



## Project Midgard Q2 update

Welcome to the newsletter for Project Midgard, where we bring you the latest on its development.

Highlights include progressing the planting process, expanding the onsite infrastructure, and the announcement of our partnership with the University of Asunción.

# FLS Project Midgard Q2 Newsletter

## What's inside:

- Midgard milestones
- Construction of operational headquarters
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69

ca. 1,900

ca. 12,000

## Midgard milestones

### Planting activities

Midgard's planting activities began in May 2025, following the completion of the project's design and ground preparation over prior months. The silviculture strategy focuses on a mosaic approach, combining conservation areas with Eucalyptus plantations managed on both six-year and nine-year rotations.

### Midgard - Property 1

jobs created so far

hectares to be planted in Year 1

hectares to be planted over 6 years

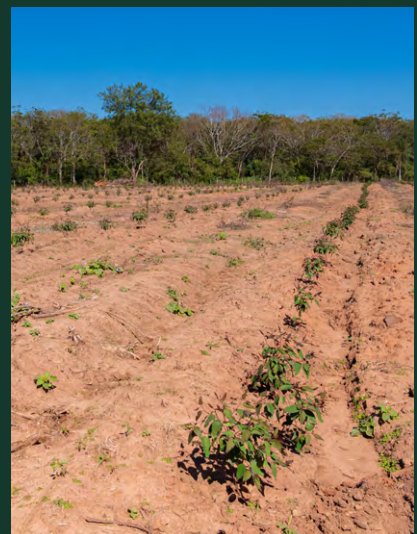
In order to achieve robust and stable cash flows over the long term, it is important to establish an equivalent planting rhythm. This is monitored on a daily, weekly, and monthly basis.



Soil preparation includes harrowing



Manual planting is underway



50-day-old Eucalyptus plants





Each planting plot has a technical prescription based on soil type, genetic material, and its intended end product(s). The activities carried out in the plots encompass several phases:

- i. Soil preparation and conditioning prior to planting;
- ii. The establishment phase, during which seedlings are manually planted in the ground;
- iii. The maintenance phase, which includes weed management and forest pest control.

To date, more than 300 hectares of Eucalyptus plantations have been established at Midgard sites, planted with six different types of Eucalyptus. These plantations will be managed on a six-year rotation to yield wood for biomass, charcoal, and pulp, and on a nine year rotation for sawn lumber.

## Seedling supply

Midgard has carefully selected a diverse mix of Eucalyptus species—including *Eucalyptus urophylla*, *Eucalyptus grandis*, and *Eucalyptus camaldulensis*—through both natural and assisted hybridization. These choices were guided by insights from similar local projects, detailed soil analysis, and the expertise of specialist clonal advisors.

The seedlings are cultivated in large-scale commercial nurseries and delivered to the farm in alignment with the planting schedule. Upon arrival, each batch undergoes thorough quality checks to ensure they meet the required standards.

To date, six distinct plant types have been sourced from two independent nurseries. This strategy not only enhances genetic diversity but also allows for tailored seedling selection based on the varied soil conditions across the site. The approach supports a range of end uses, including sawn timber, charcoal, biomass, and pulp.





## Canalization work

An important forestry land management practice is the construction of water transportation channels, aimed to improve soil conditions and enhance plantation performance, especially in areas prone to rainwater accumulation or concentration.

The property is composed of primarily alluvial, clay-rich soils, underscoring the importance of effective water management.

It is estimated that over 80% of the property will be developed with canalization systems, typically integrated into the design of the farm's primary and secondary road networks.

The construction of the canal network and road improvements will take place over a six-year period, concurrent to planting activities.



Aerial view drainage channel system

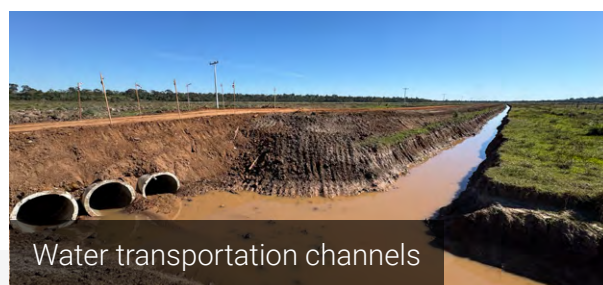
Map of channels in micro-planning

## Infrastructure work and improvements

Over the last quarter, substantial progress has been made in upgrading and expanding the property's core infrastructure. Key developments include:

- Repair and reconstruction of approximately 12 kilometers (km) of gravel roads
- Upgrade and repair of three main bridges
- Installation of 4km of new electricity lines and repair of 6km of existing lines
- Development of two artisanal wells to support water supply
- Construction of two bespoke meteorological weather stations

These renovations are essential to improving site accessibility, ensuring reliable utilities, and supporting long-term operational efficiency.



Water transportation channels

Roads

Meteorological weather stations





## Construction of operational headquarters

FLS has been actively working to secure a qualified contractor for the development of a permanent camp and warehousing facility through a formal request for proposal (RFP) process. After reviewing submissions from eight companies, a firm with proven experience in delivering durable, practical infrastructure for the agricultural sector was selected.

The permanent facility, designed in close collaboration with architects and technical consultants, focuses on functionality, comfort, and full alignment with Forest Stewardship Council (FSC) standards. Construction began in July 2025 and is expected to be completed in the first quarter of 2026.

In the meantime, FLS has established a temporary camp using purpose-built converted containers. These interim facilities meet all FSC quality requirements and provide office space, storage for fertilizers and agrochemicals, a workshop, fuel station, and a temporary nursery to support ongoing planting efforts.



The operational headquarters will include comfortable accommodation for workers, alongside warehousing and workspace



# Partnership with the University of Asunción

In June 2025, FLS partnered with the Faculty of Agricultural Sciences at the National University of Asunción (FCA/UNA) to collaborate on projects that support environmental sustainability and ecosystem restoration. A key focus of the partnership is forest restoration, with special attention to bringing back native tree species in the dedicated conservation areas.



This joint initiative aligns closely with the FSC standards—particularly Principle 6, which addresses environmental values and impacts. It also supports the goals of the United Nations Sustainable Development Goal (SDG) 15, which calls for the protection and sustainable use of land-based ecosystems, the fight against desertification, and the conservation of biodiversity.

The partnership reflects the spirit of SDG 17 by bringing together academic expertise and private sector action to promote responsible environmental management and contribute meaningfully to the restoration of Paraguay's natural landscapes.



The agreements that formalize the partnership were signed by Dr Jorge Daniel González Villalba, Dean of FCA/UNA, and Carlos Atilio Montanía Ávalos, representing FLS Paraguay. The signing also had the support of the Association of Professors and Researchers of the Faculty of Agricultural Sciences (ADIFCA), represented by its president, Professor Cristhian Javier Grabowski.





## Biodiversity Action Plan

As part of the project's Biodiversity Action Plan, technical training in wildlife management and first aid was carried out toward the end of Q1. The sessions were led by specialists from the Moisés Bertoni Foundation, known for their expertise in biodiversity, wildlife handling, snakebite response, and first aid.

A total of 22 participants took part in the training, which combined theory with hands-on learning. Topics included the impact of land use changes on local wildlife, how to identify different snake species, safe techniques for capturing and handling wild animals, the correct use of protective gear, and core first aid skills.

The training was well received and represents an important step in strengthening environmental awareness and safety practices in day-to-day field operations.



FUNDACIÓN  
**MOISÉS  
BERTONI**



## Article 6 news

### Paraguay signs implementation agreement with Singapore

To recap, Article 6 allows countries to voluntarily cooperate with each other to achieve emission reduction targets set out in their nationally determined contributions (NDCs). Under Article 6, countries will be able to exchange carbon credits earned from the reduction of greenhouse gas (GHG) emissions. Article 6.2 in particular foresees the transfer of internationally transferrable mitigation outcomes (ITMOs) between different actors, including countries and private sector companies, through bilateral or multilateral agreements.

Paraguay's relatively low-emission status makes it a potentially significant host country to carbon projects generating transferrable offsets. The government is therefore actively engaged in the operationalization of Article 6, for which it has taken key steps, including the passing of a carbon law and establishment of a carbon market directorate.



Image from MTI Singapore Press Release

In March 2025, Paraguay signed an implementation agreement with Singapore under Article 6.2 of the Paris Agreement. Partnering with Singapore, a nation with limited capacity for renewable energy projects, allows Paraguayan carbon projects to sell carbon credits to Singapore and Singaporean corporations.

Paraguay has also signed an MoU with the United Arab Emirates, and is in active discussions with other prominent Article 6 signatory countries, including Finland.



## Gold Standard®

### Gold Standard

FLS has officially opened an account with Gold Standard and submitted the initial project documentation, marking the start of the certification process. Early feedback suggests the project is well positioned to qualify under the afforestation/reforestation (A/R) methodology.

In parallel, rigorous biomass sampling and carbon baselining have been carried out under the supervision of the University of Asunción (UoA), forming a key part of the project's groundwork for future carbon credit validation. These steps represent strong early progress toward securing recognition and crediting for the project's climate benefits.





## SuperReturn

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Paraguay  
Innovación y tecnología para un futuro resiliente y sostenible

## FLS out and about

- FLS has participated in several conferences, including SuperReturn Climate in Berlin. More recently, it played an active role in contributing to the discussions at London Climate Action Week.
- FLS has been invited to speak at SuperReturn Energy & Infrastructure, taking place this September in Singapore.
- In late July, FLS will accompany a Paraguayan government delegation to Finland to discuss Article 6 and the country's emerging forestry industry, one of Paraguay's two key priority sectors.
- FLS has also been confirmed as a sponsor of Paraguay's first forestry congress, I Congreso Forestal Paraguayo (ICFP), scheduled for September. Held under the theme 'Innovation and Technology for a Resilient and Sustainable Future', this inaugural event will serve as a platform to explore issues central to national development, highlight technological advancements, and address the challenges and opportunities shaping the competitiveness of the forestry sector.
- In July, FLS also announced our significant partnership with HaiQi Group, a global leader in biomass pyrolysis technology, under which we will launch a series of biocarbon projects in Paraguay. Together, we will develop facilities to produce biochar, biocoke, and activated carbon, setting the stage for a new climate-positive industry in the region. A full update on this work will follow in our Q3 newsletter.



Photo of FLS Paraguay Team with EFISA, Midgard's forestry operator