responsible production and consumption
- Good business practices (decision making, management and operations), as well as responsible commercial practices.
- Promote long-term relationships and open collaboration with suppliers, especially those that are key to our operations
- Ensuring compliance with our Code of Conduct throughout our value chain



### SOCIAL RESPONSIBILITY

- Develop a strong organizational culture and a place of work that guarantees a diverse and inclusive environment
- Ensure the health and safety of our employees, contractors, and local communities closest to our operations
- Ensure the continuous learning and development of skills and abilities among our teams
- Promote responsible leadership based on values and integrity
- Ensure the commitment and active involvement of third parties in our operations, as well as in promoting local development
- Ensure fair working conditions in compliance with local regulations and applicable international standards



### ENVIRONMENTAL RESPONSIBILITY

- Guarantee the sustainable and responsible use of natural resources
- Maintain and improve biodiversity
- Promote circular economy initiatives
- Ensure forest ecosystem services and climate-positive forestry
- Design solutions that consider the product's entire life cycle.





## UPM FORESTAL ORIENTAL



### COMMITMENT

UPM Forestal Oriental respects people and the environment, and aims to build long-term, mutually beneficial relationships with communities. Social development is part of every action, aiming to contribute towards the growth and development of the communities within its sphere of influence.



### MISSION

To ensure the sustainable supply of timber for cellulose pulp through good customer relationships and at a competitive cost.



### VALUES

UPM Forestal Oriental's attitude towards work and people is defined by its values as a company:

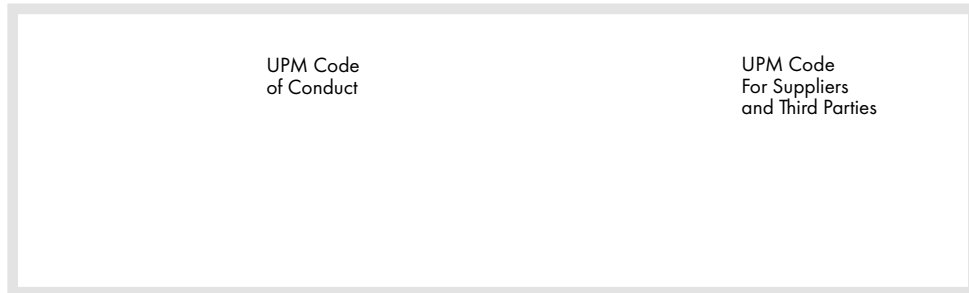
- Trust and be trusted
- Achieve together
- Innovate with courage

# 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 stakeholders. UPM has expressed its commitment to integrity in the Code of Conduct. Our guiding principle is that we do not compromise our standards of integrity under any circumstances, and we expect the same from our third-party vendors and intermediaries.

All UPM suppliers and third-party intermediaries must comply with the standards set 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. There are additional requirements for 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 Organization Declaration on Fundamental Principles and Rights at Work:



**1**  
**Commitment to integrity**

**2**  
**Respect for people and human rights**

**3**  
**Concern over the environmental impact and the safety of the products**

**4**  
**Zero tolerance against corruption and bribery**

**5**  
**Business transparency**

**6**  
**Compliance with antitrust legislation**

**7**  
**Protection of information and assets**

**8**  
**Familiarity with business partners**

**9**  
**Interaction with stakeholders and society**

**10**  
**Compliance is everyone's business**



## PROCEDURE FOR REPORTING INAPPROPRIATE BEHAVIOUR

**At UPM we are all responsible for supporting the company's standards for integrity and ethics.**

If we suspect inappropriate behaviour, it's our obligation to speak up and report it. We should also listen to other people's concerns. We want to address issues to rectify them in a timely manner and prevent them from happening again.

All employees must immediately report any suspicion or observation of non-compliance with the law, the UPM Code of Conduct or other corporate policies, by following established internal procedures.

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

UPM will carefully review all misconduct reports, which will be kept strictly confidential

See the  
procedure

Misconduct  
Reporting  
Channel



# INTEGRATED MANAGEMENT SYSTEM

UPM Forestal Oriental operates using an Integrated Management System (IMS), which organises internal processes and creates a decision-making model based on records, measurements, and supplier integration. In this way, we can implement a continuous improvement system.

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



**Quality Management Systems**  
(ISO 9001:2015)

**Environmental Management Systems**  
(ISO 14001:2015)

**Occupational Health and Safety Management Systems I**  
(ISO 45001:2018)

**Forest Management**  
(FSC® y PEFC)

**Chain of custody**  
(FSC® y PEFC)

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

Read the Integrated Management Commitment

FORESTRY OPERATIONS ARE GUIDED BY **THREE MAIN PROCESSES:**





# FOREST ACTION PROGRAMME

UPM has its Forest Action Programme, a comprehensive global forestry responsibility programme. Its main objective is to provide the framework for responsible forestry activities, encourage further undertakings in UPM's timber-sourcing regions around the world and spread knowledge and awareness in relation to the five main areas of the programme: climate, biodiversity, water, soil, and social contribution.

Read more  
about the  
programme





# CERTIFICATIONS

Achieving and maintaining long-term certification involves applying policies, standards and working procedures that enable the protection, monitoring and maintenance of all company resources and operations. Forestal Oriental makes public its commitment to long-term adherence to the FSC® Principles and Criteria for the Management Unit and related FSC® Policies and Standards.

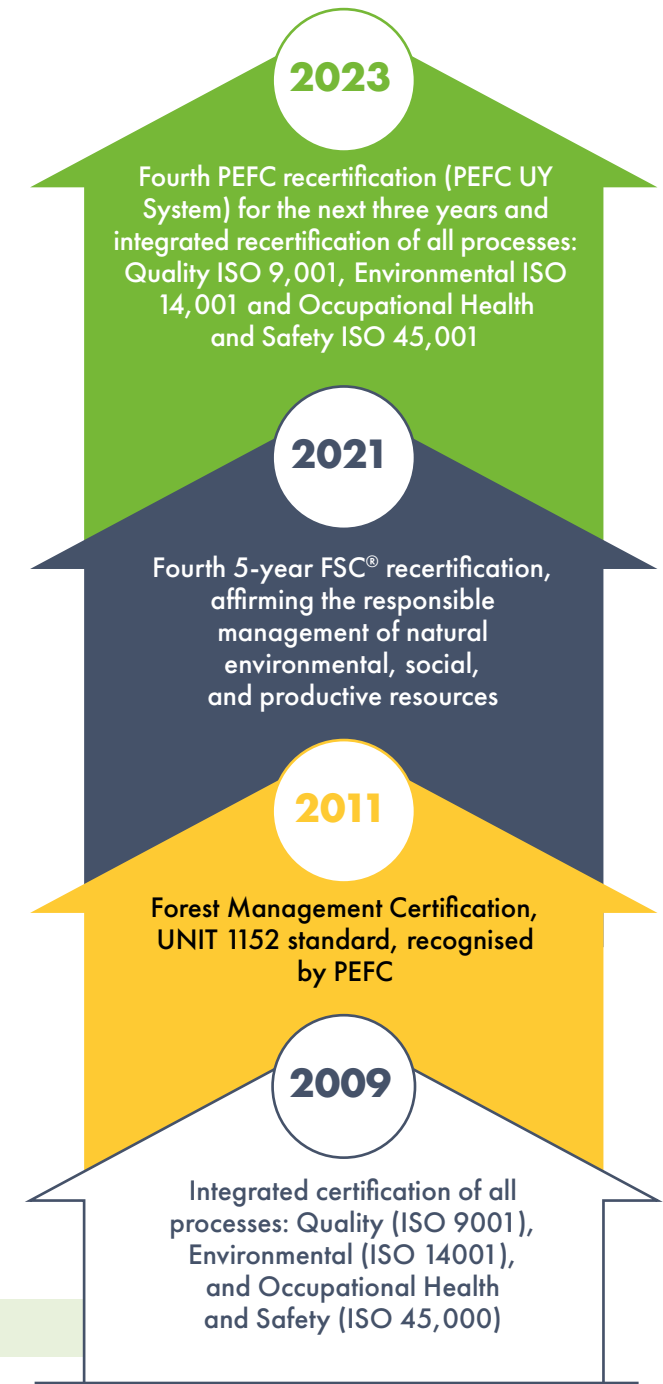
UPM Forestal Oriental manages a group certification scheme (UPM Forestal Oriental Certification Group, SGSCH-FM / COC – 002240) that includes small and medium-sized producers from Cerro Largo, Colonia, Durazno, Lavalleja, Maldonado, Paysandú, Río Negro, Rocha, and Treinta y Tres.



The **Forest Stewardship Council®** is an international organisation whose aim is to promote responsible, socially beneficial, and economically viable environmental management of the world's forests. It does so by establishing a global set of recognised and respected principles and criteria. Through its approach to work in accordance with FSC®, UPM Forestal Oriental favours the maintenance of ecosystem and biodiversity functions, contributes to the country's scientific expertise, and provides education on environmental conservation.



The **Programme for the Endorsement of Forest Certification (PEFC)** is an international non- governmental organisation dedicated to the promotion of sustainable forest management through an independent certification of the implementation of stringent environmental, social, and ethical standards. The PEFC is a certification scheme that, rather than having a single standard for sustainable forest management applicable to all countries or regions, recognises and validates the standards developed by each country. To do this, it has a series of requirements regarding how the standard should be developed, the central aspects that must be considered, and the environmental, social, and legal compliance parameters that must be considered.



## MAP OF CERTIFIED AREAS



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

**424,339.50 ha.**

TOTAL AREA WITH  
PEFC CERTIFICATION  
(UY11/20080091):

**424,339.50 ha.**

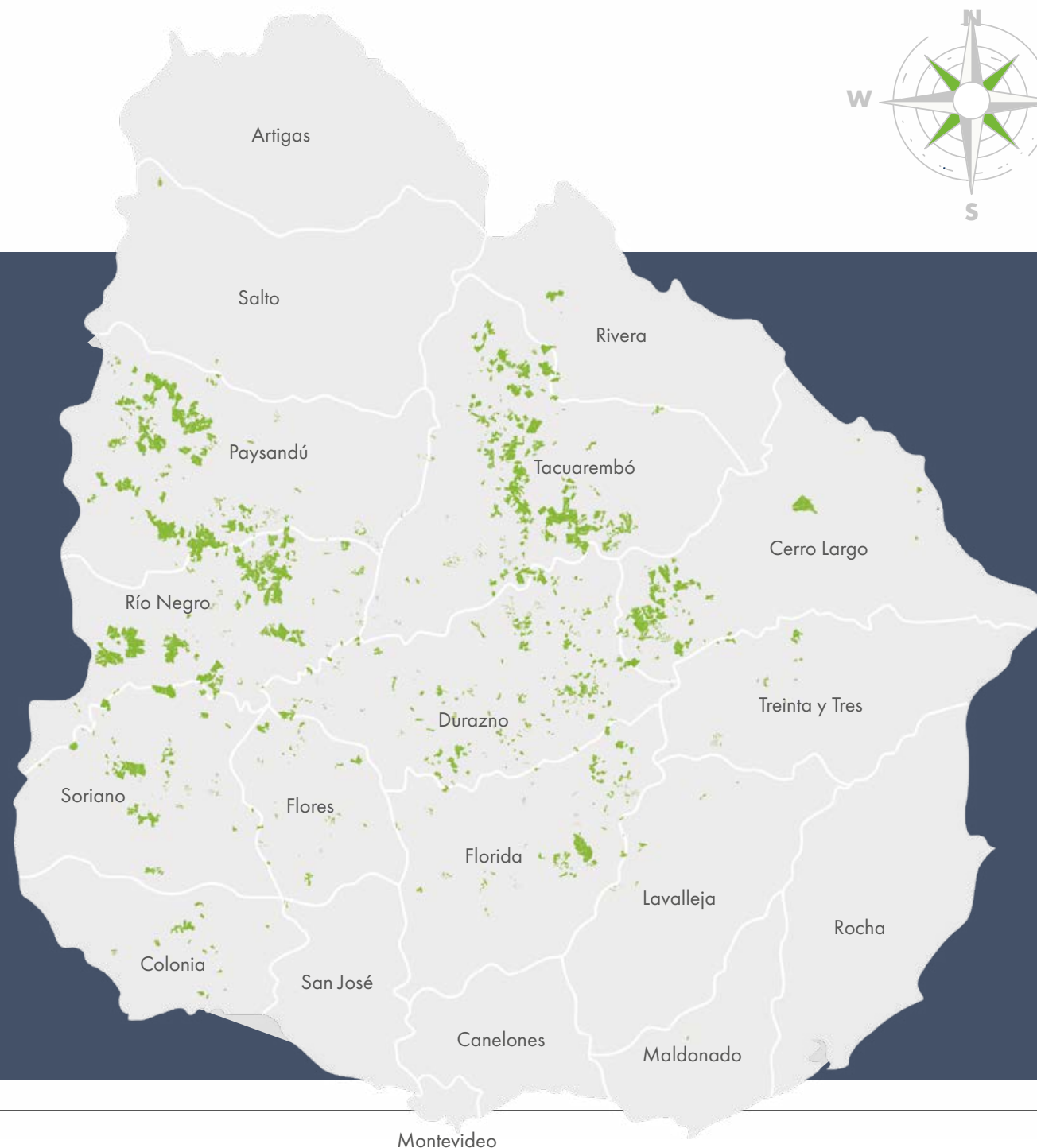
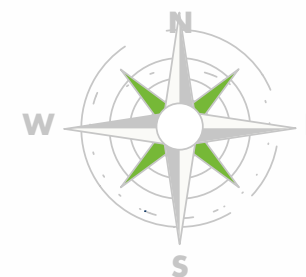
TOTAL AREA WITH FSC®  
CERTIFICATION FROM  
THE UPM FORESTAL  
ORIENTAL GROUP  
CERTIFICATION SCHEME  
(SGS-FM/CO-002240):

**13,141.6 ha.**

OTHER CERTIFIED AREAS  
UNDER UPM FORESTAL  
ORIENTAL MANAGEMENT:

**2,629 ha.**

FSC®-C020173





# ASSETS

**Forestry assets are the basis for the sustainability and competitiveness of the activities on which the supply strategy for the Fray Bentos and Paso de los Toros pulp mills is planned.**

On the land, company specialists study the biophysical environment and the social and cultural resources of the direct surroundings. In this way, we can evaluate the effect that the intervention may have and plan activities that respect and preserve environmental conditions.

The primary objective of planning is to identify the most appropriate use of the land, and to preserve biodiversity, soil, and water quality, which are vital for the sustainability of long-term forestry activities. At UPM, we do not turn native forests into plantations.



## AREAS INTENDED FOR FORESTRY PRODUCTION

Suitable for the growth of *Eucalyptus* plantations in line with climate land management criteria as determined by regional and national legal regulations.



## AREAS INTENDED FOR THE CONSERVATION OF SPECIES AND ENVIRONMENTS

Areas that have natural ecosystems that are relevant to the conservation of environments or species (some examples: native forests, natural fields, sandbanks, grasslands) and other areas of importance for conservation work (riparian areas, buffer zones, etc.). This also includes sites of archaeological or historical-cultural value and visual basins, among others.



## OTHER NON-PLANTED AREAS

Includes infrastructure areas (such as roads and service areas), firebreaks and other areas surrounding plantations that have alternative uses.

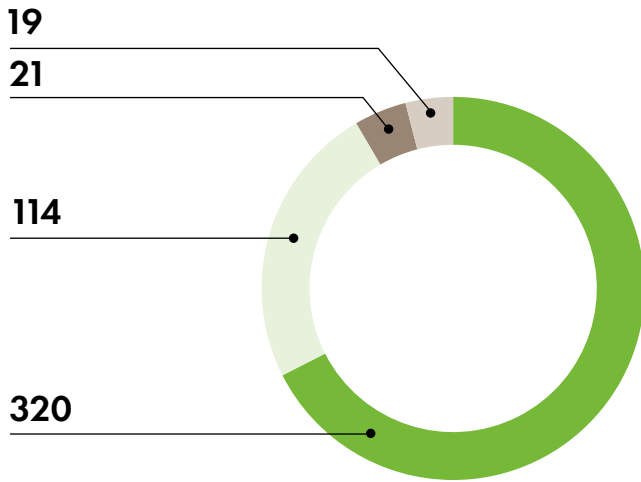
Our team of supervisors permanently reviews and monitors operations and, among their primary responsibilities, is the control of illegal or unauthorised activities.

**AREA DEPENDING ON OWNERSHIP**  
(Thousands of ha.)

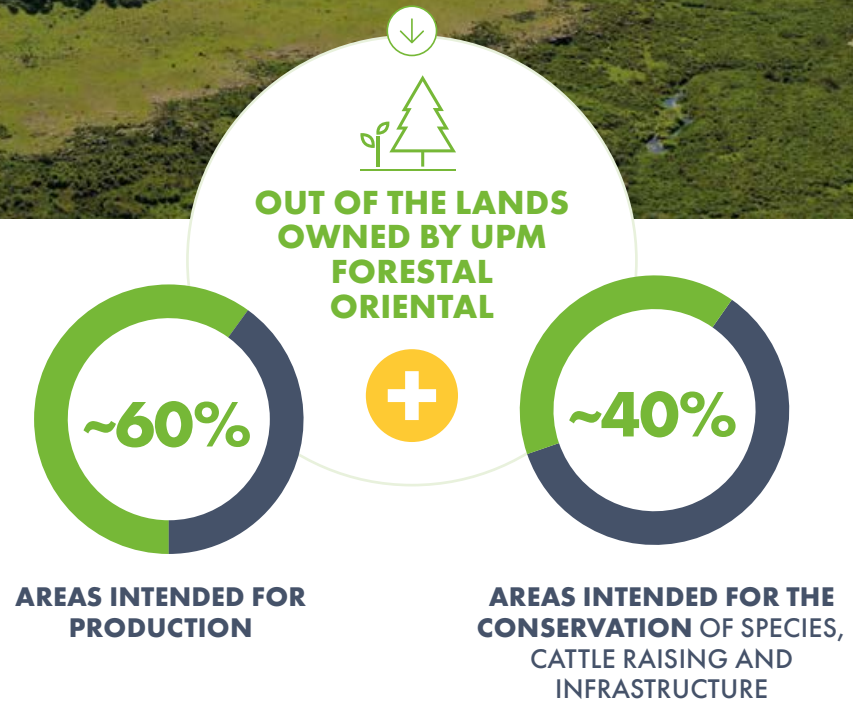
TYPE OF OWNERSHIP	TOTAL SURFACE AREA	PLANTABLE SURFACE
Owned	304	182
Development Programme (leases)	170	138
<b>Total</b>	<b>474</b>	<b>320</b>



**Total surface distribution depending on use** (Thousands of ha)



- Plantable surface
- Natural fields and other areas
- Native forests and other natural ecosystems
- Infrastructure



# MAIN SPECIES FOR PLANTATION

The species *Eucalyptus grandis* and *Eucalyptus dunnii* have shown better and greater adaptability to local conditions (type of soil, risk of frost and drought, etc). Good adaptability to the edaphological and climatic conditions of the area allow the favourable growth of plantations and positive sanitary conditions. There are also areas that are planted with other species that, while negligible due to the small area they occupy, are also included in the company's operational plans.

The selection of tolerant/resistant genotypes is one of the priorities of the Genetic Improvement Programme. Materials with greater sensitivity to pests and diseases are discarded and only those with the most resistance are planted commercially. These materials, selected during their commercial phase, are monitored throughout their growth and development phases starting with the production of the plants in the nursery to their harvest.

An integrated management of pests and forestry systems is implemented with the main objective of minimising the use of chemical pesticides, thus ensuring optimisation in line with the main objectives of the management plan.

**UPM Forestal Oriental's sanitary monitoring programme has the following main objectives:**

- Detect and report new pests and diseases
- Assess the impact and evolution of those already present in the country and the region
- Test alternative control methods and evaluate their effectiveness in coordination with other private and public entities, if applicable

There is a continuous monitoring of the effects caused by climatic factors (frost, wind, fire, drought, etc.).

With the information recorded, we generate reports that focus on the main sanitary, climatic, or alternative problems affecting plantations, which is an important source of information for decision-making as it pertains to the management and handling of affected areas.

During 2023, the results we obtained from plant replacement were higher than the historical averages, caused by a greater incidence of climatic factors (drought, frost) in the planting phases. These cases represented 56% of the total replacements.



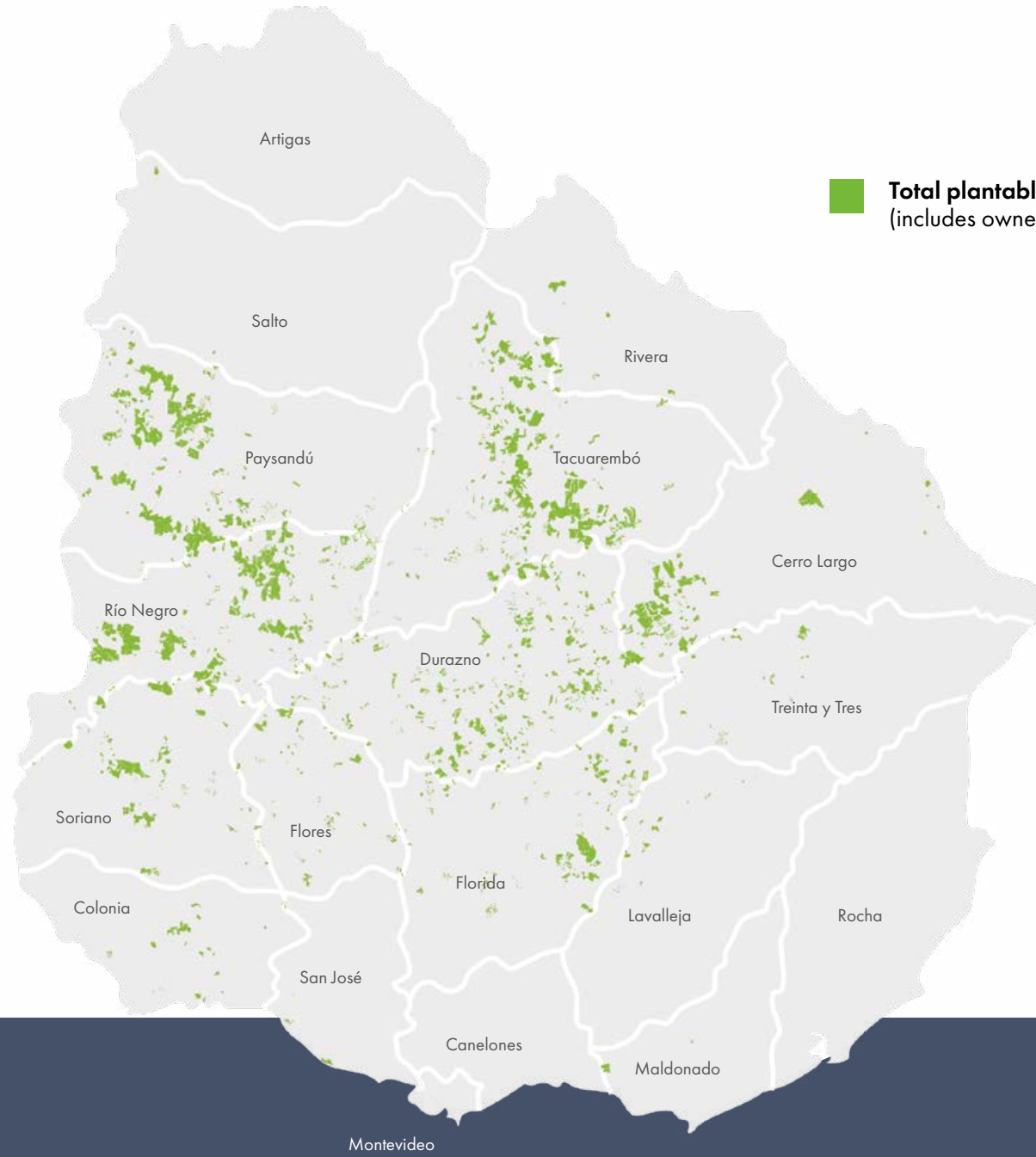
	Eucalyptus and Pines	Otrhers	TOTAL
<b>Owned</b>	176	1	177
<b>Development Programme (leases)</b>	131	-	131
<b>TOTAL</b>	<b>307</b>	<b>1</b>	<b>308</b>

**Planted area depending on species (Thousands of ha.)**





 **Total plantable area**  
(includes owned and leased)

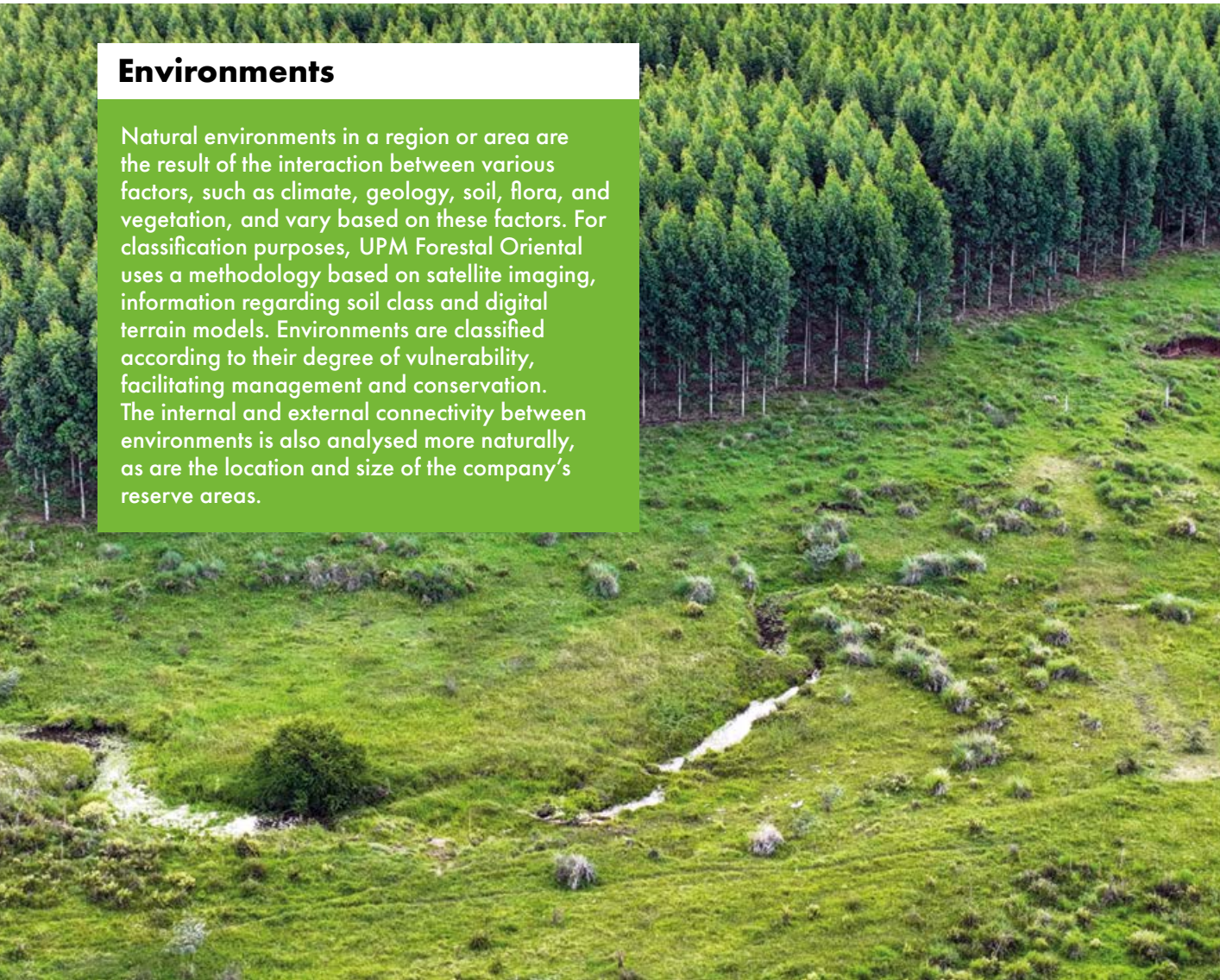


# ENVIRONMENT

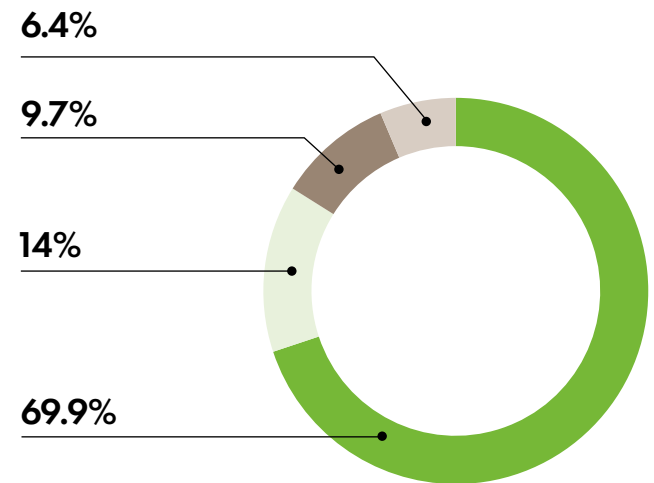
## Biological data

### Environments

Natural environments in a region or area are the result of the interaction between various factors, such as climate, geology, soil, flora, and vegetation, and vary based on these factors. For classification purposes, UPM Forestal Oriental uses a methodology based on satellite imaging, information regarding soil class and digital terrain models. Environments are classified according to their degree of vulnerability, facilitating management and conservation. The internal and external connectivity between environments is also analysed more naturally, as are the location and size of the company's reserve areas.



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



- Natural grassland
- Native Forests
- Infrastructure
- Stony areas

# Geoclimatic Data



## TEMPERATURE

Daily average:  
12°C to 25°C



## RAINFALL

Annual average: 1,200 to 1,500 mm  
depending on the area



## Geology

Plantations on the West Coast are primarily located on the following geological formations: Guichón, Mercedes, Asencio, Salto and Fray Bentos. In turn, those located on central and northern areas of the country do so on Tacuarembó, Cuchilla del Ombú, San Gregorio, Melo, Yaguarí, and Tres Islas.



## Soil

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

- **9.1** (*Argisols and Brunosols*)
- **9.3** (*Argisols, Planosoles and Brunosols*)
- **09.3** (*Argisols and Planosoles*)
- **7.32** (*Luvisols and Acrisols*)
- **7.2** (*Luvisols and Acrisols*)
- **2.12** (*Brunosols and Litosols*)
- **8.8** (*Luvisols and Acrisols*)



## Hydrology

According to the current predominant classification (Decree 253/79) the company's forest management unit watercourses are Class3: "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 in natural form or, in cases where it is consumed in natural form, the irrigation system does not water the product."



# COMMUNITY RELATIONSHIP

UPM Forestal Oriental operates in five regions spread across the departments of Cerro Largo, Colonia, Durazno, Flores, Florida, Lavalleja, Paysandú, Río Negro, Rivera, Rocha, Salto, Soriano, Tacuarembó, and Treinta y Tres.

Across every region we identify and work together with influential communities, meaning those that are connected to the company's operations. We annually review the planning of operations (planting, harvesting, loading and transportation, among others) and identify the

areas that will be affected and the activities taking involving the communities to prevent, mitigate, and accommodate such activities.

The potential impact on communities include: the transportation of timber, the use of chemicals and the impact on the landscape, among others. To mitigate these points of impact, which are identified and classified in a matrix based on area and activity, we put into action different initiatives that are evaluated on a case-by-case basis and are in direct contact with all parties involved. For example, in order to manage the transportation of timber that goes through though certain communities, we get in touch personally through area representatives and/or put out radio announcements on local media stations, in addition to the measures included in our extensive Road Safety Programme, which is detailed in the Transportation chapter.



1



2



3

1 We invited groups of representatives from the different communities to get to know the Esteros y Algarrobales del Río Uruguay area

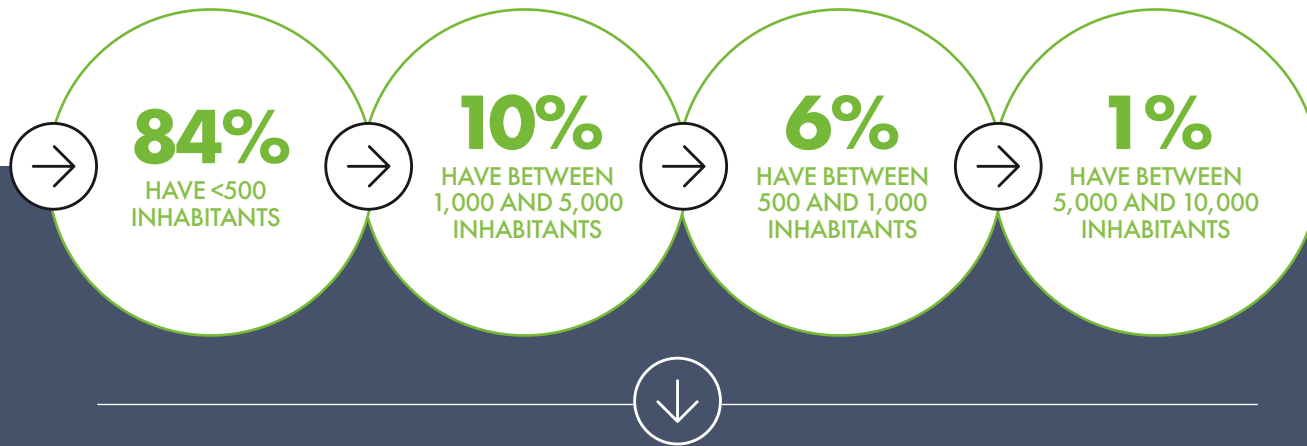
2 Referents from Arévalo, San Gregorio de Polanco and Paso de los Toros learned about the nursery in Sarandí del Yí

3 Community leaders from Arévalo participated in workshops on Positive Psychology led by Jóvenes Fuertes Uruguay

Learn about our 100+ areas of influence

## Communities of influence are classified according to:

### \* Size



In addition, 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 close to forestry operations in lands under company management and/or with frequent operational activities.

**Specific:** communities with operations nearby only for a short period of time.

## SOCIAL MONITORING 2023

In 2023 we did Social Monitoring work by measuring the perceptions of communities and workers.

The analysis is carried out based on perceptions of the area's economic situation, forestry activity, environmental care, certification processes, knowledge and uses of reserve areas, knowledge and trust in the company, conformity with work, income, security measures, access to trainings, working environment and knowledge of certification processes.

**600**  
Surveys to residents

**250**  
Surveys to UPM workers and contractors

**35**  
In depth interviews

Learn more about our monitoring activities here

**Permanent involvement with communities, as well as social monitoring, are essential sources of input for the preparation of the company’s annual work plan and strategic definitions.**

**For this we undertake different activities, including:**



## Continuous communication with communities

Contact and active involvement between the UPM Forestal Oriental team and local communities encourages interaction and gives us the opportunity to receive complaints, comments or suggestions that are taken into consideration by the company as a valuable input for the continuous improvement of the entire forestry chain.

All complaints or suggestions received by different interested parties regarding

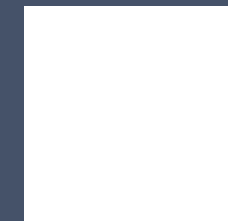
various aspects of our operations must be registered as management monitoring by using the corresponding standards.

In 2023 we registered 66 complaints and suggestions which were classified into different categories: state of fences, roads, transportation activities, animal handling, waste, fire, and water management, among others.

Each of these concerns were processed individually and followed-up by involving the different participants to be able to reach an agreed upon solution. All reported issues have already been resolved.

In addition to receiving complaints face-to-face throughout our tours and visits, people can leave their

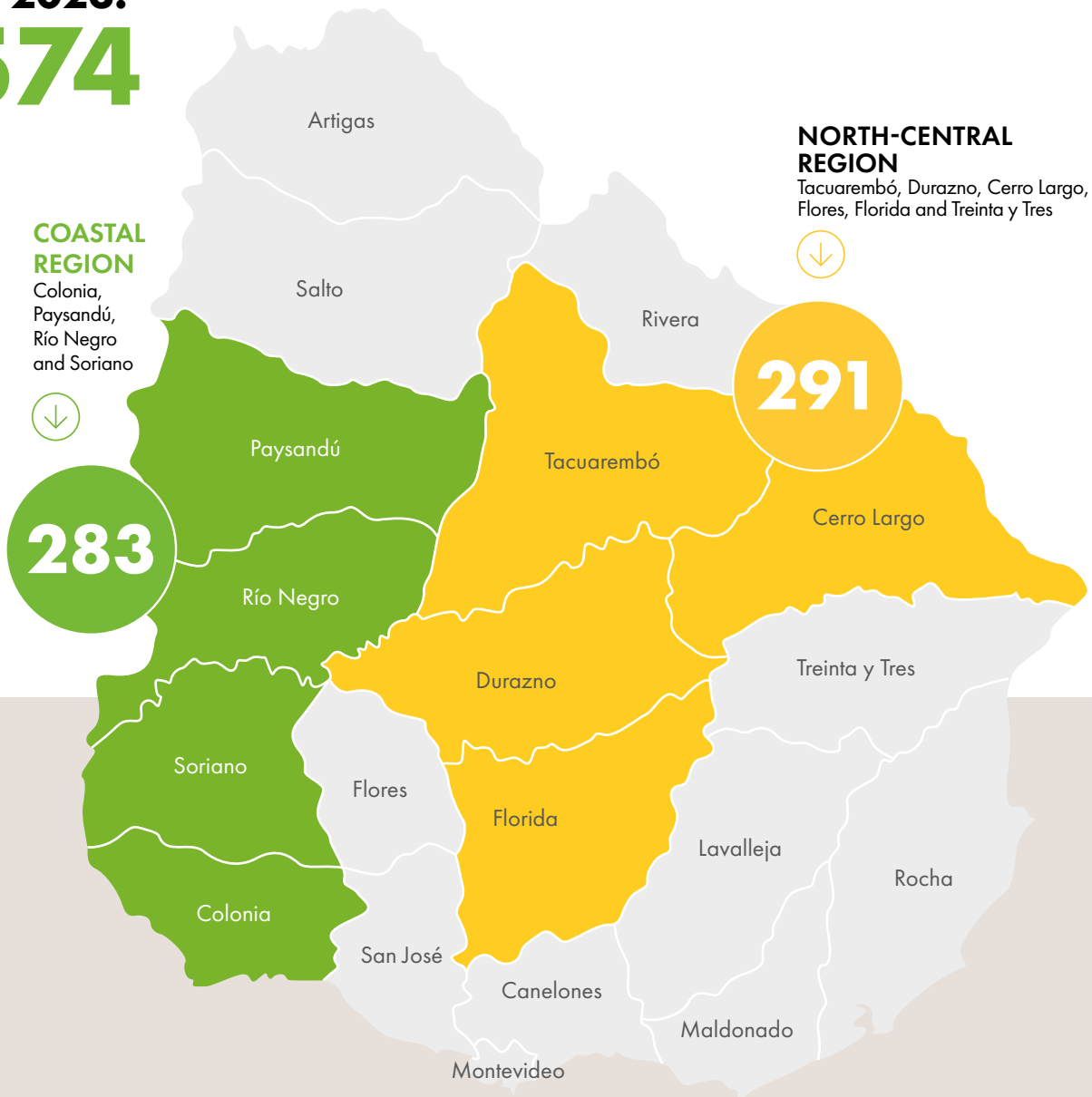
comments in our offices or various communication channels.



Dispute resolution procedure



**ACTIVITIES  
CARRIED OUT  
IN 2023:  
574**

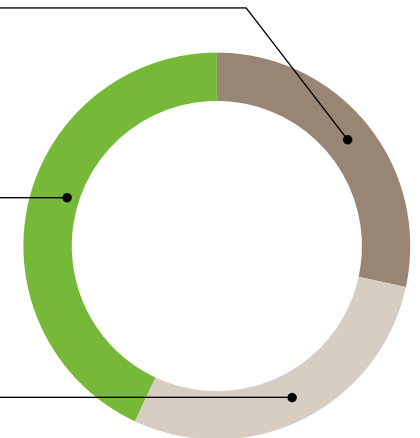


**Activities with local communities**

163

164

247



- Within the UPM Foundation framework
- Community activities
- Activities with local representatives

# UPM FOUNDATION

## GROWING TOGETHER IN THE INTERIOR

As part of the Foundation's work, we support projects and promote scholarships for training programmes throughout the interior of the country. All projects are led by leading organizations in their fields.

A board of directors made up of five members meets every two months to evaluate and approve new proposals that are presented, as well as to oversee the use of the budget and monitor the progress of those projects that have already been implemented.



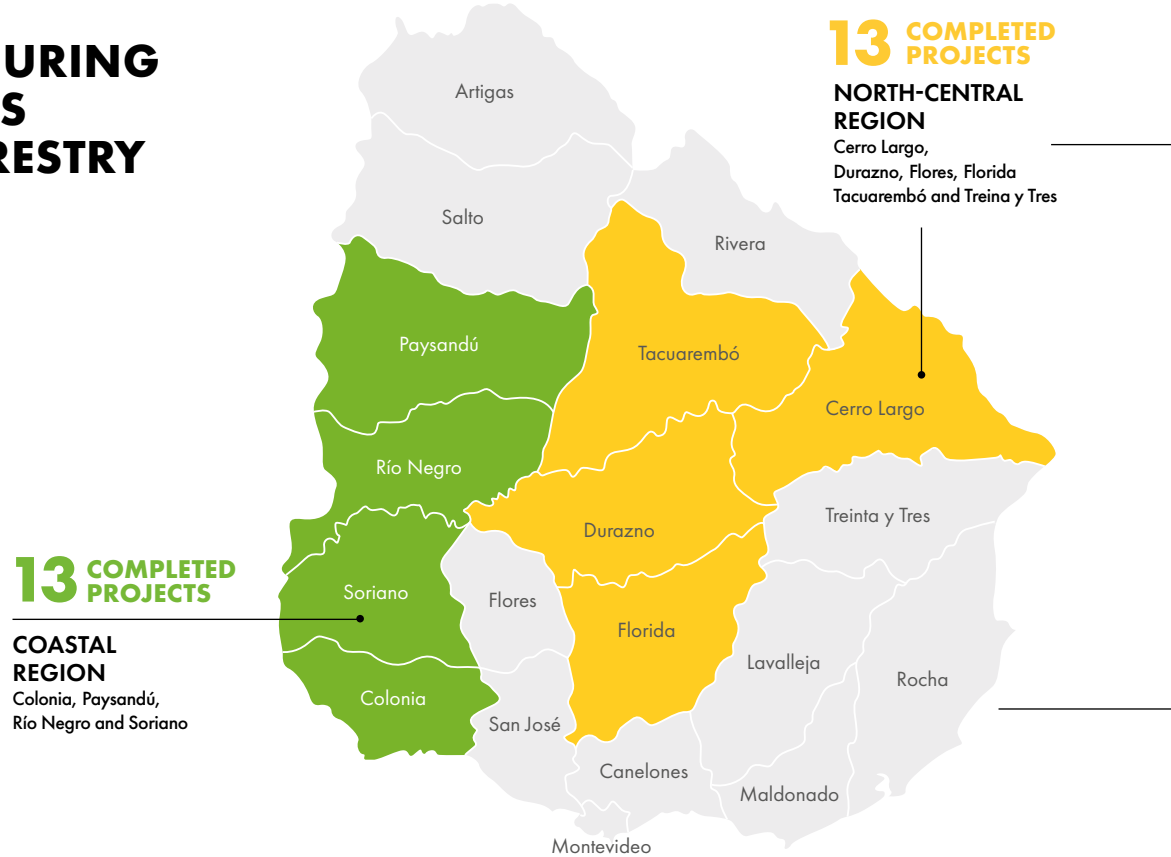
**In the last few years, the UPM Foundation has awarded scholarships to more than 1,300 educators** from some 150 communities in the interior of the country. These were for different teacher training programs on topics such as: Management and Leadership, Inclusion, Socio-emotional Skills, and Pedagogical Training.

### AN OPEN CALL FOR PROPOSALS



We have an open call all throughout the year to receive proposals in education and community development. Those people or institutions interested can send their proposals to our email: [fundacion@upm.com](mailto:fundacion@upm.com)

**IMPACT 2023  
ON NEIGHBOURING  
COMMUNITIES  
CLOSE TO FORESTRY  
OPERATIONS**



**18 PROJECTS COMPLETED IN COORDINATION WITH 21 PARTNER ORGANIZATIONS:**

**12** EDUCATIONAL PROJECTS

**6** COMMUNITY DEVELOPMENT PROJECTS

*\* Out of the 18 projects completed in 2023, some were carried out in both regions: Coastal and North-Central.*

Our projects have **impacted**

**+2,500**  
PEOPLE



**+80**  
LOCATIONS IN THE INTERIOR



# OUR TEAM

**The development of people and skills form the basis for achieving UPM's objectives.**

To this end, we have set up certain tools that allow us to identify needs in human resources development, taking into consideration economic, operational, and social sustainability. These tools are aimed at our own employees and contractors, as well as residents in the communities surrounding our operations. We trust our people and are proud to have a passionate team filled with energy and a positive spirit. These attributes are present in every goal we set for ourselves and in the care expressed when doing what we do. We are the ideal place for those who value lifelong learning and want to work in a growing industry. We believe that innovation requires constantly searching for different perspectives, having an open mind, and learning from others. For this reason, we constantly provide opportunities for the personal and professional development of our team.



# EQUITY AND GENDER POLICIES

**UPM Forestal Oriental is driven by UPM's global equity and gender policies. In Uruguay, different behaviours and mechanisms are promoted to guarantee equity and gender throughout the entire operation.**

## Our Code of Conduct

It is a part of the core values and ethical standards that drive our actions. Our Code of Conduct and our values support a stimulating work environment and help us navigate the changing business landscape. This forms the basis for the success of our operations. An important part of our integrity culture is that employees feel comfortable raising any concerns they may have and know that they can trust UPM to take appropriate action. We are all responsible for building this culture of integrity with everything we do and every decision we make. Each person must understand the Code of Conduct and use it as a compass to guide day-to-day work.

All our employees regularly participate in Code of Conduct training because at UPM every choice matters.

Through our Code of Conduct, here at UPM we promote an inclusive work environment and we do not tolerate discrimination based on race, age, nationality, gender, or sexual orientation.

At UPM Forestal Oriental we want to guarantee team leadership based on values such as diversity and inclusion. We understand Diversity & Inclusion as a key tool to make the differences between people, such as gender, age, race, sexual identity, ways of thinking, experience, skills, and background, crucial in creating an environment that's conducive to better decision making. The most diverse and inclusive companies have more skills to innovate and build workspaces where everyone feels part of the team and can solve problems in a more agile and flexible way, thus ensuring business success.

In 2023, we continued promoting workshops in topics such as diversity, inclusion, and sexual harassment.

## Our job opportunities are open to everyone

When promoting our open calls, we always communicate that all calls include candidates registered in the National Registry of Persons with Disabilities (LAW 19,691), who meet the conditions and are suitable for the position.



# CREATING PERMANENT AND HIGH-QUALITY EMPLOYMENT IN THE INTERIOR OF THE COUNTRY

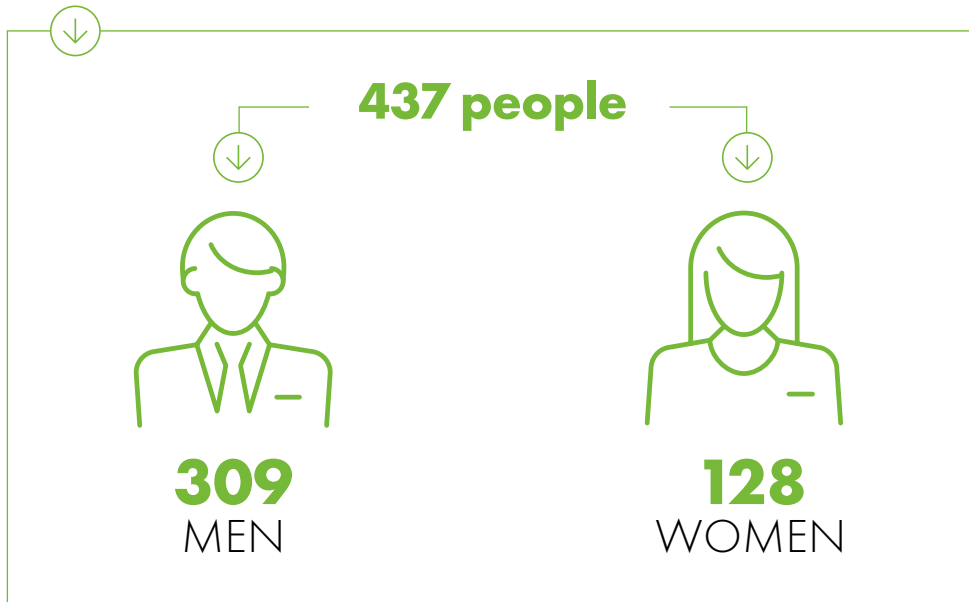
**+4,600**

People work throughout the entire UPM forestry operation in Uruguay

**95%**

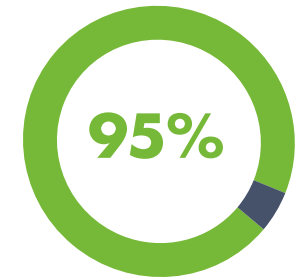
Our team works and lives in different communities across the departments of Cerro Largo, Durazno, Paysandú, Río Negro, and Tacuarembó

IN **2023** THE UPM FORESTAL ORIENTAL TEAM WAS MADE UP OF

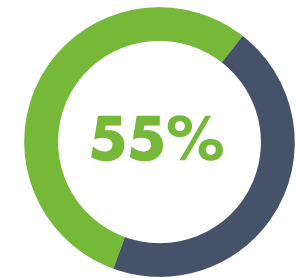


**40**

**people joined**  
our team in 2023



**WERE PEOPLE HIRED**  
WITHIN THE SPHERE OF  
INFLUENCE CONNECTED  
TO THEIR JOB



**WERE WOMEN**



## Creating more opportunities for small, medium, and large companies throughout the country



**354**

Uruguayan companies provided services to our forestry operations employing



**+4,200**

People in the interior working for the following contractors

Assets **83**

Nursery **51**

Transportation **40**

Harvest **37**

Forestry **31**

Planning **23**

Roads **22**

IT **14**

Planning and collection **13**

Occupational Health & Safety **9**

Environment **9**

Research & Development **8**

Cargo **6**

Quality **5**

Central Offices and facilities **2**

Finances **1**



IN 2023



**WERE HIRED TO WORK IN THE MENTIONED COMPANIES**



**WERE CONDUCTED TO VERIFY COMPLIANCE WITH LABOUR, LEGAL, CERTIFICATION AND SAFETY ASPECTS WITHIN THIRD-PARTY CONTRACTORS. ONCE THE PROCESS IS COMPLETED, A REPORT IS SENT TO THEM**

# SAFETY AS A CORE VALUE



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

Through senior management leadership, participation, visibility in safety matters, and the commitment from each employee, UPM strengthens the principle of safety as a core value in each process.

The focus is on raising awareness among our employees and contractors regarding safety, creating a sense of belonging, encouraging teamwork and commitment, and acknowledging companies and employees for noteworthy performance in terms of safety.

Health and safety at work are efficiently managed by strengthening communication and developing solid skills between UPM and its contractors. This allows for notable performance levels to be achieved in all operations. Continuous improvement is a fundamental pillar of UPM's processes.

In this sense, our management system is kept up to date and constantly upgraded by developing preventive safety tools (operational standards, risk assessment, safety rounds, safety meetings, etc.), that make it possible to operate with the highest standards and the best results in terms of accident rates.



# SAFETY

Tasks completed in **2023**

**+2,600**

**Security rounds** completed across the entire forestry operation

**+800**

**participants in different trainings** on topics such as: standards, safety academy, safety leadership, safe handling of phytosanitary products, training in total preventive observation for safety, talks to drivers regarding road safety

**100%**

**Of the transportation companies** audited

**12**

**Safety audits** to service providers

**4**

**Safety meetings** with business directors and prevention technicians

**3**

**Safety bulletins** with information on the area and the results delivered to company personal and that of contractors

# OCUPATIONAL HEALTH

We worked in occupational health, a multidisciplinary activity focused on managing risk and reducing work-related illnesses and accidents.

Tasks completed in **2023**

**+300**

**People** participated in our conferences on ergonomics at work for company employees, as well as workers from contracting companies

**~200**

**Company employees and third-party employees** received their flu vaccines within the framework of the annual vaccination plan

**100**

**UPM employees** participated in first aid trainings

## 2023 MILESTONES

**6** **Roads**  
Years without lost time accidents

**4** **Santana Nursery**  
Years without lost time accidents

**3** **San Francisco Nursery**  
Years without lost time accidents

**2** **Sarandí del Yí Nursery**  
Years without lost time accidents

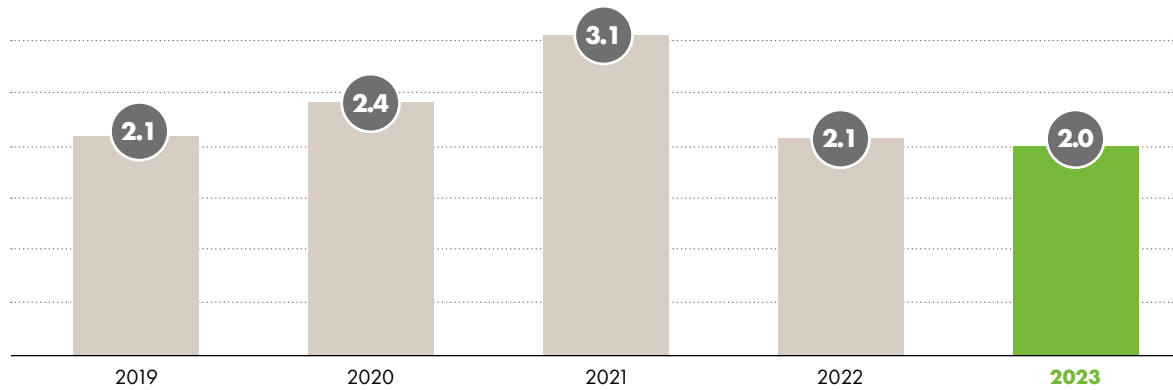




## Work-related incidents registered in UPM Forestal Oriental and contracting companies



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

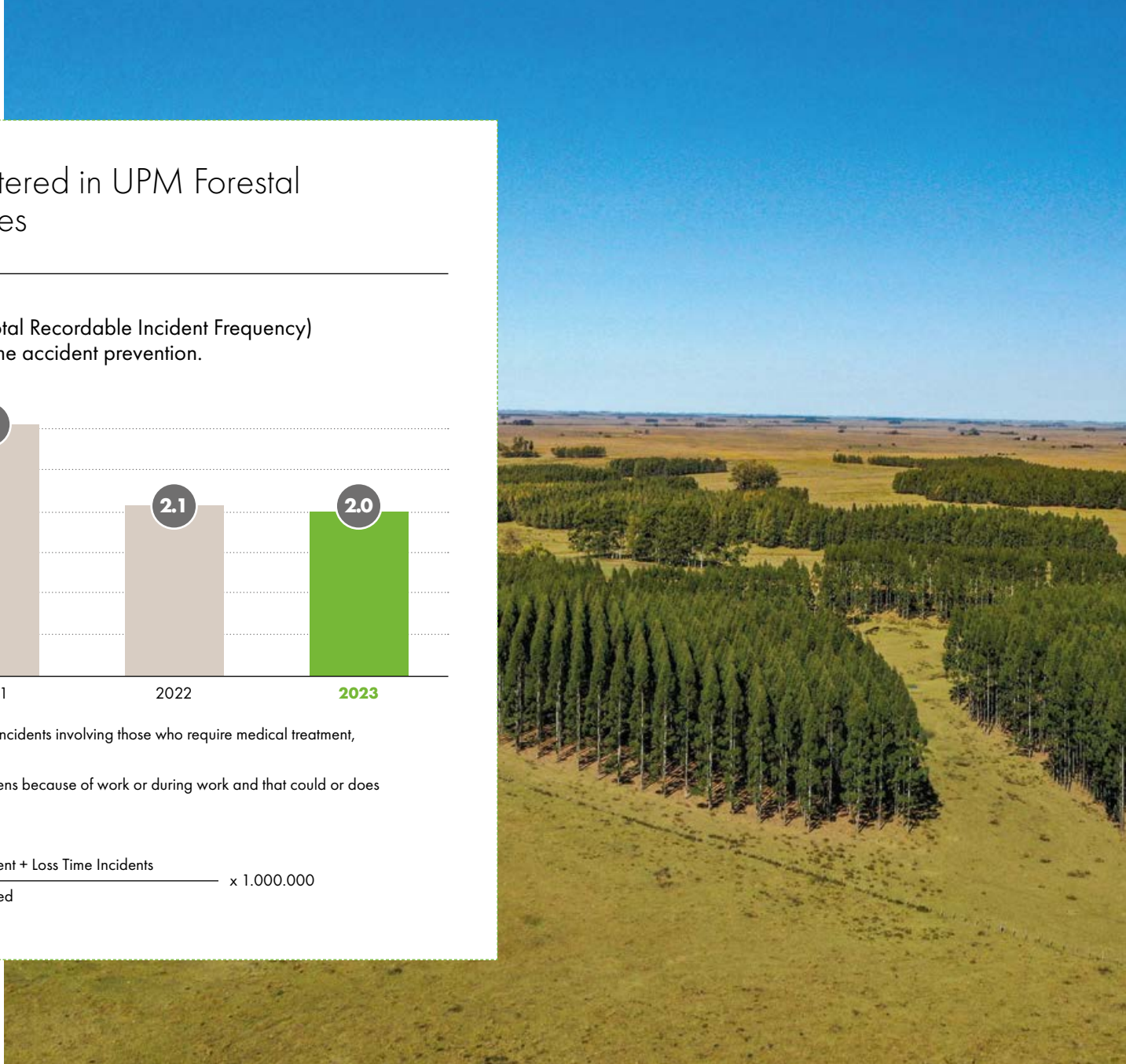


TRIF (Total Recordable Incident Frequency) is the global rate of registered incidents involving those who require medical treatment, modified tasks, or loss time incidents.

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."

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

\* Frequency of recordable incidents (total)



# RESPONSIBLE FIRE MANAGEMENT

UPM has a dedicated sector and team working annually to prevent and combat forest fires.

## Our objectives:



- **Protection** of the company's assets
- **Fire** protection management
- **Coordination** of fire response operations
- **Analysis** of fire events and monitoring of affected areas

## We work in three major areas:



- **Prevention** 
- **Detection** 
- **Firefighting** 

## Our annual activity plan:



- **It involves** our own personnel, personnel from contractors and communities, as well as interactions with the competent authority: The National Fire Department.
- **It covers** trainings and drills, among other activities.







## PREVENTION

- **Fire prevention** is present from the moment we design our plantations
- **We care for firebreaks and safety strips**, as well as administer potential fuel with grazing activities
- **We carry out awareness campaigns** in the media in the interior of the country
- **We train** our own team as well as contractors
- **We have a coordination and vigil group** to regulate activities that may constitute a fire risk. Their coordination and decisions allowed us to continue our operation during 16 extremely HIGH-RISK days during the 2023/24 season

### We have an annual training plan that covers topics such as

- Firefighting
- Use of heavy machinery in forest fires
- Investigation of fire origins and causes
- Preparation for fire truck drivers
- Incident command system
- Forest fire training for middle management
- Conversations with beekeepers about fire prevention
- Use of Firechief and drones

Forest fire training



In 2023 we conducted 10 different kinds of trainings with the **participation of roughly 800 people between UPM employees from different areas, were personnel from contracting companies and leaders from neighbouring communities.**







## DETECTION

**All fire detection tasks are carried out within the framework of the Fire Protection Operative by the Society of Forest Producers (SFP), and in conjunction with other companies in the sector.**

At UPM we also have a support group for Planning and IT, to be able address mapping issues, as well as all systems and functionality of the SFP's Fire Management System and that of the companies that manage them.

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 and from a Monitoring and Dispatch Centre located in Durazno**





## FIREFIGHTING

The company has the necessary equipment strategically distributed throughout the country to be able to respond to forest fires.

Our team, alongside teams from contracting companies, receive annual training for the use of the equipment



**100**

light attack equipment of up to 400 litres

**47**

Warehouses with personal firefighting tools and materials

**29**

first response tankers de with capacity of up to 1,500 and 2,000 litres

**17**

Support tankers between 3,000 and 10,000 litres

**14**

Wildland pumps

We also have a mobile app to self-dispatch our firefighting equipment to improve record keeping and subsequent analysis for decision making.



## UPM, partner of the SPF's national plan against forest fires

**UPM Forestal Oriental** participates in the National Plan Against Forest Fires by the Society of Forestry Producers (SFP), which is made-up of most the country's forestry companies



**Seeks to protect the assets** of all associated companies, focusing on forest fire prevention, detection, and firefighting



**The work is always in coordination** with the National Fire Department and national authorities



**It takes place during the high-risk season for fires:** November to April



**In 2023** almost 95% of the country's forest plantations were protected by this programme



**At UPM Forestal Oriental** we joined with +330,000 hectares of our own fields and fields on lease through the Development Programme











**A media campaign** takes place for the prevention of fires during the season, promoting preventive behaviours, emphasizing the prohibition of field burning and communicating emergency telephone numbers

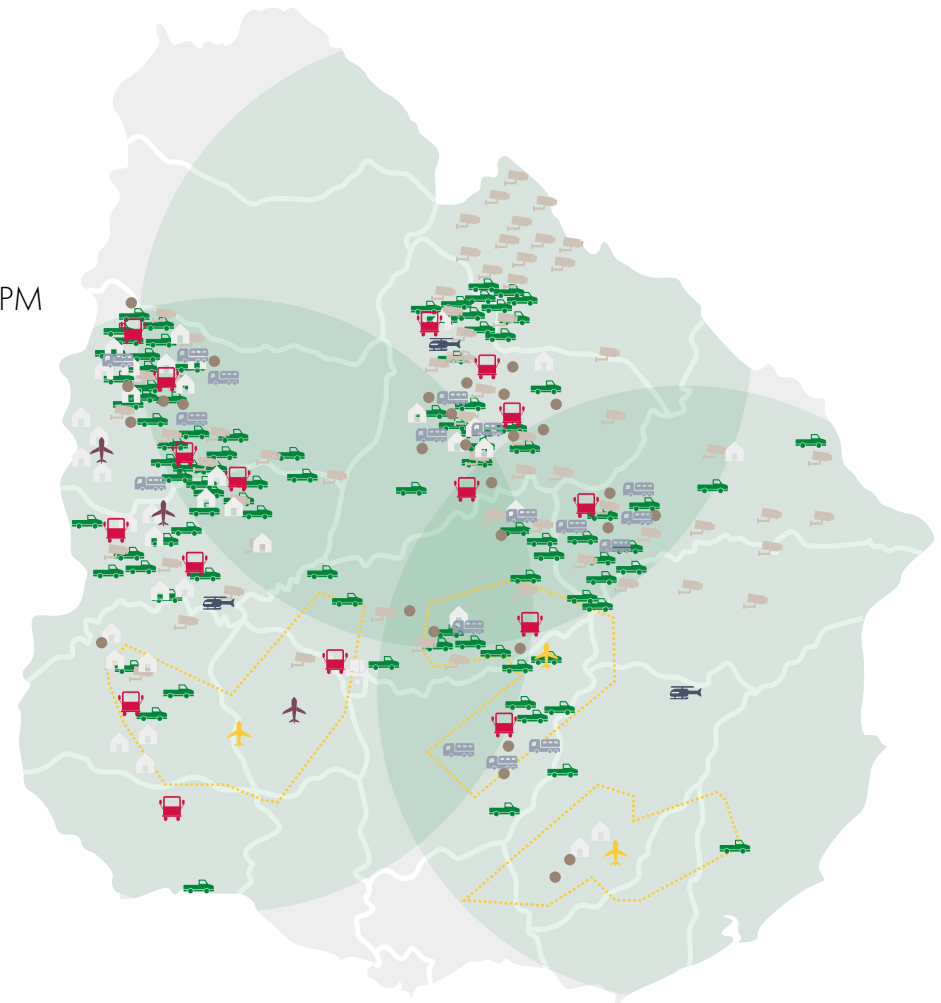




## Location of UPM Forestal Oriental and SPF'S resources for fighting and detecting forest fires



-  100 LIGHT ATTACK EQUIPMENT / UPM AND CONTRACTORS
-  60 DETECTION AND MONITORING CAMERAS / SPF
-  47 WAREHOUSES WITH FIREFIGHTING TOOLS AND MATERIALS / UPM
-  29 FIRST RESPONSE TANKERS / UPM
-  17 SUPPORT TANKERS FOR EXTENDED OPERATIONS / UPM
-  14 WILDLAND PUMPS / UPM
-  3 DETECTION AIRCRAFT ROUTES / SPF
-  3 HELIBORNE BRIGADES / SPF
-  3 FIREFIGHTING PLANES / SPF
-  MONITORING AND CONTROL CENTRE IN DURAZNO / SPF



# PRODUCTION PROCESS



## PLANNING

Planning involves assessing the land to be forested and establishing the route of roadways and conservation areas. All these activities are completed while taking into consideration the conservation of environmental attributes

## GENETIC IMPROVEMENT PROGRAMME

In the almost 30 years since it began, this programme has made it possible to double the volume of pulp obtained per hectare of plantation



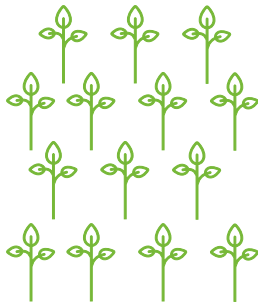
## NURSERIES

Productions of seedlings from seeds or vegetative propagation



## FORESTRY

Planting in areas defined by planning and environmental processes



PLANTS BETWEEN 3 AND 6 MONTHS OLD



## GROWTH MONITORING

Obtaining data to update timber stocks in plantations and evaluate the yield of species and genotypes



10-YEAR-OLD TREES

## ROADS

Every year internal and neighbouring roadways are improved



## CARGO AND TRANSPORTATION

Specialised companies carry the timber to intermediate stockpiles and pulp mills



## HARVESTING

Forestry machinery fells, trims, strips, and cuts up the tree, leaving it by the side of the road to be loaded and transported

## GENETIC IMPROVEMENT PROGRAMME

The purpose of this programme is to provide the company and its Associate Producers with improved genetic material to add value to the entire production chain. The improvement

strategy is based on the yearly assessment of thousands of trees and the selection of those with increased productivity for vegetative propagation. This maximises genetic gain and leads to

consistency among the plantations. This programme does not use genetically modified organisms. The main species used include *E. grandis* and *E. dunnii*, and its hybrids.

*E. globulus*, *E. maidenii* and *E. benthamii* are other minority species also used to improve pulp production and reduce timber costs, as well as enhance adaptability to the different environments.







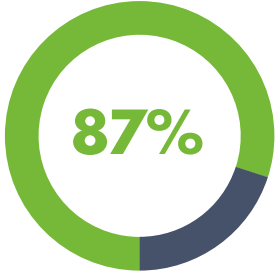
# NURSERIES

The company's three nurseries have an annual production yield of more than 40 million plants for cloning. They possess the best technology available for the production of Eucalyptus plants, as well as state of the art greenhouses, computer-controlled environments, and high precision irrigation systems.

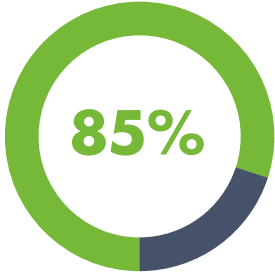
## IN 2023



SHIPPED



OF PLANTS WITH SUPERIOR QUALITY



OF PLANTS IN THE STANDARD HEIGHT TARGET RANGE





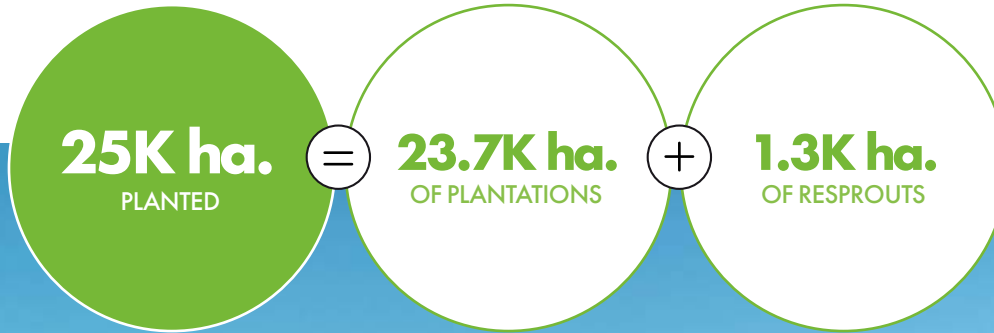


# FORESTRY

In order to achieve our goals of sustainable timber supply, a stable forest base is needed to ensure a suitable site-species relationship. For this purpose, UPM Forestal Oriental has incorporated state-of-the-art machinery to help simplify operations and increase the efficiency of the forestry process. The main base species used are *Eucalyptus grandis*, *E. dunnii* and their hybrids. Other species such as *E. globulus*, *E. maidenii* and *E. benthamii* are used for breeding with base species to enhance pulp production and the plant's ability to adapt to different environments.



OF ACTIVITIES  
ARE **MONITORED**  
BY **GPS**

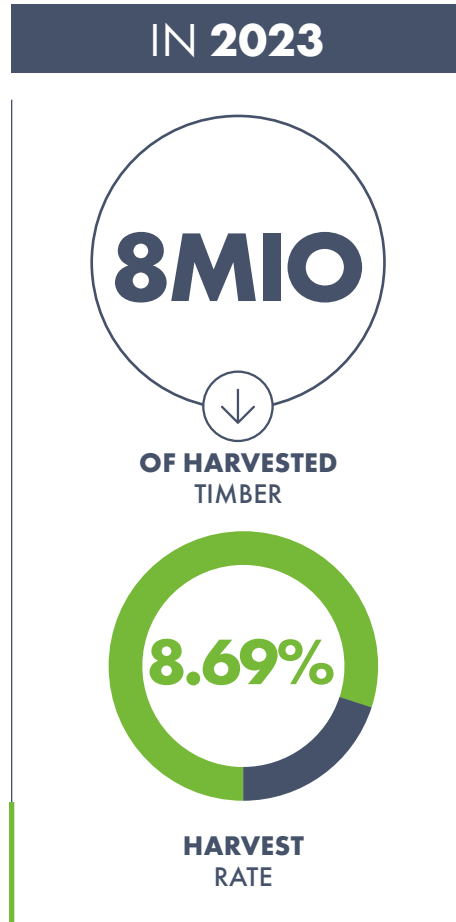




# HARVESTING

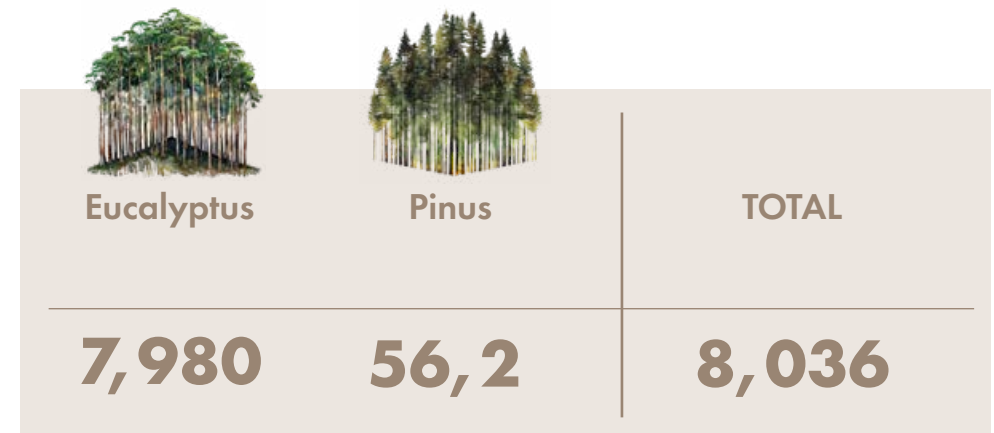
UPM Forestal Oriental has a detailed harvest planning based on the understanding of the needs of the Fray Bentos and Paso de los Toros mills. It takes into consideration the species planted, the distance to the mills, the age structure of each plantation, growth curves, and possible environmental impact. The characteristics of the area to be harvested, the presence of plant or animal species with special conservation status, and proximity to riverbanks or areas close to waterways are also considered. To this end, UPM Forestal Oriental has three harvest fronts managed by its own staff, and nineteen harvest fronts managed by contractors, all with a completely mechanised harvest. The company is constantly aiming to improve in every activity, productive efficiency, and competitiveness, while also guaranteeing safe working conditions. All operations are monitored to ensure environmental values are maintained while reducing waste and avoiding damage to other timber and non-timber products and ecosystem services. The period between harvest and

replantation is monitored monthly, assessing the plot of land that is temporarily not being replanted compared to the total productive area. During 2023, the result was 2.2%.



AVERAGE YIELD (m <sup>3</sup> /ha.)			
	COASTAL REGION	NORTHERN REGION	SOUTH CENTRAL REGION
<i>E.grandis</i>	24-32	26-34	22-28
<i>E.dunnii</i>	20-28	24-30	22-26
<i>E.maidenii</i>	15-20	16-20	16-20
<i>E.globulus</i>	07-12	07-11	11-16
<i>E.viminalis</i>	15-20	15-20	18-24
<i>Pinus sp.</i>	12-16	15-20	12-18
<i>E.tereticornis/E.camaldulensis</i>	10-14	11-15	8-12
<i>Benthamii</i>	22-28	25-30	22-26

## Total harvest (thousands of m<sup>3</sup>)







# TRANSPORTATION

The transportation of timber from the forestry operations to the pulp mills requires detailed planning and coordination between all parties involved. To transport timber, the company hires socialized transportation companies that use both semi-trailer trucks and tri-trains. These vehicles have a special configuration that makes it possible to transport many tonnes per journey and reduces the impact on the roads. It is therefore possible to reduce the number of journeys and decrease carbon emissions.



**+53 MIO**

**KILOMETERS TRAVELLED DURING SUPPLY OPERATIONS FOR UPM FRAY BENTOS AND UPM PASO DE LOS TOROS**

**700**

**TRUCKS, ON AVERAGE, CAME IN DAILY INTO UPM FRAY BENTOS AND UPM PASO DE LOS TOROS**

**300**

**TRUCKS CARRIED TIMBER DURING 2023**

**39**

**FORESTRY TRANSPORTATION COMPANIES EMPLOYED**

Registry of complaints and suggestions

## ROAD SAFETY PROGRAMME FOR TIMBER TRANSPORTATION

Our programme promotes responsible handling, safety, and knowledge of transit standards. It is intended for workers in the forestry transportation business, rural communities, and public and private institutions, as well as UPM employees.

### Activities promoted by UPM



- **Scoring system for transport units**  
The aim is to correct driver's driving habits. Every month each unit begins with a maximum score. As they deviate from complying with traffic regulations or work standards defined by UPM Forestal Oriental, points are taken, and units can end up with no assigned trips for a certain period



- **GPS tracking**  
Speed checks, convoys, and circulation zones



- **Psychotechnical tests**  
BTW driving courses and enroute tracking



- **Quarterly road safety talks for drivers**



- **Unit checklist**



- **Inspections, accident rate reports, and monthly safety recommendations from the Centre for Accident Prevention (CEPA in Spanish)**



- **Semi-annual meetings with transportation companies**



- **Quarterly safety newsletters**



- **24-hour telephone line: "How is my driving?" (4562 7710)**

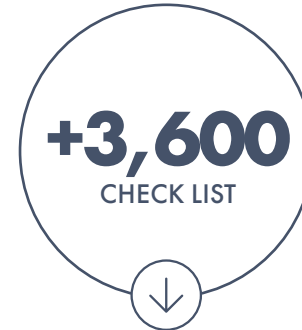
IN 2023



**COMPANIES** WERE AUDITED ON THE ROAD SAFETY MANAGEMENT SYSTEM (RSMS) BASED ON THE ISO 39,001 STANDARD



**TO EVALUATE** THE OPERATIONAL BEHAVIOUR OF THE FORESTRY TRANSPORTATION FLEET



**CONDUCTED** TO EVALUATE DIFFERENT PARAMETERS



**ATTENDED** ROAD SAFETY TALKS



**EVALUATIONS** CONDUCTED



**TESTS** CARRIED OUT







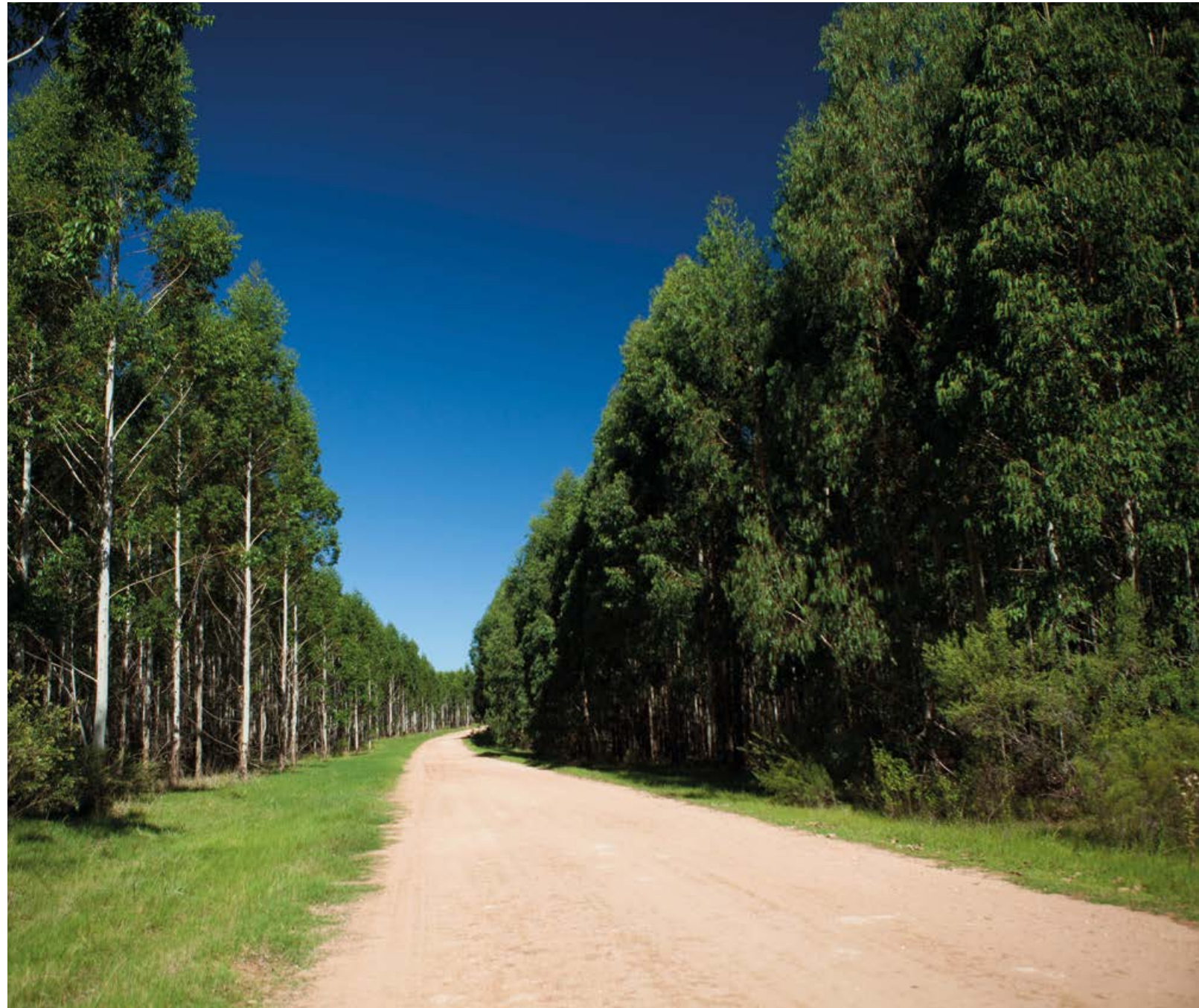
## ROADS

**12 million**

**Dollars invested in +800 km of roads** built in company owned fields and third-party fields meant to produce timber for the mills

**+800**

**Kilometres of maintenance and improvement of internal and neighbourhood roads** in coordination with departmental authorities



# COMPLEMENTARY FORESTRY PRODUCTS

To be able to make the best use of Eucalyptus plantations, UPM Forestal Oriental promotes the multiple use of resources in co-ordination with communities in the area.

## GRAZING

This is carried out by third parties and makes it possible to integrate the region's traditional activities with forestry. Producers make a productive use of the pastures, shade and shelter provided by the forests.



**+550**  
URUGUAYAN RURAL PRODUCERS

**+100,000 ha.**  
FOR THIRD-PARTY GRAZING

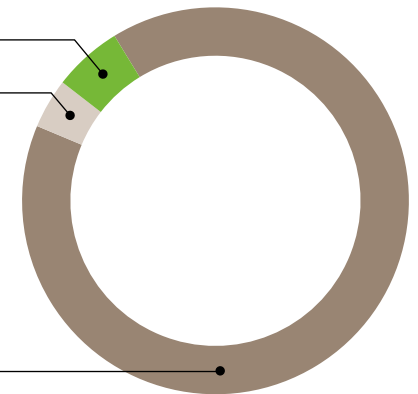
**175 ha.**  
AVERAGE AREA PER PRODUCER



**Type of livestock**  
(units)

4,814  
3,486

75,217



- Cattle
- Mares
- Sheep



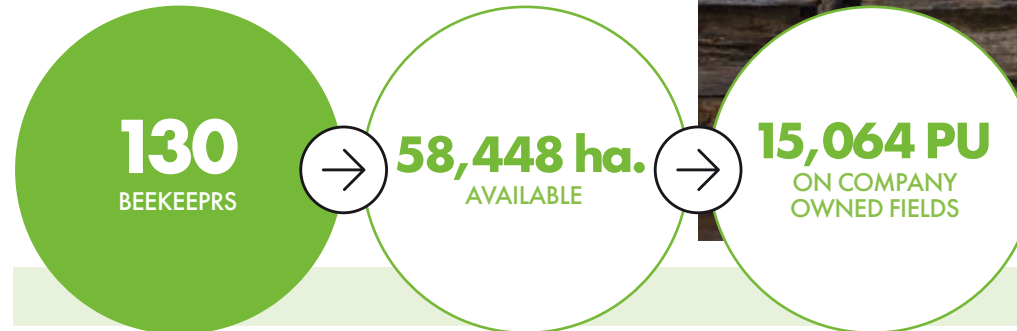
## BEEKEEPING

Institutions and private beekeepers throughout the country manage hives in sustainable environments within UPM's forest plantations, a certified ideal environment for this activity thanks to the flowering period of *Eucalyptus*. All beekeepers harvesting honey in the company's fields must abide by the Good Beekeeping Practices instituted by Ministry of Livestock, Agriculture and Fisheries (MAGAP in Spanish). By professionalising the sector, beekeepers can maximise the use of potential productive areas and increase productivity. This work method aims to drive community development and strengthen local institutions through active participation in the production of products derived from bees. These institutions are responsible for managing and allocating hive locations in UPM Forestal Oriental forests.

In October, UPM signed the renewal of a framework agreement together with the Honorary Commission for Beekeeping Development, the Uruguayan General Directorate of Farms, and the Beekeeping Society, which aims to strengthen all beekeeping institutions that produce honey in UPM Forestal Oriental fields. The renewal of the agreement, which was first put in place in 2012, promotes compliance with the Good Beekeeping Practices instituted by Ministry of Livestock, Agriculture and Fisheries (MAGAP in Spanish). In this way, beekeepers can align themselves with the best practices and maximize the use of the potential productive area to enhance productivity. They can also have the chance of obtaining a product certification, which helps differentiate it from others in the market (honey of sustainable forestry origins). The agreement also covers training and monitoring by the MGAP, and other parties involved.

### 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 Fomento Chacras de Porongos (Chacras de Porongos Promotion Society)
- Sociedad de Fomento Rural de Nuevo Berlín (Nuevo Berlin Rural Development Society)



## MUSHROOM COLLECTION

Residents of neighbouring towns close to UPM plantations are allowed by the company to gather mushrooms during the fall and spring seasons. For these purposes, the company has an identification and training system for collectors, as well as a record of their activities. The system guarantees that mushroom collection takes place in a safe and orderly manner and allows local producers to obtain an extra income.





# FORESTRY DEVELOPMENT PROGRAMME

Since 2005, the Forestry Development Programme has grown alongside our country's rural producers looking to share with them our knowledge and experience and bringing them the most appropriate technology and genetics to reach a successful and harmonious incorporation of forestry activities within the establishment.

Thanks to this relationship, producers can access an additional tool for income diversification while also taking advantage of the services that forestry activities provide to the rest of the agricultural operation, particularly shade and shelter for livestock.

Every forestry enterprise is assessed on an individual basis to look for a plantation design where the needs of the Producer and the company coincide. They also must follow the environmental regulations, with high quality standards and in accordance with the international certifications that set us apart.

Our objective is to contribute a large percentage to the supply of the Fray Bentos and Paso de los Toros mills with timber from Producers Associated with the UPM Forestry Development Programme.



**+900**  
Associate  
producers

**164K ha.**  
Plantable  
hectares

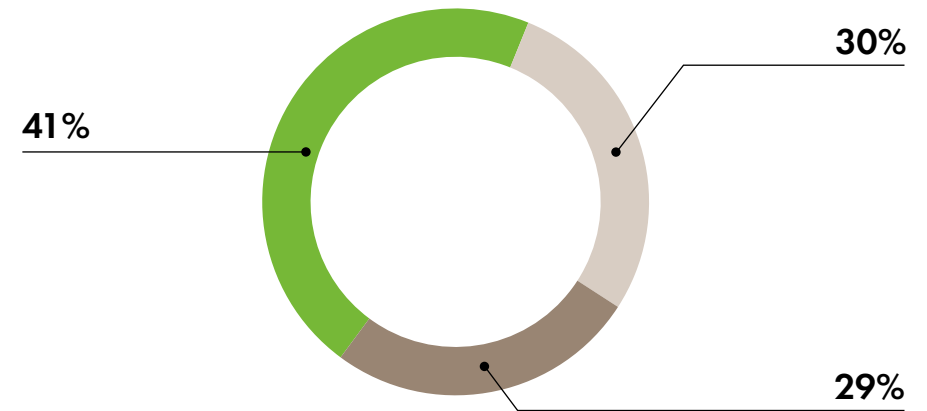
**138K ha.**  
Lease  
development

**26K ha.**  
Partnership  
development



**Agreements according to the area of Associate Producers:**

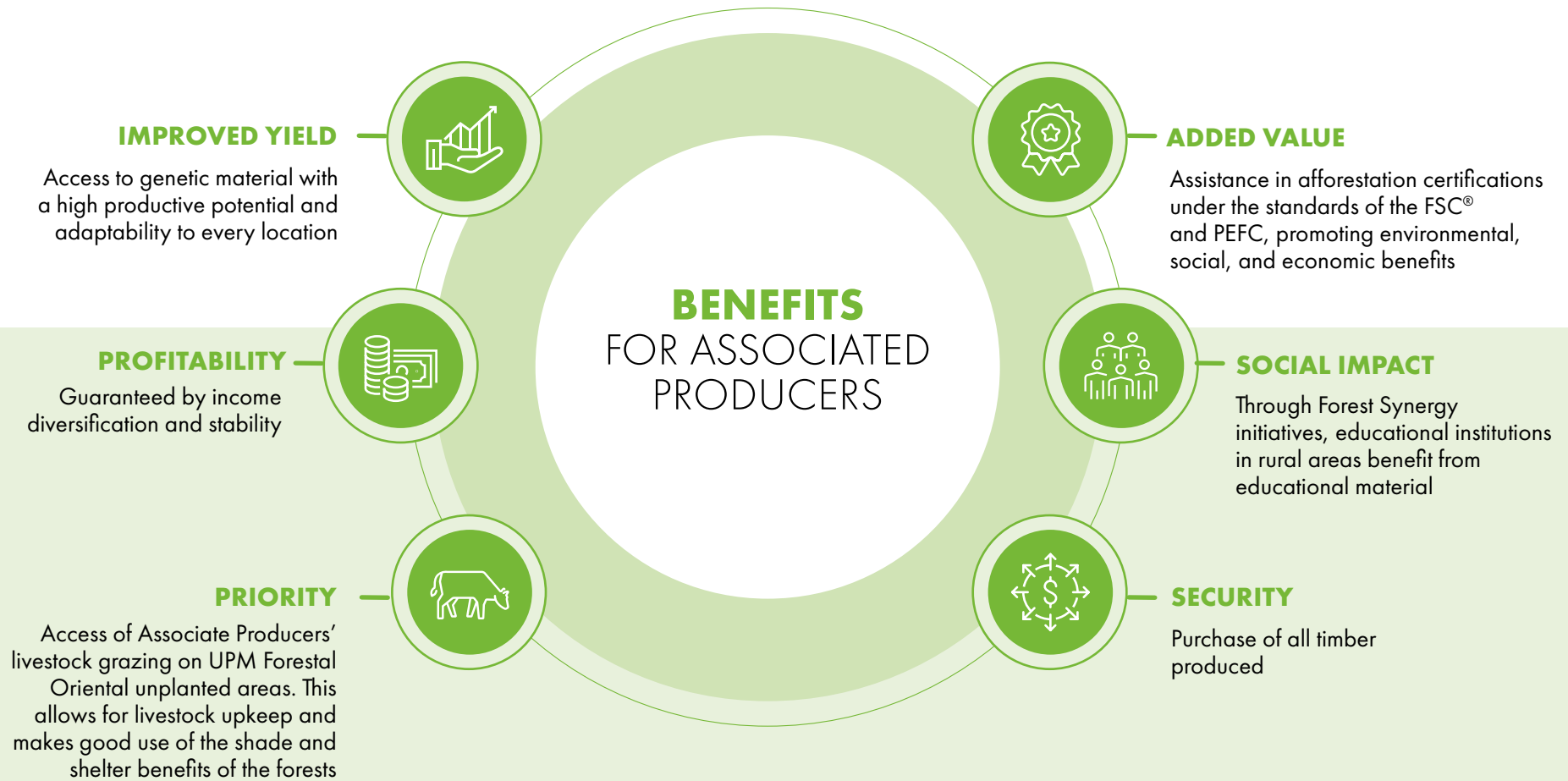
- More than 100 ha
- 50 to 100 ha
- Less than 50 ha



**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)*





# FORESTRY SYNERGY

**This project has been implemented since 2017** between UPM Forestal Oriental and the Producers Associated with our programme that focus on breeding livestock. It aims to promote teamwork amongst Associate Producers, improving their herds by sharing advanced genetics, as well as continuing the integration between livestock, forestry, and communities.

## How does it work?

**During the season for the sale of breeding livestock, UPM Forestal Oriental attends the auctions of its Associate Producers**



**Participating herds offer special conditions and benefits to other producers in the Forestry Development Programme at the time of purchase**



**As part of the agreement, UPM Forestal Oriental advertises information related to the auctions and the genetics of herds among its Associated Producers. Furthermore, it contributes to an educational or social institution chosen by each vendor**

### Eleven herds participated in 2023:

La Estela  
 Campo Norte S.A.  
 Manantial Verde  
 Las Anitas  
 La Empastada  
 San José del Yaguarí  
 Las Piedras  
 El Yatay  
 Santa María  
 Los Principios  
 Don Juan de Rolón



# RESPONSIBLE ENVIRONMENTAL MANAGEMENT

At UPM Forestal Oriental we are committed to respecting people and the environment based on integration, thus creating long-term ties that are mutually beneficial. We work to sustain excellent environmental performance in all operations and contribute significantly to the conservation of biodiversity.

We continuously manage our operation's environmental aspects, as they are the starting point for setting annual goals and developing detailed environmental programmes with scopes, timelines, and responsibilities. We regularly monitor progress towards the goals set.

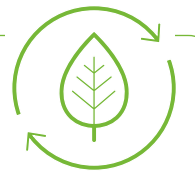
## OBJECTIVES

**Our main strategic environmental objectives are:**

**Ensure that forestry practices maximise positive impacts and minimise negative environmental impact.**



**Contribute to the conservation of sensitive environments and biodiversity**



**Ensure compliance with environmental requirements**



**Sustain the company's leadership in environmental management on a national scale.**



**To meet the previously defined objectives, we implemented a set of specific actions, including:**

- Maintaining a Network of Biodiversity Reserve Areas
- Implementing monitoring plans for key environmental values
- Ensure the incorporation of technology for the best environmental performance.
- Identification, analysis, and management of significant environmental aspects
- Strengthening company-wide capabilities on environmental management
- Put into action inter-institutional cooperation agreements (UDELAR, CENUR, Vida Silvestre, IPEF – PROMAB, independent experts, among others)
- Continue to improve the company's environmental management standing, as well as the assimilation of environmental indicators into the decision-making process

## HOW WE WORK

Prior to the start of activities, we complete an environmental and social assessment of the area, evaluating the environmental and social values identified within the different areas with heavy vehicular activity, as well as the values outside of these areas that

may be potentially affected by forestry operations.

These assessments are prevalent and frequent to identify potential current and future impacts, both positive and negative, of vehicular activities on society

and the environment, from roads to landscape, though culturally appropriate engagement with communities that are affected or interested.

We plan and execute effective actions to prevent the negative impact of

our vehicular activities on environmental and social values, and to mitigate their negative proportional to their scale, intensity, and risk of occurrence, as well as possible natural disasters.

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



Based on the aforementioned evaluations, we develop work programmes and procedures that describe the best operating practices, including prevention, mitigation, and compensation measures in case of potential negative impacts. These documents consider the legal and corporate

requirements and the main standards and certification codes. For those activities with the biggest impact, we micro-plan on site.

To ensure compliance with environmental standards in operations, we continuously and proactively monitor operations and

carry out follow-up activities to assess compliance with the agreed planning regarding processes, work methodology, available resources, and the detection of deviations and corrective actions. In this way, we assess the level of compliance within our operations in accordance with standards.

Environmental rounds specifically, are an important internal management tool. We perform them to verify compliance with standards during operations. During the process we proactively record any possible deviation from standards or opportunities for improvement.

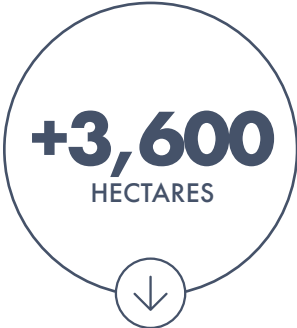




IN 2023



OF PRESERVED  
**NATURAL AREAS**



**EXECUTED CONTROL**  
MEASURES FOR INVASIVE  
EXOTIC WOODY SPECIES  
(IEWS)



**FROM UPM AND**  
**CONTRACTING COMPANIES**  
PARTICIPATED IN TRAININGS  
ON TOPICS SUCH AS  
BIODIVERSITY, WATER,  
EXOTIC SPECIES,  
WASTE MANAGEMENT,  
AND SPILL CONTROL AND  
PREVENTION



**TO VERIFY**  
**COMPLIANCE WITH**  
**ENVIRONMENTAL**  
**REQUIREMENTS DURING**  
OPERATIONS





We conduct specific on-site evaluations on the potential environmental impacts of forestry operations and document specific ones when considered relevant.

## Environmental protection measures to prevent and mitigate negative impact

### EXAMPLES OF ACTIVITIES TO MINIMISE THE POTENTIAL IMPACT OF OPERATIONS

- Identifying areas of interest for the conservation of biodiversity and inclusion to the Network of Biodiversity Reserve Areas
- Careful planning when designing plantations, marking sensitive areas, properly placing roads, quarries, cutwaters, and other infrastructure.
- Identifying scenic points of interest and respecting visual basins when designing plantations
- Coordinating operational processes for the execution of all tasks up to standards, minimising possible environmental impact
- Establishing measures aimed at avoiding erosion, compaction and maintaining soil fertility
- Reducing travel through sensitive areas such as drainage systems, low-lying areas, ravines, flood zones, and species' habitats
- The cleaning of machinery, work clothes and other equipment is carried out on locations instituted for such purposes
- Set up spill prevention and control procedures
- Waste management with specialised companies authorised by government authorities.
- Minimising the time between harvesting and replantation to protect environmental values that can be potentially affected, mainly soil resources.
- Responsible use of authorised agrochemicals and fertilizers



## ENVIRONMENTAL VALUES

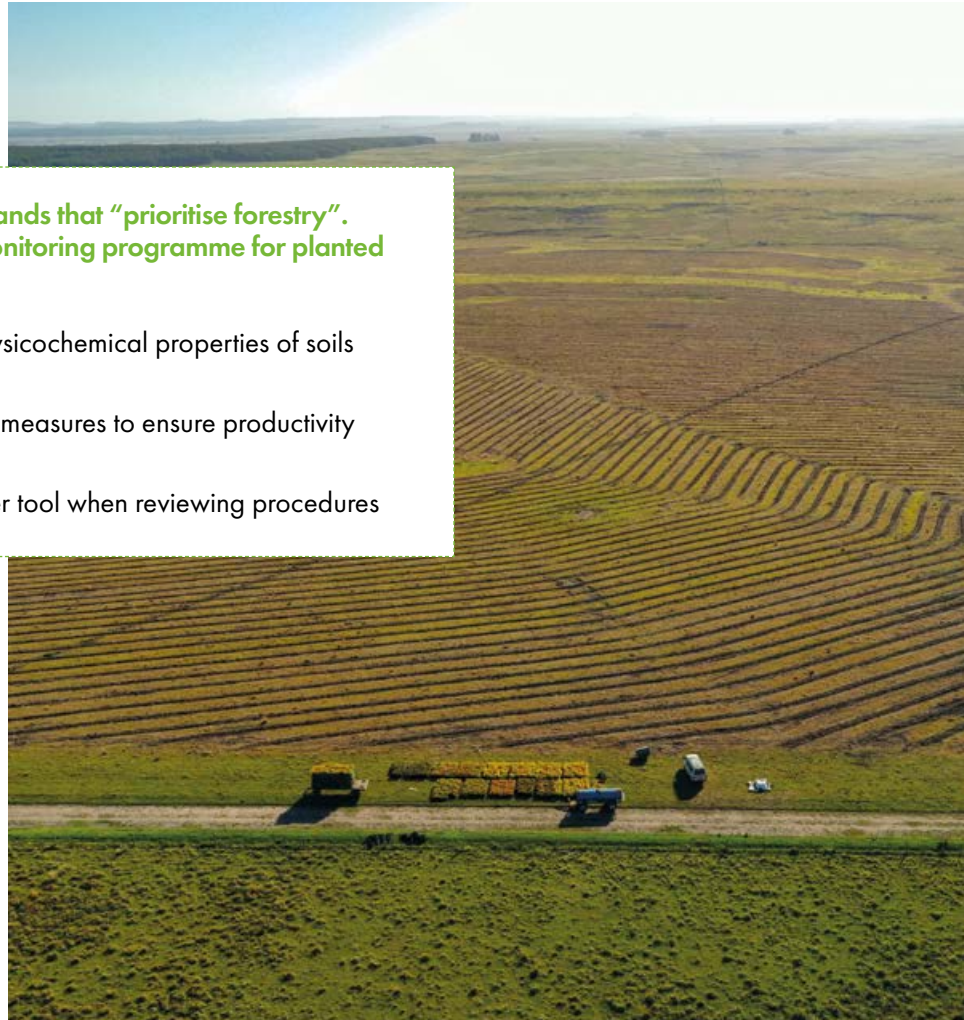
### SOIL

Plantations are mainly established on lands that “prioritise forestry”. Since 2010 we have implemented a monitoring programme for planted areas which has as its main objectives:

- Identifying possible changes in the physicochemical properties of soils when their use changes
- Appraising the relevance of corrective measures to ensure productivity and environmental sustainability
- Use the resulting information as another tool when reviewing procedures

The soil monitoring programme covers the main CONEAT (National Commission for the Agronomic Study of the Land) groups, and among them, the most relevant kinds of soil. New monitoring sites are added annually to cover all classes and kinds of soils. At each site, a planted area and an adjacent unplanted area are sampled. Every five years (approximately twice per forest cycle) the values of each sample site are measured again.

At the end of 2023 the soil monitoring programme had more than 100 paired sampling sites, 70 of which have already been monitored twice or more.



*Results obtained show that, in soils used for forestry, and after several years, variations in some of their chemical parameters may occur. However, these possible variations did not generate any environmental impact and are easily agronomically reversible through conventional practices.*

*Changes in the chemical properties of the soil are also recorded in soils under agricultural use.*



### IN 2023

# +100

PAIRED SAMPLING  
SITES



**MORE THAN 70  
OF WHICH HAVE ALREADY  
BEEN MONITORED TWICE  
OR MORE**

# 8

NEW MONITORING  
POINTS



**WERE ADDED TO MEASURE  
PHYSICOCHEMICAL  
PROPERTIES AND  
ENDURANCE**





## WATER RESOURCES

The objective of the hydrological monitoring programme is gathering information and quantifying the influence of forest plantations on water dynamics, as well as assessing the components of the hydrological cycle and water quality and obtaining useful information for the management of the resource and its long-term conservation.

Results show that forest crops in their adult phase make an efficient use of water, slightly higher to that registered for the previous use of the soil (mainly natural pastures), but always within an acceptable range that doesn't affect water availability for other uses.

No changes were observed in the trends of the analysed parameters due to the increase of forests in the hydrographic basins studied (low, medium, and high coverage). In general, the results of the parameters analysed are within the ranges considered appropriate (UNIT Standard 833 for drinking water).

No agrochemicals were detected in numbers above minimum detection limits.



## HYDROLOGICAL MONITORING ACTIVITIES: SUMMARY OF ONGOING PROJECTS

PROJECT	OBJECTIVE	LOCATION	START DATE	PERIOD
→ Study on even basins*	Understand the influence of Eucalyptus plantations on the water balance at a local and regional scale, as well as on the quality of surface water	Establishments "La Nueva Esperanza" (near the town Paso de los Mellizos, Río Negro) and "El Viraró" (near the town 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 the variations in the physicochemical properties in water courses of basins located in the sphere of influence of Eucalyptus plantations	9 sub-basins 11 watercourses (rivers, streams, and ravines) 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, including more monitoring points	Long-term project (20 years)
→ Water quality and suitability for different uses	Understand water quality in facilities where there are wells for human consumption and classify it according to aptitude for use	All wells in establishments under the management of UPM Forestal Oriental	2010: Begin systematic monitoring	Annual indicator
→ Water monitoring on the Santana Nursery sphere of influence	Establish a baseline level for water quality prior to the installation of the nursery and monitor its long-term evolution	Three monitoring points in the tributary ravine of The Santana Stream and 4 monitoring points in Santana Stream. Two deep wells for monitoring underground water in nursery grounds	2011: Characterisation and definition of base level Begin monitoring Santana stream. Begin piezometer monitoring. 2012: Begin monitoring	Long-term project (20 years)
→ Water monitoring on the San Francisco Nursery sphere of influence	Monitoring water from the Wastewater Treatment Plant (WWTP) and discharges to surface waters	Five Sampling points, two which are in the San Francisco Stream	2016: Begin monitoring	Long-term project (20 years)
→ Water monitoring on the Sarandí del Yí Nursery sphere of influence	Establish a baseline level for water quality prior to the installation of the nursery and monitor its long-term evolution	Four monitoring points: one in the tributary ravine, another at the dam's exit and two in the Yí River.	2020/2021: Characterisation and definition of base level 2022: Begin monitoring	Long-term project (20 years)

\* Even basins are part of a joint research programme 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 key in our environmental management strategy, which is why, when developing our activities, we take into consideration four key dimensions:

**Management** of diverse landscapes with multiple ecosystems



**Identification and conservation** of valuable habitats



**Identification and conservation of animal and plant species** for priority conservation, particularly those not included in the National System of Protected Areas (NSPA)



**Controlling the takeover of natural ecosystems** by exotic species, particularly woody species, to maintain the value of these ecosystems for the environment





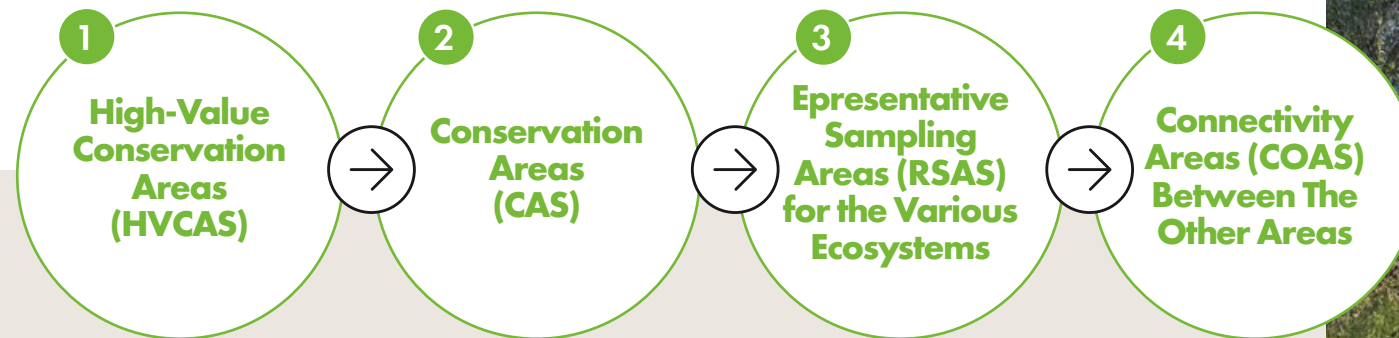
## BIODIVERSITY CONSERVATION

The official Red de Reservas de Biodiversidad (Network of Biodiversity Reserve Areas) makes an important contribution to the conservation of biodiversity in the landscape, the ecosystem, and species. There are internal standards and workbooks for the protection of native species and ecosystems, particularly those that are threatened or at risk.



## Natural Protected Areas

We defined four categories of unplanted areas destined for conservation depending on their attributes:



Since 1991, UPM Forestal Oriental began identifying areas that needed to be preserved due to their value. We regularly identify new sites as new eco-regions are incorporated into the company's sphere of influence.

In this Network of Biodiversity Reserve Areas, verifiable goals and management objectives are established both for the network and for each of the areas that comprise it. Valuable contributions have been made to the conservation of biodiversity in Uruguay.



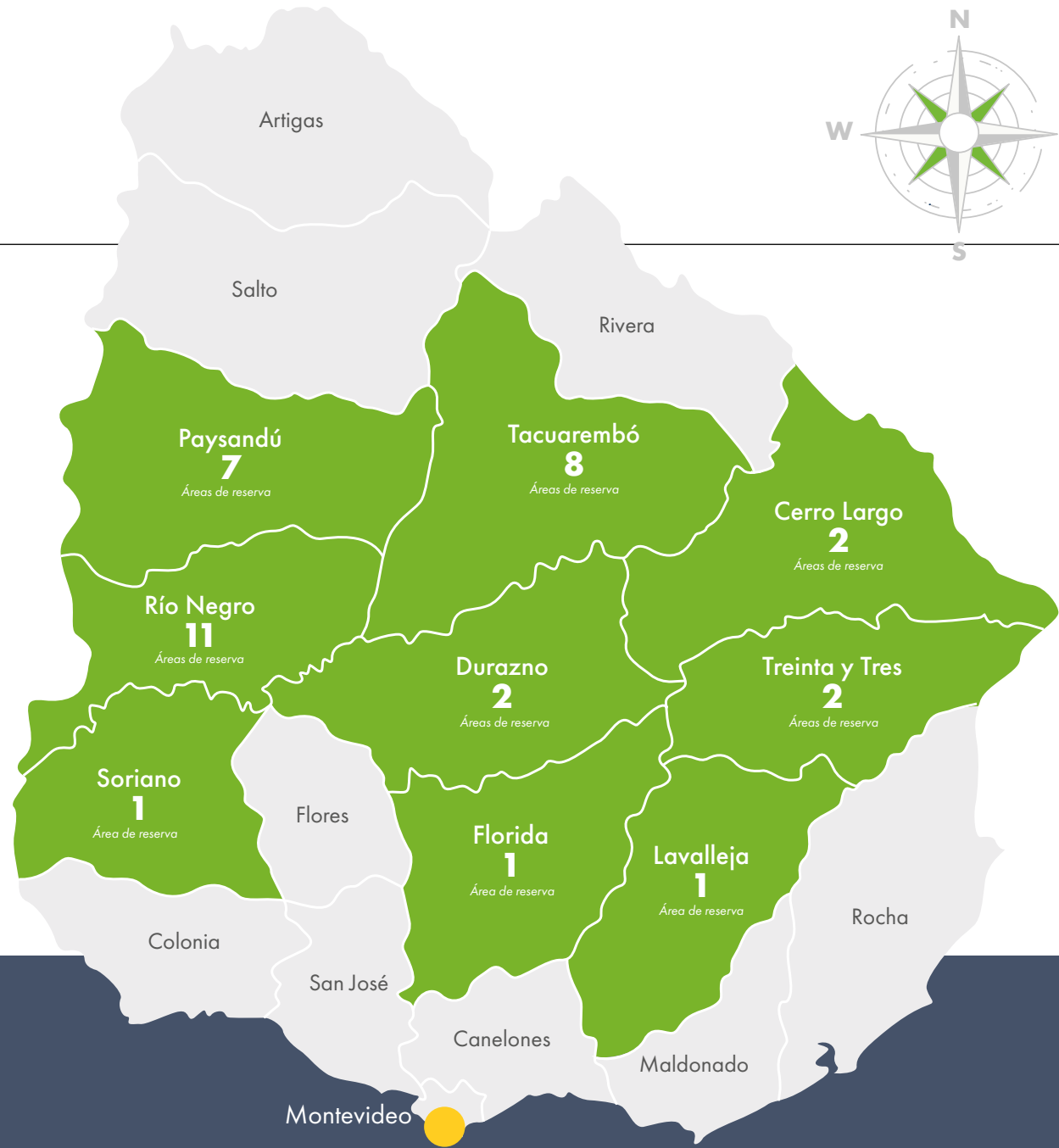
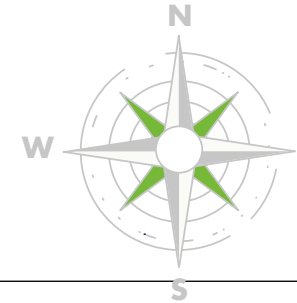
## UPM FORESTAL ORIENTAL HAS **35 RESERVE AREAS**\*

We refer to Reserve Areas as those preserved natural areas from the first two categories: HVCA and CA. These areas have specific management plans that have been designed based on the focal objects of conservation in each of them.

Out of these, 33 have biodiversity as their main conservation objective, and the remaining two paleontological and historical-cultural value.

PRESERVED NATURAL AREAS	
CATEGORY	TOTAL (HA)
HVCA	7,041
CA	7,341
RSA	8,077
COA	47,584
<b>Total</b>	<b>70,042</b>

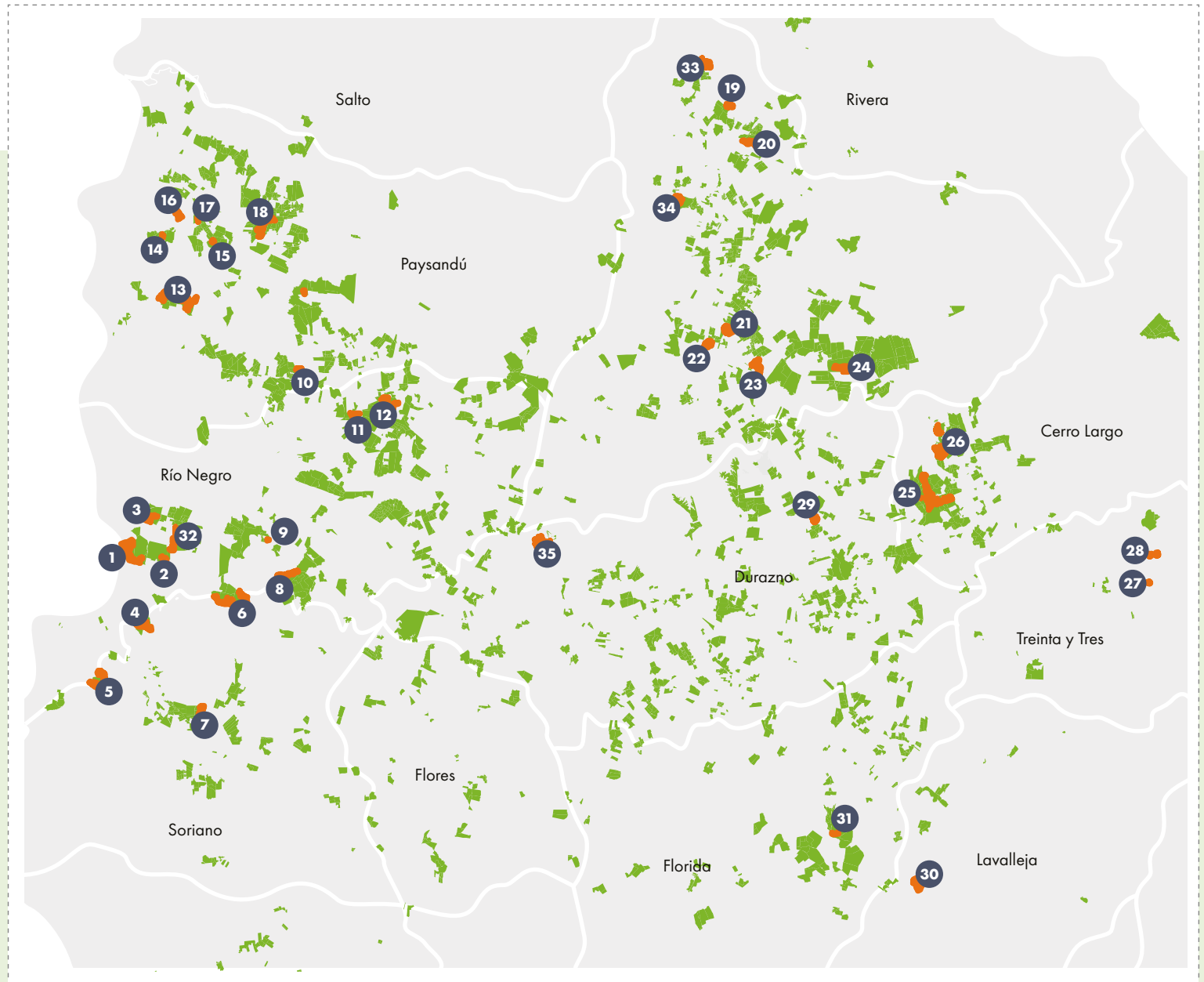
HVCA: high-value conservation areas  
 CA: Conservation areas  
 RSA: Representative sampling areas  
 COA: Connectivity areas



● Reserve/Conservation area

## RESERVE AREAS

01. Esteros y Algarrobales del Río Uruguay
02. Mafalda Este
03. El Rosario
04. Barrancas Negras
05. El Cerro
06. Bloque Jabalí
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





## BIODIVERSITY CONSERVATION

We have executed biodiversity surveys in different forest areas since the beginning of our operations. We have defined specific indicators for high-value conservation areas (HVCA), which are assessed annually, in accordance with FSC® requirements.

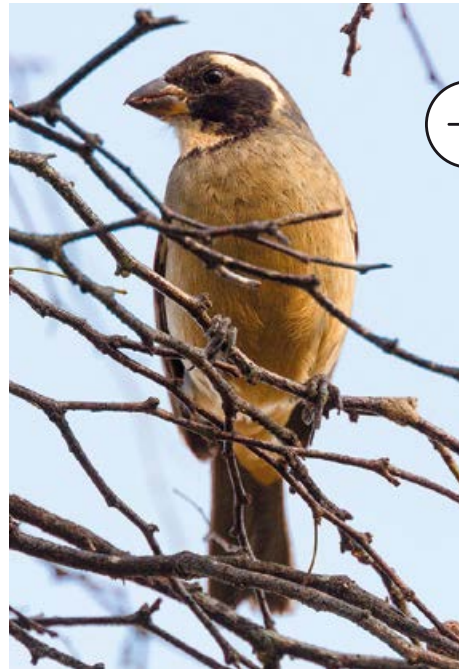
As of 2019, the indicators required by the environmental authorities for the evaluation of the state of the ecosystem have been incorporated.



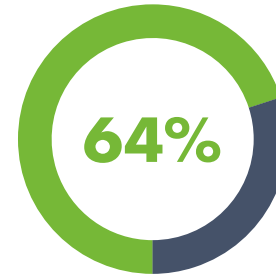
# FAUNA



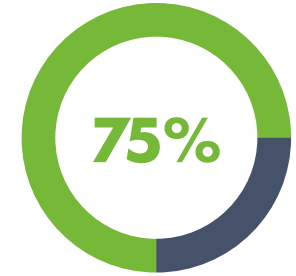
Field surveys determine the composition of wildlife on company property. Tetrapods from the following zoological classes have been identified: amphibians, reptiles, birds, and mammals. Two of the registered species are the Tamandua and the Margay.



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-seabirds



Land mammals



Amphibians



Reptiles

	Non-seabirds	Land mammals	Amphibians	Reptiles	TOTAL
TOTAL IN URUGUAY	410	89	47	72	618*
TOTAL IN UPM FORESTAL ORIENTAL LAND	<b>273</b>	<b>49</b>	<b>36</b>	<b>37</b>	<b>395</b>

\* Excluding marine species



## IN 2023

We continued to monitor arachnids, fish, and molluscs, finding:



# 172

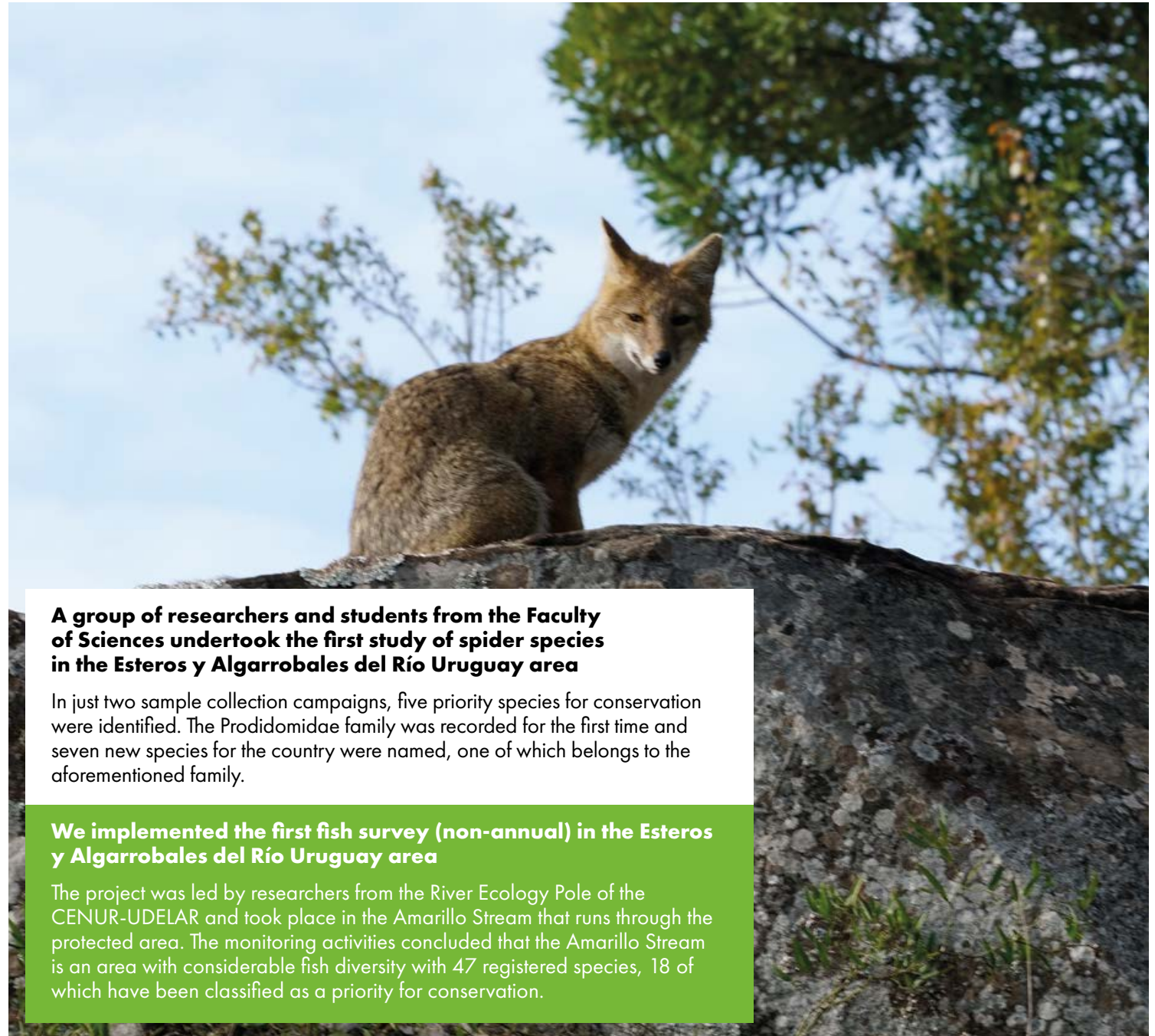
ARACHNID  
SPECIES

# 50

FISH  
SPECIES

# 12

MOLLUSC  
SPECIES



### **A group of researchers and students from the Faculty of Sciences undertook the first study of spider species in the Esteros y Algarrobales del Río Uruguay area**

In just two sample collection campaigns, five priority species for conservation were identified. The Prodidomidae family was recorded for the first time and seven new species for the country were named, one of which belongs to the aforementioned family.

### **We implemented the first fish survey (non-annual) in the Esteros y Algarrobales del Río Uruguay area**

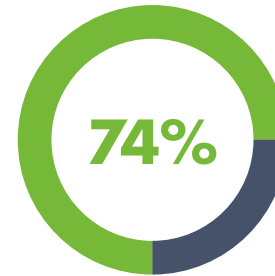
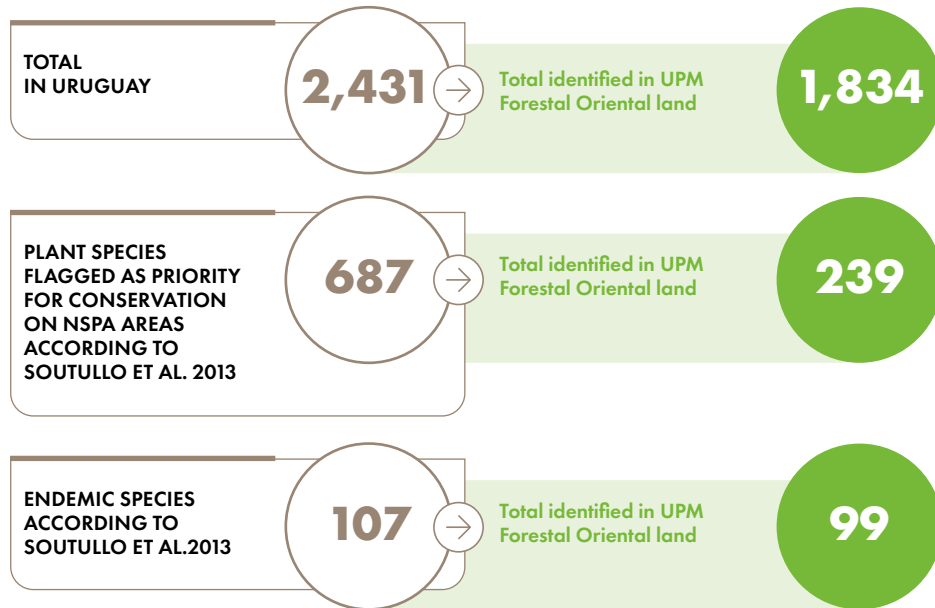
The project was led by researchers from the River Ecology Pole of the CENUR-UDELAR and took place in the Amarillo Stream that runs through the protected area. The monitoring activities concluded that the Amarillo Stream is an area with considerable fish diversity with 47 registered species, 18 of which have been classified as a priority for conservation.



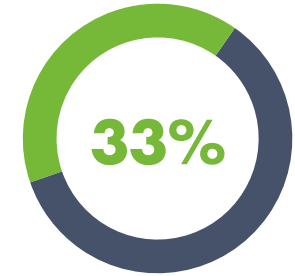
# FLORA

→ The following have been **identified on UPM Forestal oriental properties**

## NATIVE FLORA SPECIES



OF PLANT SPECIES IN URUGUAY



OF PLANT SPECIES FLAGGES AS PRIORITY FOR CONSERVATION

# 33

**Plant species were registered for the first time in Uruguay on UPM Forestal Oriental lands, thus increasing the number of plant species in the country. Among them are *Chloraea bella* (Orquidaceae), *Conyza lorentzii* (Asteraceae), *Leptochloa chloridiformis* (Poaceae) and *Ipheion tweedianum* (Alliaceae). A species new to science was also recorded: *Antiphytum charruasorum* (Boraginaceae).**

More information about UPM's contribution to conservation of flora in uruguay

**During the past five years, approximately 65% of all species that make up Uruguay's native flora have been found in UPM Forestal Oriental lands, which shows how effective conservation management can be.**



## CONSERVATION AND HIGH VALUE CONSERVATION ATTRIBUTES IN THE RESERVE AREAS AND MANAGEMENT MEASURES IMPLEMENTED

### HIGH-VALUE CONSERVATION AREAS

DEPARTMENT	NAME	AREA (HA)	CONSERVATION ATTRIBUTES	AREA TYPE (*)	EXAMPLES OF MANAGEMENT MEASURES IMPLEMENTED
<b>Cerro Largo</b>	Peñarrosa	282	Swampy forests, priority flora species for conservation	HVCAS I and III	Monitoring and survey of flora
<b>Durazno</b>	Palmares de las Cañas	63	Swampy forests, populations of new species in Uruguay ( <i>Screptidium sp.</i> )	HVCAS III	Grazing management Monitoring of endemic species Monitoring the regeneration of pre-existing invasive species
<b>Florida</b>	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
<b>Paysandú</b>	El Retiro	1,031	Ecosystems representative of other nearby. Protected Areas or sites of interest for conservation on a national or regional scale (native forests, natural fields, rocky ledges). Conservation of Capuchin ( <i>Sporophila spp.</i> ) and Black-and-white monjita ( <i>Xalmis dominicanus</i> ) species through tall grasslands. Large scenic value and presence of priority species	HVCAS III	Monitoring exotic species Monitoring flora in grasslands and native forests
<b>Río Negro Negras</b>	Barrancas	589	Scenic value conservation, important environments for endangered birds ( <i>Sporophila cinnamomea</i> ) and for endemic rodents ( <i>Ctenomys rionegrensis</i> ), plant and animal species priority for conservation	HVCAS III	Monitoring Invasive Alien Woody Species (mainly <i>Gleditsia triacanthos</i> ) Monitoring flora and fauna
	El Cerro	950	Wetlands, native forests, areas of interest for threatened birds and rodents	HVCAS II	Monitoring illegal activities and livestock loads Monitoring flora
	El Jabalí	865	Rich in animal and plant species. Diversity of priority species for conservation	HVCAS I	Monitoring flora and fauna Invasive Alien Woody Species (IAWS) control Poaching surveillance Grazing management

DEPARTMENT	NAME	AREA (HA)	CONSERVATION ATTRIBUTES	AREA TYPE (*)	EXAMPLES OF MANAGEMENT MEASURES IMPLEMENTED
Río Negro	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 Surveillance for poaching and other illegal activities, including fence and perimeter upgrades Recovery of debased environments (grazing management, monitoring of flora and fauna) Educational and recreational activities including public use of the area (nature trail) Invasive Exotic Woody Species (IEWS) Control Establishing rational grazing in different environments
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 hills. Forests Populations of endemic and threatened species	HVCAS III	Monitoring IEWS, in particular pines Increasing the connectivity of natural areas through the elimination of old pine stands
	La Rinconada	649	Continental dunes and their environment. Priority species of flora and fauna for conservation. Natural fields	HVCAS III	Monitoring of Invasive Alien Woody Species (IAWS), pines in particular Monitoring of flora and fauna through camera traps
	El Tala II	393	Population of priority species for conservation  Representative ecosystems associated with grasslands	HVCAS III	Monitoring of flora and fauna  IAWS control and elimination of pre-existing pine stands with flat hills Grazing management
	Porto Veloso	429	Population of priority species for conservation  Representative ecosystems associated with grasslands with flat hills	HVCAS VI and III	Grazing management  Flora and fauna monitoring Control of invasive alien species
			Sites of cultural historical interest		Analyse possible trail for visits and evaluate historical importance
Treinta y Tres	Quiebrayugos II 82		Vastness of endangered and endemic animal and plant species Threatened bird species Straight billed reedhaunter ( <i>Limnortyx rectirostris</i> ) and its habitat.	HVCAS III	Conservation of the threatened bird species Straight billed reedhaunter ( <i>Limnortyx rectirostris</i> ) and its habitat, <i>Eryngium pandanifolium</i> Monitoring of flora and fauna

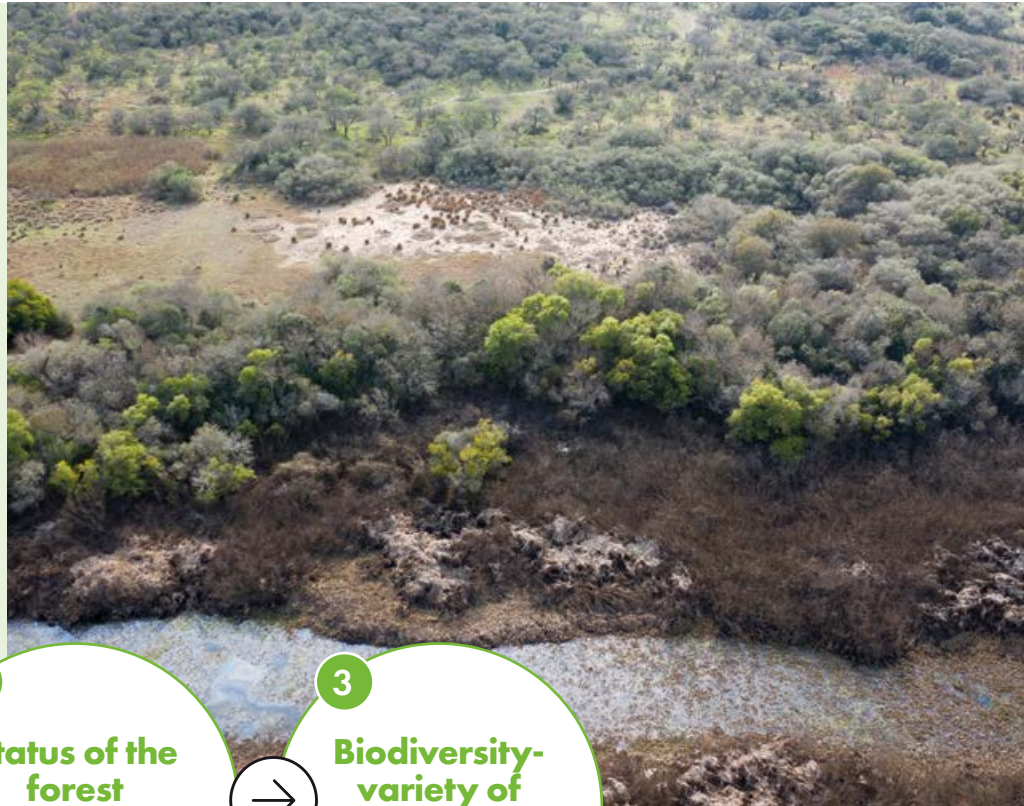


## CONSERVATION AREAS

DEPARTMENT	NAME	AREA (HA)	CONSERVATION ATTRIBUTES
<b>Cerro Largo</b>	La Palma	1,072	Threatened grasslands and prairies, native forests
<b>Durazno</b>	El Cencerro	309	Natural grasslands
<b>Lavalleja</b>	Los Gauchos	612	Serrano forest, rocky natural fields, priority species of flora and fauna for conservation
<b>Paysandú</b>	Chasicó	279	Palmares de <i>Butia yatay</i> regeneration area
	El Pucará and El Carretón III	45	Special management sites for the conservation of capuchin species ( <i>Sporophila cinamomea</i> ), species new to science ( <i>Antyphythum charruasorum</i> )
	El Refugio	45	Native forest associated with permanent waterways. Priority species of flora and fauna for conservation
	San Pedro / Cerro de los Chivos	632	Palmares de <i>Butia yatay</i> conservation area. Natural fields and native forests
	Santa Carolina	67	Site of paleontological interest
<b>Río Negro</b>	El Ombú	345	<i>Butia yatay</i> palm groves, natural fields and rocky ledges, park forest
	El Rosario	290	Wetlands, native forest, and grasslands. High value in biodiversity
	La Trinidad	1000	Species protected by Law ( <i>Butia yatay</i> ). Threatened grasslands and prairies
	Las Tunas	178	Priority species for conservation (herbaceous and cacti)
	Las Tunas	178	Population of priority plant species for conservation, rocky ledges, and natural fields
	Mafalda Este	119	"Blanqueales" improvement of defaced environments
	Viraroes	29	Native forest associated with a permanent waterway
	Coladeras	445	Blanqueales and carob trees <i>Atta vollenweiderii</i> anthills Protection of areas sensitive to cattle trampling Monitoring of livestock loads Monitoring flora and fauna Control of invasive alien species
<b>Soriano</b>	Coquimbo	368	Conservation area with natural fields, park forest associated with "Blanqueales"
<b>Tacuarembó</b>	Arroyo Malo	569	Native forest, various fields, rare species
	Cerro Agudo	533	Wetlands, priority species for conservation
	Lambaré I, II and III	420	Threatened ecosystems, population of endangered species
<b>Treinta y Tres</b>	Quiebrayugos I	30	Endangered species Straight billed reedhaunter ( <i>Limnoctites rectirostris</i> ) and its natural habitat, ravine forests, endemic cactus populations and priority native fauna

## RESULTS OF THE HVCA MONITORING PLAN

The biodiversity monitoring plan includes, but is not limited to, all the HVCA that make up the Network of Biodiversity Reserve Areas. The set of 27 indicators considered is grouped into three categories:



1

**Status of the grassland ecosystem**  
(7 indicators)



2

**Status of the forest ecosystem**  
(6 indicators)



3

**Biodiversity-variety of species**  
(14 indicators)



The management plan for Esteros y Algarrobales del Río Uruguay (EARU) area was developed together with Vida Silvestre Uruguay (Uruguayan wildlife) and approved by the Ministry of Environment. In 2023 a new deal was signed with Vida Silvestre Uruguay to implement the plan.

Each indicator has set ranges according to the status it is classified under, which can be Bad, Average, Good or Very Good. These indicators show the effectiveness of conservation measures in relation to biodiversity.

There are specific indicators for certain areas, for example, the communities of *Ctenomys rionegrensis* (Tucutucu de

Río Negro) are evaluated only in those HCVAs where their presence has been confirmed.

As a general criterion, we want at least 70% of indicators to range between Good or Very Good, while measures are established to improve, whenever possible, those that don't meet the aforementioned

values. In 2023 more than half of the HVCA ranged between these set standards while measures are being taken in other areas to improve indicators.

In 2023 we reached 70,042 hectares of Preserved Natural Areas which have the following main types of natural vegetation:

natural meadows, sandbank vegetation, riparian forests, Chaco Park forests, flat hill forests, "blaqueales", palm groves, grasslands, and wetlands. Some of these types are considered special either because they are receding, they are relict, or they harbour rare species or species with limited distribution in Uruguay.

## SOIL



Local landscape is of value to society, and we undertake a responsible management through active involvement with communities since forestry activity is still recent in some areas of the country. The design of plantations takes into consideration the main landscape characteristics, looking at the diversity of species, sizes, ages, space, and regeneration cycles.

We look to reconcile and preserve while we produce. To do this, we look at the landscape as a whole, beyond property limits, according to scale, intensity, and risk, therefore being able to adjust if necessary.

## WATER RESOURCES



Ecosystem services are the benefits that an ecosystem provides to society and that improve the health, economy, and quality of life of people. Through the conservation of biodiversity and functional diversity, we seek to preserve the structure and the normal function of the ecosystems.

Atmospheric carbon sequestration is an ecosystem service generated by forestry activity.

## ENVIRONMENT AND BIODIVERSITY



Within the framework of UPM's commitment to the 2030 Sustainable Development Goals, we highlight the contribution of our forestry activity to the sequestration of atmospheric carbon to mitigate the increase in global temperature.

At UPM Forestal Oriental, we currently carry out several initiatives to understand and manage our emissions, for example:

- We identify, manage, and track our emissions and carbon sequestration
- We provide information for UPM's global carbon emissions and sequestration report
- We monitor the behaviour and evolution of soil organic carbon



## ADDITIONAL INFORMATION

You can expand on the information shared in this section by contacting us through our communication channels available in the Contact section of this report.



# AGROCHEMICAL MANAGEMENT

The use of agrochemicals for pest, disease and weed control in UPM Forestal Oriental's forestry operations is part of our approach to integrated pest management (IPM).

- **In nurseries**, the IPM includes, first and foremost, managing temperature and humidity in greenhouses through proper ventilation to minimize the development of pests and diseases. At the same time, light and adhesive traps are used to reduce insect populations. The use of agrochemicals is a last resort and is used only when pest and disease monitoring confirm it is needed.
- **In plantations**, the IPM strategy aims to promote the rapid growth of seedlings to minimize the periods in which weed, and ant control are needed. This rapid initial growth is achieved by planting at the appropriate time, with optimal soil preparation and using good quality genetic materials and seedlings. In 2023 we waited until 6 months after planting for the last application (considering that the forestry cycle is 10 to 11 years, the percentage of time in which applications are made is ~5%).

To access a list of the products mentioned scan here

## General guidelines for the use of agrochemicals:

- Identifying minimal doses for effective control through trials examined with statistical precision
- Applying agrochemicals only when they are really required, avoiding calendar applications
- Circling between active ingredients to minimize the risk of weeds, pests or diseases growing resistant
- Using authorized products in the country and products registered for forestry use by the Ministry of Livestock, Agriculture, and Fisheries (MGAP in Spanish)
- Not using products included in the list of agrochemicals banned by the FSC® and PEFC
- Carrying out an Environmental and Social Risk Assessment (ESRA) prior to the use of agrochemicals in accordance with FSC® guidelines and national regulations, outlining measures to minimize the risks associated with their use for both people and the environment

**In 2023, ten herbicides and one insecticide (anticide) were used in our plantations to keep weeds and cutter ants in check. In UPM's three nurseries five fungicides were used to control diseases and five insecticides to control pests.**

# WASTE MANAGEMENT

At UPM Forestal Oriental we have a waste management plan that ensures compliance with national legislation and is in accordance with international best practices.

We classify and manage waste according to its kind, prioritising reducing, reusing, and recycling. We work together with local recyclers to manage non contaminated and recyclable materials (such as plastic, glass, paper, or cardboard). We establish specific classification procedures in all work fronts, which are approved and permanently monitored.

Waste derived from our use of chemical products is managed in accordance with the requirements of national environmental authorities. Empty

agrochemical containers are conditioned on the field following established triple washing and perforation procedures. They are later sent to designated internal storage units that are equipped for this purpose.

We prioritise the return of containers to suppliers or, if unable to do so, we dispose of them through Campo Limpio. This is an alternative that complies with Decree 152/13 (authorised by the DINASEA (National Directorate of Environmental Quality Assessment) and has a management plan for empty containers and obsolete stock).

We are part of the NFU Recycling Master Plan (for the management of End-of-Life Tires), ensuring that this waste is properly recycled.



Learn about  
our waste  
management  
results

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