




FOREST
INVESTMENT
ASSOCIATES

「ESG Policy」



Purpose

The FIA Environmental, Social, and Governance (ESG) Policy describes the company's approach to consistent ESG integration, driven by our commitment to responsible investment, our investment beliefs, and our values.



FIA believes that responsible investment is a core component of our fiduciary duty and active management approach. We believe that managing material ESG factors supports risk mitigation, value preservation, and increasingly provides opportunity to realize a range of financial and ancillary non-financial values.

FIA has always recognized that the ecological well-being of forests is central to delivering a competitive financial return within forestry investment. Our longstanding commitment to environmental responsibility, good corporate citizenship, and excellent forest stewardship has evolved as our business has grown and matured. Our first environmental policy was developed in the early 1990s, we launched our first forest certification program in 2001, and we made a formal commitment to responsible investment and began publicly reporting on our progress in 2019. At the same time as our own growth in ESG, the field of sustainable investment has also grown and increasingly mainstreamed.

This includes practices related to ESG integration, responsible investment, and impact investing, which are now supported by bodies of evidence and resources promoting implementation. FIA understands these advancements can support us in executing our fiduciary duty while aligning with our values and mission as a business.

Per the FIA ESG Committee Charter, our ESG vision is that we continually develop and advance our management and monitoring of ESG matters to benefit our clients, employees, shareholders, and broader external stakeholders. We aspire to demonstrate this through delivering tangible positive environmental and social impact using a data-driven approach to sustainable investment, and we aim for effective and salient communication of ESG management and outcomes. This Policy outlines the scope, commitments, and resources available to FIA as we seek to deliver upon this vision.

SCOPE

This Policy supersedes and replaces the Forest Stewardship Policy and is complementary to FIA's Forest Management Programs and other policies and procedures. This Policy applies to all FIA investment management activities, embedding ESG considerations throughout our investment process and related business functions. This includes:

- Development of **investment strategies, vehicles, and policies**.
- **Acquisition and due diligence** whereby ESG considerations are reflected in asset selection and investment evaluation.
- **Asset management activities**, including planning and oversight for forest operations, with monitoring and reporting of ESG performance.

- Asset management and **good governance** for all client-owned entities.
- **Engagement with stakeholders**, especially clients, to foster alignment and progress on ESG matters.

FIA's diverse client relationships and accounts contain a range of investment objectives and requirements, and we will exercise diligence and care in ensuring that ESG integration furthers and promotes these objectives. For the avoidance of doubt, this Policy shall not contradict and is subordinate to any requirements embedded in contractual requirements with FIA's clients. Moreover, this Policy is intended to support and further the execution of our duties to clients. This Policy applies to all geographies in which we invest and operate.



ESG Principles

FORESTRY AS AN ESG SOLUTION AND OPPORTUNITY

FIA's ESG Principles are a natural extension of our long-term forest stewardship ethos and corporate citizenship. Since our establishment in 1986, FIA's approach to sustainable forestry investment has benefited from our commitment to continual improvement, best management practices, research, and science. These factors continue to inform the development and oversight of rigorous, site-specific management strategies for each forest we manage.

FIA FOUNDATIONAL TENETS

FIA employs two foundational tenets to manage our impact on the environment and society:



DO NO HARM

Our *Do No Harm* approach is reinforced by the precautionary principle, safeguards, policies, and best management practices that support FIA in identifying and managing potential risks. ESG risks are addressed, where relevant, in our investment activities. Examples include human rights, workers' rights and safety, modern slavery, environmental compliance, deforestation, illegal logging, and air or water pollution.



CONTRIBUTE TO SOLUTIONS

Our *Contribute to Solutions* approach is founded in our understanding of the benefits that sustainable forestry and land use can provide. ESG opportunities align with sustainable forestry as a thematic ESG solution for some investors while others may seek to invest intentionally for the achievement of target ESG outcomes, such as climate mitigation, biodiversity conservation, and rural economic benefits.

**FIA
ESG PRINCIPLES**

Going beyond responsible
investment to enable
forestry as an ESG solution

**BOOST
FOREST
HEALTH &
PRODUCTIVITY**



**MANAGE
FOREST
CARBON**



**CONSERVE
BIODIVERSITY
& NATURE**



**RESPECT
FOR PEOPLE
& PARTNERS
IN FORESTRY**



**PROMOTE
RESPONSIBLE
WATER
PRACTICES**



**ENGAGE
WITH
STAKEHOLDERS
& COMMUNITIES**



**DO NO
HARM**



**FIA
FOUNDATIONAL
TENETS**

Managing our impact on the
environment and society

**CONTRIBUTE
TO SOLUTIONS**





FIA ESG PRINCIPLES

The FIA ESG Principles respond to the opportunity for responsible investment in forestry to go beyond a risk-only lens to also enable forestry as an ESG solution. They are designed to foster consistent consideration of material ESG factors within all phases of our investment process, while also describing how we aim to manage toward positive net impact. To implement the ESG Principles, we aspire to use data-driven and science-based management to integrate active management across traditional forestry investment values as well as ESG values.



MANAGE FOREST CARBON

Forests play a pivotal role in the global carbon cycle, with managed forests offering potential to enhance carbon storage and sequestration while also producing essential wood products that contribute to the low-carbon economy. FIA seeks to manage both climate-related risks and opportunities to enhance outcomes for our investors while aligning with global efforts to mitigate and adapt to climate change.



CONSERVE BIODIVERSITY & NATURE

Investors increasingly recognize nature-related financial risks as well as opportunities for conserving biodiversity, because forest ecosystems and the range of flora and fauna they safeguard provide many of the goods and services upon which our planet and humanity depend. FIA promotes landscape management approaches that include protection and conservation of nature within forest management programs, including considering the impacts of forest management on wildlife, watersheds, and ecosystem services.



PROMOTE RESPONSIBLE WATER PRACTICES

Forests are essential to the functioning of many water resources and systems, which are vital for people, planet, and aquatic life. This includes supporting water quality and quantity and regulating local water cycles that are increasingly vital for natural resilience to environmental change. FIA seeks to ensure a positive impact on water resources and watershed management through adherence to best management practices and promoting the integration of water resource management within forest ecosystems.



ENGAGE WITH STAKEHOLDERS & COMMUNITIES

The world's forests are an integral part of global society, with communities dependent on them for livelihoods, freshwater supply, timber and non-timber resources, recreation, and more. As responsible forest stewards, FIA uses stakeholder engagement practices to understand and respect the needs of those who take an interest in, depend upon, or join us in enjoying the forests we manage.



RESPECT FOR PEOPLE & PARTNERS IN FORESTRY

Building and maintaining relationships founded in mutual respect and trust is critical to delivery of FIA's business model, especially for the local forestry businesses with whom we partner for the execution of silvicultural, harvesting, and transport activities. FIA seeks to be a partner of choice in the forest sector, which enables us to work with the best companies and individuals so that we can deliver on investment objectives with excellence.



BOOST FOREST HEALTH & PRODUCTIVITY

The ability of forests to produce goods and services for future generations is a hallmark of sustainable forestry, and a focus on regeneration after harvest provides long-term investment value. FIA seeks to promote the productivity of the forests and soils under our stewardship and to protect them from adverse impacts that may threaten their long-term health and productivity. To achieve this, FIA seeks to use the best available science, leverage our own internal forestry expertise, and work with highly qualified experts to deliver on management objectives for each forest.

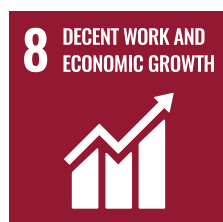


FIA ESG PRINCIPLES AND THE SUSTAINABLE DEVELOPMENT GOALS



FIA's ESG Principles inform the way we develop investment strategies, perform investment evaluation, and actively manage assets. Moreover, they guide FIA's participation in the forestry asset class and as a participant in the forestry sector. They also enhance our alignment with the United Nation's Sustainable Development Goals (SDGs), which launched in 2015 as a roadmap for peace and prosperity on the planet. The SDGs provide guidance to businesses and investors on the risks and opportunities to

environment, society, and sustainable economic development. FIA has compared our ESG materiality assessment and ESG Principles with the SDGs, finding strong alignment with five of the 17 SDGs. Keeping in mind our foundational tenets to Do No Harm and to Contribute to Solutions, FIA strives to implement safeguards aligned with the Goals and Targets to prevent against the risk of environmental or social harm while also looking to the Goals as an aspirational framework that encourages beneficial ESG outcomes.



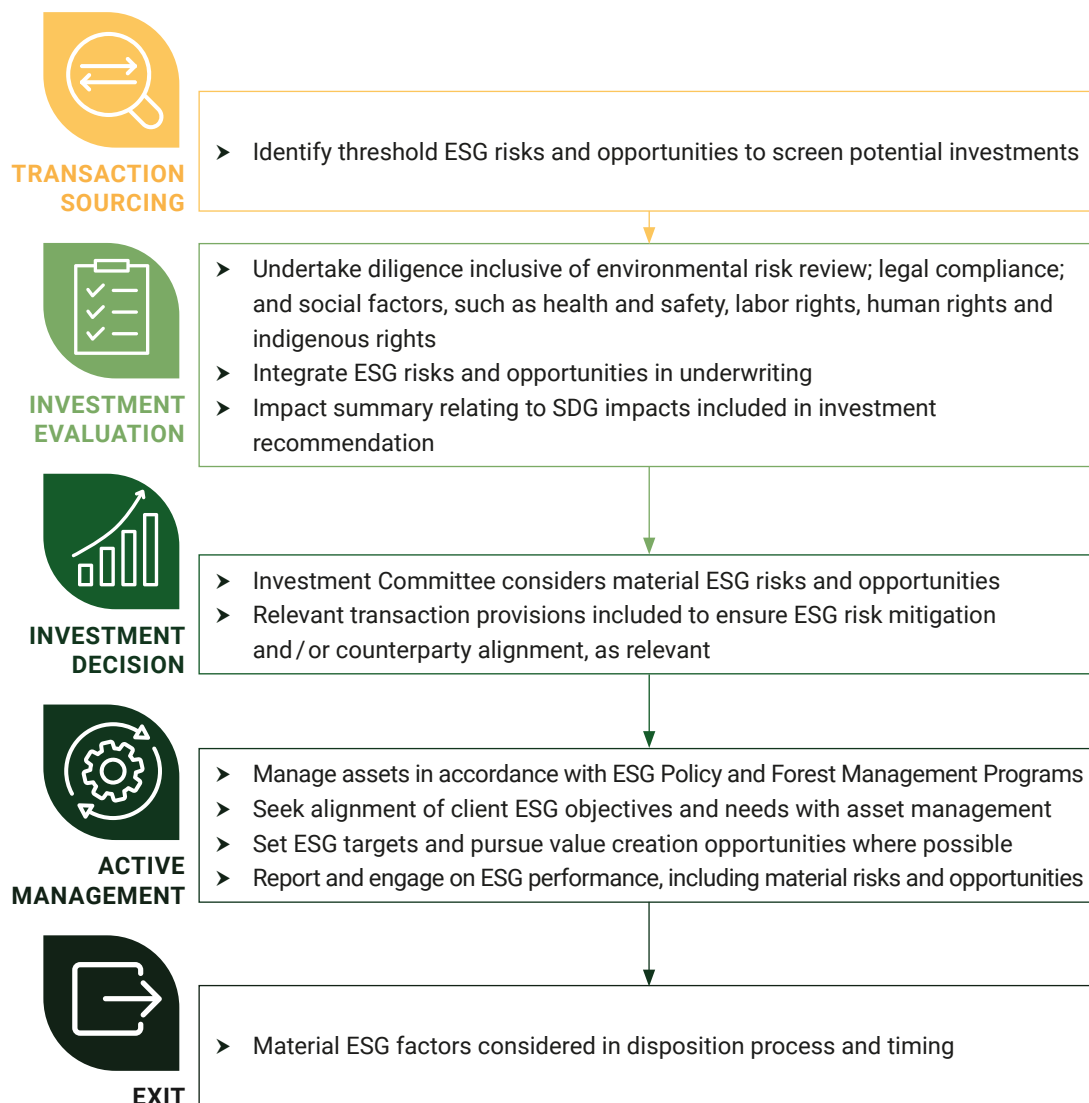


ESG Integration

FIA integrates ESG matters throughout investment decision-making and management to support risk management and enhance value creation for clients, the environment, and our stakeholders.

ESG CONSIDERATIONS THROUGHOUT THE INVESTMENT PROCESS

ESG integration is “the explicit and systematic inclusion of ESG issues in investment analysis and investment decisions.”¹ This means the consideration and analysis of material ESG factors within investment evaluation and decision-making, alongside other factors such as traditional financial information. FIA applies integration not only through incorporation into asset selection but also as part of active ownership. FIA has defined its key steps in ESG integration, outlining core responsibilities for ESG considerations throughout investment management functions. The graphic below describes how these apply within the investment cycle. In addition, FIA considers ESG in investment strategy development, client relations, and stakeholder engagement.





Standards & Alignment

FIA strives to conform with and contribute to best practices in ESG management and sustainable forestry investment through our business practices and the operations of the investments we manage.

The sections below outline FIA's intentions for alignment with leading international standards and initiatives; we also recognize that national, state, and industry-led initiatives offer significant value for ESG management and best practices.

PRINCIPLES FOR RESPONSIBLE INVESTMENT

As a signatory to the United Nations supported Principles for Responsible Investment (PRI), FIA is committed to the PRI's six principles, which include ESG integration, disclosure and transparency, and collaboration to promote and implement the principles.² FIA participates in the PRI's reporting and assessment. FIA will also seek to be an active participant in promoting the role of and furthering the implementation of sustainable forestry and land use investments as a PRI signatory.

Signatory of:



REGULATORY AND LEGAL COMPLIANCE

FIA adheres to the regulatory and legal frameworks of the jurisdictions in which we operate and invest, and Forest Investment Associates L.P. is a Registered Investment Adviser with the U.S. Securities and Exchange Commission (SEC) 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 our 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. FIA's compliance program includes a Compliance Manual and annual training; the ESG Policy is referred to within this program and supports FIA in exercising fiduciary care. FIA will comply with SEC requirements relating to ESG and/or climate risk, as applicable.

In addition, FIA complies with all applicable local, state, federal, and international laws and regulations governing environmental quality and social responsibility as they relate to forest management and requires its third-party forestry contractors to commit to full regulatory and legal compliance as well.



RESPONSIBLE BUSINESS CONDUCT

FIA is committed to responsible business conduct, which we believe requires 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 stakeholders. Responsible Business Conduct also includes the identification and avoidance of potential adverse impacts to the environment and society, which aligns with FIA's "Do No Harm" foundational principle. FIA uses the OECD Guidelines for Multi-national Entities as a reference in its Responsible Business Conduct activities.³

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 strives for good governance practices in its management of client interests and investments, with the Risk Management Committee and Investment Committee responsible for integrating ESG matters within their activities and decision-making. FIA also seeks to secure appropriate governance controls and oversight for its investments, including through management of significant third-party contractors and particularly for any client-owned entities.





BEST MANAGEMENT PRACTICES, FOREST CERTIFICATION, AND FOREST MANAGEMENT PROGRAMS

FIA believes that third-party forest management certification systems demonstrate the integrity of environmental management practices and provide assurance around the sustainability of wood products to consumers. FIA recommends that all managed forestry investments should seek to achieve and maintain certification to one of the globally leading forest certification programs, the Program for the Endorsement of Forest Certification (PEFC) or the Forest Stewardship Council® (FSC®). The FIA Forest Management Programs support and enable third-party forest management certification for FIA's clients' forests in the United States; these programs include active certification to the Sustainable Forestry Initiative® (SFI®),

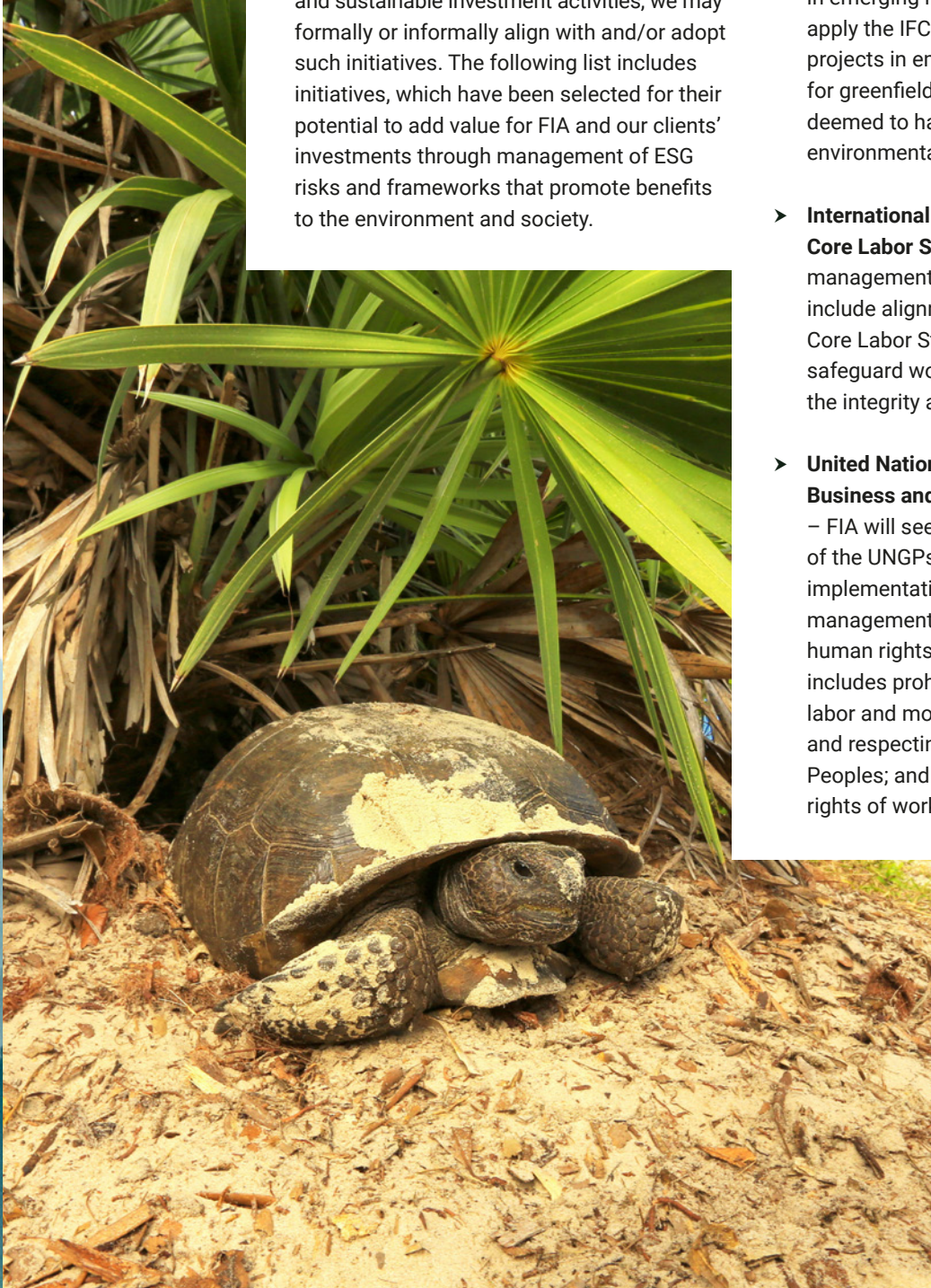
which is a North American standard endorsed by PEFC, and the FSC (FSC C020726).

For investments outside the United States, FIA may require forest certification as an investment condition and/or in its service agreements with local forestry consultants.

To support FIA's commitment to high environmental standards, we use environmentally appropriate forest conservation practices and silvicultural techniques that enhance timber production while protecting the environment. Our forest management operations meet or exceed Best Management Practices (BMPs) in every region in which we invest and operate. This is ensured through the direct inclusion and/or referencing of BMPs and/or state-based forest practices rules into the FIA Forest Management Programs. The Forest Management Programs are administered by the certification manager and disseminated to third parties to support forest operations.

BUSINESS AND PROJECT STANDARDS

FIA seeks to maintain familiarity with the proliferating body of business and investment standards, initiatives, and programs that may support us in execution of our ESG vision. Where we believe these external initiatives can provide meaningful guidance, support, and/or assurance related to our business and sustainable investment activities, we may formally or informally align with and/or adopt such initiatives. The following list includes initiatives, which have been selected for their potential to add value for FIA and our clients' investments through management of ESG risks and frameworks that promote benefits to the environment and society.



- **The International Finance Corporation Environmental and Social Performance Standards (IFC PS)**⁴ – FIA recognizes that the IFC PS provide a comprehensive guiding framework for developing, implementing, and monitoring via Environmental and Social Management Systems (ESMS) for any project and were designed to support environmentally and socially responsible project design in emerging markets. FIA may therefore apply the IFC PS to moderate and high-risk projects in emerging markets, particularly for greenfield projects and/or those deemed to have a significant potential environmental and/or social risk.
- **International Labor Organization (ILO) Core Labor Standards**⁵ – The forest management certifications used by FIA include alignment with all applicable ILO Core Labor Standards, and we seek to safeguard workers' rights and to promote the integrity and quality of good jobs.
- **United Nations Guiding Principles on Business and Human Rights (UNGPs)**⁶ – FIA will seek to apply the guidance of the UNGPs, principally through the implementation of third-party forest management programs that incorporate human rights. Our human rights focus includes prohibiting the use of child labor and modern slavery; upholding and respecting the rights of Indigenous Peoples; and promoting the fundamental rights of workers.



Review, Responsibilities & Improvement

FIA's ESG commitment centers the concept of continual improvement, built upon oversight, performance management, and disclosure around our progress in managing ESG and our impact on the environment and society.

OVERSIGHT

FIA's Board of Directors exercises oversight for ESG strategy and performance. The Board has chartered the ESG Committee to support the Board in its efforts to monitor and evaluate ESG matters, including providing guidance and oversight relating to material ESG risks and opportunities in the business and relating to its managed investments. The purpose, membership, operations, and duties of the ESG Committee are described in its charter.

IMPLEMENTATION AND ESG PERFORMANCE MANAGEMENT

FIA's ESG implementation uses forestry, financial, and ESG data that support ESG performance management, monitoring, and the understanding of ESG impacts. We strive for a data-driven approach to enhance our ability to manage ESG factors to the benefit of our clients and other stakeholders.

FIA views ESG performance as central to our investment management activities, and ESG performance management is therefore mainstreamed throughout the duties of the Real Estate Transaction Team and the Investment Management Team. The Director of Sustainability and ESG is available as a resource to the entire company and supports FIA in the identification and management of ESG issues. FIA staff maintain responsibility for ESG integration in their roles, and team leaders are responsible for assessing capabilities and performance related to ESG integration and actions required to comply with this Policy. FIA regional investment foresters and operations managers are responsible for ESG oversight and execution within forestry activities, including by third parties. ESG management capabilities of key suppliers/contractors, including but not limited to the ability to identify and manage ESG risks and to manage forests in compliance with FIA's forest management programs and certification requirements, will be assessed in alignment with the Procurement Policy.

ESG DISCLOSURE AND REPORTING

FIA recognizes that initiatives to improve the quality and consistency of ESG disclosures continue to emerge and that investors may require disclosures aligned with one or more of these frameworks over time. For example, the Task Force for Climate-Related Finance Disclosures (TCFD),⁷ the Taskforce for Nature-related Financial Disclosures,⁸ and reporting under the EU Sustainable Finance Taxonomy⁹ include frameworks that may support standardization of ESG disclosures of relevance for forestry investors. Accordingly, we seek to maintain our awareness of and ability to report to ESG disclosure frameworks. FIA reports on its ESG performance in the following ways:

- Directly to clients on investment-specific and account-relevant ESG matters and performance, typically during annual account reviews, or more frequently as appropriate.
- Through the PRI's reporting and assessment processes, including making our Transparency Report available to any stakeholder and sharing the Assessment Report via the PRI Data Portal.¹⁰
- Publicly via our annual ESG Report, which is available on the FIA website.¹¹

FIA's ESG reporting is executed in the spirit of transparency and accountability, and we welcome feedback on our approach and performance.

POLICY REVIEW AND APPROVAL

This Policy is managed by the Chair of the ESG Committee and subject to regular review and improvement as possible. The ESG Policy is approved by the Board of Directors upon the recommendation of the ESG Committee and Executive Committee.


This Policy is current and takes effect as of May 11, 2022 by authorization of the FIA Board of Directors.





REFERENCES

1. PRI (2018). « What is ESG Integration ? » Available at: <https://www.unpri.org/fixed-income/what-is-esg-integration/3052.article>.
2. See <https://www.unpri.org/about-us/about-the-pri> for more information.
3. See <https://www.oecd.org/corporate/mne/> and <http://mneguidelines.oecd.org/RBC-for-Institutional-Investors.pdf> for more information.
4. See https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Policies-Standards/Performance-Standards for more information.
5. See <https://www.ilo.org/global/standards/lang-en/index.htm> for more information.
6. See https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinessshr_en.pdf for more information.
7. See <https://www.fsb-tcfid.org/> for more information.
8. See <https://tnfd.global/> for more information.
9. See https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en for more information.
10. Access the PRI Data Portal: <https://dataportal.unpri.org/dataportalv2>.
11. Visit the FIA website: <https://www.forestinvest.com/>.



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Forest Investment Associates (FIA), organized in 1986 is a Registered Investment Adviser providing investment management services for investors in timberland. Our mission is to provide high-quality, sustainable forest investments that deliver superior performance while cultivating client relationships based on mutual trust and exceptional service.

www.forestinvest.com