



2022

Sustainability Report





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This 2022 Sustainability Report presents the highlights and results obtained through Lacan's forest activities, in order to offer transparency and record the advances made in our performance. By doing so, we can achieve positive results for our business and for society.

The content provides information on how each material topic has been approached, the stages involved in the management of Lacan's operations and some of the results obtained in 2022. Furthermore, some of the expectations and improvements planned for the approaching cycles have been highlighted, thus helping to establish the results obtained.

Amongst the main actions on the sustainability agenda, we can highlight the advances made in mapping the ESG trends and norms, and the areas where adjustments can be made, the mapping and prioritization of projects with a

This Report **ensures transparency and records the advances** achieved in Lacan's performance

positive socio-environmental impact, results and improvements to the methodology of the Carbon Balance and emissions inventory, advances in the development of Carbon projects focused on the voluntary market, and the drafting of the ESG Framework, which will aim to guide the monitoring, targets and most important results for Lacan over the coming years.

Taking the material topics as a base and using the reporting structure provided by the Global Reporting Initiative (GRI), this document also reports data on forest management, biodiversity, climate change, social development, integrity and financial performance.

These achievements are the result of an integrated and committed approach to work that aims to continually improve. In order for the company to be able to develop, we need to establish a basis of good corporate governance, internal communication and relations between people.

We would like to thank the employees, investors, partners and customers, as well as all those who have taken part in this work. We hope to strengthen these partnerships, and that everyone is able to celebrate the results presented.

We hope you enjoy the report!



A Message from the Chairman

A Message from the Chairman:

in constant evolution GRI 2-6, 2-12, 2-22

At Lacan, we have worked strategically on the development of an active approach to transforming ourselves from a forest asset management company into a larger group dedicated to the transition to a low-carbon economy and having a positive impact on the social development of the regions where we are active.

It is therefore essential that we meet the necessary requirements together with our clients, investors, employees, local communities, regulatory agencies and society as a whole, to ensure that we include all that affects our involvement in the ESG agenda.

Our ESG strategy has become increasingly consolidated over the last few years and is in constant evolution, with the aim of establishing ever more ambitious targets. We have been incorporating it at all levels of the company and seeking to expand it even more through the clear and transparent involvement of our stakeholders.

For us to continue with the development of our ESG strategy, we have structured our ESG Framework to be able to develop new indicators and targets, involving all the business areas. We have also created an ESG Committee, com-

posed of Lacan partners and independent senior advisors, in order to guide the organization in its transition to a low-carbon economy.

In relation to the **environment**, we are committed to being independent forest managers and a leader in the decarbonization of Brazil, which will, in turn, contribute to global decarbonization. We seek to increasingly involve our entire chain of operations in order to prioritize activities that are committed to the reduction of emissions and conservation of biodiversity.

In the **social** plan, we are committed to ensuring that our employees work in an amicable environment which promotes opportunities and is safe for all. Our strategy aims to prioritize investments in the development of human capital, involving both our employees and the community.

And in relation to **governance**, we have evolved enormously over recent years and we continue to evolve. The challenges of the modern age go far beyond the limits of our company, since governance is now directly linked to internal issues and to the way in which we relate to our stakeholders in all dimensions, involving ethical and technological issues, to cite just a couple of examples.



We are striving to guarantee transparency and long-term returns in line with global trends, considering the material topics of ethics and compliance, data transparency and reporting based upon international standards.

We would like to thank all of those stakeholders and partners involved in our activities, the results of which are outlined over the following pages.

Luiz Augusto Candiota
Chairman of Lacan



Lacan

▪ [FACTS AND FIGURES](#) ▪ [ESG IMPACTS](#) ▪ [TIMELINE](#)

Lacan GRI 2-1

Founded in 2000, Lacan is one of Brazil's leading forest asset management companies, a segment in which it began operating in 2012 with the creation of Lacan Florestal.

The forestry project was motivated by trips and studies relating to the planted forest sector in Brazil, the competitive advantages that the country offers in this area, and discussions with institutional investors from the US, Canada and Europe.

In 2022, the company managed a total area of around 130,000 hectares of forest, investing in reforestation plantations as a means of generating return for equity investment funds (IIFs).

A division of Lacan Ativos Reais, Lacan Florestal brings together the investees and guides the investments in forestry projects, delivering the set of requirements and results agreed upon with the investors.

In 2022, the assets managed by Lacan surpassed R\$ 1.3 billion.

Within the current portfolio, 100% of the investments are made in forestry-based projects in the Central Western and Southern regions of Brazil, providing Lacan with a unique profile.

The company brings together its expertise and focus on the forest sector, ensuring its **position as a performance leader** in the sector

In addition to the reforestation of pines and eucalyptus trees, Lacan manages a dedicated conservation area covering more than 33,000 hectares, forming part of the commitment to the operations that are always in accordance with environmental legislation whilst adding value to the region that goes far beyond financial return.

Lacan's ambition is that these areas destined for environmental conservation be expanded, integrating the socio-environmental actions that have been mapped and meeting the local demands.

In order to bring together the ambition to pursue best ESG practices and expand the business, in 2022 the company announced the structuring of a new fund ('Fund IV'), which involves elements of sustainability as part of the promised return for the investor. The process of raising funds for the project began in 2023.

Business units

Lacan Ativos Reais

- Head office in São Paulo (SP)
- Responsible for managing the equity investment funds and raising new funds. This area leads the dialog and communication with investors, reporting the monitoring of the management of the current funds, and mapping opportunities and scenarios for the development of new projects and prospecting for investments and partnerships in the domestic and offshore spheres.

Lacan Florestal

- Headquartered in Três Lagoas (MS), with a scope of activity covering Mato Grosso, Mato Grosso do Sul and Santa Catarina.
- More than 600 employees. From the planning stage to the implementation of forest projects, this division operates via a multi-disciplinary team of employees with a vast range of experience. It is responsible for the entire cycle of forest management and practices, and for coordinating the external consultancies and teams involved in the operations. It also monitors productivity indicators and the quality attributes of the forests, verifying adaptation to, and accordance with, the FSC certification. As such, it ensures that actions intended to improve all environmental and social aspects are feasible and achieve long-term results.

Facts and figures



MATO GROSSO:

> **12,000** hectares planted
> **5,200** hectares conserved



MATO GROSSO DO SUL:

> **80,000** hectares planted
> **25,600** hectares conserved



SANTA CATARINA:

> **2,000** hectares planted
> **2,300** hectares conserved



100%

of the forest management areas are certified by the Forest Stewardship Council (FSC)



The operations involve more than

600

employees



More than

R\$ 1.3 bi

in managed assets

■ MT

■ MS

■ SC



Environment

- More than 94,000 hectares of forest plantations in MS, MT and SC.
- Management of > 33,000 hectares of conservation areas
- 100% of the managed areas are certified by the Forest Stewardship Council (FSC)
- Registered presence of more than 150 bird and mammal species in the managed areas and their environs
- Technological innovations (such as NDVI images and satellite monitoring) in the procedures undertaken for prevention of phytosanitary risks, wildfires, pests and other risk factors applied to the management
- Carbon credit projects developed for the Regulated (MDL) and Voluntary (VCS) markets
- Definition of the priority axes for the portfolio of local projects and partnerships (Restoration)



Social

- Generation of employment for more than 600 direct and indirect employees
- Socio-environmental mapping and diagnosis
- Definition of the priority axes for the portfolio of local projects and partnerships (Training)
- 11 meetings held with the communities, settlements, neighbors and beekeeping associations
- **Identification of a High Value Cultural Conservation Area in Mato Grosso do Sul, followed by the implementation of protection practices together with the community**
- Hosting of the meeting in commemoration of ten years of the Lacan plantation, providing a moment for the integration of more than 50 people from the Management and Forestry teams.



Economic/ Governance

- More than R\$ 1.3 billion in managed assets
- 23 years experience in asset management
- **Structuring of the 'Fund IV', involving new projects for the carbon market and restoration actions**
- Creation of the ESG Internal Committee, with expertise in the area of carbon and forests
- 12 reports monitoring the performance of the investees
- Hosting of ordinary and extraordinary general meetings
- 100% of the investees' financial statements are audited

The table below summarizes the main impacts, divided into the environmental, social and economic/governance dimensions.

Lacan published its **2022 Emissions and Carbon Stock Balance**, demonstrating the sequestering of **>910,000 tCO₂e**



Pioneers in the management of forest-based assets

In August 2022, Lacan Florestal celebrated its 10-year anniversary: the historic moment was the planting of the first eucalyptus sapling, in Mato Grosso, in 2012. An event at the head offices in Três Lagoas brought together all of the company's different areas. Employees, suppliers and service providers were able to find out more about the company and its longevity objectives, with projects that extend through to 2040. The commemoration also celebrated the retirement of Antônio Sebastião Rensi Coelho, Lacan's Forestry Director, who had been with the project since the planting of the first tree. His professional experience, covering more than 60 years, was an inspiration for the company's leaders and an important element in the growth of Lacan Florestal.



10 years

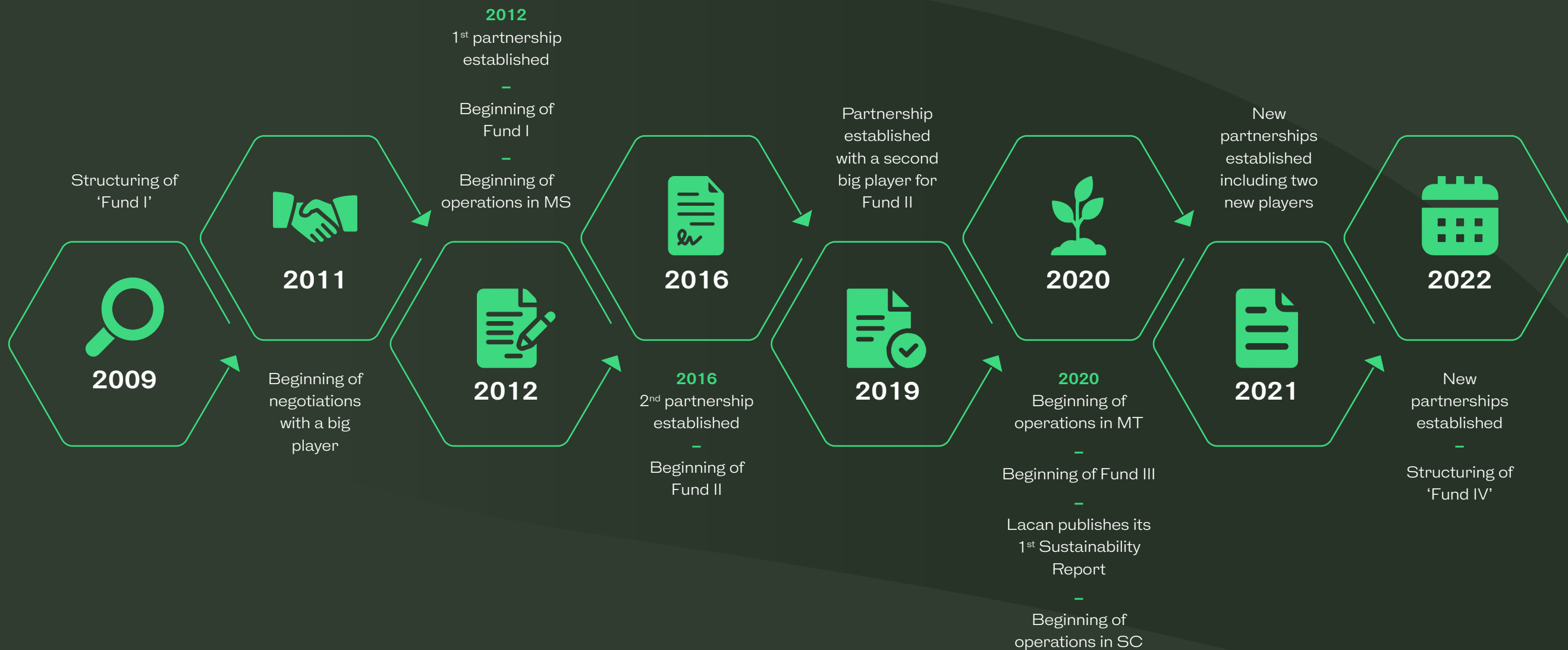
of forest activities

were celebrated in 2022



Dr. Antônio Sebastião Rensi Coelho
Lacan's Forestry Director

Lacan Florestal Timeline





ESG Approach

Lacan's ESG Approach

The approach to sustainability is fundamental to Lacan's business model, as the objective of every company focused on producing quality forests. As such, the management of environmental, social and governance criteria (ESG) is an obvious reality.

In 2022, socio-environmental factors were used in the diagnosis of areas, selection of projects and the mapping of new opportunities. These factors were consolidated in an ESG policy and will be used as a basis for the creation of targets for the next few years, in addition to those already established within the scope of the FSC.

At present, Lacan has been mapping these internal criteria and involving different players in the construction of the document that describes the ESG approach and suggests improvements. With the creation of an aligned and structured policy, it will be possible to present the forestry business as a promising alternative for sustainable investment.

The **environmental, social and governance (ESG)** strategy prioritizes those topics with the greatest potential to generate a positive impact

Not only aiming to develop documents that describe the approach to sustainability, its implementation should be integrated into the strategy and processes. This integration will not be simply a momentary phase, but an ongoing process, with results that require time.

Due to external market pressures and the environmental scenario, we recognize that sustainability and the company's strategy should move forward hand-in-hand. Sustainability cannot be delivered by means of a separate agenda, unconnected to the company's processes and meeting only specific demands and certifications.

Due to the challenge of establishing and using ESG criteria in a cross-sectional manner, Lacan is aiming to improve its processes in terms of risk prevention, the monitoring of indicators, and the reporting of performance. Through until now, this integrated vision and the monitoring of ESG criteria have been based upon the requirements of the FSC certification.

With an eye on the future, however, the monitoring of the ESG indicators will also involve inputs in the management of other areas of the business, especially in relation to the measures to be included in the Forest Management Plan, and in the content required by the new ESG standards.

As well as establishing the joint use of ESG indicators that are to be monitored during its operations, Lacan has aimed to create an ESG Framework designed 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).

The integration of methodologies with FSC requirements, the set of ESG indicators and the topics prioritized in the Framework should be used as a base in forthcoming periods, addressing a single data management center, and accompanying the short and long-term targets regularly and transparently. It is expected that this implementation will allow for investment in new practices, and therefore advances in meeting the ESG requirements being made by investors.



Sustainability in Lacan's processes

- *Due Diligence*
- Risk evaluation
- Risk and impact prevention and mitigation plan
- Social management impact assessment
- Environmental management impact assessment
- Revision of the management plan
- ESG management and reporting certification
- Socio-environmental projects

Lacan's ESG Framework - Priority Topics

ESG directives



Environment (E)



Social (S)



Governance (G)

**PURPOSE:**

To prioritize activities committed to reducing emissions and conserving biodiversity

**PURPOSE:**

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

**PURPOSE:**

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

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 well-being conditions of the investees, 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 investees and establish a plan for the improvement of the social conditions involved in all activities

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

RELATED SDGS



The definition of indicators and targets, and the monitoring of the progress made in each ESG indicator, are to be performed over the course of the coming periods, under the guidance of an ESG Committee.

As a means of improving its governance, Lacan's participation in sector forums and groups aims to keep the agenda aligned with the ESG discussions and trends, contributing to the production of databases on the different topics and enabling possible partnerships.

Some of the initiatives that the company has joined are: the Brazilian Tree Industry (IBA), the Investors for Climate group, the Brazilian Private Equity and Venture Capital Association (ABV-CAP), and the Brazilian Financial and Capital Markets Association (Anbima). **GRI 2-28**

Lacan is also a signatory to the Principles for Responsible Investment (PRI), an initiative designed to disseminate sustainability directives amongst investors.

In 2022, as a result of these connections and the analysis of trends, the company turned to a re-appraisal of its understanding of the various ESG standards and its position in meeting these standards. Based upon this analysis and the prioritization of the standards to be pursued, the forthcoming periods will focus on reestablishing plans aimed at adjustment, monitoring and possible changes in the management approach, taking into account the involvement of all areas of the company.



Participation at events in 2022 **GRI 2-17**

Participation in events concerning forests and sustainable investments:



Who Will Own the Forest? –
Portland (USA): executive management, global investors, asset managers, land owners and conservationists, discussing trends and impacts on forest investments.



HDOM Summit 2022 –
presentation on the “Macroeconomics and Policy: impacts and trends in the forest sector for the coming years” panel



Stakeholder engagement GRI 2-25, 2-26, 2-29

The relationship between Lacan and its stakeholders aims to keep channels open to receive external and internal contributions concerning forest management and other issues. By means of these channels, we are able to identify whether there are any possible risks or impacts occurring in our activities that have not been mapped, or map out any possible partnerships with interested parties.

We also consider representatives who have participated in public hearings meetings on certification and outsourced companies that support our operations.

The approach to engagement is implemented by the following means:



The relationship channels are also used to **identify potential stakeholders**, bringing together the mapping of communities, neighbors and local entities, and members of associations, unions, public organs and discussion forums.



Relationship with the land

- Annual mapping, considering public data and on-location assessments
- Planning for the joint prevention and mitigation of impacts
- Meetings and visits to local entities (communities/neighbors/sector associations)
- Public hearings
- Socio-environmental projects
- Contact channels (telephone/e-mail/call services)



Relationship between employees

- Hosting of integration events (such as the commemoration of the 10th anniversary of Lacan's first plantation in 2022)
- Management meetings (Forestry and Management)
- Compliance training sessions



Investor Relations

- Quarterly presentations of results to investors
- Quarterly reports following the ILPA model (information on operations, statements and highlights)
- A commercial department focused on meeting the specific demands of each investor, and prospection for new investors
- Annual carbon balance and sustainability reports

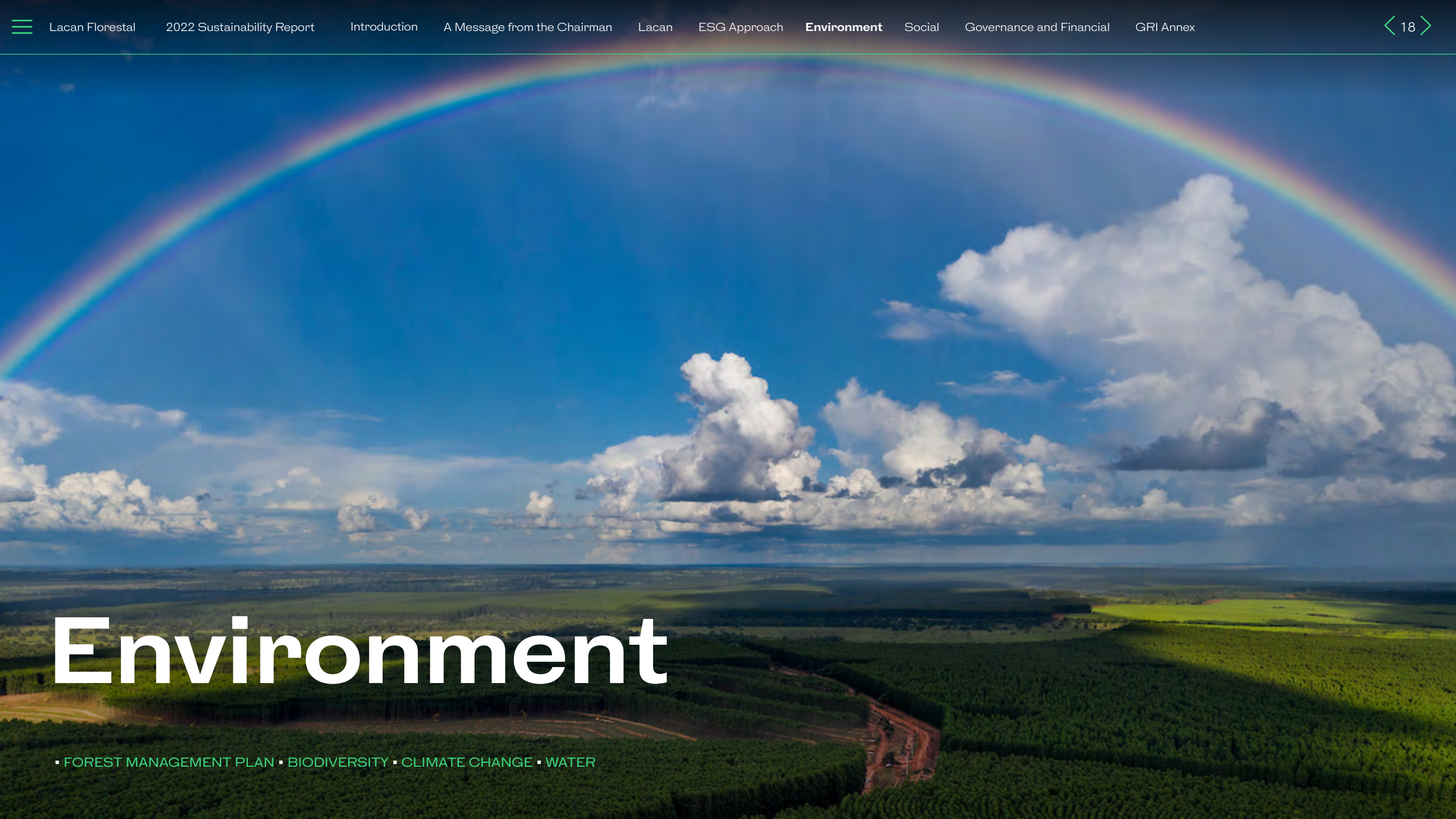
Materiality GRI 3-1

The basis for the definition of Lacan’s material topics is the company’s business model and opportunities, taking into consideration those that have the greatest impact and those issues raised as a result of external demands.



The table below presents the approved topics, the related GRI indicators, and their contribution to the United Nations’ Sustainable Development Goals (SDGs).

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



Environment

▪ FOREST MANAGEMENT PLAN ▪ BIODIVERSITY ▪ CLIMATE CHANGE ▪ WATER

Environment

Lacan's operations involve best management practices, adapted and implemented according to each geographical and/or productive context.

Of special note is the adaptation to the standards of the Forest Stewardship Council (FSC), which guide the requirements and results considered in responsible management. The certification establishes procedures for management and governance, the monitoring and prevention of risks, and the maintenance and/or improvement of environmental aspects, amongst others.

The FSC also lists a number of categories that are excluded from certification, such as, for example, reforestation in converted areas, those that use practices in violation of human rights or which keep workers in degrading conditions.

Partnerships and projects that accelerate compliance with environmental targets or contribute to the reduction of impacts are also included in the plans, as a means of improving environmental management.

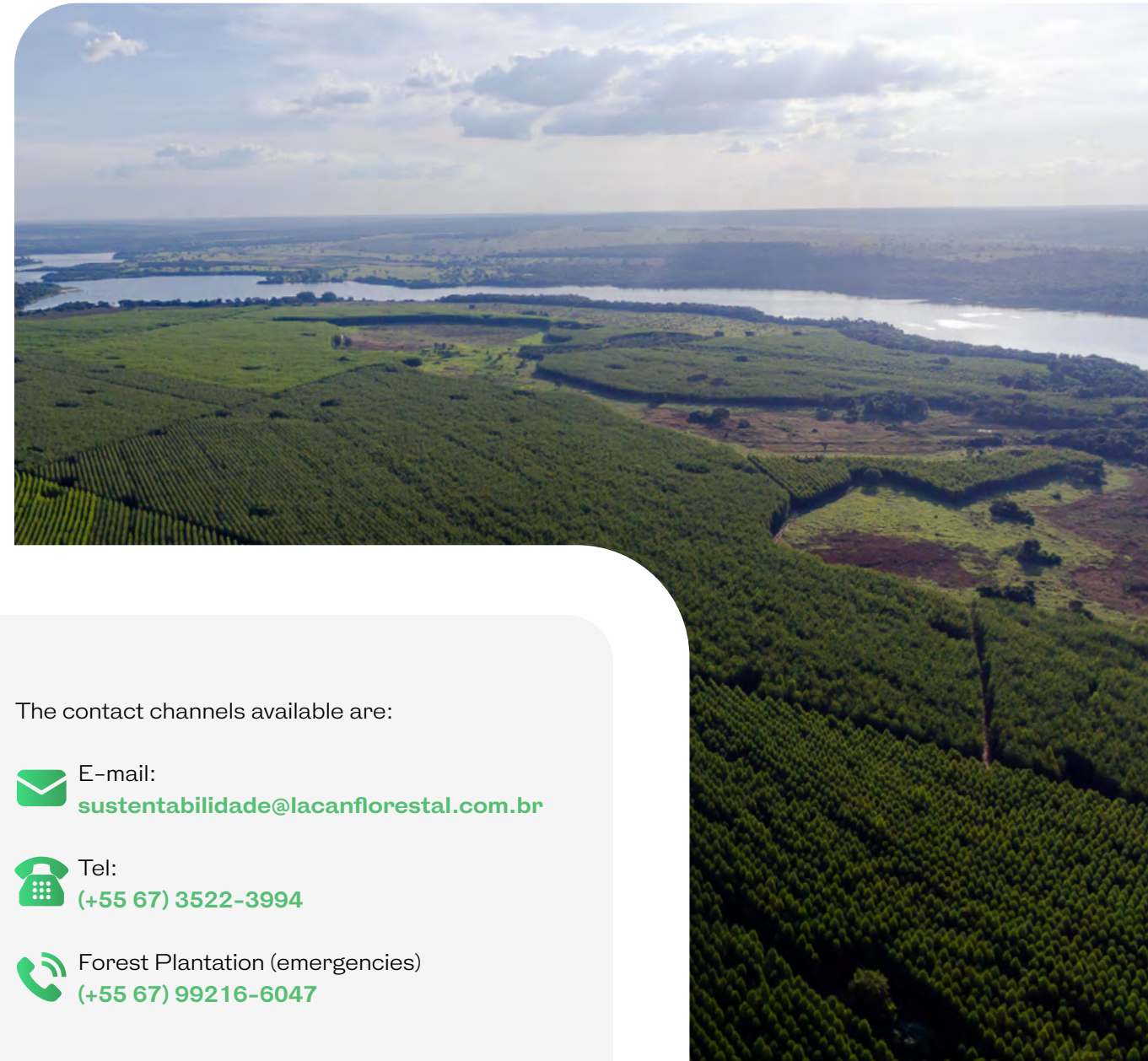
As well as the forest plantations, Lacan is responsible for managing more than 33,000 hectares of conservation area, established in the Brazilian Forest Code as areas of permanent preservation and legal reserves.

Engagement of stakeholders in environmental management

The engagement of stakeholders in environmental management occurs in the stages involved in the drafting of the Management Plan and over the course of the operations. The process aims to map those stages that can have impacts, such as the application of herbicides and pesticides, or establish procedures designed to prevent or fight fire, maintain roads, and protect areas of high cultural value to the communities, amongst others.

The presence of Lacan representatives on forums, committees and regional associations is seen as an opportunity to develop engagement with local players.

Lacan has established stakeholder relationship channels in the form of an ombudsman and periodic public hearings. All contributions are recorded, analyzed and used for the purposes of improvement.



The contact channels available are:

E-mail:
sustentabilidade@lacanflorestal.com.br

Tel:
[\(+55 67\) 3522-3994](tel:+556735223994)

Forest Plantation (emergencies)
[\(+55 67\) 99216-6047](tel:+5567992166047)



Detailed environmental indicators

In this Report's GRI Annex, the reader can consult the quantitative indicators relating to Lacan's environmental management in 2022 and, when applicable, compare them to previous years.

Forest Management Plan

Lacan's Forest Management Plan is the company's principal tool for monitoring and improving the forest asset management practices. A summary of the 2022 Management Plan can be accessed [here](#).

Its parameters and directives aim to achieve good forest management practices, focused on maximizing the productive potential and finding ways of making improvements in relation to sustainability.

Compliance with the FSC standards

GRI 3-3: International standards and certifications

With a commitment to ensuring that every area holds certification from the Forest Stewardship Council (FSC), the plan involves the following 10 Principles and Criteria:

1. Compliance with the FSC's Laws and Principles;
2. Responsibilities and rights to the ownership and use of the land;
3. Rights of indigenous peoples;
4. Community relations and rights of the workers to Certification for the Management of Planted Forests;
5. Forest benefits;
6. Environmental impact;
7. Management Plan;
8. Monitoring and assessment;
9. Maintenance of forests of high conservation value;
10. Plantations.

The main objectives of the management plan are:



Compliance with related laws and regulations;



Description of operating methods and procedures;



Creation of a stakeholder engagement plan and channels;



Mapping of risks and respective cautionary measures;



Adherence to an organizational chart and responsibility of the different areas.

Safety and incident response GRI 2-24

In order to prevent environmental risks and ensure the integrity of the forest assets, Lacan monitors and controls the areas for which it is responsible, with the possibility of extending these activities into the surrounding regions. Internal and external professionals draft and supervise reports on any incidents in the region.

The prevention of forest fires includes the construction and maintenance of firebreaks (strips of land alongside the fencing where the surface vegetation has been completely eliminated, thereby preventing the spread of fire) and the construction of observation towers, equipped with radio-communication facilities to sound the alert and identify the focus of a fire incident.

In partnership with Reflore, an environmental management company based in Mato Grosso do Sul, a strategy has been developed for the sharing of contacts and resources for fire prevention and fighting. A system involving round-the-clock professionals guarantees immediate action in emergency situations; the number of the Forest Plantation is openly published, thus assisting in the response to fire.

Biodiversity GRI 3-3: Biodiversity and environmental regeneration

The managed areas are mostly located in the Cerrado region, noted as being a critical region in terms of the conservation of biodiversity.

As a means of preventing or mitigating negative impacts, Lacan's environmental management system maps out those areas considered to be of High Conservation Value (HCV, an approach which lists categories in the study performed by the Proforest initiative as being areas containing threatened or endemic species) and establishes actions to guarantee the conservation of those identified, based upon a diagnosis of the distribution and presence of species to be able to define the most efficient protection actions.

The ongoing and inclusive monitoring (including the 'Olha o Bicho' program that involves collaborative images collected in the field), is, with respect to management, the best tool for assessing the impact of the activities on the conservation of biodiversity.

 **20**
species of mammal identified

Fauna and flora studies

The studies obtained records on farms where there are natural remnants, involving methods for the collection of sounds, images, tracks (such as footprints or burrows) and records of sighting by employees.

There was also a secondary study on bio-indicators of the flora and fauna considered to be rare or endemic, and species threatened with extinction within the area that the company operates.

In 2022, the studies performed on the Lacan plantations recorded more than 20 species of mammal and 150 species of bird. The studies provided important indicators on the environmental quality of the enclosed areas.

 **150**
different species of bird recorded

Protected or restored habitats GRI 304-1, 304-3

Lacan Florestal is committed to the upkeep of legal reserves and other conservation areas (which, in 2022, totaled approximately 33,000 hectares) in accordance with environmental legislation. All the areas are identified on maps and protected by means of satellite monitoring.

The earth and vegetation in these conservation regions are mapped, taking into account criteria of biological importance, the characteristics of

the physical environment, analyses of the soil and the connectivity potential with natural areas.

Based upon these analyses and the assessment of the environmental impacts arising from the management, the company plans to implement a number of improvement actions, including the recovery of damaged areas, the control of invasive species, the maintenance of ecological corridors, and prevention of risks to the existing fauna and flora.



Climate change GRI 3-3: Climate

change, 201-2

Reforestation, Lacan’s main activity, helps reduce the pressure caused by deforestation through other activities in the areas where it operates; provides renewable resources for the paper, pulp and sawed timber market; and provides a renewable energy alternative, whilst also sequestering CO₂ in great volume and scale.

The company also monitors the results of the assessments performed by the technical teams on the species and clones used and the respective productivity in each of the different scenarios, obtaining information and an understanding of the relations concerning the resilience and productivity of the plantations in future scenarios.

Considering that Lacan addresses climate change as a material topic, good management involves the creation of targets and establishment of actions that optimize and/or reduce the use of fossil fuels or high-emission inputs, such as limestone and nitrogen fertilizers.

Carbon credits

In 2022, Lacan worked on developing and submitting proposals for carbon credit projects in both the voluntary and regulated systems, considering the integration of the reforestation activities with the opportunity of using the new market as a means of providing scalability in the sector.

Lacan’s first carbon credit generation project was started in 2019, based upon the carbon stock of the eucalyptus forests in Mato Grosso. In 2022, the regulated market project (MDL) was approved by the Ministry of Science, Technology and Innovations (MCTI), and is currently awaiting implementation of Article 6 of the Paris Agreement.

In the voluntary carbon market (VCS), Lacan has moved forward with the drafting of the concept of the project developed in 2022, with the focus being on commercial reforestation in the Central Western region along with the increased restoration of native vegetation.

Emissions/renewable energy

GRI 3-3: Renewable energy

Lacan undertakes and publishes an inventory on its greenhouse emissions, which is updated annually in accordance with the methodology of the GHG Protocol.

The energy grids and their respective emissions are listed in the table below:

Scope	Category	Total emitted (tCO ₂ e)	Representation
1	Stationary Combustion	1.42	0.01%
	Mobile Combustion	3,727.09	19.25%
	Fugitive Emissions	8.14	0.04%
	Agricultural Activities	14,555.09	75.16%
	Changes in land-use	1,027.47	5.31%
2	Energy consumption	2.19	0.01%
3	Business trips	43.81	0.23%
Total	Emissions calculated for 2022	19,365.21	-
	Biogenic emissions of CO₂	506.96	-

Scope	Category	Emitting source	Use	t CO ₂	t CH ₄	t N ₂ O	t HFCs	t CO ₂ e	Biogenic t CO ₂
1	Stationary Combustion	Diesel for motor-pumps	Outsourced	1.18	0.0002	0.00001	-	1.19	0.14
		LPG for dining halls	Outsourced	0.23	0.00002	0.0000004	-	0.23	-
	Mobile Combustion	Trucks, pick-ups, tractors and other mobile equipment	Outsourced	3,233.35	0.29	0.19	-	3,291.44	409.92
		Transport and distribution	Outsourced	419.58	0.14	0.05	-	435.65	96.90
	Fugitive Emissions	Refrigeration gases	In-house	-	-	-	0,004	8.14	-
	Agricultural Activities	Nitrogen fertilizer	In-house	-	-	6.32	-	1,675.09	-
		Nitrogen fertilizer	In-house	-	-	2.80	-	741.77	-
		Calcitic Limestone	In-house	12,138.23	-	-	-	12,138.23	-
	Changes in land-use	Burned area	Outsourced	1,027.47	-	-	-	1,027.47	-
	2	Energy consumption	Purchase of electricity	In-house	1.05	-	-	-	1.05
Purchase of electricity			Outsourced	1.15	-	-	-	1.15	-
3	Business trips	Flights	In-house	42.06	0.0003	0.001	-	42.42	-
		Bus or minibus trips	In-house	1.37	0.0001	0.00006	-	1.39	0.14
Total emissions calculated for 2022 (tCO₂e)								19,365.21	

Water

GRI 3-3: Water management

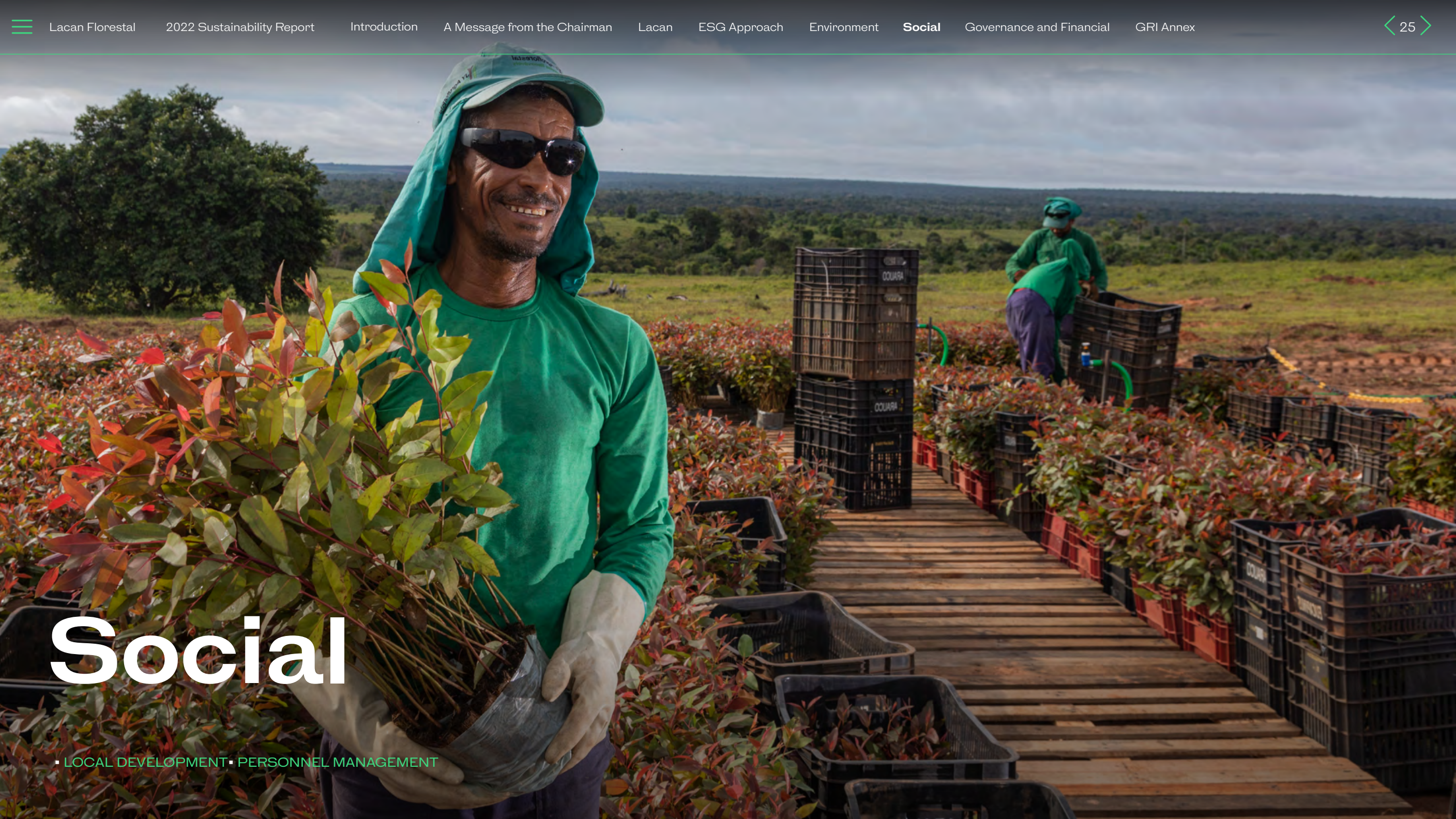
Lacan is planning its responsible use of water resources, involving management of all the potential negative impacts.

With the plantation activities consuming the most water, the operations involve collection from local sources, considering only the use for initial irrigation. 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](#)



Social

LOCAL DEVELOPMENT • PERSONNEL MANAGEMENT

Social

As part of its activities in the social pillar, Lacan aims to map all the stakeholders involved in the risks arising from the operation. This therefore involves the company's internal public and all those living in the communities neighboring the forest assets, which receive investments for the development of people and lands.

The strategy employed for the creation and sharing of value amongst these publics involves an entirely transparent and ethical relationship. The focus is on an exchange of knowledge and

The relationship with the local **employees and communities** is transparent and ethical

the spreading of education and training initiatives in support of the socioeconomic and personal advancement of the impacted groups.

The presence of Lacan has the potential to provide enormous positive socioeconomic impacts in the states of Mato Grosso, Mato Grosso do Sul and Santa Catarina. The generation of income, the offer of employment to local workers, training initiatives, stimulation of the regional economies and investments in cultural, environmental and educational projects, are just some examples of this.

These impacts are monitored, with indicators established of the number of people benefited, and measurement of the economic advances, investments and projects implemented. As such, the company gains a clear understanding of the value it is sharing with the communities and its contribution to sustainable regional development.

With respect to its labor relations, Lacan values diversity, safety and the offer of opportunities within the company. Clear policies and commitments established with the employees, on issues such as remuneration, benefits, working days and other matters, help to consolidate a positive environment and ongoing improvement in the management of the health and safety of the workers.



Local development

Lacan's approach to local development and the management of social impacts are guided by transparent dialog with the different stakeholders involved. As well as the communities, this includes representatives of the government, local businesses and non-governmental organizations.

Above all, this dialog seeks to support the socio-economic advancement of the publics living in the vicinity of Lacan's plantations in Mato Grosso, Mato Grosso do Sul and Santa Catarina.

A participative socioeconomic diagnosis was performed with the aim of obtaining a better understanding of the context of the regions impacted by Lacan's activities. The process resulted in a Social Inventory, with an emphasis on the information collected from the communities neighboring the company.

The monitoring allows for an analysis of the intensity and scale of the impacts, providing data that underlies the company's action plans.

In 2022, the monitoring of the impacts covered the pre and post-harvest activities at those plantations where harvests were planned in 2020 and 2021, and the new plantations included in the scope of FSC certification. Assessments were made of the neighboring communities, farms and farmers (within a 3km radius) and the route taken for transportation of the wood.

The areas of most importance to meeting the basic needs and maintaining the traditional cultural identity of the communities are identified and respected. These locations are mapped and duly monitored to ensure that the management activities do not impact public access or harm the value and/or cultural importance of the region. [GRI 2-25, 2-26](#)

The presence of indigenous/traditional peoples was mapped in the indigenous village of Ofaié, in Mato Grosso do Sul. Lacan, together with local partners and companies, maintains a good relationship with the representatives of the village, making listening channels available and mapping any possibilities for socioeconomic improvements.

A positive economic impact

Boosting the economies of the regions in which it is active is one of the objectives of Lacan's socio-environmental strategy. In all of its forest operations, the company prioritizes the purchase of local products, materials and services, thus benefiting the local and regional production chains.

Lacan also prioritizes the hiring of local labor, thus increasing the number of direct and indirect jobs. Whenever there is an equality of conditions in the goods and services contracting processes, preference is always given to local suppliers.

The creation of jobs and the growth in the average income of the local publics benefits numerous economic sectors, with special emphasis on commerce (food, clothing, furniture, home electronics, construction materials, pharmacies, etc.) and the provision of services (restaurants, snack bars, leisure), especially in those towns where the employees live.

The generation of tax arising from the employees' salaries guarantees revenue at the three levels of taxation, thus increasing the volume of taxes collected. The funds arising from the collection of municipal (ISSQN) and state (ICMS) taxes can be converted into improvements to the infrastructure and the implementation of social amenities.

Name of the monitoring	Indicator	2020	2021	2022 ¹
Complaints of damage due to management	Number of complaints received	2	0	2
	Attention to demands index	100%	100%	100%
	Average time in attending to complaints (days)	10	5	30
Dialogs with neighbors and communities	Attention to neighbors and communities index	100%	100%	100%
	Visits program compliance index	100%	100%	100%
Social impact of investment	Number of families benefited from projects	53	53	171
	Number of materials and services suppliers	85	115	174
	Number of people benefited by jobs	1,020	1,134	1,515
	Investment in the implementation of the PIMA project, per family	0	0	0
	Number of associations benefited by the projects	2	2	2

¹ Data taken from the 2022 Lacan Management Plan.

Investment in socio-environmental projects

By means of the voluntary pass-through of its own funds, Lacan invests in social and environmental projects as well as those of cultural interest to the community, thus contributing to the development of the local communities. These

investments - which take the form of donations, partnerships, joint projects and other types of support - complement the company's social operating strategy.

Investments in 2022 (%)



51.4%

requests for road maintenance



48.1%

environmental and social investments and visits to communities and investors



2.5%

socio-environmental donations and investment

Among the projects supported in 2022, we should emphasize:

- **Child and Adolescent Appreciation Project (PVCA):** Lacan has a partnership with the *Grupo Assistencial A Candeia* to support families facing situations of social vulnerability. The work aims to contribute to the educational, social, cultural and sporting development of children and young people near the planted forests.
- **Healthy Forest Program:** this initiative is focused on monitoring the work-related health (pressure, diabetes, first aid, etc.) of the employees of the forest areas and the goods and services providers.

The support for the external projects complements the **social activities strategy**

Personnel management

Care for safety, encouragement of the development of human capital, and respect in the relationship with all the employees, both in-house and outsourced, are **features of Lacan's social management**

We always aim to hire labor from the communities neighboring the forests, thus contributing to the generation of income and socioeconomic development of the regions.

The company's commitment to its employees involves the rejection of any kind of discrimination or affront to the dignity of the workforce. All the benefits, pensions, health plans, transportation, and meals are the same for everyone, without discrimination of race, gender or any other type. The company forbids any type of activity that could intimidate or embarrass its employees, especially women.

As well as ensuring the equivalence of benefits, Lacan guarantees compliance with all labor laws, including the commitment to not involving any type of forced or child labor in its activities.

Regardless of the quality controls enforced internally by any contracted company or the prior experience of a professional, Lacan provides training to adapt workers to the day-to-day activities in the field. Everyone has to be familiar with the methods and techniques applied to the forest management, including activities that reduce environmental impacts and increase the productivity of the forests.

The company's relationship with its employees is focused on the **creation of better conditions** of health, safety and well-being for all, and on the construction of an ethical and diverse working environment.

Health and safety

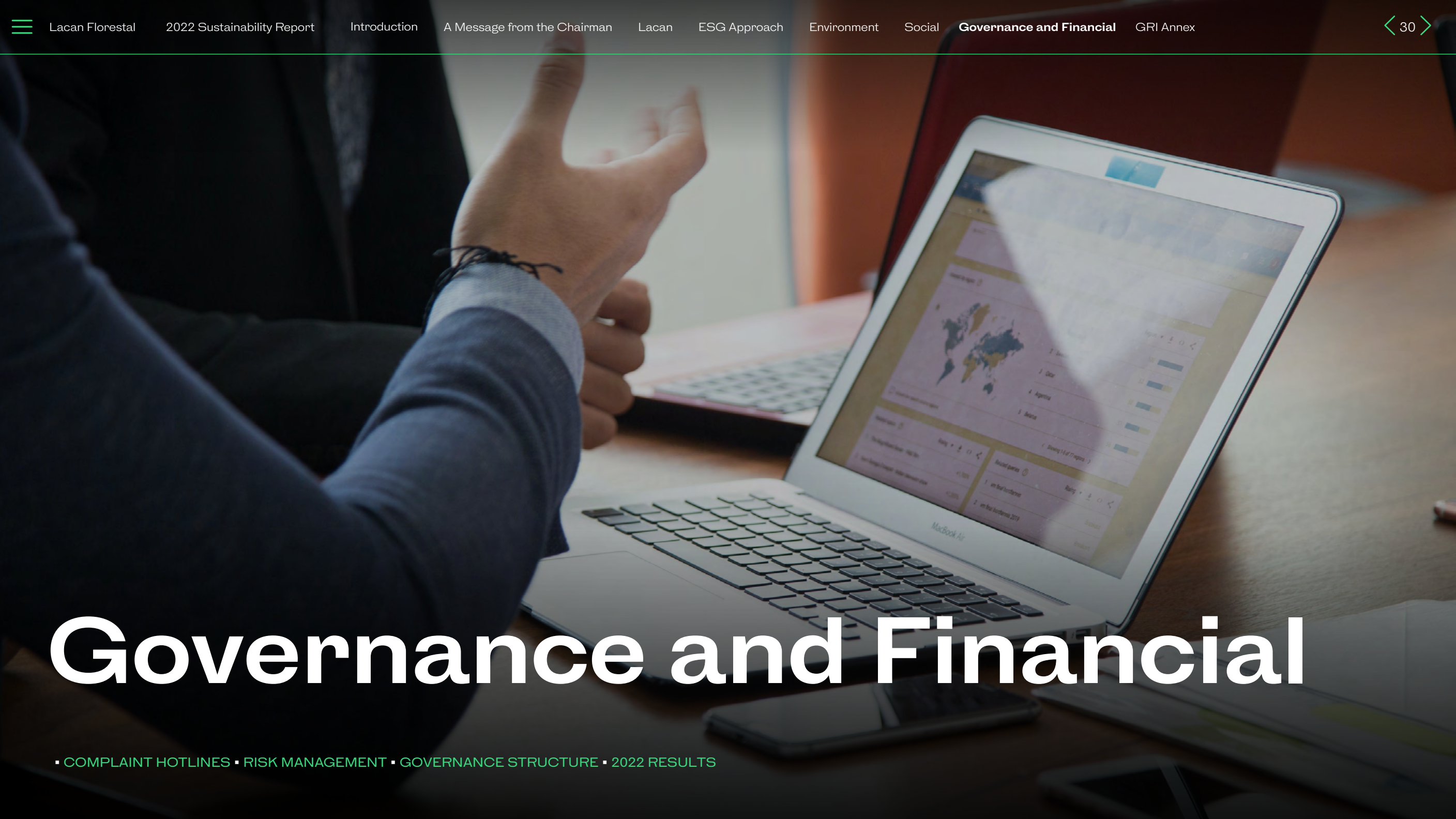
Lacan's management of health and safety includes norms and procedures concerning safety at work and instruction designed to reduce the risk of accidents. By means of training and certification in first-aid, the safe use of agricultural pesticides and the combating and prevention of forest fires, the company seeks to maintain and improve the wellbeing and quality of life of its employees and service providers.

In relation to third party companies, Lacan requires them to provide a specific and dedicated safety expert in all forest operations, as well as offer technical coordination to ensure compliance with all the applicable provisions of the Ministry of Labor and Employment's Regulatory Norm (RN) 31.

The 'DDS' (Daily Safety Dialog) is a practice that is repeated in the working environments which,

as well as functioning as a forum for discussion, guides and clarifies doubts relating to the operational procedures and their relationship to occupational health and safety. In March 2022, campaigns were launched with the intention of encouraging a check list for the transportation of employees and provide information on the prevention of accidents in the home.

The Occupational Health and Safety (OHS) indicators are constantly monitored and analyzed to allow for improvements to the precautionary measures and preventive training. In 2022, the company did not record any accidents involving time of work. In the event of any accident or incident occurring, it is registered using a specific form - the 'Analysis and Investigation of Accidents' ('AIA') - in order to be able to develop an action plan containing preventive and corrective measures.



Governance and Financial



Governance and financial

GRI 3-3: Ethics, compliance and transparency

Lacan is continually aiming to improve its management structure and its initiatives for corporate integrity. Ethics and transparency, which are non-negotiable values for the company, guide the structuring of the corporate governance and the actions involving compliance and risk management.

In the regulatory sphere, the company always aims to comply with the controls and other inspection requirements of the Brazilian Securities Commission (CVM) and the Central Bank of Brazil. Such compliance is ensured by means of the norms of the Internal Controls, Compliance, Ethics and Conduct Manual, a document that is applicable to all the company's employees.

Revised at least once a year, the Manual addresses the functions of the investment and executive committees, and all involved in relation to the funds managed; the structure and functions of compliance; the certification policy; and other general provisions. The entire internal public (including partners, officers and directors) must undertake to comply with and enforce the provisions of the Manual and the other internal policies.

The good practices of corporate ethical conduct, listing the fundamental ethical principles and offering guidance on conduct in relation to equity, the use of digital tools and the confidentiality of information, amongst others, are also set forth in the Manual.

Other documents that compliment the Manual, such as the Reference Form, with detailed information of the company's activities, and the policies on Risk Management, Exercising of Voting Rights, Personal and Management Investments, and the Apportionment and Division of Orders, are available to the public and may be consulted [on Lacan's website](#).

The commitments to the directives defined by the compliance and integrity policies apply to all the company's activities, and are presented to all employees at the beginning of their employment agreements. As well as being available for public consultation, they are sent out to partners and relevant stakeholders whenever necessary. **GRI 2-23, 2-24**

Lacan's Legal Department is responsible for remedying doubts over the applicability of any regulations, guiding employees on addressing the issue.

For any situations considered to be more serious or sensitive, the Legal Department works together with the Board of Directors to decide upon the correct approach to take to the demand. In 2022, there were no administrative notifications, fines or penalties arising from non-compliance with laws or regulations (either internal or external).

Channels of dialog GRI 2-25, 2-26

The Ethics Hotline (compliance@lacanativosreais.com.br) is used to receive any accusations of acts that violate Lacan's principles.

As well as the Ethics Hotline, Lacan offers a range of other means of communication to facilitate dialog and exchange information with its stakeholders. The main means of communication are:

All messages received by the Ethics Hotline are **analyzed by an Ethics Committee**, which provides feedback on the suggestions, doubts and requests for guidance.



Website

www.lacanativosreais.com.br



E-mail

sustentabilidade@lacanativosreais.com.br;



Telephone numbers

(+55 67) 3522-3994 — Lacan head office in Três Lagoas and (+55 67) 99216-6047 — Forest Plantation;

- Meetings, talks and guided visits for representatives of the local communities;
- Visits from shareholders and union representatives;
- Participation in sector forums and committees;
- Statements released to neighbors, whenever necessary.

The communication channels can also be used to identify the impacts of the operations, and ways of mitigating them that are agreed upon in collaboration, thus ensuring that such situations do not escalate due to a lack of proper communication.

Another channel that is open specifically to receive questions relating to compliance is the Lacan Ativos Reais Ombudsman (<https://ouvidoria.lacanativosreais.com.br/>). Analysis of the accusations is performed exclusively by the management and the whistleblower is guaranteed anonymity. The information supplied is treated in the strictest confidence and only shared for purposes of the due identification and analysis of the case.

The information provided may lead to the start of internal investigations, as well as investigations by the public authorities and could even lead to the application of the relevant police or judicial measures.

In relation to any crucial concerns relating to the company's activities, these are all raised at monthly meetings held between the senior management and those responsible for the affected areas. GRI 2-16

Risk management

Lacan has a Risk Board which, on a daily basis, evaluates the risks to which the investment funds are exposed, whilst also monitoring and controlling the risks identified.

Amongst the Board's most important responsibilities is the implementation of the Risk Management Policy; the drafting of risk manuals, procedures and regulations, with periodic revisions; the coordination of the resources of the risk and compliance departments; testing the adherence to the monitoring methodologies; and the ongoing monitoring of the risks.

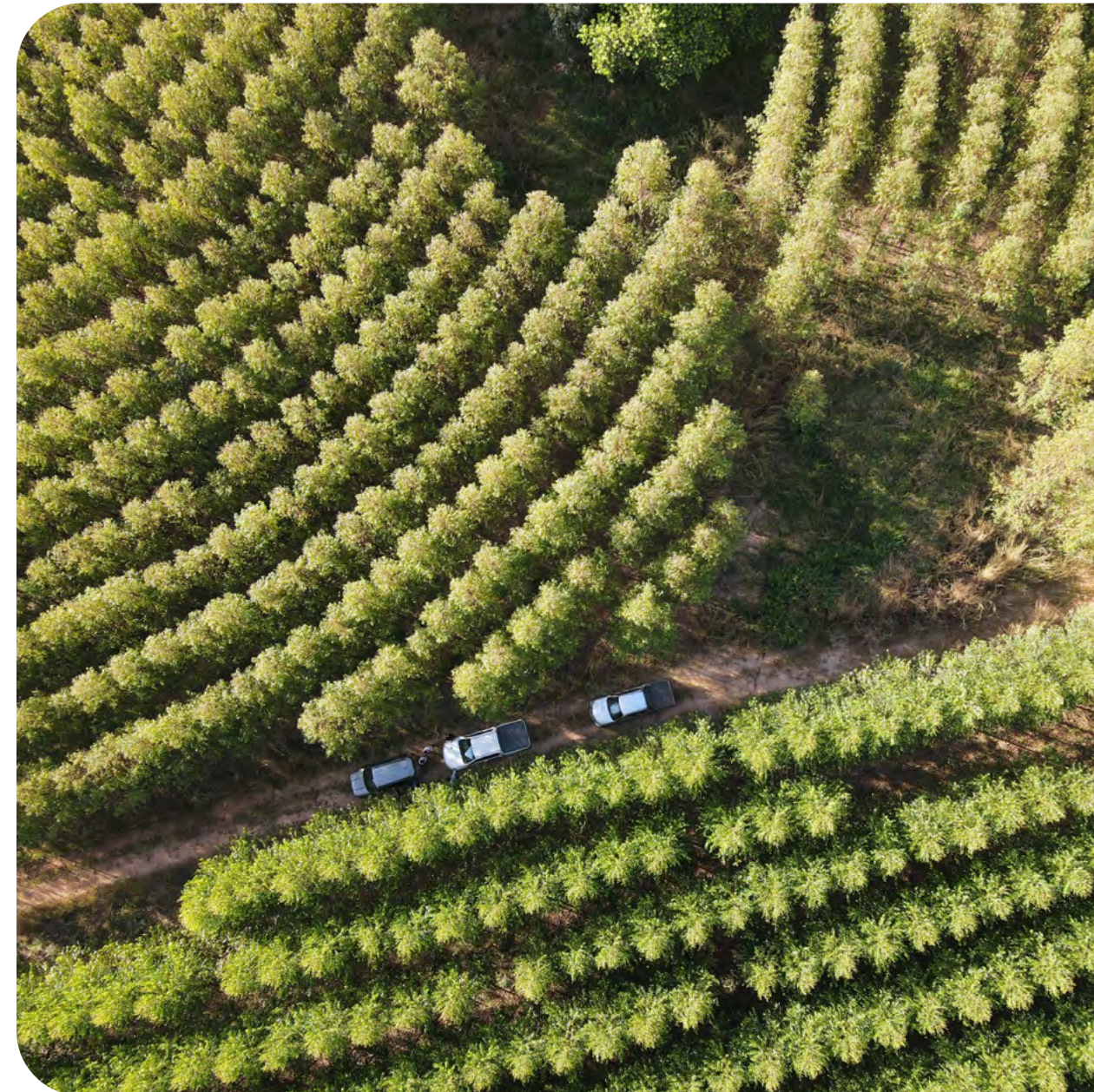
The following categories of risk are monitored: market (unforeseen fluctuations in prices or liquidity of the assets); liquidity; concentration (a lack of diversification in the portfolio); a failure to invest; participation in the decision-making process of the investees; asset pricing criteria; credit and counterparty; discontinuity of the funds; that arising from the use of derivatives; and operational.

In the forestry area, the company looks to assess the risk of accidents in each new activity developed in the sphere of forest management, in order to map out the safety procedures.

In order to comply with RN 31 established by the Ministry of Labor (Health and Safety in Work involving Agriculture, Livestock Farming and Forestry) and the FSC commitments, all the service provider companies should employ safety experts and have the capacity to assess the risks involved in their activities.

The environmental risks, meanwhile, are evaluated according to the guidelines of RN 09 (Assessment and Control of Occupational Exposure to Physical Chemical and Biological Agents), that stipulates the creation of an Environmental Risk Protection Program (PPRA) and control of the risks caused by physical, chemical and biological agents.

The Risk Board is responsible for **assessing the risks** to which the funds are exposed



Governance structure

GRI 2-9, 2-9

Lacan Florestal's governance structure is comprised of a Board of Directors, two Committees (Management and Investment) and an Executive Board. Stakeholders are not represented in the structure. It is organized as follows:



Board of Directors

Responsible for mapping the sector trends and prioritizing strategic opportunities, thus contributing to the expansion and ongoing improvement of the business

6 board members: 4 partners in Lacan Ativos Reais + 2 independent members



Committees

Management Committee (4 partners in Lacan Ativos Reais): responsible for developing and approving the company's management principles, remuneration plans, policies and targets; managing the impacts, risks and opportunities within the ESG strategy

Investment Committee (3 partners in Lacan Ativos Reais): responsible for analyzing and deciding on investments: selection, allocation and assessment of assets; monitoring and taking decisions on divestment



Executive Board

5 officers elected by the Board of Directors, holding a mandate of two years, responsible for supervising and managing the impacts; auditing processes; carbon credit generation projects and certifications; and other responsibilities regarding socio-environmental and economic matters

Forest Strategic Board

Forestry Board

Chief Operating Officer

Chief Financial Officer

New Business Director

The Board Members are chosen following indications from qualified professionals, and are subject to interviews designed to analyze their profiles. Important elements within the selection criteria include professional experience in the area, a suitable profile and an extensive understanding of the market.



For the appointment of future board members, undertaken by means of a committee vote, the candidates' qualifications and skills relevant to Lacan's business activities are also taken into consideration, as is their independence, criteria that are applied to help avoid conflicts of interest

2022 results

In 2022, a challenging year for many segments of the Brazilian economy, Lacan achieved good financial and operational results.

Amongst the highlights of the year were the increase and appreciation of the assets in the state of Santa Catarina; the launch of Fund IV, that should become the biggest of Lacan Ativos Reais' four funds after attraction of investment; and the beginning of Lacan's international expansion. Consolidation of this movement forward is expected in 2023 with the opening of a subsidiary in London, Europe's leading business hub.

These advances have taken place within a scenario that is extremely complex on a number of fronts. In the financial area, high inflation and the rise in the prices of inputs have required the renegotiation of contracts as a means of mitigating impacts. The context also affected the strategy for securing investments, due to a more cautious and conservative market.

On the environmental front, the scarcity of water continued to represent a challenge in 2022. The average volume of rainfall has been lower than historic levels since 2020, requiring greater

attention to irrigation and the provision of nutrition for saplings. Despite this scenario, the main financial and production indicators were positive, and the three investment funds performed as had been expected.

Within the carbon projects plan, the perspective remain positive. The total carbon stocks of Lacan's forest assets were close to 10 million tons of CO₂ equivalent (tCO₂e). Effective removals between 2021 and 2022, meanwhile, amounted to more than 900,000 tCO₂e.

Project	Estimated removals between 2021 and 2022	Carbon stocks in 2022
IIF I	199,518.54	2,964,952.63
IIF II	1,157,395.61	6,159,232.63
IIF III	44,811.34	448,321.83
Lacan Florestal	913,065.73	9,572,507.09

Management of forest assets

GRI 3-3: Economic performance

To prevent and mitigate the potential negative impacts related to economic performance, monitoring activities assess the conditions of the forests, the yield of the forest products, the forest management activities and their environmental and social impacts, in accordance with the FSC principles and criteria.

The forestry operation is conducted by means of agents who work on control, prevention and management, with the aim of reducing the mortality of the plants and ensuring productivity.

The plantations are monitored for attacks by pests with control measures being implemented when an attack reaches a level that causes significant economic damage. This monitoring is performed by supervisors and experts over the entire forest cycle.

In the sphere of forest prevention, Lacan Florestal aims to guarantee the safety of its employees, providers, communities and neighbors by maintaining partnerships with specialist fire control companies. The intention here is to reduce losses to natural forest heritage and the environment.

The environmental management also strives to reduce the impact of the operational activities on natural resources as much as possible. This management is implemented and developed throughout the entire process. In order to meet the environmental regulations, obligations and legislation, monitoring structures are created to guarantee all the management stages and ensure the sustainability of the forest projects.

The targets and indicators of the ESG Framework should be used to gauge performance over the coming years, directing the funds and initiatives toward those topics mapped as being priority.

Funds

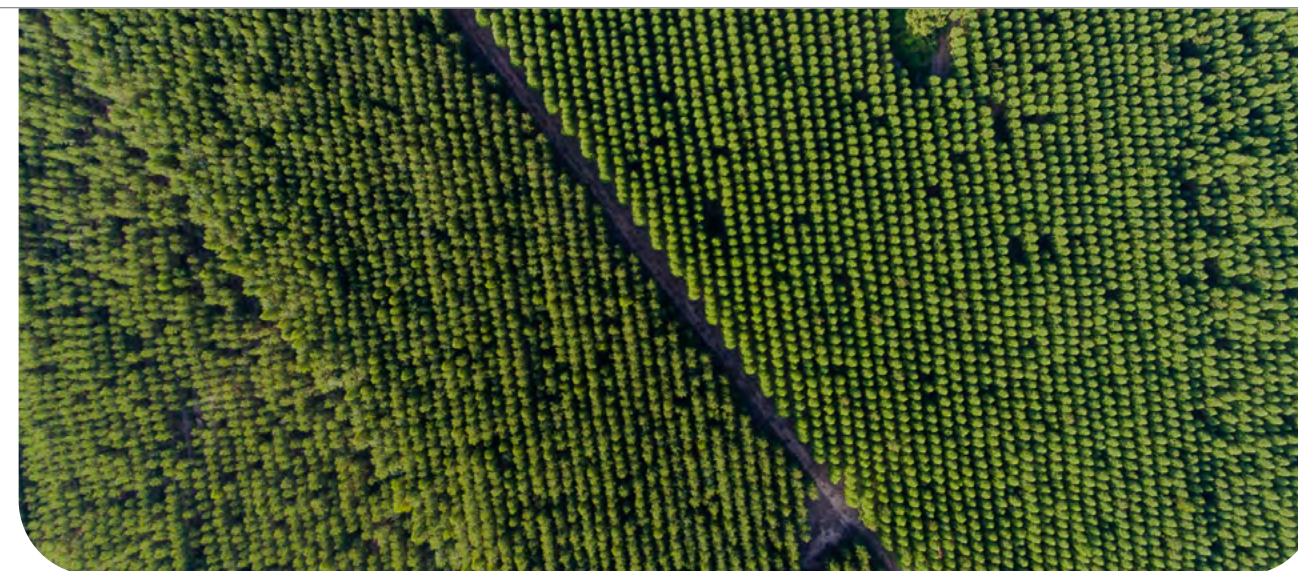
In 2022, Lacan managed three equity investment funds (IIFs), the funds of which are invested in long-term forest projects of between 10 and 20 years. All together, the three IIFs were managing a total of around R\$ 1.3 billion at the end of the year.

In 2022, Lacan Florestal launched its fourth fund and began attracting investment.


R\$ 1.3 bi
 invested in the three equity funds

Total sum of investors in 2022

Category	Number
Individuals	21
Companies (non-financial or institutional)	2
Financial institutions	9
Closed complementary welfare entities	41
Insurance companies	2
Investment funds	45
Non-resident investors	3
Total	123



Forest assets

Lacan Florestal's assets total around 94,000 hectares of planted forest. Over the course of the year, advances were made in operations in the Southern region, which presented itself as offering great potential for Lacan's new businesses, especially in the state of Santa Catarina.

In Mato Grosso, the biomass project moved ahead with growing demand arising in the ethanol and corn sector. Carbon projects in both systems (MDL and VCS) were also developed in these areas.

In Mato Grosso do Sul, meanwhile, there was a slight drop in productivity, whilst Santa Catarina showed higher than expected performance, despite the operational and financial challenges of the year.

Consolidating its position in the market through fulfillment of its planting schedules, Lacan maintained its hard business line in 2022 to achieve greater productivity at lower cost.

The forest sector offers a wide range of opportunities, especially in relation to the carbon agenda, since Brazil is one of the world's biggest producers in this area.

Funds GRI 2-2

Funds GRI 2-2	Position in 2022
Lacan Florestal Multi-strategy IIF	In divestment
Lacan Florestal II Multi-strategy IIF	Under divestment
Lacan Florestal III Master Multi-strategy IIF	Attracting investment



GRI Annex

GRI Annex

Lacan

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

The information reported relates to all the administrator's activities, organized by fund, and in turn, by investee.

The Sustainability Report is the result of the consolidation of the 2022 results, considering the performance of all the companies in the group.

Environment

Energy consumption within the organization GRI 302-1

Consumption of fuels from non-renewable sources (GJ)

	2022
Gasoline	4,024.29
Diesel Oil B S500	8,614.10
Diesel oil S10	38,339.24
Total	50,977.63

Consumption of fuels from renewable sources (GJ)

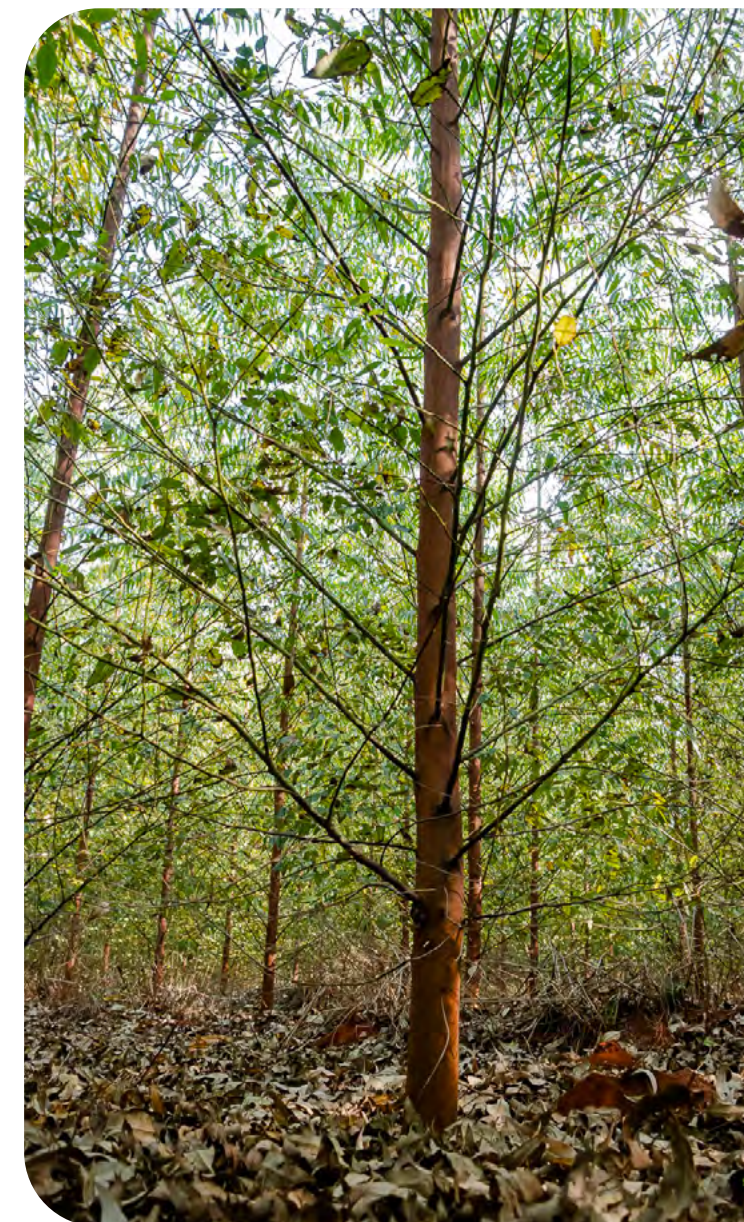
	2022
Ethanol	31.38
Total	31.38

Energy consumed (GJ)

	2020	2021	2022
Electricity	3.73	9.15	12.728
Refrigeration	43.55	43.55	0.00
Total	47.29	56.05	12.728

Total energy consumed (GJ)

	2022
Fuels from non-renewable sources	50,977.63
Fuels from renewable sources	31.38
Energy consumed	12,728.00
Energy sold	0.00
Total	63,737.01



Water

Interactions with water as a shared resource GRI 303-1

The sustainable management of water resources includes those actions that aim to ensure water quality standards within their conservation unit: the drainage basin.

The actions performed within the sphere of water management are:

- Preventive or corrective;
- Specific or distributed;
- Educational and legislative.

During the water collection operation, actions should be adopted that minimize the impacts on fauna and flora.

The process of collecting water from natural sources (lakes, streams, rivers, aquifers) is performed as part of the forest management and only in areas that have been duly authorized for collection by the environmental organ and/or as established in the relevant legislation.

Surface collection involves the withdrawal of water from above the ground, with principal sources being lakes, streams and rivers (micro-basins). The equipment used is fitted with protection, in the form of a containment basin, to avoid contamination of the soil and hydro-resources.

The water is used in the eucalyptus plantations' operations (watering the saplings at the time of planting). The majority of eucalyptus species, since they grow very quickly, require water to maintain high wood levels. There is no daily standard consumption for a tree, since this depends upon the water available in the earth and the plant's stage of growth.

Any environmental incident/accident that involves any spillage of hazardous substances into the water sources should be immediately communicated to the forest management supervisor, with this being applicable also to the teams involved and the third party companies. Specific laboratory analyses should be performed to monitor the degree of contamination of the water and provide orientation to the environmental team.

Sustainable management of the water sources is an **important part of Lacan's forest management**

Water collection GRI 303-3

Total volume of water collected in all areas and hydro-stress areas, per source (ML)¹

	2020	2021	2022
Source	All areas	All areas	All areas
Surface water (Total)			
Fresh Water (≤1000 mg/l of Total Dissolved Solids)	33,466,000	60,599,888	186,853,076.82
Other waters (>1000 mg/l of Total Dissolved Solids)	0	0	0

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

Emissions

The base year for the calculation of emissions is 2022, considering changes in the premises and sources of the GHG inventory.

The emissions factors used and the global warming potential (GWP) rates are provided by the Intergovernmental Panel on Climate Change (IPCC). Operational control was chosen as the consolidation approach. The methodology adopted was the Brazilian GHG Protocol Program.

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

Direct emissions of greenhouse gases¹ (t CO₂ equivalent)

	2022
Stationary Combustion	1.42
Mobile Combustion	3,727.09
Fugitive Emissions	8.14
Agricultural Activities	14,555.09
Changes in land-use	1,027.47
Total	19,319.21

The gases included in the calculation are CO₂, CH₄, N₂O and HFCs.

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

Indirect emissions arising from the acquisition of energy (t CO₂ equivalent)

2022
2.19

¹The gases included in the calculation are CO₂, CH₄ and N₂O.

Other emissions of greenhouse gases¹ (t CO₂ equivalent)

	2022
Business trips	43.81
Total	43.81

¹The gases included in the calculation are CO₂, CH₄ and N₂O.

Biogenic emissions of CO₂ (t CO₂ equivalent)

2022
507.10

Intensity of greenhouse gas emissions: t CO₂e emitted for each hectare of planted area GRI 305-4

	2022
Total GHG emissions (Scopes 1 and 2)	19,321.40
Total GHG emissions (Scopes 1, 2 and 3)	19,365.21
Total planted area (hectares)	72,515.06
Intensity of emissions for Scopes 1 and 2	0.2664
Intensity of emissions for Scopes 1, 2 and 3	0.2671



Social

Operations with significant – actual and potential - negative impacts on local communities GRI 413-2

Operations with significant actual and potential negative impacts on local communities GRI 413-2

Location of the operations	Forest management plantation, forest planting and maintenance activities
Location of the impact	On the plantations covered by Lacan's current FSC FM full scope certification, all the local communities influenced are located in the states of Mato Grosso do Sul and Mato Grosso.
Description of the actual and potential negative impacts of the operations on this location	The impacts are related to the harvesting and transportation of wood, principally connected to the damage to the highways, generation of dust and damage to fencing, resulting from the plantations and forest management.

Employees GRI 2-7

The reported data covers all Lacan employees with signed employment documents and *pro-labore* workers. The data are obtained each month by requesting the relevant documents from the service supply companies.

Employees by region and gender

	2022		
	Men	Women	Total
Center-West	19	3	22
Southeast	9	4	13
Total	28	7	35

Employees by type of employment contract and gender

	2020			2021			2022		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	13	3	16	14	4	18	28	7	35
Temporary	0	0	0	0	0	0	0	0	0
Total	13	3	16	14	4	18	28	7	35

Employees by type of employment contract and region

	2020			2021			2022		
	Permanent	Temporary	Total	Permanent	Temporary	Total	Permanent	Temporary	Total
Center-West	16	0	16	18	0	18	22	0	22
Southeast	0	0	0	0	0	0	13	0	13
Total	0	0	16	0	0	18	35	0	35

Employees by type of employment and gender

	2022		
	Men	Women	Total
Full-time	28	7	35
Part-time	0	0	0
Total	28	7	35

Employees by type of employment contract and region

	2022		
	Full-time	Part-time	Total
Center-West	22	0	22
Southeast	13	0	13
Total	35	0	35

Workers who are not employees GRI 2-8

Workers by employee category and gender

	2022		
	Men	Women	Total
Outsourced workers	597	22	619
Legal entities	0	4	4
Total	597	26	623

Governance

Management of the material topic

GRI 3-3 Corporate governance

As a means of preventing any complications relating to the Brazilian Securities Commission (CVM), the Central Bank of Brazil, or any other regulatory agencies with jurisdiction over Lacan Florestal's activities, a set of internal policies and regulations are used to ensure compliance with these regulations and transparency in the management acts and decisions.

As a basis for the governance of Lacan, we have a Compliance and Ethics Procedures Manual, which sets forth the norms designed to ensure that the legislation and regulations are complied with by the company and its workforce.

Delegation of responsibility for managing impacts

GRI 2-13

Responsibility for the management of the organization's impact on the economy, environment and people is delegated by the highest governing body to the Executive Board, with reports providing feedback each month.

Conflicts of interest

GRI 2-15

Lacan adopts the following core practices to eliminate or mitigate any potential or existing possible conflicts:

Physical segregation: Lacan Ativos Reais and Lacan Florestal are separated physically, thus guaranteeing the correct level of separation. Furthermore, the spaces designated for the storage of restricted information are large and secure. As such, only those employees of Lacan Ativos Reais who need the information relating to the Investments in order to be able to pursue their respective activities have access to such information. Any professionals who may possibly come to work for Lacan Florestal but who do not have a professional or corporate relationship with Lacan Ativos Reais have absolutely no access to the information of Lacan Ativos Reais or the IIFs.

Logical segregation: there is a logical segregation between Lacan Ativos Reais and Lacan Florestal. The companies do not share operational or technological resources, with access to the directories being entirely segregated, and individual control of access, as a means of ensuring the maximum level of confidentiality for the information, and maintaining all due confidentiality in the operations, as specified in the internal regulations relevant to Lacan Ativos Reais.

Functional segregation: employees involved in the management of Lacan Ativos Reais work solely in conducting the activities involved in their specific area. These professionals do not perform any operational function related to the management of Lacan Florestal at any other company, it being understood that the employees may work as representatives for Lacan Florestal, with the aim of ensuring effective influence in the definition of its strategic policies and management.

Disclosure and operations with related parties

Any operations with related parties should, necessarily, be subject to the approval of the quotaholders gathered during the course of the general assembly of quotaholders, under the terms of article 24, item XII, of CVM Ruling nº 578, dated August 30, 2016, as adjusted.

Below we would like to highlight some cases in which conflicts of interest are characterized, without these negatively affecting other situations which could occur in the performance of the company's activities:

(a) Influence over the judgment of an employee working in the name of the company;

Lacan Ativos Reais will always provide its **clients with prior disclosure** in relation to the existence of any situation of conflict of interest

- (b) Competition with the activity/business;
- (c) Diversion of business opportunities;
- (d) Significant occupation of the time or attention employed by the employee, thus reducing their efficiency and productivity in relation to their professional duties;
- (e) Work or conduct that could be seen as damaging to the reputation of the employee in such a way as to negatively impact the company or its image; and
- (f) Characterization of benefits exclusive to the employee, to the detriment of the company.

Evaluating the highest governance body's performance GRI 2-18

The agenda of the ESG topics was structured as a means of planning and executing the company's actions related to socio-environmental responsibility. Amongst the priorities of the area are governance and implementation of the internal policy regarding ESG investments.

Another priority was the development of a diagnosis for the engagement with communities and the definition of socio-environmental projects. The first stage of the project (involving the abstract mapping of self-regulation) has already been concluded.

Within this, the principal initiatives and directives relating to the topic were considered, including, for example, the FSC certification, the Sustainable Development Goals (SDGs), the Anbima self-regulation, the directives of the Principles for Responsible Investment (PRI) and the International Finance Corporation (IFC), and the Ethos and Brazilian Tree Industry (IBA) indicators.

The adjustment to new sustainability and international standards are to be incorporated into Lacan's strategy insofar as they are requested by the external stakeholders, and, if possible, integrated into the internal processes of the administrator.

Adaptations and improvements in the ESG management and its subsequent activities will be assessed and addressed annually, with the aim of establishing real improvements for the company's operations and results.

The next stages will be undertaken in 2023 and are to include the **mapping of the lands and communities most highly impacted** by Lacan's activities and the internal strategic alignment. The demands of these communities will be addressed in the programming of socio-environmental projects, defined using the ESG Framework implementation strategy as a base.



Remuneration policies

GRI 2 103-2-3, 201-3

The remuneration policies applied to the members of the highest governing body and the senior executives are:

- Fixed remuneration, based upon amounts compatible with the market;
- Variable remuneration, defined in accordance with the achievement of targets and meritocracy.

The remuneration of the members of the highest governing body and the senior executives is tied to the targets defined for their areas, where these targets include impacts of both a socio-environmental and economic nature.

Process for determining remuneration

GRI 2-20

No independent organ or committee supervises the process involved in determining remuneration.

The opinions on remuneration are obtained solely from members of the senior management body involved in the hiring of professionals for their specific area, meaning that there is therefore no involvement of the stakeholders.

Whenever consultants are required for the hiring of a professional, these are independent to the organization.

Annual total compensation ratio GRI 2-21

Percentage increase in annual total remuneration

	2021	2022
Highest remuneration paid (during the period covered by the report)	2,054,400	2,640,000
Average annual total remuneration paid to all employees (except the highest paid individual)	463,594.11	520,109.49
Ratio	4.43	5.08

Change in the annual total compensation ratio

	2021	2022
Highest remuneration paid	2,054,400	2,640,000
Average annual total remuneration paid to all employees (except the highest paid individual)	463,594.11	520,103.49
Percentage increase of the highest remuneration paid (%)	28.50	
Percentage increase of the average total remuneration (%)	12.19	
Ratio of the percentage increase of the highest remuneration paid by the percentage increase of the average total remuneration	2.34	

The remuneration of the senior executives is **tied to the fulfillment of socio-environmental and economic targets**

Collective bargaining agreements

GRI 2-30

Considering that, since 2020, the region's unions have opted not to renew the Collective Bargaining Agreement, there is therefore no valid instrument that regulates the relationship, meaning that the provisions of the 'CLT' are employed.

The company has opted to maintain all the benefits provided in the previous agreements, 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.



GRI Content Index

Declaration of use

Lacan used the GRI Standards as its base for reporting the period between January 1 and December 31, 2022.

GRI 1 used

GRI 1: 2021 Foundations

Applicable GRI Sector Standards

[Titles of the applicable GRI Sector Standards]

GRI 2: General Disclosures 2021

Contents	Location	Requirement omitted	Omission	
			Reason	Explanation
2-1 Details of the organization	7	-		
2-2 Entities included in the organization's sustainability reporting	36, 38			
2-3 Reported period, frequency and point of contact	3			
2-4 Restatements of information	3			
2-5 External assurance	The report has not been subject to an external audit			
2-6 Activities, value chain and other business relationships	5			
2-7 Employees	41			
2-8 Workers who are not employees	42			



Contents	Location	Omission		
		Requirement omitted	Reason	Explanation
2-9 Governance structure and composition	34			
2-10 Nomination and selection of the highest governance body	34			
2-11 Chair of the highest governance body	The chairperson is not a senior executive within the organization			
2-12 Role of the highest governance body in overseeing the management of impacts	5			
2-13 Delegation of responsibility for managing impacts	43			
2-14 Role of the highest governance body in sustainability reporting	The highest governing body is responsible for analyzing and approving the reported information. The processes are analyzed and defined at meetings held to monitor ESG matters			
2-15 Conflicts of interests	43			
2-16 Communicating critical concerns	32			
2-17 Collective knowledge of the highest governance body	15			
2-18 Evaluation of the performance of the highest governance body	44			
2-19 Remuneration policies	45			
2-20 Process to determine remuneration	45			
2-21 Annual total compensation ratio	45			
2-22 Statement on sustainable development strategy	5			
2-23 Policy commitments	31			



Contents	Location	Omission		
		Requirement omitted	Reason	Explanation
2-24 Embedding policy commitments	21, 31			
2025 Processes to remediate negative impacts	16, 27, 32			
2-26 Mechanisms for advice and presentation of concerns	16, 27, 32			
2- 27 Compliance with laws and regulations	In 2022, there were no significant cases of non-compliance, monetary sanctions or fines			
2-28 Membership of associations	15			
2-29 Approach to stakeholder engagement	16			
2-30 Collective bargaining agreements	45			

Material topics

GRI Standard / other source	Contents	Location	Omission		
			Requirement omitted	Reason	Explanation
GRI 3: Material Topics 2021	3-1 Process to determine material topics	17			
	3-2 List of material topics	17			
Renewable energy					
GRI 3: Material Topics 2021	3-3 Governance of material topics	23			

GRI Standard / other source	Contents	Location	Requirement omitted	Omission	
				Reason	Explanation
Energy 2016	GRI 302-1 Energy consumption within the organization	38			
	GRI 302-2 Energy consumption outside of the organization	The harvesting activities are performed by outsourced companies, and Lacan does not monitor their activities outside the plantation. As a company focused solely on eucalyptus forest farming, Lacan Florestal does not supervise the wood harvesting, weighing, loading or transportation process. Its crops are sold standing, as a sale of biological asset, for processors of eucalyptus wood.			
Biodiversity and environmental regeneration					
GRI 3: Material Topics 2021	3-3 Governance of material topics	22			
Biodiversity 2016	GRI 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside environmentally protected areas	22			
	GRI 304-3 Habitats protected or restored	22			
Economic performance					
GRI 3: Material Topics 2021	3-3 Governance of material topics	35			

GRI Standard / other source	Contents	Location	Requirement omitted	Omission	
				Reason	Explanation
Economic Performance 2016	GRI 201-1 Direct economic value generated and distributed		The entire indicator	N.A.	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 type of information.
	GRI 201-2 Financial implications and other risks and opportunities due to climate change	23			
Corporate governance					
GRI 3: Material Topics 2021	3-3 Governance of material topics	43			
Anti-corruption 2016	GRI 205-1 Operations assessed in terms of the risks relating to corruption	In the 2022 fiscal year no operations were assessed which were at risk of corruption or which were of significant risk related to corruption			
	GRI 205-3 Confirmed incidents of corruption and actions taken	No pending or concluded legal actions were detected during the period covered by the report relating to anti-competitive behavior, or violation of anti-trust and anti-monopoly laws, in which the organization had been identified as a participant.			
Climate change					
GRI 3: Material Topics 2021	3-3 Governance of material topics	23			
Economic Performance 2016	GRI 201-2 Financial implications and other risks and opportunities due to climate change	23			

GRI Standard / other source	Contents	Location	Requirement omitted	Omission	
				Reason	Explanation
Emissions 2016	GRI 305-1 Direct (Scope 1) greenhouse gas emissions (GHG)	40			
	GRI 305-2 Indirect (Scope 2) emissions of greenhouse gases (GHGs) arising from the acquisition of energy	40			
	Other indirect (Scope 3) greenhouse gas (GHG) emissions	40			
	GRI 305-4 Intensity of greenhouse gas emissions (GHG)	40			
	GRI 305-5 Reduction of greenhouse gas emissions (GHG)	The premises used for the calculation of the inventory during previous reporting periods were altered, meaning, therefore, that a comparison and reporting of a reduction in the emissions would be inviable.			
	GRI 305-6 Emissions of ozone depleting substances (ODS)	This does not apply to the activities of Lacַan			
	GRI 305-7 Emissions of NO _x , SO _x , and other significant air emissions	This does not apply to the activities of Lacַan			
Water management					
GRI 3: Material Topics 2021	3-3 Governance of material topics	24			
Water and effluents 2018	GRI 303-1 Interactions with water as a shared resource	39			
	GRI 303-2 Management of water discharge related impacts	24			
	303-3 Water withdrawal	39			
	303-5 Water consumption	The consumption of water during the 2022 cycle was 186,853,076.82 ML. There were no changes made to the storage of water in 2022.			



GRI Standard / other source	Contents	Location	Requirement omitted	Omission	
				Reason	Explanation
Ethics, compliance and transparency					
GRI 3: Material Topics 2021	3-3 Governance of material topics	31			
Anti-corruption 2016	GRI 205-1 Operations assessed in terms of the risks relating to corruption	In the 2022 fiscal year no operations were assessed which were at risk of corruption or which were of significant risk related to corruption			
	GRI 205-3 Confirmed incidents of corruption and actions taken	In 2022, there were no cases of corruption concerning employees or confirmed cases in which the contracts with commercial partners were rescinded or not renewed as a result of violations related to corruption. Likewise, no public actions relating to corruption were filed against the organization or employees.			
Anti-competitive behavior 2016	GRI 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	No pending or concluded legal actions were detected during the period covered by the report relating to anti-competitive behavior, or violation of anti-trust and anti-monopoly laws, in which the organization had been identified as a participant.			
Local Communities 2016	GRI 413-2 Operations with significant (actual and potential) negative impacts on local communities	41			
International standards and certifications					
GRI 3: Material Topics 2021	3-3 Governance of material topics	21			



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The 2022 Sustainability Report is a Lacan Florestal publication

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