

Carbon Neutrality

Contributing to the creation of a sustainable future,
with wood-based solutions





1. Intro

Sonae Arauco is aligned with the Paris Climate Agreement's goal of limiting global warming to 1.5 °C above pre-industrial levels, to halve emissions by 2030 and reach net zero carbon emissions by the middle of the century. Sonae Arauco Carbon Neutrality Program is a tailor made decarbonization roadmap to inform Sonae Arauco's carbon neutrality

ambition. In line with this commitment, we are starting to implement and monitor several mitigation actions to decarbonize our activity regarding carbon neutrality by 2040 (scope 1 and 2) and a strong effort to decarbonize our value chain (scope 3) until 2050, under our commitment to tackle the climate crisis.

2. Sustainable Features

- Climate Perception: a company committed to carbon neutrality signals a formal pledge to reduce Greenhouse Gas (GHG) emissions and achieve a decarbonized activity;
- Long-Term Climate partnership: engaging with a company dedicated to carbon neutrality allows a shared commitment, efforts and benefits to the climate journey;
- Wood products: as a renewable, reusable and recyclable material, wood-based panels allow the decarbonization along the construction, furniture and interior design value chain.



3. Figures

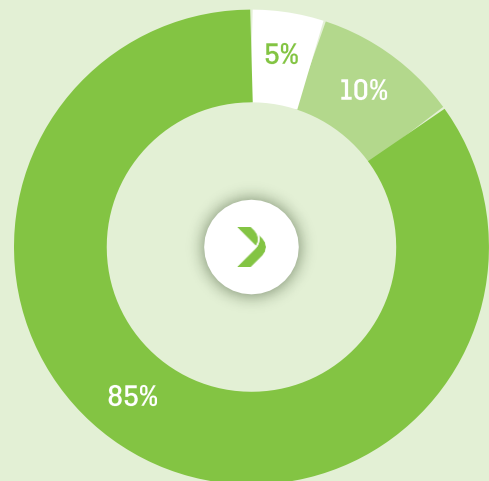
Target | Reduction of at least 59% by 2033.

41% | Since the reference year of 2019, the company has reduced its total GHG emissions by 41%.

38% | Carbon intensity per cubic metre produced has also fallen by 38% since 2019.

16% | Reduction in carbon intensity over the last year – 2024 – (1.18 million tonnes of CO₂ equivalent (MtCO₂e), representing a 16% reduction compared to the previous year).

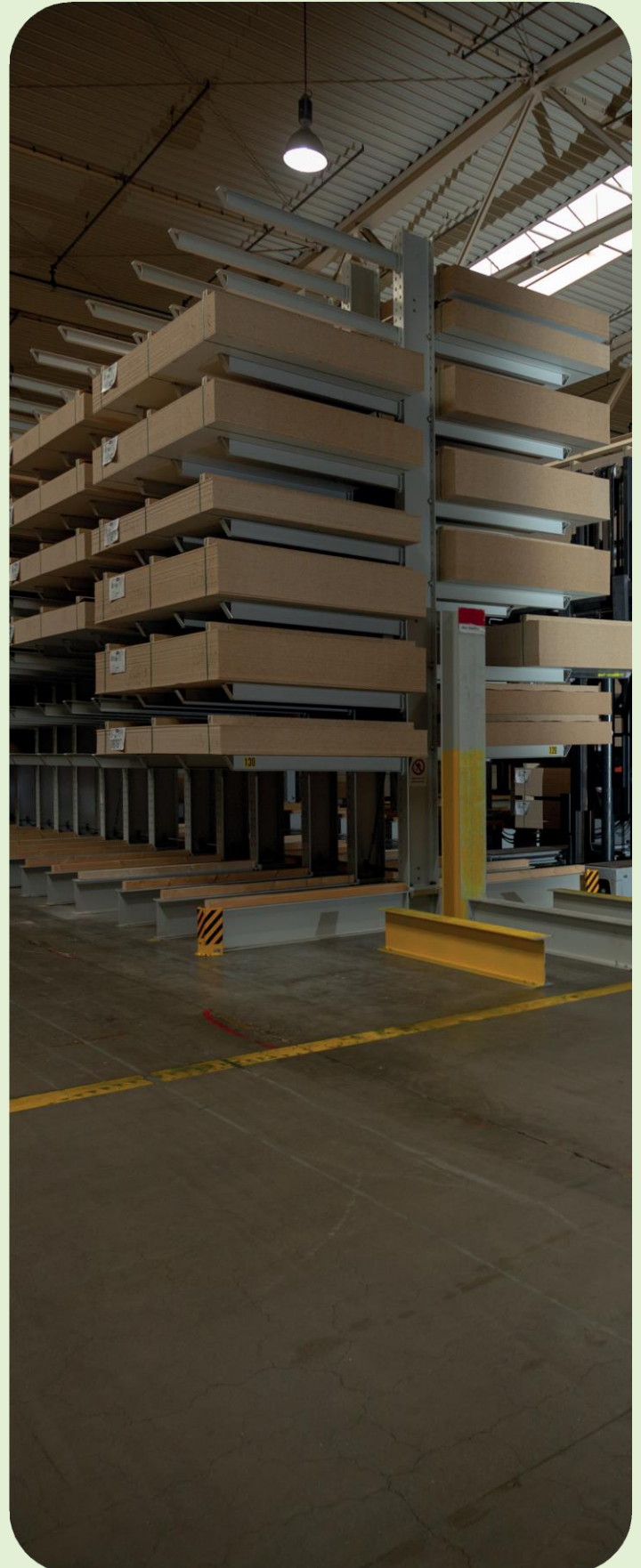
GHG EMISSIONS



- ◻ Scope 1 (direct emissions from owned or controlled sources by the group)
- ◼ Scope 2 (indirect emissions from the generation of purchased or acquired electricity, steam, heating and cooling consumed by the group)
- ◼ Scope 3 (all other indirect emissions - not included in Scope 2 - that occur in the group's value chain, contemplating both upstream and downstream emissions)

4. Customer value

- Brand Reputation: associating with climate responsible suppliers has a positive impact on brand perception.
- Mitigating climate change: partnering with a carbon-neutral supplier supports a company's efforts to reduce its overall carbon footprint.
- Regulatory Compliance: with the increasing climate change regulations demand, collaborating with a carbon-neutral committed supplier helps to ensure compliance with standards and regulations.
- Carbon Footprint: access to products with calculated carbon footprint; access to carbon emissions of the product.
- Climate partnership: our work for decarbonization will help our clients in their own decarbonization journey.
- Access to lower carbon products and services: e.g., ecoefficiency of transport services with Backhauling or route optimization.
- Sharing knowledge in climate: knowledge exchange and capacity building with our clients are critical for the low carbon business model and supply chain.



➤ Carbon Neutrality commitment & ambition: work for GHG emissions reduction; to achieve lower/negative carbon footprint products; to supply carbon storage products – wood products inherently store carbon absorbed during tree growth:

- **Scope 1 & 2** — Reduce corporate emissions by at least 58.8% by 2033 from the base year 2019, and then keep reducing emissions according to a trajectory in line with 1.5°C temperature increase scenario.
- **Scope 3** — Develop a framework of policies, action and targets.

Key Pillars

GHG reduction levers

➤ Reducing corporate emissions (Scope 1, 2 & 3)



- Green energy – PPAs, RE in-situ, green electricity purchase
- Improving energy efficiency – energy efficiency plan
- Phasing out fossil fuels – gas phase out, increase biomass use, process electrification
- Electrifying mobile sources – switch to electric vehicles (fleet), procurement of electric forklifts / loader

➤ Decarbonizing product offer (Scope 3)



- Shifting toward more sustainable raw materials – increase of recyclable wood, adoption of bio-based resins
- Working with suppliers to decarbonize upstream transportation
- Implementing more circular business models - increasing the lifetime of the products' use; working with value chain to increase in recycling rates / decrease in landfill rates

➤ Decarbonizing logistics (Scope 3)



- Supplier selection based on ESG criteria
- Working with suppliers - cooperating with forwarders and haulers on the topic of alternative lorry drives

5. Case Study

Decarbonization with Renewable Energy

Sonae Arauco continues to expand its renewable energy portfolio across several industrial sites, reinforcing the company's path toward decarbonization and energy autonomy. These initiatives combine on-site photovoltaic generation, long-term PPAs and increased energy efficiency measures aligned with our Carbon Neutrality Program.

Photovoltaic Expansion Across Iberia

Linares was the company's first industrial unit to adopt self-consumption photovoltaic production, following the implementation of a PPA.

Valladolid has a large-scale photovoltaic park with more than 13,000 solar panels.

The **Mangualde** unit has entered a new phase of energy autonomy through the construction of a large-scale photovoltaic park located near the plant, with more than 30,000 solar panels.

Oliveira do Hospital is also implementing the installation of panels on parking areas, rooftops and nearby land — totalling more than 17,000 panels. Both projects are expected to be completed by the summer of 2026.

Wind Energy Procurement in Germany

In parallel with photovoltaic expansion, the company benefits from a renewable wind energy PPA supplying a significant share of electricity for its industrial units in Germany. This complements local biomass-based energy generation and contributes to reducing Scope 2 emissions across the region.

Contribution to Carbon Neutrality

Together, these renewable energy projects support key pillars of the company's decarbonization strategy:

- increasing self-generation capacity [Scope 1 and 2],
- reducing dependency on fossil-fuel-based electricity,
- enhancing long-term operational resilience,
- and enabling lower-carbon products across the value chain.

The company also reinforced its low-carbon roadmap through sustainability-linked financing. A **€200 million Sustainability-Linked Loan** ties financial conditions to achieving a 59% reduction in Scope 1 and 2 emissions intensity by 2029.

SONAE ARAUCO

Taking wood further



We are **EcoVadis Gold** rated. [See our rating here.](#)

