

ANNUAL REPORT ESG 2020





This Annual ESG 2020 Report demonstrates how LUMIN has kept its sustainable commitment to development. Overall, LUMIN's three-fold operations have had impact: economic, social and environmental.

To better illustrate the adoption of and environmentally socially sustainable practices on the part of LUMIN, the **Environmental Governance** (ESG) Social approach is used. Thus, this report is aimed at providing stakeholders with relevant information regarding projects underway and ongoing efforts, as well as the general strategic scheme as a part of which they are performed. The assessment of how actions undertaken by LUMIN contribute to the attainment of Sustainable Development Goals is in progress.





Methodology

This report is based on qualified information provided by LUMIN, in addition to in-depth interviews provided by over 30 consulted references, individual civil society players and local organizations.

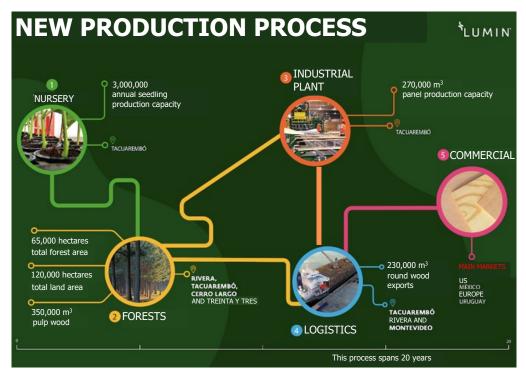


BUSINESS REPORT

Despite the uncertainty that dominated the start of 2020, reliance on resilience and learning capacities enabled LUMIN to make a historic conquest, maintaining very good plant production levels in line with projections. Opportunities were seized and markets gained while remaining close to its clients. Plant expansion works were not interrupted.

Overall, LUMIN's **economic performance** was good in 2020. A higher plant production efficiency allowed processing of a total volume of 245,000 cubic meters, while sales amounted to more than 260,000 cubic meters, meaning that stock levels were easily manageable.

A great deal of emphasis was placed on **sustainability** in 2020, leading to the creation of market competition for a higher-quality niche, where LUMIN stood out above its competitors for its responsibly managed forests and it value-added products for environmental sustainability, as reflected in the implementation of projects like the carbon emission capture initiative, which translated into positive economic, financial and environmental results for LUMIN.

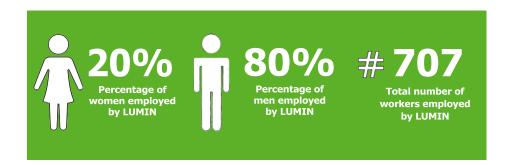




The construction of a **third plant line** in Tacuarembó, with investments amounting to around 31 million dollars, is on schedule, with rigourous protocols put in place by supplying and contracting companies in the framework of the Covid-19 pandemic. The plant is scheduled for commissioning in June 2021, and projected to reach its full capacity in 2022, with an additional 34,000 cubic meters of plywood. The **storage warehouse** under construction in the proximity of both the Port and the Central Railway Station in Montevideo is strategically located to facilitate road and rail transportation. The completion of works, based on an investment of around 8 million dollars, is projected for June 2021.

IMPACT ON EMPLOYMENT

707 workers, over 80% of whom are wagers.

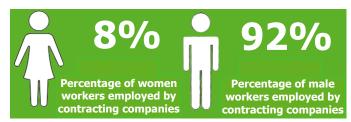


Over 35% of 114 monthly paid workers are women of average age 41, while the average age of the male workers is 44. Of a total of 593 wager workers, 18% are women of average age 38, the average age of the male workers being 39. At the managerial level, 25% of a total of 8 positions, including the CEO, are occupied by women.

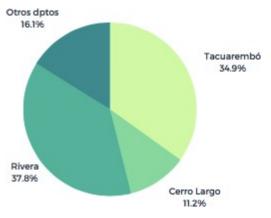
LUMIN's commitment to **social inclusion** is not to be ignored, employing 2 audibly disabled workers in the nursery, in addition to joint collaboration with PRONADIS and MIDES toward creating an inclusive employment selection process for application in calls for vacancies in future.

A total of **54 contracting companies** trading in forestry, industrial and transportation operations create **524 work places** across the sector.





Place of origin of workers employed by contracting companies by department



The largest portion of workers live in Rivera department, whether the capital, Rivera, or Tranqueras; followed by Tacuarembó, Cerro Largo, Durazno, Paysandú and Treinta y Tres. These figures demonstrate the **localized impact** of operations carried out by LUMIN and its contracting companies, creating labor opportunities for workers living the localities where its operations are carried out routinely.

SALES AND MARKETS

LUMIN's clients are ever-increasingly interested in social and environmental responsibility as well as a long-term perspective over product and product waste sustainability.

International demand rose in 2020, in particular, in the **United States**, where it accounted for 51% of LUMIN's total sales. The rise in demand in the US was also accompanied by good prices, an opportunity that was seized and capitalized upon, making 2020 a year in which sales and prices in the US market reached historic levels. The do-it-yourself market niche, associated with domestic consumption and repairs, consolidated thanks to the uninterrupted availability of LUMIN's supply. Demand for higher-quality products also consolidated in 2020.

Given the high demand in the US, LUMIN's clients in Mexico were also maintained, with a focus on strategic clients, given the high demand in the US. As for the European market, although in a recess at the beginning due to the impacts of the pandemic, LUMIN's portfolio, strongly oriented towards the product of the third production line (thin peel) consolidated in 2020. With an unchanged portfolio, the domestic market grew steadily, with average volumes above 12,000 cubic meters at all times through the year.

Market reassessment strategies were implemented in 2020 with a view to developing products targeted at the manufacturing sector as end user. The client-oriented marketing strategy was strengthened from a commercial perspective. A close link and efficient communication with sales and marketing staff were aimed at meeting clients' desired product characteristics.

LUMIN's sales market share by region



Marketwise, the pandemic has led to a change in consumption habits both among companies and people, reaffirming a **commitment to sustainability**, in terms of care and responsibility for the environment at the workplace and this generation's legacy to future ones; searching for cleaner, less polluting production processes that result in sustainable products. Likewise, less plastic, more recyclable packaging materials like cardboard, including biodegradable materials, are preferred.

PRODUCTION PROMOTION AND SUPPLIER DEVELOPMENT

LUMIN's productive ecosystem brings together a large number of **national and local suppliers**, as well as contracting companies in peak periods, whether for forestry operations or projects, such as new investments in industrial facilities, and the purchase of services, including diverse professional services

Of a total of 952 supplier companies actively trading with LUMIN in 2020, 590 are linked to industrial projects and 362 are involved with nursery and forestry operations.



Distribution of grazers across LUMIN's land



LUMIN's productive integration strategy engages 200 grazers owning around 30,000 heads of cattle, sheep and mares. These agreements enable the integration of forestry and livestock production activities, facilitating appropriate use of resources available in LUMIN's property; by way of example, it leads to a reduction in the risk of fire. Socially, a close work link is established with producers from the area of influence.



LUMIN also has dealings with 86 **beekeepers**, with a total of 11,823 hives in adjoining areas. A large number of beekeepers settled in the vicinity of Tranqueras, where a spacious cottage made available by LUMIN enabled the installation of a honey extraction facility employing around 18 workers in peak production periods.

GOVERNANCE AND STAKEHOLDERS

The virtuality imposed in 2020 presented important governance challenges, which were lessened to a great extent by periodical meetings.

In this year, dividends were distributed to shareholders, in addition **major organizational restructuring** was made in different aspects, in particular, financial and commercial, leading to the creation of the Chief Operating Officer position and a Strategic Planning Management role.

LUMIN has dealings with nearly **60 institutions and organizations** from the public, private, civil society and educational sectors; in addition to actively participating in various Commissions.





LUMIN has supported the Forestry Trust launched by the Sociedad de Productores Forestales as a tool to address the social needs generated by the Covid-19 pandemic. Aid was provided in support of projects like the construction of the **Transitory Lodging Facility** for persons living rough in the City of Tacuarembó.

ENVIRONMENT



La marca del manejo forestal responsable A new Forestry Management Certification, according to the Forest Stewardship Council® (FSC® C162602) was awarded to LUMIN in 2020. LUMIN's Management System has enabled the management of different operations over the years, leading to the identification of those aspects linked to its forestry operations that environmentally, economically and socially impact on the management unit and the environment at the site of operations. This Management System describes the responsibilities, procedures and documentation required to ensure compliance with the requirements defined in the responsible forest management standards as per UNIT 1152:2014, the Forest Stewardship Council®, and the chain of custody standards as per FSC, and PEFC, for the certification of Grupo Uruguay S.A. (LUMIN).



carbon sequestration project, started generated a good level of income in 2020, with the sale of 1.5 million vcu (equivalent tonne of carbon). These bonds wer sold to BTG and, locally, FIDOCAR, in the framework of its new campaign for its automobile sustainability operations, becoming the first company in Uruguay—indeed, in Latin America—to offset emissions linked to its operations. The reference area still spans 18,000 hectares in Cero Largo and Treinta y Tres, with projected expansion amounting to an additional 1,000 hectares. The target for 2021 has been set at maintaining the new community and biodiversity certification and performing a check with a view to obtaining the totality of potential carbon credits, amounting to an increase from 3 to 6 million. 8

HIGH CONSERVATION VALUE AREAS

In the context of LUMIN's Management System and its responsible forest management certification, **High Conservation Value Areas**, defined as those physical areas and spaces that have, and/or are necessary for the existence and maintenance of, High Conservation Values. LUMIN has in place a management plan to maintain and/or enhance the attributes of these areas.

The attributes used to identify these areas include:

HCV1 - diversity of species

HCV2 – large forests

HCV3 – ecosystems and habitats

HCV4 – critical ecosystem services

HCV5 – community needs

HCV6 - cultural value



HCVAs on land owned by LUMIN

FARM NAME	DEPARTMENT	ТҮРЕ	CLASSIFICATION	
PASO REAL	Cerro Largo	Biodiversity concentration	HCVA 1	
MACACHIN	Cerro Largo	Biodiversity concentration	HCVA 1	
BUENA VISTA 1	Rivera	Biodiversity concentration and unique ecosystems	HCVAs 1 AND 3	
LA CORONA	Tacuarembó	Biodiversity concentration	HCVA 1	
DOROTEO	Treinta y Tres	Biodiversity concentration	HCVA 1	
GALLO	Treinta y Tres	Biodiversity concentration	HCVA 1	

All sites identified as having historical-cultural value were analyzed by independent consultants and it was confirmed that they do not have enough attributes for their inclusion as a HCVA6. Like those identified as HCVAs, these areas have a Management and Conservation Plan.

High historical-cultural value sites on land owned by LUMIN

FARM NAME	DEPARTMENT	ТҮРЕ	CLASSIFICATION
EL ALIJO	Cerro Largo	Manor house	Historical-Cultural Value
EL LAZO	Cerro Largo	Stone-walled pen	Historical-Cultural Value
QUEBRACHAL 1	Cerro Largo	Stone-walled pen – a cemetery	Historical-Cultural Value
FRAILE MUERTO	Cerro Largo	Stone-walled pen and	Historical-Cultural Value
ANDRADE	Cerro Largo	Stone-walled pen	Historical-Cultural Value
GUARDIA VIEJA	Cerro Largo	Chapel	Historical-Cultural Value
ALAMO BLANCO	Rivera	Manor house	Historical-Cultural Value
CERRO DEL MEDIO	Rivera	Hillside of Cerro del Medio	Historical-Cultural Value
LAS PORTERAS	Rivera	A cemetery	Historical-Cultural Value
CURTICEIRAS 1	Rivera	A cemetery	Historical-Cultural Value
EL HORNERO 1	Rivera	Stone-walled pen	Historical-Cultural Value
LA CAPILLA	Rivera	A cemetery	Historical-Cultural Value
LAURELES	Rivera	A cemetery	Historical-Cultural Value
CAPON ALTO 3	Rivera	A cemetery	Historical-Cultural Value
LA LUMINOSA 1	Rivera	A cemetery	Historical-Cultural Value
LA LUMINOSA 3	Rivera	A cemetery	Historical-Cultural Value
DEL NARANJO 1	Rivera	A cemetery and a mud hut	Historical-Cultural Value
MOLLES	Tacuarembó	Steep hill (Cerro de la Guardia	Historical-Cultural Value
LA PALMA 1	Tacuarembó	A cemetery	Historical-Cultural Value
LAMBARE	Tacuarembó	A cemetery	Historical-Cultural Value
EL ESPINILLO 3	Tacuarembó	A cemetery	Historical-Cultural Value
MIRASOL	Treinta y Tres	Stone-walled pen	Historical-Cultural Value





LA CORONA

It was 20 years before 2020 that LUMIN carried out one of its most emblematic research studies: Quantization of Forestry **Effects** Environmental in Uruguay, conducted in La Corona, where climatic and have been available. hydrological data Presently, works aimed two research Master's theses on water quality from the School of Agronomy of UdelaR are underway; two others on the carbon cycle in forestry plantations, and another on water hydrophobicity have been completed. Besides, the Forestry Engineer first in Uruguay graduated in 2020, following a climate change assessment study that she carried out as final theses using trees provided by LUMIN.





Moreover, La Corona is considered an AVC 1 site, that is, a forested area containing significant biodiversity concentrations worldwide, region-wise or nationally. Therefore, a Management and Conservation Plan for the site was employed mainly to protect those natural areas with the highest value from the standpoint of ecosystems' functions at La Corona, as well as in other AAVCs. The is targeted at maintaining improving biodiversity concentrations, as as developing research conservation efforts that enable to acquire knowledge about the fauna and the flora their interaction with and forestry operations on the site.

Likewise, work has begun with **Consorcio Forestal**, formed by the Asociación de Productores Forestales, INIA, and LATU, with a view to establishing a working team for hydrologically modeling the use of water in forestry, with a focus on forestry policy.

SAFETY, HEALTH AND TRAINING

2020 marked **10 years without accidents in the workplace,** reflecting LUMIN's commitment under the motto "safety first always". LUMIN's accident prevention strategy materialized in training programs, audits and procedures that created a cultural change in the workplace.

Marked by the Covid-19 pandemic, the year 2020, from its start, required the implementation of internal protocols in line with the recomendations of the Uruguayan government authorities and the World Health Organization (WHO), in the framework of Uruguay's national coronavirus abatement plan. Prevention measures in the workplace included remote work whenever possible, the implementation of transportation, truck sanitation and cleaning protocols. All national and international trips were cancelled, promoting virtual meetings, whether by telephone call or videoconference. Company-wise, internal dissemination campaigns were carried out and talks delivered by LUMIN's health team.





Internal education and training in major fields was not interrupted in 2020, with the participation of 688 staff in as many as 22 programs. Among these was an introductory course of FSC management, with the participation of 168 staff, including LUMIN's collaborators and senior staff from forestry sector contracting companies. The course was delivered by SGS Uruguay.

In the context of a virtual reality, LUMIN launched initiative aimed at delivering aid families the of its to collaborators, focused on the promotion of education, commitment and willingness to learn. To such effect, 15 DELL notebook computers were delivered to 4th- to 6th-grade high-school students with a minimum average score of 9.





Introducción Principios y Criterios FSC.

> Ing. Agr. Natalia Marius SGS Uruguay Junio 2020

SOCIAL RESPONSIBILITY AND ENVIRONMENTAL CARE

In 2020, LUMIN did not cease to exercise its **social responsibility**, providing support to 18 initiatives. This way, LUMIN's commitment to education, environment, health and welfare was realized. In addition, LUMIN aided in the social and economic recovery of the communities it is part of, favoring the implementation of socioeconomic inclusion endeavors.

2020 Social Responsibility and Environment Care projects

LUMIN supports the local communities by engaging in projects that impact on its employees and their families.

PROJECTS	GOALS	PERSONS IMPACTED	COMMUNITIES
Centro CERCA	Cardiac rehabilitation program for workers from LUMIN as well as from other bodies like the Municipality, the Armed Forces or COMTA	100 trained individuals potentially impacting 300	Tacuarembó
Costureras del Norte	Education and technical assistance for women entrepreneurs from the sowers group affected by the COVID situation, and donation of materials by LUMIN and other local businesses	15 women	Tacuarembó, Paso de los Toros, Pueblo Centenario
Sustainably built school	Donation of materials to aid in the construction of the first environmentally sustainable school in the department	1200 students from rural communitites	Balneario Ipora , Tacuarembo
Instituto Nacional de Rehabilitacion	Donation of machinery, tools and materials for the construction of a Carpentry Workshop in Unit 26 of the local prison	220 persons deprived of freedom	Tacuarembó
Program Uruguay Cardioseguro	Donation of an external defribillator and hours of training physical education teachers working in public sporting facilities	Potentially reaching 54,000 inhabitants citiwise	Tacuarembó
Niños con alas	Support to school children from vulnerable environments focused on improving education, aiding with scholarships from godmothers/godfathers to ensure educational continuity	1 girl	Montevideo
Laptop donation	Donation of laptops and backpacks for children of LUMIN's employees	15 students	Tacuarembo
La Casona in Tranqueras	Agreement for the use of old cottage for honey extraction projects and a beehive workshop and an ecchinotherapy center	18 workers	Tranqueras, Rivera
CAIF Centurion	Renovation of chapel on site owned by LUMIN for establishement of rural CAIF	6 children from the community	Centurion, Cerro Largo
Aid for women woodcutters	Social and labor inclusion project managed jointly by the Ministry for Social Development and LUMIN in support of family-run initiatives led by women, related to forest-based/sourced products	3 women and their families	Tacuarembó

PROJECTS	GOALS	PERSONS IMPACTED	COMMUNITIES
Lecciones de la Tierra	Support to Uruguay's education system, through various programs, pedagogical resources and teacher-training sessions delivered through CEIBAL virtual environment	250 teachers	De todo el pais
Proyecto Arbol	Sensitization campaigns on the care of tres and native species delivered in rural schools and communities	66 teachers and parents from rural communities	Tacuarembó
Centro ARCOIRIS	Education and comprehensive care center for children of workers from LUMIN and the community.	61 children and their families	Tacuarembó
Education scholarships	Education scholarships as aid for children of LUMIN's workers (Residencia Sagrada Familia in Montevideo)	2 students	Tacuarembó
Sporting facility La Matutina	Sporting facility for children and adolescents from La Matutina and adjoining areas	544 students and 130 choldren and adolescents from the local community	Tacuarembó
Bus stops	Construction of bus stop shelters for LUMIN's employees as well as regular users in Tacuarembó	630 workers and 4500 users	Tacuarembó
Lactation room	Lactation room in Rivera's hospital	600 hospital staff and 65000 users	Rivera
Technical school	Aid for UTU Tacuarembó's Carpentry course through materials and technical support	600 hospital staff and 65000 users	Tacuarembo

EDUCATION AND SOCIAL CARE



Until June 2020, Centro de Educación y Cuidado Arcoíris, serving specifically LUMIN's collaborators and their families, operated virtually with over 60 children, while also maintaining a sustained link with their families. A Whatsapp group was created to make available attractive pedagogical tasks according to age; meanwhile, home visits were held. After the normality, return to networking with qualified staff and other institutions was resorted to in order to address critical issues experienced by families-whether related to food, clothing or mental health, among others.



LUMIN supported and contributed to the construction of a sustainable **classroom** in Boarding School No. 160 in Iporá, in the department of Tacuarembó, with the donation of panels and by-products derived from the manufacture of panels for the construction of a sustainably built classroom. Some of LUMIN's collaborators were involved in the construction process. Receiving children who attend rural schools, this institution provides them with a ludicrecreational space, with activities specifically suitable for expanded classrooms held in natural settings, receiving around 250 children per Seventy-five students year. and volunteers from all over the country took part in the works, which lasted 40 days. Thirty of them were students from the local UTU polytechnic secondary school, who now acquired architectural as well sustainable construction skills.



LUMIN donated to Centro Barrio No. 2 in Barrio López Tacuarembó 10 computers, switchboards and leftover cut-outs of high-quality panels for the construction of desks and the renovation of the computer science room. This facility is managed by a commission made residents from of neighborhood and brings together three neighborhoods form the local situated north Tacuarembó Chico stream, spanning an area of 5 km2 across the neighborhoods of López, Etcheverry and Villa Nueva, and home to more than 13,000 inhabitants in total. LUMIN seeks to promote articulated efforts like this, creating a link between a private company, a public actor, like the Municipality οf Tacuarembó, and civil society represented by local residents.



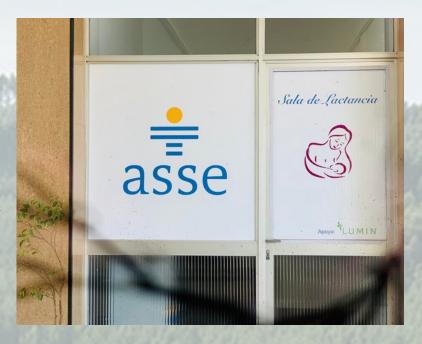
"LUMIN was an active player in the project, contributing ideas, being at the ready and committed to the school and its goals." (Graciela, Headteacher of School No. 84)

Receiving the attendance of national authorities, a **sporting facility** in School No. 84 in the neighbourhood La Matutina in Tacuarembó was inaugurated in 2020. This was implemented as a part of an initiative proposed by a group of neighours to address the social situation of children and adolescents in the locality, made posible by LUMIN through a donation it made to a State Education Support Plan. The facility can be attended by 300 students from Centro Educativo Asociado, including students from the local primary school, UTU polytechnic secondary education school, and other local, primary and lower-secondary schooling institutions. Use of the facility will be subject to a protocol currently being drafted, which will also include locker rooms, restrooms and terraces with a view to extending access to the wider community.

HEALTH AND WELFARE

As a result of the implementation of the national law on lactation, framed within WHO and UNICEF guidelines, public bodies and health care providers are obliged to be furnished with a **lactation room**. Such a room had been identified as necessary in Rivera's hospital in order to meet good feeding practices. LUMIN contributed with equipping the room, which can be accessed by employees as well as users round the clock on a daily basis whether for breast breeding or milk extraction.





Since the establishment of the first Proximate Facility for Basic Cardiac Rehabilitation in Tacuarembó department that it had promoted, LUMIN supported several education and training events. In Healthy Heart Week, technical and medical staff of LUMIN delivered training to personnel of the National Rehabilitation Institute.

In the framework of the Cardiac Safety Program, developed Promotion by National Directorate for the Promotion of Sports, the Honorary Commission for Cardiovascular Health, and other organizations, LUMIN, seeking to contribute prevention of sudden occurrences in sporting centers, donated an external defibrillator (DEA) and provided extensive technical training to Physical Education teachers working in public outdoor sporting facilities in the department. Subsequently, with the collaboration of the Sports Division of the Municipality of Tacuarembó, it was possible to reach other localities.



COMMUNITY AND SOCIO-ECONOMIC INCLUSION



LUMIN aided in the integration of Grupo de Costureras del Norte, made up of 15 entrepreneurial women who their and had income employment opportunities seriously reduced as a result of COVID-19. LUMIN contributed with the purchase of face coverinas and protective materials. This development is still receiving support from INACOOP, LUMIN through towards the formalization and business plan of this initiative.



In coordination with MIDES, LUMIN supported women wood-cutters who were informally accessing the company's land. With technical aid provided by LUMIN, these women workers were formalized, trained in the use of saws, familiarized with labor regulations and sensitized on the application of safetv procedures. Managerial and marketing assistance provided by LUMIN also allowed them to access an increasing number of clients among local operators.



the framework of agreement between LUMIN and the National Institute for Rehabilitation, aid was given to project "Carpentry" developed in Unit No. 26 in the city of Tacuarembó. The project aims to enable prisoners to provide the unit with necessarv furniture while also acquiring skills that will ultimately enable them to reinsert themselves both socially as well as economically.

We were left without sustenance overnight. LUMIN's aid allowed us to pay the rent and provide for our families.

Now we are back on the road again!

(Virginia, sewer)

It changed it all for me. Before, we struggled to live hand to mouth; now we are in a more stable position. We had neither employment nor income; now we have both!

(Inés, woodcutter)

We in LUMIN believe that it is vital to engage with the community and create opportunities for everyone.

This is key to our sustainability policy.

(Mara, HR Manager at LUMIN)

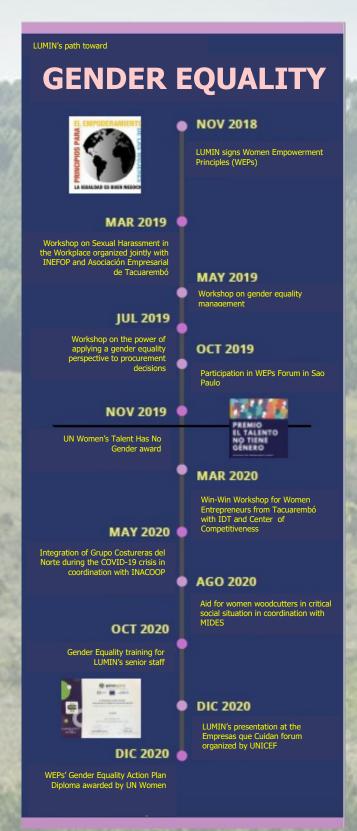


LUMIN contributed to the 29th Watermelon Growing and Forestry Festival held in Tranqueras with the organization of a train tour with scheduled stops at different stages of the LUMIN's production process, aimed at disseminating information on its operations.



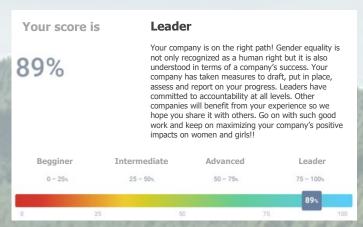
Active communication with the communities of Cañas and Centurión in Cerro Largo Department in 2020 enabled to address topics like road infrastructure and the design of projects aimed at generating demand for labor, in particular, for women. LUMIN also facilitated the establishment of a CAIF in Centurión for children from the rural community, aiding in securing necessary arrangements and the availability of the site where today stand the local church and the CAIF.

GENDER EQUALITY AND DIVERSITY



"LUMIN was one of few companies that provided a clear response from a gender equality perspective during the pandemic, whether with the manufacture of mouth covers or its gender-based violence prevention campaign."

(Teresa, UN Women)



LUMIN's pursuit of gender equality and diversity promotion is reflected in its outstanding performance in the ranking of WEP businesses, the recognition of UN Women for its Gender Equality Action Plan, awarded to those targeting the most prominent goals over the past year, the organization of an event for women entrepreneurs, support for sewers and woodcutters, in addition to gender violence prevention campaigns.





LUMIN and SUSTAINABLE DEVELOPMENT

LUMIN has identified how its principles, practices and daily routines contribute to meeting the Sustainable Development Goals, showing their specific contribution to the sustainable development of communities and sectors where the company trades on a daily basis along its value chain. In 2020, **LUMIN contributed to 14 of the 17 goals.**

Economic



Environmental



Social







LUMIN was awarded the recognition of the Network of Uruguayan Businesses for sustainable development, DERES, business practices, contributing Sustainable Development Goals. The special mention was due to work to Centro Arcoíris and its contribution to ODS 5 "Gender Equality" and ODS 8 "Decent Employment and Growth", Economic also involving Sindicato OSTM, as well as families, teachers and collaborators of Centro Arcoíris, Recognition was also awarded for support given to Costureras del Norte in the framework of the "Reacting in times of pandemic" campaign.