



UPM Paso de los Toros



Environmental and societal responsibility 2024

UPM Paso de los Toros

The UPM Paso de los Toros mill commenced operations in April 2023. Situated on the banks of the Río Negro, 5 kilometres south of the city of Paso de los Toros, Uruguay, the mill is designed as an efficient single-line operation, featuring state-of-the-art technology in the pulp industry. The advanced machinery, materials, automation level and standards enable a high operating rate, maintainability, consistent production of premium quality pulp, and high energy output, guaranteeing excellent safety and environmental performance.

Construction of this state-of-the-art pulp mill began in 2019. On May 14, 2019, the Ministry of Housing, Territorial Planning and Environment (MVOTMA), through the National Direction for the Environment (DINAMA), granted the Prior Environmental Authorisation. Subsequently, on April 14, 2023, the Ministry of Environment, through the National Direction for Quality and Environmental Assessment (DINACEA), issued the Operational Environmental Authorisation. The mill operates under an approved Operational Environmental Management Plan, validated on March 30, 2023 by the Ministry of Environment. This plan outlines procedures, monitoring requirements and mitigation measures to ensure environmental compliance during operations. These documents are publicly available at: <https://www.ambiente.gub.uy/oan/proyectos/planta-de-celulosa/>.

Utilising modern techniques, the mill efficiently produces high-quality bleached eucalyptus pulp, a significant portion of which is destined for Asian and European markets. Its annual production capacity is 2.1 million tonnes.

Wood procurement is managed by UPM Forestal Oriental, which has pioneered the development of eucalyptus plantations in Uruguay since 1990. UPM has a 91% ownership of the Paso de los Toros pulp mill and 100% in UPM Forestal Oriental.

The Paso de los Toros pulp mill, the Central Railway, and the Specialized Pulp Terminal at the Port of Montevideo form an integrated industrial platform that connects all stages of the forest industry value chain. The Central Railway, a strategic project led by the Uruguayan government, connects the mill to the port via 273 km of upgraded tracks. A private rail operator manages pulp and chemical transport using state-of-the-art equipment. The Specialized Pulp Terminal ensures efficient and safe handling of pulp and chemical raw materials.

A temporary authorisation has been granted for the road transport of pulp and chemical products until the railway transport system is fully implemented. The chemical products planned for railway transport include fuel oil, sulphuric acid and caustic soda.

Mill maintenance is outsourced to Andritz, the company that supplied most of the production equipment for the mill.



Production capacity	2,100,000 ADt
Personnel	205
Products	UPM Euca (bleached eucalyptus kraft pulp)
Side-products	Electricity
Certificates	ISO 14001 – Environmental Management System ISO 9001 – Quality Management System ISO 45001 – Occupational Safety and Health Management Systems ISO 22000 – Food Safety Management System PEFC Chain of Custody – Programme for the Endorsement of Forest Certification FSC® (FSC C014719) Chain of Custody – Forest Stewardship Council®
	All certificates can be found from UPM's Certificate Finder (available at www.upm.com/responsibility)
Environmental labels	EU Ecolabel Nordic Ecolabel UPM pulp products are approved for use in paper products with the EU Ecolabel and Nordic Ecolabel paper products.



UPM Paso de los Toros Environmental and Societal Responsibility 2024 is a supplement to the Corporate Environmental and Societal Responsibility Statement of UPM's pulp and paper mills (available at www.upm.com) and provides mill-specific environmental and societal performance data and trends for the year 2024. The annually updated mill supplements and the UPM Corporate Environmental and Societal Responsibility Statement together form the joint EMAS Statement of UPM Corporation. The next Updated UPM Corporate Environmental Statement and also this supplement will be published in 2026.

UPM is a material solutions company, renewing products and entire value chains with an extensive portfolio of renewable fibres, advanced materials, decarbonization solutions, and communication papers. Our performance in sustainability has been recognized by third parties, including EcoVadis and the Dow Jones Sustainability Indices. We operate globally and employ approximately 15,800 people worldwide, with annual sales of approximately €10.3 billion. Our shares are listed on Nasdaq Helsinki Ltd.

UPM – we renew the everyday
Read more: www.upm.com



For more information about FSC® certification visit www.fsc.org



For more information about PEFC certification visit www.pefc.org

Review of the year 2024

Performance

The Paso de los Toros Pulp mill reached its nominal capacity during 2024. The overall performance was good and according to the current mill's operational phase in terms of production, safety and environmental performance, and pulp quality.

Regarding the first twelve months of operation, the Ministry of Environment concluded that the pulp mill performed broadly in line with expectations for a project of this scale. Overall, the mill's environmental management has been consistent with the approved Environmental Management Plan for Operation (PGA-O).

Emissions from the Paso de los Toros mill in 2024 were within the ranges associated with the Best Available Techniques (BAT) as established by the European Commission Implementing Decision of September 26, 2014.

A total of thirteen deviations classified as Category 3+ were reported, in accordance with UPM's Corporate Clean Run Standard. Of those events, only one had a minor and local measurable effect in the neighbouring creek (Arroyo Sauce).

In June 2024, leachate was detected near the discharge point of the mill's industrial landfill's subsurface drainage system into Arroyo Sauce. The incident was promptly addressed, and monitoring of the affected area was intensified.

In December 2024, both UPM Paso de los Toros mill and the Ministry of Environment, received odour complaints from residents of Paso de los Toros and Pueblo Centenario. On December 3rd, 2024 a mechanical failure in the scraper arm of one of the secondary clarifiers of the effluent treatment plant was detected, causing the unit to cease operation. The repair process involved a complete cleaning and the removal of accumulated biosludge, which subsequently led to odour emissions. Further details regarding these events are provided in the Air section of this report.

On December 13, 2024, as part of routine inspections carried out on the stormwater basins, a leak was observed in the discharge gate structure of one stormwater basin. The leak with pH of 9.5, remained confined to the ground within the mill site. Environmental monitoring confirmed that the discharge did not reach the Arroyo Sauce. Inflow of diluted weak white liquor reached the stormwater system due to White Liquor Plant safety basin's interconnection chambers filtration.

By December 2024, the Ministry of Environment approved a change in the discharge limit for chlorate concentration in the final effluent. This new permit limit is based on the environmental assessment of UPM Paso de los Toros effluent discharges and the acknowledgement by environmental authorities that the water quality target

for the Rio Negro is higher than the original effluent discharge standard. Prior to this revision, some exceedances of the original limit were recorded (seven Category 3 deviations); however, in all cases, the concentrations measured remained below the new authorised threshold.

During the first year of operation, the mill's performance regarding its air emissions has improved. In 2024, recovery boiler, lime kilns and power boiler air emissions fulfilled daily and annual air emissions permit limits. Auxiliary boilers, designed with tailor-made de-NO_x chambers, have shown availability issues which challenged air emissions control. Handling of malodorous gases from the production process was at a good level in 2024.

Environmental monitoring

The UPM Paso de los Toros mill is among the most closely monitored pulp mills globally in terms of environmental performance. The mill records over 390,000 online data on a monthly basis, including river water quality data from three automatic monitoring stations, and online air quality data from three air quality stations. Additionally, other environmental media such as soil, noise, aquatic biota and groundwater are also regularly monitored.

Results of the environmental monitoring carried out in accordance to the Environmental Management Plan approved by the Ministry of Environment are available in www.upm.uv.

Transparency

Press releases regarding incidents related to the mill, which could potentially affect the local community are shared with the local press, the follow-up commission*, Uruguayan environmental authorities, and are also pub-

lished on UPM's corporate website. In 2024, a total of 19 press releases were issued.

At the outset of the project, the Ministry of Environment established a control and oversight group for Paso de los Toros mill, responsible for the evaluation of environmental performance and the operational oversight of the UPM Paso de los Toros mill.

In 2024, seven inspections were conducted by the Uruguayan environmental authorities, with a frequency ranging from monthly to bimonthly. Additionally, two biannual audits were carried out by the Uruguayan environmental authorities. Two sessions of the follow-up commission, convened by the authorities with the participation of various stakeholders, were also held on a biannual basis. Information presented in the sessions are publicly available. (<https://www.ambiente.gub.uy/oan/proyectos/planta-de-celulosa/>).

Additional information on compliance with legal requirements can be found on both UPM's website and the official webpage of the Ministry of Environment.

In August 2024, the mill implemented a system of weekly site visits, open to the general public. The initiative aims to enhance stakeholder engagement and provide transparency into our operations. Over the second half of the year, 36 groups visited our facilities, totaling 1,080 visitors. Of these, 8% participated in the regularly scheduled weekly guided tours, while the remaining 92% were hosted directly by UPM. Visitors represented a wide range of sectors, including academia, education, contractors, local communities, rural and forestry sectors, and public organizations.

* Established by Uruguay's Ministry of Environment to oversee the mill's environmental performance. Includes representatives from public institutions, academia, civil society, and the private sector.



Nicolas Ugarte
Mill Manager



Valentina Vignola
Environmental Manager

Contribution to UN Sustainable Development Goals in 2024



Waste

58%

of total non-hazardous waste used for energy production in UPM Paso de los Toros power boiler.



Supply chain

99%

of contract raw material spend covered by UPM Supplier and Third Party Code (wood not included).

33%

of total waste disposed in Paso de los Toros mill industrial landfill.



Water

30+

sample points in the Río Negro river monitored by outsourced laboratories.

50+

parameters measured to monitor river and underground water quality.

90,000+

online river water quality data per month from 3 automatic sampling stations.

64,800

online final effluent data recorded monthly from Paso de los Toros pulp mill.



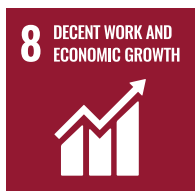
Taxes

Total tax impact approx.

USD 26.4 million

related to Paso de los Toros mill and forestry operations in Uruguay in 2024, including:

- Labor taxes.
- Corporate income taxes and Free Trade Zone fees.
- Property taxes including real estate tax.
- Value Added Tax cost.



Community

13 projects

promoted by UPM Foundation in 2024 in the area of influence of Paso de los Toros:

- 12 educational programmes.
- 1 community development.
- In collaboration with 16 NGO's and institutions.
- Benefiting 481 people.



Certified fibre

89%

of fibre used in pulp production was FSC® and/or PEFC certified. UPM's target is to use only certified fibre by 2030.



Environment

49 discussions

conducted by production shift Supervisors related to environmental performance and relevant topics.

6 environmental audits

carried out with main contractors working at the mill.



Employment

UPM Paso de los Toros employed

205

people directly.



Air

300,000+

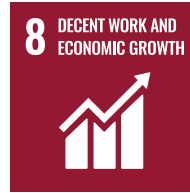
online air emissions data recorded monthly from Paso de los Toros pulp mill.



Health

100%

workplace health risk assessments. 32% voluntary workers participated in the influenza vaccination programme. 46% voluntary workers participated in heart week activities. 41% voluntary workers participated in the DETOX Nutritional programme. 18 nutrition consultations. Over 100 people participated in the Safety Week.



Safety

Total Recordable Incident Frequency (TRIF):

3.1 incidents

per million hours worked (Process areas: UPM employees & Contractors).

580+

reported Safety Walks and Inspections. Safety walks are conducted with the aim of improvement.

900

safety observations
Safety observations: identification of potentially unsafe working environment or unsafe working.



Biodiversity

2,551

hectares of High Conservation Value Areas

1,451

number of flora species

308

number of fauna species in Paso de los Toros influence area.



Renewable energy

93%

of the energy generated came from renewable sources.

Air



In 2024, yearly average of recovery boiler and lime kilns air emissions were within the ranges associated with the Best Available Techniques (BAT) in terms of NO_x, Dust and S (TRS+SO₂).

Additionally, in 2024, recovery boiler, lime kilns and power boiler air emissions fulfilled daily and annual air emissions permit limits.

Handling of malodorous gases from production process was in accordance with 2024 internal targets.

During the period from April 5 to December 31, 2024, the NO_x daily average emissions from the auxiliary boilers exceeded the emission limit value (468 mg/Nm³, 7%O₂) 18% of the time. However, the absolute maximum permit limit was never surpassed (1076 mg/Nm³, 7%O₂). The yearly daily average was 426 mg/Nm³, 7%O₂.

Complying with NO_x concentration limits for the auxiliary boilers has proven to be a technical challenge, mainly due to the complexity of their operation and the combustion conditions. The issue has been the subject of ongoing discussions with the environmental authority, and efforts continue in collaboration with the equipment manufacturer to identify sustainable, long-term solutions. The NO_x concentration permit limits imposed on these units are particularly demanding and challenging to maintain consistently.

The relative weight of NO_x emissions from the auxiliary boilers, in terms of average annual load in the total NO_x emissions from the mill, is approximately 3%. The NO_x concentrations measured in auxiliary boilers air emissions during 2024 do not result in any measurable environmental impact.

In April 2024 one SO₂ daily average concentration exceeded the maximum permit limit of 136 mg/Nm³, 7%O₂ in auxiliary boilers air emissions. The daily average concen-

tration registered was 150 mg/Nm³. In order to produce bisulphite in the auxiliary boilers, it is necessary to burn concentrated odorous gases (GOS) and treat the fumes in a series of scrubbers by dosing sodium hydroxide.

On that day, the flow of sodium hydroxide in the scrubbers was not sufficient to treat the amount of SO₂ generated. Immediate actions were implemented to reduce SO₂ and other measures were taken to prevent this event from occurring again.

In December 2024, the UPM Paso de los Toros mill received five odour complaints from local residents – one on December 1 and four between December 26 and 27. Around December 26, the environmental authority received several complaints. These events were associated with maintenance activities on one secondary clarifier from the effluent treatment plant. Early in the month, the scraper arm of one of the secondary clarifiers experienced a mechanical failure, making it necessary to empty the unit for repair. During the emptying process, concentrated biosludge was transferred to the safety basin.

Once the repair was finished, the content of the safety basin started to be recirculated to the primary clarifier. The high ambient temperature conditions favoured the decomposition of the organic matter contained in the safety basin, generating odour-causing compounds. It is considered that their dispersion is facilitated as the effluent passes through the raw effluent cooling towers before entering the secondary treatment. Odour emissions were perceptible in the city due to wind conditions (direction and speed) at the time.

Actions were implemented to minimize odour events. Additionally, at the request of the Ministry of Environment, protocols

were developed to minimize odour events, including operational protocols for similar situations.

Despite their potential to cause nuisance, odours originating from the pulp mill do not pose any risk to human health or the environment. The mill continues to proactively inform the community, local media, national stakeholders, and members of the follow-up commission about planned activities that may result in the emission of odorous compounds. It also remains open and responsive to all related inquiries from stakeholders.

In February 2024, during the monthly monitoring of air emissions from the chlorine dioxide (ClO₂) mill conducted by an external laboratory, a concentration of 146 mg/Nm³ was detected, exceeding the permit limit (20 mg/Nm³). This concentration was attributed to a dosing failure in the scrubber system, traced back to a malfunction in the hydrogen peroxide supply following a planned shutdown. Immediate actions were taken, successfully reducing concentrations to below 0.04 mg/Nm³. Additionally, further measures were implemented, including system interlocks, alarm settings, and enhanced monitoring routines to prevent recurrence.

Since 2020, UPM Paso de los Toros has been monitoring ambient air quality at three stations located in Paso de los Toros, Pueblo Centenario, and El Cencerro. Regarding the first year of operation, the Ministry of Environment concluded that the air quality in the area of influence is good and has not shown significant changes compared to the established baseline.

During 2024, 95% of the gases and particulate matter measured in the three air quality stations were within the target quality values established in the mill's environmental operational authorisation.

Waste



The UPM Paso de los Toros landfill site is located inside the mill complex. In 2024, the landfill received 37,564 tonnes of waste on a dry basis. This amount represents 33% of the total non-hazardous waste generated at the Paso de los Toros mill premises during 2024. Biomass boiler ashes represented 53%, while green liquor dregs represented 32% of the total dry weight of solid waste bound for the landfill site.

As part of waste valorisation strategies outlined in the approved Industrial Solid Waste Management Plan (PGRSI), progress was made in developing local capacities for the use of lime kiln dust as liming agent in

forestry plantations and agricultural applications. The product, commercially named UPM MICROCAL®, was officially registered in the Ministry of Livestock, Agriculture and Fisheries (MGAP) as a calcareous amendment, suitable for use as a soil pH regulator. Composed primarily of calcium carbonate and impurities, the product represents a sustainable solution for repurposing industrial by-products.

In 2024, a total of 587 tonnes of UPM MICROCAL® were delivered for use as calcareous amendment in local applications, supporting both circular economy principles and sustainable land use practices.

During 2024, active efforts were made to explore alternative uses for ashes generated in the biomass boiler, with a focus on incorporating them into materials used in the construction industry.

Almost 100% of primary sludge and biosludge from UPM Paso de los Toros wastewater treatment mill, as well as 100% of bark and wood waste, were used for energy production in the biomass boiler. The generation of hazardous waste in 2024 amounted to 70.6 tonnes, representing 0.06% of total waste. This waste is handled by authorized companies in accordance with applicable regulations.

UPM Paso de los Toros acquires raw water from the Río Negro. Operations in 2024 required about 1.46 m³/s of water and generated about 1.15 m³/s of treated effluent.

In April 2024, The Ministry of Environment approved an increase in the maximum allowable daily discharge flow from 106,500 m³ to 125,280 m³ per day, aligning with the hydraulic design flow of the wastewater treatment plant. This approval also incorporated conditions for the maximum daily load of several parameters monitored in the final effluent. Throughout 2024, all daily discharge flows remained below the new permitted limits, and the established conditions for maximum daily loads were consistently met.

On June 18, 2024, during general maintenance shutdown, presence of leachate was detected in the area where the industrial landfill subsurface drainage pipe discharges towards the Arroyo Sauce. Incoming water to the stream was monitored recording a pH over 9. Immediate actions were implemented to stop the leachate input to the stream. The volume filtered was minor and once leachate pumping to the effluent treatment plant was resumed, the situation in the Arroyo Sauce improved in less than 24 hours.

As part of the response, thorough inspections of the leachate pumping pit and inspection chambers were conducted. Corrective actions included the coating of the pumping pit and inspection chambers, and the planning of a hydrotest on the leachate system to ensure its integrity.

Following the caustic soda spill in August 2023, a monitoring plan was implemented to assess the extent of the impact and the recovery of the Arroyo Sauce ecosystem. The plan includes the assessment of both physicochemical water quality parameters and biological indicators. Monitoring has been carried out by an external consulting firm at multiple sites along the stream since October 2023.

Additionally, following the leachate event in June 2024, weekly in-situ water quality monitoring was incorporated at various points along the stream by an external laboratory, complementing UPM's routine monitoring programme.

As of December 2024, the consulting biologist reported that differences persist between impacted and non-impacted zones. Abiotic variables continue to show greater variability in affected sites, and the macroinvertebrate indices – particularly the abundance of Chironomidae – still reflect these differences. Nonetheless, the overall trend indicates that these differences are gradually decreasing.

According to the Ministry's report published in November 2024, water quality parameters recovered relatively quickly following both incidents, aided by rainfall. While some differences remained between upstream and downstream sites, the overall variability patterns were consistent. Biolog-

ical monitoring showed that macroinvertebrate and fish communities were initially affected, but signs of ecosystem recovery were observed within months. Monitoring activities will continue as planned to support ongoing assessment of the ecosystem's recovery.

On December 13, 2024, as part of routine inspections carried out on the stormwater basins, a leak was observed in the discharge gate structure of one stormwater basin. The leak with pH of 9.5, remained confined to the ground within the mill site.

The event was informed to the environmental authorities on the same day it was detected. Immediate as well as corrective actions were implemented. Environmental monitoring confirmed that the discharge did not reach the Arroyo Sauce. Inflow of diluted weak white liquor reached the stormwater system due to a filtration in the interconnection of chambers in the safety basin of the White Liquor Plant. At that time, one of the secondary clarifiers was unavailable, requiring flow restrictions to the secondary treatment system, among other operational adjustments. Mill production was adjusted to minimise effluent generation. Simultaneously, intermittent overflows occurred in the causticising area and contained on site to prevent alkali from entering the wastewater treatment system. Monitoring and follow-up assessments of Arroyo Sauce confirmed that the incident had no measurable impact on water quality.

In June 2024, during the general maintenance shutdown, the maximum permit limit for daily ammonium concentration (2.25 mg/L) was exceeded six times. The increase in ammonium concentration was primarily due to the variability in raw effluent characteristics caused by activities related to the shutdown. Key learnings included analysing potential liquids from different process areas, particularly those related to tank drainages, to optimize the management of the effluent treatment plant during future general maintenance shutdowns.

In December 2024, the Ministry of Environment approved a revision to the maximum allowable concentration of chlorate in the final effluent discharge. The admissible concentration was increased from 1 mg/L to 10 mg/L as monthly basis following a formal request supported by an evaluation of chlorate levels in the discharged effluent and chlorate water quality target value in the Río Negro of 2.4 mg/L. Although some exceedances of the original permitted limit were recorded prior to the revision, it is important to note that in all cases the values remained below the new authorised threshold.

UPM Paso de los Toros has implemented various measures aimed at reducing chlorate contributions from process areas and improving removal efficiency at the wastewater treatment plant. In December 2023, a dedicated focus group was established to lead the development and assessment of

these measures. It is recognised that multiple variables influence the final effluent outcome, and in some cases, higher chlorate concentrations have been associated with disturbances in the fibre line or during process start-ups and shutdowns.

In 2024, discussions were held with the Ministry of Environment regarding Fecal Coliforms parameter. Through various studies and analyses, it was confirmed that the presence of Fecal Coliforms in the final effluent is not associated with pathogenic contamination. In all cases where Fecal Coliforms were quantified, the *Escherichia coli* (*E. coli*) value was below the detection limit. In accordance with literature available and European legislation, the *E. coli* parameter is a more suitable indicator of pathogenic contamination in pulp mill's effluents. Modifications to the applicable permit limit standard are currently under review by the authorities.

The yearly average effluent discharges from Paso de los Toros mill were within the ranges associated to the Best Available Techniques (BAT) in terms of total phosphorus and adsorbable organic halogen compounds (AOX). Additionally, Chemical oxygen demand (COD), total nitrogen and total suspended solids (TSS) yearly average discharges along with the final effluent flow, were below the BAT lower range.

Regarding the first year of operation, the Ministry of Environment concluded that continuous monitoring in the Río Negro showed similar measurements at the three automatic stations, where most of the evaluated parameters met the thresholds established by the regulations. No change in water quality was identified as a result of the Paso de los Toros mill's operations. Water quality monitoring during 2024 showed that changes in the continuous monitoring variables were mostly attributed to the general dynamics of the river, where the observed variability coincides with the trend recorded during the baseline evaluations.

Fish monitoring is conducted twice a year, in autumn and spring. The data collected during 2024 did not indicate evidence of a significant impact of the pulp mill on the fish community. While some differences were observed between sites – particularly between the reference site and the more distant or immediately adjacent receptor sites – these variations appear to be related to natural environmental factors rather than to the mill's operation.

Overall, the results highlight the importance of long-term monitoring to better understand natural patterns and potential changes over time, with particular attention to the gradient of sites along the river and the area closest to the pulp mill discharge.

Management of critical issues and exceptional situations

Environmental awareness is a fundamental aspect of the operational culture at UPM Paso de los Toros mill. All employees are accountable for the environmental impact of their respective areas of responsibility. The Production Manager holds overall responsibility for the environmental performance of the mill, while the Environmental Manager coordinates environmental matters within the company, as well as with authorities and external stakeholders. As part of the Environmental Management Plan for Operation (PGA-O), the mill has implemented a contingency plan, approved by the Uruguayan environmental authorities, that outlines the internal procedures to be followed in the event of environmental contingencies. This plan also clearly defines roles, responsibilities, and the communication flow to ensure a timely and effective response.

The Safety Manager, in coordination with the mill's Safety Supervisor and the Fire Chief, is responsible for planning and overseeing health and safety activities in collaboration with relevant authorities and partners.

UPM Paso de los Toros mill is fully equipped to respond effectively to all potential on-site emergency situations. Core training areas include fire response, rescue operations, and chemical emergency management. In 2024, a total of 90 training sessions were conducted, involving internal personnel, contractors, and service providers.

The site maintains a dedicated emergency brigade consisting of 65 trained members, including mill technicians and shift supervisors. The emergency brigade is organised into five shifts aligned with the mill's operational schedule and includes personnel from all operational areas. It follows an annual training and drill programme designed to

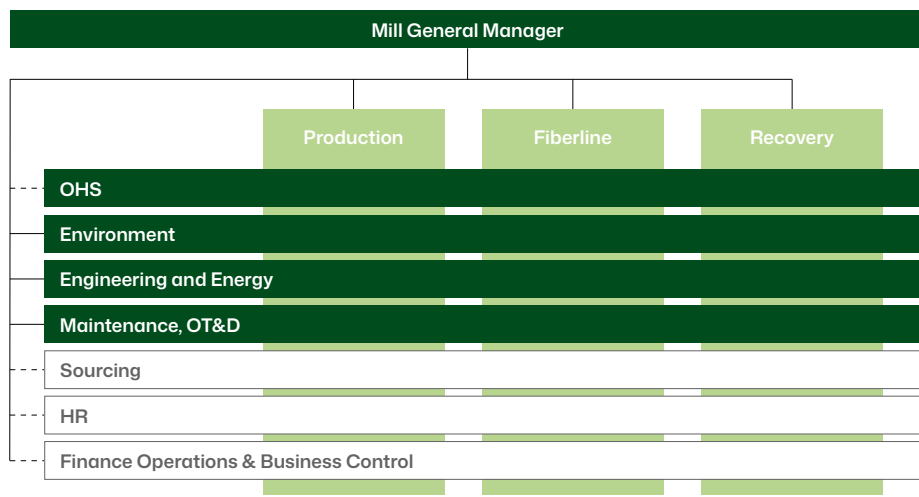


ensure preparedness for a wide range of potential emergency scenarios at the mill.

In 2024, a new training centre for the emergency brigade was inaugurated, enabling the safe simulation of real-life scenarios

without interfering with mill operations. Emergency drills conducted throughout the year also included simulated incidents involving the rail transport of chemicals from the Port of Montevideo to Paso de los Toros.

Paso de los Toros mill organisational structure



Societal responsibility

UPM remains strongly committed to the communities where it operates, guided by a community engagement strategy built on three pillars: dialogue, impact management, and contribution to development. This approach fosters trust, helps manage social and environmental impacts, and supports long-term opportunities.

The UPM Foundation, established over 16 years ago in Fray Bentos, plays a central role in this effort. Through supporting projects led by expert organisations and providing educational scholarships, it contributes to the development of rural communities across the country.

In the past three years, the Foundation has implemented 65 projects benefiting more than 5,000 people across around 100 communities.

Foundation Projects in Paso de los Toros influence area during 2024

In 2024, the UPM Foundation carried out 13 projects in the Paso de los Toros area and its surroundings. As part of its educational initiatives, the Foundation implemented in collaboration with universities, foundations and institutions, teachers training programmes and community development projects across several localities. A total of 107 teachers from Paso de los Toros, Carlos Reyles, Durazno, and nearby communities participated in training courses funded by the Foundation. Additionally, 341 people took part in community development initiatives promoted in the region, reinforcing the company's commitment to strengthening education and social inclusion.

Carlos Reyles Agricultural School: Expanding education access for rural youth

One of the key milestones of 2024 was the opening of the Carlos Reyles Agricultural School, a project developed in partnership with the Technical University and DAT Fundación of Carlos Reyles.

The UPM Foundation donated modules constructed by a local company for UPM Paso de los Toros development project phase, adapting them to serve as classrooms, common areas, dormitories, bathrooms, and a dining hall. The school offers the Basic Rural Technological Course for young students from rural communities in Durazno and Tacuarembó departments. In 2024, 20 students started the course, and due to high demand, the school will expand its capacity to 45 students



Carlos Reyles Agricultural School

in 2025. This project offers the opportunity of continuing studying for inland children.

Housing Donation

As part of its social initiatives, UPM donated housing modules that had been used in Paso de los Toros during the construction phase. These units were converted into twelve family homes and subsequently donated to families in the Department of Río Negro.

Railway Safety Awareness Programme

Following the recent commissioning of the Central Railway, UPM implemented a Railway Safety Awareness Programme aimed at informing the public, raising awareness, and preventing accidents in railway environments. The initiative targeted both communities directly affected by the train route and those that, while not located along the line, are required to adapt to new traffic regulations.

The programme was structured around two main pillars: community engagement, through workshops and training sessions, comprising digital content, printed materials, and the involvement of key public stakeholders.

As part of this initiative workshops for local, institutions, authorities and leaders were held in four departments, with a total of 132 participants, of which 62 successfully completed the programme. Additionally, direct communication channels are in place to facilitate the dissemination of information and address questions related to railway safety.

For the educative public 290 awareness workshops were held for primary and secondary levels as well as technical universities (UTU), exceeding the original target by 119%. These workshops were held at local institutions located along the railway line, reaching a total of 7,353 students, who were informed about the characteristics of the train, potential hazards, and best practices for road safety. Teachers' workshops were also organised, achieving 295 professors with specialised safety training.

As part of the broader safety strategy, informative meetings were conducted with residents in towns where Type III level crossings (Stop sign and St Andrew's Cross) are present. In total, 8 localities were visited, 50 level crossings were inspected, and 7,000 brochures and 2,000 posters were distributed.

Biodiversity

New High Conservation Value areas – Expanding the Biodiversity Reserve Network

During 2024, UPM continued to strengthen its commitment to biodiversity conservation by creating two new High Conservation Value Areas (HCVA), incorporating ecosystems with considerable natural wealth and species of significant importance for conservation, many of which were previously not represented in the Network.

HCVA Sierra de Ríos

This new area, located in the northeast of the Cerro Largo department, comprises four properties totalling 237 hectares. It features a combination of natural environments such as ravine forest, riparian forest and natural grasslands.

In this area, 327 species of flora have been recorded, including 22 priority species for conservation according to the National System of Protected Areas (SNAP) and 8 endemic species. With its incorporation, 22 new species are now part of the UPM Biodiversity Reserve Network.

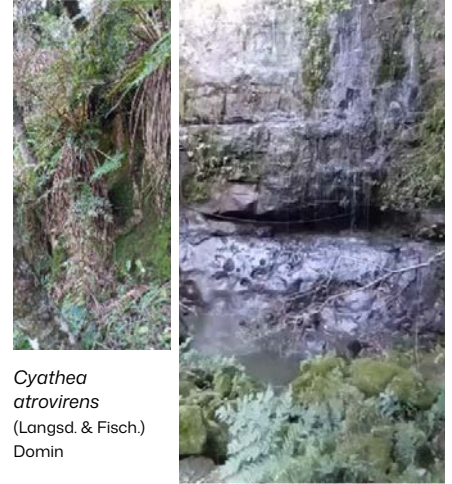
Location of HCVA Sierra de Ríos

From an ecosystem perspective, the area includes three properties within the protected landscape Paso Centurión and Sierra de Ríos, part of SNAP, and one located nearby. It is located within Grid C15, classified as priority I by SNAP, and it belongs to the Sierras del Este ecoregion.

Moreover, it has been identified as an Important Bird Area (IBA, UY013: Sierra de Ríos) and hosts ecosystems considered endangered or critically endangered, increasing its value in terms of ecological representativeness and complementarity.



Parodia tenuicylindrica (F. Ritter) D.R. Hunt



Cyathea atrovirens
(Langsd. & Fisch.)
Domin

HCVA Cascadas de Tacuarembó

Located in Tacuarembó department, in Paso Manuel Díaz, near the border with Rivera department, this HCVA comprises 275 hectares across two properties, which conserve ravine forest, cliffs and natural grasslands. Both sites are distinguished by their natural waterfalls, which provide significant scenic value to the environment.

In this area, 478 species of flora have been recorded, of which 24 are considered priority species for conservation, 12 are endemic and 11 species are being incorporated into the UPM Biodiversity Reserve Network for the first time.

From an ecosystem perspective, this area is situated within Grid H11 (priority V for SNAP), forms part of the Gondwana sedimentary basin and has been identified as an Important Bird Area (IBA UY003: Quebradas and Praderas del Norte). Similar to the Sierra de Ríos, it conserves ecosystems that are either endangered or critically endangered, thus, strengthening the biological representativeness of the conservation network.



Environmental parameters

The figures related to production as well as raw material and energy consumption are published as aggregated figures on group level in the UPM Corporate Environmental and Societal Responsibility Statement.

		2024
Production capacity	Pulp	2,100,000 t
Raw materials and additives	Wood Pulping and bleaching chemicals	See UPM Corporate Environmental and Societal Responsibility Statement for more information
Energy¹⁾	Biogenic fuels Fossil fuels	93% 7%
Emission to air	Carbon dioxide, CO ₂ (on-site fossil emissions, scope 1) Carbon dioxide, CO ₂ (fossil emissions from purchased energy, scope 2) Nitrogen oxides, NO _x Sulphur dioxide, SO ₂ Particulates Total reduced sulphur, TRS	238,387 t 83 t 2,568 t 66.7 t 100.1 t 11.9 t
Water intake	Total raw water	46,201,224 m ³
Discharges to water	Process wastewater Process wastewater quality indicators – Biochemical oxygen demand, BOD ₅ – Chemical oxygen demand, COD – Suspended solids, TSS – Nitrogen, N (total) – Phosphorus, P (total) – Adsorbable organic halogen compounds, AOX	36,474,821 m ³ 418.0 t 7,778 t 340 t 48 t 17 t 33 t
Non-hazardous waste²⁾	Waste to recycling, energy recovery and/or composting – Sludges – Bark and wood waste – Lime recycling – Metals – Waste paper and board – Others ⁴⁾ Waste to landfill and incineration w/o energy recovery – Green liquor dregs – Ash – Sludges – Lime – Domestic – Others ⁵⁾	19,800 t 45,327 t 575 t 355 t 25 t 9,474 t 12,003 t 19,869 t 510 t 3,510 t 410 t 1,673 t
Hazardous waste		71 t
Total use of land	Total sealed area Total nature-oriented area on site Total nature-oriented area off-site ³⁾	354.4 ha 84.9 ha 269.5 ha 306.7 ha

¹⁾ See UPM Corporate Environmental and Societal Responsibility Statement for more information.

²⁾ Dry weight

³⁾ Corresponds to El Cencerro, located southwest of the UPM Paso de los Toros mill. This area is managed by UPM Forestal Oriental.

⁴⁾ Correspond to sand and stones from woodhandling area.

⁵⁾ Correspond to used lime kilns bricks, used cloths and felts from drying machines, empty bigbags, etc.



Environmental objectives

Among the objectives set for 2025, the following can be highlighted:

- Continue transparent and effective proactive communication of environmental issues to all stakeholders.
- Contribute to UPM's corporate commitment to environmental responsibility.
- Promote environmental awareness within the mill, its main suppliers and partners, and all subcontractors working in mill area.
- Comply with the key environmental indicators defined for 2025 (see below).

Performance against targets in 2024

	Target	Achievement*	
COD discharge to the river (annual average)	≤ 5 kg/ADt	Achieved	Stable operation
Effluent discharge to the river (annual average)	≤ 18 m ³ /ADt	Not achieved	Continue water consumption optimization in process areas as well as smooth operation
Total phosphorus discharge to the river (monthly average)	≤ 140 kg/d	Achieved	Stable operation, raw material control.
Total nitrogen discharge to the river (monthly average)	≤ 518 kg/d	Achieved	Stable operation
Availability of strong odorous gases handling (annual average)	≥ 99.9%	Achieved	Stable operation
Availability of mild odorous gases handling (annual average)	≥ 99.5%	Achieved	Stable operation
Number of category 3+ deviations	Zero	Not achieved*	13 category 3 deviations

* see page 6 for more details

Targets for 2025

	Target	Focus actions
COD discharge to the river (annual average)	≤ 5 kg/ADt	Stable operation without significant disturbances.
Effluent discharge to the river (annual average)	≤ 20 m ³ /ADt	Stable operation without significant disturbances.
Total phosphorus discharge to the river (monthly average)	≤ 140 Kg/d	Stable operation, raw material control.
Total nitrogen discharge to the river (monthly average)	≤ 518 kg/d	Stable operation without significant disturbances.
Availability of strong odorous gases handling (annual average)	≥ 99.9%	Stable operation without significant disturbances.
Availability of mild odorous gases handling (annual average)	≥ 99.5%	Stable operation without significant disturbances.
Amount of permit exceedances	Zero	Stable operation



Validation statement

As an accredited environmental verifier (FI-V-0001), Kiwa Sertifointi Oy has examined the environmental management system and UPM Paso de los Toros Environmental and Societal Responsibility 2024 statement as well as the information concerning UPM Paso de los Toros in the UPM Corporate Environmental and Societal Responsibility Statement 2024.

On the basis of this examination, the environmental verifier has herewith confirmed on 2025-06-03 that the environmental management system, the UPM Paso de los Toros Environmental and Societal Responsibility 2024 statement and the information concerning UPM Paso de los Toros in the UPM Corporate Environmental and Societal Responsibility Statement 2024 are in compliance with the requirements of the EMAS Regulation (EC) No 1221/2009.



upm.com

UPM Paso de los Toros

Camino el Tala, Ruta 5 Km 245,9
45100, Paso de los Toros
Tel. (+598) 466 20 100

For further information,
please contact:
Valentina Vignola
Environmental Manager,
UPM Paso de los Toros
valentina.vignola@upm.com

Marcelo Cardozo
Communications Manager
marcelo.cardozo@upm.com