ASSET
MANAGEMENT

WEBSITE PRODUCT DISCLOSURE FOR FINANCIAL PRODUCTS REFERRED IN ARTICLE 8 (1-2A) REGULATION (EU) 2019/2088 AND ARTICLE 5 OF REGULATION (EU) 2020/852

Product name: „INVL Sustainable Timberland and Farmland Fund II – Capital Fund“ (hereinafter – "the Feeder Fund")

Legal entity identifier: NA

Does this financial product have a sustainable investment objective?	
☐ YES	☒ NO
☐ It will make a minimum of **sustainable investments with an environmental objective**: ___% ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☒ It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments ☒ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy ☐ with a social objective
☐ It will make a minimum of **sustainable investments with a social objective**: ___%	☐ It promotes E/S characteristics, but **will not make any sustainable investments**

Has a reference benchmark been designated for the purpose of attaining these characteristics promoted by the financial product?	
☐ YES	☒ NO

I Summary

The Feeder Fund INVL Sustainable Timberland and Farmland Fund II – Capital Fund invests in INVL Sustainable Timberland and Farmland Fund II (hereinafter referred to as the Master Fund), which is a separate sub-fund of the investment variable capital company INVL Alternative Assets Umbrella Fund, SCSp SICAV-RAIF, established under the laws of the Grand Duchy of Luxembourg. The Feeder Fund promotes the same environmental and social characteristics as the Master Fund, for this reason, all information disclosed in this pre-contractual information document is based on the information and commitments of the Master Fund, except where direct commitments arise for the Feeder Fund.
The purpose of the Feeder Fund is to invest in the Funded Fund, and the purpose of the Feeder Fund is to consolidate a portfolio of forest and agricultural land located in Central and Eastern Europe and the Baltic region and to manage it based on best practices in sustainable management in this area, with the aim of generating stable returns that are uncorrelated with other asset classes through cash flows and appreciation of the value of the acquired assets.

The Master Fund invests in forests and agricultural land with the aim of promoting environmentally friendly forest and land use and sustainable farming. Specifically, the Master Fund promotes the following characteristics: forest management in accordance with the FSC standard, biodiversity monitoring, conservation, and enhancement, and sustainable agricultural land management. Various, mainly quantitative sustainability indicators are used to measure progress in achieving environmental and social features, e.g. annual forest volume growth, ratio of mature and maturing forest area, share of assets leased to farmers practicing organic farming, share of small and medium-sized enterprises among tenants.

Through its investments and activities, the Master Fund seeks to contribute to climate change mitigation as defined in Regulation (EU) 2020/852, in particular by enhancing terrestrial carbon stocks. In pursuing this environmental objective of climate change mitigation, the Master Fund also contributes to the other objective set out in Article 9 of the same Regulation, namely climate change adaptation. These two objectives are linked, as the criteria for adaptation to climate change are included in the scope of the criteria for climate change mitigation.

The principle of 'do no significant harm' is ensured in the Master Fund at several levels: through common organisational measures, including guidelines on prohibited and restricted investments, by setting thresholds for key negative impact indicators, applying internal procedures of the Fund to monitor compliance with the principle of no significant harm before making an investment and during the management of the investment, implementing the FSC requirements.

PAI indicators are integrated into the Master Fund (and the Feeder Fund) management company's list of prohibited and restricted investments, the fund management company's internal procedures and policies, monitoring of carbon stocks and absorbent levels, monitoring of deforestation prohibition requirements, and compliance with FSC requirements.

The OECD recommendations for multinational enterprises and the UN Guiding Principles on Business and Human Rights are integrated in accordance with the recommendations published by the Platform on Sustainable Finance.

The Master Fund applies different quantitative and qualitative parameters to implement the chosen investment strategy. An important element of the investment strategy is the continuous valuation and responsible management of assets. Before each investment transaction, team members physically visit the site to assess not only the data but also the context – the state of the environment, the landscape, the existing land use structure and the potential impact on the environment.

The distribution of the Feeder Fund for the promotion of environmental and social characteristics corresponds to the investment structure of the Master Fund. It is planned that all investments will promote environmental and/or social characteristics, with approximately 50% directed towards forests managed with sustainability objectives in mind. Although the distribution of investments between forests and land may vary due to transactions taking place during the year, the fund aims to maintain a 50%/50% ratio. In certain circumstances, the Master Fund may hold cash and cash equivalents or other financial instruments for liquidity management and/or hedging purposes.

The Master Fund's investments are monitored throughout their life cycle: compliance with sustainability objectives is assessed, data on the condition of forests and land is collected, and PAI and SDG indicators are collected. Physical inspections, data analysis, and internal reviews ensure continuous control. Monitoring is carried out by the Master Fund's team, the board, and the risk committee.

Indicators are calculated by special purpose vehicles (SPVs) controlled by the Master Fund itself based on actual data supported by documentation. The Master Fund employees are directly involved in the assessment of territories. Quantitative criteria are applied (e.g., forest growth >5%, protected areas ≥10%), based on the principles of the FSC and IPCC Guidelines for National Greenhouse Gas Inventories and scientific articles. Quality assurance mechanisms are applied – documentation, cross-checking, internal and external audits, external reporting. Main limitations of the methodology and data: human error, subjectivity, data uncertainty. These are mitigated through staff training, best practices, independent audits, and direct monitoring.

Participation is implemented through direct SPV control and active management. The Master Fund team monitors territories, checks documents, and promotes long-term sustainability value.

Kopsavilkums

Pamatfonds INVL Sustainable Timberland and Farmland Fund II – Capital Fund iegulda līdzekļus INVL Sustainable Timberland and Farmland Fund II (turpmāk – Pamatfonds), kas ir atsevišķs apakšfonds ieguldījumu sabiedrībai ar mainīgu kapitālu INVL Alternative Assets Umbrella Fund, SCSp SICAV-RAIF, kas izveidota saskaņā ar Luksemburgas Lielhercogistes tiesību aktiem. Feeder fonds veicina tās pašas vides un sociālās īpašības kā galvenais fonds, tāpēc visa informācija, kas atklāta šajā pirmsslēgšanas informācijas dokumentā, ir balstīta uz galvenā fonda informāciju un saistībām, izņemot gadījumus, kad rodas tiešas saistības Feeder fondam.
Feeder fonda mērķis ir ieguldīt Funded fondā, un Feeder fonda mērķis ir konsolidēt mežu un lauksaimniecības zemes portfeli, kas atrodas Centrāleiropā, Austrumeiropā un Baltijas reģionā, un pārvaldīt to, pamatojoties uz labāko praksi ilgtspējīgā pārvaldībā šajā jomā, ar mērķi radīt stabilu atdevi, kas nav saistīta ar citām aktīvu klasēm, izmantojot naudas plūsmas un iegādāto aktīvu vērtības pieaugumu.

Galvenais fonds iegulda mežos un lauksaimniecības zemē, lai veicinātu videi draudzīgu mežu un zemes izmantošanu un ilgtspējīgu lauksaimniecību. Konkrēti, galvenais fonds veicina šādas īpašības: mežu apsaimniekošana saskaņā ar FSC standartu, bioloģiskās daudzveidības uzraudzība, saglabāšana un uzlabošana, kā arī ilgtspējīga lauksaimniecības zemes apsaimnieko Lai novērtētu progresu vides un sociālo iezīmju sasniegšanā, tiek izmantoti dažādi, galvenokārt kvantitatīvi ilgtspējības rādītāji, piemēram, meža apjoma pieaugums gadā, nobriedušu un nobriedošu mežu platību attiecība, aktīvu daļa, kas iznomāta lauksaimniekiem, kuri nodarbojas ar bioloģisko lauksaimniecību, mazo un vidējo uzņēmumu

Ar saviem ieguldījumiem un darbībām galvenais fonds cenšas veicināt klimata pārmaiņu mazināšanu, kā definēts Regulā (ES) 2020/852, jo īpaši palielinot oglekļa krājumus sauszemē. Īstenojot šo vides mērķi mazināt klimata pārmaiņas, galvenais fonds veicina arī citu mērķi, kas izklāstīts minētās regulas 9. pantā, proti, pielāgoties klimata pārmaiņām. Šie divi mērķi ir saistīti, jo kritēriji pielāgošanai klimata pārmaiņām ir iekļauti klimata pārmaiņu mazināšanas kritēriju darbības jomā.

Galvenajā fondā princips "neradīt būtisku kaitējumu" tiek nodrošināts vairākos līmeņos: ar kopīgiem organizatoriskiem pasākumiem, tostarp vadlīnijām par aizliegtām un ierobežotām investīcijām, nosakot sliekšņus galvenajiem negatīvās ietekmes rādītājiem, piemērojot fonda iekšējās procedūras, lai pirms investīciju veikšanas un investīciju pārvaldības laikā uzraudzītu atbilstību principam "neradīt būtisku kaitējumu", īstenojot FSC prasības.
PAI rādītāji ir iekļauti galvenā fonda (un piesaistes fonda) pārvaldības sabiedrības aizliegto un ierobežoto ieguldījumu sarakstā, fonda pārvaldības sabiedrības iekšējās procedūrās un politikā, oglekļa krājumu un absorbcijas līmeņu uzraudzībā, mežu izciršanas aizlieguma prasību uzraudzībā un FSC prasību ievērošanā.
OECD ieteikumi starptautiskajiem uzņēmumiem un ANO pamatprincipi par uzņēmējdarbību un cilvēktiesībām ir iekļauti saskaņā ar ieteikumiem, ko publicējusi Ilgtspējīgas finanses platforma.

Galvenais fonds izmanto dažādus kvantitatīvus un kvalitatīvus parametrus, lai īstenotu izvēlēto ieguldījumu stratēģiju. Svarīgs ieguldījumu stratēģijas elements ir nepārtraukta aktīvu novērtēšana un atbildīga pārvaldība. Pirms katra ieguldījumu darījuma komandas locekļi fiziski apmeklē objektu, lai novērtētu ne tikai datus, bet arī kontekstu – vides stāvokli, ainavu, esošo zemes izmantošanas struktūru un potenciālo ietekmi uz vidi.

Feeder fonda sadale vides un sociālo raksturlielumu veicināšanai atbilst Master fonda ieguldījumu struktūrai. Plānots, ka visi ieguldījumi veicinās vides un/vai sociālos raksturlielumus, aptuveni 50 % no tiem novirzot mežiem, kas tiek apsaimniekoti, ņemot vērā ilgtspējības mērķus. Lai gan ieguldījumu sadale starp mežiem un zemi var atšķirties atkarībā no darījumiem, kas notiek gada laikā, fonds cenšas saglabāt 50 %/50 % attiecību. Noteiktos apstākļos galvenais fonds var turēt skaidru naudu un tās ekvivalentus vai citus finanšu instrumentus likviditātes pārvaldības un/vai riska ierobežošanas nolūkos.

Galvenā fonda ieguldījumi tiek uzraudzīti visā to dzīves ciklā: tiek novērtēta atbilstība ilgtspējības mērķiem, tiek vākti dati par mežu un zemes stāvokli, kā arī PAI un SDG rādītāji. Fiziskas pārbaudes, datu analīze un iekšējās pārskatīšanas nodrošina nepārtrauktu kontroli. Uzraudzību veic galvenā fonda komanda, valde un riska komiteja.

Rādītājus aprēķina īpašiem mērķiem izveidotas struktūras (SPV), kuras kontrolē pats galvenais fonds, pamatojoties uz faktiskiem datiem, ko apstiprina dokumentācija. Galvenā fonda darbinieki ir tieši iesaistīti teritoriju novērtēšanā. Tiek piemēroti kvantitatīvi kritēriji (piemēram, meža pieaugums >5 %, aizsargājamās teritorijas ≥10 %), pamatojoties uz FSC un IPCC vadlīnijām par valstu siltumnīcefekta gāzu inventarizāciju un zinātniskajiem rakstiem. Tiek piemēroti kvalitātes nodrošināšanas mehānismi – dokumentācija, savstarpēja pārbaude, iekšējie un ārējie auditi, ārējā ziņošana. Metodoloģijas un datu galvenie ierobežojumi: cilvēku kļūdas, subjektivitāte, datu nenoteiktība. Tie tiek mazināti, apmācot personālu, ieviešot labāko praksi, veicot neatkarīgus auditus un tiešu uzraudzību.

Līdzdalība tiek īstenota, tieši kontrolējot SPV un aktīvi pārvaldot. Master Fund komanda uzrauga teritorijas, pārbauda dokumentus un veicina ilgtermiņa ilgtspējas vērtību.

Kokkuvõte

Feeder-fond INVL Sustainable Timberland and Farmland Fund II – Capital Fund investeerib INVL Sustainable Timberland and Farmland Fund II (edaspidi „Master-fond”) fondi, mis on Luksemburgi Suurhertsogiriigi seaduste alusel asutatud investeerimisühingu INVL Alternative Assets Umbrella Fund, SCSp SICAV-RAIF eraldiseisev allfond. Feeder Fund edendab samu keskkonna- ja sotsiaalseid omadusi kui Master Fund, mistõttu kogu käesolevas lepingueelses teabedokumendis avaldatud teave põhineb Master Fundi teabel ja kohustustel, välja arvatud juhul, kui Feeder Fundi suhtes tekivad otsesed kohustused.
Feeder fondi eesmärk on investeerida rahastatavasse fondi ning konsolideerida Kesk- ja Ida-Euroopas ning Balti regioonis asuvate metsade ja põllumajandusmaade portfell ning hallata seda selle valdkonna parimate jätkusuutliku majandamise tavade alusel, eesmärgiga teenida stabiilset tulu, mis ei ole seotud teiste varaklassidega, rahavoo ja omandatud varade väärtuse tõusu kaudu.

Masterfond investeerib metsadesse ja põllumajandusmaadesse eesmärgiga edendada keskkonnasõbralikku metsa- ja maakasutust ning jätkusuutlikku põllumajandust. Täpsemalt edendab Masterfond järgmisi omadusi: FSC standardile vastav metsamajandamine, bioloogilise mitmekesisuse seire, säilitamine ja parandamine ning jätkusuutlik põllumajandusmaa majandamine. Keskkonna- ja sotsiaalsete omaduste saavutamise edu mõõtmiseks kasutatakse mitmesuguseid, peamiselt kvantitatiivseid jätkusuutlikkuse näitajaid, nt metsa aastane mahu kasv, küpsete ja küpsuvate metsaalade suhe, orgaanilist põllumajandust harrastavatele põllumajandustootjatele renditud varade osakaal, väikeste ja keskmise suurusega ettevõtete osaka

Oma investeeringute ja tegevuse kaudu püüab Master Fund aidata kaasa kliimamuutuste leevendamisele, nagu on määratletud määruses (EL) 2020/852, eelkõige suurendades maismaa süsinikuvarusid. Kliimamuutuste leevendamise keskkonnaeesmärgi saavutamisel aitab Master Fund kaasa ka sama määruse artiklis 9 sätestatud teisele eesmärgile, nimelt kliimamuutustega kohanemisele. Need kaks eesmärki on omavahel seotud, kuna kliimamuutustega kohanemise kriteeriumid on hõlmatud kliimamuutuste leevendamise kriteeriumide kohaldamisalaga.

Põhimõte „ei tekita olulist kahju” on põhi fondis tagatud mitmel tasandil: ühiste organisatsiooniliste meetmete kaudu, sealhulgas keelatud ja piiratud investeeringute suuniste kaudu, kehtestades künnised peamiste negatiivse mõju näitajate jaoks, kohaldades fondi sisemisi menetlusi, et jälgida põhimõtte „ei tekita olulist kahju” järgimist enne investeeringu tegemist ja investeeringu haldamise ajal, rakendades FSC nõudeid.
PAI näitajad on integreeritud Master Fundi (ja Feeder Fundi) fondivalitseja keelatud ja piiratud investeeringute nimekirja, fondivalitseja sisemistesse protseduuridesse ja poliitikatesse, süsinikuvarude ja neeldumisvõime taseme jälgimisse, metsade raadamise keelu nõuete jälgimisse ning FSC nõuete täitmisse.
OECD soovitused rahvusvahelistele ettevõtetele ja ÜRO äri ja inimõiguste alased juhtpõhimõtted on integreeritud vastavalt jätkusuutliku rahastamise platvormi avaldatud soovitustele.

Master Fund rakendab valitud investeerimisstrateegia elluviimiseks erinevaid kvantitatiivseid ja kvalitatiivseid parameetreid. Investeerimisstrateegia oluline element on varade pidev hindamine ja vastutustundlik haldamine. Enne iga investeerimistehingut külastavad meeskonnaliikmed füüsiliselt kohapeal, et hinnata mitte ainult andmeid, vaid ka konteksti – keskkonna seisundit, maastikku, olemasolevat maakasutusstruktuuri ja potentsiaalset mõju keskkonnale.

Feeder fondi jaotus keskkonna- ja sotsiaalsete omaduste edendamiseks vastab Master fondi investeerimisstruktuurile. Kõik investeeringud peaksid edendama keskkonna- ja/või sotsiaalseid omadusi, millest ligikaudu 50% suunatakse metsadesse, mida majandatakse jätkusuutlikkuse eesmärkide silmas pidades. Kuigi investeeringute jaotus metsade ja maa vahel võib aasta jooksul toimuvate tehingute tõttu varieeruda, on fondi eesmärk säilitada 50%/50% suhe. Teatavatel asjaoludel võib Master Fund hoida likviidsuse haldamise ja/või riskide maandamise eesmärgil raha ja raha ekvivalente või muid finantsinstrumente.

Master Fundi investeeringuid jälgitakse kogu nende elutsükli jooksul: hinnatakse jätkusuutlikkuse eesmärkide täitmist, kogutakse andmeid metsade ja maa seisundi kohta ning kogutakse PAI ja SDG näitajaid. Füüsilised kontrollid, andmete analüüs ja sisemised ülevaatused tagavad pideva kontrolli. Jälgimist teostavad Master Fundi meeskond, juhatus ja riskikomitee.

Indikaatorid arvutab Master Fundi enda kontrolli all olevad eriotstarbelised üksused (SPV) dokumentatsiooniga toetatud tegelike andmete põhjal. Master Fundi töötajad on otseselt kaasatud territooriumide hindamisse. Kohaldatakse kvantitatiivseid kriteeriume (nt metsa kasv >5%, kaitsealad ≥10%), mis põhinevad FSC ja IPCC riiklike kasvuhoonegaaside inventuuride juhenditel ja teadusartiklitel. Kvaliteedi tagamise mehhanismid – dokumenteerimine, ristkontroll, sise- ja välisauditid, välisaruandlus. Meetodi ja andmete peamised piirangud: inimlikud vead, subjektiivsus, andmete ebakindlus. Neid leevendatakse töötajate koolituse, parimate tavade, sõltumatute auditite ja otsese järelevalve abil.

Osalemine toimub otsese SPV kontrolli ja aktiivse juhtimise kaudu. Master Fundi meeskond jälgib territooriume, kontrollib dokumente ja edendab pikaajalist jätkusuutlikkuse väärtust.

Povzetek

Podsklad INVL Sustainable Timberland and Farmland Fund II – Capital Fund vlaga v INVL Sustainable Timberland and Farmland Fund II (v nadaljnjem besedilu: glavni sklad), ki je ločen podsklad investicijske družbe z variabilnim kapitalom INVL Alternative Assets Umbrella Fund, SCSp SICAV-RAIF, ustanovljene v skladu z zakoni Velikega vojvodstva Luksemburg. Feeder sklad spodbuja enake okoljske in socialne značilnosti kot glavni sklad, zato vse informacije, razkrito v tem predpogodbenem informativnem dokumentu, temeljijo na informacijah in zavezah glavnega sklada, razen kadar za feeder sklad nastanejo neposredne zaveze.

Namen podsklada je vlaganje v sklad, namen podsklada pa je konsolidacija portfelja gozdov in kmetijskih zemljišč v Srednji in Vzhodni Evropi ter Baltskem regiji in njegovo upravljanje na podlagi najboljših praks trajnostnega upravljanja na tem področju, s ciljem ustvarjanja stabilnih donosov, ki niso povezani z drugimi razredi sredstev, prek denarnih tokov in povečanja vrednosti pridobljenih sredstev.

Glavni sklad vlaga v gozdove in kmetijska zemljišča z namenom spodbujanja okolju prijazne rabe gozdov in zemljišč ter trajnostnega kmetijstva. Glavni sklad spodbuja zlasti naslednje značilnosti: gospodarjenje z gozdovi v skladu s standardom FSC, spremljanje, ohranjanje in izboljšanje biotske raznovrstnosti ter trajnostno gospodarjenje s kmetijskimi zemljišči. Za merjenje napredka pri doseganju okoljskih in socialnih značilnosti se uporabljajo različni, predvsem kvantitativni kazalniki trajnosti, npr. letna rast gozdnega obsega, razmerje med zrelo in zorečo gozdno površino, delež sredstev, ki so v najemu kmetom, ki se ukvarjajo z ekološkim kmetovanjem, delež malih in srednjih podjetij med najemniki.

S svojimi naložbami in dejavnostmi Master Fund želi prispevati k blaženju podnebnih sprememb, kot je opredeljeno v Uredbi (EU) 2020/852, zlasti z izboljšanjem zalog ogljika v tleh. Pri uresničevanju tega okoljskega cilja blaženja podnebnih sprememb glavni sklad prispeva tudi k drugemu cilju iz člena 9 iste uredbe, in sicer prilagajanju podnebnim spremembam. Ti dve cilji sta povezani, saj so merila za prilagajanje podnebnim spremembam vključena v obseg meril za blaženje podnebnih sprememb.

Načelo „ne povzročati znatne škode" je v glavnem skladu zagotovljeno na več ravneh: s skupnimi organizacijskimi ukrepi, vključno s smernicami o prepovedanih in omejenih naložbah, z določitvijo pragov za ključne kazalnike negativnega vpliva, z uporabo notranjih postopkov sklada za spremljanje skladnosti z načelom ne povzročanja znatne škode pred izvedbo naložbe in med upravljanjem naložbe ter z izvajanjem zahtev FSC.

Kazalniki PAI so vključeni v seznam prepovedanih in omejenih naložb družbe za upravljanje Master Fund (in Feeder Fund), notranje postopke in politike družbe za upravljanje skladov, spremljanje zalog ogljika in ravni absorpcije, spremljanje zahtev glede prepovedi krčenja gozdov in skladnost z zahtevami FSC.
Priporočila OECD za multinacionalne podjetja in Smernice ZN o podjetništvu in človekovih pravicah so vključena v skladu s priporočili, ki jih je objavila Platforma za trajnostno financiranje.

Glavni sklad uporablja različne količinske in kakovostne parametre za izvajanje izbrane naložbene strategije. Pomemben element naložbene strategije je stalno vrednotenje in odgovorno upravljanje sredstev. Pred vsako naložbeno transakcijo člani ekipe fizično obiščejo lokacijo, da ocenijo ne le podatke, ampak tudi kontekst – stanje okolja, pokrajino, obstoječo strukturo rabe zemljišč in potencialni vpliv na okolje.

Porazdelitev podsklada za spodbujanje okoljskih in socialnih značilnosti ustreza naložbeni strukturi glavnega sklada. Načrtovano je, da bodo vse naložbe spodbujale okoljske in/ali socialne značilnosti, pri čemer bo približno 50 % usmerjenih v gozdove, ki se upravljajo z upoštevanjem ciljev trajnosti. Čeprav se lahko porazdelitev naložb med gozdove in zemljišča spreminja zaradi transakcij, ki potekajo med letom, si sklad prizadeva ohraniti razmerje 50 %/50 %. V določenih okoliščinah lahko Master Fund za namene upravljanja likvidnosti in/ali zavarovanja drži denarna sredstva in njihove ustreznike ali druge finančne instrumente.

Naložbe glavnega sklada se spremljajo skozi celoten življenjski cikel: ocenjuje se skladnost s cilji trajnosti, zbirajo se podatki o stanju gozdov in zemljišč ter kazalniki PAI in SDG. Fizični pregledi, analiza podatkov in notranje revizije zagotavljajo stalni nadzor. Spremljanje izvajajo ekipa glavnega sklada, upravni odbor in odbor za tveganje.

Kazalnike izračunajo posebni namenski subjekti (SPV), ki jih nadzira matični sklad, na podlagi dejanskih podatkov, podprtih z dokumentacijo. Zaposleni v matičnem skladu so neposredno vključeni v oceno ozemelj. Uporabljajo se kvantitativna merila (npr. rast gozda >5 %, zaščitena območja ≥10 %), ki temeljijo na načelih FSC in smernicah IPCC za nacionalne inventarje toplogrednih plinov ter znanstvenih člankih. Uporabljajo se mehanizmi za zagotavljanje kakovosti – dokumentacija, navzkrižno preverjanje, notranje in zunanje revizije, zunanje poročanje. Glavne omejitve metodologije in podatkov: človeške napake, subjektivnost, negotovost podatkov. Te se zmanjšujejo z usposabljanjem osebja, najboljšimi praksami, neodvisnimi revizijami in neposrednim spremljanjem.

Sodelovanje se izvaja prek neposrednega nadzora SPV in aktivnega upravljanja. Ekipa Master Fund spremlja območja, preverja dokumente in spodbuja dolgoročno trajnostno vrednost.

II No sustainable investment objective

What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

Through its investments and activities, the Master Fund aims to contribute to climate change mitigation as defined in Regulation (EU) 2020/852, in particular by enhancing terrestrial carbon stocks. In pursuing this environmental objective of climate change mitigation, the Master Fund also contributes to the other objective set out in Article 9 of the same Regulation, namely climate change adaptation. These two objectives are linked, as the criteria for adaptation to climate change are included in the scope of the criteria for climate change mitigation.

The Master Fund shall seek to ensure that its activities comply with the criteria set out in Sections 1.1 to 1.3 of Delegated Regulation (EU) 2021/2139. This is achieved through measures such as preventing deforestation and forest degradation, restoring and reforesting forests, and sustainable forest management.

Sustainability indicators help to measure progress towards these objectives:

- **Rational use of forest resources** – ensuring that annual timber growth exceeds annual felling volume by at least 5% promotes long-term carbon storage in forests and prevents forest degradation. This directly contributes to the climate change mitigation objective.
- **Availability of mature forest** – maintaining the area of mature and maturing stands at over 20% of the total forest area creates conditions for sustainable biodiversity and greater carbon sequestration, as mature stands act as stable carbon reservoirs. This is important for both climate change mitigation and adaptation.
- **Accessibility of habitats** – ensuring that at least 10% of the forest portfolio consists of protected or untouched forests contributes to increasing ecosystem resilience and protecting biodiversity. Such forests play an important role in both mitigating climate change (through natural carbon absorption) and enhancing adaptation to it (through greater ecosystem stability and resilience).

How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

The "do no significant harm" (**DNSH**) principle applies only to investments related to financial products that take into account the EU criteria for environmentally sustainable economic activities. Investments related to the remaining part of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

The Feeder Fund relies on the tools used by the Master Fund to ensure the DNSH principle. The DNSH principle is ensured at several levels in the Master Fund.

First, the portfolio manager of the Master Fund and the management company of the Feeder Fund, INVL Asset Management, UAB, have approved mandatory internal processes for the entire organisation, including managed financial products, their controlled companies and their employees, which aim to ensure that no significant harm is caused when selecting and managing investments:

- **Guidelines on prohibited and restricted investments**, as set out in INVL Asset Management, UAB's Responsible Investment and Sustainability Risk Integration Policy, which is regularly reviewed and available on the management company's website https://www.invl.com/sustainability.
- **Code of Ethics and Supplier Code of Conduct**, which define business ethics requirements within the organisation and when working with stakeholders, including business partners. These documents establish clear business ethics provisions and requirements for the management company in the areas of human rights, environmental protection, competition, taxation, and other ESG areas.
- **Good governance requirements**, defining the standard of what is considered good governance for different asset classes and the level of good governance sought for each asset class.

Second, the Master Fund takes into account indicators of principal adverse impact (PAI) on sustainability factors, using them, inter alia, as DNSH thresholds. Below are the material harm thresholds that the Master Fund aims not to exceed in its activities:

PAI indicator	Measures considered to be significant harm
Carbon dioxide emissions, tons of CO2e/million EUR	Positive value
Pollutants discharged into water, tons/million EUR	>0
Percentage of hazardous and radioactive waste, %	>0

Violations of the principles of the UN Global Compact and the recommendations of the Organisation for Economic Co-operation and Development (OECD) for multinational enterprises, %	>0
Deforestation	>0
Number of reported incidents of discrimination in investee companies, expressed as a weighted average	>0
Number of incidents of discrimination resulting in sanctions in investee companies, expressed as a weighted average	>0

Third, the Master Fund has a clear internal procedure for ensuring compliance with the principle of no harm before making an investment and during the management of the investment. Through the companies it manages, the Master Fund implements the national legal requirements for sustainable forestry in the countries where it manages assets. These requirements vary from country to country, but in all countries where the Master Fund operates, state authorities perform a forestry supervision function, which ensures that economic activities in forests do not harm the environment, including regulation of the timing and volume of logging, protection of water bodies and protected habitats, and compliance with the regime of protected areas. The pre-contractual and founding documents of the Master Fund state that forest planting projects must specify what is being planted, how it is being planted, how the soil is being prepared, what protection and maintenance measures are being used, and that the requirements for protected areas must be taken into account. Conclusions on the need to thin the forest prior to felling include instructions on improving stand development. Forest management plans specify the protection of identified protected species and ensure compliance with regulations on timber harvesting and regeneration.

Fourth, compliance with FSC requirements and principles across the entire portfolio contributes to the avoidance of significant harm from both an environmental and social perspective, as it ensures that forest management meets high sustainability standards based on internationally recognized principles.
From an environmental perspective, the FSC standard requires:

- the conservation and restoration of biodiversity, water resources, soil, ecosystem integrity, and landscape stability;
- the prohibition of the conversion of natural forests to plantations or other uses;
- identifying and protecting areas of high environmental value and ensuring that economic activities in these areas are restricted or not carried out at all,
- ensure that forest resources are renewable and used within their natural regeneration capacity (e.g., balance between growth and harvesting).

From a social perspective, FSC principles:

- protect the rights, health, and safety of local communities and workers,
- require fair working conditions and respectful dialogue with all stakeholders, including local residents and, where applicable, local communities,
- require managers to consult with the public and resolve potential conflicts.

As the FSC principles cover all key aspects of sustainability, their application across the entire investment portfolio provides a systematic mechanism to ensure that sustainable investments do not cause significant harm to any sustainability objective, as required by the EU definition of sustainable investments.

How were PAI indicators on sustainability factors are taken into account?

The Master Fund takes PAI into account at several levels in its activities.
First, PAI indicators are incorporated into the list of prohibited and restricted investments of the management company of the Master Fund (and the Feeder Fund), available on the management company's website https://www.invl.com/sustainability, which restricts investments in sectors that are particularly polluting in terms of greenhouse gases. The Master Fund complies with these requirements and does not invest in such sectors.
Second, the PAI indicators are incorporated into the internal procedures and policies of the management company of the Master Fund (and the Feeder Fund) governing preventive measures against discrimination, violence, and other violations of internationally recognized social norms.
Third, the Master Fund operates in such a way that the level of carbon stocks and sinks in the forests it manages is maintained or increased in the long term.
Fourth, the Master Fund adheres to strict requirements prohibiting deforestation and does not convert forest land to agricultural use.
Fifth, the Master Fund complies with FSC principles across its entire portfolio, which incorporate the following PAI indicators: negative impact on biodiversity, water bodies, pollution, community relations, and social requirements in the supply chain.

How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?

All companies in which the Master Fund invests or which the Master Fund establishes for the purpose of carrying out its activities comply with the guidelines and rules prepared by the portfolio management company UAB INVL Asset Management, including the Responsible Investment and Sustainability Risk Integration Policy, Code of Conduct, Inclusion and Diversity Policy, as well as general and sector-specific national legislation. Compliance with these measures helps to ensure that the companies in the investment portfolio are aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights in their activities.

In order to implement minimum social protection requirements in the value chain, the Master Fund seeks to follow the recommendations published by the Platform on Sustainable Finance (Final Report on Minimum Safeguards for the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights).

Based on these recommendations, companies must avoid and manage negative impacts on human rights, bribery, tax evasion, and unfair competition in their value chains. The management company of the Feeder Fund, which is also the portfolio management company of the Master Fund, has approved an internal standard of good governance for different asset classes. In the case of real estate investments, this standard aims to ensure that all financial products of the management company seek to cooperate only with reputable business partners. This is achieved through internal due diligence and historical violation check procedures.

The scope of the due diligence of the Master Fund being financed depends on the significance of the relationship and the size of the business partner. In the case of a large-scale business relationship, a more in-depth and detailed check is carried out than in the case of small or financially insignificant contracts.

III Environmental or social characteristics promoted of the financial product

What environmental and/or social characteristics are promoted by this financial product?

The Feeder Fund promotes environmental and/or social characteristics that are promoted by the Master fund. The forests managed by the Master FUnd are managed sustainably in accordance with the laws of the respective country and international standards. The companies in the portfolio are committed to operating in accordance with the principles and criteria of the FSC® (Forest Stewardship Council[1]). In Lithuania, forest management is administered by UAB Šalnupis, which holds an FSC® group forest management certificate. In managing agricultural land, the Master Fund seeks to ensure that the farmers who lease it apply environmentally friendly farming practices as widely as possible.

Specifically, the Master Fund seeks to promote the following environmental and social characteristics:

Characteristic	**Description**
Management of forest land in accordance with FSC standards	Forest management is carried out in accordance with the highest standards and complies with the legislation of the country where the forest is located. In Lithuania, the forest portfolio is administered by UAB Šalnupis, which was awarded the FSC® group forest management certificate in 2022.
Monitoring, conservation and enhancement of biodiversity	The biodiversity of all forests managed by the Fund must be monitored, preserved, and enhanced. The aim is to take into account the possibilities for increasing biodiversity in the management plans of all forests in which the Fund has invested.
Sustainable management of agricultural land	The Fund seeks to apply the most relevant sustainable management recommendations and to follow the guidelines selected by various recognized institutions.

[1] **The FSC (Forest Stewardship Council)** is an international non-profit multilateral organization established in 1993 with the aim of promoting responsible global forest management. It is considered an example of a market-based certification system, often used as a cross-border environmental policy tool. The FSC's universal principles and criteria, which define the content of responsible forest management, are considered the main regulatory document of this certification system.

What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product?

The Feeder Fund relies on sustainability indicators used by the Master Fund to assess the environmental and social characteristics to be promoted.

The aim is to manage forests sustainably in order to maintain long-term economic viability and social and environmental benefits. Examples of sustainability indicators used:

- **Rational use of forest resources** – annual volume growth exceeds annual felling volume by at least 5%.
- **Availability of mature forest** – the ratio of the area of mature and maturing stands to the total forest area remains above 20%.
- **Availability of habitats** – protected and untouched forests of special importance account for at least 10% of the forest portfolio.

The management of agricultural land aims to ensure productive land use while creating social and environmental benefits. Several key indicators are used for the assessment:

- **Asset improvement** – the aim is to restore and start using at least 50 ha of previously abandoned land each year.
- **Promotion of organic farming** – priority is given to organic farmers, with the aim of allocating at least 10% of the total agricultural land portfolio to organic farming.
- **Long-term leasing** – priority is given to tenants who have previously managed this property, based on the assumption that longer-term tenants are more interested in maintaining or improving land quality.
- **Support for SMEs** – the aim is to lease at least 50% of agricultural land to small and medium-sized enterprises.

Does this financial product consider principal adverse impacts on sustainability factors?

Yes, the Feeder Fund monitors and discloses PAI indicators, which are integrated into the activities of the Master Fund. The actions of the Feeder Fund in integrating PAI indicators are limited to the possibility of engaging in dialogue with the Master Fund if the PAI indicators are integrated incorrectly or exceed the DNSH limits. The Master Fund takes into account PAI indicators as described in detail above. The Master Fund takes PAI indicators into account when managing both forest and agricultural land, however, not all PAI indicators are equally relevant to both types of land use, as in the case of agricultural land management, the Master Fund does not carry out agricultural activities itself, but leases the land to farmers or holds it in its portfolio without carrying out any activities. In any case, PAIs such as water pollution, hazardous waste, deforestation, and discrimination are relevant to the entire portfolio and are therefore continuously monitored and reported on. Those PAI indicators that are integrated into the company's internal management documents are also relevant to the entire portfolio of the Fund.

V Investment strategy

What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The investment strategy of the Feeder Fund is to invest in the Master Fund. The investment selection strategy for the Master Fund's portfolio can be broken down by asset class:

- **Forest land**: the strategy aims to invest in forest assets with high-quality land, maintaining a balance between different age classes of stands in the portfolio and aiming to maintain an average forest volume of 180 m3/ha or more in the portfolio, with birch and spruce predominating in terms of species composition.
- **Agricultural land**: the strategy aims to invest in top-quality land with a productivity index of 40+ and to focus on long-term lease agreements with strong partners.

Higher-quality land is characterized by greater and faster carbon sequestration, but this requires vegetation. For restoration purposes, the strategy also involves acquiring properties with young, unmanaged forests, clear-cut areas in need of reforestation, and abandoned land suitable for afforestation or vegetation restoration to enable and promote carbon sequestration: management-type investments, which are assessed prior to acquisition, are implemented after acquisition, resulting in the social and environmental improvement of the acquired property.

What are the binding elements of the investment strategy are applied when selecting investments to ensure that each of the environmental or social characteristics promoted by this financial product is achieved?

The investment selection strategy applies mandatory elements that ensure that each investment complies with the environmental and social characteristics promoted by the financial product and are integrated into the entire investment process – from selection to acquisition and management. The strategy is applied separately for each asset class: forest land and agricultural land.

1. Forest land

The selection strategy focuses on long-term sustainable forest management that contributes to climate change mitigation and biodiversity conservation. Mandatory elements:

- Investment in high-quality forest land that allows for the maintenance of an average forest volume of at least 180 m^3/ha, which is important for maintaining carbon stocks.
- Aiming for age diversity in stands, which helps maintain ecosystem stability and resilience to climate change.
- Priority is given to native tree species (e.g., birch and pine) that are suitable for local conditions and important for biodiversity.
- Only sites that can be managed in accordance with FSC principles and criteria are selected, ensuring that economic activities do not cause significant environmental or social damage.

2. Agricultural land

The selection of investments in this class is aimed at preserving soil quality and ensuring long-term, sustainable land use:

- Only the highest quality land with a productivity score of 40 or more is selected, avoiding low-productivity areas whose use could increase the risk of degradation.
- Preference is given to long-term lease agreements with reliable and financially strong farmers who are able to apply environmentally friendly farming practices (e.g., organic farming or regenerative agriculture).
- Farmers are selected based on their long-term motivation to conserve soil and pursue sustainability goals.

Implementation of the investment strategy

An important element of the investment strategy is the continuous valuation and responsible management of assets. Before each investment transaction, team members physically visit the site to assess not only the data but also the context—the state of the environment, the landscape, the existing land use structure, and the potential impact on the environment.

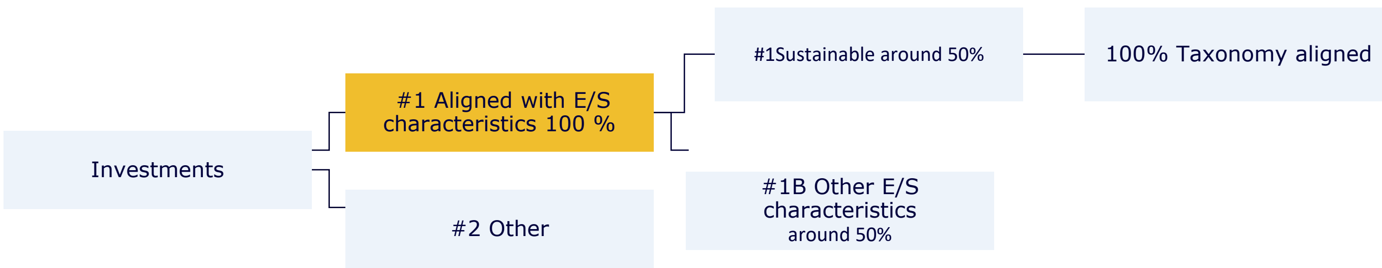
This practical approach allows us to:
• obtain high-quality information,
• apply a holistic assessment,
• effectively plan long-term sustainable asset management.
All of this ensures that each selected investment actually contributes to the promotion of environmental and social characteristics, as required by the SFDR regulation.

What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

There is no minimum rate by which the investment scale is required to be reduced before the investment strategy can be applied.

VI Proportion of investments

The distribution of the Feeder fund for promoting environmental and social characteristics corresponds to the distribution of the Master Fund's investments. The Master Fund plans that all of its investments will promote environmental and/or social characteristics. Approximately 50% of all investments of the Master Fund will be directed towards investments in forests that are managed with sustainability objectives in mind, and accordingly, approximately 50% of all investments of the Master Fund will pursue sustainability objectives. However, it is important to note that the distribution between investments in different areas (forests and land) may vary each year, as different assets are acquired/sold throughout the year. In any case, the Master Fund aims to adhere to the 50%/50% rule.
The chart below shows the planned distribution of the Fund's assets.



#1 Aligned with E/S characteristics includes the investments of the Fund used to attain the environmental or social characteristics promoted by the Fund.
#2 Other includes the remaining investments of the Fund which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments. See further explanation in this Section below.

The category #1 Aligned with E/S characteristics covers:
- The sub-category #1Sustainable, which consists of sustainable investments aimed at environmental or social objectives;
- The sub-category #1B Other E/S characteristics covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

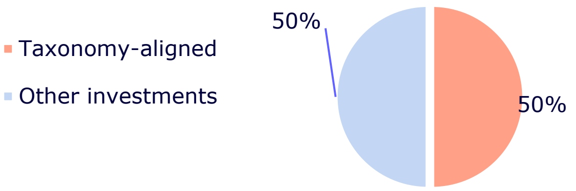
How does the use of derivatives attain the sustainable the environmental or social characteristics promoted by financial product?

The Feeder Fund does not intend to use hedging or derivative financial instruments for investment purposes.

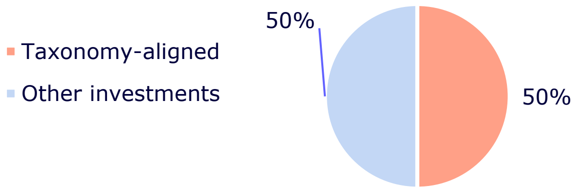
To what minimum extent are sustainable investments with an environmental objective aligned with the Taxonomy?

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*

1. Taxonomy-aligned of investments **including sovereign bonds***



2. Taxonomy-alignment of investments **excluding sovereign bonds***



** In these charts, government bonds include all debt positions guaranteed by the government.*

What is the minimum share of investments in transitional and enabling activities?

The Feeder Fund (like the Master Fund) does not undertake to invest in transition activities and economic activities that create the conditions for transition.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the Taxonomy?

Currently, the Master Fund formally considers only investments in forest land to be sustainable investments.

What is the minimum share of socially sustainable investments?

The Feeder Fund (like the Master Fund) does not undertake to make socially sustainable investments.

What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

In certain circumstances, the Feeder Fund may hold cash and cash equivalents or other financial instruments for liquidity management and/or hedging purposes.

In certain circumstances, the master Fund may invest in assets that may not fully meet the criteria of the Master ESG criteria, but in such cases, other safeguards would be put in place. Therefore, in such cases, the master Fund would still treat these investments as affecting the relevant ESG changes for the entire period of their availability and classify them as "#1 Consistent with E/S characteristics."

VII Monitoring environmental or social characteristics

How are the environmental and social characteristics monitored throughout the lifecycle of the financial product and the related internal/external control mechanisms?

In the Master Fund, the performance of the environmental and social characteristics is monitored consistently throughout the investment lifecycle, based on both internal procedures and external control measures.

1. Internal monitoring mechanisms

– **Role of the Investment Committee**: the Master Fund's Investment Committee is actively involved in every asset acquisition decision. When evaluating investments, not only the economic potential is analyzed, but also compliance with environmental and

social objectives (e.g., land productivity, suitability for FSC certification, the social aspect of long-term land leases, activities carried out prior to the sale, the existence of protected areas), and the reputation of the seller, service provider, or partner is checked before signing the contract.
– **Fund-level monitoring**: The Master Fund's team ensures continuous monitoring throughout the entire life cycle – data on the condition of the property and progress of activities is collected regularly in accordance with established sustainability indicators (e.g. ratio of forest volume growth to felling, biodiversity indicators, changes in land use, share of organic farming, which is verified by physical visits to the property and monitoring of satellite images, and information on declared agricultural crops is collected).
– **Compliance with SFDR and PAI requirements**: The Master Fund provides information in accordance with the EU Regulation on Sustainable Finance Disclosure (SFDR), including monitoring of PAI indicators. The data collected and processed allows for the assessment of the Master Fund's impact on the environment and society.
– **SDG integration**: The strategy and performance monitoring system of the Master Fund take into account the Sustainable Development Goals (SDGs), particularly those related to land, forests, climate, biodiversity, and social impact on regional communities.
– **Process review and improvement**: Monitoring processes are regularly reviewed in line with the latest practices, legal obligations, monitoring results, and FSC audit findings. This includes updating data collection methods, improving indicators, and integrating IT systems.
– **Quantitative and qualitative data**: the Master Fund's monitoring system includes both objective quantitative indicators (e.g., number of protected species, changes in CO_2 emissions) and qualitative assessments (e.g., impact of forestry activities on local communities).

2. External control measures:
– **Supervision of the portfolio management company of the Fund**: The team at UAB INVL Asset Management (compliance, sustainability, internal audit, and risk departments) regularly supervises the activities of the Master Fund and checks compliance with internal organizational documents, policies, and regulations.
– **Monitoring by the Board and the Risk Management Committee**: The board of the portfolio management company of the Master Fund, the Risk Management Committee, and the Master Fund‘s management company periodically monitor the Master Fund's activities, including progress in achieving environmental and social objectives, analyze its performance, and decide on any necessary corrective actions.

What is the policy to assess good governance practices of the investee companies?

The management company of the Feeder Fund has approved an internal standard of good governance applicable to investments in different asset classes. In the case of indirect investments, this standard focuses on the selection of managers, the supervision of their activities, and the involvement of assets in the decision-making process for the assets under management. Given that both the Feeder Fund and the Master Fund’s portfolio are managed by the same management company, it is considered that the internal processes applied by this company ensure consistent and systematic compliance with the principles of good governance.

The companies in the Master Fund's portfolio are special purpose vehicles (SPVs) or holding companies established to manage real assets owned by the Fund, namely agricultural and forestry land. Based on the clarification provided by the European Supervisory Authorities (ESA) on July 25, 2024, regarding the application of the SFDR Delegated Regulation, SPVs or holding companies whose main activity is the purchase and sale of real estate are considered portfolio companies that are not required to perform a good governance assessment.

VIII Methodologies

What are methodologies used to measure the attainment of the social or environmental characteristics promoted by the financial product using sustainability indicators?

The Feeder Fund is based on the procedures and disclosures applied by the Master Fund. The achievement of the environmental and social characteristics promoted by the Master Fund is monitored using sustainability indicators, PAI, and the technical analysis and DNSH criteria set out in the EU Taxonomy Delegated Regulations.

The assurance of the environmental and social characteristics promoted by the Master Fund is based on a clearly defined assessment methodology that is applied to all assets under management. All assets of the Fund are managed through special purpose vehicles (SPVs) controlled by the Master Fund, which ensures effective data collection, management quality control, and indicator monitoring.

Key principles of the methodology:

1. Direct control and data availability:
Indicators are calculated at the Master Fund‘slevel based on actual data at the SPV level, as well as data from state institutions, and are supported by relevant documents (e.g., forest management plans, copies of certificates, agricultural activity contracts, etc.).

2. Involvement of fund employees:
Employees of the Master Fund are actively involved in the supervision of the managed areas – they regularly visit forests and agricultural areas, assess the physical condition of objects, check whether the activities comply with the set sustainability goals, and rely on the collected monitoring data. This direct involvement ensures not only formal but also practical implementation of sustainability principles.

3. Quantitative indicators:
Specific, quantifiable indicators are used for assessment, allowing progress and implementation to be monitored. For example:

- annual forest growth must exceed annual felling volume by at least 5%;
- at least 10% of the forest portfolio must consist of protected or untouched forests;
- at least 50 ha of abandoned land must be put into use each year.

4. Compliance with standards and guidelines:
Forest management is carried out in accordance with the requirements of the FSC® certificate. Carbon dioxide emission calculations and monitoring are determined in accordance with the principles of the IPCC Guidelines for National Greenhouse Gas Inventories and scientific articles.

IX Data sources and processing

What data sources were used to attain each of the environmental or social characteristics (including information on how the data is processed, what measures are taken to ensure data quality, and what proportion of data is estimated)?

The data required for the assessment of environmental and social characteristics are obtained directly from the special purpose vehicles owned by the Master Fund that are responsible for asset management, as well as from publicly available and non-public databases. The Master Fund controls SPV directly and obtains from them all relevant data necessary for the calculation of sustainability indicators.
The main sources of data are:

- forest inventory data (including volume, age, species composition, etc.);
- public registry data (e.g., Real Estate Register, Land Information System);
- information about the property collected at the time of acquisition;
- daily management and operational data from SPV;
- inspection reports from certification bodies (e.g., FSC);
- carbon dioxide emission data – based on the same management data provided by SPV;
- National Paying Agency (NPA) and Latvian Agricultural Support Agency (LAD) – data on declared agricultural crops and ecological systems, as well as information provided directly by tenants;
- Organic farming certification bodies – Ekoagros, Certification Body Vides kvalitāte, SIA Certification and Testing Centre, SIA Certification Centre;
- Agricultural Data Centre – data on agricultural activities, crops, livestock and other related data;
- State Service for Protected Areas under the Ministry of the Environment – data from the Protected Species Information System;
- Lithuanian Geological Survey under the Ministry of Environment – data on soil types, properties, and other geological aspects;
- other information sources managed or curated by the Ministry of Environment related to environmental protection, biodiversity, or climate policy.

Data management and quality assurance measures:

- Each quantitative indicator is based on documents (e.g., forest management plans, contracts, lease data).
- Internal data comparison and cross-checking between sources is applied.
- Periodic internal audits are performed.
- The quality of environmental data (including emissions) is also verified by the Master Fund management company, as well as through periodic external audits performed by independent certification bodies. Quality is ensured using the UNFCCC calculator (based on IPCC guidelines) and scientific articles (e.g., Fuel consumption and exhaust emissions in the process of mechanized timber extraction and transport, Lijewski et al., 2017). Assumptions applied to farmers' activities are based on country averages, manufacturer recommendations, and scientific literature.

X Limitations to methodologies and data

What limitations surrounded the described methodologies and data sources (including what actions are taken to address such limitations).

When assessing the achievement of environmental and social characteristics, the methodologies applied and data sources used have certain limitations that are important to ensure the proper interpretation of results and data quality.
Key limitations:
1. Human error:

One of the most common limitations is the risk of human error in both the data collection and interpretation stages. To reduce this risk, greater involvement of human resources and strengthening of competencies are encouraged, as well as the application of the four-eyes principle. In response to this limitation, the Master Fund and its portfolio management company are strengthening the capabilities of the SPV and their team, implementing control procedures, conducting internal audits, and encouraging continuous staff training, as well as advising tenants who provide data to the Fund on data submission.

2. Subjectivity and lack of standards:

The concept of sustainability is complex and can be interpreted in different ways. As there are still no uniform and universally recognised quantitative indicators in the forestry and agriculture sectors that directly link the impact of activities to sustainable development goals (SDGs), the assessment is based on compliance with best practices, the application of recognized standards (e.g., FSC), and timely monitoring of international recommendations.

3. Limited data coverage:

Currently, only some of the parameters are assessed based on verified and thoroughly evaluated data. Although this does not yet have a significant impact on the overall achievement of environmental and social characteristics, the Master Fund is gradually expanding the scope of the assessment and systematically increasing the proportion of evaluated data. Since some of the data required for carbon footprint calculations cannot be reliably collected, standard practices, country averages, and manufacturer recommendations are used. Such data is collected from various databases, government agencies, and scientific literature, which allows the Master Fund's team to believe that the final results presented are objective.

Actions to reduce limitations:

- comparison of data from different sources is applied;
- FSC certificate audits are carried out for part of the portfolio;
- Fund employees are directly involved in monitoring and controlling the territories;
- cooperation with certification bodies and third parties to ensure objectivity and traceability.

XI Due diligence

What internal and external controls were in place on that due diligence?

Investment decisions regarding the underlying assets are made by the Master Fund, therefore detailed due diligence procedures are carried out within the scope of this fund. The investment object of the Master Fund – agricultural land and forests – is characterised by a specific nature of risk and requires a thorough check before making investment decisions. Therefore, each acquisition of underlying assets is based on clear internal and external control procedures.

Internal control measures:

- **Physical inspection prior to acquisition**: each plot of land is physically inspected by the Master Fund's forestry specialists. The actual condition of the plot, its natural characteristics, soil fertility, infrastructure, the possibility of applying sustainable forest management practices, and compliance with FSC certification requirements are assessed.
- **Asset compliance analysis**: checks are carried out to ensure that a specific plot meets the criteria and investment policy set by the Master Fund. This includes an assessment based on sustainability parameters, which are then incorporated into portfolio management plans. If necessary, the chain of ownership and the restitution process are checked.
- **Business partner verification**: KYC (know your customer) and sanctions risk assessment, as well as reputation checks, are performed depending on the size of the business partners and the scope of their connections.
- **Internal supervision**: the Master Fund‘s team itself is responsible for internal control, ensuring that investment decisions are made in accordance with established standards, fund policies, and sustainability objectives.

External control measures:

- **Regular audits of forests covered by FSC certification**: to ensure that managed forests comply with the principles of sustainable forestry, regular external audits are carried out by the FSC certification body to assess compliance with the FSC standard.
- **Verification of compliance with the technical criteria of the EU Taxonomy and the DNSH principles**: the implementation of most of the relevant requirements is assessed by the responsible state authorities before issuing forest management documents or carrying out periodic supervision of forestry activities. These authorities check whether the activities carried out comply with the requirements of legislation in the areas of environmental protection, biodiversity, and others.
- **Membership of the UN Global Compact**: a voluntary commitment to adhere to internationally recognized principles of responsible business in the areas of human rights, environmental protection, working conditions, and anti-corruption, which is monitored by the initiative's secretariat through periodic progress reports.

XII Engagement policies

The management company of the Feeder Fund and the portfolio management company of the Master Fund, UAB INVL Asset Management, is a subsidiary of AB Invalda INVL, which has signed the United Nations Principles for Responsible Investment (UN PRI) and is committed to complying with them. One of the main principles is to be active asset managers, integrating environmental, social, and governance /ESG aspects into ownership policy and practice.

UAB INVL Asset Management has also approved an Engagement Policy for all financial products it manages. This engagement policy is available on the UAB INVL Asset Management website at www.invl.com.

Since the Master Fund invests in real assets – agricultural land and forests – through controlled special purpose vehicles /SPVs, traditional forms of corporate governance, such as voting at shareholders' meetings or participation in the management bodies of listed companies, do not apply in this case. The engagement policy for investments of this type is implemented in another form in accordance with the following principles:

- **Direct control and active management** – The master Fund fully manages the invested assets through SPVs, so decisions on asset use, sustainability measures, or social impact are made directly, rather than through pressure from market participants.
- **Ongoing dialogue within the fund management team** – all investment-related decisions and coordination of activities are carried out by a unified team working at the portfolio management company and SPV level. Participation is achieved through joint planning, goal setting, performance evaluation, and indicator monitoring.
- **Physical monitoring** – members of the Master Fund team regularly visit forests and agricultural areas, assess management effectiveness, identify risks, and encourage improvements in sustainability practices.
- **Documentation of activities and data verification** – each sustainability action is documented and verified by internal control mechanisms and, where necessary, by external assessments.
- **Creating long-term value** – decisions are based not on short-term profits, but on maintaining and increasing the long-term value of assets, in accordance with the principles of environmental protection and social responsibility.

More product-specific information can be found on the website Sustainability Related Disclosures and INVL Sustainable Timberland and Farmland Fund II – Capital Fund.

Version	Changes	Date
No. 1	Publication	2022-10-27
No. 2	Updated format, detailed procedures in accordance with the management company's updated internal procedures	2025-09-04