

## Sustainability-related disclosure

### SLM Silva Europe Fund

*This document provides the investor with detailed information about the fund in relation to the Sustainable Finance Disclosure Regulation ('SFDR'). This is a regulatory document required under SFDR. The information contained in this document is to help the investor understand the sustainability characteristics and/or objectives and risks of this fund. This document should be read in conjunction with other relevant regulatory documentation so the investor can make an informed decision to invest.*

#### SFDR Classification

This fund promotes sustainable investments within the meaning of Article 9 of Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector.

#### No significant harm to the sustainable investment objective

How are the indicators for adverse impacts in Table 1 of Annex I, and any relevant indicators in Tables 2 and 3 of that Annex I, taken into account?

SLM integrates the assessment of adverse impacts into the core of its investment strategies. This process is an integral part of SLM investment and portfolio management activities and spans pre-investment due diligence activities and active post-investment risk management and impact monitoring endeavours.

Our strategy around each mandatory indicator for adverse impact on sustainability factors is as follows:

- **GHG Emissions:** A key objective for SLM Silva Europe fund is to achieve net GHG sequestration at the portfolio level. This means that sequestration in the trees and the soil should exceed the amount of GHG emitted through our operations, across our assets. To measure this, SLM has leverage industry-recognised GHG accounting principles and academic research to model sequestration in trees and soils. We also closely monitor activities and inputs used on the farm that lead to GHG emissions. With this, we will be able to report on GHG emissions for our portfolio (scope 1 and 2). This work will be supported by a third-party carbon consultant for independent expertise and validation. We will be documenting the total energy consumption (in GWh) for each asset and the share of non-renewable energy consumption.
- **Biodiversity:** SLM Silva Europe invests in land across Europe. We will be providing transparency to our investors on the location of our assets and of any biodiversity-sensitive areas nearby (e.g. Nature 2000 sites). It is our objective to enhance biodiversity on the farms and to dedicate at least 10% of our portfolio (in ha) to the conservation and protection of biodiversity. This will include building riparian zones, nature corridors, and habitat for pollinators and migratory birds.
- **Water:** SLM will be tracking the water footprint (water used) across our irrigated farms. By building drip irrigation systems and moving away from flood irrigation and center-pivot, SLM seeks to improve efficiency in water used per unit of nutrition grown. Natural watercourses, fens, brooks, streams and their banks located on our properties shall be preserved or restored in terms of both quality and quantity. Eutrophication of these waters shall be avoided. Inappropriate use of chemicals or other harmful substances or inappropriate practices influencing water quality in a harmful way shall be avoided. When constructing forest roads, crossing and other forest infrastructures, SLM will ensure that the aquatic environment is not adversely affected and that the natural level and functions of watercourses are preserved.

- **Waste:** Waste footprint is considered when reviewing the operations on a asset-by-asset basis every quarter. However, our investments focus on orchards and forests, which tend not to produce toxic waste.
- **Social & Employee Matters:** SLM acts in accordance with the International Labor Organization (ILO) standards, United Nations Guiding Principles (UNGPs), and is guided by these standards when assessing behaviors of local operators. SLM does not invest directly in companies with employees therefore indicators around gender pay gap, lack of processes and compliance mechanisms to monitor compliance with UN Global Company principles, board gender diversity, and exposure to controversial weapons are not applicable for this strategy.

Are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights?

All of our partnerships with local operators are governed by management agreements in which the operator agrees to full comply with all Applicable Laws and regulations having to do with worker’s compensation, social security, unemployment insurance, hours of labor, wages, working conditions, and other employer-employee related subjects. All operating partners for SLM Silva Europe are based in Europe (EU countries and the UK) and comply with their respective national employment regulations.

#### Sustainable investment objective of the financial product

What is the sustainable investment objective of the financial product?

The SLM Silva Europe Fund invests in regenerative tree crop systems (agriculture, forestry and agroforestry) across Europe with the objective of delivering environmental benefits and attractive financial returns. A primary objective of the fund is to develop a “climate positive” portfolio of natural assets, where carbon sequestration in trees and soil exceeds greenhouse gas emission from operations. The Fund also seeks to increase resilience to extreme weather events, enhance biodiversity, restore and protect soil health, improve water use efficiency and contribute to local rural economies and societies, while producing healthy nutritious food (nuts and olives) and sustainable materials (timber and cork). This impact is driven by changes in management practices we implement across our properties, which includes planting new orchards, moving away from fossil-fuel based inputs, moving away from clear-felling forestry regimes, building nature corridors, riparian areas and pollinator habitats, maintaining cover crops and installing efficient irrigation systems and solar panels, amongst other. The Fund’s impact objectives contribute directly to Climate Change Mitigation, Climate Change Adaptation and Biodiversity & Ecosystems.

#### Investment strategy

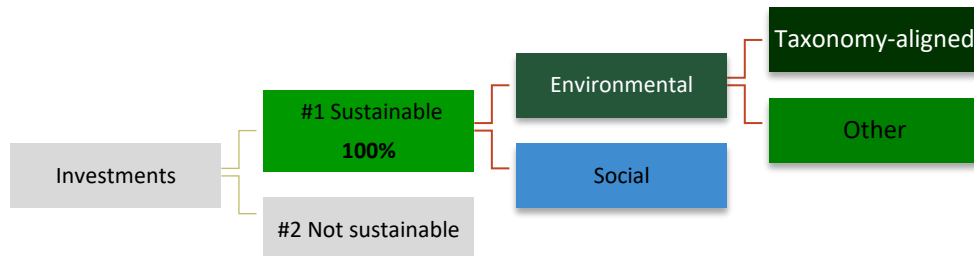
What is the investment strategy used to meet the sustainable investment objective of the financial product?

We only invest in land assets where there is an opportunity to introduce new management practices that deliver positive environmental impacts, as well as financial returns from commodity production. We partner with farmers or foresters who are experts in these type of practices. For forestry, we move away from conventional clear-felling regimes to adopt Continuous Cover Forestry, increasing climate resilience, reducing soil disturbance, increasing carbon storage and enhancing biodiversity. For agricultural assets, we transition

land towards organic and regenerative practices for improving positive outcomes on soil fertility, water quality, carbon and nutrient cycles and biodiversity on and around the properties. All of our assets must meet both our environmental and financial objectives.

### Proportion of investments

Minimum Sustainable Investment: 100%



### Monitoring of sustainable investment objective

How are the sustainable investment objective and the sustainability indicators used to measure the attainment of the sustainable investment objective monitored throughout the lifecycle of the financial product and what are the related internal or external control mechanisms?

The Fund has established impact Key Performance Indicators, which are monitored and reported on throughout the lifetime of the fund (10 years). Our Impact KPIs are

- i. Greenhouse Gas portfolio balance (accounting for carbon sequestration in trees and soil and GHG emissions from operations),
- ii. total hectares of farmland organic certified (or in transition),
- iii. total hectares of forests converted to Continuous Cover Forestry<sup>1</sup>,
- iv. total hectares of forests certified by Forest Stewardship Council (FSC) or Programme for the Endorsement of Forest Certification (PEFC),
- v. change in Soil-Organic-Matter (%) content across our farms,
- vi. total hectares of land dedicated to the conversation and restoration of biodiversity,
- vii. total litres of irrigation water used per unit of nutrition produced,
- viii. total number of rural jobs created.

### Methodologies

What are the methodologies to measure the attainment of the sustainable investment objectives and how are the sustainability indicators used to measure the attainment of that sustainable investment objective

To measure to Fund's impact KPIs, SLM collects data directly from the properties (farms and forests) by working in collaboration with the operating partners and aggregating that data to the Fund-level.

### Data sources & processing

- a. How are data sources used to attain the sustainable investment objective of the financial product?
- b. What measures are taken to ensure data quality?
- c. How is data processed?
- d. What is the proportion of data that are estimated

Data is collected directly from farms to ensure transparency around operations and sustainability factors. This data allows us to measure and report on the Fund's impact KPIs. The GHG emissions analysis will combine on-farm data, academic literature and

<sup>1</sup> Continuous Cover Forestry is an approach to sustainable management of forests whereby forest stands are maintained in a permanently irregular structure, created through the selected harvested of individual trees. This management allows the forester to move away from clear-fellings hence avoiding significant environmental and social negative impacts.

industry-leading carbon modelling tools to calculate carbon sequestration in trees and soil and GHG emissions from operations.

#### Limitations to methodologies & data

What are potential limitations to the methodologies or data sources and how do such limitations not affect how the sustainable investment objective of the financial product is attained?

The primary limitation to the methodology or data source is the cost of data acquisition and analysis (e.g. soil analysis, biological surveys) and the lack of existing standards and methodologies (e.g. carbon methodologies for specific orchard crops). The Fund has therefore established a budget for impact measurement and reporting within the Fund Terms.

#### Due diligence

What due diligence is carried out on the underlying assets of the financial product (including the internal and external controls)?

SLM pursues a robust bottom-up research process focused on understanding each investment, the sector where it operates and potential material issues. As part of the pre-investment research, SLM develops a systemic approach to select low-risk, stable geographies that possess competitive agricultural and forestry sectors. SLM identifies specific products and markets that are aligned with its ecological land management philosophy but also have attractive supply and demand dynamics and solid growth prospects. Each investment property owned by SLM undergoes a strict due diligence process to evaluate land titles and water rights, as well as a comprehensive agronomic assessment of soil quality, plant and animal disease pressure, climatic conditions, machinery, and infrastructure. SLM also assesses short and long-term climate change risk and devises corrective land management actions focused on landscape health to promote both mitigation of climate related impacts and the adaptation to a changing climate.

#### Engagement policies

What is the engagement policy applied, in the case that engagement is part of the sustainable investment objective (including any management procedures applicable to sustainability-related controversies in investee companies)?

Engagement with our local operators is ongoing and formalised in our management agreements which set expectations for sustainable and regenerative land management practices and social practices to be respected on the farms and forests.

#### Attainment of the sustainable investment objective

For the financial product, has an index been designated as a reference benchmark? If yes, how is that index aligned with the sustainable investment objective of the financial product, and where can one find information with regards to input data, methodologies used to select those data, rebalancing methodologies and index calculations?

There is not reference benchmark designated for the purpose of attaining the sustainable investment objective set by the Fund.