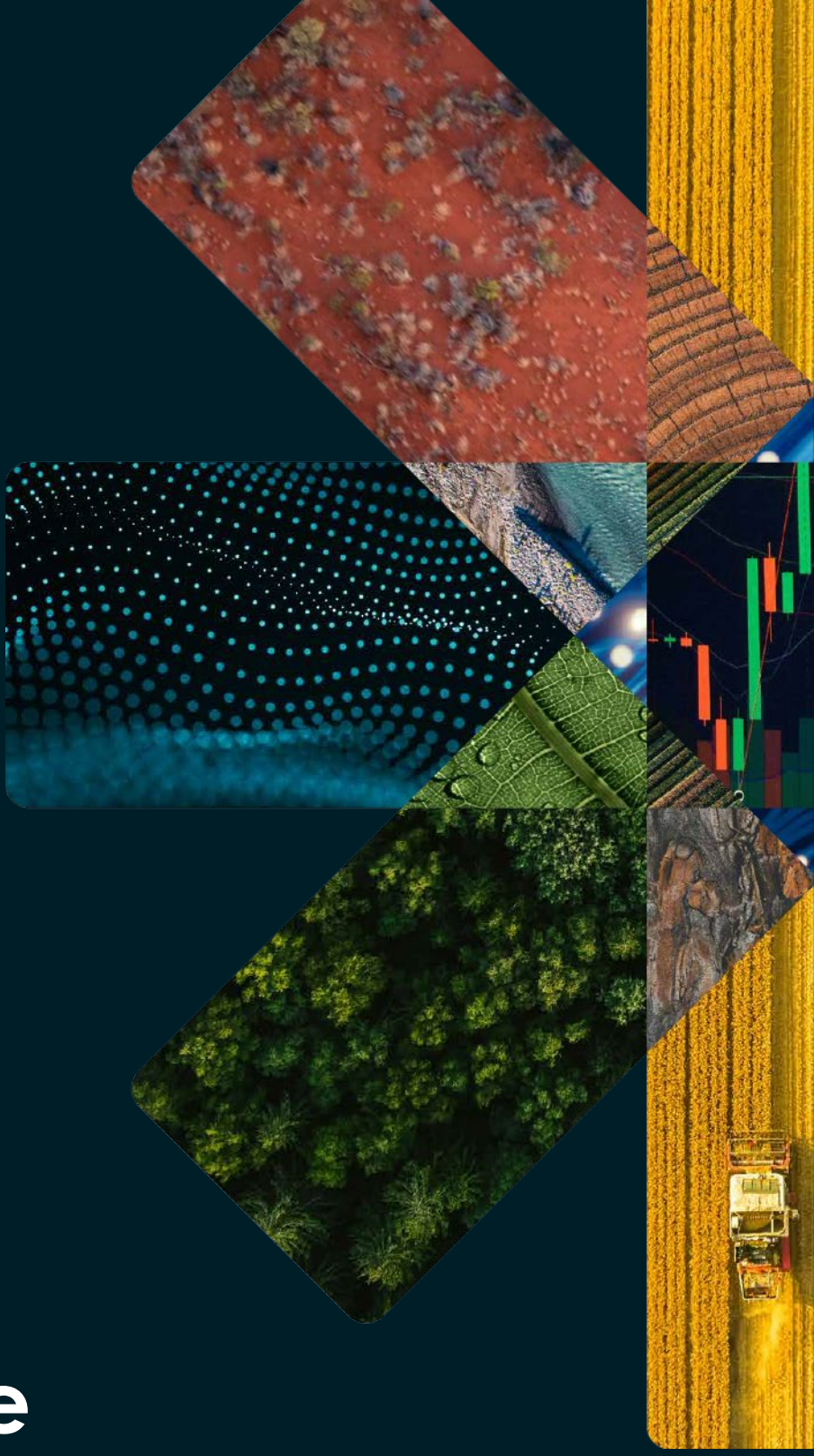
NEWFORESTS

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SFDR Website Disclosures

TAFF2 · FCS · AFIP · ANZLAFF

Important Note

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These disclosures have been produced by New Forests on behalf of the funds listed below as the sustainability-related website disclosures required by Article 10 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the Sustainable Finance Disclosure Regulation or "SFDR").

Each fund described in this document has sustainable investment as its objective and has been classified as an Article 9 financial product for the purposes of SFDR. Terms not otherwise defined have the meaning given to them in the relevant fund's offering documents.

If you have any questions in relation to these disclosures, please contact New Forests at info@newforests.com.

Level 23, 141 Walker Street
North Sydney NSW 2060
Australia

+(61) 2 9406 4100
www.newforests.com
info@newforests.com

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NEWFORESTS

1. Tropical Asia Forest Fund 2 LP

1.1 Background

This disclosure serves as the sustainability-related website disclosure for the Fund as required by Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (known as the Sustainable Finance Disclosure Regulation or **"SFDR"**).

Terms not otherwise defined in this Annex shall have the meaning assigned to them in the Fund's Information Memorandum (the **"IM"**).

The Fund has sustainable investment as its objective and has been classified as an Article 9 financial product for the purposes of SFDR.

1.2 Summary

The New Forests Tropical Asia Forest Fund 2 L.P., a Singapore limited partnership (**"TAFF2"**, or the **"Fund"**), is being established by New Forests to provide institutional investors with exposure to sustainably managed plantation forestry primarily in Southeast Asia. The investment objective of TAFF2 is to develop a diversified portfolio of sustainable commercial forest plantation assets in Target Countries[1] and achieve a return for investors through capital appreciation as well as operating income from timber production.

TAFF2 will also have a significant focus on high Environmental, Social, and Governance (**"ESG"**) Impact Activities, carried out by New Forests as part of its management of TAFF2 investments to generate impact directed towards the sustainable investment objectives of action on climate change, support for communities and rural livelihoods, and protection and enhancement of biodiversity, in alignment with the UNDP Sustainable Development Goals (the **"Sustainable Development Goals"**).

New Forests as Investment Manager oversees all the investments in its portfolio and releases a sustainability report each year. This report contains a list of Sustainable Landscape Investment metrics and indicators that New Forests monitors. Please see pages 44 and 45 of the 2019 Sustainability report which can be found here.

1.3 No Significant Harm to the Sustainable Investment Objective

As TAFF2 is focused on sustainable forestry and land use, the activities of TAFF2 are generally at low risk of causing significant harm to other sustainable investment objectives. In addition, the TAFF2 Environmental & Social (**"E&S"**) Policy guides the Fund's E&S requirements and supports Sustainable Landscape Investment by combining overarching principles for E&S management with the use of recognised third-party standards and guidance. The TAFF2 E&S Policy is intended to complement and be used alongside New Forests' Social

[1] Malaysia, Indonesia, Vietnam, Laos, Cambodia, Thailand, Myanmar, the Solomon Islands; and any additional country within the Asia-Pacific region identified by the General Partner and approved by Limited Partners holding Interests which represent at least 80% of the Aggregate Commitments.

and Environmental Management System (**"SEMS"**), Responsible Investment Policy, and other applicable policies. Together these policies ensure no significant harm is done to the sustainable investment objective of the fund.

New Forests' RI framework also ensures that adverse impacts in Table 1 of Annex I (RTS), and relevant indicators in Tables 2 and 3 of Annex I (RTS), are taken into account in investment decisions for TAFF2. This is done in two ways:

- **ESG Integration**: New Forests' SEMS requires New Forests to incorporate ESG risks and opportunities, into the lifecycle of the Fund, including acquisitions, risk assessments, ownership, management strategies, and exits. Adverse impacts and relevant indicators (as set out in the RTS) are used to determine the nature and extent of Sustainability Risk for the Fund's assets and potential investments;
- **ESG Measurement and Monitoring**: New Forests' SLI framework defines sustainability indicators. These indicators are measured to ensure adverse impacts of any of these indicators are understood, managed and mitigated to support asset management, monitoring of investment performance and value creation. New Forests' SLI framework covers the principle adverse impact indicators outlined in Annex 1 of the RTS.

More information can be found in the section of the IM "New Forests' Sustainable Landscape Investment (SLI) Approach" which sets out the key aspects of the TAFF2 and New Forests Policies mentioned above.

New Forests works to adhere to best practice guidance from the following organisations and frameworks that connect New Forests to the global community in shared efforts to advance responsible business practices:

- OECD Guidance for Multinational Enterprises, including its guidance for Responsible Business Conduct for Institutional Investors;
- UN Guiding Principles on Business and Human Rights;
- UN Global Compact;
- International Labour Organization and its Core Standards, as applicable and where locally ratified;
- Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests;
- The membership requirements of the World Business Council for Sustainable Development, including seeking to include New Forests' investment portfolio within the associated management, target setting, and disclosure obligations; and
- UN Principles for Responsible Investment.

New Forests is a certified B Corporation and as such is legally required to consider the impact of their decisions on its workers, customers, suppliers, community, and the environment. More information about B Corporations can be found here.

1.4 Sustainable Investment Objective of the Financial Product

The investment objective of TAFF2 is to develop a diversified portfolio of sustainable commercial forest plantation assets in Target Countries and achieve a return for investors through capital appreciation as well as operating income from timber production.

TAFF2 will also have a significant focus on high ESG Impact Activities directed towards:

- action on climate change;

- support for communities and rural livelihoods; and
- protection and enhancement of biodiversity; in alignment with the Sustainable Development Goals.

1.5 Investment Strategy

TAFF2 plans to invest primarily in high-quality forestry assets mainly in Southeast Asia for a variety of end markets, including timber, rubber, bioenergy, and environmental products. This is expected to be achieved by acquiring, establishing, and sustainably managing these forestry assets. TAFF2 may also invest in timber processing and infrastructure facilities.

TAFF2 will seek to generate returns for investors through (a) the production of timber from forestry assets; (b) increasing the exit value of its portfolio assets through its approach to asset management, primarily focussed on improving the quality of the underlying forestry assets.

As part of its investment strategy, TAFF2 will also seek to develop and sell carbon credits derived from its portfolio assets for purchase by its limited partners or third parties.

New Forests will carry out Impact Activities in connection with the TAFF2 portfolio assets which have the potential to provide the following commercial benefits to TAFF2:

- Social licence to operate;
- Operational capacity, efficiency and scale;
- Resilience and productivity of forests and land;
- Readiness for possible climate regulation and emerging markets; and
- Improved exit value.

As parts of its investment strategy, TAFF2 is prohibited from investing in:

- production of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations or subject to internationally agreed phase-outs or bans as defined in global conventions and agreements such as certain:
    - Hazardous chemicals, pharmaceuticals, pesticides and wastes;
    - Transboundary trade in waste or waste products;
    - Ozone depleting substances;
    - Endangered or protected wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora; and
    - Unsustainable fishing methods such as blast fishing, drift net fishing, and fine mesh net fishing in the marine environment using nets in excess of 2.5 kilometres in length that are harmful to vulnerable and protected species in large numbers and damaging to marine biodiversity and habitats;
- production of, or trade in, arms (i.e. weapons, munitions or nuclear products, primarily designated for military purposes);
- production of, use of, or trade in, unbonded asbestos fibres;
- production of, or trade in, radioactive materials, including nuclear reactors and components thereof;

- prostitution;
- Any businesses, if any of the following activities represents a substantial portion of such business:
    - gambling, gaming casinos and equivalent enterprises;
    - alcoholic beverages;
    - tobacco or tobacco related products;
    - pornography;
    - oil or energy import; or
    - the import of luxury items;
- production or activities involving harmful or exploitative forms of forced labour or child labour; and
- real estate investment (if non-owner occupied) or property acquisition, commercial real estate construction unless SME owner-occupied, and multi-family housing construction.

New Forests' policy to assess the good governance practices of TAFF2 investee companies is to assess all potential investments against key governance and business integrity requirements as set out in TAFF2's SEMS framework. The due diligence process will include assessment of governance risks as relates to the ability to ensure ESG management after acquisition. This review process will ensure there is alignment with best practice for management structures, employee relations, remuneration of staff, tax compliance, and other relevant items.

More details of the investment strategy can be found in the section of the IM "TAFF 2 Investment Strategy".

1.6 Proportion of Investments

A minimum of 65% of the fund is intended to be invested in sustainable forestry assets.

TAFF2 may invest up to 35% of the fund in infrastructure and processing businesses. It is intended, where possible, that investments in infrastructure and processing businesses will meet the definition of "sustainable investment" through their contribution to environmental or social objectives whilst not doing significant harm to any sustainable investment objective.

1.7 Monitoring of Sustainable Investment Objective

TAFF2 will be supported by New Forests' corporate sustainability framework, tailored Environmental & Social Policy, and a dedicated team of professionals committed to enhancing investment performance through Sustainable Landscape Investment (**"SLI"**). New Forests' Responsible Investment (RI) Policy (the **"Policy"**) outlines how New Forests will integrate environmental, social, and governance considerations into its investment management activities.

New Forests' SEMS was put in place to ensure good governance practices and compliance with its E&S Policy across its investments. New Forests' SEMS aims to systematically identify, manage, and report on E&S issues and potential impacts of New Forests' investments by:

- Establishing a consistent approach to E&S management across all investment activities;
- Monitoring performance and identifying areas for corrective action and opportunities to create shared value;

- Providing management controls to address corrective actions with a view to continual improvement in performance; and
- Providing management review and board-level oversight of the system.

New Forests' SEMS is framed around guidelines established in ISO 14001 *Environmental Management Systems*, a globally recognised standard for such systems. To guide this process and provide external verification at an operating level, New Forests uses third-party certification and standards systems in operating companies and investments to support E&S management, in accordance with the company's Certification and Standards Guidance. New Forests will manage TAFF2 under an Environmental & Social Policy, described further below, which is tailored to the E&S characteristics of forestry investments in Southeast Asia.

As part of its SEMS, New Forests will ensure compliance with E&S management obligations through its compliance program. This includes regular review of the Fund's E&S management and performance, and managing corrective actions as required. New Forests also reports on the E&S performance of its investments in a public Annual Sustainability Report using a standardised set of metrics that New Forests developed based on international standards and tailored to New Forests' Sustainable Landscape Investment framework.

New Forests' SEMS and corporate sustainability programmes are managed by the Managing Director, Investor Services, who provides corporate oversight of E&S integration and sustainability programs. Within the TAFF2 team, there is also a dedicated E&S Manager role responsible for providing E&S oversight, support, and monitoring for operating companies and investments in the region. The E&S Manager is responsible for E&S risk assessment in investment screening and due diligence, direct operational implementation of Fund E&S policies, working with operating companies and property managers on forest certification, compliance with the TAFF2 E&S Policy, stakeholder engagement, and coordinating cross-asset opportunities for sustainability projects and conservation initiatives. Together, these individuals work with the portfolio management team to integrate E&S policies throughout the investment process and to drive performance improvements through E&S management.

1.8 Methodologies

For the sustainable investment objective of developing sustainable commercial forest plantation assets, New Forests will monitor the attainment of this objective through obtaining Independent Forest Certification, with a first preference for Forest Stewardship Council (**"FSC"**) Forest Management certification. Other certification schemes may be used where New Forests determines it appropriate.

The SLI framework defines sustainability indicators and will be the primary method used by New Forests to monitor whether the Impact Activities contribute to the Sustainable Development Goals and therefore attain the sustainable investment objective.

1.9 Data Sources and Processing

The following data sources, collected at the asset-level, are used to attain the Fund's sustainable investment objective:

- Harvest reports (in relation to certified sustainable timber);
- Independent Forest Certification from third-party certification schemes; and

– SLI metric responses provided by third-party property managers and/or investee companies.

New Forests ensures data quality for the Fund by obtaining data directly from the third-party property managers and/or investee companies, as they are on-site and can verify the accuracy of the data. The data is reviewed and processed by New Forests' Operations and Sustainability teams. Data that requires further explanation is sent back to the property managers for confirmation before finalisation. Data is stored in New Forests' secure data warehouse. New Forests aims to minimise estimated data by working directly with the third-party property managers and/or investee companies.

1.10 Limitations to Methodologies and Data

Some potential limitations related to the methodologies and data sources and processing described above are:

– During the acquisition stage, a lack of baseline ESG data; and

– During ownership, reliance on third-party property managers for relevant data.

However, these limitations do not affect the attainment of the sustainable investment objective of the Fund because New Forests has robust management controls that identify when there may be risks to attaining the sustainable investment objective.

To address limitations around lack of readily available ESG data during due diligence, New Forests may review similar assets or utilise its previous experience in the region in the initial acquisitions stage. During later due diligence, New Forests contracts experienced consultants to provide additional ESG information.

To address the reliance on third-party property managers and/or investee companies for data during ownership, New Forests is currently streamlining its data collection process to make reporting more straightforward and limit the potential data errors.

1.11 Due Diligence

New Forests carries out due diligence both during the acquisition and throughout ownership of an asset.

As part of acquiring an asset, due diligence process includes a detailed ESG risk assessment to determine whether proposed investments meet required ESG thresholds, which are established through New Forests' risk appetite statement as set by its board of directors and also through the governing and legal documents of the Fund.

For TAFF2, New Forests' due diligence activities comprise:

– risk categorisation;

– environmental and social due diligence including site visits;

– land tenure;

– governance and business integrity due diligence;

– Environmental and Social Action Plan (**"ESAP"**) and model budgets; and

– summary of due diligence conclusions for the Investment Committee.

The environmental and social due diligence comprises internal due diligence to assess operations against TAFF2's Reference Framework; an assessment of opportunities for Impact Activities; site visits to assess the

company's commitment, capacity and track record for environmental and social management; a risk assessment; and a legal and compliance assessment.

An external due diligence assessment is also carried out which includes, amongst others, additional assessments of climate risk, desktop analysis, management consultations, site visits, stakeholder consultations, assessment of reporting and an assessment of indicative ESAP development.

New Forests does not tolerate high levels of risk in the following ESG areas: deforestation, destruction of High Conservation Values, biodiversity and nature loss, adverse land use change, modern slavery, child labour, or the physical or economic displacement of local communities. If one of these ESG risks is identified in a target asset, New Forests will assess if it can be reversed and/or remedied through active management; if not, New Forests may choose not to invest.

1.12 Engagement Policies

New Forests' Operations team is in regular contact with the asset-level management teams and supports the development of management strategies. The Fund will engage with investee companies and/or third-party property managers to ensure the sustainability objectives are met. This is achieved through:

- Ensuring all investments, as well as third-party providers directly engaged as part of or by TAFF2 employ sufficient and suitably qualified and trained staff and contractors to ensure the requirements of the TAFF2 SEMS Declaration Document are met.
- Ensuring the company aligns approach to ESG aligns with the TAFF2 Reference Framework and that organizational capacity, training programs, policies and procedures are suitably robust for effective implementation.
- Conducting annual audits for portfolio companies which inform the refinement of the respective ESAPs for each company.
- Ensuring all investments have in place comprehensive ESAP and that ESG management is continuously improving.
- Working with portfolio companies to ensure actions are taken to address Corrective Actions Requests made as a result of FSC audits.
- Contractually obliging third parties directly engaged by TAFF2 to achieve the policies articulated in the TAFF2 SEMS Declaration Document.
- Supporting the integration of the SLI framework at the investment level by identifying and setting appropriate ESG and impact metric targets for each investment and reviewing performance using the SLI framework.
- Providing guidance to third-party providers or other responsible parties directly engaged by TAFF2 regarding how New Forests will assess whether the policies have been met.
- Providing support as necessary to TAFF2 and its investments to fulfil their certification objectives.

1.13 Attainment of Sustainable Investment Objective

No index has been designated as a reference benchmark.

The attainment of the sustainable investment objective is ensured through monitoring the metrics set out under the "Methodologies" section above.

2. Forest Climate Solutions Fund LP

2.1 Background

This disclosure serves as the sustainability-related website disclosure for New Forests' Forest Climate Solutions Fund L.P., a Delaware limited partnership ("**FCS**" or the "**Fund**") as required by Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (known as the Sustainable Finance Disclosure Regulation or "**SFDR**") and the associated Regulatory Technical Standards Chapter IV ("**RTS**").

Terms not otherwise defined herein shall have the meaning assigned to them in the Fund's Private Placement Memorandum (the "**PPM**").

The Fund has sustainable investment as its objective and has been classified as an Article 9 financial product for the purposes of SFDR.

2.2 Summary

New Forests is establishing FCS to provide institutional investors with exposure to sustainably managed natural forests and carbon markets in the United States and Canada.

The investment strategy of FCS is to target delivery of appropriate risk-adjusted financial returns for its investors alongside climate change mitigation outcomes. FCS will deliver on this strategy by primarily acquiring forestry assets and, through sustainable management practices, protecting high-carbon stock forests and increasing carbon removals through annual forest growth. As a result, carbon projects will be developed on these assets and enrolled into the California regulatory carbon market or the voluntary carbon market.

New Forests' Responsible Investment ("**RI**") approach is outlined in the New Forests RI Policy[2] and New Forests' Social and Environmental Management System ("**SEMS**"), which is framed around guidelines established in International Organization for Standardization ("**ISO**") *14001 Environmental Management Systems*, a globally recognized standard for such systems.

New Forests also uses third-party standards and certification (such as Forest Stewardship Council®[3] ("**FSC**"), ISO, and Occupational, Health, and Safety standards, as relevant) in operating companies and assets to support environmental, social, and governance ("**ESG**") management. New Forests will manage FCS under

[2] Available at https://newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf

[3] New Forests holds non-certification trademark license N002114. FSC is not responsible for and does not endorse any financial claims on returns or investments.

its SEMS Declaration Document, described further below, which is tailored to the ESG characteristics of the FCS Fund strategy and forestry investments in the United States and Canada.

2.3 No Significant Harm to the Sustainable Investment Objective

As the FCS Fund is focused on sustainable forestry and land use, the activities of the FCS Fund are generally at low risk of causing significant harm to any of the sustainable investment objectives. In addition, the fund Mandate, along with New Forests' comprehensive and robust RI framework, which includes the RI Policy, the group-level SEMS, and the Fund-level SEMS Declaration Document, ensures that the Fund does not invest in economic activities which significantly harm any sustainable investment objectives. As outlined in New Forests' RI Policy, the company seeks to align with best practice guidance from the following organisations and frameworks:

- OECD Guidance for Multinational Enterprises, including its guidance for Responsible Business Conduct for Institutional Investors;
- United Nations ("UN") Guiding Principles on Business and Human Rights;
- UN Global Compact;
- International Labour Organization and its Core Standards, as applicable and where locally ratified;
- Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests;
- The membership requirements of the World Business Council for Sustainable Development, including seeking to include New Forests' investment portfolio within the associated management, target setting, and disclosure obligations; and
- UN Principles for Responsible Investment.

New Forests' RI framework also ensures that adverse impacts in Table 1 of Annex I (RTS), and relevant indicators in Tables 2 and 3 of Annex I (RTS), are taken into account in investment processes and decision making for the FCS Fund. This is done in two ways:

1. ESG Integration: New Forests' SEMS requires the Fund to incorporate ESG risks and opportunities, into the lifecycle of the Fund, including acquisitions, risk assessments, ownership, management strategies, and exits. Adverse impacts and relevant indicators (as set out in the RTS) are used to determine the nature and extent of sustainability risk associated with the Fund's assets and potential investments.
2. ESG Measurement and Monitoring: New Forests also has a Sustainable Landscape Investment (SLI) framework that defines sustainability indicators. These indicators are measured to ensure adverse impacts of any of these indicators are understood, managed and mitigated to support asset management, monitoring of investment ESG performance and value creation. New Forests' SLI framework covers the principle adverse indicators outlined in Annex 1 of the RTS.

Furthermore, New Forests is a certified B Corporation and as such is legally required to consider the impact of its decisions on its workers, customers, suppliers, community, and the environment. More information about B Corporations can be found here.

2.4 Sustainable Investment Objective of the Financial Product

FCS's sustainable investment objective is to invest in and manage sustainable forestry assets in order to contribute to the environmental objectives set out below whilst generating a financial return for investors.

The FCS Fund will primarily contribute to environmental objective (a) climate change mitigation, as identified under Article 9 of the Regulation (EU) 2020/852 (the "**Taxonomy Regulation**"). To achieve this sustainable investment objective, the FCS Fund will seek to invest in brownfield and greenfield forestry assets with the objective of carrying out sustainable forestry management, the protection of high-carbon stock forests, and the enhancement of carbon removals through annual forest growth in order to generate a financial return through the enrolment of projects in the California regulatory carbon market.

However, actions to achieve climate change mitigation will also enhance co-benefits such as wildlife habitat and biodiversity, provide third party certified sustainable timber production, and support regional economies including through local processing of timber and production of timber products. As such, the FCS Fund may also contribute to environmental objective (f) the protection and restoration of biodiversity and ecosystems and (d) the transition to a circular economy, as defined under the Taxonomy Regulation.

2.5 Investment Strategy

The investment strategy of the FCS Fund is to target delivery of appropriate risk-adjusted financial returns for its investors while also targeting climate change mitigation outcomes through the sequestration by mature forest carbon stocks, and sustainable forest management.

Policy to assess good governance practices

New Forests anticipates that most assets will be acquired as fee-simple interests in forests and land. However, for acquisition of part or all of an operating company with forestry assets and operations, the due diligence process will include assessment of governance risks using the SEMS Corporate Governance Tool. This due diligence process will ensure there is alignment with best practice for management structures, employee relations, remuneration of staff, tax compliance, and other relevant items. New Forests' Risk Appetite Statement also includes risk thresholds for governance-related risks.

2.6 Proportion of Investments

The FCS Fund will invest in forestry assets in the United States and sustainably manage these assets over the lifecycle of the Fund. A minimum of 90% of these assets will undertake forestry activities. The FCS Fund has the ability (but not requirement) to invest up to 10% of AUM in "infrastructure" which is intended to be primary manufacturing operations (sawmills, chip plants etc.) on either a defensive basis (to preserve forest value), or to accelerate use of wood in the circular bioeconomy

As such, 100% of the FCS Fund will be sustainable investments as 100% of the economic activity contributes to an environmental or social objective, do not significantly harm any environmental or social objective and the investee companies follow good governance practices.

2.7 Monitoring of the Sustainable Investment Objective

The sustainable investment objective and the sustainability indicators are monitored throughout the lifecycle of the Fund through New Forests' RI framework and related management processes, as outlined throughout this disclosure.

New Forests' SEMS forms the basis for measuring the attainment of the sustainable investment objective in New Forests' funds and client investments. The SEMS guides the systematic identification, management, and reporting of sustainability issues (both environmental and social ("**E&S**") and potential impacts of investments managed by New Forests by:

- Establishing a consistent approach to E&S management across all investment activities;
- Ensuring active management and monitoring of E&S related issues;
- Monitoring E&S performance and identifying areas for corrective action and opportunities to create shared value;
- Providing management controls to optimize taking of corrective actions and continual improvement in performance; and
- Periodic management review and board-level oversight of the system.

The fund-level SEMS Declaration Document also includes ESG-related roles and responsibilities, an ESG Policy, reporting requirements, and continual improvement processes. The FCS SEMS Declaration Document is intended to complement and be used alongside New Forests' SEMS, RI Policy, and other applicable policies. As described above, New Forests has an SLI framework that defines key sustainability indicators.

New Forests' Operations and Sustainability teams are primarily responsible for monitoring the sustainable investment objective and the sustainability indicators via quarterly and annual reporting. Relevant internal control mechanisms are the New Forests' group-level Investments Committee, Risk and Compliance Committee and biennial SEMS Management Review; the FCS fund-level Management Committee, Operations Committee; and the regular FCS Fund reporting to clients. Similarly, relevant external control mechanisms are regular third-party certification audits and New Forests' requirements under various membership organisations, for example, the World Business Council for Sustainable Development.

2.8 Methodologies

To measure the attainment of the overall sustainable investment objective of the Fund, the following sustainability indicators will be used for each of the environmental objectives of the Fund:

- *Climate Change Mitigation*: the investment manager will primarily measure climate change GHG emissions and carbon removals to monitor attainment of this sustainable investment objective. The investment manager will measure other related indicators under the SLI framework (i.e., Productive Area Carbon Storage, Productive Area Carbon Storage Annual Change, Carbon Offsets Issued, etc.).
- *Protection and Restoration of Biodiversity*: the investment manager will primarily measure attainment of protection and restoration of biodiversity through the SLI framework of sustainability indicators (i.e., Permanently Protected Area, Conservation Area, Environmental Restoration Area, High Conservation Value Area, etc.).

- *Certified Sustainable Timber*: the investment manager will measure certified sustainable timber through harvest reports and other sustainability indicators under the SLI framework (i.e., Certified Harvest Volume, Certified Timber Percent of Total Harvest, etc.).

2.9 Data Sources and Processing

The following data sources, collected at the asset-level, are used to attain the Fund's sustainable investment objective:

- *Climate change mitigation*: GHG emissions and removals inventory reporting, TCFD-aligned strategic planning, carbon sequestration modelling as part of the overall Fund model, SLI metric responses from third-party property managers and/or investee companies, and requirements of the carbon offset standard(s), as relevant.
- *Protection and Restoration of Biodiversity*: third-party property managers and/or investee companies via the SLI framework.
- *Certified Sustainable Timber* -- harvest reports and SLI metric responses provided by third-party property managers and/or investee companies.

New Forests ensures data quality for the Fund by obtaining data directly from the third-party property managers and/or investee companies, as they are on-site and can verify the accuracy of the data. The data is reviewed and processed by New Forests' Operations and Sustainability teams. Data that requires further explanation is sent back to the property managers for confirmation before finalisation. Data is stored in New Forests' secure data warehouse. New Forests aims to minimise estimated data by working directly with the third-party property managers and/or investee companies.

2.10 Limitations to Methodologies and Data

Some potential limitations related to the methodologies and data sources and processing described above are:

- During the acquisition stage, a lack of baseline ESG data.
- During ownership, reliance on third-party property managers for relevant data.

However, these limitations do not affect the attainment of the sustainable investment objective of the Fund because New Forests has robust management controls that identify when there may be risks to attaining the sustainable investment objective.

To address limitations around lack of readily available ESG data during due diligence, New Forests may review similar assets or utilise its previous experience in the region in the initial acquisitions stage. During later due diligence, New Forests contracts experienced consultants to provide additional ESG information.

To address the reliance on third-party property managers and/or investee companies for data during ownership, New Forests is currently streamlining its data collection process to make reporting more straightforward and limit the potential data errors.

2.11 Due Diligence

New Forests carries out due diligence both during the acquisition and throughout ownership of an asset.

At acquisition

As part of acquiring an asset, the due diligence process includes a detailed ESG risk assessment to determine whether proposed investments meet required ESG thresholds, which are established through New Forests' Risk Appetite Statement and through the governing and legal documents of the FCS Fund.

New Forests does not tolerate high levels of risk in the following ESG areas: deforestation, destruction of High Conservation Values, biodiversity and nature loss, adverse land use change, modern slavery, child labour, or the physical or economic displacement of local communities. If one of these ESG risks is identified in a target asset, New Forests will assess if it can be reversed and/or remedied through active management; if not, New Forests may choose not to invest.

In order to achieve the sustainable investment objective, the FCS Fund SEMS Declaration Document requires that during due diligence, a climate risk assessment be undertaken of all prospective assets to identify any associated climate risks and/or opportunities. Should a climate risk be identified that is not in alignment with New Forests' Risk Appetite Statement, the asset may not be acquired. Additionally, the Fund's due diligence requirements includes assessments of current and potential future carbon stocks; conservation and restoration area; Rare, Threatened, and Endangered species present or adjacent to the asset; and current third-party certification status and certified harvest volumes.

During Ownership

During the ownership of the assets, New Forests assesses the sustainability characteristics through the Annual Strategic Planning Process, which include a TCFD-aligned climate risk assessment.

In addition, as part of the SEMS, New Forests conducts an annual internal audit (the SEMS Management Review) of E&S management and performance in New Forests' investment programs, communicates any corrective actions needed to the portfolio managers, and provides recommendations for continual improvement.

The SEMS also outlines standard ESG reporting requirements which includes FCS quarterly investor reports and annual investment reports, and New Forests' annual Sustainability Report.

As noted above, FCS also has a fund-level SEMS Declaration Document. This Document ensures that environmental issues are managed across all investment activities, monitor performance, address corrective actions, and complete management reviews of environmental activities.

2.12 Engagement Policies

The FCS Fund will engage with investee companies and/or third-party property managers to ensure the sustainability objectives are met.

New Forests' Operations team is in regular contact with the asset-level management teams or property managers and supports the development of management strategies. Ongoing engagement is also supported by the FCS Fund Management Committee, which is comprised of New Forests staff and asset management representatives. The Committee meets quarterly to discuss material risks and opportunities, including those related to ESG and is responsible for approving variances to SEMS obligations or processes for assets under management.

During ownership, all the FCS Fund assets are required to comply with New Forests RI framework including the RI Policy, the group-level SEMS and the FCS Fund-level SEMS Declaration Document. Requirements include:

- Being certified under a sustainable forestry management standard (i.e., FSC® or SFI).
- A climate risk assessment as part of the Annual Strategic Planning process.
- Annual tracking of climate change mitigation, wildlife habitat and biodiversity, and certified timber through the SLI framework.

If the FCS Fund pursues carbon offset project development, the associated assets will align with the Carbon Policy in the SEMS and the requirements of the carbon standard pursued.

Should an asset or the FCS Fund not be in compliance with any of the requirements related to Fund documents, including sustainability related requirements, then New Forests, as manager of the Fund, will review actions that need to be taken to achieve compliance through its governance frameworks for the Fund. The sustainable investment objective of the Fund is implemented and reviewed on a regular basis by New Forests as part of its governance framework for management of the Fund.

2.13 Attainment of the Sustainable Investment Objective

No index has been designated as a reference benchmark.

The attainment of the sustainable investment objective is ensured through monitoring the metrics set out under the "Methodologies" section above.

3. African Forestry Impact Platform

3.1 Background

This disclosure serves as the sustainability-related website disclosure for the Fund as required by Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (known as the Sustainable Finance Disclosure Regulation or **"SFDR"**).

Terms not otherwise defined in this Annex shall have the meaning assigned to them in the Fund's Private Placement Memorandum (the **"PPM"**).

The Fund has sustainable investment as its objective and has been classified as an Article 9 financial product for the purposes of SFDR.

3.2 Summary

The New Forests African Forestry Impact Platform (**"AFIP"**, or the **"Fund"**), is being established by New Forests to provide institutional investors with exposure to sustainably managed plantation forestry in Sub-Saharan Africa. The sustainable investment objective of AFIP is to develop a diversified portfolio of sustainable commercial forest plantation assets in Sub-Saharan Africa (which for the avoidance of doubt shall include Sudan and South Sudan) and achieve a return for investors through capital appreciation as well as operating income from timber production. As part of optimising returns on investment, AFIP may also invest in downstream wood processing and/or supply chain efficiency.

The investment strategy is to focus on four key areas:

- *Consolidation*: to acquire majority positions in complimentary companies and assets to form the foundation of the portfolio;
- *Restructuring*: to support a value creation mind-set, enhance operating processes, implement analytical tools, improve governance structures and emphasise Environmental, Social, and Governance (**"ESG"**)

/climate strategy;

- *Growth*: to invest capital into Investments to support growth in downstream wood processing and/or supply chain efficiency; and
- *Enhanced Impact*: to invest in conservation, rehabilitation, and community benefit projects aligned with the investment mandate and Fund investment objectives.

AFIP will have a significant focus on delivering on its Impact Targets, carried out by New Forests as part of its management of AFIP investments to generate impact directed towards the sustainable investment objectives of action on climate change, support and protection of biodiversity and nature, promoting gender diversity, and supporting communities and livelihoods, in alignment with the UNDP Sustainable Development Goals (the **"Sustainable Development Goals"**).

New Forests as Investment Manager oversees all the investments in its portfolio and releases a consolidated Sustainability Report each year. This Report tracks the performance of a number of environmental and social indicators. Please see Sustainability report which can be found here.

3.3 No Significant Harm to the Sustainable Investment Objective

As AFIP is focused on sustainable forestry and land use, the activities of AFIP are generally at low risk of causing significant harm to other sustainable investment objectives. In addition, the AFIP ESG Policy guides the Fund's ESG requirements and supports Sustainable Landscape Investment by combining overarching principles for ESG management with the use of recognised third-party standards and guidance. The AFIP ESG Policy is intended to complement and be used alongside New Forests' Social and Environmental Management System (**"SEMS"**) and Responsible Investment ("**RI**") Policy, the AFIP SEMS Implementation Manual, and other applicable policies. Together these policies ensure no significant harm is done to the sustainable investment objective of the fund.

New Forests' RI framework also ensures that adverse impacts in Table 1 of Annex I (RTS), and relevant indicators in Tables 2 and 3 of Annex I (RTS), are taken into account in investment decisions for AFIP. This is done in two ways:

- **ESG Integration**: New Forests' SEMS requires New Forests to incorporate ESG risks and opportunities, into the lifecycle of the Fund, including acquisitions, risk assessments, ownership, management strategies, and exits. Adverse impacts and relevant indicators (as set out in the RTS) are used to determine the nature and extent of Sustainability Risk for the Fund's assets and potential investments;
- **ESG Measurement and Monitoring**: New Forests' Sustainable Landscape Investment ("**SLI**") framework defines sustainability indicators. These indicators are measured to ensure adverse impacts of any of these indicators are understood, managed and mitigated to support asset management, monitoring of investment performance and value creation. New Forests' SLI framework covers the principle adverse impact indicators outlined in Annex 1 of the RTS.

New Forests aims to adhere to best practice guidance from the following organisations and frameworks that connect New Forests to the global community in shared efforts to advance responsible business practices:

- OECD Guidance for Multinational Enterprises, including its guidance for Responsible Business Conduct for Institutional Investors;
- UN Guiding Principles on Business and Human Rights;
- UN Global Compact;
- International Labour Organization and its Core Standards, as applicable and where locally ratified;
- Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests;
- The membership requirements of the World Business Council for Sustainable Development, including seeking to include New Forests' investment portfolio within the associated management, target setting, and disclosure obligations; and
- UN Principles for Responsible Investment.

New Forests is a certified B Corporation and as such is legally required to consider the impact of their decisions on its workers, customers, suppliers, community, and the environment. More information about B Corporations can be found here.

3.4 Sustainable Investment Objective of the Financial Product

The investment objective of AFIP is to develop a diversified portfolio of sustainable commercial forest plantation assets in Sub-Saharan Africa and achieve a return for investors through capital appreciation as well as operating income from timber production. As part of optimising returns on investment, AFIP may also invest in downstream wood processing and/or supply chain efficiency.

AFIP will also have a significant focus on Impact Targets directed towards:

- Action on climate change;
- Protection and enhancement of biodiversity;
- Promoting gender and diversity initiatives; and
- Support for communities and rural livelihoods; in alignment with the Sustainable Development Goals.

3.5 Investment Strategy

AFIP plans to invest primarily in high-quality forestry assets in Sub-Saharan Africa for a variety of end markets, including timber and environmental products. This is expected to be achieved by acquiring, establishing, and sustainably managing these forestry assets. AFIP may also invest in timber processing and infrastructure facilities.

AFIP will seek to generate returns for investors through (a) the production of timber from forestry assets and (b) increasing the exit value of its portfolio assets through its approach to asset management, primarily focussed on improving the quality of the underlying forestry assets. As part of its investment strategy, AFIP may invest in in downstream wood processing and/or supply chain efficiency as well as develop and sell carbon credits derived from its portfolio assets for purchase by its limited partners or third parties.

The investment strategy is to focus on four key areas:

- Consolidation: to acquire majority positions in complimentary companies and assets to form the foundation of the portfolio;
- Restructuring: to support a value creation mind-set, enhance operating processes, implement analytical tools, improve governance structures, and emphasise ESG /climate strategy,
- Growth: to invest in capital expenditure within Investments to support growth in downstream wood processing and/or supply chain efficiency, and
- Enhanced Impact: to invest in conservation, rehabilitation, and community benefit projects aligned with the investment mandate and platform investment objectives. AFIP will have a significant focus on high ESG through the achievement of its Impact Targets, carried out by New Forests as part of its management of AFIP investments to generate impact directed towards the sustainable investment objectives of:
    - Action on climate change;
    - Protecting and enhancing biodiversity and nature;
    - Promoting gender and diversity initiatives; and
    - Support for communities and rural livelihoods.

New Forests will strive to meet the Fund Impact Targets in connection with the AFIP portfolio assets which have the potential to provide the following commercial benefits to AFIP:

- Social licence to operate;
- Operational capacity, efficiency and scale;
- Resilience and productivity of forests and land;
- Readiness for possible climate regulation and emerging markets; and
- Improved exit value.

As part of its investment strategy, AFIP is prohibited from investing in:

- Forced labour or child labour
- Production of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations or subject to internationally agreed phase-outs or bans as defined in global conventions and agreements such as certain:
    - Ozone depleting substances, Polychlorinated Biphenyls, hazardous chemicals, pharmaceuticals, pesticides/herbicides, and wastes
    - Endangered or protected wildlife or wildlife products
    - Unsustainable fishing methods such as blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 kilometres in length
- Destruction of High Conservation Value areas
- Production of, or trade in, arms (i.e., weapons, munitions, or nuclear products primarily designated for military purposes)
- Production of, use of, or trade in, unbonded asbestos fibres
- Production of, or trade in, radioactive materials

- Pornography and/or prostitution
- Racist and/or anti-democratic media
- Any businesses, if any of the following activities represents a substantial portion of such business:
    - Alcoholic beverages
    - Gambling, gaming casinos and equivalent enterprises
    - Tobacco or tobacco related product.

New Forests' policy to assess the good governance practices of AFIP investee companies is to assess all potential investments against key governance and business integrity requirements as set out in AFIP's SEMS framework. The due diligence process will include assessment of governance risks as relates to the ability to ensure ESG management after acquisition. This review process will ensure there is alignment with best practice for management structures, employee relations, remuneration of staff, tax compliance, and other relevant items.

More details of the investment strategy can be found in the section of the PPM "Investment Objective, Strategy, Focus and Limitations."

3.6 Proportion of Investments

Between 65%-100% of the fund is intended to be invested in sustainable forestry assets.

However, AFIP may invest up to 35% of the fund in infrastructure and processing businesses. It is intended, where possible, that investments in infrastructure and processing businesses will meet the definition of "sustainable investment" through their contribution to environmental or social objectives whilst not doing significant harm to any sustainable investment objective.

3.7 Monitoring of Sustainable Investment Objective

AFIP will be supported by New Forests' corporate sustainability framework, tailored ESG Policy, and a dedicated team of professionals committed to enhancing investment performance through SLI. New Forests' RI Policy outlines how New Forests will integrate ESG considerations into its investment management activities.

New Forests' SEMS was put in place to ensure good governance practices and compliance with the Fund's ESG Policy across its investments. New Forests' SEMS aims to systematically identify, manage, and report on E&S issues and potential impacts of New Forests' investments by:

- Establishing a consistent approach to environmental and social ("**E&S**") management across all investment activities;
- Monitoring performance and identifying areas for corrective action and opportunities to create shared value;
- Providing management controls to address corrective actions with a view to continual improvement in performance; and
- Providing management review and board-level oversight of the system.

New Forests' SEMS is framed around guidelines established in ISO 14001 *Environmental Management Systems*, a globally recognised standard for such systems. To guide this process and provide external verification at an operating level, New Forests uses third-party certification and standards systems in operating companies and investments to support E&S management, in accordance with the company's Certification and Standards Guidance. New Forests will manage AFIP under an ESG Policy, described further below, which is tailored to the ESG characteristics of forestry investments in Sub-Saharan Africa.

As part of its SEMS, New Forests will ensure compliance with E&S management obligations through its compliance program. This includes regular review of the Fund's E&S management and performance, and managing corrective actions as required. New Forests also reports on the E&S performance of its investments in a public Annual Sustainability Report using a standardised set of metrics that New Forests developed based on international standards and tailored to New Forests' SLI framework.

New Forests' SEMS and corporate sustainability programmes are managed by the Managing Director, Impact & Advocacy, who provides corporate oversight of E&S integration and sustainability programs. Within the AFIP team, there is also a dedicated E&S Associate Director role responsible for providing E&S oversight, support, and monitoring for operating companies and investments in the region. The E&S Associate Director is responsible for E&S risk assessment in investment screening and due diligence, direct operational implementation of Fund E&S policies, working with operating companies and property managers on forest certification, compliance with the AFIP ESG Policy, stakeholder engagement, and coordinating cross-asset opportunities for sustainability projects and conservation initiatives. Together, these individuals work with the portfolio management team to integrate E&S policies throughout the investment process and to drive performance improvements through E&S management.

3.8 Methodologies

For the sustainable investment objective of developing sustainable commercial forest plantation assets, New Forests will monitor the attainment of this objective through obtaining Independent Forest Certification, with a first preference being for Forest Stewardship Council (**"FSC"**) Forest Management certification. Other certification schemes may be used where New Forests determines it appropriate.

The SLI framework defines sustainability indicators and will be the primary method used by New Forests to monitor whether the Impact Targets contribute to the Sustainable Development Goals and therefore attain the sustainable investment objective.

3.9 Data Sources and Processing

The following data sources, collected at the asset-level, are used to attain the Fund's sustainable investment objective:

- Harvest reports (in relation to certified sustainable timber);
- Independent Forest Certification from third-party certification schemes; and
- SLI metric responses provided by third-party property managers and/or investee companies.

New Forests ensures data quality for the Fund by obtaining data directly from the third-party property managers and/or investee companies, as they are on-site and can verify the accuracy of the data. The data is reviewed and processed by New Forests' Operations and Sustainability teams. Data that requires further explanation is sent back to the property managers for confirmation before finalisation. Data is stored in New

Forests' secure data warehouse. New Forests aims to minimise estimated data by working directly with the third-party property managers and/or investee companies.

3.10 Limitations to Methodologies and Data

Some potential limitations related to the methodologies and data sources and processing described above are:

- During the acquisition stage, a lack of baseline ESG data; and
- During ownership, reliance on third-party property managers for relevant data.

However, these limitations do not affect the attainment of the sustainable investment objective of the Fund because New Forests has robust management controls that identify when there may be risks to attaining the sustainable investment objective.

To address limitations around lack of readily available ESG data during due diligence, New Forests may review similar assets or utilise its previous experience in the region in the initial acquisitions stage. During later due diligence, New Forests contracts experienced consultants to provide additional ESG information.

To address the reliance on third-party property managers and/or investee companies for data during ownership, New Forests is currently streamlining its data collection process to make reporting more straightforward and limit the potential data errors.

3.11 Due Diligence

New Forests carries out due diligence both during the acquisition and throughout ownership of an asset.

As part of acquiring an asset, due diligence process includes a detailed ESG risk assessment to determine whether proposed investments meet required ESG thresholds, which are established through New Forests' risk appetite statement as set by its board of directors and also through the governing and legal documents of the Fund.

For AFIP, New Forests' due diligence activities comprise:

- Risk categorisation;
- E&S due diligence including site visits;
- Land tenure;
- Governance and business integrity due diligence;
- Environmental and Social Action Plan (**"ESAP"**) and model budgets; and
- Summary of due diligence conclusions for the Investment Committee.

The E&S due diligence comprises internal due diligence to assess operations against AFIP's Reference Framework; an assessment of opportunities for delivering on the Impact Targets; site visits to assess the company's commitment, capacity, and track record for environmental and social management; a risk assessment; and a legal and compliance assessment.

An external due diligence assessment is also carried out which includes, amongst others, additional assessments of climate risk, desktop analysis, management consultations, site visits, stakeholder consultations, assessment of reporting and an assessment of indicative ESAP development.

New Forests does not tolerate high levels of risk in the following ESG areas: deforestation, destruction of High Conservation Values, biodiversity and nature loss, adverse land use change, modern slavery, child labour, or the physical or economic displacement of local communities. If one of these ESG risks is identified in a target asset, New Forests will assess if it can be reversed and/or remedied through active management; if not, New Forests may choose not to invest.

3.12 Engagement Policies

The New Forests' Operations team is in regular contact with the asset-level management teams and supports the development of management strategies. The Fund will engage with investee companies and/or third-party property managers to ensure the sustainability objectives are met. This is achieved through:

- Ensuring all investments, as well as third-party providers directly engaged as part of or by AFIP employ sufficient and suitably qualified and trained staff and contractors to ensure the requirements of the AFIP SEMS Declaration Document are met.
- Ensuring the company aligns approach to ESG aligns with the AFIP Reference Framework and that organizational capacity, training programs, policies and procedures are suitably robust for effective implementation.
- Conducting annual audits for portfolio companies which inform the refinement of the respective ESAPs for each company.
- Ensuring all investments have in place comprehensive ESAP and that ESG management is continuously improving.
- Working with portfolio companies to ensure actions are taken to address Corrective Actions Requests made as a result of FSC audits.
- Contractually obliging third parties directly engaged by AFIP to achieve the policies articulated in the AFIP SEMS Declaration Document.
- Supporting the integration of the SLI framework at the investment level by identifying and setting appropriate ESG and impact metric targets for each investment and reviewing performance using the SLI framework.
- Providing guidance to third-party providers or other responsible parties directly engaged by AFIP regarding how New Forests will assess whether the policies have been met.
- Providing support as necessary to AFIP and its investments to fulfil their certification objectives.

3.13 Attainment of Sustainable Investment Objective

No index has been designated as a reference benchmark.

The attainment of the sustainable investment objective is ensured through monitoring the metrics set out under the "Methodologies" section above.

NEWFORESTS

4. Australia New Zealand Landscapes and Forestry Fund (ANZLAFF)

4.1 Background

This disclosure serves as the sustainability-related website disclosure for New Forests Australia New Zealand Landscapes and Forestry Fund ("ANZLAFF" or the "Fund")., as required by Article 10 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (known as the Sustainable Finance Disclosure Regulation or "**SFDR**") and the associated Regulatory Technical Standards Chapter IV ("**RTS**").

Terms not otherwise defined herein shall have the meaning assigned to them in the Fund's Private Placement Memorandum (the "**PPM**").

The Fund has sustainable investment as its objective and has been classified as an Article 9 financial product for the purposes of SFDR.

4.2 Summary

New Forests is establishing ANZLAFF to provide institutional investors with exposure to sustainable plantation forestry, and adjacent asset classes in Australia and New Zealand and therefore benefit the investors from the attractive fundamentals of the asset class in this region.

The Fund will seek to generate returns by actively participating in the value chain of forestry and related rural land uses, and the synergistic integration of the underlying land, agriculture and timber processing returns. The Fund is expected to add value and diversification to the portfolio with primary end market exposures to:

1. **Plantation grown primary timber products** sold to domestic and international markets (e.g. sawlog, wood chips).
2. **Secondary/processed timber products** via ownership or influence of processing facilities (e.g. sawn timber, engineered wood products, bioenergy, etc).
3. **Carbon sequestration credits** (and other "eco products") from forest and soil carbon projects sold to domestically regulated and voluntary markets.
4. **Rural land** and limited agricultural activities.

Forestry investments made by the Fund are expected to include greenfield and established plantations on freehold and leasehold land. The Fund may also invest in limited downstream timber processing, designed to secure market access and/or reduce market volatility. In optimising the highest and best use of land, the Fund will also seek to generate income from related rural land uses, including primary agricultural commodities, wind, solar, and biomass energy and conservation covenants.

ANZLAFF will seek to generate attractive risk-adjusted returns given the above trends through investment in the following specific asset types:

1. **Established and greenfield plantation forests** on freehold and leasehold/license land growing primary forest products. Revenues through timber sales, and capital appreciation through biological

growth, underpin returns for these assets. Long-term offtake and spot pricing from timber and carbon will both form part of the strategy for these assets.

2. **Carbon heavy assets:** as a subset of the above, all greenfields, and most mature forests, have potential to generate returns from regulated and voluntary carbon markets. This is being recognised more widely, and thus requires specific consideration for certain assets.
3. **Freehold rural land** (plus land leasing) with value driven by the dynamics and demand for forestry and agricultural commodities. Assets in this category often include ancillary revenue streams from water rights, wind and solar energy.
4. **Timber processing or infrastructure assets** that form part of the value chain linked to value maximisation from plantation forests (and agricultural assets where strategic).

New Forests' Responsible Investment ("**RI**") approach is outlined in the New Forests RI Policy[4] and New Forests' Social and Environmental Management System ("**SEMS**"), which is framed around guidelines established in International Organization for Standardization ("**ISO**") 14001 Environmental Management Systems, a globally recognized standard for such systems.

New Forests also uses third-party standards and certification (such as Forest Stewardship Council®[5] ("**FSC**"), ISO, and Occupational, Health, and Safety standards, as relevant) in operating companies and assets to support environmental, social, and governance ("**ESG**") management. New Forests will manage ANZLAFF under its SEMS Declaration Document, described further below, which is tailored to the ESG characteristics of the ANZLAFF Fund strategy and forestry investments in Australia and New Zealand.

4.3 No Significant Harm to the Sustainable Investment Objective

As the Fund is focused on sustainable forestry and land use, its activities are generally at low risk of causing significant harm to any of the sustainable investment objectives. In addition, the fund Mandate, along with New Forests' comprehensive and robust RI framework, which includes the RI Policy, the group-level SEMS, and the Fund-level SEMS Declaration Document, ensures that the Fund does not invest in economic activities which significantly harm any sustainable investment objectives. As outlined in New Forests' RI Policy, the company seeks to align with best practice guidance from the following organisations and frameworks:

- OECD Guidance for Multinational Enterprises, including its guidance for Responsible Business Conduct for Institutional Investors;
- United Nations ("UN") Guiding Principles on Business and Human Rights;
- UN Global Compact;
- International Labour Organization and its Core Standards, as applicable and where locally ratified;
- Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries, and Forests;

[4] Available at https://newforests.com.au/wp-content/uploads/2015/03/RIPolicy.pdf

[5] New Forests holds non-certification trademark license N002114. FSC is not responsible for and does not endorse any financial claims on returns or investments.

- The membership requirements of the World Business Council for Sustainable Development, including seeking to include New Forests' investment portfolio within the associated management, target setting, and disclosure obligations; and
- UN Principles for Responsible Investment.

New Forests' RI framework also ensures that adverse impacts in Table 1 of Annex I (RTS), and relevant indicators in Tables 2 and 3 of Annex I (RTS), are taken into account in investment processes and decision making for the Fund. This is done in two ways:

1. ESG Integration: New Forests' SEMS requires the Fund to incorporate ESG risks and opportunities, into the lifecycle of the Fund, including acquisitions, risk assessments, ownership, management strategies, and exits. Adverse impacts and relevant indicators (as set out in the RTS) are used to determine the nature and extent of sustainability risk associated with the Fund's assets and potential investments.
2. ESG Measurement and Monitoring: New Forests also has a Sustainable Landscape Investment (SLI) framework that defines sustainability indicators. These indicators are measured to ensure adverse impacts of any of these indicators are understood, managed and mitigated to support asset management, monitoring of investment ESG performance and value creation. New Forests' SLI framework covers the principle adverse indicators outlined in Annex 1 of the RTS.

Furthermore, New Forests is a certified B Corporation and as such is legally required to consider the impact of its decisions on its workers, customers, suppliers, community, and the environment. More information about B Corporations can be found here.

4.4 Sustainable Investment Objective of the Financial Product

The ANZLAFF's sustainable investment objective is primarily to invest in a diversified portfolio of sustainable forestry or agricultural land and associated processing and infrastructure assets whilst contributing to the following impact objectives:

1. Climate: deliver climate change adaptation through net sequestration
2. Conservation: increase protected and restored area
3. Shared prosperity: increase local community benefits
4. Bioeconomy: contribute sustainably produced food and fibre to the bioeconomy including increased circularity

ANZLAFF may also invest in renewable energy, carbon credits and other environmental markets. These activities, while not necessarily directly linked to the primary sustainable investment objective, will contribute to the following secondary sustainable investment objectives: increasing natural climate solutions by reducing carbon emissions and increasing carbon stored in timber and soil; enhancing land and biodiversity conservation; improving rural and regional sustainable economic development.

The Fund will primarily contribute to environmental objective (a) climate change mitigation, as identified under Article 9 of the Regulation (EU) 2020/852 (the "**Taxonomy Regulation**"). To achieve this sustainable investment objective, the Fund will seek to invest in:

1. established greenfield plantation forests on freehold and leasehold/license land growing primary forest products;

2. carbon heavy assets (as a subset of the above, as greenfields have potential to generate returns from carbon markets);
3. freehold rural land with value driven by forestry and agricultural commodities (as well as ancillary revenue streams from water rights, wind, and solar energy); and
4. timber processing or infrastructure assets that form part of the value chain linked to value maximisation from plantation forests.

However, actions to achieve climate change mitigation will also enhance co-benefits such as wildlife habitat and biodiversity, provide third party certified sustainable timber production, and support regional economies including through local processing of timber and production of timber products. As such, the Fund may also contribute to environmental objective (f) the protection and restoration of biodiversity and ecosystems and (d) the transition to a circular economy, as defined under the Taxonomy Regulation.

4.5 Investment Strategy

The investment strategy of the Fund is to target delivery of appropriate risk-adjusted financial returns for its investors from a diversified portfolio of Australian and New Zealand base assets focused on core plantation forestry, as well as limited agriculture and processing assets. In order to achieve the sustainable investment objective, ANZLAFF will integrate climate risk management into annual asset strategic planning

Policy to assess good governance practices

New Forests anticipates that most assets will be acquired as simple interests in forests and land. However, for acquisition of part or all of an operating company with forestry assets and operations, the due diligence process will include assessment of governance risks as they relate to the ability to ensure ESG management after acquisition using the SEMS Investments Guidance. The due diligence process will also align with governance standards as outlined in the New Zealand Principles and Guidelines and/or ASX Corporate Governance Principles and Recommendations.

This review process is designed to ensure there is alignment with best practice for management structures, employee relations, remuneration of staff, tax compliance, and other relevant items. New Forests' Risk Appetite Statement also includes risk thresholds for governance-related risks.

4.6 Proportion of Investments

ANZLAFF is not permitted to make an investment that would be reasonably likely to cause more than 20% of the capital committed to (a) be invested in processing or infrastructure; or (b) agricultural activities. Therefore, ANZLAFF will allocate, as a minimum, at least 60% of its capital to forestry assets which are environmental, taxonomy-aligned assets.

The maximum 20% of assets in processing or infrastructure will classify as either an environmental (Other) or social investment.

A maximum 20% of assets may be invested in agriculture and may be classified as “Not Sustainable” at a point during the lifecycle of such investments.

To confirm, 100% of ANZLAFF assets will be sustainable investments with an environmental objective.

4.7 Monitoring of the Sustainable Investment Objective

The sustainable investment objective and the sustainability indicators are monitored throughout the lifecycle of the Fund through New Forests' RI framework and related management processes, as outlined throughout this disclosure.

New Forests' SEMS forms the basis for measuring the attainment of the sustainable investment objective in New Forests' funds and client investments. The SEMS guides the systematic identification, management, and reporting of sustainability issues (both environmental and social ("**E&S**") and potential impacts of investments managed by New Forests by:

- Establishing a consistent approach to E&S management across all investment activities;
- Ensuring active management and monitoring of E&S related issues;
- Monitoring E&S performance and identifying areas for corrective action and opportunities to create shared value;
- Providing management controls to optimize taking of corrective actions and continual improvement in performance; and
- Periodic management review and board-level oversight of the system.

The fund-level SEMS Declaration Document also includes ESG-related roles and responsibilities, an ESG Policy, reporting requirements, and continual improvement processes. The ANZLAFF SEMS Declaration Document is intended to complement and be used alongside New Forests' SEMS, RI Policy, and other applicable policies. As described above, New Forests has an SLI framework that defines key sustainability indicators.

New Forests' Operations and Sustainability teams are primarily responsible for monitoring the sustainable investment objective and the sustainability indicators via quarterly and annual reporting. Relevant internal control mechanisms are the New Forests' group-level Investments Committee, Risk and Compliance Committee and biennial SEMS Management Review; the ANZLAFF fund-level Management Committee, Operations Committee; and the regular ANAZLAFF Fund reporting to clients. Similarly, relevant external control mechanisms are regular third-party certification audits and New Forests' requirements under various membership organisations, for example, the World Business Council for Sustainable Development.

4.8 Methodologies

To measure the attainment of the overall sustainable investment objective of the Fund, the following sustainability indicators will be used for each of the environmental objectives of the Fund:

- **Climate**: the Manager will primarily measure carbon storage and sequestration to monitor progress towards attainment of this sustainable investment objective. The Manager will measure other climate related indicators, as relevant.
- **Conservation:** the Manager will primarily measure hectares of (a) areas protected and (b) areas restored to monitor progress towards attainment of this sustainable investment objective. The Manager will measure other conservation related indicators including those for biodiversity, as relevant.
- **Shared prosperity:** the Manager will primarily measure the scale of local community benefits through (a) net direct employee hires (FTE) and (b) percentage of female employees to monitor progress towards

attainment of this sustainable investment objective. The Manager will measure other related social indicators, as relevant.

- **Certified Sustainable Timber:** the Manager will seek to utilize third-party certification standards with robust conservation and biodiversity requirements (i.e., FSC® and SFI) to ensure that timber produced is Certified Sustainable Timber. The Manager will also measure harvest volumes and sustainability indicators, as relevant.

4.9 Data Sources and Processing

The following data sources, collected at the asset-level, are used to attain the Fund's sustainable investment objective:

- *Climate change mitigation*: GHG emissions and removals inventory reporting, TCFD-aligned strategic planning, carbon sequestration modelling as part of the overall Fund model, SLI metric responses from third-party property managers and/or investee companies, and requirements of the carbon offset standard(s), as relevant.
- *Protection and Restoration of Biodiversity*: third-party property managers and/or investee companies via the SLI framework.
- *Certified Sustainable Timber* -- harvest reports and SLI metric responses provided by third-party property managers and/or investee companies.

New Forests ensures data quality for the Fund by obtaining data directly from the third-party property managers and/or investee companies, as they are on-site and can verify the accuracy of the data. The data is reviewed and processed by New Forests' Operations and Sustainability teams. Data that requires further explanation is sent back to the property managers for confirmation before finalisation. Data is stored in New Forests' secure data warehouse. New Forests aims to minimise estimated data by working directly with the third-party property managers and/or investee companies.

4.10 Limitations to Methodologies and Data

Some potential limitations related to the methodologies and data sources and processing described above are:

- During the acquisition stage, a lack of baseline ESG data.
- During ownership, reliance on third-party property managers for relevant data.

However, these limitations do not affect the attainment of the sustainable investment objective of the Fund because New Forests has robust management controls that identify when there may be risks to attaining the sustainable investment objective.

To address limitations around lack of readily available ESG data during due diligence, New Forests may review similar assets or utilise its previous experience in the region in the initial acquisitions stage. During later due diligence, New Forests contracts experienced consultants to provide additional ESG information.

To address the reliance on third-party property managers and/or investee companies for data during ownership, New Forests is currently streamlining its data collection process to make reporting more straightforward and limit the potential data errors.

4.11 Due Diligence

New Forests carries out due diligence both during the acquisition and throughout ownership of an asset.

At acquisition

As part of acquiring an asset, the due diligence process includes a detailed ESG risk assessment to determine whether proposed investments meet required ESG thresholds, which are established through New Forests' Risk Appetite Statement and through the governing and legal documents of the Fund.

New Forests does not tolerate high levels of risk in the following ESG areas: deforestation, destruction of High Conservation Values, biodiversity and nature loss, adverse land use change, modern slavery, child labour, or the physical or economic displacement of local communities. If one of these ESG risks is identified in a target asset, New Forests will assess if it can be reversed and/or remedied through active management; if not, New Forests may choose not to invest.

In order to achieve the sustainable investment objective, theANZLAFF Fund SEMS Declaration Document requires that during due diligence, a climate risk assessment be undertaken of all prospective assets to identify any associated climate risks and/or opportunities. Should a climate risk be identified that is not in alignment with New Forests' Risk Appetite Statement, the asset may not be acquired. Additionally, the Fund's due diligence requirements includes assessments of current and potential future carbon stocks; conservation and restoration area; Rare, Threatened, and Endangered species present or adjacent to the asset; and current third-party certification status and certified harvest volumes.

During Ownership

During the ownership of the assets, New Forests assesses the sustainability characteristics through the Annual Strategic Planning Process, which include a TCFD-aligned climate risk assessment.

In addition, as part of the SEMS, New Forests conducts an annual internal audit (the SEMS Management Review) of E&S management and performance in New Forests' investment programs, communicates any corrective actions needed to the portfolio managers, and provides recommendations for continual improvement.

The SEMS also outlines standard ESG reporting requirements which includes ANZLAFF quarterly investor reports and annual investment reports, and New Forests' annual Sustainability Report.

As noted above, ANZLAFF also has a fund-level SEMS Declaration Document. This Document ensures that environmental issues are managed across all investment activities, monitor performance, address corrective actions, and complete management reviews of environmental activities.

4.12 Engagement Policies

The Fund will engage with investee companies and/or third-party property managers to ensure the sustainability objectives are met.

New Forests' Operations team is in regular contact with the asset-level management teams or property managers and supports the development of management strategies. Ongoing engagement is also supported by the ANZLAFF Fund Management Committee, which is comprised of New Forests staff and asset management representatives. The Committee meets quarterly to discuss material risks and opportunities, including those related to ESG and is responsible for approving variances to SEMS obligations or processes for assets under management.

During ownership, all the ANZLAFF Fund assets are required to comply with New Forests RI framework including the RI Policy, the group-level SEMS and the Fund-level SEMS Declaration Document. Requirements include:

- Being certified under a sustainable forestry management standard (i.e., FSC® or SFI).
- A climate risk assessment as part of the Annual Strategic Planning process.
- Annual tracking of climate change mitigation, wildlife habitat and biodiversity, and certified timber through the SLI framework.

If the ANZLAFF Fund pursues carbon offset project development, the associated assets will align with the Carbon Policy in the SEMS and the requirements of the carbon standard pursued.

Should an asset or the ANZLAFF Fund not be in compliance with any of the requirements related to Fund documents, including sustainability related requirements, then New Forests, as manager of the Fund, will review actions that need to be taken to achieve compliance through its governance frameworks for the Fund. The sustainable investment objective of the Fund is implemented and reviewed on a regular basis by New Forests as part of its governance framework for management of the Fund.

4.13 Attainment of the Sustainable Investment Objective

No index has been designated as a reference benchmark.

The attainment of the sustainable investment objective is ensured through monitoring the metrics set out under the “Methodologies” section above.