

2023

Sustainability Report



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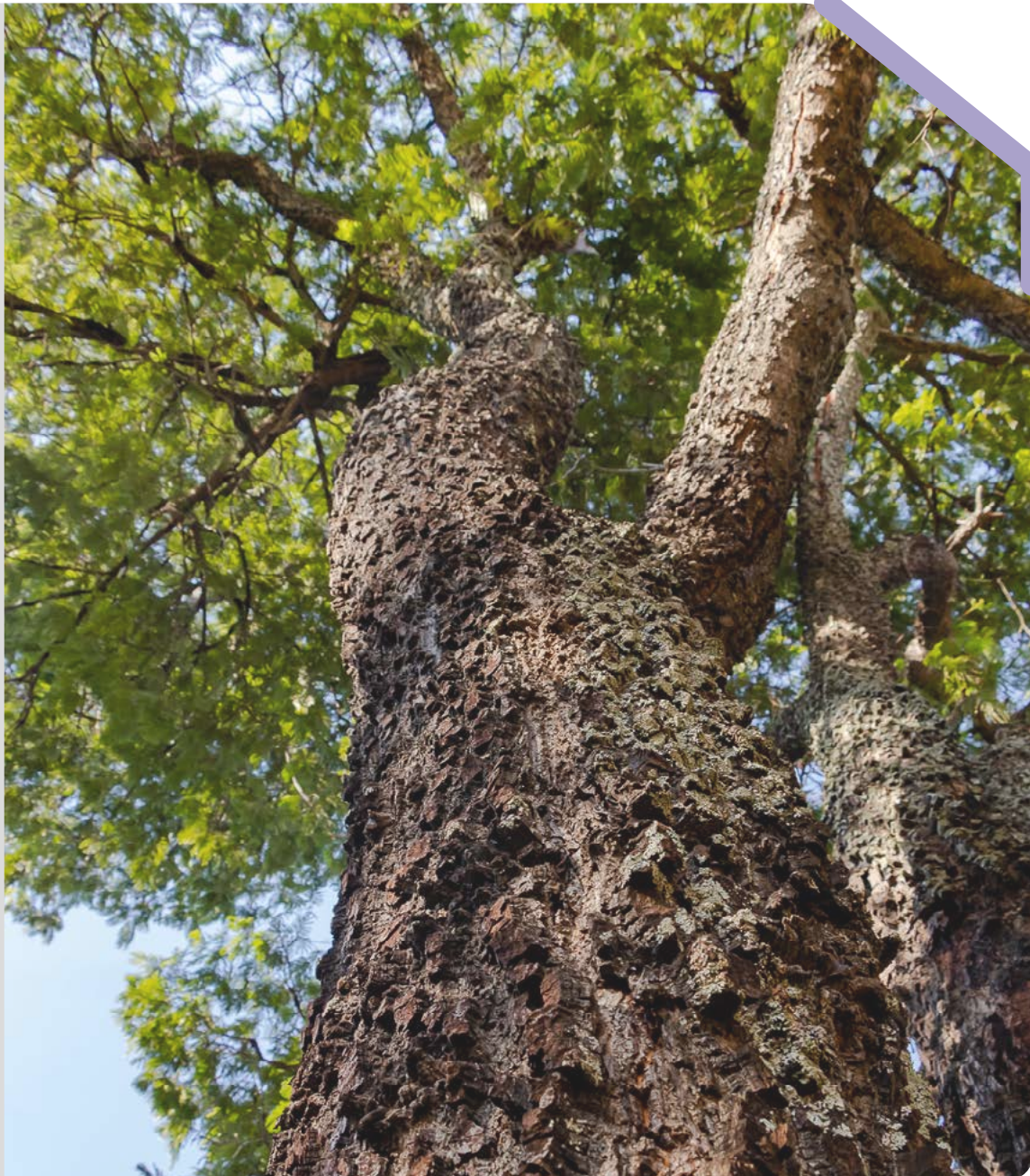
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Presentation

In its 2023 Sustainability Report, Lacan presents the principal results, projects and highlights of its performance in the two areas of business: Lacan Ativos Reais, a pioneering investment manager in the sustainable assets market, and Lacan Florestal, which cares for planted forests and environmental preservation areas in the states of Mato Grosso do Sul, São Paulo and Santa Catarina.

The advances in the management of environmental, social and governance (ESG) matters also deserves special mention. Based upon a fundamentally sustainable activity - the development of forest assets - the company has been improving its ESG strategy with each passing year, involving more detailed studies on greenhouse gas emissions and carbon sequestration, carbon credit projects, community engagement, forest restoration, personnel management and compliance. The consolidation of the ESG area as part of the investment manager and the adaptation to voluntary standards of sustainability are differentials that position Lacan Ativos Reais and Lacan Florestal at the forefront of the responsible investment scenario in Brazil and overseas.

The content of the 2023 Sustainability Report was produced following the guidelines of the **Global Reporting Initiative (GRI)**, in line with the best global standards for the reporting of business performance and with Lacan's commitment to maintaining transparent communication with its stakeholders.

We would like to thank the contributions made by all our stakeholders - employees, partners, clients, investors, communities and others - that have allowed us to achieve the results outlined over the following pages. We hope you enjoy the report.



A Message from the Chairman

It is with great pleasure that we present the **Lacan Ativos Reais and Lacan Florestal 2023 Sustainability Report**. As leaders in the forest assets sector, we understand the importance of operating responsibly, finding a balance between economic progress, environmental preservation and the wellbeing of people and communities.

Amongst our most important achievements in 2023 was the Launch of Fund IV, demonstrating our continued ability to attract investments for environmentally responsible projects.

With these commitments in mind, we are fully focused on aligning our operations with international standards of sustainability, including the requirements established by the International Finance Corporation (IFC) and the Sustainable Finance Disclosure Regulation (SFDR).

We also recognize the need to develop and implement strong metrics to be able to gauge our impact on biodiversity, which is why we are constantly improving our monitoring and evaluation systems, with the aim of better understanding how our operations affect the local ecosystems and biological diversity.

One of the commitments that we have made to the future is to actively engage Lacan in the human rights agenda in Brazil, working in partnership with the local communities, government authorities and other interested parties to ensure respect for everyone's fundamental rights.

Lacan's management achieved notable success in 2023, and we are extremely proud of the results obtained, which continue to encourage us, day after day, to contribute to the conservation of the environment, the development of communities, and the generation of positive impacts for society as a whole.



Our good results put us in a leading position in the forest assets sector; **we also aim to lead the way in promoting sustainability**, committed to meeting the requirements of the IFC and the SFDR.



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R\$ 1.4 billion

invested in four funds



43 Brazilian pension funds

amongst the investors



Carbon stock:

14.22 million

of tCO₂e



An increase of **27.3%**

in the carbon stock in 2023, compared to 2022



13

in-house employees



46%+

women in the workforce

Lacan Florestal



130,000+

hectares managed



98,000+

hectares of forest cultivated using responsible forest management techniques



369 jobs

maintained in the states where we operate



35,000+

hectares of forest conservation areas



2.8 million

m³ of wood commercialized



3 million+

tCO₂e removed from the atmosphere



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Lacan Ativos Reais

Lacan Ativos Reais GRI 2-1

Lacan Ativos Reais is an investment manager focused on the administration and custody of assets. In operation since 2000, the company is responsible for four funds which together, in 2023, totaled more than R\$ 1.4 billion, invested in more than 140,000 hectares of forest assets which are managed by Lacan Florestal. With head offices in São Paulo, in 2023 the company opened an office in London, and expanded its forest operations into the state of São Paulo.

A leader in the management of investments in wood (*timber investment management organization – TIMO*) in Latin America, Lacan Ativos Reais has certified, or is in the process of certifying, 100% of its forests



Four investment funds which together total more than

R\$ 1,4 billion

in managed assets

with the Forest Stewardship Council (FSC). Its solid base of institutional investors in Brazil, Europe and the United States includes 43 Brazilian pension funds, which have invested in the manager's funds since its forest projects began.

Lacan Ativos Reais' pioneering strategy combines expertise in financial management with the most advanced global trends in sustainable investments. The mission is to manage investments using the best environmental, social and governance (ESG) practices, prioritizing activities which make more efficient use of resources and are in line with the United Nations' (UN) Sustainable Development Goals (SDGs).

Grounded in the company's contribution to the SDGs and with the aim of strengthening its commitment to sustainability, an ESG Committee was founded in 2023. The group is made up of three executive members and three senior members from outside the organization, each of whom have extensive experience in the area. Its objective is to optimize the work of the manager and its investee companies as agents of positive change in the socio-environmental agenda, increasing the capacity to incorporate the demands of local and global investors.



Lacan Ativos Reais' pioneering strategy combines expertise in financial management with the most advanced global trends in sustainable investments



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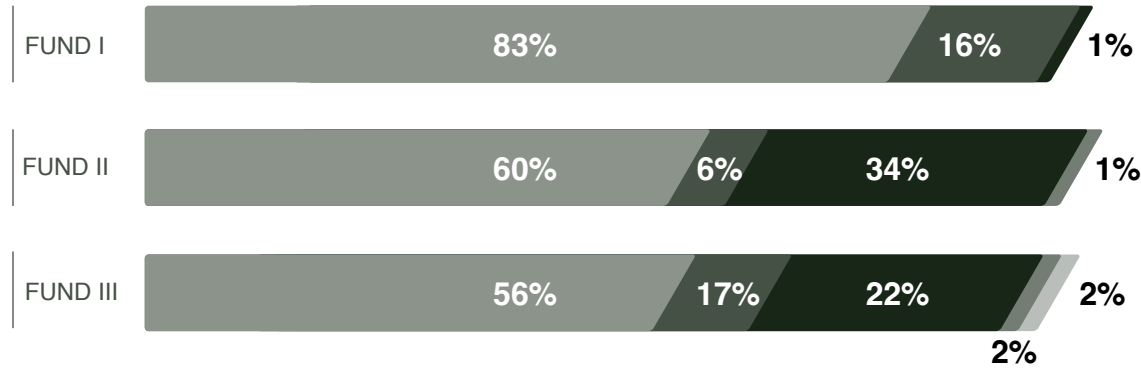
Funds and clients GRI 2-6

In 2023, Lacan Ativos Reais operated with four investment funds. Since 2012, the company has been expanding and diversifying the extent of its planted area and the characteristics of its funds, focusing on the reduction of risks and on the positive environmental impact generated by the forest assets, located in Mato Grosso do Sul (MS), Mato Grosso (MT), Santa Catarina (SC) and São Paulo (SP).

Structured in 2022, 'Fund IV' is based upon the highly successful strategy pursued by the first three funds, focusing on sustainable forest investment. Its establishment raises the manager's level of sustainability that much more.

Lacan' Estimated market share stands at **5% in the segment of Closed Complementary Welfare Entities.**

(information drawn from the Abrapp Consolidated Statistics - base date Dec/23)



- Pension funds
- Family office + High Income
- Foreign investors
- Partners
- Insurance companies

The four funds combine financial resources from pension funds, institutional, foreign and private investors, as well as insurance companies in Brazil and our own resources.

Overview of the Lacan funds

2012 › FUND I

One single region
One single buyer
Eucalyptus
Greenfield

2016 › FUND II

Two different regions
Two different buyers
Eucalyptus
Greenfield

2020 › FUND III

Various regions
Various buyers
Eucalyptus and pine
Greenfield and brownfield

2022 › FUND IV

Various regions
Various buyers
Eucalyptus and pine
Greenfield and brownfield
Carbon credits
Restoration

The funds' strategies

The economic-financial management of each fund varies according to the characteristics of the forest assets. Fund I, which is 100% focused on the planting of eucalyptus in the state of Mato Grosso do Sul, is anchored in long-term agreements with a single cellulose company, to which the majority of the sales of the wood was tied at the time the Fund was established.

The production of Fund II, meanwhile, also based upon eucalyptus forests, is focused on two distinct segments - cellulose and corn ethanol. With planted areas in Mato Grosso and Mato Grosso do Sul states, the leased lands, similarly to Fund I, are returned to the owners following the second rotation.

Fund III marked the beginning of the forest operations in São Paulo and in Santa Catarina, in addition to the forests in Mato Grosso and Mato Grosso do Sul. The diversification of potential buyers was increased, as was the investment in greenfield assets (forests planted from zero) and brownfield assets (expansions of existing assets). This presence in the Southern region of Brazil positions Lacan Ativos Reais within a scenario of high demand from a number of different players.

Expansion of international investors

In the structuring of Fund IV, Lacan Ativos Reais is taking an innovative approach, combining sustainable forest farming with ecological restoration. This investment profile with positive socio-environmental goals has been generating interest amongst the international investment community. As such, the company has been accelerating its attraction strategy, especially in the European market, where the demand for sustainable and positive impact has been growing year after year.

To support this strategy and face these demands, the company has been continuously improving its work on the analysis and monitoring of the ESG indicators of its assets. With the reinforcement of the ESG area, the investment manager is seeking to structure and add weight to

its initiatives and objectives connected to sustainability.

Already part of the governance plan, the beginning of the work of the ESG Committee (read more in *ESG Committee*) has allowed for the definition of priority areas, as well as planning for the unfolding of the strategy in the form of concrete projects. At Lacan Florestal, the corporate and operational teams focused on sustainability actions were also reinforced.

All this progress is guided by the implementation of management standards, processes and certifications aligned with those practiced in Brazil and Europe, as mentioned in the *Alignment with international standards* section. These are initiatives that have taxpayer to attracting large foreign investors to Funds I, II and III.

Value proposal

Lacan Ativos Reais has been expanding its portfolio of clients by offering a lasting and sustainable proposal for value creation, ensuring attractive returns with a low level of risk, generated by forest projects that enable the sequestration of greenhouse gas (GHG) emissions, the issuance of carbon credits, the preservation of areas of native forest in four states, and other positive socio-environmental impacts.

Solid investment:

- > Forest assets tied to the biological growth of the trees;
- > The segment least susceptible to economic cycles;
- > Diversification opportunities for long-term investors;
- > Global success of the forest base industry in Brazil.



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ESG Approach

The sustainability of the business conducted by Lacan Ativos Reais is grounded in a long-term vision and in operations founded on ethics, transparency and value creation, whilst always taking into consideration:

- > Definition of the criteria for exclusion of unacceptable activities
- > Performance of the ESG (Environmental, Social, Governance) Indicators

Ever since it began managing forest assets, Lacan Ativos Reais has been incorporating socio-environmental issues into its strategy and in all stages of the flow of investments. In 2023, the investment manager prioritized improvements to its Environmental and Social Management System (known on the international market as 'ESMS'), identifying stages that should be incorporated and formalized.

The adoption of increasingly more detailed tools for the evaluation of the environmental and social risks, as well as the expansion of specific performance indicators to monitor such aspects during the investment period, will be prioritized over the course of 2024.

Lacan Ativos Reais is doing its utmost to ensure that the companies in its portfolio remain committed to ongoing improvements with respect to the management of health, safety and social and environmental issues, as well as corporate governance, and that they work over time to apply the best international practices that are relevant to the sector.

The forest assets managed by the company are fully integrated into the sustainability agenda of the 21st century, involving issues such as the mitigation of climate change, the transition to a low-carbon economy, and the preservation of biomes. Every tree planted generates financial results for the investor and a strong positive impact for all the stakeholders in the regions where the company has operations.

All the forest activities are audited annually, guaranteeing the application of the best global practices in land use, preservation of water resources, respect for biodiversity, treatment of employees, and the relationships with the neighboring communities, amongst other essential aspects for the success of the projects.

The consolidation of Fund IV, launched in 2023, will reinforce the compliance with policies and plans for the conservation and recovery of native vegetation. This contributes to the longevity and sustainability of the forest projects in the long-term, in accordance with international guidelines for responsible investment.

ESG commitments in the management of assets



To guide the flow of investments into activities with a positive environmental impact and which contribute to the restoration of the landscape and reduction of emissions;



To establish mitigation policies and plans aimed at conserving and restoring natural vegetation;



To promote the transparency of the activities with a view to creating long-term financial returns, whilst following international guidelines on responsible investment.



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Materiality GRI 3-1

The structuring of the ESG approach begins with Lacan Ativos Reais' materiality: the definition of the leading issues related to the company's activities and sustainability, selected and prioritized considering the environmental, social and economic impacts arising from these activities.

The company's most recent materiality process was concluded in 2021. The methodology employed to identify the material topics and their impacts involved interviews with representatives of the leading stakeholders, workshops and work meetings.

For the prioritization of the topics and their impacts, criteria were adopted involving likelihood and severity, including consideration concerning the intensity, extent and reversibility of the impacts, as well as their relevance to the stakeholders.

The list of eight material topics resulting from this process was validated by the company's controlling shareholders, which monitored the entire process. The table on the right presents the eight topics, the drivers that guide Lacan Ativos Reais' management of each one, and the SDGs to which they are related.

Material topic GRI 3-2	Reason	Related SDGs
1  Renewable energy	Clean energy solutions and technologies, policies, and investments in energy efficiency	7 8 12 13
2  Biodiversity and environmental regeneration	Conservation of biodiversity, regeneration of damaged areas, forest environmental services	6 14 15
3  Economic performance	A guaranteed return on investment, scalability, productive efficiency	8 9 13
4  Corporate governance	Providing grounds for decision-making, improvements in the make up of the internal workforce, responsibilities of the committee and board	16
5  International standards and certifications	Quality forestry management, meeting market standards, adoption of good socio-environmental practices	16
6  Climate change	Mapping, monitoring and adaptation of risks and opportunities	3 12 13 14 15
7  Water management	Potential for water stress, quality monitoring, treatment locations, improvements in efficiency	6 8 12
8  Ethics, compliance and transparency	Guaranteeing of integrity, fighting corruption and anticompetitive practices	16

The matrix of material topics and socio-environmental impacts is constantly being mapped, with measures designed to correct and mitigate the impacts being adopted,

taking into account compliance with the applicable laws and regulations, and the social, economic and environmental scenarios impacted by the company's activities.



ESG committee

GRI 3-3 Corporate governance

In 2023, the company established its ESG Committee, responsible for advising and supporting the analyses and decisions of the Investments Committee, as well as directing the activities of the ESG Working Group (made up of specialists in different areas and three forest directors, as well as the investment asset manager's Head of ESG).

The ESG Committee is made up of members of Lacan Ativos Reais' senior management and independent members, specialized in sustainable development management and strategy.

Composition of the ESG Committee



LUIZ ANTONIO CANDIOTA
Founding partner and chairman of Lacan Ativos Reais, a member of the AMBIMA Board of Ethics and the IBÁ Sustainability Committee.



GUILHERME DE OLIVEIRA
Partner-manager of Lacan Ativos Reais, responsible for the structuring and management of the funds and a member of the Investment and ESG Committees at Lacan.



ALEXANDRE DOS SANTOS BONFIM
Partner responsible for the financial management of the company and for the control and auditing of the investee companies



JULIEDA PUIG PAES
An independent member with extensive international executive experience in risk management, compliance and sustainability in financial institutions, certified by yr IBGC (Brazilian Institute of Corporate Governance) and an associate member of the UK institution, Women on Boards.



MARCO ANTONIO FUJIHARA
An independent member with four decades of experience in the sector covering forestry, climate change and sustainable development



WINSTON FRITSCH
An independent member, with a solid career as a financial executive and consultant on sustainability and climate financing



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Its members work together to strengthen the company's positioning as an asset manager that considers socio-environmental issues in all its activities and investments. The aim is to optimize the work of Lacan Ativos Reais as an agent for positive change in the global socio-environmental agenda, managing and sharing value with its entire ecosystem of stakeholders.

The ESG Committee contributes to the development of the business' sustainability strategy by enabling project planning, initiatives and the implementation of action plans. This includes the evaluation of risks and opportunities from the ESG perspective and validation of the ESG Guidelines adopted by the investment manager and by Lacan Florestal (read more in *Approach to Sustainability and ESG Guidelines*).

The ESG strategy of Lacan Ativos Reais aims to create a cross-sectional connection between all the different areas of the

company, meaning that the principles of sustainability are involved in all the decisions, be they of a financial or governance nature.

To guarantee this cross-sectional approach, the Committee's activities are disseminated by means of internal communication actions. Every month, a newsletter is distributed to all the employees, covering matters related to governance, compliance, climate change and mitigation of environmental impacts.

As a means of ensuring the engagement of the company's senior management in this area, there is a permanent agenda designed to exchange experiences with the members of the Board of Directors and the Committees related to the Board. The ESG area also seeks to advise the senior management on the trends and content connected to these topics, thus ensuring that matters of sustainability are always prioritized in the business decisions. **GRI 2-17**

The ESG Committee contributes to the sustainability strategy by enabling the planning of projects, initiatives and implementation of the action plans adopted by the investment manager and by Lacan Florestal.



Alignment with international standards

GRI 2-25, 2-28, 3-3: International standards and certifications

In addition to the strategic alignment with the SDGs and the UN's 2030 Agenda, Lacan Ativos Reais aims to incorporate international responsible investment standards and directives into its activities. Those investing in the funds are committed to global sustainable development agendas and this is reflected in the company's strategy and management.

In 2023, the company adopted the IFC Standards and the related safeguards (standards and guidelines defined by the World Bank), having begun developing projects together with specialist consultants. In

parallel, it also conducted studies on the degree of alignment of its Fund II with European taxonomy, with its ESG and operations teams focusing their work on evaluating all the requirements and directives contained in these regulations.

Finally, considering Fund IV's strategy for expanding its funding in Europe, Lacan Ativos Reais began work on adapting its reporting system to meet the requirements of the Sustainable Finance Disclosure Regulation (SFDR) and ensure that it is ready and able to also work in this market.



Principal international standards adopted by Lacan Ativos Reais



Sustainable Finance Disclosure Regulation (SFDR) – European Union

Establishes rules for the disclosure of information on assets and financial products in sustainability matters, guaranteeing transparency for the environmental and social management of the financial markets.



Principles for Responsible Investment (PRI) – United Nations

A set of principles to be followed by institutional investors to ensure the application of ESG criteria in the analysis and investment decisions.



International Finance Corporation (IFC) Performance Standards

Promoted by the World Bank, the IFC Standards provide guidelines to help investors mitigate risks and manage ESG impacts, engage stakeholders and disclose actions which have a positive impact.



Institutional Limited Partners Association (ILPA)

Quarterly reports developed in accordance with the standards of the ILPA, an entity based in the US which represents investment funds involving more than US\$ 2 trillion.



Global Reporting Initiative (GRI)

Lacan Ativos Reais employs the GRI guidelines to measure and report its performance in relation to economic, social, environmental and governance aspects.

Amongst the sectoral initiatives implemented by Lacan Ativos Reais, it is worth mentioning that the company is a signatory to the Principles for Responsible Investment (PRI), a UN initiative for the promotion of corporate responsibility criteria amongst institutional investors; takes part in the Investors for the Climate (IPC) action, which aims to encourage investors to act in tackling climate change, under the terms of the Paris Agreement; and complies with the 10 principles of the UN's Global Compact.

In 2023, partner-managers from Lacan Ativos Reais participated in prominent international events focused on responsible

investment, including the GINN (Global Impact Investing Network) Impact Forum, held in Copenhagen (Sweden), the International CEOs' Roundtable, in Amsterdam (The Netherlands), the Brazil Climate Summit 2023, in New York (USA), and the FEA-DANA International Forest Investment Conference, also held in New York.

It is also important to mention that the funds aim to ensure that 100% of their assets are certified in responsible forest management (FSC/PEFC), confirming the projects as environmentally compliant, socially beneficial, and economically viable.

Fund IV joins the Terra Carta X-Change

Having been structured in 2022, in 2023, Lacan Ativos Reais' Fund IV, was chosen to join the Terra Carta X-Change, which combines some of the most ambitious sustainability projects currently being offered in the global financial market. The action is an initiative developed by the Sustainable Markets Initiative (SMI), a non-governmental organization funded by (the then) Prince Charles (now King Charles III) of the United Kingdom, in 2020. The mission of the project is to coordinate the efforts of private sectors in tackling climate change, and support the preservation of biodiversity and compliance with the UN's Sustainable Development Goals (SDGs).



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Alignment with the GRI guidelines for sustainability reporting



A member of the Brazilian Trees Industry, which is active in the growth of the country's forest sector



A member of the Brazilian Association of Private Equity and Venture Capital (ABVCAP)



Aligned with the directives of the Brazilian Association of Financial and Capital Market Entities (ANBIMA)



Participant in Investors for the Climate (IPC)



Sustainable Markets Initiative

Fund IV selected by the Terra Carta initiative due to its compliance with the criteria for positive impact



Signatory to the Principles for Responsible Investment (PRI)



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Engagement GRI 2-29

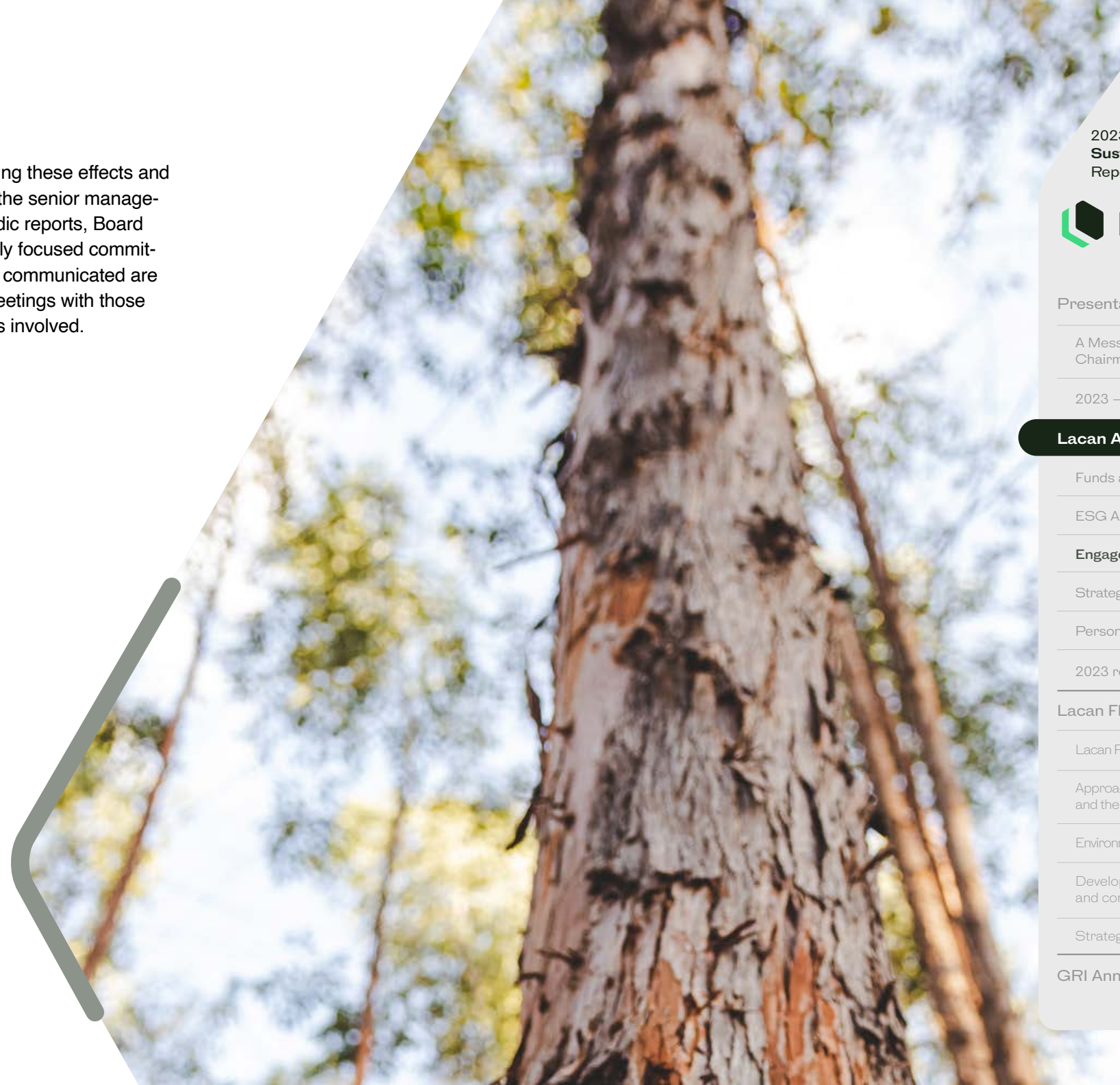
At the sectoral and association level, Lacan Ativos Reais is actively represented on the Brazilian Trees Industry (IBÁ) association. The company's Chairman, Luiz Augusto Candiota, is a member of the entity's Advisory Board and Lacan Ativos Reais participates on a number of the IBÁ's committees. Furthermore, the company is a member of the Brazilian Association of Financial and Capital Market Entities (Anbima), and the Brazilian Association of Private Equity & Venture Capital (ABVCAP).

These entities form a part of Lacan Ativos Reais' network of partners and stakeholders, which involves a wide range of different publics, including business partners, civil society organizations, clients, employees and other workers, local communities, investors and suppliers. The company uses transparent practices to engage these groups, including a diverse range of communication channels, sustainability reports and impact evaluations.

In order to engage itself in processes designed to actively welcome and listen to the stakeholders' demands, the company seeks to construct long-lasting relationships with its different publics as a means of managing risks and opportunities, understanding expectations and gauging the socio-environmental effect of its activities.

Critical concerns regarding these effects and impacts are reported to the senior management by means of periodic reports, Board meetings, and specifically focused committees. All of the concerns communicated are presented at monthly meetings with those responsible for the areas involved.

GRI 2-16



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GRI 3-3 Corporate governance; Ethics, compliance and transparency

Forming a base for transparent and ethical management, Lacan Ativos Reais' corporate governance is founded on the best practices of business integrity. The internal processes and policies are aligned with the demands of the Brazilian Securities Commission (CVM) and the Central Bank of Brazil, whilst they are also in compliance with all the laws and regulation applicable to the company's activities.

The company has published an Internal Controls, Compliance, Ethics and Conduct Manual, which applies to all the employees, establishing norms that regulate the governance structure, the guidelines for the management of funds, the compliance structure, the drive for certifications, and other provisions.

The entire internal public (including partners, directors and board members) must commit themselves to complying with the norms set forth in the Manual, the content of which is reviewed at least once every year. The document is available to the public at <https://www.lacanativosreais.com.br/compliance>, where other relevant policies and norms are also made available.

The set of internal policies includes a Responsible Investment Policy, which sets forth the commitments to responsible business conduct and that also extends to the investee companies. Furthermore, there are specific policies concerning the required respect for human rights, aligned with the United Nations' Guiding Principles on Business and Human Rights, the Labor Regulations published by the ILO, and the UN's Global Compact and SDGs, covering the Universal Declaration of Human Rights. GRI 2-23, 2-25

The incorporation of these policies and commitments into the company's activities is directly supervised by the Executive Board, in the Forest, Compliance, Financial, Investor Relations, Business, ESG and New Business areas. To ensure the effective implementation of these commitments, Lacan Ativos Reais offers the internal public annual, obligatory training, with 100% of the target-public participating. The training format is hybrid, combining in-person and online methods, without assessments being required. GRI 2-24

As evidence of the respect for the policies and commitments in 2023, no cases were registered of corruption involving the company or any of its employees, and nor were there any judicial actions either pending or resolved concerning unfair competition or violations of anti-trust or anti-monopoly laws. Neither were any fines or non-monetary penalties applied as a result of non-compliance with laws or regulations. GRI 2-27, 205-3, 206-1

Processes and policies are aligned with the demands of the Brazilian Securities Commission (CVM), the Central Bank of Brazil and the legal framework.



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Governance structure GRI 2-9, 2-11



Committees

Management Committee (Three Lacan Ativos Reais partners): responsible for developing and approving the company's management principles, remuneration plans, policies and targets; and managing impacts, risks and opportunities

Investment Committee (Three Lacan Ativos Reais partners): responsible for analyzing and deciding on investments: selection, allocation and assessment of assets; monitoring and divestment decisions

ESG Committee (Three Lacan Ativos Reais partners and three *independent senior advisors*): focused solely on discussing and deciding upon environmental, social and governance matters



Executive Board

8 boards, the members of which are elected by the Board of Directors, holding mandates of two years, and responsible for the supervision and management of impacts; auditing processes; carbon credit generation projects and certifications; and other responsibilities regarding socio-environmental and economic matters

Lacan Ativos Reais

Commercial and Investor Relations Board
Investments Board
ESG Board

Lacan Florestal

Strategic-Forest Board
Forestry Board
Administrative-Financial Board
New Business Board
Compliance Board



Lacan Ativos Reais' highest level of governance is composed of three committees: Management, Investment and ESG. Its members are named by a Nomination and Governance Committee according to criteria involving independence, skills and experience. The chairperson of the Board of Directors does not hold an executive position within the company. [GRI 2-10](#)

The company's senior management is responsible for establishing strategic directives, approving policies and objectives, and evaluating social, environmental and economic impacts, whilst also engaging with the stakeholders in this final process. The executives play a crucial role in directing the sustainable development of the company, including the review and approval of the content of the Sustainability Report. [GRI 2-12, 2-14](#)

Responsibility for management of the identified impacts, meanwhile, is delegated to departments within the company, which take care of the implementation and monitoring of sustainability initiatives. These initiatives are integrated into the business strategy and their results are reported each month to the Management, Investments and ESG committees. [GRI 2-13](#)

Risk management

In its management of investments, Lacan Ativos Reais is continually monitoring the funds' exposure to risks related to the market, liquidity, concentration, a failure to invest; participation in the decision-making process of the investees; asset pricing criteria; credit and counterparties; discontinuity of the funds; risks arising from the use of derivatives, and operational risks.

The risks identified are monitored and submitted to internal controls, in accordance with the company's Risk Management Policy. This publication, which is periodically updated, obeys the instructions of the Brazilian Securities Commission that apply to equity investment funds established in Brazil.

Management of this topic is also performed in line with manuals and formal procedures, as well as regulations implemented by the company's Risk department. The work includes coordination of the human and technological resources of the teams involved, evaluations of compliance, and tests on adherence to the monitoring methodologies.

To specifically address risks of conflict of interest, Lacan Ativos Reais applies clear

and transparent policies, with detailed records of decisions and separation of those individuals or parties involved in situations of risk. Potential conflicts, such as cross-over involvement in administrative bodies or equity capital that intersects with suppliers or other stakeholders, are disclosed over time. [GRI 2-15](#)

Furthermore, the company's [Policy on Exercising the Right to Vote](#) covers potential conflicts of interest, stipulating deadlines for the disclosure of votes to the trustees of the funds and the investment manager's responsibilities in relation to the prevention of conflicts.

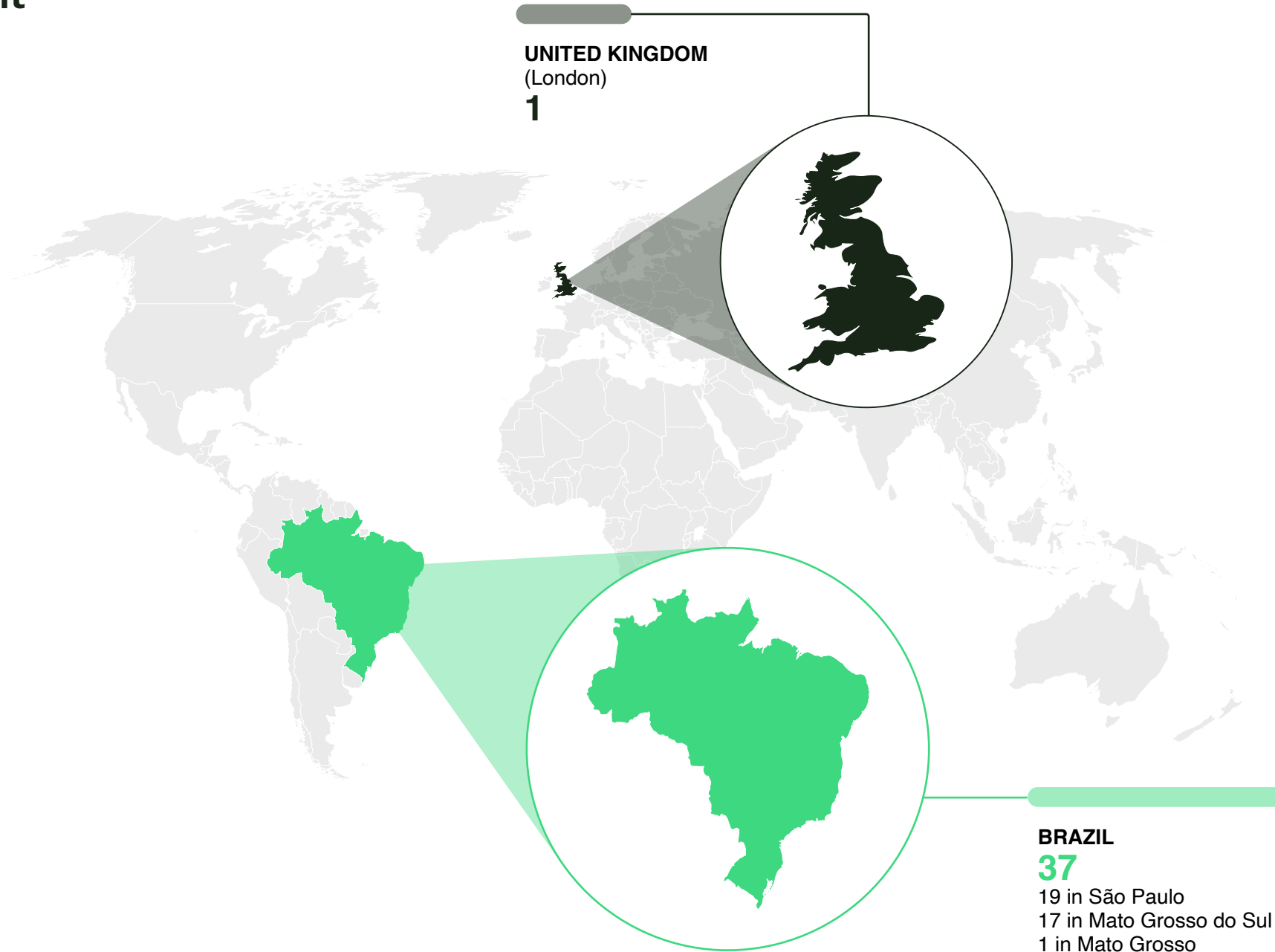
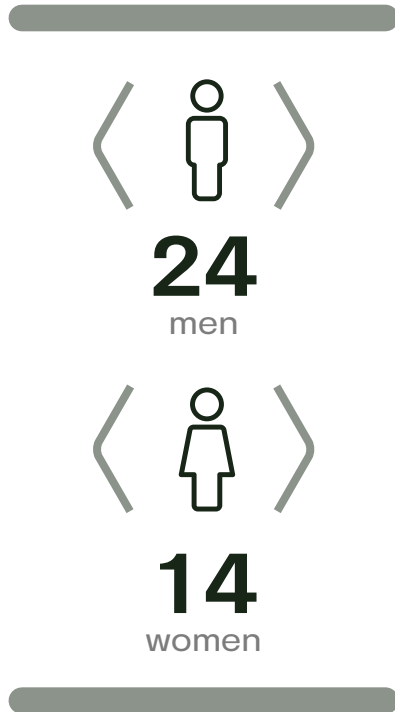
All the risks which the company identifies are **subject to internal controls**, in line with the instructions published by the CVM.



Personnel management

Lacan Ativos Reais is constantly investing in the development of its human capital, providing its employees with the best working conditions and career possibilities. The company is committed to guaranteeing healthcare, safety and wellbeing for both its own employees and those of the investee companies, as well as observing all applicable labor legislation.

In 2023, the company had 38 direct employees, distributed geographically according to the map on the right:



2023 results GRI 3-3

Economic performance

2023 was notable for the beginning of operations of Fund IV, which stands out for the work it does in relation to the recovery of native vegetation in the areas where it operates. Considering that this is a long-term investment, however, it is not yet possible to measure the results relating to 2023.

Funds I, II and III have developed in line with expectations. Different to other types of investment, the forest assets are less susceptible to market volatility, and present more predictable results.

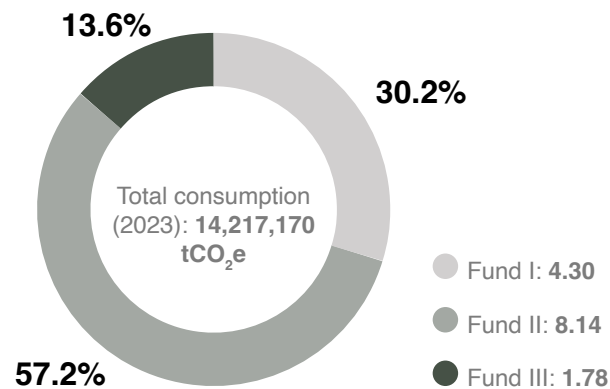
From a commercial point of view, the raising of funds in the domestic market was challenging in a scenario of high interest rates. With the expansion of operations in Europe, through the office in London, the medium and long-term perspectives involve increasing the presence of foreign investors in the funds.

Carbon stock

The carbon stocks present in the Lacan Ativos Reais forest plantations surpassed 14 million tons of carbon dioxide equivalent (tCO₂e) in 2023. The majority of this stock is concentrated in the eucalyptus plantations.

Compared to 2022, the stock of CO₂ relating to the forest assets increased by approximately 27.3%, due to a significant expansion of planted areas. The growth surpassed the reduction caused by the wood harvest. This resulted in a positive carbon balance and the forests' effective contribution to the mitigation of climate change (read more on this in the *Environmental performance* section).

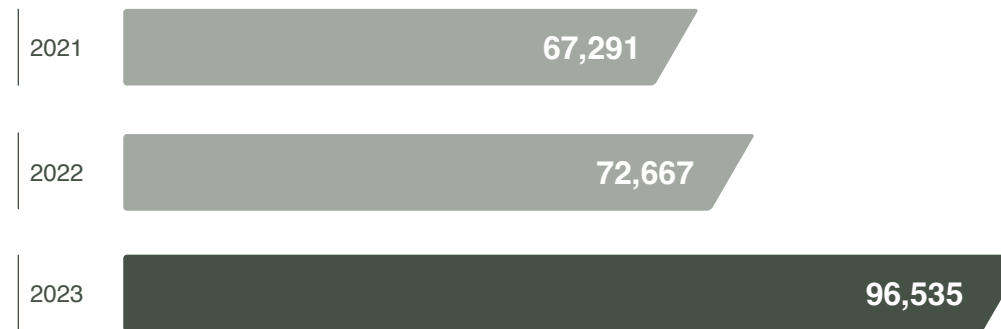
Distribution of the carbon stock: by fund (in millions of tons of tCO₂e)



HISTORICAL EVOLUTION OF THE CO₂ STOCK (IN MILLIONS OF TONS OF tCO₂e)



PLANTED FORESTS INCLUDED IN THE CALCULATION OF THE STOCK (ha)





Supported by specialist consultants, Lacan Ativos Reais achieved improvements in the calculations performed to determine the carbon stock of its forests, by considering specific factors concerning the planted species (eucalyptus and pine). The new directives are aligned with the recommendations made by the Intergovernmental Panel on Climate Change (IPCC) for the use of land and forest assets.

With the application of these new factors (biomass expansion, the ratio of roots and density of the wood), the estimates for stocks, emissions and removal of carbon are now more precise, considering the external and internal differences of the elements of the different cultivated species (trunk, canopy and roots).



96,500

hectares of forest make up the carbon stock



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- APPROACH TO SUSTAINABILITY AND THE ESG FRAMEWORK
- ENVIRONMENTAL PERFORMANCE
- DEVELOPMENT OF PEOPLE AND COMMUNITIES
- STRATEGY AND GOVERNANCE



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Lacan Florestal GRI 2-1

With head offices in Três Lagoas (MS), Lacan Florestal manages the forest assets that make up the portfolio of Lacan Ativos Reais, distributed across the states of Mato Grosso, Mato Grosso do Sul, Santa Catarina and São Paulo.

In 2023, the total area cared for by the company surpassed 140,000 hectares, including planted forests (eucalyptus and pine) and conservation areas.

Multi-disciplinary teams are responsible for the management cycles of the trees, forestry practices, monitoring of the productivity and quality of the forests, and management of the environmental impacts.

As well as its assets, Lacan Florestal conserves more than **35,000 hectares of conservation areas**

All the work is performed in compliance with best practices of sustainability and socio-environmental responsibility in forest management. In 2023, 100% of the managed areas of forest had been certified, or were in the process of being certified, by the FSC/PEFC.

Lacan Florestal also conserves an area of more than 35,000 hectares that contributes to the preservation of a great many species of fauna and flora. As well as the environmental norms and recommendations set forth by the law, monitoring actions and environmental projects aim to improve the long-term positive impacts, including: adaptation of the species and genetic materials to climate conditions, monitoring of biodiversity and gains in productivity.

Lacan Florestal's operations also have important, positive socioeconomic impacts on the communities neighboring its assets. Boosts to the economies of the municipalities and states, generation of jobs, support for social development projects, and training of labor, are just some of the benefits shared by the company.

Mission, Vision, Values

Lacan Florestal operates in accordance with the following principles:



Mission

To produce timber from renewable, high-quality and highly-productive forests, employing sustainable practices and technological excellence, respect for the environment, and generation of social and economic value.



Vision

To be a benchmark in the management of renewable forests in Brazil, with value creation for shareholders, clients and employees.



Values

- > Customer satisfaction;
- > Ethics and transparency;
- > Dedication and intellectual capacity;
- > Long-term investment philosophy;
- > Long-term relationship with clients and partners

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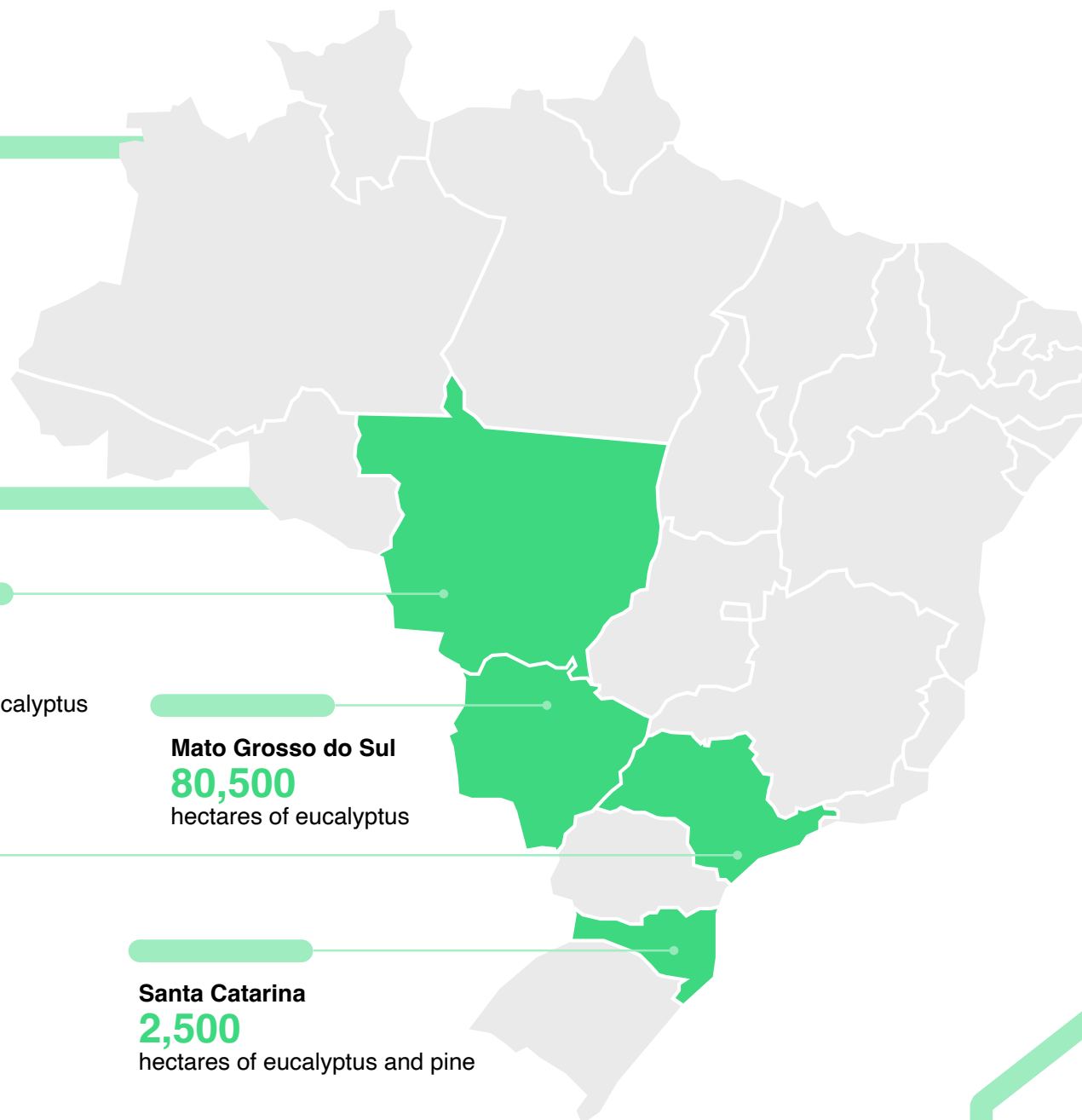
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Areas of activity

More than **98,000** hectares planted in two biomes in Brazil: Cerrado (MT, MS, SP) and Atlantic Rainforest (SP, SC)

Commercial partners: paper and cellulose industries, biomass energy, packaging and wood paneling



Mato Grosso
12,000
hectares of eucalyptus

Mato Grosso do Sul
80,500
hectares of eucalyptus

São Paulo
3,500
hectares of eucalyptus

Santa Catarina
2,500
hectares of eucalyptus and pine



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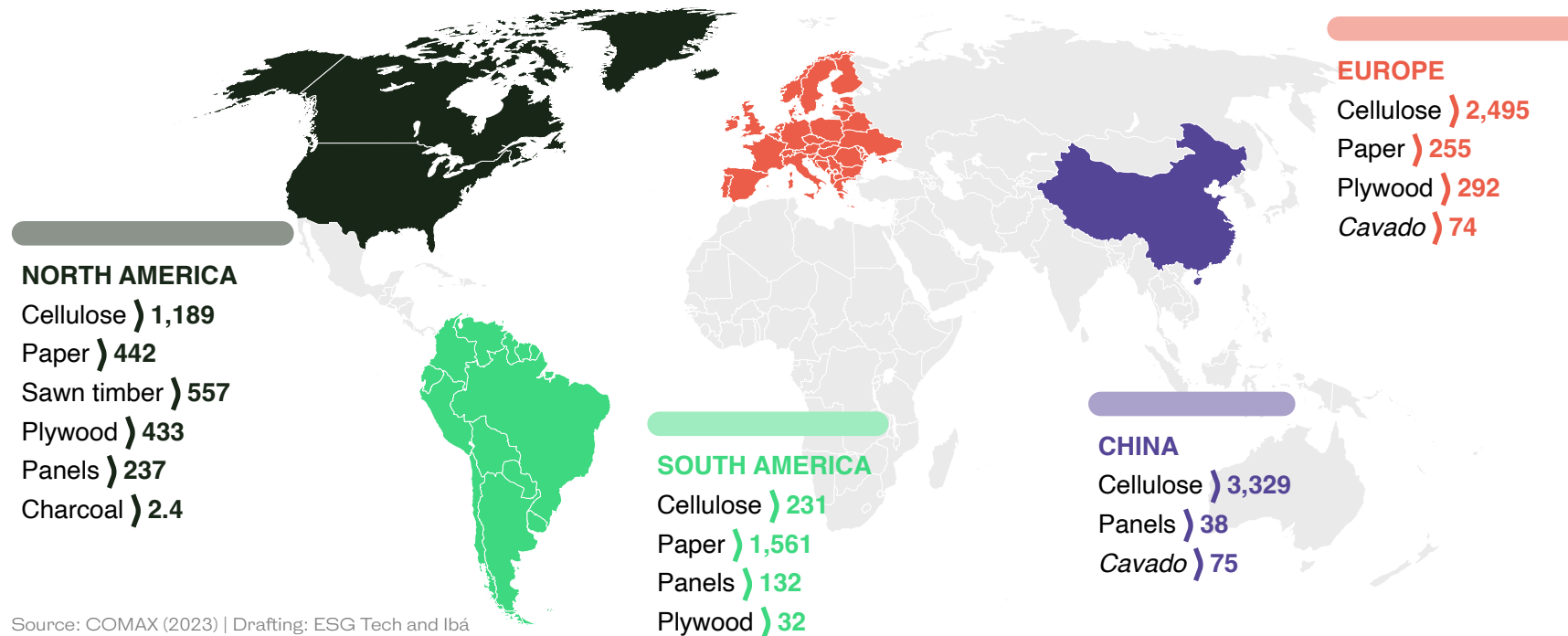
High demand in the timber consumer market

Lacan Florestal operates in the scenario of Brazilian planted forests for commercial purposes, the timber from which meets the demand from different segments of the economy. This sector has shown immense growth potential, aligned with the best practices of sustainable development and creation of a positive impact.

According to data surveyed by the Brazilian Trees Industry (IBÁ), the planting of trees for industrial purposes is the fourth biggest activity in the Brazilian agriculture in terms of revenue creation. Based mainly on eucalyptus and pine, which is employed in the production of cellulose, paper and wood paneling, in 2022, this activity created 2.6 million direct and indirect jobs, as well as guaranteeing Brazil as the leading world exporter of cellulose.

As a tropical country, offering favorable climate and soil conditions, Brazil is well positioned to supply a booming global market. Planted forests, such as those of Lacan Florestal, are proven alternatives in guaranteeing supply, whilst reducing the pressure on natural forests. The company will continue expanding its operations, increasing the expanded area and strengthening good practices in the planting and extraction of wood.

Leading destinations for the exportation of the Brazilian industry's production of planted trees (US\$ millions)



Source: COMAX (2023) | Drafting: ESG Tech and Iba

Principal indicators of the Brazilian planted forest industry*

R\$ 260 billion in gross revenue

Production: **25 million tons** of cellulose, **11 million tons** of paper and **8.5 million m³** of wood paneling

The world's biggest exporter of cellulose (19.1 million tons exported)

R\$ 62 billion: total portfolio of investments in the sector

* Data drawn from the Brazilian Tree Industry 2023 Report, relating to 2022.

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Value proposal GRI 2-6

As well as the solid economic results generated by the timber activities, Lacan Florestal stands out due to the value it generates in the area of ESG.

In 2023, the trees cultivated by the company were responsible for carbon stocks of more than 14 million tons of carbon dioxide equivalent (tCO₂e) - an important contribution to the mitigation of climate change and the greenhouse effect. Furthermore, Lacan has made great efforts to identify and map the sources of the emissions in greater detail and with greater technical accuracy, including in its direct activities and supply chain, covering Scopes 1, 2 and 3 GHG emissions.

The forest assets also allow for the development of carbon credit projects that are presented to the world voluntarily (VCS), enabling studies that can scale up restoration projects.

Focus on sustainability:

- > Sustainable logging management: 2.8 million m³ of FCS certified wood commercialized in 2023;
- > Preservation of native areas;
- > Land conservation;
- > Use of integrated pest management, in line with best environmental practices and guidelines;
- > Monitoring of biodiversity;
- > Management of more than 35,000 hectares of conservation areas.

A diverse range of clients

Lacan Florestal serves both Brazilian and international companies, which are leaders in markets such as:

- > Paper;
- > Cellulose;
- > Biomass (energy generation);
- > Wood paneling.

The forest base in Mato Grosso do Sul forms part of the region covering the municipalities of Água Clara, Brasilândia, Bataguassu, Três Lagoas, Ribas do Rio Pardo, Santa Rita do Pardo and Selvíria. In the state of Mato Grosso, it covers the municipalities of Nova Mutum and Santa



Rita do Trivelato. And in the state of Santa Catarina, it covers the municipality of Santa Terezinha.

In the last month of 2023, Lacan began its operations in the state of São Paulo, investing in planted areas in the municipality of Morungaba and others.



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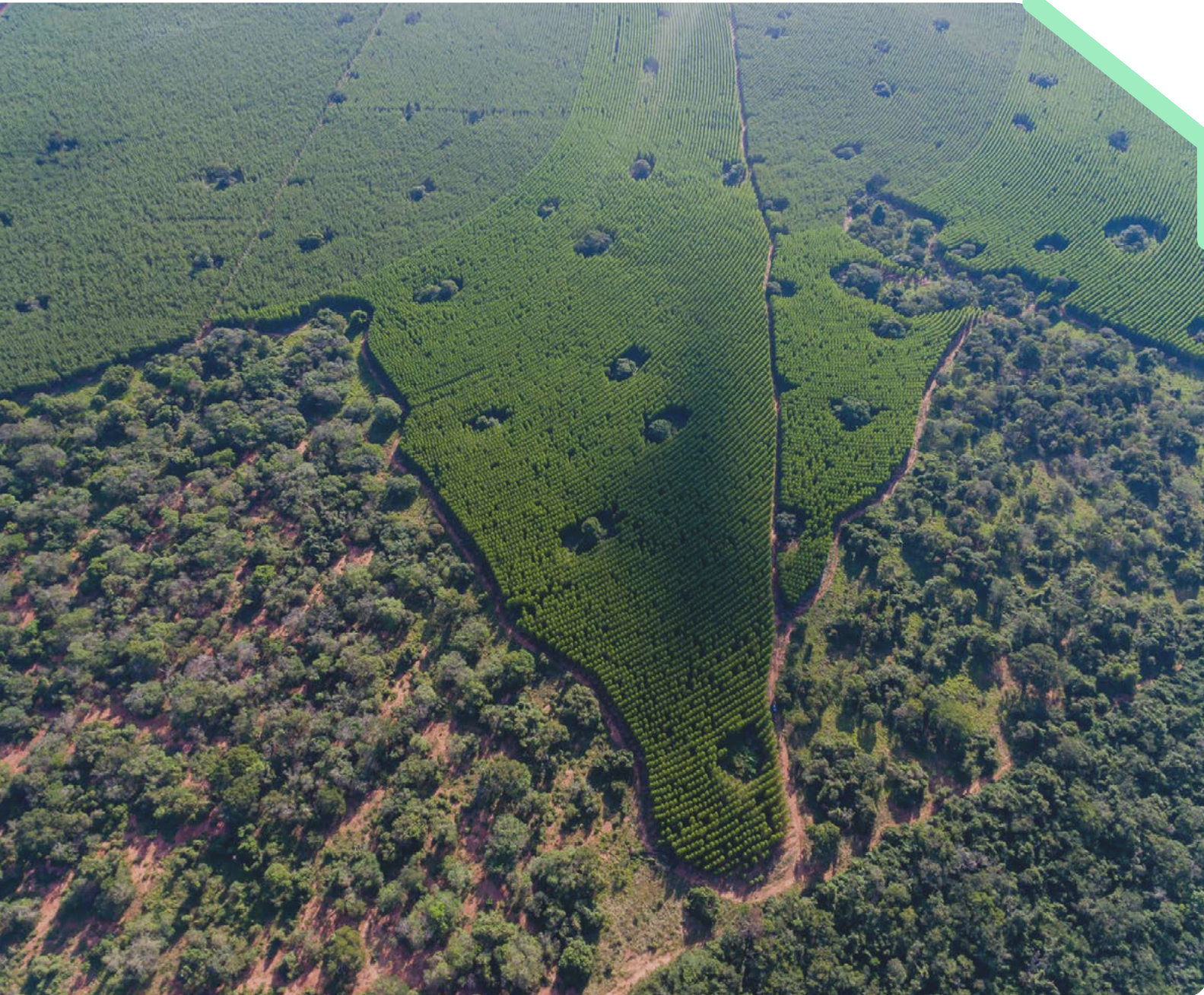
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Florestal Lacan Management

Lacan Florestal's management processes follow the guidelines of the Forest Management Plan, created in accordance with the company's Sustainability Policy, which seek to ensure the continued supply of timber to the different sectors served, in line with the best standards of socio-environmental responsibility.

Updated each year, the Forest Management Plan involves the rationalization of the forest resources as a means of allowing the company to continually take full advantage of the productive potential, taking into consideration the biotic and abiotic environments, as well as the economic and social aspects of the business to ensure the sustainability of the forest production.

The Forest Management Plan aims to create direct and indirect jobs in the regions where Lacan Florestal operates; prioritize local suppliers of goods and services; protect and conserve the areas of conservation and native forests; and participate in and develop the communities and interested parties.



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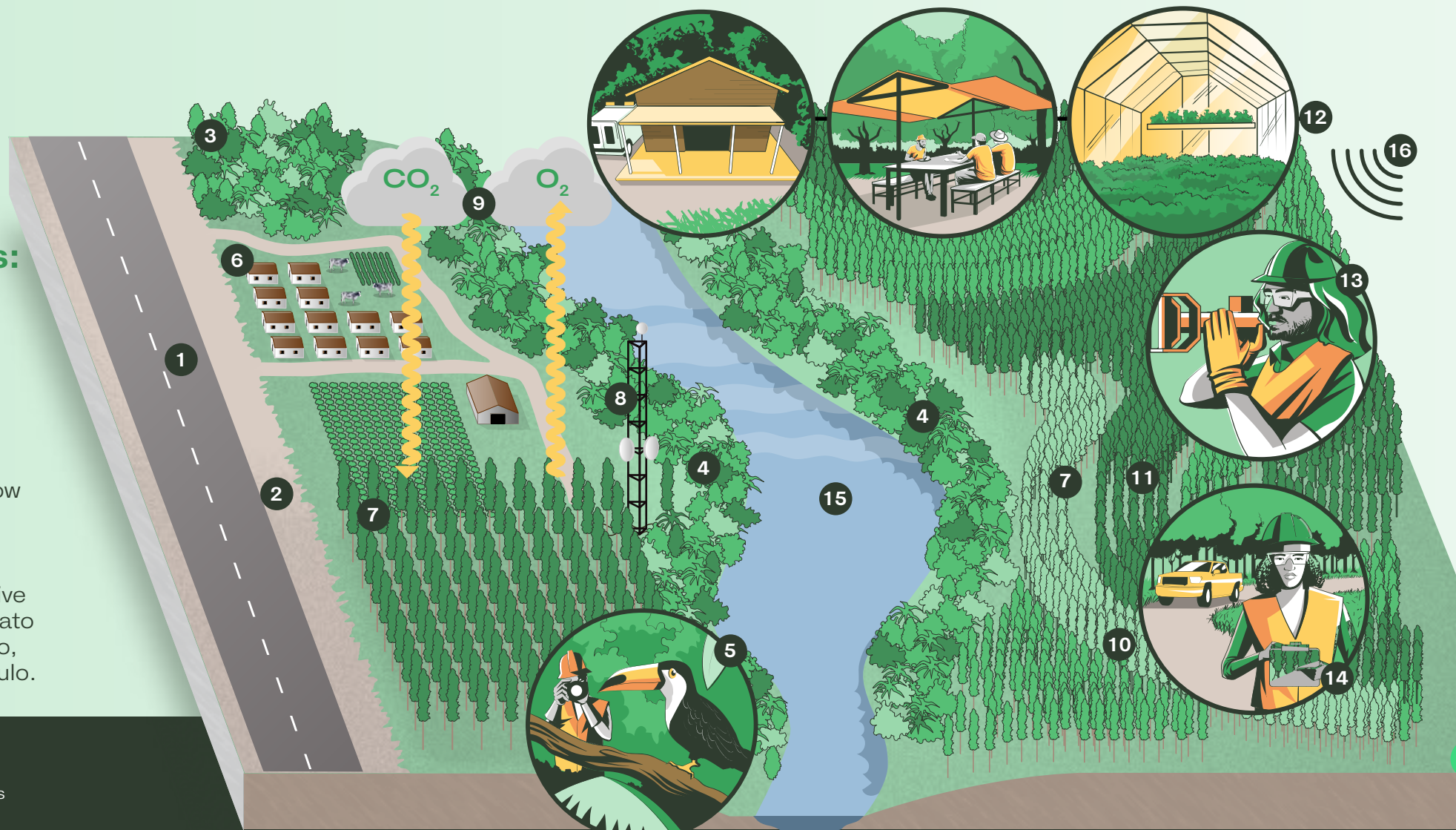
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Lacan cultivated forests: socioeconomic development and environmental preservation

Let's take a closer look at how the company combines best management practices, community engagement and conservation of areas of native vegetation in the states of Mato Grosso do Sul, Mato Grosso, Santa Catarina and São Paulo.



1. Forest roads

Maintained by Lacan and used by the local communities and businesses

2. Firebreak area

Strips maintained as a means of preventing and controlling the outbreak of wildfires

3. Legal reserve

Native vegetation conservation area

4. Permanent conservation area (PCA)

Forest vegetation for maintenance of the quality and volume of the water resources. Ecological corridors, important for conserving and monitoring the local species of fauna and flora

5. "Olha o Bicho" ("Animal Sightings") program

Lacan's environmental program in the educational field, designed to encourage the observation and preservation of fauna

6. Local communities

7. Lacan's commercial plantation

Lacan Florestal

8. Wildfire monitoring tower

9. Carbon sequestration

10. Plots planted with eucalyptus of different ages and genetic stock, thereby raising the forest's resilience

11. Contours

A technique used to conserve the soil and for prevention of mudslides/erosion

12. Support center

Space for the stocking of saplings and for the workers to rest and eat / storage space for firefighting and first aid equipment

13. Forest worker

14. Forest supervisor

Present for the supervision and inspection of the forest and worker safety activities

15. Water resources

Evaluated, monitored and conserved during Lacan's management operations

16. Satellite monitoring

Mapping and monitoring of Lacan's lands through the use of satellite images

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FSC Principles and Criteria (P&C)

In order to maintain FSC certification in the forests covered by its Forest Management Plan, Lacan Florestal is committed to complying with the organization's 10 Principles & Criteria. These are guidelines that aim to ensure the sustainable development of the assets and maximize the positive impact generated by the company's activities.

- > Respect all applicable laws, treaties, conventions and international agreements entered into by Brazil;
- > Define and document the long-term holdings and the legally established usage rights of the land and forest resources;
- > Identify and uphold the indigenous peoples' and traditional communities' legal and customary rights to own, use and manage their lands, territories, and resources;
- > Perform the management activities sustainably and maintain and expand the long-term social and economic wellbeing of the forest workers and local communities;

- > Conserve the ecological diversity and its associated values, the water resources, the soils, the ecosystems, and fragile and singular landscapes, thereby maintaining the ecology functions and integrity of the forests;
- > Encourage the efficient and optimized use of the range of multiple products and services of the forest to ensure economic viability and the socio-environmental benefits.
- > Draft, implement and update the Management Plan, meaning that the long-term objectives of the forest management and the means to achieve them are clearly outlined;
- > Conduct the monitoring to ensure assessment of the condition of the forest, along with the yield of the forest products, the forest management activities, and their social and environmental impacts;
- > Maintain or enhance the attributes of the forests of high-conservation value, always adopting the precautionary approach in the execution of any activity;

- > Work within the standards recommended in its policies and guidelines, not offering or receiving bribes in the form of money or any other form of corruption, and not make any distinction concerning gender in its business practices or any activity related to forest management.
- > Plan and manage the forest plantations in accordance with the P&C set forth by the FSC®.

All the work involved in the forest management follows the guidelines of the **Forest Stewardship Council (FSC)**



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10 principles



Principle 1

Compliance with legislation: respect for national laws and international agreements



Principle 2

Protection of workers' rights and employment conditions



Principle 3

Recognition and protection of the rights of indigenous peoples



Principle 4

Community relations: safeguard the wellbeing of the local communities



Principle 5

Benefits from the Forest: efficient use of the forest products and services



Principle 6

Environmental values and impacts: conservation of the ecosystemic services



Principle 7

Forest management planning



Principle 8

Monitoring and assessment of the forest and forest management



Principle 9

Protection of High Conservation Values



Principle 10

Implementation of management activities

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Approach to sustainability and ESG Guidelines

GRI 3-3: International standards and certifications

Lacan Florestal's sustainability management is based upon an ESG Framework, which outlines the company's performance guidelines in relation to environmental, social and governance matters. These guidelines are based upon socio-environmental factors, applied to the diagnosis of different areas, selection of projects and the mapping of new opportunities.



For each ESG dimension, Lacan Florestal works with a set of related SDGs, with the aim of developing activities that contribute to their successful fulfillment

Guidelines for the ESG Framework



Environmental: to prioritize activities committed to reducing emissions and conserving biodiversity.



Social: to prioritize investments in the development of human capital, involving both our employees and the community.



Governance: to guarantee transparency and long-term returns in line with global trends.





As well as establishing a set of ESG indicators to be used in the monitoring of the operations, the ESG Framework aims to prioritize those topics with the greatest potential for generating an impact, such as carbon initiatives (climate change), maintenance and improvement of conservation areas (biodiversity), and the development of people (internal/local training).

In the environmental area, the company aims to report impacts and mitigation of risks linked to each investment category, following the recognized standards in the principal indicators of environmental impacts; maintain clear commitments and targets for the balancing and reduction of carbon emissions, in accordance with globally recognized monitoring methods; and fund initiatives that promote environmental regeneration and biodiversity, connecting local players to optimize results.

Between 2022 and 2023, with the material topics having been identified (read more in *Materiality*), Lacan Ativos Reais defined the guidelines that provide the foundations for its ESG-related operations. The framework for this work includes strategic guidance for the environmental, social and corporate governance dimensions; priority topics listed for each dimension; and, finally, specific

In the environmental area, the priority is **to report impacts and work on mitigating the risks identified**

ESG Guidelines for the achievement of defined objectives.

To reinforce this awareness, all the employees of Lacan Ativos Reais and Lacan Florestal took part in an online communication session, during which the Foundations Program, the company's material topics, and the ESG Guidelines were disclosed.

Parallel to these means of guidance, for each ESG dimension, a set of related SDGs was identified, firmly establishing the contribution that Lacan Ativos Reais can make to fulfilling the UN's 2030 Agenda. The table on the following page summarizes this structure:

ESG Guidelines (ESG Framework)



Environment (E)

To prioritize activities committed to reducing emissions and conserving biodiversity



Social (S)

To prioritize investments in the development of human capital, involving both our employees and the community



Governance (G)

To guarantee transparency and long-term return in line with global trends

Priority topics

- > Biodiversity and Ecosystems
- > Climate

- > Diversity and Inclusion
- > Education
- > Employment

- > Ethics and compliance
- > Data transparency
- > Develop reporting based upon international standards

Directives

1. To report impacts and mitigation of risks linked to each investment category, following the recognized standards in the principal indicators of environmental impacts
2. Investees should have clear commitments and targets for the balancing and reduction of carbon emissions, involving globally recognized monitoring methodologies
3. To fund initiatives that promote environmental regeneration and biodiversity, connecting an agenda with local players to optimize results

1. To establish minimum criteria for the occupational health, safety and wellbeing of the investee companies, with a focus on personnel development and the ongoing mitigation of disputes
2. To incorporate social impact risk evaluation as a factor in the exclusion of investee companies and establish a plan for the improvement of the social conditions involved in all activities

1. To guarantee fiduciary responsibility, offering quotaholders and clients maximum transparency in the business' financial and non-financial information
2. To establish non-acceptable criteria for investments as a factor for the exclusion of contentious sectors
3. To guarantee that the stakeholders can count upon policies and procedures that are reaffirmed by the Code of Conduct and ethics channels

Related SDGs

12 13 15

3 4 5 8 11

10 16 17



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Conservation and Restoration GRI 3-3:

Biodiversity and environmental regeneration

The native and planted forests, along with the preservation areas, perform an important role in Lacan Florestal's positive environmental impact strategy. A variety of ecosystemic services are provided, which contribute to maintaining the natural balance and restoring extensive areas in the states of Mato Grosso, Mato Grosso do Sul, São Paulo and Santa Catarina.

As well as the service provided by the trees in removing carbon from the atmosphere (thereby contributing to the reduction of greenhouse gases), the forests also regulate the water flows in damaged areas. A portion of the rainwater is intercepted by

the trees' canopies and trunks, after which it is absorbed into the earth as part of the process that supplies the water table. Due to this process, the river levels are less impacted during the dry seasons.

Lacan Florestal ensures conservation and supports improvements in the management of the areas and the preservation of the native species. As well as the regulations contained in the Forest Management Plan, a range of structured actions ensure that all the processes are not only in line with environmental legislation, but that they also contribute to the long-term sustainability of the business.



Next steps

Restoration will be an important pillar for the implementation of new activities by Lacan Florestal, in line with the demands of the investors in the new Fund IV, as well as with the carbon credit projects that the company has created.

In accordance with its objective of increasing the positive impacts, Lacan Florestal has drafted its forest restoration strategy for the coming years based upon three principal fronts:

- 1) Engaging rural property owners to ensure that they work together towards restoration;
- 2) Mobilizing resources and expertise for implementation of the restoration stages; and
- 3) Raising the quality of the ecological restoration, developing solutions for the bottlenecks and challenges in the chain together with partners and science.

The restoration of areas of native vegetation will be an **important strategic pillar for the coming years**

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Environmental performance

Management of the principal environmental themes connected to the activities of Lacan Florestal includes actions aimed at protecting biodiversity, environmental regeneration, climate change and water resources. These themes are covered by the Forest Management Plan and are included in the company's environmental policies and commitments.

The identification and management of the positive and negative impacts on the environment are based upon periodic mapping and constant monitoring of the fauna and flora, both at the time the lands are leased and during the Forest Stewardship Council (FSC) certification cycles. This continual evaluation allows us to identify whether any alterations in the management approach are necessary to prevent or mitigate impacts. The measures identified are implemented into the next management cycle and included in the annual Management Plan.

Impact studies, such as the Social and Environmental Risk Evaluation (ARAS), are developed to better understand the effects of the company's activities on the environment, ensuring that we remain in line with the requirements necessary for Forest Certification.

The environmental safeguards for mitigation of the impacts identified include the control of invasive species; maintenance of fire-breaks; the monitoring of forests, physiology, phytosociology, bird life, mammals and water resources; and erosion control. The forest management operations are duly licensed with the relevant organs, and all the waste is sent to licensed companies.

The focus of these studies and measures has been to ensure monitoring and prevention of negative impacts. The company works on the construction of methodologies for the formal evaluation of the effectiveness of these measures and the engagement of the stakeholders involved, as a means of including the perspectives of these groups in the process of mitigation and reparation of environmental impacts.

Biodiversity GRI 3-3: Biodiversity and environmental regeneration

The majority of the areas managed by Lacan Florestal are located in the Cerrado, a region of rich biodiversity. The second biggest Brazilian biome in terms of area, the Cerrado is host to a number of different forms of geology, climate, soil and relief,

with significant phytophysiological variations due to the different soil compositions and water availability.

The areas considered to be of High Conservation Value (HCV) are mapped for identification of those species of fauna and flora that are endemic or threatened with extinction. The conservation and protection actions performed by the company are based upon this mapping.

It is conducted by employees working on-site in the areas where there are remnants of natural vegetation, and includes the collection of sounds, images, footprints and sightings. By means of the 'Olho o Bicho' ('Animal Sightings') program, field workers are encouraged to look out for any animals that may appear on the plantations and in the surrounding areas, and make photographic records that are used to locate the species in the regions.

Bio-indicators of fauna and flora contribute to the identification of rare species or those threatened with extinction. The most recent studies of fauna (large and medium-sized mammals and birds) and flora (physiological and phytosociological) were presented in the 2023 summary of the Forest Management Plan.





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Climate change GRI 3-3:

Climate change, Renewable energies



3 million

tCO₂e removed from the atmosphere in 2023

Lacan Florestal contributes principally to the mitigation of climate change by means of the removal of carbon through its forests and conserved areas, and through the carbon stocks contained in its trees. In 2023, the company's forest assets removed roughly 3 million tons of tCO₂e from the atmosphere.

Indeed, the amounts contained in the carbon stocks correspond to the biomass

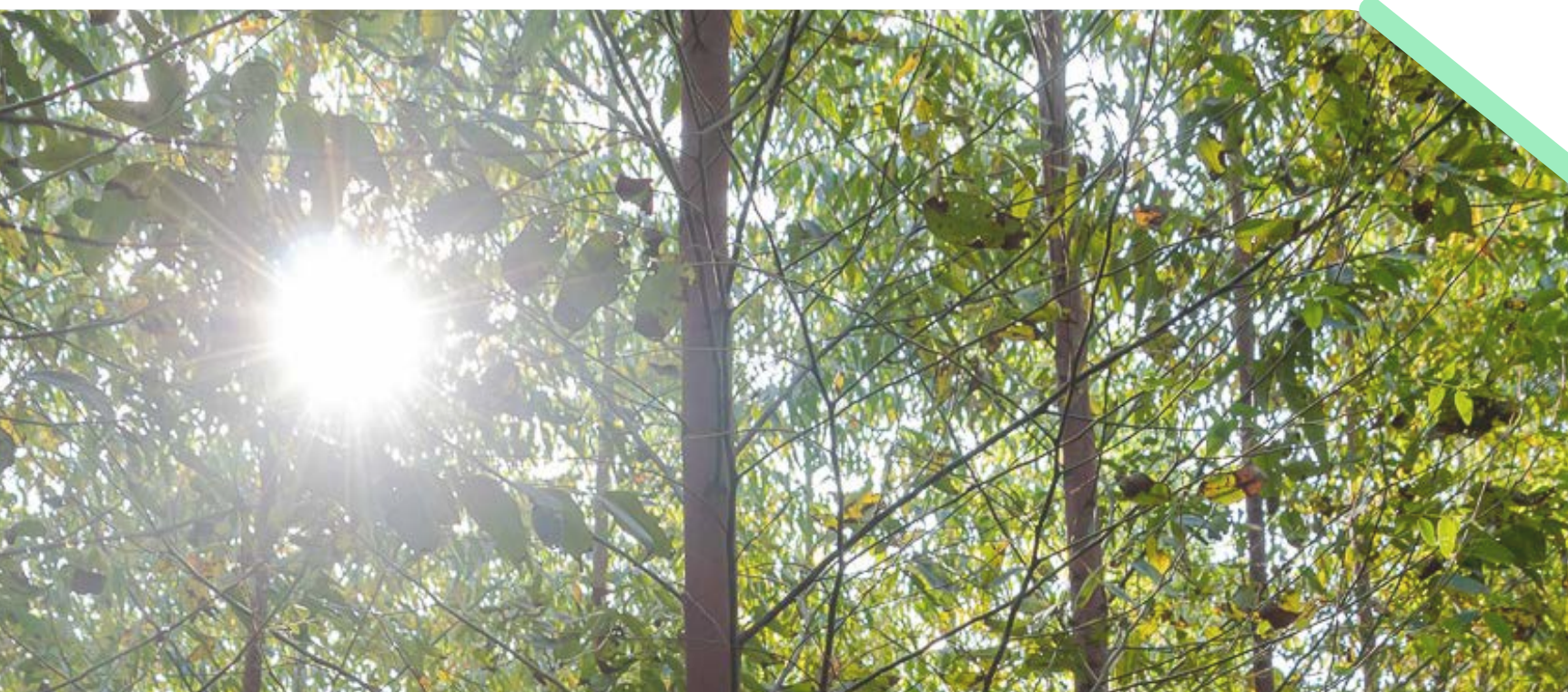
generated by the trees used for productive purposes and for conservation. This biomass is employed by various different industrial segments as a source of renewable, fossil-free energy, thereby helping to accelerate the energy transition to a low-carbon economy.

The approach to this issue includes the identification of the impacts that are linked to climate change and which are felt by the company itself and by the environment, economy and society. As a suitable alternative to energy transition, the forest assets represent an attractive investment option.

Lacan Florestal monitors the impacts that could affect the company's productivity, arising from natural phenomena such as droughts and wildfires. Climate changes can also influence the selection of inputs and the studies on genetics and cloning in the plantation's portfolio. To mitigate these impacts, Lacan has adapted its plantations to deal with water stress and avoid areas that are more vulnerable to natural risks and pests.

Alongside these actions, Lacan Florestal's forest management includes monitoring the greenhouse gas emissions (GHG) connected to its activities, to contribute to the mitigation of climate change. Development of the strategy for this topic includes the drafting of an annual emissions inventory, in line with the GHG Protocol, adjusting metrics and premises based upon the investors' demands, thus paving the way for future reduction commitments and targets, or increased energy efficiency.

In 2024, the company is working actively on developing studies on the direct and indirect emissions arising from its operations, in an attempt to better understand their generation and opportunities for mitigation.



Water resources

GRI 3-3: Water management, 303-1

Lacan Florestal prioritizes the responsible use of water resources in its operations, involving management of all the potential negative impacts. This responsibility most pressing involves the water consumed during the planting activities performed during the initial irrigation stage.

In those regions where the company is active, the planted forests contribute to better soil cover and to the prevention of erosion. As a way of preventing the draining of the soil cover and the use of fertilizers on the surface layers, especially during the rainy seasons, Lacan uses techniques such as planting along contour lines (as demonstrated in the infographic on page 31).

No withdrawal is performed in regions subject to water scarcity. The points most worthy of attention in the management process are the risks of excessive use of water when watering the saplings, and contamination of bodies of water by chemicals or fertilizers. To mitigate these risks, practices applied involve responsible forestry and surface water withdrawal exclusively in areas registered for such activity by the state environmental agencies (sources of public supply and ground waters).

The potential environmental impacts are measured by means of data collection and analyses performed principally during the water withdrawal stage. The aim is to keep water management in compliance with the local guidelines and regulation and sustainable practices for use of the resources.

The entire process, performed solely in micro-basins, is closely scrutinized by the environmental organs with the application of outflow analyses. The hydro-resource management includes specific preventive or corrective actions, reinforced by means of training and awareness-raising programs for all the company's employees and suppliers.

The operational monitoring registers the entire consumption and allows for possible recommendations to be made in relation to planting techniques. The water in the forest activities is not taken into consideration. All the water collected is returned to the earth as part of the sapling watering process. GRI 303-2



Innovation provides environmental benefits

With the aim of implementing the most advanced technologies in forest management, Lacan Florestal has begun using hidrogel (a sterile gel capable of absorbing water) in its planting of saplings. This innovation allows the roots to take hold more effectively, meaning the crop establishes itself in the ground more quickly. Amongst the direct benefits of applying hidrogel as part of water management are the increased retention of water by the soil and the reduction (of up to 50%) of the volume of water used in the irrigation process.



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Under the guidelines of its ESG Framework, Lacan Florestal's social actions focus on internal personnel development programs, aimed at providing training to both direct and indirect employees, and socio-environmental projects focused on the communities neighboring the forest activities.

The company's main personnel management strategies involve aiming to establish basic criteria for the employees' conditions of health, safety and wellbeing, prioritizing the mitigation of conflicts and personal and professional development.

Lacan Florestal's direct employees work in the offices located in Mato Grosso do Sul and São Paulo. Those in the state of Mato Grosso do Sul are located at the office in Três Lagoas, working on behalf of the forest activities.

As part of the plan established to work in support of the communities, Lacan Florestal invests in assessments of the risk of social impact caused by all of its activities and in establishing plans designed to improve the socio-environmental conditions of those communities that are impacted.



Personnel development

GRI 3-3 Economic performance

Values such as diversity, safety and the creation of opportunities are amongst the priorities of Lacan Florestal's approach to personnel management. The relations with the employees at the offices and in the field follow formal human resources policies, with concrete commitments concerning

matters such as remuneration, benefits, working hours, accident prevention and healthcare.

Salaries and benefits, opportunities and working conditions in general are equal for all, without racial, gender or any other type of discrimination. Compliance with labor legislation, including the prohibition of exploration or compulsory or child labor, is strictly observed.



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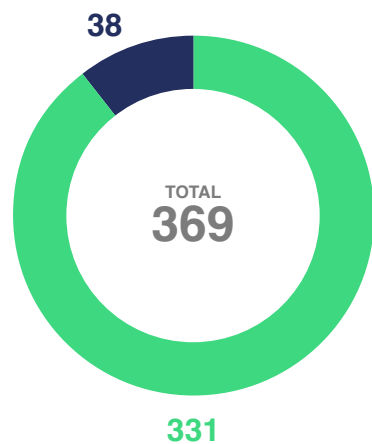
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Whenever hiring, the company prioritizes local labor. This policy supports social and economic development in Mato Grosso, Mato Grosso do Sul and Santa Catarina, thereby contributing to the generation of income in these regions.

Job creation in the municipalities where Lacan Florestal is active (2023)



- Outsourced workers
- Direct employees

All the personnel training and certification actions follow the requirements set forth in the Forest Management Plan. Lacan Florestal has developed standards for the training sessions related to forest management, safety, fire prevention, and the environment, as well as other matters, all of which are applicable to the direct employees and outsourced workers.

Health and safety

The health and safety management is based upon compliance with the demands of Regulatory Norm (NR) n° 31, published by the Ministry of Labor and Employment (MTE), which establishes specific regulations for workers performing rural activities. The FSC's Principles and Criteria are also observed in the training, planning of actions, and measures designed to prevent and mitigate risks.

In compliance with NR31 and the FCS regulations, Lacan Florestal performs periodic inspections relating to the different work fronts: issuing reports on irregularities and monitoring the adoption of corrective and preventive measures; as well as registering, investigating and adopting shared actions in the case of accidents. The risks identified are monitored by the Risk Management Program (RMP), which predicts, recognizes, evaluates and controls the occurrence of risks in the workplace.

The actions focus on guidance on the prevention of incidents, including the prediction and recognition of the risks; the establishment of priorities and targets for evaluation and control; assessment of the risks and exposure of the employees; the implementation of control measures and evaluation of their effectiveness; and the monitoring of exposure to risks.

Fundamental to this process is the training and preparation of the workers in the exercising of their functions with the intention of preventing work-related injuries. The monitoring of the working conditions and the safety equipment follows rigid standards of control.

The training sessions include instruction for the leaders on chemicals and hazardous waste; the safe transportation of people and cargo; compliance with labor procedures and instructions; proper use of personal protective equipment (PPE), tools and installations; and other activities designed to prevent accidents.

These training sessions are complemented by Daily Safety Dialogs (DSD), which provide instruction and clarify doubts concerning the operational procedures, taking into consideration aspects involving occupational health and safety. The DSDs also serve as a forum where it is possible to discuss these matters with the workers.



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All accidents and incidents are registered as part of the Accident Analysis and Investigation (AAI) processes. Every occurrence, regardless of its level of seriousness, is the focus on an investigation that leads to an action plan containing preventive and corrective measures. The monitoring of these occurrences provides indicators for gauging the company's performance concerning health and safety.

Along with these actions, Lacan Florestal also has the Forest Healthcare Program, that covers all the workers and units. The actions involved in the program focus on monitoring the work-related health (pressure, diabetes, talks, first aid) of the employees working in the forest areas and those of the services providers.

Local development

Lacan Florestal's social activities include relations with communities, different levels of government, civil society organizations and other interested parties, on behalf of the socioeconomic development of the regions where it has operations. Amongst the priorities are the reduction of inequality, the offering of opportunities, environmental conservation and the preservation of local cultural heritage.

These objectives, which are directly driven by the value generated by the company's operations and social projects, are achieved through the creation of direct and indirect

jobs, payment of taxes, investments in infrastructure, consumption of locally produced commodities, and initiatives in the areas of education, healthcare, entrepreneurship and the environment.

Periodically updated participative, socio-economic diagnoses help the company to better understand the communities and the social and environmental demands of the regions where the forest assets are located. The impacts on these communities are monitored throughout the entire life cycle of the cultivated trees, providing indicators that are implemented into the action plans.

The activities of Lacan Florestal positively impact the communities neighboring the forests

Amongst the potential negative impacts identified in the activities performed in Mato Grosso, Mato Grosso do Sul and Santa Catarina are negative effects concerning the use of the land, enclosure of areas, impacts on telephone signals, damages to fencing and an increase in the amount of dust on the highways caused by the movements of trucks. GRI 413-2

The company seeks to engage the communities and other stakeholders in the development of action plans aimed at tackling these impacts. Channels designed to allow dialog and the receipt of demands allow for the identification of both positive and negative impacts, whilst meetings with universities, associations, settlements, public authorities and other institutions also provide information for the planning of social actions.



Green April Campaign

One of the highlights of the safety management in 2023 was the 'Green April Campaign', held during Health and Safety at Work Month. A special program of actions focused on the prevention of work-related illnesses and risks of accidents was held, as well as initiatives designed to encourage safe behavior in the workplace.



Foundations Program

In 2023, the Foundations Program was launched with the aim of acting as an “umbrella” that can combine the socio-environmental programs of Lacan Florestal and Lacan Ativos Reais.

One of the main priorities is to strengthen the ties with the communities in the regions where the company operates. In the municipality of Três Lagoas, in Mato Grosso do Sul, projects already under way, developed on family farmer agricultural cooperatives, have been incorporated into the Foundations Program, encouraging education and supporting the professional development of the cooperative.

Improvements in the safety at work policy, with preventive measures and actions, and attention to the quality of the nutrition offered to the employees also form part of the Foundations Program. The ‘*De Olho no Lixo*’ (‘An Eye on Garbage’) campaign (involving the implementation of recycling) is another example of the environmental initiatives at the offices.



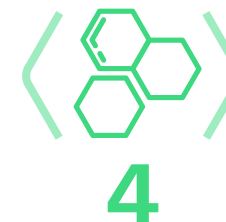
Contribution to the local economies and creation of jobs

Creating a positive economic impact is one of Lacan Florestal’s main objectives, prioritizing elements ranging from the beginning of the forest operations to the purchase of products, materials and services in the regions where the company is located, thereby benefiting the local economy.

The creation of jobs and the wages of the workers as a whole benefit the local and regional economic sectors, especially commercial and services activities, principally in the municipalities where the workers live. According to the most recent summary of the Forest Management Plan, in 2023 there were 383 positions filled in the regions where the company operates.

Socio-environmental investments

The socio-environmental investments are voluntary transfers of private funds, approved by Lacan Florestal’s senior management, and applied in social, environmental and cultural actions and projects that benefit the communities.



4 municipalities took part in the *Favo de Mel* Program

One of the highlights of the benefited projects is the ‘*Favo de Mel*’ (‘Honeycomb’) Program, which aims to encourage different uses of the planted eucalyptus forests and strengthen the production chain and commercialization of honey in Mato Grosso do Sul. In 2023, more than 50 beekeepers in the municipalities of Três Lagoas, Brasilândia, Água Clara and Ribas do Rio Pardo took part in the program, distributing 5,384 beehives around the forests of Lacan Florestal.



Strategy and governance

Responsibility for the strategic leadership and management of Lacan Florestal falls to three Forest Directors, each of whom have decades of experience in the administration of assets in the segment. Responsible for the creation and implementation of the Forest Management Plan, the Forest Directors lead everything from the planning of Lacan Florestal's activities through to their implementation.

Three Forest Directors, with extensive experience in the sector, take care of the administration of the assets

Stakeholder engagement in the forest management GRI 2-25, 2-26

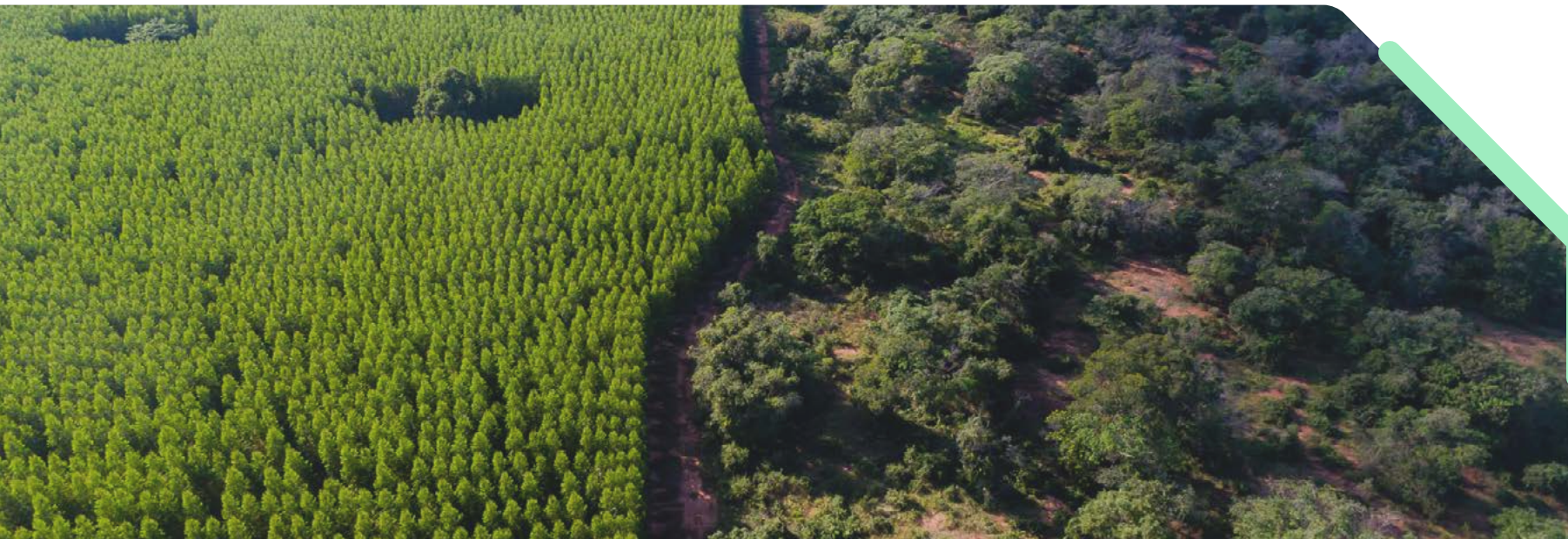
The engagement between Lacan Florestal and its groups of stakeholders is found in the elaboration stages of the Management Plan and in the activities involved in the management of the assets.

The priorities in these relationships are the identification of potential socio-environmental impacts, in stages such as the application of herbicides, firefighting and training on the prevention and fighting of wildfires, maintenance of highways and other types of infrastructure, and cultural and environmental heritage protection actions.

These impacts are mapped each year, using processes that involve public data and field evaluations. Ombudsman services and visits and meetings with representatives of the communities, forest projects, and neighbors and business associations, are held periodically, providing additional inputs for the planning of impact mitigation actions.

All the stakeholders can make direct contact with the company by means of telephone (+55 67 3522-3994) or e-mail (sustentabilidade@lacanflorestal.com.br). Environmental emergencies, such as wildfires, can be reported 24 hours a day, seven days a week, to the Forestry Center (+55 67 99216-6047).

All the stakeholders take an active role in the resolution of these matters, which are registered and monitored through until their resolution. Feedback is provided in the form of e-mails, newsletters, meetings and events, available in Portuguese, online (24/7) and in-person (business hours). The stakeholders' satisfaction with these processes has not yet been gauged, due to the infrequency of the contacts received: in 2023, the company received just one complaint.





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Entities included in the organization's sustainability report GRI 2-2

Lacan Investimentos e Participações LTDA, referred to as Lacan Ativos Reais and Lacan Florestal, either controls or holds a significant share in the following entities: Bio Phylas Florestal S/A, Uro Grandis Florestal S/A, Arapuá Florestal S/A, Tarumã Florestal S/A, MT Energia Renovável S/A, Ápice Florestal S/A, Nova Austrália Florestal S/A, Nova Esperança Florestal S/A, Imbuia Florestal S/A, SP Energia Renovável S/A, Guarani Florestal S/A, Campos Verdes Florestal S/A and Jequitibá Florestal S/A. All of these entities are included in the organization's financial report as well as its sustainability report.

Employees GRI 2-7

The total number of employees is reported by means of the direct counting method, including both full-time and part-time employees, based upon data at the end

of the reported period. The data are taken from a personnel control spreadsheet calculated by the Human Resources department, which records hirings and dismissals, using time cards and employment agreements.

The company is planning to implement an internal control system in 2024, with the aim of improving this process. During the reported period, no significant fluctuations were observed in the number of employees.

EMPLOYEES BY REGION AND GENDER GRI 2-7

Region	2021			2022			2023		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Center-West	14	4	18	19	3	22	14	4	18
Southeast	-	-	-	9	4	13	9	10	19
London, UK	-	-	-	-	-	-	1	0	1
Total	14	4	18	28	7	35	24	14	38

EMPLOYEES BY TYPE OF EMPLOYMENT AGREEMENT AND GENDER GRI 2-7

Gender	2021			2022			2023		
	Unlimited duration	Limited duration	Total	Unlimited duration	Limited duration	Total	Unlimited duration	Limited duration	Total
Men	14	0	14	28	0	28	24	0	24
Women	4	0	4	7	0	7	14	0	14
Total	18	0	18	35	0	35	38	0	38





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EMPLOYEES BY TYPE OF EMPLOYMENT AGREEMENT AND REGION GRI 2-7

Region	2021			2022			2023		
	Unlimited duration	Limited duration	Total	Unlimited duration	Limited duration	Total	Unlimited duration	Limited duration	Total
Center-West	18	0	18	22	0	22	18	0	18
Southeast	0	0	0	13	0	13	19	0	19
London, UK	-	-	-	-	-	-	1	0	1
Total	18	0	18	35	0	35	38	0	38

EMPLOYEES BY TYPE OF EMPLOYMENT AND GENDER GRI 2-7

Gender	2021			2022			2023		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total
Men	14	0	14	28	0	28	24	0	24
Women	4	0	4	7	0	7	14	0	14
Total	18	0	18	35	0	35	38	0	38



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EMPLOYEES BY TYPE OF EMPLOYMENT AND REGION GRI 2-7

Region	2021			2022			2023		
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total
Center-West	18	0	18	22	0	22	18	0	18
Southeast	0	0	0	13	0	13	19	0	19
London, UK	-	-	-	-	-	-	1	0	1
Total	18	0	18	35	0	35	38	0	38

Workers who are not employees GRI 2-8

Lacan uses the direct counting methodology to calculate the number of workers who are not employees, covering both full-time and part-time workers, based upon data at the end of the reported period. No significant fluctuations in the number of workers were observed during the reported period.

WORKERS¹ - GRI 2-8

Types of workers		2021	2022	2023
Employment relationship	Type of work performed	Number of workers	Number of workers	Number of workers
Outsourced workers	Forest services	501	619	331
Companies	Service provision	0	4	4
Total		501	623	335

¹ According to GRI definitions, workers are those individuals who are not employees (who do not have a direct employment agreement with the company), but who provide services to the organization.



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Performance evaluation **GRI 2-18**

Lacan does not formally evaluate the performance of its highest governing body in relation to supervision of the impacts on the economy, the environment or people, since it does not feel that this practice is applicable.

Remuneration **GRI 2-19, 2-20**

The remuneration policies for the senior management in 2023 included fixed remuneration in line with market standards and variable remuneration based upon fulfillment of targets (covering social, economic and environmental results) and meritocracy.

The process involved in the creation of the remuneration policies includes the development of remuneration packages and performance of market analyses. The company is improving this process, including external consultations and stakeholders' perspectives. A retirement policy is to be formalized in 2024.

ANNUAL TOTAL COMPENSATION - **GRI 2-21**

	2022	2023
Annual total compensation ratio ¹	28.5	9.09
Ratio of the percentage increase ²	12.19	17.6
Result (%)	2.34	0.52

1 Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual).

2 Ratio of the percentage increase of the highest remuneration paid to the percentage increase of the average total remuneration.

Collective bargaining agreements **GRI 2-30**

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS¹ - **GRI 2-30**

	2021	2022 ²	2023
	100	0	0

1 Percentage calculated based upon the number of employees reported in GRI 2-7.

2 Lacan has opted to maintain all the benefits established in 2022 and 2023, meaning there has been no loss of any benefit provided to the employees as a result of the non-renewal of the collective bargaining agreement.

Environmental performance

Energy consumption within the organization GRI 302-1

Lacan does not sell the excess self-generated electricity, heating, refrigeration or steam. The information is based upon the energy bills.

CONSUMPTION OF FUELS FROM NON-RENEWABLE SOURCES - GRI 302-1

	2022	2023
Types of non-renewable sources	Energy quantity (GJ)	Energy quantity (GJ)
Gasoline	4,024.29	2,801.12
Diesel ¹	46,953.34	24,803.92
LPG	0	4.23
Total	50,977.63	27,609.27

¹ In 2023, the calculations included the total amount of S10 and S500 fuels.

CONSUMPTION OF FUELS FROM RENEWABLE SOURCES - GRI 302-1

	2022	2023
Types of renewable sources	Energy quantity (GJ)	Energy quantity (GJ)
Ethanol in the gasoline	0	716.83
Ethanol	31.38	14.15
Biodiesel (in the diesel) ¹	0	2,572.78
Total	31.38	3,303.76

¹ For 2023, a percentage of 10% of biodiesel was considered as having been mixed with diesel, with this amount being used throughout Brazil in every month of the year.

ENERGY CONSUMPTION BY SOURCE GRI 302-1

Type of source	2021 ¹	2022	2023 ²
	Energy quantity (GJ)	Energy quantity (GJ)	Energy quantity (GJ)
Electricity	9.15	45.820	135.25
Chilling	43.55	0.00	0.00
Total	52.70	45.820	135.25

¹ The data presented for 2021 was corrected in relation to those published the previous year. GRI 2-4

² In 2023, two more plantations were included as energy consuming units.

TOTAL ENERGY CONSUMPTION WITHIN THE ORGANIZATION¹ - GRI 302-1

	2022	2023
	Energy quantity (GJ)	Energy quantity (GJ)
	63,737.01	31,183.54

¹ For calculation purposes, the amount of fuel was multiplied by its respective "Lower Calorific Value", taking as the benchmark the 2023 National Energy Balance report published by the Ministry of Mines and Energy.

Energy consumption outside the organization GRI 302-2

TOTAL ENERGY CONSUMPTION OUTSIDE THE ORGANIZATION¹ - GRI 302-1

Fuels used	2023
	Energy quantity (GJ)
Diesel	2,889.89
Biodiesel in the diesel	299.75
Electricity	98.14
Total	3,287.78

¹ The data reported relate to the diesel consumed by outsourced trucks, used for the transportation of raw materials, saplings and final disposal of packaging, as well as the energy consumed by third party companies providing services to Lacan.



Water withdrawal GRI 303-3

The withdrawal and use of water for forestry purposes are controlled by the Forest Planning department, with the amounts being recorded in the system. Every activity receives a technical recommendation concerning use and watering. The withdrawals are regulated by the responsible state agency.

Use of the water is shared with the neighboring communities. As such, depending upon the availability of water in each region and the volume necessary for the other users, the company establishes the amount of water that is to be used from each withdrawal point in line with the withdrawal for watering license.

TOTAL WATER WITHDRAWAL FROM ALL AREAS (LITERS)¹ - GRI 303-3

Source	2021	2022	2023
	Freshwater	Freshwater	Freshwater
Total - surface water	60,599,888	186,853,076.82	50,825,338.69

¹ The data are recorded in a system depending upon the collection operations within the forest management.

Water consumption GRI 303-5

The organization does not store water during the course of its operations. The estimate for use in spraying operations is in line with the technical recommendations on leaks forming part of the agricultural practices pursued and which provide the basis for calculating the amount of water necessary. Calculation of the water required is based upon the number of plants per hectare.



Biodiversity

Lacan does not have any operational units located in areas of environmental protection designated for conservation, nor in areas of high biodiversity value recognized for the richness of the different life forms they contain. The areas in which the company is involved are Permanent Preservation Areas (PPAs).

Operational sites owned, leased, managed in, or adjacent to, **protected areas and areas of high biodiversity value** outside environmentally protected areas **GRI 304-1**

Protected or restored habitats **GRI 304-3**

Lacan Florestal has a total of 35,924.55 ha under conservation in reserves and environmentally protected areas, and performs surveys on the fauna located in these areas. The main objective is to gain a better understanding of the bird life and mammals, in order to be able to preserve and protect them and their habitats, by means of qualitative and quantitative sampling techniques.

The PPAs are hosts to important remnants of the Cerrado biome, containing a wide

diversity of habitats and species. The biological surveys call attention to the differences in the composition of the species, stressing the way in which they complement the system already in place in the protected areas.

The most pressing threats to the species in the Cerrado, where the plantations are located, are: hunting, deforestation, alteration and fragmentation of habitats, livestock farming, fire, traffic accidents and inadequate patrolling in protected areas.

PROTECTED OR RESTORED HABITATS IN THE REPORTED PERIOD¹ - **GRI 303-5**

Name of area	Condition	Location	Size KM ²	Status
Conservation areas	protected	Mato Grosso	52	Under long-term monitoring
Conservation areas	protected	Mato Grosso do Sul	258.3	Under long-term monitoring
Conservation areas	protected	São Paulo	19.03	Under long-term monitoring
Conservation areas	protected	Santa Catarina	29.93	Under long-term monitoring

¹ The information on the conservation areas relates to the legal documents of each plantation. In São Paulo, the Conservation Area covers an area of 19.03 km².

Emissions

2022 was chosen as the base year for the reporting of emissions, since the company does not have specific emissions reduction targets, meaning the year prior to the reported period is being used for comparison purposes. There were no significant changes in emissions that justified the need for a recalculation of the base year's figures.

For the emission factors and the global warming potential (GWP), the company has taken the fifth evaluation report published by the Intergovernmental Panel on Climate Change (IPCC) as a reference, as well as the emissions factor of the National Interconnected Grid (SIN) for energy consumption in Brazil.

The operational control was adopted as the consolidation approach adopted for calculation of the emissions, whilst the regulations, methodologies and/or calculation tools used include the GHG Protocol and the ISO 14064.



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Direct greenhouse gas emissions (Scope 1) GRI 305-1

GROSS DIRECT (SCOPE 1) GHG EMISSIONS¹ IN METRIC TONS OF tCO₂eq - GRI 305-1

Category	2022		2023	
	Total emissions	Biogenic emissions ²	Total emissions	Biogenic emissions
Stationary combustion	1.42	-	6.17	0.71
Mobile combustion	3,727.09	-	2,013.19	265.1
Fugitive emissions	8.14	-	1.19	-
Agricultural activities	14,555.09	-	10,351.77	7,322.7
Change in land use	1,027.47	-	619.43	-
Total	19,319.21	507.10	12,991.75	7,588.51

1 Lacan includes Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O) in its calculation of greenhouse gas emissions.

2 Due to the changes in the reporting methodology, the biogenic emissions have been included in detail in the period relating to 2023.

Indirect emissions of greenhouse gases arising from the acquisition of energy (Scope 2) GRI 305-2

INDIRECT GREENHOUSE GAS EMISSIONS FROM THE ACQUISITION OF ENERGY IN TCO₂EQ (SCOPE 2)¹ - GRI 305-2

	2022	2023
	2.19	1.42

1 Lacan does not use the choice of purchase approach to calculate the Scope 2 emissions, including solely Carbon Dioxide (CO₂) in its calculations. 2022 was selected as the base year.

Other indirect greenhouse gas emissions (Scope 3) GRI 305-3

OTHER INDIRECT GREENHOUSE GAS EMISSIONS IN tCO₂eq (Scope 3)¹ - GRI 305-3

Category	2022		2023	
	Total emissions	Biogenic emissions ²	Total emissions	Biogenic emissions
Upstream transportation and distribution	-	-	212.06	25.29
Waste generated in operations	-	-	0.66	-
Business travel	43.81	-	93.85	-
Upstream leased assets	-	-	1.25	-
Total	43.81	0.14	307.82	25.29

1 The company includes Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O) in its evaluation of Scope 3 greenhouse gas emissions. 2022 was selected as the base year for this analysis.

2 The biogenic emissions reported in the 2022 cycle relate to bus and/or van travel.

Intensity of greenhouse gas (GHG) emissions GRI 305-4

The basis for the calculation of the intensity of Lacan's greenhouse gas (GHG) emissions was the planted area in hectares. Using these data, the intensity of the emissions for the reported period was 0.13 tons of CO₂ equivalent per planted hectare.

INTENSITY OF GREENHOUSE GAS EMISSIONS IN tCO₂eq - GHG¹ - GRI 305-4

	2022	2023
	0.27	0.13

¹ For this calculation, the organization considered the total planted area as 96,712.05 hectares, and the Scope 1 and Scope 2 emissions, totaling 12,993.18 tons of CO₂ equivalent. Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O) and Hydrofluorocarbons (HFCs) were the gases included in the intensity of the emissions.

Reduction of greenhouse gas (GHG) emissions GRI 305-5

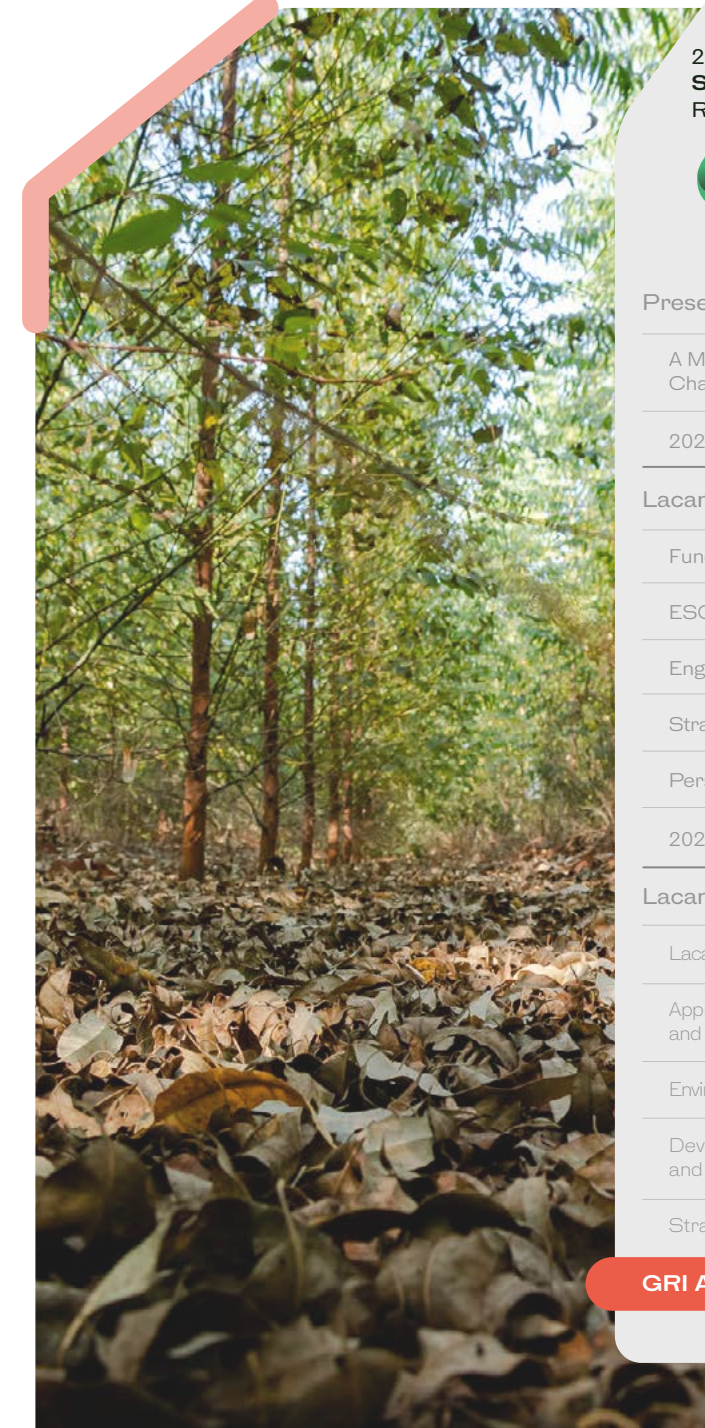
The reduction in Scope 1 emissions has been due mainly to the lower consumption of limestone as a soil corrective, which can be explained by the moment in the cycle of forest rotation. In addition to this, there was a reduction in the consumption of fuel by the equipment and vehicles used in the forests.

REDUCTION OF EMISSIONS OF GREENHOUSE GASES IN tCO₂eq IN 2023 - GHG¹ - GRI 305-5

	SCOPE 1	SCOPE 2	SCOPE 3
Base year emissions	19,319.21	2.19	43.81
Emissions in the reported year ¹	12,991.75	1.42	307.82
Difference in emissions in relation to the base year	-6,327.46	-0.77	264.01

¹ The gases included in the calculations were: Carbon Dioxide (CO₂), Methane (CH₄) and Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs). 2022 was chosen as the base year. The regulations and methodologies adopted for the calculations were the GHG Protocol and the ISO 14064. The increase in the Scope 3 emissions was due to the improved data collection.

Another factor that justifies the differences presented was the improvement in the collection of data, which are more precise for 2023. The increase in Scope 3 emissions is due to the greater number of emissions sources calculated in 2023 in relation to the previous year, although there was not any actual increase in the emissions.



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Declaration of use Lacan Florestal used the GRI Standards as its base for reporting the period between January 1 and December 31, 2023.

GRI 1 used GRI 1: Foundation 2021

GRI STANDARD	CONTENTS	LOCATION	SDGs
General disclosures			
GRI 2: General Content 2021	2-1 Details of the organization	8	
	2-2 Entities included in the organization's sustainability reporting	47	
	2-3 Reported period, frequency and point of contact	The report covers the period between January 1 and December 31, 2023. The Lacan Sustainability Report is published annually. To contact us, please write to: sustentabilidade@lacanflorestal.com.br.	
	2-4 Restatements of information	The data relating to the energy consumption by source (GRI 302-1) presented for 2021 were rectified in relation to those published the previous year.	
	2-5 External assurance	The report has not been subject to an external audit.	
	2-6 Activities, value chain and other business relationships	9, 29	-
	2-7 Employees	47, 48, 49	8, 10
	2-8 Workers who are not employees	49	8
	2-9 Governance structure and composition	20	5, 16
	2-10 Nomination and selection of the highest governance body	21	5, 16
	2-11 Chair of the highest governance body	20	16
	2-12 Role of the highest governance body in overseeing the management of impacts	21	16
	2-13 Delegation of responsibility for managing impacts	21	



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GRI STANDARD	CONTENTS	LOCATION	SDGs
GRI 2: General Content 2021	2-14 Role of the highest governance body in sustainability reporting	21	
	2-15 Conflicts of interests	21	16
	2-16 Communicating critical concerns	18	
	2-17 Collective knowledge of the highest governance body	14	
	2-18 Evaluation of the performance of the highest governance body	50	
	2-19 Remuneration policies	50	
	2-20 Process to determine remuneration	50	
	2-21 Annual total compensation ratio	50	
	2-22 Statement on sustainable development strategy	5	
	2-23 Policy commitments	19	16
	2-24 Embedding policy commitments	19	
	2-25 Processes to remediate negative impacts	15, 19, 45	
	2-26 Mechanisms for advice and presentation of concerns	45	16
	2-27 Compliance with laws and regulations	19	
	2-28 Membership of associations	15, 16	
2-29 Approach to stakeholder engagement	18		
2-30 Collective bargaining agreements	50	8	
Material topics			
GRI 3: Material Materials 2021 materials	3-1 Process to determine topics	12	-
	3-2 List of material topics	12	
Renewable energy			
GRI 3: Material Materials 2021	3-3 Governance of material topics	39	



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GRI STANDARD	CONTENTS	LOCATION	SDGs
GRI 302-1	Energy consumption within the organization	51	8, 12
GRI 302-2	Energy consumption outside the organization	52	8, 12
Biodiversity and environmental regeneration			
GRI 3: Material Materials 2021	3-3 Governance of material topics	37, 38	
GRI 304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	53	6, 14, 15
GRI 304-3	Habitats protected or restored	53	6, 14, 15
Economic performance			
GRI 3: Material Materials 2021	3-3 Governance of material topics	23, 41	
GRI 201-1	Direct economic value generated and distributed	Lacan Florestal manages different types of investments on behalf of different investors and for this reason does not consolidate its financial statements nor does it disclose this information.	8, 9
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Lacan participates in and monitors studies performed by the sector in relation to climate change and is working together with specialist partners to perform mapping aimed at climate adaptation.	13
Corporate governance			
GRI 3: Material Materials 2021	3-3 Governance of material topics	13, 14	
GRI 205-1	Operations assessed for risks related to corruption	In 2023, there were no incidents or reports of any accusations related to corruption.	16
GRI 205-3	Confirmed incidents of corruption and actions taken	19	16
International standards and certifications			
GRI 3: Material Materials 2021	3-3 Governance of material topics	15, 16	



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GRI STANDARD	CONTENTS	LOCATION	SDGs
GRI 413-2	Operations with significant and potential negative impacts on local communities	43	1, 2
Climate change			
GRI 3: Material Materials 2021	3-3 Governance of material topics	39	
GRI 305-1	Direct (Scope 1) greenhouse gas (GHG) emissions	54	3, 12, 13, 14, 15
GRI 305-2	Indirect emissions (Scope 2) of greenhouse gases (GHG) arising from the acquisition of energy	54	3, 12, 13, 14, 15
GRI 305-3	Other indirect emissions (Scope 3) of greenhouse gases (GHG)	54	3, 12, 13, 14, 15
GRI 305-4	Intensity of Greenhouse Gas (GHG) emissions	55	13, 14, 15
GRI 305-5	Reduction of greenhouse gas (GHG) emissions	55	13, 14, 15
GRI 305-6	Emissions of ozone depleting substances (ODS)	Lacan does not produce, import, export or use any gases which are harmful to the ozone layer.	3, 12
GRI 305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	There were no relevant emissions of the cited gases	3, 12, 14, 15
Water management			
GRI 3: Material Materials 2021	3-3 Governance of material topics	40	
GRI 303-1	Interactions with water as a shared resource	40	6, 12
GRI 303-2	Management of water discharge-related impacts	40	6
GRI 303-3	Water withdrawal	52	6
GRI 303-5	Water consumption	52, 53	6
Ethics, compliance and transparency			
GRI 3: Material Materials 2021	3-3 Governance of material topics	19	
GRI 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	19	16



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Credits

The 2023 Sustainability Report is a **Lacan Ativos Reais**
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