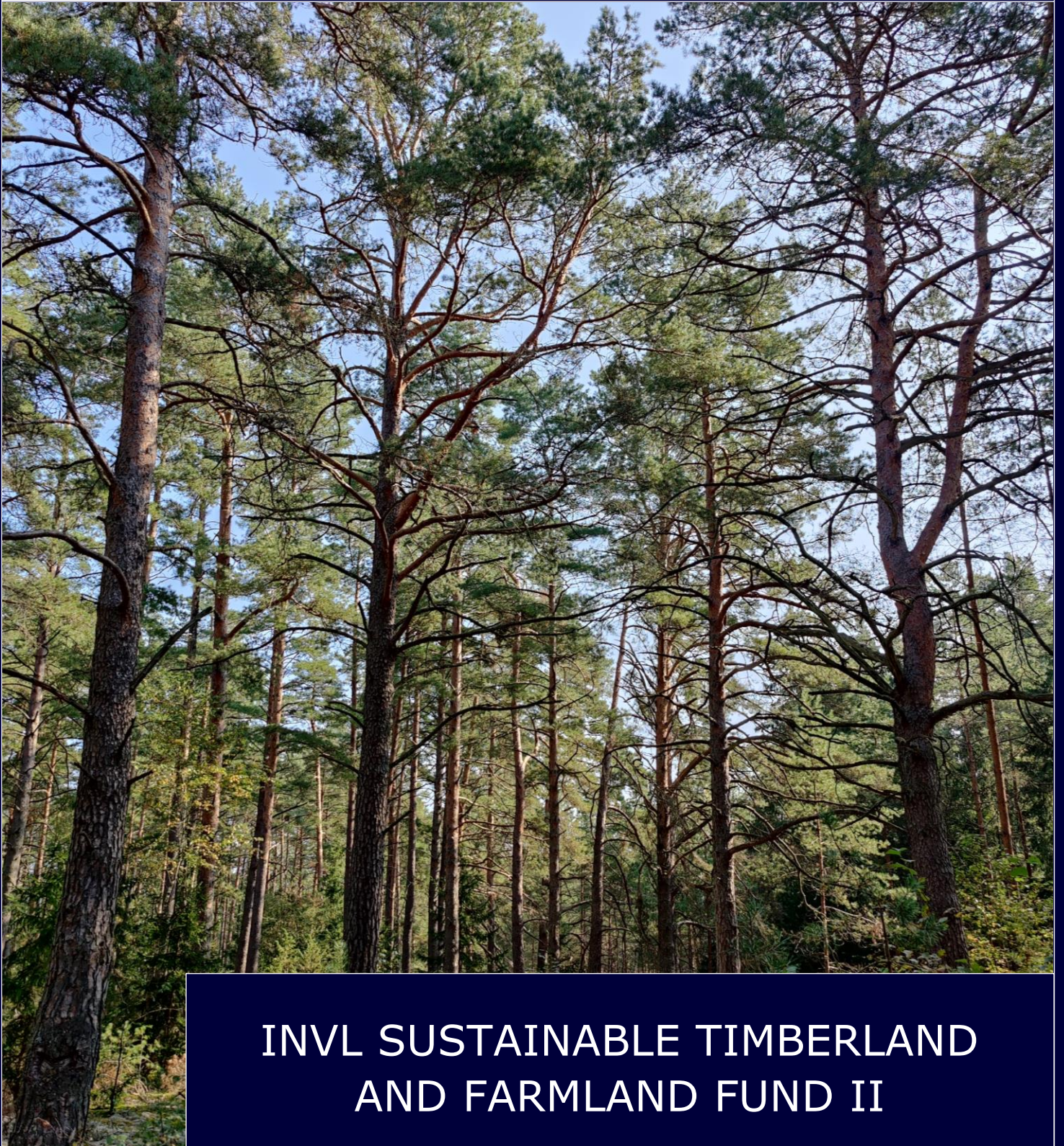
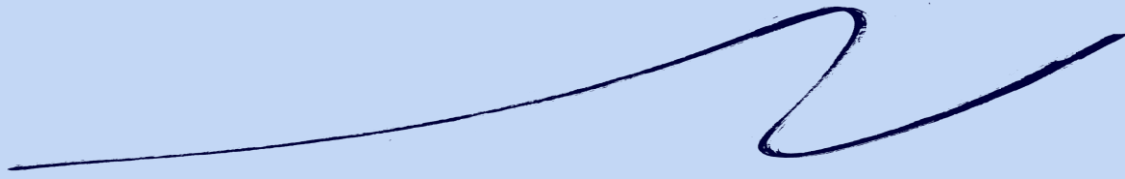


The logo for INVL, consisting of the letters 'I', 'N', and 'L' in a stylized, white, sans-serif font, enclosed within a white square border on a dark blue background.

INVL SUSTAINABLE TIMBERLAND AND FARMLAND FUND II

Communication on Progress
October 2021–September 2022



Dear Stakeholders,

In November 2021, INVL Sustainable Timberland and Farmland Fund II, SCSp (a segregated Compartment of INVL Alternative Assets Umbrella Fund, SCSp SICAV-RAIF) joined the United Nations Global Compact aiming to help encourage the implementation of the United Nations Sustainable Development Goals and seeking to incorporate the UN Global Compact principles in the investment strategy, stakeholder engagement, portfolio management, and internal culture of the Fund. In the space of only one year, we have learned many valuable lessons on risk management, partnership assessment, and long-term planning. Most importantly, we have been able to successfully apply the freshly obtained knowledge to our day-to-day operations. Since joining the United Nations Global Compact last year, we have grown significantly: our portfolio increased 2.75 times, the size of the Fund grew by 60%, and our team increased by 36%. We are proud that we have managed to grow and at the same time strengthen our commitments to sustainable development and incorporation of the UN Global Compact principles. We have made significant strides towards sustainable and inclusive development. For example, sustainable management of the Lithuanian forest portfolio was certified by FSC® in August.

In this Communication on Progress, we describe our actions in the areas of Human Rights, Labor, Environment, Anti-Corruption, and Stakeholder Involvement. We present how we continually improve the integration of the Global Compact principles into our daily operations and how our actions help move closer towards the achievement of the UN Sustainable Development Goals. We also share our commitments to the future and outlook for the next year. We are really pleased to confirm that the UN Global Compact principles will continue guiding our operations in the future and we reaffirm our support of the Ten Principles in the areas of Human Rights, Labor, Environment and Anti-Corruption. We are committed to sharing the Communication on Progress with our stakeholders.

Yours sincerely,



Martynas Samulionis

GP Manager



COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

HUMAN RIGHTS

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should make sure that they are not complicit in human rights abuses.



Our Commitments

- INV L Sustainable Timberland and Farmland Fund II (hereinafter referred to as “we”, “the Fund” and “STAFF II”) respects human dignity and acts in complete accordance with principles of protection of human rights, declared in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights.
- The Fund does not tolerate any form of discrimination and harassment and does not knowingly work with any business partner or service provider who engages in any form of discrimination or exploitation of workers. STAFF II is committed to helping its partners raise the standards of protection of human rights and human dignity.
- Employees of portfolio companies and the portfolio management company have signed the Policy of Equal Rights and Implementation Requirements, which ensures that the human rights-related commitments are upheld, and a safe and inclusive working environment is fostered.

Contribution to the SDGs



- The Fund seeks to partner with as many small and medium service providers as possible and prioritizes partnerships with local enterprises.
- STAFF II ensures that the existing and new employees of portfolio companies, both males and females, are treated equally and paid the same for equivalent work.



- Gender and marital status do not have any role in employee selection process and every candidate is treated equitably.
- Remuneration for equivalent work is equitable and there are not any differences based on gender. Both female and male employees are granted parental leave without any conditions or fines.



- Employees are provided with safe and sanitary work equipment.
- Employer-employee relationship is based on mutual consent. The Fund strongly condemns forced labor, child labor and modern slavery.
- The Fund has zero tolerance for psychological violence, bullying, and the abuse of authority.



- The Fund seeks to provide SMEs and local firms with as many business partnership opportunities as possible. As of the end of the reporting period, SMEs make up 63% of farmland tenants and more than 87% of service providers.
- Employees of portfolio companies are compensated equally for the same work.

Our Actions

- When analyzing investment opportunities and making decisions, the Fund always assesses human rights-related risks and possible impacts. Major decisions in which human rights have a significant role are aimed to be made only after thorough discussions with stakeholders and affected parties.
- STAFF II strives to create working environment in which everyone feels safe and respected. The Fund has a reporting mechanism and action plan in place in case there are any complaints regarding discrimination, harassment, abuse, or any other violation of human rights.
- The Fund is constantly tracking its performance in the field of human rights. For this purpose, 3 indicators are used to evaluate how STAFF II is doing.

0

Complaints on violation of human rights filed in the reporting period.

0

Incidents of discrimination in portfolio companies in the reporting period.

0

Incidents of discrimination leading to sanctions in portfolio companies in the reporting period.

LABOR

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
- Principle 4:** Businesses should eliminate all forms of forced and compulsory labor.
- Principle 5:** Businesses should abolish all child labor.
- Principle 6:** Businesses should eliminate discrimination in respect of employment and occupation.



Our Commitments

- INVL Sustainable Timberland and Farmland Fund II strongly supports commitments expressed in the Declaration on Fundamental Principles and Rights at Work, including the 2022 amendment regarding fundamental principles of a safe and healthy working environment. The Fund respects freedom of association, strives to create safe and stable working conditions, does not engage in any form of forced, compulsory, or child labor, which it firmly condemns, and does not tolerate any form of discrimination in respect of employment and occupation. STAFF II acts in accordance with values and practices promoted by the Freedom of Association and Protection of the Right to Organise Convention, the Right to Organise and Collective Bargaining Convention, the Equal Remuneration Convention, and the Discrimination Convention.
- The Fund does not knowingly work with any business partner or service provider who engages in any form of discrimination, exploitation of workers, and forced, compulsory or child labor. STAFF II carefully selects business partners to work with and closely monitors how the contractors treat their employees. In contracts with service providers, the Fund seeks to incorporate various labor-protection related provisions, including but not limited to restrictions of employment of minors for difficult and dangerous tasks.
- Portfolio companies and the portfolio management company have the Code of Ethics and the Policy of Equal Rights and Implementation Requirements in place, which ensure that every employee is treated with respect, and their freedom of self-expression is not restricted. The Fund recognizes the right to collective bargaining and freedom of association. Nevertheless, employees of both portfolio companies and the portfolio management company have not expressed a wish to unionize.

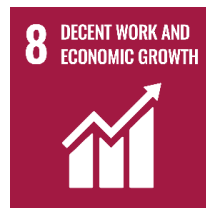
Contribution to the SDGs



- Wages are determined based on qualifications, experience, knowledge, degree of responsibility, abilities of the employee, and the achieved results.
- Employees of portfolio companies and the portfolio management company can choose a contribution to their independent retirement pension accumulation as a motivational tool.



- Gender and marital status do not have any role in employee selection process and every candidate is treated equitably.
- Remuneration for equivalent work is equitable and there are not any differences based on gender. Both female and male employees are granted parental leave without any conditions or fines.



- Since the outbreak of COVID-19, STAFF II has been taking preventive actions and acting in accordance with safety guidelines and requirements of the government and medical institutions.
- STAFF II respects freedom of association and the right to collective bargaining.
- The Fund covers expenses for fuel and workwear.



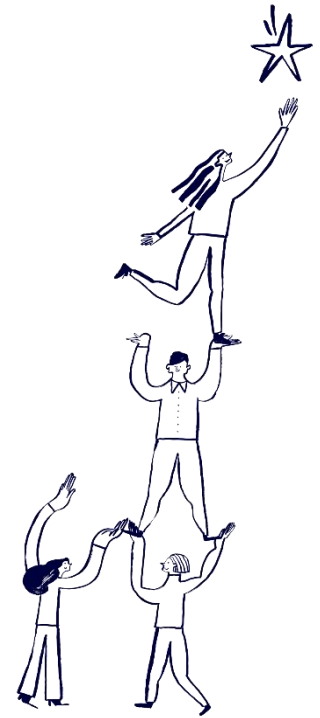
- Gender, age, marital status, nationality, beliefs, and opinions do not have any role in employee selection and hiring process.
- The Fund recognizes the right to collective bargaining and provides the employees of portfolio companies and the portfolio management company with an opportunity to unionize.

Our Actions

- STAFF II aspires to create working conditions which allow employees to concentrate on their tasks, do not worry about anything else, and have a healthy work-life balance, which is paramount to the success of the Fund. Office space is designed aesthetically and ergonomically, according to the newest trends and recommendations. In the office, snacks and hot drinks are available for the employees to stay energetic and focused. Each team member has been provided with his/her own IT equipment and mobile devices. The Fund successfully adapted to remote work during the COVID-19 outbreak and has allowed the employees to work from home ever since. In the summer of 2022, all employees had an opportunity to shorten their workweek by 4 hours.



- The Fund strives to create working environment in which everyone feels safe and respected. The Fund has a reporting mechanism and action plan in place in case there are any complaints regarding discrimination, harassment, abuse, or any other violation of human or labor rights. In the reporting period, no aforementioned complaints were filed, and no incidents of discrimination were reported.
- STAFF II recognizes the value of motivated and constantly improving employees. Therefore, it provides training and development opportunities for the entire team. In the reporting period, employees of the portfolio management company and portfolio companies had an opportunity to participate in various computer application, compliance, legal, and management courses.
- Health and safety are a top priority for the Fund. Employees can choose additional medical insurance covered by the employer as a motivational tool and are offered free flu vaccination every year. Health and safety standards of portfolio companies investing in forests are in line with the requirements of the ILO Code of Practice regarding safety and health in forestry work. During the regular worksite visits, employees of the Fund meticulously monitor how contractors and their workers adhere to safety standards. If violations of safety standards are noticed, each instance is registered in the List of Cases of Non-compliance and discussed with key stakeholders. Measures to prevent similar violations in the future are adopted.
- Accidents are also registered in the List of Cases of Non-compliance. The team investigates the reasons behind them and adopts measures to prevent similar accidents from happening in the future. In case State Labor Inspectorate investigates the case, the Fund cooperates with the authorities and follows their recommendations. In the contracts for sale of standing timber, it is stipulated that the Fund should be informed if any accidents during the process of timber harvesting occur.
- Wages are paid in accordance with relevant national labor laws and international standards. Annual and semi-annual performance reviews are conducted individually for every team member. Employees may receive yearly bonuses based on their performance and contribution to the success of STAFF II.
- Employees of portfolio management companies, who oversee land plot inspection, are provided with company cars. The Fund also covers their expenses for fuel and workwear.
- Managers and their subordinates closely cooperate with each other and solve various problems together. Major decisions are made only after consultations with employees and other stakeholders and are based on relevant and objective criteria.



0

Complaints on violation of labor rights filed in the reporting period.

0

Cases of absenteeism in the reporting period.

0

Occupational diseases and injuries in the reporting period (including relevant subcontractor cases).

Team Building

- STAFF II recognizes the importance of team unity and open communication. Therefore, various team building and team bonding activities are organized to ensure that everyone feels like a part of the team and the Fund is run like a well-oiled machine.
- Team building activities are aimed to be directly linked to the mission and values of the Fund. They often involve visits to the portfolio holdings and other environment-related activities, such as tree-planting in spring, pictured below.

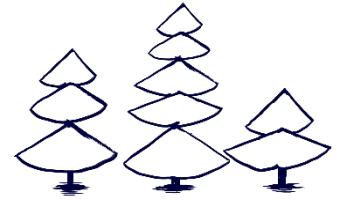


ENVIRONMENT

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.



Our Commitments

- INVL Sustainable Timberland and Farmland Fund II promotes various social and environmental characteristics and is classified as a Light Green Fund according to the Article 8 (“Transparency of the promotion of environmental or social characteristic in pre-contractual disclosures”) of the Sustainable Finance Disclosure Regulation.
- The Fund respects the principles stated in the Rio Declaration on Environment and Development and recognizes that environmental issues are best handled with the participation of all stakeholders, international environmental standards must be followed in forest and farmland management, and precautionary approach has to be applied in order to protect the environment and preserve our surroundings.
- Portfolio management company of the Fund, INVL Asset Management, is an indirect signatory of the United Nations Principles for Responsible Investment. The principles guide the operations of STAFF II and help align investment strategy with broader objectives of society better. The Fund follows ESG criteria in the investment analysis and decision-making processes and incorporates ESG issues into the forest and agricultural land management plans.
- The Fund is committed to manage forest and farmland portfolios according to widely recognized management standards, international guidelines, and national legislation. Forest portfolio companies undertake to operate according to the Forest Stewardship Council® (FSC®) principles and criteria, which promote environmentally appropriate, socially beneficial, and economically viable management of forests.

Contribution to the SDGs



- The Fund closely cooperates with farmers and agricultural businesses which provide people with good-quality, safe, and wholesome food products.
- STAFF II promotes ecological farming and sustainable farming practices, including crop rotation, cover crops, and precision fertilization.
- Wide variety of crops are grown on agricultural land leased by the Fund, including cereals, legumes, corn, sugar beets, and aromatic plants.
- The Fund seeks to lease at least 50% of agricultural land to small and medium farmers or enterprises. As of the end of reporting period, SMEs make up 63% of farmland tenants.



- The Fund does not carry out felling in shore protection strips and near water bodies in general, which ensures that our activities do not contribute to bank erosion, and forest-related water ecosystems are protected. STAFF II is willing to engage in reforestation of areas near water bodies in need of protection from erosion.
- The Fund does not use any pesticides or fertilizers in forests, which minimizes the risk of groundwater pollution. In the contracts for sale of standing timber, it is stipulated that the buyers have to inform us about the use of chemicals and cannot use any chemical substances banned by FSC.



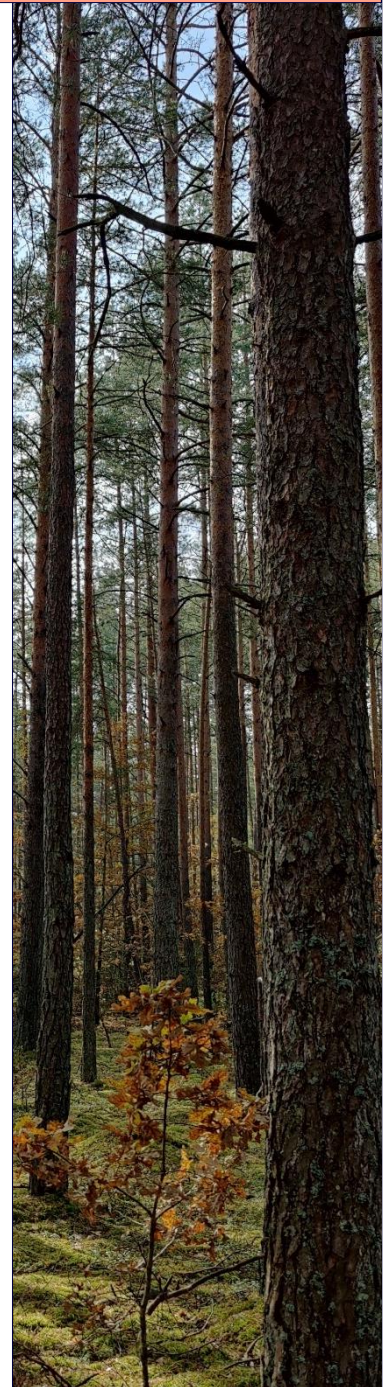
- STAFF II seeks to be climate positive and have a negative carbon footprint. Average quarterly net GHG emissions over the first three quarters of 2022 are -12,499.52 tCO₂e, meaning that on average more CO₂e is sequestered than emitted.
- STAFF II promotes ecological and sustainable farming practices, including reduced/no tillage, which means that less soil carbon is disturbed, and precision fertilization, which reduces the amount of wastefully used fertilizers.
- Sustainable management of forests (regular planting, thinning, and harvesting according to rotation cycles) allows to accumulate larger stocks of timber, which can be used to substitute fossil fuels, metals, and other materials with a significant positive carbon footprint.



- Forests owned by STAFF II are managed sustainably. Annual rate of harvesting does not exceed the level of sustainable forest use and it is planned that at least 10% of forests will be left for natural dynamics.
- Trees with breeding caves, nests, loose bark and other microhabitats, champion trees, veteran trees, and multi-stem trees are protected.
- The Fund does not plant any alien species and undertakes to prevent invasive non-native plants from spreading.
- STAFF II avoids leaving highly productive land that is suitable for food production unused and actively engages in restoration of abandoned and degraded land. Each year, it is aimed to apply better land use for at least 50 ha of neglected land.

Our Actions

- The aim of INVL Sustainable Timberland and Farmland Fund II is to create value not only for investors but also for the environment and society. The Fund sees sustainable management of forests and farmland as an essential tool for the creation of long-term value. For example, STAFF II ensures that the annual harvesting rate does not exceed the level of sustainable forest use, accounts for climate and natural disaster risks when planning forest management activities, and does not carry out afforestation in peatlands or other wetlands. Sustainable forest management allows local residents, hikers, and tourists to spend their free time surrounded by nature, in a healthy and safe environment.
- STAFF II undertakes to protect and foster biodiversity. It is planned that protected and untouched forests of special importance will account for about 10% of the forest portfolio. During main fellings and sanitation cuttings, at least 5 m³/ha of biologically important dead wood is kept untouched. If there is not enough dead wood, a larger number of biologically diverse trees is preserved.
- The Fund registers information about protected species, nesting areas of protected bird species, and natural habitats in the Journal of Natural Treasures. Information is collected from the State Forest Service, SRIS (Protected Species Information System), and publicly available data on habitats and sites of rare species or provided by local residents or experts during the site visits. It is ensured that any potential harm to protected species is minimized by employing various protection measures and careful monitoring. Information on natural treasures is checked before forest management activities take place and the potential impact at the level of a forest or the entire landscape is thoroughly analyzed.
- Large diameter trees are not cut (large diameter of common oak is considered to be more than 140 cm, common aspen – more than 120 cm, Baltic pine – more than 80 cm, black alder, European spruce, and silver birch – more than 70 cm).
- Clearcut forests are replanted or allowed to regenerate naturally, depending on the location and its conditions. Forest land use is never changed.
- STAFF II does its best to protect its forest holdings from illegal harvesting, construction, and other unlawful activities. Fund holdings are regularly visited, and each instance of illegality is reported to responsible institutions and registered in the List of Cases of Non-compliance.
- Lease agreements are signed with farmers whose main activity is food production. The Fund seeks to cooperate mainly with farmers who use or are willing to adapt advanced technologies or management practices.
- In lease agreements with farmers, the Fund establishes a right to inspect the leased land plots at any point and requires the tenant to carry out maintenance and repairs of agricultural activity-related infrastructure (e.g., drainage systems). It is also stipulated that the farmer cannot deteriorate soil condition and has to ask for consent if he/she wants to use the land for non-agricultural activities. Tenants have to be fully compliant with all regulations on farming practices and environmental protection. Leased arable land can be converted to a pasture only for a period shorter than 5 years and cannot be used as a pasture in the last year of a lease agreement.
- STAFF II generates a relatively small amount of waste in its operations. It is ensured that waste is collected according to environmental standards and there are no leaks of hazardous chemical substances.
- The Fund believes that profound changes start with small steps in the right direction and hence also takes simple measures to have a positive impact on environment: promotes the use of mobile signature and electronic documents, engages in waste sorting, and limits the use of plastic products in the office.



Our Year in Review

- INVL Sustainable Timberland and Farmland Fund II undertakes to operate according to the FSC® principles and criteria. In June 2022, Sustainable Forest Management Policy, which covers provisions of sustainable forest management, and Sustainable Forestry Handbook, which covers application of FSC principles, were approved by the management of the Fund.
- Employees of forest management companies are familiar with sustainable forest management provisions and follow them in day-to-day activities.
- In August 2022, portfolio company UAB Šalnupis, which administers forest management in Lithuania, was granted an FSC® Group Forest Management Certificate (certificate code NC-FM/COC-067275, trademark license code FSC-C177006).
- The Forest Stewardship Council® (FSC®) is an international nongovernmental organization that promotes environmentally appropriate, socially beneficial, and economically viable management of the world's forests.



- In 2022, INVL Sustainable Timberland and Farmland Fund II developed a methodology to calculate net GHG emissions of the Fund. Calculation is based on the UNFCCC methodology and IPCC guidelines. Our methodology includes calculation of Scope 1, Scope 2, Scope 3 emissions and accounts for the amount sequestered in the forest portfolio.
- GHG emissions and sequestration is calculated quarterly. So far, STAFF II has sequestered more CO₂e than it emitted in each analyzed quarter.

-12,499.52 t

Average quarterly net GHG emissions, tonnes of CO₂e

8.98 t <i>Scope 1</i>	0.32 t <i>Scope 2</i>	1,873.36 t <i>Scope 3</i>	-14,382.18 t <i>Forest sequestration</i>
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1,298,968 t

-159.79 t

13,500

4.75 ha



Total forest portfolio carbon stock as of September 2022, CO₂e

Average quarterly carbon footprint per EUR 1 million of investments over the first 2 quarters of 2022, CO₂e

Number of trees planted by the Fund in 2022

Reforested area in Latvia and Lithuania in 2022

Sustainable Management Aims



Criteria	Target	Value (as of the end of the reporting period)	Plans
Rational use of wood. Yearly harvested wood volume in our forests is smaller than yearly increment.	≤95%	21%	☑
Forest maturity plans. The ratio of the sum of the area of mature and maturing stands to the total forest area is higher than 20%.	>20%	31%	☑
Protected forests. Protected and untouched forests of special importance account for about 10% of the forest portfolio.	~10%	6.4%	Implement within 2 years
FSC. Sustainable forest management is certified by FSC.	Receive a certificate	Forest management in Lithuania certified	☑



Criteria	Target	Value (as of the end of the reporting period)	Plans
Restoration of land. Each year, better land use is applied for at least 50 ha of abandoned land.	>50 ha/year	34 ha	Implement until the end of the year
Ecological farming. At least 10% of agricultural land is leased for ecological farming.	≥10%	14%	☑
Cooperation with SMEs. At least 50% of agricultural land is leased to SMEs.	≥50%	63%	☑
Renewable energy. At least 2 partnership contracts are signed with renewable energy developers.	2-3 partnership contracts	1 contract	Implement within 4 years

ANTI-CORRUPTION

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Our Commitments

- INVL Sustainable Timberland and Farmland Fund II does not tolerate any form of corruption and hopes that general provisions, preventive measures, and international cooperation tools presented in the United Nations Convention Against Corruption are adapted all around the globe. The Fund follows national and international legislation on corruption prevention and sets the same high corruption intolerance standards for its business partners and service providers.
- Operations of the Fund are based on transparency, responsibility, and compliance with regulations. The Gift Policy and the Conflict of Interest Policy, approved by the portfolio management company, shape an environment which is unfavorable to corruption and ensure that decisions are made transparently and impartially. In case any dispute arises, the Fund undertakes to settle it in accordance with the principles of respect for human rights, justice, fairness, reasonableness, objectivity, impartiality, and promptness.
- The Fund nurtures a culture of integrity, transparency, openness, and compliance through the application of the Code of Ethics, the Policy on the Avoidance of Conflicts of Interest, and the Rules of Procedure.
- Each natural and legal person, willing to invest in STAFF II, undergoes thorough Know Your Customer, Anti-money Laundering, and terrorist financing checks. High compliance standards are also applied to natural and legal persons from whom timberland and farmland is acquired. Monitoring of investors and business partners is implemented constantly and no exceptions are made.

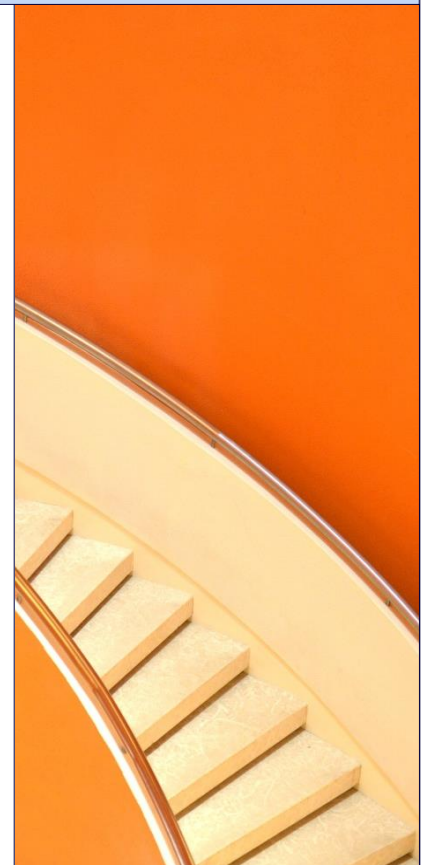
Contribution to the SDGs



- The Fund respects the rule of law and adheres to corruption prevention regulation. In agreements with business partners and service providers, it is stipulated that national and international legislation must be followed.
- STAFF II does not engage in any form of corruption, including bribery, kickbacks, and facilitation payments. Measures are taken to ensure that employees of portfolio companies and the portfolio management company neither offer any bribes nor accept them.
- The Fund does not tolerate any form of abuse of power and passive corruption in its relationship with the authorities.

Our Actions

- The Fund constantly assesses the risk of corruption when doing business. Thorough due diligence is done before all acquisitions to ensure that no offences are committed, and STAFF II does not become involved in any money laundering or similar schemes. The Fund is not willing to invest in regions or countries which have long been marked by corruption and illegal activities.
- STAFF II promotes ethical behavior and transparency among its business partners and service providers. They are encouraged to report all cases of noncompliance and illegalities to the Fund (if they are linked to the operations of the Fund) or directly to the authorities.
- Anti-corruption-related commitments of the Fund are ensured by internal procedures of both portfolio companies and the portfolio management company. Each employee is familiar with provisions of the Code of Ethics, the Policy on the Avoidance of Conflicts of Interest, and the Gift Policy. Based on them, employees undertake not to engage in any form of corruption. These provisions also ensure that employees do not hesitate to report any cases which may involve corruption or other illegal activities. Anti-corruption-related policies are constantly reviewed and updated based on the newest regulation or trends in corruption prevention.
- Anti-corruption clauses are included in the employment contracts for employees of both portfolio companies and the portfolio management company. If any case of corruption, bribery or coercion arises, strictest measures provided for in the Labor Code are applied to employees related to the case.
- In the reporting period, there were no corruption-related incidents neither in portfolio companies nor in the portfolio management company.
- From time to time, corruption prevention training is organized for the employees working with STAFF II to ensure that they can spot any instance of corruption and report it in a timely manner.
- Accounting in portfolio companies is done in accordance with national and international regulations. Audits of the Fund and the portfolio management companies are conducted following international auditing standards.



STAKEHOLDER INVOLVEMENT

- INVL Sustainable Timberland and Farmland Fund II has embarked on a mission to provide investors with high returns and opportunities to contribute to the promotion of communality and the preservation of nature for future generations. Therefore, the Fund maintains contact with various stakeholders and pays attention to their wants and needs. For example, in the spring of 2022, the Fund received a request from a neighbor to cut down a few aspens which may break at any time and damage a house. The Fund acted swiftly, cut down the trees and gifted resulting lumber to the local community.

Contribution to the SDGs



- Currently, about 13% of land plots owned by the Fund are located near biodiversity-sensitive areas. STAFF II does its best to ensure that natural treasures are protected and not affected by the operations of the Fund. It is aimed to have around 10% of the portfolio dedicated to protected and untouched forests of special importance, which can be preserved for future generations. Locations of high cultural and environmental importance are usually identified with the help of local communities.
- The Fund evaluates climate and natural disaster risks when planning forest measurement activities to ensure that the probability of environmental harm is minimized, and people are not affected in any way.



- Forest resources owned by STAFF II are managed sustainably. It is ensured that the annual harvesting rate does not exceed the level of sustainable forest use. If there are any complaints regarding how the forests are managed, the Fund includes them in the Registry of Communication and analyzes each complaint in depth.
- The Fund seeks to generate as little waste as possible. Waste is managed according to environmental standards, and it is ensured that there are no leaks of hazardous chemical substances which may affect the well-being of local communities.
- STAFF II publishes its sustainability-related reporting and news on the website to ensure that stakeholders can follow the operations of the Fund and share their opinions with us.



- STAFF II avoids leaving highly productive land that is suitable for food production unused and actively engages in restoration of abandoned and degraded land. Each year, it is aimed to apply better land use for at least 50 ha of neglected land. The restored land is then leased to local farmers or agricultural businesses and hence more employment opportunities are created.
- By sustainably managing forests, the Fund allows local residents and tourists to enjoy nature trails for leisure and help improve people's well-being.
- The Fund seeks to reforest land with species native to the area, does not plant any alien species and undertakes to prevent invasive non-native plants from spreading.



- The Fund operates transparently and seeks to inform local communities about planned economic activities in their vicinity.
- Most of service providers are local enterprises. The Fund always informs them about business partnership opportunities.
- The Fund seeks to partner with as many small and medium tenants and service providers as possible. SMEs make up 63% of farmland tenants and more than 87% of service providers.
- STAFF II supports social projects of local communities and fosters their economic development which involves non-timber forest products. For example, the Fund encourages beekeeping activities in its forest holdings. Forests are also used by local hunters.

OUTLOOK FOR THE NEXT YEAR

- INVL Sustainable Timberland and Farmland Fund II has ambitious plans for growth and expansion to other markets. The Fund seeks to become a significant player in timberland and farmland markets in the Central and Eastern Europe. STAFF II aims to achieve these ambitious goals with the help of integration of the UN Global Compact principles in the investment strategy, stakeholder engagement, portfolio management, and internal culture of the Fund. We believe that the Ten Principles are essential for the sustainable development of the Fund and have a key role in the generation of high returns for our investors. The Fund will continue discussions with stakeholders regarding management of timberland and farmland assets and will take their advice into account. STAFF II will also continue working towards the achievement of sustainable management aims, which ensure that benefits for both the environment and our investors are maximized. Finally, the Fund will seek new sustainable development opportunities, which can result in increased benefits for the entire society. We are committed to sharing our sustainability-related reporting and the Communication on Progress with our stakeholders and aim to have them assessed by a credible third-party.