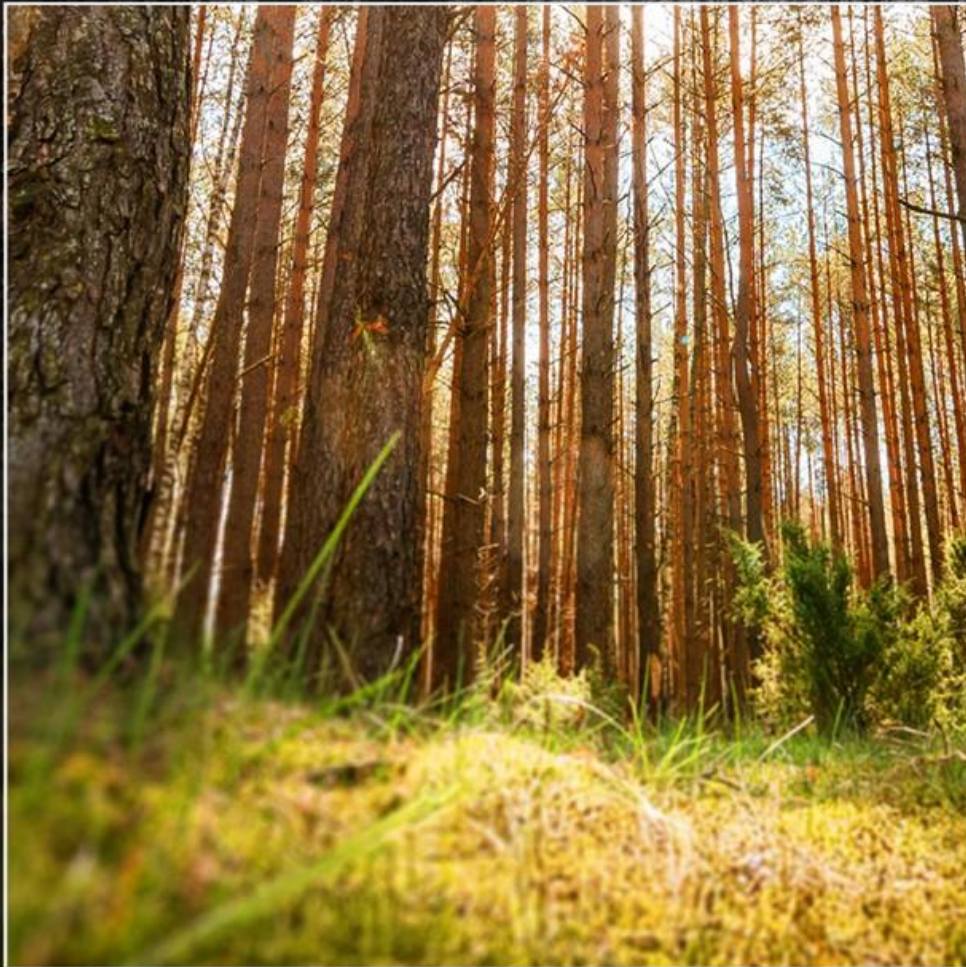




# SUSTAINABLE TIMBERLAND AND FARMLAND FUND II

COMMUNICATION ON PROGRESS IN 2024





Dear Partners,

Since its establishment in 2020, INVL Sustainable Timberland and Farmland Fund II (a segregated Compartment of INVL Alternative Assets Umbrella Fund, SCSp SICAV-RAIF) has been committed to sustainable development, aiming to align the interests of the investors, society, and environment. In 2021, this commitment was enshrined through the decision of the Fund to join the United Nations Global Compact, whose Ten Principles have guided the Fund’s decision-making process ever since. In this Communication on Progress, we present the most important actions that we took in the areas of Human Rights, Labor, Environment, Anti-Corruption, and Stakeholder Involvement in 2024. In addition, we introduce the policies that we follow in our day-to-day operations, covering the development of internal culture, asset management fundamentals, and engagement with the stakeholders.

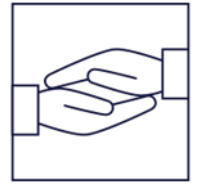
The Principles were key in 2024, which saw us focusing on value creation activities and the improvement of the farmland and forest portfolio. Our forest portfolio in Lithuania and Romania evolved further with new forest acquisitions, which improved the qualitative portfolio metrics, while agricultural land in the most fertile regions of Lithuania was acquired as well. Improvements of various sorts could be observed throughout the portfolio. For example, we planted nearly half a million trees, marking a record achievement for us, increased our annual rental income by 32%, while the total area of land leased for agricultural purposes grew by 12%, and further improved the extent of a positive environmental impact by sequestering even more carbon than before. In total, average quarterly net greenhouse gas sequestration improved by 22.5%. To add, our 6 major sustainability-related targets were achieved for the second year in a row. Successful performance of the Fund has also allowed first capital distributions to be performed, which were carried out quarterly. We take pride in being able to balance out the needs of our stakeholders and achieve both investment returns and a positive impact on our surroundings at the same time. This task is made easier when we undertake it in accordance with the Principles, which ensure that our analysis takes as many factors as possible into consideration.

We are sure that 2025 will be a productive year as well, marked by an intensive development of the portfolio, new value-enhancing projects, and continuous improvement in our operations and reporting standards. We believe that the Ten Principles will remain the building block in our growth, and we are honored to reaffirm our support of the Principles in the areas of Human Rights, Labor, Environment, and Anti-Corruption. We are sincerely grateful to our investors, partners, advisors and other stakeholders, whose impact on our values and strategy is well reflected in this Communication on Progress. We are happy that we have an opportunity to make this report accessible to everyone who may be interested, and we are always eager to listen to the feedback how our management activities can be improved further. Only with the support of our stakeholders we can continue to grow and achieve our ambitious targets, aligned with the United Nations Sustainable Development Goals.

Yours sincerely,  
Martynas Samulionis  
GP Manager



## ACTIONS IN THE AREA OF HUMAN RIGHTS



Principle 1. Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2. Businesses should make sure that they are not complicit in human rights abuses.

- INVL Sustainable Timberland and Farmland Fund II, a segregated Compartment of INVL Alternative Assets Umbrella Fund, SCSp SICAV-RAIF (hereinafter referred to as “the Fund”), respects human dignity and acts in complete accordance with principles of protection of human rights, declared in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.
- The Fund does not tolerate any form of discrimination and harassment. It does not knowingly work with any business partner or service provider who engages in any form of discrimination or exploitation of workers. No such instances have been identified since the establishment of the Fund. In case any of the Fund’s partners needs support in the area of human rights, the Fund is committed to helping them raise the standards of protection of human rights and human dignity.
- Employees of the Fund’s portfolio companies, as well as the Fund’s portfolio management company, have familiarized themselves with the Policy of Equal Rights and Implementation Requirements, which ensures that the human rights-related commitments are upheld, and a safe and inclusive working environment is fostered.
- When analyzing investment opportunities and making decisions, the Fund takes human rights-related risks and possible impacts into consideration. Major decisions in which human rights have a significant role are aimed to be made only after thorough discussions with stakeholders and affected parties.
- Considering the nature of the Fund’s activities, the working environment is one of the most important human rights-related topics. The Fund strives to create a working environment in which everyone feels safe and respected. There is a reporting mechanism and action plan in place in case there are any complaints regarding discrimination, harassment, abuse, or any other violation of human rights.
- The Fund is constantly tracking its performance in the field of human rights. For this purpose, 3 indicators are used to evaluate how it is doing. The first of them is the Number of complaints on violation of human rights filed. No complaints of this nature were filed in 2024 or earlier. The second indicator is the Number of incidents of discrimination in portfolio companies. Since the establishment of the Fund, no such incidents have happened. The third indicator is the Number of incidents of discrimination leading to sanctions in portfolio companies. There were no such incidents as well.

## ACTIONS IN THE AREA OF STAKEHOLDER ENGAGEMENT

- The Fund believes that an active engagement with its stakeholders is essential for the successful combination of long-term environmental and societal benefits with stable and consistent investment returns. Therefore, the Fund strives to be an open and transparent entity, keeping its stakeholders informed through various channels of communication, such as its website, where planned forest management activities in potentially sensitive areas are announced in advance. In the section below, examples of stakeholder engagement in 2024 are presented.

The Lithuanian state institution in charge of maintaining electricity distribution networks organized harvesting below overhead power lines in the Fund’s forest and cut a beautiful oak. The Fund’s team contacted a local cross-crafter and gifted the tree to him.



In Lithuania, a local community contacted the Fund’s team after learning that the Fund plans harvesting in a forest nearby. The Fund’s team actively engaged in communication with the concerned people and took additional steps in ensuring proper harvesting. The Fund marked less trees for harvesting than allowable based on the regulation, protected small oak trees where possible, and included around 20% of the forest holding in question among its forests left for natural dynamics. Throughout the process, the Fund communicated transparently and commented on the situation to the local newspaper.

The Fund’s representatives took part in Youth Academy (for Lithuanian pupils aged 14–18) activities, during which the Fund’s team organised an educational trip to the forest and prepared various tasks, which allowed the children to get familiar with forestry activities.



## ACTIONS IN THE AREA OF LABOR

Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

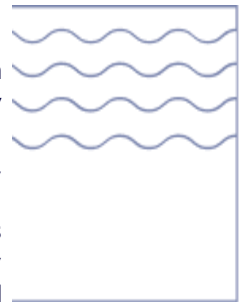
Principle 4. Businesses should eliminate all forms of forced and compulsory labor.

Principle 5. Businesses should abolish all child labor.

Principle 6. Businesses should eliminate discrimination in respect of employment and occupation.



- The Fund unconditionally supports commitments expressed in the Declaration on Fundamental Principles and Rights at Work, including the 2022 amendment regarding fundamental principles of a safe and healthy working environment. It respects freedom of association, strives to create safe and stable working conditions, does not engage in any form of forced, compulsory, or child labor, which it firmly condemns, and does not tolerate any form of discrimination in respect of employment and occupation. The Fund acts in accordance with values and practices promoted by the Freedom of Association and Protection of the Right to Organise Convention, the Right to Organise and Collective Bargaining Convention, the Equal Remuneration Convention, and the Discrimination Convention.
- The Fund does not knowingly work with any business partner or service provider who engages in any form of discrimination, exploitation of workers, and forced, compulsory or child labor. No such cases have been discovered since the establishment of the Fund. Business partners are carefully selected, and it is closely monitored how the contractors treat their employees. In contracts with service providers, the Fund seeks to incorporate various labor-protection related provisions, including but not limited to restrictions of employment of minors for difficult and dangerous tasks.
- The Fund's portfolio companies and the portfolio management company have the Code of Ethics and the Policy of Equal Rights and Implementation Requirements in place, which ensure that every employee is treated with respect, and their freedom of self-expression is not restricted. The Fund recognizes the right to collective bargaining and freedom of association. Nevertheless, employees of both portfolio companies and the portfolio management company have not expressed a wish to unionize. Thus, employees can become a part of a works council established in accordance with domestic law. A member of the Fund's team represents the interests of the employees in the works council of the Fund's portfolio management company.
- INVL Sustainable Timberland and Farmland Fund II aspires to create working conditions that allow employees to concentrate on their tasks without worrying about anything else and have a healthy work-life balance, which is paramount to the success of the Fund. Office space is designed aesthetically and ergonomically, according to the newest trends and recommendations. At the office, healthy snacks and hot drinks are available for the employees to stay energetic and focused. On Fridays, employees can enjoy breakfast at work, while ice cream and fresh berries become available to the team in summer. Each team member has been provided with his/her own IT equipment and mobile devices. The work schedule and location are also flexible. Employees can start working at 7 am, 8 am or 9 am, while hybrid work is organized using a formula of 3+2, according to which 2 days of a week can be spent working from home. In addition, 30 workation days are available to all employees during a year, while workdays can be shorter by 4 hours on summer Fridays if time is planned accordingly.
- The Fund strives to create a working environment in which everyone feels safe and respected. There is a reporting mechanism and action plan in place in case of any complaints regarding discrimination, harassment, abuse, or any other violation of human or labor rights. One of the indicators the Fund tracks is the number of complaints on violation of labor rights filed. In 2024, no such complaints were filed, and no incidents of discrimination were reported.
- The value of motivated and constantly improving employees is recognized. The Fund provides training and development opportunities to the entire team. The Fund tracks the cases of absenteeism each year as a reflection of employee engagement. Such cases have not been observed yet.
- Experience and commitment are greatly valued by the Fund. Therefore, the longer the employee works at the Fund, the higher the number of his/her paid vacation days is. For example, those who started working at the Fund 3 years ago receive 2 additional paid vacation days, which could be used if the employee has less than 10 annual vacation days left. The maximum number of additional days off is 5, obtained if the employee spends 10 or more years in the Fund's portfolio management company or portfolio companies.



- Health and safety are a top priority for the Fund. Employees can choose additional medical insurance covered by the employer as a motivational benefit and are offered free flu vaccination every year. Regular medical checks are performed on the premises of the Fund. Health and safety standards of the Fund's portfolio companies investing in forests are in line with the requirements of the ILO Code of Practice regarding safety and health in forestry work. During the regular worksite visits, employees of the Fund meticulously monitor how contractors and their workers adhere to safety standards. If violations of safety standards are noticed, each instance is registered in the List of Cases of Non-compliance and discussed with key stakeholders. Measures to prevent similar violations from happening in the future are adopted. In this area, the Fund tracks the number of occupational diseases and injuries, including subcontractor cases related to the operations of the Fund. In 2024, no such occupational diseases and injuries were registered.
- Accidents are also registered in the List of Cases of Non-compliance. The team investigates the reasons behind them and adopts measures to prevent similar accidents from happening in the future. In case the State Labor Inspectorate investigates the case, the Fund cooperates with the authorities and follows their recommendations. In the contracts for the sale of standing timber, it is stipulated that the Fund should be informed if any accidents during the process of timber harvesting occur.
- Wages are paid in accordance with relevant national labor laws and international standards. Annual and semi-annual performance reviews are conducted individually for every team member. Employees may receive yearly bonuses based on their performance and contribution. In addition, employees are eligible for additional, event-based financial benefits, such as birthday gifts or a 200 Eur bonus paid upon the birth of a child.
- Employees who oversee land plot inspection and conduct on-site work are provided with company cars. The Fund also covers their expenses for fuel, accommodation, and workwear.
- Paid parking places or public transport tickets are offered to employees, depending on their preferred method of commuting.
- Managers and their subordinates closely cooperate with each other and solve various problems together. Major decisions are made only after consultations with employees and other stakeholders, following relevant and objective criteria.
- The Fund recognizes the importance of team unity and open communication. Therefore, various team-building and team-bonding activities are organized to ensure that everyone feels like a part of the team, and the Fund is run like a well-oiled machine. The activities are aimed to be directly linked to the mission and values of the Fund. They include visits to the portfolio holdings, planting of trees, playing games or cooking dinner together. Such team-building activities are paid by the Fund, without the need for employees to cover anything if they are not over the budget.

### Afforestation event

- For the third consecutive year, the Fund's team helped organize and participated in a forest planting event in Lithuania. The planting event, which attracted colleagues from other departments of the Fund's portfolio management company, was focused on the afforestation of land where there had been no forest before. Despite the less-than-ideal weather conditions, the participants enjoyed the opportunity to take part in an activity that has clear climate benefits and strengthens the bond of the team.



## ACTIONS IN THE AREA OF ENVIRONMENT

Principle 7. Businesses should support a precautionary approach to environmental challenges.  
Principle 8. Businesses should undertake initiatives to promote greater environmental responsibility.  
Principle 9. Businesses should encourage the development and diffusion of environmentally friendly technologies.



- The Fund promotes environmental/social characteristics within the meaning of Article 8 (“Transparency of the promotion of environmental or social characteristic in pre-contractual disclosures”) of the Sustainable Finance Disclosure Regulation.
- The Fund respects the principles stated in the Rio Declaration on Environment and Development and recognizes that environmental issues are best handled with the participation of all stakeholders, international environmental standards must be followed in forest and farmland management, and precautionary approach has to be applied in order to protect the environment and preserve our surroundings.
- Portfolio management company of the Fund, INVL Asset Management, is an indirect signatory of the United Nations Principles for Responsible Investment. The principles guide the operations of the Fund and help align the investment strategy with broader objectives of society better. The Fund follows ESG criteria in the investment analysis and decision-making processes and incorporates ESG issues into the forest and agricultural land management plans.
- The Fund is committed to managing forest and farmland portfolios according to widely recognized management standards, international guidelines, and national legislation. Forest portfolio companies undertake to operate according to the Forest Stewardship Council® (FSC®) principles and criteria, which promote environmentally appropriate, socially beneficial, and economically viable management of forests. Employees of forest management companies are familiar with sustainable forest management provisions and follow them in day-to-day activities. In 2024, Lithuanian forest portfolio administration company UAB Šalnupis, which is granted an FSC® Group Forest Management Certificate (certificate code NC-FM/COC-067275), successfully passed the annual audit. During the audit, an inhabited nest of European honey buzzard was detected, previously unaccounted for.
- European honey buzzard was not the only protected species found in the Fund’s forests in 2024. Two other bird species were spotted: the lesser spotted eagle and the common buzzard. Measures were taken to ensure an adequate level of protection in case forest management activities took place nearby. The Fund registers information about protected species, nesting areas of protected bird species, and natural habitats in the Journal of Natural Treasures. Information is collected from the State Forest Service, SRIS (Protected Species Information System), and publicly available data on habitats and sites of rare species or provided by local residents or experts during the site visits. It is ensured that any potential harm to protected species is minimized by employing various protection measures and careful monitoring. Information on natural treasures is checked before forest management activities take place and the potential impact at the level of a forest or the entire landscape is thoroughly analyzed.
- The aim of the Fund is to create value not only for investors but also for the environment and society. The Fund sees sustainable management of forests and farmland as an essential tool for the creation of long-term value. For example, it ensures that the annual harvesting rate does not exceed the level of sustainable forest use, accounts for climate and natural disaster risks when planning forest management activities, and does not carry out afforestation in peatlands or other wetlands. Sustainable forest management allows local residents, hikers, and tourists to spend their free time surrounded by nature, in a healthy and safe environment.
- The Fund undertakes to protect and foster biodiversity. During main fellings and sanitation cuttings, at least 5 m<sup>3</sup>/ha of biologically important dead wood is kept untouched. If there is not enough dead wood, a larger number of biologically diverse trees is preserved.
- Large diameter trees are not cut (large diameter of common oak is considered to be more than 140 cm, common aspen – more than 120 cm, Baltic pine – more than 80 cm, black alder, European spruce, and silver birch – more than 70 cm).
- Clearcut forests are replanted or allowed to regenerate naturally, depending on the location and its conditions. Often the reforestation is done before the legal deadline when it is determined that the forest will not be able to



*Inhabited nest of European honey buzzard*

regenerate naturally. Forest land use is never changed. Even though the Fund itself never changes forest land use, in 2024, it discovered the fact that in the past there was an accidental attempt to cut the Fund’s forest of 0.4 ha and change its land use. It happened when one of the Fund’s leaseholders ordered biomass removal works where they could have been done legally but did not properly ensure that the neighboring forest of the Fund would not be affected. Nevertheless, the event was noted by the Environmental Protection Department under the Ministry of Environment, the land use was not changed, and proper compensations for the damage done were ensured. Through agreements with leaseholders and service providers, site visits, engagement with local communities, and satellite image checks, the Fund aims to prevent potential land use change events or illegal harvestings from happening or stop them at the earliest possible stage.

- The Fund does its best to protect its forest holdings not only from illegal harvesting but also construction, waste dumping and other unlawful activities. Fund holdings are regularly visited, and each instance of illegality is reported to responsible institutions and registered in the List of Cases of Non-compliance. When the Fund team is informed about unlawful activities of any sort, urgent actions are taken, for example, by organizing a forest cleanup when the team is notified about the waste dumping. In Romania, forest holdings are guarded by licensed forest districts and at least two substantive checks are performed during the year, adding one more layer to the protection of forests.
- Lease agreements are signed with farmers whose main activity is food production. The Fund seeks to cooperate mainly with agricultural enterprises that use or plan to adapt advanced technologies or management practices.
- In lease agreements, the Fund establishes a right to inspect the leased land plots at any point and requires the tenant to carry out maintenance works of farming-related infrastructure (e.g., drainage systems). It is also stipulated that the farmer cannot deteriorate soil condition and has to ask for consent if he/she wants to use the land for non-agricultural activities. Tenants have to be fully compliant with all regulations on farming practices and environmental protection. Leased arable land can be converted to a pasture only for a period shorter than 5 years and cannot be used as a pasture in the last year of a lease agreement.
- The Fund believes that profound changes start with small steps in the right direction and hence also takes simple measures to have a positive impact on the environment: promotes the use of mobile signature and electronic documents, engages in waste sorting, and limits the use of plastic products in the office.

Lithuanian forest management statistics, 2024

Number of trees planted	Total afforested area	Total reforested area	Pre-commercially thinned forests
486,517 trees, out of which: 80.8% pine, 18.2% birch, 1.0% black alder	138.8 ha	39.1 ha, out of which 54% reforested after extreme events	193.8 ha
+98% year-on-year change	+306% year-on-year change	+2% year-on-year change	+17% year-on-year change



*New generation of Lithuanian forests*

Environmental impact (in tCO<sub>2</sub>e)

Indicator	Result in 2024	Result in 2023	Comments
Scope 1 GHG emissions	8.18	7.29	Quarterly average
Scope 2 GHG emissions	0.69	0.31	Quarterly average
Scope 3 GHG emissions	2,300.21	1,830.48	Quarterly average
Total GHG emissions	2,309.08	1,838.08	Quarterly average
Carbon sequestration	-26,975.0	-21,974.0	Quarterly average
Carbon footprint	-189.91	-187.55	Quarterly average per 1M EUR
Carbon stock	2,974,193	2,416,623	Stock in trees

- The Fund's positive environmental impact during 2024 improved further. Even though quarterly average GHG emissions increased in all 3 scopes, this change was outweighed by the growth of 22.8% in quarterly average carbon sequestration in the Fund's forests. Positive developments are also demonstrated in carbon footprint calculations, which reflect the capital structure of the Fund. Carbon footprint remained negative (meaning that more carbon is sequestered than emitted) and improved by 1.3% compared to the previous year.

Sustainability-related targets of the Fund

Criterion	Target	Result in 2024	Result in 2023	Result in 2022
Rational use of wood. Yearly harvested wood volume in our forests is planned to be smaller than yearly increment.	≤95%	94.9%	51.0%	20.4%
Forest maturity. Ratio of the area of mature and maturing stands to the total forest area is higher than 20%.	>20%	32.4%	29.2%	28.4%
Protected forests. Protected and untouched forests of special importance should account for about 10% of the forest portfolio.	~10%	10.0%	10.1%	6.1%
Cooperation with SMEs. At least 50% of agricultural land is leased to small farmers and SMEs.	≥50%	58.0%	62.3%	53.9%
Restoration of land. Each year, better land use is aimed to be applied for at least 50 ha of abandoned land.	>50 ha/year	163.4 ha	231.8 ha	43.9 ha
Ecological farming. At least 10% of agricultural land is leased to farmers who are organic farming certificate holders.	≥10%	20.1%	20.2%	16.6%

- In 2024, the Fund reached all 6 sustainability-related targets for the second consecutive year. Compared to 2023, an improvement could be observed in the case of *Forest maturity*, with 32.4% of mature and maturing stands in the Fund's forest portfolio as of the end of 2024.



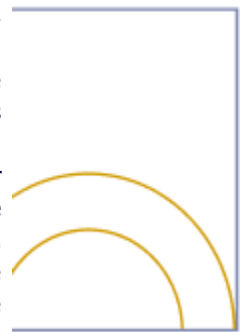


## ACTIONS IN THE AREA OF ANTI-CORRUPTION



Principle 10. Businesses should work against corruption in all its forms, including extortion and bribery.

- The Fund does not tolerate any form of corruption and hopes that general provisions, preventive measures, and international cooperation tools presented in the United Nations Convention Against Corruption are adapted all around the globe. The Fund follows national and international legislation on corruption prevention and sets the same high corruption intolerance standards for its business partners and service providers.
- Operations of the Fund are based on transparency, responsibility, and compliance with regulations. The Gift Policy and the Conflict of Interest Policy, approved by the Fund’s portfolio management company, shape an environment which is unfavorable to corruption and ensure that decisions are made transparently and impartially. In case any dispute arises, the Fund undertakes to settle it in accordance with the principles of respect for human rights, justice, fairness, reasonableness, objectivity, impartiality, and promptness.
- The Fund nurtures a culture of integrity, transparency, openness, and compliance through the application of the Code of Ethics, the Policy on the Avoidance of Conflicts of Interest, and the Rules of Procedure.
- Each natural and legal person, willing to invest in the Fund, undergoes thorough Know Your Customer, Anti-money Laundering, and terrorist financing checks. High compliance standards are also applied to natural and legal persons from whom timberland and farmland is acquired. Monitoring of investors and business partners is implemented constantly and no exceptions are made. The Fund always assesses the risk of corruption when doing business. Thorough due diligence is carried out before all acquisitions to ensure that no offenses are committed, and the Fund does not become involved in any money laundering or similar schemes. The Fund avoids investing in regions or countries which have long been marked by corruption and illegal activities. In 2024, a new customer relationship management system to check lists of sanctioned natural and legal persons was started to be used in order to protect the Fund and its portfolio companies from entering into any agreement with such people and entities.
- The Fund promotes ethical behavior and transparency among its business partners and service providers. They are encouraged to report all cases of noncompliance and illegalities to the Fund (if they are linked to the operations of the Fund) or directly to the authorities.
- Anti-corruption-related commitments of the Fund are ensured by internal procedures of both portfolio companies and the Fund’s portfolio management company. Each employee is familiar with the provisions of the Code of Ethics, the Policy on the Avoidance of Conflicts of Interest, and the Gift Policy. Based on them, employees undertake not to engage in any form of corruption. These provisions also ensure that employees do not hesitate to report any cases which may involve corruption or other illegal activities. Anti-corruption-related policies are constantly reviewed and updated based on the newest regulation or trends in corruption prevention.
- Anti-corruption clauses are included in the employment contracts for employees of both portfolio companies and the Fund’s portfolio management company. If any case of corruption, bribery or coercion arises, the strictest measures provided for in the Labor Code are applied to employees related to the case.
- In 2024, there were no corruption-related incidents in the portfolio companies and in the portfolio management company.
- From time to time, corruption prevention training is organized for the employees working with the Fund to ensure that they can spot any instance of corruption and report it in a timely manner.
- Accounting in portfolio companies is done in accordance with national and international regulations. Audits of the Fund and the portfolio management companies are conducted following international auditing standards.



## CONTRIBUTION TO THE SUSTAINABLE DEVELOPMENT GOALS

We believe that by taking the aforementioned actions in the areas of human rights, labor, environment and anti-corruption, we help the world get one step closer towards the achievement of a better future, as laid out in the UN Sustainable Development Goals. In this section, we present the Fund's precise contribution, reflected through its day-to-day operations and strategic decision making.

 <p>The Fund seeks to partner with as many small and medium service providers as possible and prioritizes partnerships with local enterprises. For example, when opportunities arise, the Fund always informs representatives of local communities about various partnership possibilities in relation to planned economic activities in their vicinity.</p> <p>It is ensured that existing and new employees of portfolio companies, both males and females, are treated equally and paid the same for the same or equivalent work.</p> <p>Wages are determined based on qualifications, experience, degree of responsibility, knowledge, abilities of the employee, and the results achieved.</p> <p>Employees of portfolio companies and the portfolio management company can choose a contribution to an independent retirement pension accumulation plan as a motivational benefit.</p>	 <p>The Fund cooperates closely with farmers and agricultural businesses which provide society with good-quality, safe, and wholesome food products.</p> <p>Ecological farming and sustainable farming practices, including crop rotation, cover crops, and precision fertilization, are promoted.</p> <p>Wide variety of crops are grown on agricultural land leased by the Fund, including cereals, legumes, corn, sugar beets, and aromatic plants.</p> <p>The Fund seeks to lease at least 50% of agricultural land to small and medium farmers or enterprises. As of the end of 2024, 58.0% of agricultural land is leased to small and medium agricultural entities. It remains at a similar level to 2023, when small and medium agricultural enterprises worked 62.3% of the leased land.</p>	 <p>Gender and marital status do not have any role in employee selection process. Every candidate is treated equitably.</p> <p>Remuneration for equivalent work is equitable and no gender-based differences exist. Both female and male employees are granted parental leave without any additional conditions or directly or indirectly applied fines.</p> 
 <p>In forests located near water reservoirs and other bodies of water, the Fund adheres to applicable protection measures. The Fund does not carry out felling in shore protection strips and near water bodies in general, which ensures that its activities do not contribute to bank erosion, and forest-related water ecosystems are protected. The Fund is willing to engage in reforestation of areas</p>	 <p>Employees are provided with safe and sanitary work equipment. The Fund takes steps to ensure that the team is well protected against outside dangers while working on-site.</p> <p>The Fund takes preventive actions and acts in accordance with health and safety guidelines and requirements of the government and medical institutions.</p>	 <p>The Fund seeks to provide small and medium enterprises and local firms with as many business partnership opportunities as possible. As of the end of 2024, 58.0% of agricultural land is leased to small and medium enterprises. When opportunities arise, the Fund always informs representatives of local communities about projects and partnership possibilities in their vicinity.</p>

near water bodies in need of protection from erosion.

The Fund does not use any pesticides or fertilizers in forests, which minimizes the risk of groundwater pollution. In the contracts for the sale of standing timber, it is stipulated that the buyers have to inform us about the use of chemicals and cannot use any chemical substances banned by Forest Stewardship Council®. There were no emissions to water in the Fund's operations in 2024.

Employer-employee relationship is based on mutual consent. The Fund strongly condemns forced labor, child labor and modern slavery. Freedom of association and the right to collective bargaining is fully respected and promoted. Employees can participate in a works council in accordance with the domestic laws.

The Fund has zero tolerance for psychological violence, bullying, and the abuse of authority.

Expenses for fuel, workwear and accommodation are fully covered.

Employees of portfolio companies are compensated equally for the same work.

Gender, age, marital status, nationality, beliefs, and opinions do not have any role in employee selection and hiring process.

The Fund recognizes the right to collective bargaining and provides the employees of portfolio companies and the portfolio management company with an opportunity to unionize. In case trade unions are not formed, employees can become a part of a works council in accordance with the domestic laws.



As of the end of the reporting period, 19.5% of the land plots owned by the Fund are located near biodiversity-sensitive areas. The Fund does its best to ensure that natural treasures are protected and not affected by the operations of the Fund. 10.0% of the forest holdings were attributed to the areas of special importance, which the Fund commits to leave to develop naturally and which can be preserved for future generations. Locations of high cultural and environmental importance are usually identified with the help of local communities.

The Fund evaluates climate and natural disaster risks when planning forest management activities to ensure that the probability of environmental harm is minimized, and people are not affected in any way.



Forest resources owned by the Fund are managed sustainably. It is ensured that the annual harvesting rate does not exceed the level of sustainable forest use. In 2024, the ratio of harvested wood volume to the annual increment was slightly below 95%, showing that the net benefit was maintained. If there are any complaints regarding how the forests are managed, the Fund includes them in the Registry of Communication and analyzes each complaint in depth.

The Fund seeks to generate as little waste as possible. Waste is managed according to environmental standards, and it is ensured that there are no leaks of hazardous chemical substances which may affect the well-being of local communities. There was not any hazardous or radioactive waste generated in 2024.



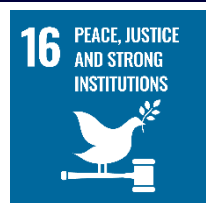
The Fund seeks to be climate positive and have a negative carbon footprint by sequestering more tCO<sub>2</sub>e in the forests than emitting during the operations. In 2024, the average quarterly carbon footprint (per EUR 1 million of investments) was equal to -189.91 tCO<sub>2</sub>e.

The Fund promotes ecological and sustainable farming practices, including reduced/no tillage, which means that less soil carbon is disturbed, and precision fertilization, which reduces the amount of wastefully used fertilizers.

Sustainable management of forests (regular planting, thinning, and harvesting according to rotation cycles) allows to accumulate larger stocks of timber, which can be used to substitute fossil fuels, metals, and other materials with a significant positive carbon footprint that affect the environment negatively.



Forests owned by the Fund are managed sustainably. The annual rate of harvesting does not exceed the level of sustainable forest use and it is planned that at least 10%



The Fund respects the rule of law and adheres to corruption prevention regulation. In agreements with business partners and service providers, it



The Fund operates transparently and seeks to inform local communities about planned economic activities in their vicinity. Planned forest management activities in potentially

of forests will be left for natural dynamics. In 2024, the ratio of harvested wood volume to the annual increment was slightly below 95%, showing that the net benefit was maintained. Furthermore, as of the end of 2024, 10.0% of the forest holdings were attributed to the areas of special importance, which the Fund commits to leave to develop naturally and which can be preserved for future generations.

Trees with breeding caves, nests, loose bark and other microhabitats, champion trees, veteran trees, and multi-stem trees are protected.

The Fund seeks to reforest land with species native to the area, which are deemed to be the most suitable, does not plant any alien species, and undertakes to prevent invasive non-native plants from spreading.

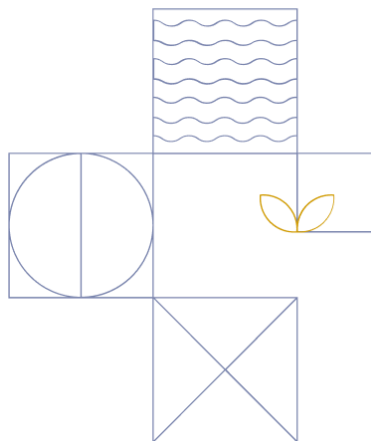
The Fund avoids leaving highly productive land that is suitable for food production unused and actively engages in restoration of abandoned and degraded land. Each year, it is aimed to apply better land use for at least 50 ha of neglected land. In 2024, 163.4 ha of abandoned lands were restored. Value restoration was done by afforesting formerly neglected land; cleaning, restoring and selling formerly neglected land; leasing formerly neglecting land (thus creating more opportunities for local residents and businesses) and in other ways.

By sustainably managing forests, the Fund allows local residents and tourists to enjoy nature trails for leisure and help improve people's well-being.

is stipulated that national and international legislation must be followed.

The Fund does not engage in any form of corruption, including bribery, kickbacks, and facilitation payments. Measures are taken to ensure that employees of portfolio companies and the portfolio management company neither offer any bribes nor accept them.

Any form of abuse of power and passive corruption in the Fund's relationship with the authorities is not tolerated.



sensitive areas are published on the Fund's website.

Most service providers are local enterprises. When opportunities arise, the Fund always informs representatives of local communities about various partnership possibilities in relation to planned economic activities in their vicinity.

The Fund seeks to partner with as many small and medium tenants and service providers as possible. As of the end of 2024, 58.0% of agricultural land is leased to small and medium enterprises.

The Fund ensures the protection of cultural heritage and areas of local or regional importance. For this purpose, close cooperation with local communities is required. For example, in the reporting period, during the preliminary site inspection for solar park installation in Latvia, a gravesite, which was not marked in any way, was discovered. It was ensured that this area would be protected and no works would take place there.

The Fund supports social projects of local communities and fosters their economic development, which involves non-timber forest products, such as berries, truffles, etc. For example, the Fund encourages beekeeping activities in its forest holdings. Forests are also used by local hunting clubs.

The Fund publishes its sustainability-related reporting, planned forest management activities, and other news on the website to ensure that the stakeholders can follow the operations of the Fund and share their opinions with us.

## OUTLOOK TO 2025

In 2025, the Fund aims to continue an active development of the farmland and forest portfolio in the Baltic States and Romania by improving the quality of existing assets through active management and investing in new high-quality lands. During these processes, the Ten Principles will be essential, as they will guide the Fund in making appropriate, effective, informed, and inclusive decisions in the areas of human rights, labor, environment, and anti-corruption, while ensuring transparent communication with all relevant stakeholders.

