



FOREST
INVESTMENT
ASSOCIATES

Forest Stewardship Policy

Stewards of Sustainable Forests

Forest Investment Associates (FIA) believes that being actively responsible investors is a key principle to our investment philosophy and management. Our adherence to this fundamental concept is reflected in our commitment to a range of codes and standards, most notably the United Nations Global Compact, which asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labor standards, the environment and anti-corruption. Our company culture and investment process integrate environmental, social and governance (ESG) issues into our overall stewardship responsibilities as summarized in this policy.

The maintenance of the ecological well-being of forests yields a competitive financial return on clients' investments, making the success of one (clients) dependent upon the success of the other (ecological health and forest productivity). To accomplish both goals simultaneously, FIA uses environmentally sensitive forest conservation practices and silvicultural techniques that enhance timber productivity while conserving soil, water, wildlife and other ecological services. We firmly believe forestland to be one of the most inherently sustainable investments. When compared to other more traditional and nonrenewable asset classes, a well-managed forestland investment not only limits risk but also actively creates positive outcomes for the environment and society while producing competitive returns for our clients.



A. Climate Mitigation

The United Nations' 2030 Agenda for Sustainable Development has 17 core goals:

- 🌲 The United Nations has performed extensive work addressing climate change, sustainable development and the impact to local communities. Asset owners are widely adopting these concepts and looking to adhere to these Sustainable Development Goals (SDGs).
- 🌲 A well-managed forest has many positive attributes, and we believe six out of the 17 SDGs are connected to forest investing, which can benefit a wider responsible investing initiative.



Trees provide clean air and have been linked to human health and well-being for centuries .



Forestry is naturally linked to sustainability and operational efficiencies to enable better productivity.



Sustainably managed forests provide clean drinking water. Forests capture rainfall and release water from the soil into streams and rivers.



Forests help to stabilize the global climate, regulating ecosystems and protecting biodiversity.



Wood biomass generated from forestry operations is used to provide fuel for renewable energy.



Forestry conservation easements and mitigation banking restore, enhance, create and preserve natural areas.

B. Capital Placement

As a requirement of our due diligence process related to the underwriting of any potential acquisition presented to the Investment Committee, FIA conducts a review of related ESG issues as it relates to responsible investing. The evaluated criteria include, but are not limited to, transaction issues related to human rights, labor, environmental review and corruption.

In addition, environmental and social criteria are explicitly addressed on an as-needed basis with respect to any specific new or existing investment. These may include, for example, (a) current or potential environmental issues related to the site, such as the actual or potential presence of endangered species or protected watersheds, or (b) the actual or potential presence of features that could create potential environment liabilities.



C. Carbon

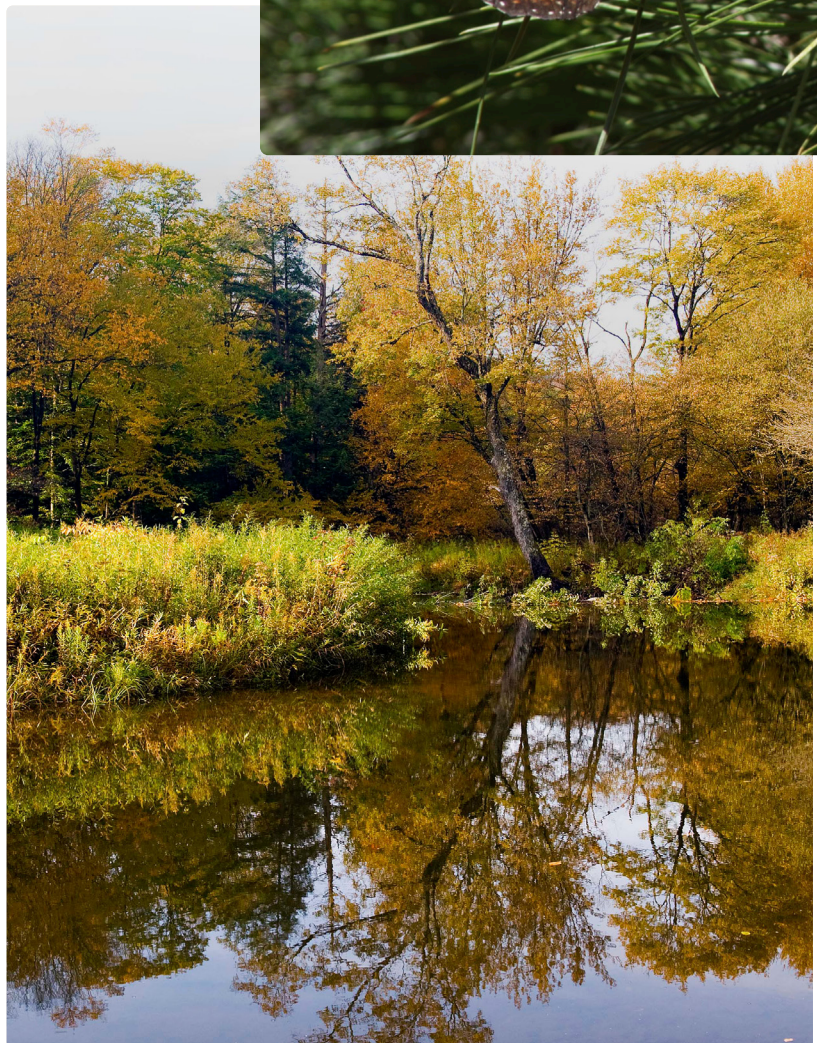
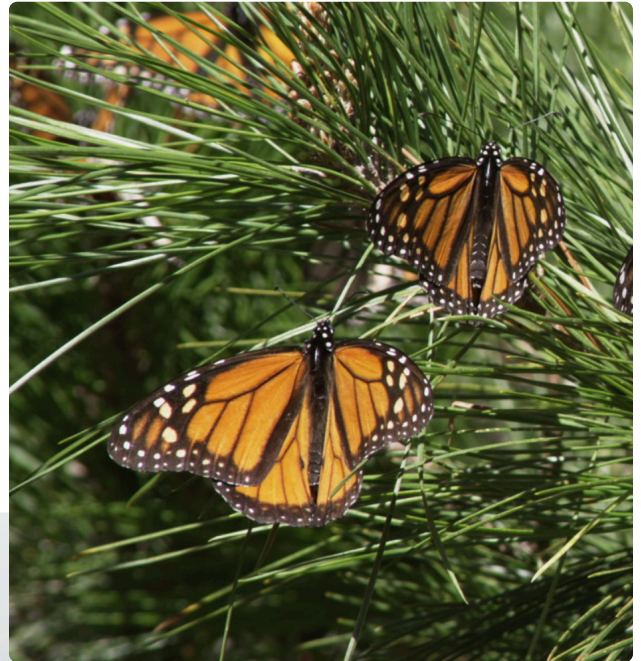
Timber represents one of the few methods by which large amounts of carbon can be stored in a stable form. Markets have developed in various parts of the world recognizing that carbon storage can be influenced by active markets for carbon credits. When FIA builds forest investment portfolios, carbon values are considered when applicable.



D. Ecosystem Services

Various costs and benefits (both financial and social) impact the financial risk and return of a forestland investment. FIA recognizes:

- 🌲 Being responsible impacts the risk and return profile for forestland investments.
- 🌲 Positive impacts include alternative cash flow streams from the goods and services associated with large scale forestland management, like clean and plentiful water (water rights contracts), conservation easements (contracts associated with development rights), wildlife habitat (recreational leases) and carbon storage (carbon credit contracts, etc.).
- 🌲 The trade-offs are primarily associated with increased costs to monitor and regulate the various markets and contracts. In certain instances, these costs can significantly impact asset values and returns. Secondly, there may exist opportunity costs associated with following different forestland management strategies or forgoing different rights.
- 🌲 FIA believes that nonmarket goods and services will become a greater component of timberland cash flows and resulting returns. As a timberland investment manager, an important part of our fiduciary responsibility is to understand these emerging markets and evaluate how they can best fit into a forestland investment portfolio. We continuously monitor these new opportunities to uncover unrealized value in portfolios. These “real option” opportunities may not be priced into forestland values at the time of acquisition.



Forest Investment Associates (FIA) is committed to high environmental standards for stewardship and promotes and practices sustainable forestry on all forest lands we manage. We believe it is our responsibility to maintain the long-term sustainability of the forest resource while managing our clients' timberland for competitive financial returns. To accomplish both, we use environmentally appropriate forest conservation practices and silvicultural techniques that enhance timber production while protecting the environment, consistent with the following.

🌲 Commitment to Sustainable Forestry Standards –

We are a leader in promoting and practicing sustainable forestry. Select FIA properties are third-party audited and certified under sustainable forestry certification programs including the **Sustainable Forestry Initiative® (SFI®)**, **Forest Stewardship Council® (FSC®)**, **FSC® C020726**, or the **National Alliance of Forest Owners® (NAFO®)**, based upon client-specific objectives and the unique aspects of each property. These voluntary and independent certification standards are among the world's most stringent standards for sustainable forestry. We continually review our certification programs in order to optimize the relationship between environmental stewardship and financial returns. Current third-party certification audit reports are available on program websites or in our Atlanta office.



🌲 Best Management Practices – Our forest management operations meet or exceed Best Management Practices (BMPs) for water quality protection in every state in which we manage timberland. In addition, we comply with all applicable local, state and federal laws and regulations governing environmental quality and social responsibility as they relate to timberland management.

🌲 Management System Programs – We have developed and implemented a set of Management System Programs to ensure conformance to our policy. These Programs include detailed procedures, which are a key part of our overall management system and achieving the Forest Stewardship Policy.



The UN Global Compact states that businesses should support a precautionary approach to environmental challenges, undertake initiatives to promote greater environmental responsibility and encourage the development and implementation of environmentally friendly technologies.

As part of our ongoing commitment to supporting sustainable management on client forestlands, FIA actively supports improved forest management in a variety of ways, including active membership in several research cooperatives and organizations focused on continual improvement in the sustainable management of forestland.

The UN Global Compact states that businesses should support the protection of internationally proclaimed human rights and ensure that they are not complicit in human rights abuses. In addition, businesses should uphold the freedom of association, the elimination of all forms of forced labor, the effective abolition of child labor and the elimination of discrimination in respect of employment.

FIA seeks to understand and consider social factors and the actual and potential impact on a wide range of constituencies that may be affected by the acquisition, operation and disposition of the assets we manage. As an employer, FIA treats all employees fairly, irrespective of gender, race, color, disability, political opinion, sexual orientation, age, religion or social/ethnic origin.

As a manager, FIA strives to understand and account for the social impact of all elements of our asset management activities from acquisition of a property, to our ongoing management of assets, and eventual ownership transition. Our acquisition screening process serves to identify and avoid investments with adverse impacts on communities, the environment, indigenous peoples or cultural heritage. When such avoidance is impossible, we seek to engage with affected constituencies to minimize or mitigate our impact through cooperation.



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GOVERNANCE



The UN Global Compact states that businesses should work against all forms of corruption, including extortion and bribery.

FIA is committed to the highest levels of ethical conduct in our dealings with each other and with those outside the organization, including clients, counterparties, vendors, contractors and other constituencies. We recognize that acting in our clients' best interests makes good business sense.

FIA has a Code of Ethics and Personal Trading Policy that is reviewed on a regular basis. FIA employees must acknowledge receipt and certify compliance at the time of employment and annually thereafter. The Policy highlights our roles as fiduciaries for our clients and requires employees to avoid potential conflicts of interest between personal or firm interests and the interests of our clients, prohibits employees from taking advantage of their position with FIA or acting on material, non-public information, and compels employees to act in the best interest of our clients.

FIA is a registered investment adviser with the U.S. Securities and Exchange Commission under the Investment Advisers Act of 1940. FIA promotes professionalism and high standards for the firm and its employees. As a registered investment adviser and a fiduciary to its clients, FIA has a duty of loyalty, to always act in good faith, to place clients' interests first and foremost, and to make full and fair disclosure of all material facts. FIA retains a full-time, independent, third-party consulting firm to assist in managing all compliance issues.



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STEWARDSHIP COMMITTEE

FIA maintains an active Stewardship committee with representatives from all teams within the FIA structure – senior management, operations, accounting and finance, compliance, acquisitions and divestitures, and information technology – with the stated goals:

- 🌲 Integrate responsible investment policies, including ESG, into every aspect of our business operations
- 🌲 Participate in the development of emerging markets around a variety of goods and services associated with forestland ownership and management – water rights, conservation easements, carbon credits, recreational leases, mitigation banks, etc.
- 🌲 Work diligently to strengthen our policies and to recognize the wider social issues around responsible investing – human rights, indigenous people’s rights, impacts on local communities, etc.
- 🌲 Constantly strive to reinforce our corporate culture to better recognize, understand and appreciate the issues surrounding ESG concerns shared by our existing clients and prospective investors
- 🌲 Review of acquisition underwriting compliance with human rights, labor, environmental overview (including environmental site assessments and endangered species) and anti-corruption
- 🌲 Address client investment objectives related to relevant stewardship factors and priorities
- 🌲 Conduct research to better understand the risk and return profiles of relevant stewardship factors in the forestland investment universe

