



# Lacana Florestal

SUMMARY OF THE

# Forest Management Plan

Arapuã Florestal S/A  
Bio Phyllas Florestal S/A  
Campos Verdes S/A  
MT Energia Renovável S/A

Nova Esperança S/A  
Nova Austrália S/A  
Tarumã Florestal S/A  
Uro Grandis Florestal S/A

Ápice Florestal S/A  
Jequitibá Florestal S/A

# SUMMARY

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# Purpose of this public summary

The Public Summary of the Forest Management Plan aims to provide society and stakeholders with information about Lacan Florestal's forestry enterprise, as well as to present its main guidelines and activities, whose ultimate goals are wood production, sustainable management practices, and social and environmental responsibility actions. It seeks to meet market demands in partnership with a global leader in the cellulose sector.

The forest funds of companies are committed to the implementation and updating of the Public Summary of the Management Plan, which is one of the requirements of FSC® (FSC-C113536) Forest Stewardship Council® according to internationally recognized principles and criteria. These efforts aim to promote and facilitate good management of Brazilian forests that reconcile ecological safeguards with social benefits and economic viability. The digital version of this public summary is sent via email and is available on the website [www.lacanflorestal.com.br](http://www.lacanflorestal.com.br).

The Brazilian forestry sector operates on principles of sustainability, going beyond legal requirements. Forest certification is a voluntary process that many companies undergo to attest that their management practices are based on three fundamental pillars: environmentally appropriate, socially fair, and economically viable. It serves as a market tool, allowing consumers to know the responsible origin of the products they purchase. The new consumer, concerned with sustainability, has been seeking products with traceability in the supply chain, and this sector has been tracking its products for decades.



## About the company

The Lacan Florestal Project is the result of years of research, dedication, and persistence from the Lacan Investimentos team. More than that, it is the fruit of the trust that investors have placed in our work. We take great pride and care in what has been developed seriously, and for these reasons and others, we always like to share how it all began.

The seed of the project emerged in 2008 as a result of Luiz Augusto Candiota's reflections on the long-term investment alternatives available to Brazilian institutional investors. Convinced that our real interest rates would converge to a lower level in the following decades, Candiota and the Lacan Investimentos team traveled to the USA, Canada, and Europe to better understand the allocation rationale of foreign institutional investors such as pension funds, sovereign wealth funds, and endowments, accustomed to long-term investments. As expected, it was found that the portfolios of these global investors were less concentrated, by Brazilian standards, in debt securities and stocks, and heavily dependent on the returns from alternative assets such as currencies, commodities, and structured funds like private equity, infrastructure, and, due to its important inflation-hedging characteristic and non-correlation with the previously mentioned assets, investments in forests.

Upon returning to Brazil, the Lacan Investimentos team dedicated significant time and resources to understanding what seemed to be the most suitable alternative for Brazilian institutional investors, considering the country's competitive advantages and what was already available in the local fund market: the forestry sector. The first step towards a project with strong foundations was the structuring of the team, inviting José Maria de Arruda Mendes Filho, one of Brazil's most renowned



eucalyptus forest specialists, to join the project. "Zé Maria," as he is now known, was leaving his position as Forest Director at Votorantim Celulose e Papel/Fibria to dedicate himself to his forest consulting company. During his thirty years at Votorantim, he was responsible for more than 800,000 hectares of certified eucalyptus forests, making him the ideal person for the project that Lacan Investimentos envisioned.

The invitation for him to join the team in structuring the fund and to lead the forestry area of the project was made, and he eagerly accepted the challenge. The years 2009 and 2010 were intense. With research and trips, both domestic and international, Lacan Investimentos mapped all regions of the country, assessing the advantages and disadvantages for eucalyptus planting, while deepening discussions with foreign investors. The goal of approaching foreign

institutional investors was to adapt their forestry fund model to the Brazilian market, reflecting the seriousness of our fund's governance methods to the best global standards.

Subsequently, to ensure a buyer for the fund's wood and thus reduce project risks, discussions began with a reputable partner from the forest-based industry. After nearly two years of negotiation, a strategic partnership between the fund and the buyer was finally established in January 2012, enabling the effective fundraising for the FIP LACAN FLORESTAL in the first quarter of 2012. The fund opened on April 2 of the same year and currently includes the participation of twenty-three pension funds from eight states, one international bank with a strong presence in Brazil, and nine families focused on competitiveness, innovation, sustainability, and building high-performance teams.

# Policies and Guidelines

The enterprise, being an investment in forest assets, is composed of the forest base of the companies:

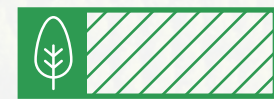
- Arapuã Florestal S/A
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- Jequitibá Florestal S/A

Lacan Florestal is represented by its management company, Lacan Investimentos e Participações Ltda. The forest base is being established through the planting of eucalyptus in areas leased and in partnership with local lan-

downers and a cellulose company. The company partners with various nurseries to acquire the eucalyptus seedlings that will be used for forest planting. The employees of Lacan Florestal are distributed across offices in Mato Grosso do Sul and São Paulo. In Mato Grosso do Sul, they are located in the Três

Lagoas office to support forestry activities. The central office is in São Paulo - SP, where the guidelines are defined and support is provided for all activities. The operational activities of Silviculture are carried out by service provider companies under the management of Lacan Florestal.

The areas of Lacan Florestal occupy more than **133.000** hectares in Mato Grosso do Sul, Mato Grosso, Santa Catarina, and São Paulo.



More than **26%** are designated for preservation (areas allocated for environmental conservation)



## Objectives of Lacan Florestal's Management Plan

The Forest Management Plan is an essential tool aimed at demonstrating and highlighting to stakeholders the aspects considered for ensuring the sustainability of forest production, securing the planning interrelations of the short, medium, and long term, in order to promote a continuous supply of wood to various market segments and industrial cellulose units in Mato Grosso do Sul and other sectors.

The forest management plan encompasses the rationalization of forest resources to enable the perpetuation of maximizing productive potential, taking into account both biotic and abiotic factors, as well as the economic and social sustainability aspects of the enterprise to ensure the sustainability of forest production.

- Generation of direct and indirect jobs in the operational region.
- Prioritization of procurement in the local market and provision of services.
- Protection and conservation of conservation areas and native forests.
- Participation and development alongside communities and stakeholders.

## MISSION

Produce wood from renewable forests of high quality and productivity, utilizing sustainable practices and technological excellence, while respecting the environment and generating social and economic value.

## VISION

To be a reference in the management of renewable forests in Brazil, generating value for shareholders, customers, and employees.

## VALUES

- Customer satisfaction.
- Ethics and transparency.
- Dedication and intellectual capacity.
- Long-term investment philosophy.
- Long-term relationships with clients and partners.

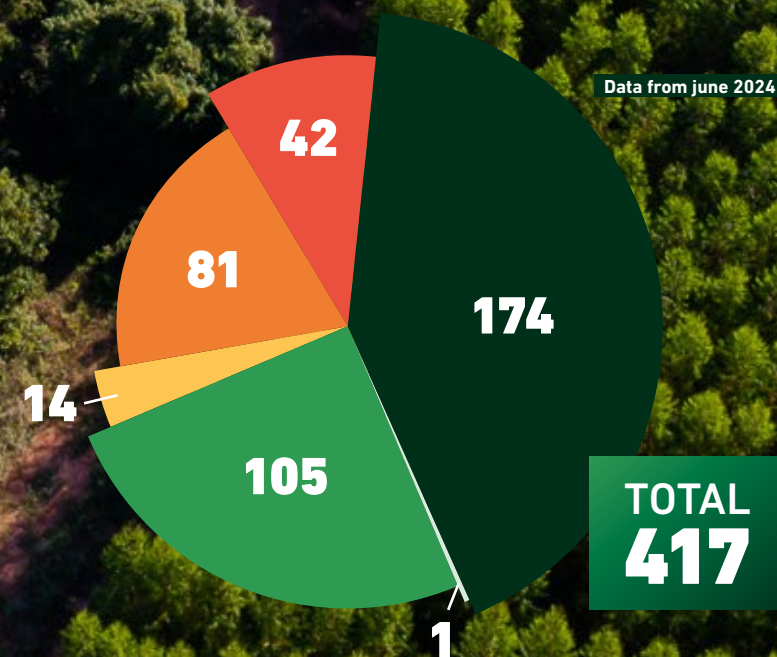
## Sustainability policy

Lacan Florestal, a producer of eucalyptus wood, believes that the quality of its products obtained through the sustainable operation and management of its business is essential for ensuring returns to shareholders while respecting the following fundamental principles:

- Customer and shareholder satisfaction.
- Ethics and transparency with stakeholders.
- Dedication and intellectual capacity. Long-term philosophy in forest investments.
- Long-term relationships with clients and partners to achieve excellence in product quality.
- Economically viable, environmentally sound, and socially just products.
- Sustainable use of natural resources and operations focused on pollution prevention.
- Compliance with applicable laws and other subscribed requirements related to the company's activities.
- A motivating work environment with a focus on safety and health quality.
- Identifying social or environmental improvements in forest management that provide financial gains.
- Adherence to the Principles and Criteria for certification in forest management.
- Development of employee and supplier qualifications, seeking continuous improvements in people management and operations.

## Job creation in the municipalities where Lacan Florestal operates

- Água Clara | MS
- Campo Grande | MS
- Nova Mutum | MT
- São Paulo | SP
- Três Lagoas - MS
- Brasilândia - MS



## Commitment to FSC®

Lacan Florestal is committed to the Principles and Criteria (P&C) of FSC® and standards for the certification of planted forest management:

- 1 Obediência às leis e princípios do FSC®.
- 2 Compliance with laws and FSC® principles.
- 3 Responsibilities and rights of land ownership and use rights of Indigenous peoples.
- 4 Community relations and rights of workers for planted forest management certification.
- 5 Benefits of forests.
- 6 Environmental impact.
- 7 Management plan.
- 8 Monitoring and evaluation.
- 9 Maintenance of high conservation value forests.
- 10 Plantations.

## Commitment to adherence to FSC® principles and criteria

Respect all applicable laws, treaties, and international agreements signed by Brazil.

Define and document long-term land ownership and legally established rights to use forest resources

Recognize and respect the legal and customary rights of Indigenous peoples and traditional communities to own, use, and manage their lands, territories, and resources.

Carry out management activities sustainably and maintain or enhance the long-term economic and social well-being of forest workers and local communities.

Conserve ecological diversity and its associated values, water resources, soils, fragile and unique ecosystems and landscapes, thereby maintaining ecological functions and forest integrity

Encourage the efficient and optimized use of multiple products and services from the forest to ensure economic viability and socio-environmental benefits.

Develop, implement, and update the Management Plan so that the long-term objectives of forest management and the means to achieve them are clearly described.

Conduct monitoring to assess the condition of the forest, the yield of forest products, forest management activities, and their environmental and social impacts.

Maintain or increase the attributes of high conservation value forests, always adopting a precautionary approach in the execution of any activity.

Work within the guidelines of its policies and directives, refrain from offering or accepting bribes in cash or any other form of corruption, and avoid gender discrimination in labor practices or any activities related to forest management.

Plan and manage forest plantations according to the P&C of FSC®.



## The importance of eucalyptus forests

The planted tree sector makes a strong contribution to the circular economy, which is fundamental for reducing pressure on new natural and fossil resources. This helps mitigate the effects of climate change while also reducing waste.

One of the main characteristics of the sector is the adoption of sustainable practices for the disposal of various waste products from its industrial, domestic, and urban processes, complying with legal criteria and voluntary certification requirements that go beyond legislation. Two of the sector's key contributions are related to energy cogeneration in production processes and post-consumer paper recycling.

Forest plantations are mostly carried out through a monoculture system. Research in the forestry area has advanced, demonstrating positive results in economic, environmental, and social aspects. Planted forests are responsible for supplying the Brazilian wood market as well as international demand. In the pulp and paper sector, the wood used as raw material comes exclusively from planted forests.

The trees, generally eucalyptus and pine, are harvested and processed so that the wood adapts to the product it will become. Logs are debarked, chipped, and subsequently cooked, separating the fibers from the lignin. The fibers form the basis for pulp and its derivatives. In the case of laminated flooring and wood panels, the wood is sawn, treated, or chipped for its intended use.

## Forest plantations

These are reforested areas through seedling planting, cultivated according to a sustainable management plan. This practice restores previously degraded spaces, reduces environmental impacts, and promotes the economic and social development of the communities surrounding the plantations.

## Conservation

Planted trees are a renewable, recyclable, and environmentally friendly resource, beneficial to both the environment and human life. Brazil has 7.83 million hectares of planted eucalyptus, pine, and other species for the pro-

duction of wood panels, laminate flooring, pulp, paper, energy production, and biomass. Planted trees account for 91% of all wood produced for industrial purposes in the country, with the remaining 9% coming from legally managed natural forests.

In addition, to prevent pressure and degradation of natural ecosystems, energy forests contribute to the supply of forest biomass, firewood, and plant-based charcoal. Beyond their productive functions, tree plantations play an important role in providing environmental services: they prevent deforestation of natural habitats, thus protecting biodiversity; preserve soil and river springs; restore degraded areas; serve as renewable energy sources; and contribute to reducing Greenhouse Gas emissions by acting as natural carbon stockpiles.

## Products

Flowers, fruits, branches, bark, wood, and resin are part of our homes and daily activities, such as wood for civil construction, furniture manufacturing, various types of paper for producing books, notebooks, packaging, toilet paper, napkins, as well as products like medicines and cosmetics, among others.

The sector also heavily invests in innovation and technology to develop alternative solutions to the use of fossil and finite resources, supporting a low-carbon economy.

In addition to their productive functions, tree plantations play an important role in providing environmental services: they prevent the deforestation of natural habitats, thus protecting biodiversity; preserve soil and river springs; restore degraded areas; serve as renewable energy sources; and contribute to reducing greenhouse gas emissions by acting as natural carbon stockpiles.

Forest products range from the more unusual, such as barbecue sauce, ice cream, syrups, cream, juices, dog food, nail polish, medicine capsules, natural repellents, disinfectants, soap, purification filters, clothes, fabrics, cosmetics, and diapers, to the more obvious, like pencils, paper, packaging, wood panels, laminate flooring, books, and notebooks; also including fuels, solvents, adhesives, paints, preservatives, carbon fibers, energy, asphalt mats, and more.

### Solid waste from forestry activities

Solid waste from forestry activities, such as bark, branches, and leaves, is kept in the field as soil protection and fertilizer.



### Important functions of planted forests

- Decreased pressure on native forests.
- Reuse of land degraded by agriculture.
- Shorter rotation cycles compared to countries with temperate climates.
- Greater product homogeneity, facilitating the adjustment of machinery in the industry.
- Carbon sequestration.
- Soil and water protection.



### Environmental ecosystem services

The concept of goods and services originates from economic sciences. Goods are defined as **anything useful to humans**, with or without economic value, such as **wood, food, resins, oils, water, and others**. Services involve assistance or the performance of tasks that contribute to satisfying human needs, whether individual or collective.

Examples: carbon sequestration, climate regulation, regulation of the hydrological cycle, erosion control, and others. It is important to emphasize that goods and services are not exclusive to native forests; many of them are also provided by planted forests, reflecting their importance in ecological, economic, and social contexts.

## The main goods and services that forest ecosystems provide:

- Source of raw materials: wood, fuels, and fibers.
- Source of genetic material.
- Biological control.
- Food: fishing, hunting, fruits, seeds.
- Pharmaceutical products.
- Recreation, ecotourism, and leisure.
- Educational resource.
- Control of erosion, floods, sedimentation, and pollution.
- Water storage in watersheds, reservoirs, and aquifers.
- Control of climate disturbances such as storms, floods, and droughts.
- Protection of habitats used for reproduction and migration of species.
- Regulation of levels of atmospheric pollutants.
- Regulation of gases that affect the climate.

### Ecological importance

Planted forests are ecologically important for their biodiversity and the environmental services they provide, including climate regulation, carbon sequestration, soil conservation, conservation of water resources, and maintenance of rainfall cycles.

Lacàn Florestal ensures environmental conservation and promotes improved management of areas and preservation of species. In addition to the environmental norms and recommendations contained in procedures, structured actions are implemented to ensure that all processes comply not only with environmental legislation but also contribute to the long-term sustainability of the business.

### Economic importance

Forests, both native and planted, are essential for the Brazilian economy. All productive sectors are directly or

indirectly linked to forest products; for example, the base industry uses charcoal as an energy source, the construction industry uses wood, and agriculture relies on the environmental services provided by forests.

It is estimated that the forest base sector, which operates mainly in six production chains (firewood and charcoal, solid wood, paper and pulp, panels, environmental services, and non-timber products mainly from native forests), accounts for 6% of Brazil's GDP and generates 6 million jobs.

### Social importance

Forestry activities have a very close relationship with rural communities. In rural agrarian regions with small producers, forest planting or the management of forest reserves presents an economic alternative. Both natural and planted forests can serve as instruments of social inclusion.

# Operating Region

The municipality of Três Lagoas is located in the eastern region of Mato Grosso do Sul, near the municipalities of Água Clara, Brasilândia, Selvíria, Aparecida do Taboado, and also cities in the interior of São Paulo such as Castilho, Ilha Solteira, and Andradina. The municipality is 339 kilometers from the state capital, Campo Grande. Popularly known as the "City of Waters," Três Lagoas recently gained the title of "World Capital of Pulp" due to the growth of the sector in recent years, as well as the transition from agriculture to industrialization and the increase of eucalyptus forests in the region.

## Location of the forestry asset

The areas of Lacan Florestal are located in the Midwest region of Brazil, to the east of the state of Mato Grosso do Sul. The forest base is situated within the region encompassing the municipalities of Água Clara, Brasilândia, Bataguassu, Três Lagoas, Ribas do Rio Pardo, Santa Rita do Pardo, Selvíria, and Paraíso das Águas. In the state of Mato Grosso, it includes the municipalities of Nova Mutum and Santa Rita do Trivelato. In the state of Santa Catarina, it is located in the municipality of Santa Terezinha. In the state of São Paulo, it includes Amparo and Morungaba.

The corporate offices are located in São Paulo and London, USA, with a regional office in Três Lagoas, Mato Grosso do Sul.

## Distribution of Areas

In the eucalyptus and pine planting areas of Lacan Florestal, conservation areas are maintained, totaling over **133,468.60 hectares** when combined with "other diverse areas."

The company monitors its operations to ensure quality and compliance with all national and local laws, as well as applicable administrative requirements in management. The evaluations and monitoring of operations aim to understand the changes that have occurred over time and allow for adjustments to be made to an activity when necessary.



## Lacan Florestal's areas of operation in the municipalities • 2024

Municipality	State	Leased own (ha)	Leased partnership (ha)	Planting area (ha)	Conservation area (ha)	Other uses* (ha)	Total Occupied Area (ha)
Água Clara	MS	6.099,96	4.592,03	8.132,72	2.229,27	330,00	10.691,99
Bataguassu	MS	-	866,02	649,76	175,97	40,29	866,02
Brasilândia	MS	-	15.971,50	11.648,10	3.567,90	755,50	15.971,50
Nova Mutum	MT	-	10.485,46	6.855,46	3.276,17	353,83	10.485,46
Ribas do Rio Pardo	MS	7.353,16	31.205,50	28.938,21	8.035,25	1.585,20	38.558,66
Santa Rita do Pardo	MS	-	8.470,84	5.985,21	2.116,46	369,17	8.470,84
Santa Rita do Trivelato	MT	-	7.412,54	5.213,06	1.924,81	274,67	7.412,54
Selvíria	MS	346,94	-	246,54	96,92	3,48	346,94
Três Lagoas	MS	2.253,84	34.391,34	24.908,52	9.609,03	2.120,43	36.637,98
Santa Terezinha	SC	339,18	-	369,35	74,03	-	443,38
Paraíso das Águas	MS	-	-	2.532,72	745,19	5,65	3.283,56
<b>Total general (ha)</b>		<b>16.393,08</b>	<b>113.395,23</b>	<b>95.479,65</b>	<b>31.851,00</b>	<b>5.838,22</b>	<b>133.168,87</b>

Municipality Areas - Source: <https://cidades.ibge.gov.br/brasil/ms> - \*Other Uses correspond to roads, buildings, high voltage network protection strips, etc.

## Forest management areas included in the scope of FSC® certification

Products • Interspecific hybrids Eucalyptus urograndis (Eucalyptus x Eucalyptus Urophylla)	
Total certified area (ha) • 2023	92.946,93
Area of total scope increase (ha) • 2024	2.532,72
<b>Total certified area (ha)</b>	<b>95.479,65</b>
Conservation area (ha) • 2023	31.105,81
Conservation area increased scope (ha) • 2024	745,19
<b>Total Conservation Area (ha)</b>	<b>31.851,00</b>
Roads and firebreaks (ha) • 2023	3.162,20
Roads and firebreaks increase in scope (ha) • 2024	0
<b>Total area of Aceiros (ha)</b>	<b>3.162,20</b>
Other uses* (ha) • 2023	2.670,37
Other uses* scope creep (ha) • 2024	5,65
<b>Total area other uses (ha)</b>	<b>2.676,02</b>
<b>Total certified area (ha)</b>	<b>133.168,87</b>

\*Other Uses correspond to buildings, high-voltage power line protection strips, etc.



### Species managed by Lacan Florestal

For forest management, the species used for planting on farms take into account adaptations and climatic, environmental, soil, regional biodiversity conditions, and productivity gains.

The species used are Eucalyptus urophyllas, E. grandis, E. camaldulensis.

# Environmental context

## Climate

The climate in the region of the project in the state of Mato Grosso do Sul is Hot and Humid Tropical. In summer, there is much more rainfall than in winter. According to the Köppen and Geiger classification, the region has a rainy season in summer and a dry season in winter, with annual precipitation totals ranging between 900 mm and 1,400 mm. In winter, there is generally no rain for three months, from early June to the end of August and, sometimes, until mid-September. There are small occurrences of frost. August is the driest month with 24mm. Most of the precipitation falls in January, with an average of 209mm. The predominant climate in the state of Mato Grosso do Sul is tropical with a dry winter, according to the Köppen classification. This climate is characterized by a rainy season in summer, from November to April, and a distinct dry season in winter, from May to October (July is the driest month).

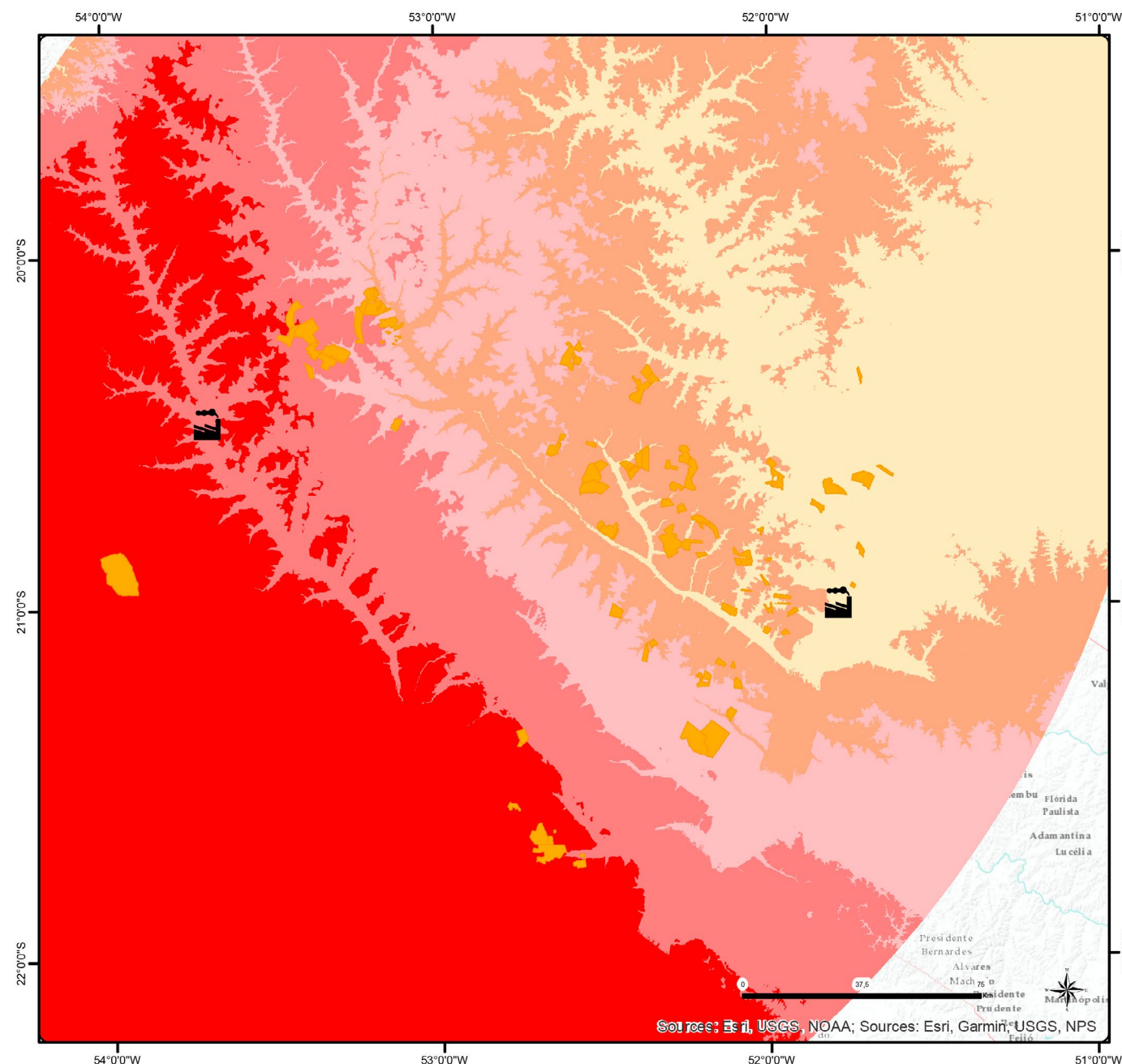
## Hydrography

The project's area of influence is located in the Paraná River Hydrographic Region, which covers 700,000 km<sup>2</sup> and is the fifth-largest river basin in the world. The planting areas are situated in the sub-basins: Rio Branco, Campo Triste, and Rio Verde in Mato Grosso do Sul. The two most important sub-basins in terms of planting areas are the Rio Verde and Rio Sucuriú.

Mato Grosso is one of the places with the largest volume of freshwater in the world. It is considered the water reservoir of Brazil due to its numerous rivers, aquifers, and springs. The Parecis Plateau, which occupies the entire north-central portion of the territory, is the state's main watershed.



## Climate map by environmental unit



- Manufacturing Unit
  - Lacan Farms
- Climatic Regions**
- S1
  - S2
  - S3
  - S4
  - S5



## Reliefs and soils

The predominant relief unit is the plateau, with river plains also occurring. The altitude is low, and most farms are situated between 250m and 500m, with few regions included in higher relief levels, that is, above 500m in altitude.

Situated in the Paraná sedimentary basin and with materials derived mainly from the Mesozoic era, the soils in

the region are quite variable. However, regardless of their classification, most soils in the region are generally characterized by high sand content in their texture in Mato Grosso do Sul.

The relief in Mato Grosso is the set of elevations and indentations that compose the earth's surface. It is a component of the lithosphere related to the

underlying rock formation and the soils that cover it.

Its sculpting, shaped into a wide variety of forms, results from the simultaneous and uneven action of climatic factors, as well as the structure of the lithosphere, both in space and time. Thus, the relief is in a constant state of transformation (MARTINELLI, 2009).

## Cerrado biome and main sub-vegetation types

The second largest Brazilian biome in terms of area, the Cerrado spreads across various geological, climatic, pedological, and relief conditions, presenting tension areas with other Brazilian biomes such as the Amazon, Caatinga, and Atlantic Forest. This condition leads

to significant phytophysiognomic variations due to different soil compositions and water availability.

In the area of influence of the project, the predominant phytophysiognomy is the cerrado strictu sensu, with patches

of cerrado also occurring. This biome occupies part of the Central-West region of Brazil, in the states of Mato Grosso and Mato Grosso do Sul, near the borders with Bolivia and Paraguay – it experiences the same climatic cycle: a very dry winter and a hot, rainy summer.

### Cerrado strictu sensu

In shallower soils subject to fire, with typical species such as faveira (*Dimorphandra mollis*) and mamica de cadela (*Brosimum gaudichaudii*);

### Cerrado florestado (cerradão)

Occurring in deeper, leached soils, it features typical tree species such as Pequi (*Caryocar brasiliensis*) and barba-timão (*Stryphnodendron barbatiman*);

### Gallery Forests and Veredas

Along the watercourses and rivers, there is a great variety of species such as copaíba (*Copaifera langsdorffii*), jatobá (*Hymenaea courbaril*), buritis (*Mauritia* spp.), and embaúbas (*Cecropia* spp.).

### Flora Diagnoses

Lacan conducts systematic studies of flora (phytophysiognomic and phytosociological) in the main remnants of

natives within its areas that fall under the scope of FSC® FM certification, considering threatened, endemic, and rare (or infrequent) species.

### Fauna Diagnoses

Lacan conducts systematic studies of fauna (medium and large mammals and avifauna) in the main remnants of natives within its areas that fall under the scope of FSC® FM certification, considering threatened, endemic, and rare (or infrequent) species.

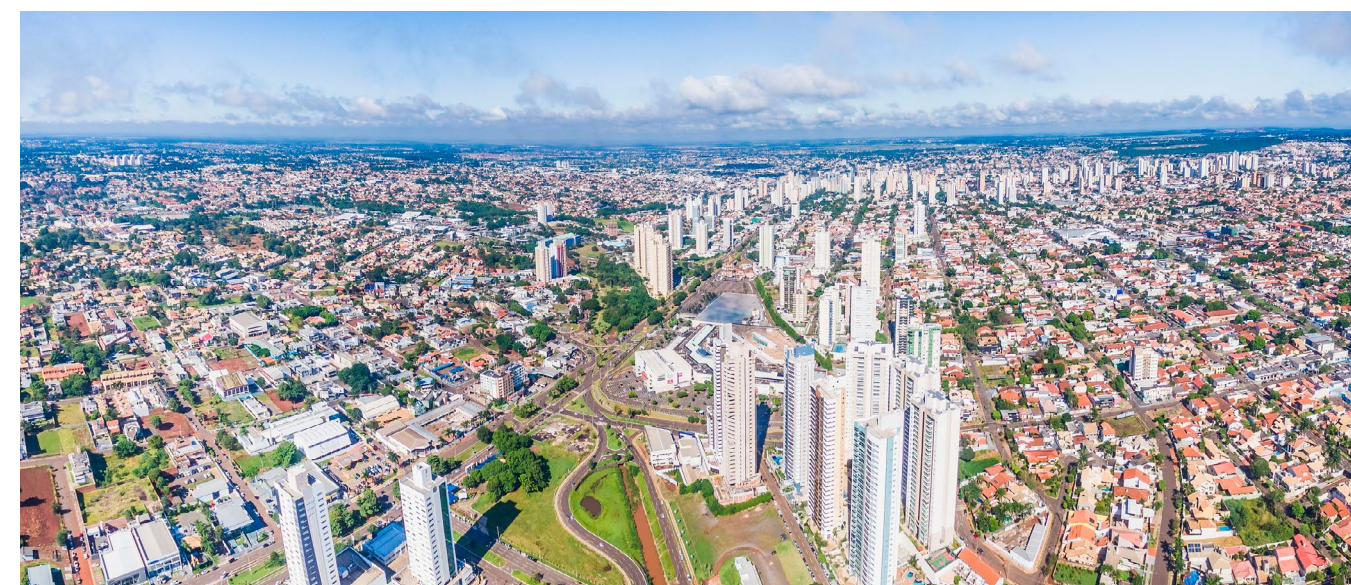
## Socioeconomic information

According to IBGE (2010), the population of the state of Mato Grosso do Sul is 2,449,024 million inhabitants, with a demographic density of 6.9 inhabitants/km<sup>2</sup>. The areas adjacent to the forest management units of Lacan Florestal are characterized by rural properties primarily engaged in cattle ranching or forest plantations. The state of Mato Grosso has a population of 3,035,122 inhabitants, and the main economic activities include livestock, extractivism, and agriculture. This highlighted set shows that agribusiness occupies a significant space in the state.

### Main socioeconomic indicators of the regions

Municipalities	Area (km <sup>2</sup> )	Estimated population	Census 2022	School enrollment rate (ages 6 to 14)	HDI	GDP per capita (R\$)	Women	Men	Urban population	Rural population	Beds per health facility
Água Clara - MS	7.784,92	16.025	14.424	96,60%	0,67	75.878,35	6.879	7.545	9.598	4.826	15
Três Lagoas - MS	10.206,95	125.137	101.791	97,50%	0,744	79.911,85	51.268	50.523	97.069	4.722	268
Ribas do Rio Pardo - MS	17.308,81	25.310	20.946	97,20%	0,664	38.908,72	9.964	10.982	12.965	7.981	23
Brasilândia - MS	5.807,22	11.835	11.826	98,70%	0,701	40.947,84	5.781	6.045	8.013	3.813	50
Bataguassu - MS	2.417,60	23.620	19.839	97,90%	0,71	33.791,65	9.749	10.090	15.239	4.600	33
Santa Rita do Pardo - MS	6.139,73	7.948	7.259	97,70%	0,642	52.156,75	3.454	3.805	3.522	3.737	7
Selvíria - MS	3.258,33	6.555	6.287	96,10%	0,682	306.138,63	3.072	3.215	4.772	1.515	13
Santa Rita do Trivelato - MT	4.747,042	3.602	2.491	97,30	0,735	150.426,30	1.129	1.362	1.367	1.124	2
Nova Mutum - MT	9.546,51	46.813	31.649	97,2%	0,758	75.174,99	14.850	16.799	21.466	195	195
Santa Terezinha - SC	715.551	8.760	8.767	97,4	0,669	21.981,93	4.067	4.700	1.513	7.254	0
Paraíso das Águas - MS	5.061,433	5.510	5.510	-	-	185.063,32	-	-	-	-	-

Source: agenciadenoticias.ibge.gov.br (GDP per Capita) IBGE - Cidades, 2021





# Forest Management

Lacan Florestal is responsible for the management and administration of forest management units to obtain products, services, and social and economic benefits, ensuring environmental functions from a long-term perspective. The management considers the harvesting of wood from two different regimes of forest plantation production. The first involves planting and clear-cutting forests after five to seven years, followed by the rehabilitation of areas and the implementation of new genetic material. The second consists of managing the regrowth in stands and clear-cutting at the end of another cycle. Approximately 26% of Lacan Florestal's areas are dedicated to nature conservation. These areas comprise Permanent Preservation Areas, Legal Reserves, and other areas with native vegetation.

## Main species

The species used in the project are *Eucalyptus urophylla*, *E. grandis*, as well as hybrids of these species. Genetic improvement through species hybridization aims to enhance planting productivity and reduce production costs. There are more than 92,000 hectares of planting, which employs the most modern genetic improvement techniques through hybridization to improve productivity and reduce production costs.

## Genetic mosaic and clonal adaptability

The plantings aim to continuously introduce and select eucalyptus clones adapted to the edaphoclimatic conditions of the region to provide continuous improvement in productivity and wood quality, resulting in lower land area demand, reduced costs, and better suitability of the wood for its intended purposes.

### Today, the company works with:

- Adequate soil and environmental conditions.
- Biodiversity in relation to the edaphoclimatic conditions of the region.
- Guarantee of good productivity and quality.
- High capacity for regeneration and improvement.

## Genetically modified organisms (GMOs)

A Lacan Florestal não usa árvores transgênicas na Unidade de Manejo Florestal.

## Age mosaic

The age diversity in the plantings of Lacan Florestal's farms stems from the concern for a mosaic of ages, not only for aesthetic reasons but also to strengthen resistance against pests and diseases and to plan for harvesting and renewal (or management of sprouting). The distribution of planting ages by plots on the farms is available in Lacan Florestal's software.

## Conformation mosaic

Lacan Florestal's plantings are located in areas impacted by agricultural activities. The plantings respect the curves of forest fragments of native vegetation and areas of permanent preservation, without causing undue pressure.

## Formation of the forest base

Lacan Florestal seeks to expand the area of forest plantings primarily through the strategy of leasing from rural producers and partnering with a local cellulose production company. For the formation of the forest base, the company currently utilizes leasing and partnership modalities, requiring anthropized areas that have been previously used, generally for pasture.

In any modality, Lacan Florestal values compliance with all relevant legislation and transparency in negotiations with owners. The rights of traditional and indigenous populations are also observed if the presence of any tribe or traditional population is identified.



**Forestry research**

Activities related to forest research are focused on the genetic improvement of eucalyptus to enhance wood quality to meet the demands of cellulose factories and other market segments. Biotechnology tools are employed to assist in the early selection of superior genetic materials, without using genetically modified organisms.

Clonal improvement research is developed by the client, with whom Lacan Florestal has a partnership contract. Thus, the clones used in Lacan Florestal's areas are those recommended by the client in partnership contracts or other models agreed upon for planting by the client.

**Inventory**

Forest inventory is an important tool used in diagnosing the productive potential of planted forests. It is through the results of inventories that key decisions about the viability of forestry enterprises, which require investments of several million dollars, are supported. They are used in various types of surveys for recognition, diagnosis, and assessments in the forestry field.

Forest inventories provide estimates of the current standing timber stock, which is essential for the proper valuation of wood to be sold or purchased. Through them, information on wood production in m<sup>3</sup>/ha, productivity, and qualitative knowledge of the forest is obtained, such as the percentage of failures and mortality of the various genetic materials that make up the company's forest base, in addition to serving as a basis for planning and preparing plots for forest harvesting.

**Planning and investment**

Lacan Florestal believes in forest assets as a powerful diversification tool for institutional investors with a long-term bias. We seek to combine the solid experience of our forestry team with the investment team to structure and manage forestry funds with high risk-adjusted returns and a strong commitment to sustainability, respecting socio-environmental guidelines aimed at the long-term sustainability of the business.

**Forest protection and monitoring**

Lacan conducts forest supervision and monitoring, as well as phytosanitary control (pest and disease management), protection against illegal extraction of wood or other products, invasions, hunting, and fishing, carried out overtly to ensure the integrity of the company's assets.



**Forest Duty**  
67 9 9216 6047



**Monitoring of areas**

Lacan maintains supervision by qualified professionals who are trained to document any occurrences found during their monitoring in reports.

**Fire prevention and control**

Prevention mainly involves the construction and maintenance of firebreaks and the presence of fire observation towers in partnership with the client, equipped with a radio communication system for identifying fire outbreaks.

**Partnership with regional companies**

In partnership with Reflore/MS, a strategy was established for sharing contacts and resources in the prevention and combat of fires.

**Lacan does not adopt the use of fire as a forest management technique.**



**UAVs and drones**

Unmanned aerial vehicles (UAVs) have democratized and simplified aerial surveys. Aeromodelling aircraft, resembling airplanes or helicopters, are becoming increasingly accessible, robust, lightweight, and have greater flight autonomy and payload capacity. Images with resolutions between 3 and 10 centimeters allow for the registration of farms, distinguishing the Permanent Preservation Areas and Legal Reserves from productive areas.

Using a three-dimensional model of the terrain, roads, plots, and planting lines are planned, generating georeferenced files used in tractors with autopilot for subsoiling operations. This enhances soil conservation, safety in nighttime operations, and short- and long-term outcomes. After three months of planting, flights are conducted to verify the operational quality of silviculture, determining the effectively planted area, survival rate, dimensions, and homogeneity of the planting.

During the growth period of the forest, UAVs can be used for forest inventory (embedded laser), assessment of damages, and in the area of pest and disease protection (monitoring and bait deployment). In harvesting, it is possible to check the residues in the plot after the operation's completion and assess the quality of loading and stacking.

# Silviculture

In silviculture, several cultural treatments are necessary for forest formation (soil preparation, planting, irrigation, fertilization, pest control, diseases, and weed competition), typically resulting in only one product, with the use of other techniques allowing for wood with higher added value.

This added value is achieved through improvements in wood quality, mainly regarding the shape, dimensions, and physical characteristics of the tree, that is, obtaining logs with greater diameter and free of knots, where proper forest management is necessary through practices such as pruning and thinning. In all activities, the highest standards of quality, productivity, and respect for the environment and local communities are sought. Lacan Florestal purchases eucalyptus seedlings from various nurseries in the region, emphasizing its commitment to local development.

## Land clearing

Removal of obstacles in the area to ensure good quality in subsequent operations, standardizing the methodology used in the field and facilitating better execution of operational activities.



## Soil preparation

Soil preparation is the set of operations used to achieve or maintain the productivity of forests, characterized by the use of specific equipment adapted to the pedological conditions and management of residues.

These operations can result in improvements in productive quality by minimizing losses due to erosion, optimizing resource use, and enhancing the cost/benefit ratio. Soil preparation can be performed through subsoiling without fertilization or subsoiling with fertilization, depending on the analysis and conditions of the soil.



## Soil fertilization

Fertilization occurs because the soil is not always capable of providing all the nutrients that plants need for proper growth. This is due to highly weathered and leached soils used for forestry plantings, as well as the continuous process of nutrient exportation resulting from various agricultural or forestry crop rotations.

The characteristics and amount of fertilizers to be applied depend on the nutritional needs of the species, the soil fertility, the reaction of the fertilizers with the soil, the efficiency of the fertilizers, and economic factors. Fertilizer applications can be made both manually and mechanically.



## Weed competition control

The control is carried out using pre-emergent and post-emergent herbicides registered with the Ministry of Agriculture, Livestock and Supply (MAPA) for eucalyptus cultivation, with active ingredients permitted by FSC®, always adopting an Environmental and Social Risk Analysis (ARAS). The purpose of pre-emergent control is to reduce competition between eucalyptus and other plants. This control can be performed chemically (herbicide) or mechanically. Operations can be conducted over the entire area, along the planting line, or in the inter-row spaces.



## Planting

It is carried out in areas where subsoiling and trenching have been performed. Planting is done using planters or "matracas." Prevention against termite attacks is conducted by immersing the seedlings in a solution containing a termiticide before they are sent for planting, always adopting an Environmental and Social Risk Analysis (ARAS). The seedling should be placed with the collector level with the soil and should be pressed down at that height to keep it firmly in the ground and prevent air pockets. All packaging, whether tubes or plastic bags, must be collected and disposed of in appropriate locations.



### Seedling watering

When and where applicable, an application of water along with hydrogel is necessary for the seedlings, with an initial watering right after planting and, if necessary, another one following a technical analysis of the planting. The planting hydrogel creates suitable conditions for the plants' development, ensuring better rooting and rapid establishment of the crop.

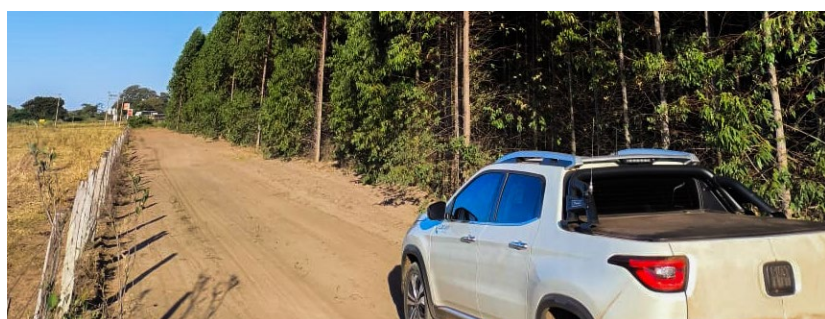
- Reduced loss of nutrients and pesticides due to surface water runoff and leaching.
- Complementary product to the planting line ensuring better water supply and improved crop development.
- Increases water retention in the soil.
- Increases productivity.
- Reduces replanting labor, irrigation costs, and seedling losses.
- 20% to 50% reduction in the volume of water used for irrigation.
- Improves aeration and reduces soil compaction.
- Combats soil erosion.
- Better water utilization by plants.
- Increases water infiltration into the soil preventing loss.
- Greater seedling establishment and reduced mortality rates.

### Leaf-cutting ant control

Control performed during the formation and maturation period of the forest and continuing after the cut. Monitoring must be constant from planting until the first year of the seedling to prevent the proliferation of ant nests. Available insecticides are in the form of dry powder, granular baits, and thermonebulizable liquids, always used with the adoption of Environmental and Social Risk Analysis (ARAS). Granular baits are the most commonly used in forestry due to easy application, high yield in clean areas, and less danger to applicators. The two main active ingredients used in bait production found in the

market are Sulfluramid and Fipronil. These active ingredients comprise 0.3% to 0.5% of the bait, with the remainder consisting of material that acts as an attractant for ants. Bait application is carried out manually or mechanically, with environmental precautions defined in operational procedures and by properly trained personnel.

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### Road maintenance

Through appropriate techniques, the maintenance of forest roads and firebreaks is carried out within the farms to ensure transit on the properties and, in the case of firebreaks, protection against fire. All criteria are defined by the company in operational procedures, aiming to minimize potential negative impacts. In all cases, construction precautions are taken to minimize soil erosion that can lead to siltation and contamination of watercourses.



### Forest regrowth

The areas for guiding eucalyptus sprouting in the pre-harvest, harvest, and post-harvest activities at the Forestry Unit aim to maximize the emission in the development and growth of the sprouts originating from the stumps at Lacan Florestal.

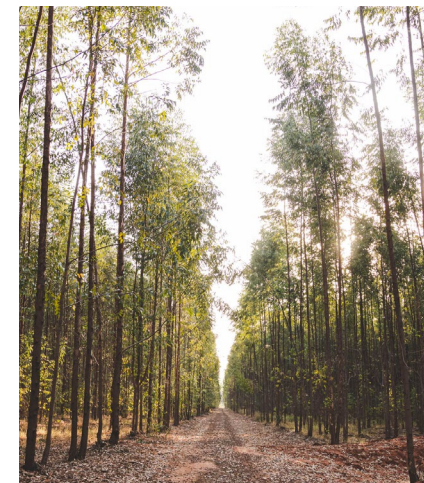
### Forest protection

Operation of silviculture aimed at protecting the forest from its enemies through the control, prevention, and management of its agents, aiming to reduce plant mortality and ensure the productivity of the areas (control of pests and diseases, always adopting ARAS – Environmental and Social Risk Analysis when applying chemical pesticides). The chemical, biological, or mechanical methods are employed. The plantings are monitored for the presence of pest attacks, and control is carried out when the attack reaches a

level of significant economic damage. The monitoring is conducted by supervisors and technicians throughout the entire forest cycle.

### Forest prevention

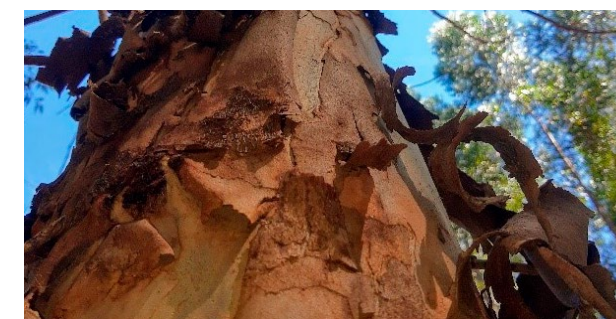
With the aim of ensuring the safety of employees, suppliers, the community, and neighbors, Lacan Florestal has partnered with companies in the region for the prevention and control of forest fires. The action aims to reduce the occurrence of fires that could lead to losses of forest assets and harm to the environment.



## EMERGENCY

(67) 3522-3994 | (67) 9 9216-6047 | Forest Duty

The wood harvesting at Lacan Florestal will be primarily carried out in a mechanized manner, operated by the client or a third-party company, aiming to obtain raw materials suitable for the consumption needs established in long, medium, and short-term plans, with optimal resource utilization, safety for those involved, and minimal environmental impacts and waste generation from the harvest, while respecting environmental and operational procedures. For wood extraction, the cutting systems used are for long and short logs.



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**Short log**

The wood is felled using a Feller and dragged with a Skidder to the edge of the plot. The wood is marked to a length of 2.80 meters with a marking claw. The debarking of this wood is done at the factory. For mechanized harvesting, workers are properly trained in equipment operation, occupational health and safety, and care for environmental aspects.

**Long log**

Harvesting system that operates with processed trees within the plot at a length of six meters, using tracked or wheeled Harvester equipment, performing felling, limbing, bucking, and debarking of the trees, with the use of a Forwarder to transport the wood from inside the plot to its edge, where it will be loaded.



**Wood transportation**

All logistics in transporting wood from the farms to the clients use road transportation in partnership with specialized companies contracted by the client. The trucks used in the region are tridem and truck and trailer combinations. The routes are planned and communicated to the contracted companies for transportation. The neighboring communities are informed about the start, route, and duration of the operation.

**Chain of custody for forest management**

The client purchases standing timber from Lacan Florestal, fully certified according to the FSC® FM standard. Thus, the client is responsible for the entire sequence of controls related to the Chain of Custody of Management, since harvesting, loading, and transportation are also the client's responsibility. The forest management certificate number from Lacan Florestal will be provided for the client's COC control and will be explicitly stated in the standing timber purchase and sale contract.

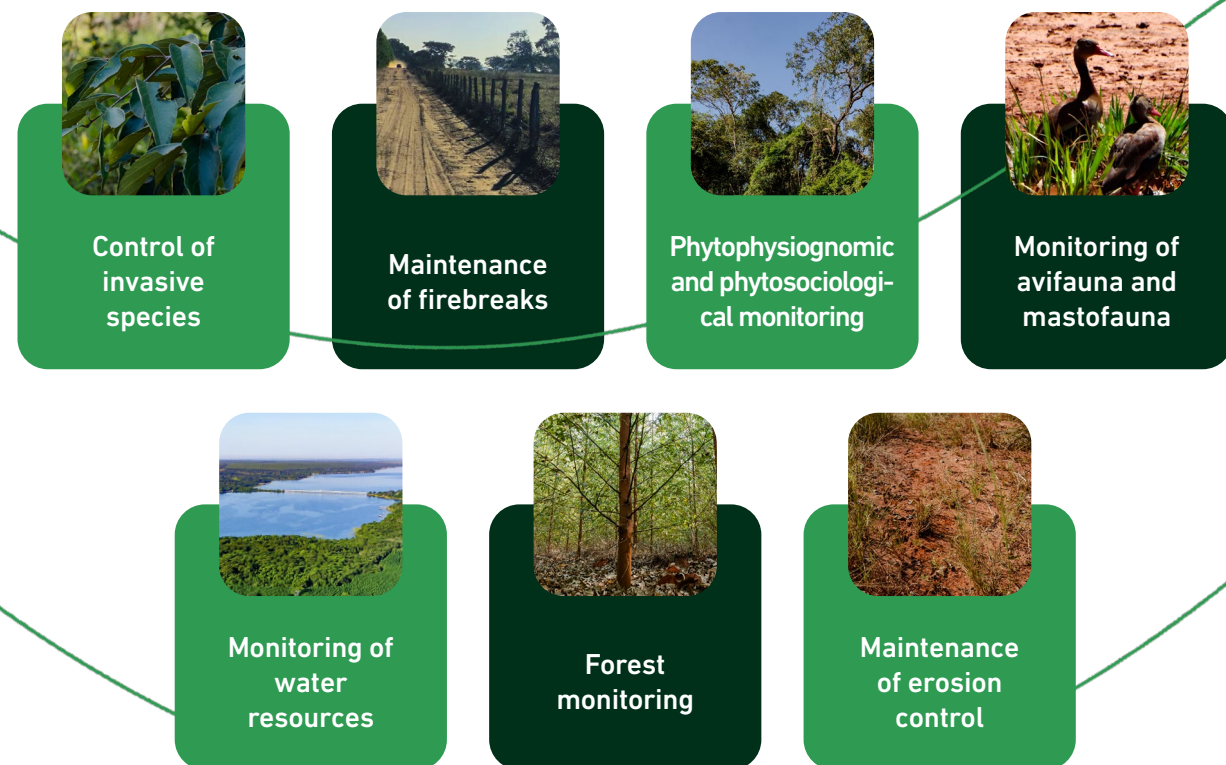


# Environmental Management

Environmental management is a system that emphasizes sustainability, aiming to use practices, methods, and operations designed to minimize the environmental impact of operational activities on environmental resources. Environmental management occurs at every stage of forest management. To meet environmental standards, obligations, and regulations, operational monitoring structures are created to ensure all stages of management and guarantee the sustainability of forestry projects.

## Environmental safeguards

Based on the determination of environmental aspects and impacts, Lacan Florestal has defined and implemented several environmental safeguards. Among them are:



### Environmental licensing

The operations of forest management are duly licensed with the competent authorities, and all waste is directed to licensed companies.

### Environmental impacts

Activities are evaluated to monitor the impacts they may cause. Identified prevention and mitigation measures are incorporated into the operational and environmental procedures of each operation.

### Natural resources

Lacan Florestal's work includes monitoring and maintaining existing natural resources that contribute to improving environmental conditions and rehabilitating degraded areas.

This involves identifying and recovering degraded areas, monitoring collection points, and complying with current legislation and sustainable practices. Assessments of upstream and downstream conditions in micro basins during operations.

Protection of conservation areas such as Permanent Preservation Areas and Legal Reserves.

Planting of native species contributing to the protection and conservation of local fauna and flora.

Forest monitoring for detection of illegal activities.

Licenses and authorizations for managing forest activities.

Solid waste management.

Firefighting brigade for combating forest fires.

Training and lectures on fire prevention with communities and schools.

### Environmental monitoring

Data collection process, continuous and systematic study and monitoring of environmental variables, with the objective of identifying and evaluating, both qualitatively and quantitatively, the conditions of natural resources at a given moment, as well as trends over time, properly monitored, covering flora and fauna studies (avifauna and medium and large-sized mammal fauna) in the main native remnants of Lacan's areas.



### Flora and fauna monitoring

Preliminarily, the groups suggested for monitoring are birds and medium and large mammals, as they combine important characteristics, such as a good availability of information about their ecology, providing a foundation for identifying species and analyzing field data. Another advantage is the ease of spotting and identifying them, making them good indicators due to their sensitivity to environmental changes.

Furthermore, these studies will form the basis for proposing specific studies when necessary. Additionally, the company implements the "wildlife sighting log" to record occasional sightings of

animals within the company's natural areas, roads, and plots. These sightings will be recorded continuously as they occur. The studies conducted by the company should aim to understand the general condition of the native vegetation in the company's natural areas, enabling knowledge and monitoring of the dynamics of its phytophysiological structure and floristic composition over time. The selection of areas for the setup of plots encompasses different regeneration stages found in the area, across various phytophysiologicals.

Lacan Florestal, with support from a contracted third party, carried out a secondary survey on flora and fauna bioindicators (avifauna and mammals),

considered rare, endemic, and endangered species within the company's operational area, as well as phytophysiological and phytosociological studies of mammals and birds in the most well-preserved cerrado fragments (Lacan Biodiversity Characteristics Report 2017 and avifauna and mammal fauna Monitoring - 2020), in the Novo Mundo and Formosa farms.

In 2021, fauna and flora studies were conducted in the Santa Inês, Santa Rita de Cássia, Santa Rosa IV, and São José farms.

In 2022, these monitoring efforts included the Limoeiro, Ponte Alta, Autometal, and Vinhedo farms.

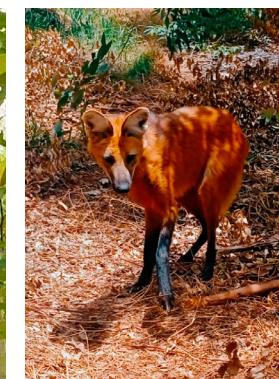
The parameters to be monitored will be divided into qualitative and quantitative, primarily addressing the following aspects:

#### Qualitative

- Phytophysiological structure.
- Species identification.
- Presence of indicator species for conserved/disturbed areas.

#### Quantitative

- Phytosociological parameters of horizontal and vertical structure.



The following tables summarize these findings, from 2017 to 2022, for mastofauna, avifauna, and flora, comparing the verified richness results (total and bioindicators) with the expected richness for the region where Lacan operates (total and bioindicators).

Mammal fauna: Verified species											
Farm	Expected Richness in the Region		2017		2020		2021		2022		
	Total	Bioindicators	Total	Bioindicators	Total	Bioindicators	Total	Bioindicators	Total	Bioindicators	
Novo Mundo	47	18	8	2	8	2					
Formosa			9	5	10	5					
Santa Inês							3	1			
Sta. Rita de Cássia							15	4			
Santa Rosa							12	7			
São José							8	6			
Limoeiro										12	4
Autometal										3	2
Vinhedo										6	3

Avifauna: Verified species											
Farm	Expected Richness in the Region		2017		2020		2021		2022		
	Total	Bioindicators	Total	Bioindicators	Total	Bioindicators	Total	Bioindicators	Total	Bioindicators	
Novo Mundo	448	164	45	0	41	1					
Formosa			51	0	33	1					
Santa Inês							64	8			
Sta. Rita de Cássia							79	12			
Santa Rosa							68	12			
São José							32	6			
Limoeiro										90	7
Autometal										25	4
Vinhedo										43	4

Flora: Verified species											
Farm	Expected Richness in the Region		2017		2020		2021		2022		
	Total	Bioindicators	Total	Bioindicators	Total	Bioindicators	Total	Bioindicators	Total	Bioindicators	
Novo Mundo	516	33	33	0							
Formosa											
Santa Inês							71	0			
Sta. Rita de Cássia							46	0			
Santa Rosa							37	0			
São José							58	0			
Limoeiro										109	0
Autometal										88	0
Vinhedo										94	0

**Monitoring of pre- and post-harvest environmental liabilities**

The monitoring of pre and post-harvest forestry liabilities aims to assess the integrity of conservation areas as well as productive areas before and after activities involved in the forestry harvesting process, which include the opening and maintenance of roads, cutting and felling of trees, skidding, and wood transportation. This monitoring also considers the points raised in the PRADA/PTRF (plan for the recovery of degraded and altered areas/technical project for forest restoration) from 2017, 2021, 2022, 2023, and 2024 for the farms added to the certification scope this year, along with new field observations. The monitoring schedule varies according to the company's

harvesting planning. The results of the environmental monitoring from 2018 to 2024 are presented in the document titled "Monitoring of pre and post-harvest environmental liabilities – Lacan."



**Identification of areas with environmental and social AVCs**

Lacan Florestal, with the support of a contracted third party, conducted an assessment of environmental AVCs (Areas of High Conservation Value) in all fragments of native vegetation existing on the farms that comprise the FSC® FM scope. To this end, the fragments of native vegetation on these farms were initially subjected to a secondary assessment consisting of two stages, namely (Analysis of Potential FAVC - Lacan - 2017 and Report on the Assessment of Potential FAVC - Lacan Florestal - 2017).

Regarding the 36 farms that comprise the increased scope in 2021, a new assessment of environmental AVCs was prepared according to the document titled "Report on the Assessment of Potential FAVC - Lacan Florestal – 2021." Of the 36 assessed farms, only two possess native fragments that may present environmental AVCs consistent with the PROFOREST criteria (Farms Santa Rita de Cássia and São José VI). However, these fragments, after detailed phytophysiognomic and phytosociological monitoring, as well as avifauna and mastofauna studies, did not prove to be hotspots with any local, regional, or national exceptionalism that could be con-

figured as an environmental AVC and that would render them an AAVC (Areas of High Conservation Value) consistent with the PROFOREST/HCVRN criteria.

For the farms that comprise the increased scope for 2022, a new assessment of environmental AVCs was also prepared according to the document titled "Report on the Assessment of Potential FAVC - Lacan Florestal – 2022." According to the assessment methodology for the 34 new farms, none presented characteristics that could be configured as environmental AVCs. For the two new farms included in the increased scope for 2023, a new assessment of environmental AVCs was also prepared according to the document titled "Report on the Assessment of Potential FAVC - Lacan Florestal – 2023."

**Type 6 AVC:** Areas of extreme importance for the traditional cultural identity of local communities (areas of cultural, ecological, economic, or religious importance, identified in conjunction with these communities).

The presence of a cemetery on the Santa Rita de Cássia farm, under the responsibility of Lacan Florestal, is well-documented knowledge, dating back to the moment Lacan Florestal

became responsible for the establishment and management of eucalyptus plantations on this farm. In a specific and isolated area, kept at a safe distance from plantations and adjacent to the internal road (firebreak), at coordinates 20°36'23.11"S and 52°13'44.49"W, there is the cemetery of the Santa Rita de Cássia farm, with approximately 30 graves (or tombs), configuring it as an AAVC 06, consistent with the PROFOREST/HCVRN criteria. The assessment report for AVC 6 of 2021 details the plans for measures and monitoring, threats, threat controls, protections and conservations, as well as public consultation regarding AVC 6.

In 2024, assessments of environmental and social AVCs and AAVCs were undertaken for the new farms being incorporated and implemented (Morungaba and Morro do Ouro in SP and Bom Jesus in MS). None of them present indications regarding the presence of AAVCs, both environmental and social, nor of Places of Special Significance and Consuetudinary Rights. The Consuetudinary Rights of the Ofaié regarding cultural fishing for recreation continue to be respected and ensured.

**Qualitative Indicator:** Nursery, streams, and farms



**Analytical indicators of groundwater**

Analytical Results: RE2022-0707-1						
Parameters	LQ	Unit	Result	VMP	Compliance	Test Date
Turbidity	0,50	NTU	< LQ	5	Satisfactory	08/04/22
Escherichia coli	1	UFC/100ml	Absence	Absent	Satisfactory	08/04/22
Analytical Results: RE2022-0707-2						
Ensaio	LQ	Unit	Result	VMP	Compliance	Test Date
pH	2,0 - 12,0	Dimensionless	6,7 à 25°C	NC	-	08/04/22
Apparent Color	10	UC	< LQ	15	Satisfactory	08/04/22
Turbidity	0,50	NTU	< LQ	5	Satisfactory	08/04/22
Free Residual Chlorine	0,10	mg/L	< LQ	0,2 - 5,0	Satisfactory	08/04/22
Total Coliforms	1	UFC/100ml	Absence	Absent	Satisfactory	08/04/22
Escherichia coli	1	UFC/100ml	Absence	Absent	Satisfactory	08/04/22
Heterotrophic Bacteria Count	1	UFC/ml	Overpopulation	NC	-	08/04/22
Analytical Results: RE2022-0707-3						
Ensaio	LQ	Unit	Result	VMP	Compliance	Test Date
pH	2,0 - 12,0	Dimensionless	6,0 à 25°C	NC	-	08/04/22
Apparent Color	10	UC	< LQ	15	Satisfactory	08/04/22
Turbidity	0,50	NTU	< LQ	5	Satisfactory	08/04/22
Free Residual Chlorine	0,10	mg/L	< LQ	0,2 - 5,0	Satisfactory	08/04/22
Total Coliforms	1	UFC/100ml	Absence	Absent	Satisfactory	08/04/22
Escherichia coli	1	UFC/100ml	Absence	Absent	Satisfactory	08/04/22
Heterotrophic Bacteria Count	1	UFC/ml	670	NC	-	08/04/22

**Conversion analysis**

Lacan conducted a conversion analysis for all the farms that are part of the FSC FM certification scope (Report on the Conversion Analysis of Areas - Edition 1 - Revision 00 - Lacan Florestal - 2017[CPA2], as well as for the scope increases of 2021, 2022, and 2023), demonstrating that there has been no conversion of native forest to eucalyptus planting, considering the cut-off date of January 2012 (the date of acquisition of the first farm) and based on digital processing of satellite photographs.

A new conversion analysis was performed in 2021 for the 36 new farms

included in the certification scope increase, according to the document titled "Conversion Analysis of Areas - Edition 2 - Revision 01 - Lacan Florestal-2021." Applying the proposed methodology and conducting the analyses of this study, it is found that there has been no significant conversion of native vegetation areas in the properties subject to this work, following the first forestry project of Lacan Florestal, as mentioned in the previous item. It is noted that there was no conversion of more than 5% of the area of the Forest Management Unit (UMF), and the conversion does not exceed 0.5% of the UMF area in any year, nor do these

areas have high conservation values. Thus, it is concluded that Lacan Florestal did not violate Principles 6 (Criterion 10) or Principle 10 (Criterion 9) of the FSC® Standard "Assessment of forest plantations in the Federative Republic of Brazil: Harmonized Standard among Certifiers," with only 159.93 hectares out of a total of 104,359.32 hectares (calculated by the total pixels in this work), representing a percentage of 0.15% (far less than 5%), which indicates an average annual rate (January 2012 to January 2021) of only 0.0167% (well below 0.5%), or in the last five years, 0.03% (implying a maximum of 0.15% in any single year).

Even if the total of 2,953.62 hectares converted is considered, this leads to a percentage of 2.83% (less than 5%), corresponding to an average annual rate of 0.31% (less than 0.5%).

Moreover, it is worth mentioning that the farms Boa Aguada I, Boa Aguada IV, Boa Aguada V, Estância Rio Formoso, Córrego da Queixada, Córrego da Queixada II, São Gabriel, and Santo André have their legal reserves compensated in the Santa Mônica farm in Corumbá - MS.

For the new farms incorporated into the scope in 2022 and 2023 (Report

on the Conversion Analysis of Areas - Edition 3 - Revision 01 - Lacan Florestal), the proposed methodology was applied, and analyses of this study were conducted, concluding that there has indeed been no significant conversion of native vegetation areas in the properties subject to this work, following the first forestry project of Lacan Florestal. It is confirmed that there was no conversion of more than 5% of the area of the Forest Management Unit (UMF), and the conversion does not exceed 0.5% of the UMF area in any year, nor do these areas have high conservation values. Thus, it is concluded that Lacan

Florestal did not infringe Principles 6 (Criterion 10) and Principle 10 (Criterion 9) of the FSC Standard "Assessment of forest plantations in the Federative Republic of Brazil: Harmonized Standard among Certifiers."

In 2024, conversion evaluations were extended to the new farms in incorporation and implantation (Morungaba and Morro do Ouro in SP and Bom Jesus in MS). None of them present conversion implications that compromise the new conversion and remediation policies of the FSC, as well as the associated criteria and indicators of the IGL.

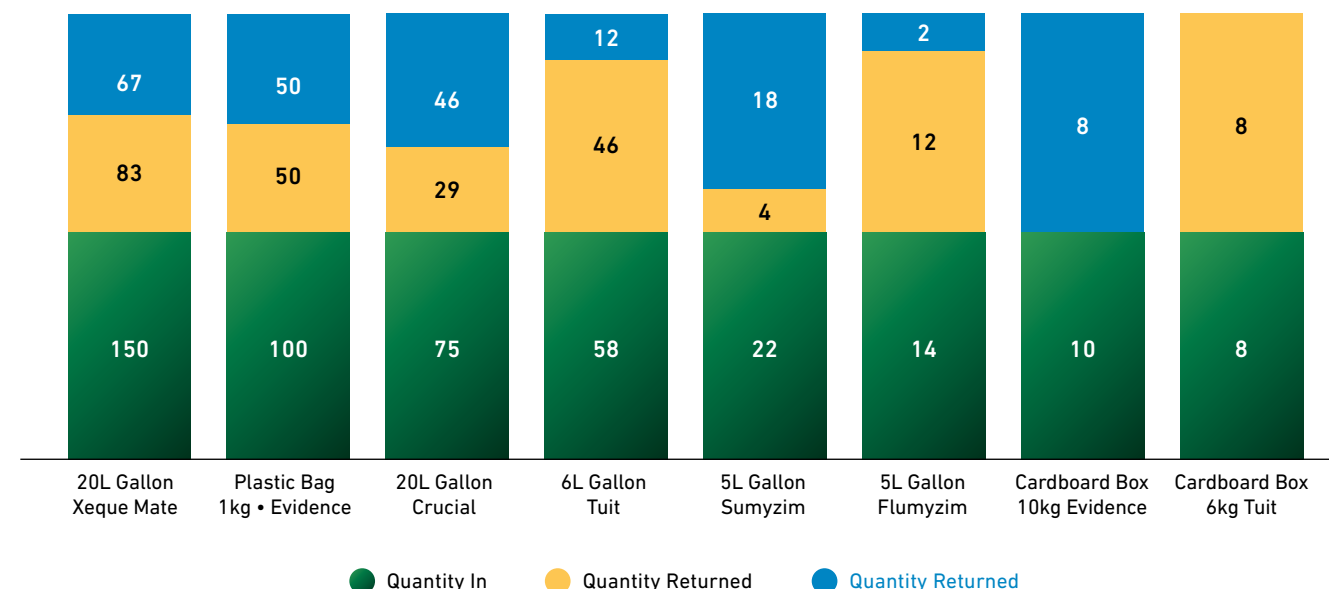


**Solid waste management program • SWMP**

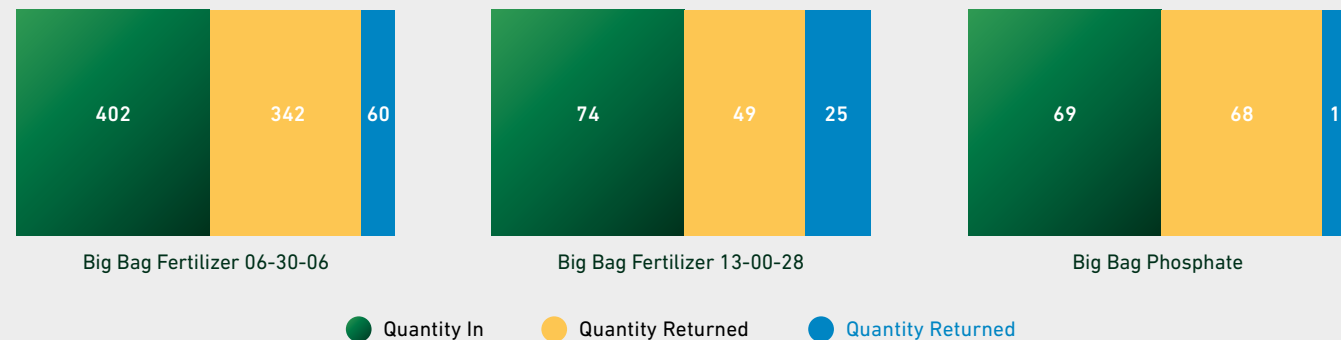
The PGRS (Solid Waste Management Plan) consists of a set of management procedures planned and implemented based on legal, regulatory, and technical foundations, aiming to minimize waste production and ensure a safe and traceable handling of the generated waste in an efficient manner. Its objectives include protecting workers and preserving health, natural resources, and the environment. The PGRS will cover all stages of planning physical resources, material resources, and the training of human resources involved in solid waste management.

**Annual packaging / waste control**

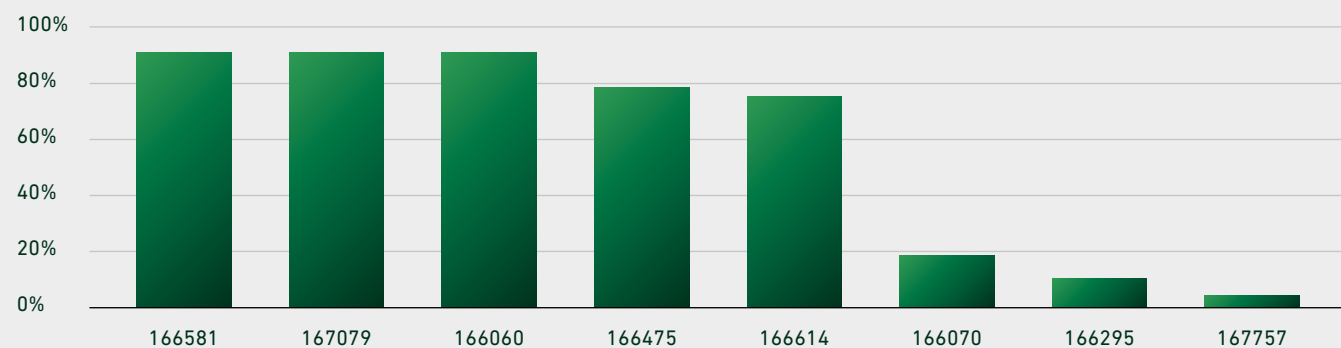
**Pesticides • Types of packaging**



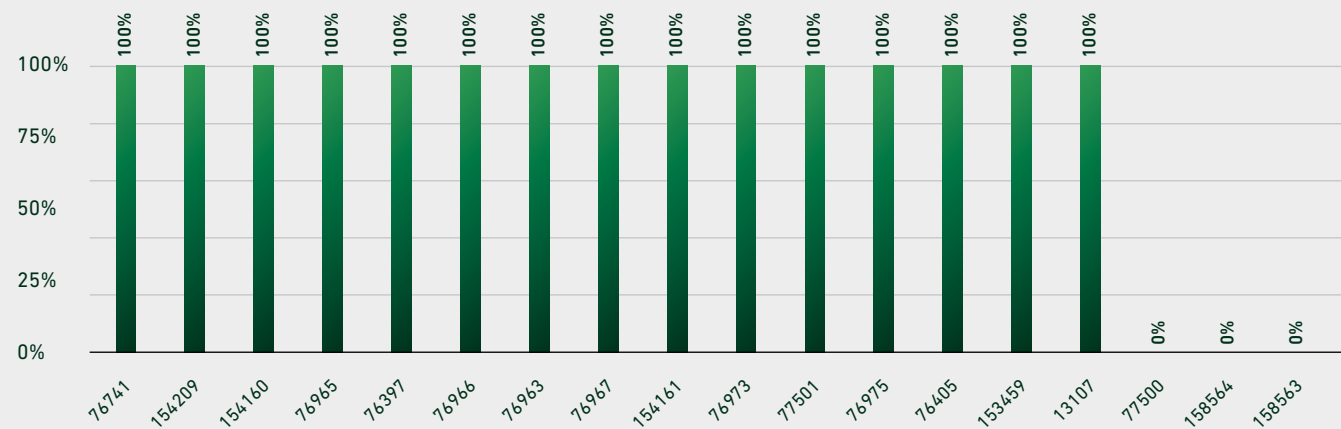
### Big Bag • Type of Packaging



### Pesticides • Invoice



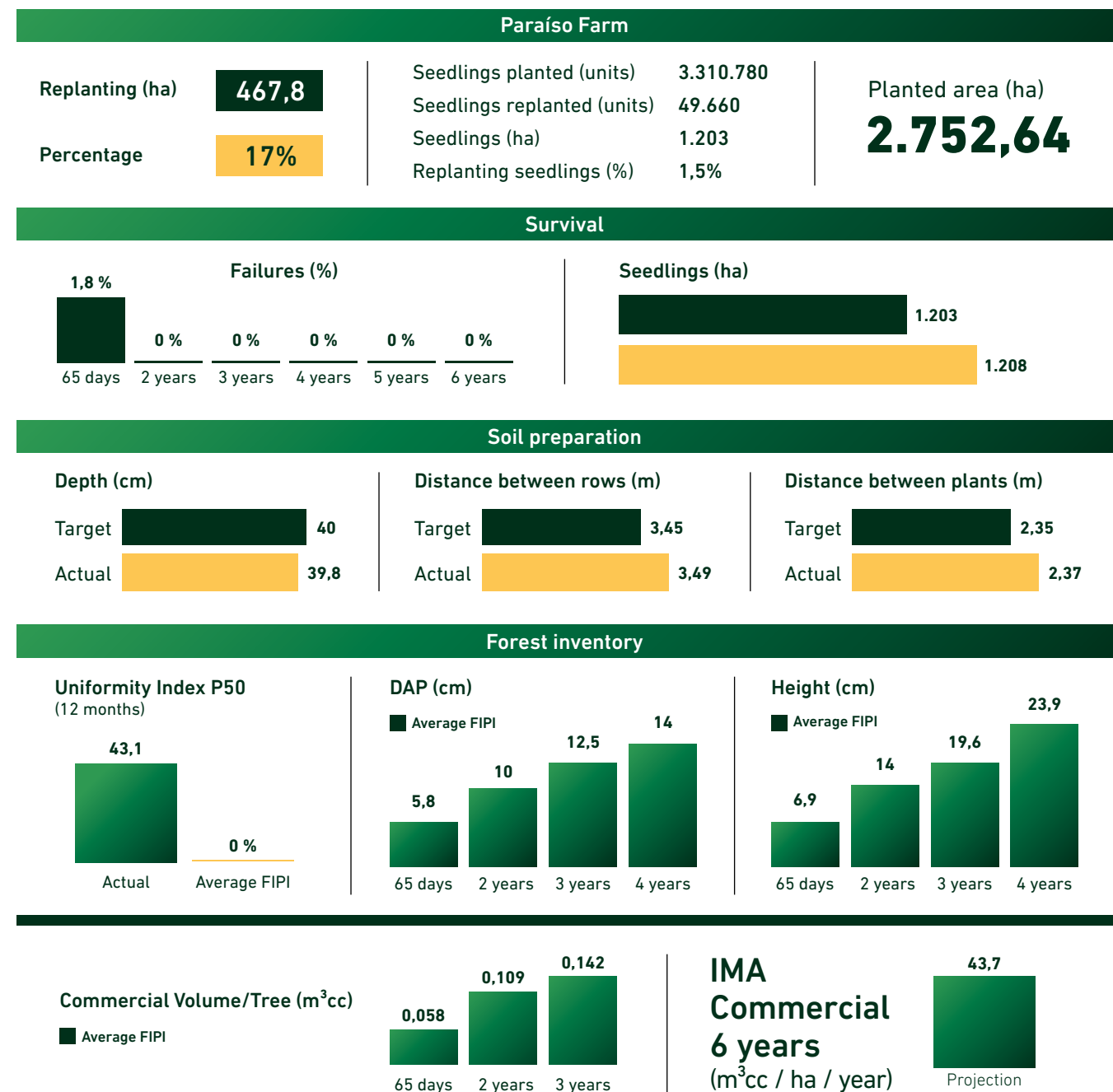
### Big Bag • Invoice



### Quality management

The quality control of operational activities includes soil preparation, seedlings, planting, irrigation, survival, weed competition, fertilization, and ant control. The criteria are defined in operational procedures, and data collection is carried out in the field through inspections. The data accumulated from 2012 to 2024 guide continuous improvements in operations.

### Compliance levels for silviculture operations

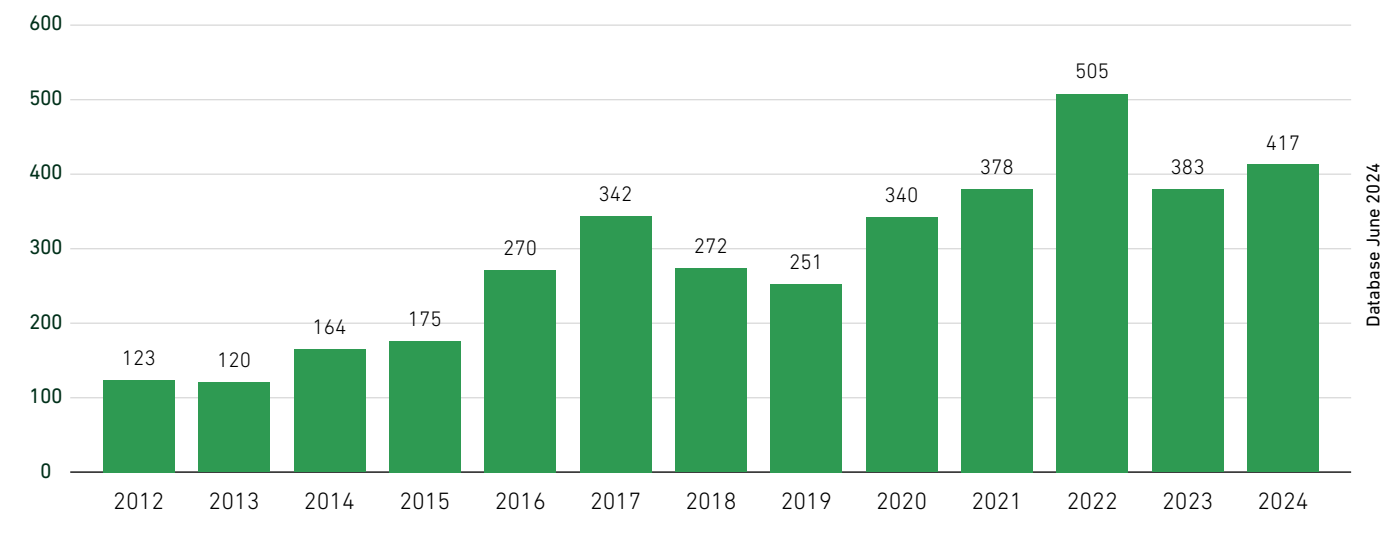




"Lacan Florestal seeks a form of social management defined by its relationship, ethics, and transparency with all stakeholders, engaging in dialogues among various participants such as governments, companies, civil organizations, local communities, neighbors, and interested parties. It aims to establish goals and objectives that drive sustainable development in its area of operation, environmental conservation, and preservation of cultural heritage for future generations, promoting respect for diversity and reducing social inequalities."

# Social Management

## Job creation in Lacan Florestal's areas of operation



### Social and traditional community diagnosis

A participatory socioeconomic diagnosis was conducted to better understand the socioeconomic context of the region where the company's activities are situated. During the field survey work in the forest units, it was possible to ascertain on-site that there are no quilombola communities or populations with other traditional traits in the regions of Lacan's operations, ex-

cept for a single indigenous community (the village of the Ofaié indigenous reserve), located in the municipality of Brasilândia, and near the Coqueirinho and Brasilândia farms (scope increase in 2021 and 2022).

Regarding the Ofaié people, the map below shows the location of the reserve and the village in relation to the Coqueirinho and Brasilândia farms. This village has been engaged in social issues since 2021, on an annual basis.



### Social monitoring

The monitoring of socio-economic-environmental impacts aims to evaluate local or adjacent impacts, of an operational nature, adverse (negative), related to the management of forest plantations (comprising the entire life cycle of eucalyptus cultivation from the farms that exhibited these significant impacts) of Lacan Florestal.

This monitoring considers communities and populations of influence located up to three kilometers from the boundaries of such plantations, which have been and will be harvested and transported to the Suzano pulp production factory located in Três Lagoas - MS.

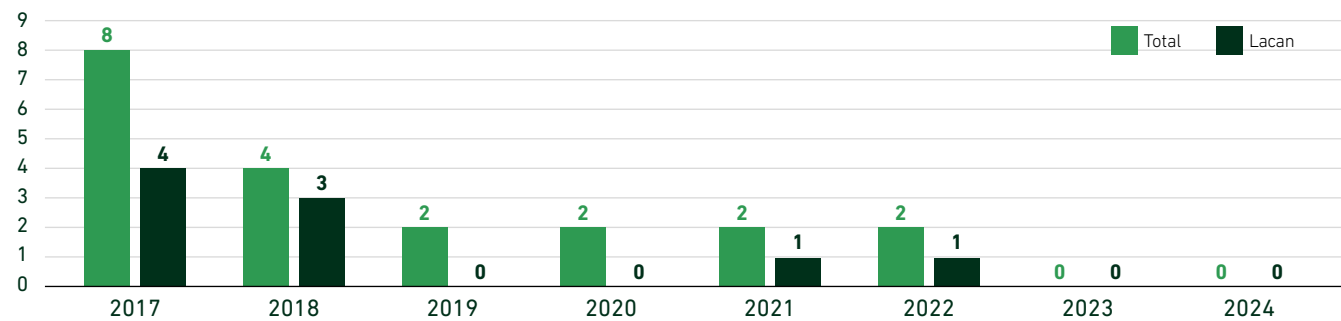
Furthermore, the tool provides elements, including quantifiable indicators of intensity and scale of impacts, so that those responsible for the socioeconomic and environmental management of Lacan Florestal's forest plantations can analyze their action plans, preferably agreed upon with the involved stakeholders.

Consolidation of Social Impact Assessments • Lacan 2017 to 2023

Evaluation	Programming	Scope	Number of Reported Impacts	Nature of Reported Impacts	Intensity	Scala	Affected Farm
2017: Pre-harvest in all farms within the certification scope (Initial Global Assessment)	Every 3 years	Communities, farms, or settlers in the surrounding area (radius of 3 km) and timber transportation routes	8	Road degradation	Strong	Regional	Paraíso, Conquista, Formosa, S. José do Espigão, Cerro Azul, Vale Verde, Talismã I e II, Millenium, Gameleira, Perdizes, Rota de Madeira
				Damage to neighbor fences	Medium	Regional	S. José do Espigão, Transcoral, Vertente, Cerro Azul, Vale Verde, Talismã I e II, Millenium, Gameleira
				Belief in reduced water availability	Weak	Regional	Transcoral, Vertente, Cerro Azul, Vale Verde, Talismã I e II, Millenium, Gameleira
				Cell signal blocking	Weak	Regional	Paraíso, Conquista e Formosa, S. José do Espigão
				Dust generation	Medium	Distributed Local	Universal, Araçatuba e Rota de Madeira
				Reduction in job availability	Medium	Distributed Local	Universal, Araçatuba, Rota de Madeira
				Isolation due to planting	Weak	Distributed Local	Universal, Araçatuba e Rota de Madeira
				Risk of accidents	Weak	Distributed Local	Universal, Araçatuba e Rota de Madeira
Evaluation	Programming	Scope	Number of Reported Impacts	Nature of Reported Impacts	Intensity	Scala	Affected Farm
2018: Pre / post-harvest in farms planned for harvest in 2018 (Focused Monitoring)	Annual based on farms in harvest or recently harvested (in August 2018, no farms had yet been harvested)	Communities, farms, or settlers in the surrounding area (radius of 3 km) and timber transportation routes	4	Belief in reduced water availability	Weak	Local	Universal, Araçatuba
				Cell signal blocking	Weak	Local	Rota de Madeira
				Dust generation	Medium	Regional	Universal, Araçatuba, S. José do Espigão, Cerro Azul, Vale Verde, Talismã I, Talismã II, Millenium, Gameleira
				Reduction in job availability	Medium	Distributed Local	Universal, Araçatuba, Rota de Madeira
Evaluation	Programming	Scope	Number of Reported Impacts	Nature of Reported Impacts	Intensity	Scala	Affected Farm
2019: Post-harvest in farms planned for harvest in 2018 (Focused Monitoring)	Annual based on farms in harvest or recently harvested (up to July 2018)	Communities, farms, or settlers in the surrounding area (radius of 3 km) and timber transportation routes	2	Road degradation	Medium	Distributed Local	Cerro Azul, Talismã I
				Damage to neighbor fences	Medium	Local	Talismã I

Evaluation	Programming	Scope	Number of Reported Impacts	Nature of Reported Impacts	Intensity	Scala	Affected Farm
2020: Pre / post-harvest in farms planned for harvest in 2019 and 2020 (Focused Monitoring)	Annual based on farms in harvest or recently harvested (after July 2018 until February 2020)	Communities, farms, or settlers in the surrounding area (radius of 3 km) and timber transportation routes	2	Dust on the road	Medium	Distributed Local	Rota de Madeira, Três Lagoas
				Road degradation	Strong	Local	Vale Verde
Evaluation	Programming	Scope	Number of Reported Impacts	Nature of Reported Impacts	Intensity	Scala	Affected Farm
2021: Pre / post-harvest in farms planned for harvest in 2020 and 2021, and new farms included in the FSC® certification scope (Focused Monitoring)	Annual based on farms in harvest or recently harvested (after July 2018 until February 2020)	Communities, farms, or settlers in the surrounding area (radius of 3 km) and timber transportation routes	2	Road degradation	Strong	Local	Comunidade Garcias
				Rural Exodus	Strong	Regional	
Evaluation	Programming	Scope	Number of Reported Impacts	Nature of Reported Impacts	Intensity	Scala	Affected Farm
2022: Pre / post-harvest in farms planned for harvest in 2020 and 2021, and new farms included in the FSC® certification scope (Focused Monitoring)	Annual based on farms in harvest or recently harvested (after March 2021 until February 2022)	Communities, farms, or settlers in the surrounding area (radius of 3 km) and timber transportation routes	2	Rural Exodus and Unemployment	Strong	Local	Santa Rita de Cássia
				Road degradation	Strong	Regional	Santa Rita de Cássia e Bom Sucesso
Evaluation	Programming	Scope	Number of Reported Impacts	Nature of Reported Impacts	Intensity	Scala	Affected Farm
2023: Pre / post-harvest in farms planned for harvest in 2021 and 2022, and new farms included in the FSC® certification scope (Focused Monitoring)	Annual based on farms in harvest or recently harvested (after March 2022 until June 2023)	Communities, farms, or settlers in the surrounding area (radius of 3 km) and timber transportation routes	0	-	-	-	-

Number of declared social impacts between 2017 and 2024



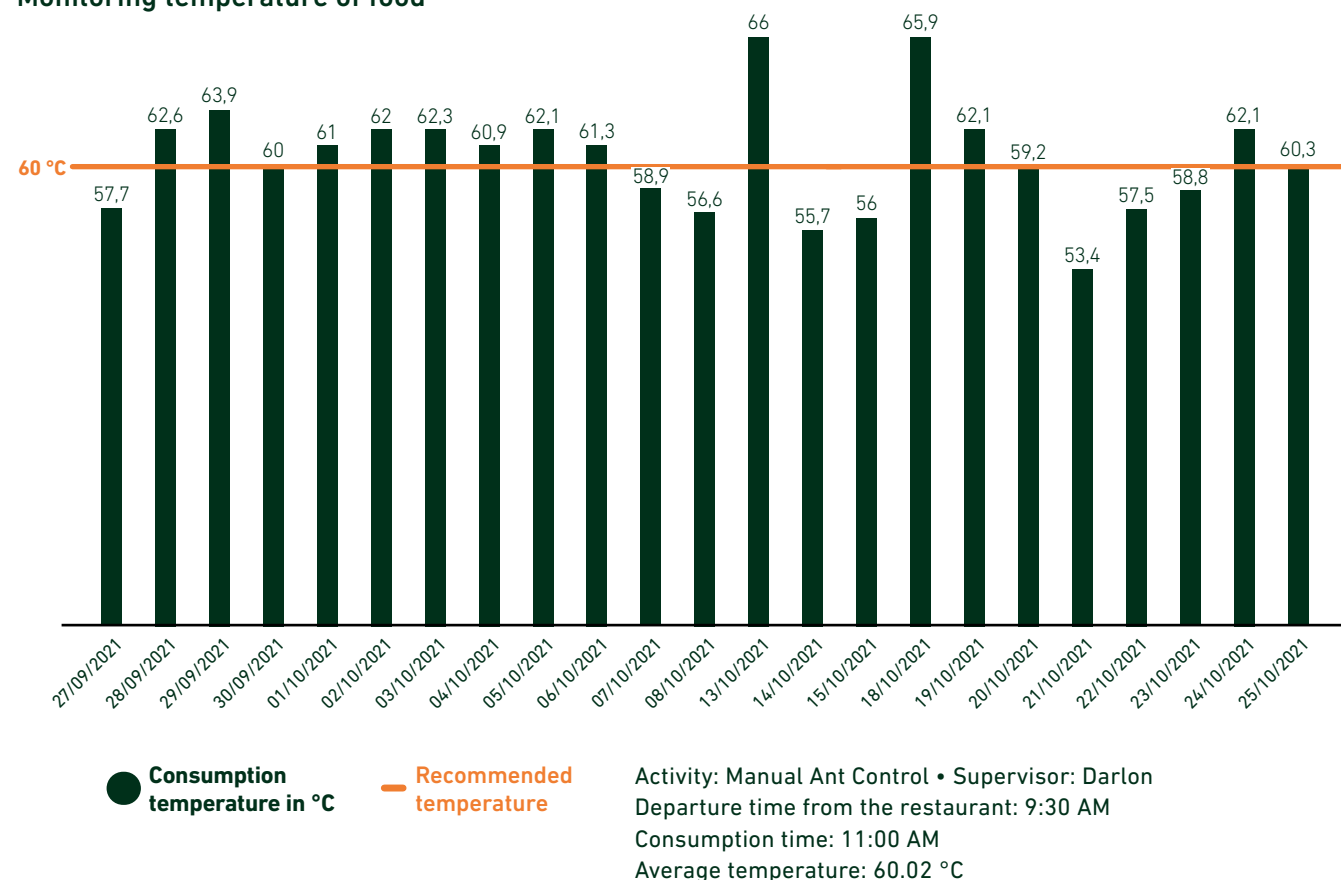
Workers' rights

In line with its social commitment, the company is responsible for not engaging in any form of exploitation of slave or child labor, as well as any other forms of degradation of humane working conditions, such as forced labor, illegal recruitment, and maintaining workers in conditions analogous to slave labor.

Indicators of internal social impacts

There are numerous ways to account for the wealth generated in communities near eucalyptus cultivation. These include direct and indirect jobs, tax collection, investments in infrastructure, consumption of local production goods, and social initiatives that will be monitored.

Monitoring temperature of food



Contribution to the local economy

Generating a positive economic impact in the region is one of Lacan Florestal's objectives, which has prioritized purchasing products, materials, and services from the area since the beginning of its forestry operations, benefiting the local economy. The creation of jobs and the corresponding wage mass for workers benefit various local and regional economic sectors, with an emphasis on commerce (food, clothing, furniture, electronics, construction materials, pharmacies) as well as service sectors (restaurants, snack bars, leisure) that are directly benefited, particularly in the municipalities where the employees originate.

Stakeholder engagement

The relationship with stakeholders aims to define and establish a dialogue channel for external contributions and, thus, identify potential relevant issues for the communities and stakeholders. To enhance this relationship, efforts are made to identify, map, and

classify its stakeholders. Meetings with universities, associations, settlements, communities, public agencies, and institutions demonstrate a solid relationship with stakeholders.

Internal and external communication

Lacan Florestal pays special attention to its relationship with the community and stakeholders.

In this way, it seeks to ensure a work environment that provides quality of life and encourages personal development and technical improvement of its employees. It is also through communication channels and demand analyses that impacts generated on other stakeholders and potential violations of the code of conduct can be identified.

The main communication channels currently available for information and dialogue with stakeholders are:

[sustentabilidade@lacanflorestal.com.br](mailto:sustentabilidade@lacanflorestal.com.br)  
[ouvidoria.lacanativosreais.com.br](http://ouvidoria.lacanativosreais.com.br)  
 (67) 3522 0702

Cultural heritage

Important areas for meeting basic needs and maintaining the traditional cultural identity of communities are identified and respected.



Income generation

To stimulate local commerce and increase the positive impact of its presence in the region, the company prioritizes hiring local labor along with its suppliers and prefers local suppliers in the procurement processes for goods and services when conditions are equal.





**Community safety**

The company practices a good neighbor policy in the region where it operates. Landowners adjacent to the operational farms receive visits from the company's representatives, who inform them about ongoing activities and provide guidance on appropriate safety practices.



**Performance indicators**

Lacan Florestal presents the results of the main operational, environmental, and social indicators in its area of operation, demonstrating the evolution of the system and the need for continuous improvement, aiming to uphold the commitments made with FSC®, particularly concerning environmental and social aspects.

Monitoring Name	Indicator	2020	2021	2022	2023
Complaints of damage from management	Number of complaints received	2	0	2	1
	Demand satisfaction rate	100%	100%	100%	100%
	Average response time for complaints (days)	10	5	30	10
Dialogue with neighbors and community	Neighbor and community service rate	100%	100%	100%	100%
	Compliance rate with the visitation program	100%	100%	100%	100%
Social impact of investment	Number of families benefited by the projects	53	53	171	0
	Number of suppliers of materials and services	85	115	174	0
	Number of jobs created in the municipalities	340	378	505	384
	Number of people served by the job position	1020	1134	1515	1820
	Investment per family in the PIMA project	0	0	0	0
	Number of associations benefited by the projects	2	2	2	2

**Changes in the population's quality of life • Generation of state and municipal revenues**

The generation of taxes from employee salaries ensures revenue at all three levels of taxation, thereby increasing the total tax collected. This collection of taxes at the municipal level (ISSQN) and state level (ICMS), through Lacan Florestal's suppliers, can be converted into improvements in urban infrastructure and the implementation of social equipment. Below are the values of taxes paid by Lacan Florestal's suppliers.

**Revenue Generation**

Tax	2018	2019	2022	2023
Salary Amount	12.388.942,00	9.413.790,00	3.601.028,00	6.898.913,83
IRRF Amount	4.447.679,00	1.111.506,00	1.288.824,00	4.328.982,20
INSS Amount	1.168.004,00	2.913.217,00	1.075.963,00	1.146.822,65
FGTS Amount	643.133,65	572.051,00	167.132,00	1.148.810,24
<b>Total</b>	<b>18.647.758,65</b>	<b>14.010.564,00</b>	<b>18.647.758,65</b>	<b>13.523.528,92</b>

# Socio-environmental Programs

**Environmental education**

Processes through which individuals and the community construct social values, knowledge, skills, attitudes, and competencies aimed at conserving the environment, which is a common good of the community, essential for a healthy quality of life and its sustainability. The company seeks to raise awareness for economic and social development, thereby improving living conditions.

**Socio-environmental investments**

Among the company's strategies is the support for social projects developed, managed, and controlled by the community that align with Lacan Florestal's strategy. The company receives the request, analyzes it, and responds to the requester, providing support at any stage of the project, which can be financial but is primarily technical. Actions focused on combating sexual abuse, traffic issues, and environmental concerns, as well as food initiatives primarily addressing social impacts, have already been supported.



### Socio-environmental investments

Social and environmental investments are a voluntary allocation of resources by Lacan Florestal according to a planned budget, monitored for social, environmental, and cultural actions and projects of community interest that contribute to the development of the local communities where Lacan Florestal operates. These investments include donations, partnerships, and projects, all with socio-environmental intersections.

#### Indicators of social impacts on the community

Name of the monitoring	Indicator	2020	2021	2022 / 2023	2024
Investment in the community	Total socio-environmental investments (R\$)	<b>R\$ 53.063,77</b>	<b>R\$ 146.896,70</b>	<b>R\$ 352.067,00</b>	<b>R\$ 271.452,175</b>
	Response to requests with investment in road maintenance (%)	15,6%	0%	51,4%	0%
	Participation of investment in social projects (%)	0%	0%	0%	17,6%
	Participation of donations in social investment (equipment) (%)	7,2%	0,0%	0%	2,4%
	Participation of environmental, social, community visit, and investor investment (%)	65,1%	97,8%	48,1%	79,9%
	Participation of donations and socio-environmental investment (%)	12,0%	2,2%	2,2%	0%

### Child and Adolescent Appreciation Project (PVCA)

Lacan Florestal, in partnership with the "A Candéia" Assistance Group, aims to support the community, including children, adolescents, and families exposed to social vulnerability situations. The goal is to contribute to educational, social, cultural, and sports development.



### Work safety training

Focused on its internal audience, the company seeks the continuous training of its employees. In this sense, it conducts training on norms and procedures, occupational safety, as well as guidance to improve working conditions and reduce the risks of accidents at work sites.

#### DSD (Daily Safety Dialogue)

Aims to guide and clarify doubts related to operational procedures, taking into account aspects of occupational health and safety. It also serves as a forum where discussions can take place with workers on the subject.



### Field safety

Field safety is a consultancy work in health, occupational safety, and the environment, aimed at ensuring the safety of employees working in the field. The focus is on guiding them regarding potential accident risks.

- Anticipation and recognition of risks.
- Establishment of priorities and goals for evaluation and control.
- Assessment of risks and employee exposure.
- Implementation of control measures and evaluation of their effectiveness.
- Monitoring of exposure to risks.

All actions are recorded for monitoring and evaluation.

### Forest Health Program

It includes monitoring of occupational health (blood pressure, diabetes, lectures, first aid) among employees in the forestry area and suppliers.



### Honeycomb Program

The goal is to encourage the multiple uses of planted eucalyptus forests and strengthen the honey production and marketing chain in the area of operation of Lacan Florestal in Mato Grosso do Sul. This benefits the cities of Três Lagoas, Brasilândia, Água Clara, and Ribas do Rio Pardo, involving over 51 beekeepers with a total of 5,384 bee boxes distributed throughout Lacan Florestal's forests.



### Safety mapping

The aim is to assess the risks of accidents in a new activity to be developed within the company's forest management.

### Work safety and occupational health

The maintenance and improvement of the well-being and quality of life of its employees and service providers are fundamental items for Lacan Florestal. From the management to the employees and service providers, everyone is committed to building and maintaining a high standard of quality in the work that allows processes to occur without accidents.

The first step is the training and education of service providers regarding the performance of their functions to prevent workplace accidents. Additionally, the monitoring of working conditions and safety equipment follows strict control standards.

In the event of an accident or incident, it is recorded through forms and an Accident Analysis and Investigation (A.I.A). Every occurrence, regardless of its severity, undergoes an investigation that generates an action plan containing preventive and corrective measures.

The company also monitors the registered accidents and incidents to continuously improve its performance in terms of occupational health and safety over time.

#### Among the main tools used and actions developed are:

- Monitoring of current legislation and support for service providers: includes guidance and the conducting of document inspections.

- LTCAT, Technical Report on Working Conditions;

- PGR (Risk Management Program): established by Regulatory Standard No. 31, aims to preserve the health and physical integrity of workers through the anticipation, recognition, assessment, and consequent control of existing or potential environmental risks in the workplace, considering the protection of the environment and natural resources.

- PCMSO and ASOs, according to Regulatory Standard NR 31. Technical meetings on safety: standardize topics for dissemination by team leaders regarding the sharing of safety information/guidance, clarify doubts, and provide necessary support so that leaders have the necessary tools to enforce mandatory safety procedures.

- Safety Inspection: Aims to identify non-conformities based on current legislation and propose corrections through photographic monitoring with before and after images and an action plan, where all respective responsible parties are informed of the status after each monitoring session.

### Compliance with NR 31 and FSC® P&Cs

Lacan Florestal requires that service-providing companies have a dedicated safety technician for forestry operations, as well as technical coordination to ensure compliance with all applicable provisions of NR 31.

- Conducts periodic inspections at work fronts.
- Issues deviation reports and monitors the implementation of corrective and preventive measures.
- Records, investigates, and adopts shared actions in the event of workplace accidents.
- Ensures training for handling chemicals and hazardous waste
- Controls and maintains the transportation of workers in safe conditions.
- Ensures that everyone is trained to manage the risks associated with their activities, according to procedures and work instructions.
- Ensures that pregnant and lactating women do not engage in risky work, and that individuals under 18 and over 60 do not work with chemicals.
- Ensures the use of appropriate PPE (Personal Protective Equipment).
- Controls and maintains tools, equipment, and facilities in safe working conditions.
- Controls and maintains traffic and access routes in safe working conditions.
- Trains operators for budgeting and load handling.
- Monitors activities to prevent risks to workers and passersby.



### SSO extensions

In addition to complying with all the legal and regulatory provisions mentioned above, it meets the requirements of NR 31 as follows:

- Evaluates environmental risks in accordance with NR 09. Maintaining an updated PPRA (Environmental Risk Prevention Program).

- Implements PCMSO (Occupational Health Medical Control Program) in accordance with NR 07.

- Ensures that service trucks and their drivers meet the requirements for the transport of hazardous products. Ensures that pressure vessels of service trucks comply with NR 13.

- Controls water potability as per Ministry of Health Ordinance 2914.

- Controls food quality in accordance with ANVISA Resolution/RDC 216.

- Systematizes FISPQ (Safety Data Sheets), FSDR (Hazardous Substance Data Forms), and labels.







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Questions ▪ Suggestions ▪ Complaints  
Criticisms ▪ Forest Fire Reports

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