

Greenhouse Gas Inventory Verification Statement

The inventory of greenhouse gas emissions from 01.01.2021 to 12.31.2021 of the company

AGLOMERADOS COTOPAXI S.A.

Company Address: Panamericana Norte km. 21 from Latacunga, Cotopaxi – Ecuador

was verified in accordance with ISO 14064-3:2006 in compliance with the requirements of the standard

ISO 14064-1:2018

For the following activities:

Forestry operations of planting, harvesting and transforming of wood for the production of particleboard, MDF, moldings and solid wood.

Contains:

Net balance of positive action for the climate, equivalent to **190,711.64 tCO₂e** of removals

Resulting from the net balance of:

225,415.00 tCO₂e of biogenic removals of forestry assets (scope/category 1) from 8,927 ha of Pinus radiata, Pinus patula, Eucalyptus globulus and Eucalyptus nitens forests and **34,703.36 tCO₂e** of scope 1, 2 and 3 emissions (categories 1, 2, 3, 4 and 6).

CARBON NEGATIVE: The removals neutralized the emissions and exceeded the capture of Carbon in tree biomass in the forests of the forestry assets with a net balance of **190,711.64 tCO₂e** of biogenic removals.

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Authorized by

Verónica Tapia D.

Verónica Tapia

Knowledge Business Manager

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Issue1.

SGS del Ecuador S.A.

Appointed by the Ministry of Production, Foreign Trade, Investment and Fisheries, through Resolution No. MPCEIP-SC-2022-0001-R

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Brief description of the verification process

SGS has been contracted by AGLOMERADOS COTOPAXI S.A for the verification of direct carbon dioxide equivalent (CO₂e) emissions, indirect emissions by energy, and other indirect emissions, given by AGLOMERADOS COTOPAXI S.A. in its GHG assertion in Aglomerados Cotopaxi Carbon Footprint Inventory Report, version 12.

Roles and Responsibilities

The Forestry Management of AGLOMERADOS COTOPAXI S.A. is responsible for the organization's GHG information system, for the development and maintenance of records, and for the reporting procedure in accordance with this system, including the calculation, information, and reported GHG emissions. It is the responsibility of SGS to express a GHG verification opinion independent of the GHG emissions given by AGLOMERADOS COTOPAXI S.A. in its GHG assertion for January 1 to December 31, 2021.

SGS performed a third-party verification according to ISO 14064-3:2019 requirements of the GHG assertion given for January 1 to December 31, 2021. The assessment included review of documents and records, and interview of personnel virtually. The verification was based on the scope, objective and verification criteria of the agreement between AGLOMERADOS COTOPAXI S.A. and SGS on 04.01.2023, code EC/GYE/664.

Assurance Level

The agreed level of assurance is **Reasonable**.

Scope

AGLOMERADOS COTOPAXI S.A. contracted an independent verification by SGS of its reported CO₂e emissions from its management, to establish compliance with the requirements of ISO 14064-1 within the scope of verification detailed below. Supporting data and information for the GHG assertion were historical in nature and supported by evidence.

This agreement covers the verification of emissions from anthropogenic GHG sources included within the boundaries of the organization and complies with the requirements of ISO 14064-1.

- Organizational boundaries: operational control approach
- Description of activities: Forestry operations of planting, harvesting and transformation of wood to produce particleboard, MDF, moldings and solid wood.
- Location/limits of activities:
The organization has a manufacturing plant for particleboard and MDF, a Forestry Nursery and Forest Plantations.
- Physical infrastructure, activities, technologies, and processes of the organization:
 - Industrial area equipped with boilers for the generation of thermal energy and a dryer that use biomass as a primary energy source, own vehicles.
Forest plantations located in the sectors of:
La Curia, San Joaquín, Santa Ana, Iltio Alto, Colcas, Santa María, El Censo, San Elías, Barrancas, Barrancas Gualaya, Santa Lucía, Ashigua, Cuchitingue, Lapag, Moreta, San Jorge, Monteserrín and Nieves
- GHG Sources included:
Direct GHG emissions and removals:
 - Mobile sources: Diesel consumption for mobility, gasoline consumption (purchase of fuel for own and rented fleet).
 - Stationary sources: diesel for stationary sources, LPG for stationary source, Lubricants, Non-methane volatile organic compounds present in resins with formaldehyde, non-energy gasoline, Non-energy Diesel, Wastewater treatment, Soil application of organic fertilizers and Emissions from forestry operations (pruning, thinning and harvesting).
 - Direct GHG removals from tree species: Pinus patula juvenile stage, Pinus patula mid-adult stage, Pinus patula mature adult stage, Pinus radiata juvenile stage, Pinus radiata mid-adult stage, Pinus radiata mature adult stage and Eucalyptus globulus mid-adult stage and Eucalyptus globulus mature adult stage.

Indirect GHG emissions:

- Consumption of electrical energy in the industrial plant, nursery, and San Joaquín farm.
- Transportation of raw materials and supplies for the production process (Local and international): transportation of purchased biomass, transportation of purchased wood, transportation of refined paraffin, transportation of UF-MDF resin, transportation of melamine paper, transportation of wood veneer, transportation of CARB-MDF resin, transportation of UF-AGL resin, transportation of MUF resin, transportation of paraffin emulsion, transportation of urea, transportation of ammonium chloride, transportation of green dye, transportation of calcium carbonate for moldings, Transport of Finished products, Transportation of personnel from home-work, Consumption of drinking water from the network, Loss from transmission and distribution of energy, Generation of wastewater, LPG kitchen industrial plant
- Types of GHG included: CO₂; CH₄; N₂O.
- GHG information for the following period: 2022
- Global Warming Potentials (GWP): AR5
- Base year: 2021
- Intended user of the verification statement: Internal use; and Relevant Stakeholders.
- Directed Actions: Does not apply in this period.

Objective

The purpose of this verification was to independently review, with objective evidence:

- If the equivalent CO₂ emissions are those declared by the organization in its GHG assertion.
- Whether the data reported is accurate, complete, consistent, transparent, and free from material error or omission.
- Validate that the activity data entered in the Footprint is consistent with the requirements of the ISO14064-1:2018 standard
- Validate that GHG emissions have been neutralized.

Criteria

The criteria against which the verification was carried out are the requirements of ISO 14064-1:2018 and the GHG Protocol.

Materiality

SGS considered materiality below 5% as a requirement for verification, based on the needs of the intended users of the GHG assertion.

Conclusion

The client provided the GHG statement based on the requirements of ISO14064-1:2018 and the GHG Protocol.

The GHG assertion for the 2021 period contains category 1, 2, 3, 4 and 6 emissions for **34,703.36 tCO₂e**, neutralized and exceeded by **225,415 tCO₂e** of biogenic removals, giving a net balance of positive action for the climate of **190,711.64 tCO₂e**. In addition, it generated **59,649.26 tCO₂e** from category 1 biogenic emissions, which were verified by SGS at a reasonable level of confidence, consistent with the agreed verification scope, objectives, and criteria.

Details of emissions and removals are presented in chart N°01.

Type	Emission Sources	Scope 1	Scope 2	Scope 3	TOTAL
Category 1 Direct GHG emissions	1.1 Direct emissions from stationary combustion				
	1.2 Direct emissions from mobile combustion	8,454.93			8,454.93
	1.3 Direct fugitive emissions caused by GHG release in anthropogenic systems				
	1.4 Biogenic removals of forest plantations of Pinus patula, Pinus radiata and eucalyptus globulus and nitens in juvenile, adult, medium and mature adult stages.	225,415.00			225,415.00
Category 2 Indirect GHG emissions from energy	2.1 Consumption of purchased electricity		8,953.81		8,953.81
Category 3 Indirect GHG emissions from transportation	3.1 Emissions from upstream transportation and distribution of goods				
	3.2 Emissions from downstream transportation and distribution of goods				
	3.3 Emissions caused by the daily commuting of employees			15,939.36	15,939.36
	3.4 Emissions caused by the transport of customers and visitors				
	3.5 Emissions caused by business trips				
Category 4 Indirect GHG emissions from products used by the organization	4.1 Emissions from purchased goods				
	4.2 Emissions from capital goods purchased and depreciated by the organization			1,153.82	1,153.82
Category 6 Indirect GHG emissions from other sources	6.1 Any organization-specific emissions (or removals) that cannot be reported in any other category.			201.44	201.44
Total Emissions		8,454.93	8,953.81	17,294.62	34,703.36
Total Removals		225,415.00			225,415.00

Total biogenic removals: **225,415.00 tCO₂e**Total emissions: **34,703.36 tCO₂e**Additionally, **59,649.26 tCO₂e** of biogenic emissions were emitted.

SGS's approach is risk-based, based on an understanding of the risks associated with modeling GHG emissions data and the controls in place to mitigate these risks. Our examination included the evaluation, on a sample basis, of relevant evidence from the emissions information reporting.

We have planned and carried out our work to obtain the information, explanations and evidence that we have considered necessary to conclude with a reasonable level of assurance that the GHG emissions for January 1 to December 31, 2021, are fairly declared.

The audit methods used were data collection, source verification, emission quantification verification, verification of information provided from the inventory, and preparation of the declaration.

The organization has used emission factors taken from the IPCC which uses the GWPs of the IPCC AR5.

We conduct our verification in accordance with the GHG statement of AGLOMERADOS COTOPAXI S.A., including the verification of the GHG information system, monitoring plan and report. This verification includes that the provisions of the reference protocol were consistently and adequately applied.

In the opinion of SGS the GHG statement was submitted:

- Materially correct and is a fair representation of the GHG data and information, and
- It was prepared in accordance with ISO14064-1:2018 on GHG quantification, monitoring and reporting.

This declaration must be interpreted with the GHG statement of AGLOMERADOS COTOPAXI S.A.

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