



# Forestfirst

COLOMBIA S.A.S.

**Shared Value  
Report**  
2019



## Executive Summary

**Forest First Colombia S.A.S. (FFC) is pleased to present our first Shared Value Report. FFC was started to do something meaningful; we are committed to an investment that is environmentally and economically viable, builds lives and communities and sustainably produces FSC Certified products. The purpose of this report is to review our approach to sustainable development, our progress and achievements and to reflect on how our social, environmental and economic performance metrics create value for our stakeholders.**

Our forestry plantations provide economic opportunities in one of the most remote rural regions of Colombia. Our strategic intent is to demonstrate global leadership in forestry products by pioneering and developing sustainable plantation forestry in the Orinoquia Region of Colombia. To do this, we acknowledge the importance of continuous learning and have identified areas for improvement. Additionally, this report provides an overview on how we intend to improve our performance as well as the quality of information available to our stakeholders.

We strive to balance the needs of the environment, wildlife and communities by adopting an ecosystems-based approach that includes land stewardship, the inclusion of diverse stakeholders, and promotion of local economic development. This report details the socio-economic and environmental returns of our investments and the sustainability principles driving them. It outlines the ways in which we have integrated sustainability into our business strategy, which puts creating shared value (CSV) at its centre. Our engagement and responsiveness to local community needs, assists us in enhancing the socio-economic wellbeing of our workers, the community and the environment.

**We are proud to grow trees and communities. *Living, Breathing, Growing and Learning.***

*Forest First Colombia (FFC) is rooted in the belief that **growing more trees makes for a better world.***

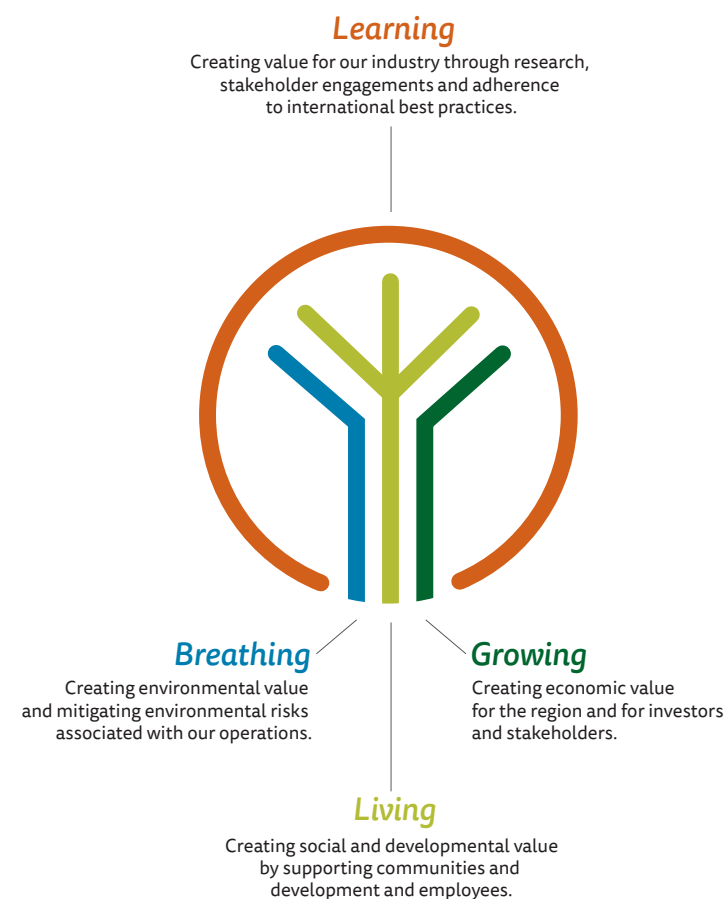
*Right from the start, we are and always have been deeply committed to having a positive impact on the environment and communities where we operate.*



# Our Commitment to Shared Value

Right from the start, our goal has been to make a positive impact on the communities and environment where we operate. This goal requires us to build a model that is sustainable – socially, environmentally, and economically. That’s why we are committed to taking a bold approach to continuous learning.

Based on the opportunities and challenges identified through our assessments and experiences in the Vichada region, FFC is committed to sustainable forestry which underpins our overall corporate philosophy. Our approach to this is rooted in four key themes: **Living, Breathing, Growing, Learning.**



Having operated for a decade, we are excited to be able to report on how we have added value in these four areas and how we plan to continue to build value and strive for excellence in these areas for the sake of everyone.



## Learning – Pages 15 – 18, 34 – 36

- Ethics
- Industry Leadership and Striving for Excellence
- Continuous Improvement and Reporting
- Stakeholder Engagement
- Research



## Living – Pages 20 – 25

- Employment and Employee Development
- Health
- Education
- Community Leadership Development
- Safety, Security and Decriminalization



## Breathing – Pages 26 – 29

- Climate Change mitigation
- Land stewardship & Conservation
- Biodiversity
- Environmental Education and Incentive Programs



## Growing – Pages 30 – 32

- Local economic development
- Local infrastructure development
- Stimulating the Colombian Economy & Forestry Growth

### Section 1 > Page 7 – 11

#### Corporate Overview:

Introduces you to our commitment to Shared Values and provides our corporate overview and timeline. We discuss why we chose Colombia and our commitment to its people, its land and its development.

### Section 2 > Page 12 – 18

#### Our Commitment to Excellence:

Defines our commitment to sustainable forestry, presents our sustainability framework and how we are dedicated to continuous learning and strive for excellence. We define our ethics, the international standards and best practices we are aligned with and our operational best practices.

### Section 3 > Page 19 – 32

#### Our Impact:

Presents specific social, environmental, and economic impacts we have had in Colombia over the last ten years.

### Section 4 > Page 33 – 36

#### Our Future Areas of Focus:

Highlights our commitment to learning, stakeholder engagement and research and identifies specific areas where we can improve reporting.



## Letter from our CEO

Dear Forest First Community,  
**Ten years ago, Forest First Colombia (FFC) was founded, rooted in the belief that growing more trees makes for a better world. Right from the start, we were deeply committed to having a positive impact on the communities and environment where we operate.**



At the beginning of our journey, our research revealed there were few places remaining on earth ideal to grow tree plantations large enough to have a global impact. We were struck by the opportunity to make a difference in the eastern plains region of Colombia and it is in this region that we made a commitment – to its people, to our stakeholders, to our employees and to the region itself.

We want to be a best in class sustainable plantation forestry company; producing difference-making, evidenced based social, environmental and economic impacts. At the heart of making a difference is meaningfully engaging with local, national and international partners and stakeholders. Thank you for being one of those stakeholders.



**Eucalyptus trees are of increasing importance to the developing world. They play an essential role in the production of a renewable wood fibre resource. Their adaptability to a wide range of climates makes them especially key and essential in our operations.**

## Understanding and Respecting the People and Regions Where We Operate

We are working hard to ensure understanding and respect for the people, their traditions and the region where we operate. The Vichada region is among Colombia's most impoverished, having the second lowest GDP per capita, which is less than half that of Colombia's national average. Colombia is also home to one of the largest numbers of internally displaced people in the world. With no previous legal commercial or industrial framework or employment, the people in this region have subsisted in an informal environment. We have been able to make a difference by providing employment, health care, education and local infrastructure and development. We employ a growing number of Colombians, women and men, with stable and well-paying jobs, thus empowering local members of the community with employment and skills. Providing the community with access to medical supplies and health services, as well as education in farming and crop cultivation, introducing new and more sustainable land practices, literacy and improving primary and secondary school conditions have been among our top priorities. Through this work, we have demonstrated our commitment to the UN Sustainable Development Goals and have directly supported eight of these goals.

Our operations are an example of resilience, growth through innovation, adaptation and perseverance. We are developing a high-quality work force committed to environmentally and socially viable practices and providing economic opportunities for people in some of the most remote rural regions of Colombia. With a focus on meeting local needs, while at the same time being scalable to have real global impact, our efforts have resulted in the production of high-yield, fast-growth hardwoods ideally suited for the market. Currently we have the rights to 35,000 hectares of land and have planted approx 12,000 hectares in the Vichada region of Colombia. Our goal is to plant 150,000 hectares and to provide wood fibre to the international and domestic markets. This will not only make a significant contribution to the local economy, but as the forest products sector expands it will contribute to the overall growth and diversity of Colombia's GDP and reduce pressure on the destruction of the Amazon natural forest through illegal logging.

## More Trees Make for a Better World

We are deeply concerned about climate change and believe that sustainable plantation forestry can be one of the greatest mitigants to climate change. FFC intends to make a difference by operating one of the largest hardwood afforestation plantations in Colombia, while protecting, improving and regenerating the biodiversity in the regions where we operate. This includes dedicating approx. 30% of our total area to the conservation of environmentally sensitive areas and for rehabilitation of natural habitat, changing local land management practices and implementing proper planting and maintenance practices. We are striving to implement a best practice model for sustainable forestry in Colombia. This includes compliance with all applicable laws, regulations and nationally ratified international treaties, conventions and agreements. FFC has an unwavering commitment to the highest international standards and is committed to defining and mitigating social and environmental risks associated with our operations. As such, our management practices, which have guided our operations since inception, are being expanded to enhance our monitoring across a range of important matrixes and external communications as noted through the publication of this Shared Value Report.



**We are striving to implement a best practice model for sustainable forestry in Colombia.**



FFC balances the needs of the environment, wildlife, and communities by adopting an ecosystems-based approach that includes land stewardship, the inclusion of diverse stakeholders and the promotion of local economic development. Our engagement and responsiveness to local community needs assists us in enhancing the socioeconomic wellbeing of our workers, our communities and the environment.

### **Growing, learning and understanding impacts**

Over the past decade, we have experienced significant changes in the macro-environment, with economic, political, social, technological, environmental and ethical factors influencing the way we do business at an operational level. With the support of advisors and partners, and mostly with the hard work and commitment of our staff, we've been able to navigate through some volatile economic and social times. We've embraced change, enabling us to implement and adapt to new technologies, systems, processes, governance and procedures in pursuit of performance enhancement.

In response to the development challenges and needs faced by Colombia, the region and the world at large, our activities and operations have supported the *National Development Plan (NDP)* objectives, which strive to improve the wellbeing and quality of life of Colombians, as well as contribute to the *Sustainable Development Goals (SDGs)* that are endorsed by Colombia.

FFC has demonstrated how a commitment to sustainability creates joint prosperity by stimulating positive social and environmental outcomes through innovations and investment in agriculture, healthcare, education, forestry technology and resource efficiency. We have created jobs, stimulated economic activity, helped to reduce levels of poverty and income inequality, improved the quality of life of our employees, their families, their communities and the region – but there is much more work to do.

As we learn together, we can discover how to do things better – and lead the way for others. We seek to better define impact measures that meaningfully demonstrate our shared value and develop formalized systems of monitoring and reporting to accurately reflect those measures. To do this requires that we take a bold approach to continuous learning and invite local, national and international partners with a wide range of experience into the conversation. The lessons learnt from these conversations along with our expertise and experiences, will provide us with a clearer roadmap for tracking and measuring shared value impacts in the future.

As we end our first decade of operation, we want to take this opportunity to thank all our valued stakeholders, partners, employees, suppliers and communities who have helped us to reach these significant achievements. We are delighted to celebrate and showcase how FFC has made a difference in Colombia – socially, environmentally and economically in our first Development Report. I'm pleased to be able to say, with enthusiasm and confidence that growing more trees does make for a better world.

Tobey Russ,  
Director & Chief Executive Officer

## **Forest First Colombia ~ Corporate Overview**





# Forest First Colombia S.A.S. Company Profile

Tobey Russ, Michael Murphy, Jonathan Dodd and Walda Decreus founded "Forest First Colombia S.A.S. ("FFC") in 2010, with the goal to create a business that had a positive impact on our world; particularly for the environment. After successful careers in the financial sector and driven to produce a tangible product that can create triple-bottom line value, the founders identified plantation forestry as an industry that could turn their objectives into reality. FFC is now one of the largest hardwood afforestation plantations in Colombia, creating positive impacts in the communities we operate through social, environmental and economic development initiatives. Moving forward, we have bold plans for growth and are excited about making a difference on a larger scale.

The founding investors spent two years searching for an optimal location to establish a large-scale sustainable model.

### Our Vision

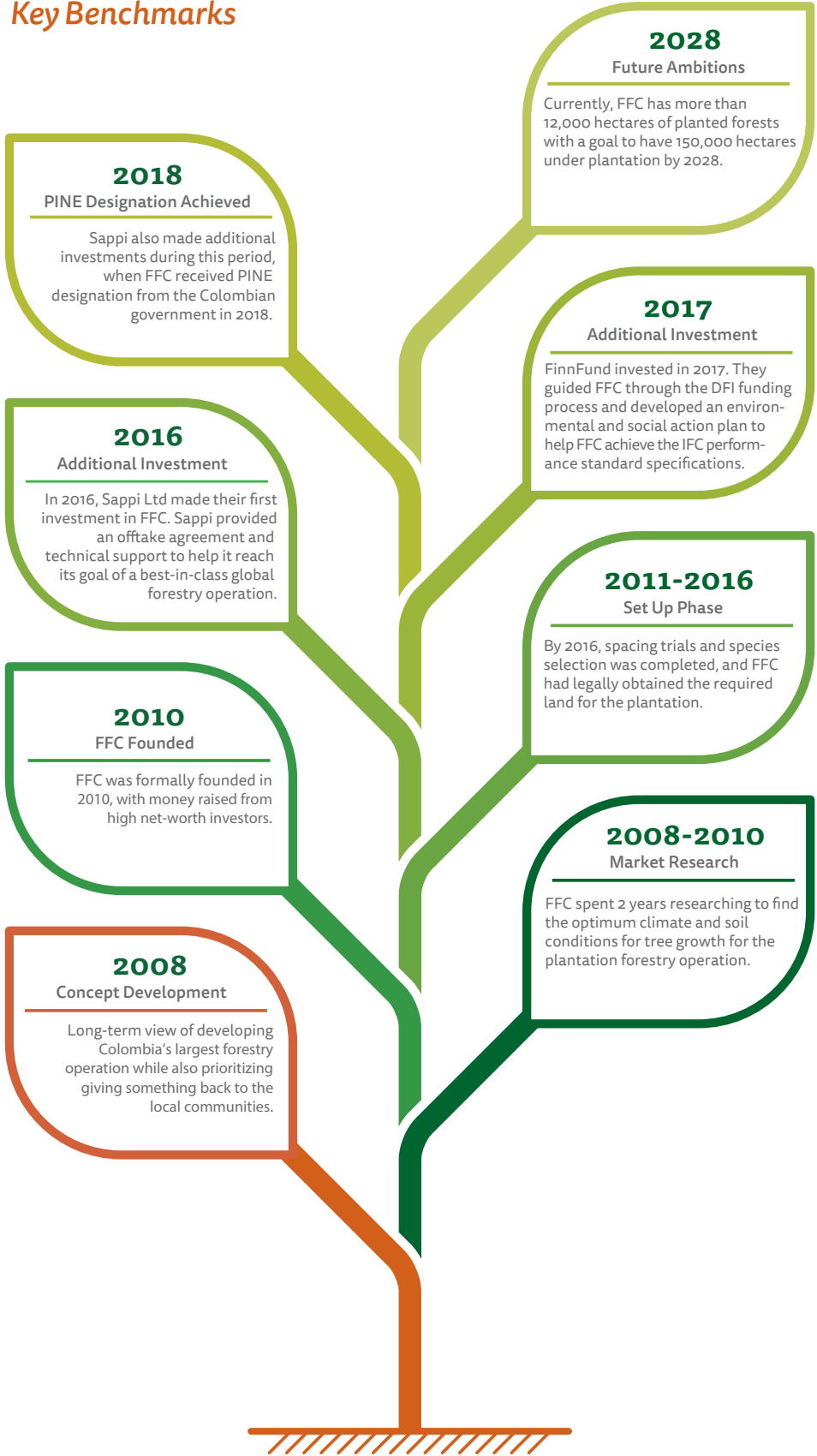
To continually refine and and share our model for certified plantation forestry – living, breathing, growing, and learning. Our contribution to a better world: socially, environmentally, and economically.

### Our Mission

Growing plantation forests in a responsible and cost-effective way to mitigate climate change, to meet increasing global demand for sustainable wood fibre, and to deliver value to our communities, environment, and shareholders.



## Key Benchmarks



Ten years ago, Forest First Colombia (FFC) was founded, rooted in the belief that growing more trees makes for a better world. Right from the start, we were committed to making a positive impact on the communities and environment where we operate. Our journey requires us to strive for excellence by continually learning, engaging with local, national, and international funders, stakeholders, investors and shareholders, achieving certifications, conducting research, and communicating with our stakeholders.



# A Commitment to Colombia

The decision to base our operations in Colombia was based on over two years of research and stakeholder engagement. To ensure our operations have a positive impact required us to conduct an extensive due diligence process to select a region that both we and our stakeholders felt confident could experience an overall betterment as a result of the establishment of a sustainable plantation forestry.

After an exhaustive process, the Vichada region of Colombia was identified and selected as an ideal location for several reasons.

## Expansive Degraded Lands: Opportunity for Land Stewardship

The total area of Vichada is just over 100,000 km<sup>2</sup> (10 million ha), which is primarily classified as degraded grasslands. These lands have historically had little to no productive use. Local farmers have used it for grazing a few head of cattle, but due to a lack of infrastructure and market access, they are suffering, and cattle farming has decreased considerably. Residents purposely set uncontrolled grassfires over vast areas to clear out the existing grassland and to encourage the growth of new grass. These destructive burning practices further degraded the land. Wildlife has been negatively impacted.

FFC saw the potential to improve these lands through plantation forestry operations and effective land stewardship practices. We are committed to using 65% of the land area under our ownership for active plantations, which has proven to improve the habitats of non-planted areas. The balance of the open area (35%), which comprises grasslands, wetlands, and riparian areas, will be categorized as conservation areas. Management of these conservation areas provides FFC with the opportunity to protect the biodiversity of the region. Grasslands in this region are not under threat as the Llanos ecoregion roughly comprises an area of 570 000 km<sup>2</sup>, 3% of South America's surface area. However, deforestation is a concern in the Amazon region and is recognized as having a significant impact on biodiversity in Colombia. In 2019 the Colombian Amazon basin lost 75,000 Ha to deforestation.

FFC works with the local communities on better practices for controlled burns to avoid highly damaging uncontrolled burns.



Colombia borders Panama, Brazil, Ecuador, Peru and Venezuela by land and Costa Rica, the Cayman Islands, the Dominican Republic, Honduras, Haiti, Jamaica and Nicaragua by sea.

Forest First Colombia is located in the region of the Meta River in N.E. Vichada.

## No Indigenous People or Cultural Heritage Sites

There are no indigenous people located in the area. In the region, the indigenous populations are migratory and relocate on a regular basis across the area. The indigenous people do not have a claim or a relationship to the land on which we operate.

Research revealed that our operations would not adversely impact non-replicable cultural property (e.g. archaeological, historical, or religious sites), sites with unique natural values or intangible cultural heritage (e.g. social practices, rituals and festive events). All sites of cultural significance were identified and mapped to ensure protection and access before operations commenced. These sites were recorded within the GIS system in our forestry management software, to ensure operations do not affect them in the short or long term. Where these are identified in the future, specific management plans will be drawn up with the local community to ensure that they are protected and managed in accordance with the local wishes and requirements.

## Opportunity to Improve the Biodiversity in the Region

As part of FFC's due diligence, we undertook a risk assessment to determine if our operations would infringe on high conservation/biodiversity value areas (HCVA). This Environmental and Social Impact Assessment (ESIA) revealed that the area of operations has limited HCVA, which we can then protect, and it identified that we should not expand our operations south of the Bitá River.

This assessment revealed an opportunity for FFC to play a meaningful role in protecting and preserving biodiversity in this area.

## Opportunity for Social and Economic Development

The Vichada region is one of Colombia's most impoverished regions, having the second lowest GDP per capita, less than half of Colombia's national average. 45% of Colombia's countryside population lives in poverty (19% living in extreme poverty). Colombia experienced 53 years of civil conflict, which has resulted in displacement and diminished employment opportunities. This region has not previously had a legal, commercial, or industrial framework for employment and has subsisted in an informal environment.

FFC presents the first large scale economically viable and legal enterprise in the region apart from cattle farming. This provides us with the opportunity to make a positive difference in this region through social and economic development initiatives.







## A Commitment to Sustainable Forestry

Sustainable Forestry has been defined as *balancing the needs of the environment, wildlife, and forest communities—supporting decent incomes while conserving our forests for future generations.*<sup>1</sup>

FFC is committed to becoming a leader in sustainable forestry; therefore, we have integrated our Learning, Living, Breathing and Growing sustainability pillars into every aspect of our corporate strategy and operations.

A primary driver of our approach is to continuously learn the best practices specific to the context of our regions; socially, environmentally, and technically. This pillar supports all other pillars as we learn and grow to become a leader in sustainable forestry. As such, learning will be at the forefront of this report and will also serve as its conclusion.

## Our Sustainability Framework



**Learning:** *Creating value for our industry through research, stakeholder engagements and adherence to international best practices.*

This pillar serves as an overarching philosophy for all our pillars and we take a bold approach to continuous learning to do things better and lead the way for others. This pillar also stands on its own as we challenge ourselves to report on how we plan to do things better. Impact areas addressed in the report include:

- Ethics
- Industry Leadership and Striving for Excellence
- Continuous Improvement and Reporting
- Stakeholder Engagement
- Research



*Our four sustainability pillars are rooted in our commitment to continuous learning.*

<sup>1</sup> Rainforest Alliance (2016)  
*What is Sustainable Forestry*





### **Living:** Creating social and developmental value in our region

This pillar focuses on the social and economic upliftment of employees, locals in the surrounding communities and the Colombian economy. Impact areas that will be addressed in the report include:

- Employment
- Health
- Education
- Community Leadership Development
- Safety, Security and Decriminalization



### **Breathing:** Creating environmental value and mitigating environmental risks associated with our operations

This pillar focuses on how FFC is committed to mitigating any negative impact on the region's environment due to operations and how we can have a positive impact through stewardship, education, rehabilitation, and climate change mitigation. Impact areas addressed in this report include:

- Climate Change mitigation
- Land stewardship & Conservation
- Biodiversity
- Environmental Education and Incentive Programs



### **Growing:** Creating economic value for the region

This pillar focuses on FFC's efforts to diversify and grow the local economy as well as provide support in creating local infrastructure. Impact areas addressed in this report include:

- Local economic development
- Local infrastructure development
- Stimulating the Colombian Economy & Forestry Growth

## Striving for Excellence

### **Ethics**

FFC conducts its business transparently, adhering to the highest industry and international governance standards. We reinforce this approach with all stakeholders, including with parties who have typically engaged in less formal practices, despite the additional burden this places on us.

### **International Standards and Best Practices**

#### **UN Sustainable Development Goals**

FFC supports eight of the UN Sustainable Development Goals. These goals relate to poverty, inequality, climate change, environmental degradation and peace and justice.

#### **International Third-Party Forestry Certifications**

FFC currently complies with Forest Stewardship Counsel (FSC) sustainable forestry criteria. We intend to secure FSC certification prior to the first commercial harvest in 2021. In addition, where volumes will be sold into the bioenergy market, Sustainable Biomass Program (SBP) certification will be included.

#### **IFC's Performance Standards**

FFC has engaged third party consultants who are assisting us to ensure that all the necessary licenses and permits are obtained with the objective of fulfilling the requirements of the IFC's Performance Standards. For example, we are committed to full compliance with the IFC's performance standard five, requiring compensation to all individuals displaced by its operations.

#### **Climate NGOs**

FFC has engaged with a number of climate-related NGOs to ensure we adopt the best practices possible for the region in which we operate. We are continually reaching out to new organizations with the assistance of Climate Advisers.

#### **International Union for Conservation of Nature (IUCN)**

FFC is cooperating with the IUCN in field testing the application of a global standard for Nature Based Solutions (NBS)

#### **Environmental and Social Action Plan (ESAP)**

Commensurate with the 2017 investment by FinnFund, FFC developed an *Environmental and Social Action Plan* and instituted a stewardship process with detailed annual reporting against seven key development areas: Compliance with Laws and Regulations; Environmental and Social Competencies and Management; Communication and Training; Human Rights (including equal opportunity employment, gender diversity, and labour rights); Health and Safety; Environment and Climate Change; Anti-Corruption; and Community Development and Society Aspects.

#### **Environmental and Social Management System (ESMS)**

In addition to the ESAP from 2017, an *Environmental and Social Management System (ESMS)* is being developed in line with the *International Finance Corporation's (IFC) Principles and Standards*, with the help of a local Colombian consultancy. FFC is also in the process of finalizing an *IFC Compliant Water Management Plan*.



## Learning

*The integrity of this tree is dependent on the strength of its roots to support it and help it grow. It is a powerful metaphor for how we define our foundational pillar of "Learning". Learning is at the root of all we do to "do better" and to support our other three pillars: Living, Breathing and Growing.*



## Operational Best Practices, Policies and Procedures

FFC has developed or is in the process of developing best practices in the following operational areas:

- **An environmental and wetland policy.** This policy serves as the foundation for all our management practices. It proactively identifies sensitive areas prior to land purchase and protects land parcels from operational impacts.
- **A plantation management plan.** This plan is the outline for the business and deals with all associated operational, social and environmental aspects.
- **An IFC nutrient management plan and pesticide management plan.** The intent of this plan is to limit the application and type of chemicals used near waterways and surrounding soils. All chemicals used are in strict FSC compliance. The chemicals are all sourced from world class reputable companies.
- **A hazardous chemical management plan,** to be compliant with the World Health Organization (WHO) and Recommended Classification of Pesticides and IFC's Groups 3 and 4 restricted Biological agents. This plan will integrate biological pest and weed control to limit the use of chemicals.
- **A sustainable agrochemical use policy** FFC has committed to recycling of all chemical packaging to prevent contamination, and to ensure minimal waste. More recently we have switched to bulk loads of our necessary chemicals to reduce the amount of packaging overall.

### FFC Code of Conduct

Our Code of Conduct acts as our overall human resources policy, incorporating issues of fair treatment, non-discrimination, and compliance with national employment regulations. All FFC contractors, who will employ most of our workforce, must follow this Code. *The Code* clearly specifies that contractors must treat their employees in compliance with Colombian law. FFC verifies compliance on a regular basis through contractor audits. In the case of any contractor defaulting, we will seek the appropriate remedies, up to and including termination of the contract. A formal employee grievance mechanism has been developed, which is also in compliance with Colombian law. Employees can voice grievances using this mechanism, including alleged safety concerns or instances of discrimination of any kind. These policies have been communicated and explained to our staff, and through this we aim to uphold and further embed our values of respect, ethical conduct, responsibility, collaboration, effectiveness, bravery, innovation, and transparency. Management regularly engages with the workforce to ascertain if there are any grievances and regularly conducts team building activities.

### Child Protection Policy

FFC has a policy that forbids the use of child labour. Contractors are monitored regularly, and our inventory and other supplies are sourced from reputable manufacturers to further reduce risk. We are aware that this issue may be a possibility in the food supply chain, and where possible this will be audited.

We are committed to the protection of vulnerable categories of workers such as children, migrants, contractors, and subcontractors, thus all recruitment is done according to the *International Labour Organization (ILO) Conventions*. Proof of all social benefit payments is provided monthly by contractors, as required by law, prior to an FFC contractor receiving payment for work completed.

### Employee Safety

FFC employees are provided with protective safety equipment to use, as required, and that is tailored to the risks associated with the work they are required to undertake. We are encouraging our employees to adopt a safety first culture in their local communities.

### Land Acquisition

Ensuring that our land acquisitions are fully aligned with a shared value approach, FFC conducts a detailed analysis of the social, environmental, and legal aspects of every property. This includes using technology to assist us in identifying conservation areas and places that could be used for productive farm use. We search out land where we could add value, specifically degraded grasslands, and will not work in environmentally sensitive areas. When identifying potential land, FFC will only consider property that is properly titled. We acquire the rights directly from the owner and will not buy from intermediaries. This ensures that payment goes directly to the owner, that we have a full understanding of the reasons why the landowner is selling, and to ensure that no historical displacement previously took place.



Our activities and operations strive to improve the wellbeing and quality of life of Colombians. We contribute to the following:



Reducing poverty, creating work and economic growth through sustainable local livelihoods.



Contributing to socio-economic development through investment in health.



Contributing to socio-economic development through investment in education.



Stimulating local economic development through assistance to startup businesses.



Protecting terrestrial ecosystems through sustainable forestry management infrastructure.



Our Impact Framework

Our impact framework is informed by the FFC sustainability pillars. These are aligned to several UN Sustainable Development Goals.

INPUT	GUIDELINES INFORMING APPROACH	OUTPUT THEMES AND RESULTS	OUTCOME THEMES AND RESULTS	IMPACTS TO SOCIETY	RELEVANT SDGs
<p>Financial Capital to date: USD 74M</p> <p>Human Capital: 176 Employees</p> <p>Intellectual Capital: • Know how • GIS Mapping Systems</p> <p>Manufactured Capital: • 12,000 ha of plantation with a target of 150,000 ha • 23,000 ha of land conserved with a target of 100,000 ha</p> <p>Natural Capital: • Land conservation • Biodiversity management • Improved soil quality • Carbon offset program</p> <p>Social Capital: • Strong relationships with local communities and authorities.</p>	   	<p>Ecosystem Services:</p> <ul style="list-style-type: none"><li>• Increase water use efficiency</li><li>• Reduce freshwater withdrawal as a proportion of available freshwater resources</li><li>• Reduce CO2 emission per unit of value added</li><li>• Increase forest area as a proportion of total land area</li><li>• Increased biodiversity (conservation)</li></ul>	<p>Ecosystem Services:</p> <ul style="list-style-type: none"><li>• 74% savings on water use per ha of plantation over 5 years</li><li>• Meet 91% of energy needs through renewable sources</li><li>• ~1M tonnes sequestered</li><li>• 65% increase in forested area</li><li>• 0.13% of total land no longer degraded</li><li>• Future metric on increase in wildlife species in the conservation and plantation area</li></ul>	<p>Ecosystem Services:</p> <ul style="list-style-type: none"><li>• Ensured access to freshwater resources to all within the catchment</li><li>• Increase share of renewable energy in the energy mix</li><li>• Restore degraded land and soil</li><li>• Increase conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services</li></ul>	<div><div>6CLEAN WATER AND SANITATION</div><div>7AFFORDABLE AND CLEAN ENERGY</div><div>13CLIMATE ACTION</div><div>15LIFE ON LAND</div></div> <div><div>1NO POVERTY</div><div>3GOOD HEALTH AND WELL-BEING</div><div>4QUALITY EDUCATION</div><div>8DECENT WORK AND ECONOMIC GROWTH</div><div>9INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div>10REDUCED INEQUALITIES</div></div>

This impact model provides a summary of the inputs, outputs, outcomes and impact of our operations and investment in the social and environmental well-being of our staff, community, and environment.



Our Impact





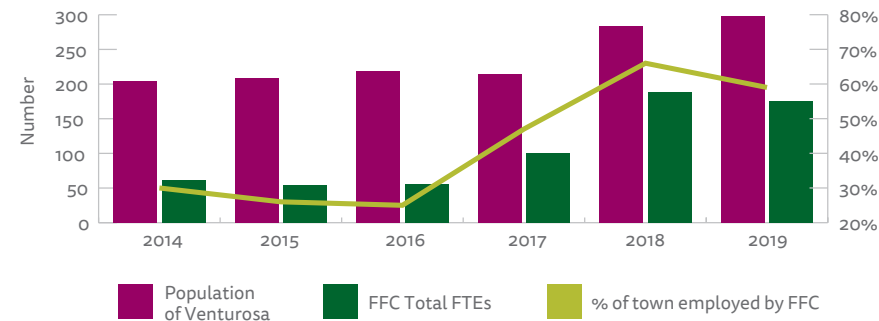


## Employment

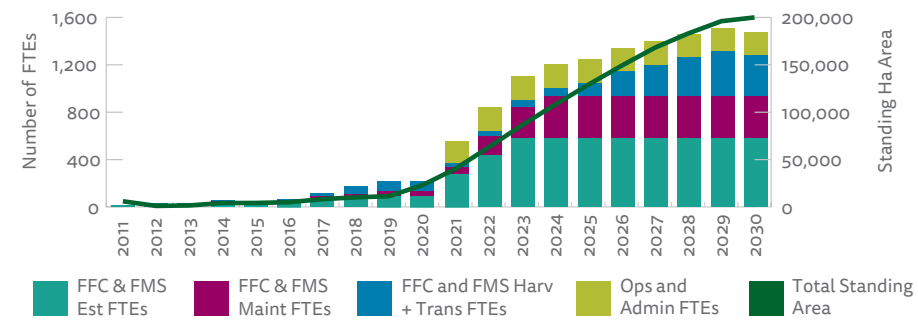
### Job Creation

There are very few people living within our operational area. Historically, employment mainly consisted of drug trafficking and extensive low input cattle farming. We have created permanent employment for many members of the community, who are both men and women and some of whom are over 40 years of age.

#### FFC Employment



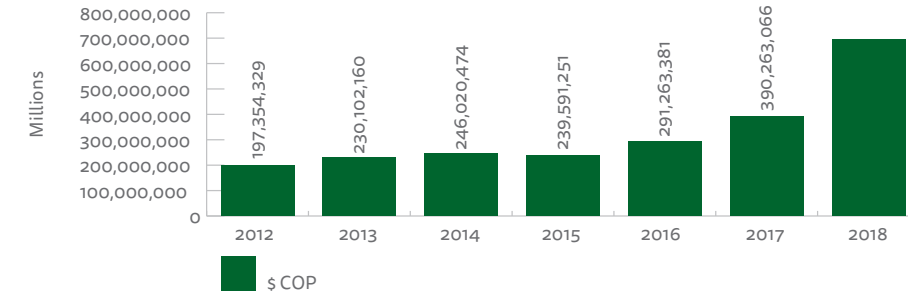
#### Projected FFC Full Time Equivalents



We estimate we employ about 60% of the local community. For many of our employees this is their first-time full employment with all the associated benefits. We estimate that our planned developments will result in over 220 full time employment positions in 2020, and at the time of sustainable planting production and the initial harvesting, in 2023, there will be 922 full time employees.

Our desire is to fill existing vacancies with local people unless the skills or expertise are not available in the neighbouring communities. If this is the case, these required skills are to be sourced from other areas in Colombia.

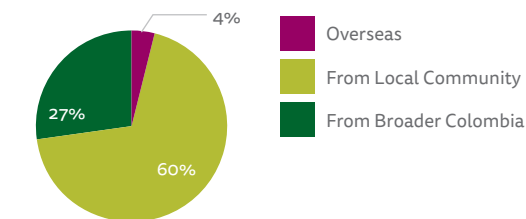
#### Social Insurance Paid for FFC Employees (\$ COP)



### Formalized Work

FFC ensures that all employees have contracts, get paid monthly and that all social benefits, accounting for 32.4% of the daily wage are paid, including health insurance, contribution to retirement benefits, social security insurance and statutory bonus contributions. At the end of 2019, all the local employees at FFC had a full-time contract. Having a full-time job ensures better salaries, stability and full commitment to the company's vision, mission and values. The lowest paid direct employee of FFC receives a salary 16% above the minimum wage, the benefits mentioned above and, if field based, free room and board while in camp.

#### Where FFC Employees have been Sourced from in 2019



### A Commitment to Staying Local

Most of our staff have family in the town of Puerto Carreño or surrounding areas. We ensure that labour used in the nursery and silviculture operations are recruited locally. Our intention is to employ young college graduates and technicians with diplomas from the National Training Institute (SENA) into the operating teams. We believe that they are interested, informed and motivated, which will enable us to leapfrog the technological gap in the Colombian forestry sector. Even though core management functions will remain with FFC, our intention is to outsource most other operational functions to local businesses. For example, we have been able to outsource all silvicultural contracts and catering to local businesses and construction work to local individuals.



We recruit employees locally wherever possible and we outsource most other operational functions to local businesses.



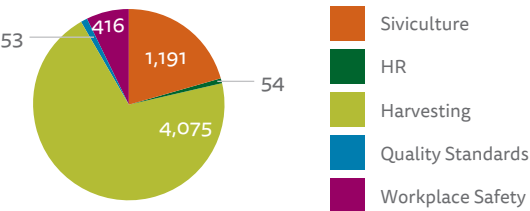


Training

With a commitment to recruiting locally, about half of our staff have less than three years’ experience. Therefore, FFC has invested in a training model that provides our employees with the necessary education needed to do their jobs and to ensure that they work in a safe and informed environment. This include learning about every step of the forestry process, workplace safety, technical equipment skills training, the use of enumeration equipment and the use of a GPS for land preparation when operating a tractor. Labourers have requested literacy and further skills training and a program is being developed to address this.

The nature of the training provides employees with transferable skills that allows for them to find other forms of employment, specifically in the forestry and broader agricultural sector. FFC provided 5,789 hours of training to our workers in 2019, which equates to an average of 2.5 hours of training per employee.

Hours of Training by Type of Training Provided – 2019



Empowering Women

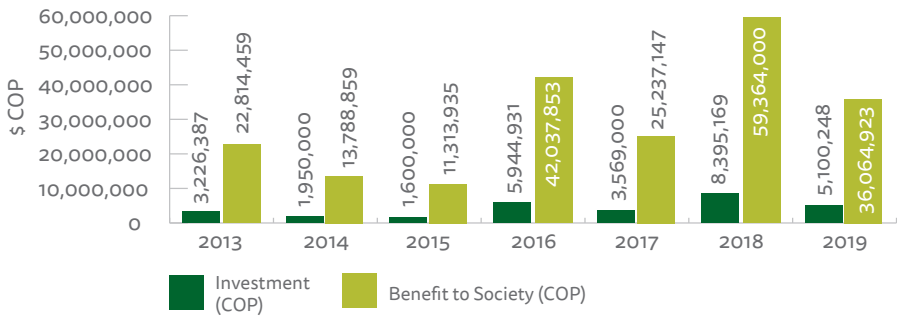
FFC helps to empower women with employment and skills. We practice gender equality and have a policy in place to support this. Currently 31% of our direct employees are female.

Housing and Food

FFC provides housing and meals for our employees. All staff housed by FFC receive three free meals per day, while those living in the local village get two meals per day. 28 staff from the local village are transported to and from FFC’s operations daily.



Return to Society as a Result of Investment into Health Care



Health

The health of our employees and communities has a direct impact on our operations, which affects absenteeism and productivity. We are committed to improving healthcare outcomes.

Investing in Health Care

FFC sponsored a clinic in La Venturosa that provides our workers with the medical attention they need and provides the local community with basic medicine. As a result, many locals saw a doctor or dentist for the first time in their lives.

According to the World Health Organization (WHO), for every US\$ 1 invested in scaling up interventions to address NCDs in low- and lower-middle-income countries, there will be a return to society of at least US\$ 7 in increased employment, productivity and longer life. Based on our investment in healthcare facilities, we estimated that our investment of \$COP 29,785,735 over the last 7 years has seen returns to society of \$COP 210,621,175.

Medical Supplies and Access to Medical Attention

FFC purchases medical supplies every three months and is the only local provider of these supplies.

Injury Prevention

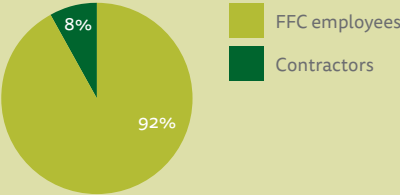
Injuries are a real risk in the forestry industry. FFC ensure that proper training and equipment are provided to our workers. For example, with the high ambient temperatures, we ensure that all staff are provided with personal protective equipment such as hats and suitable clothing.

FFC operations are responsible for all incidents and reporting and have appointed a Health and Safety person to support our safety program. All lost time injuries are recorded and investigated. The monthly LTIFR is recorded with zero lost time injuries as an annual target. All near misses, first aid cases (FAC) and medical treatment cases (MTC) are measured and investigated. A performance management system that encourages safe behaviour by all direct and contract employees has also been put in place.

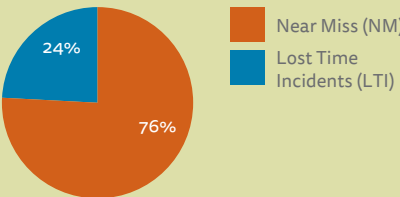
First Aid and Emergency Response Training

We have combined the delivery of our first aid courses with our emergency response procedures training. Additionally, FFC arranged for medical personnel from the military forces to provide medical consultations in different fields as well as provide emergency response training. This approach has proven to be highly effective. The only incident recorded in the last four years occurred when a contract employee was bitten by a Bothrops snake. Workers dealt with the situation swiftly, the employee was quickly stabilized because proper protocols were in place and was able to return to work a week later.

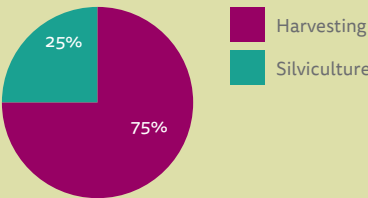
Near Misses Reported – 2019



Near Misses Vs LTI – 2019



LTI by Area of Operations – 2019





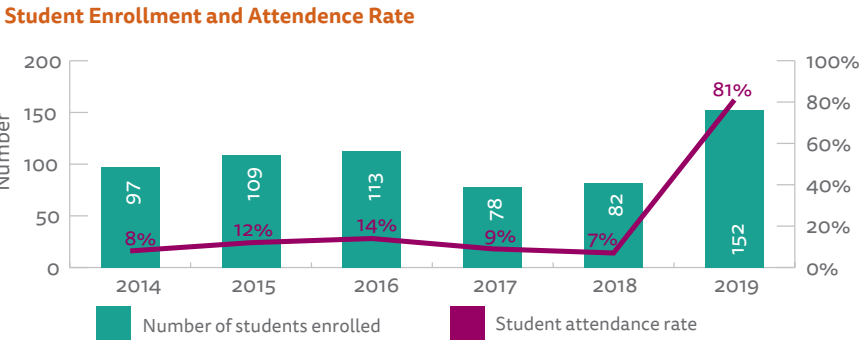


By assisting the local community with their educational infrastructure needs, and alleviating that stress, we have noted improvement in our employee engagement levels.

Education

Investing in Education

FFC has sponsored the construction of school facilities in the area, including ablution facilities, which many schools do not have. The school is being utilized by several children of our staff and from the community. School attendance in rural settings is typically low as children must choose between attending school and working to support their family. An 81% attendance rate was noted in 2019, a marked increase from previous years, due primarily to the enrollment of indigenous students from the Morichalito Community. The upgrades to school facilities provided by FFC has improved access to education for children in the region, as prior to the upgrades there were only two schools in the local villages that are situated approximately 90 km apart.



Community Education

FFC has educated the local population on better cattle farming and crop cultivation practices, as well as improved treatment of the environment.

Forest First Colombia continually educates the community and its workforce in the forestry industry resulting in significant transferable skills development, including literacy.

Community Development

FFC actively engages with the communities where we operate. We hold formal, documented quarterly meetings with the local council, in addition to being available to confer and assist informally when necessary. We have a community incentive program with La Venturosa that provides supplies and education aimed at seeking the community’s cooperation in the regulation and control of grass burning, which they previously saw as necessary to meet their agricultural needs. There is a recent migratory settlement of indigenous people near our operational area and we have worked through their Chief and council to provide employment opportunities for their people, as well as opportunities to work together – similar to how we cooperate with the La Venturosa community.

Arts and Culture

For the last four years, FFC has brought in an NGO from Bogota, *Fundacion Artes Sin Fronteras*, to run a two-week arts and culture children’s program. As part of the program, children create artwork for an annual calendar. In 2019 the theme was “Peace”, which aligns with the Colombian government’s peace accord efforts. The children also participated in drama camps resulting in two performances, which was a big hit for both the children and for the adults in attendance.

Sports and Recreation

Every year FFC hosts a soccer tournament, which is one of the big social events in the region. There are separate teams for men, women, and children, and we feed and entertain all attendees. Last year we had over 400 people as our guests. We also co-host an annual Arts Week at the local school to bring in art, music, theater, and dance courses for the children.

Safety, Security and Decriminalization

FFC engages frequently with local community representatives from La Venturosa, through meetings which are held at the local Police Inspectors office. During these meetings a wide range of topics are covered from local activities, problems in the community and short and medium-term needs of the community.

These agreements are managed by the Security Manager to ensure that the area remains lawful, and free from transitory criminal activity. This mutually beneficial agreement has us assisting the lawful authorities in monitoring the area, while they in turn ensure enforcement activities are available if necessary.

Delivered annually by *Fundacion Artes Sin Fronteras* has children create artwork for a calendar. This years theme was “Peace”.







Climate Change Mitigation

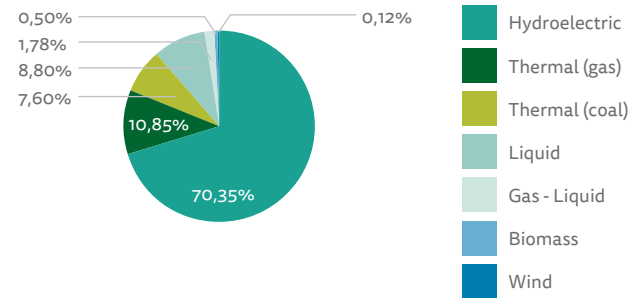
FFC is deeply committed to climate action and is working with local and international partners to integrate the highest standards and best practices to ensure it is a meaningful part of the solution.

Carbon Sequestration

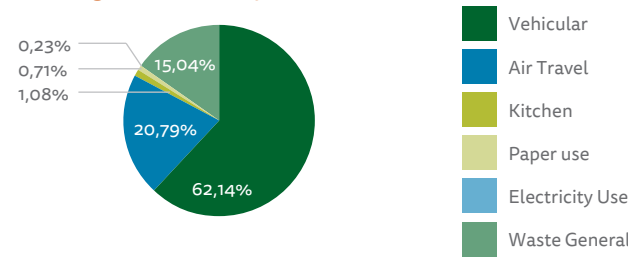
FFC’s plantation forests are carbon sinks that remove a significant amount of CO2 from the atmosphere. FFC’s plantation forests are located on previously degraded land that sequestered very little CO2. Our trees are sequestering carbon, which early studies in other parts of the world show can be as high as 400 – 500 t/CO2 per hectare. Our current estimate of the amount of carbon sequestered is CO2 equivalent 163,175.13 tonnes. With the offset of our own CO2 equivalent emissions, we are still in a surplus position of CO2 equivalent 162 912.82 tonnes.

We project a carbon sequestration potential of over 25 million tons over ten years and we intend to be certified in the appropriate local and international carbon markets to the highest quality standards.

Percentage Split of Energy Mix on Colombian Grid



% Contribution to Total Carbon Equivalent Produced (excluding distribution of product)



Clean Energy

Due to the lack of conventional electricity infrastructure, electricity production in Colombia comes mainly from renewable energy sources, with hydroelectric generation accounting for about 70% of total production.

FFC has taken advantage of innovations such as photovoltaic panels to generate 91% of our own energy needs. This has led to a low rate of carbon emissions due to electricity consumption, contributing only 0.23% of the total CO2 equivalent emissions produced by the operations.

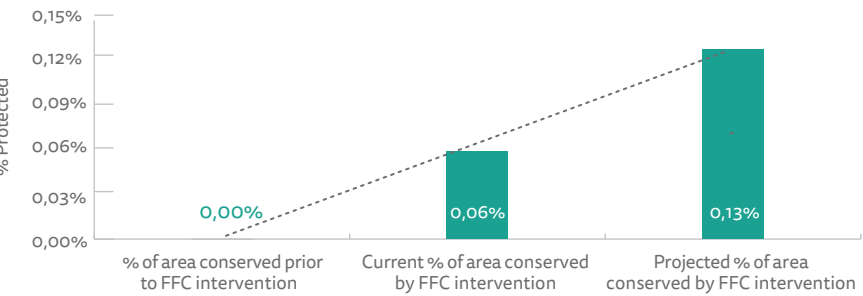
Land Stewardship and Conservation

According to the World Bank, land in this area is primarily degraded grasslands, exacerbated by the local practice of uncontrolled burning of thousands of hectares several times per year.

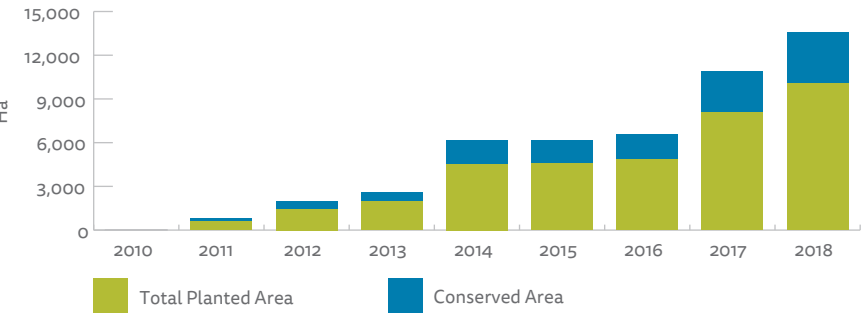
FFC’s operations are helping to regenerate these areas by:

- Changing local management practices
- Conserving areas linked to sensitive ecosystems
- Implementing proper planting and maintenance practices that are increasing soil organic matter and improving water infiltration.
- Using only 60% – 70% of total area for plantation forestry and dedicating 20% – 30% of our total area to conservation of environmentally sensitive areas for native species.

Land & Water Conservation



Total Planted and Conserved Area



Sustainable Forest Management

Through the rehabilitation of degraded grassland, FFC has created new green infrastructure through the introduction of plantation forestry. The current area under FFC management was previously not protected or conserved. We manage approximately, 35 Km2 of land and 198 Km2 of rivers, streams and wetlands. We will manage a land area of approximately 1,500 Km2 at full operation. We estimate our contribution to protecting and restoring water and land-related ecosystems to be about 0.06% currently and that this will grow to at least 0.13% at full operation.

We have planted approx 12,000 ha, and plan to increase this number to approx. 150,000 ha. This improves the conservation, restoration and sustainable use of terrestrial ecosystems. Degraded land that is planted will have improved soil organic matter, soil fertility and nutrition because of decomposing tree litter. Harvesting litter will also be left on site, further promoting improved soil quality.

A new green infrastructure has been created through the introduction of plantation forestry; rehabilitating degraded grasslands.

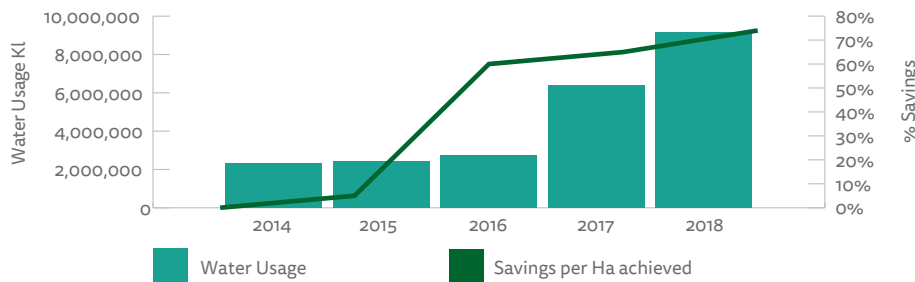


**Sustainable Water Resource Use**

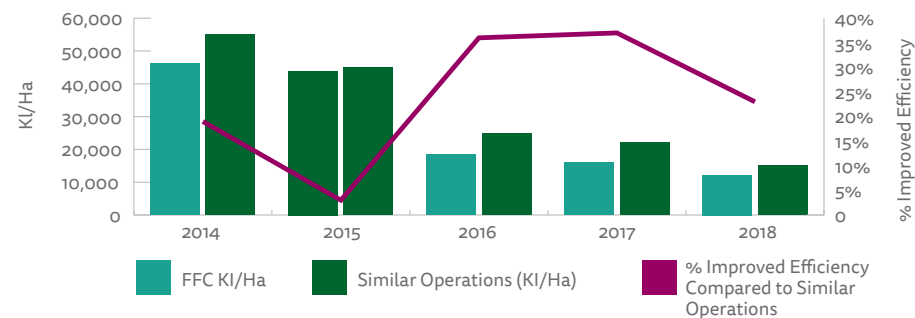
The long-term average rainfall in our area in Vichada has been recorded as 2,300 mm per annum. Under such high rainfall conditions, the eucalyptus will be unable to consume all available rainfall water therefore, the plantation activities will not be impacting other water users located downstream in the catchment.

23,034,006 kiloliters of water were used to sustain the plantation from 2014 to 2018. Year on year with the increase in the size of the plantation, our water use per hectare has improved with us achieving a 74% reduction in overall water consumption per ha under plantation by 2018 from the initial consumption recorded in 2014.

**FFC Water Usage Over Time**



**FFC Water Usage Over Time**



Initial investigations suggest that on average we can use 24% less water to sustain our nurseries compared with other similar operations. We will continue to benchmark our operations against similar production units to determine if our water usage efficiencies are comparable with similar size nurseries.

FFC is aware that water use and the protection of surface water features lies at the foundation of sustainable forestry. FFC has implemented a water management plan that will set future targets for water savings and reuse of water where possible in line with SDG 13. At present, FFC has improved our water use efficiency between 20 – 40 per cent in our operations.

**Improving Soil Quality**

Under FFC’s plantation management practices, the soil quality has improved, when compared to the grasslands not under our management. This improvement is the result of an increase in the vegetative litter layer on the soil, as the trees mature and reach canopy closure. Early evidence shows an increase in soil organic matter, which is now measured on an annual basis and is a key aspect in sustainable land management. The reduction and eventual elimination of uncontrolled wildfires allows for the soil to recover from the decades of degradation and poor management practices. Additionally, improvements in the organic carbon levels are also detected and are associated with improved rainfall infiltration and increased soil biotic activity.

**Biodiversity**

The Environmental and Social Impact Assessment (ESIA) FFC undertook revealed an opportunity to play a meaningful role in protecting and preserving the biodiversity in the region. The Bitá River catchment in the region has recently been proclaimed a RAMSAR Site. FFC will cooperate with the management authorities of this important catchment area regarding all operational activities it undertakes in the area. All known HCVA and other conservation areas are now protected by FFC. Our operations are limited to plantation forestry and no indigenous forest tree harvesting takes place; thus, no protected species are exploited in our operations.

Indigenous species such as birds, antelope and predators are moving into the plantation forest as it provides a suitable refuge for these species. Numbers of each species are increasing including antelope, puma, birdlife and other fauna in our plantation areas due to the elimination of hunting.

**Environmental Education and Incentive Programs**

**Prevention of Uncontrolled Burning Practices Incentive Program**

FFC developed an uncontrolled burning education and incentive program for the community. This program encourages local communities to engage us on their burning activities, so that we can better prevent the spread of uncontrolled fires by ensuring that trained firefighters are on site to oversee and monitor the fires. Targets are set to control the number of fires, and when these targets are met, we donate funds to the community for them to use as they deem fit. These funds are normally used to support infrastructure in the area and cultural items for schools.

**Water Quality Education**

FCC has educated staff and village residents of the importance of water to health and the well-being of people and the environment.

*Indigenous species are increasing in numbers due to the elimination of hunting and changes to burning practices.*







**Colombian Government Collaboration**

**Carbon Market**

The Colombian Carbon Trading Market had issues during 2019 that prevented trading. FFC identified the issues and made representations to the President that led to a number of issues being corrected.

**Local Economic Development**

*FFC recognized the importance in stimulating and supporting local entrepreneurial efforts. We believe that our active involvement in these types of projects will stimulate the wider local economy over the long term.*

**Improved Pasture Project**

FFC plans to use suitable open spaces that are not classified as a conservation area, such as historically degraded grassland areas, for more intensive cattle production by planting suitable pasture grasses such as Brachiaria species.

An improved cultivated grassland system will add humidicular, which is higher in protein and can be grazed by cattle over longer periods and therefore improve cattle weights. The plan is to create a system of cattle grazing which produces finished cattle throughout the year. This will increase the carrying capacity of the areas for cattle grazing and benefit local farmers.

Under the improved pasture project, it is expected that the productivity will be increased to 180 kgs of animal production per annum per hectare as compared to native grassland, which our research shows, only produces 20 kgs per annum per hectare.

**Supplier Development**

FFC's operations facilitate economic opportunities for other commercial activities. FFC continually seeks to foster entrepreneurship, while developing and financing suppliers and contractors and we have identified there is room for more economic growth in the municipality.

**Diversification**

FFC's plantations compartment design has been in-line with international best practice and as such creates a pleasing aesthetic landscape. The large number of interconnected conserved areas will be a favourable ecotourism attraction in-line with the surrounding landscape character. The main river areas and conserved indigenous forest areas all have the potential to promote the aesthetic and natural appreciation for the area. This will create alternative revenue opportunities for the local community, should they wish to diversify.

**Chicken and Egg Project**

We transferred a chicken and egg producing project to a local member of staff. The business began producing 30 eggs per day but is up to 60 now with a target of 100 per day.

**Vegetable Project**

FFC started an initiative to grow vegetables for employee and contractor consumption. The balance of produce is sold locally.

**Local Infrastructure Development**

The Vichada Region is significantly underdeveloped in terms of transport, telecommunications, electricity supply and bulk services. Historically, the area has been used for illicit drug smuggling and as such no formal infrastructure development existed.

**Road Networks**

FFC is supporting the improvement of the roads in this region. The road network in Colombia is 215,000 km in length of which 23,000 (10,7%) are paved. The road infrastructure in Vichada is poor, with no paved roads in the rural areas. The rivers in the region are also used for the transportation of goods and supplies. Due to the poor transportation infrastructure in the region, the development of agricultural crops, for export purposes, is still severely constrained. To allow the situation to be improved, large quantities of lime are required to ameliorate the soil and will need to be delivered. We have been involved in the improvement of provincial roads in the project area through logistics assistance. The total road kilometres that have been classified so far totals 19.8 kms. The construction of the road has also allowed the community of Vichada improved access to the main roads.

**Loading Terminals**

FFC is building loading terminals on the Meta river that will benefit the community at large.

**Schools**

FFC built a new ablution block at the local school which provided the necessary hygiene and privacy for the children. As a result, the local government is adding classrooms and hostel accommodations.



**Entrepreneurship is encouraged and supported, resulting in various offshoot businesses such as chicken, eggs and vegetable sellers.**



### Communication

FFC has installed Internet links at our different operational centres to provide business communication access. At the same time our employees can remain connected to their family and friends.

As a result of the employment opportunities provided by FFC and most of the community having regular income, a national mobile phone provider has erected a tower in the village providing Colombian based communications. Previously, only Venezuelan communication providers were available.

### Stimulating the Colombian Economy & Forestry Growth

One of FFC's objectives is to stimulate the growth of the forestry sector overall. FFC commissioned, at its own expense, a study through Indufor to evaluate the potential for the overall plantation forestry sector in Colombia, and to identify potential enablers to reach that potential. The study outcomes were presented to and discussed with various entities within the Colombian government including the President's office. The study identified that Colombia could viably grow its plantation forestry sector to match the size of the energy sector, and increase GDP by \$16 billion USD, create 650,000 jobs, and sequester 2.4 billion tons of carbon. The report was warmly received. We continue to interface regularly with various levels of government to ensure optimized environment and regulatory practices, and to continue to refine silviculture practices to best suit the context of our region.



*One of our objectives is to have only the core management functions conducted by us. We hope to outsource most other operational functions to local businesses.*

## Our Future Areas of Focus







## Continuous Improvement and Reporting

*We are proud of the value impacts we have made to date, yet we recognize there is much more to be done. We will continually seek to better define impact measures that meaningfully demonstrate our shared value and develop formalized systems of monitoring and reporting to accurately reflect those measures.*

### Impact on Poverty Reduction and the Local Economy

A significant percentage of our staff come from the local community, and the employment we provide is crucial to supporting livelihoods in the area. In future reports, we would like to capture specific metrics to reflect the change in employee income over time to better articulate our impact on poverty reduction.

To measure our impact on the local economy, we plan to collect additional data from our engagements with local businesses and farmers. This will improve our ability to substantiate how our assistance to these groups improves GDP per capita and agricultural productivity.

### Health Care Investment Impacts

FFC's investments in healthcare infrastructure reflects our commitment to our employees and the surrounding communities. To enhance our performance, we intend to measure the number of people and the number of times people are treated by these facilities, and how much of the local population that represents. We also capture the types of treatment that they are provided. This will contribute to a greater understanding of how our investments are contributing to improving health outcomes in our community.

The above metrics will be used to improve the efficiency of our own operations by looking at how these metrics interact with operational metrics, such as the amount of injury time, sick leave, and temporary employment costs.

### Education Investment Impacts

Improving the level of education in our community has numerous benefits, including increasing the number of members of the community who are employable. We plan to examine the links between our investments and the educational outcomes at the school as well as the links between education outcomes and other SDGs such as income, employment and inequality. We also want to understand the gender balance of school attendance and employment so that we can work toward further reducing barriers and providing equal access to all. FFC recruits interns from the Servicio Nacional de Aprendizaje (SENA), Colombia's National Training Service, to work in the forestry sector and build their technical and managerial capacity.

### Local Economic Development Impacts

*Stimulating Local Economic Development through Investment in Transformational Infrastructure*

We believe our stimulation of local business through local procurement will improve the economic viability of those businesses, and over a longer period, stimulate the wider local economy. We will be engaging those businesses to better assess how our support has benefited them.

### Infrastructure Impacts

Feedback from communities is that our efforts in road construction are saving them significant amounts of time. FFC plans to measure how much time is being saved, and how that translates to increased levels of income and productivity.

### Water Usage

We know that our water usage and irrigation practices have a positive impact on water-use efficiency, protect and restore water-related ecosystems, improve sustainable withdrawals and supply of freshwater. We are monitoring this, and when we can report on changes in these metrics, these measures will be included in our reporting.

### Biodiversity Action

At present there is an increase in forest dwelling species such as antelope, puma and birdlife, moving into FFC's forestry plantations. Discussions are taking place with the Humboldt Foundation and The Nature Foundation with regards to working with private landowners to create corridors for the movement of jaguars, as the region is a known transit route for these mammals/animals. In addition, there are discussions about creating a wildlife corridor from the Meta River across to the Bitá River, which has now been declared a RAMSAR site, to its confluence with the Orinoco River. We are looking to identify a baseline of animals present in the area, with a view to monitor the increase in numbers.





## Research

Learning requires rigorous research, data gathering, and evidence-based scientific methods. To better understand sustainability benchmarks and impacts specific to our region, and to plantation forestry globally, FFC is currently in discussion with a prestigious university in the UK on a research proposal to be hosted on FFC's land holdings. The proposed facility would be expanded to invite other higher learning institutions to develop their own programs in this relatively under-researched region. Areas of study will include biodiversity, carbon, soil management, water management, and others as applicable. This facility will be based in Vichada, locally administered, and overseen by a board of directors.

## A Commitment to Stakeholder Engagement

As we learn together, we can discover how to do things better – and lead the way for others. To do this requires that we take a bold approach to continuous learning and invite local, national and international partners with a wide range of experience into the conversation. The lessons learnt from these conversations along with our expertise and experiences, will provide us with a clearer roadmap for tracking and measuring shared value impacts in the future. We greatly appreciate the contributions of all the NGOs, educational organizations, and government affiliates that have engaged in dialogue with us, giving us greater insight into biodiversity, wildlife, climate and social perspectives that they specialize in. This allows us to adapt and improve our business practices to ensure a more positive contribution.

We want to take this opportunity to recognize the support of the community of La Venturosa for making us part of their social fabric, the government of Colombia for their insights and council and our investors, including Sappi and Finnfund, for their belief and support. We especially want to recognize and thank our employees for their hard work, dedication, and belief in plantation forestry. It is through your collective support that FFC has been able to make the impact that it has.

As we move forward, we want to ensure that our decisions are based in fact and that we take into account different perspective.

***As we reflect on Forest First Colombia's efforts over the past ten years, we are confident that we are creating a unique, best in class sustainable forestry company that is fully committed to making a positive impact on the communities and the environment where we operate in Colombia.***

***As we enter our next decade of operations, we are committed to building on the sustainability principles and pillars presented in this report to realize our vision.***

***More trees make for a better world.***

Should you have questions  
please contact  
[info@forestfirst.com](mailto:info@forestfirst.com)





The Eucalyptus tree is known for its strength, versatility, and adaptability. Characteristics we embrace at Forest First Colombia.

This stunning Eucalyptus tree – found in Northern Colombia – is the inspiration behind the colors we've chosen to represent our four pillars: Living, Breathing, Growing and Learning.

Our pillars are the root of all we do.

**Forestfirst**  
COLOMBIA S.A.S.