



Q2 2026 update

Welcome to the Q2 2026 edition of the FLS Newsletter. Over the past quarter, Project Midgard has continued to make strong progress across forestry operations, carbon certification, stakeholder engagement and international business development.

This edition highlights some of the key milestones achieved during the period.

FLS Project Midgard Q2 Newsletter

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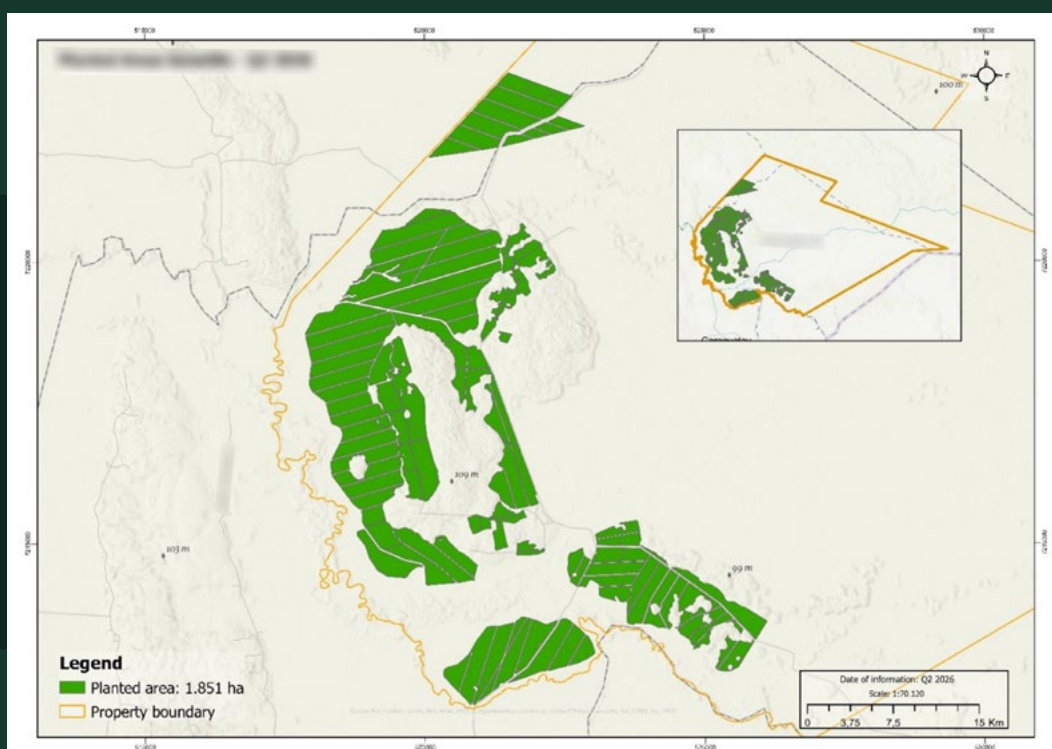
Midgard milestones

Silviculture update

Canalization works continue to progress, with cumulative volumes in the last quarter exceeding 45% of the total planned for 2026. Since the start of operations, water management has involved the movement of more than 730,000 m³ of topsoil. The excavated material is being reused in the construction of internal roads and service areas, supporting the ongoing development of the Project's operational infrastructure.

During the quarter, the micro-planning design for the entire property was completed. The resulting land-use plan allocates approximately 25% of the estate to conservation areas, 64% to commercial plantation forestry, and the remaining 11% to other operational and complementary uses.

June marked a year since the establishment of the first plantations, which continue to demonstrate strong growth and good overall health. At the same time, the build-out of the Project's forestry asset base continued, with a total of 1,851 hectares planted as of the end of June, equivalent to more than 2.2 million trees. All planted areas remain under maintenance in line with the planned silvicultural program. Overall, execution against the annual planting schedule stood at 93% of the target for the period.



Silviculture update: Facts

1,850

Hectares planted

2.2 million

Trees planted

8 metres

Maximum height



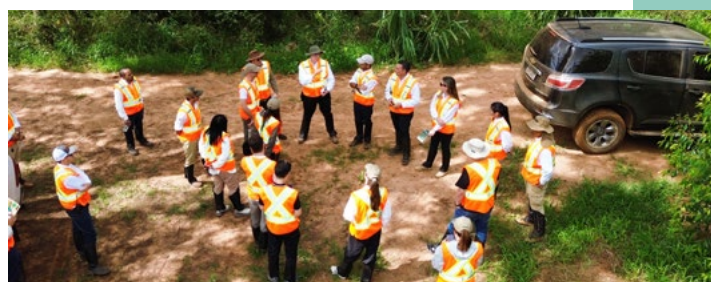
Carbon Update

Singapore Government Delegation Visits Project Midgard

In April 2026, FLS welcomed an official delegation from the Singapore Government as part of an Article 6 carbon markets mission. The delegation included government representatives, institutional investors and technology providers exploring opportunities to secure future access to high-integrity carbon credits based on their cooperation with the government of Paraguay.

During the visit, the team presented Midgard's mosaic forestry model, which integrates productive sustainable forestry with the long-term protection of native ecosystems, biodiversity and critical water resources.

The visit also highlighted the significant investment being made in infrastructure, including new roads and bridges, a fully equipped operational headquarters, and essential services such as drinking water and electricity. The day concluded with traditional Paraguayan hospitality, featuring local cuisine and the unmistakable sound of the Paraguayan harp.



Gold Standard Validation

The first phase of Project Midgard is currently undergoing validation by AENOR, the appointed Validation and Verification Body (VVB) under Gold Standard.

During May 2026, AENOR completed its on-site validation audit. The assessment covered all key aspects of the project, including the carbon baseline, stakeholder consultations, conservation management, and overall project implementation.

Once certified, the Project is set to become the first Gold Standard-certified ARR project in Paraguay, representing an important milestone for the development of high-integrity carbon markets in the country.

People

Meet FLS Senior Ranger, Analía Velázquez

This quarter, we meet Analía, one of the first participants in FLS's Midgard Ranger Trainee Program, developed in partnership with Fundación Moisés Bertoni.

The program creates career opportunities for young women from rural communities, combining practical field experience with vocational training in biodiversity monitoring, environmental data collection, conservation management and sustainable forestry.

It forms part of FLS's long-term commitment to building local capacity and creating meaningful careers in conservation.



Q&A with Analía Velázquez

i. Tell us a little about yourself. Where did you grow up, and what inspired you to apply for the Midgard Ranger Trainee Programme?

I grew up in Guajayvi, in the San Pedro Department of Paraguay. I studied at the Mbaracayú Educational Centre, surrounded by more than 64,000 hectares of forest, where I earned a Technical Degree in Environmental Studies with a specialization in Hospitality and Sustainable Tourism. I am currently completing my degree in Environmental Engineering.

My passion for conservation inspired me to apply to the Midgard Ranger Trainee Program. From a young age, I have wanted to protect the natural environment, and this program gives me the opportunity to contribute to conserving Paraguay's natural resources while continuing to learn and develop every day.

ii. What does a typical day look like for you on the Midgard Project?

Each day begins at sunrise, accompanied by the sound of birds, which always gives me energy for the day ahead. No two days are ever the same. Every day brings new challenges, new lessons, and new opportunities to improve our work. That variety is one of the things I enjoy most.

iii. Which part of your job do you enjoy the most?

What I enjoy most is being outdoors and working directly with nature, knowing that my efforts contribute to its conservation. I also value the opportunity to keep learning, because every experience helps me grow both professionally and personally.

iv. Why is conserving Paraguay's forests and biodiversity so important?

Paraguay is home to extraordinary natural wealth. Conserving our forests and biodiversity is essential because these ecosystems protect countless species, capture carbon, regulate water resources, and help mitigate climate change. Development is important, but it must always go hand in hand with environmental sustainability.

v. What new skills are you gaining through the Ranger Trainee Programme?

The programme is helping me grow both professionally and personally. I am learning about environmental certification, international standards, monitoring, and the importance of complying with environmental policies and regulations. Seeing these processes in practice has given me a much deeper appreciation of their importance and strengthened my commitment to conservation.

vi. Why is it important for rangers to work closely with local communities?

Successful conservation depends on local communities being part of the process. They understand their environment better than anyone, and their knowledge and participation make conservation efforts much stronger.

I also believe it is especially important to work with schools. Today's children and young people will make tomorrow's decisions, and by helping them understand the importance of protecting nature, we can inspire positive change throughout their families and communities.

vii. What would you like people to know about the Midgard Project?

I would like people to understand the positive impact the project is having, not only by protecting the environment, but also by creating employment opportunities, supporting local development and promoting more sustainable land management.

Working alongside Fundación Moisés Bertoni and the FLS team has been one of the most meaningful experiences of my life. Through the program I continue to develop professionally, acquire new skills and demonstrate that women have an increasingly important role to play in conservation and sustainable development.

viii. In your opinion, what makes this program different from other opportunities available to young people?

This program offers a genuinely comprehensive learning experience. It combines technical training with practical field experience, while also providing a supportive environment, including accommodation, meals, appropriate safety measures, and continuous mentoring.

For young people who are passionate about conservation and sustainable development, it is a unique opportunity to build a meaningful and rewarding career.



Stakeholder & Community Engagement

Stakeholder Consultation

In April 2026, Project Midgard held a Stakeholder Update Meeting at the Municipality of Caraguatay as part of its ongoing commitment to transparent and inclusive stakeholder engagement.

During the meeting, FLS presented the latest progress of the project, outlined the modifications made in response to feedback received during the initial consultation process, introduced the new Project Queries, Requests and Grievance System (PQRS), and launched a 30-day Further Stakeholder Feedback Round.

The meeting brought together representatives from local communities, public authorities, civil society organizations and other key stakeholders. Particular emphasis was placed on ensuring the participation of traditionally underrepresented groups, including local women's organizations.

Discussions covered a broad range of topics, including the Project's mosaic reforestation model, biodiversity conservation, local employment, strategic partnerships with Fundación Moisés Bertoni and the National University of Asunción, environmental education, wildfire prevention, and wider community development initiatives.

A Further Stakeholder Feedback Round (30-day consultation) concluded on 30 May 2026.



Overall feedback was positive, reflecting broad support for the Project's objectives and implementation. As a direct outcome of the consultation process, FLS has established a working group with representatives of a local community group, facilitated by Fundación Moisés Bertoni, to support the development of community-led initiatives and maintain an ongoing dialogue as the project continues to grow.

The process reaffirmed Project Midgard's commitment to meaningful stakeholder participation, ensuring that local communities remain active partners in the Project's long-term environmental and social development.





Strengthening the Project Grievance Mechanism

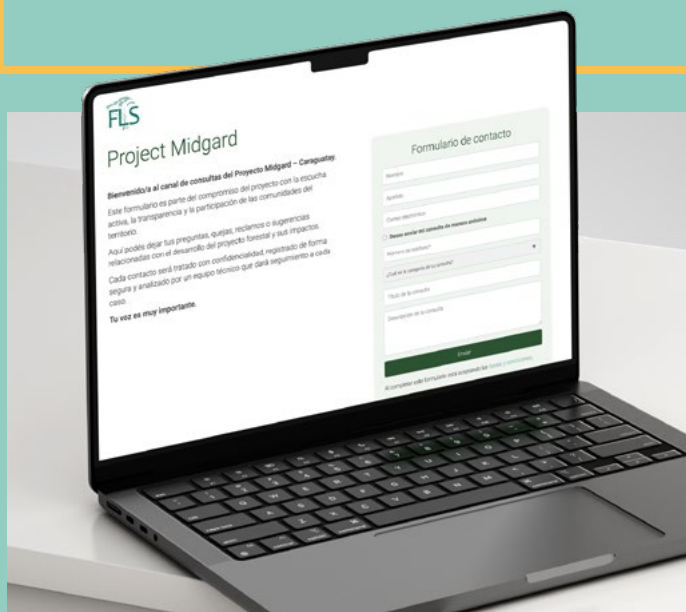
As part of Project Midgard's ongoing commitment to responsible social management, FLS delivered two training sessions on the Project's grievance mechanism, formally known as the **Project Queries, Requests and Grievance System (PQRS)**. The first session was delivered to supervisors and managers from FLS Paraguay and the forestry operator, while the second was held for the operator's field personnel.

The training combined classroom instruction with practical exercises, covering the purpose and operation of the mechanism, the correct registration of queries and grievances, available reporting channels, the use of physical grievance boxes, and the procedures for investigating, tracking and responding to each case.

The sessions reinforced the importance of the PQRS as a key tool for promoting transparent communication, accountability and continuous improvement across the project.

The participants learned to manage queries, concerns, complaints and suggestions from employees, contractors and other stakeholders in a timely, consistent and effective manner.

By embedding the PQRS across its operations, Project Midgard continues to strengthen its stakeholder engagement framework, fostering a culture of trust, transparency and continuous improvement in line with international best practice.



Environmental Education Program (EEP) plan

Project Midgard has launched an Environmental Education Program (EEP) to strengthen environmental awareness and promote sustainable practices among communities surrounding the project.

Developed in partnership with Fundación Moisés Bertoni and the Municipality of Caraguatay, the program engages students from two local schools through interactive learning activities focused on forests, biodiversity, climate change and sustainable land management.

The initiative encourages young people to develop a stronger connection with their natural environment, fostering responsible stewardship of Paraguay's natural resources and inspiring the next generation of environmental leaders.

The EEP forms part of FLS's broader commitment to sustainable development through education, community engagement and biodiversity conservation. By working alongside schools, local communities and public authorities, Project Midgard seeks to create lasting social and environmental benefits that extend well beyond the project boundary.



FLS Out and About Shanghai Climate Week

FLS participated in Shanghai Climate Week, engaging with leading stakeholders across the carbon removal, decarbonization and climate finance sectors.

In April, Haiqi Group and Puro.earth co-hosted the Shanghai Climate Week CDR Summit, where FLS presented Project Alfheim alongside its broader pipeline of decarbonization and renewable energy opportunities in Paraguay.

The summit brought together carbon credit buyers, standards organizations, project developers, technology providers, traders and other market participants. One of the key themes emerging from the event was the increasingly important role of China and the wider Asia-Pacific region in global carbon markets. This momentum is evident not only in project development and technology deployment, but also in rapidly growing demand for high-quality carbon removal credits.

Discussions also reinforced the continued growth of the biochar carbon removal market, supported by robust pricing, improving market standards and increasing participation from both established companies and new entrants.



High-quality biochar projects with strong technical fundamentals, credible execution capability and institutional-grade governance continue to demonstrate attractive commercial potential.

Project Alfheim was very well received, generating strong interest from prospective partners and buyers. More broadly, FLS's wider portfolio of opportunities in Paraguay attracted significant attention, further reinforcing the country's growing position as a platform for scalable carbon removal and industrial decarbonization projects.





SuperReturn

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Emerging Markets

SuperReturn Emerging Markets - Amsterdam

FLS also participated in SuperReturn Emerging Markets in Amsterdam, one of the leading conferences for private capital investors focused on emerging economies.

Managing Partner Charlie Sichel joined a panel of leading investors to discuss key trends shaping Latin American private markets, including the mobilization of institutional capital, climate investment and the growing role of natural capital assets.

The discussion highlighted Paraguay's increasing prominence as an investment destination for institutional-quality forestry, carbon removal and broader natural capital opportunities, reflecting growing international interest in the country's long-term potential.

