

Our Sustainability Journey

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





I. Intro

Sonae Arauco is one of the world's leading producers of wood-based solutions, a natural, renewable and recyclable raw material. Since its inception, the company has focused on the development of sustainable wood solutions with high-added value for construction, furniture, and interior design. The company is convinced of the value of wood for people's lives. Its use contributes to a better life, a better future, and a better planet. Sustainability is therefore an integral part of Sonae Arauco's business strategy.

The company invests in a value chain that starts with the use of raw materials of sustainable origin, which incorporates

by-products from the wood industry and that, in a circular approach, closes the cycle with the reuse and recycling of wood residues, which are also used to produce wood-based panels. This is a virtuous cycle, and recycled wood can be reintegrated into the process countless times.

Sonae Arauco's activity thus thrives around a circular bioeconomy model that fully respects the principle of the cascading use of wood. In cases where it is no longer possible to reintegrate the wood into the process, nothing is lost, and the waste is used as a source of energy for the industrial plants.

2. Sustainable Features

- Raw-materials from controlled sources: we are committed to the concept of sustainable use of raw materials and actively respect this principle in all our business practices.
- FSC® and PEFC certifications
- Circular bioeconomy model: Sonae Arauco is probably one of the best examples of a circular bioeconomy model that fully respects the principle of using wood in cascade.
- Recycling: Sonae Arauco played a pioneering role in creating a wood waste recycling system and, currently, recycling is one of our company's most strategic investments and a significant ally for the challenge of climate change.
- Carbon neutrality: we are working in several lines of action to achieve the zero emissions target, namely with continuous investment in state-of-the-art equipment aimed at reducing the carbon footprint in the production process.
- Forest management: with the rationale "The right species in the right place", we are leading pioneering projects (R&D project, rePLANT trials, Sonae Forest, among others) that aim to contribute to the development of well-managed and resilient forests.
- Green products portfolio: our products have a remarkable capacity to store CO₂, making them a great alternative to materials of fossil origin.

3. Figures

100% use of wood

100% of the wood we use comes from sustainable, certified or controlled sources

100% of all our 11 industrial units are FSC® certified (Forest Stewardship Council®) - SWE and NEE: FSC®-C009049

3Mtons of CO₂ yearly retained, on average, through Sonae Arauco's products

11 Recycling centers

80% amount of recycled wood currently incorporated in some of our product ranges

2040 Commitment to achieve Carbon Neutrality (scopes 1 and 2)

450ha under the management of the Floresta Sonae project to be used as forestry laboratories

4. Customer value

- Brand reputation: Sonae Arauco's wood-based solutions play a key role in the transition the world needs to make to a new economic model.
- Products green credentials:
 - as carbon retainers, our products play an important role in mitigating CO₂* emissions and present themselves as important allies in the challenge of climate change
 - due to their insulation characteristics, our products improve the building's energy efficiency, avoiding the consumption of fossil energy
 - high level of recycled wood content
 - can be recycled and transformed into new products at the end of their useful life, as part of a continuous recycling cycle
- Circular Economy (smart use of wood and wood residues and avoiding burning or landfilling)
- Compliance with the material requirements for Green Building Standards (as LEED® - Leadership in Energy and Environment Design certification)
- Our PB, MDF and OSB solutions are available with formaldehyde-free resins

* CO₂ produced by human activities is the largest contributor to global warming.

5. Case Study

Planting the seeds for a better future: our pioneering forestry R&D project

Created in 2020, this pioneering initiative, launched in Portugal, aims to help forest producers to significantly increase their production and accelerate the return on the investment in the forest. Since its inception, the project has evaluated more than 200,000 pine radiata and maritime pine seeds from different families (244 in total) and origins (Portugal, Spain, France and Chile), and is testing and comparing the behaviour of plants in different soil and climate conditions in Portugal. For that, 12 different trials across inland and coastal areas, in a total area of about 35 hectares, are being managed by Sonae Arauco, in a process that assures full traceability.

Through continuous measurement of survival and growth indicators, the project enabled the identification of a first group of 10 radiata pine families best adapted to Portuguese conditions. These selected families show a consistent balance between high survival and growth performance, delivering an average growth gain of 26% in national conditions. This represents a major step toward reducing plantation risk and improving forest profitability.

In the long run, the project is aimed at reproducing the selected plants on a scale, enabling forest producers to access plants of high genetic quality and productivity, contributing to an increase in the profitability of the pine value chain.



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