

AF INVESTMENT MANAGEMENT

IMPACT REPORT 2023



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ABOUT THIS REPORT

This report addresses AF's asset and property management activities in Uruguay and Chile, as well as the impact made by the funds we manage in Uruguay. Transparency of process and reporting are key components of both internal and external stakeholder confidence in AF's impact investments.

As a signatory of the PRI, we are committed to the adoption and implementation of the PRI's six principles, including that we provide transparency on our activities and progress toward implementing the principles.

Documenting past performance and reporting impact results helps to ensure that ESG (environmental, social and governance) factors are regularly implemented by our staff and third parties, such as operators, contractors, subcontractors, suppliers, lessees, and service providers.

This report outlines the results of 25 impact metrics, both at the AF and fund level, as well as the 2022 baseline and the targets we intend to achieve over the next 5 years (in 2027).

The report focuses on the 2023 accounting year. The Board of Directors has reviewed and approved its release.

We welcome feedback and questions; please contact: vayzaquer@af.com.uy

Date published: May 2024

SUMMARY OF OUR IMPACT 2023

AF

24 YEARS

OF EXPERIENCE

62

EMPLOYEES

3 OFFICES

URUGUAY, CHILE & BRAZIL

FUNDS

USD 950 MILLION

ASSETS UNDER MANAGEMENT

IMPACT

99,570 HA

AREAS FSC®-CERTIFIED (FSC® C129543)

9,124 HA

CONSERVATION AREAS

1,401,707 TON.

CARBON SEQUESTRATION

988

JOBS MAINTAINED DIRECTLY

16,578

BENEFITED COMMUNITY MEMBERS

An aerial photograph of a dense forest, showing a repeating pattern of tree canopies in various shades of green and brown, creating a textured, organic look.

OUR COMPANY

AF

We are an impact investment manager of nature-based assets, providing climate and biodiversity solutions, with USD 950 million of assets under management across 129,357 total hectares as of December 2023¹.

We manage a portfolio with the purpose of making a positive and measurable social and environmental impact alongside a financial return, including sustainable timber plantations and conservation areas, as well as carbon removal projects.

This company was founded in 2000 in Uruguay, where its headquarters is located. It also has offices in Chile and Brazil. We are currently in a phase of regional expansion to provide our clients with greater diversification, in terms of markets, risk-return profiles, and impact objectives. Additionally, with the purpose of increasing value and reducing risk for current investors, in 2023, we finalized the construction of a veneer mill (Olimar Forest Products) in the city of Treinta y Tres, Uruguay.

AF is vertically integrated with a holistic management approach:

INVESTMENT MANAGEMENT**	PROPERTY MANAGEMENT***	ASSET MANAGEMENT
▪ SOURCING, SCREENING, DUE DILIGENCE & RAISE OF FUNDS. ▪ IMPACT ASSESSMENTS ▪ STRUCTURING INVESTMENT VEHICLES. ▪ PORTFOLIO CONSTRUCTION. ▪ RESPONSIBLE EXIT STRATEGY.	▪ PLANNING. ▪ ESTABLISHMENT & SILVICULTURE. ▪ PRODUCTION ACTIVITIES. ▪ LOGISTICS & TECH SOLUTIONS. ▪ SALES & MARKETING OF PRODUCTS.	▪ ONGOING MONITORING. ▪ STAKEHOLDER ENGAGEMENT. ▪ REPORTING, FINANCIAL & RISK ANALYSIS. ▪ IMPACT MEASUREMENT & MANAGEMENT. ▪ CERTIFICATIONS & COMPLIANCE.

*** Investment management mainly takes place in Uruguay and Chile.*

**** Forestry operational activities such as nursery and tree breeding, planting, silviculture, harvesting, production, and transportation are outsourced and performed by local service companies.*

¹ According to the financial statements for the year ended December 31, 2023, and independent auditors' report.

69

SALES IN
USD MILLIONS IN 2023

1.1

VOLUME OF TIMBER
PRODUCED IN MILLION M³
IN 2023

80,744

HECTARES
OF FORESTS BY 2023



IMPACT INVESTMENT & FUNDS

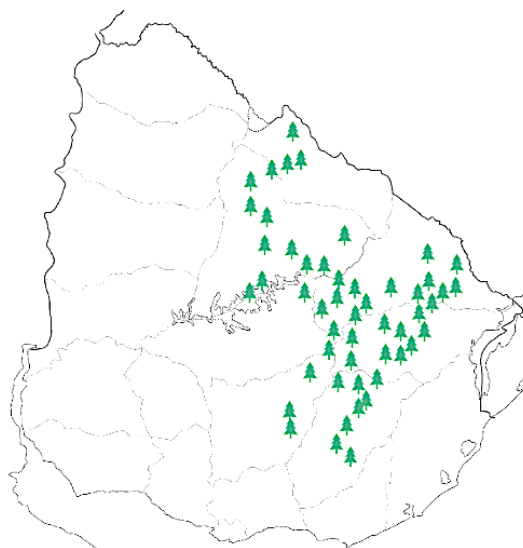
We are the first Uruguayan company to set up Financial Trusts listed on the stock exchange to develop forestry investments. **Currently, our company manages 4 investment funds: Fideicomiso Forestal Financiero Bosques del Uruguay I, II, III and IV (BDUs).** The Trustee of these funds is EF Asset Management Administradora de Fondos de Inversión S.A., created in 2003 by Ferrere Abogados and CPA Ferrere in Uruguay.

	DESCRIPTION*	ISSUE DATE MATURITY	SIZE (USDM)	TOTAL AREA (ha)	SALES 2023 (USDM)
BDU I	Greenfield Eucalyptus Uruguay	August 2011 2031	50	9,544	5.5
BDU II	Greenfield Eucalyptus Uruguay	January 2015 2035	70	14,703	11.7
BDU III	Brownfield Eucalyptus and Pine, Uruguay	December 2016 2036	190	45,229	21.6
BDU IV	Brownfield Eucalyptus and Pine, Uruguay	April 2019 2039	330	59,880	30.1

**Greenfield project: forestry assets are developed from the very beginning.*

**Brownfield project: current forestry assets are acquired.*

LOCATION OF
BDUs ASSETS



2023 HIGHLIGHTS

MARCH

Los Mejores
Lugares para
Trabajar™

Great
Place
To
Work®

URUGUAY
2023™

DECEMBER

UN PRI FIRST
VOLUNTARY
ASSESSMENT REPORT
RELEASED

DECEMBER



olimar
FOREST PRODUCTS

An aerial photograph of a dense forest, showing a repeating pattern of tree canopies in various shades of green and brown, occupying the left side of the page.

OUR IMPACT

APPROACH

Our Policy

- We have a fiduciary duty to investors to conduct long-term sustainable and responsible forest management, and we require third parties, such as suppliers, lessees and service providers, to act accordingly.
- We are committed to create a positive and durable impact on the environment and the communities affected by our operations, with the goal of preserving land for future generations.
- We are committed to make responsible investments with a view to enhance returns and mitigate risks over the medium to long term.

Negative Screening

We avoid investing in projects that:

- pose potential risks associated with payment transparency, corruption and bribery;
- environmental mismanagement;
- negatively affect areas with high conservation values (HCVs)², ecosystems, habitats, biodiversity, community needs, cultural heritage, among others;
- do not ensure that they make a positive impact on local communities;
- use forced and/or child labor.

Due Diligence Process

Our investment assessment process includes due diligence of ESG issues such as:

- land legitimate tenure rights;
- planting, harvesting and tillage techniques;
- community free, prior and informed consent and engagement;
- labor standards;
- water use and availability;
- chain of custody;
- biodiversity conservation.

² As provided by the Forest Stewardship Council® (FSC®). HCVs are classified into 6 categories: species diversity (HCV 1), landscape-level ecosystems and mosaics (HCV 2), ecosystems and habitats (HCV 3), ecosystem services (HCV 4), community needs (HCV 5) and cultural values (HCV 6).

Impact Measurement & Management System

- Our system tracks and reports ESG metrics to measure the impact of investments at the asset and the organization level.
- The Metrics were defined using the IRIS+ system³, and divided into 8 categories. They are aligned with the United Nations Sustainable Development Goals (SDGs).

We aim to address the following SDGs:

	▪ Securing water supplies for people and nature. ▪ Improving water management techniques to preserve ecosystem functions particularly in regions that experience water stress.
	▪ Contributing to employment and economic growth in rural areas. ▪ It is crucial to provide a healthy and safe working environment, respecting human and labor rights to all workers (including contractors and subcontractors).
	▪ Reducing inequalities between rural areas and cities by providing social protection, fair wages and access to health and education. ▪ Empowering low-income communities with inclusive procurement activities.
	▪ Sustainable use and management of natural resources to provide renewable raw materials for a low-carbon economy. ▪ Scaling up a circular business model by recycling non-wood waste and upcycling within the value chain is a challenge we want to address.
	▪ Improving carbon-efficiency of production of timber. ▪ Focusing on Eucalyptus timber to tackle deforestation of endangered semi-hard and hardwood tree species and decarbonize the construction sector. ▪ Reforesting degraded pasture used mainly for grazing.
	▪ Creating nature networks which enables wildlife to use and move across a whole landscape. ▪ Restoration of natural processes by supporting dynamic, diverse, and well-functioning ecosystems.

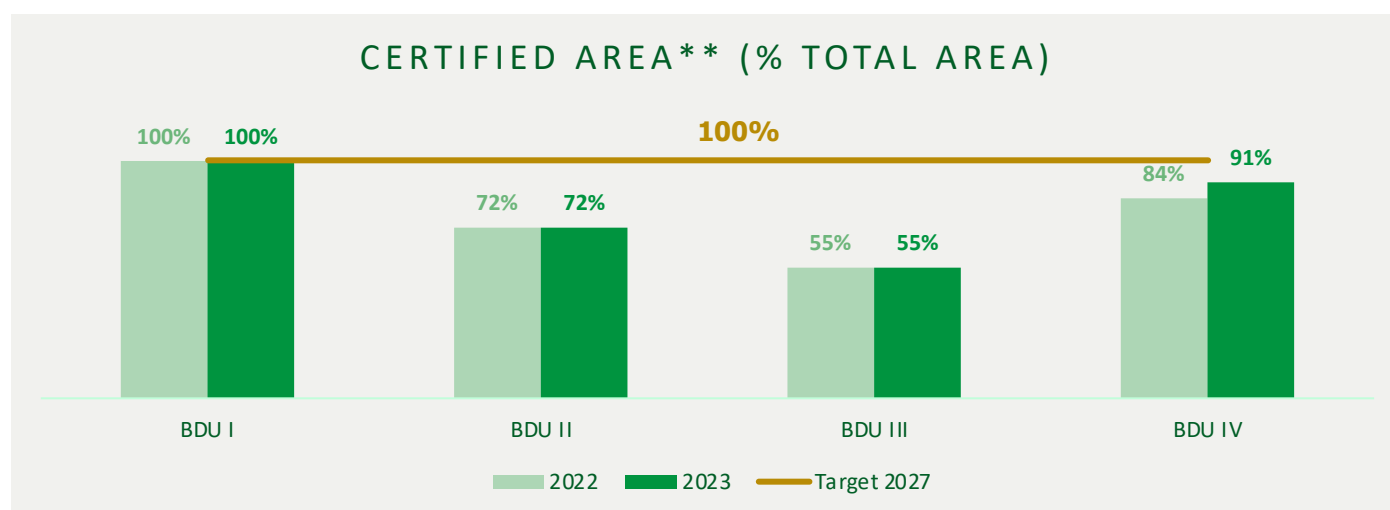
³ Impact measurement and management system created by the Global Impact Investing Network (GIIN).

1. LAND MANAGEMENT & PRODUCTIVITY

Uruguay has a regulatory framework for forest management (Forestry Development Law N.º 15,939 and regulatory decrees) that **bans logging of native forests and establishes priority soils for forest plantations**. These soils are suitable for forestry production; however, they have some limitations (e.g., low natural fertility) for other activities such as agriculture, dairy farming or higher-productivity livestock⁴.

The forests owned by the funds in Uruguay are mainly made up of eucalyptus and pine plantations, established since 1996 and located in the southeast, north and northeast of the country.

	BDU I	BDU II	BDU III	BDU IV
Total Area (ha)	9,544	14,703	45,229	59,880
Planted Area (ha)	5,344	9,304	27,739	38,357
Planted Area Eucalyptus (ha)	5,344	7,946	17,649	26,731
Planted Area Pine (ha)	-	1,358	10,090	11,626



** Area under third-party sustainability certification: we are FSC®-certified (FSC® C129543).

⁴ Which is explained by low Productivity Index by CONEAT (National Commission for the Agronomic Investigation of the Land), pursuant to Law 13,695; Articles 65 to 68.

Soil Use & Planting

- Soil tillage techniques are used to prevent erosion, improve nutrient availability and seek water retention with no stagnation for a successful establishment and development of seedlings.
- Planting densities are set and controlled to reach high tree growth and survival rates. These vary at the early stages of the tree life.
- Replanting is carried out between 6 months and 1-year post-harvest, to maximize recycling of nutrients and minimize the impact of tillage and agrochemicals.

Fertilization

- Limited use of granular controlled-release NPK fertilizers (nitrogen, phosphorus, potassium) applied only once at the planting stage and lasting 4 to 5 months in the soil.
- Dosing varies from 15 to 30 kg/ha, being eucalyptus plantations the ones that use the most.

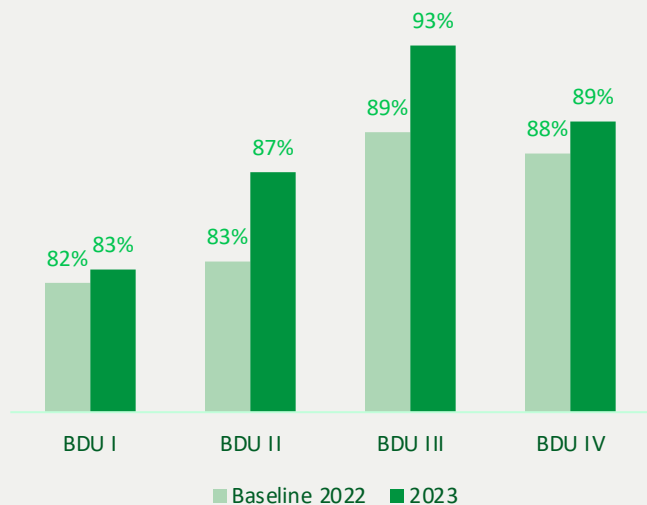
Silvicultural Practices

- Tree care operations are carefully planned depending on the tree species and designed to produce larger diameter logs, a higher percentage of knot-free timber, increase carbon capture and reduce the risk of fire and pests.

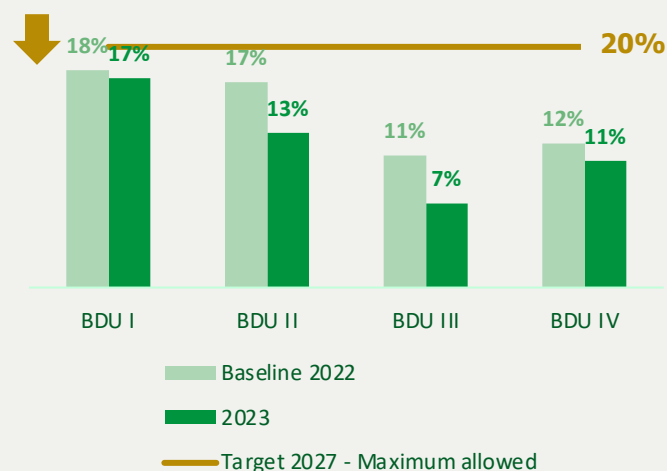
Forest Health Management & Use of Pesticides (fungicides, herbicides & insecticides)

- Conducting biological (inoculations with nematodes) and silvicultural controls (sanitary thinning) over chemical measures.
- The use of insecticides is highly restricted to control ants during the first year of the crop, employing localized or systematic applications, and very low concentrations of the active ingredient.
- The use of herbicides is focused on: i) pre- and post-planting weed control on eucalyptus (2,4 D Amine, S-Metolachlor, Haloxypol and Clopyralid) and ii) regrowth control (Glyphosate and Triclopyr).
- Established specific procedures to handle and use of herbicides to significantly reduce the release into the atmosphere, water and soil, and minimize adverse effects on human health and the environment.
- We are currently working with the Forestry Consortium (formed by SPF, Latitud and INIA) on a continuous evaluation system to reduce the impacts of pesticide applications, either through changes in the methods of application, in commercial products, in the concentrations or in the variation of mixtures.

LEVEL OF HAZARDOUS OF PESTICIDES USED Class III - Slight (% TOTAL VOLUME USED)*

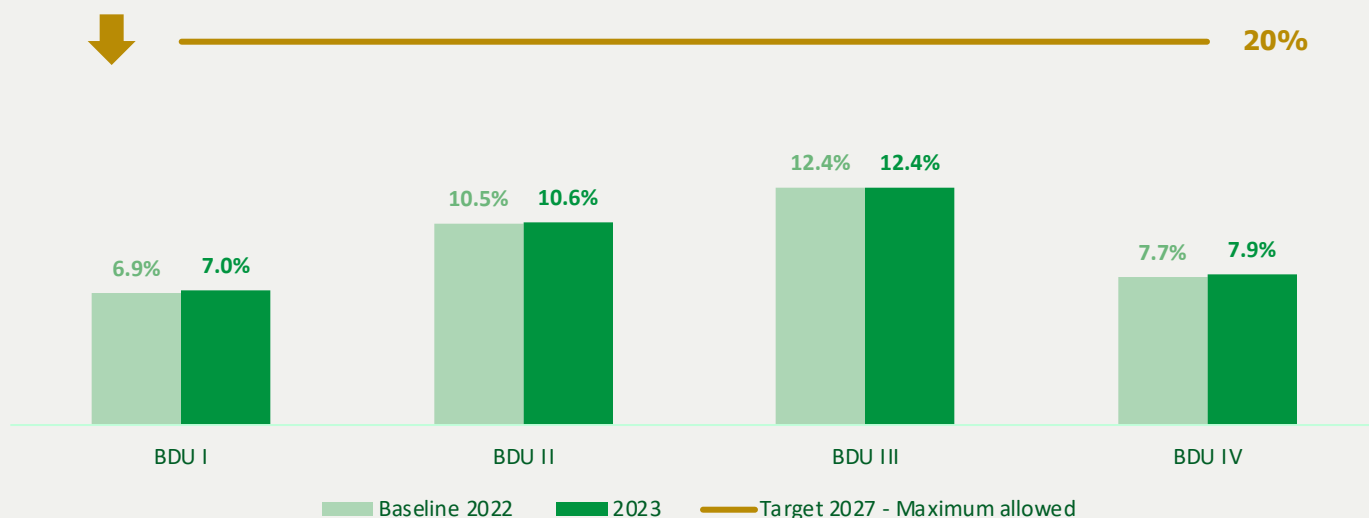


LEVEL OF HAZARDOUS OF PESTICIDES USED Class II - Moderate (% TOTAL VOLUME USED)*



* According to the WHO Recommended Classification of Pesticides by Hazard.

AREA TREATED WITH PESTICIDES (% TOTAL AREA)**

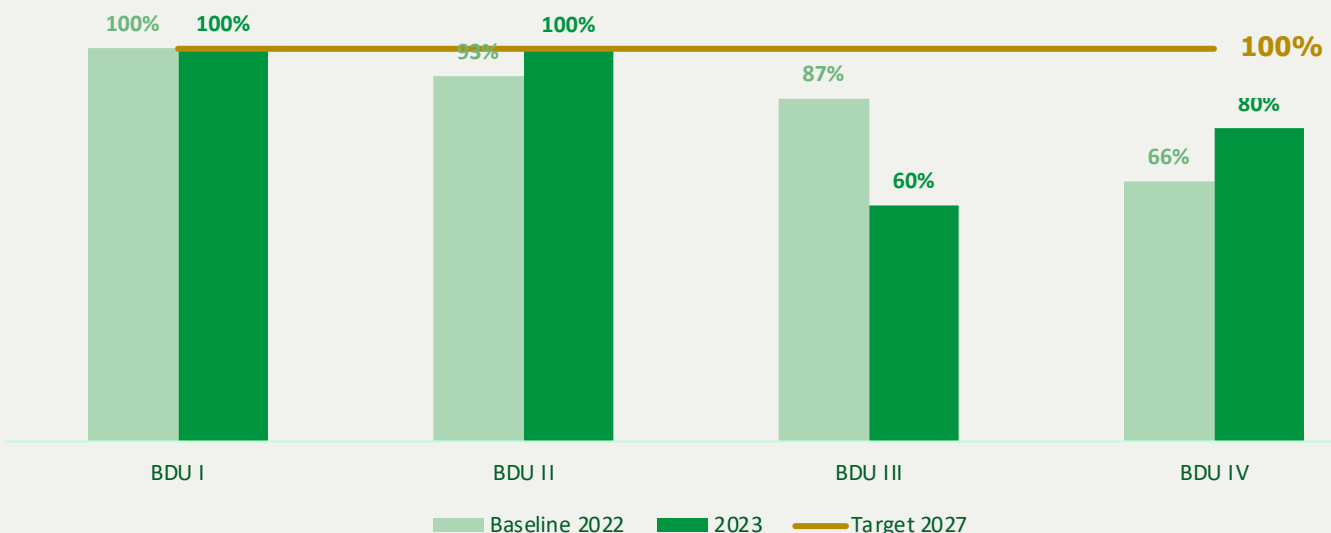


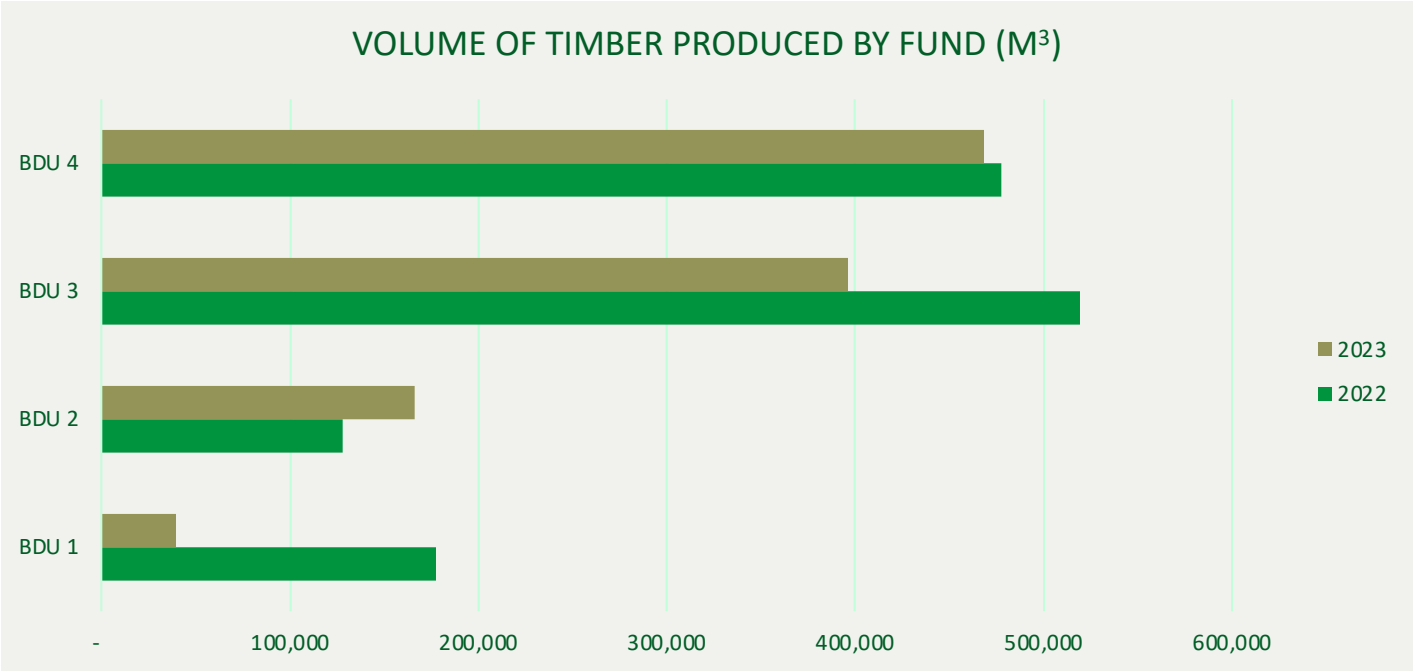
** Moving average in the last 5 years.

Harvest & Production

- Production is focused on timber for sawmilling or veneer requiring longer rotations (between 18 and 22 years) which minimizes soil tillage, use of agrochemicals and increases forest resilience.
- Timber harvest volumes vary depending on the planted area, forest plantation age and commercial commitments.
- Harvest planning is set to avoid clear-cutting of large continuous areas (affecting the landscape), leave forest waste on the field to prevent potential erosion risks and avoid unnecessary removal of nutrients and accumulation of waste outside the forests.
- Timber is produced in different farms, which reduces the impact on the biodiversity and ecosystems developed.
- Circulation of machinery is prohibited in the vicinity of conservation areas and protection zones and when harvesting near these zones, special techniques are used to prevent negative impacts.
- Monitoring of natural resources, such as soil (mainly erosion and compaction by machinery), buffer zones and surrounding conservation areas or protected zones is performed by our operational team after harvesting.
- Log yards are in well-drained sites with granular materials and far from protected, conservation, buffer and watercourse areas.

CERTIFIED TIMBER HARVEST VOLUME (% TOTAL AREA)



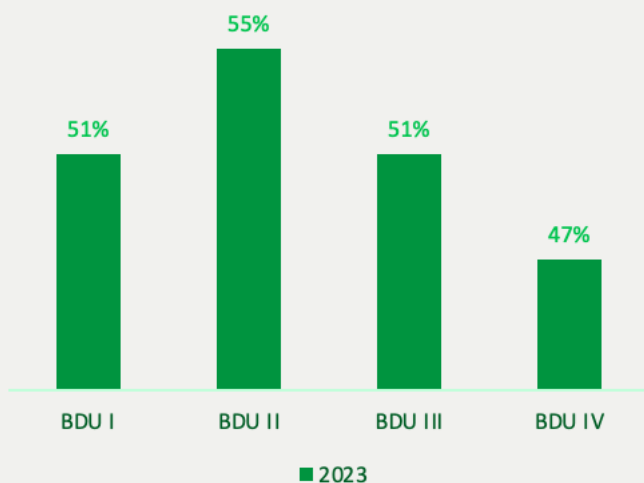


2. SUPPLY CHAIN & CIRCULAR ECONOMY

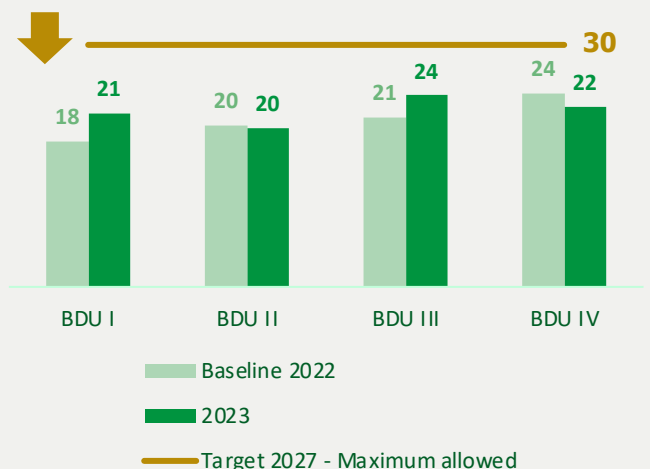
Practices with Suppliers

- Our main suppliers are service companies that carry out operations in the forests of the funds including contractors and subcontractors.
- Priority is given to micro, small and medium-sized enterprises and/ or companies located in the communities close to the farms, to promote entrepreneurship and formalization, encourage decentralization and increase employment in rural areas.
- Supplier selection and annual monitoring processes are conducted to ensure proper labour conditions, compliance with standards, financial minimum requirements, machinery conditions, care for the environment, self-management capacity, among others.
- In 2023, we worked with more than 200 service companies.

LOCAL MICRO & SME SUPPLIERS (% TOTAL)*



AVERAGE PAYMENT DAYS TO SUPPLIERS

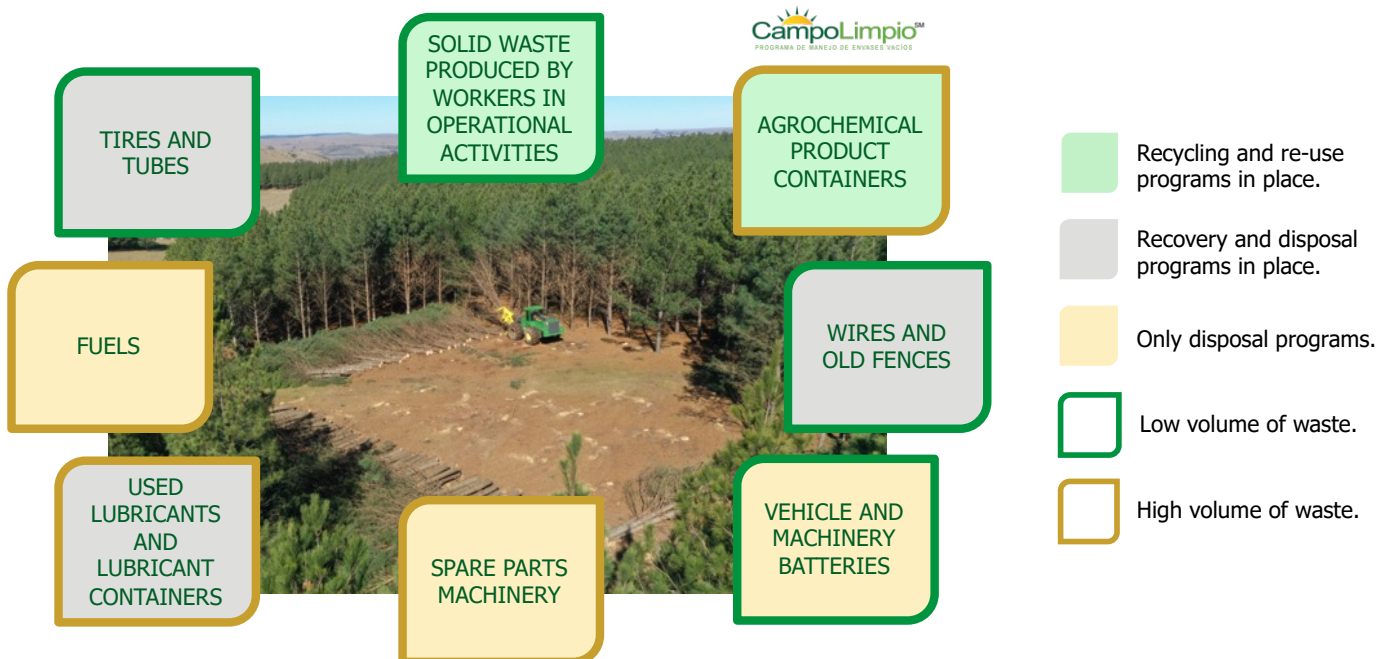


* Micro, small and medium-sized enterprises according to Decree 504/007.

Waste Management: BDU Funds

- Our goal is to maximize the commercial yield of our funds which in turn reduces wood waste (branches, foliage, bark and fine logs).
- The portions of the tree with the highest concentration of nutrients are left on the field to offset soil nutrient loss.
- The rest of the wood waste is disposed also on the field complying with the minimum distances from conservation areas, watercourses, buffer zones and ecotones, in order to avoid any negative impact.
- Burning forestry and wood residues is not practiced at AF.
- We are working to improve our current waste management programs by ensuring traceability, measuring the volume of waste generated, increasing upcycling, and promoting more recycling and disposal centers.

NON-WOOD WASTE MANAGEMENT



3. WATER MANAGEMENT

Practices and Measures

- We seek to minimize the environmental impact on watercourses, natural drainage areas and headwaters, as these areas are complex ecosystems and home to the greatest biodiversity.
- To protect water resources near the forest plantations the following measures have been adopted:
 - Extraction of water from rivers, streams, lakes or ponds from the farms we manage is limited to low volumes, used for human and animal consumption, fire fighting and agrochemical applications.
 - Buffer zones adjacent to water resources are maintained to prevent soil erosion, sedimentation, and to avoid affecting the condition of biological corridors.
 - Specially conditioned areas away from watercourses are settled to carry out the maintenance, loading and cleaning activities of the machinery used for herbicide application.
 - Soil tillage is prohibited when building firebreaks in surroundings areas of watercourses to avoid the destruction of the adjacent strip.
 - Microbiological monitoring is performed in water wells every 2 years to determine potability.
- Currently, there are no wetlands of international importance (Ramsar sites⁵) on the BDUs' farms.
- We are working to improve the water resources monitoring and management system to adequately assess the possible impacts of forestry activities on water quality and local water cycles by implementing programs every 2 years.

⁵ The Ramsar Convention is an intergovernmental environmental treaty established in 1971 by UNESCO, which entered into force in 1975 and provides the framework for national action and international cooperation for the conservation of wetlands habitats, and for the wise and sustainable use of their resources.

Tacuari Basin Monitoring Program

The Tacuari basin is in the northern region of Uruguay, covering the departments of Cerro Largo and Teinta y Tres.

More than 16,000 planted hectares from the BDU4 fund are included in the basin.

In 2021 the program to monitor the water quality of the basin was launched in line with local environmental regulations and in 2022 the baseline was established.

The monitoring and analysis are performed in various points every 3 years on a quarterly basis and includes assessing turbidity and nutrient levels.

Our team conducts the sampling, and the proceeding analysis are undertaken by local laboratories.

Our goal is to expand this program to other basins.



4. BIODIVERSITY & ECOSYSTEM CONSERVATION

Conservation zone or protected area Practices*

- Access is restricted to a limited number of our staff and that of the service companies, and access control for outsiders.
- Monitoring and control of the presence of feral exotic fauna and invasive plant species as well as natural regeneration of plantations.
- Creating and securing biological corridors to ensure the movement of wildlife between areas, avoiding their interruption or narrowing.

** Conservation zone or protected area comprises native forests, areas protected by local entities, Areas of Special Conservation Interest (APIC)⁶, and areas with High Conservation Values (HCVs)⁷.*

11

AREAS IDENTIFIED AS HCVs
IN THE BDUs FUNDS

2,541

HECTARES WITH AREAS
IDENTIFIED AS HCVs & APIC
IN THE BDUs FUNDS

4,402

HECTARES OF NATIVE
FOREST IN THE BDUs FUNDS

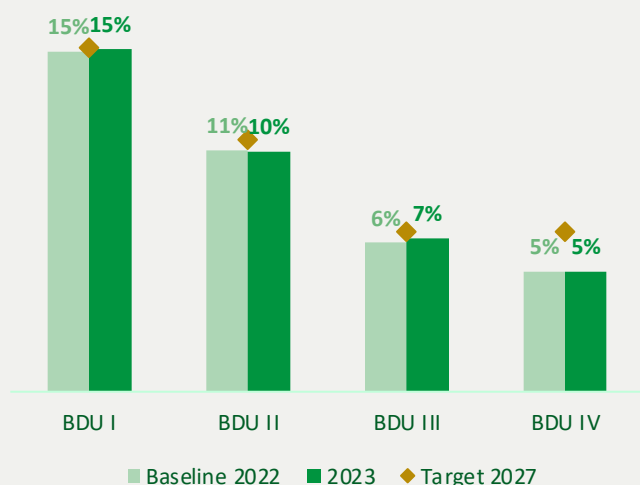
⁶ According to criteria established by AF. These areas have natural attributes characteristic of the flora and landscape of the region where they are located and are well-preserved samples, with considerable surface area, high potential and actual biodiversity.

⁷ As established by the Forest Stewardship Council®. HCVs are classified into 6 categories: species diversity (HCV1), landscape-scale ecosystems and mosaics (HCV2), ecosystems and habitats (HCV3), ecosystem services (HCV4), community needs (HCV5) and cultural values (HCV6).

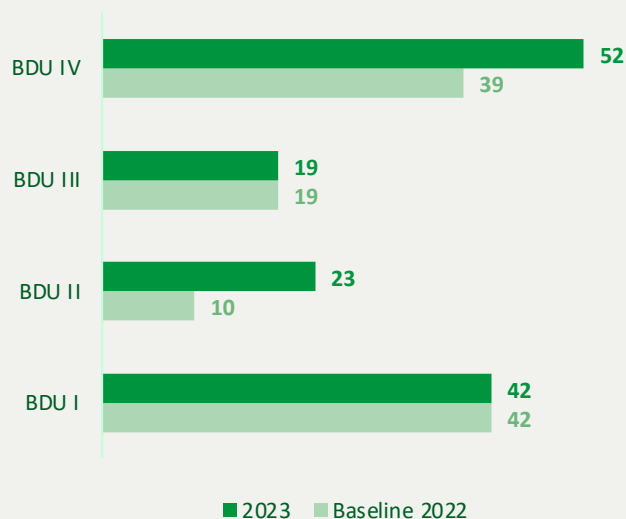
Biodiversity Monitoring

- Biodiversity identification, management and monitoring activities are carried out by a team of 6 biologists and botanists hired by AF.
- Annual monitoring comprises of:
 - number of species by class and environments,
 - proportion of resident and migratory bird species,
 - continued existence of threatened species, according to the International Union for Conservation of Nature's Red List (UICN),
 - continued existence of priority species for conservation in Uruguay, according to the protection of the National System of Protected Natural Areas [SNAP, for its acronym in Spanish], and
 - continued existence of species that are listed under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

CONSERVATION ZONE OR PROTECTED AREA (% TOTAL AREA)



NUMBER OF THREATENED SPECIES*



**Threatened species are identified in areas with High Conservation Values (HCVs) or Areas of Special Conservation Interest [APIC, for its acronym in Spanish]. We consider threatened species according to the Priority Species for Conservation of the National System of Protected Natural Areas [SNAP, for its acronym in Spanish] under: i) criterion 2 - species rarely collected in Uruguay, with no recorded populations, ii) criterion 3 - species with restricted distribution in Uruguay and iii) criterion 4 - species that have undergone an appreciable decrease in population size, due to human actions (urbanization, harvesting, agriculture, forestation, dams, coastal alterations, etc.).*

2023 Biodiversity Monitoring Programs

This year we launched 8 monitoring programs, including 4 threatened plant species and 4 priority bird species, according to the SNAP criteria, to measure the impact that the development of the BDUs projects has had on the stability or growth of the populations of these species:



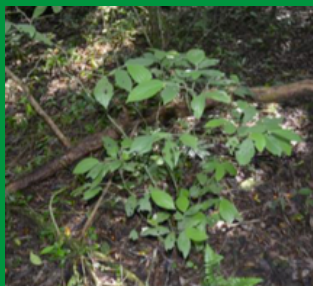
Frailea phaeodisca



Grazielia brevipetiolata



Dicksonia sellowiana



Piper gaudichaudianum



Cistothorus platensis



Limnornis curvirostris



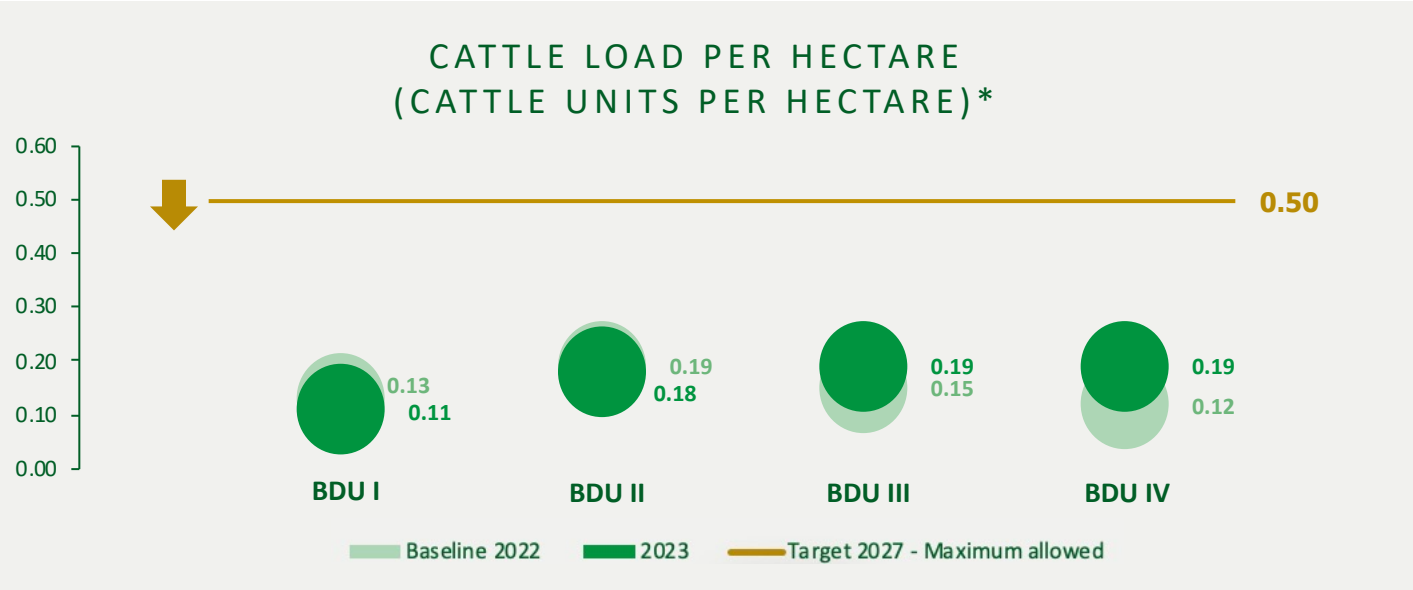
Amblyramphus holosericeus



Circus cinereus

Cattle Grazing Practices

- We promote cattle grazing in the farms which provides benefits to the ecosystem⁸.
- Vegetation analysis to determine whether the farms have suffered degradation or regeneration processes is used to determine the maximum cattle load per hectare.
- In very specific cases and subject to expert evaluation, cattle are allowed to enter conservation zones or protected areas, as it helps to seed pastures of native forage value.



** 1 cattle unit = 350kg animal

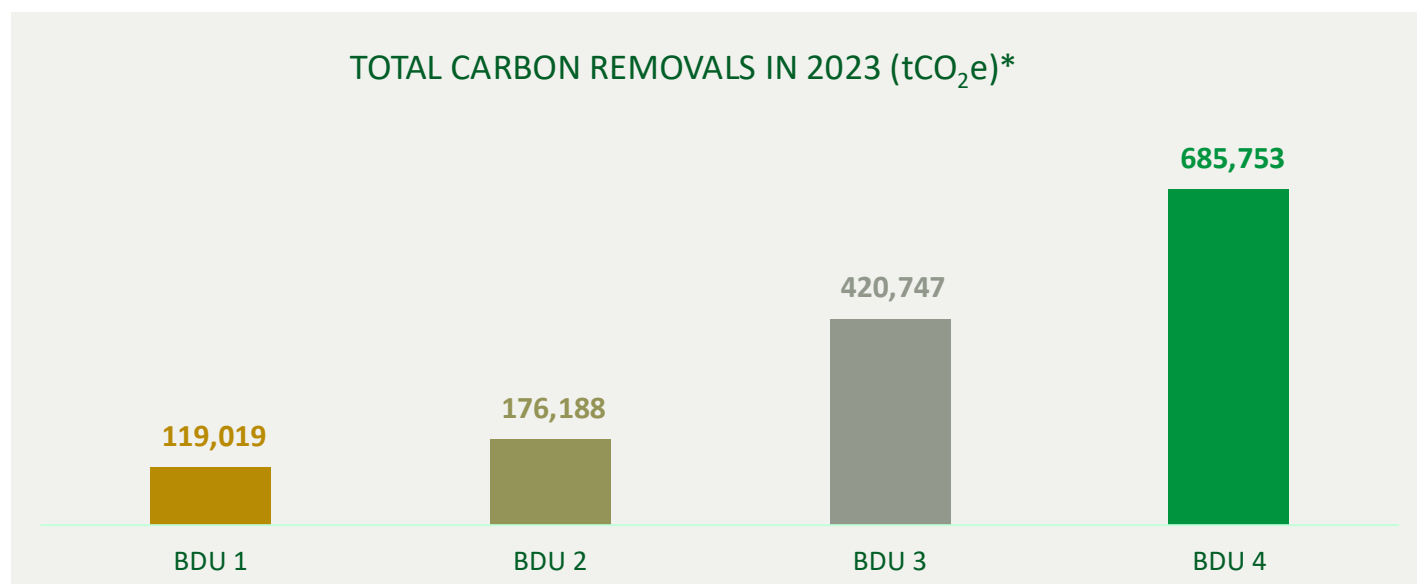
⁸ According to the study conducted by Agronomist Carlos Brussa in March 2013.

5. CARBON FOOTPRINT

Carbon removals

- **Forests play a crucial role in climate change mitigation**, as they reduce net Greenhouse Gases (GHG) emissions by removing CO₂. The funds AF manages contribute to carbon sequestration and storage.
- Carbon removals refer to the carbon transferred into the biomass carbon pools during the reporting period.

TOTAL CARBON REMOVALS IN 2023 (tCO₂e)*



**Carbon removal values for the reporting period. It includes removals stored in aboveground and belowground biomass carbon pools due to growth. These values are calculated based on i) the BDUs' standing volume data (m³) obtained from the annual forest inventories, and ii) the native forests growth conserved within the BDUs, obtained from annual growth values from Uruguay's National Inventory⁹. These are converted to tons of carbon dioxide equivalent (tCO₂e) based on different variables (wood density, biomass expansion factor, carbon fraction in wood, among others), according to the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories methodology¹⁰. In the case of IV, the carbon removals achieved for the reporting year will not be issued as carbon credits because the maximum amount of carbon credits allowed for the project has already been issued. Indirect removals by entities in the value chain, such as long-term carbon storage in harvested wood products, are not included.*

⁹ According to the National Inventory Report for native forests: IMA 0,54m³/ha/year; Wood density (D) 0.84; BEF 1.2; R 0.2; CF 0.47.

¹⁰ According to IPCC guidelines and CDM TOOL 14: BEF 1.15 (conservative); Carbon fraction in dry biomass (CF) 0.47; Carbon dioxide to carbon dioxide ratio 3.67. Root-shoot Ratio (R) variable based on biomass.

Carbon credits

BDU I Bosques del Uruguay Afforestation through High Quality Timber in Grasslands Project - 2012 <i>ID Standard*</i> VCS & CCB 1543 <i>VCS Methodology**</i> AR-ACM0003 <i>Certified Area (% Planted Area)***</i> 55% <i>Carbon Credits Sold 2023 (tCO₂e)</i> 232,878	BDU II Bosques del Uruguay II Afforestation through High Quality Timber in Grasslands Project - 2016 <i>ID Standard*</i> VCS in process 2411 & Corsia Eligible <i>VCS Methodology**</i> AR-ACM0003 <i>Certified Area (% Planted Area)***</i> 11% <i>Carbon Credits Sold 2023 (tCO₂e)</i> -
BDU III Forteko Afforestation on degraded grasslands under extensive grazing Project - 2007 <i>ID Standard*</i> VCS 962 <i>VCS Methodology**</i> AR-ACM0001 <i>Certified Area (% Planted Area)***</i> 58% <i>Carbon Credits Sold 2023 (tCO₂e)</i> -	BDU IV Guanare Forest Plantations on degraded grasslands under extensive grazing Project - 2006 <i>ID Standard*</i> VCS & CCB 959 <i>VCS Methodology**</i> AR-ACM0001 <i>Certified Area (% Planted Area)***</i> 55% <i>Carbon Credits Sold 2023 (tCO₂e)</i> -

*Verra certification standards for AFOLU (Agriculture, Forestry, and Other Land Use) projects¹¹. VCS (Verified Carbon Standard) and CCB (Climate, Community & Biodiversity). In 2022, we began the certification process for BDU II and III funds' carbon projects under the CCB standard, we expect to obtain it during 2024. In the case of BDU II, the project is also under VCS verification process.

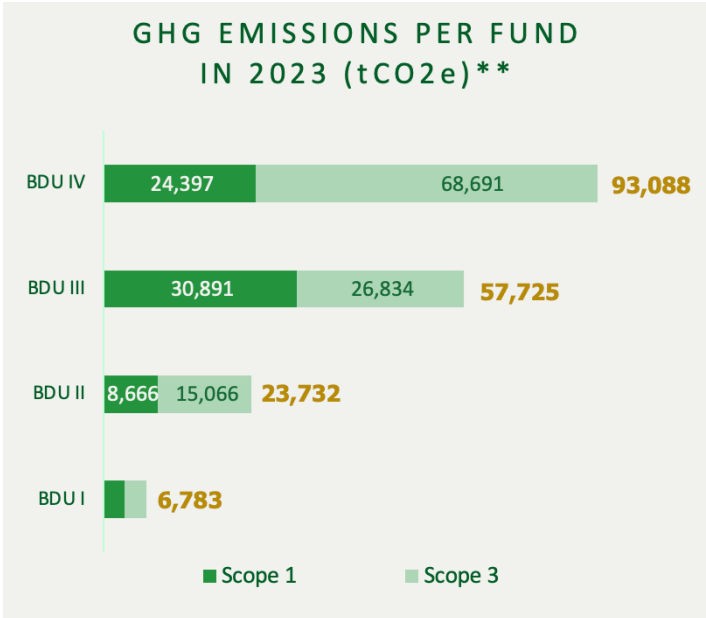
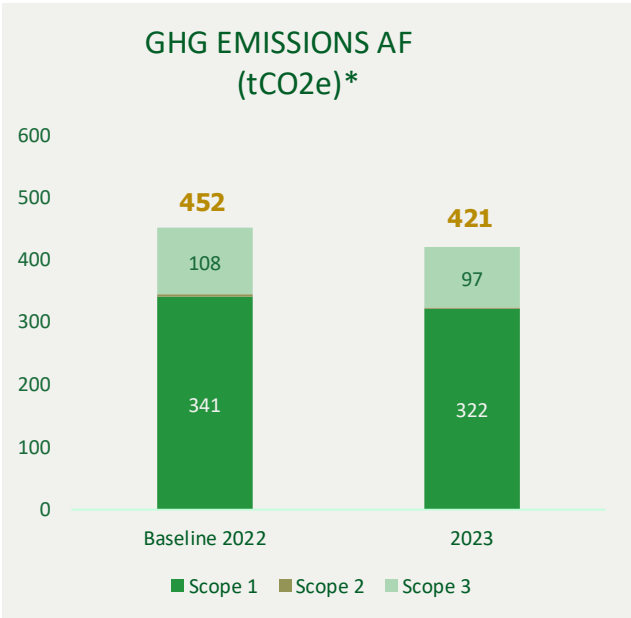
**VCS (Verified Carbon Standard) of Verra¹².

*** To assess the viability of the projects and estimate the volume of carbon credits, we hired a third party (Prosustentia, a company with more than 10 years of experience in the certification of carbon and climate mitigation projects).

¹¹ For more information on the projects visit: <https://registry.verra.org/app/search/CCB/All%20Projects>

¹² Methodology AR-ACM001 was removed and replaced by AR-ACM0003, https://cdm.unfccc.int/methodologies/documentation/meth_booklet.pdf#AR_ACM0003

GHG emissions



**GHG emissions for the reporting period. Includes corporate activities developed by AF, in Uruguay and Chile. This study was carried out following with the guidelines set out in the GHG Protocol Corporate Accounting and Reporting Standard.*

Scope 1: Direct emissions that occur from sources that are owned or controlled by the company (from vehicles, air-conditioners, heating, etc.).

Scope 2: Indirect emissions that occur from energy generation (purchased and consumed).

Scope 3: Other indirect emissions that occur in sources that are not owned or controlled by the company (business trips, life cycle of inputs, outsourced services, etc.).

***GHG emissions for the reporting period. This study was carried out following the guidelines set out in the GHG Protocol Corporate Accounting and Reporting Standard, specifically the Agricultural Guideline. It includes direct and indirect emissions from the activities under operational control of the Fund within its premises.*

Scope 1: Direct emissions that occur from sources that are owned or controlled by the fund both mechanical and non-mechanical. For the reporting year only, non-mechanical emissions occurred (enteric fermentation, emissions from fertilizer application, N₂O from soil management and manure management). On-farm emissions due to cattle are included under this scope.

Scope 2: Indirect emissions from energy generation (purchased and consumed) did not occur in the reporting period.

Scope 3: Other indirect emissions that occur in sources not owned or controlled by the fund (transport of products, life cycle of inputs and outsourced services, etc.). Fuel combustion due to silvicultural activities conducted by a third party, with its own machinery, are considered as Scope 3.

The values reported include the projects’ emissions from land-based carbon pools from land use change, although based on the guideline the conversion of grasslands to forest land presented no emissions. In line with the IPCC Tier 1 approach, it is assumed that forest soil carbon stocks do not change with management and therefore disturbance emissions are not included.

Net GHG emissions & Carbon Efficiency of the funds

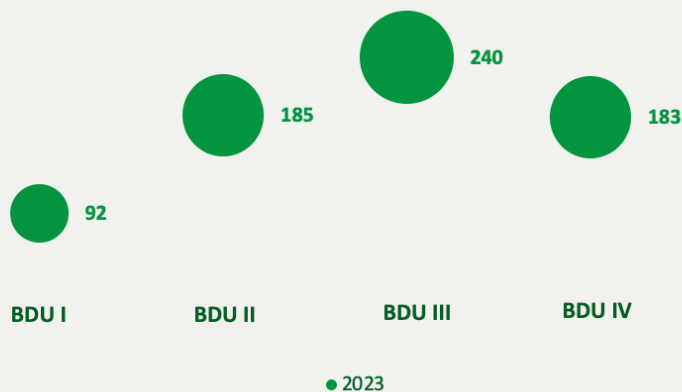
	BDU I	BDU II	BDU III	BDU IV
Net GHG Emissions (tCO ₂ e)*	-112,237	-152,456	-363,022	-592,665
Carbon Emissions per million dollars of revenue (CO ₂ e/\$M revenue)	1,235	2,034	2,676	3,095

**Net GHG emissions values equals GHG emissions for the reporting period minus Carbon Removals for the reporting period minus Carbon Credits generated by the removals and traded to third parties in the reporting period.*

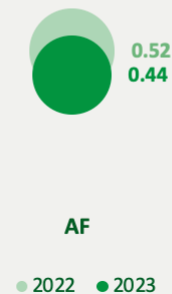
BDUs' carbon removals for the reporting period were not verified, thus Carbon Credits were not generated.

In the case of BDU I, II and III all existing verified carbon credits were generated with carbon removals that occur up to 2021, thus not considered in the net GHG emissions calculation if traded during the reporting period.

GHG EMISSIONS PER MILLION OF MARKET VALUE (tCO₂e/million USD)



GHG EMISSIONS PER MILLION OF AUM (tCO₂e/million USD)





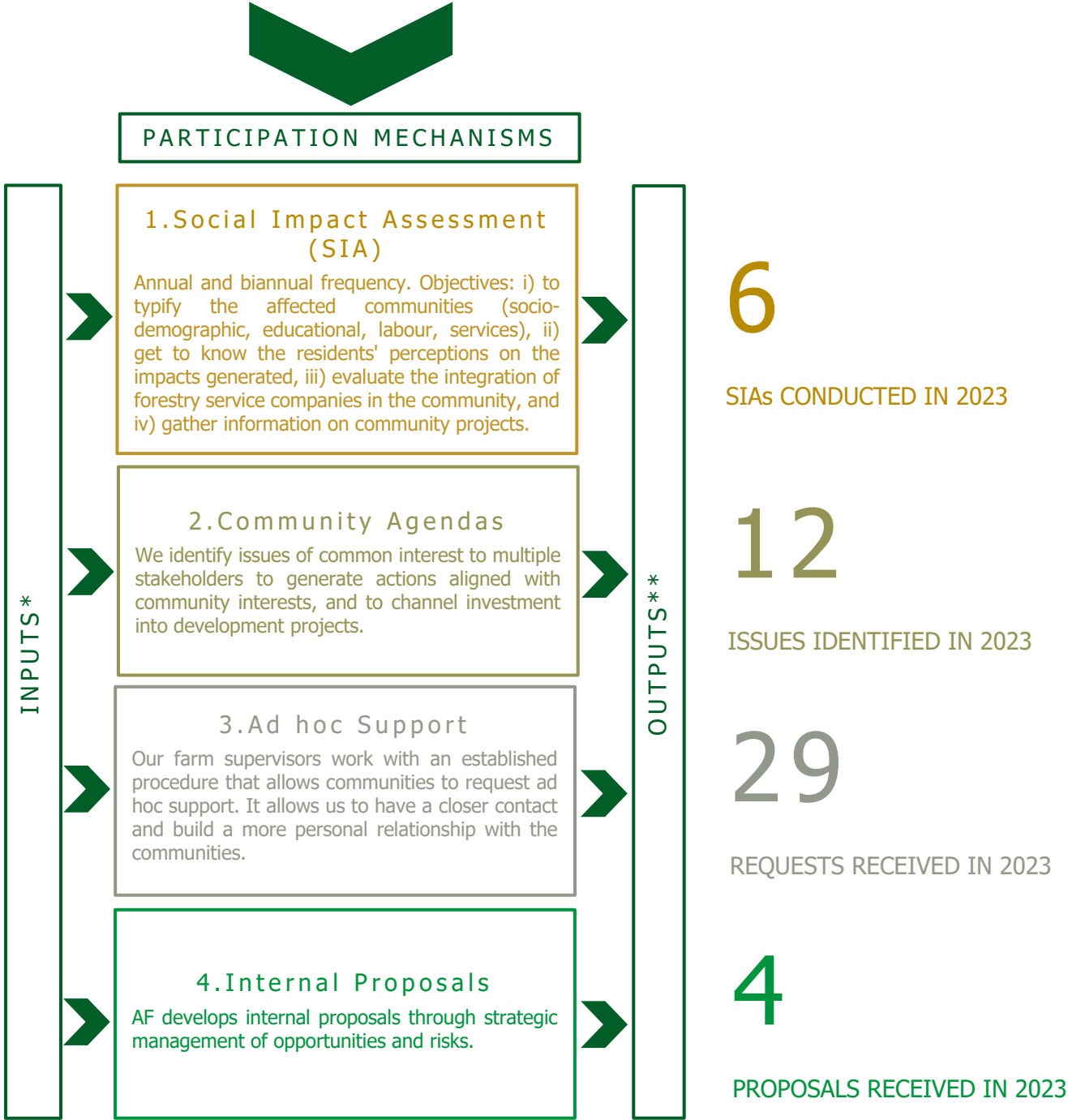
6. COMMUNITIES

Community Dialogue & Engagement Process

- We believe that proactive, inclusive, accountable and transparent participation is key to generating optimal results, both for the communities and for us.
- Our process is aligned with the Sustainable Development Goals and third-party certification frameworks (FSC® and CCB). We have not signed any formal community development agreements related to the BDUs funds.
- Co-responsibility is key in the process, seeking to avoid overlapping and promoting complementarity with pre-existing public and private resources in each of the communities
- We work cooperatively with other companies with common interests in the sector to optimize resources and maximize the scope of actions.
- Free, Prior and Informed Consent (FPIC) is part of the process, but we do not currently conduct it as there are no indigenous communities where the lands of the BDUs farms are located in Uruguay.
- Our Community Feedback System (CFS) is the heart of the process which allow us to:
 - build an integrated relationship with the communities that promotes their development, and respects their culture and customs,
 - promote participatory processes,
 - organize the inputs and outputs of the multiple interactions generated between AF and the communities,
 - produce tangible and equitable benefits that are aligned with the communities' needs and expectations, and which in the long-term are sustainable.

Community Feedback System (CFS):

Impact Index (II) & Mapping
Identification and analysis of the groups and members of the communities affected by our activities in Uruguay.

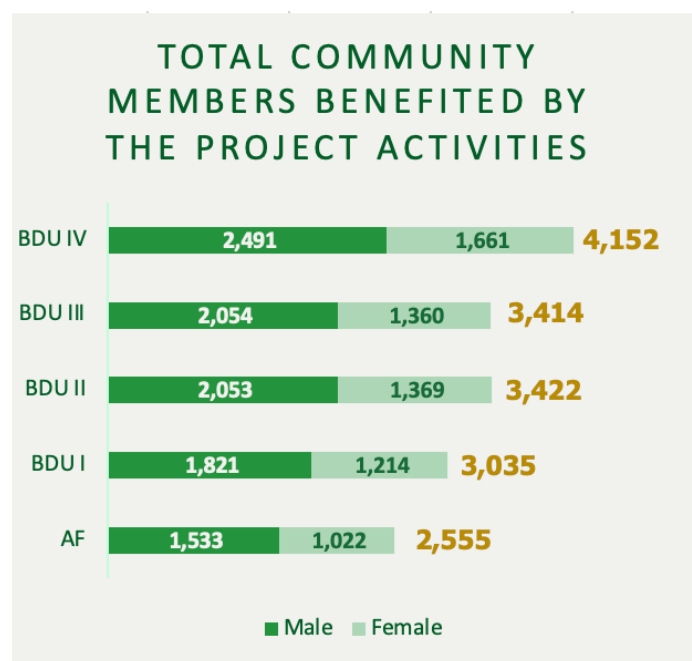
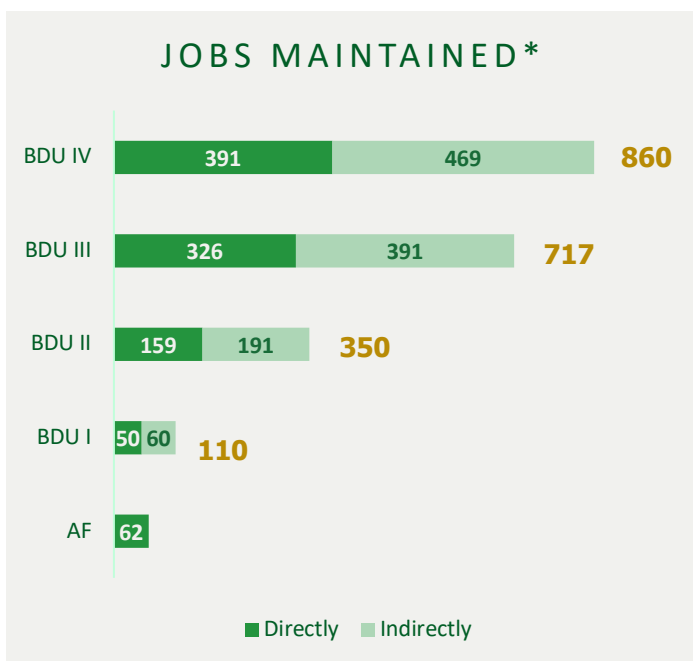


*Varies according to the mechanism but includes proposals and/or projects defined by primary third parties, the organization, various stakeholders and includes claims, among others.

**Varies according to the mechanism but includes projects and/or concrete actions, among others.

Benefits and Negative Impacts

- We provide employment opportunities, both directly and indirectly, and support local procurement of goods and services.
- Grazing and beekeeping activities are promoted in the farms owned by the funds, which are offered to neighbours and local companies, and are formalized by executing contracts.
- Building long-term relationships with communities has allowed us to promptly identify and manage risks associated with each stage of the forestry process (harvesting, thinning, etc.), ensuring the long-term viability of our operations.
- The main negative impacts identified by the communities are the traffic caused by the transport of timber during harvesting periods and the emission of dust from dirt roads.
- We have implemented a grievance mechanism to identify such impacts and take the necessary measures, such as road compaction or temporary irrigation during transportation.



* Calculations based on the area and stage of the projects. BDU4 directly figure includes Olimar Forest Products veneer plant.

Directly: includes jobs associated with outsourced service companies, such as: nurseries, forestry, forestry operations, and transportation.

Indirectly: includes jobs associated with industrial transformation. Estimated according to EXANTE study, Dec. 2020, contributed by the forestry complex to the Uruguayan economy.

**Values include total community members affected directly and indirectly.

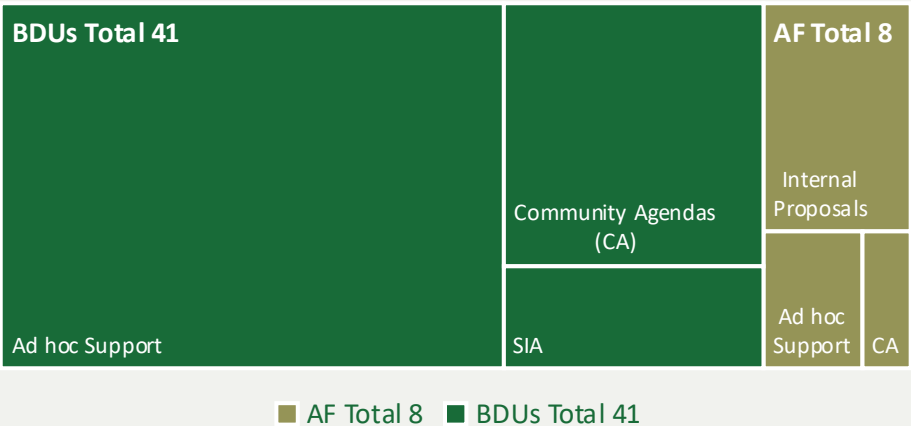
Grievance Mechanism and Access to Remedy

- We have implemented a process that allows communities and stakeholders to express their views and concerns.
- The process involves an operational-level mechanism with: i) confidential and anonymous electronic and physical channels, and ii) AF and/or service company staff that provide assistance to women and other individuals from vulnerable groups.
- We do not use mechanisms that force any party to the grievance process to waive his or her right to resort to legal action.
- We are currently improving our grievance mechanism and working on adding trusted new reporting channels, increasing dissemination of the process and current channels, improving complaints and grievances reporting, and promoting feedback on the mechanism from stakeholders.
- In 2023, we received 4 community complaints, from which 2 were resolved in less than a month, 1 in less than 6 months and the remaining is in the process to be resolved.

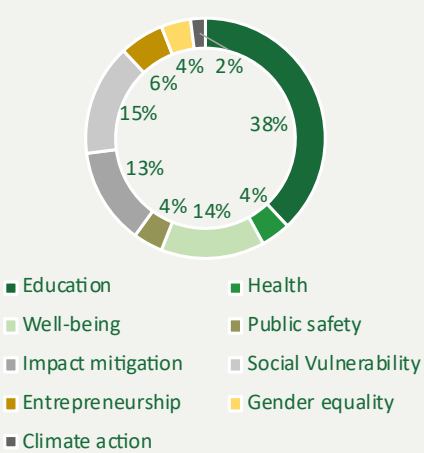
Community Development Programs

- Community development programs are developed and implemented in cooperation with state entities, sector and service companies.
- Our focus has been training and capacity building workshops and in the next 5 years we are planning to increase the scope and include areas such as gender equality and climate action.

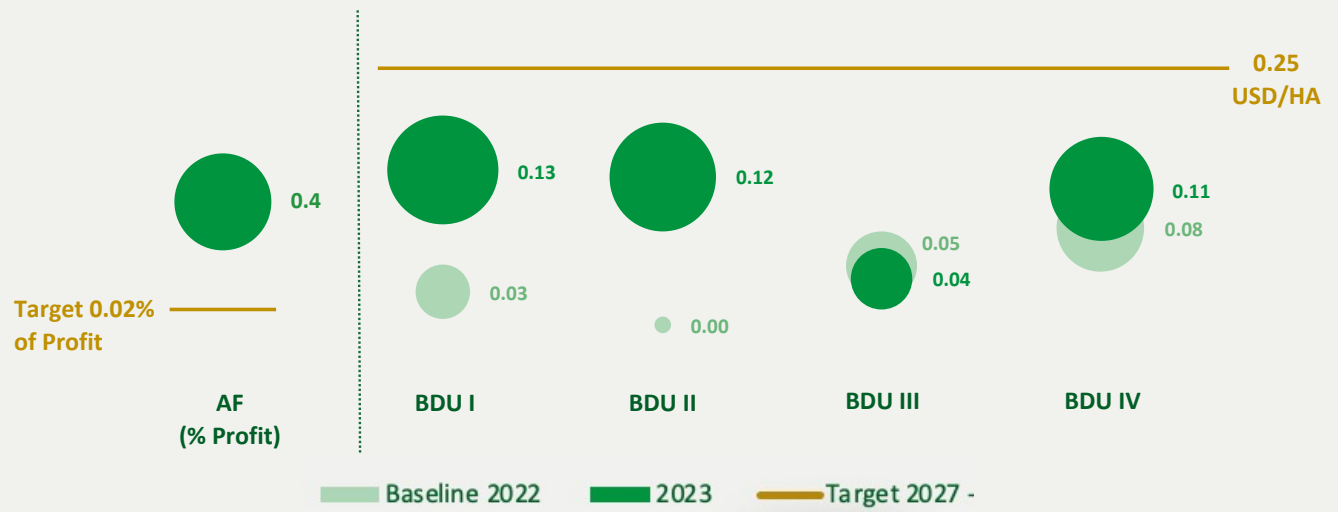
NUMBER OF COMMUNITY PROGRAMS
PER PARTICIPATION MECHANISM

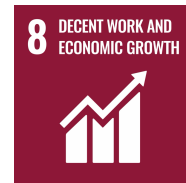


COMMUNITY
PROGRAMS BY AREA



AMOUNT SPENT ON COMMUNITY PROGRAMS PER FUND (USD/HECTARE) AF (USD/PROFIT)





7. HUMAN CAPITAL

Human Rights

- Our human capital policies are aligned with the United Nations International Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, which provides, among others:
 - freedom of association and the effective recognition of the right to collective bargaining,
 - the elimination of all forms of forced or compulsory labour,
 - the effective abolition of child labour,
 - the elimination of discrimination in respect of employment and occupation, and
 - a safe and healthy working environment.
- As we outsource most of our forestry operational activities, we have implemented a system to ensure the quality of employment and working conditions of the outsourced workers and prevent any deviations.
- We are committed to improving diversity and inclusion, mainly in operational activities, both in our company and in the service companies we outsource. This has been a challenge as the forestry industry is characterized by a low participation of women in the workforce.

1,176

SERVICE COMPANIES'
EMPLOYEES*

9%

TEMPORARY EMPLOYEES IN
SERVICE COMPANIES*

2%

FEMALE EMPLOYEES IN
SERVICE COMPANIES*

* Values on full-time equivalents (FTE).

62

EMPLOYEES
IN AF

97%

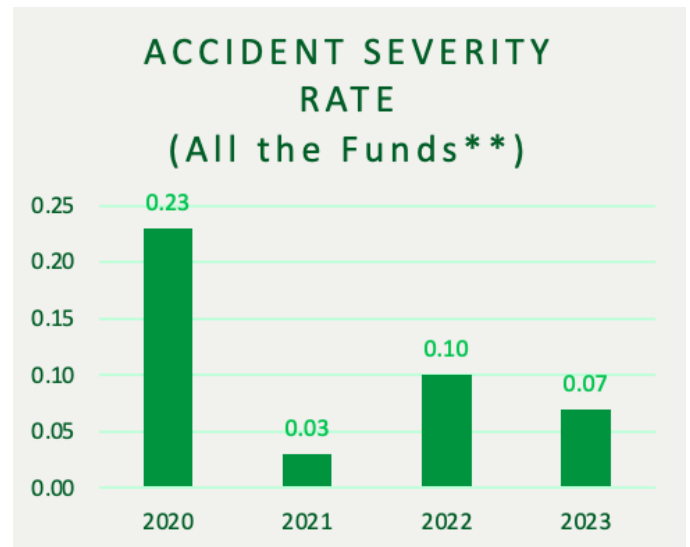
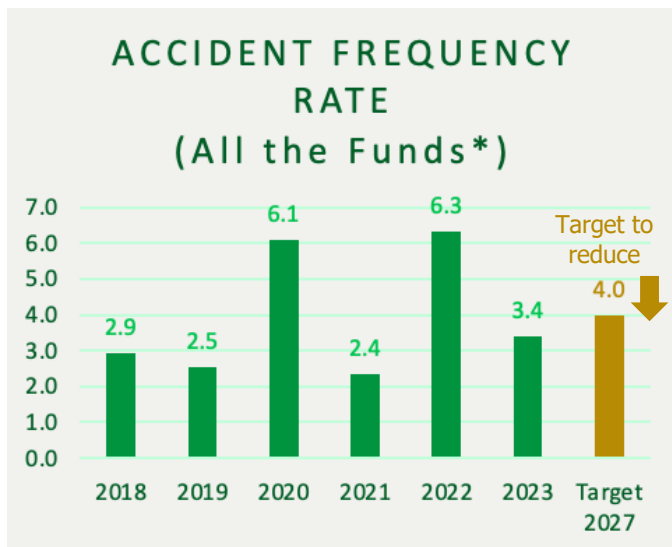
DEPENDENT EMPLOYEES
IN AF

31%

FEMALE EMPLOYEES
IN AF

Occupational Health and Safety

- We promote a safe working environment that minimizes risks for all workers.
- We have procedures in place for our direct employees to prevent occupational hazards, identify, avoid or mitigate accidents, human losses, injuries, and maintain a work environment that protects their health and working capacity.
- Though service companies are responsible for submitting the safety plans, we monitor the compliance with audits, make inspections and monthly evaluations.
- For the riskiest forestry activities (pruning, harvesting & transportation), we have implemented a plan to take care of the safety conditions for the employees in charge of the tasks, including mechanization of operations, trainings and controls to prevent accidents.



*Accidents per million hours worked.

**Annual Average. Days lost per thousand working hours.

Human Capital Development

- We believe that our people are our most important asset.
- Creating a good working environment that offers opportunities and development to our employees is key.
- We focus on developing a value proposition that is attractive in the long-term to recruit and retain talent, as well as to develop the competencies of our current employees.
- Some of the measures we have implemented in AF at the corporate level are:
 - Remuneration based on objective market data without distinction of gender.
 - Wellness support for employees to access services and to sustain their physical health.
 - Annual training per employee equivalent to 10% of the total hours worked.
 - Flexible and remote working in all locations to support work-life balance.

6%

AF EMPLOYEE
TURNOVER

0%

AF VOLUNTARY
EMPLOYEE TURNOVER

11%

SERVICE COMPANIES
EMPLOYEE TURNOVER (FTE)



* According to the Great Place to Work® survey results based on the overall average satisfaction rate.

8. CORPORATE GOVERNANCE

Best Practices Approach

- AF recognises that good governance leads to better financial and non-financial performance.
- Policies and procedures have been implemented to conduct AF's business ethically and in a way that is transparent and accountable as stated in our Code of Ethics and Conduct.
- We are currently working to ensure that the ESG business and financial objectives set at Management and Board-level are robust, measurable and consistent throughout the company.
- We are also developing policies and procedures to evaluate the progress made toward these objectives.
- Our main challenge is to develop a procedure with KPIs for our senior level bodies to oversight over and accountability for the elements covered in our responsible investment policy.
- We are improving the process to identify, assess and manage climate-related risks and opportunities by incorporating scenario analysis aligned with TCFD (Task Force on Climate-Related Financial Disclosures) and planning to disclose our work next year.

25%

FEMALE
DIRECTORS

40%
TARGET 2027

25%

INDEPENDENT
DIRECTORS¹³

MIN. 25%
TARGET 2027

8

NUMBER OF
BOARD
MEETINGS HELD

25%

WOMEN INVOLVED
IN INVESTMENT
COMMITTEES

MIN. 25%
TARGET 2027

¹³ Criteria defined according to ICGN Global Governance Principles.

AF Board of Directors	Corporate Committees
- Francisco Bonino* (Chair) - Aldo Lema (Independent) - Cecilia Bonino - Gerardo Díaz Beltrán *Executive Director	Board Committees: - Internal Audit Committee - Compliance Committee - Risk Committee Project & Fund Committees: - Investment Committee

Internal Audit Committee Members	Compliance Committee Members	Risk Committee Members
- Francisco Bonino* - Maria Victoria Santo* - Ramiro Comas (Independent)	- Aldo Lema (Independent Director) - Fernanda Romero (Independent) - Marcela De Ritis (Independent)	- Maria Stella* - Sebastián Noseda* - Miguel Oñate* *AF Executives

Shareholder Engagement and Voting Rights

The BDUs have 2 mechanisms to promote shareholder engagement and ensure shareholders rights:

- Surveillance Committee:
 - Oversees the interests of shareholders and encourages their active participation.
 - One Committee per fund, and the members are independent forestry experts appointed by the investors.
 - Main function is to oversee and monitor operational and financial performance as well as conflict of interests that could arise with AF's related companies.
- General and Extraordinary Meetings:
 - Shareholders have the right to vote in different material issues.

1

BDU I
NUMBER OF
SHAREHOLDERS
MEETINGS HELD

1

BDU II
NUMBER OF
SHAREHOLDERS
MEETINGS HELD

1

BDU III
NUMBER OF
SHAREHOLDERS
MEETINGS HELD

2

BDU IV
NUMBER OF
SHAREHOLDERS
MEETINGS HELD

Responsible Investment

- To promote responsible investment, sustainable forest management and to have independent, external bodies monitoring our ESG practices, we are affiliated to and involved in the following industry initiatives, networks and entities:
 - Forest Stewardship Council® (FSC®)
 - International Organization for Standardization (ISO)
 - Society of Forest Producers in Uruguay (SPF, for its acronym in Spanish)
 - Verra
 - Principles for Responsible Investment (PRI)
 - Global Impact Investing Network (GIIN)
- In 2023 we participated in 24 meetings of the SPF, in which: i) we responded to a policy consultation regarding the Law on Fire Prevention that the organization presented in a Senate Hearing; ii) provided technical input to the National Research Institute; and iii) responded to consultations from public technical universities and colleges; among others.
- After becoming a signatory to the Principles for Responsible Investment (PRI) in 2022, we voluntarily participated in the UN PRI 2023 reporting cycle and made publicly available our first Assessment Report to ensure transparency and accountability on our responsible investment practices.
 - AF obtained 3/5 stars in the *Policy, Governance and Strategy* module and 4/5 stars in the *Confidence Building Measures* module.
 - For us, this is valuable feedback to keep improving on our responsible investment practices and disclosures.



SUMMARY OF OUR IMPACT METRICS & TARGETS

Metrics 2023|Targets 2027

	AF		BDU I		BDU II		BDU III		BDU IV	
	2023	2027	2023	2027	2023	2027	2023	2027	2023	2027
Land Management and Productivity										
Certified Area (% Total Area)	-	-	100%	100%	72%	100%	55%	100%	91%	100%
Level of Hazardous of Pesticides Used										
Class II (% Total volume used)	-	-	17%	Max. 20%	13%	Max. 20%	7%	Max. 20%	11%	Max. 20%
Class III (% Total volume used)	-	-	83%	-	87%	-	93%	-	89%	-
Hectares Treated with Pesticides (% Total Area)	-	-	7.0%	Max. 20%	10.6 %	Max 20%	12.4%	Max. 20%	7.9%	Max. 20%
Certified Timber Harvest Volume (% Total)	-	-	100%	100%	100%	100%	60%	100%	80%	100%
Supply Chain & Circular Economy										
Local Micro & SME suppliers (% Total)	-	-	51%	-	55%	-	51%	-	47%	-
Average payment days to suppliers	-	-	21	Max. 30	20	Max. 30	24	Max. 30	22	Max. 30
Biodiversity & Ecosystem conservation										
Conservation zone or protected area (% Total Area)	-	-	15%	15%	10%	11%	7%	7%	5%	7%
Converted area from forestry to agriculture (% Total Area)	-	-	0%	Max. 10%	0%	Max. 10%	0%	Max. 10%	0%	Max. 10%
Number of threatened species	-	-	42	-	23	-	19	-	52	-
Cattle load per hectare	-	-	0.11	Max. 0.50	0.18	Max. 0.50	0.19	Max. 0.50	0.19	Max. 0.50
Carbon Footprint										
Carbon removals (000 tCO ₂ e)	-	-	119	-	176	-	421	-	686	-
GHG emissions (000 tCO ₂ e)	0.42	-	6.78	-	23.73	-	57.73	-	93.09	-
Net GHG emissions (000 tCO ₂ e)	-	-	-112	-	-153	-	-363	-	-593	-
GHG emissions per million of market value (Funds) & AUM (AF) (tCO ₂ e/ million USD)	0.44	-	92	-	185	-	240	-	183	-
Carbon emissions per million dollars of revenue (tCO ₂ e/ million USD)	-	-	1,235	-	2,034	-	2,676	-	3,095	

Metrics 2023|Targets 2027

	AF		BDU I		BDU II		BDU III		BDU IV	
	2023	2027	2023	2027	2023	2027	2023	2027	2023	2027
Communities										
Jobs maintained	62	-	110	-	350	-	717	-	860	-
Directly	-	-	50	-	159	-	326	-	391	-
Indirectly	-	-	60	-	191	-	391	-	469	-
Amount spent on community programs (USD/ Hectare)	0.4 (% Profit)	0.2 (% Profit)	0.13	0.25	0.12	0.25	0.04	0.25	0.11	0.25
Total community members benefited by the project activities	2,555	-	3,035	-	3,422	-	3,414	-	4,152	-
Female	1,022		1,214		1,369		1,360		1,661	
Human Capital										
Accident frequency rate (all funds)	-	-	3.4	Max 4.0	3.4	Max 4.0	3.4	Max 4.0	3.4	Max 4.0
Accident severity rate (all funds)	-	-	0.07	-	0.07	-	0.07	-	0.07	-
Female employees AF (% total employees)	31%	-	-	-	-	-	-	-	-	-
Female employees Service Companies (% total employees FTE) (all funds)	-	-	2%	-	2%	-	2%	-	2%	-
Temporary employees Service Companies (% total employees FTE) (all funds)	-	-	9%	-	9%	-	9%	-	9%	-
Employee turnover (AF & all funds service companies in FTE)	6%	-	11%	-	11%	-	11%	-	11%	-
Voluntary	0%	-	-	-	-	-	-	-	-	-
Involuntary	6%	-	-	-	-	-	-	-	-	-
Employee Satisfaction Index										
Uruguay	83%	Min.	-	-	-	-	-	-	-	-
Chile	76%	80%	-	-	-	-	-	-	-	-
Corporate Governance										
Independent Directors (% Total)	25%	Min. 25%	-	-	-	-	-	-	-	-
Female Directors (% Total)	25%	40%	-	-	-	-	-	-	-	-
Women involved in investment committees (% Total)	25%	Min. 25%	-	-	-	-	-	-	-	-



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