

## SUSTAINABILITY RELATED DISCLOSURES

**Dasos Timberland Fund I** (“Fund”) promotes, among other characteristics, environmental and social characteristics in accordance with Article 8 of the EU Sustainable Finance Disclosure Regulation (EU) 2019/2088.

### Summary

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

It is planned that 100% of the Fund’s investments will be made in sustainable investments. The Fund does not commit to make sustainable investments pursuant to the Taxonomy Regulation (EU) 2020/852.

The Fund promotes environmental and social characteristics by making forestry project investments, structured and executed in order to enhance:

- their economic and financial profitability,
- the forest area and wood volume under management plans and forest certification,
- their positive impact on climate change,
- biodiversity protection, and
- social benefit spillovers.

The Fund promotes sustainability as management objective and systematically integrates environmental, social and governance (ESG) issues into its portfolio management; ESG/Sustainability theme is addressed in 100% of the portfolio.

Fund’s investment philosophy is based on protecting, conserving, and enhancing Natural Capital (NC), i.e., the environmental stock or resources of Earth that provide goods, flows and ecological services required to support life by applying the following NC fundamentals:

- increasing forest volumes and forest cover;
- enhancing biodiversity and nature;
- removing and stocking of atmospheric carbon in forest stand;
- climate-smart production of sustainable timber to replace fossils-based materials; and
- providing land infrastructure for renewables, such as wind and solar.

ESG matters are considered from deal flow identification and due-diligence stage to investment decision-making, value creation and exit and related reporting. Dasos adheres to international sustainability standards based on the Forest Stewardship Council (FSC®) and Programme for the Endorsement of Forest Certification (PEFC®) certification principles. Independent third-party audits are regularly used to assess sustainability. The carbon footprint and the impact of investments on selected UN Sustainable Development Goals (SDGs) and targets are reported annually.

In order to ensure that the sustainable investments the Fund intends to make do not cause significant harm to any environmental or social investment objective, the Fund takes into account the indicators for adverse impacts and ensures that the Fund’s investments in forest assets are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. It is ensured that good governance practices are followed by setting clear expectations for business partners with respect to transparency and accountability around sustainability aspects.

### No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective sustainable investment.

In order to ensure that the sustainable investments that the Fund intends to make do not cause significant harm to any environmental or social investment objective, the Fund takes into account the indicators for adverse impacts (PAI) and ensures that the Fund’s investments in forest assets are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight

fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

The following indicators are taken into account in the Fund's investments:

Table I Indicators applicable to investments in investee companies:

1. GHG emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity-sensitive areas
8. Emissions to water
9. Hazardous waste and radioactive waste ratio
10. Violations of UN Global Compact principles and OECD Guidelines for Multinational Enterprises
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
12. Unadjusted gender pay gap
13. Board gender diversity
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)

#### **Environmental or social characteristics of the financial product**

The Fund promotes environmental and social characteristics by making forestry project investments, structured and executed in order to enhance:

- their economic and financial profitability,
- the forest area and wood volume under management plans and forest certification (UN SDG target 15.2.1),
- their positive impact on climate change (carbon stocks and sinks, and indirectly replacement of fossils-based products and energy),
- biodiversity protection, and
- social benefit spillovers.

#### **Investment strategy**

The objective of the Fund's investment strategy is to offer investors attractive long-term returns by creating a diversified investment portfolio consisting of different investment instruments and asset classes in timberland assets. The Fund invests its assets directly or indirectly, primarily in Europe.

Sustainability is at the core of Dasos investment rationale, value creation and risk management. Dasos provides returns to investors through investing in a portfolio of diversified production forest assets which are managed sustainably according to the international and national principles of sustainable forest management and also relying on independent sustainability assessment. ESG incorporation is addressed in 100% of the portfolio assets in due diligence, investment decisions and active ownership practices.

The Fund's principles of responsible and sustainable investment are described more in detail in the Fund's Prospectus. The regulations and restrictions concerning investments are described in the Fund rules.

Dasos, the Fund and forest management companies adhere to the principles and criteria related to the sustainable forest management principles and good ESG practices, which are implemented through the actions listed above.

### **Proportion of investments**

It is planned that 100% of the Fund's investments will be made in sustainable investments. The Fund does not commit to make sustainable investments pursuant to the EU Taxonomy Regulation.

The Fund makes direct or indirect investments. Indirect investments are primarily made by investing in companies that are active in timberland and other real assets. According to the Forest Investment Policy, 100% of all forest assets are to be certified independently as sustainably managed complying with internationally approved sustainability standards which cover environmental, social and economic indicators. These requirements also apply to companies providing forest management services.

### **Monitoring of environmental or social characteristics**

Independent third-party audits are regularly used to assess sustainability with regards to the sustainability standards of the FSC® and/or PEFC® principles.

The carbon footprint report is prepared annually. The impact of investments on selected UN SDGs and targets, based on materiality assessment, is reported annually. The UN's Principles of Responsible Investment (PRI) reports are published annually.

### **Methodologies for environmental or social characteristics**

All investments by the Fund are made in accordance with:

- comprehensive Forest Investment Policy: integrating International Finance Corporation's (IFC) environmental and social safeguards, EU's environmental policies, and the Equator principles.
- EU's Directive on Environmental Impact Assessment.
- Local conditions and legislation.
- Environmental and social management principles and standards based on forest certification requirements.

Dasos and the Fund are committed to have 100% of its forest assets certified as sustainably managed in the context of climate-smart-forestry.

Fund's methodology to measure how the social or environmental characteristics by the Fund are met consists most importantly of monitoring and reporting. Monitoring and reporting are integral parts of the investment cycle. Dasos reports transparently on the general ESG principles and their implementation.

### **Data sources and processing**

Data is received from independent third-party audits with regards to FSC® and PEFC® compliance, as well as from annual carbon footprint and SDG reporting.

### **Limitations to methodologies and data**

There are no direct limitations to data, as all data is independently calculated.

## **Due diligence**

Screening during the investment due diligence process helps to identify material ESG issues concerning the assets, which vary asset by asset and can influence returns, or, for example, reputational risk. In the Dasos approach, all costs needed to address potential gaps in meeting the international sustainability standards and potential reductions in harvested volumes to meet biodiversity conservation objectives are incorporated in the asset operation costs and revenue flows.

1. Environmental and Social Screening Guidelines: General guidance on environmental and social impact assessment (ESIA) during the DD and investment decision-making process, and on managing social and environmental performance throughout the life of the investment
2. Environmental and Social DD Information Assessment Form: A detailed checklist that is applied systematically in every DD exercise.
3. Environmental and Social Impact Assessment to
  - identify and assess social and environment impacts, both adverse and beneficial, in the project's area of influence;
  - identify ways of enhancing positive impacts and mitigating negative impacts to manage risks and enhance sustainable returns; and
  - obtain an informed view on whether the concerned forestry asset is certifiable according to an internationally accepted certification standard (FSC® and/or PEFC®).

## **Engagement policies**

It is ensured that good governance practices are followed by setting clear expectations for business partners with respect to transparency and accountability around sustainability aspects.

## **Designated reference benchmark**

No reference benchmark has been designated for the purpose of attaining the environmental or social characteristics promoted by the Fund.