

Silvestica Green Forest AB

Information to publish on the website pursuant to SFDR Article 10

Information on the environmental characteristics promoted by the Fund

Silvestica Green Forest AB promotes environmental characteristics by:

1. managing the forest in a sustainable manner to achieve a positive CO2 balance in relation to the forest portfolio as a whole over time;
2. managing the forest in a sustainable manner complying with the Forest Certification Systems Forest Stewardship Council FSC® and Programme for the Endorsement of Forest Certification PEFC™, e.g. setting areas aside from commercial forest management; and
3. renting land areas to set up wind turbines or solar cells.

The forest serves as carbon sink when the harvested volume and the CO2 emissions caused by forest management and transport related to the forest management are less than the annual growth of the forest. In 2020 the carbon sequestration enhanced, as the annual growth of the forest was larger than logging and the CO2 emissions caused by forest management and transport related to the forest management. The area set aside from commercial forest management was 8.7 % in 2020, varying between 5 to 10 % among the different countries. The Fund has rented areas to wind power companies. The projects to set up wind turbines are currently in the permission process stage.

In connection with logging, suitable tree species will be planted on the logged area and the plant population shall be conducted in accordance with the recommendations for good forest management. From a carbon sequestration perspective, timely felling and maintenance measures are essential to the growth of the tree population.

The FSC® and PEFC™ certificates set requirements for the forest management in order to ensure that the harvest of timber and non-timber products maintains the forest's biodiversity, productivity and ecological processes and social and governance requirements with respect to the environment, local communities, forest workers and supply chain. Such requirements include among other:

- Workers' rights and employment conditions exceeding the statutory law and collective agreement requirements,
- Indigenous peoples' rights,
- Community relations,
- Environmental values and impacts, and
- High conservation values.

Information on the methodologies used to assess, measure and monitor the environmental characteristics

The Fund assesses the environmental characteristics by CO₂ measurement calculated by an independent third party, calculating the area to set aside from commercial forest management and required megawatt (MW) capacity from installed wind turbines or solar cells.

The CO₂ measurement is provided by an independent third party and considers the stand register, scientific growth functions and harvesting statistics. The CO₂ balance measurement is based on IPCC methodology. The CO₂ balance is calculated by considering the growth of the forest deducted by the harvested wood and the emissions caused by harvesting and transport to industry during the annual reference period. The growth is estimated based on scientific growth functions applied on the stand register. The harvested amount is based on the harvesting record. The amounts of emissions caused by harvesting and transport are based on Scandinavian research.

Compliance with FSC® requirements is audited annually by a third party and correction of remarks are subject to follow-up.

Information about principal adverse impacts

Policies

Adverse impacts on sustainability factors refers to negative impacts on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters. The Fund's policy on identification and prioritisation of principal adverse impacts considers the likelihood, consequence and mitigation measures of the most essential factors, such as biodiversity, protection of workers and corruption.

Impacts and actions

The Fund considers principal adverse impacts of its investment decisions on sustainability factors. Issues are prioritized according to materiality to the forest management industry in the northern Europe. This is performed during due diligence (pre-investment) and evaluated regularly during the ownership phase. The investment due diligence includes field visits to examine the condition of the forest and potential contamination, review of registers, review of potential current or previous industrial activities and due diligence on counter parties.

During the ownership phase, the principal adverse impacts are identified and mitigated in connection with the Fund's ongoing forest management operations. The most prominent adverse impact is activities negatively affecting biodiversity-sensitive areas. The policy on identifying principal adverse impacts focus on harm to environment, cultural and recreational sites, health and safety and deterioration of asset value due to overharvesting or mismanagement such as:

- logging of protected forest,

- application of faulty management practices in areas with high cultural or social values,
- work injuries in connection with logging operations,
- pollution of soil and water in connection with logging operations, and
- corruption.

The Fund complies with FSC® and PEFC™ in its forest management operations (including the supply chain). The FSC® and PEFC™ certificates set requirements for the forest management in order to ensure that the harvest of timber and non-timber products maintains the forest's biodiversity, productivity and ecological processes and social and governance requirements with respect to the environment, local communities, forest workers and supply chain. Such requirements include among other:

- Workers' rights and employment conditions exceeding the statutory law and collective agreement requirements,
- Indigenous peoples' rights,
- Community relations,
- Environmental values and impacts, and
- High conservation values.

Summary on the engagement policies

Due to the investment strategy (forest assets) the Article 3g of Directive 2007/36/EC on the exercise of certain rights of shareholders in listed companies with respect to engagement policies, are not applicable to the Fund.

Adherence to international standards

The Fund complies with the following business conduct codes:

- Forest Certification Systems Forest Stewardship Council FSC®,
- Programme for the Endorsement of Forest Certification PEFC™, and
- Ten Principles of the UN Global Compact.