

AF INVESTMENT MANAGEMENT

Impact report 2025



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About this report

This report presents the environmental and social performance of Agro Empresa Forestal S.A. ("AF") across its asset and property management activities in Uruguay and Chile, as well as the impact generated by the forestry funds it manages in Uruguay.

The report covers the 2025 accounting year and includes results for AF's portfolio as described in the Portfolio Overview section, unless otherwise stated.

AF is a signatory to the Principles for Responsible Investment (PRI) and is committed to the adoption and implementation of its six principles, including transparency in reporting on activities and progress. This report is primarily structured as an impact report and incorporates elements of internationally recognized frameworks, including the Task Force on Climate-related Financial Disclosures (TCFD), where relevant to AF's operations.

The report outlines the results of 25 impact metrics across climate, nature, and people, including historical performance, a 2022 baseline, and forward-looking targets through 2027. These metrics are designed to support consistent monitoring of AF's impact performance and to promote the integration of environmental, social, and governance considerations across operations and third-party relationships, including contractors, suppliers, and service providers.

In 2025, AF conducted its first structured climate risk assessment at the portfolio level. The results of this assessment are presented in this report as an initial step toward strengthening the understanding and integration of climate-related risks and opportunities. This analysis has not yet been fully reviewed at the individual asset or operational level.

Methodologies used to calculate the reported metrics, including carbon accounting approaches, are described in the Impact Framework section.

This report has been reviewed and approved by AF's Board of Directors.

We welcome feedback and questions. Please contact: vayzaguer@af.com.uy

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Summary of our impact 2025



AF

25 YEARS
OF EXPERIENCE

62
EMPLOYEES

4 OFFICES
URUGUAY, CHILE, PARAGUAY Y BRASIL



FUNDS

USD 941
ASSETS UNDER MANGEMENT



IMPACT

124,230 HA
AREAS FSC CERTIFIED

9,035 HA
CONSERVATION AREAS

1,661,447 TON.
CARBON SEQUESTRATION

949
JOBS MAINTAINED DIRECTLY

17,261
BENEFITED COMMUNITY MEMBER

2025 Highlights

- First portfolio-level climate risk assessment completed.
- BDU carbon projects rated using MSCI Carbon Markets' ARR methodology.
- Potential Social Impact Assessment conducted for the Paso del Canané Road.
- Supplier capacity-building workshops delivered on ESG practices and carbon footprint measurement.

What Changed vs 2024

- Climate-related risks and opportunities began to be assessed more systematically at portfolio level.
- Community feedback was translated into concrete territorial development actions.
- Biodiversity indicators and monitoring practices continued to be refined.
- Disclosures were further aligned with the TCFD framework and PRI reporting expectations.

UN PRI Score 2025



79

★★★★☆
For Policy,
Governance and
Strategy

80

★★★★☆
For Confidence
Building
Measures

About AF

Investment Strategy & Business Model

AF is an impact investment manager of natural capital assets, providing climate and biodiversity solutions alongside financial returns. As of December 2025,¹ AF manages USD 941 million in assets under management, representing 129,358 hectares directly managed across Uruguay and Chile.

AF manages a diversified portfolio of forestry and land-based assets, including sustainable timber plantations, conservation areas, and carbon removal projects, to generate measurable environmental and social impact alongside long-term financial performance.

AF's investment strategy focuses on acquiring and developing **high-quality timberland assets across the Southern Cone**, including both brownfield acquisitions and greenfield projects.

Funds are structured for long-term investors, typically with 20-year maturities, offering exposure to real assets with low correlation to traditional financial markets.

Founded in Uruguay in 2000, AF operates a vertically integrated model and has expanded regionally with offices in Chile, Brazil, and Paraguay.

AF is vertically integrated with a holistic management approach:

INVESTMENT MANAGEMENT	PROPERTY MANAGEMENT ²	ASSET MANAGEMENT
– Sourcing, screening, due diligence, acquisition & raise of funds – Impact assessments – Structuring investment vehicles – Portfolio construction and capital deployment – Responsible exit strategy	– Planning – Establishment & silviculture – Production activities – Logistics and tech solutions – Sales and marketing of products	– Ongoing monitoring – Stakeholder engagement – Reporting, financial & risk analysis – Impact measurement and management – Certifications and compliance

¹ According to the financial statements for the year ended December 31, 2025, and independent auditors' report.

² Forestry operational activities such as nursery and tree breeding, planting, silviculture, harvesting, production, and transportation are outsourced and performed by local service companies.

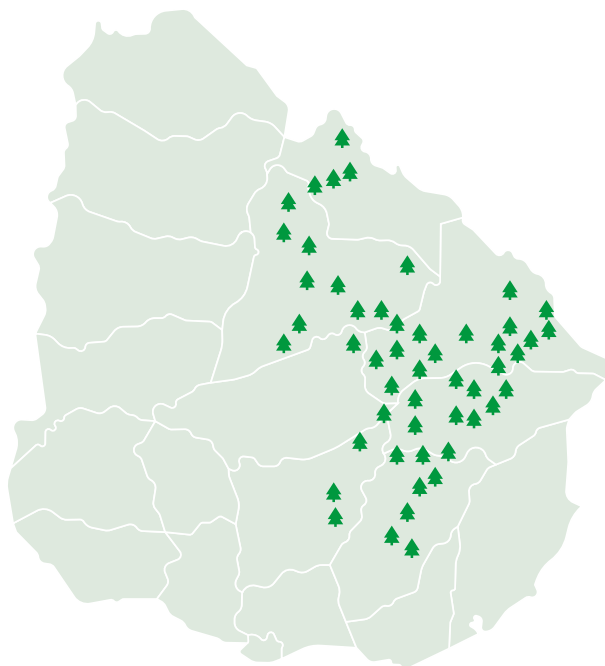
Portfolio Overview

Bosques del Uruguay (BDUs)

AF manages four forestry investment funds: **Fideicomiso Forestal Financiero Bosques del Uruguay I, II, III and IV (BDUs)**, which together comprise the portfolio presented in this report. The BDUs are Financial Trusts publicly listed on the local stock exchanges in Uruguay and the Trustee of the funds is EF Asset Management Administradora de Fondos de Inversión S.A., a Uruguay-based asset manager established in 2003.

	DESCRIPTION	ISSUE DATE MATURITY	SIZE (USDM)	TOTAL AREA (ha)	PLANTED AREA (ha)	SALES 2025 (USDM)	TIMBER SOLD 2025 (M3 TH)
B D U I	Greenfield Eucalyptus Uruguay	January 2015 2035	50	9,558	Eucalyptus 5,330	7	124
B D U II	Greenfield Eucalyptus Uruguay	January 2015 2035	70	14,703	Eucalyptus 7,965 Pine 1,358	9	91
B D U III	Brownfield Eucalyptus and Pine, Uruguay	December 2016 2036	190	45,227	Eucalyptus 17,926 Pine 9,595	10	177
B D U IV	Brownfield Eucalyptus and Pine, Uruguay	April 2019 2039	330	59,870	Eucalyptus 27,476 Pine 10,617	50	626

Location of BDUs Assets



Impact Framework

AF's impact framework is designed to integrate ESG considerations across the investment lifecycle, from screening and due diligence to asset management, monitoring, and reporting.

Our approach is based on our **fiduciary duty to investors to conduct long-term, sustainable and responsible forest management**. We require third parties, including suppliers, lessees, contractors, subcontractors, and service providers, to act consistently with this approach.

AF is committed to creating positive and durable impact on the environment and the communities affected by its operations, with the goal of preserving land for future generations. We also seek to make responsible investments that enhance returns and mitigate risks over the medium to long term.

Responsible Investment Policy

AF's responsible investment approach is grounded in three principles:

- Conducting long-term sustainable forest management in line with our fiduciary duty to investors.
- Creating positive and durable environmental and social impact in the areas where we operate.
- Enhancing returns while mitigating ESG-related risks over the medium to long term.

Negative Screening

AF avoids investing in projects that:

- pose potential risks related to payment transparency, corruption, or bribery;
- involve environmental mismanagement;
- negatively affect areas with high conservation values (HCVs), ecosystems, habitats, biodiversity, community needs, or cultural heritage;
- do not support positive impact on local communities;
- use forced and/or child labor.

Due Diligence Process

AF's investment assessment process includes ESG due diligence covering:

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

Impact Measurement & Management System

AF tracks ESG and impact metrics at both the asset and organization level. The metrics are defined using the IRIS+ system³ and organized into thematic categories that reflect AF's main areas of environmental, social, and governance impact.

These categories are aligned with relevant Sustainable Development Goals (SDGs) and are used to monitor performance over time, assess progress against targets, and support continuous improvement in asset management.

The full set of impact categories, metrics, results, and methodologies is presented in Section: Our Impact.

AF aims to contribute to the following SDGs through its forestry and land management activities:

- **Clean Water and Sanitation:** supporting water resource protection and improved water management practices.
- **Decent Work and Economic Growth:** contributing to employment and economic activity in rural areas.
- **Reduced Inequalities:** supporting local communities and inclusive procurement opportunities.
- **Responsible Consumption and Production:** promoting sustainable use of natural resources and circular economy practices.
- **Climate Action:** contributing to carbon sequestration through reforestation and sustainable forest management.
- **Life on Land:** supporting biodiversity conservation, ecosystem protection, and restoration of natural processes.



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

Climate & Nature

Risks, Opportunities and Management

Forestry assets are directly connected to climate and nature. The long-term performance of AF's portfolio depends on the productivity and resilience of forest plantations, the conservation of natural ecosystems, the availability and quality of water resources, soil health, biodiversity, and the effective management of operational risks such as fire, pests, and extreme weather events.

In 2025, AF conducted its first structured climate risk assessment at the portfolio level. This represents an initial step toward strengthening AF's understanding of climate-related risks and opportunities and progressively aligning its disclosure with TCFD recommendations, while also laying the foundation for future integration of nature-related considerations under the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

The assessment has not yet been fully reviewed at the individual asset or operational level. Further work will be undertaken to integrate its findings into asset management, operational planning, and investment decision-making processes.



In 2025, AF conducted its first structured climate risk assessment at the portfolio level.

		TOP RISKS	TOP OPPORTUNITIES	CURRENT/ PLANNED RESPONSE MEASURE ✓ Current practice ◇ Planned ◆ To be strengthened
 CLIMATE	Physical Risks	Increased drought / water stress, particularly under higher-emissions scenarios Increase in fire-weather exposure, especially in north region More intense extreme rainfall, increasing drainage, road and access pressure Pests and disease, including potential interaction with drought and heat stress Higher operating costs related to establishment, roading, fire monitoring, and silvicultural adaptation	Potential productivity gains under median climate scenarios due to warmer conditions, longer growing seasons, and elevated atmospheric CO₂ Opportunity to strengthen drought-aware establishment, species-site matching, and precision silviculture Improved road, drainage, and fire-readiness systems supporting long-term resilience Carbon sequestration and carbon credit development Enhanced positioning of forestry as a climate-resilient natural capital asset class	✓ Species-site matching and agro-ecological zoning ✓ Soil preparation and current species-site matching practices ✓ Fire prevention planning and firebreak maintenance ✓ Forest health monitoring and targeted pest management ◆ Fuel and residue management ◇ Drought-aware establishment practices ◇ Water and basin-level monitoring ◇ Road and drainage maintenance, access planning and post-rainfall inspection
	Transition Risks	Changes in climate regulation and disclosure expectations Carbon market rule changes, verification requirements and price volatility Increasing investor expectations around climate risk, scenario analysis and data quality	Carbon sequestration and carbon credit development Growing demand for renewable and low-emission materials Improved reputation of forestry assets and the sector Technology changes supporting lower-emission operations	✓ PRI reporting and transparency on responsible investment practices ✓ Verra / VCS / CCB certification processes ✓ Third-party auditing ✓ Monitoring of carbon market conditions and disciplined timing of verification and issuance ◆ Progressive TCFD-informed disclosure
 NATURE	Physical/ Ecosystem Risks	Loss or degradation of native flora and fauna species Soil degradation, erosion and compaction Water quality and ecosystem service impacts from more variable hydroclimatic conditions Pests, pathogens and invasive species potentially expanding or intensifying under climate change Stress on conservation areas and biological corridors from drought, fire and storm events	Protection and enhancement of biodiversity Improved soil and water management practices Strengthened ecosystem resilience through conservation zones, buffer areas and biological corridors Payment for ecosystem services and nature-based solutions Improved environmental performance and asset resilience	✓ HCVs / APIC identification and conservation area management ✓ Restricted access to conservation areas ✓ Monitoring and control of invasive species and feral fauna ✓ Soil tillage practices, residue retention and post-harvest monitoring ✓ Buffer zones around watercourses and protection of drainage areas ◆ Biodiversity monitoring

Climate Risk Assessment: Scope and Key Findings

AF's initial climate risk assessment, conducted by Margules Groome as an external consultant, assessed potential climate change impacts on AF's Uruguay forestry portfolio under three emissions pathways: SSP1-2.6, SSP2-4.5, and SSP5-8.5, representing lower-, moderate-, and higher-emissions futures. These scenarios are part of the Shared Socioeconomic Pathways (SSPs) used by climate scientists and the Intergovernmental Panel on Climate Change (IPCC).

The assessment integrated climate projections, physiological growth modelling, and selected operating-cost adjustments to estimate potential effects on forest productivity, operating costs, and portfolio resilience. Climate-related volume and cost adjustments were applied to AF's existing valuation model; the assessment does not constitute an independent market valuation. It also does not test alternative portfolio or species strategies or quantify rare catastrophic losses such as major wildfire or pest outbreaks.

Key findings include:

- **Temperature:** median annual warming by 2065 is projected at approximately 0.86 °C under SSP1-2.6 and 1.92 °C under SSP5-8.5.
- **Water availability:** annual precipitation may increase modestly, but uncertainty remains high, with possible drying under higher-emissions scenarios and slight seasonal shifts.
- **Drought and fire:** severe drought and fire-weather exposure are projected to increase, particularly in northern and northeastern departments, raising operational and fire-management risks.
- **Extreme rainfall:** 1-in-100-year 24-hour rainfall intensity is projected to increase by approximately 10.3%, 15.4%, and 22.9% by 2065 under SSP1-2.6, SSP2-4.5, and SSP5-8.5, respectively.
- **Wind:** extreme wind speeds are projected to remain broadly stable, although saturated soils may still increase local wind-damage susceptibility.
- **Productivity and value sensitivity:** median scenarios show positive productivity and valuation effects, but gains remain conditional on adaptation and downside risk increases under higher-emissions outcomes.

The assessment considered how climate change could affect AF's portfolio value through changes in forest productivity and operating costs. Under the central estimate, the valuation impact is positive across all three scenarios. However, results vary depending on how climate conditions evolve, as shown in the table below.

DOWNSIDE CASE	MEDIAN IMPACT	UPSIDE CASE
Less favorable climate outcome, with more stress from drought, heat, rainfall variability, or other climate factors.	Central Estimate	More favorable climate outcome, where conditions support stronger productivity gains.
Valuation impact relative to base portfolio NPV: - SSP1-2.6: -1.0% - SSP2-4.5: -4.0% - SSP5-8.5: -14.6%	Valuation impact relative to base portfolio NPV: - SSP1-2.6: +2.5% - SSP2-4.5: +1.9% - SSP5-8.5: +2.5%	Valuation impact relative to base portfolio NPV: - SSP1-2.6: +5.9% - SSP2-4.5: +7.2% - SSP5-8.5: +11.9%

While the central estimates indicate that potential productivity gains may offset increases in operating costs, these results should not be interpreted as indicating low climate risk. The range of possible outcomes widens considerably under higher-emissions scenarios, and the downside becomes commercially meaningful, particularly under SSP5-8.5.

Overall, **the assessment indicates that AF's portfolio appears comparatively resilient under median climate scenarios**, with potential productivity benefits linked to warmer conditions, longer growing seasons, and elevated atmospheric CO₂. However, this resilience is conditional on adaptive management. Value preservation will increasingly depend on drought-aware establishment, species-site matching, road and drainage resilience, fuel management, fire readiness, and effective forest-health monitoring. The most decision-relevant financial finding is the widening downside range under hotter, drier, and more volatile climate outcomes, rather than the modestly positive median valuation effect.



— AF

Stewardship, Advocacy & Collaboration

AF's stewardship approach extends beyond the management of forestry assets. We actively participate in industry initiatives, certification systems, and collaborative platforms that support responsible investment, sustainable forest management, and improved impact measurement across the forestry sector.

Industry Engagement and Advocacy

AF participates in sector-level and investor-led initiatives that support the development of practical and credible standards for sustainable forestry, natural capital investment, and nature-related stewardship.

In 2025, AF participated in 87 meetings of the SPF, contributing to sector-level discussions and initiatives related to carbon market standards, forest health, biodiversity and watershed monitoring in forest plantations, environmental and social risk assessment for agrochemicals, soil management, climate and environmental regulation, land-use and natural field regulation, and coordination with public authorities, productive associations, and other forestry-sector stakeholders.

AF also continued for a second year as an **endorser of Spring**, a PRI stewardship initiative for nature focused on addressing the systemic risks of biodiversity loss and protecting the long-term interests of investors. This reflects AF's support for collaborative action on biodiversity and nature-related risks.

To promote responsible investment and ensure independent oversight of ESG practices, AF is affiliated with and/or involved in the following initiatives, networks, and entities:

- Forest Stewardship Council® (FSC®)
- International Organization for Standardization (ISO)
- Society of Forest Producers in Uruguay (SPF)
- Verra
- Principles for Responsible Investment (PRI)
- Global Impact Investing Network (GIIN)

Collaboration on Forestry Impact Measurement

Comparable impact data is essential for sustainable investors, but forestry-sector data remains fragmented and difficult to benchmark across geographies.

In May 2025, the Global Impact Investing Network (GIIN) published a Forestry Impact Performance Benchmark to help investors compare forestry impact performance against peers, the broader market, and the SDGs:
<https://thegiin.org/benchmarks/forestry/#/>

As a GIIN member, AF participated in the design of the benchmark and provided data. The benchmark includes 108 investments, 76 investees, 27 countries, and 13 investors covering the period 2013–2023. AF's participation reflects its commitment to improving transparency, comparability, and accountability in forestry impact investing.

Impact in Practice

Community Development Program PASO DEL CANANÉ ROAD

In 2025, AF carried out a potential Social Impact Assessment related to the Paso del Canané Road, a rural road improvement project considered strategic for connectivity in the department of Cerro Largo.

The assessment combined an interview with the Municipality of Arévalo and a short survey of residents from potentially affected or benefited communities. It gathered information on current travel times, road conditions, expected benefits, concerns, and community suggestions.

The findings showed a clear territorial need: residents reported travel times to Arévalo of 1.5 to 2 hours, and all respondents rated the current road condition as regular or poor. The perception of the proposed road improvement was highly favorable, with 75% considering it “very positive” and 25% “positive.”

Expected benefits include improved rural connectivity, better access to services and markets, lower freight costs, and a strategic connection between the Ninth Section, Route 6, and Melo. The assessment also identified potential impacts to manage proactively, including dust generation near homes, which may be mitigated through periodic watering, surface treatment in sensitive areas, and active communication with local stakeholders.

As a result of this process, in February 2026 an agreement was signed between the Departmental Government of Cerro Largo, Forestal Oriental S.A., UPM S.A., and Fideicomiso Financiero Forestal Bosques del Uruguay 2 to support the maintenance and improvement of the Camino del Canané.

This initiative created shared value for the local community and the participating companies by transforming community feedback into concrete territorial development actions through consultation, impact assessment, public-private collaboration, and preventive risk management.

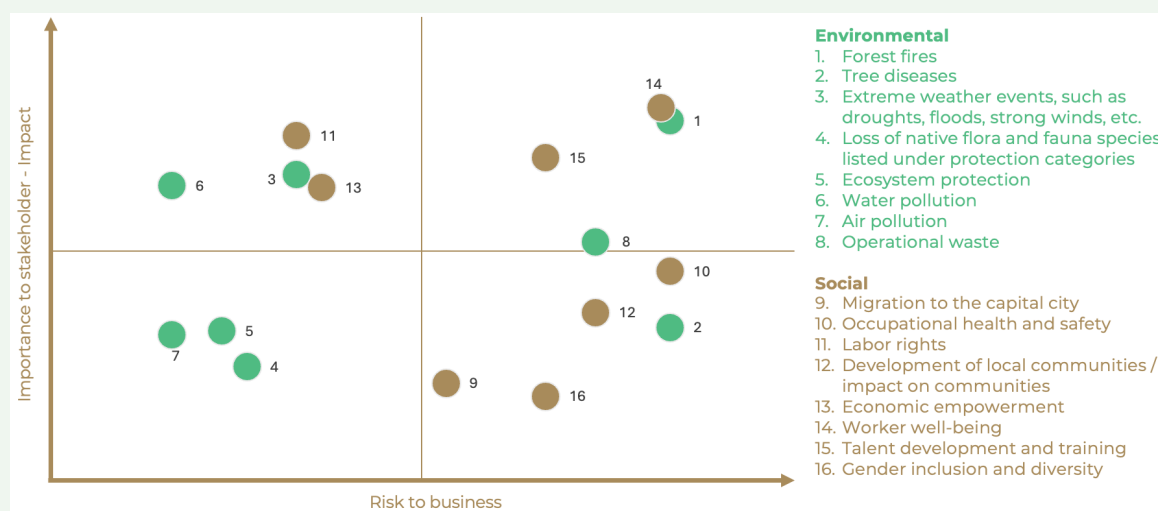
Capacity Building STRENGTHENING SUPPLIER ESG PRACTICES

In 2025, AF carried out two training workshops with suppliers to strengthen sustainability practices across its value chain.

The first workshop, held in March, provided an introduction to sustainability and ESG criteria, including waste management, community engagement, and environmental and social considerations relevant to supplier operations. As part of the session, participants also carried out a materiality assessment to identify environmental and social factors with potential relevance and impact for their businesses.

The following figure presents the main results of this assessment, highlighting the ESG topics perceived by suppliers as most material to their operations and long-term business performance.

Supplier Impact Materiality Assessment: Key Results



A second workshop was held in December, focused on carbon footprint measurement. During this session, suppliers received practical training on greenhouse gas emissions concepts and methodologies, as well as a carbon footprint calculator tool to support them in measuring and monitoring their own emissions.

These workshops reflect AF's commitment to extending sustainability practices across its value chain, supporting suppliers in strengthening their ESG capabilities, improving data quality, and preparing for increasing expectations related to environmental and climate-related performance.



AF

Our Impact

2025 Metrics

1. LAND MANAGEMENT AND PRODUCTIVITY

BDUs	BDU I	BDU II	BDU III	BDU IV	TARGET 2027
CERTIFIED AREA (% Total Area) *	100%	100%	100%	92%	100%
LEVEL OF HAZARDOUS OF PESTICIDES USED **					
Class II - Moderate (% Total volume used)	7.0%	9.3%	5.2%	15.5%	Maximum allowed 20.0%
Class III - Slight (% Total volume used)	93.0%	90.7%	94.8%	84.5%	-
HECTARES TREATED WITH PESTICIDES (% Total Area) ***	21%	17%	17%	14%	Maximum allowed 25%
CERTIFIED TIMBER HARVEST VOLUME (% Total)	100%	100%	100%	98%	100%

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

** According to the World Health Organization (WHO) Recommended Classification of Pesticides by Hazard.

*** Moving average in the last 5 years.

2. SUPPLY CHAIN & CIRCULAR ECONOMY

BDUs	BDU I	BDU II	BDU III	BDU IV	TARGET 2027
LOCAL MICRO & SME SUPPLIERS* (% Total)	51%	55%	51%	47%	-
AVERAGE PAYMENT DAYS TO SUPPLIERS	20	19	21	21	Maximum allowed 30 days

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

3. BIODIVERSITY & ECOSYSTEM CONSERVATION

BDUs	BDU I	BDU II	BDU III	BDU IV	TARGET 2027
CONSERVATION ZONE OR PROTECTED AREA (% Total Area) *	18%	11%	7%	6%	BDU I: 15% BDU II: 11% BDU III: 7% BDU IV: 7%
CONSERVATION ZONE OR PROTECTED AREA (Hectares) *	1,696	1,583	3,091	3,574	-
NUMBER OF THREATENED SPECIES **	78	27	33	65	-
CATTLE LOAD PER HECTARE ***	0.32	0.17	0.30	0.32	0.50
CONVERTED AREA FROM FORESTRY TO AGRICULTURE (% Total Area)	0%	0%	0%	0%	Max. 10%

* Conservation zone or protected area comprises native forests, areas protected by local entities, Areas of Special Conservation Interest (APIC)⁴, and areas with High Conservation Values (HCVs)⁵.

** 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, deforestation, dams, coastal alterations, etc.).

As well as those listed as vulnerable in the national scale and the CITES appendices as Appendix I and Appendix II, or classified under any IUCN threat category (Critically Endangered (CR), Endangered (EN), and Vulnerable (VU))

*** 1 cattle unit = 350kg animal

⁴ 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.

⁵ 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).

4. CARBON FOOTPRINT

BDUs	BDU I	BDU II	BDU III	BDU IV
TOTAL CARBON REMOVALS (tCO ₂ e) *	-	198,889	1,180,957	316,188
GHG EMISSIONS (tCO ₂ e) **	5,751	14,927	19,051	78,678
Scope 1 (tCO ₂ e)	1,166	1,730	8,956	6,455
Scope 3 (tCO ₂ e)	4,585	13,197	10,095	72,223
Stock loss (tCO ₂ e)	34,588	-	-	-
NET GHG EMISSIONS (tCO ₂ e) ***	40,339	-183,962	-1,161,906	-237,511
CARBON EMISSIONS PER MILLION DOLLARS OF REVENUE (CO ₂ e / \$M revenue)	822	1,659	1,905	1,574
GHG EMISSIONS PER MILLION DOLLARS OF MARKET VALUE (CO ₂ e / million USD)	75	123	85	152

* Carbon removal values for the reporting period. Removals include carbon stored in aboveground and belowground biomass from annual growth, as well as dead wood and litter carbon pools. These values are calculated using the stock difference methodology, based on the BDUs' projected standing volume data (m³) from annual forest inventories and default factors for dead wood and litter. Differences in stock values across years may arise from adjustments to growth curves that better reflect actual forest growth.

Additionally, removals include carbon stored through the annual growth of native forests conserved within the BDUs. These values are obtained from Uruguay's National Inventory⁶ and are converted into tons of carbon dioxide equivalent (tCO₂e) using variables such as wood density, biomass expansion factor, root-shoot ratio, and carbon fraction in wood, in accordance with the 2019 Refinement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories methodology⁷.

Indirect removals by entities in the value chain, such as long-term carbon storage in harvested wood products, are not included.

** 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

⁶ 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.

⁷ 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.

(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). Fuel combustion due to silvicultural activities conducted by a third party, with its own machinery, is considered as Scope 3. Fuel combustion from harvest activities of stumpage sales is not considered.

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 are calculated as GHG emissions for the reporting period, minus Carbon Removals for the reporting period, and minus any Carbon Credits generated from those removals and sold to third parties during the same period. The funds' areas are partially certified under the VCS and CCB Standards. For BDU I and BDU IV, carbon removals achieved during the reporting year will not be issued as carbon credits, as the maximum number of credits allowed for those projects has already been issued. For BDU II and BDU III, removals for the reporting period are currently under verification and may generate carbon credits in the future. Values will be updated in future reports.

Carbon Credits

BDUs	BDU I	BDU II	BDU III	BDU IV
PROJECT NAME & CREDITING START DATE	Bosques del Uruguay Afforestation through High Quality Timber in Grasslands 2012	Bosques del UruguayII Afforestation through High Quality Timber in Grasslands 2016	Forteko Afforestation on degraded grasslands under extensive grazing 2007	Guanare Forest Plantations on degraded grasslands under extensive grazing 2006
STANDARD & ID *	VCS & CCB 1543	VCS & CCB 2411 & Corsia Eligible	VCS & CCB 962	VCS & CCB 959
VCS METHODOLOGY	AR-ACM0003	AR-ACM0003	AR-ACM0001	AR-ACM0001
MSCI CARBON PROJECT RATING	BBB	BBB	BB	-
AREA AFFECTED BY THE PROJECT (% Planted Area) **	54%	27%	50%	49%
AREA AFFECTED BY THE PROJECT (Hectares)	4,806	3,947	24,185	31,920
CARBON CREDITS SOLD 2025 (VCUs) ***	-	-	4,493	-

* Verra certification standards for AFOLU (Agriculture, Forestry, and Other Land Use) projects⁸. VCS (Verified Carbon Standard) and CCB (Climate, Community & Biodiversity) of Verra⁹.

** 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).

*** VCUs = verified carbon units.

AF CARBON FOOTPRINT	Total (tCO ₂ e)	Scope 1 (tCO ₂ e)	Scope 2 (tCO ₂ e)	Scope 2 (tCO ₂ e)
GHG EMISSIONS *	343	300	1	42
GHG EMISSIONS PER MILLION OF AUM (CO ₂ e / million USD)	0.37	-	-	-

* 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 (waste generated in operations, business travel, and employee commuting, including homeworking).

⁸ For more information on the projects visit: <https://registry.verra.org/app/search/CCB/All%20Projects>

⁹ Methodology AR-ACM001 was removed and replaced by AR-ACM0003, https://cdm.unfccc.int/methodologies/documentation/meth_booklet.pdf#AR_ACM0003

5. COMMUNITIES

BDUs	BDU I	BDU II	BDU III	BDU IV	TARGET 2027
JOBS MAINTAINED *	209	310	350	1,082	-
Directly	95	141	159	492	-
Indirectly	114	169	191	590	-
AMOUNT SPENT ON COMMUNITY PROGRAMS (USD/ Hectare)	0.18	0.01	0.07	0.10	0.25
TOTAL COMMUNITY MEMBERS BENEFITED BY THE PROJECT ACTIVITIES **	3,900	2,741	3,038	4,903	-
Female	1,663	1,051	1,328	1,961	-
NUMBER OF COMMUNITY PROGRAMS DEVELOPED	10	6	8	16	-

* 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 and supporting activities in areas surrounding the forestry projects. Based on the December 2020 EXANTE study, the Uruguayan forestry sector generates approximately 1.2 indirect jobs for every direct job.

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

AF	Amount spent on community programs (% Profit)	Number of Community Programs	Total community members benefited by the project activities	Female community members benefited by the project activities
2025	0.6%	9	2,679	1,071
2027 TARGET	0.2%	-	-	-

6. HUMAN CAPITAL

AF & BDUs	AF	ALL 4 FUNDS CONSOLIDATED	TARGET 2027
ACCIDENT FREQUENCY RATE *	-	1.31	Maximum allowed 4.0
ACCIDENT SEVERITY RATE **	-	0.18	Maximum allowed 0.30
TOTAL EMPLOYEES ***	62	Service companies 1,126	-
Female (% Total)	41%	Service companies 2%	-
Dependent (% Total)	94%	-	-
Temporary (% Total)	-	Service companies 43%	-
EMPLOYEE TURNOVER	8.1%	Service companies 18%	-
Voluntary	6.5%	-	-
Involuntary	1.6%	-	-
EMPLOYEE SATISFACTION INDEX ****	80%	-	Min. 80%
TRAINING HOURS AVERAGE PER EMPLOYEE (% Total hours worked)	8%	-	-
FEMALE-TO-MALE SALARY RATIO			
Among employees in mid-level and senior positions	1.1	-	-
For all other positions	1.2	0.9	-

* Accidents per million hours worked.

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

*** For the consolidated funds' figures, we are counting employees of the service companies as the funds do not employ people directly. Values are on full-time equivalents (FTE). Service companies are our main suppliers that carry out operations in the forests of the funds, including contractors and subcontractors.

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

7. CORPORATE GOVERNANCE

AF	Independent Directors (% Total)	Female Directors (% Total)	Women involved in investment committees (% Total)	Number of Board Meetings Held
2025	20%	20%	30%	6
2027 TARGET	Min. 25%	40%	Min. 25%	-



Outlook and Next Steps

Over the coming two years, AF will continue strengthening its impact management approach by improving ESG integration, data quality, supplier engagement, and oversight across its investment and asset management activities.

Our priorities include:

- **Climate risk integration:** embed the findings of AF's initial climate risk assessment into investment strategy, asset management, and operational decision-making, including further review at the asset level.
- **Supplier ESG integration:** incorporate ESG guidelines into supplier contracts, building on the capacity-building workshops carried out in 2025 as a first step to strengthen supplier awareness and implementation.
- **Responsible investment governance:** develop policies and procedures to evaluate progress toward ESG business and financial objectives, including an oversight and accountability process at senior-level bodies with defined KPIs.
- **Political engagement oversight:** develop a procedure to oversee third-party political engagement activities, supporting transparency and alignment with AF's responsible investment approach.
- **Nature-related disclosure:** continue building the foundation for future integration of nature-related considerations under the Taskforce on Nature-related Financial Disclosures (TNFD) framework.
- **Fund-level stakeholder and materiality assessment:** conduct a full stakeholder and materiality assessment at the fund level.
- **Waste management:** improve the current waste management system by strengthening traceability, measuring waste volumes, increasing upcycling, and promoting access to recycling and disposal centers.
- **Water footprint:** improve water resources monitoring and management systems to better assess the potential impacts of forestry activities on water quality, local water cycles.
- **Biodiversity and conservation:** continue strengthening biodiversity monitoring and metrics to inform conservation programs and improve the management of protected areas, HCV areas, APIC areas, and biological corridors.

These commitments reflect AF's continued focus on improving impact performance, strengthening responsible investment practices, and enhancing the long-term resilience of the assets and communities connected to our activities.

Glossary of Terms

AFOLU: Agriculture, Forestry and Other Land Use, a category used in greenhouse gas accounting and carbon project methodologies.

APIC: Area of Special Conservation Interest (Área de Particular Interés para la Conservación). An area identified by AF as having significant natural attributes, biodiversity value, or conservation potential.

ARR: Afforestation, Reforestation and Revegetation, a category of land-based carbon projects.

AUM: Assets Under Management. The total value of assets managed by an investment manager on behalf of its investors.

BDUs: Bosques del Uruguay I, II, III and IV, the four forestry Financial Trusts managed by AF in Uruguay.

CCB: The Climate, Community & Biodiversity Standards administered by Verra, which assess the climate, social, and biodiversity benefits of land-based projects.

CITES: The Convention on International Trade in Endangered Species of Wild Fauna and Flora, an international agreement intended to ensure that trade in wild species does not threaten their survival.

ESG: Environmental, Social and Governance.

FPIC: Free, Prior and Informed Consent, a process through which Indigenous Peoples or affected communities may provide or withhold consent before activities affecting their rights, lands, or resources are undertaken.

FSC®: Forest Stewardship Council®, an international certification system promoting environmentally appropriate, socially beneficial, and economically viable forest management.

FTE: Full-Time Equivalent, a unit used to express employment levels based on the hours worked relative to a full-time position.

GIIN: Global Impact Investing Network which is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing.

GHG: Greenhouse gases, including carbon dioxide, methane, nitrous oxide, and other gases that contribute to climate change.

HCVs: High Conservation Values. Biological, ecological, social, or cultural values of outstanding significance or critical importance, as defined by the Forest Stewardship Council®.

Investment Manager: an entity appointed by investors to invest on their behalf through special purpose vehicles.

Impact: seeking to contribute measurable solutions to climate change and community development.

IPCC: Intergovernmental Panel on Climate Change. The United Nations body responsible for assessing scientific knowledge related to climate change.

IRIS+: An impact measurement and management system developed by the GIIN that provides standardized metrics and guidance for impact investors.

ISO: International Organization for Standardization, an independent international organization that develops voluntary standards, including standards for environmental and management systems.

IUCN: International Union for Conservation of Nature, the organization responsible for the IUCN Red List of Threatened Species.

Materiality Assessment: A process used to identify and prioritize the environmental, social, governance, or financial topics most relevant to an organization and its stakeholders.

NPV: Net Present Value. The present value of expected future cash flows after applying an appropriate discount rate.

PRI: Principles for Responsible Investment which is a United Nations-supported international network of investors working together to implement its six aspirational principles, often referenced as "the Principles".

SDGs: UN Sustainable Development Goals. Universal set of 17 goals adopted by 193 countries that support the 2030 Agenda for Sustainable Development. The aim of the SDGs is to promote prosperity by protecting people and planet.

SSPs: Shared Socioeconomic Pathways, scenarios used by climate scientists and the IPCC to assess possible future socioeconomic development and greenhouse gas emissions trajectories.

TCFD: Task Force on Climate-related Financial Disclosures, a framework organized around governance, strategy, risk management, and metrics and targets for disclosing climate-related financial risks and opportunities.

TNFD: Taskforce on Nature-related Financial Disclosures, a framework designed to support the identification, assessment, management, and disclosure of nature-related dependencies, impacts, risks, and opportunities.

VCS: Verified Carbon Standard, a greenhouse gas crediting program administered by Verra.

VCU: Verified Carbon Unit, representing one metric ton of carbon dioxide equivalent reduced or removed through a project verified under the VCS Program.

VERRA: A nonprofit organization that administers standards for carbon markets and sustainable development



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