



FOREST
INVESTMENT
ASSOCIATES

2022 ESG & Impact Report



ABOUT THIS REPORT

Forest Investment Associates (FIA) is proud to publish our 2022 ESG & Impact Report, which describes why and how we approach ESG in our business and investment activities. The report also shares real-world outcomes from some of these activities. Unless otherwise stated, all data pertains to the calendar year 2022, with value and area-based metrics reported as of December 31, 2022. Metrics reporting changes over time referring to activities and outcomes over the calendar year 2022. We welcome feedback and discussion about this report and our sustainability approach. We can be reached at info@forestinvest.com. For more information on FIA's ESG Policy and ESG Principles, see www.forestinvest.com.

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Foreword

In the macroeconomic environment of 2022, characterized by geopolitical uncertainty, volatile global markets, and pervasively high inflation, forest investments once again demonstrated their resilience. The NCREIF Timberland Index posted a 12.9% return – the best year since 2007. We know this to be true: the biological growth of trees underpins the case for forestry investments. In the words of an industry colleague, “timberland can provide welcome stability when the world is bouncing around.” Coupled with a fundamentally strong, long-term outlook for the use of sustainably produced wood products and a growing interest in the ecosystem services and nature-based solutions that working forests provide, we believe trees are the answer to a host of pressing questions our world faces.

Our mission at Forest Investment Associates is to provide high-quality, sustainable forest investments that deliver superior performance while cultivating client relationships based on mutual trust and exceptional service. We view our Sustainability and ESG (Environmental, Social, and Governance) programs through the lens of our mission and strive for our work in this area to help solidify our risk management foundation, to continually improve our systems and capabilities, and to develop a consistent and clear roadmap for the future. Ultimately, we believe these efforts help us achieve our mission and deliver good outcomes for our clients, our employees, our business partners, the people in the communities where we operate, and the forest resource itself.

Over the past year, ESG challenges have sparked divergent perspectives worldwide and in the investment community, alongside varied activities from regulatory bodies in the United States and Europe. As a fiduciary for our clients, we aspire to be their most trusted advisor and particularly in dynamic investment conditions. Our work in sustainability is addressing increasing needs for ESG integration, disclosure, and engagement with our clients, business partners, and service providers. While spirited debate around the topic of ESG continues, forest investments remain intrinsically ESG friendly.

This year’s report highlights several aspects of our approach to the management of our clients’ assets and the good work occurring across our global footprint. We celebrate these activities, including being awarded an industry-leading dual-purpose mandate targeting both financial and carbon outcomes, and we share employee stories of how FIA works with our partners, engages with stakeholders, and manages our client investments as we have since our founding in 1986 – long-term value creation using purposeful and technically sound forest management.

As we reflect on our sustainability work in 2022, we also look forward to a strong future for forestry – supported by a growing role for forest products in the real economy and by demand for the ESG benefits that working forests provide. We remain proud to be stewards of sustainable forests, for 37 years and counting!

Warmest regards,



Marc A. Walley
President
Forest Investment Associates



FOREST INVESTMENT ASSOCIATES

FIA's mission is to provide high-quality, sustainable forest investments that deliver superior performance while cultivating client relationships based on mutual trust and exceptional service.

FIA's commitment to enhancing its sustainability and ESG programs is in line with our mission because it contributes to the sustainability of the forests we manage, it supports strong investment performance, and it enhances our engagement and services to our clients. Being long-term investors in the forestry sector, FIA recognizes that managing ESG factors is crucial for risk management and value creation in forest management. Evidence from FIA's portfolio suggests that asset strategies that manage environmental and societal impacts can generate

attractive financial returns. Sustainable harvesting, reforestation, and biodiversity conservation are some of the forest stewardship practices that can support and increase the productivity and value of timberland over time. This could result in higher timber yields, better quality wood products, and potentially greater returns for investors. With this knowledge, FIA sees responsible investment as aligned with our fiduciary duty and believes ESG and impact management can support us in active management aligned to client needs and mandates.

With 37 years of experience, FIA has built a reputation for operational excellence in forestry investments and as a trusted partner. With around 80% of capital managed via separately managed accounts and the rest in three active commingled funds, FIA's investment philosophy supports investment strategies and asset management designed to align with client goals. FIA provides customized investment approaches specializing

in sustainable forestry and prioritizing meeting our clients' diverse needs while providing exposure to returns generated by sustainable forest management. We work with clients to design portfolio allocations that meet their objectives across the dimensions of risk, return, and impact. We increasingly view ESG attributes as an avenue for engaging with our clients and broadening the benefits of forestry in an institutional portfolio.

FIA'S BUSINESS & FORESTRY INVESTMENT PORTFOLIO IN 2022

\$4.6 billion
IN AUM MANAGED
FOR GLOBAL
INSTITUTIONAL
INVESTORS

3
ACTIVE
COMMINGLED
FUNDS

80%
OF AUM DEDICATED
TO SEPARATELY
MANAGED
ACCOUNTS

2+ million
ACRES OF
FORESTRY
INVESTMENTS
ACROSS THE
AMERICAS

320,000
ACRES MANAGED
FOR CONSERVATION
AND PROTECTION

7.4 million
TONS OF TIMBER
HARVESTED

96%
OF FORESTS
CERTIFIED UNDER
LEADING FOREST
MANAGEMENT
STANDARDS



DIFFERENTIATED INVESTMENT STRATEGIES IN SUSTAINABLE FORESTRY

CUSTOMIZED SEPARATELY MANAGED ACCOUNTS

- Bespoke portfolio strategies targeting selected geographic and market exposures. Able to scale strategies from \$100 million to more than \$1 billion.
- Large investors seeking exposure to forestry asset class for risk-adjusted returns and portfolio diversification.

BALANCING GROWTH & VALUE IN COMMINGLED FUNDS

- Fund strategies distinguished by their focus on specific drivers of return, effectively selecting for phases of forest growth for exposure to higher biological value appreciation or cash yield.
- Medium-to-large investors seeking exposure to the forestry asset class with a focused cash yield and appreciation profile.



CLIMATE-SMART FORESTRY STRATEGIES

- Targeting net carbon removals to support investor portfolio decarbonization or net zero strategies through sustainable forest management and growth. Opportunities throughout the Americas.
- Medium-to-large investors seeking climate-related outcomes in addition to financial return.

NATURE-BASED SOLUTIONS IN LATIN AMERICA

- Targeting dual financial and carbon credit outcomes through investing in a diversified portfolio of forestry assets – including reforestation, sustainable plantation management, and forest protection. Option to receive carbon credits or all cash returns.
- Small-to-large investors seeking exposure to timber and carbon return drivers.

HARVESTING THE RETURNS OF SUSTAINABLE FORESTRY – TODAY & TOMORROW

FIA's investment programs cover major timberland markets globally, focusing on high-quality properties in core markets of the Americas. FIA believes that ESG considerations can be embedded in strategy development and asset management, from sustainably themed investment strategies to specific business plans at the forest level that aim to deliver attractive risk-adjusted returns while also producing environmental and social benefits. We also find that ESG factors are important core components of forestry investments, and we see an increasing range and number of investors take interest in the forestry asset class because of its ESG profile.

While portfolio construction has traditionally focused on factors such as cash yield, total return targets, and risk-appetite, as forestry investment has matured, ancillary revenues have been accessed to enhance financial returns and distinguish investment strategies. Today, the forestry asset class is recognized for its multi-dimensional sources of revenue, and FIA believes forestry investment managers have significant opportunities to optimize

value across actively managed portfolios that include timber and ecosystem services as combined drivers of return and value.

In 2022, FIA welcomed two new approaches within our investment strategies. In November 2022, we launched our climate-smart forestry program in response to rising demand for solutions toward net-zero investment targets. The first mandate in the new strategy was announced at this time, with FIA managing on behalf of Pension Forsikringsaktieselskab (PFA), a leading pension provider serving more than 1.3 million customers across Denmark. FIA aims to invest in a diversified forestry portfolio while pursuing a dual-purpose mandate that targets both financial and carbon outcomes from responsibly managed forests. Also in 2022, FIA began developing a new strategy, which focuses on nature-based solutions in Latin America, where we see attractive potential for voluntary carbon markets to support a broader range of forestry investments. FIA sees both strategies as complementary to our existing portfolio of well-managed, working forests in key timber markets of the Americas.





ESG & Impact at FIA

“ Our vision is that FIA continually develops and advances its management and monitoring of ESG matters to benefit its 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.

FIA ESG COMMITTEE CHARTER





”

FIA'S PURPOSEFUL ESG JOURNEY

FIA embraces an approach to ESG and impact that values continual improvement. Our team's deep roots in forest stewardship support us to understand ESG factors within the investments we manage. We are committed to honoring our solid foundation in sustainable forestry through linking this expertise to services and solutions for clients that deliver meaningful value from ESG management.

Throughout 2022, FIA continued to advance our sustainability capabilities through following our ESG and Impact Roadmap, which we established in 2021. As we continue our ESG journey, FIA uses our roadmap to ensure progress and new

targets align to our strategic approach for ESG and impact. As sustainable finance is a dynamic field today – with tailwinds from the development of new tools, standards, and advances in ESG as well as headwinds with increasing scrutiny and debate around the purpose and impact of some ESG products – FIA aims to stay purposeful in our sustainability journey. This is articulated both through the careful focus on the roadmap – on policy, integration, forest management, and impact monitoring – as well as through FIA's ESG vision. The roadmap and vision are founded in our fiduciary duty and desire to provide high-quality services to clients and benefits for the many stakeholders of the forests we steward.

	Key Components & Purpose	2022 Progress	2023 Targets
 ESG Policy	<ul style="list-style-type: none">➤ Establishes ESG strategy and oversight➤ Aligns with desired frameworks and best practices	<ul style="list-style-type: none">➤ Approved new ESG Policy➤ Included ESG Policy conformance within third-party provider contracts for US assets	<ul style="list-style-type: none">➤ Review alignment with target third-party business and project standards➤ Evaluate potential supporting policies
 ESG Integration in Investment Process	<ul style="list-style-type: none">➤ ESG procedures throughout the investment process➤ Tools to support execution	<ul style="list-style-type: none">➤ Developed a fund-level Health & Safety Policy➤ Developed physical climate risk assessment guidance	<ul style="list-style-type: none">➤ Pilot Health & Safety Policy and review potential metrics and targets
 Forest Management Programs	<ul style="list-style-type: none">➤ Regionally specific management programs to ensure alignment to best practices and third-party certification requirements	<ul style="list-style-type: none">➤ Updated programs for conformance with the SFI 2022 Forest Management Standard	<ul style="list-style-type: none">➤ Certify properties using the updated programs from 2022
 ESG & Impact Management, Monitoring & Reporting	<ul style="list-style-type: none">➤ ESG data and KPIs➤ Impact management monitoring, and reporting➤ Theories of change	<ul style="list-style-type: none">➤ Piloted refined set of ESG metrics for the 2021 reporting year and continued in 2022➤ Created our first impact theory of change relating to nature-based solutions	<ul style="list-style-type: none">➤ Develop ESG-Impact framework for Latin American nature-based solutions investments➤ Continual improvement in GHG emissions and removals accounting



ESG Policy & Governance

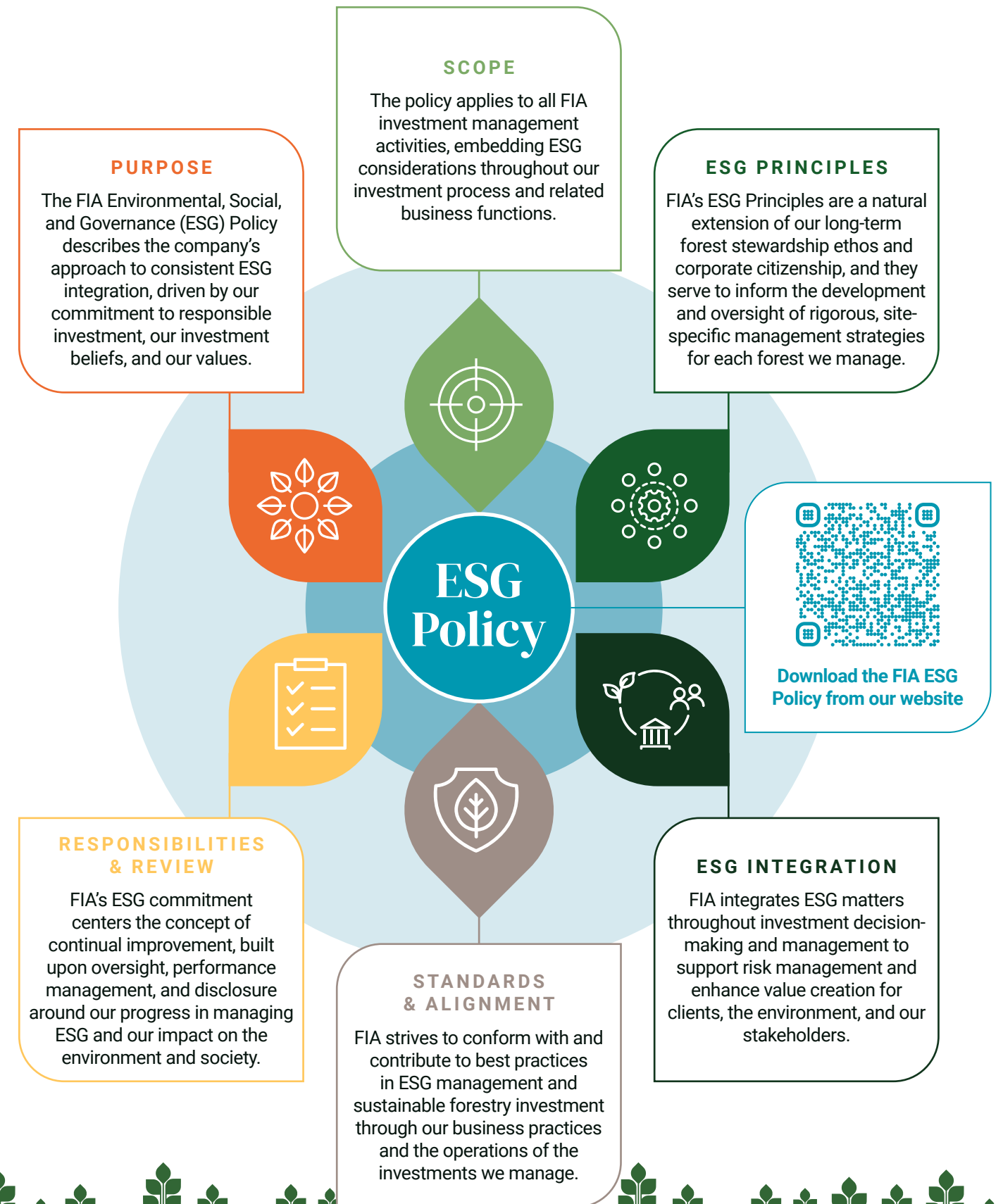
An important achievement in FIA's ESG and Impact Roadmap is the formalization of our ESG approach through policy and governance measures. The key steps in this throughout 2022 included the adoption of the ESG Committee Charter in January 2022 and the adoption of our ESG Policy and ESG Principles in May 2022.

While the FIA team has always prioritized forest stewardship and has consistently adopted and improved environmental performance measures, we believe formalizing ESG is good for our business and for investment performance.

Effective governance and oversight are essential components of a robust ESG management framework, enabling consistent controls and continual improvement across an investment portfolio. Through the measures implemented in our ESG and Impact Roadmap, we benefit from increased transparency, accountability, communication, and data quality on material ESG factors.

ESG POLICY

Since the early 1990s, FIA has been committed to environmental policies. As our business has expanded and responsible investment has evolved, we have built on our foundational values of environmental responsibility and forest stewardship to develop our ESG approach. In 2021, we conducted a sustainability materiality assessment and a comprehensive situational assessment to evaluate our industry positioning, identify challenges, and identify opportunities for creating forest value. Our efforts are reflected in the FIA ESG Policy, which consolidates our philosophy and aspirations for ESG integration, responsible investment, and impact investing. This policy supports us in fulfilling our fiduciary duty while aligning with our values and mission as a business.





GOVERNANCE

At FIA, we recognize that strong governance and oversight are vital components of a comprehensive ESG management system, and we remain committed to ensuring that we meet the highest standards of responsible investment. This commitment is overseen by our highest governance bodies, with the company's ESG Committee reporting to the FIA Board of Directors. The ESG Committee also directly supports both the Investment and Executive Committees in understanding and managing ESG matters and works collaboratively with the Risk Management Committee on issues of shared importance.

FIA's ESG Committee provides leadership on ESG within the business as well as for ESG integration and practices in our investment activities. The ESG Committee includes representatives from across FIA, including investment management, compliance, and business development, enabling a multidisciplinary approach to engage with ESG topics and improve our business policies, procedures, and practices. Some of the key responsibilities of the committee include:

- Ensuring the quality, integrity, completeness, appropriateness, and implementation of the company's policies, practices and performance as relate to ESG matters.
- Promoting the consistent and high-quality implementation of ESG integration throughout the investment process and supporting FIA's staff in identifying and managing ESG matters in potential and managed investments.
- Supporting the Executive and Investment Committees through the provision of advice and guidance on material ESG topics.

FIA is a proud signatory for the Principles for Responsible Investment, bolstering our governance of ESG and promoting advancements in responsible investment in forestry.

Signatory of:



SUSTAINABLE DEVELOPMENT GOALS

ALIGNING WITH GLOBAL GOALS

FIA's ESG Principles reflect the company's responsible investment ethos and views – that ESG risk management in forestry benefits from a “do no harm” approach and that forestry is positioned as a solution to global ESG challenges where we can “contribute to solutions.”

We created the principles following a materiality assessment and using an internal working group, which resulted in prioritizing six material themes where FIA believes both risk management and impact opportunities may exist. While the principles were completed and published in 2022, they 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.

The FIA ESG Principles aim to integrate material ESG factors into every investment phase, while

promoting positive net impact. FIA employs data-driven, science-based management to actively manage traditional forestry and ESG values. ESG principles are crucial for forestry investors seeking to avoid environmental and social harm, as well as contribute to solutions.

FIA's ESG Principles are deeply connected to the United Nations' Sustainable Development Goals (SDGs), which offer a comprehensive framework for promoting sustainability and development globally. By informing our investment strategies, evaluation, and asset management, FIA's ESG Principles align with the SDGs and enhance our participation in the forestry sector. Through a materiality assessment, FIA has found strong alignment with five of the SDGs, which guide our efforts to mitigate environmental and social risks while promoting positive ESG outcomes. By incorporating the foundational tenets of Do No Harm and Contribute to Solutions, FIA strives to implement safeguards that align with the SDGs and promote sustainable economic development. Through connections to the SDGs, FIA shows its commitment to promoting positive environmental and social outcomes through responsible forestry investment.





ESG Integration

FIA strives for consistent ESG integration to ensure effective risk management and position our investments to benefit from growing opportunities for ESG-aligned value creation.

An important complement to ESG leadership and governance is to have the right enabling environment for execution and accountability for sustainability in practice. FIA's approach to ESG integration requires that everyone in our team contributes to upholding our responsible investment commitment.

The FIA ESG and Impact Framework offers two pathways for consistently implementing and executing ESG principles in investment management. The first approach involves integrating ESG considerations into the investment process and establishing norms and requirements to ensure that ESG factors are considered during decision-making. The second pathway is through a set of Forest Management Programs that guide on-the-ground forest management practices to manage critical environmental and social risks and benefits.

By integrating ESG factors into the investment process, FIA can consider ESG factors during asset selection and active ownership. FIA has outlined its key steps for ESG integration, specifying core responsibilities throughout the investment management process. In addition, FIA considers ESG factors in investment strategy development, client relations, and stakeholder engagement, which further supports investment performance.



TRANSACTION SOURCING

- Identify threshold ESG risks and opportunities to screen potential investments



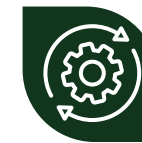
INVESTMENT EVALUATION

- Undertake diligence inclusive of environmental risk review; legal compliance; and social factors, such as health and safety, labor rights, human rights, and indigenous rights
- Integrate ESG risks and opportunities in underwriting
- Impact summary relating to SDG impacts included in investment recommendation



INVESTMENT DECISION

- Investment Committee considers material ESG risks and opportunities
- Relevant transaction provisions included to ensure ESG risk mitigation and/or counterparty alignment, as relevant



ACTIVE MANAGEMENT

- Manage assets in accordance with ESG Policy and Forest Management Programs
- Seek alignment of client ESG objectives and needs with asset management
- Set ESG targets and pursue value creation opportunities where possible
- Report and engage on ESG performance, including material risks and opportunities



EXIT

- Material ESG factors considered in disposition process and timing



Forest Management

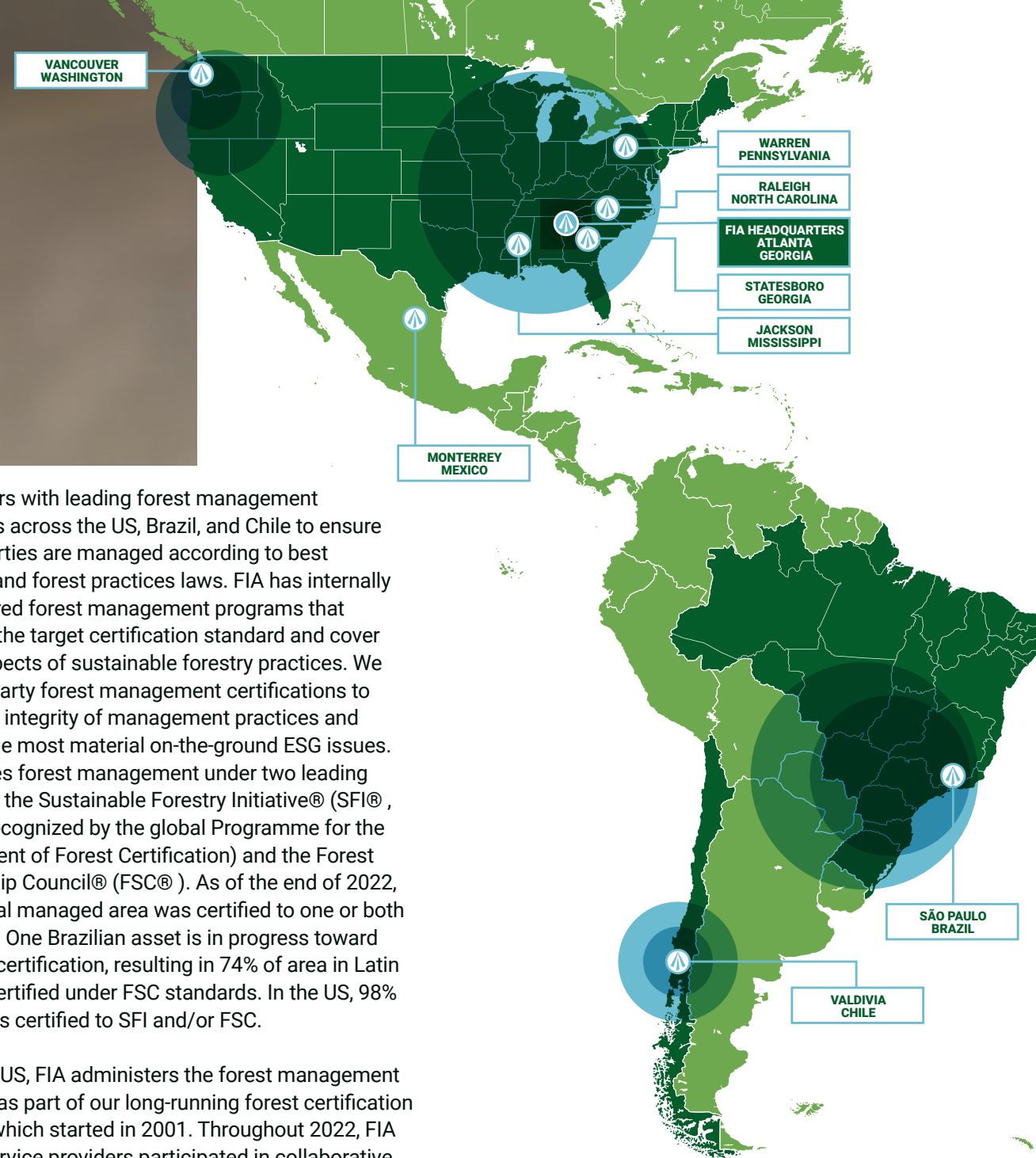
Active Ownership in Real Assets

FIA targets strong investment performance from active management, which pursues real-world positive outcomes from enhancements to forest productivity and health, management for multiple objectives, and consideration of environmental factors.

FIA partners with leading forest management companies across the US, Brazil, and Chile to ensure that properties are managed according to best practices and forest practices laws. FIA has internally administered forest management programs that align with the target certification standard and cover critical aspects of sustainable forestry practices. We use third-party forest management certifications to ensure the integrity of management practices and manage the most material on-the-ground ESG issues. FIA certifies forest management under two leading standards, the Sustainable Forestry Initiative® (SFI®), which is recognized by the global Programme for the Endorsement of Forest Certification) and the Forest Stewardship Council® (FSC®). As of the end of 2022, 96% of total managed area was certified to one or both standards. One Brazilian asset is in progress toward achieving certification, resulting in 74% of area in Latin America certified under FSC standards. In the US, 98% of area was certified to SFI and/or FSC.

Within the US, FIA administers the forest management programs as part of our long-running forest certification program, which started in 2001. Throughout 2022, FIA and our service providers participated in collaborative efforts to address meeting the new requirements of the SFI 2022 Forest Management Standard, such as a strengthened focus on Indigenous Peoples' rights and new climate-smart forestry requirements. A challenge encountered in implementing the new requirements was that climate-smart forestry as a concept does not yet have a single generally accepted definition, and that evidence-based measures to demonstrate conformance with the standards were not already established as an industry standard. FIA and our partners in industry collaborated through the SFI State Implementation Committees and other informal avenues to consolidate views on forest vulnerabilities and mitigation measures relevant to climate change.

For investments outside the US, FIA ensures that forest management and certification requirements are clearly embedded into operations of our portfolio companies. Throughout 2022, FIA saw successful certification outcomes and progress for our Latin American investments. In Chile, where we transitioned field service providers for our scaled radiata pine plantation, the new team achieved a strong audit outcome and maintained FSC certification. In Brazil, FIA's Paraná-based investment maintained certification while the Mato Grosso do Sul investments began working with a consultant to implement systems and achieve FSC certification with an audit planned for 2023.





ESG & Impact Management, Measurement, & Reporting

ESG and Impact MMR supports transparency, accountability, and continuous improvement in forestry operations, contributing to the long-term financial success and sustainability of investments.

Double materiality is a concept that considers both the impact of ESG risks and opportunities on financial performance, as well as the impact of operations on the environment and society. In the context of forestry investment, double materiality is particularly relevant because the forestry sector has both direct and indirect impacts on the environment and society, which can produce risks and opportunities to investors, communities, and the environment. We believe double materiality can help investors to identify and manage risks while also identifying and seizing opportunities to create value through sustainable forestry practices. The ESG metrics we use to manage, monitor, and report on our impact include those that are financially material to investments today as well as those that can be used by stakeholders to understand the impact of our business and investments on the environment and communities.

This section of the report explores how FIA's ESG Principles translate into real-world implementation through forestry investment. Due to the nature of our many separately managed accounts, this public report shows data aggregated by region, United States or Latin America, for our core ESG indicators. FIA also uses additional ESG data in combination with financial and operational data as part of portfolio management and client engagement. We aspire for ESG metrics to help better investment decision-making while factoring in ESG performance and outcomes.

MATERIALITY & IDENTIFICATION OF ESG DATA



AGGREGATED ESG ISSUES & IMPACT STRATEGIES

- Forest Certification Criteria
- Financial and Investment Reporting Standards
- Sustainable Development Goals



MATERIALITY ASSESSEMENT

- Rating of Risk and Opportunity
- Rating of Strategic Relevance
- Rating of Potential for Positive and Negative Impact Across ESG Parameters



ESG DATA FRAMEWORK

- Do No Harm – supported by safeguards and criteria
- Contribute to Solutions – supported by metrics and theory of change
- Core ESG Metrics
- Supplementary ESG Metrics and Guidance for ESG Objectives



Promote Forest Health & Productivity

Good forest stewardship is crucial to ensure that forests remain healthy, resilient, and productive, enabling them to produce goods and services for future generations. Forest productivity and health are central to managing and valuing forests, and a range of common forestry data can support understanding of investments from an ESG perspective. For example, measures such as site index, mean annual increment, and merchantable timber volumes provide useful context for growth and production, while advancements in technology are supplying new ways to monitor and report on forest health.

STRATEGIC FOCUS ON FOREST HEALTH & PRODUCTIVITY

Promote sustainable and intensively managed forests, which can enhance the production of renewable, certified timber products and wood fiber while managing against adverse impacts to biodiversity, water resources, and society.

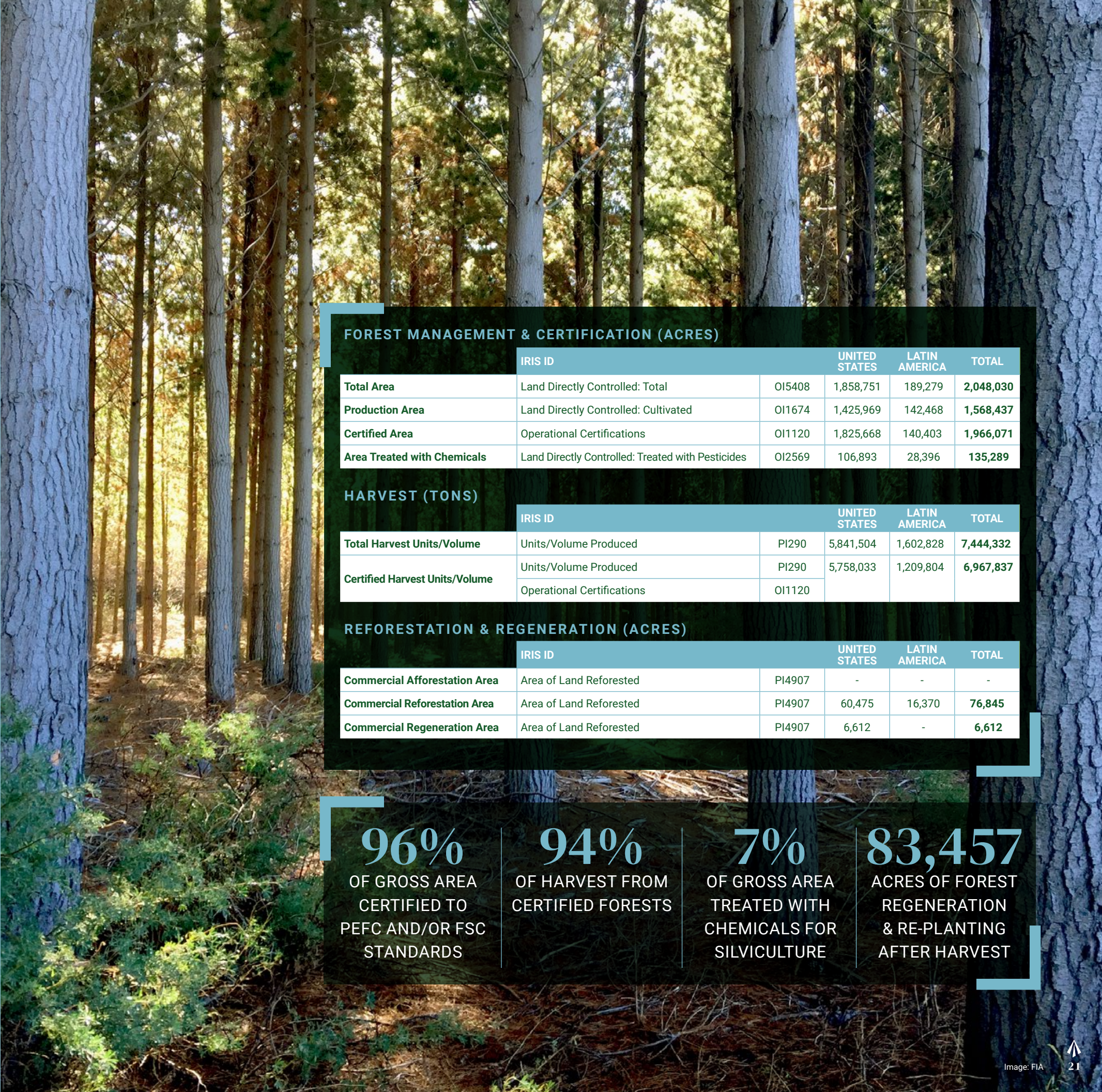


Seek to protect forests from adverse impacts and regenerate them after harvest to ensure strong productivity.



Assess forest health and environmental threats in investment evaluation and ongoing asset strategy.

Participate in research programs to promote continual improvement in best management practices and silviculture.



FOREST MANAGEMENT & CERTIFICATION (ACRES)

	IRIS ID		UNITED STATES	LATIN AMERICA	TOTAL
Total Area	Land Directly Controlled: Total	OI5408	1,858,751	189,279	2,048,030
Production Area	Land Directly Controlled: Cultivated	OI1674	1,425,969	142,468	1,568,437
Certified Area	Operational Certifications	OI1120	1,825,668	140,403	1,966,071
Area Treated with Chemicals	Land Directly Controlled: Treated with Pesticides	OI2569	106,893	28,396	135,289

HARVEST (TONS)

	IRIS ID		UNITED STATES	LATIN AMERICA	TOTAL
Total Harvest Units/Volume	Units/Volume Produced	PI290	5,841,504	1,602,828	7,444,332
Certified Harvest Units/Volume	Units/Volume Produced	PI290	5,758,033	1,209,804	6,967,837
	Operational Certifications	OI1120			

REFORESTATION & REGENERATION (ACRES)

	IRIS ID		UNITED STATES	LATIN AMERICA	TOTAL
Commercial Afforestation Area	Area of Land Reforested	PI4907	-	-	-
Commercial Reforestation Area	Area of Land Reforested	PI4907	60,475	16,370	76,845
Commercial Regeneration Area	Area of Land Reforested	PI4907	6,612	-	6,612

96%
OF GROSS AREA
CERTIFIED TO
PEFC AND/OR FSC
STANDARDS

94%
OF HARVEST FROM
CERTIFIED FORESTS

7%
OF GROSS AREA
TREATED WITH
CHEMICALS FOR
SILVICULTURE

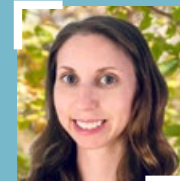
83,457
ACRES OF FOREST
REGENERATION
& RE-PLANTING
AFTER HARVEST



CASE STUDY

Managing Longleaf Pine for Healthy & Productive Native Forests

Longleaf pine ecosystems once encompassed more than 90 million acres across the southeastern United States.¹ These ecosystems, although defined by longleaf pine, also include a broad range of plant and animal diversity, including threatened and endangered species. With under 5% of the original ecosystem range remaining, understanding of longleaf pine within managed timberlands is an important part of conservation as well as ensuring healthy, productive longleaf pine areas are conserved. Madison Akers, a Regional Investment Forester based in North Carolina, oversees management of properties with longleaf stands that are part of ongoing productivity research.



Q&A:
MADISON AKERS

Q: Can you introduce us to longleaf pine research taking place in some of your management units in the Carolinas?

A: While longleaf is not the primary commercial species in the southeastern US today, it is important for habitat and conservation and supplies quality timber and pine straw. Because longleaf is not as intensively managed, there is not as much information about its growth and productivity. The research aims to update growth and yield models for longleaf pine in the Southeast, which is useful information for restoration and expanding longleaf areas across their historical range.

Q: Who is researching this and what is the role for FIA-managed forests?

A: The research is led by the National Fish and Wildlife Foundation, and partners include forest managers and the Plantation Management Research Cooperative of The University of Georgia. FIA has two management units in North Carolina and South Carolina that are part of the research. Inventory plots were set up on the property for periodic measurements. The resulting growth and yield models can then be used by anyone interested in growing longleaf. There are now incentives and funding programs that help landowners or managers establish longleaf in areas where it may have historically occurred.

Q: How does commercial forest management support longleaf today? Are there any tensions between forestry investment and supporting healthy longleaf ecosystems?

A: Over half of the longleaf pine today is found on private lands, and forest owners and investors have a role to play in the future of

the species. Forest management activities like thinning and prescribed burns have been shown to be effective in promoting healthy longleaf pine habitats. However, managers like FIA may be limited in prescribed burns due to neighbor and liability concerns. In general, there is complementarity between active forest management and longleaf forest health. In many cases, planting longleaf is not as attractive from a financial perspective compared to fast-growing loblolly pine (which has the benefit of extensive research to inform silviculture and management). However, with restoration incentives and more information like this growth and yield research, we will likely see more longleaf restoration and management going forward.

Q: As a forester with so much experience in the Carolinas, what do you find special about longleaf?

A: FIA doesn't manage a lot of longleaf pine in the Carolinas compared to other species, but we have about 5,900 acres. Pine straw raking leases supply significant income on some stands and are a source of revenue beyond just timber harvests. The majority of FIA longleaf pine management in the Carolinas is in the Sand Hills region. This area is characterized by deep, relatively infertile sands. Poor agricultural practices in the past left this area with erosion issues and poor wildlife habitat. More recently, proper reforestation and logging practices have resulted in the re-establishment of timber production and wildlife habitat in the Sand Hills. Longleaf pine is well suited for the dry, sandy soils of the Sand Hills, and has played a role in restoring productive systems on these lands again.



Promote Responsible Water Practices

Responsible investment in forests can help ensure the provision of clean water resources, because forests are crucial for the Earth's water cycles, filtering rainwater, and contributing to weather cycles. In the US, almost a third of drinking water comes from privately managed forests.² Best management practices designed to safeguard and promote water quality and quantity, such as riparian buffers and careful road planning, are considered essential in forestry management.

Trees also rely on water for their health, growth, and value, and responsible water practices rated highly in the FIA materiality assessment due to their direct relationships with good water outcomes valuable for society and the environment. However, direct water quality monitoring and management can be costly, and there are few water-related measures that are regularly collected for forestry investments. Most safeguards and indicators for water currently focus on proxy information, such as conformance to best management practices, and area or length-based measures, such as area of streamside management zones or length of significant waterways. Fortunately, best management practices are supported by a large body of evidence on avoiding adverse impacts and ensuring good outcomes for water quality, water quantity, aquatic life, and watershed functions. In addition, direct water quality monitoring can be used to assess areas that may be at risk, such as from chemical applications or earthworks, or where focused interventions aim to improve water quality.

² See USFS, "Private Land." Available at: <https://www.fs.usda.gov/managing-land/private-land>



CASE STUDY

Protecting a Regional Treasure: *Forest Management & Watershed Benefits in the Allegheny Region*

The Allegheny River is part of the National Wild and Scenic Rivers System, so the management of forests and lands in the Allegheny River watershed is important to many stakeholders. FIA manages approximately 139,000 acres of forests in this area, located in northwest Pennsylvania. Regional Investment Forester Mike McEntire understands the importance of keeping the watershed healthy and the river in good condition. Along with protecting the watershed during forest operations, he leads several projects aiming to support the watershed from an ecosystem function perspective as well as encouraging safe recreation along the Allegheny River.



Q&A: MIKE MCENTIRE

Q: As a long-time Pennsylvania resident, can you share with us a bit about what makes the Allegheny River a valued local resource?

The Allegheny is truly a regional treasure. Its gentle flow and beautiful shorelines provide some of the best canoeing and kayaking in the Commonwealth of Pennsylvania. Its clean water and diverse flow patterns make it a popular destination for freshwater fishing, both on the water and from shore. Having lived in northwest Pennsylvania my entire life, I have been fortunate enough to have enjoyed both activities many times through the years. You can see firsthand just how popular this resource really is if you visit the Allegheny on any summer weekend where you will see both vacationers and locals enjoying themselves on this magnificent river.

Q: With a conservation easement on part of the FIA-managed lands, we know that local community members recreate in the forest and on the river. Can you explain why FIA is working to give more access to the river?

We have a unique position here along the river where for several miles there is not a designated drop-in point for canoes or kayaks. We are working with the Oil Region Alliance of Business, Industry, and Tourism to formalize an entry point that gives river users more access to this part of the river. This will also help us as forest managers by encouraging access at safe points and minimizing risks from people entering via places that are less safe or harder to monitor.

Q: What about management practices in the forest that make up so much of the watershed, how else can we help this wild and scenic river?

As the water from our forests all drains into the Allegheny, what we do in the surrounding

forest matters. We operate with best management practices across all forest operations. This includes making sure that we maintain streamside management zones and protect wildlife habitat within the forest. We are also undertaking surveys across streams to ensure that our water crossing infrastructure does not harm fish passage or contribute to stream sedimentation. Lastly, we are also doing our part to address invasive species in the region like Japanese knotweed to stop its proliferation along streams. It is not only an eyesore, but it competes with beneficial native vegetation and hinders recreational use of these waterways.



Q: With so many activities affecting FIA's impact on the watershed and the river, how do you prioritize and plan?

We are fortunate to have a client with significant land ownership in the region that is quite interested in ensuring their forest is part of a healthy regional ecosystem and supports the rural communities around it. We discuss annual environmental and social priorities with the client, and report back to them on progress. In addition, following our best management practices is a foundation to all this work, and I need to underscore the critical role our local field service providers play. They execute a lot of the physical field work to make these projects happen and they also have relationships with consultants, local agencies, and others that we need to work with to be part of a strong regional approach to clean water and enjoyment of our river resources.





Conserve Biodiversity & Nature

Forests are crucial for conserving biodiversity, which, in turn, is essential for the health and productivity of forests. Sustainable forest management aligns with biodiversity conservation and presents a business model for market-based and financial initiatives seeking to enhance the identification and management of biodiversity risks. Even without markets for biodiversity, forestry investors can benefit from protecting biodiversity, as healthy and resilient forests rely on biodiversity to sustain functioning ecosystems that underpin successful forestry investments. FIA's ESG and Impact Framework aims to support and advance our ability to manage and report on biodiversity impacts. While there is increasing interest in the standardization of biodiversity metrics in investment and to develop biodiversity markets, FIA believes that successful biodiversity and nature conservation will remain rooted in local knowledge and site-specific objectives.

Biodiversity management is highly rated in the FIA materiality assessment, and FIA-managed forests are assessed for the potential presence of threatened and endangered species. Our forest management programs provide a basis for engagement with regional and local conservation planning, seeking to ensure the forests we manage contribute to the broader conservation needs of the landscapes in which we operate. In addition, FIA properties are managed to promote forest characteristics that are important for sensitive and locally important species. We take part in the Wildlife Conservation Initiative as a NAFO member, with the objective of contributing to the understanding of biodiversity outcomes on the lands we manage and enhancing industry-wide ability to contribute to positive biodiversity outcomes.



RESTORATION & CONSERVATION (ACRES)

	IRIS ID		UNITED STATES	LATIN AMERICA	TOTAL
Environmental Restoration Area	Ecological Restoration Mgmt Area	PI9556	16,124	84	16,208
Conservation Reforestation Area	Area of Land Reforested	PI4907	191	50	241
Environmental Projects Area	N/A	-	33,479	-	33,479
Area Managed for Conservation or Protection - Total	Protected Land Area: Total	PI4716	312,070	7,803	319,873
Area Managed for Conservation or Protection - Permanent	Protected Land Area: Permanent	PI3924	64,174	5,306	69,480
Biodiversity Assessment (percentage of properties)	Biodiversity Assessment	OI5929	100%	67%*	N/A

*The remaining asset is in progress to assess conservation needs and opportunities in line with third-party forest certification requirements.

16%

OF AREA MANAGED FOR CONSERVATION AND PROTECTION

16,208

ACRES MANAGED FOR ENVIRONMENTAL RESTORATION

33,479

ACRES ENROLLED IN CARBON & BIODIVERSITY CREDIT PROJECTS



CASE STUDY

Forest Impacts: Watersheds & Aquatic Wildlife in the Pacific Northwest

FIA manages around 190,000 acres of timberlands in the Pacific Northwest, across 22 management units containing more than 2,000 miles of streams. The region features iconic aquatic wildlife populations, including Coho salmon, Chinook salmon, Chum salmon, Pink salmon, Sockeye salmon, Steelhead trout, coastal cutthroat trout, and Bull trout which depend on forests and watershed quality for their success. The region's fisheries are particularly important for subsistence and

economic benefits to local people, including Native American Tribes, and are a significant contributor to economies of both Oregon and Washington.

In 2022, FIA prepared for the implementation of new state forest practice rules in Oregon that increased protection measures, including around riparian areas and for harvest planning. Examples of forest practice rules and BMPs in the region that support aquatic wildlife include:



Planning and constructing forest roads, stream crossings, and log landings to avoid erosion and to ensure forest roads do not allow runoff or sediment to pollute waterways.



Properly maintaining road structures and surfaces to protect water resources, allow for fish passage where possible and keep water from damaging roads or allowing excess sediment runoff during storm events.



Maintaining riparian management zones that enhance streamside wildlife habitat and protect water resources based on factors such as distance to water, composition of the forest, soil conditions, and slope.



Harvest planning and management to minimize impacts on surrounding areas, such as damage to remaining trees, soil compaction, and/or erosion.

In addition to our forest operations, FIA and our local managers welcome research by government agencies and others on our properties, such as sampling for monitoring stream temperatures, aquatic wildlife surveys, and monitoring spawning and juvenile presence. FIA supports research that helps the forest sector better understand the ecology of key fish species, potential changes and effects on their populations, and relationships between forest management activities and target species. These include agreements with the

Oregon Department of Fish and Wildlife, the Washington Department of Fish and Wildlife, the Bureau of Land Management, Native American Tribes, watershed groups, fish enhancement groups, and conservation districts.

Going beyond BMPs and research, FIA promotes restoration and improvement of the quality of waterways, usually undertaken by conservation districts with support and monitoring provided by active management of each property. Examples of such activities include the following:



Increasing structural diversity in waterways, e.g., with log placement in strategic areas, which can slow water movement in areas of streams and rivers, promoting habitat structure.



Riparian restoration with tree planting and/or eliminating threats to areas in recovery, such as with fencing.



Placement of gravel to improve spawning grounds and limiting activities that might affect erosion into spawning areas.

FIA believes our forest management must benefit watersheds and aquatic biodiversity, because this is important for maintaining forest health, environmental quality, supporting local community interests, and avoiding harm to resources that could constrain forest operations in the future. We are also proud that our forests capture and filter water and sustain healthy watersheds, contributing to a vibrant regional appreciation for Pacific Northwest forests, rivers, and the wildlife they sustain.



Engage with Stakeholders & Communities

Forests play a crucial role in communities worldwide, particularly in timber-producing areas where forestry is integral to local livelihoods and economies. FIA's commitment to ethical operations and transparency, informed by the deep roots many employees have in forestry, shapes the company's approach to stakeholder engagement. The FIA materiality assessment identified stakeholder and community risks and opportunities as moderately significant, while the impacts of forestry investments on society and communities rated as highly material. As an asset manager, FIA focuses on influencing stakeholders through disseminating guidance via forest certification standards and ensuring management plans support local stakeholder needs and interests. Furthermore, the company's ESG and Impact Framework ensures the application of best practices for stakeholder management and monitoring of emerging social risks and needs.

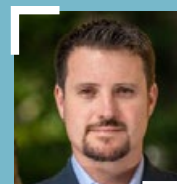
While FIA keeps internal control over property-level strategy and business planning, forestry consultants perform on-the-ground management, which enables them to be most directly linked to community and stakeholder relations. FIA is proud to work with numerous small and medium businesses in the US, Brazil, and Chile, which are important local employers and that engage with robust networks of specialists for activities such as land preparation, planting, harvesting, and transport. The collective reach of this indirect employment is significant. In addition, FIA engages directly at the level of regional and national industry associations and networks to support broader stakeholder issues. Our FIA team members are actively involved in organizations and initiatives related to forest research, science, policy, markets, wildlife management, and forest sustainability.



CASE STUDY

Managing Forest Resources for Recreation & the Public Good

The Dr. Lester Sitzes III Bois d'Arc Wildlife Management Area (WMA) is an important habitat area for a wide range of plant and animal species in Arkansas, making it an essential area for local biodiversity conservation. Perhaps even more importantly, the WMA is a valued local recreation resource for a range of outdoor enthusiasts. The Arkansas State Game and Fish Commission manages the WMA to supply recreational opportunities for local communities, including hunting, fishing, hiking, and wildlife observation. Additionally, the sustainable forestry practices implemented in the WMA can provide economic benefits for local stakeholders, including timber production and carbon sequestration. Regional Investment Forester Joshua Harrell explains how FIA's management contributes to a collaborative public-private nature resource.



Q&A:

JOSHUA HARRELL

Q: Can you explain a bit of the history of the WMA and how the public-private partnership works?

A: The WMA was established in the 1950s, long before FIA become involved in forest management in the area. In 2016, we acquired the DeGray Management Unit as part of a large-scale transaction where FIA as part of a consortium bought nearly 150,000 acres. A part of the DeGray Management Unit – the Hempstead 2 tract – was already involved in the WMA, and we have opted to renew leases that effectively make this tract part of the WMA. In fact, more than half of the WMA's 13,000+ acres are on private lands with intensive pine plantation management like we practice on DeGray.

Q: What benefits do FIA clients see from taking part in the WMA arrangements?

A: We manage the lease at an attractive rate and in return the management unit benefits from control, management, restoration, conservation, and regulation of birds, fish, game, and wildlife resources that are undertaken by the Arkansas State Game and Fish Commission. These give much-needed benefits to the people of the State of Arkansas in the form of outdoor recreational opportunities, such as camping, fishing, hunting, trapping, hiking, and wildlife viewing. It also helps us keep positive relationships with the communities and state agencies while respecting the longstanding history and interest in this property.

Q: How does pine management fit within part of a WMA?

A: The WMA has a real mixture of forest types and areas within the landscape, including wetlands, a lake, and a large area of bottomland hardwood within the public land. The pine areas contribute to a diverse

landscape mosaic and are important for access to parts of the WMA. We also find that the pine management aligns well with quality habitat for game species, such as white-tailed deer and turkey, which attract users to the WMA. We also manage for open wildlife areas within the pine plantation, which provide heterogeneity in the forest and encourage a broader range of wildlife. In addition, we support feral hog control, as the hogs threaten native flora and fauna. I think we make it a richer experience for people to come and enjoy the WMA through our combined forest management contributions.

Q: Is there anything else you'd like to share about your work or the WMA?

A: There is a natural fit between forestry investment and quality recreation and wildlife experiences. By managing forests to be healthy, productive, and as part of a diverse landscape, we are contributing to what the public wants to see from the land. It's something that we can almost take for granted as so many of our team at FIA and our field service providers already have a deep appreciation for the recreation values well-managed forests provide. I'm proud our work helps folks in Arkansas and across the country get out in the forest, too.

The Bois d'Arc WMA has been a vital mainstay for communities across southwest Arkansas for so long, dependent on all the resources it provides. It is vital we continue to participate and demonstrate the great collaborative stakeholder work, comprised of state and private partnerships. Final word – when visiting, watch your step through the multitude of creeks and sloughs, as the WMA also provides a nice home for the American Alligator.



Managing Forest Carbon & Climate

Forests are crucial in the global carbon cycle, and the Intergovernmental Panel on Climate Change reports emphasize the need for reaching net zero CO₂ emissions worldwide to combat climate change. The latest scientific evidence highlights the importance of managing the vast stores of carbon in forests and using nature-based solutions for climate mitigation and resilience. The forest industry and forestry investors are responding by improving the estimation, management, and reporting of forest carbon. FIA's materiality assessment prioritized managing forest carbon due to the potential to improve forest carbon outcomes and because of exposure to carbon pricing. Managed forests are key to nature-based solutions for climate change, as they sequester carbon dioxide in growing trees, store it in living biomass and healthy soils, and keep long-term carbon storage in wood products. This promotes a positive cycle of carbon accrual, which has even greater total benefits to the climate when wood products substitute for higher-embodied emissions products.

In 2022, FIA upheld its three-part pledge to take action against climate change. The aim of these initiatives is to equip our clients' forestry investments with resilience to physical and transitional risks, as well as to prepare them to capitalize on climate-related opportunities, such as the growing demand for low-carbon products and the increasing value of carbon sequestration and storage.

FIA'S COMMITMENT	2022 PROGRESS
<div>ADVOCATE</div> <div>We advocate for enabling policies and environments that enhance the contribution of forests and forest products to mitigating climate change.</div>	<div><div>➤ Co-sponsored a climate-smart forestry research fellowship at Auburn University, which has led to new publications and research on the subject.</div><div>➤ Supported a multi-stakeholder effort to develop tools to support GHG accounting in forests and wood products.</div><div>➤ Continued participation in the GHG Protocol Land Sector and Removals Guidance technical working group.</div></div>
<div>MANAGE</div> <div>We manage climate-related risks and opportunities within our fiduciary duty and look to position our clients and their forests for long-term value.</div>	<div><div>➤ Developed physical climate risk assessment process using third-party tools and proprietary analysis.</div><div>➤ Continued to evaluate forest carbon offset projects opportunistically and across acquisitions.</div></div>
<div>REPORT</div> <div>We report on the contribution of the forestry investments we manage toward mitigating climate change and promoting forest resilience.</div>	<div><div>➤ Launched our Carbon Measurement and Reporting Principles for biogenic carbon reporting.</div><div>➤ Developed improvement plan for internal carbon reporting capabilities and integration into FIA workflows and data management.</div></div>

CARBON STORAGE & SEQUESTRATION (THOUSAND TCO ₂ E)	UNITED STATES	LATIN AMERICA*	TOTAL
Carbon Storage in Forest Land	145,500	7,436	152,936
Carbon Stock Change in Forest Land	(415)	(270)	(685)
Carbon Storage in Harvested Wood Products	1,124	Not Calculated	1,124
Net Sequestration	709	(270)	439

Since 2019, FIA has reported on forest carbon stocks in the investments we manage, using regionally specific methodologies that convert forest inventory data to estimates of stored carbon in living biomass. Previously, FIA's reporting focused only on the carbon in the forest and specifically on the aboveground living biomass in commercial, working forest areas. An important metric is the Carbon Storage in Forest Land, which reflects the volume of carbon dioxide equivalent that is stored by the carbon in the biomass of the working forest, not including belowground carbon or soil carbon. We also report Carbon Stock Change in Forest Land, which represents the net flux, or change, in the forest carbon stock; FIA separates out the impact of the purchase or sale of trees and data-based adjustments so that this figure represents the change based on carbon sequestration into the forest and the result of loss of carbon via harvest. In 2022, we advanced our reporting to include the impact of ongoing carbon storage in wood products. The new Carbon Storage in Harvested Wood Products metric reports on the forecast storage of carbon over 100-years, using harvest data and regional market

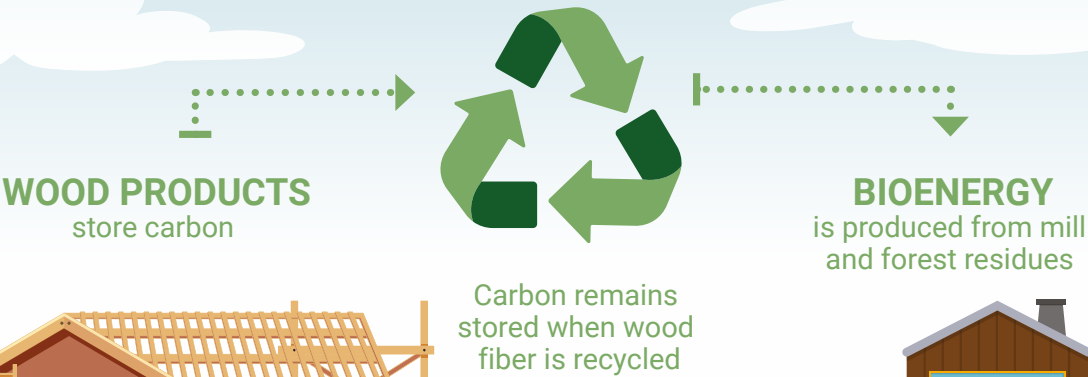
information produced by the United States Forest Service. FIA anticipates applying an aligned approach for Latin American wood products in the future. By summing the stock change from the forest and the carbon storage in wood products, FIA calculates Net Sequestration, which we believe reflects the biogenic carbon impact of our responsibly managed working forests.

In summary, forest management and harvesting activities across the portfolio resulted in 439,000 tCO₂e of net carbon sequestration based on the changes in forest carbon stocks and the contribution of storage in harvested wood products. The total FIA-managed working forest portfolio stores around 153 million tCO₂e in aboveground biomass. The graphic on the next page shows the integration of working forests, wood products, and the biogenic carbon cycle in context of 2022 activities for the US properties. FIA is proud to operate forestry investments with scaled planting, silviculture, and harvesting activities that are essential to delivering on working forests' positive role for climate.

The FIA Portfolio of US Working Forests

Carbon Sequestration & Storage Through
Sustainable Forest Management in 2022

THE FIA US FORESTRY
PORTFOLIO STORES
145.5 million
tCO₂e
IN WORKING FORESTS



2022 NET SEQUESTRATION OF
700,000
tCO₂e
ACROSS FOREST CARBON
POOLS AND LONG-TERM
STORAGE IN WOOD PRODUCTS

FOREST PRODUCTS FROM
HARVEST WILL STORE
A LONG-TERM AVERAGE OF
1.1 million
tCO₂e

10 million
tCO₂e
SEQUESTERED THROUGH
FOREST GROWTH

67,000 acres
REPLANTED OR
REGENERATED, INCLUDING
27 million
TREES PLANTED

7 million
GREEN TONS OF
WOOD HARVESTED

Data based on FIA internal analysis for calendar year ending December 31, 2022. Net sequestration accounts for aboveground forest carbon and the 100-year average for carbon storage in wood products (net of harvest, land sales/purchases, and inventory adjustments).








CASE STUDY

Climate Impact of Working Forests

The potential for forests to deliver climate mitigation at attractive costs has fueled a flurry of investor interest in forestry. With climate change being a significant issue for businesses and investors around the world today, it is no surprise that the forest sector is arising as a focal point for many of these discussions. FIA believes it is important that the significant climate benefits of working forests and forest products be well understood. We expect that better communication of the climate impact of working forests will help position the sector to be a solutions provider and continue to benefit from growing demand for wood fiber in a carbon-constrained world. FIA has been active in multi-stakeholder initiatives, through our advocacy for natural climate solutions, and in our engagement with clients to integrate climate objectives into forestry portfolios.

HIGHLIGHTS OF 2022 CLIMATE ACTION & ADVOCACY

 <p>FIA CARBON MEASUREMENT & REPORTING PRINCIPLES</p>	<p>FIA completed proprietary carbon measurement and reporting principles to support high-integrity, transparent accounting for forest carbon in forestry investments. The principles build upon FIA's established carbon estimation, which is integrated with forest information management systems. We used the Intergovernmental Panel on Climate Change (IPCC) guidelines to inform our approach while also using guidance from the United States Department of Agriculture and the United States Forest Service to help ensure the principles were appropriate for US-based forests and entity-level accounting considerations.</p>
 <p>CLIMATE-SMART FORESTRY MANDATE</p>	<p>In November 2022, FIA announced we were awarded a dual-purpose investment mandate targeting both financial and climate impact objectives, measured through net carbon sequestration in the forest and wood products. FIA aims to invest in a diversified portfolio of responsibly managed forests in the US that deliver the combined carbon and financial outcomes sought by the investor. The net carbon sequestration target of the mandate will be audited annually using the principles described above.</p>
 <p>CLIMATE-RELATED RISK MANAGEMENT</p>	<p>FIA developed a standardized approach for climate-related risk management, focusing on the physical impacts of climate change on forests, including their health, productivity, and value. This work was designed to meet client needs and align with regulatory requirements and emerging science and best practice for climate risks. In 2022, FIA reviewed physical climate risk assessment tools, approaches, and best practices, ultimately choosing to combine FIA's analysis of several third-party tools in a purpose-built physical climate risk assessment and management approach.</p>
 <p>GREENHOUSE GAS PROTOCOL</p>	<p>FIA continued its support for standardized accounting for carbon removals and land use in the Greenhouse Gas Protocol (GHG Protocol). FIA's Director of Sustainability and ESG, MaryKate Bullen, served as a member of the technical working group charged with development of new guidance on these topics. FIA advocates for science-based, pragmatic reporting options that will help entities understand and manage their carbon footprints.</p>
 <p>HARVESTED WOOD PRODUCT ACCOUNTING</p>	<p>In alignment with the approaches advocated for through taking part in the GHG Protocol and in the development of FIA's Carbon Measurement and Reporting Principles, we improved our climate impact reporting to include the carbon storage in harvested wood products.</p>



Respect for People & Partners in Forestry

Forestry is a vital global industry, employing over 45 million people and generating over \$580 billion in global labor income.³ Small and medium-sized enterprises make up 80-90% of forest businesses, and millions more rely on forests for their livelihoods. Being a responsible business in the forestry value chain reduces investment risk, improves operations, and attracts talent. Our investment activities are deeply dependent on the strength and vitality of a strong forest sector and rising demand for sustainable forest products. However, more than this dependency, FIA's belief in respect for people and partners in forestry is part of our culture; we want to ensure that our values of trust, respect, and integrity are reflected in the role we play as forestry investors.

FIA is committed to building a safety-first culture by providing a healthy and safe workplace that enables employees to operate confidently and efficiently in both office and field settings. Through strict adherence to the Company's detailed Health & Safety policy, FIA strives to maintain a zero-injury workplace for all employees, contractors, and visitors.

FIA EXECUTIVE STATEMENT ON HEALTH & SAFETY

Forestry can be an inherently dangerous field, with exposure to hazardous conditions and many hours worked in variable environments. Throughout 2022, FIA undertook a review of health and safety risks in our business and related to our asset management. This resulted in a new executive statement and policy on health and safety; the policy is scoped to an FIA fund and its implementation will be reviewed in 2023 to generate learnings for the broader portfolio.

FIA also prioritizes collaboration and shared engagement toward innovation, efficiency, and vitality in forestry forums and initiatives. Throughout 2022, FIA and our team members remained active in a range of membership-based organizations, advisory bodies, and non-profits. Some highlights of activities and engagement in 2022 include:



The National Council for Air and Stream Improvement, Inc. (NCASI) – FIA became a member and onboarded into this association, which serves the forest products industry as a center of excellence providing unbiased, scientific research and technical information necessary to achieve the industry's environmental and sustainability goals.



National Alliance of Forest Owners (NAFO) – FIA staff members continued in active roles on the Board, Operating Committee, and policy task groups of NAFO, a membership organization committed to advancing federal policies that ensure our working forests provide clean air, clean water, wildlife habitat, and jobs through sustainable practices and strong markets.



Women's Forest Congress – FIA's Director of Sustainability and ESG, MaryKate Bullen, served on the Advisory Council and Fundraising Committee for the Women's Forest Congress throughout the year. This emerging movement's goal is to connect, inspire, and act as catalysts for change for the benefit of forests and all who rely on them. The inaugural Women's Forest Congress took place in October 2022.



Forest Productivity Cooperative (FPC) – As a longstanding FPC participant, FIA contributes to and benefits from the group's industry-leading research, which focuses on creating innovative solutions to enhance forest productivity and value through the sustainable management of site resources. FIA welcomed FPC Co-Director Rachel Cook on a December field tour reviewing site-specific silvicultural decision-making considering ongoing research and development.



CASE STUDY

Out on a Limb: Supporting Small Business Development in Chile

FIA works with small and medium businesses across our portfolio in active consulting agreements to execute the forest management strategies designed and overseen by FIA. FIA's Associate Director of International Operations, Jorge Echeverria, explains how this has played out in support of the company's Chilean investments where we have worked to support a recently launched forestry business.



Q&A:

JORGE ECHEVERRIA

Q: Can you explain to us a bit about the operational management and activities for the investments we manage in Chile?

A: FIA invested for the first time in Chile in 2016 and today we manage around 29,500 hectares (~73,000 acres) of land. We work with a third-party manager whose team performs the on-ground activities directly and works with contractors specialized in forest tasks. These activities include things such as the establishment of plantations, forest management, monitoring, asset protection, harvest, and road maintenance, among others. These are scaled operations and require careful coordination by strong local forestry consultants.

Q: Tell us more about who we work with in Chile to ensure these important operations go smoothly.

A: In 2022, we transitioned to a new service provider called FSP Latam. The company is led by two senior forest engineers, Juan Umaña and Jaime Sanchez, who bring extensive experience in forest operations and planning and development in Chilean forestry. They were both key members of the operations team of one of the largest forest companies in Chile and pioneers of sustainable forest management in Atinoárica, incorporating the ESG as a fundamental part of their activities. In fact, they used to be in the team I directed! In this country, the sector is very connected and relationships like these can help us access excellent operators.

Q: What did FIA do to help FSP Latam as they started their business?

A: Starting a new business can be risky. We were able to provide some certainty to FSP Latam

that if they could meet the expectations of international investors, we would sit at the table as a possible anchor customer for their company. Fortunately, everything turned out well. As we hired FSP Latam for a several-year contract on a scaled estate, we have given them some certainty that helps them plan and invest in their business. Similarly, the investments that FIA manages in Chile have grown in the last year, and new projects and good acquisitions have increased the level of activity in Chile, which we trust in the hands of a responsible and qualified partner.

Q: What are some highlights of this work together?

A: One area that is very promising is the open commitment we have for two-way exchange as FSP Latam configures its information technology, data management, and systems. FIA uses our experience as an asset manager to share information that FSP Latam uses when establishing these systems. This in return helps FIA because we are obtaining information and data in an adequate format that is fit-for-purpose and focused on the material financial, operational, and ESG data that we need.

Q: Anything else you would like to share?

A: In the forestry sector, long-term thinking is an essential part of our work. That is why I am quite pleased that, along with experienced senior team members, FSP Latam has incorporated young and high-performance professionals in their team. With professionals like this showing exciting potential and commitment, we can look forward to a bright future with the highest standards for the investments that FIA manages in Chile.




Growing Sustainably & with Purpose


As sustainable investment trends continue to deepen ESG integration and extend toward higher impact investment strategies, FIA sees increasing interest in the forestry asset class.


We believe the future of the asset class depends on a growing role for forest products in the real economy as well as for working forests in meeting societal and environmental needs. The traditional benefits of forestry in an investment portfolio continue to attract and reward investors, particularly evident with the strong performance of forestry investments demonstrated in 2022 against a backdrop of high inflation and global volatility. Adding to core financial characteristics, FIA finds that option value, monetization of ecosystem services, and alignment with sustainability objectives are encouraging an influx of new investors and diversifying investment approaches. This dynamic environment requires strategy and vision to transact and manage well. With FIA's deep expertise and specialized team, we believe we are well positioned to help both new and experienced forestry investors understand and access opportunities in the broadening forestry asset class.

At the heart of our business is an unwavering confidence that forestry is a vital industry and must be part of sustainable economic growth and prosperity. Because of this, we see strong potential for forestry as a nature-based solution. While there are now immense global goals in place – such as the Paris Agreement, the Global Biodiversity Framework, and the Sustainable Development Goals – FIA believes working forests are a proven solution for investors and communities. Yet, there are proliferating regulations and expectations from a broader range of stakeholders that forestry investors must navigate. FIA aims to support our clients and the broader forest value chain in response to these evolving risks and opportunities. We are growing capabilities and strategies focusing on such nature-based solutions, including to address climate mitigation and resilience, to halt and reverse the loss of nature, and to increase the supply of certified renewable forest products into the growing bioeconomy. We are excited about the potential to scale forestry investments as more organizations and investors look to forests to meet their own growth and strategy needs.



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