



## Project Midgard Q3 update

Welcome to the Project Midgard Q3 Newsletter where we share the latest updates on the project's development.

Highlights include continued progress in planting, the development of onsite infrastructure, and the announcement of our partnership with HaiQi New Energy Ltd, an industry leader in pyrolysis technology.

# FLS Project Midgard Q3 Newsletter

## What's inside:

- Midgard milestones
- Infrastructure projects
- Stakeholder communication and training
- Carbon credits
- Project Alfheim
- FLS out and about



# Midgard milestones

## Planting progress on first property

After six months of planting, FLS's silviculture team and the forestry operator successfully planted more than 800,000 trees, establishing an efficient planting rhythm and demonstrating strong teamwork and collaboration.

2/3

of jobs created have been filled by local community

ca 1m

tons of carbon to be sequestered from first property

ca 4000

hectares devoted to conservation and landscape restoration



The head of the planting crew on site



A five-month-old tree, planted in May 2025



FLS team verifying the planting process





## Precision silviculture

The clonal material mix is selected with the support of soil and genetics experts, based on plot soil characteristics and the end-use markets (biomass, biocarbon, pulpwood and sawn lumber). See image below for Year 1 genetic material distribution to date.

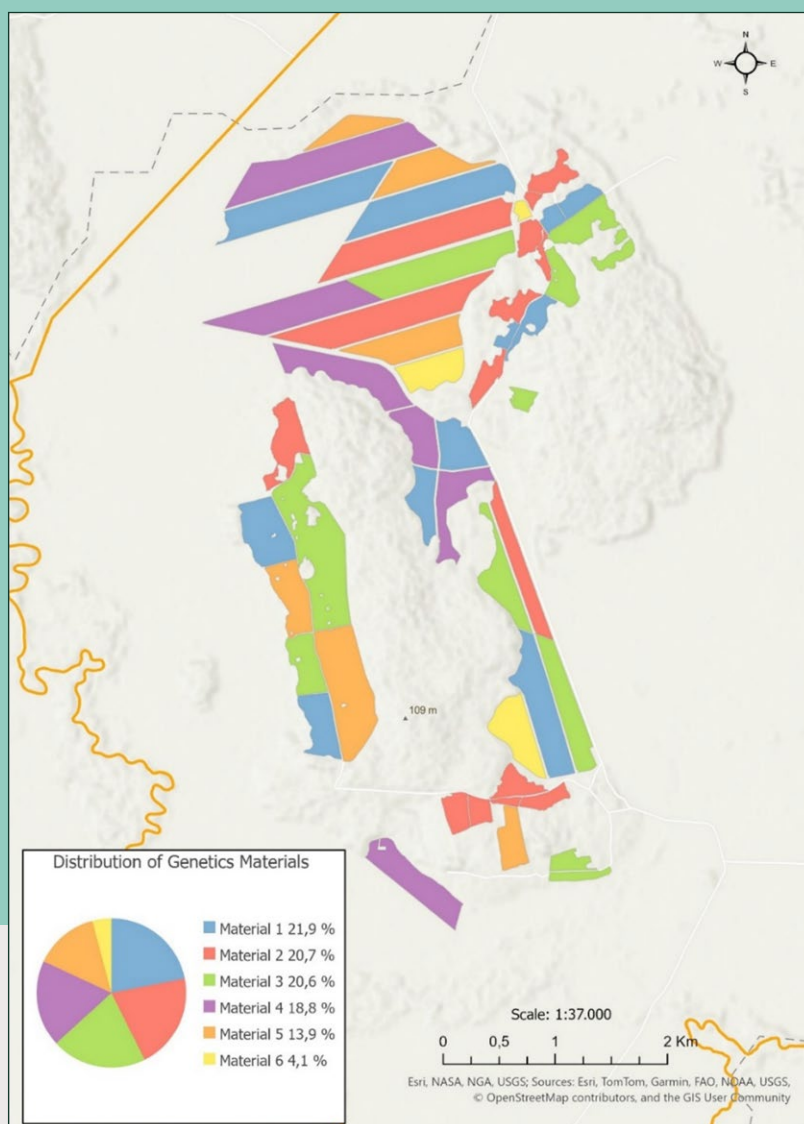
Year 2 microplanning has been completed and encompasses a total of 2,500 hectares, of which 2,070 hectares are designated for commercial plantations.

## Water Management

Exposed to recurring torrential rain and devoid of natural obstacles preventing erosion, the Paraguayan flats are often nutrient-poor, with organic material getting regularly washed away by downpours in between periods of dry weather. An effective water management system comprised of canals and other means of water speed moderation is a key element in making agricultural and forestry activities possible on the local flatlands.



## Distribution of genetic materials:





# Infrastructure projects

## Progress on best-in-class operational headquarters

This building of FLS's permanent operational headquarters has been underway for three months and remains on schedule for completion in Q1 2026. Upon completion, it is expected to rank among the best and most advanced facilities of its kind in the country, setting a new benchmark within the industry. The site includes modern office space, secure storage for fertilizers and agrochemicals, a well-equipped workshop, a fuel station, and a temporary nursery to support ongoing planting operations. The images below show inspectors on site, underscoring the build quality and adherence to best practices.

In the meantime, FLS has established a high-standard temporary camp using purpose-built, converted containers. These interim facilities not only comply with, but in many areas exceed, Forest Stewardship Council (FSC) quality requirements.



## Real-time weather data strengthens operational planning

FLS has completed the construction of two bespoke, high-quality weather stations that enable the tracking of live meteorological data from distinct areas of the property. Since August, the team has been able to access real-time, detailed weather information, providing far greater insight into local conditions and improving operational decision-making.

This initiative forms part of a strategic partnership with the Federation of Production Cooperatives of Paraguay (FECOPROD), which provides technical support and calibration for the meteorological equipment. Together, these efforts are helping ensure that FLS's forestry operations are guided by precise, data-driven understanding of environmental dynamics.





# Stakeholder communication and training

## Accesible, multi-channel grievance reporting

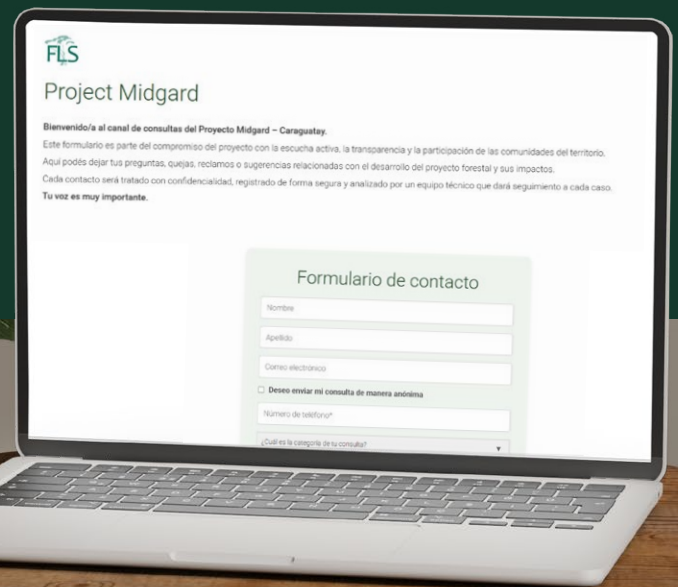
As part of its stakeholder engagement process, FLS has established a formal grievance mechanism in conjunction with the Fundación Moises Bertoni through which to receive inquiries, requests, complaints, and suggestions from both local communities and workers.

The mechanism aims to strengthen the relationship between the company and the public, ensuring a formal and reliable space for attention and response to any concerns related to project activities.

In addition to standard communication channels such as WhatsApp, email, and physical suggestion boxes, FLS has created a state-of-the-art digital registration platform, linked to its website and

managed by Fundación Moises Bertoni. Each submission through this platform receives a unique registration number and written confirmation of receipt.

These channels mark a key move towards more open, participatory, and community-focused management, ensuring everyone's voice is heard and key concerns are effectively addressed.



## Strengthening fire resilience through hands-on training

To boost technical and operational skills in preventing, detecting, and responding to forest fires, a practical training session was held for the forestry operator and FLS teams.

The training included both theory and hands-on practice, covering everything from the basics of fire behavior to the correct use of firefighting tools and equipment. Participants also received technical training on key areas such as firefighter roles and safety, the Observation, Communication, Escape, and Safety (OCES) zone system, and risk identification.

The training concluded with a field exercise and simulation, which included the construction of firebreak lines, a controlled burn, and a practical forest fire suppression drill.





# Carbon credits

## Gold Standard listing

Project Midgard has received preliminary review approval and is now officially listed on the Gold Standard registry as an Afforestation/Reforestation (A/R) project. It follows the Greenhouse Gas (GHG) Emission Reduction and Sequestration Methodology v2.1, which requires projects to define a baseline scenario and use modelling units to quantify carbon sequestration. The project will next undergo validation by an approved third-party Validation and Verification Body (VVB).

Once fully validated and credits are issued, carbon credits will be distributed to shareholders as a dividend in specie throughout the project's duration. If Midgard achieves its target scale, its commercial plantation is expected to sequester around 5 million tons of CO<sub>2</sub> equivalent over its lifetime. Additional carbon capture is also anticipated from soil organic carbon stock increases and natural restoration within the conservation area.



**Gold Standard®**

## Paraguay Article 6 news

In September, [Singapore executed its first trade under Article 6](#), establishing contracts for carbon credits generated from nature restoration and protection projects in Ghana, Paraguay, and Peru.

This development, announced by Singapore's National Climate Change Secretariat (NCCS) and the Ministry of Trade and Industry (MTI), is also significant as it marks the first tranche of carbon credits that the Republic has secured.

Under Article 6 of the Paris Agreement, adopted by 194 states plus the European Union, countries can buy carbon credits generated in other jurisdictions to meet domestic climate targets to reduce emissions.

Paraguay has shown active commitment to Article 6 through its new legal framework for carbon markets, and its engagement in international cooperation – including this new agreement with Singapore.





## Project Alfheim

### Partnership with HaiQi New Energy Group

In July, FLS announced its partnership with environmental technology manufacturer HaiQi New Energy Group (HaiQi) to develop a portfolio of biochar, biocoke, and activated-carbon production projects in Paraguay.

The partnership enables FLS to structure and lead the projects, while HaiQi provides, maintains and refines the core technology components. The initial project focuses on transforming forestry residues into biochar through HaiQi's pyrolysis and gasification technology. The parties have also committed to working exclusively with one another on biomass pyrolysis projects in Paraguay for the duration of the agreement.

FLS spent nearly two years evaluating global pyrolysis technologies through rigorous due diligence and on-site visits. The conclusion is that HaiQi offers unmatched quality, reliability, and performance. As global demand for biocarbon products and verifiable and durable carbon removal accelerates, it positions both entities to capture these market opportunities while supplying clean, renewable energy to the Paraguayan grid.

The development of such downstream assets can support several strategic national priorities in unison: establishing a reliable offtake alternative for the country's emerging forestry industry, achieving long-term carbon removal, generating clean energy, and creating substantial employment opportunities.



## Out and about

### Expo Madera, September 2025

Expo Madera was held in mid-September by the Paraguayan Federation of Timber Producers (FEPAMA). [The event took place](#) in the Centro Cultural del Puerto de Asunción and was organized alongside several panel discussions with some of the principal representatives from industry, administration, and government. In addition to the forum, a wide range of companies were represented with exhibition stands.

### Paraguay, Forestry Congress

FLS was a main sponsor of the first Paraguayan Forestry Conference, held a few days later, at the National University of Asunción. Organized by the Forestry Engineering Department, this event marked a milestone for Paraguay's forestry sector by bringing together companies, government institutions, academics, and students from across the country.



### Shortlisted for P4P Awards

FLS was shortlisted for the Best Climate Action category at the Pensions for Purpose Content Awards, for our work making the case for local government pension schemes to consider forestry investments beyond the UK.

The awards recognize content that demonstrates originality, educational value, strong presentation, and relevance to pension funds. In the impact categories, judges look for clear evidence of positive, intentional impact beyond standard ESG activity.





## Paraguay Forestry Sector delegation visit to Finland

FLS Managing Partner Alessandro Materni joined part of an official Paraguayan visit to Finland, led by President Santiago Peña – a trip which highlighted the forestry sector's status as a top strategic priority for Paraguay's leadership.

Agreements were signed with manufacturers Valtra and Ponsse to bring advanced training simulators to Paraguay, equipping hundreds of young people with the skills to operate high-tech forestry machinery.

The Paraguayan delegation also signed two memorandums of understanding with the Finnish government, part of an aim to deepen bilateral cooperation in areas such as educational innovation, the advancement of the circular economy, and implementation of the Paris Agreement.



## SuperReturn Energy & Infrastructure Asia

FLS Managing Partner Charlie Sichel was invited to speak at SuperReturn Energy & Infrastructure Asia in Singapore, alongside HaiQi New Energy Group's Chairman, Stella Cheng.

The panel focused on harnessing the potential of biodiversity and natural capital. FLS highlighted the significant opportunity in downstream activities in Paraguay, especially regarding pyrolysis and the range of biocarbon products at hand (from biochar, to high C-carbon content biocoal, to activated carbon).

The production of surplus green energy is an important revenue stream and can be especially attractive when considering the energy needs in light of data center requirements supporting artificial intelligence.

While industrial biocarbon assets have a different risk–return profile than forestry assets, integrating the two creates value across the entire supply chain — from tailored planting strategies and optimized logistics planning to greater transparency and stronger oversight and control of commercial offtakes.