UB Timberland Fund AIF

Responsible Investment Report 2024

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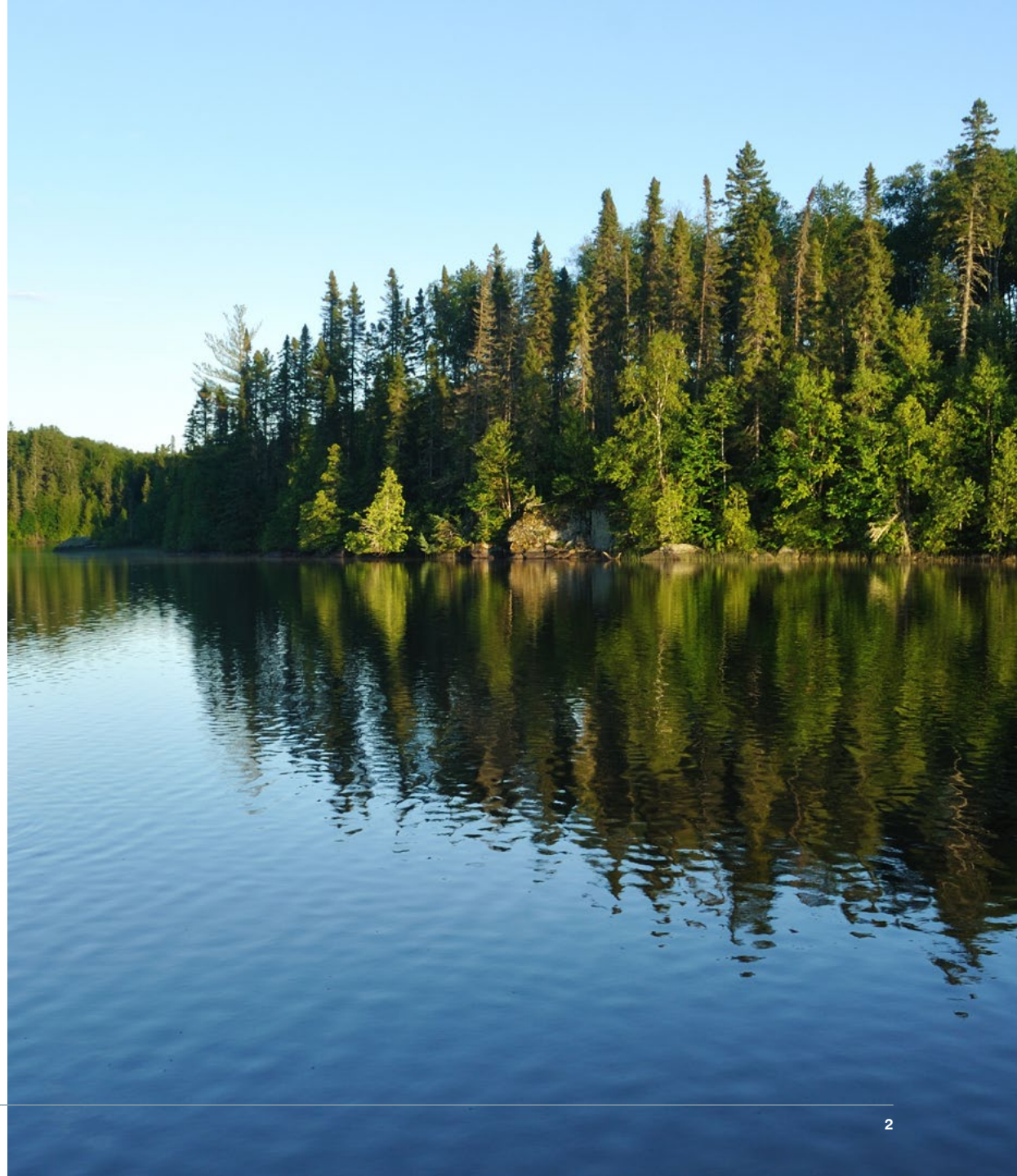


Sustainable forest management and climate action form the core of UB Timberland Fund's activities

The UB Timberland Fund (AIF) managed by UB Fund Management Company Ltd invests in Finnish forest properties. The goal of the investment activities is to increase the value of assets in the long term. The fund is intended for investors who want to invest in Finnish forest properties and seek a steady return through logging income and the increase in the value of the growing stock.

In forestry, the main sustainability criteria are the sustainable management of commercial forests, water protection and the protection and promotion of biodiversity in both commercial and natural forests. The UB Timberland Fund wants to lead the way in responsible forest management. These measures also aim to effectively manage sustainability risks, as the changes in forests brought about by climate change, for example, are directly linked to the planning and implementation of practical forest management measures.

Economic sustainability is ensured on the fund's lands by keeping forests vibrant and productive. Forest management is based on systematic planning, which ensures that the management measures are carried out in a timely manner. The fund's forest management combines the requirements of the FSC® (FSC-C109750) and PEFC™ certificates* with a strong climate focus, which is centred on the development of forest carbon sinks over the long term. Logging is carried out in the forests in a sustainable way so that the value of the growing stock does not decline in the long term. For example, in FSC-certified forests, this means that logging volumes never exceed the logging plans calculated for every ten-year period. Forest growth can also be enhanced with fertilisers in suitable sites.

The fund's forest management combines the requirements of the FSC and PEFC certificates with a strong climate focus, which is centred on the development of forest carbon sinks over the long term

UB TIMBERLAND FUND – KEY SUSTAINABILITY FIGURES	
Forest properties in Finland, ha	97,797
Ha change compared to previous year, %	0.6
FSC-certified, % of properties	83 (80,789 ha)
PEFC-certified, % of properties	100 (97,797 ha)
Protected forest, ha	6,534
Private conservation areas, ha	623
Forest carbon storage, $MtCO_2$	84.8
Annual carbon sink, tCO_2/ha/year	1.8
Carbon sink in 2024 about 147,626 tCO_2 (carbon balance taking into account soil carbon sequestration, forest growth and actual logging)	

*There are two major international certification schemes: FSC and PEFC. FSC is a system used by environmental and conservation organisations. PEFC is a scheme supported by forest owners' organisations and the forest industry. While there are no significant differences in the criteria used by the two schemes, FSC places a slightly greater emphasis on the environment and its protection. According to the Finnish Forest Centre, around 83% of Finland's forests are PEFC-certified and around 12% are FSC-certified.

Portfolio Manager's comments

Demand for many key products in the Finnish forest industry recovered in 2024. Although the general mood of the economy remains downbeat and domestic demand has remained subdued, there are already slight signs of recovery in some of the forest industry's key export markets. The extensive destocking by buyers that hit the forest industry last year has also been overcome, which helped to support demand for products compared to the reference period. Activity in the Finnish timber market in particular has remained buoyant and there has been good demand for all types of timber.

In 2024, the price level of forest properties rose by 1.3% compared to the previous year, according to the Forest Investment Finland's Market Price Index (MPI). The rise in price levels is partly explained by higher timber prices. Lower interest rates, on the other hand, make forest investment more attractive, especially for institutional investors. Timberland investors benefited from the good risk-return ratio and inflation protection offered by forests. In the long term the most sustainable sources of return for timberland investors are the growth and the increase in value of the growing stock. Additional revenue will be generated in the future, for example from land leases with wind power companies. The fund has signed a number of agreements with such companies in recent years.

Competition for roundwood is expected to remain fierce in the Finnish timber market in 2025, and timber prices are expected to remain above the long-term average. This trend supports the outlook for

timberland investors again this year. There are signs of a turnaround in the forest property market, with professional investors increasing their purchases as expected real returns on acquisitions have risen to attractive levels. Impact investing is becoming increasingly important in timberland investment and this is also expected to increase the demand for forest properties in the future, especially among institutional investors.

The fund is classified as making sustainable investments (Article 9 of the SFDR) and its investments meet the criteria of the EU taxonomy on climate change mitigation and sustainable forestry. The fund reports annually in accordance with the reporting obligations of the EU's Sustainable Finance Disclosure Regulation (SFDR). Responsibility reporting provides information on, among other things, the development of the carbon balance and carbon sink of the fund's forests. In 2024, the fund's forests were significant carbon sinks. The carbon balance can vary from year to year depending on how logging is completed during each calendar year. The fund's long-term logging plan is based on sustainability factors, whereby above-average logging in some years mean to below-average logging in others, and thus higher carbon sinks.

The carbon sequestration potential of forests is directly related to the age and development class structure of the forests. Young forests are efficient carbon sinks because their absolute biomass growth is at its highest during this stage. As trees mature, their growth slows down, and carbon sequestration decreases rapidly until the forest potentially eventually becomes a source of emissions due to decay. Old, mature forests are important carbon reservoirs, as significant amounts of carbon have been stored in the biomass and soil over a long rotation period. However, their future potential as carbon sinks has largely been utilised. Due to the natural development of forests, carbon sinks cannot be increased indefinitely. Eventually, regeneration of forests will result in a higher carbon sink in the long run than prolonging the growth of the current tree generation.

From the point of view of climate change mitigation, it is more important that actions are climate-resilient in the long term than their impact in a given year. A long-term climate impact analysis was carried out for the fund in line with the requirements of EU taxonomy, and it showed that the management practices adopted for the fund's forests, including the high level of FSC certification in the fund's forests, result in more positive climate impacts than average. Long-term scenario calculations will provide a good reference for future annually calculated carbon balances.

Kari Kangas
Portfolio Manager, UB Timberland Fund

The climate impacts of the UB Timberland fund are monitored through annual carbon balance calculations and long-term carbon modelling.
Forest management is planned and executed strategically to ensure the long-term development of forest carbon sinks. Wood as a raw material can also replace fossil materials and energy, which contributes to the green transition.

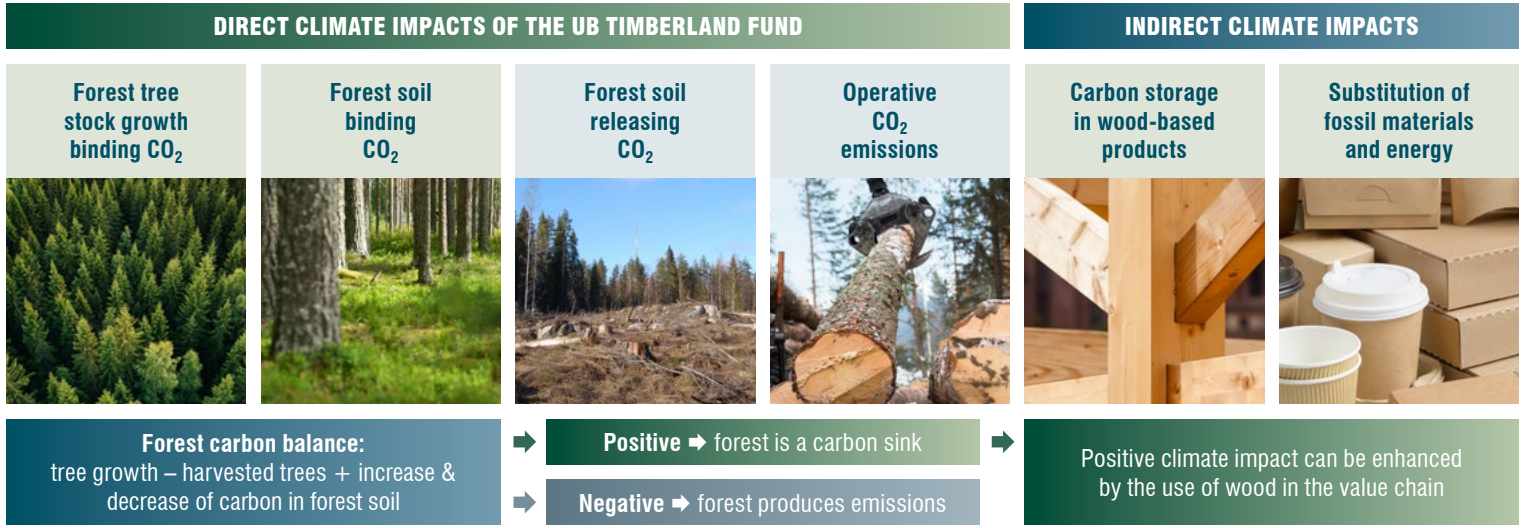
Fund's forests are a major carbon sink

The goal of the UB Timberland Fund is to mitigate climate change through sustainable forestry. The fund's forest management aims to ensure that its forests act as carbon sinks. The fund's carbon impact is monitored through annual carbon balance calculations. In addition, the fund uses long-term modelling to plan forest management and the carbon balance.

DIRECT AND INDIRECT CLIMATE IMPACTS

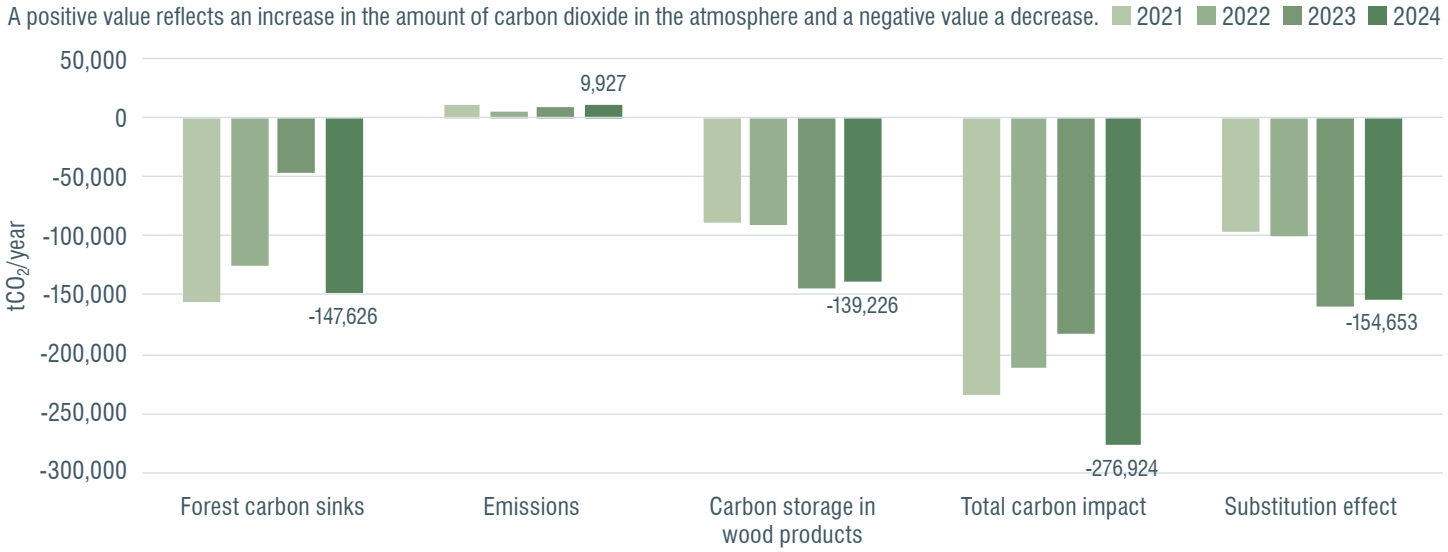
Forests that act as carbon sinks are the foundation of the sustainable timber use value chain. The assessment of the fund's climate impacts takes into account both the forest carbon sinks and the climate impact of using timber harvested from forests. The calculations take into account the annual growth of the tree stock, the logging and forest management measures carried out during the year, as well as, on the other hand, the emissions from logging, transport and manufacturing. The calculation also provides a separate description of the estimated substitution effects of the end products. The source information for the calculations consisted of the forest asset data of the forest properties owned by the fund at the end of 2024, and on logging and forest management measures carried out.

More detailed information on the calculation methods is available at unitedbankers.fi.

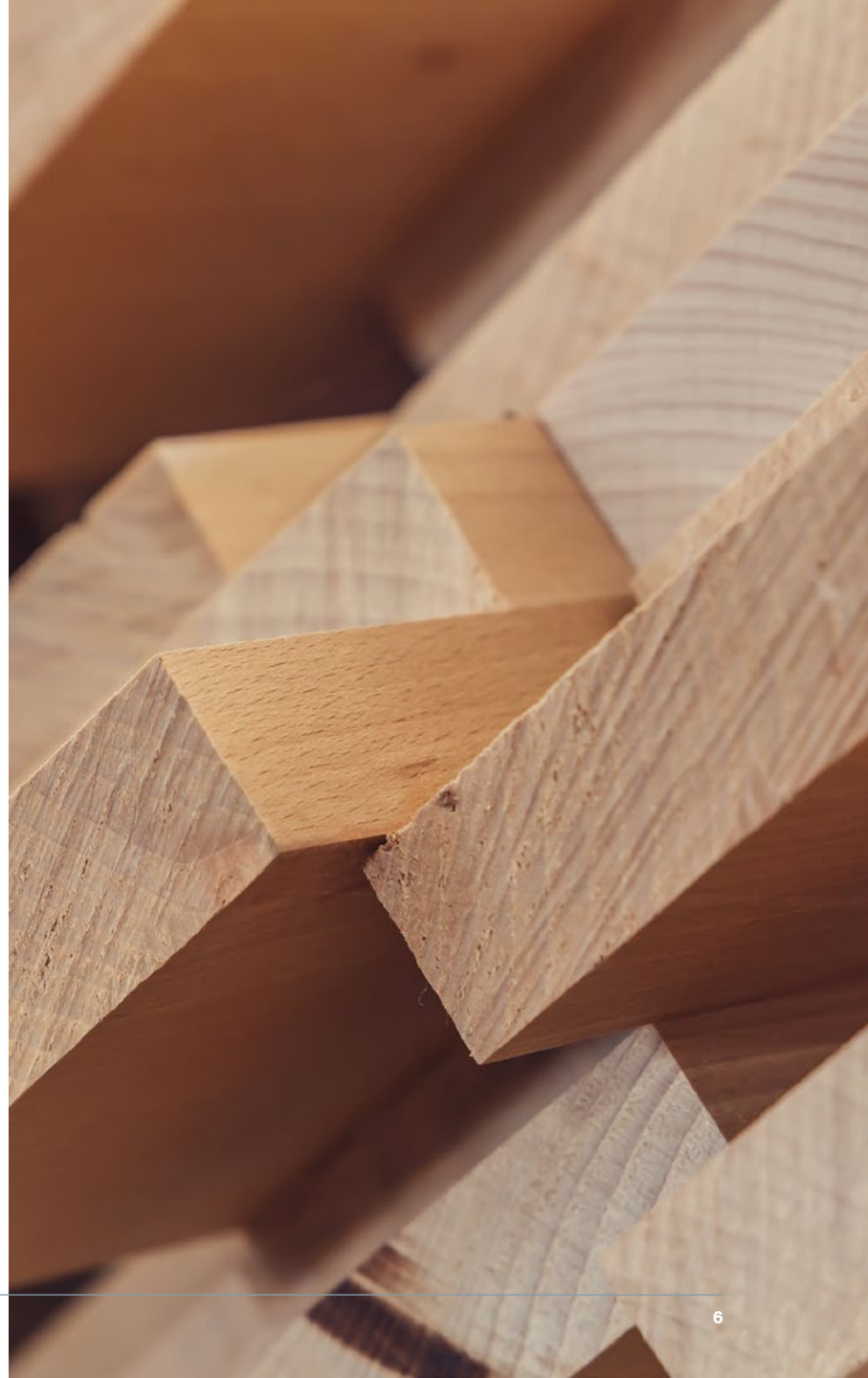


Annual direct and indirect climate impacts of UB Timberland Fund (tCO_2/year)

A positive value reflects an increase in the amount of carbon dioxide in the atmosphere and a negative value a decrease.



	2022	2023	2024
Forest carbon storage contains carbon stored in trees and forest soil	61.4 $MtCO_2$ including a total of 69,754 ha of forest land in Finland	68.8 $MtCO_2$ including a total of 79,324 ha of forest land in Finland	84.8 $MtCO_2$ including a total of 98,355 ha of forest land in Finland
Average annual forest carbon sink after annual logging residues. Includes carbon sinks of both tree stocks and soil	2.1 tCO_2/ha/year	0.7 tCO_2/ha/year	1.8 tCO_2/ha/year
Average annual carbon impact including the carbon sink of the forest and the carbon stored in wood products, and taking into account emissions from logging, timber transport and manufacturing of wood products	3.6 tCO_2/ha/year	2.7 tCO_2/ha/year	3.4 tCO_2/ha/year
Carbon footprint (scope 1-3) carbon emissions	4,861 t/CO_2/year	8,402 t/CO_2/year	9,927 t/CO_2e/year
Carbon intensity amount of carbon emissions in relation to turnover	153 t/CO_2e/MEUR turnover	162 t/CO_2e/MEUR turnover	748 t/CO_2e/MEUR turnover (excluding valuation)



The results for 2024 show that the forests of the UB Timberland Fund are a significant carbon storage; the carbon storage of forest assets owned at the beginning of 2024 totalled around 84.8 million tCO_2 (2023: 68.8 million tCO_2) at the end of the year. Of this, about 13% was bound in the biomass of the growing stock and the rest in the soil. When carbon sequestration by the soil, forest growth and logging volumes are taken into account, the forest carbon balance in 2024 was about 147,626 tCO_2 (2023: 47,533 tCO_2). In addition, the total annual carbon impact of carbon stored in wood products and the emissions from logging, transport and forest management was about 276,924 tCO_2 (2023: 183,184 tCO_2). This is equivalent to the average annual carbon footprint of around 25,800 people living in Finland (average 10.3 tCO_2 per capita, Sitra 2019). The results show that the forests acted as carbon sinks, and they show an increase in the carbon sink of the fund's forests in 2024 compared to the previous year. The completion of logging in each calendar year is reflected in the variation of the carbon balance between individual years. The fund's long-term logging plan has been drawn up taking into account sustainability factors. Therefore above-average logging in some years means below-average logging in others, and thus higher carbon sinks.

The substitution effects of manufactured products were also assessed in the carbon balance calculation. The substitution effect illustrates the carbon dioxide emissions that are potentially avoided by replacing fossil-intensive products with wood. When the use of wood-based end-products and bioenergy are taken into account, the substitution effect calculated using the roundwood assortment removals of logging carried out by the fund in 2024 was about 154,653 tCO_2 (2023: 159,457 tCO_2). As the method differs from the forest carbon balance calculation, the substitution effect is presented here separately and is not included in the total carbon impact. However, the positive climate impacts of the forests owned by the fund increase even further when the substitution effect is taken into account.

LONG-TERM EVOLUTION OF CARBON SINKS

A modelling of the long-term evolution of carbon sinks was carried out for the fund. The results show that the fund's forest management enables long-term carbon sink growth and leads to a higher growth than average conventional forest management methods. The review compared the fund's forest management and its impact on the long-term evolution of carbon sinks with the average in conventional forest management in Finland. The above-average positive climate impacts of the fund's forest management include a higher-than-average FSC certification rate (70% in the fund, compared to an average of around 10% in Finnish forests), timing of logging, promotion of continuous cover growth on lush peatlands and the use of growth-enhancing and ash fertilisation. The long-term carbon balance calculation is used in the planning of the fund's forest management as a reference level for annual calculations by monitoring the change in climate impacts in relation to projections.

Certification is a sign of high-quality forest management

All the forest properties owned by the UB Timberland Fund, totalling 97,797 he, are PEFC™-certified. Additionally, some 82% of them are FSC®-certified (FSC-C109750). Certification is an important tool for sustainable forestry as it is a way of demonstrating that the forest management is economically, socially and ecologically sustainable. The sustainability of the activities is regularly reviewed when the certificates are audited. Today, sustainable forest management is also a condition for access to the timber market. It brings predictability to the activities and makes the commercial use of forests acceptable.

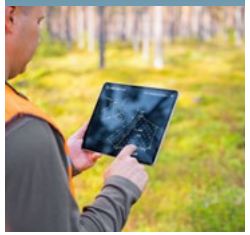
An independent audit with site visits ensures that the fund's forest management fulfils the criteria for FSC certification. In 2024, the fund was audited by the FSC. The audit did not reveal any non-conformities in terms of the forest owner.

A significant proportion of forest is set aside for conservation (FSC 5-10%)

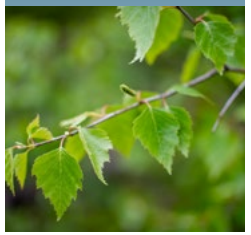
Protection of high conservation value areas (HCV)

Long term forest management planning

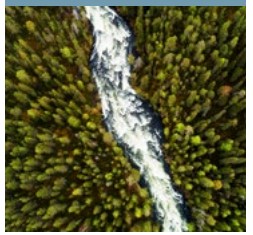
Sustainability criteria for harvest timing (rotation) and methods



Ecosystem-specific criteria for nature management in commercial forests



Buffer zones to safeguard water quality and aquatic biodiversity in surface waters



Forest management certifications confirm that forest management is ecologically, socially, and economically sustainable. The certification criteria are designed to safeguard the specific biodiversity characteristics of each soil and forest type. Certification criteria for biodiversity management and conservation are more stringent and complementary to local regulations. FSC® and/or PEFC™ forest management certification will be carried out for previously uncertified forest properties.

Conserving biodiversity is part of productive forest management

Conservation of biodiversity and the ecological sustainability of forests are an essential part of the fund's activities. To ensure ecological sustainability, the forest management activities in the forests owned by the UB Timberland Fund are planned and implemented with due regard for the natural assets of the environment. In logging, this means that permanent retention trees and any dead or decaying trees are left in the logging site. In the forests owned by the fund, the aim is to leave logging residues in the forest to increase the carbon sinks and provide nutrients for new growth. Controlled burning in accordance with FSC certification requirements also increases biodiversity by providing habitats for organisms that thrive in burnt forests. Controlled burning also increases the amount of nutrients in the forest, contributing to tree growth and carbon sequestration from the atmosphere. In addition to certification, the fund aims to promote biodiversity by increasing the proportion of deciduous trees and decaying wood in its forests and by promoting continuous cover growth lush peatlands. The fund also protects and restores special natural areas through voluntary protection.

Voluntary protection and restoration
Focus on forest surface waters and wetlands

Increase of the share of deciduous trees
Increase of the share of deadwood
Continuous cover forestry on lush peatlands

SUSTAINABLE FOREST MANAGEMENT
CERTIFICATIONS FSC AND PEFC

PROTECTION

At least 5% of all FSC-certified forests owned by the UB Timberland Fund are under strict protection and at least 5% are designated as special logging areas.

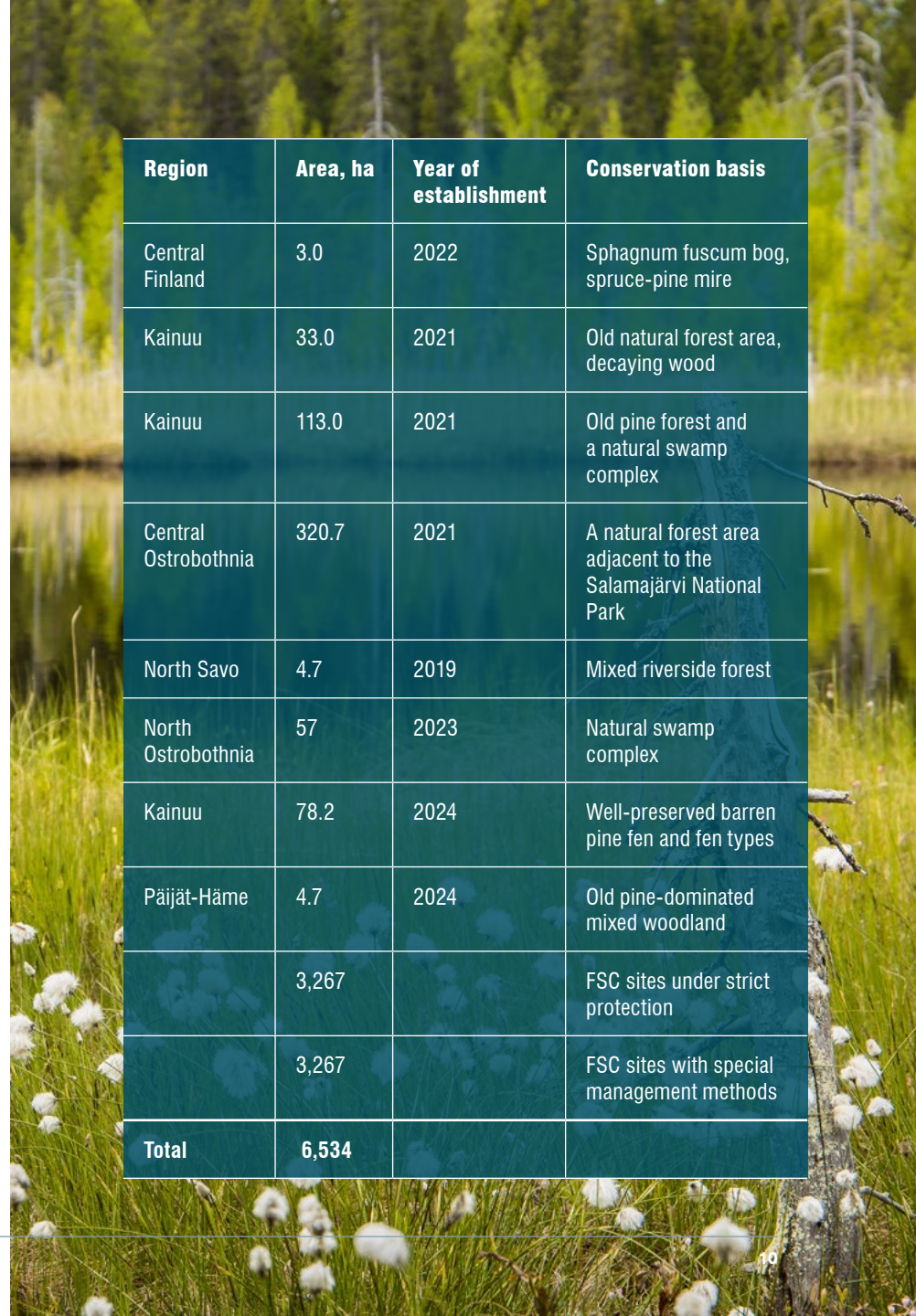
The fund has also voluntarily protected areas that have special natural assets. The fund established two new private conservation areas in 2024. The protected areas are a natural aapa mire in Kainuu and an old pine-dominated mixed woodland in Päijät-Häme. The aim is to carry out the protection activities in cooperation with other actors, such as local authorities or associations. With its protection activities, the UB Timberland Fund is aiming for additionality, in other words, to ensure that the fund's involvement in the protection adds significant value to the natural assets and the protection project.

Case Purojärvensuo mire

The Purojärvensuo mire in Kajaani was protected in cooperation between the UB Timberland Fund, the Kainuu ELY Centre for economic development, transport and the environment and other actors. The protected area covers a total of over 140 hectares, and the UB Timberland Fund's share of this is approximately 78 hectares.

The Purojärvensuo area, with its diverse mire and forest habitats, is an important site for biodiversity and therefore an important addition to the Helmi habitats programme, under which the protected area and restoration will be carried out. The Helmi habitats programme is a joint programme of the Ministry of Agriculture and Forestry and the Ministry of the Environment to strengthen Finland's biodiversity and safeguard the vital ecosystem services provided by nature.

Purojärvensuo is a diverse area with a variety of fen and pine fen types, as well as spruce mires. There are also important recreational routes close to the area. As part of the protection measures, the biodiversity of the area is being promoted through restoration, which aims to restore the natural water balance of the mire and thus promote the development of the mire towards its natural state. Restoration activities in the protected area will contribute to improving the ecological values of the area and conserving biodiversity.

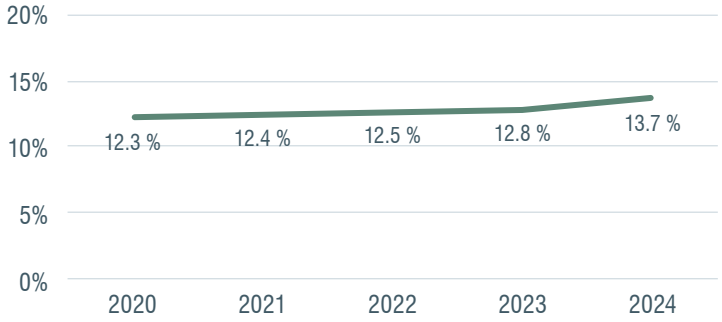


Region	Area, ha	Year of establishment	Conservation basis
Central Finland	3.0	2022	Sphagnum fuscum bog, spruce-pine mire
Kainuu	33.0	2021	Old natural forest area, decaying wood
Kainuu	113.0	2021	Old pine forest and a natural swamp complex
Central Ostrobothnia	320.7	2021	A natural forest area adjacent to the Salamajärvi National Park
North Savo	4.7	2019	Mixed riverside forest
North Ostrobothnia	57	2023	Natural swamp complex
Kainuu	78.2	2024	Well-preserved barren pine fen and fen types
Päijät-Häme	4.7	2024	Old pine-dominated mixed woodland
	3,267		FSC sites under strict protection
	3,267		FSC sites with special management methods
Total	**6,534**		

SHARE OF DECIDUOUS TREES

A diverse forest is productive also in changing climate conditions. The fund has also set itself a longer-term goal to double the share of deciduous trees in its Finnish forests to a total of 20%. Increasing the share of deciduous trees can improve biodiversity, while also increasing the wood production capacity of forests and improving climate resilience. Naturally, changing the tree stock of a forest takes time. However, the fund has managed to steadily increase the proportion of deciduous trees in the forests it owns.

Change in the share of deciduous trees in UB Timberland Fund's forests



CONTINUOUS COVER GROWTH

The fund aims to select the most appropriate forest management methods for each forest asset. Continuous cover growth refers to a forest management method whereby the forest continuously maintains the canopy cover of the tree stock. Large areas of logging are avoided and the tree stock is gradually removed in smaller groups. This method promotes forest biodiversity and reduces disturbance to the environment by keeping soil and habitats as unchanged as possible. The method is particularly suitable for lush peatlands. Continuous cover growth also allows a tree stock with trees of different ages to grow in parallel and improves the forest's ability to adapt to climate change.

The fund has also set a long-term goal to promote continuous cover forestry on lush peatlands. Continuous cover forestry can have a positive impact on biodiversity. In addition, the water balance of peatlands will remain in a better condition, reducing leaching into the environment and improving the overall carbon balance of forests. It can take several years for a forest to evolve into a forest with a varied age structure, which is typical of continuous cover growth.

SHARE OF DECAYING WOOD

Dead trees are an important structural feature for forest biodiversity. Decaying wood is important for forest biodiversity, as around 5,000 species depend on decaying wood for their survival. Species that depend on decaying wood are found in almost all groups of organisms. In addition, a dead tree is an important carbon store and decaying wood in commercial forests is important not only for biodiversity, but also for achieving climate targets. Dead and decaying wood is produced as a result of storms, as trees age, through forest fires, disease and insect damage, and in changes to the state of the environment. In addition, decaying wood can be intentionally added as part of active forest management activities.

The UB Timberland Fund aims to increase the share of decaying wood in its forests in Finland to promote biodiversity. The fund is constantly working to develop methods suitable for measuring the amount of decaying wood in order to obtain more accurate information on the amount of decaying wood in the fund's forests.

RESTORATION

Restoration promotes natural assets also in commercial forests

Forest restoration means restoring forests to their natural state, i.e. improving the health and diversity of a degraded ecosystem. The aim is to restore the forests as close as possible to their original state. Most often, this is done by reducing changes caused by humans, such as forest drainage, logging or the spread of invasive species. Restoration can include increasing the diversity of tree species, improving the forest structure and restoring soil moisture. The aim is to support the vitality of nature and the fight against climate change.

It is also possible to carry out forest restoration in commercial forests. In 2024, the fund launched three restoration projects. The projects are focusing on restoring small water bodies in mires and forests. In addition, the construction of a wetland aimed at restoration and water protection was completed in South Savo in 2024. These types of restoration activities can promote biodiversity alongside the forest management carried out by the fund. In the long term, restoration projects are also expected to contribute to the achievement of the fund's climate objectives, as, in addition to enhancing biodiversity, the restoration of mires and peat production areas typically has positive impacts on natural waterways and the climate that extend beyond the restored area. The ELY Centres and local private operators are responsible for the implementation of the projects.

Region	Area, ha	Year started	Project description
South Savo	17.5	2024	A significant drained mire habitat with an influence on groundwater, with species representative of seepage areas and the endangered woollywort moss. There have also been sightings of the Siberian jay in the area. The area contains several wooded mire habitat types, some of which have dried to become drained peatland forest. The main objective is to restore a more natural water balance in the area, allowing natural succession and species development, and safeguarding the environment of endangered species.
North Ostrobothnia	8	2024	Restoration of a former peat production area as a wetland area
Kainuu	15	2024	Restoration of Teerisuo mire, aiming at positive climate impacts
South Savo	0.45	2023	Wetland establishment and erosion protection. Completed in 2024

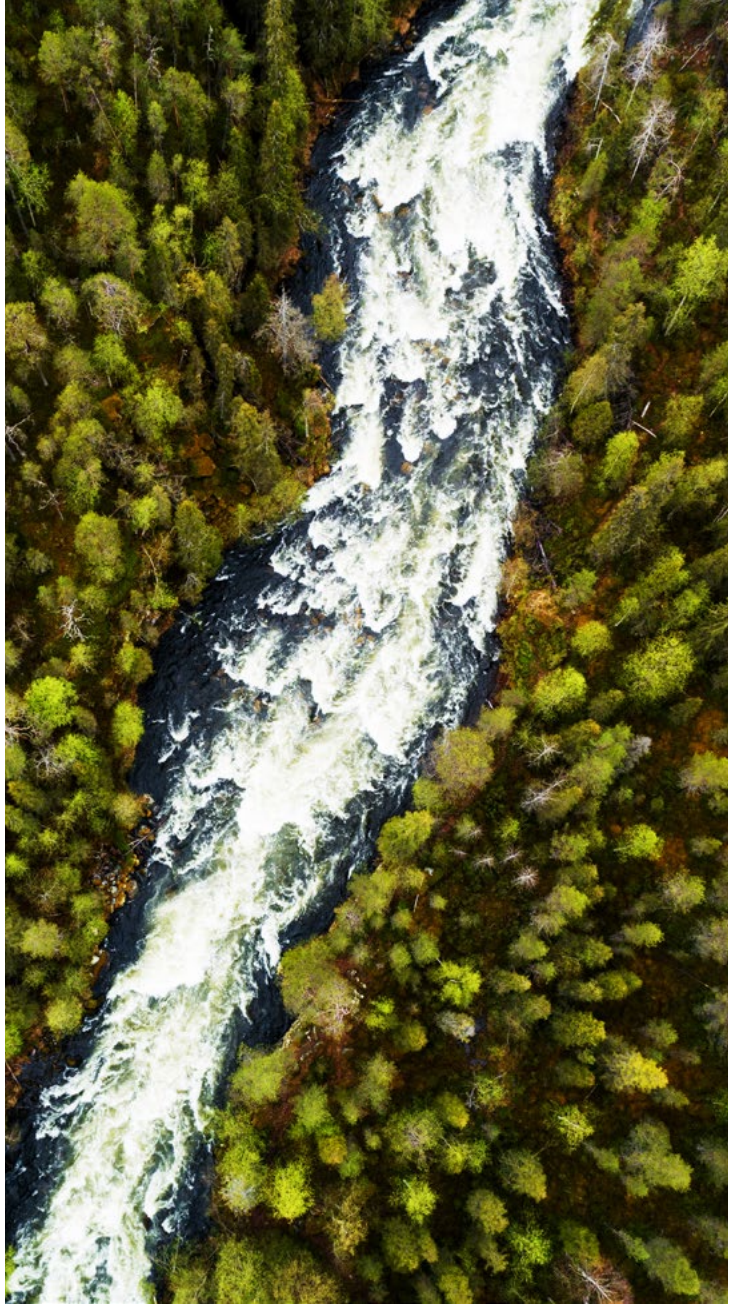


Photo: Pro Puruvesi. The open waters of Lake Puruvesi are still clear

Photo: Pro Puruvesi. At its worst, eutrophication is spreading in the bays and shore areas of Lake Puruvesi

Restoration of the shores of Puruvesi

Lake Puruvesi, which is part of Lake Saimaa, is known for its clear waters and its exceptionally tasty Puruvesi vendace, among other things. Puruvesi is the 11th largest lake in Finland and about 310 km2 of Puruvesi is designated a Natura 2000 area, based on the protection of the habitat type 'oligotrophic waters containing very few minerals of sandy plains (Littorelletalia uniflorae)'. Like many other inland waters, Puruvesi is under threat of eutrophication.

Between 2023 and 2024, restoration work was carried out on the land owned by UB Timberland Fund to protect the water quality of the Puruvesi water body. The Pro Puruvesi association was responsible for the planning and implementation of the restoration activities. The aim of the restoration projects implemented is to prevent, among other things, the uncontrolled run-off of nutrients and solids into Puruvesi, thus maintaining and improving the quality of the water body. A wetland of about 0.45 hectares was created on the fund's land, with an erosion-protected and adjustable discharge sill, and erosion control was improved in the main channel flowing into Puruvesi. The wetland and other structures created on the UB Timberland Fund's land aim to restore the River Hälvänjoki area to its natural state and thus prevent the run-off of solids and nutrients into Puruvesi. The structures were built in such a way that they do not cause waterlogging damage to the surrounding areas. In the long term, the restoration project is expected to improve water quality in the Mustanselkä and Harvanselkä areas of Puruvesi.

Photo: Reijo Jantunen

Recently completed restoration measures on the UB Timberland Fund's land areas in the shore area of Lake Puruvesi. A wetland of about 0.45 hectares was created on the fund's land, with an erosion-protected and adjustable discharge sill, and erosion control was improved in the main channel flowing into Lake Puruvesi.

Cooperation with local operators plays an important role

Social sustainability is promoted by, among other things, taking into account the needs of local communities. Cooperation is carried out with key stakeholders, such as hunting clubs and entrepreneurs operating in the area. Entrepreneurs' operations are taken into account in the operation of the funds by avoiding actions that could complicate their business or operations. Forest funds have also signed several land lease agreements for wind power development. The prospective partners' backgrounds and operating principles are always vetted before cooperation begins. In addition, to ensure a high standard of quality and occupational safety, all work is carried out by qualified contractors and the applicable regulations and guidelines are complied with.

Hunting clubs are a key stakeholder, as they regulate the size of the elk population, thus helping to prevent damage caused by elk. The clubs also report on any wind and snow damage, which helps to reduce losses. The clubs are charged a reasonable land rent.

Voluntary protection with local people

Cooperation with local operators is an important part of the UB Timberland Fund's activities. At the end of 2024, discussions between UB Timberland Fund and the Valkjärven Suojelijat association on the use of forests in the Lake Valkjärvi area culminated in the decision to establish a new private conservation area and to carry out a forest transaction to benefit the protection of Lake Valkjärvi.

After lengthy negotiations between UB Timberland Fund, the ELY Centre and the Valkjärven Suojelijat association, the fund decided to protect the part of its forest property adjacent to the shore of Lake Valkjärvi where new surveys carried out by the ELY Centre had identified nature values requiring protection. In addition, the representative of the Valkjärven Suojelijat association decided to purchase from the fund a forest area adjacent to the shore of the lake, which the association wishes to protect. Among other things, the association has planned to restore old banks and ditches in the shore areas to protect the water quality of the lake.

Valkjärvi is a clear-water lake on the border of the municipalities of Luhanka and Sysmä. The Valkjärven Suojelijat association has been active in protecting the lake and its surrounding areas for many years. The area has been the subject of nature surveys, the construction of barriers against signal crayfish and the restoration of small water bodies, among other things. There is also continuous monitoring of the lake's water quality. The association cooperates with other local operators and authorities. The completed forest transaction was the first successful acquisition of land by the association to promote the protection of Lake Valkjärvi and thus an important step in preserving the wilderness characteristics of the Lake Valkjärvi area.

THE FINNISH FORESTRY FOUNDATION

The UB Timberland Fund provides funding for the Finnish Forestry Foundation through voluntary sales promotion fees paid on timber sales. The Finnish Forestry Foundation provides funding for communications promoting the interests of forest owners, the forest industry and other groups that earn their living from forestry. The Foundation seeks to create favourable conditions for forestry and forest-based industries, to increase the use of wood and wood-based products, and to fund social and economic research in the sector.

Identification and management of climate risks are part of portfolio management

In the forest industry, climate change can have a direct impact on the value and condition of forest properties and on the timber market, and thus the cash flow generated by a fund investment. Climate risks can be divided into two main types according to their characteristics. Physical risks describe natural disasters and extreme weather events resulting from the progression of climate change. They are typically classified into acute risks (e.g. wildfires and floods) and chronic risks (e.g. sea level rise due to melting glaciers) based on their time horizons. Transition risks describe the new market-based risks created by action that people and societies take towards a low-carbon lifestyle that can relate to legislation, technology, markets and reputational damage.

The climate risk analysis of forest investments is part of the active portfolio management of the UB Timberland Fund. The fund's portfolio management examines transition risks, for example, as part of the analysis of the development of the timber market and future regulatory developments in the sector. Preparation of physical climate risks and their impacts are taken into account in forest management and planning. In the fund's investment criteria, certain areas particularly vulnerable to deforestation due to climate risks have been excluded from its investments. The fund actively monitors forest damage and associated sustainability risks from the perspective of the climate and other factors. For example, hunting clubs that use the fund's forest land have a contractual obligation to report any forest damage they detect to the fund. In addition, FSC and PEFC certificates are important tools for managing sustainability risks.

The assessment and management of climate risks are also constantly being developed in the fund. In 2024, a comprehensive climate risk assessment was carried out for the fund by an external forestry industry expert organisation. The assessment examined the exposure of the fund's forests to chronic and acute physical climate risks over a 30-year period under different climate scenarios (SSP 1–2.6 and SSP 5–8.5). The assessment is in line with the 'Do no significant harm' criteria of the EU taxonomy classification system concerning forest management. The climate risk management tools identified in the assessment will be actively used in the planning and implementation of the fund's forest management and at a strategic level in the management of the fund as part of the fund's risk management.

Sustainability risks

Sustainability risks refer to events or circumstances related to the environment, society, or governance that, if realized, could cause an actual or potential negative impact on the value of the investment. Taking sustainability risks into account in the fund's investment activities is expected to reduce sustainability risk and hence the overall risk of the fund's investment and to have a positive impact on the fund's return potential.

As part of the investment process, the fund's portfolio management assesses the sustainability risks of the investment target as part of the investment decision in accordance with United Bankers' Principles for Responsible Investment and the fund's own sustainability principles, which complement them. In practice, the fund considers sustainability risks in its investment strategy and operations by observing the principles of sustainable forest management in line with the FSC and PEFC certifications and other best practices, which aim to ensure the long-term well-being of forest ecosystems and profitable forest management. The fund also seeks to assess sustainability risks, such as those related to biodiversity and climate resilience, before making an investment decision. This involves, for example, identifying the investment's share of valuable habitats from the perspective of biodiversity the share of deciduous trees, and analysing the site's resilience to storm and climate damage. The sustainability risks identified are taken into account in the forest management plans prepared for each site.

Fund's sustainability objectives and principles

UB TIMBERLAND FUND	
EU SFDR classification	SFDR 9
Carbon intensity t/CO_2e/MEUR turnover	162
Investments in line with the EU classification system, %	97
UN Global Compact share of norm violations, %	0

ESG STRATEGY

The UB Timberland Fund (AIF) makes sustainable investments in accordance with Article 9 of the SFDR Regulation.

The fund invests in environmentally sustainable economic activities, transitional activities or enabling economic activities that meet the criteria of the EU taxonomy regulation[1].

The fund invests in forests and aims to mitigate climate change through its sustainable timberland investments. The fund's forests absorb carbon dioxide from the atmosphere and bind it in growing trees and forest soil. When logging is lower than forest growth, forests act as so-called carbon sinks. The use of wood from the fund's forests can also be used to replace fossil fuels and fossil-intensive materials, which means wood promotes the opportunities to transition to a circular economy.

Sustainable forestry is an effective solution for removing carbon from the atmosphere and an important means of achieving the goals of the Paris Climate Agreement. The fund observes the principles of sustainable forest management in line with the FSC® (FSC-C109750) and PEFC™ certifications and other best practices in the field, which aim to ensure the long-term well-being of forest ecosystems and profitable forest management. All forest properties owned by the fund in Finland are FSC- and PEFC-certified. Foreign forests are certified with either FSC- or PEFC-certificates or both. The fund's sustainability targets under the EU taxonomy and realisation of carbon sequestration are monitored through regular carbon balance calculations.

The fund's strategy supports climate change mitigation and promotes several UN Sustainable Development Goals, in particular Goal 13: **Climate action**, Goal 15: **Life on Land** and Goal 9: **Industry, innovation and infrastructure.**

ESG PRACTICES

The fund observes the following principles for responsible investment:

- ✔ Exclusion from investments
- ✔ Taking sustainability factors and risks into account in investment decisions
- ✔ Active ownership through sustainable forest management
- ✔ Impact investing

The ESG practices are described in more detail in United Bankers' Principles for Responsible Investment. The principles are approved by the Board of Directors of United Bankers.

EU INDICATORS OF ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Greenhouse gas emission and carbon footprint indicators are at the centre of the fund's operations, as UB Timberland Fund aims to mitigate climate change through sustainable timberland investments in line with the EU taxonomy. The fund also takes into account other EU indicators of adverse impacts on sustainability factors, if they are relevant to the fund. For several other indicators, the indicators refer to investee companies, not direct investments in forest properties. More detailed information on the indicators can be found in the fund's RTS periodic disclosure.

[1] The proportion of the fund's investments in operations that are in accordance with the EU taxonomy is reported in the fund's annual report. For an economic activity to be considered environmentally sustainable under the EU taxonomy regulation, the economic activity must contribute substantially to one or more of the environmental objectives defined in the EU taxonomy regulation and the activity must not, in addition to contributing to one or more of the environmental objectives, cause significant harm to the other environmental objectives set out in the regulation. The 'do no significant harm' principle is applied to the fund's investments as they take into account the EU criteria for environmentally sustainable economic activities.

United Bankers

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