



# Forestfirst

COLOMBIA S.A.S.

## *Sustainability & Shared Value Report*

*~ 2023 ~*

***We believe  
growing  
more trees  
makes for a  
better world.***



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*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.*

## Overview

*Forest First Colombia S.A.S. (FFC) is pleased to present our second 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.*

### About this report

The purpose of this report is to review our approach to sustainable development, to report on our progress and achievements, and to reflect on how our social, environmental and economic performance metrics create value for our stakeholders.

This report includes information on the performance of Forest First Colombia SAS from January 1 to December 31, 2023. Where we are able to provide information from prior years, we do so. Through our baseline data and subsequent updates we will continue to build the story on FFC's ESG performance.

This report was not subject to external verification but was reviewed internally by the Company's senior management. Any questions regarding this report may be sent to [contactenos@forestfirst.com](mailto:contactenos@forestfirst.com).

### Setting the stage

Our forestry plantations provide economic opportunities in one of the most remote rural regions in the department of Vichada in Colombia. Our strategic intent is to demonstrate global leadership in forestry products by pioneering and developing sustainable plantation forestry in this region. To do this, we acknowledge the importance of continuous learning and have identified areas for improvement.

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. We will review our progress but will also report on the challenges we face to continue generating value consistently for our stakeholders.

**Our approach to this is rooted in our four key pillars:**

**Living, Breathing, Growing and Learning.**

## Message from Our CEO



*In 2010 we gave life to Forest First Colombia S.A.S in the department of Vichada, in the Colombian Orinoquía region. With this, we materialized our dream of creating a business that would positively impact the environment and communities and would contribute to make this a better world. We are rooted in the belief that growing more trees makes for a better world.*

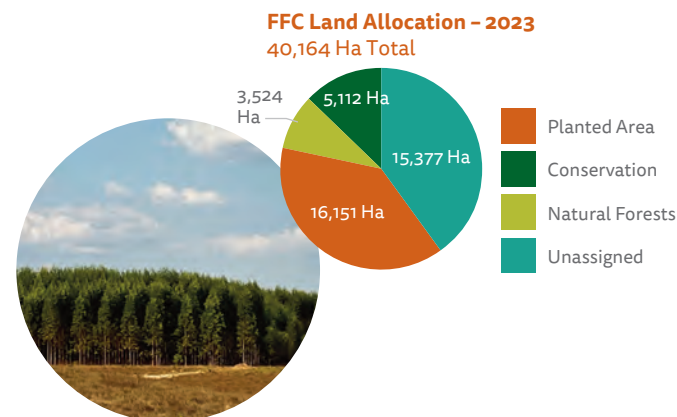
We understood humanity's enormous challenges in mitigating climate change and wanted to be part of the solution. We therefore created a business model to meet the growing global demand for wood fiber by planting and cultivating sustainable forests and, at the same time, contributing to carbon capture and climate change mitigation. We took on a commitment of creating value and promoting social development by focusing on the well-being and professional growth of our employees. We are also committed to initiatives that favorably impact the quality of life of our neighboring communities.

From our inception, sustainability was conceived as the core of our business model and a strategic priority. Thus, sustainability underpins our overall philosophy, and we work with a holistic approach that addresses four fundamental pillars: **Living, Breathing, Growing and Learning**. Through all of these we align our management with socio-environmental standards and best practices to achieve our corporate objectives.

Throughout our 2023 Sustainability Report, we inform about our Environmental, Social and Governance (ESG) performance on issues that have been deemed material and relevant, and which we manage within the framework of our four pillars of our strategy. However, we would like to take this opportunity to highlight some of our most important achievements and challenges that motivate us to continue working with commitment, passion and always striving for excellence.

### Sustainable plantations

It was clear to us from the beginning that our forestry project would be developed prioritizing the natural forests in the area of influence of our operations in the department of Vichada. We understood its high economic, cultural and ecological importance. As a sign of our deep commitment, we have allocated 8,636 hectares to active conservation and preservation, of which 3,523 hectares are natural forests.



Biodiversity protection is a fundamental factor in our sustainability strategy. We have decided to unify efforts by involving employees and communities in our initiatives and, very importantly, we rely on the expertise of widely recognized organizations. In 2023, we continued our monitoring of flora and fauna and strengthened the "Participatory Biodiversity Monitoring" program.

We are absolutely aware of the vital importance of water for the neighboring communities. We apply best practices in our processes and monitor the quality of water sources in the area to ensure that our operations do not generate any type of impact. Our commitment will be strengthened in the near future with studies aimed at determining any type of flow alteration.

### Workforce and local content

Our human talent is deeply committed to FFC's philosophy and the standards adopted by the organization. In addition, one of our greatest satisfactions is that, thanks to our presence in the territory, the communities have been able to access formal and stable employment opportunities that did not previously exist in the area. At the end of 2023, 78% of our workforce was made up of people from our company's area of influence. We will continue to strengthen our human talent, providing them with development and well-being opportunities and with a safe working environment. We will also continue to promote local content because this makes our contribution to the economic development of the region more tangible.

### We grow hand in hand with the communities

We could not be more grateful to the communities that have accompanied us in this growth process; they are our main allies and we also want them to see us as their allies in building a better future. We will continue to work hand in hand with them, with total respect for their culture and traditions, always listening to their concerns and expectations and doing our best to favorably impact their living conditions.

I conclude this message by inviting you to read our 2023 Sustainability Report which is the product of the FFC team's efforts to report on our ESG performance.



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

# About Us

## Who We Are, What We Do and Why We Do It.

### Who We Are

Forest First Colombia SAS (FFC or the Company) was founded in 2010 as a private company; rooted in the belief that growing more trees makes for a better world. We are established in Colombia and have consolidated a profitable business, capable of having a positive and tangible impact on the neighboring communities and especially on the environment.

Our administrative headquarters are located in Bogotá (Colombia) and our operations are carried out in the department of Vichada, in the Colombian Orinoquía region.

### Our Mission

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

### Our Vision

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

### Our Values

We asked our employees to confirm our critical values. The results are illustrated below:

#### Safety

- safety above all else
- everyone goes home to their family safely
- follow procedures
- use PPE always

#### Respect

- each other
- community members
- suppliers
- authorities
- the environment

#### Integrity

- behave ethically
- be honest in all you do
- be transparent
- do what you say you will do
- accept responsibility

#### Teamwork

- collaborate
- be reliable
- treat each other, at all levels, as partners

#### Results Focused

- consider time, cost, and performance
- meet deadlines
- work on the right things
- get the job done well (without sacrificing any of the other values)

#### Continually Improving

- pay attention
- think analytically
- identify and share opportunities for us to improve
- do not be afraid to speak up, regardless of your level - you may know, or see, something nobody else does.

### What We Do

FFC is a vertically integrated, sustainable plantation and wood product processing business, with FSC® certified forests (FSC®-C167272). As of the end of 2023, we have planted 16,151 ha of trees on our 40,164 ha of titled land. We plant, cultivate, process and sell wood products including lumber, fence posts, and biomass for bioenergy. Our business is also based on the production and sale of high-quality carbon credits in international markets, and biomass for power generation in the local market. Through our activity we contribute to the mitigation of climate change.

We have established a large-scale nursery with production capacity of approximately 10 million seedlings per year. We use several processes to produce trees: from seed and through cloning. In collaboration with our major shareholder, and technical strategic partner, SAPPI, we have developed our genetics to include high quality seed, and hybrids and clones ideally suited to optimize growth in the Vichada region. Our research trials improve our silvicultural practices in the local environment and developed infrastructure to engage in large-scale operations.

### A Commitment to Colombia

The decision to base our operations in Colombia was founded on over two years of research to find the best location in the world to develop a sustainable forestry plantation. 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 in. The Vichada region of Colombia was identified as an ideal location. We found a great opportunity to improve the degraded land through the cultivation and development of forests, promote the adequate use of the resources extracted from the trees, contribute to community development and to the protection of biodiversity and the mitigation of climate change.

Our operating area is located between the middle and lower basins of the Meta River and the Bitá River in the municipalities of Puerto Carreño and La Primavera. These two basins are differentiated by their source; the Meta river basin originates in the Andes while the Bitá river basin originates in the highlands of the department of Vichada. We participate along with other organizations in national and international treaties or agreements in our area of influence such as the Ramsar agreement\* and we cooperate with environmental authorities and organizations in charge of its care in the actions of protection and conservation of the basin.

We understand the great value of the biodiversity that characterizes the region where we operate. We are committed to maintaining more than 15% of the area under our management as gallery forests, buffer zones and wetlands.

### Products, Processing, and Sales

Competitively priced wood products are in very short supply as there is limited domestic wood processing capacity in Colombia. We have built a sawmill and have long term agreements in place to sell into this domestic market.

Our certified forestry plantations allow us to produce carbon removal credits that are certified by Verra under the VCS and CCB standards and are made available for sale in the voluntary markets. We also produce and sell biomass for power generation, which are in high demand, into the local market.



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

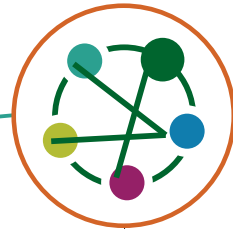
\* "The Convention on Wetlands" of 1971 under the auspices of UNESCO.

We have a vertically integrated business model.  
Our value chain includes the following steps

**FFC VALUE CHAIN**



**LAND RIGHTS ACQUISITION**  
Management of acquired land use rights.



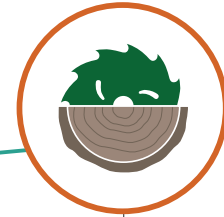
**PLANTATION DESIGN**  
Design of a land use map based on land cover and drainage, taking into account environmental and social criteria.



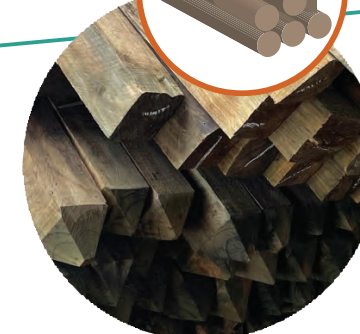
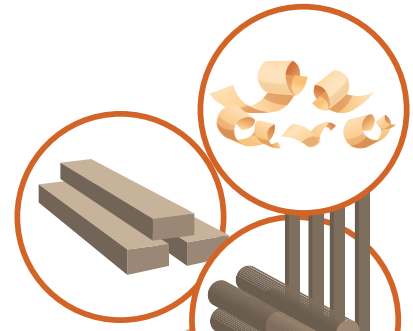
**NURSERY STAGE OR PREPARATION OF INDIVIDUALS**  
Seed sowing in the nursery banks to produce high quality seedlings.



**LAND PREPARATION + FORESTRY PLANTING AND MAINTENANCE**  
Conditioning of the soil for seedling placement.  
+  
Planting of seedlings and forestry maintenance.



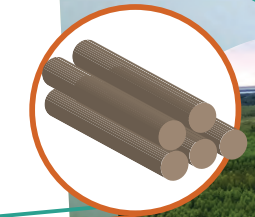
**HARVEST**  
Felling of adult and mature trees.



**POSTHARVEST AND PROCESSING**  
Transfer of trees to the sawmill; cutting, sorting and storage.



**TRANSPORTATION**  
Transfer by land or river of biomass and processed product.



**SALES + REVENUE**

RETURN TO INVESTORS + STAKEHOLDERS

**Our Value Chain**

The main objective of our forest plantation business is the production of certified, fastgrowing, high-yielding timber, which is processed and sold domestically for biomass energy generation or to produce wood products. Our plantations were initially focused on the Acacia mangium and Eucalyptus pellita species. As of 2022 we have concentrated on planting only Eucalyptus pellita. During tree growth, carbon credits are generated due to the storage of carbon dioxide (CO<sub>2</sub>) in the form of biomass.

**Responsible Supply Chain**

One of our main objectives is to ensure that our contractors fully comply with Colombian regulations and adopt high standards in labor and occupational health and safety matters. During that period, we conducted an audit to determine the degree of compliance with the occupational health and safety management system and with the applicable legislation. Based on the results of this audit, we developed an action plan aimed at improving performance, which is monitored on a quarterly basis.

**Our Partners**

SAPPI is a key strategic partner; it is a world-leading supplier of everyday materials made from renewable resources based on wood fiber. SAPPI focuses on sustainable processes with an emphasis on building a more circular economy.

The U.S. International Development Finance Corporation (DFC) has provided us with capital and is a strong supporter of our efforts. Our relationship with the DFC has led us to adopt the International Finance Corporation's (IFC) sustainability standards. We know of no other afforestation company that meets these stringent standards.

FinnFund, one of our major shareholders, is a Finnish financial institution that invests in companies in developing countries, focusing on sustainable development. It demands profitability, environmental and social responsibility, and measurable development effects in the countries where it operates.

During 2023, nine contractor companies supported FFC's forestry, transportation and food service activities.

### Why We Do What We Do

We are concerned about climate change and believe that sustainable plantation forestry can be one of the greatest mitigants to climate change. FFC makes a difference by operating one of the largest hardwood afforestation plantations in Colombia, while protecting, improving, and regenerating the biodiversity in the region 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. We work hard to educate the communities to change local land management practices by implementing proper planting and maintenance protocols.

### Striving to Be the Best

We continually strive to implement best practices for sustainable forestry in Colombia. This includes compliance with all applicable laws, regulations and nationally ratified international treaties, conventions and agreements. We have an unwavering commitment to the highest international standards and to defining and mitigating social and environmental risks associated with our operations. As such, our management practices, which have guided our operations since inception, have expanded to enhance our monitoring across a range of important matrixes and external communications.

### High Standards

To ensure that we will lead by example for our industry we have adopted a number of international standards.

#### United Nations Sustainable Development

The standards that we initially guided ourselves by are the Sustainable Development Goals (SDG) of the United Nations. We contribute directly to ten of these goals, illustrated by icons below.



We have prioritized some of these, considering the opportunities identified in the area where we operate and in order to focus our efforts.



### FSC® Certification

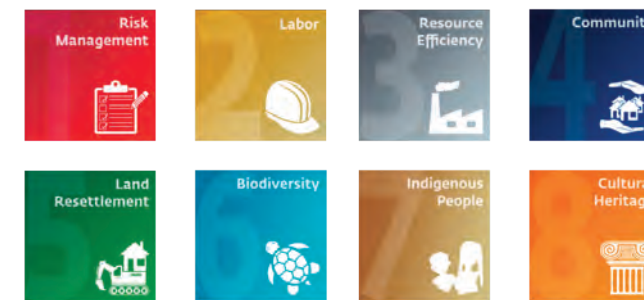
Chronologically, the next major milestone was with FSC®. Their certification is a "must have" for any reputable forestry or wood products company. We obtained certification from the Forest Stewardship Council (FSC® - C167272), valid from 12-10-2021 to 11-10-2026, at which time we will apply for renewal. This certification confirms our strict compliance with the standards and principles defined for responsible forest management. This translates into careful planning and monitoring of our forestry activities, as well as the preservation and protection of the valuable ecosystem services provided.

By aligning our business practices with these principles, we reaffirm our commitment to compliance with laws and treaties, both at national and international levels, while respecting the rights of local communities and indigenous peoples. At the same time, we actively promote the socioeconomic well-being of the workers and the communities with whom we collaborate.

### IFC Performance Standards

As part of our relationship with the DFC, we adopted the stringent IFC Performance Standards on Environmental and Social Sustainability. Through these, we are addressing and managing the environmental and social risks associated with our business operations, promoting respect for human rights, cultural diversity, and community participation, and ensuring responsible management of natural resources. This strengthens our position as leaders in the sector both nationally and internationally in promoting ethical, transparent, and socially responsible business practices. The icons below illustrate the various performance standards we adhere to.

To the best of our knowledge, we are the only afforestation company globally to reach the IFC milestone.



### VERRA Standards

The carbon markets have a number of different standards established by different parties. We are certified by VERRA under the Voluntary Carbon Standard (VCS) and the Climate, Community and Biodiversity Standard (CCB). These certify that our project contributes to climate change mitigation through the reduction of greenhouse gas emissions. This certification also ensures the quality and transparency of carbon credits we generate and guarantees that our activities have positive impacts on biodiversity conservation and the well-being of local communities.



### Our Leadership Team

We'd like to introduce you to our talented and diverse leadership team, all of whom have a great depth of experience, either locally, internationally, or both!

### Board of Directors



**Michael Murphy**  
CHAIRMAN OF THE BOARD  
(FOUNDER)



**Michael Hobbs**  
DIRECTOR



**Jorge Segovia**  
DIRECTOR



**Oswaldo Patiño**  
FORESTRY MANAGER



**John Yepes**  
HARVEST & TRANSPORT  
MANAGER



**Eduardo Palacio**  
LOGISTICS & MAINTENANCE  
MANAGER



**Luis Carlos Molina**  
PROCESSING MANAGER



**Giovanni Sale**  
DIRECTOR  
SAPPI REPRESENTATIVE



**Tobey Russ**  
DIRECTOR & CHIEF  
EXECUTIVE OFFICER  
(FOUNDER)



**Katia Hernandez**  
NURSERY MANAGER



**John Salazar**  
PLANNING MANAGER



**Igor Lilo**  
DISTRICT MANAGER

### Executive



**Jonathan Dodd**  
CHIEF FINANCIAL OFFICER  
(FOUNDER)



**Walda Decreus**  
GENERAL COUNSEL  
(FOUNDER)



**Tatiana Pachon**  
CHIEF COUNTRY OFFICER



**Carolina Botero**  
VP STRATEGIC INITIATIVES



**Jairo Vargas**  
DIRECTOR, ESG



**Claudia Cardenas**  
MANAGER,  
FINANCE & ACCOUNTING



**Pavel Polo**  
H&S MANAGER



**Eric Cantor**  
CHIEF OPERATING OFFICER



**Stewart McNair**  
CHIEF HUMAN RESOURCES  
OFFICER



**Patricia Infante**  
HUMAN RESOURCES  
MANAGER



**Guillermo Rojas**  
PROCUREMENT MANAGER



**John Andrade**  
CAMP MANAGER



**Camilo Lopez**  
SALES MANAGER

### Operations

### Corporate

# Ethics, Governance, and Best Practices

## Corporate Governance + What We Do for Our Partners

### Corporate Governance

We have taken on the challenge to create a governance structure that is based on the highest ethics and transparency standards, that creates long term value for all our stakeholders and that ensures high corporate social, environmental and financial performance.

### Our Board of Directors

The Board of Directors is our highest governance and decision-making body and is responsible for ensuring compliance with the Company's strategic objectives, including those associated with sustainability. The Board ensures control and supervises our CEO.

### Our Leadership Team

To guarantee the fulfillment of our business objectives, including the generation of economic, social and environmental value for our stakeholders, within the framework of the highest standards and best industry practices, we have a qualified leadership team with extensive experience in the domestic and international forestry industry. For more information, please visit our website: [www.forestfirst.com](http://www.forestfirst.com)

### Ethical and Transparent Performance

We conduct our business in an ethical and transparent manner, adopting the highest international standards. We have governance instruments that guide our behavior and that of all those who act on our behalf, and we ensure that they are duly communicated through effective channels.

### FFC Code of Conduct

Our Code of Conduct, updated in 2023, defines the behaviors expected of all employees in accordance with corporate values, current regulations and the highest standards.

The Code provides guidance to employees and managers on aspects such as:

- Questions or allegations of Code violations
- Asset and information protection
- Confidentiality
- Business relationships
- Conflicts of interest
- Work environment
- Compliance with legal terms in general
- Relationship with communities

Similarly, the *Business Ethics and Transparency Program (BETP)* establishes the procedures and guidelines for combating corruption and transnational bribery and allocates responsibility for supervision and control to the Compliance Officer. FFC expressly prohibits the financing of political parties and candidates for election.

### Incorporation of policies

Both our Code of Conduct and our corporate policies are mandatory for all employees and contractors. We ensure spaces and channels for our employees to learn about and adopt them. Induction processes and the posting of our governance instruments in strategic locations throughout our facilities are essential to ensure the above.

**100% of our employees have been informed about our anti-corruption policies.**

With respect to our supply chain, each contract has an administrator from FFC's staff who is in charge of monitoring and verifying compliance within the framework of the corporate policies and guidelines accepted by contract. In addition, we perform labor and health and safety audits.

We understand the importance of managing risks that, if they materialize, could negatively affect our competitiveness, reputation and sustainability. Through our *Self-Regulation and Integral Risk Management System (SAGRILAFT) Manual* and *ML/FT/FPWMD Policy*, we have adopted procedures to identify, measure, control and mitigate the risks associated with money laundering, financing of terrorism and financing of the proliferation of weapons of mass destruction.

Our whistle-blowing channels are open so that all our stakeholders can confidentially alert us to improper actions, irregularities or possible breaches of our Code of Conduct. Interested parties can access these through the <https://forestfirst.com/contact/>. Issues related to SAGRILAFT and BETP should be clearly specified in the appropriate form or communicated via e-mail to the following: [sagriluft@forestfirst.com](mailto:sagriluft@forestfirst.com).

### Keeping it Fresh

We conducted an extensive review of our policies in 2022 and 2023. All our policies were brought in line to the international standards we adhere to, whether about ethics, people, finance, operations, or any other topic for which we provide guidance to our organization. As we continue to work with our various partners and stakeholders we will continue to refresh our policy and procedures content.

With each audit by the FSC® our Forestry Management Plan is subject to review. And changes to the plan were implemented in 2023. A copy of the management plan can be found on our website.

For 2024 we are planning a review and edit of our Code of Conduct, and our entire workforce will go through recurrent training on it. We also hope to implement a training management system which will also us to provide accurate and timely training records and schedules.

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.



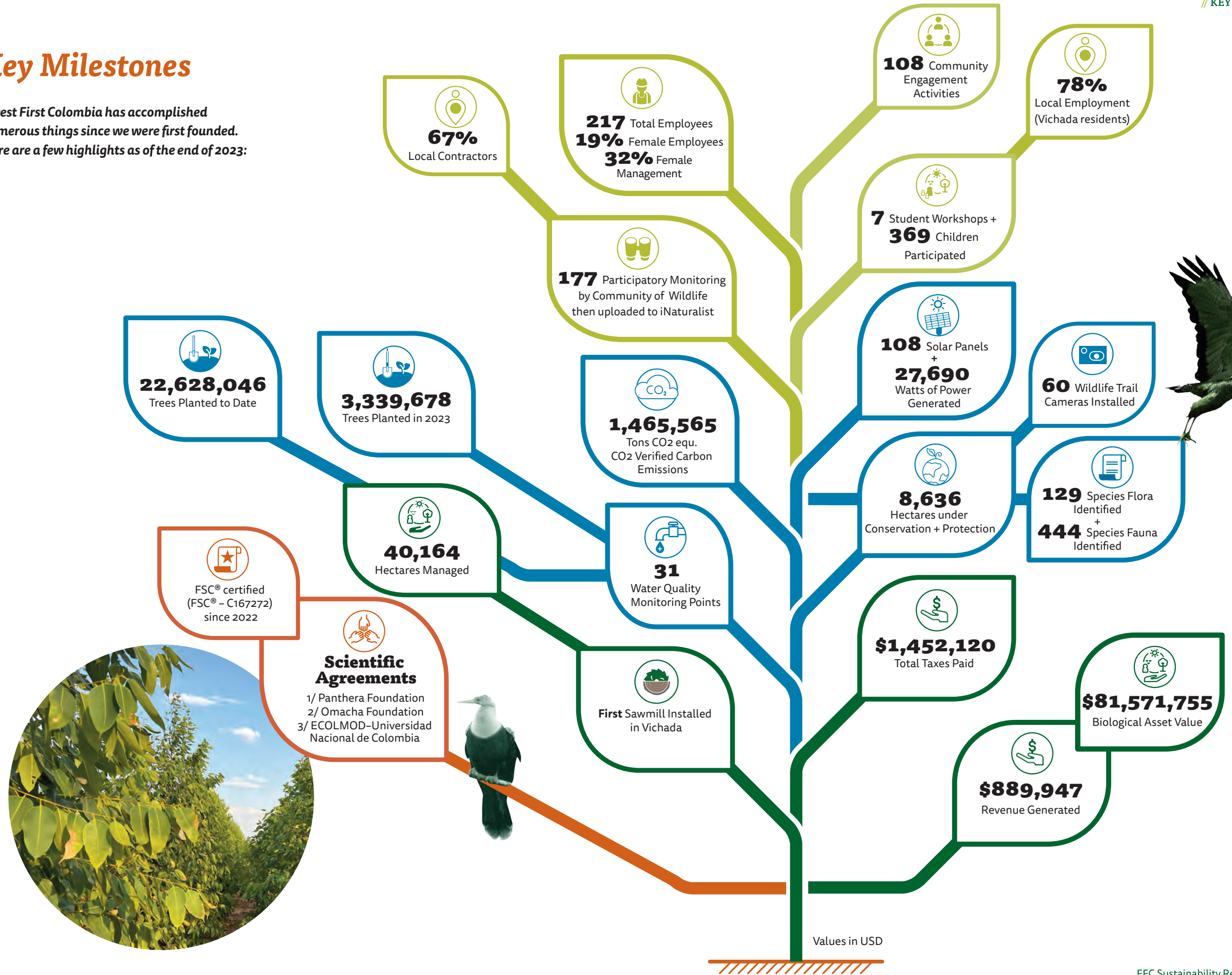
Stimulating local economic development through assistance to startup businesses.



Protecting terrestrial ecosystems through sustainable forestry management infrastructure.

# Key Milestones

Forest First Colombia has accomplished numerous things since we were first founded. Here are a few highlights as of the end of 2023:



Values in USD

We have achieved many milestones to date. We are proud of our accomplishments and continue to work hard to achieve more ~ always driven by our pillars for sustainability.

# How We Are Doing: by the Numbers

5 //

## Financial Overview

In the afforestation industry the trees must grow for several years before delivering their value. The first phase of our financial history was focused on finding investors to provide the funding to establish the company and do our early planting. Our initial investment came from the five founders of the company, four of whom are still active with us. Together they solicited investment from a number of high-net-worth individuals or family offices who believe in what we are doing; improving the planet in an environmentally and sustainable way. This is not a charity endeavor; we are very much a "for profit" company with a promise of a long-term financial and environmental return for our investors. It is critical to have positive economics to be truly sustainable.

As we have grown, we have added three larger investors: Sappi, Finnfund, and the DFC. Sappi has so far invested \$21.5 million, Finnfund \$10 million, and the DFC have lent us \$22 million. All three have brought additional, non-monetary, value to us.

We are on the cusp of achieving positive operational cash flows within the next year or two as our wood processing business reaches steady state production. There are four specific financial areas that sustainability reporting typically requires. Each of those is briefly discussed below.

### Direct Economic Value Generated and Distributed

The generation of cash in our industry requires a considerable lead time as the trees need years to grow. Our forests are already generating revenue from the sale of carbon credits. We transferred 482,000 carbon credits to Shell Trading, in 2023, as part of a preferred financing arrangement. Gross revenue generated in 2023 was \$889,947. All earnings have been retained by the company to fund operations. We will see a revenue increase in 2024 as we expand our processed wood sales.

The years to date have also been valuable in generating economic gains for those people we employ, and their families, as well as for the businesses that provide us with contracting services, as well as their employees. The region as a whole has seen an uptick in economic opportunity that has resulted in an expansion of infrastructure and essential services. Through 2023 our Colombian payroll costs, including benefits, amounted to \$3,143,595. During the same period we paid \$3,436,871 to the contracting companies providing us with service. In 2023 we also paid tax to the Colombian government in the amount of \$1,451,491.

### Climate Change Risks and Opportunities

As we are essentially an agriculture company, with the potential to sequester millions of tons of CO2 from the atmosphere, the support of solutions for climate change and its associated risks is one of our guiding principles. We also recognize the potential risks the impact of negative climate change could bring to us.

Trees require, amongst other things, the right amount of sunshine, and adequate precipitation. Our area of operation, along the equatorial belt in the lowlands of Colombia, provides us with optimum quantities of both. Increasing temperatures in the region would not have a material impact on our plantations but would likely require us to pay even more attention to the health and welfare of workforce. The average annual rainfall is about 2,300 ml. If rainfall were to dramatically increase it would not materially impact our growth rates, but it would make

operations more challenging due to the increased difficulties with transportation in the wet and muddy conditions. This would require mitigation through increased expenditure on road construction and maintenance, and possibly an increased reliance on all-terrain equipment.

Were there to be a significant decrease in rainfall we would expect to eventually see a reduction in our growth rates, but the decrease in precipitation would have to be drastic given the surplus now available to us. Reduced precipitation would likely result in lower river levels, which would negatively impact our barge transportation season, although it is likely this would somewhat be offset by increasing our season of road transportation. A combination of a material reduction in precipitation and increasing temperatures would potentially increase the risk of fire.

On a macro scale climate change actually provides us with more opportunities than challenges. Our business is a mitigant to climate change, due to CO2 absorption and tree respiration, as well as the microclimates created by forests. Climate change is one of the drivers of increased activity in our sector and is expected to also drive further investment and increasing revenues.

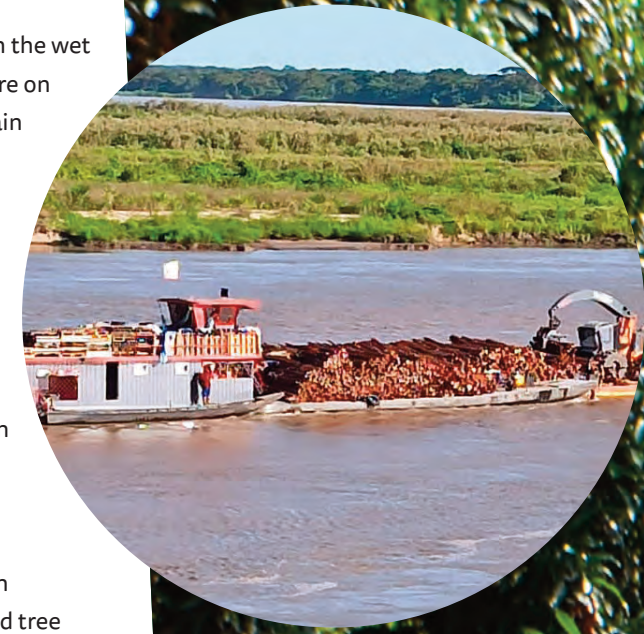
### Defined Benefit Plan Obligations and Retirement Plans

We have no defined benefit pension plans in place. From our perspective all of our retirement plans are defined contribution. For the Colombian workforce this is achieved by company contributions into the Colombian government pension structure on behalf of our employees, with the government then being responsible for the delivery of the benefit. For the five employees not employed in Colombia there is a defined contribution amount to their individual, regulated pension plans.

### Financial Assistance Received from Government

We currently do not receive any financial assistance from the Colombian government. Having said that, for our plantation areas planted prior to 2023 we receive a preferential tax treatment on sales of wood products made from those plantations. This is through a deferral of corporate tax on profits from those sales. Tax will only be levied on those profits if and when they result in a dividend to our shareholders. In 2023, the government ended this tax benefit for plantations developed from 2023 onwards. Formerly, we, and other forestry companies, also received a discounted insurance rate for our plantations, but this program was discontinued by the government for 2023.

As previously mentioned, we have received loans totalling \$22 million from the DFC, which is a branch of the U.S. government. These loans will all be repaid, with interest, according to a mutually agreed schedule. Finnfund, who remain one of our equity investors, is at arms length to the Finnish government, but receives their funding from the state.

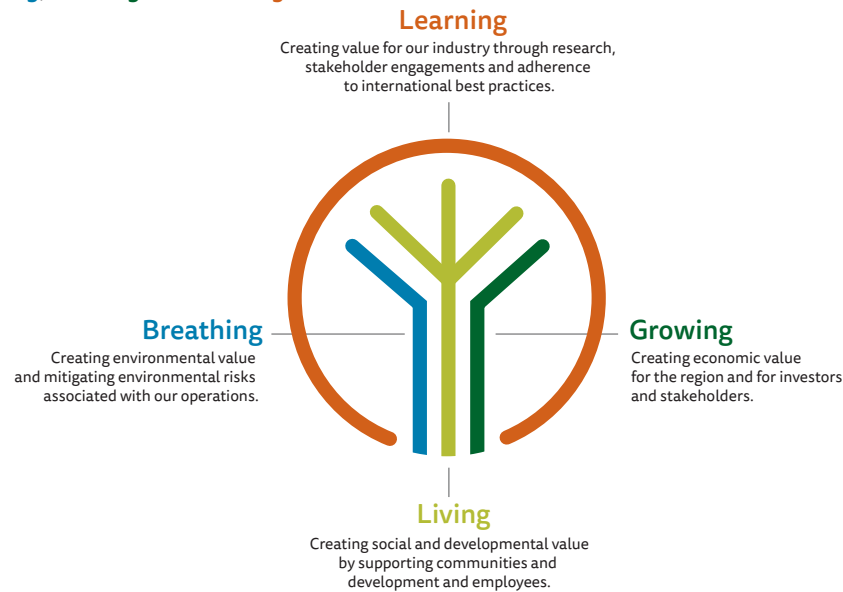


# Our Commitment to Sustainability

## Our Commitment to Sustainability

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>

Right from the start, our goal has been to make a positive impact on the communities and environment where we operate. We are committed to sustainable forestry, which underpins our overall corporate philosophy. Our approach to this is rooted in four key pillars: **Living, Breathing, Growing and Learning.**



A primary driver of our approach is to continuously *learn* the best practices specific to the context of our region; 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.

### The Material Impacts of Our ESG Practices

Starting in 2022 we identified and assessed the material impacts of our operations on the economy, the environment, and people, including human rights, and analyzed our risks. We then prioritized the most significant ones. To do this, we took into account the results of the enquiries carried out with our stakeholders on social, economic and environmental issues, our strategic planning, the results of our outreach activities and survey data from the communities, as well as the risk analyses prepared and the *Petitions, Complaints and Claims* mechanism.

In 2023, we conducted a new materiality review and decided to also incorporate the *Greenhouse Gas (GHG)* and climate strategy topic. Our positive impact on climate change mitigation is inherent to the nature of our business and is a critical component of our sustainability strategy. We also decided to include the material issue of water management, understanding that this is a shared resource, of high strategic value for our activities and essential for the life and well-being of the neighboring communities. We remain committed to all the international standards to which we ascribe, to address the national and global challenges.

## Our Foundational Pillars



**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



**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 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 the 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 the report include:*

- Local Economic Development
- Local Infrastructure Development
- Stimulating the Colombian Economy & Forestry Growth

#### FFC Material Concerns:

- Greenhouse Gases (GHG) and Climate Strategy
- Water Management
- Biodiversity
- Ethics and Transparency
- Human Rights
- Occupational Health and Safety
- Community Relations + Development
- Employment

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

### Integrated Social and Environmental Management System

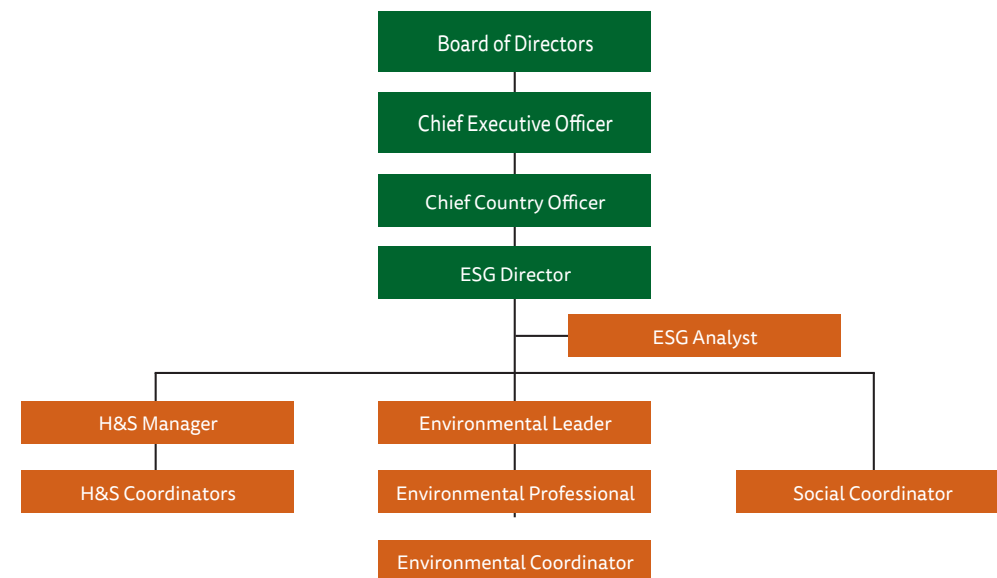
In 2023, we updated our *Social and Environmental Management System*, through which we ensure compliance with current regulations and comprehensively manage the social, environmental and governance risks and impacts associated with our operations throughout the business life cycle and considering all our stakeholders.

Leadership and commitment to the implementation of the *Integrated Social and Environmental Management System* is the responsibility of the Company's senior management. The FFC Sustainability area drives its implementation by working directly and continuously with other operational areas such as Planning, Nursery, Forestry, Harvesting, Maintenance and Logistics, which are all responsible for applying the guidelines, directives, processes and procedures.

The System is also based on our *Code of Conduct* (see section 6) and corporate policies, which establish our framework for action and ensure that the company's activities are responsible and sustainable, including the social and environmental policy, human rights policy, transparency and business ethics policy, human resources policy, occupational health and safety policy, property security and acquisition of land use rights policy.

### Organizational Structure for Sustainability Management

In 2023, we strengthened our organizational structure to manage sustainability by addressing environmental, social and governance (ESG) criteria and assigning specific roles and functions. The ESG Manager leads the strategy and reports directly to the Chief Country Officer, who in turn reports to the Company's CEO. The CEO is accountable to the Board of Directors.



### Our Stakeholders

Since our inception, we have placed our stakeholders at the heart of our business. We understand the importance of recognizing and considering all those who may be affected by the project or who may affect it and building solid and lasting relationships with all.

We are committed to establishing and maintaining active communication channels with our stakeholders at all stages of the project to learn about their concerns and expectations and incorporate them into our management, always having as a horizon the creation of value for each of them.

We have identified our stakeholders in the area of operations and have characterized and prioritized them taking into account evaluation criteria such as "influence" and "importance" with respect to the project. We have also applied methodologies and tools to understand their expectations and concerns. This exercise is the basis on which we have structured the Relationship Plan with Social Players.

- Shareholders
- Employees
- Neighboring communities
- Contractors and suppliers
- Government



## Human Rights

**Respect for Human Rights is inherent in all our activities at FFC; we do not tolerate any behavior that violates the rights of people in our operations or in our supply chain.**

Our *Human Rights Policy* is based on the *United Nations Universal Declaration of Human Rights* and the *ILO Declaration on Fundamental Principles and Rights at Work*, as well as on current national and international regulations. It applies to all our operations and must be adopted by employees, contractors, or any third party acting on our behalf.

We are committed to promoting equal opportunity in the workplace and eliminating all forms of discrimination, whether based on origin, religion, disability, gender, sexual orientation, political affiliation, race or age. Any type of forced or compulsory labor and child labor is prohibited in our operations, and we strive to ensure that none of these human rights violations occur.

Our *Petitions, Complaints and Claims (PQR)* mechanism considers issues associated with human rights. In 2023 FFC did not receive any complaints of possible human rights violations.

### Our commitment to human rights

We designed training and educational programs for workers (employees and contractors) to ensure compliance with the *Human Rights Policy*. Based on the results of an initial human rights perception survey conducted in 2023, we identified gaps and opportunities and designed workshops to strengthen the knowledge of our workforce. When conducting the survey, we considered each employee's role in the organization. As a result of these activities we have established guidelines specific to each individual area of the Company.

## FFC Memberships and Affiliations

We are aware of the importance of actively participating in the trade associations that bring together companies of our type in Colombia; through a joint effort we not only strengthen the sector, but also promote the best socio-environmental practices in the country. During 2023, we maintained our membership in:

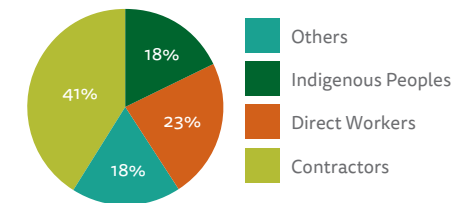
- Sociedad de Agricultores de Colombia (Colombian Farmers Association)
- Federación Nacional de Industriales de la Madera (Fedemaderas) (National Federation of Wood Industrialists)

## Handling of Petitions, Complaints and Claims

FFC maintains an active, transparent, understandable and easily accessible system for the reception, study and handling of petitions, complaints and claims from employees, contractors, communities, indigenous peoples and any other key stakeholders.

During 2023, a total of seventeen *Procedure Qualification Records (PQRs)* were received; 53% were claims, 24% were complaints, and 24% were petitions. As of December 31, 2023 53% of the PQRs had been closed and the other 47% were open and in process.

PQRs by Stakeholder



Forty-one percent of the PQRs were submitted by FFC contractors, followed by employees and indigenous communities. The most frequent labor claims were requests for clarification regarding work clothes and other items supplied by the company, compliance with working hours, and legal labor settlements. The indigenous communities that accessed the PQR expressed an interest in obtaining more information on the scope of FFC's operations.

We will continue working to strengthen our PQR mechanism, especially in reducing response times. This is a key instrument for effective relations with our various stakeholders.



## What We Do for Our Employees & Community.

Our living pillar is all about people. Our employees and the communities that surround and include us. One of our employees, Rolando, is a great example of a positive impact.

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**“My work at FFC focuses on environmental safety and health. It is about taking care of any kind of living being in the area, whether people, animals or plants.”**

**Rolando,**  
Environmental Controller, FFC





MEET//

**Rolando**

Environmental Controller, FFC

*Rolando's fulfilled and yet to be fulfilled dreams.*

*At the age of five, Rolando left the department of Vichada with his adoptive parents, leaving behind his indigenous Piapoco community. He said goodbye to his grandparents, who promised never to lose contact with him and to follow his footsteps from afar. Rolando lived and studied in the city of Pereira in the Colombian coffee region, far away from the department where he was born. However, his origins, his grandparents and his territory were always present in his mind and in his heart...*

When he turned 19, Rolando felt the need to return to his origins and set out on his journey. He arrived in Puerto Carreño and became deeply involved with his community, even learning the Piapoco language to better understand his culture.

Vichada gave him new opportunities and he found in the enormous natural wealth of the Colombian Orinoquía his great inspiration to grow professionally and personally. He enrolled in a course in *Safety and Control of Risk Factors in Environmental Consumption* at SENA, because if there is one thing that he is passionate about it is the way in which indigenous peoples and nature are understood as one.

Once Rolando finished the academic stage of his technical studies in 2023, he began to apply at different companies in the region in order to advance to the productive stage as an apprentice. He hoped to be very close to his home in Puerto Carreño, where today he takes care of his grandparents.

In the midst of this search, *Forest First Colombia (FFC)* appeared in Rolando's life, and he joined the company as a SENA apprentice. For six months he worked and learned like never before.

*"I set my goals, I took advantage of every moment and every opportunity to learn from the leaders, to acquire the necessary experience and to be able to apply it in the field when I was assigned tasks. I showed that I love the field, identifying environmental issues and new species, exploring continuously," says the 26-year-old.*

It was precisely his proactive spirit, his knowledge of the territory and his ability to interact with the environment that, according to Rolando, opened the way for him to be hired by FFC when he finished his apprenticeship. There he was, full of pride with a formal employment contract and many challenges ahead of him as *Environmental Controller* and employee of the company's sustainability area. *"My work at FFC focuses on environmental safety and health. It is about taking care of any kind of living being in the area, whether people, animals or plants. Controllers are among the most important pillars of companies. We take care of the environment, but we also protect the people who work in the camps so that they do not run risks with the species that inhabit the territory,"* he explains.

Rolando sees FFC's forestry plantations as a great opportunity for Vichada to have more forests. *"This is the way in which we are building a home for the wildlife that inhabit the region".* The important thing, according to him, is to continue protecting the existing gallery or natural forests, as the Company has been doing.

Today, the young man from the Piapoco indigenous community has only words of gratitude for FFC and for Vichada. *"I came back to move ahead in my land. Since I started working formally at FFC, I stopped being the person who went from street to street looking for a job; I have a stable position, I help my family, I have been able to help with the remodeling of our house, I bought a piece of land and I hope to continue saving and acquiring more. I also want to study Industrial engineering and create my own micro-enterprise, a kind of farm".*



**Rolando not only wants his own success but also to be an inspiration to other members of his indigenous community:**

*"We must not stop there, we must fight for a dream and show the world that we can achieve it".*

# Growing for a Better Community.

**We have a positive impact on people.**

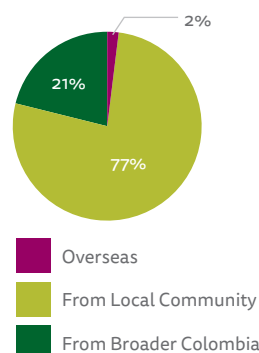
**We have a deep commitment to our employees; their professional growth and well-being and we focus much of our efforts on creating a safe working environment. We are committed to our neighboring communities and promote initiatives that favorably impact their quality of life, focusing on health, education and development of community leadership.**

## Our Workforce

Human talent is our most valuable asset; we want our employees to find job stability at FFC, as well as opportunities for development and professional growth. We work to create a safe and increasingly diverse and inclusive work environment.

We have a highly qualified and committed workforce. At the end of 2023, our workforce consisted of **217 employees**, all of whom were hired directly by FFC in accordance with the requirements of Colombian law. We are aware of the positive impact we can have in the department of Vichada, generating formal and stable employment opportunities. For this reason, 78% of our direct employees are from the area of influence of our operations.

**Where FFC Employees have been Sourced from in 2023**

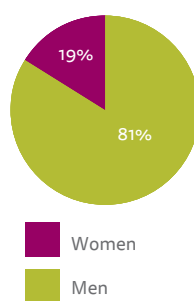


FFC Employees

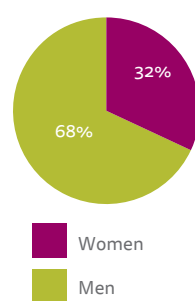
## Empowering Women

FFC helps to empower women with employment and skills. We believe that a diverse and inclusive workforce enhances our competitiveness and we practice gender equality and have a policy to support this. The forestry sector has historically been male dominated which generates a challenge to create job opportunities for women including positions that have previously been held exclusively by men. 19% percent of our personnel are women, 81% are men; and, of the 19 management and strategic positions at FFC, 6 are held by women, which is equivalent to 32%.

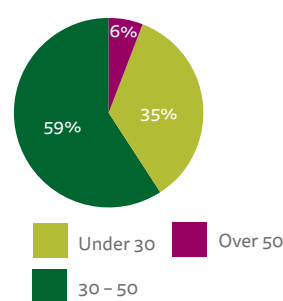
**Direct Employees by Gender**



**Leadership Positions by Gender**

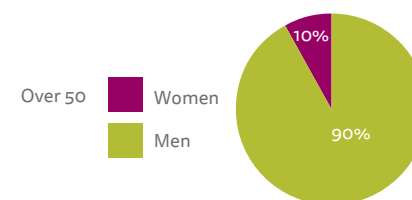


**Direct Employees by Age**



In addition, we had 117 contractors. They are key workers for our company who perform full-time tasks in the project, specifically in activities directly associated with forestry, food service and camps.

**Indirect Employees by Gender**



Note: The information presented here was extracted from FFC's staffing table as of December 31, 2023, in the case of employees, and from the reports submitted by our contractors at the end of that period, in the case of contractors.

We currently have no unionized employees. However, as stated in our Human Rights Policy and our Human Resources Policy, we respect freedom of association and trade union rights. In 2023 there were no strikes or work stoppages by employees or contractors.

## Stable Employment, Benefits and Effective Communication

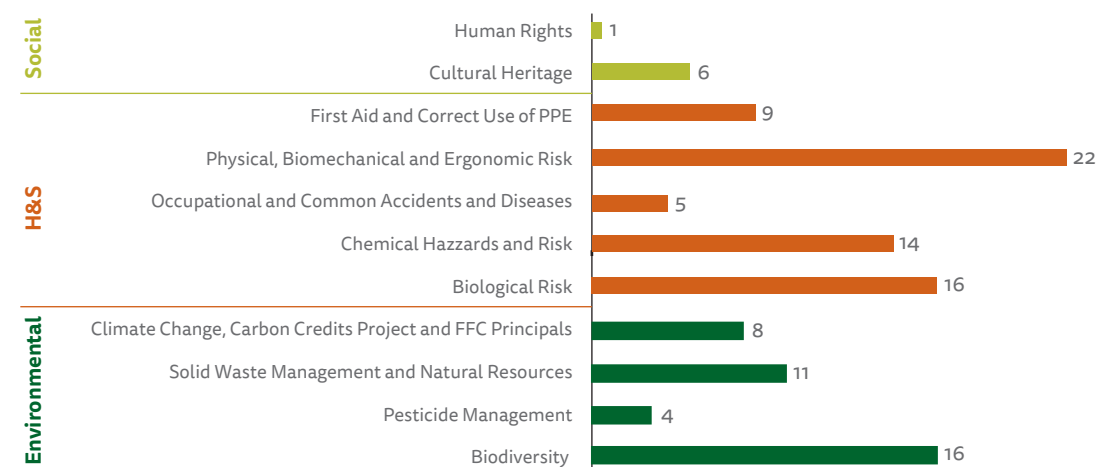
We want to attract the best human talent, provide them with stable employment opportunities, as well as a range of benefits that constantly motivate them. Among these are: health and family protection, supplementary health care, rotation allowance, life insurance and funeral policy. We strive to ensure that our employees receive clear and detailed information about their rights, duties, benefits, as well as the channels established by the Company to be heard (COPASST, Coexistence Committee, Petitions, Complaints and Claims Mechanism).

## We Create Capabilities in our Workforce

We want our employees to find a safe working environment at FFC and to develop skills in key aspects related to sustainability. We have designed and implemented training programs on key topics.

In 2023, the Sustainability and HSE area provided training to our employees and contractors on 19 different topics through 112 training programs, which took approximately 86 hours.

**Training Topics**



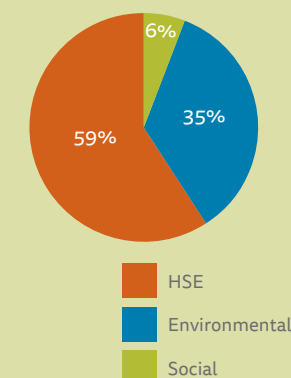
The main themes developed in environmental issues are associated with biodiversity, climate change and natural resource management; in social issues, with human rights and protection of archaeological heritage; and in the H&S area, priority was given to the main risks to which employees and contractors are exposed.



Employees and contractors were provided training on **19 topics** through **112 training programs** which took **86 hours**.

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

**ESG/HSE Training By Area**





## Occupational Safety and Health are Our Priority

The safety and health of our employees and contractors is essential to the achievement of a socially responsible and sustainable operation.



Safety of our employees and contractors is paramount to our operation.

Occupational Safety and Health (OSH) are a priority in our business strategy. We constantly strive to foster a culture of safety throughout the organization and in our supply chain, complying with domestic legislation and applicable international standards.

Our Occupational Safety and Health Policy covers the entire life cycle of the business and includes all personnel, both direct and indirect, as well as all activities, routine and nonroutine. We also consider neighboring communities that may be affected by our operations.

We are committed to managing OSH through a continuous and participative improvement approach. Our objective is to identify, assess and prevent OSH risks, as well as to avoid behaviors that jeopardize the health and safety of our employees. We are also committed to communicating our policies and procedures to all our stakeholders.

Our OSH management approach combines leadership and accountability for all employees. Under the guidance of the H&S manager and his team of coordinators, as well as with the participation of the Joint Occupational Safety and Health Committee (COPASST), workers participate in the identification and assessment of hazards, as well as in the definition of the necessary controls to ensure the health and safety of all. This process is carried out through regular safety meetings as well as through education, inspection, training and incident investigation activities.

**Collective learning of hazards and risks, coupled with a robust reporting system, contributes decisively to the achievement of our OSH goals.**

## Injury Prevention

Like many other industries, forestry has a set of risks that are specific to the industry. We ensure that proper training and equipment are provided to all 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, as well as shelter when in the field for significant amounts of time.

Our operations team is responsible for the reporting of all incidents and have appointed a Health and Safety person to support our safety program. All lost time injuries are recorded and investigated. The monthly Lost Time Incident Frequency Rate (LTIFR) is recorded, with zero lost time injuries as our 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 behavior by all employees and contractors has also been put in place.

## First Aid and Emergency Response Training

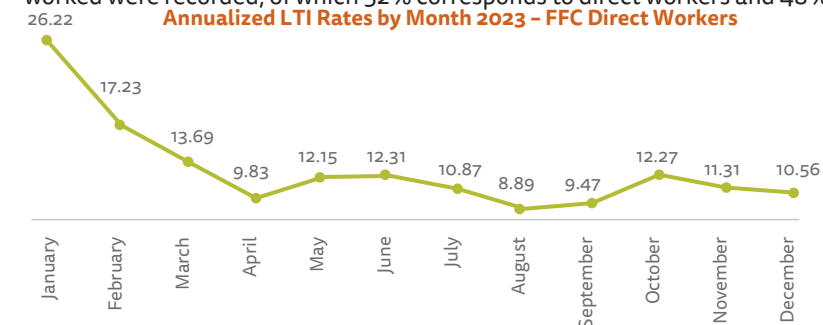
We have combined the delivery of our first aid courses with our emergency response procedures training. Additionally, we arranged for medical personnel from the military forces to provide medical consultations in different fields as well as provide emergency response training. This approach has proven to be highly effective. The only critical incident recorded in the last four years occurred when a contract employee was bitten by a Bothrops snake. Colleagues 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.

Even with the best training, and proper PPE, injuries do happen. During 2023, there were twenty-three (23) lost time injuries (LTI), two medical treatment cases (MTC) and twelve first aid care (FAC) cases of employees of FFC.

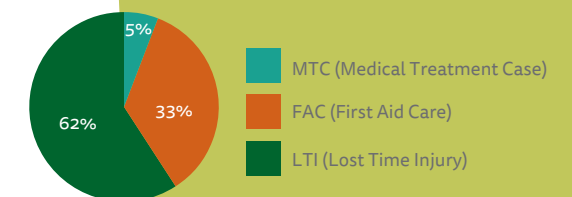
The cases were mostly associated to blows with tools, as well as falls and back pain when carrying out the various activities. The remaining cases related to poisonous insect stings and road accidents, such as falls from motorcycles or accidents in pickup trucks due to poor road conditions.

In view of the above results, we carried out a new review of our risk matrix to strengthen controls and barriers, aiming to reduce or avoid accidents in the workplace. We also strengthened training programs focused on the dominant risks and their controls, such as active breaks, alarms, due processes and additional personal protective equipment. We reinforced safety inspections, procedures and instructions that will help us to achieve a safe workplace without incapacitating injuries.

In 2023, the lost time incident rate of our direct employees was 10.56. A total of 837,645 hours worked were recorded, of which 52% corresponds to direct workers and 48% to indirect workers.



Types of Accidents at FFC - 2023



Students from the indigenous community of La Mayera – Jaguar School Project – Fundación Panthera



### Community Relations Based on Trust

**Our commitment to the neighboring communities is to carry out forestry activities with total respect for their culture, customs and environment. Through direct engagement and transparent dialogue, we build bonds of trust and, through the implementation of programs and initiatives, we favorably impact their quality of life.**

FFC's Social and Environmental Policy and Human Rights Policy are the corporate instruments that guide our actions in terms of community relations and development, ensuring compliance with local and international regulations, as well as with standards and best practices.

The Social Stakeholder Engagement Plan establishes the guidelines for effective interaction between our company and its stakeholders. In this plan, we have defined four main axes that allow us to align FFC's strategic objectives with the needs and expectations of the communities and authorities in the project's area of influence. These axes address key areas such as information and communication, productive development and community development, relations and risk, and impact management.



Listening to our social stakeholders is a priority to us. To facilitate this we have implemented communication channels that allow us to always be accessible and receptive to their concerns and suggestions.

We deeply recognize and respect the needs and perspectives of the local and indigenous communities with whom we interact. That's why we have developed differentiated relationship strategies that allow us to establish strong and respectful relationships with each of them according to their specific needs. More information on these programs is included in the Learning section of this document.

### Indigenous Peoples and Ethnic Communities

Considering that there are indigenous peoples in the area of influence of FFC's operations, we have designed the *Plan for Indigenous Peoples (PPI)*, which contemplates differentiated relationship and participation processes, recognizing and respecting their traditions. Through the Plan, FFC guarantees the characterization of the ethnic communities present in the area of influence, the identification and evaluation of risks and impacts of the project, the establishment of culturally appropriate management measures proportional to the vulnerability of these communities, and programs to prevent, avoid, minimize and control adverse impacts on them.

Two indigenous communities were identified in the area of influence: the Morichalito Matsuldani indigenous settlement and the La Mayera indigenous reservation. FFC currently has an ongoing relationship with both communities.

### We Strengthen Community Capacities

In 2023, we remained steadfast in our commitment to strengthen the capacities of the neighboring communities. With the support of the Universidad Nacional, within the framework of the *BioFuegos Vichada Project*, we carried out five workshops on *Forest Fire Emergency Management* in La Venturosa and Aceitico and in the indigenous community of Morichalito Matsuldani, located in Puerto Carreño. In total, the workshops were attended by 140 people.

This initiative arose in response to the joint concern of the communities and FFC about the frequent fires in the region. The objective is to prevent these incidents and, more importantly, to act in a coordinated, timely and effective manner when they occur.

During 2023, the communities actively participated in the development of a *Community Response Plan* for Wildfire Emergencies, which includes actions for before, during and after a forest fire. It is expected that, as a result of these activities and with the support of FFC, the communities will be able to form community emergency committees.



## Social Investment for Development + Well-being of the Communities

During 2023, we continued to support the communities in the area of influence of our operations on critical and strategic fronts, identified and prioritized through different spaces for dialogue.

### Education

Educational institutions in remote areas like Vichada are often short of resources. We support the improvement of educational facilities and provide school kits so that children from communities can start their classes with the necessary materials. Since 2014, we have supported the school in La Venturosa, and since 2020, the school in the Morichalito community. An important milestone is that in 2023, we began to establish relationships with educational institutions in Aceitico and La Mayera, expanding our impact to approximately 245 students across the four institutions.

One of the items we focus on is providing environmental education to students in the schools. With the support of our allies, we have organized recreational activities addressing topics such as biodiversity management and preservation, as well as environmental conservation. These activities have helped emphasize that stewardship of the ecosystem and natural resources is a shared responsibility of everyone in the region.

Through these initiatives, we aim not only to educate students but also to inspire them to become active defenders of our planet. We are proud to contribute to the development of a stronger environmental awareness in future generations, and we will continue to promote sustainable and environmentally respectful practices.



### FFC Student Workshops - 2023



We work with local communities on environment and educational levels, to improve lives for all.

### Outreach Activities

The following table summarizes the outreach activities carried out during 2023. It lists the type of activity, the number of institutions involved and the number of activities carried out during the year.

### Outreach activities by type and number of FFC partner groups - 2023



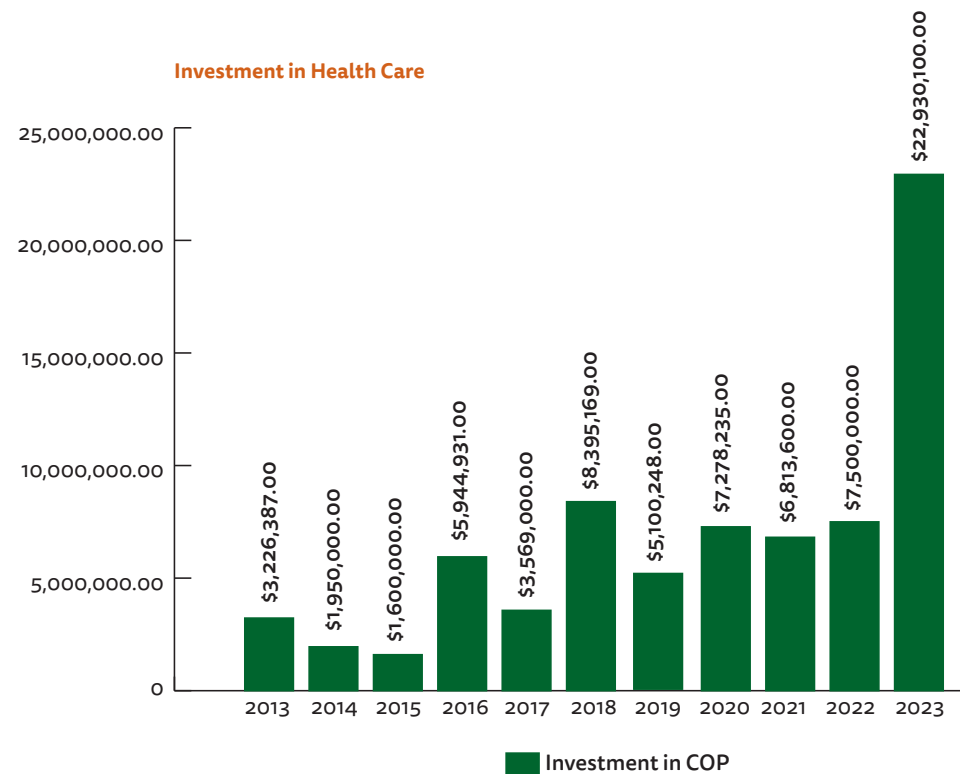
In 2023, we held 37 meetings with the leaders of the communities of La Venturosa, Aceitico and the rural area of La Libertad, the representatives of the health clinics, the directors of the educational institutions, the leaders of the indigenous communities of Morichalito Matsuldani and La Mayera and the representatives of the local authorities of Puerto Carreño. These meetings addressed, among others, topics related to the communication between FFC and these institutions, the planning and follow-up of joint projects and activities, and the socialization and dissemination of the progress of the Company's activities.

### Investing in Health Care

To help the communities receive timely health care and in response to the increase in endemic diseases and other illnesses caused by adverse weather conditions in the region, we deliver medicines and medical supplies to health clinics in La Venturosa and Aceitico, in the municipality of Puerto Carreño. This is done every three months and we are the only local supplier of these medicines.

In 2023 we also sponsored a health fair in La Venturosa that continues to provide our employees and members of the local community with needed medical attention and basic medicines. Through these efforts many locals see 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 noncommunicable diseases 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 million over the last 7 years has seen returns to society of \$COP 210 million.



### Respect and Protection of the Cultural Heritage

At FFC we recognize and respect the cultural heritage of the communities in the area of influence of our operations. We identify and protect non-replicable cultural assets such as archaeological, historical or religious sites, as well as those with unique natural values or intangible cultural heritage such as social practices, rituals and festive events.

#### Chance Find in 2023

In 2023, while conducting training activities for the staff of the FFC Pinoquia camp at La Venturosa, we discovered ceramic pieces belonging to the archaeological heritage of the nation. We implemented the FFC protocol for chance finds under the guidelines of the Colombian Anthropology and History Institute (ICANH). Once we obtained permission to proceed with the excavation and rescue, the experts recovered a ceramic vessel, bone fragments, charcoal and possible seeds. The process to determine the origin of the archaeological assets recovered in the chance find is currently underway.



Sources:  
D. Mendoza, 2023  
M.E. Orejuela, 2023



Breathing



## What We Do for Our Environment

*This story about our preservation of the gallery forest is a testament to our commitment to our Breathing pillar.*

8 //

*In the gallery forests, the Moriche Palms are vital for local biodiversity and play a crucial role in regulating the water cycle.*



**MEET //**  
**The Moriche Palms**  
**from the gallery forest**

*We respect the ecosystem value of our natural forests in Vichada*

*In the immense open savannas of the Colombian Orinoquía region, gallery forests grow around the rivers and streams. These plant communities occupy less territory than the savanna, but have enormous biological value for the territory, both for the variety of species that live there and for its water and forest richness.*

*In addition, they fulfill essential functions such as capturing carbon from the atmosphere, preventing soil erosion and balancing the temperature.*

The gallery forests, and specifically those where the Moriche Palm dominates, provide fundamental ecosystem services; the morichales are vital for local biodiversity and play a crucial role in regulating the water cycle. These ecosystems are also critical in regulating the local and regional climate, as well as controlling sedimentation in the surrounding water bodies; they are also vital for wildlife, as they serve as resting, feeding and breeding sites for a wide variety of species.

*We are aware of all of this and have made the protection and conservation of the gallery forests and morichales in the department of Vichada a strategic priority. We are committed to favor the environment, to maintain the ecological balance and to protect the biodiversity of the region. By the end of 2023, of the total area under our management, approximately 9% is protected natural forest, equivalent to around 3,500 hectares.*

To honor this commitment, we have designed our plantations following a methodology of land cover interpretation and area classification according to current national environmental regulations. Through cartographic information, satellite images and field validation we identified gallery forests, drainages, wetlands and any other natural ecosystem classified as a protection zone. Based on this result, we defined the buffer zones, which are non-planted areas approximately 100 meters wide that separate FFC's plantations from the natural forest.



*Under our management, approx. 9% is protected natural forest ~ equivalent to around 3,500 hectares.*

## Growing for a Better Environment.

**We are committed to identifying and mitigating environmental impacts in our operations, in accordance with FFC's Social and Environmental Policy. We aim to continuously improve our performance to ensure a responsible use of natural resources. We effectively manage water use, conserve and improve soils, control our emissions, adequately manage the waste generated by our activities, and base our operations on clean energy sources. In addition, we devote a significant part of our efforts to biodiversity protection and conservation.**

### Environmental Compliance

In order to develop our forestry operations in Colombia, we must be registered with the Colombian Agriculture and Livestock Institute (ICA) and request and obtain environmental permits from the Corporación Autónoma Regional de la Orinoquía (Corporinoquía). Activities such as surface and groundwater capture and wastewater discharge are supervised by this authority. Through our environmental monitoring matrix, we ensure rigorous compliance with Colombian regulations.

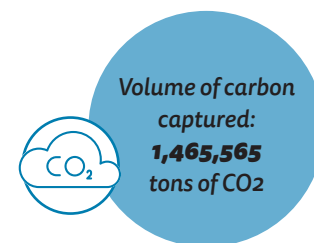
During the period covered by this report, FFC had no sanctions or fines for noncompliance with Colombian environmental regulations.

### Greenhouse Gases (GHG) and Climate Strategy

We want to be part of the solution. We are committed to climate action and work with local and international partners to integrate the highest standards and best practices into our activities.

Climate change is one of humanity's greatest challenges and we, as a company, are genuinely concerned about its economic, environmental and social effects. For this reason, we want to be part of the solution. Through commercial afforestation, we not only satisfy the growing demand for wood fiber products, but also contribute to Colombia's efforts to recover and maintain the balance of ecosystems, capture carbon, produce oxygen and advance in its greenhouse gas reduction and carbon neutrality goals.

FFC's plantation forests are carbon sinks that capture a significant amount of CO2 from the atmosphere. International studies have allowed us to establish that the carbon sequestration of our trees can be from 400 to 500 t/CO2 per hectare.

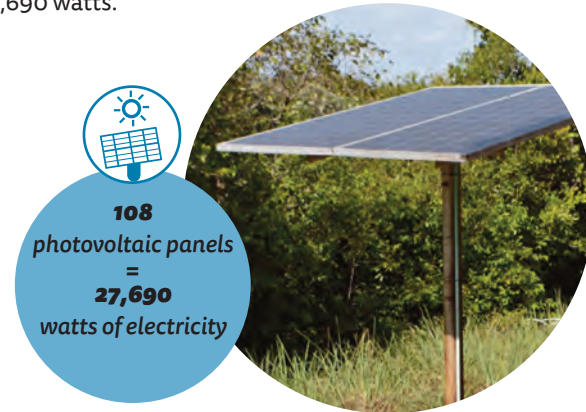


As of 2023, the volume of carbon captured and certified through our project in the department of Vichada amounts to 1,465,565 tons of CO2 equivalent.



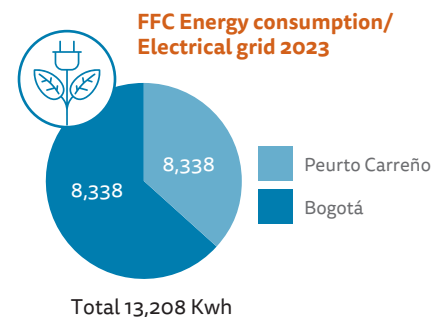
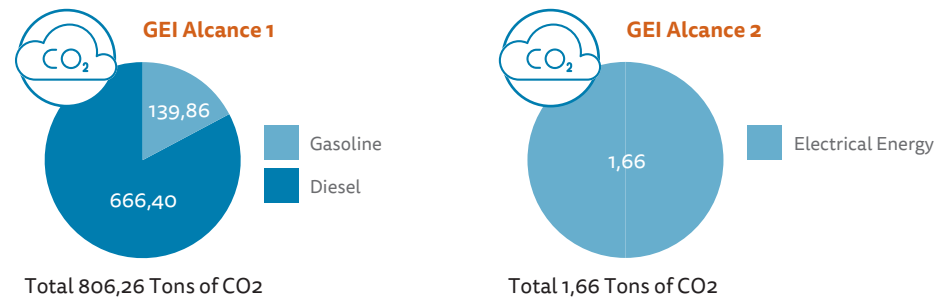
**We incorporate renewable energy into our operations.**

The area of influence of our project has no electricity infrastructure. This, coupled with our interest in incorporating clean energy into our operations, prompted us to install solar panels to provide the energy required by our camps (offices, dormitories, kitchens and bathrooms). By the end of 2023, we had a total of 108 photovoltaic panels installed with a generating capacity of 27,690 watts.



Solar panel installed by and located at FFC camp. Our camps (offices, kitchen, dormitories and bathrooms) are supplied with energy.

Greenhouse gas generation was calculated taking into account the use of fuels such as gasoline and diesel to operate the sawmill, motor pumps and transport vehicles. To establish Scope 1 GHG emissions (operational control) we used the *Methodological Guide for Calculation of the Corporate Carbon Footprint at Sector Level of the Corporación Autónoma Regional (CAR) Cundinamarca and the Corporación Ambiental Empresarial (CAEM, 2013)*, as well as the emission factors of the *Mining-Energy Planning Unit (Unidad de Planeación Minero Energética - UPME)*.



The administrative offices located in Bogotá and Puerto Carreño are supplied with power from the electrical grid. This consumption was used as the basis for the Scope 2 GHG measurement.

**Biodiversity, Land Management and Conservation Areas**

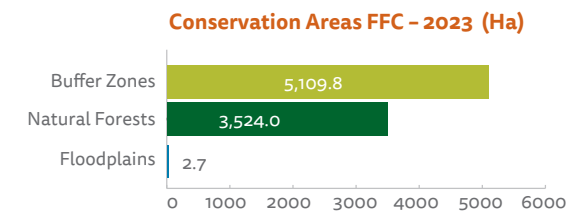
We operate in one of Colombia's richest regions in terms of biodiversity. We have identified a great opportunity to protect and preserve the ecosystems in the area of influence of our operations in the department of Vichada. We manage the land prioritizing the protection and conservation of gallery forests.

**Responsible and Sustainable Land Management**

We have a *Land Use Rights Acquisition Policy and Procedure* that includes legal, technical, social and environmental considerations, based on due diligence. Through these, we ensure full compliance with Colombian regulations, respect for the rights of communities and protection of the environment.

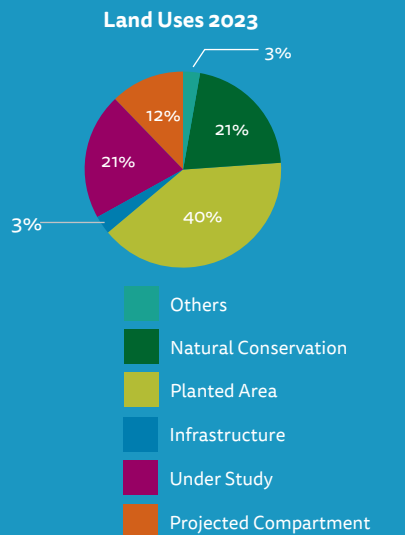
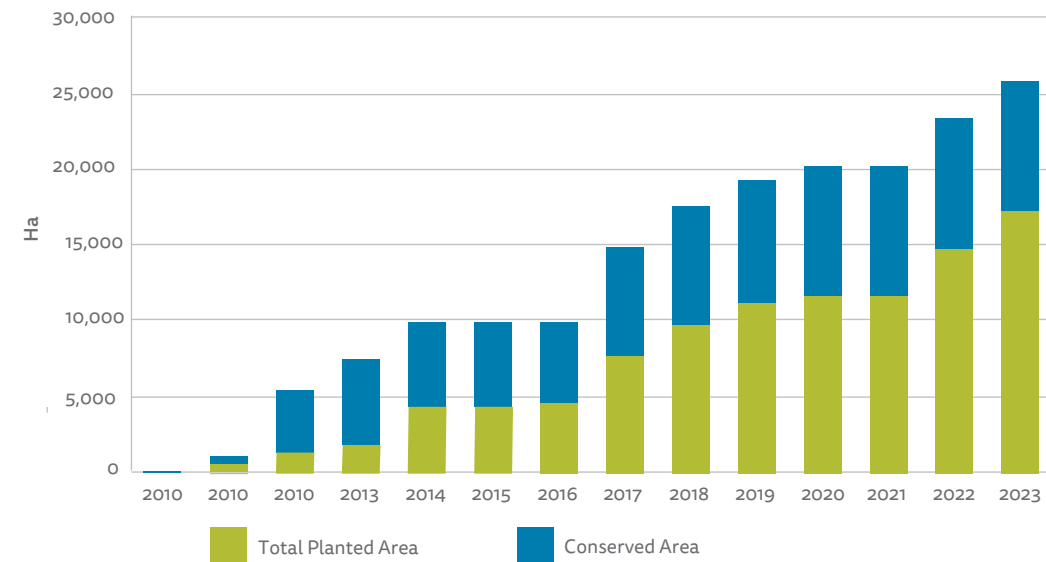
As stated in our policy, FFC does not manage rights or conduct activities on land that has not been fully titled and is not under private ownership, nor does it acquire land use rights on properties where there are indigenous settlements.

As of the date of this report, we have 16,151 planted hectares, representing 40% of our total area. Of the remainder, 12% is designated for future plantings, 21% is under study, and 6% is set aside for infrastructure and other uses. It is worth noting that 21% of our total area corresponds to conservation areas, which include natural forests, buffer zones and floodplains, considered protected areas.



Note: The natural conservation areas are the sum of the buffer zones (distance between the FFC plantations and the natural forest), the natural forest and the wetlands.

**Total Planted and Conserved Area**



**Biodiversity Action**

One of our core tenets is to achieve a positive impact in the communities and the environment where we operate. We have therefore taken on the responsibility of satisfying market needs without compromising biological diversity in our areas of operation. Our commitment is reflected in the adoption of the best operating practices and processes focused on environmental conservation. We also collaborate in research projects with recognized universities, foundations, and non-governmental organizations specializing in biodiversity.

Through environmental studies carried out in the territory, we are continually acquiring knowledge of the conditions of the region. We have identified many different species of flora and fauna present in and around our operations. These data are the fundamental inputs to update our management plans and monitoring strategies. The latter are aimed at managing risks and impacts on biodiversity, as well as delineating conservation areas.

As of the end of 2023 we had 66 wildlife cameras in place. These allow us to monitor and identify the various fauna species in the area and establish the quantity, mobility, and habits of wildlife, among other indicators.

Of the 66 cameras, 29 are installed in forest plantations of different ages; 29 in natural forests and Morichales and 8 in savanna areas. The monitoring effort in 2023 exceeded 70,000 hours including the support of our scientific partners. Through the various sightings and other sampling and monitoring activities conducted by specialists, we have identified more than 500 species of flora, and fauna of all types: insects, fish, amphibians, birds, mammals, reptiles and aquatic macroinvertebrates.

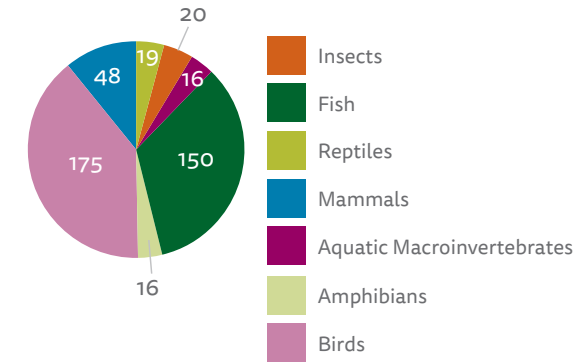
As a result of the various studies, we have identified some species that are classified as threatened according to the level of extinction risk defined by the *International Union for Conservation of Nature (IUCN)*, the *Ministry of Environment and Sustainable Development (MADS)* and the *IUCN Red List*.

Class	Species	Common Name	Threat Category
Bird	Ramphastos tucanus	White-throated Toucan	VU
Mammal	Inia geoffrensis	Pink Dolphin	EN
Mammal	Myrmecophaga tridactyla	Giant Anteater	VU
Mammal	Priodontes maximus	Giant Armadillo or Ocarro	VU
Mammal	Pteronura brasiliensis	Giant Otter	EN
Mammal	Tapirus terrestris	Lowland Tapir	VU
Mammal	Tayassu pecari	White-lipped Peccary	VU
Reptile	Crocodylus intermedius	Orinoco Crocodile	CR
Reptile	Lachesis muta	South American Bushmaster	VU
Reptile	Podocnemis unifilis	Yellow-spotted River Turtle	VU
Mammal	Leopardus paradlis	Ocelot	LC
Fish	Pseudoplatystoma mataense	Striped Catfish	VU
Plant	Pepinia heliophila	Bromelia	VU
Reptile	Chelonoidis carbonaria	Red-footed Tortoise	VU
Reptile	Kinosternon scorpioides	Scorpion Mud Turtle	VU
Mammal	Panthera Onca	Jaguar	EN

Least Concern (LC)  
 Vulnerable (VU)  
 Endangered (EN)  
 Critically Endangered (CR)

Threat category according to IUCN, MADS, RED LIST

**Identified Species Fauna**



This information is reviewed regularly and integrated into our conservation plans and programs.

Natural forests, and gallery forests in the morichales are the richest areas for biodiversity, and hence given the highest priority in our conservation strategy. These areas are capable of hosting a large variety of plant and animal species as they provide the resources necessary for feeding, reproduction, and security. The preservation of these areas provides a safe harbor for the local species, several of which are threatened.

Forest First's Biodiversity Management Plan has established a number of species on which to put additional focus for research and conservation, some of which are identified in the chart below.

SPECIES	GOAL	AGREEMENT	PARTNER
Ocarro Priodontes Maximus	Strengthen and encourage stakeholders and the surrounding community to protect armadillos and their habitats in the region.	Voluntary agreement for the conservation of armadillos in the eastern plains of Colombia	Fundacion Omacha
Tapir de tierras bajas Tapirus Terrestres	Install satellite telemetry equipment in individuals tapirs to know the patterns of habitat use and movement ecology in the native savanna ecosystem of the highlands of the department of Vichada.	Participatory design of strategies for the reduction of forest fires, biodiversity conservation and regional biodiversity and regional development in multi-functional landscapes of Vichada.	ECOLMOD-Universidad Nacional de Colombia
Jaguar (Pantera Onca)	Generate knowledge and strengthening of new capacities to promote and stimulate the protection of the biodiversity of the biodiversity of the eastern plains.	Monitoring and education program for wildlife conservation in the Forest First Colombia intervention zone.	Fundacion Panthera

During 2023, we increased the biodiversity baseline, building on a study begun in 2017 that allows us to identify and monitor flora and fauna during drought and rain periods. This further contributes to our understanding of biodiversity in the area of influence of our plantations.



Photo of a PUMA

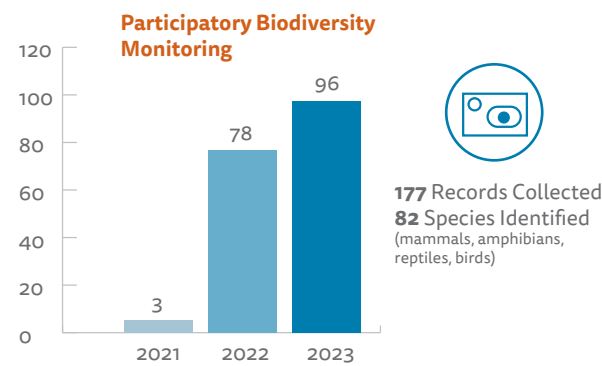


Photo of a GIANT ARMADILLO taken by the same camera.

### Participatory Monitoring; All for Biodiversity

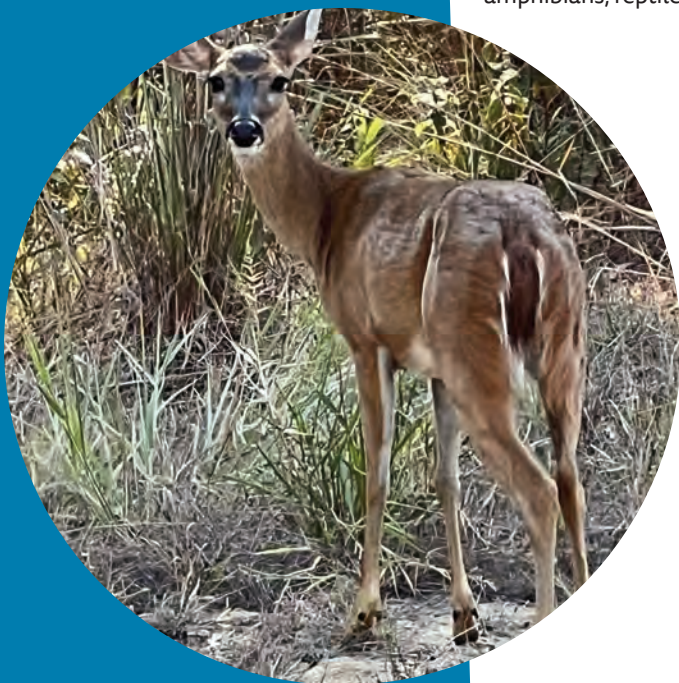
One of our main objectives is to promote the protection and conservation of biodiversity in the area of influence of FFC's operations; not only do we seek to deepen knowledge and raise awareness about the importance of caring for our ecosystems, but also to encourage concrete actions to demonstrate that we are all responsible and key players in the quest for the sustainability of our planet.

This approach led us to establish in 2019 the "Wildlife Sightings" Program, a participatory biodiversity monitoring program in which employees and contractors in the project's area of influence not only record wildlife sightings, but also have these records analyzed by experts specialized in the field. Each photo-graphic record sent by employees and contractors to the program is uploaded to the *INaturalist* platform: a citizen science project and a social network and platform for naturalists. Experts map and exchange biodiversity information and provide scientific data to anyone anywhere in the world.



Lowland Tapir

As a result of the "Participatory Biodiversity Monitoring" Program, as of the closing date of this report we had collected a total of 177 records and had identified 82 species of mammals, amphibians, reptiles and birds. The most observed species (10 observations) was the lowland tapir.



### FFC and the Conservation of the Largest Ramsar Site in Colombia

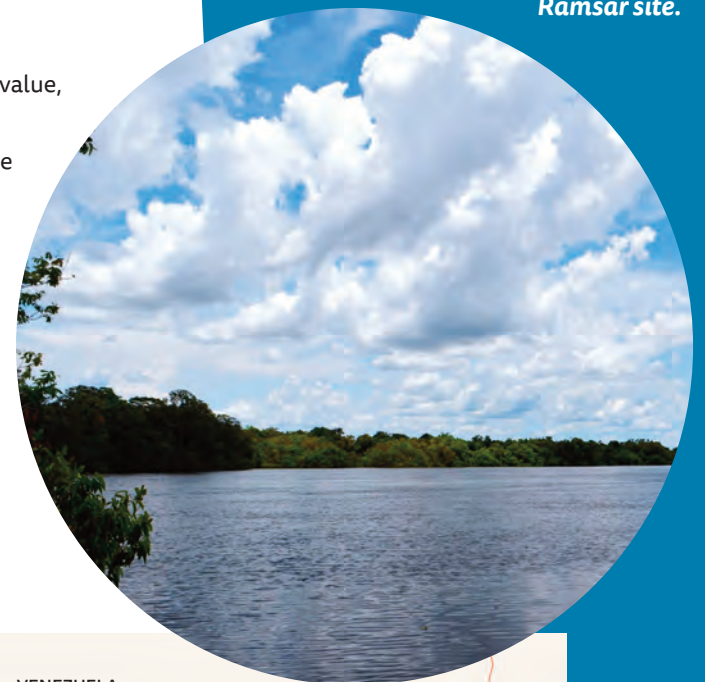
In July 2018, the Colombian Ministry of Environment and Sustainable Development included the Bita River basin in the *List of Wetlands of International Importance of the Ramsar Convention*, making this the largest Ramsar site in the country. Notably, this is the first time globally that an entire watershed has been so designated.

The free-flowing Bita River originates in the plains and natural forests of the southern part of the department of Vichada and flows into the Orinoco River, passing through the municipalities of La Primavera and Puerto Carreño along its 520 kilometer course. The natural and biological wealth of the Bita River basin is enormous; 16 types of wetlands have been identified in which a great diversity of flora and fauna species live, some of which are threatened. These species, whether endemic or migratory, are of high cultural and commercial value for local communities.

Honoring our commitment to protect and conserve areas of high biodiversity value, we became a signatory and partner of the project entitled "Management and Conservation of the Bita River Basin as a Ramsar Site." In addition to affirming the designation, our contributions include participating in the construction of the management plan and implementation of sustainable practices for aquatic and terrestrial ecosystems.

Other participants in the *Ramsar Site Management Plan* included landowners, users, commercial users, institutions and other stakeholders associated with the basin.

FFC has led and actively participated in initiatives aimed at the protection and conservation of the Bita River basin, declared a Ramsar site.



FFC Area of Influence

## Efficient Water Management

**We recognize the strategic value of water and rigorously honor our commitment to the efficient management of this vital resource for humanity.**

Water management at FFC is based on the *Social and Environmental Policy* and on the environmental management measures that have been established. Through our *Integral Water Management and Monitoring Plan*, we comply with Colombian environmental regulations and guide the Company towards a reduced and sustainable use of water, thus mitigating the impacts that may arise from the consumption and disposal of water resources in connection with our various operational activities.

### Water Collection

The area of influence of our plantations is characterized by its richness in surface water, groundwater and rainwater. We therefore have several water sources available for our activities. The surface water sources used are the Caño Muco and the Bitá River, which belong to the Meta and Orinoco River basins, respectively.

In some of our properties, we use surface water sources to cover the consumption associated with our domestic activities, such as campsites and food preparation. In other campsites, we use groundwater wells. We have equipment and procedures to carry out adequate treatment, purification, storage and distribution of water to our camps.

The following table shows the water consumption in our operations. We use an irrigation system for the nursery and greenhouse, while water for the plantations is supplied through rainfall.

Water is a key resource in the Vichada area, both for our operations and for the region as a whole. The region is blessed with ample rainfall, an average of 2,300 mm annually. This is one of the factors that makes Vichada so suitable for our operations, as we do not need to extract water for our core business of growing trees. We do have to extract limited quantities of well water from the aquifer for some of our secondary activities, and these are illustrated in the chart below.

FFC Water Use – 2023 (m3)		
Type	Use	m3
Surface	Nursery	7,893
	Domestic	14,931
Acquifer	Domestic	1,834
<b>Total Water Used</b>		<b>24,658</b>

## Water Quality Monitoring and Analysis

We have designed a *Monitoring and Tracking Plan* for local water sources to manage water responsibly and avoid negative impacts on the communities settled near our operations. To this end, we have defined 20 strategic monitoring points considering the location of the project and the course of the water bodies. The monitoring is carried out both during the rainy and the dry seasons, using 20 evaluation parameters based on the *Water Quality Indicators (WQI)*. This allows us to detect any contamination issues and ensure responsible water management.

The parameters include, among others, measurements of the degree of mineralization and contamination of the water by organic matter, suspended solids, total phosphorus concentration and pH change. In addition, we analyze the presence of traces of pesticides in the water, since the local communities depend on these water sources for their consumption.

In 2023, during January and May, with the support of an authorized laboratory, we conducted two (2) *Surface Water Quality Monitorings and Analyses of the Area of Influence* of our project in the department of Vichada to determine the characteristics of the surface water. The results obtained were as follows:

### FFC Area of Influence 2023

#### General Results of Surface Water Quality Monitoring and Analysis

- Water quality status: Acceptable
- Absence of contamination generated by our activities
- No domestic or industrial wastewater discharges are identified
- There are no traces of glyphosate
- There is no presence of grease or oil residues that alter its odor, taste or appearance
- The analyzed levels of electrical conductivity did not show significant contents of dissolved substances such as mineral salts and ionic species (chlorides, fluorides and sulfates).

*The positive results reflect our commitment to caring for the region's rivers and streams. Through proper plantation design and the application of responsible operational practices, we ensure that our activities do not negatively impact the natural resources of the area of influence.*

### Discharges

Domestic wastewater discharges at the campsites are liquid waste from the restrooms and dining halls, which are taken to septic tank systems for subsequent discharge into the ground.



Water quality monitoring 2023

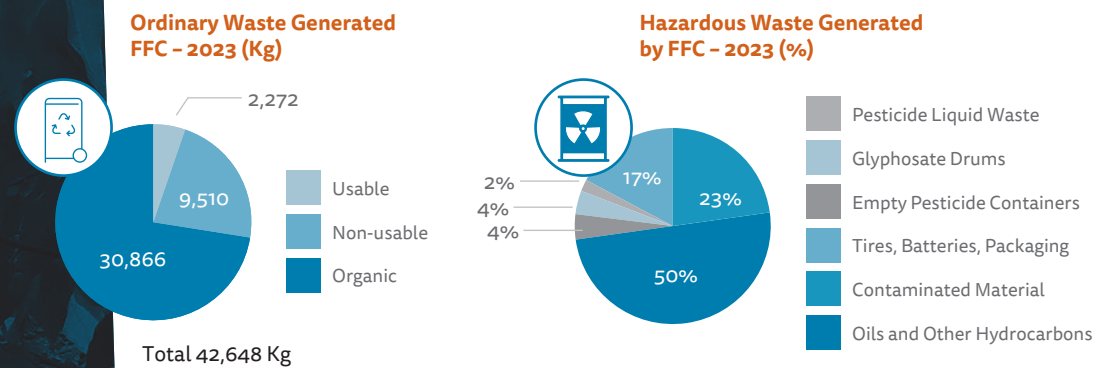
### Herbicide Management

To keep the plantations free of weeds and ensure optimal light, water and nutrient conditions we use broad-spectrum herbicides such as glyphosate. We apply these products in accordance with Colombian regulations and with the guidelines established in the World Bank's IFC Environmental, Health and Safety Guide.

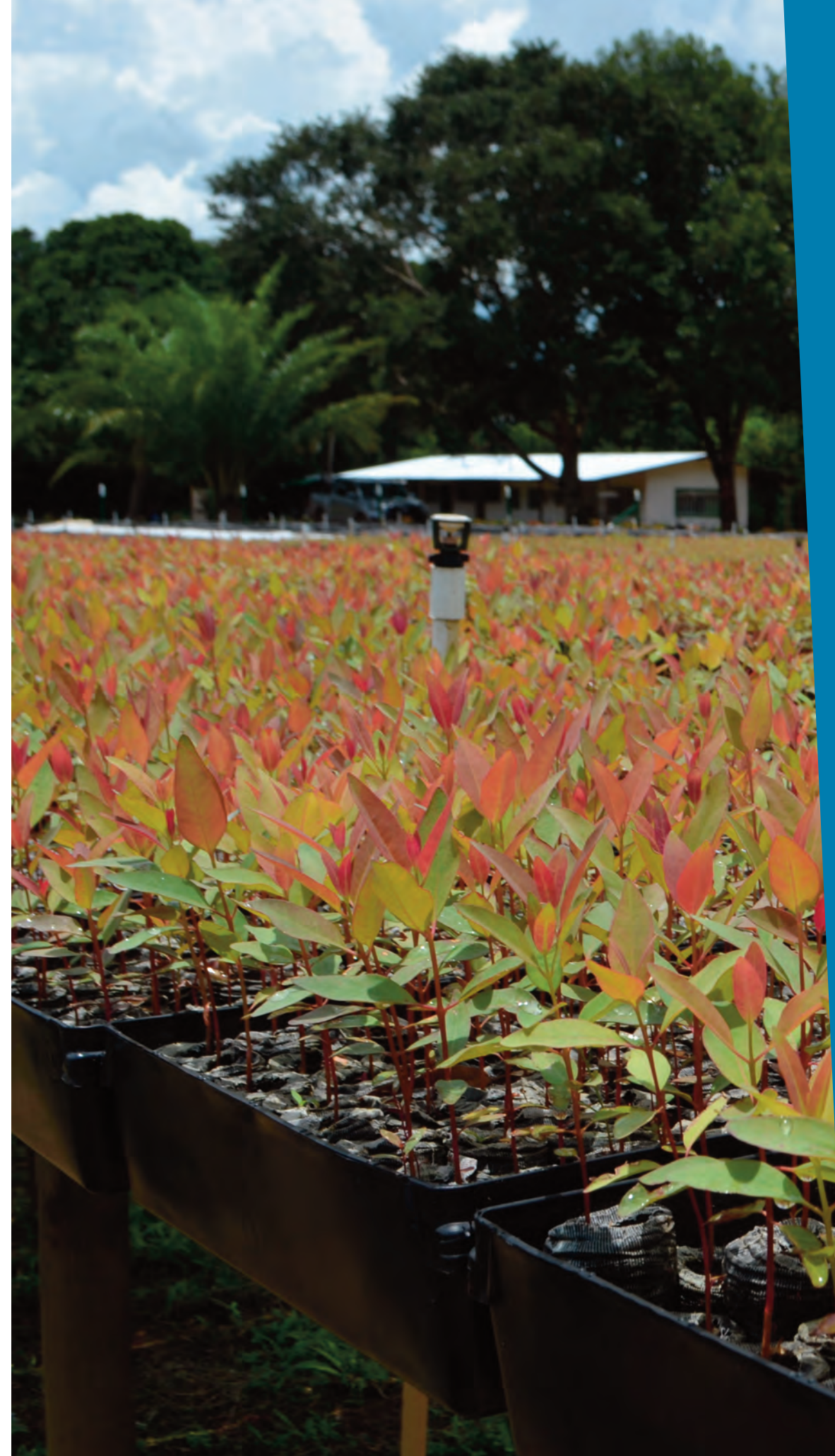
The procedure ensures that personnel applying herbicides have the necessary protective equipment and are trained in the handling, storage and disposal of the products. The dosage and the product to be applied are determined after evaluating the weeds to be treated, and the application is always made to ensure that absorption is through the leaves and not the roots, thus avoiding runoff and soil and water contamination. As an additional preventive measure, this activity is suspended if there is nearby rain or winds that could cause drifting. In addition, herbicide mixtures are prepared at a safe distance from water sources to avoid any possible contamination.

### Waste Management

We have an Integrated Waste Management Plan to ensure the proper monitoring, control and management of solid waste generated by our operations. At the end of 2023, 42,648 kg of ordinary waste had been generated, classified and disposed of in keeping with national legislation as usable, organic and non-usable.



Due to the nature of our operations, most of the hazardous waste produced is oils and other hydrocarbons, contaminated material and, to a lesser extent, empty pesticide packaging, liquid waste and glyphosate drums. During 2023 we generated 5,210 kg of hazardous waste, which is delivered to an authorized third party for treatment and final disposal.



*Irrigation systems at the FFC Care monitored and maintained to optimize water consumption. The nursery uses river water for irrigation.*



## What We Do for Our Stakeholders

We all Grow in Vichada

Growing includes all aspects of our engagement. From the planting of trees to entrepreneurial skills for our community.

We start with one specific story:

9 //



**Thanks to FFC's presence in the territory, we were able to learn first-hand about the enormous potential of these women artisans and to understand the great challenges they face in making this work a livelihood for their families.**

*Woman artisan of the Sikuaní community of Morichalito Matsuldani*



MEET //  
Women artisans of the  
Sikuani community of  
Morichalito Matsuldani

### The value of ancestral practices in Vichada.

The indigenous women of the Sikuani community of Morichalito Matsuldani inherited from their ancestors a craft practice of enormous cultural value for Vichada and Colombia: the production of fabrics from the heart fiber of the moriche palm (*Mauritia Flexuosa*). With the dexterity of their hands, they weave baskets, backpacks, vases and accessories that tell the story of their ancestors, with the conviction that this, their art, cannot die.

Thanks to FFC's presence in the territory, we were able to learn first-hand about the enormous potential of these women artisans and to understand the great challenges they face in making this work a livelihood for their families. We also identified the imperative need for this artisanal practice to be carried out guaranteeing the sustainable use of the moriche palm.

After considering all these aspects in our analysis, we designed the *Morichalito Matsuldani Women Artisans Project*. Through it, we seek to promote and encourage weaving and handcraft making through workshops in which women not only develop their manual skills and strengthen their bonds, but also deepen their knowledge regarding sustainable forest management.

Since 2020, we have been creating learning spaces for the craftswomen and providing them with supplies such as needles, threads, dyes, tools and accessories required for the development of their ancestral practice.

We have also accompanied them in the fiber collection process, providing them with information on how to access ecosystem services without affecting sustainability. We are also looking for strategic allies such as foundations and NGO's that may contribute to the identification of opportunities for the sustainable marketing of the products beautifully conceived by the women of Morichalito Matsuldani.

The heart fiber of the moriche palm is used in the making of these artisan products.



A woman artisan of the Sikuani community of Morichalito Matsuldani showing her hand-crafted jewelery.



## We All Grow in Vichada

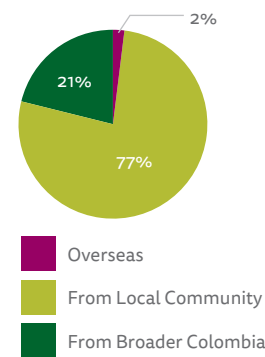
At FFC we understand that the economic growth of our business is directly related to the growth and prosperity of the area of influence of our operations. For this reason, we promote local content, always seeking to enhance its competitiveness and development. Moreover, we believe that we can have no better allies than our own neighbors.

### We Generate Stable Local Employment

We prioritize local labor for our field activities (for the purpose of this report, local labor means employees and contractors who live in the department of Vichada). We recognize the potential of the employees and contractors in the area of influence of our operations and we know that by involving them in our Company we are positively impacting the improvement of the quality of life of their families and contributing to the socioeconomic development of the region.

77% of our employees are from the department of Vichada, the area of influence of our operations.

Where FFC Employees have been Sourced from in 2023



### Local Goods and Services for Regional Development

During 2023, in addition to our employees, we engaged the support of nine contractor companies, three of them national and six from the area of influence of our operations in the department of Vichada. We work hard at building alliances with local companies to strengthen them and to contribute to a more dynamic regional economy.

We are also a supplier to the local market beyond employment and the work we do for the communities. We are the preferred provider for Refoenergy, which runs the power plant that provides electricity for the city of Puerto Carreño. Our bioenergy supply replaces up to half the power that would otherwise be generated by the burning of diesel oil.

### Regional Development

As we have grown, we have witnessed the continuous growth and development of local businesses and community enterprises in the area. This growth is largely attributed to the generation of local employment, which contributes to increasing economic incomes in households within the community. Additionally, we have fostered support for the local economy by purchasing products and services offered by these businesses; promoting mutual collaboration, and strengthening the ties between the company and the communities.

### Contractors

Our contractors are important assets in the development of our operations as they provide essential specialized services. From the outset of our operations we have prioritized regional growth and actively promoted the creation and development of local businesses to provide services to us. This strategy has allowed us to grow hand in hand with local companies and generate direct and indirect economic growth, thereby strengthening the local economy and contributing to the progress of the communities.

Some of the services we obtain through contractors include core forestry activities such as land preparation, planting, application of fertilizers, pesticides, and plant maintenance. Some contractors also offer surveillance and wildfire management services. We also rely on our contractors to provide essential services such as personnel transportation, seedling transport, food preparation in our camps and for cleaning and sanitation services.

We remain committed to this vision of regional development, as we believe in the value of working together to drive growth and prosperity in Vichada. During 2023 we engaged the support of nine contractor companies, three of them national, and six specifically from the area of our operations in the department of Vichada.

One of our commitments is to ensure that our contractors fully comply with Colombian regulations and adopt appropriate standards in labor and occupational health and safety matters. In addition to our regular monthly audit of contractor pay rates and social security contributions, we conducted our overall annual compliance audit. Where necessary, an action plan was developed for each contracting company based on their specific results. Performance against these plans is monitored quarterly.

### Handling of Petitions, Complaints and Claims (PQR)

As mentioned previously, an important source of our learning is from listening to all of our stakeholders. One of the mechanisms in place is our *Petitions, Complaints, and Claims (PQR)* process. During 2023, a total of seventeen PQRs were received; 53% were claims, 24% were complaints, and 24% were petitions. As of December 31, 53% of the PQRs had been closed and the other 47% were open and in process.

Forty-one percent of the PQRs were submitted by FFC contractor employees, followed by direct employees and indigenous communities. The most frequent labor claims were requests for clarification regarding work clothes and other items supplied by the company, compliance with working hours, and labor legal settlements. The indigenous communities that accessed the PQR process expressed an interest in obtaining more information on the scope of FFC's operations, and how that might impact them in the future.

We continue to strengthen our PQR mechanism, especially in reducing response times. This is a key instrument for effective relations with our various stakeholders.





## Continuing to Learn & Grow

Growing a future, sustainably.

Learning is a core pillar for all that we do. It is the foundation for our development and for all those who engage with us.

Here is one success story of many:

# 10 //



***"I am trying to give it my best, always leaving my mark, giving 100%. If I could do more I would because I am in love with this project, I am very committed."***

**Katia,**  
Nursery Manager, FFC



MEET//

**Katia**  
Nursery Manager,  
Forest First Colombia

### Female Leadership at FFC

*Katia is originally from Venezuela. She is a wife and mother, and has a successful career in forestry.*

*Katia has 34 years of experience in forestry and genetic improvement projects and a degree as a Forestry and Environmental Technician from the Universidad de los Andes in her native country. She is one of the key officers at Forest First Colombia, in charge of making one of the Company's main objectives a reality: to be a reference of research and innovation for the forestry sector.*

Katia arrived in the department of Vichada six years ago after having worked in two of the largest forestry projects in Venezuela. *"When I arrived at the Company the manager told me that they wanted to grow, expand and be recognized as one of the best companies in the country, the kind of company that gets people to follow it,"* she says. And Katia took on the challenge with full commitment, not only as the person in charge of the nursery but also as the leader in the creation and implementation of the *Genetic Improvement Project*.

In 2019, with the support of her team, she developed the first clonal plantation at FFC. This was a trial, but the results were so positive that the Company's top management decided to continue along this path. The process began in 2021, a little later than expected due to the COVID 19 pandemic.

Cloning in the forestry sector aims to replicate individuals or plants with the best characteristics to guarantee a plantation of thousands of identical trees of the highest quality. This brings great benefits to the business; for example, it reduces costs, there is no loss of wood and, in the case of pole production, the trees are so symmetrical that they do not need to go through the sawmill.

*In Katia's words,*  
**"The process works with the selection of the best tree, in terms of size and diameter, among other things; we cut and collect all the plant material that can be replicated, some branches are put in soil and water and that scion begins to generate roots; finally, the individual is totally identical to the selected tree. That is what we do at the operational level to have clonal plantations; currently we have about 26 clones that we are testing and we have individuals up to 20 meters tall."**

She also explains that at this time they are rooting, in other words *"from the mother plants, which are those individuals that we cut and turn into small trees, we start to get more offspring. We are successfully rooting or replicating trees in two weeks; this has allowed us to go from having between 300 to 400 mother plants to 6,000, which we constantly reproduce."*

Katia speaks with great passion when describing her work and the future. She is certain that the FFC project will grow and that this growth will become exponential by combining operational excellence and research, supported, furthermore, by partners such as Sappi, who contribute all their knowledge and experience.

*"I am trying to give it my best, always leaving my mark, giving 100%. If I could do more I would because I am in love with this project, I am very committed. Plus, I always feel the support of FFC's management. We will be a very important part of the company,"* she concludes with pride.



*Our clonal and hybrid developments are a tremendous success promising greatly increased yields.*

## 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. Learning is an activity that never ends. There is always more to learn. And it's really not a separate activity - it is evident in all aspects of the business.**

Earlier we discussed the successes we have had in our nursery, which has resulted in tremendous increases in our tree sizes in our more recent plantings. Healthier and bigger trees means that more CO<sub>2</sub> is sequestered, in addition the commercial value of the additional wood. The commercial value is very important, as true sustainability requires economic stability, and research requires funding.

We also continue to refine our forestry procedures around planting, fertilization, pest and weed control, and harvest. With our refinements we seek to find the optimum balance of commercial and environmental considerations. Sometime these easily align, such as the decision to leave branches cut off during harvest in the field, rather than collecting them. This is less expensive than gathering them for their marginal economic value and provides much needed soil nutrients.

We seek to better define impact measures that meaningfully demonstrate our shared value and expand our formalized systems of monitoring and reporting to accurately reflect those measures.

Learning often requires rigorous research, data gathering, and evidence-based scientific method, all of which require additional resources. It is very challenging for companies in their formative years to afford the kinds of research that all stakeholders would ideally like to avail themselves of as early as possible. As we continue to grow, our ability to do additional research grows along with us, and we look forward to continuing to expand our programs.

### Soils

We are interested in assessing the influence of our plantations on the soils of the Orinoquia savannas. To achieve this, we have designed a research project that will allow us to compare the content of organic matter and other elements present in the soil through physicochemical and biological analyses. This study will be carried out at different stages of plantation growth, as well as in areas of savannas and natural ecosystems such as natural forests and Morichales (gallery forests). In this way, we will be able to better understand the impact of our activities on the soil and implement measures and best practices for its benefit.

### Biodiversity

We are also committed to researching the impact our plantations have on the biodiversity present in the territory. To do so, we conduct ongoing monitoring of species, including mammals, reptiles, fish, birds, amphibians, and insects, during both dry and rainy seasons. This activity allows us to track identified species and contribute to the recognition of possible new species in the territory. Additionally, it establishes the baseline for formulating biodiversity management plans and enables the implementation of effective strategies to protect and preserve habitats and natural resources present.

### Water

Finally, we plan to identify the effect of the plantations on the water balance of the watersheds with the purpose of investigating the possible impact they have on the bodies of water present in the area of influence and implementing the relevant management measures. This research will complement the water quality monitoring and studies done since 2018 in order to guarantee that there are no negative impacts due to FFC's activities in the area.

## Partners in Learning

We have established partnerships with key entities and institutions that allow us to improve our understanding and management of processes around environmental, social and economic risks and impacts associated with our operations. These partners also assist us in identifying opportunities to contribute to the sustainable development of the department of Vichada overall.

### We have three research agreements in place

The first of these is with the ECOLMOD Foundation of the Universidad Nacional de Colombia and is endorsed by the Colombian Ministry of Science, Technology and Innovation. Through it, and with the involvement of local communities, we develop and implement strategies for the reduction of forest fires, the conservation of biodiversity, and the development of regional landscapes.

The second agreement is with the OMACHA Foundation. Its objective is to support the efforts of the institution in favor of the conservation of biodiversity and watersheds in the department of Vichada.

We signed a third scientific research agreement last year with the Panthera Foundation. This alliance has two fundamental objectives: knowledge and conservation of biodiversity focused on mammals, and environmental education with participation of the local communities.

Consistent with our corporate vision, we also work towards having a global impact. We are currently awaiting a decision on a funding grant from the UK government on a post-doctoral research program that would feed us high quality, targeted, data.

We are also collaborating with two prestigious universities in the UK to develop an extensive five-year research program covering essentially all environmental considerations including biodiversity, carbon, soil management, water management, and others as applicable. This facility will be based in Vichada, locally administered, and overseen by a largely independent board of directors. We will support this program by providing workspaces, accommodation, and logistical support but, due to the desire to keep the integrity of the research and results overtly objective, this program requires external funding.

The foundation that will be administering this program is the Yaputane Foundation. Yaputane aptly means "to know" in one of the local indigenous languages. If you would be interested in participating in the funding of this external research program please send an email to [info@yaputane.co](mailto:info@yaputane.co)

## **A closing note from our CEO.**

*We have often found it hard to accurately report on all the ESG work we do. As a core tenet, our focus has been on doing the work, not talking about it. We have been informed by several outside parties that we have done ourselves a disservice, as we have been doing much more than we have been talking about.*

*In this report we have tried to gather and report on a better representation of our activities, and we hope you have enjoyed it. We look forward to building on this and delivering an even more comprehensive report next year. If you have any comments or feedback on this report please your thoughts to us at [info@forestfirst.com](mailto:info@forestfirst.com).*



*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.