

A vibrant green tree frog with orange eyes and toes is clinging to a textured tree trunk. The frog is positioned in the lower-left quadrant of the image, facing right. The tree bark is rough and greyish-brown, with some small green moss or lichen visible. The background is a soft, out-of-focus green, suggesting a forest setting.

# IWC 2024 ESG Report



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**Foreword by Jane Ambachtsheer, Global Head of Sustainability, BNP Paribas Asset Management**

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### Glossary

IWC is the source for all data presented in this document, presented as at 31/12/2023, unless otherwise specifically indicated.



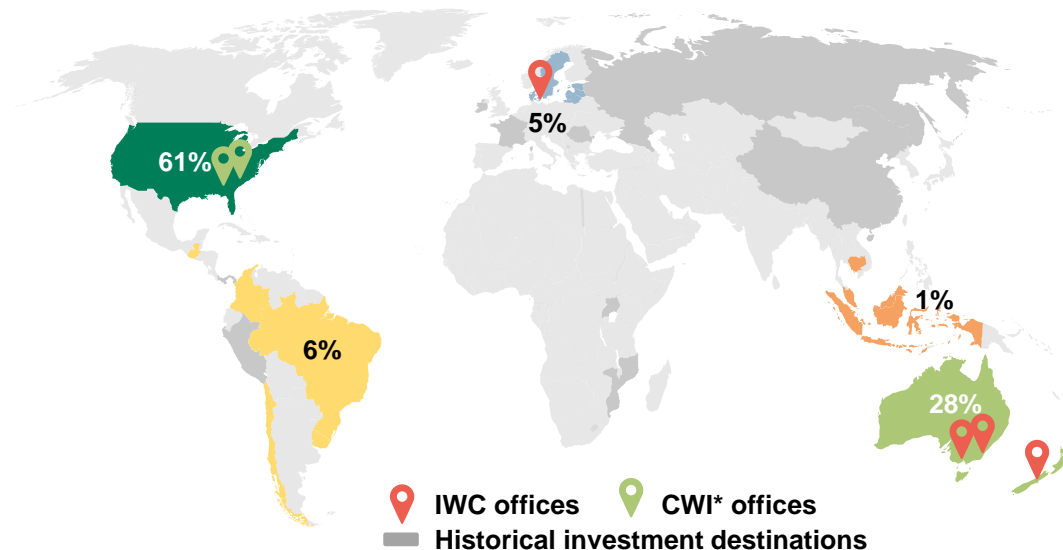
# About IWC and this report

The IWC Group (IWC) is a leading natural capital investment expert with global expertise and experience in sustainable investments in timberland, agriculture, and ecosystems restoration – providing diversification, inflation hedge, capital appreciation, and sustainable investment opportunities to institutional investors. Established in 1991, IWC has, as of May 2024, 37 employees with diverse educational and national backgrounds, and oversees about one million hectares of nature-based investments globally, valued at about USD 5.9 billion as of year-end 2023.

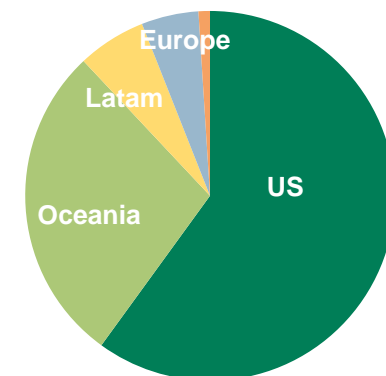
IWC has three distinct business units:

- **IWC Timberland Investment Advisory** (IWC TIA): An advisory team working with timberland and ecosystem restoration investments, mainly via separate accounts and funds managed by selected external partners worldwide, either on a discretionary (USD 200 mio) or non-discretionary basis (USD 5.3 bio).
- **IWC Asset Management +** (IWC AM+): A timberland manager specialized in offering fund and separate account investment solutions, in particular within core timberland regions in Europe, USA, Australia, and New Zealand (USD 300 mio).
- **IWC Agriculture Investments** (IWC AG): An agriculture manager offering fund and separate account investment solutions in Europe (USD 185 mio).

In this IWC 2024 ESG Report, the data presented is the aggregation of all IWC's business units and includes both assets under management and assets under advice. Moreover, the data is adjusted for each IWC client's ownership in the specific underlying investments.



USD 5.3 billion asset under advice (AuA)  
and USD 680 million asset under management (AuM)  
as of 31/12/2023



\* CWI US Inc. is an external consultancy company, originally established by IWC; its staff is working for the IWC Asset Management + team.



# Foreword

As long-term investors with our clients' interests at heart, a core part of our strategy involves using our voice and our influence to push towards more sustainable outcomes for the companies and markets in which we invest. In this regard, we are delighted to welcome the leading natural capital specialist International Woodland Company (IWC) into our ecosystem. The acquisition of a majority stake in IWC will help us meet the needs of investors who are increasing their allocations to sustainable private investment strategies. Forestry, agriculture, and other natural capital strategies have attractive risk-return profiles and make an important contribution to mitigating climate change, achieving net zero, and protecting biodiversity while providing several benefits to local communities. Almost all climate scenarios rely on Negative Emission Technologies, particularly forestry and other land uses, to reach net zero emissions and limit global warming to 1.5–2°C in order to cover biogenic emissions and emissions from hard-to-abate sectors. Beyond this, forestry provides many benefits, including biodiversity preservation and water management, and the global biosphere cannot function without healthy forests. As an investment market, natural capital is still at a nascent stage, but the sector is evolving rapidly, encouraged by initiatives from the United Nations and other supranational agencies. Private finance clearly has a role to play in addressing the challenges of protecting and restoring natural capital, as well as appealing to institutional investors looking to diversify into uncorrelated assets that can offer an inflation hedge and enhanced risk-adjusted returns.

The acquisition of IWC is part of a wider strengthening of our private assets capability. In 2023, we created a new business unit within BNPP Investment and Protection Services (IPS) division (which includes asset management, wealth management, insurance, and real estate), aimed at becoming a leading European player in private asset management. This Private Assets unit brings together the private asset management expertise of the IPS division, accounting for more than EUR 40 billion of assets under management and advisory, including fund selection, direct corporate investments (private debt, private equity and venture capital), real assets (infrastructure debt and equity and real estate debt) as well as mortgages and consumer loans (Dynamic Credit Group), and now natural capital.

Over the coming years, the asset management industry will face far-reaching change, driven by the need to reallocate capital towards a more sustainable and inclusive economy, changing geopolitics, evolving regulation, technological transformation and changing demographics. These highly interconnected dynamics are creating a rapidly shifting investment environment.

We are confident that our evolution into the natural capital landscape will help to reinforce our position as 'The sustainable asset manager for a changing world' and are committed to delivering long-term sustainable returns to our clients in this world in transition. I hope you enjoy learning more about IWC and reviewing the progress it made in 2023 in the following pages.



*Jane Ambachtsheer*

Global Head of Sustainability, BNP Paribas Asset Management



# Message from IWC's CEO

Planet Earth is said to be 5 billion years' old and fossil energy was stored under the surface around 200 million years ago. Human beings have been around for 60,000 years, utilizing and burning most of the fossil energy in the last two centuries. Considering 5 billion years as 24 hours, fossil energy was stored about 1 hour ago, human beings started walking on two feet a second ago, and we are returning large amount of stored carbon to the atmosphere in a split second. We have had 200 years of linear thinking which have generated substantial wealth. However, now we need to think circular again, while also maintaining or even increasing human wellbeing and wealth. At IWC, we believe that raw materials from sustainably managed natural capital investments - which by nature are circular – will be critical and in high demand to support this transformation.

ESG transparency is increasingly important in the pursuit of investing sustainably and having positive impacts. Data collection and management are therefore key services we provide to clients, adding value to their portfolios beyond financial returns. We are continuously investing in new tools and developing our own when needed, in order to deliver effectively on regulations, such as EU taxonomy and SFDR, or voluntary frameworks, such as TCFD and TNFD. In this ESG report, we have gathered information from our clients' natural capital portfolios with focus on climate change, biodiversity, social, and governance factors.

Our expertise in climate change continues to develop and during 2023 and into 2024 we have delivered tailor-made climate impact assessments on timberland investments to a selection of current and new clients, which were deemed important tools for assessing risks and opportunities and build balanced portfolios.

Furthermore, considerations regarding biodiversity are more and more seen as both a risk mitigant and a driver of economic benefit. Indeed, specialized investments focusing on biodiversity as the return driver are increasingly in demand.

We are also increasing our focus on agriculture along with young farmers who want to be in the forefront when it comes to new technology and sustainability. The Green Revolution in 1950 – 1970 saw grain yields improve dramatically, but we are now experiencing environmental challenges related to overutilization of land. Sustainability, as defined at the Rio Conference in 1992, refers to the balance between economy, ecology, and social elements. At IWC, we are ready to continue to take this challenge up and participate in the Evergreen Revolution leading to a more sustainable food production.

Together with our new shareholder, BNP Paribas Asset Management, we are strengthening our focus on ESG matters by building on synergies and collaboration with their Sustainability Center. Through this partnership, we consider ourselves frontrunners in the field and it is encouraging to see that the demand for high quality services as ours is constantly increasing.



**Otto Reventlow**

CEO of the IWC Group





## In focus



# IWC's ESG engagement and framework

IWC is committed to the principles governing socially responsible investing and sustainable management of natural resources.

In IWC's view, environmental, social, and governance factors affect an organization's bottom line and success, its natural and social capital, as well as a variety of habitats, communities, and stakeholders directly or indirectly related to the organizational activities. That is why IWC is carrying socially responsible and environmentally sound investments in sustainable forestry, sustainable agriculture, and ecosystems restoration, and is considering ESG matters together with investments' financial viability.

To us, integrating ESG criteria into IWC's investment due diligence, management, and monitoring processes, including climate-related risks and opportunities, land and resource rights, and any other environmental, social, and governance factors, is a blueprint for sustainable investments. Therefore, the ESG mindset has materialized in policies and procedures over time, distinguishing between different markets, types of investment, and level of control.

In addition, we strive to obtain the most appropriate, recognized third-party forest certification for all forestry investments or forestry activities under our advice or management. Furthermore, agriculture investments (now only in Europe) are being conducted with high emphasis on social, environmental, and resource management matters.

IWC's core principles and values are inspired by accredited international principles, guidelines, and standards. A selection of these are the International Finance Corporation's Performance Standards on Social and Environmental Sustainability, the Organization for Economic Development and Cooperation's Guidelines for Multinational Enterprises, the United Nations Global Compact's 10 Principles, the United Nations Guiding Principles on Business and Human Rights, the Recommendations of the Task Force on Climate-related Financial Disclosures, etc.

As IWC aims to play an active role in our field, we are a signatory of the United Nations Principles for Responsible Investment (UNPRI) and the Danish Sustainable Investment Forum (DanSIF), a member of the Forest Stewardship Council (FSC), a participant in the Programme for Endorsement of Forest Certification (PEFC) stakeholder consultation forum, and a forum member of the Task Force on Nature-related Financial Disclosure (TNFD).

Furthermore, from a governance and compliance perspective, IWC Investment Partners A/S is AIFMD authorized and a registered advisor with the US SEC.



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# ESG initiatives

With increasing interest in, and scrutiny over, ESG and sustainability matters, IWC believes that being frontrunners and proactive in this field is a strong competitive advantage, while benefiting the investment community and the broader society. For this reason, investments in ESG resources continue, along research and innovation efforts, and a continuous fostering of an ESG mindset across company lines and functions. Also, a close collaboration started with the BNP Paribas Asset Management (BNPP AM) Sustainability Centre on a co-education path, leveraging on each other's knowledge, skillsets, and approaches.

Our most recent ESG initiatives are essential to reducing ESG risks and capturing opportunities, which is reflected in the recognized value created across services and products we offer our clients. Some initiative examples, with latest status, are:

- **Sustainability Committee:** Newly established committee, composed of company representatives and a BNPP AM member, leading the ESG and sustainability efforts. While streamlining ESG integration across the company, the business lines have, and will keep, separated resources and projects.
- **SFDR and Article 9:** Two IWC funds now categorized as Article 9 products. SFDR considerations increasingly integrated in advisory clients' portfolios with relevant metrics being monitored, collected, and disclosed – including, for the first time, at aggregate level in this report.
- **EU Taxonomy:** Different Taxonomy projects conducted, with selected mandates and investments achieving alignment. Research and further integration of Taxonomy aspects in IWC's practices continue, in close collaboration with our partners in the implementation of solutions and actions.
- **Climate change research:** Several projects conducted across various geographies, including North America, Latin America, and Europe. IWC's models and tools, considering current and forward-looking climate, are continuously refined and new variables included in the assessments. Participation in education activities in the field of machine learning and climate analysis.
- **Greenhouse Gas (GHG) Protocol:** Establishment and refinement of carbon modelling tools, including forward-looking assessment of carbon balances. The coverage and the accuracy of the corporate GHG accounting were improved.
- **Remote sensing and geographical analysis:** Five satellite monitoring projects conducted. Now in the final phase of assessing the technology benefits and evaluating possible next steps. Advanced geographical analytics in relation to climate change and biodiversity being implemented.
- **Social impact:** Increasing scrutiny over social aspects of forestry investments and extended number of social aspects monitored and reported.
- **Biodiversity:** Presented the TNFD framework applied to forestry investments at two major events. Increasing evaluation of biodiversity features and more accurate double materiality monitoring and implementation of investment specific biodiversity enhancement and protection actions.
- **ESG rating:** IWC advisory team improved the ESG scoring and rating of external natural capital managers.
- **Impact:** Forest investment impact framework under development.

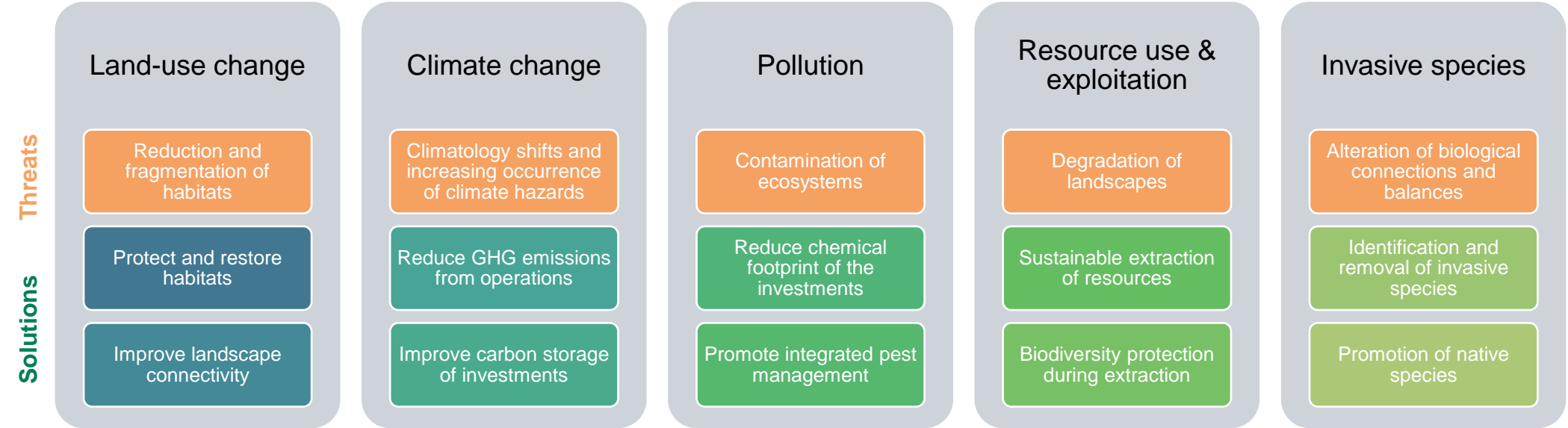






# Nature and biodiversity

Sustainable management of resources is essential for humanity and nature, and natural capital investments are unique opportunities to foster biodiversity. Recently, the focus on biodiversity has increased in the investment community, recognizing that economic activities both heavily rely on nature and can pose significant harm to species and ecosystems. Five main drivers of global biodiversity loss are today acknowledged by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES): land-use change, climate change, pollution, resource use and exploitation, and invasive species. Below is an illustration of IWC’s approach to the IPBES main biodiversity loss drivers.



At IWC, we have over time increased focus on the biodiversity features of our assets, translating into a deep engagement with our partners, the development of a conscious mindset, and the significant deployment of resources in this area – all steps that ultimately lead us to becoming a forum member of the Task Force on Nature related Financial Disclosure (TNFD). Since then, IWC has structured its approach to identify, evaluate, assess, and manage nature risks and opportunities. Accordingly, IWC’s active approach towards biodiversity does not only focus on reducing pressures on species and ecosystems, but also on developing strategies to benefit them, recognizing our role as land steward, the contribution towards global goals, and the reliance on nature for our success.



# Climate change mitigation

## Responsibly managing forest and soil carbon with state of art reporting and disclosure

Forests and soils are crucial parts of the global carbon cycle. Managing the growth of trees, crops, and soil organic carbon means actively contributing to an essential carbon balance, while producing timber from harvest means supplying critical carbon positive materials to the circular bioeconomy.

IWC is dedicated to responsibly managing carbon cycles, securing removal of CO<sub>2</sub> from the atmosphere, promoting long lived use of harvested wood products, and using solid and transparent accounting of all carbon pools. We are committed to applying best practices in protecting and enhancing carbon stocks in soils and forests, and to avoiding loss of carbon from deforestation, in line with our adherence to FSC and PEFC certification standards.

During the due diligence and management phases, IWC identifies and tracks carbon dynamics with the support of several tools and processes to monitor, analyze, model, and report on a wide range of carbon metrics. We are guided by the Intergovernmental Panel on Climate Change (IPCC) methodologies to assess consistently and comprehensively carbon and greenhouse gas (GHG) dynamics for reporting under the regulatory frameworks, such as the SFDR, and Net Zero target initiatives, such as the GHG Protocol Guidance on Land Sector and Removals and SBTi FLAG. In this regard, IWC piloted the GHG Protocol on several investments and provided feedback to the secretariat on how to make rules more ambitious and applicable.

With IWC in-house resources and modelling capacity, we also assess future forest carbon balances resulting in the full integration of carbon management into investment decisions and planning. This ultimately allows us to make carbon positive commitments, Align to EU Taxonomy criteria, and deliver a substantial contribution to climate change mitigation.

## Ambitious climate mitigation action as an opportunity

At IWC, we have firsthand experience of how public and private climate action is providing an expanding set of opportunities for natural capital investments. Indeed, ecosystems of different types are increasingly recognized as essential, efficient, and multi-benefit negative emission technologies, boosting the interest of corporates and institutional investors.

Building on two decades of experience working with reputable and credible carbon schemes around the world, and expertise with different ecosystems, restoration, afforestation, and forest management activities, we envision a future in which carbon measurements and retirements into regulated schemes, portfolio carbon risk management, carbon markets, regulations on embodied emissions, will reshape and open new opportunities in the natural capital realm.

While constantly monitoring public and private initiatives, we strongly believe that the key for meaningful contribution to mitigating climate change is quality and transparency of carbon credits and accounting, avoiding misuses and false claims. For this reason, we welcome and support any initiative that aims at improving integrity across the industry and the highest possible standards.





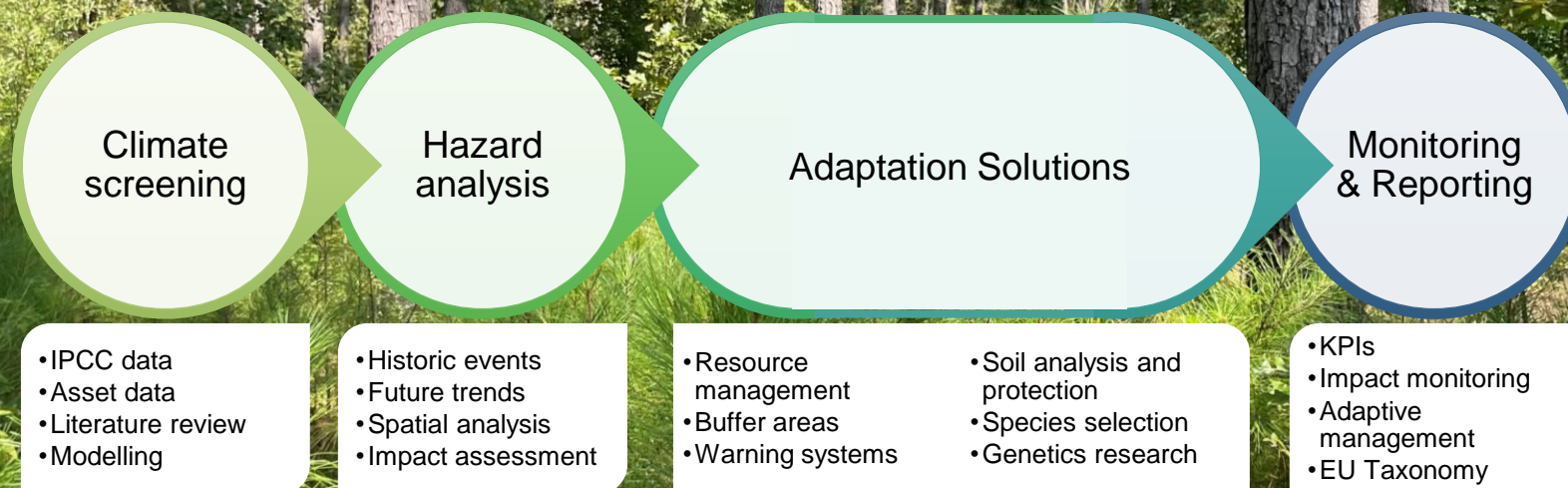
# Climate change adaptation

## Climate change adaptation is at the core of IWC's investment considerations

As climate change and extreme weather events threaten humanity and nature, focusing on natural capital resilience and adaptation is key to overcome the current challenges and achieve set goals. At IWC, the evaluation and management of current and future climate-related risks and opportunities is at the core of our decision-making processes. This enables us and our investors to build a competitive advantage in this complex and everchanging world, with climate resilient investment portfolios positioned to capture favorable trends.

We believe that appropriate climate adaptation solutions need to be rooted in in-depth qualitative and quantitative analysis and grounded with local expertise to be effective. In this regard, by combining knowledge from a multitude of scientific fields, we can produce comprehensive and actionable accounts of current and future climate conditions. Our assessments are based on scientifically recognized data, incorporate multiple climate scenarios, apply advanced modelling techniques, including machine learning, and consider asset-specific features to assess climate exposure. Ultimately, our analysis allow us to identify and implement the most appropriate adaptation solutions in collaboration with our partners.

Historically, forestry and agriculture have been exposed to a multitude of climate hazards and disturbances. Hence, climate-smart practices have been part of our sustainability toolkit for a long time – including genetic selection, implementation of fire or wind breaks, and advanced warning systems. Combining historically proven practices with new techniques and advanced climate assessments, we are able to reduce risks by implementing the right solutions, evaluate potential acquisitions and divestments, and preserve the essential ecosystem services provided by our investments. Below is an illustration of IWC's climate change adaptation process.







# 2023 ESG highlights





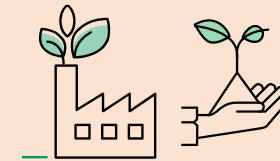
- 708,000 hectares of sustainable productive forests
- 235,000 hectares of protected areas
- 648 species protected
- 25,940,000 newly planted trees in 2023
- 31 main tree species actively sustainably grown



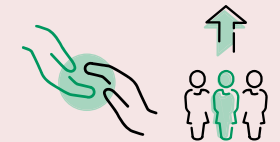
- 194,543,000 tCO<sub>2</sub>e stored in forests
- 1,245,000 tCO<sub>2</sub>e of net sequestration in 2023, based on:
  - 415,000 tCO<sub>2</sub>e of biological emissions (based on stock-change accounting)
  - 240,000 tCO<sub>2</sub>e forestry emissions in 2023
  - 1,900,000 tCO<sub>2</sub>e stored in harvested wood products (HWP)



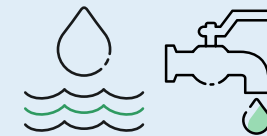
- 10,267,000 m<sup>3</sup> of annual timber growth
- 10,729,000 m<sup>3</sup> of certified timber production in 2022
  - 55% as construction materials = 380,000 houses
  - 44% as paper-related products
  - 1% as other uses



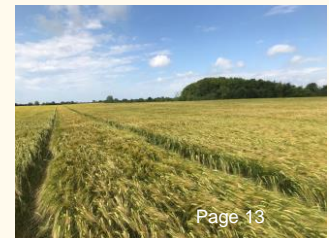
- 2,176 people directly employed by our partners
- 30% of employees are female
- 225 new employees in 2023
- 39% of new employees are female



- 140,000 hectares of water-related habitats protected
- 2,060 hectares of wetlands and peatlands protected
- 900 hectares of wetlands restored
- 84 km of streams restored
- 2,160 tons of excess nutrients & sediments captured in watersheds



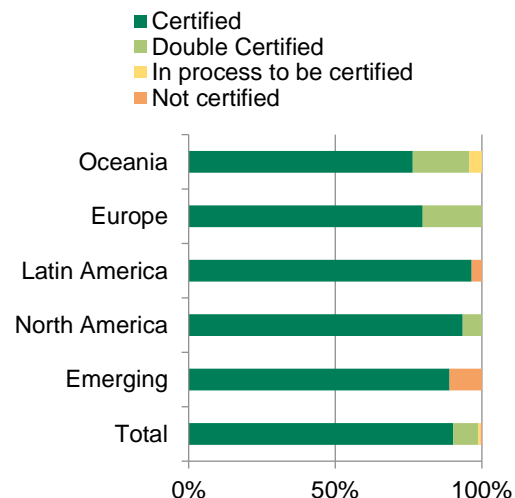
- 6,000+ hectares of productive farmland
- 34,300 people's calories intake p.a.
- 15% organically farmed
- 4% of low-till practice
- 33 different crops grown.



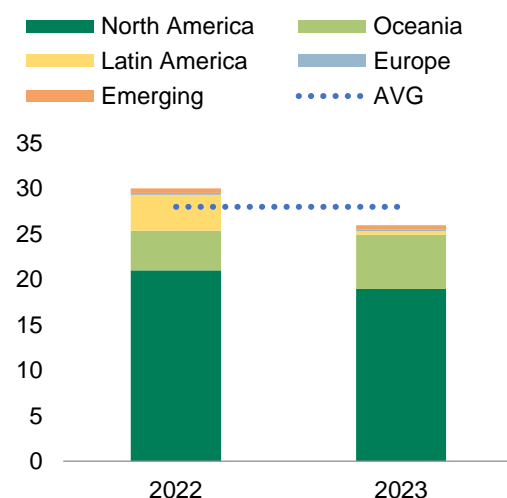


# Sustainable forestry

## Forest certification status (% of area)



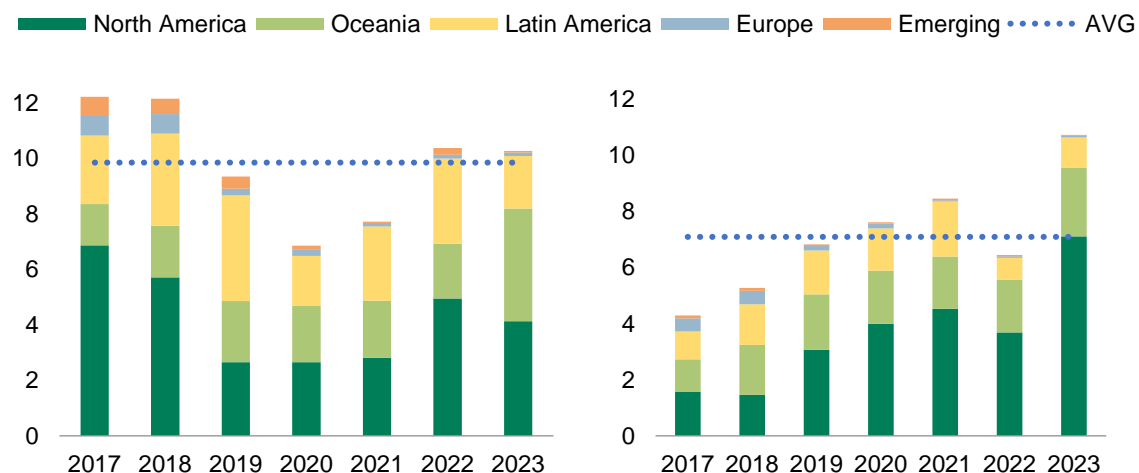
## Million trees planted



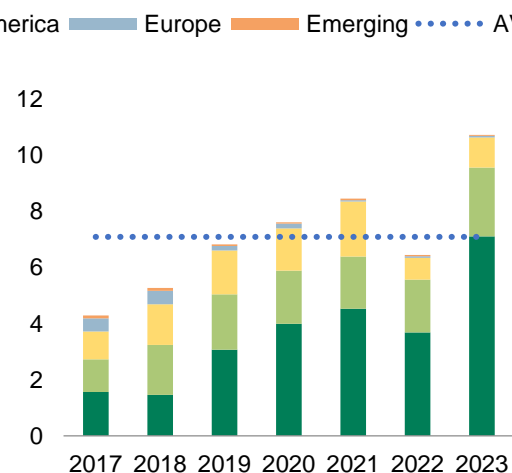
## Commentaries

- In 2023, several divestments and new investments affected the portfolio composition and the metrics.
- Certification status of the assets was unchanged, with 99% of the IWC portfolio being certified. Certification process of a large asset in Oceania continues, while uncertified assets in Latin America and emerging countries are being divested.
- About 26 million trees were planted in 2023, slightly less than during the previous year, mostly due to divestments and as several Latin American assets reached maturity and stopped new planting activities.
- Timber growth was in line with the long-term portfolio average of around 10 million cubic meters per year, with larger than historical contribution from Oceanian investments in 2023. Reduced growth in Latin America is related to divestments and plantations maturity.
- Larger harvests in North America in 2023 are the main contributor to the higher portfolio annual timber harvest, well above historical average.
- Growth and harvest were almost equal in terms of volume, with significant different regional dynamics.

## Annual timber growth (million m<sup>3</sup>)<sup>1,2</sup>



## Annual timber harvest (million m<sup>3</sup>)<sup>1,2</sup>



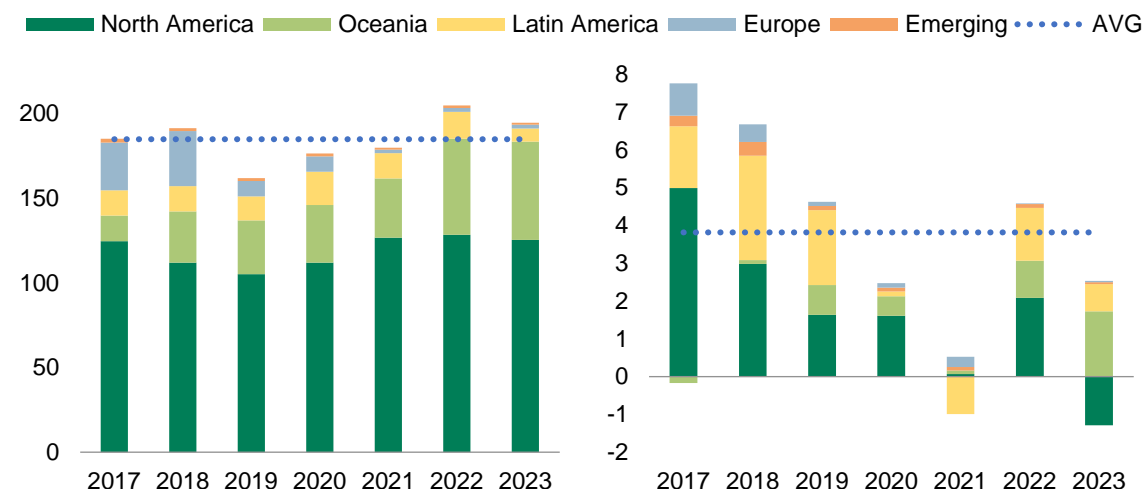
1. M: million.

2. Timber growth and timber harvest mostly consider merchantable timber. Hence, total forest growth is likely underestimated.

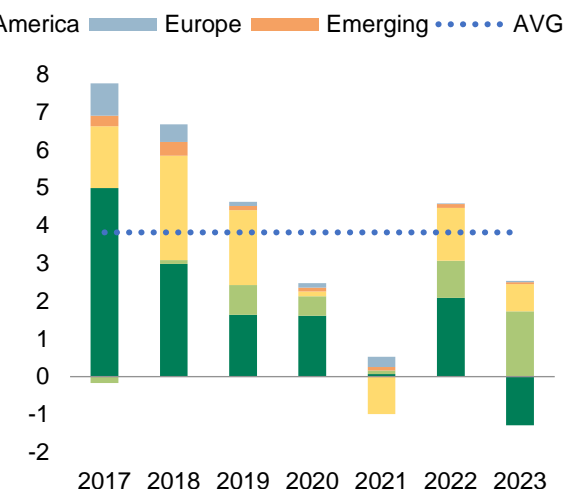


# Carbon accounting

Carbon stock (MtCO<sub>2</sub>e)<sup>1,2,6</sup>



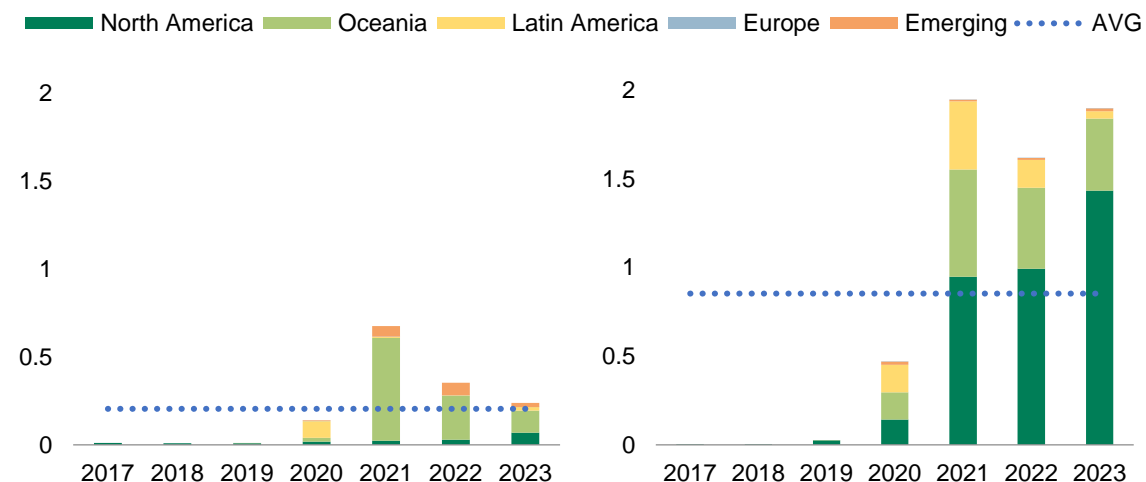
Annual total sequestration (MtCO<sub>2</sub>e)<sup>1,2,3,4,6</sup>



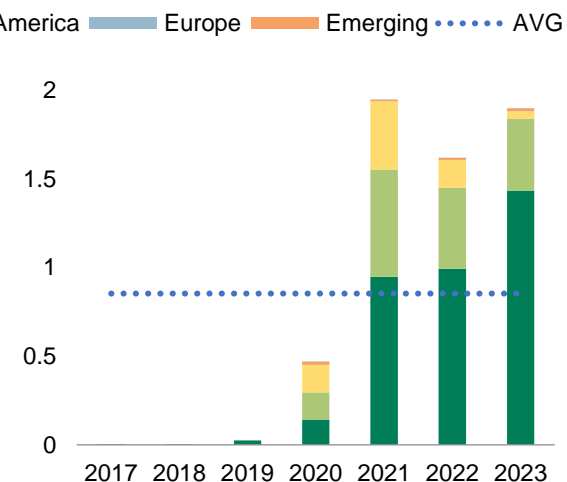
Commentaries

- In 2023, the total carbon stock in forests owned by IWC's clients was just below 200 million tons, slightly decreasing from last year.
- The main reasons for the reduction are divestments and increased harvests on a few assets. Some new investments, due to the timing of acquisition, could not be fully included in the 2023 carbon metrics.
- 2023 total net sequestration was 1,245,000 tCO<sub>2</sub>e, far below the historical annual average of about 3.8 million tCO<sub>2</sub>e.
- All regions except North America had positive carbon balances. In North America, harvests were higher than growth over the year.
- Total net sequestration is based on:
  - 415,000 tCO<sub>2</sub>e of biological emissions (based on stock-change accounting)
  - 240,000 tCO<sub>2</sub>e forestry emissions
  - and 1,900,000 tCO<sub>2</sub>e stored in harvested wood products (HWP).
- Accuracy and coverage of carbon metrics keeps improving with partners refining methodologies and IWC complementing missing datapoints.

Forestry emissions (MtCO<sub>2</sub>e)<sup>1,2,5,6</sup>



Carbon stored in HWP (MtCO<sub>2</sub>e)<sup>1,2,5,6</sup>



1. M: million.

2. Where direct carbon metrics have not been provided by our partners, IWC utilized in-house methodology based on the IPCC Guidelines for National GHG Inventories and regional data for estimation.

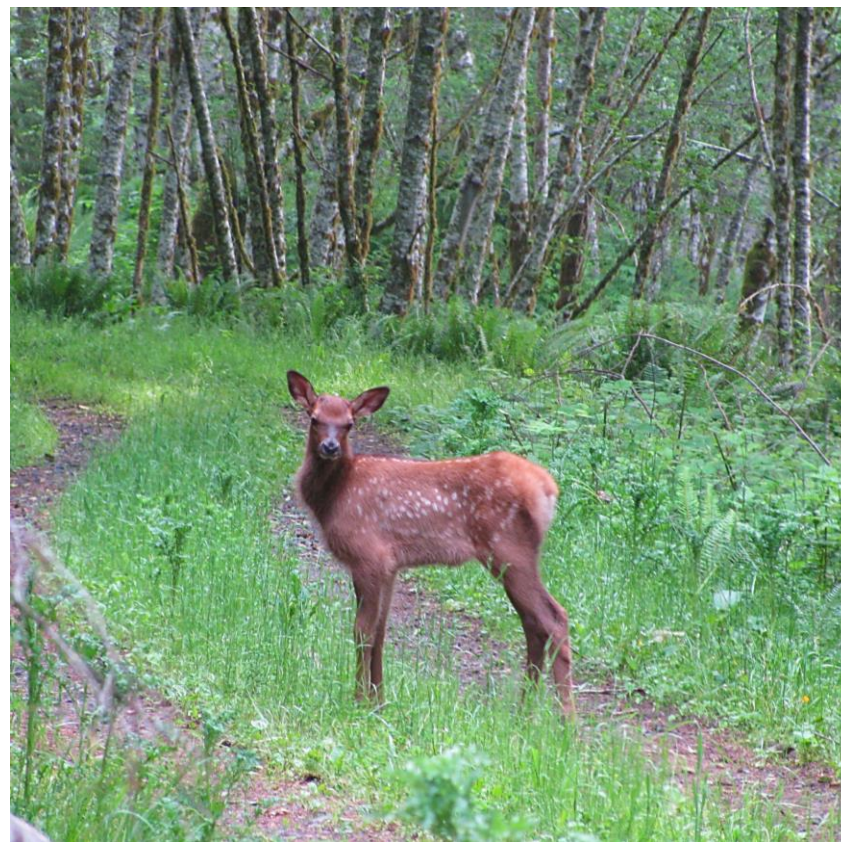
3. Biological sequestration is based on stock change accounting.

4. Annual total sequestration is biological sequestration minus emissions, plus carbon stored long-term (100-years) in harvested wood products.

5. If not provided, emissions and carbon stored in HWP were estimated by IWC.

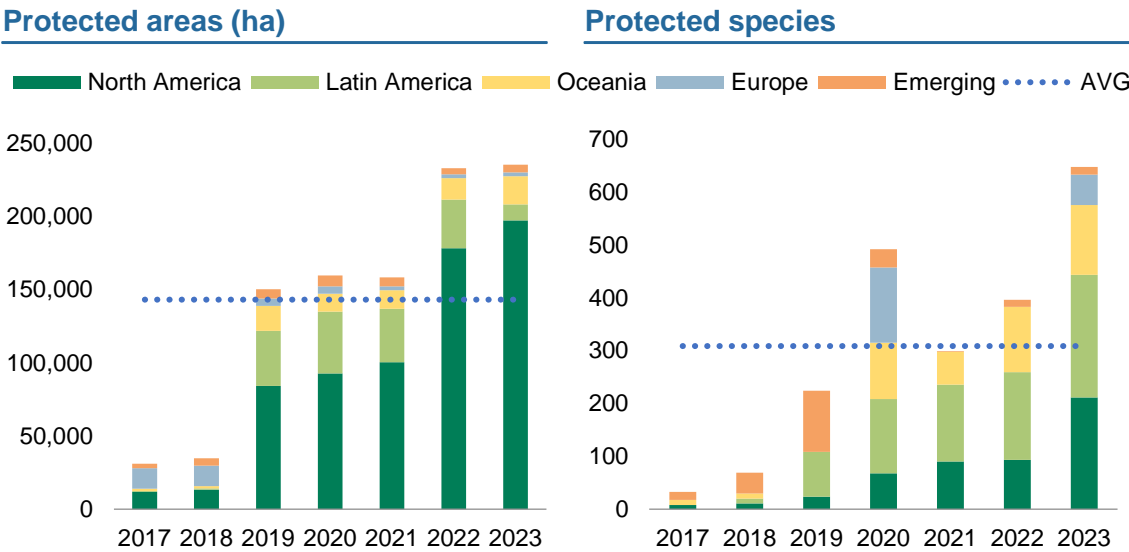
6. IWC controls the provided GHG and carbon metrics to assess comparability between funds – in some cases metrics are amended.







# Biodiversity – Protected areas and species



## Commentaries

- Since the 2022 Kunming-Montreal COP, which provided the new Global Biodiversity Framework, IWC keeps increasing the scrutiny over biodiversity metrics and recurrently engages with its partners on biodiversity to boost biodiversity management and streamline reporting.
- In this regard, the mechanisms guaranteeing protection of ecosystems are increasingly investigated and include, among others, mandatory conservation set asides, operational restrictions from certifications, and voluntary agreements.
- Total protected areas remained stable in 2023, although all the regions, but Latin America, experienced expansions of protected areas, mostly in relation to acquisitions and improved monitoring, while the decrease in Latin America was due to divestments in the region.
- Some historical data have been revised applying a stricter definition of protected areas which lead to a reduction for some investments.
- Protected species increased substantially, mostly in relation to better monitoring and reporting systems from our partners, some reporting the metric for the first time.

## Focus species



**Bare-faced Curassow** (*Crax fasciolata*): “Vulnerable” on the IUCN Red List due to hunting and habitat destruction, found in the Amazon region investments.



**Louisiana pine snake** (*Pituophis ruthveni*): “Endangered” on the IUCN Red List, habitat actively fostered in US South investments.



**Snowy owl** (*Bubo scandiacus*): “Vulnerable” on the IUCN Red List, found in northern US investments.

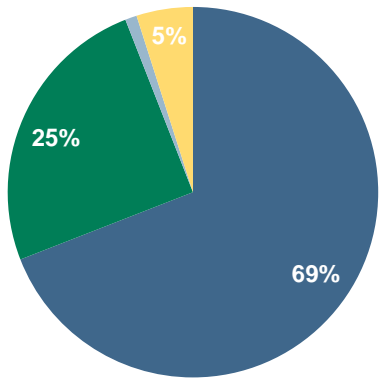
Note: Species pictures are all taken by IWC partners on IWC's clients' assets.



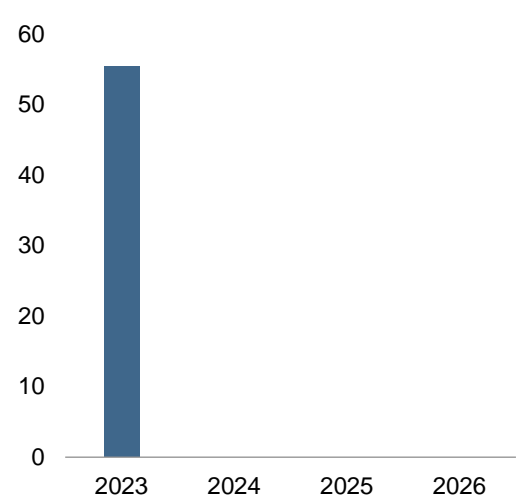
# Biodiversity – Protected ecosystems and surveys

## Ecosystems protected

- Water related
- Forest
- Wetland/peatland
- Grassland
- Other



## Number of biodiversity surveys



## Focus species



**Giant anteater:** “Vulnerable” on the IUCN Red List, found in Latin American investments.



**Southern Lapwing (*Vanellus chilensis*):** “Least Concern” on the IUCN Red List and the only crested wader in Latin America investments.

## Commentaries

- In addition to our typical data collection, this year, the extent of protected areas was assessed and tracked in relation to different ecosystems, to better understand the biodiversity footprint of the portfolio and each asset unique characteristics.
- Under this ecosystems type categorization, in 2023, the majority of areas protected were water-related ecosystems, mostly being stream management zones. In addition, about a quarter of the areas protected were forest ecosystems with different ecological features and values. The portfolio also included 6% of other ecosystems including grasslands, wetlands, and peatlands.
- Also, for the first time, IWC tracked the number of biodiversity surveys conducted in each investment. Considering our clients’ portfolio ownership, about 55 surveys were conducted. However, in total 130 surveys were conducted in the participated investments. These surveys include, but are not limited to, wildlife monitoring, habitat protection, restoration projects, and regular surveys
- The quality of the metrics is expected to increase over time.



**Gopher tortoise (*Gopherus polyphemus*):** “Vulnerable” on the IUCN Red List, found in US South investments.



**Pacific fisher (*Pekania pennanti*):** “Least Concern” in on the IUCN Red List, habitat actively managed in investments in the US Pacific Northwest to avoid population decreases.

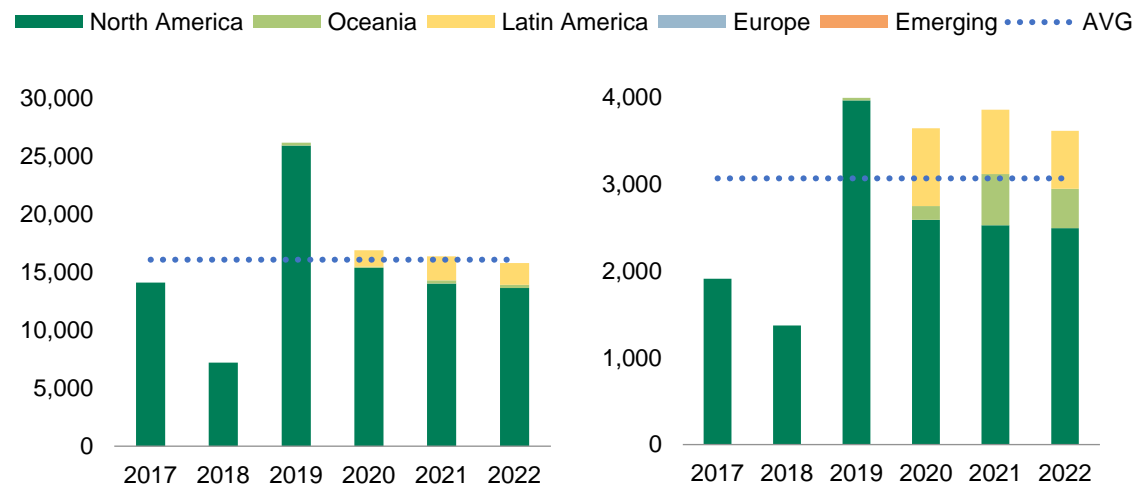




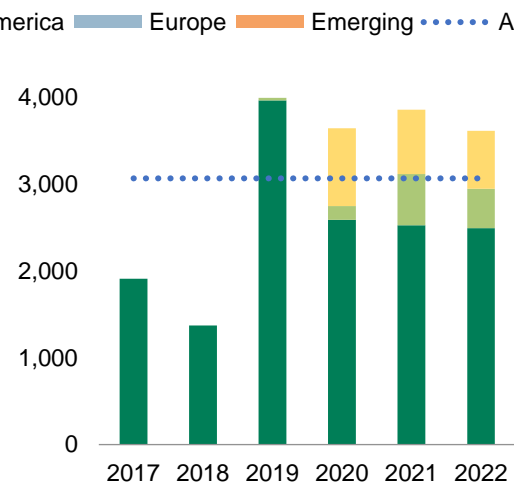


# Water stewardship

Protected watersheds in forests (ha)



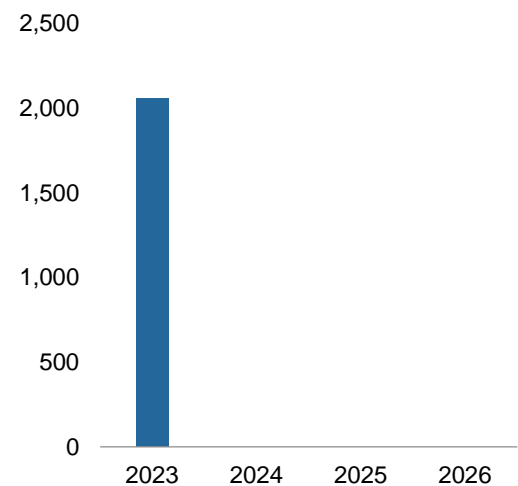
Protected streams in forests (km)



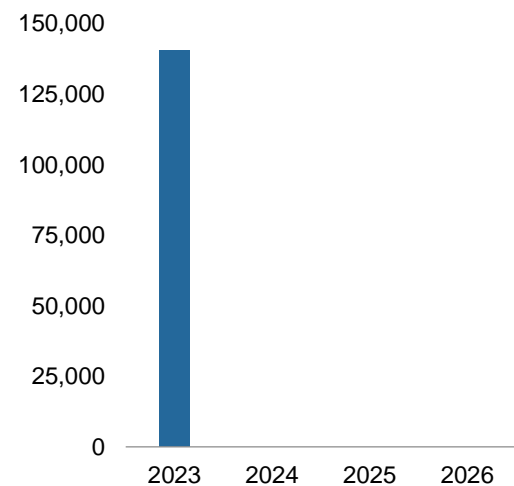
Commentaries

- IWC has, for several years, monitored and reported the extent of protected watersheds and streams in forests across the portfolio.
- As mentioned in the previous page, as part of our continuous journey towards improvement, we decided to use a new categorization by ecosystem type, from 2023 onwards, to facilitate data consolidation and monitoring of the portfolio impact on water resources.
- The top graphics show the previous categorization, while the bottom graphics show the values collected with the new system.
- About 2,000 hectares of wetlands and peatlands and more than 140,000 hectares of water-related habitats are safeguarded in our clients' forest investments. This demonstrates the importance of water resources for forest management and the investments' stewardship of water resources.
- IWC aims at disclosing these new metrics at regional level in the following years as the quality of collection and reporting are expected to increase over time.

Protected wetland & peatland (ha)



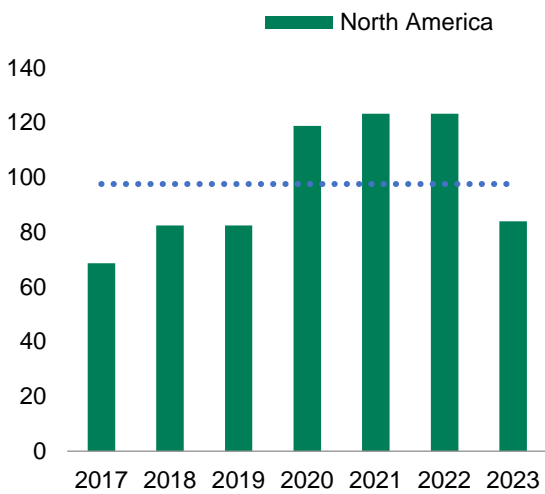
Protected water-related habitats (ha)



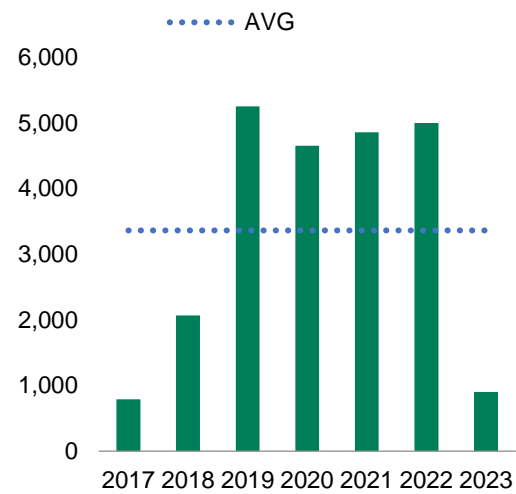


# Restoration activities

Restored and protected streams (km)<sup>1</sup>



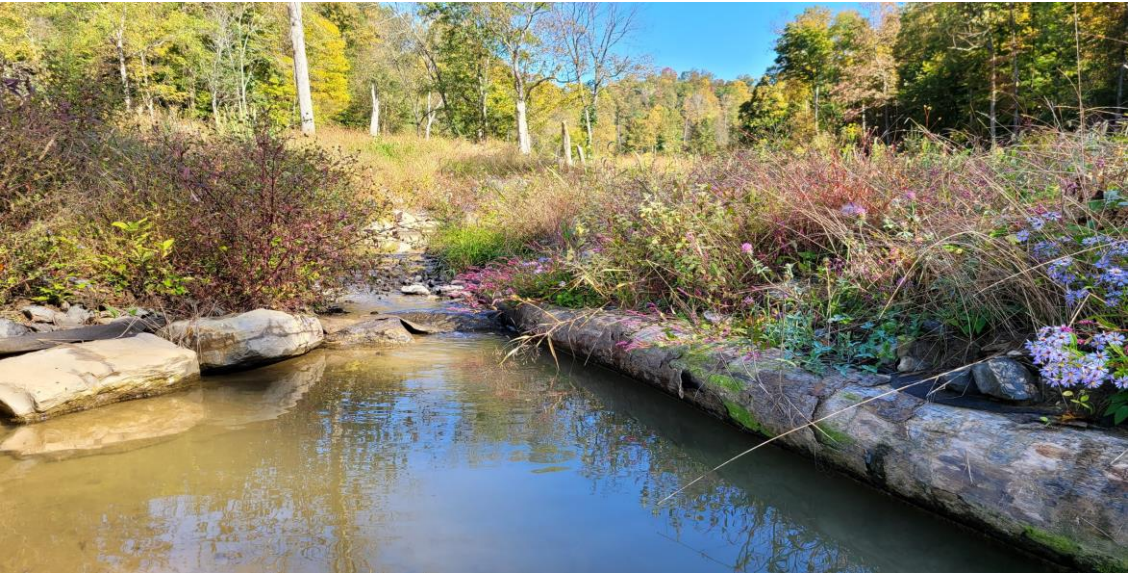
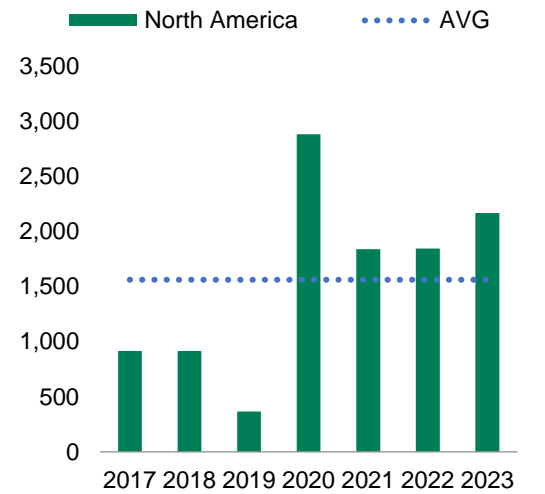
Restored and protected wetlands (ha)<sup>1</sup>



Commentaries

- Ecosystem restoration activities have been part of IWC’s portfolio for over 15 years, substantially contributing to biodiversity and provision of ecosystem services benefitting humanity and local communities.
- After years of increasing restoration activities, divestments reduced the active contribution of the portfolio.
- Nevertheless, all the ecosystems protected in the assets divested are safeguarded beyond the portfolio ownership as protected by regulations and/or owned by conservation entities.

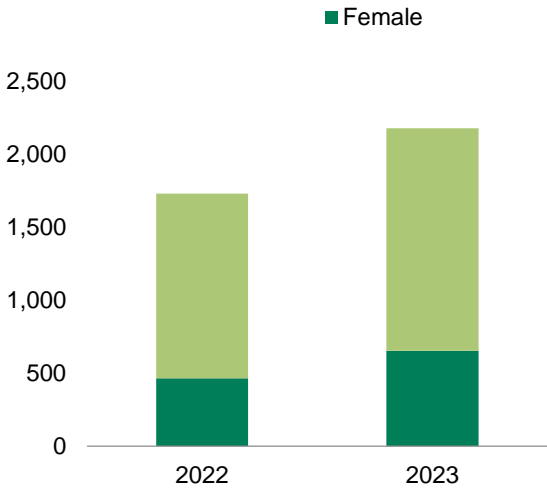
Nutriments & sediments captured (t)<sup>1</sup>



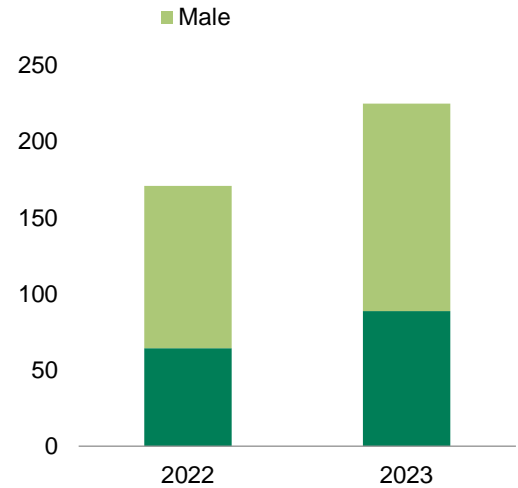
1. Restored and protected streams and wetlands, as well as nutrients and sediments captured in North America relates to ecosystem restoration projects and mitigation banks.

# Employment and gender equality

Managers' total employees



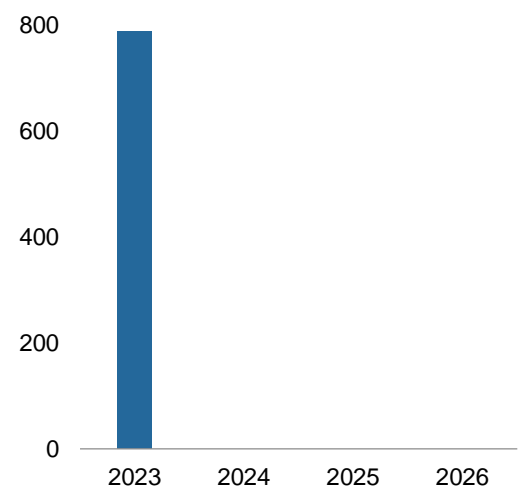
Managers' new employees hired



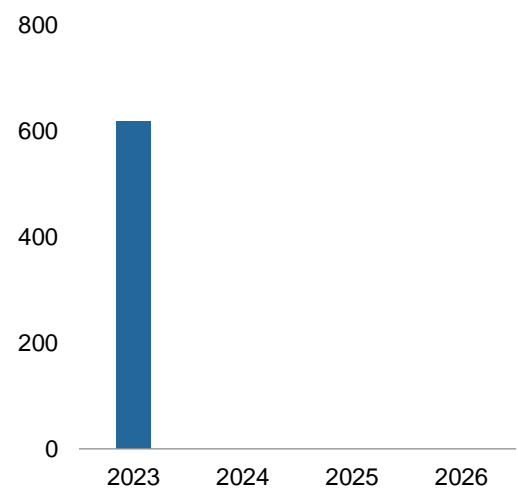
Commentaries

- IWC is disclosing employment data for the second year to keep showcasing the direct social impact of the investments. In this regard, we are improving the data collection together with our partners to improve the accuracy of the metrics.
- In 2023, 2,179 people were directly employed by our partners, 30% females and 70% males, with 225 people being newly hired in 2023, out of which 39% were females and 61% males.
- Also, in 2023, almost 800 contract workers were occupied to support the investments, resulting in about 600 full-time equivalent employees active at portfolio level.
- These numbers are an attempt to estimate the number of people who are working in the forests and benefit from the portfolio activities but are not directly employed by our partners. The number is likely higher as some of our partners could not track the metric.
- IWC aims at disclosing these new metrics at regional level in the years to come, as the quality of data collection and reporting improves.

Contract workers



Contract workers FTE<sup>1</sup>



1. FTE: full-time equivalent.



## Commentaries

- As SFDR entered into force, IWC engaged with its partners to collect relevant data. Indeed, while the data collection and disclosure are not mandatory, IWC recognizes their value.
- Not all the partners could deliver the full extent of data. However, a limited delivery was anticipated due to the novelty of the metrics. Overall, IWC is satisfied with this initial SFDR data collection and will keep working to increase tracking and improve transparency.
- Investments metrics are based on portfolio ownerships and are related to the assets in the portfolio.
- Partners metrics are disclosed at the overall corporate impact, and not for IWC's investors' ownerships only.
- The limited amount of hazardous waste was produced in few investments from disposal of chemical containers. While being produced, the waste was responsibly and sustainably disposed without affecting the environment.
- The workdays lost principally relate to sick leave days not directly consequence of incidents the investment activities.

## Investments

Scope 1 emissions (tCO <sub>2</sub> e)	5,000
Scope 2 emissions (tCO <sub>2</sub> e)	3,150
Scope 3 emissions (tCO <sub>2</sub> e)	359,500
Emissions to water (tons)	0
Hazardous waste (tons)	1
Severe human rights issues	0
Workdays lost to injuries, illnesses, fatalities	228

## Partners

Scope 1 emissions (tCO <sub>2</sub> e)	585,700
Scope 2 emissions (tCO <sub>2</sub> e)	8,583,294
Scope 3 emissions (tCO <sub>2</sub> e)	5,558,153
Share of board gender diversity	16%
Energy consumption (GWh)	3,248
Share of non-renewable energy consumption	53%

Note: Emissions data are not directly related to the forestry emissions reported in the carbon accounting page of the report, as utilizing two different methodologies.

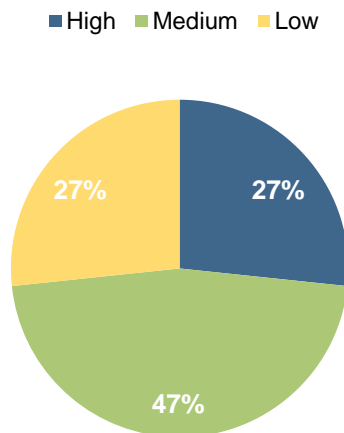
Scope 1 refers to the direct emissions from sources that are owned or controlled by the company.

Scope 2 refers to the indirect emissions linked to the company's purchased or acquired electricity, heat, steam and cooling.

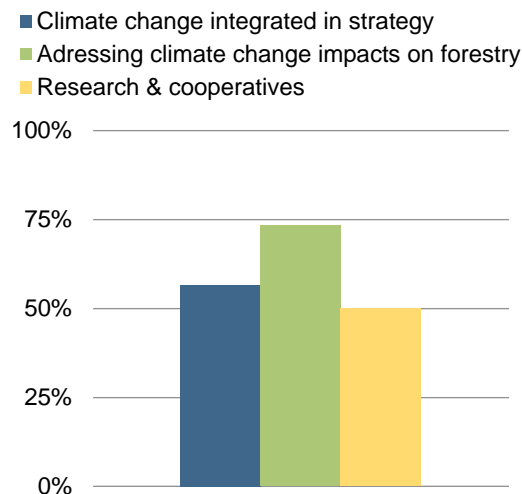
Scope 3 refers to all other indirect emissions, including those related to our equity investment in our own products.

# ESG & climate change integration of our partners

## ESG integration (% partners)



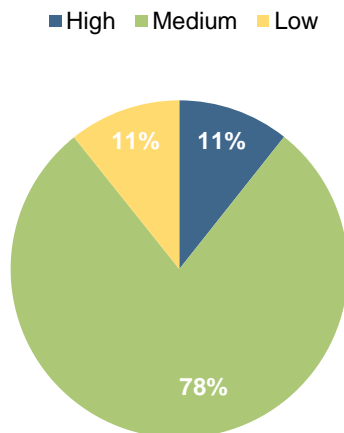
## Climate change (% partners)



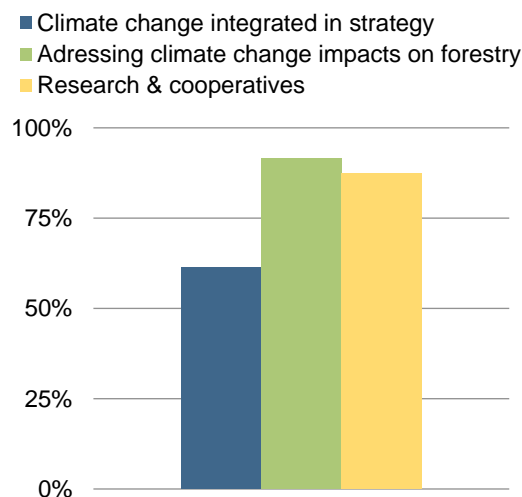
## Commentaries

- In 2023, IWC updated the ESG rating of its partners. The new methodology is based on practices implemented, data availability, approach to collaboration, and internal capabilities and resources.
- The main categories of the assessment are ESG policy, forest certification, ESG capacity, ESG integration, ESG measurement and disclosure, governance, social, sustainable forest management, and climate change.
- The assessment is a combination of both qualitative and quantitative analysis.
- The ESG ratings of our partners are balanced. Notably, IWC privileges engagement with those partners with lower capabilities, with the intention to boost sustainability across the sector to benefit not only our clients but the entire society.
- In terms of value, most of the portfolio is managed by “medium” partners, which, in most cases, excel in some categories and can improve in others. Again, IWC actively engages on critical challenges to expand capabilities.
- Over time, IWC noticed significant improvements in ESG and climate change integration in the sector.

## ESG integration (% NAV)



## Climate change (% NAV)

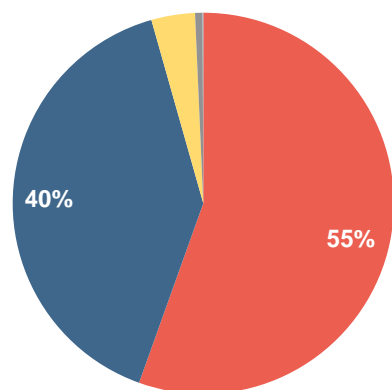




# Physical impacts on forestry assets

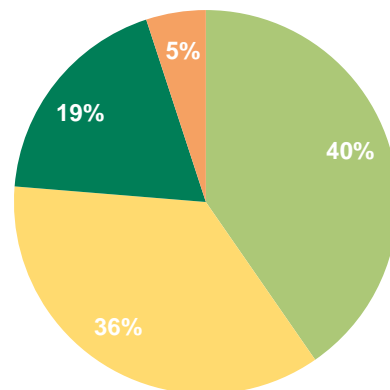
## 2023 net value loss per peril

■ Fire  
■ Insect, disease  
■ Ice, snow, rainfall  
■ Wind, storms  
■ Other  
■ Drought



## 2023 net value loss per region

■ Oceania  
■ Latin America  
■ Emerging  
■ North America  
■ Europe

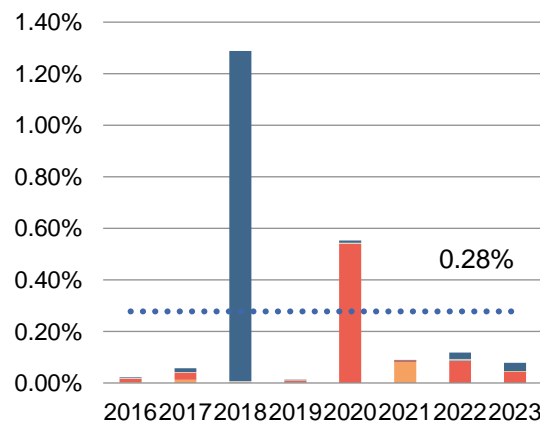


## Commentaries

- In 2023, natural disturbances impacted 0.08% of the total portfolio value – below the historical annual average. Consequently, average annual financial impact falls by 2 bps to 0.28%.
- Similarly, area impacted in 2023 totaled 0.65%, reducing historical average impact by 5 bps to 1.18%.
- Fires, affecting investments in different regions, have been the most damaging events in 2023, accounting for 55% of the total value losses.
- Wind and storm damages have been significant but concentrated as the value loss only relates to the damages of cyclone Gabrielle in New Zealand.
- Insects and diseases, for the second year, are the most significant disturbance in terms of area. The financial impact of such events depends on trees resistance and managers' active forest management practices, and responsiveness, and could manifest over the long-term through reduced growth, for example.
- While insurance have covered some of the annual losses, active forest management, portfolio diversification, and climate change integration remain the main mitigation tools.

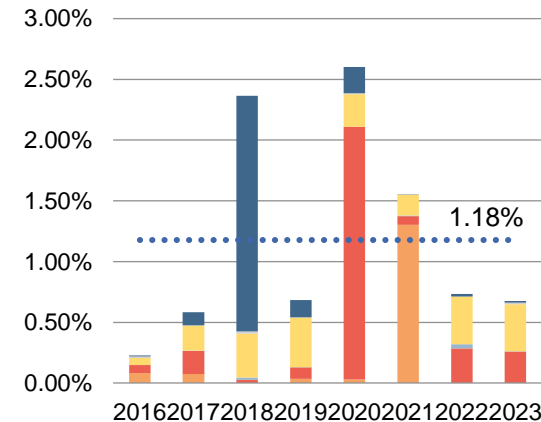
## Historical value net loss

■ Drought  
■ Fire  
■ Other  
■ Wind, storms



## Historical area impacted

■ Ice, snow, rainfall  
■ Insects, disease  
..... AVG









# Agriculture 2023 ESG highlights

## ESG dashboard for agriculture investments

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- 6,000+ hectares of productive farmland
- 34,325 persons' calories intake p.a.
- 15 % organically farmed
- 4 % of low-till practice
- 33 different crops grown
- 2 renewable energy option leases signed.

## Continued implementation of farm level sustainability plan

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- Application for reforestation project, expected completion 2024
- Nature quality assessment of two properties
- Implementation of wildlife corridor based on nature quality assessment
- Assessment of opportunities to improve and create frog ponds
- 150 hectares of fallow land for biodiversity
- Soil health assessment of 300 hectares to improve understanding of improvement potential and mitigate potential soil degradation
- Investigation of the possibilities within the nutrient retention pond to reduce the leaching of nitrogen into the sea, while improving drainage
- Ongoing support for on-farm drainage maintenance and improvements that promote improved input efficiency.



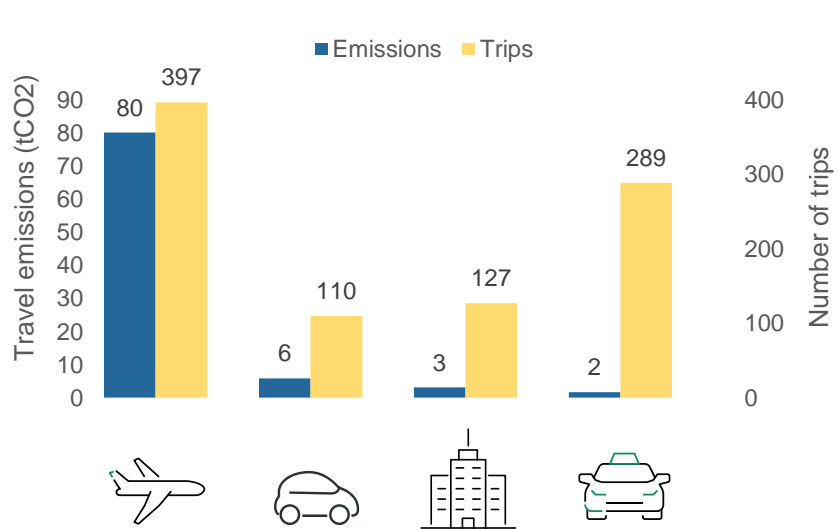


# IWC's internal greenhouse gas account

Emissions in tons of CO<sub>2</sub> equivalent<sup>1</sup>

Emission source		2023	2022	2021
Scope 1		-	-	-
Scope 2	Electricity/heating	7.95	7.56	-
Scope 3	Forestry operations	201.00	280.93	481.93
	Business travel	90.80	48.60	12.40
	Commuting	7.20	7.70	4.50
	Food	28.84	26.00	-
	Home office	6.29	3.80	-
	Other emissions	1.23	1.60	9.91
Gross emissions		343.32	376.19	508.74
Biological sequestration from own investments		2,010.1	9,126.4	2,700.4
Carbon stored in products for 100+ years		839.2	646.6	865.8

Business travel emissions (tCO<sub>2</sub>) & journeys<sup>4</sup>

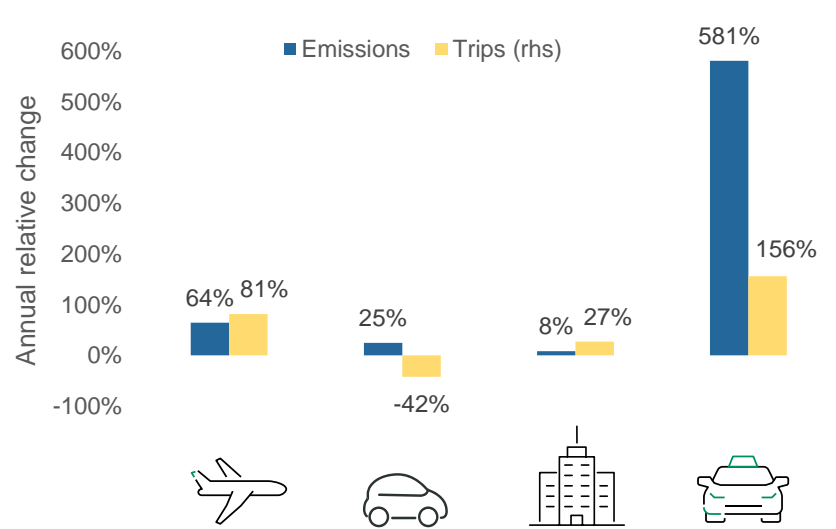


Disclaimer & methodology

- The greenhouse gas account is guided by the GHG Protocol standards. However, it does not claim to be aligned.
- Forestry emissions have been calculated based on the direct equity invested by IWC in forestry assets.
- Emissions have been accounted for with direct data wherever possible, as well as with specific calculators<sup>2</sup> and otherwise with emission factors from the UNFCCC secretariat<sup>3</sup>.
- Estimates have been calculated based on random sampling when no primary data could be collected.
- Due to the complexity of a company GHG account, it is probable that individual (but relatively small) items were omitted. Therefore, the emissions are potentially understated.
- In 2023, sequestration by IWC investments was substantially lower due to reduced growth and divestments.

*For the second year, IWC produced an internal GHG accounting, and we keep investigating GHG saving opportunities*

Relative change from 2022<sup>4</sup>



1. In ongoing efforts to improve data quality, numerous variables from 2022 and 2021 have been recalculated. 2021 numbers are not as accurate as 2022 and 2023 numbers and are only indicators of how parts of the account likely looked.

2. <https://applications.icao.int/icec flight calculator>.

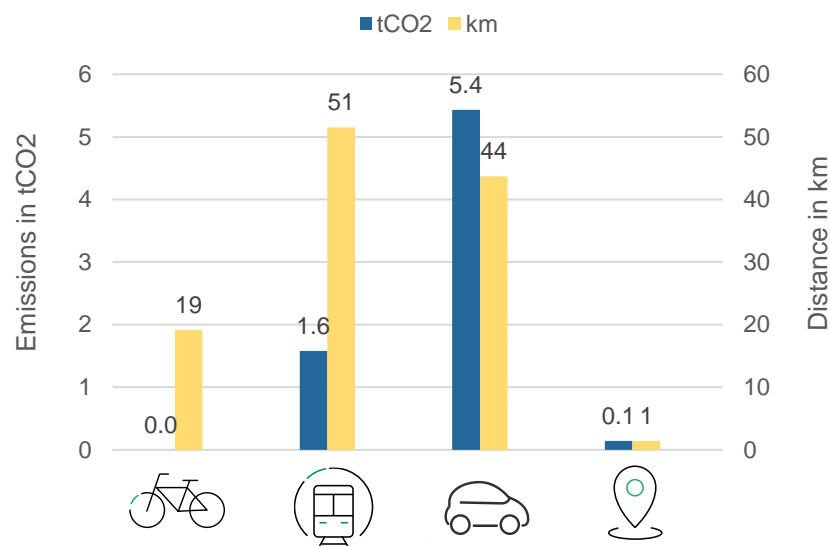
3. <https://unfccc.int/documents/271269>.

4. Planes, cars, hotels, taxis.

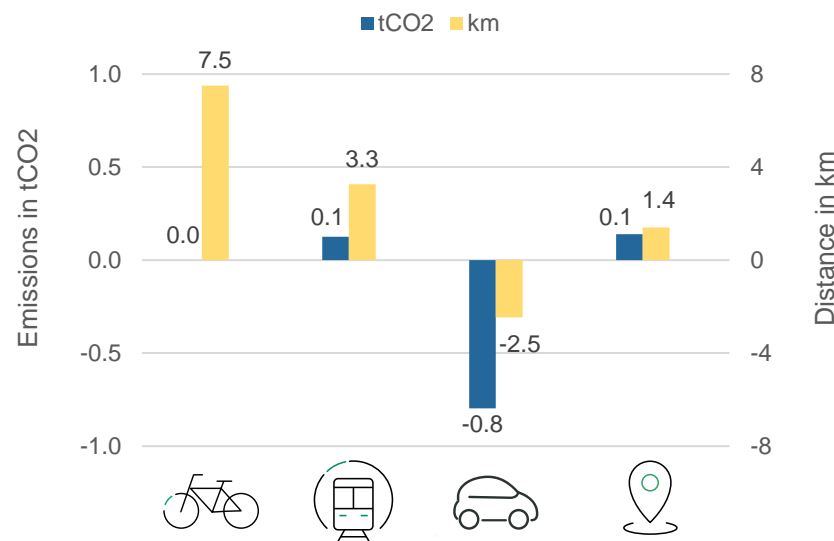


# IWC's internal greenhouse gas account

## Commuting emissions & distance<sup>1</sup>



## Change in commuting emissions & distance<sup>1</sup>



*IWC employees are biking more and driving less*

*Meals are becoming greener*

## Insights into the 2023 IWC GHG account

- In 2023, the average emissions per employee decreased from 10.88 to 9.80 tCO<sub>2</sub>e mostly driven by lower forestry emissions. Excluding those, emissions per employee increased from 2.98 to 4.06 tCO<sub>2</sub>e driven by increased business travel activity.
- Emissions produced by home office operation increased significantly, mainly related to the addition of new employees.
- Food emissions remain a large portion of the Scope 3 emissions. 11 % of all meals have been vegetarian or vegan (having a lower carbon footprint) being 9 % in 2022. A slight increase compared to last year which can be attributed to new hires.
- Compared to 2022, commuting emissions slightly decreased in 2023, despite an increase in the number of employees (+2).
- Per capita, the commuting emission decreased from 274 to 231 kg of CO<sub>2</sub>e. Four more people are biking to work, 6 more people are taking public transport, while only one additional person is driving by car.
- The average biker biked 1,277 km in 2023, compared to 979 km in 2022. The average car driver drove 230 km less than last year.
- Notable items excluded from the account are:
  - Emissions from deliveries (Danish post drives electric).
  - Scope 1 emissions (Not applicable).
  - External service providers where data is unavailable.

1. Bike, public transport, car, others.

# Glossary

**AIFMD:** Alternative Investment Fund Managers Directive

**AuA:** Assets under Advice

**AuM:** Assets under Management

**AVG:** Average

**BNPP:** BNP Paribas

**COP:** Conference of the Parties (under the UNFCCC)

**Dansif:** Danish Sustainable Investment

**ESG:** Environment, Social, Governance

**EU:** European Union

**FLAG:** Forest, land, and Agriculture

**FSC:** Forest Stewardship Council

**GHG:** GreenHouse Gases

**HWP:** Harvested wood products

**IPBES:** Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

**IPCC:** Intergovernmental Panel on Climate Change

**IUCN:** International Union for Conservation of Nature

**KPI:** Key Performance Indicator

**PEFC:** Programme for Endorsement of Forest Certification

**UNFCCC:** United Nations Framework Convention on Climate Change

**UNPRI:** United Nations Principles for Responsible Investment

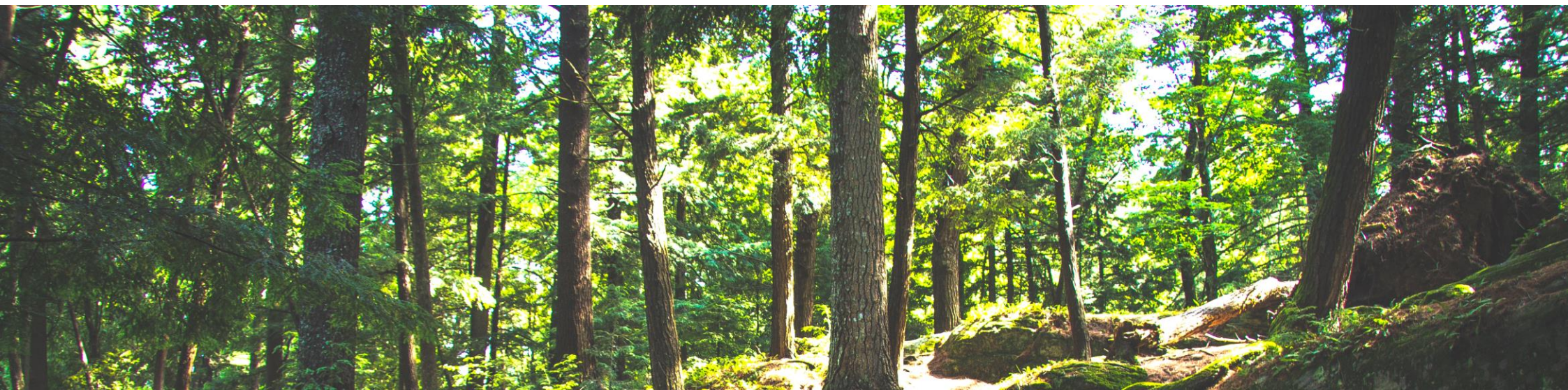
**SBTi:** Science-Based Targets initiative

**SEC:** United States Security Exchange Commission

**SFDR:** Sustainable Finance Disclosure Regulation

**TCFD:** Task Force on Climate-related Financial Disclosures

**TNFD:** Task Force on Nature-related Financial Disclosures.





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